CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

UNDERSTANDING RESIDENTIAL ELECTRICITY TARIFFS IN CAPE TOWN – 2026/27

(Applicable from 1 July 2026)

(NOT APPLICABLE TO ESKOM SUPPLIED AREAS)

In the information set out below it should be noted that:

- Cape Town's electricity tariffs have been formulated in accordance with the Constitution, the Local Government: Municipal Systems Act, the Local Government: Municipal Finance Management Act, and the Electricity Regulation Act.
- The regulated portion of the tariffs is subject to approval by the National Energy Regulator of South Africa (NERSA) and Council, while the unregulated portion is determined by Council in accordance with the Municipal Finance Management Act, Municipal Systems Act and norms and standards as imposed by the Minister of Finance in terms of the Municipal Fiscal Powers and Functions Act;
- There are four residential tariff categories set out below: Lifeline, Domestic, Home User, and Residential Time-of-Use.
- 1 unit of electricity is equal to 1 kWh;
- The step from Block 1 to Block 2 of the tariff is applied taking all the purchases for that month into account, not each individual purchase;
- In assessing a particular residential customer, the average consumption over the previous 12 months, at the time of assessment, is used, along with the municipal property valuation of that customer, and the type of meter present;
- Residential customers are assessed annually based on their previous 12-month average purchases and property valuation. Residential customers who would otherwise qualify for the Lifeline Tariff but receive more than 450 kWh per month on average over 12 consecutive months will take their supply on the applicable residential tariff. In most cases, this will be the Domestic Tariff. Customers who would otherwise qualify for Lifeline as a result of an applicable rebate will take their supply on either the Domestic or Home User Tariff, whichever is applicable. Where the customer remains eligible, it also informs the applicable Free Basic Electricity allocation, including whether the customer receives 25 kWh or 60 kWh.
- Residential premises with a supply of more than 100 Amps three-phase are treated as Commercial Customers.

A. You will be eligible for the LIFELINE TARIFF if:

- FOR ALL CUSTOMERS:
  - You have a municipal property valuation of R500 000 or less; and
  - You receive less than 450 kWh per month on average, including any free electricity; and
  - You have a prepayment meter.
  - If you receive a pensioner or disabled persons rebate in terms of the Rates Policy or are a tenant who otherwise would have qualified for such a rebate or are registered as Indigent in terms of the Indigent Policy, the property valuation provision falls away.

  Note: The Municipal property valuation can be found on Municipal Rates monthly accounts.

  More LIFELINE TARIFF notes

- Under the LIFELINE TARIFF you will be eligible for Free Basic Electricity as follows:
  - 60 kWh if you receive less than 250kWh per month on average taken over the previous 12-month assessment period, including any free electricity;
  - 25 kWh if you receive more than 250 kWh but less than 450 kWh per month on average taken over the previous 12-month assessment period, including any free electricity.

- The LIFELINE TARIFF works as follows:
  - Block 1:
    - Free Basic energy – no charge to customer
    - Balance up to 600 kWh per calendar month (246.12 c/kWh plus VAT) = 283.04 c/kWh.
  - Block 2:
    - Above 600 kWh per calendar month (246.12 c/kWh plus VAT) = 283.04 c/kWh.
    - NOTE: The Block 2 rate is the same as the Block 1 rate for this tariff.

Impact of the 2026/27 Tariff Increase (values include VAT)

Illustrative Examples of Average Monthly Account Values on the Lifeline Tariff:

Indicative values only.

Units Received (kWh)	2025/26	2026/27	% Increase
60	R0.00	R0.00	Unchanged
150	R234.46	R254.74	8.65%
250	R494.97	R537.78	8.65%
350	R846.66	R919.88	8.65%
450	R1 107.17	R1 202.92	8.65%
600	R1 497.93	R1 627.48	8.65%
750	R1 888.70	R2 052.04	8.65%

The Free Basic Electricity allocation granted to qualifying Lifeline customers is included within the Block 1 receipts. Therefore, customers will only pay for a maximum of 540 kWh or 575 kWh (depending on which group of Lifeline customers they fall into) of the 600 kWh that makes up this Block, with the City paying for the remainder. This applies to each individual month only. It does not change the requirement that Lifeline customers must remain within the 450kWh per month average, measured over 12 consecutive months. Therefore, if a customer receives 600kWh in one month, they would need to receive less electricity in one or more other months to ensure their 12-month average does not exceed 450 kWh per month (i.e. "make up" the difference by buying less in one or more other months in order to retain the Lifeline tariff benefit).

B. You will be charged on the DOMESTIC TARIFF if:

- You have a prepayment meter and your municipal property valuation is greater than R500 000 but less than R1 000 000.
- If you would otherwise qualify for Lifeline but your electricity received averages more than 450 kWh per month over 12 consecutive months.

- The DOMESTIC TARIFF works as follows:
    - A monthly service and wires charge of (R65.02 plus VAT) = R74.77, to be billed via the Vending System as a Daily rate of (R2.14 plus VAT) = R2.46 per day since the previous purchase.
    - Block 1:
        - 0 - 600 kWh per calendar month (359.82 c/kWh plus VAT) = 413.79 c/kWh.
    - Block 2:
        - Above 600 kWh per calendar month (429.48 c/kWh plus VAT) = 493.90 c/kWh.

Impact of the 2026/27 Tariff Increase (values include VAT)

Illustrative Examples of Average Monthly Account Values on the Domestic Tariff:

Indicative values only.

Units Received (kWh)	2025/26	2026/27	% Increase
250	R1 046.24	R1 109.25	6.02%
450	R1 828.12	R1 936.83	5.95%
600	R2 414.53	R2 557.51	5.92%
800	R3 344.03	R3 545.31	6.02%
1000	R4 273.53	R4 533.11	6.07%
1500	R6 597.28	R7 002.61	6.14%

C. You will be charged on the HOME USER TARIFF if:

- You have a credit meter, including an AMI meter, regardless of your property valuation; or
- You have a prepayment meter, and your municipal property valuation is R1 000 000 or more.
- Note: Residential Small-scale embedded generation customers are also charged on the Home User Tariff or alternatively the Opt-in Residential Time-Of-Use Tariff by the customer's choice.

- The HOME USER TARIFF works as follows:
  - A monthly service charge (to reflect on the consolidated monthly account as "ELEC HU SERVICE AND WIRES CHARGE") of (R368.96 plus VAT) = R424.30
  - Where an AMI meter is installed, a monthly AMI administration fee of (R5.91 plus VAT) = R6.80
  - Block 1:
    - 0 – 600 kWh per calendar month (309.52 c/kWh plus VAT) = 355.95 c/kWh
  - Block 2:
    - Above 600 kWh per calendar month (407.88 c/kWh plus VAT) = 469.06 c/kWh.

Impact of the 2026/27 Tariff Increase (values include VAT)

Illustrative Examples of Average Monthly Account Values on the Home User Tariff:

Indicative values only.

Units Received (kWh)	2025/26	2026/27	% Increase
250	R1 235.02	R1 314.18	6.41%
450	R1 910.34	R2 026.08	6.06%
600	R2 416.83	R2 560.00	5.92%
800	R3 300.55	R3 498.12	5.99%
1000	R4 184.27	R4 436.24	6.02%
1500	R6 393.57	R6 781.54	6.07%

D. You may request to opt-in to take supply at the RESIDENTIAL TOU TARIFF if:

- Your property has an Advanced Metering Infrastructure (AMI) meter installed.

- Note: Customers are not moved to this tariff automatically. Existing customers who wish to be placed on the Residential TOU tariff must submit a written request. The request must be submitted by the property owner or an appointed proxy and will be subject to the necessary verification, eligibility and metering checks before the tariff change can be considered.

- This tariff is available to residential customers with or without approved Small-Scale Embedded Generation (SSEG), provided the AMI metering requirement is met.

- The Residential TOU tariff charges different electricity consumption rates depending on when you use electricity. Customers can get the most value from TOU if they are able to move flexible electricity use, such as battery charging, pool pumps, geysers, appliances and other controllable loads, into off-peak and standard periods where possible. The tariff may not suit customers who use most of their electricity during weekday morning and evening peak times, or customers who cannot easily change when they use electricity. Actual bill impacts will depend on each customer's own usage pattern.

- The rationale for introducing this tariff is to allow customers, particularly those with battery systems, to shift electricity use away from the more expensive peak periods and into the cheaper standard and, preferably, off-peak periods. In this way, customers may be able to achieve a measure of arbitrage, similar in principle to the benefit the City obtains through the Steenbras Pumped Storage Scheme, by storing energy when it is cheaper and using it when peak-period electricity would otherwise be more expensive. This can help customers reduce their bills, while also benefiting the City by reducing the need to purchase more expensive peak energy and potentially lowering related maximum demand costs.

- The RESIDENTIAL TIME OF USE TARIFF works as follows:
  - A monthly Administration charge (to reflect on the consolidated monthly account as "Residential TOU: administration charge") of (R344.49 plus VAT) = R396.16
  - A monthly Capacity charge (to reflect on the consolidated monthly account as "Residential TOU: capacity charge") of (R250.85 plus VAT) = R288.48

  - A monthly AMI administration fee (to reflect on the consolidated monthly account as "Residential TOU: administration fee") of (R5.91 plus VAT) = R6.80

- Energy charge: High demand (June to August):
    - Peak (781.07 c/kWh plus VAT) = 893.23 c/kWh.
    - Standard (321.12 c/kWh plus VAT) = 369.29 c/kWh.
    - Off-peak (261.69 c/kWh plus VAT) = 300.94 c/kWh.

- Energy charge: Low demand (September to May):
    - Peak (363.95 c/kWh plus VAT) = 418.54 c/kWh.
    - Standard (309.22 c/kWh plus VAT) = 355.60 c/kWh.
    - Off-peak (261.69 c/kWh plus VAT) = 300.94 c/kWh.

Residential Time-of-Use: Electricity Use by Season
Seasonal periods
Low-demand season: September to May
High-demand season: June to August

Day	Off-peak	Standard	Peak
Mon – Fri	22:00 – 06:00	06:00 – 07:00 09:00 – 18:00 21:00 – 22:00	07:00 – 09:00 18:00 – 21:00
Saturday	00:00 – 07:00 12:00 – 18:00 20:00 – 00:00	07:00 – 12:00 18:00 – 20:00	No peak
Sunday	00:00 – 18:00 20:00 – 00:00	18:00 – 20:00	No peak

Price signal compared with Home User Energy Rates
[Best] **Off-peak** Lower than Home User energy rates
[Good] **Low-demand Standard:** Similar to Home User Block 1 and lower than Home User Block 2. A good shift period. **High-demand Standard:** Better than peak; lower than Home User Block 2, but slightly above Block 1.
[Avoid] **Low-demand Peak:** More expensive than Home User Block 1, but lower than Home User Block 2. Avoid where possible. **High-demand Peak:** More expensive than Home User. Main period to avoid.
Home User Reference (Energy rates only) Block 1: 355.95 (incl VAT) (0-600 kWh) Block 2: 469.06 (incl VAT) (>600 kWh)

Illustrative Examples of How an Inclining Block Tariff Functions.

An inclining block tariff means that the first portion of electricity received in a calendar month is charged at the Block 1 rate. Once the total electricity received in that month exceeds the Block 1 threshold of 600 kWh, any further electricity received in that same month is charged at the Block 2 rate. The block calculation resets at the start of each new calendar month. It is important to note that the frequency of purchases in the month will not affect the total number of kWh received in that month, or the ultimate cost of those units, or the amount of fixed charges paid.

The examples below use the Domestic Tariff to illustrate this principle for a customer spending approximately the same total monthly amount and receiving approximately the same number of kWh (commonly referred to as "units") of electricity per month (in different ways). The difference is only the timing and frequency of purchases. Note that a 30-day month is shown, and it is assumed that purchase patterns remain constant across the year, in terms of the assumptions described in each case.

The fixed monthly Service and Wires charge is recalculated to be a R/day tariff and charged in accordance with the number of days since the previous purchase. Where successive purchases would be the same, this is listed in the tables as a cumulative total for all those successive purchases (the detail of the first such purchase is provided). Whether the customer buys once, twice, three times or ten times in a 30-day month, the daily charge still adds up to approximately the same monthly charge, subject only to rounding.

Please note that any variation in the overall monthly cost is as a result of rounding that will occur. The differences are not significant. When purchasing these will in any event all round down to the nearest 10c value.

Example A:
Customer A purchases approximately R3 000 worth of electricity in a single purchase, once a month, 30 days after their previous purchase. The breakdown of their purchase is as follows:

Single purchase every 30 days				
Tariff Component	**Unit**	**Charge**	**Number**	**Payment**
Service and Wires Charge	R/day	2.14	30	R64.20
Energy Block 1	c/kWh	359.82	600	R2 158.92
Energy Block 2	c/kWh	429.48	89.78	R385.59
VAT	*15%*			*R391.31*
TOTAL				**R3 000.02**
GRAND TOTAL FOR THE MONTH:				**R3 000.02**

Example B:
Customer B purchases their electricity in two equal Rand-value purchases of approximately R1 500 each, every 15 days after their previous purchase. The breakdown of their purchases is as follows:

Two equal purchases every 15 days				
Tariff Component	**Unit**	**Charge**	**Number**	**Payment**
First purchase:				
Service and Wires Charge	R/day	2.14	15	R32.10
Energy Block 1	c/kWh	359.82	353.58	R1 272.25
Energy Block 2	c/kWh	429.48	0	
VAT	*15%*			*R195.65*
TOTAL				**R1 500.00**
Second purchase:				
Service and Wires Charge	R/day	2.14	15	R32.10
Energy Block 1	c/kWh	359.82	246.42	R886.67
Energy Block 2	c/kWh	429.48	89.78	R385.58
VAT	*15%*			*R195.65*
TOTAL				**R1 500.00**
GRAND TOTAL FOR THE MONTH:				**R3 000.00**

Example C:
Customer C purchases their electricity in three equal Rand-value purchases of approximately R1 000 each, every 10 days after their previous purchase. The breakdown of their purchases is as follows:

Three equal purchases every 10 days

Tariff Component	Unit	Charge	Number	Payment
First purchase:				
Service and Wires Charge	R/day	2.14	10	R21.40
Energy Block 1	c/kWh	359.82	235.72	R848.17
Energy Block 2	c/kWh	429.48	0	
VAT	*15%*			*R130.44*
TOTAL				**R1 000.01**
Second purchase:				
Same as first purchase				**R1 000.01**
Third purchase:				
Service and Wires Charge	R/day	2.14	10	R21.40
Energy Block 1	c/kWh	359.82	128.56	R462.58
Energy Block 2	c/kWh	429.48	89.78	R385.58
VAT	*15%*			*R130.43*
TOTAL				**R999.99**
GRAND TOTAL FOR THE MONTH:				**R3 000.01**

Example D:
Customer D purchases their electricity in ten equal Rand-value purchases of approximately R300 each, every three days after their previous purchase. The breakdown of their purchases is as follows:

Ten equal purchases every 3 days				
Tariff Component	**Unit**	**Charge**	**Number**	**Payment**
First purchase:				
Service and Wires Charge	R/day	2.14	3	R6.42
Energy Block 1	c/kWh	359.82	70.72	R254.46
Energy Block 2	c/kWh	429.48	0	
VAT	*15%*			*R39.13*
TOTAL				**R300.01**
Second to eighth purchase:				
Same as first purchase				**R2 100.07**
Ninth purchase:				
Service and Wires Charge	R/day	2.14	3	R6.42
Energy Block 1	c/kWh	359.82	34.24	R123.20
Energy Block 2	c/kWh	429.48	30.56	R131.25
VAT	*15%*			*R39.13*
TOTAL				**R300.00**
Tenth Purchase:				
Service and Wires Charge	R/day	2.14	3	R6.42
Energy Block 1	c/kWh	359.82	0	
Energy Block 2	c/kWh	429.48	59.22	R254.34
VAT	*15%*			*R39.13*
TOTAL				**R299.87**
GRAND TOTAL FOR THE MONTH:				**R2 999.95**

Example E:
This example is included to demonstrate that purchasing a full year's electricity requirement upfront is not financially worthwhile. Customer E purchases, in a single upfront transaction, the same total number of units that Customers A to D would receive over a year if they purchased approximately R3 000 per month. In a single upfront purchase, only the first 600 kWh is charged at Block 1, while the remaining 7 677.33 kWh is

charged at the higher Block 2 rate. This results in a higher total annual cost. When averaged over 12 months, the upfront purchase would cost approximately R3 442 per month, which is about R442 more per month than the approximately R3 000 per month paid in Examples A to D.

Single purchase for the full year				
Tariff Component	**Unit**	**Charge**	**Number**	**Payment**
Service and Wires Charge	R/day	2.14	365	R781.10
Energy Block 1	c/kWh	359.82	600	R2 158.92
Energy Block 2	c/kWh	429.48	7 677.33	R32 972.60
VAT	*15%*			*R5 386.89*
TOTAL				**R41 299.51**
GRAND TOTAL FOR THE YEAR:				**R41 299.51**
Average cost per month:				**R3 441.63**

The Free Basic Supply

In July 2001, 20 free kWh per month were provided to all domestic customers supplied directly by Cape Town. In July 2003, this was increased to 30 free kWh. National Guidelines established late in 2003 recommended 50 free kWh for customers using less than 150 kWh per month on average. From January 2004, 50 free kWh per month were given to all domestic customers supplied directly by Eskom in the Cape Town municipal area

From July 2004, in order to more accurately target the indigent customers and to limit the cost of the free basic allocation, Council resolved that 50 free kWh per month would be provided to customers using less than 500 kWh per month on average.

Until 30 June 2013, the free basic supply of 50 kWh was provided to customers supplied at the Lifeline Tariff and to Eskom customers who purchase less than 250 kWh per month on average.

From 1 July 2013, for City customers have received the following:

- Customers on the Lifeline tariff receiving less than 250 kWh per month on average receive 60 kWh per month free basic supply;
- Customers on the Lifeline tariff receiving more than 250 kWh per month on average but less than 450 kWh per month on average receive 25 kWh per month on average.

For Eskom customers, those who purchase less than 250 kWh per month on average on one of the Homelight tariffs (so excludes anyone who may be on the Homepower tariffs) receive 50 kWh per month free, in terms of the Free Basic Electricity Agreement between the City and Eskom.