

8 February 2026

MEDIA STATEMENT

NERSA APPROVES RE-DETERMINATION OF ESKOM'S GENERATION REGULATORY ASSET BASE FOR THE 2025/26, 2026/27 AND 2027/28 FINANCIAL YEARS

The National Energy Regulator of South Africa (NERSA) announced today that based on the information at its disposal and the re-determination of Eskom's Generation Regulatory Asset Base (RAB) for the 2025/26, 2026/27 and 2027/28 financial years, the Energy Regulator, at its meeting held on 7 February 2026, approved Eskom's additional allowable revenue of R54 734 million. Table 1 below indicates the approved adjusted allowable revenue. The decision aims to ensure regulatory certainty, the financial sustainability of electricity supply, and the protection of consumers from undue tariff volatility.

Table 1: Total additional revenue and liquidation

Category	2026_27FY	2027_28FY	Post MYPD6	Total
NERSA approved MYPD6 Revenues (R'm)	370 854	396 425		
add: additional depreciation	12 000	23 013	19 721	54 734
add: additional returns (R'm)	-	-	-	-
Allowable Revenue incl redetermination(R'm)	382 854	419 438	19 721	54 734
Std tariff Sales volume (GWh)	159 335	160 395		
Original Price (c/kWh)	232,75	247,16		
Revised Price (c/kWh)	240,28	261,50		
Original approved percentage increase (%)	5,36%	6,19%		
Additional increase from redetermination (%)	3,4%	2,64%		
Resultant increase seen by customer (%)	8,76%	8,83%		

The redetermination follows a High Court judgment of 21 December 2025, which remitted NERSA's decision on Eskom's Generation RAB for 2025/26, 2026/27 and 2027/28 for re-determination. The redetermination was conducted using the approved MYPD4 Methodology, following a public consultation process in line with the court judgement.

This process entailed NERSA undertaking a detailed, component-by-component recalculation of Eskom's Generation RAB, using the same information originally submitted by Eskom in its MYPD6

Regulator Members:

Mr T Bukula (Chairperson) Ms R Govender (Deputy Chairperson) *Adv NP Sithole (Chief Executive Officer)
*Mr W Majola *Ms N Maseti *Mr MW Mkhize Ms T Semane Mr FK Sibanda Ms PN Sibiyi
*Full-Time Regulator Members

application and applying the approved methodology strictly. The building blocks of the RAB reassessment include the following: Depreciated Replacement Cost (DRC), Transfers to Commercial Operation, Work Under Construction (WUC), Net Working Capital, Asset Purchases, Depreciation, and Returns.

The total additional revenue will be implemented in phases. R12 000 million will be recovered in 2026/27FY and R23 013 million in 2027/28FY. The balance of R19 721 million will be recovered beyond the MYPD6 period. The impact on the Eskom price would be additional increases of 3.4% and 2.64%, respectively, resulting in an increase of 8.76% for 2026/27FY and 8.83% for 2027/28FY. The phased approach limits additional price impacts to single digit increases in 2026/27 and 2027/28, and avoids any retrospective adjustment for 2025/26, in line with the court judgment. It further reduces tariff volatility and demand erosion risk, and balances Eskom's financial sustainability with customer affordability. No retrospective tariff increases were applied.

The redetermination is an independent regulatory decision by NERSA, applying the approved MYPD4 Methodology and incorporating comprehensive public participation in line with the High Court's remittal order. NERSA relied on section 15(1)(a) of the Electricity Regulation Act and section 9.3 of the MYPD4 Methodology to determine a reasonable return and depreciation, balancing price smoothing, a cost-reflective return and the prevention of excessive returns. In this regard, NERSA adopted a lower WACC of 4.08% for 2026/27 and 4.2% for 2027/28 when calculating revised returns. This phased recovery aligns with section 9.3.3 of the MYPD4 Methodology, which supports the application of reasonable regulatory judgment to smooth prices while allowing a reasonably cost-reflective return.

In compliance with the High Court judgment and section 10 of the Electricity Regulation Act, 2006, NERSA conducted a public consultation in accordance with PAJA (Promotion of Administrative Justice Act, 2000). The consultation elicited extensive written submissions from a broad cross-section of stakeholders, including Eskom, organised industry, agriculture, mining, business groupings, civil society organisations, municipalities, and individual members of the public. The written comments raised technical, legal, and policy issues concerning asset valuation, the application of the MYPD4 Methodology, tariff affordability, procedural fairness, and broader economic implications. NERSA considered all stakeholder submissions and exercised independent regulatory judgment in assessing the issues. Material issues were evaluated against the MYPD4 Methodology, the evidentiary record, and the requirements of the High Court's remittal order.

The re-determination is consistent with the statutory tariff principles, which require tariffs that enable an efficient licensee to recover the full cost of licensed activities, including a reasonable return. NERSA's adopted WACC and phased recovery reflect an approach that ensures Eskom receives a reasonable, cost-reflective return while mitigating immediate tariff shocks, limiting demand erosion, and maintaining tariff stability. NERSA remains committed to transparent, fair, and independent regulation in the public interest.

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