



Annexure C

Eskom submission to NERSA
FY2027 ERTSA Application.

STANDARD TARIFFS

FY2027 ERTSA

Eskom Retail tariff and structural adjustment

APPLICATION

10 February 2026



Executive summary

FY2027 application basis and tariff category increases

Eskom hereby requests the NERSA to approve the 2026/27 (FY2027) Eskom Retail Tariff and Structural Adjustment (ERTSA) application, together with the FY2027 Schedule of Standard Prices for Eskom tariffs ("Tariff Schedule") contained in Annexure 1.

This application sets out adjustments the current FY2026 Standard tariffs for implementation in the 2027 financial year (FY2027). The applied for tariff category increases were prepared in accordance with the ERTSA methodology version 1: March 2016; see Table 1. The overall average increase requested is as per the NERSA MYPD6 decisions of 30 January 2025 and 07 February 2026 regarding the re-determination and liquidation of the Eskom Generation regulated asset base (RAB) related revenue adjustments; see Table 2.

Table 1 : 2026/27 average tariff category increases

Total Standard tariffs	8.76%
Municipal - 1 July	9.01%
<i>Municflex</i>	9.01%
<i>Municrate</i>	9.01%
<i>Publiclighting</i>	9.01%
<i>Gen-Wheeling, Gen-offset, Gen-purchase</i>	9.01%
Eskom direct	
Key industrial and urban	8.76%
<i>Megaflex, Miniflex, Nightsave Urban, WEPS, Megaflex Gen, Gen-Wheeling, Gen-offset, Gen-purchase</i>	
Other Urban	8.76%
<i>Businessrate, Public Lighting</i>	
Rural	8.76%
<i>Ruraflex, Nighsave Rural, Landrate, Landlight, Ruraflex Gen, Gen-Wheeling, Gen-Offset, Gen-purchase</i>	
Homelight 20A	8.76%
Homelight 60A	8.76%
Homepower	8.76%
Homeflex	8.76%
Gen-offset Homeflex	8.76%

Table 2 : FY2027 Standard tariffs annual average increase

		FY2026 2025/26 MYPD6 Yr 1	FY2027 2026/27 MYPD6 Yr 2	YOY changes
(a)	MYPD decision forecasted sales (GWh)	159 312	159 335	23
(b)	MYPD decision allowed revenues (R'm)	351 951	370 854	18 903
(c)	Before RCA decisions (c/kWh)	220.92c	232.75c	11.83c
(d)	Before RCA decisions (%)	12.74%	5.36%	-7.38%
(e)	MYPD6 revenue correction settlement		12 000	12 000
(f)	After correction total allowed revenues	351 951	382 854	30 903
(g)	After correction decision (c/kWh)	220.92c	240.28c	19.36c
(h)	Average price increase after correction (%)	12.74%	8.76%	-3.98% points

Implementation of 2025 RTP decision for FY2027

After updating the tariffs with the applied for FY2027 tariff increases, the rate changes required by NERSA's Retail Tariff Plan (RTP) decision for FY2027 are included. The changes are implemented while keeping to the individual tariffs' annual average increases with limited differences in customer impact as follows:

- **Generation Capacity Charge (GCC):** For all tariffs with the GCC charge, the rate is increased to 30% of the originally proposed FY2025 RTP rand-value, up from 20%. To ensure customers still experience the same average annual increase applied for in this FY2027 ERTSA, energy rates for the affected tariffs are lowered.
- **Homepower and Homeflex fixed service charges:** The service charges are increased to be more cost reflective as the NERSA RTP decision required second-year step. That is, these fixed service charges grow to two-thirds (66.66%) of the original FY2025 amount proposed in the RTP. To keep to overall average increase, the Homepower and Homeflex energy rates are reduced. This ensures that these tariffs annual increase is as per the FY2027 ERTSA applied for tariff increases.

Easy Electricity purchase options

To make buying prepaid electricity simpler and easier for households, Easy Electricity purchase options are included in this application. The options are not new tariffs and are based on the average monthly kilowatt-hour (kWh) usage of customers on each existing residential tariff. These options are designed to help customers better understand their tariffs, choose electricity and/or rand-value expense amounts more easily supporting households to plan their spending with fewer surprises. Once purchased, the electricity in the pre-paid electricity tokens does not expire.

Revenue recovery testing

Eskom conducted revenue-recovery testing to access the adjusted tariff rates using the FY2027 MYPD decision 159 335 GWh forecasted electricity sales, along with detailed related demand, reactive energy volumes, and the number of supply points. The resulting revenue recovery differs from the decision because the methodology applies the annual increase only to kilowatt-hour (kWh) sales. It does not account for changes to fixed charges or demand-related kVA and points-of-delivery volumes. Further detail on the revenue testing is provided in Section 7 of the application.

Effective dates

To implement the NERSA FY2026 ERTSA decision, non-local authority (non-municipal) tariffs will come into effect from 1 April 2026 to 31 March 2027. Local authority (municipal) tariffs will come into effect from 1 July 2026 to 30 June 2027 in compliance to the Municipal Finance Management Act (MFMA) after tabling in Parliament on or before 13 March 2026.

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1. Introduction

To implement NERSA's Multi-Year Pricing Determination (MYPD) and liquidated Regulatory Clearing Account (RCA) decisions for a given financial year, Eskom must submit an ERTSA application for NERSA approval before implementation. The ERTSA application explains how the tariff category increases are calculated and the adjustments made to the tariffs. It also includes an updated Tariff Schedule containing the tariff charges and rates to be approved.

In this application, Eskom has complied with the ERTSA Methodology (Version 1, March 2016) and it therefore excludes the introduction of new tariffs or structural changes (Rules 3.1 and 3.2). To give effect to NERSA 2025 RTP decision for FY2027 while remaining compliant with the ERTSA methodology, the Generation Capacity Charge (GCC) for all tariffs and the residential service charges for Homepower and Homeflex are adjusted only after applying the ERTSA-determined increases. The resulting FY2027 Tariff Schedule for NERSA approval is contained in Annexure 1.

Further, the introduction of the Easy Electricity purchase options are not new tariffs but the calculation of applicable rand-value per residential tariff for a given amount of electricity kilowatt-hours.

The application first outlines the application of the ERTSA methodology to determine the annual average increases for municipal and non-municipal tariffs, including the calculation required for the 1 July municipal increase. It then details the post-ERTSA adjustments to the GCC and residential service charges, followed by the revenue-recovery testing outcomes.

Upon NERSA's approval of the FY2027 ERTSA application, Eskom will submit the approved Local Authority tariffs for tabling in Parliament, as required by the Municipal Finance Management Act (MFMA). This tabling must occur on or before 13 March 2026 to enable implementation on 1 July 2026. Non-municipal tariffs will take effect from 1 April 2026 to 31 March 2027, and municipal tariffs from 1 July 2026 to 30 June 2027.

2. Annual standard tariff increases (ERTSA)

The FY2027 applied for annual average increase (ERTSA) is 8.76%. This is as per the allowable revenues for the FY2027 MYPD 6 decision plus the 07 February 2026 correction to the Generation RAB related revenue (see Table 2).

2.1. ERTSA Rules – annual average increase

- 2.1.1. The municipal and non-municipal annual average increases and revenues were determined as per section 5 of the ERTSA methodology.
- 2.1.2. That is, the ERTSA (rate of adjustment) is the annual average increase to both municipal and non-municipal tariffs and is as determined by the Energy Regulator in the MYPD (Rule 5.2). The ERTSA may be further adjusted for the purpose of implementing a regulatory clearing account balance (Rule 5.3).
- 2.1.3. The separate municipal and non-municipal tariffs' allowed revenues for the application year (FY2027) are determined by first increasing their respective base year or financial year preceding the application year (FY2026) annual average prices by the ERTSA (annual average increase).
- 2.1.4. The resulting FY2027 municipal and non-municipal average prices are then then multiplied by the respective MYPD-approved forecast sales volumes for municipal and non-municipal tariffs. This calculation is done before applying any cross-subsidies (Rules 5.5, 5.6, 5.7 and 5.8).

2.2. Annual average prices and allowed revenues

- 2.2.1. In FY2027, over 12 months of the Eskom financial year, an 8.76% annual average increase (ERTSA) is applicable to municipal and non-municipal tariffs.
- 2.2.2. To determine the FY2027 Standard tariff annual average price, the FY2026 (**base year**) 220.92c/kWh was increased by 8.76% to 240.28c/kWh.
- 2.2.3. The FY2027 (**application year**) 240.28c/kWh annual average price multiplied by 159 335GWh results in R382 854million that are the annual Standard tariff revenues; see Table 3.

2.3. Local authority (municipal) annual allowed revenues

- 2.3.1. To determine the FY2027 municipal annual average price, the FY2026 municipal tariffs' 207.47c/kWh was increased by 8.76% to 225.66c/kWh.
- 2.3.2. The FY2027 municipal 225.66c/kWh multiplied by 75 128GWh resulted in R169 533million annual municipal tariff revenues; see Table 3.

2.4. Non-local authority (non-municipal) annual allowed revenues

- 2.4.1. To determine the FY2027 non-municipal annual average price, the FY2026 non-municipal 232.89c/kWh was increased by 8.76% to 253.30c/kWh.

2.4.2. The FY2027 non-municipal 253.30c/kWh annual average price multiplied by 84 207GWh resulted in R213 297million annual non-municipal tariff revenues; see Table 3.

2.5. Derived Standard tariff revenues

2.5.1. The total Standard tariff revenues after increasing the municipal and non-municipal average prices with 8.76% and multiplying with the NERSA determined forecasted sales volumes results in R382 854million. This is less R24million than the determined R382 854million; see Table 3.

Table 3 : Standard tariff annual average prices and revenues

	Standard tariffs decision		Municipal tariffs		Non-municipal tariffs	
	FY2026 (Base year)	FY2027 (Application year)	FY2026 (Base year)	FY2027 (Application year)	FY2026 (Base year)	FY2027 (Application year)
Annual average increase ERTSA (%)	12.74%	8.76%	12.74%	8.76%	12.74%	8.76%
Annual average price (c/kWh)	220.92c	240.28c	207.47c	225.66c	232.89c	253.30c
Forecasted sales volumes (GWh)	159 312	159 335	75 117	75 128	84 195	84 207
Standard tariff revenues (R'million)	351 951	382 854	155 849	169 533	196 080	213 297

Difference:

Nersa allowed revenues (R'million)	382 854
Determined municipal and non-municipal revenues (R'million)	382 830
Revenue difference (R'million)	-24

3. 1 April 2026 Non-municipal increase

3.1. ERTSA Rules – non-municipal increase

3.1.1. The non-municipal increase is determined by NERSA (Rule 5.2) and may be adjusted to cater for the implementation of an RCA (Rule 5.3).

3.1.2. The ERTSA (annual average increase) is the non-municipal increase (Rule 5.8).

3.2. Non-municipal (Non-Local Authority) increase

3.2.1. The non-municipal tariff increase is the 8.76% ERTSA / annual average increase. Also see Table 6 for the calculation.

3.2.2. The 8.76% non-municipal 1 April increase (ERTSA) was applied to all the FY2026 approved non-municipal tariff charges before the adjustments to the GCC and service charges.

3.2.3. The 8.76% non-municipal annual average increase applies to all non-municipal tariffs including the Homelight 20A and Homelight 60A tariffs, see Table 4.

3.2.4. The change in out-of-pocket expenses for the Homelight 20A tariff and with receipt of the free 50kWh Free Basic Electricity (FBE) is as shown in Table 5.

Table 4 : Rate changes - Homelight 20A and Homelight 60A

	Homelight 20A c/kWh	Homelight 60A c/kWh
2025/26	216.11c	274.72c
2026/27	235.04c	298.79c
FY2027 increase	8.76%	8.76%

Table 5 : Out-of-pocket electricity expenses

	Electricity payment				After Government FBE support			
	2025/26	2026/27	Diff.	% Diff	2026/27	50kWh FBE	Out-of-pocket	%Out-of-pocket
Homelight 20A								
50kWh	R 108	R 118	R 9	8.76%	R 118	R 118	R 0	-100.00%
150kWh	R 324	R 353	R 28	8.76%	R 353	R 118	R 235	-33.33%
350kWh	R 756	R 823	R 66	8.76%	R 823	R 118	R 705	-14.29%
450kWh	R 972	R 1 058	R 85	8.76%	R 1 058	R 118	R 940	-11.11%
Homelight 60A								
50kWh	R 137	R 149	R 12	8.76%	R 149	R 149	R 0	-100.00%
150kWh	R 412	R 448	R 36	8.76%	R 448	R 149	R 299	-33.33%
350kWh	R 962	R 1 046	R 84	8.76%	R 1 046	R 149	R 896	-14.29%
450kWh	R 1 236	R 1 345	R 108	8.76%	R 1 345	R 149	R 1 195	-11.11%

4. 1 July 2026 municipal tariff increase

4.1. ERTSA Rules – Municipal increase

- 4.1.1. The municipal tariff increase effective 1 July was determined in line with Section 6 of the ERTSA methodology. This section outlines how the adjusted annual average ERTSA increase must be calculated for municipal tariffs. It also ensures the recovery of the annual municipal revenues determined in section 2.3 of this application (Rules 6.2, 6.3, and 6.4).
- 4.1.2. The 3-month municipal revenues are the forecasted sales at the base year (previous year's) approved tariffs (Rules 6.5, 6.12).
- 4.1.3. First, the annual revenue for the municipal application year (12 months) is reduced by the revenue expected in the first three months (April to June) at the FY2026 tariffs (no increase). This provides for the revenues applicable to the remaining nine months (July to March).
- 4.1.4. The nine-month average municipal tariff is then calculated using only these nine-month revenues. That is by dividing the nine-month revenues by the FY2027 municipal MYPD forecasted sales for the same nine-month period (Rules 6.6, 6.7, and 6.10).
- 4.1.5. The 1 July Municipal tariff increase or adjusted ERTSA is the 9-month average increase to municipal tariffs. It is the percentage increase to the municipal 9-month average price for the application year (FY2027) when compared to the 9-month average municipal average price for FY2026 or base year (Rule 6.8, 6.9, 6.11).

4.2. Municipal (Local Authority) increase

- 4.2.1. As shown in Table 6, to determine the allowable revenue from Local authority tariffs during April to June 2026 (3-months) of FY2027, the 2025/26 (FY2026) approved municipal tariffs were applied to the municipal 18 782GWh (10). This resulted in R41 450million (13) revenues for the 3-month period.
- 4.2.2. The FY2027 annual Local authority R169 533million (12) (as determined in section 2.3.2) less the April to June (3-month) R41 450million (13) provides for R128 083million (14) to be recovered during July 2025 to March 2026 (9 months).
- 4.2.3. The FY2027 municipal 9-month 227.32c/kWh (17) average price was determined by dividing R128 083million (14) with the corresponding 9-month municipal 56 346GWh (11) forecasted sales volumes.
- 4.2.4. The percentage difference between the FY2026 July to March (9-month) 208.53c/kWh (17) and the determined FY2026 (9-month) 227.32c/kWh (17) is 9.01% (20). This 9.01% is the tariff increase to local authority tariffs (adjusted ERTSA) is effective from 1 July 2026 to 30 June 2027.

4.2.5. During April to June 2027, there is no increase to municipal tariffs and instead, the FY2026 NERSA approved tariffs are effective in compliance with the Municipal Finance Management Act (MFMA).

4.2.6. The 9.01% municipal 1 July increase (adjusted ERTSA) was applied to all the approved restructured municipal tariff charges (Rule 6.13).

Table 6 : Calculation of the FY2026 ERTSA Tariff category increases

		MYPD 6	
		Yr1	Yr2
		FY2026	FY2027
		ERTSA	ERTSA
Standard tariffs	Units	decision	Application
(1) Forecasted sales	GWh	159 312	159 335
(2) Revenues	R'Million	351 951	382 854
(3) Average price	c/kWh	220.92c	240.28c
(4) Avg. increase	%	12.74%	8.76%
Non-municipal			
(5) Forecasted sales	GWh	84 195	84 207
(6) Revenues	R'Million	196 080	213 297
(7) Avg. Prices	c/kWh	232.89c	253.30c
(8) 1 Apr increase	%	12.74%	8.76%
Municipal			
(9) Forecasted sales	GWh	75 117	75 128
(10) Apr-Jun	GWh	18 779	18 782
(11) Jul-Mar	GWh	56 338	56 346
(12) Revenues	R'Million	155 849	169 533
(13) Apr-Jun @current Yr value	R'Million	38 369	41 450
(14) Jul-Mar	R'Million	117 480	128 083
(15) Annual avg. price	c/kWh	207.47c	225.66c
(16) Apr-Jun before LY increase	c/kWh	204.32c	220.69c
(17) Jul-Mar	c/kWh	208.53c	227.32c
(18) Avg. increase	%	12.74%	8.76%
(19) Apr-Jun	%	17.17%	8.01%
(20) 1 Jul increase	%	11.32%	9.01%

Note:

The April to June municipal average increases shown in the table above are an outcome of previous years tariffs and changes in volume, they are not applied increases.

5. Tariff cross-subsidies

The Standard tariff subsidy charges are the affordability, ERS and Low-voltage subsidy charges. Rule 7.1 and Rule 7.2 provides for the Energy Regulator as part of the MYPD to allow cross-subsidies and that these subsidies can be implemented as a part of the annual average increase.

No new subsidies are proposed in the FY2027 tariffs. In the past, Homelight tariffs had lower increases, requiring that the affordability subsidy that catered for the lower increases was calculated and adjusted differently.

6. Implementation of the FY2025 RTP decision for FY2027

6.1. Required implementation

- 6.1.1. In line with the NERSA 18 February 2025 decision on Eskom's Retail Tariff Plan (RTP), Eskom has applied the FY2027 ERTSA tariff increases and made the required adjustments to the Generation Capacity Charge (GCC) and to the fixed service charges for Homepower and Homeflex.
- 6.1.2. The RTP decision requires a gradual phase-in of the GCC for all tariffs (excluding Homelight, Landlight Public lighting and Gen-Wheeling) and to the fixed service charges for Homepower and Homeflex.
- 6.1.3. For FY2027, the GCC must reach 30% of the FY2025 RTP benchmark value. For Homepower and Homeflex, the fixed service charges must increase to two-thirds (66.66%) of their FY2025 RTP rand values.
- 6.1.4. To keep the overall revenue impact neutral to the applied for tariff category increases, the adjustments to the GCC and service charges are balanced by lowering the energy (c/kWh) rates:
 - 6.1.4.1. The adjustment process is applied in two stages:
 - 6.1.4.2. First, an increase is applied to the GCC to recover the 30% of the original value. Following is a corresponding reduction to the energy rates across all applicable tariffs to achieve an equivalent decrease in rand-value.
 - 6.1.4.3. Then, the Homepower and Homeflex service charges are adjusted in a similar way to the GCC, and this is followed by an additional reduction. That is, on top of the first variable energy rate reduction to cater for the GCC so that Homepower and Homeflex variable energy rates are further reduced by the equivalent increase to their fixed charges.

6.2. Generation Capacity Charges (GCC) adjustment

- 6.2.1. As shown in Table 7, in FY2027, the RTP decision required a reduced allocation towards the GCC to R5 715million (ii) that is 30% (iii) of the FY2025 submitted R19 050million (i).
- 6.2.2. After the ERTSA average increase, the GCC recovery was R4 062million (iv) and the energy c/kWh rates recovered R279 595million (viii). All the GCC rates (excluding Homelight, Landlight, Public lighting and Gen-Wheeling) were adjusted by a factor of 0.436999.
- 6.2.3. A corresponding reduction was made to all energy c/kWh rates (excluding Homelight, Landlight, Public lighting and Gen-Wheeling) by a factor of -0.007780. There are different adjustment factors as the tariff rates, applicable volumes and revenue recovery are different for the GCC and variable energy charges.
- 6.2.4. The result was R5 488million (v) from GCC charges that is 28.81% (vii) of the base R19 050million and the commensurate reduction of revenues from energy c/kWh rates to R277 707million (ix).
- 6.2.5. Differences in the revenue outcomes are due to rounding of the rates to 2 decimal places after the adjustments; see Table 7.

Table 7 : Adjustment to GCC charges

		RMM
		FY2027 GCC*
(i)	Original proposed value	19 050
(ii)	NERSA RTP decision	5 715
(iii)	% of original GCC value	30%
GCC charge		
(iv)	Revenues after FY27 ERTSA	4 062
(v)	Revenues after adjustment factor	5 490
(vi)	Change in revenues	1 428
(vii)	Revenues after adjustment % of original	28.82%
Energy charges		
(viii)	Revenues after FY27 ERTSA	279 595
(ix)	Revenues after adjustment factor	277 707
(x)	Change in revenues	-1 888

* Excludes Homelight, Landlight and Public lighting, these tariffs do not have a GCC charge

6.3. Adjustment to Homepower and Homeflex service charges

- 6.3.1. As shown in Table 8, the RTP decision required the fixed component of Homepower and Homeflex service charges to be phased in over three years.
- 6.3.2. In FY2027, this translates to setting the revenue recovery from Homepower and Homeflex tariffs services to R237million (ii) which is 66.66% (iii) of the Eskom submitted R355million (i). That is, the phase-in of the first year's (33.33%) and the second year's (33.33%).
- 6.3.3. To adjust the service charges revenues to R237million, all the Homepower and Homeflex service charge rates (excluding Homelight, Landlight and Public lighting) were adjusted by a 0.6667 factor. A corresponding factor of -0.37890 factor reduction was made to all energy rates (excluding Homelight, Landlight and Public lighting); see Table 5.
- 6.3.4. The result was R239million (v) from service charges that is 67.28% (vii) of the base R355million. Commensurately, the reduction of revenues from energy c/kWh rates was from R3 545 (viii) to R3 396million (ix).
- 6.3.5. Differences in the revenue outcome are due to rounding of the rates to 2 decimal places after the adjustments; see Table 8.

Table 8 : Adjustment to the Homepower and Homeflex service charges

Homepower and Homeflex		FY2027
(i)	Original proposed value	355
(ii)	NERSA RTP decision	237
(iii)	% of Year 1 + Year 2 phase-in	66.66%
Service charge revenues		
(iv)	Revenues before	148
(v)	Revenues after adjustment factor	239
(vi)	Change in revenues	91
(vii)	Revenues after adjustment % of original	67.28%
Energy rates tariff revenues		
(viii)	Revenues before	3 545
(ix)	Revenues after adjustment factor	3 396
(x)	Change in revenues	-149

6.4. Customer impacts after adjusting the GCC, Homepower and Homeflex service charges

- 6.4.1. The tariff charges and rates submitted for approval in the Schedule of Standard tariffs already include the RTP decision adjustments to the GCC, Homepower, and Homeflex charges, as well as the corresponding reductions to the variable energy rates.
- 6.4.2. The increases applied to the GCC, Homepower, and Homeflex service charges which are higher than the standard tariff category increases must be assessed together with the reductions made to the variable energy rates.
- 6.4.3. Annual average increases per customer resulting after the RTP decision adjustment to the tariffs are mainly lower than the average tariff category increases. This is evident when the requested tariff rates are applied to the detailed per-customer forecasts and compared with the same forecasts using the tariffs implemented after the ERTSA but before the RTP adjustments.
- 6.4.4. As a result, the effective increases to be experienced by customers are at or below the requested tariff category increases. This outcome is primarily driven by the reductions applied to the energy rates, which offset the increases to GCC, Homepower, and related charges. See the figures below for all large power user tariffs, Muniflex separately, Homepower 1,2,3 and 4 residential tariffs.

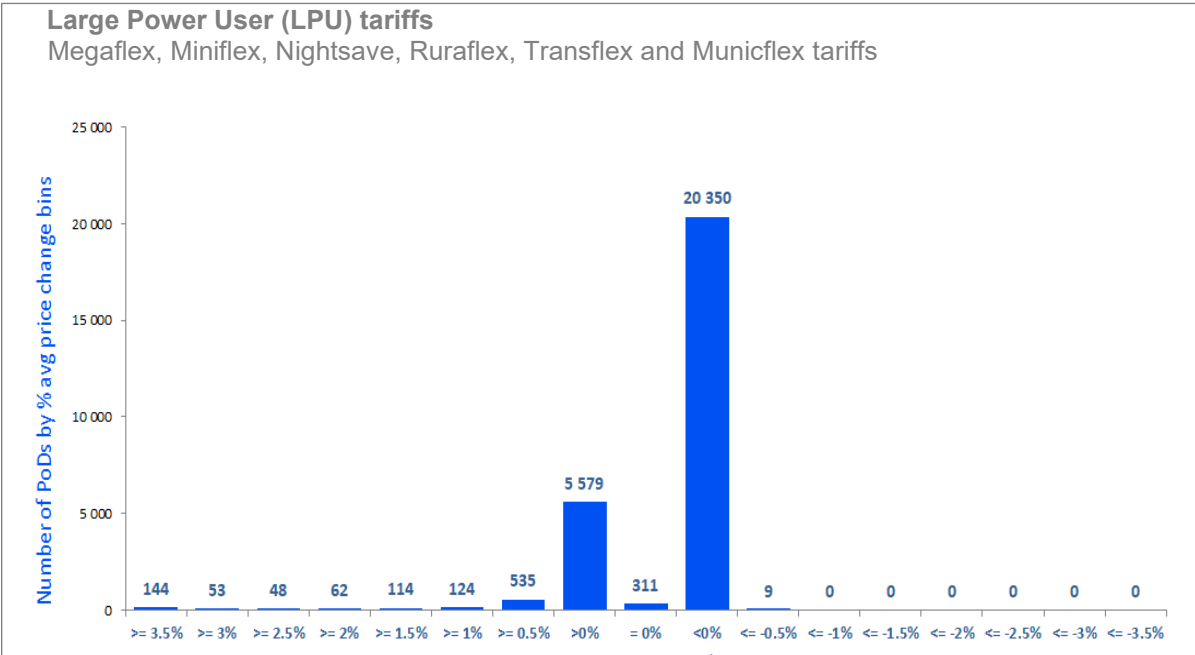


Figure 1: LPU FY2025 RTP decision adjustments compared to the average increase

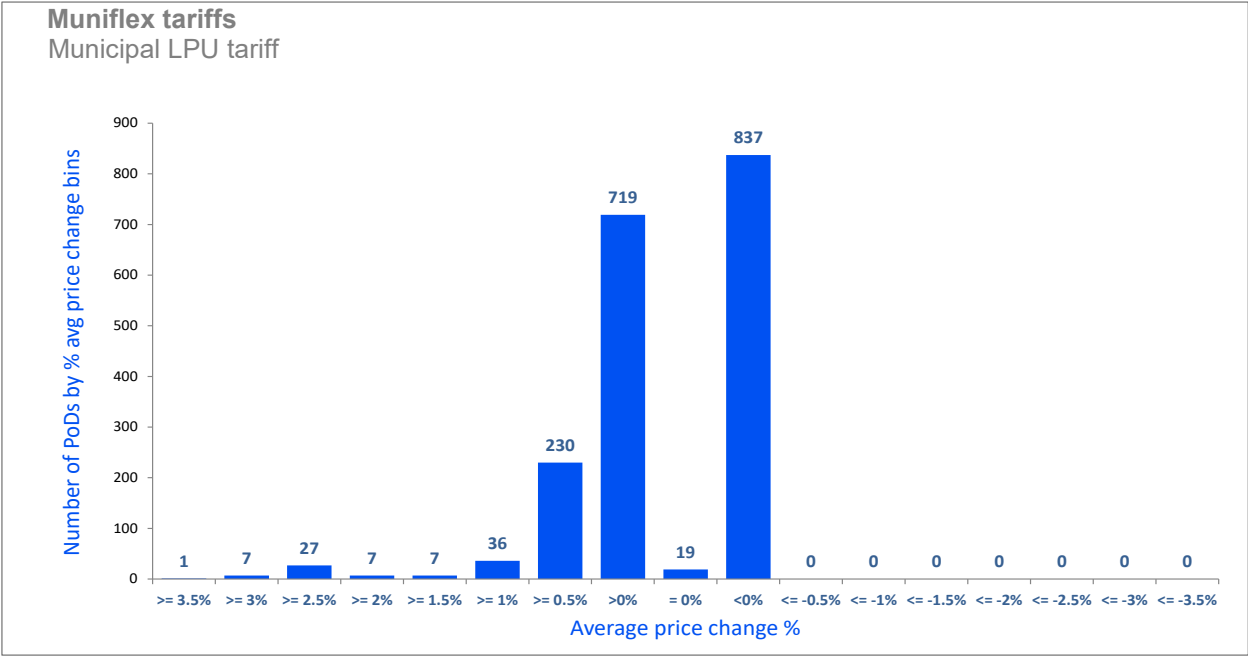


Figure 2: Municflex FY2025 RTP decision adjustments compared to the average increase

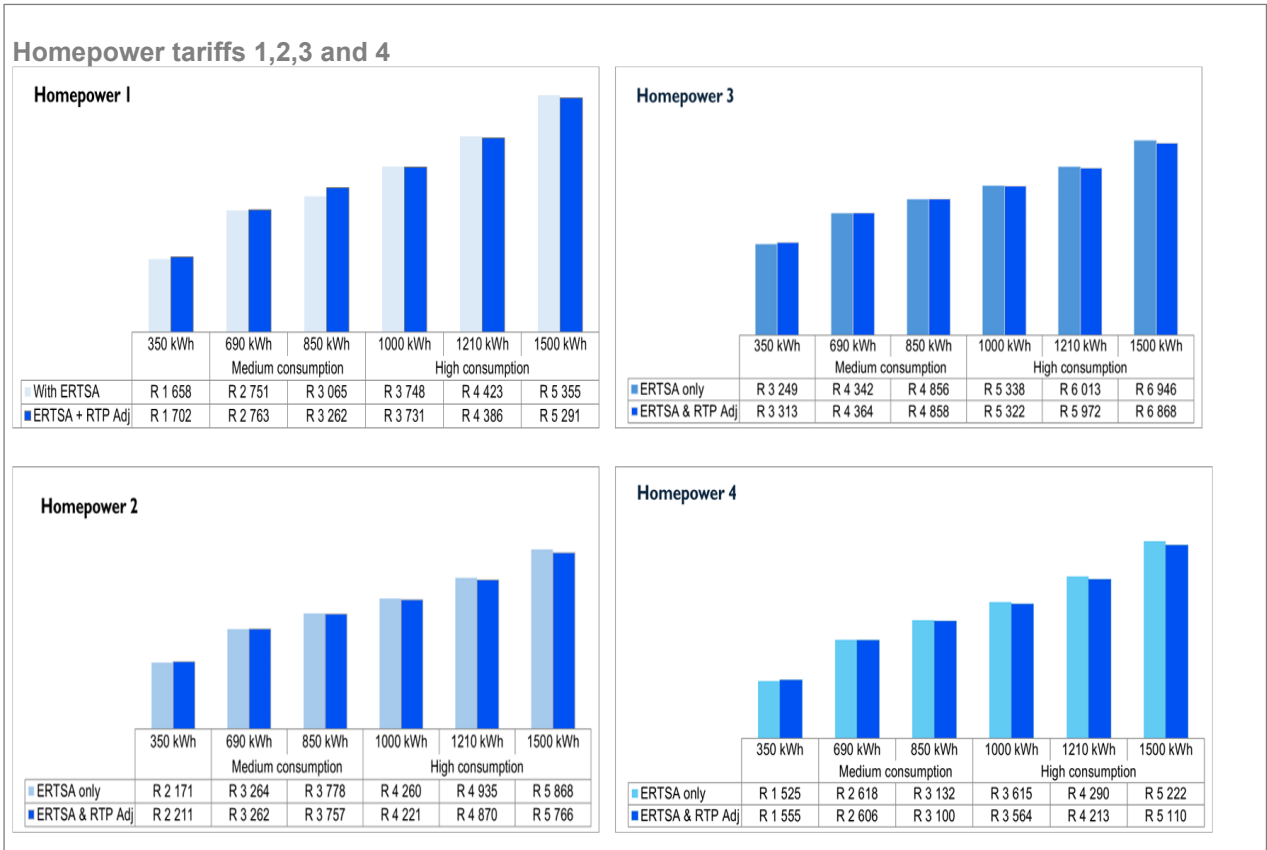


Figure 3: Homepower 1,2,3 and 4 FY2025 RTP decision adjustments compared to the average increase

7. Revenue recovery testing

7.1. Detailed testing context

- 7.1.1. The revenue recovery testing applies the submitted FY2027 tariff increases to the FY2026 tariff rates. Thereafter, the adjusted tariff rates are rounded to two-decimal places and are the submitted FY2027 rates contained in the Tariff Schedule.
- 7.1.2. The revenue recovery testing reflects a billing environment by applying the FY2027 rates in the Tariff Schedule to the NERSA MYPD 6 approved FY2027 detailed forecasted sales volumes, which include separate values for energy sales (kWh), demand sales (kVA), reactive energy (kVArh), and the number of points of delivery (PoDs).

7.2. Revenue testing results

- 7.2.1. A summary of the revenue recovery testing is as shown in Table 9. The result of the revenue recovery testing demonstrates results after adjusting the GCC and service charges, the difference is R7 882million (2.02%).
- 7.2.2. The summary of the FY2027 revenue recovery provided in Table 9 provides the effective annual average increases that are a comparison of the FY2026 tariffs and applied for FY2027 tariffs on the same forecasted volumes. This is done to eliminate the volume variance and provide a view of applied tariff increases. Consequently, the comparison excludes year-on-year volume change and enables a view of the tariff category increases by tariff.
- 7.2.3. The calculated revenue differences would be treated through the RCA for FY2027. This is because the MYPD decision is based on a forecast, and the actual sales volumes and revenues would be evaluated against the MYPD 6 FY2027 decision.

7.3. Reasons for revenue differences

- 7.3.1. The revenue recovery mismatch to the FY2027 Standard tariffs allowable revenues is because of the following reasons.
- 7.3.2. The first is that the ERTSA methodology overlooks the underlying different time-of-use (ToU), R/kVA and R/POD charges and their associated volumes in the determination of the Standard tariff increases.
- 7.3.3. The second reason is the calculation of the municipal increase. Although the recoverable revenues from the 1 July increase are ring-fenced to the application year, the 1 July increase refers to the previous year's (base year) average price instead of the application year's 9-month average price before an increase. This is also compounded by the difference between the application and base year forecasted sales volume.

Table 9: FY2027 Revenue recovery testing results of requested FY2027 tariffs**Total Standard tariffs, large power and urban tariffs**

2026/27 (FY2027) MYPD forecasted sales at 2026/27 Standard tariffs before GCC & service charges adjustments (Municipality Apr-June at FY2026 approved tariffs)												
	Forecasted sales (GWh)			Revenues (R'm)			Average price (c/kWh)			Effective increase (%)		
	Munic	Non-munic	Total	Munic	Non-munic	Total	Munic	Non-munic	Total	Munic	Non-munic	Total
Standard tariffs	75 128	84 207	159 335	172 664	218 300	390 964	229.83c	259.24c	245.37c	6.60%	8.66%	7.74%
Apr-Jun	18 782	21 281	40 062	41 450	55 815	97 265	220.69c	262.28c	242.79c	0.00%	8.65%	4.79%
Jul-Mar	56 346	62 927	119 273	131 214	162 485	293 699	232.87c	258.21c	246.24c	8.87%	8.66%	8.75%
Large industrial and urban (Incl. Affordability charge)	74 797	63 793	138 591	171 295	151 881	323 175	229.01c	238.08c	233.19c	6.60%	8.65%	7.55%
Apr-Jun	18 702	16 203	34 906	41 138	39 178	80 316	219.96c	241.79c	230.10c	0.00%	8.63%	4.03%
Jul-Mar	56 095	47 590	103 685	130 157	112 703	242 859	232.03c	236.82c	234.23c	8.87%	8.66%	8.77%
Affordability charge	0	65 182	65 182	0	3 324	3 324		5.10c	5.10c		8.74%	8.74%
Apr-Jun	0	16 421	16 421	0	837	837		5.10c	5.10c		8.74%	8.74%
Jul-Mar	0	48 760	48 760	0	2 487	2 487		5.10c	5.10c		8.74%	8.74%
Large urban tariffs exclud affordability	74 797	63 793	138 591	171 295	148 556	319 851	229.01c	232.87c	230.79c	6.60%	8.65%	7.54%
Apr-Jun	18 702	16 203	34 906	41 138	38 341	79 479	219.96c	236.62c	227.70c	0.00%	8.63%	3.99%
Jul-Mar	56 095	47 590	103 685	130 157	110 216	240 372	232.03c	231.60c	231.83c	8.87%	8.65%	8.77%
Municflex	74 878	0	74 878	171 408	0	171 408	228.92c		228.92c	6.60%		6.60%
Apr-Jun	18 717	0	18 717	41 159	0	41 159	219.90c		219.90c	0.00%		0.00%
Jul-Mar	56 161	0	56 161	130 249	0	130 249	231.92c		231.92c	8.87%		8.87%
Megaflex	0	57 819	57 819	0	129 179	129 179		223.42c	223.42c		8.57%	8.57%
Apr-Jun	0	14 563	14 563	0	33 193	33 193		227.93c	227.93c		8.55%	8.55%
Jul-Mar	0	43 256	43 256	0	95 986	95 986		221.90c	221.90c		8.57%	8.57%
Miniflex	0	3 831	3 831	0	10 554	10 554		275.53c	275.53c		8.93%	8.93%
Apr-Jun	0	962	962	0	2 704	2 704		280.95c	280.95c		8.91%	8.91%
Jul-Mar	0	2 868	2 868	0	7 851	7 851		273.71c	273.71c		8.94%	8.94%
Nightsave Large	0	955	955	0	3 142	3 142		328.92c	328.92c		8.88%	8.88%
Apr-Jun	0	240	240	0	799	799		332.18c	332.18c		8.88%	8.88%
Jul-Mar	0	715	715	0	2 343	2 343		327.82c	327.82c		8.89%	8.89%
Nightsave Small	0	822	822	0	2 581	2 581		314.18c	314.18c		8.89%	8.89%
Apr-Jun	0	203	203	0	652	652		320.53c	320.53c		8.89%	8.89%
Jul-Mar	0	618	618	0	1 929	1 929		312.09c	312.09c		8.89%	8.89%
Transflex	0	1 755	1 755	0	5 110	5 110		291.17c	291.17c		9.94%	9.94%
Apr-Jun	0	452	452	0	1 326	1 326		293.30c	293.30c		9.87%	9.87%
Jul-Mar	0	1 303	1 303	0	3 784	3 784		290.43c	290.43c		9.97%	9.97%

Table 9: FY2027 Revenue recovery testing results of requested FY2027 tariffs**Small-power user tariffs**

2026/27 (FY2027) MYPD forecasted sales at 2026/27 Standard tariffs before GCC & service charges adjustments (Municipality Apr-June at FY2026 approved tariffs)												
	Forecasted sales (GWh)			Revenues (R'm)			Average price (c/kWh)			Effective increase (%)		
	Munic	Non-munic	Total	Munic	Non-munic	Total	Munic	Non-munic	Total	Munic	Non-munic	Total
Municrate	232	0	232	1 099	0	1 099	473.80c		473.80c	7.01%		7.01%
Apr-Jun	56	0	56	251	0	251	449.19c		449.19c	0.00%		0.00%
Jul-Mar	176	0	176	848	0	848	481.60c		481.60c	9.28%		9.28%
Businessrate	0	977	977	0	3 125	3 125		319.77c	319.77c		8.60%	8.60%
Apr-Jun	0	244	244	0	781	781		319.73c	319.73c		8.60%	8.60%
Jul-Mar	0	733	733	0	2 344	2 344		319.78c	319.78c		8.60%	8.60%
Public Lighting	98	110	208	270	286	556	274.33c	260.68c	267.14c	6.84%	8.76%	7.82%
Apr-Jun	24	27	51	61	71	132	256.61c	260.67c	258.78c	0.00%	8.76%	4.54%
Jul-Mar	75	82	157	209	214	423	279.98c	260.68c	269.86c	9.01%	8.76%	8.88%
Ruraflex	0	5 953	5 953	0	18 466	18 466		310.18c	310.18c		8.63%	8.63%
Apr-Jun	0	1 428	1 428	0	4 536	4 536		317.68c	317.68c		8.64%	8.64%
Jul-Mar	0	4 525	4 525	0	13 930	13 930		307.81c	307.81c		8.63%	8.63%
Nightsave Rural	0	1 115	1 115	0	3 793	3 793		340.11c	340.11c		8.80%	8.80%
Apr-Jun	0	278	278	0	980	980		352.47c	352.47c		8.84%	8.84%
Jul-Mar	0	837	837	0	2 813	2 813		336.00c	336.00c		8.79%	8.79%
Landrate	0	3 693	3 693	0	17 130	17 130		463.92c	463.92c		8.89%	8.89%
Apr-Jun	0	908	908	0	4 237	4 237		466.36c	466.36c		8.90%	8.90%
Jul-Mar	0	2 784	2 784	0	12 894	12 894		463.12c	463.12c		8.89%	8.89%
Homelight 20A	0	4 533	4 533	0	10 653	10 653		235.04c	235.04c		8.76%	8.76%
Apr-Jun	0	1 166	1 166	0	2 739	2 739		235.04c	235.04c		8.76%	8.76%
Jul-Mar	0	3 367	3 367	0	7 914	7 914		235.04c	235.04c		8.76%	8.76%
Homelight 60A	0	2 801	2 801	0	8 370	8 370		298.79c	298.79c		8.76%	8.76%
Apr-Jun	0	717	717	0	2 142	2 142		298.79c	298.79c		8.76%	8.76%
Jul-Mar	0	2 085	2 085	0	6 228	6 228		298.79c	298.79c		8.76%	8.76%
Homepower	0	1 232	1 232	0	4 596	4 596		373.08c	373.08c		7.60%	7.60%
Apr-Jun	0	309	309	0	1 151	1 151		372.93c	372.93c		7.60%	7.60%
Jul-Mar	0	923	923	0	3 445	3 445		373.13c	373.13c		7.61%	7.61%

8. Easy Electricity purchase options

8.1. Increased simplicity

- 8.1.1. Easy Electricity purchase options are designed to make buying prepaid electricity simpler for households. They offer convenient purchase options based on the typical monthly kilowatt-hour usage of customers on existing residential tariffs.
- 8.1.2. The Easy Electricity purchase options are not new tariffs as they are based on the same tariff rates as applied for Homepower and Homelight tariffs in this FY2027 ERTSA.
- 8.1.3. From 2026, residential tariffs were unbundled to show customers exactly what they are paying for. This new level of transparency separated the costs associated with using Eskom's grid, known as network charges from the charges related to energy consumption.
- 8.1.4. The purpose of the residential tariff unbundling was to ensure fairness, transparency and accurate pricing signals, especially as more customers adopt alternative energy sources. Even households that use solar or other alternative systems still rely on the grid at certain times such as at night or during low-generation periods and therefore need to pay for the cost of availing this capacity and the cost of maintaining their supply connection. Only customers who have completely disconnected from Eskom's supply and removed their meters pay nothing, as they make no use of the grid.
- 8.1.5. Easy Electricity purchase options present the residential tariffs in a clearer, more accessible way that helps customers choose either an electricity amount or a rand-value that matches their needs and purchased tokens do not expire.
- 8.1.6. Easy Electricity therefore helps customers by providing quick, easy-to-select purchase options that reflect typical consumption levels under the unbundled structure. Rather than manually working through the different charge components, customers can simply choose an option that aligns with their usage patterns and budget.
- 8.1.7. The Easy Electricity purchase option purpose is to support better planning, more predictable spending, and a clearer understanding of what their electricity costs represent without requiring customers to individually add each tariff component.

8.2. How Easy Electricity purchase options will work

The options are developed using the following key principles:

- 8.2.1. Non-compulsory: An option's structure is an alternative; customers can choose to remain on the option or their existing residential tariff.
- 8.2.2. No Discount: The underlying tariff rates remain the same as the residential tariffs on which the option is based. No discount is offered.

- 8.2.3. Top-up: Customers can purchase additional electricity (top-up) for usage if they exhaust the kilowatt-hours purchased. The additional top-up kilowatt-hours is only related to variable cents per kilowatt-hour charges.
- 8.2.4. Combined tariff rate for Homepower purchase options:
- 8.2.5. The variable c/kWh active energy charge, ancillary service charge, and network demand charge are combined into a single c/kWh rate.
- 8.2.6. The fixed network capacity, GCC, service and administration charges are combined into a single R/Month charge.
- 8.2.7. What the customer receives when choosing to pay for electricity using a purchase option:
- Homelight tariffs: The tariffs' single c/kWh rate is used to calculate the number of kilowatt-hours included in the purchase option. Prepaid tokens are then issued based on this calculation. The same rate is applicable for top-ups.
 - Homepower tariffs: for these tariffs, the process happens in two steps:
 - First the fixed monthly charges (in rand) are deducted.
 - The remaining purchase amount is converted into kilowatt-hours using the combined c/kWh variable rate. Tokens are then issued for the kilowatt-hours included in the purchase option.
 - This same combined c/kWh rate is also used for any top-ups during the month. At the beginning of each new month, when a purchase option is selected again, the same steps are followed.
- 8.2.8. Once the NERSA approves the applied for FY2027 Tariff schedule, the purchase options will be configured into the prepaid vending system and made available during FY2027.
- 8.2.9. See Table 10 for the different Easy Electricity tariff options and Table 11 for the explanation on the separately combined variable and fixed charges calculation.

Table 10 : Easy Electricity purchase options

EasyElectricity purchase options <i>Rand/month</i>			Purchased units/month <i>[KWh]</i>	Top up <i>[c/kWh]</i>	
	<i>VAT Excl</i>	<i>VAT incl</i>		<i>VAT Excl</i>	<i>VAT incl</i>
Homelight 20A	R 352.56	405.44	150	235.04	270.77
Homelight 60A	R 1 344.56	1546.24	450	298.79	344.21
Homepower 1	R 2 927.46	R 3 366.58	750	309.18	356.18
Homepower 2	R 5 765.84	R 6 630.72	1500	309.18	356.18
Homepower 3	R 16 142.33	R 18 563.68	4500	309.18	356.18
Homepower 4	R 2 327.19	R 2 676.27	600	309.18	356.18

Table 11 : Combination of variable and fixed rates in Easy Electricity purchase options

	Combined variable charges						Purchases on variable charges [R/mth] VAT Incl.	
	Energy	Ancillary	Network demand	Combined (Top up) c/kWh	Units in month			
Homelight 20A	235.04c			235.04c	150	R 352.56	R 405.44	
Homelight 60A	298.79c			298.79c	450	R 1 344.56	R 1 546.24	
Homepower 1	280.05c	0.45c	28.68c	309.18c	750	R 2 318.85	R 2 666.68	
Homepower 2	280.05c	0.45c	28.68c	309.18c	1500	R 4 637.70	R 5 333.36	
Homepower 3	280.05c	0.45c	28.68c	309.18c	4500	R 13 913.10	R 16 000.07	
Homepower 4	280.05c	0.45c	28.68c	309.18c	600	R 1 855.08	R 2 133.34	
	Combined fixed charges					Purchases for fixed charges [R/mth] VAT Incl.		
	Network capacity charge	Service and administration charge	Generation capacity charge	Combined fixed charge	Average days in month			
Homelight 20A				0.00c		R 0.00	R 0.00	
Homelight 60A				0.00c		R 0.00	R 0.00	
Homepower 1	R 13.19	R 5.74	R 1.09	R 20.02	30.4167	R 608.94	R 700.28	
Homepower 2	R 29.44	R 5.74	R 1.93	R 37.11	30.4167	R 1 128.76	R 1 298.08	
Homepower 3	R 62.89	R 5.74	R 4.70	R 73.33	30.4167	R 2 230.45	R 2 565.02	
Homepower 4	R 9.08	R 5.74	R 0.71	R 15.53	30.4167	R 472.37	R 543.23	
						Fixed and Variable charges total [R/mth] VAT Incl.		
Homelight 20A						R 352.56	R 405.44	
Homelight 60A						R 1 344.56	R 1 546.24	
Homepower 1						R 2 927.79	R 3 366.96	
Homepower 2						R 5 766.46	R 6 631.43	
Homepower 3						R 16 143.55	R 18 565.08	
Homepower 4						R 2 327.45	R 2 676.57	

9. Conclusion

Eskom hereby request the NERSA to approve the FY2027 ERTSA application. This application updates existing electricity tariffs in line with NERSA MYPD decisions. The application complies with the NERSA ERTSA methodology and the FY2025 RTP decision for implementation in FY2027.

The approach applied to implement the RTP decision changes to GCC, Homepower and Homeflex service charges ensures whereas the fixed charges increase, energy c/kWh charges are reduced to keep the impact neutral to the MYPD approved annual revenues and applied for FY2027 ERTSA tariff category increases.

With the introduction of Easy Electricity purchase options for residential customers using prepaid electricity buying electricity will be simpler. Instead of navigating many tariff charges, households will be able choose from monthly electricity packages based on average usage per tariff. Easy Electricity purchase options are not new tariffs and helps customers better understand how much electricity they are buying and how much they are spending each month. The Easy Electricity options are voluntary and therefore customers can continue using their existing tariffs if they prefer, and those who choose an option can still buy additional top-up electricity which does not expire.

Upon the NERSA approval of this FY2027 ERTSA application, non-local authority (non-municipal) tariffs will come into effect from 1 April 2026 to 31 March 2027. Local authority (municipal) tariffs will be effective from 1 July 2026 to 30 June 2027 in compliance to the Municipal Finance Management Act (MFMA) after tabling in Parliament on or before 13 March 2026.

Annexure 1: 2026/27 Schedule of Standard prices for Eskom Tariffs