



**CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD**

ANNEXURE 4

REVISED CONSUMPTIVE TARIFFS, RATES AND BASIC CHARGES FOR ELECTRICITY GENERATION AND DISTRIBUTION, WATER AND SANITATION AND URBAN WASTE MANAGEMENT SERVICES

June 2026



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1. ELECTRICITY GENERATION AND DISTRIBUTION

1.1 General

The proposed revisions to the tariffs have been formulated in accordance with the City of Cape Town Tariff and Rates Policy and comply with Section 74 of the Municipal Systems Act.

In terms of section 75A of the Local Government Municipal Systems Act, any fees, charges or tariffs which a municipality may wish to levy and recover in respect of any function or service of the municipality, must be approved by a resolution passed by the municipal council with a supporting vote of a majority of its members.

The Electricity Regulation Act requires that any proposed revisions to electricity consumption-based tariffs be submitted to the National Energy Regulator of South Africa (NERSA) for approval prior to implementation. The regulated portion of the tariff is approved by both Council and NERSA, while the unregulated portion is approved solely by Council. The total effective tariff is therefore a combination of both the regulated and unregulated components.

In line with a court-ordered deadline of 31 March 2026, the City submitted its tariff application, together with the required supporting documentation, to NERSA on 26 March 2026. On 11 May 2026, NERSA approved the City's regulated tariffs as proposed in the City's application.

The Consumptive Tariff Schedule includes a note indicating that the tariffs are applied in accordance with the terms and conditions as contained in the Electricity Tariff Policy.

The Eskom Bulk Purchase tariff increase for Local Authorities was approved at 9.01%.

CPI was set by the City at 3.4% for the coming financial year. Together with the increase in bulk electricity purchases, other required expenditure items and a projected 1.1% reduction in sales volumes for the 2026/27 financial year – driven, among other factors, by the continued growth in SSEG installations - a uniform increase of 8.55% has been applied to the regulated tariff components.

Note that for the purposes of this report – including in the tariff schedule – the “Regulated” component for the 2025/26 financial year includes the amount added to the Unregulated tariff to compensate for the NERSA decision to reduce the City's regulated tariffs – this decision has been taken on judicial review. This is done for ease of understanding so that the increases are not skewed significantly through the “correction” of this error by the Regulator.

The Unregulated portion of the tariff shows the following changes for the 2026/27 financial year. The Contributions to the Rates Account reduces to R1.27bn and is recovered from the bulk of the non-residential energy components of the tariff at 25.61c/kWh. This is the sole change to the Electricity tariffs between the March tabling of the budget and the final version as reflected here. At the time of the March tabling, the Contributions to the Rates account amounted to R1.47bn. This therefore reflects a R200m reduction, with a corresponding decrease in the c/kWh recovery rate of 4.04c/kWh.



The cost of Street Lighting increases to R872.1m (up from R790.5m in 2025/26) and is recovered at a tariff of 11.45c/kWh from all energy sales. The overall impact of these is that the Unregulated tariff effectively reduces by approximately 17.6%.

Combined, these factors result in an overall average Electricity tariff increase of 5.83%.

Note that due to the varied impact of the changes to the Unregulated tariff, customers will not see a uniform outcome and some variation from this overall average can be expected.

These increases are in line with the guidelines established in the Medium-Term Revenue and Expenditure Framework.

Present electricity tariffs were approved by Council on 26 June 2025 and were implemented with effect from 1 July 2025.

1.2 Consumptive Tariff Proposals

For the 2026/27 financial year, there are no significant changes to the structure of the tariffs. As a result, a fairly uniform percentage increase was applied to the Regulated tariffs, with the Unregulated tariffs adjusting in accordance with their required outcomes.

The table below shows the projected revenue from each of the overall proposals against the revised projected revenue from 2025/26 for each main customer category. Note that no significant changes to the balance between fixed and variable tariff components will occur for the 2026/27 financial year.

REVENUE CALCULATIONS

Customer Category	Revised 2025/26	Proposed 2026/27
Home User	6 709 317 068.93	6 984 130 511.80
Domestic	1 763 622 806.25	1 828 051 244.84
Lifeline	937 098 059.15	995 009 504.94
Small Power User 1	5 145 969 551.47	5 433 273 066.59
Small Power User 2	426 333 620.27	456 544 492.24
Large User LV	1 366 706 546.18	1 427 727 275.55
Large User MV	7 610 171 710.36	7 936 408 356.09
Large User HV	317 818 593.51	340 029 967.54
TOTAL	24 277 037 956.13	25 401 174 419.60

Changes to the tariffs are reflected below. Note that the previously mentioned reduction in the Contribution to Rates impacts only on the Unregulated tariffs for the Small Power User 1 and Large User tariffs (including all variants).



Residential Tariffs

The proposed residential tariffs (compared to the current tariffs) are as follows:

		Current	Proposed	% Incr
Home User				
Service and Wires Charge	R/month/Cust	339.89	368.96	8.55%
Energy Block 1	c/kWh	274.59	298.07	8.55%
Energy Block 2	c/kWh	365.20	396.43	8.55%
Unregulated	c/kWh	19.03	11.45	-39.83%
Domestic				
Service and Wires Charge (Credit)	R/month/Cust	59.90	65.02	8.55%
Service and Wires Charge (PPM)	R/day/Cust	1.97	2.14	8.63%
Energy Block 1	c/kWh	320.92	348.37	8.55%
Energy Block 2	c/kWh	385.10	418.03	8.55%
Unregulated	c/kWh	19.03	11.45	-39.83%
Lifeline				
Service and Wires Charge	R/month/Cust	0.00	0.00	
Energy Block 1	c/kWh	216.18	234.67	8.55%
Energy Block 2	c/kWh	216.18	234.67	8.55%
Unregulated	c/kWh	10.35	11.45	10.63%

As can be seen, all the regulated tariff components (i.e. those that are directly required for the provision of electricity services) increase by the same amount (the variance in the Daily charge for the Domestic Tariff is simply the result of rounding).

For the 2026/27 financial year, a new Residential Time-of-Use Tariff is proposed. This tariff will require customers to “opt-in” in order to take their supply at this tariff, and it will only be available to customers who either have AMI metering installed or will install such metering (at their own expense). The rationale for introducing this tariff is to allow customers with battery systems to effectively achieve a measure of arbitrage, much like what the City achieves through the Steenbras Pumped Storage Scheme and therefore allow them to reduce their bills. This is accomplished by utilising their batteries to shift consumption out of the peak periods, into the cheaper standard and (preferably) off peak periods of the day. In doing so, not only do the customers potentially receive a benefit, the City does as well as the Utility will not have to purchase the expensive peak energy (there are potential benefits also in terms of the maximum demand costs incurred by the City).

The tariff is set as a fully cost reflective tariff, and looks as follows:

Administration Charge	R/Cust/month	344,49
Capacity Charge	R/Cust/month	250,85
Energy High Peak	c/kWh	769,62
Energy High Standard	c/kWh	309,67
Energy High Off Peak	c/kWh	250,24
Energy Low Peak	c/kWh	352,50
Energy Low Standard	c/kWh	297,77
Energy Low Off Peak	c/kWh	250,24
Unregulated	c/kWh	11,45



Small Power User Tariffs

Proposed Small Power User tariffs are proposed as follows:

		Current	Proposed	% Incr
Small Power User 1				
Service and Wires Charge (Credit)	R/month/Cust	3872.95	4204.18	8.55%
Service and Wires Charge (PPM)	R/day/Cust	127.33	138.22	8.55%
Energy	c/kWh	236.75	257.00	8.55%
Unregulated	c/kWh	43.11	37.06	-14.03%
Small Power User 2				
Service and Wires Charge (Credit)	R/month/Cust	282.68	306.86	8.55%
Service and Wires Charge (PPM)	R/day/Cust	9.29	10.09	8.61%
Energy	c/kWh	512.92	556.79	8.55%
Unregulated	c/kWh	19.03	11.45	-39.83%
Small Power User 3				
Service and Wires Charge	R/month/Cust	0.00	0.00	
Energy	c/kWh	625.99	679.53	8.55%
Unregulated	c/kWh	19.03	11.45	-39.83%

As with the Residential tariffs, the uniform approach in terms of the increase in the regulated components can be seen (the small variation for the per day Prepayment Meter Service and Wires Charge for SPU2 is again the result of rounding).

Large User Tariffs

The tables below show the proposed Large User Low Voltage (LV), Medium Voltage (MV) and High Voltage (HV) tariffs. Here it will be noted that there are varied increases in the various components to a certain extent. This is primarily as a result of the fact that the energy charges for these categories are a direct pass-through of the Municflex tariff at the 132kV level, with the addition of the appropriate loss factor in order to compensate for technical losses in distribution. The Capacity Charge was adjusted accordingly to ensure that the required revenue from each category was recovered, thus ensuring no changes to the subsidy framework occur.

		Low Voltage			Medium Voltage			High Voltage		
		Current	Proposed	% Incr	Current	Proposed	% Incr	Current	Proposed	% Incr
Service Charge	R/Cust/month	2321.35	2519.88	8.55%	2404.57	2610.22	8.55%	2404.57	2610.22	8.55%
Energy High Peak	c/kWh	685.93	742.64	8.27%	663.8	718.68	8.27%	638.58	692.41	8.43%
Energy High Standard	c/kWh	191.85	207.86	8.35%	185.67	201.16	8.34%	178.61	193.80	8.50%
Energy High Off Peak	c/kWh	136.93	148.43	8.40%	132.52	143.64	8.39%	127.48	138.39	8.56%
Energy Low Peak	c/kWh	300.55	325.52	8.31%	290.85	315.02	8.31%	279.8	303.50	8.47%
Energy Low Standard	c/kWh	179.76	195.96	9.01%	173.97	189.64	9.01%	167.36	182.70	9.17%
Energy Low Off Peak	c/kWh	136.93	148.43	8.40%	132.52	143.64	8.39%	127.48	138.39	8.56%
Demand Charge	R/kVA	234.69	254.76	8.55%	75.89	82.38	8.55%	73.01	78.67	7.75%
Network Capacity Charge	R/kVA	35.81	39.00	8.91%	17.47	19.15	9.62%	16.81	18.28	8.74%
Unregulated	c/kWh	43.11	37.06	-14.03%	43.11	37.06	-14.03%	43.11	37.06	-14.03%

No changes to the time periods are proposed for 2026/27.



Other tariffs

Small-scale Embedded Generation Tariffs

The Residential Feed-in tariff, as well as the Non-residential Feed-in 1 tariff increases by 6.67%. The Non-residential Feed-in 2 tariff decreases by 4.08% as a result of the latest Carbon Tax rate. The Time-of-Use Feed-in rates are determined based on the new Municflex energy rates, with the carbon tax applied (since the customer retains the green benefits). Note also that the Time-of-Use Feed-in tariff will only be available once the back-end systems have been thoroughly tested and can be relied upon, and will also be available to any customer on the Residential Time-of-Use consumption Tariff with feed-in.

The SSEG incentive tariff, applicable to all Feed-in tariffs, is retained at 25c/kWh (excluding VAT) for the 2026/27 financial year.

Wheeling Tariffs

The same principles as before have been applied in the determination of the wheeling tariffs for the 2026/27 financial year.

Generator Tariff

This tariff, applicable to pure Generators connecting to the Grid at MV or higher voltages, remains in alignment with the Large User MV Service and Network Capacity Charges (although these charges are based on Maximum Export Capacity rather than Notified Maximum Demand). No energy charges are applicable to this tariff.

Street Lighting and Traffic Signals

These tariffs increase by the Regulated tariff increase of 8.55%.

1.3 Miscellaneous Tariff Proposals

The Miscellaneous Electricity Tariffs are levied to recover the costs of services provided directly to individual customers.

In terms of the Miscellaneous Tariff Schedule, each tariff was revisited in terms of its relevance and revenue generating potential.

There are no new tariffs for 2026/27, and the following tariffs are removed:

- Testing & calibration of low voltage circuit (previously Item 8.4)
- Replacement of magnetic card for PPM system (previously Item 8.8)

The tariff schedule explanatory wording for Item 4: Shared Network Charge (SNC) has been streamlined and now refers users to the Shared Network Charge Policy for the applicable provisions and methodology relating to SNCs.



The following items on the Schedule are dependent on the Consumption Based tariffs, and are adjusted in accordance with the current Regulated consumption tariff increase of 8.55% unless otherwise specified:

- Items 8.12 and 8.13 AMI Administration Fees
- Item 13.1, Bulk Residential and Small Power User deposits
- Item 13.2, Deposits for Time of Use agreements
- Item 14.1, Unmetered consumption tariffs (these are adjusted according to the total tariff including the Unregulated portion, as these form part of the normal consumption sales basket, and therefore see an increase in line with their consumption levels, as detailed in the Small Power User discussion above).
- Item 3.1.2 (Table Mountain Lighting) on the Street Lighting Schedule will increase by the average Regulated consumption tariff increase.

The following tariff changes from being a free service to having a nominal fee. The rationale behind rendering the service free of charge is no longer valid, and a measure of cost recovery now needs to be implemented. It is envisaged that in future years further refinement of the process will result in additional changes to this tariff.

- Item 1.9, Removal of Supply.

All other tariffs are either increased by CPI (3.4%), or else were determined from a zero base, which can result in a variety of different increases, depending on the make-up of the actual tariff. In most instances these prices are dependent upon external pricing, and may result in a significant increase, a zero change, or a decrease in the price. The Quality of Supply investigation, as well as the XLPE cable refundable security deposit, are particular examples where recalculation from a zero base to reflect the actual cost of the service provided, has resulted in a significant increase in price.

Note that in some instances the rounding for VAT purposes may result in a slightly above or below increase for some items.

1.4 Proposed Electricity Tariff Policy Changes

The Electricity Tariff Policy is proposed to undergo a number of changes for the 2026/27 financial year:

- The definition of what constitutes a Residential customer (clause 2.2) is amended to include a provision for registered Early Childhood Development Centres meeting the requirements of the Municipal Planning By-law to remain as residential supplies.
- The authority for the delegation of the application of approved Sundry Tariffs and Charges for Damages (clause 4.1.2) is moved from the Director: Electricity Generation and Distribution to the Executive Director: Energy or their nominee.
- Recovery of fixed charges through either the billing system or via the vending system is amended to be at the discretion of the Service Provider (clause 4.1.7)
- Changes are proposed to the qualifying criteria for Large Users in terms of voltage levels (clauses 4.2.1 to 4.2.6).
- Clause 4.2.7 is added to state that the imposition of the applicable Small Power User Tariff is explicitly the choice of the customer, and not the Utility.



- Clause 4.3.5 is introduced to provide for the rules under which the Residential Time-of-Use tariff will be permitted.
- Clause 5.1 is amended to align the Policy with the current tariff naming conventions.
- Previous clause 5.2 (wheeling from a generator within the City network to a customer outside of the network) is deleted as this is not allowed.
- Clause 5.3 is added to make plain that the City will provide any deficit energy (i.e. where a generator fails to provide sufficient energy to meet all the requirements of their customer) at the Deficit Energy Tariff.
- Clause 5.5 is deleted as it is superfluous and covered in the Wheeling rules and contracts.



2. WATER AND SANITATION

The Water and Sanitation Consumptive Tariffs are levied to recover the costs of providing the services.

Level Water wise (no restriction) water and sanitation tariffs are recommended for implementation from 1 July 2026.

Tariff increases are predominantly to ensure sustainable and resilient provision of water, budgetary provision for the New Water Plan (which includes initiatives to further invest in the underground extraction of water from aquifers and re-use scheme); Upgrades and extensions to the wastewater treatment plants; Ongoing investment in upgrading and rehabilitation of assets to adhere to compliance standards; Continued investment in asset replacement programmes to ensure proper asset management, with specific focus on sewer and water network replacement as well as the upgrading of sewer pump stations; Water demand management initiatives to optimise the use of water sources, sustain and enhance the maintenance programs as well as supplying water and sanitation services at appropriate compliance, capacity, skills, service delivery and responsiveness levels. Allowance is also made to smooth the tariff increases for when the additional operating cost for major new resource projects comes online.

The Bulk Water tariff, which is predominantly used for internal sales and sales to other municipalities, has been increased from R7.74 to R8.09 (excluding VAT) per kilolitre.

The miscellaneous tariffs are levied by Water and Sanitation for the provision of various services by the Directorate. Examples of these services are the installation of water connections and the testing of meters. The aim of these tariffs is to recover the cost of the provision of a particular service to each customer.

An average increase of 3.9% was applied to the 2025/26 tariffs to determine the applicable tariffs for the 2026/27 financial year. The revenue trends for the past 3 years are as follows:

GL and Account description	2022/23		2023/24		2024/25	
	Budget R'000	Actual R'000	Budget R'000	Actual R'000	Budget R'000	Actual R'000
810100 – Administration Fees	1 300	1 270	1 364	1 421	914	499
811210 – Connection Fees - Water	36 350	32 429	38 131	44 262	51 570	48 214
812740 – Service Charges - Infrastructure and other	5 000	4 933	10 000	8 601	8 171	7 342
860940 – Laboratory Services	50	0	52	108	56	18
Total	42 700	38 632	49 547	54 392	60 711	56 073

The proposed consumption tariffs as well as miscellaneous tariffs are shown in the attached Tariffs and Charges Book as Annexure 6.



Notable changes and additions in the tariff policy and tariff schedules for the 2026/27 financial year include:

Consumptive Tariffs:

- Although it was originally anticipated that there would be a period of stability for the fixed basic charges, this will unfortunately not be possible. After the high court ruling regarding the usage of property value bands to allocate Fixed Basic Charges, it has been necessary to find an alternative mechanism as the basis for customers to share the infrastructure cost. The city has therefore reverted to the previous criterion of the nominal bore related to the meter size. As is the case with non-domestic properties, this will be applicable for both water as well as sanitation fixed charges. See below the fixed basic charges for both Domestic properties.

Domestic		
Meter Size	Water	Sanitation
12MM	90.13	49.27
15MM	90.13	49.27
20MM	90.13	49.27
22MM	90.13	49.27
25MM	251.09	137.25
32MM	251.09	137.25
40MM	643.82	351.91
50MM	1,005.96	549.86
75MM	2,575.27	1,407.64
80MM	2,575.27	1,407.64
100MM	4,023.87	2,199.44
150MM	9,053.71	4,948.76
200MM	16,095.47	8,797.79
250MM	25,116.99	13,728.95
300MM	25,116.99	13,728.95

Miscellaneous Tariffs:

- Correction of tariff on item 9.7.2.13 of the miscellaneous water schedule related to the installation of the communication pipe where the same tariff was used as item 9.7.2.15. This anomaly is now corrected for the 2026/27 financial year.

Other:

- Inclusion of Advanced Metering Infrastructure definition and impacts in the Tariff Policy



3. URBAN WASTE MANAGEMENT

The Urban Waste Tariffs are levied to recover costs of services provided directly to customers and include refuse collection fees, disposal fees, compost sales, weighbridge fees and other ad hoc services. An average increase has been applied on the Consumptive Tariffs for Refuse collection of 3.75% & Disposal of 4.17%.

The following under-lined amendments to the Tariff Policy are proposed:

Tariff Policy Changes

a) Chapter 1: General Tariff Policy: Item 7.4:

- i. Under the heading “Waste Services / Refuse” - Sliding scale charged for all properties with a total site and improvements valuation from R1 of up to R830 000 (excluding homeless people's shelters);

b) Chapter 4: Urban Waste management Tariff Policy:

i. Change to items:

1. The Definition of Social Housing has been copied over from “Chapter 1: General Tariff Policy” to “Chapter 4: Urban Waste management Tariff Policy”;
2. Item 6.1.6.1 - In all instances the property owner will be billed and not the tenant, excluding City-owned properties. The City will not enter into a service delivery agreement with a tenant of a property. In the case of sectional title developments, blocks of flats and SHRA billing will be in terms of a service delivery agreement. The minimum number of Containers to be billed will be at least a third of the total number of living units in the development whether the Service is used or not. In the case of hanging and holding properties refuse will be charged to the holding property where the valuation reflects in terms of the Rates Policy Section 18.
3. **Item 7.1.2.2** - Refuse Removal: Formal Households (excluding Sectional Title Schemes) – receive a rebated waste collection service based on property value as follows:
 - a. **Item 7.1.2.2.1** – Value from R1 and up to R580 000 receive a 100% rebate – this excludes Housing properties valued at R0, which will continue to receive 100% rebate;
 - b. **Item 7.1.2.2.2** - valued between R580 001 and up to R640 000 receive a 50% rebate;
 - c. **Item 7.2.2.2.3** - valued between R640 001 and up to R830 000 receive a 25% rebate.



4. Aligning item 6.2.2.5.3 to 6.1.6.10 as follows:

Lockable 240L Container Service. Will be provided in baboon-affected areas as determined by the City in consultation with the Cape Peninsula Baboon Management Joint Task Team. Other areas may be considered by Council. The account is directly linked to the property.

Consumptive tariff schedules

- i. All Tariffs linked to Lockable bins have an additional tariff increase of R25 over and above the 3.75% increase

Failure to implement the proposed Tariff increases on 1 July 2026 will result in under recovery of Revenue required to meet anticipated expenditure for the 2026/2027 financial year.



CONSUMPTIVE URBAN WASTE TARIFFS 2026 / 2027

All Tariffs reflected below are exclusive of VAT

Urban Waste Management		2025/26 (excl. VAT)	2026/27 (excl. VAT)	2026/27 (incl. VAT)	Average Increase %
RESIDENTIAL REFUSE COLLECTION					
Formal					
240l Container including Lockable Container	Rand per month	R 178.52	R 185.22	R 213.00	3.75%
INDIGENT REBATE - 240l Container					
2025/26: Block 1 (100% rebate) – property value from R1 up to R450 000 2026/27: Block 1 (100% rebate) – property value from R1 up to R580 000	Rebate Rand per month	-R178.52	-R185.22	-R213.00	3.75%
2025/26: Block 2 (50% rebate) – property value from R450 001 up to R500 000 2026/27: Block 2 (50% rebate) – property value from R580 001 up to R640 000	Rebate Rand per month	-R89.22	-R92.52	-R106.40	3.70%
2025/26: Block 3 (25% rebate) – property value from R500 001 up to R650 000 2026/27: Block 3 (25% rebate) – property value from R640 001 up to R830 000	Rebate Rand per month	-R44.61	-R46.26	-R53.20	3.70%
ENHANCED SERVICE LEVEL					
240l - Additional Container	Rand per container per month	R 178.52	R 185.22	R 213.00	3.75%
240l - 3x per week for cluster	Rand per container per month for Sectional Title Units	R 535.48	R 580.52	R 667.60	3.75%
240l - 5x per week for cluster	Rand per container per month for Sectional Title Units	R 892.78	R 951.30	R 1 094.00	3.75%
Informal					
Basic Bagged service	Rand per month	Free	Free	Free	-
NON-RESIDENTIAL REFUSE COLLECTION					
240 LITRE CONTAINER					
1 removal per week	Rand per container per month	R 213.30	R 221.30	R 254.50	3.75%
3 removal per week	Rand per container per month	R 639.48	R 663.48	R 763.00	3.75%
5 removal per week	Rand per container per month	R 1 066.17	R 1 106.17	R 1 272.10	3.75%
REFUSE AVAILABILITY					
All vacant Erven	Rand per month	R 105.74	R 109.74	R 126.20	3.78%



DISPOSAL SERVICES					
General Waste	Rand per ton	R 728.00	R 758.35	R 872.10	4.17%
Special Waste	Rand per ton or part thereof	R 964.70	R 1 004.96	R 1 155.70	4.17%
Builders Rubble	Rand per ton	R 30.09	R 31.30	R 36.00	4.05%