

**26 SEPTEMBER 2025**

## **MEDIA STATEMENT**

### **NERSA INITIATES A MARKET INQUIRY INTO FIXED AND CAPACITY CHARGES IN THE ELECTRICITY SECTOR**

The National Energy Regulator of South Africa (NERSA) has announced the publication of the Terms of Reference (TOR) for the commencement of a focused market inquiry into the implementation and impact of fixed charges, a generation capacity charge (GCC), legacy charges and other associated charges levied by electricity distributors, including Eskom and municipalities. This market-wide inquiry responds to widespread concerns from customers and stakeholders about the impact of these charges, as well as the level of increase imposed, and the structure and justification of these charges.

This market inquiry, undertaken in terms of section 4(b)(ii) of the Electricity Regulation Act, 2006 (Act No. 4 of 2006) ('the ERA') as amended, read with sections 2(b) and 4(a)(viii) of the ERA, aims to reveal how the distributors formulated the charges, which resulted in substantially high increases being added to the approved 12.74% tariff increase for Eskom, as well as assess the impact of these charges on different customer segments, and evaluate their alignment with approved tariff methodologies. This evidence-driven process is intended to enhance transparency, foster regulatory certainty, and ensure that tariff structures remain equitable and economically sustainable.

According to Ms Nomfundo Maseti, NERSA's Full-Time Regulator Member responsible for Electricity Regulation:

*This inquiry underscores NERSA's commitment to safeguarding the interests of electricity users while ensuring the financial viability of the sector. By engaging stakeholders and rigorously interrogating the basis of these charges, we aim to deliver regulatory guidance that promotes fairness, cost-reflectivity, and stability in the electricity market.*

#### **Regulator Members:**

Mr T Bukula (Chairperson) Ms Z Mpungose (Deputy Chairperson) \*Adv NP Sithole (Chief Executive Officer)  
\*Ms N Maseti \*Mr MW Mkhize Ms T Semane Mr FK Sibanda Ms PN Sibiya  
\*Full-Time Regulator Members

The inquiry will focus primarily on municipal fixed charges and Eskom's unbundled generation tariffs, comprising the generation capacity charge, legacy charge, and variable energy charge. It will involve requests for documents, data analysis, benchmarking, stakeholder submissions, and public hearings.

Following the publication of the TOR on 25 September 2025, stakeholders have a 30-day period, closing on 25 October 2025, to submit written representations and supporting evidence. To ensure procedural fairness and compliance with the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000), a public hearing will be convened on 17 November 2025. The inquiry will then proceed to the drafting of a Market Inquiry Report in December 2025, with the final report expected to be published in early 2026.

NERSA invites all affected parties, including residential, commercial, and industrial customers, municipalities, and Eskom, as well as industry associations, to contribute evidence on how these charges have influenced costs, consumption behaviour, and service delivery. Submissions and queries should be sent to [electricity.marketinquiry@nersa.org.za](mailto:electricity.marketinquiry@nersa.org.za)

Through this inquiry, NERSA aims to reinforce regulatory stewardship, advance transparency, and support a sustainable and efficient electricity supply industry.

**End.**

Enquiries:

Mr Charles Hlebela; Head of Communications

Tel: 012 401 4768

Mobile: 083 646 8280

Email: [charles.hlebela@nersa.org.za](mailto:charles.hlebela@nersa.org.za)