NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

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MEDIA STATEMENT

NERSA ISSUES GUIDANCE NOTICE TO MUNICIPAL AND PRIVATE ELECTRICITY DISTRIBUTORS FOR THE 2027/28 FINANCIAL YEAR TARIFF CYCLE

The National Energy Regulator of South Africa (NERSA) has issued a notice to all licensed municipal and private electricity distributors, outlining the compliance requirements and practical guidance for preparing cost of supply (COS) studies and tariff applications for the 2027/28 financial year (FY).

The notice confirms key submission dates and helps distributors prepare complete and substantiated tariff applications. The key dates for the 2027/28 FY tariff cycle are as follows:

- **1 February 2027**: Submission of COS studies for preliminary verification.
- **20 March 2027**: Complete tariff applications due to NERSA under the operative court order.
- **5 May 2027**: NERSA decision deadline under the operative court order.

All licensed municipal and private electricity distributors must prepare their COS studies using the Rate of Return (RoR) Methodology applicable to the 2027/28 FY tariff cycle and submit them by 1 February 2027, in alignment with the Electricity Regulation Act, 2006 (Act No. 4 of 2006) ('ERA'), as amended. The rate of return must be calculated based on section 4(b) and section 10 of the current Cost of Supply Framework and Pricing Methodology for Electricity Distributors in South Africa.

The submission of prescribed distribution forms (D-forms) and ring-fenced electricity financial information also remains mandatory as part of the applicable tariff submission requirements.

NERSA will assess tariff applications in terms of the ERA, as amended, the applicable Electricity Pricing Policy, relevant licence conditions, lawfully approved methodologies and operative court orders. However, the notice only provides preparation and guidance; it does not establish a new tariff methodology or additional enforcement powers.

Regulator Members:

Ms R Govender (Deputy Chairperson)
*Mr W Majola *Ms N Maseti *Mr MW Mkhize Mr D Brijlal Ms S Makhathini Ms N Nontombana
*Full-Time Regulator Members

NERSA is a Regulatory Authority established in terms of the National Energy Regulator Act, 2004 (Act No 40 of 2004)

The notice further encourages distributors to ensure that their COS studies provide a traceable link between supporting data, the proposed revenue requirement and tariffs. Distributors are also encouraged to provide supporting evidence, including audited financial information, depreciated regulatory asset base details, prudent cost and revenue recovery explanations, cost allocation and cross-subsidy details, and energy loss and service efficiency information.

NERSA emphasises that decisions and public participation remain subject to the National Energy Regulator Act, 2004 (Act No. 40 of 2004), the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000) ('PAJA') and the operative court order. To enable meaningful stakeholder participation, distributors are encouraged to prepare public versions of their applications and COS studies with sufficient supporting material.

The detailed notice is available on the NERSA website at the following link:
https://www.nersa.org.za/file/9662/NoticetoLicencedElectricityDistributorsFinal.pdf

Ends.

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