MANGAUNG
AT THE HEART OF IT ALL

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Our Ref. Media Statement: Implementation of Mandatory Cost-Reflective Tariff Structures	**Your Ref.:**

MEDIA STATEMENT: IMPLEMENTATION OF MANDATORY COST-REFLECTIVE TARIFF STRUCTURES

For immediate release

CENTLEC (SOC) Ltd has noted with concern the electronic posters circulating on various social media platforms encouraging communities to participate in the planned "**CENTLEC SHUTDOWN**" following the introduction of the R50 basic charge for the residential customers and R322-11 (Single phase) basic charge for businesses currently using prepaid electricity for the 2026/27 Financial year.

Following a landmark North Gauteng High Court ruling, CENTLEC has transitioned to a tariff model informed by a comprehensive Cost of Supply (COS) study. The study indicates that current revenue collection relies too heavily on variable energy charges rather than fixed costs.

The Findings: The true monthly cost of maintaining a domestic connection is R527, yet CENTLEC is implementing a phased-in charge of only R50 as approved by NERSA

Targeted Relief: This charge applies strictly to non-indigent domestic customers. All residents on the Mangaung Metropolitan Municipality's indigent register remain exempted.

Sustainability: This structural reform is essential to ensure the long-term financial viability and maintenance of the local electricity infrastructure

The High Court ruled that all 177 South African municipalities must use Cost of Supply studies to determine electricity tariffs. A new basic charge for prepaid customers has been introduced in response to this ruling, and CENTLEC is complying with the court's decision.

Directors: MJ Ntshudisane (Chairperson), DR Barlow (Deputy Chairperson), SL Tloubatla (NED), GP Malaza (NED), AB Godongwana (NED), ED Markus (NED), ZC Gcwili (NED), MS Sekoboto (CEO), ZSN Williams (CFO), KC Tsitsi (Company Secretary)

The newly introduced basic charge for pre-paid meters is R50 per month for non-indigent domestic prepaid customers. The study found the actual cost is R527; the R50 fee is a phased, sub-10% implementation of the recommended cost-reflective structure. The R50 is deducted from the first electricity purchase of each month; the remaining balance is used to purchase units as usual. However, all registered indigent households are fully exempted and continue to receive their standard Free Basic Electricity.

We would like to assure the community of Mangaung that the newly introduced basic charge is currently being implemented in all Metropolitan Municipalities within the country.

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