Enquiries:Masonwabe Sokoyi
Tel: 012 3698000
E-mail: msokoyi@salga.org.za
Date: 23 March 2026

SOUTH AFRICAN LOCAL GOVERNMENT ASSOCIATION
SALGA
Inspiring service delivery

Physical:
Block B, Menlyn Corporate Park,
175 Corobay Ave, Waterkloof
Glen Ext II, PRETORIA 0181

Postal: PO Box 2094,
PRETORIA 0001

CIRCULAR 17/2026

FROM : CLLR BHEKE STOFILE
PRESIDENT

TO : EXECUTIVE MAYORS/ MAYORS
CC : MUNICIPAL MANAGERS

DATE : 23 MARCH 2026

URGENT INTERVENTION ON MUNICIPAL ELECTRICITY TARIFF DETERMINATIONS

The South African Local Government Association (SALGA) wishes to formally inform municipalities that it has escalated serious concerns regarding municipal electricity tariff determinations to His Excellency, President Matamela Cyril Ramaphosa.

This intervention arises from the growing and unsustainable gap between the cost of bulk electricity purchases and the tariff increases approved for municipalities by the National Energy Regulator of South Africa (NERSA). SALGA is increasingly concerned about the significant threat this situation poses to the financial viability of municipal electricity distribution, service delivery, and the developmental mandate of local government.

The recent decision by the National Energy Regulator of South Africa to approve electricity tariff increases of 8.76% for customers supplied directly by Eskom and 9.01% for municipal distributors for the 2026/27 financial year has intensified pressure on municipalities that rely on electricity distribution both as a service delivery function and a key revenue stream.

The longer-term trend is even more concerning. Research shows that electricity tariffs in South Africa have increased by more than 1 172% between 2007 and 2026, while inflation increased by only 174% over the same period. In real terms, electricity prices have therefore grown more than six times faster than inflation. Over the past decade alone, the average residential electricity price increased from R1.08 per kWh in 2016 to approximately R2.53 per kWh in 2025, illustrating the steep upward trajectory faced by consumers and municipalities alike.

These escalating and unaffordable tariffs are creating structural challenges for municipalities in several respects:

1. **Municipal revenue erosion** – Electricity sales remain one of the most important sources of own revenue for municipalities. However, higher tariffs are driving energy users toward self-generation solutions such as rooftop solar, which reduces municipal sales volumes. **Rising municipal debt to Eskom** – As tariffs rise faster than household affordability, municipalities experience increased non-payment and revenue collection challenges, contributing to the growing electricity debt owed to Eskom.
2. **Economic competitiveness** – High electricity prices are affecting local businesses and industries, contributing to reduced economic activity in municipalities and slowing local economic development.
3. **Energy poverty and inequality** – Low-income households are increasingly unable to afford electricity, undermining government's developmental objectives and increasing pressure on municipal indigent support programmes.

This challenge is compounded by the misalignment in tariff implementation dates due to financial years, as well as time-off use tariff and electricity demand during winter months which increasing municipal debt owed to ESKOM.

In light of the above, SALGA has requested The Presidency to support the urgent convening of an intergovernmental engagement involving SALGA, relevant national departments, NERSA, Eskom, National Treasury, the Department of Cooperative Governance and Traditional Affairs (COGTA), and affected municipalities. SALGA has further called for urgent consideration of the tariff determination methodology, the misalignment of implementation dates, support measures for municipalities experiencing excessive losses and infrastructure underinvestment, and transitional or compensatory interventions where municipalities face acute financial distress under the current regulatory framework.

Municipal leadership is therefore requested to note that this matter is receiving urgent attention at the highest level of government through SALGA's engagement. Municipalities are further encouraged to continue documenting and sharing the direct impact of current electricity tariff determinations on municipal finances, infrastructure maintenance, debt exposure, and service delivery, to support SALGA's ongoing engagement with national stakeholders.

SALGA remains of the firm view that the current trajectory is unsustainable and, if left unaddressed, will further deepen municipal financial instability, weaken electricity distribution capacity, and ultimately shift an unfair burden onto communities already under severe economic pressure.

Yours Sincerely,

CLLR BHEKE STOFILE
SALGA PRESIDENT