



Annexure D

NERSA presentation



2026/27 MUNICIPAL TARIFF REVIEW PROCESS

**PRESENTATION TO THE SALGA, SEA, NERSA COST OF SUPPLY UPDATE & TARIFF DEVELOPMENT TRAINING
WEBINAR BY**

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1. CONTENT

1. Purpose
2. Legal Requirements
3. Municipal Tariff Application Process
4. Risks of non-adherence
5. Way-Forward

PURPOSE



To guide municipalities through the 2026/27 tariff application process



To provide guidance on the ERTSA and NERSA COS update requirements for tariff applications



To ensure compliance with ERA, 2006 (as amended) and the MFMA to improve quality and completeness of tariff applications



To strengthen regulatory oversight in the spirit of cooperative governance between NERSA and municipalities

Legislative Mandate



Legislative Framework: Nelson Mandela Bay Chamber of Business judgment emphasised the need for cost reflective tariff based on CoS; AfriForum judgment emphasised the requirement for meaningful stakeholder consultation



Electricity Regulation Act (as amended): NERSA must approve tariffs that: • Enable efficient cost recovery • Ensure prudence, efficiency, and equity • Are properly cost-reflective



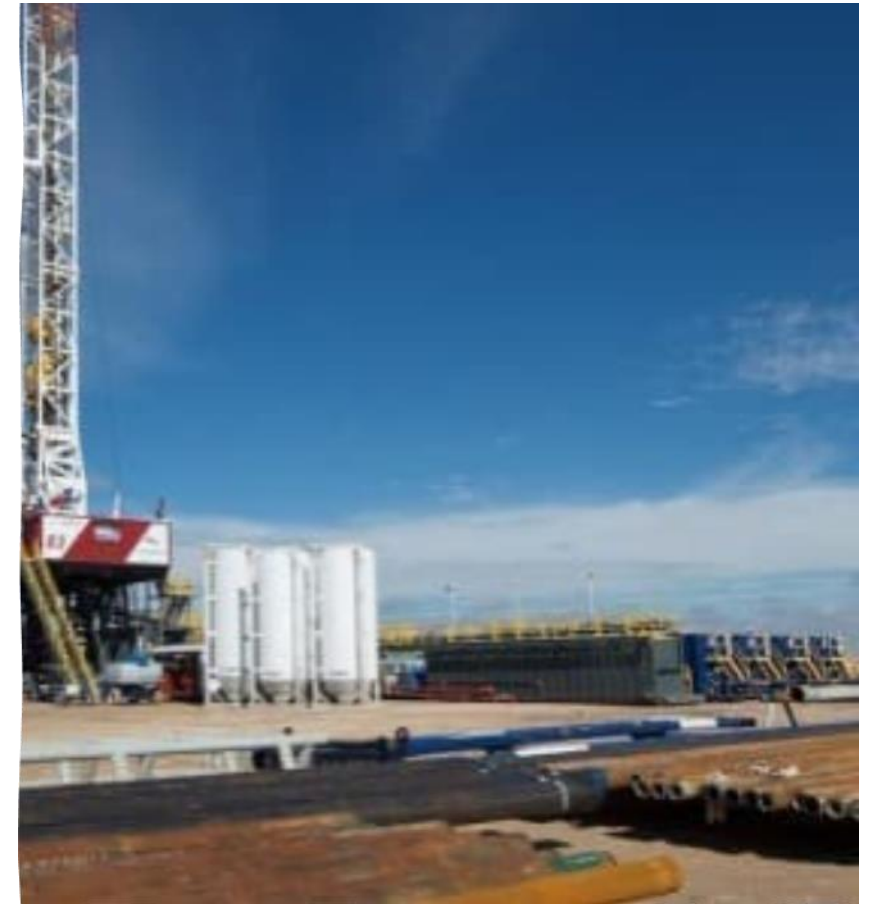
MFMA (Section 43): The section obligates NERSA to approve municipal tariff by 15 March



The approval is for electricity tariffs and not municipal budget



Approved tariffs become effective **1 July**



Municipal Tariff Application Process

Cooperative Governance is at the heart of the information sharing invitation and deadline extension

Key Dates & Milestones

- 6 March 2026 ERTSA will be Approved
- 20 March 2026: Tariff application submission
- **20 March to 30 April 2026 : NERSA assessments & municipal engagements**
- 05 May 2026: immovable court set date – Tariff communicated to Municipalities
- 1 July 2026: New tariffs implemented

Expectations from Municipalities

- Submission of D-forms (**64% submitted to date**)
- Submit complete, accurate applications
- Align tariff cycles with regulatory timelines
- Improve data quality
- Strengthen internal approval processes
- Respond promptly to NERSA queries
- Maintain open communication

Commitments from NERSA

- Fair and consistent assessments
- Transparent decision-making
- Providing timely feedback
- Supporting compliance
- Protecting consumers while ensuring utility sustainability



What Must Be Submitted (Checklist)



Accurate D-forms submitted by 31 October 2025
Completed tariff application signed by authorised official



Signed municipal declaration (authorised official) Council resolution approving proposed tariffs



Proof of customer consultation



Latest audited regulatory financial statements (2024/25) Technical and consumption data (D-Forms)



Cost-of-Supply Study : Existing study OR revised COS studies aligned to Eskom's tariff structural changes



Common Issues in Applications (2025/26 Review)

Missing council resolutions

Missing COS studies,
No tariff design

Incomplete financial data

Poor customer consultation processes

Data inconsistencies (losses, consumption, demand) Failure to submit by 20
March → non-compliance to court Judgement

Municipalities are urged to avoid these in 2026/27.



Risks of non-adherence

**Failure to
adhere to
statutory
deadlines:**

Tariff approvals
affect the entire
budget cycle

Municipal
budgets being
non-compliant

Residents being
charged illegal
tariffs

Audit findings
from AGSA

Judgements
against
municipalities
and NERSA

**Adhering to
statutory
deadlines:**

Sufficient time
for adequate
assessments

Time for
queries,
corrections and
consultations

Time for council
procedurally
compliant
adoption

Mitigate risk of
regulatory
uncertainty



Conclusion

1. Timely tariff submissions are not optional — they are a legal obligation
2. NERSA is committed to working with municipalities
- 3. Together, we can ensure:**
 - Improved revenue stability
 - Better service delivery
 - Enhanced regulatory compliance



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