

**ELECTRICITY COST OF
SUPPLY (COS) PUBLIC
PARTICIPATION FOR
THE FINANCIAL YEAR
2026-2027**

PA MUN

19 FEBRUARY 2026



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PURPOSE

- ▶ **The Purpose of this Public Participation Meeting is to comply with the Court Order on 04 December 2025 between AFRIFORUM NPC (Applicant), NERSA, SALGA, Eskom Holdings SOC Limited and the 192 municipalities in South Africa (Respondent) which stipulates the following:**
 - ▶ ***“Every municipality that submits an electricity tariff application must take all reasonable steps to ensure that the participation process NERSA chooses regarding municipal tariffs application is brought to the attention of the public within its jurisdiction.”***
 - ▶ ***“ Eskom and each municipality is directed to comply timeously with the aforesaid timeline; provided that, on good cause shown to the satisfaction on the court, the court may sanction a deviation on such terms as it deems meet.”***

LEGAL DEFINITION ON PUBLIC PARTICIPATION

- ▶ **Public Participation Policy in Local Government, Electricity Tariffs, South Africa Case Law**
 - ▶ **In South Africa, public participation in local government and setting electricity tariffs is governed by various constitutional and legal framework. Recent case law has emphasized the importance of transparency and public participation in the tariff – setting process. Here are some key points:**
 - ▶ **The Constitution of South Africa, 1996**
 - ▶ **Local Government Systems Act, Act 32 of 2000**
 - ▶ **Local Government Structures Act, Act 117 of 1998**
 - ▶ **Local Government Financial Management Act, Act 56 of 2003**
 - ▶ **Different Court Rulings – Afriforum and NERSA**
 - ▶ **Public Participation Process**

ABBREVIATIONS

- **MYPD – Eskom Multi- Year Price Determination**
- **ERTSA – Eskom Retail Tariffs Structural Adjustment**
- **MFMA – Municipal Finance Management Act, Act 56 of 2003**
- **NERSA- National Energy Regulator of South Africa**
- **SALGA – South African Local Government Association**
- **PAJA – Promotion of Administrative Justice, Act 3 of 2000**
- **PAM – Prince Albert Municipality**
- **RAB – Generation Regulatory Asset Base**
- **DRC – Depreciated Replacement Cost**
- **WUC – Transfer of Commercial, Work Under Construction**
- **NWC – Net Working Capital**
- **APDR – Asset Purchases, Depreciation, and Returns**
- **FY – Financial Year**

LEGISLATIVE / COURT RULING BACKGROUND

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- ▶ **The Court Ordered on 04 December 2025 the case between AFRIFORUM NPC (Applicant), NERSA, SALGA, Eskom Holdings SOC Limited and the 192 municipalities in South Africa (Respondent) the following timelines:**
 - ▶ **Eskom is directed to file its annual ERTSA application on or before 31 August to NERSA.**
 - ▶ **By 31 January of every year, NERSA must give municipal licensees written notice of bulk wholesale tariffs at which municipal licensees shall purchase electricity from Eskom.**
 - ▶ **The notice referred to above shall in addition require municipal licensees to submit their electricity tariff applications by no later than 20 March of every year, failing which they run the risk of no tariff increase being approved.**
 - ▶ **NERSA is directed to comply with the provisions of section 4 of PAJA, and the regulations published in terms thereof, in respect of whichever procedure for public participation it chooses, in terms of section 4 of PAJA, for considering and approving municipal electricity tariff applications.**
 - ▶ **For purposes of meaningful public participation, NERSA is directed to publish every municipal electricity tariff application along with its cost of supply study for that particular financial year, in a manner that makes it accessible to the public, provided that, where a municipal electricity tariff application does not include a cost of supply study for the financial year, NERSA must specifically state the absence of such costs of supply study.**
 - ▶ **NERSA is directed to finalise the process of considering the municipal electricity tariff applications timeously received and communicate its decisions on or before 05 May of every year.**
 - ▶ **NERSA must simultaneously also publish all of the respective decisions it reached on the municipal electricity tariff applications received.**

NERSA URGENT APPLICATION TO AMEND TIME FRAMES ON 17 FEBRUARY 2026

- ▶ **Nersa submitted court paper on an urgent basis on 17 February 2026, to amend the time frames as per Court Order of 04 December 2025, with the following timelines:**
 - ▶ **NERSA shall publish its MYPD redetermination on or before 08 February 2026.**
 - ▶ **Eskom's ERTSA application must be submitted within five (5) days after NERSA's MYPD redetermination (i.e. on or before 13 February 2026).**
 - ▶ **Following its internal processes, NERSA shall publish Eskom's ERTSA application for public consultation on or before 23 February 2026.**
 - ▶ **NERSA shall allow a public participation process for fifteen (15) days from the date of publication..**
 - ▶ **NERSA's decision on Eskom's ERTSA application shall be made no later than 13 March 2026.**
 - ▶ **All municipalities must submit their municipal electricity tariff applications, supported by cost of supply studies, by no later than 17 April 2026, failing which they run the risk of no tariff increase being approved by NERSA.**
 - ▶ **NERSA shall conduct a public participation process and finalise same on or before 8 May 2026.**
 - ▶ **ERSA is directed to finalise the process of considering the municipal electricity tariff applications timeously received and communicate its decision and reasons on or before 29 May 2026.**

PAM ELECTRICITY COS INFORMATION 2026/2027 FINANCIAL YEAR

- **The COS Study Tool was developed by Sustainable Energy Africa.**

PAM ELECTRICITY COS INFORMATION 2026/2027 FINANCIAL YEAR

- ▶ The total energy sales of the PAM was 7 868 823 kWh in the 2024/25 financial year.
- ▶ The composition of sales per category for the 2024/25 were as follow:

Consumer Classification	Sales (kWh)		Number of Consumers
	Actual 2024/25	% Sales	Actual 2024/2025
Domestic (pre-paid)	2 537 923.00	32.25	892
Domestic (conventional)	1 743 479.00	22.16	224
FBE	1 896 001.00	24.1	970
Commercial (conventional)	1 601 331.00	20.35	21
Commercial (pre-paid)	90 089.00	1.14	14
TOTAL	7 868 823.00	100	2121

- ▶ The COS study is designed as a multi-year model, spanning three years, with each year defined as follows:
 - ▶ Year 0 (FY 2024/25): The input test year, based on the most recently audited AFS.
 - ▶ Year 1 (FY 2025/26): The current year in which the study is being conducted.
 - ▶ Year 2 (FY 2026/27): The subsequent year for which tariffs are being designed.

PAM ELECTRICITY COS INFORMATION 2026/2027 FINANCIAL YEAR

- ▶ **Cost of Supply Study Results for PAM is as follows:**
 - ▶ **Under the current rate and status, 87,70% cost reflectivity is achieved for the financial year 2026/2027.**
 - ▶ **There is a mismatch between the structure of the revenue breakdown and the cost breakdown.**
 - ▶ **An 27.7% increase, coupled with improvements in the tariff structure, would achieve cost-reflective for the electricity for the financial year 2026/2027.**
 - ▶ **Restructuring of electricity tariffs will be considered during the 2026/2027 Nersa electricity tariff application.**

DRAFT 2026/2027 FINANCIAL YEAR ELECTRICITY TARIFF LIST

- ▶ **Please find attached excel draft 2026/2027 financial year electricity tariff list – Excel Version.**

IMPACT ON ELECTRICITY CONSUMER ACCOUNTS

- Impact of increased tariffs on municipal account: Household with 350 units electricity usage with 60Ampere Pre-Paid and more

TARIFF	CURRENT	NEW	DIFFERENCE
Electricity: Basic (New)		R300	New
Electricity: Amp Charge (60Amps)	New	R1 732.73	New
Electricity Consumption	R1 814.47	R1 022.35	R792,12
TOTAL	R1 814.47	R2 755.08	R940.61

IMPACT ON ELECTRICITY CONSUMER ACCOUNTS

- Impact of increased tariffs on municipal account: Household with 500 units of electricity usage – Conventional meter with 30Ampere

TARIFF	CURRENT	NEW	DIFFERENCE
Electricity: Basic (New)		R300	New
Electricity: Consumption	R1 270.75	R1 714.74	R470.99
Electricity: Amp Charge (30Amps)	R753.34	R1 017.02	R263.68
TOTAL	R2 024.09	R3 031.76	R1 007.67

IMPACT ON ELECTRICITY CONSUMER ACCOUNTS

- Impact of increased tariffs on municipal account: Household with 1000 units of electricity usage – Conventional meter with 60 Ampere

TARIFF	CURRENT	NEW	DIFFERENCE
Electricity: Basic (New)		R300	New
Electricity Consumption	R2 541.50	R3 429.47	R887.97
Electricity: Amp Charge (60Amps)	R1 506.68	R2 034,04	R527.36
TOTAL	R4 048.18	R5 763.51	R1 715.33

IMPACT ON ELECTRICITY CONSUMER ACCOUNTS

- Impact of increased tariffs on municipal account: Household with 1 500 units of electricity usage – Conventional meter with 60 Ampere

TARIFF	CURRENT	NEW	DIFFERENCE
Electricity: Basic (New)		R300	New
Electricity Consumption	R2 541.50	R5 144.21	R2 602.71
Electricity: Amp Charge (60Amps)	R1 506.68	R2 034,04	R527.36
TOTAL	R4 048.18	R7 478.25	R3 429.07

CONCLUSION

INPUTS/COMMENTS ON PAM DRAFT COS, DRAFT ELECTRICITY TARIFF LIST, EXPIRE ON THURSDAY 05 MARCH 2025.

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