



## UNDERSTANDING RESIDENTIAL ELECTRICITY TARIFFS IN CAPE TOWN – 2025/26

(Applicable from 1 July 2025)

(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 and the Local Government: Municipal Finance Management Act.
- 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;
- The LIFELINE TARIFF must be requested by the customer, it is not applied automatically and is subject to meeting conditions/criteria;
- In assessing a particular 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;
- A LIFELINE customer whose previous 12-month average consumption is above 450 kWh is automatically moved to the DOMESTIC TARIFF, in September and March of each year;
- 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 Credit Control and Debt Collection Policy, the property valuation provision falls away.

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

### More LIFELINE TARIFF notes

- FOR CUSTOMERS ON THE LIFELINE TARIFF WITH 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, the property valuation provision falls away.
  - If you are registered with the City as indigent in terms of the City's Credit Control and Debt Collection Policy, the property valuation provision falls away.
- 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 (226.53 c/kWh plus VAT) = 260.51 c/kWh.
  - Block 2:
    - Above 600 kWh per calendar month (226.53 c/kWh plus VAT) = 260.51 c/kWh.
    - NOTE: The Block 2 rate as from 1 July 2024 is the same as the Block 1 rate for this tariff.

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

- You receive more than 450 kWh per month on average over any 12 consecutive month period, and if you have a prepayment meter and a municipal property valuation in excess of R500 000 but less than R1 000 000.
- The DOMESTIC TARIFF works as follows:
  - A monthly service charge of (R59.90 plus VAT) = R68.89, to be billed via the Vending System as a Daily rate of (R1.97 plus VAT) = R2.27 per day since the previous purchase.
  - Block 1:
    - 0 - 600 kWh per calendar month (339.95 c/kWh plus VAT) = 390.94 c/kWh.
  - Block 2:
    - Above 600 kWh per calendar month (404.13 c/kWh plus VAT) = 464.75 c/kWh.

**C. You will be charge on the HOME USER Tariff if:**

- You have a credit meter (whatever your municipal property value), or you have a prepayment meter and a municipal property valuation of R1 000 000 or more.
- The HOME USER TARIFF works as follows:
  - A monthly service charge (to reflect on the consolidated monthly accounts as "HOME USER SERVICE AND WIRES CHARGE") of (R339.89 plus VAT) = R390.87
  - Block 1:
    - 0 - 600 kWh per calendar month (293.62 c/kWh plus VAT) = 337.66 c/kWh
  - Block 2:
    - Above 600 kWh per calendar month (384.23 c/kWh plus VAT) = 441.86 c/kWh.

**Impact of the 2025/26 Tariff Increase (values include VAT)**

Indicative values only.

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

Units Received (kWh)	2024/25	2025/26	% Increase
250	R1 140.56	R1 235.02	8.28%
450	R1 827.58	R1 910.34	4.53%
600	R2 342.84	R2 416.83	3.16%
800	R3 293.62	R3 300.55	0.21%
1000	R4 244.40	R4 184.27	-1.42%
1500	R6 621.35	R6 393.57	-3.44%

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

Units Received (kWh)	2024/25	2025/26	% Increase
250	R976.75	R1 046.24	7.11%
450	R1 758.15	R1 828.12	3.98%
600	R2 344.20	R2 414.53	3.00%
800	R3 294.98	R3 344.03	1.49%
1000	R4 245.76	R4 273.53	0.65%
1500	R6 622.71	R6 597.28	-0.38%

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

Units Received (kWh)	2024/25	2025/26	% Increase
60	R0.00	R0.00	Unchanged
150	R213.37	R234.46	9.88%
250	R450.45	R494.97	9.88%
350	R770.51	R846.66	9.88%
450	R1 007.59	R1 107.17	9.88%
600	R1 363.21	R1 497.93	9.88%
750	R1 718.83	R1 888.70	9.88%

The Free Basic Electricity portion allocated to qualifying customers' forms part of 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. Note however that this will only apply in any one individual month, and that the 450kWh per month average remains in place (should a customer buy 600kWh in one month, they will have to "make up" the difference by buying less in one or more other months in order to retain the Lifeline tariff benefit).

#### **Illustrative Examples of How an Inclining Block Tariff Functions.**

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 illustrate this for a Domestic customer purchasing the same number of kWh (commonly referred to as "units") of electricity per month (in different ways). 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).

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 all their electricity in a single purchase, once a month, 30 days after their previous purchase. The breakdown of their purchase is as follows:

<b><u>Single purchase every 30 days</u></b>				
<b>Tariff Component</b>	<b>Unit</b>	<b>Charge</b>	<b>Number</b>	<b>Payment</b>
Service and Wires Charge	R/day	1.97	30	R59.10
Energy Block 1	c/kWh	339.95	600	R2 039.70
Energy Block 2	c/kWh	404.13	126.18	R509.93
VAT	15%			R391.31
<b>TOTAL</b>				<b>R3 000.04</b>
<b>GRAND TOTAL FOR THE MONTH:</b>				<b>R3 000.04</b>

#### **Example B:**

Customer B purchases their electricity in two equal (Rand-value) purchases, every 15 days after their previous purchase. The breakdown of their purchases is as follows:

<b><u>Two equal purchases every 15 days</u></b>				
<b>Tariff Component</b>	<b>Unit</b>	<b>Charge</b>	<b>Number</b>	<b>Payment</b>
<b><u>First purchase:</u></b>				
Service and Wires Charge	R/day	1.97	15	R29.55
Energy Block 1	c/kWh	339.95	375	R1 274.81
Energy Block 2	c/kWh	404.13	0	R0.00
VAT	15%			R195.65
<b>TOTAL</b>				<b>R1 500.01</b>
<b><u>Second purchase:</u></b>				
Service and Wires Charge	R/day	1.97	15	R29.55
Energy Block 1	c/kWh	339.95	225	R764.89
Energy Block 2	c/kWh	404.13	126.18	R509.93
VAT	15%			R195.66
<b>TOTAL</b>				<b>R1 500.03</b>
<b>GRAND TOTAL FOR THE MONTH:</b>				<b>R3 000.04</b>

**Example C:**

Customer C purchases their electricity in 3 equal purchases every 10 days after their previous purchase. The purchases breakdown is as follows:

<b><u>Three equal purchases every 10 days</u></b>				
<b>Tariff Component</b>	<b>Unit</b>	<b>Charge</b>	<b>Number</b>	<b>Payment</b>
<b><u>First purchase:</u></b>				
Service and Wires Charge	R/day	1.97	10	R19.70
Energy Block 1	c/kWh	339.95	250	R849.88
Energy Block 2	c/kWh	404.13	0	R0.00
VAT	15%			R130.44
<b>TOTAL</b>				<b>R1 000.02</b>
<b><u>Second purchase:</u></b>				
Same as first purchase				<b>R1 000.02</b>
<b><u>Third purchase:</u></b>				
Service and Wires Charge	R/day	1.97	10	R19.70
Energy Block 1	c/kWh	339.95	100	R339.95
Energy Block 2	c/kWh	404.13	126.18	R509.93
VAT	15%			R130.44
<b>TOTAL</b>				<b>R1 000.02</b>
<b>GRAND TOTAL FOR THE MONTH:</b>				<b>R3 000.06</b>

**Example D:**

Customer D purchases their electricity in 10 equal purchases every 3 days after their previous purchase. The purchases breakdown is as follows:

<b><u>Ten equal purchases every 3 days</u></b>				
<b>Tariff Component</b>	<b>Unit</b>	<b>Charge</b>	<b>Number</b>	<b>Payment</b>
<b><u>First purchase:</u></b>				
Service and Wires Charge	R/day	1.97	3	R5.91
Energy Block 1	c/kWh	339.95	75	R254.96
Energy Block 2	c/kWh	404.13	0	R0.00
VAT	15%			R39.13
<b>TOTAL</b>				<b>R300.00</b>
<b><u>Second to eighth purchase:</u></b>				
Same as first purchase				<b>R2 100.00</b>
<b><u>Ninth purchase:</u></b>				
Service and Wires Charge	R/day	1.97	3	R5.91
Energy Block 1	c/kWh	339.95	0	R0.00
Energy Block 2	c/kWh	404.13	63.09	R254.97
VAT	15%			R39.13
<b>TOTAL</b>				<b>R300.01</b>
<b><u>Tenth Purchase:</u></b>				
Same as ninth purchase				<b>R300.01</b>
<b>GRAND TOTAL FOR THE MONTH:</b>				<b>R3 000.01</b>

**Example E:**

This example exists to demonstrate that purchasing a year's worth of electricity is not financially worthwhile, and results in a much higher average cost per month (just under an effective extra R407 per month is required). This outcome results from the fact that in this instance, the majority of the electricity is purchased at the higher Block 2 energy rate.

<b><u>Single purchase for the full year</u></b>				
<b>Tariff Component</b>	<b>Unit</b>	<b>Charge</b>	<b>Number</b>	<b>Payment</b>
Service and Wires Charge	R/day	1.97	365	R719.05
Energy Block 1	c/kWh	339.95	600	R2 039.70
Energy Block 2	c/kWh	404.13	8114.16	R32 791.75
VAT	15%			R5 332.58
<b>TOTAL</b>				<b>R40 883.08</b>
<b>GRAND TOTAL FOR THE YEAR:</b>				<b>R40 883.08</b>
<b>Average cost per month:</b>				<b>R3 406.92</b>

### **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.