Impacts of Eskom's 2025/26 electricity tariffs on residential customers in South Africa

by Chris Yelland, managing director, EE Business Intelligence, and energy advisor to OUTA

This article reports on a study by EE Business Intelligence conducted for the Organisation Undoing Tax Abuse (OUTA) on the impacts on Eskom's direct residential customers of the utility's restructured electricity tariffs and electricity price increases for the 2025/26 financial year.

Eskom's restructured residential electricity tariffs and the utility's new standard electricity tariff rates result in a 12.74% average electricity price increase for its 2025/26 financial year, and will come into effect on 1 April 2025.

Some residential customers will experience a much higher increase than the 12.74% average electricity price increase, while others will see much lower increases. Some customers will even experience reductions in their monthly electricity spend.

Eskom has three main suites of residential tariffs, namely Homelight, Homepower and Homeflex.

Homelight

The Eskom Homelight tariffs are divided into two options, namely Homelight 20A and Homelight 60A.

The Homelight 20A tariff is intended for low-income residential customers with a limited capacity, 20 A, 1-phase, 230 V ac supply, with a prepayment meter.

The Homelight 60A tariff is intended for low-income residential customers with a 60 A, 1-phase, 230 V ac supply, with either a prepayment meter or a credit meter.

Homepower

The Eskom Homepower tariff is intended for middle- and higher-income residential customers, and is divided into five options, namely Homepower 1, 2, 3 and 4, and Homepower Bulk, depending on the number of phases of the supply (1-phase, 2-phase or 3-phase) and the supply capacity.

For the purposes of this study, only the Homepower 4 tariff comprising an 80 A, 1-phase, 230 V ac supply is considered, as this covers the significant majority of Homepower residential customers, and is adequately illustrative.

The Homepower 4 tariff is implemented with a credit meter or a smart meter.

Homeflex

The Eskom Homeflex time-of-use (TOU) tariffs are intended for middle- and higher-income residential customers that can respond to time-of-use pricing signals by shifting their energy consumption to standard- and off-peak periods of the day through selective use of home appliances.

In addition, the Homeflex tariffs are mandatory for residential customers with solar photovoltaic (PV) and battery energy storage (BES) systems.

The Homeflex tariffs are divided into five options, namely Homeflex 1, 2, 3 and 4, and Homeflex Bulk, in the same way as the Homepower tariffs.

Again, for the purposes of this study, only the Homeflex 4 tariff comprising an 80 A, 1-phase, 230 V ac supply is considered, as this covers the significant majority of Homeflex residential customers, and is adequately illustrative.

Homeflex tariffs require an expensive time-of-use smart meter with remote meter reading capabilities that can record both imported and exported energy separately for the different hours of the day (on-peak, standard and off-peak), types of day (weekdays, Saturdays, Sundays and public holidays) and seasons (summer and winter).

Changes in tariff structure

Several changes have been approved by NERSA in respect of the Homelight, Homepower and Homeflex residential tariffs. These changes to the structure of the tariffs and the increase in the 2025/26 tariff rates have far-reaching impacts on the monthly electricity spend by residential customers.

The structural changes to Eskom's residential electricity tariffs are detailed as follows:

Elimination of inclined block tariffs for Homelight 20A, Homelight 60A and Homepower 4

Homelight 20A, Homelight 60A and Homepower 4 have been simplified by doing away with inclined block tariff rates.

For Homelight 20A, there were previously two separate energy rates – one for consumption less of than 350 kWh per month, the other for consumption greater than 350 kWh per month. Similarly, for Homelight 60A and Homepower 4 there were also separate energy rates – one for consumption less than 600 kWh, the other for consumption greater than 600 kWh per month.

From 1 April 2025, these former inclined block tariff rates for Homelight 20A, Homelight 60A and Homepower 4 will be replaced by flat energy rates that do not change depending on any defined consumption thresholds.

As a result, from 1 April 2025, for customers with low energy consumption of less than 350 kWh and 600 kWh, the flat-rate energy components of the Homelight 20A, Homelight 60A and Homepower 4 tariffs will increase by 13.6%%, 18.3% and 9.5% respectively.

On the other hand, for customers with higher energy consumption of greater than 350 kWh and 600 kWh, the flat-rate energy components of the Homelight 20A tariff will increase by only 0.2%, while those of the Homelight 60 and Homepower 4 tariffs will decrease by 30.4% and 31.9% respectively.

Increased monthly fixed charges for Homepower 4 and Homeflex 4

For Homelight 20A and Homelight 60A, there is no fixed monthly component in the tariffs.

However, for Homepower 4 and Homeflex 4, in addition to the variable energy component, there are fixed monthly components in the tariff that are charged whether energy is consumed or not.

With effect from 1 April 2025 the fixed components of the Homepower 4 and Homeflex 4 tariffs will both increase very significantly by 88%.

Changes to the peak, standard and off-peak times the Homeflex tariff

With effect from 1 April 2025, there will be several changes in the times of the peak, standard and off-peak periods of all Eskom's time-of-use (TOU) tariffs, including Homeflex 4.

The morning peak period has been reduced from three hours to two hours, while the evening peak period

has been increased from two hours to three hours. In addition, a two-hour standard period has been introduced on Sundays.

From 1 April 2025, the revised times of the peak, standard and off-peak periods for weekdays, Saturdays and Sundays in the high demand winter season (comprising the months of June, July and August), and the low demand summer season (comprising the remaining months of the year), are shown below:

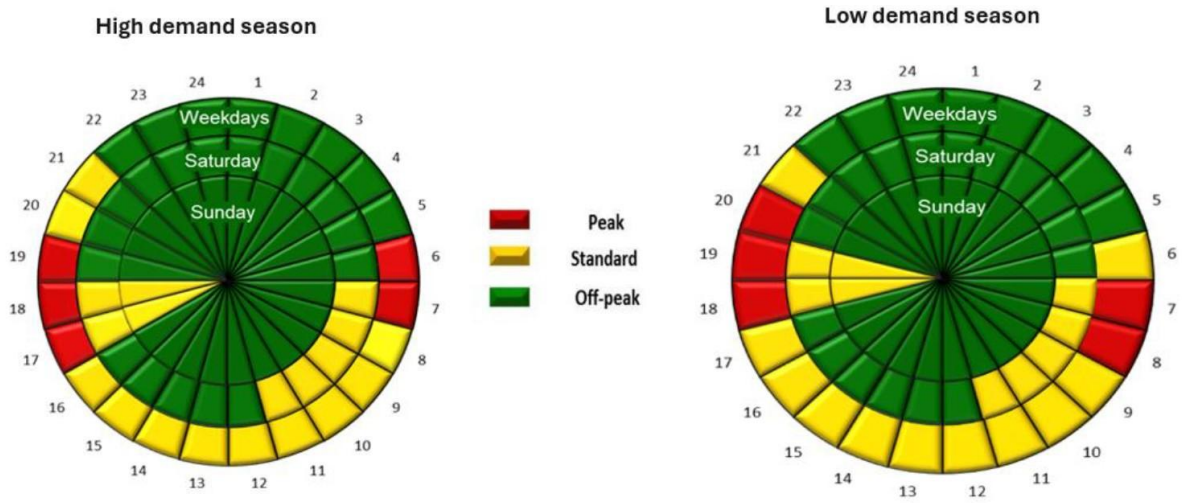

Fig 1: Time-of-use peak, standard and off-peak times applicable from 1 April 2025. (Source: Eskom.)

Tariff rates for 2025/26 compared to 2024/25

Tables 1, 2 and 3 detail the 2024/25 and 2025/26 tariff rates, and the associated tariff rate increases or decreases for the Homelight, Homepower 4 and Homeflex 4 tariffs respectively:

Homelight 20A, 1-phase	2024/25	2025/26	Rate inc/dec
0 to 350 kWh (R/kWh)	R1.9028	R2.1611	13.6%
Above 350 kWh (R/kWh)	R2.1562	R2.1611	0.2%
Homelight 60A, 1-phase	**2024/25**	**2025/26**	**Rate inc/dec**
0 to 600 kWh (R/kWh)	R2.3231	R2.7472	18.3%
Above 600 kWh (R/kWh)	R3.9486	R2.7472	-30.4%

Table 1: Tariff rates for Homelight 20A and Homelight 60 A. (Data Source: Eskom.)
(Note: The rates shown exclude VAT.)

Homepower 4, 80A, 1-phase	2024/25	2025/26	Rate inc/dec
Variable energy (R/kWh)			
0 to 600 kWh (R/kWh)	R2.4554	R2.6878	9.5%
Above 600 kWh (R/kWh)	R3.9486	R2.6878	-31.9%
Other variable (R/kWh)		R0.2678	
Ancillary service (R/kWh)		*R0.0041*	
Network demand (R/kWh)		*R0.2637*	
Fixed component (R/month)	R192.90	R362.70	88.0%
Service and admin (R/month)		*R98.10*	
Network capacity (R/month)	*R192.90*	*R250.50*	
Generation capacity (R/month)		*R14.10*	

Table 2: Tariff rates for Homepower 4. (Data source: Eskom)
(Note: The rates shown exclude VAT.)

Homeflex 4, 80A, 1-phase	2024/25	2025/26	Rate inc/dec
Winter energy (R/kWh)			
Peak periods	R6.1194	R7.0697	15.5%
Standard periods	R1.8618	R2.1631	16.2%
Off-peak periods	R1.0166	R1.5926	56.7%
Summer energy (R/kWh)			
Peak periods	R2.0038	R3.2928	64.3%
Standard periods	R1.3826	R2.0490	48.2%
Off-peak periods	R0.8815	R1.5926	80.7%
Other variable (R/kWh)	R1.2639	R0.4956	-60.8%
Ancillary service (R/kWh)		*R0.0041*	
Legacy (R/kWh)		*R0.2278*	
Network demand (R/kWh)		*R0.2637*	
Fixed component (R/month)	R192.90	R362.70	88.0%
Service and admin (R/month)		*R98.10*	
Network capacity (R/month)		*R250.50*	
Generation capacity (R/month)		*R14.10*	

Table 3: Tariff rates for Homeflex 4. (Data source: Eskom)
(Note: The rates shown exclude VAT.)

Residential electricity costs and increases

Based on a customer's monthly electricity consumption, the 2024/25 and 2025/26 Homelight 20A, Homelight 60A and Homepower 4 tariff rates are translated into electricity spend per month by the customer, together with the relevant percentage increase or decrease from 1 April 2025, as follows:

Consumption kWh	2024/25 cost Homelight 20A	2025/26 cost Homelight 20A	Percentage increase	2024/25 cost Homelight 60 A	2025/26 cost Homelight 60A	Percentage increase	2024/25 cost Homepower 4	2025/26 cost Homepower 4	Percentage increase
0	R0	R0		R0	R0		R193	R363	88.02%
50	R95	R108	13.57%	R116	R137	18.26%	R316	R510	61.71%
100	R190	R216	13.57%	R232	R275	18.26%	R438	R658	50.14%
150	R285	R324	13.57%	R348	R412	18.26%	R561	R806	43.63%
200	R381	R432	13.57%	R465	R549	18.26%	R684	R954	39.45%
250	R476	R540	13.57%	R581	R687	18.26%	R807	R1 102	36.55%
300	R571	R648	13.57%	R697	R824	18.26%	R930	R1 249	34.41%
350	R666	R756	13.57%	R813	R962	18.26%	R1 052	R1 397	32.77%
400	R774	R864	11.72%	R929	R1 099	18.26%	R1 175	R1 545	31.48%
450	R882	R972	10.31%	R1 045	R1 236	18.26%	R1 298	R1 693	30.43%
500	R989	R1 081	9.21%	R1 162	R1 374	18.26%	R1 421	R1 841	29.56%
550	R1 097	R1 189	8.33%	R1 278	R1 511	18.26%	R1 543	R1 988	28.83%
600	R1 205	R1 297	7.60%	R1 394	R1 648	18.26%	R1 666	R2 136	28.20%
650	R1 313	R1 405	7.00%	R1 591	R1 786	12.22%	R1 864	R2 284	22.55%
700	R1 421	R1 513	6.48%	R1 789	R1 923	7.51%	R2 061	R2 432	17.98%
750	R1 528	R1 621	6.04%	R1 986	R2 060	3.74%	R2 258	R2 579	14.21%
800	R1 636	R1 729	5.66%	R2 184	R2 198	0.65%	R2 456	R2 727	11.05%
850	R1 744	R1 837	5.32%	R2 381	R2 335	-1.93%	R2 653	R2 875	8.35%
900	R1 852	R1 945	5.03%	R2 578	R2 472	-4.11%	R2 851	R3 023	6.03%
950	R1 960	R2 053	4.76%	R2 776	R2 610	-5.98%	R3 048	R3 171	4.01%
1000	R2 068	R2 161	4.53%	R2 973	R2 747	-7.60%	R3 246	R3 318	2.24%
1050	R2 175	R2 269	4.31%	R3 171	R2 885	-9.03%	R3 443	R3 466	0.67%
1100	R2 283	R2 377	4.12%	R3 368	R3 022	-10.28%	R3 640	R3 614	-0.73%
1150	R2 391	R2 485	3.95%	R3 566	R3 159	-11.40%	R3 838	R3 762	-1.99%
1200	R2 499	R2 593	3.78%	R3 763	R3 297	-12.39%	R4 035	R3 909	-3.12%
1250	R2 607	R2 701	3.64%	R3 960	R3 434	-13.29%	R4 233	R4 057	-4.15%
1300	R2 714	R2 809	3.50%	R4 158	R3 571	-14.11%	R4 430	R4 205	-5.08%
1350	R2 822	R2 917	3.38%	R4 355	R3 709	-14.85%	R4 628	R4 353	-5.94%
1400	R2 930	R3 026	3.26%	R4 553	R3 846	-15.52%	R4 825	R4 501	-6.72%
1450	R3 038	R3 134	3.15%	R4 750	R3 983	-16.14%	R5 022	R4 648	-7.45%
1500	R3 146	R3 242	3.05%	R4 948	R4 121	-16.71%	R5 220	R4 796	-8.12%

Table 4: Electricity costs and increases for Homelight 20A, Homelight 60A and Homepower 4, 80A.
(Source: EE Business Intelligence) (Note: The costs shown exclude VAT.)

Analysis of the impacts of the new tariff structures and tariff rates

An analysis of the impacts of Eskom's new residential tariff structures and tariff rates for the 2025/26 financial year is provided as follows:

Homelight 20A

For the Homelight 20A tariff, which is intended for low-income and indigent customers with limited capacity 20 A prepayment meters, it can be seen in Table 4 that customers with low consumption of 350 kWh and less per month face increases of 13.57%, which is above the average Eskom increase of 12.74%.

Customers on the Homelight 20A tariff using more than 350 kWh per month experience progressively lower increases than the average Eskom increase of 12.74%. This is a direct result of eliminating the highly subsidised component of the inclined block tariff for monthly consumption of less than 350 kWh per month in favour of a higher flat-rate energy tariff.

It is noted that indigent customers on the Homelight 20A are supposed to receive 50 kWh of free basic electricity (FBE) per month, and this will, to some extent, offset the 13.57% electricity price increase for low consumption indigent households in 2025/26.

However, it is recognised at the highest levels in Government that more than 80% of indigent households in South Africa are not on the relevant municipal indigent registers, and therefore the significant majority of indigent households do not, in fact, receive any free basic electricity from Eskom or their local municipality.

Homelight 60A

For the Homelight 60A tariff, which is intended for low-income customers with prepayment or credit meters, it can be seen in Table 4 that customers with low consumption 600 kWh and less per month face increases of 18.26%, which is significantly higher than the average Eskom increase of 12.74%.

Customers on the Homelight 60A tariff using more than 600 kWh per month will experience progressively lower cost increases than the average Eskom increase of 12.74%, while customers using more than 650 kWh per month will experience significant cost reductions.

This is a direct result of eliminating the highly subsidised component of the inclined block tariff for monthly consumption of less than 600 kWh per month, in favour of a higher flat-rate energy tariff.

Homepower 4

For the Homepower 4 tariff, which is intended for middle- and higher-income customers with credit meters or smart meters, it can be seen in Table 4 that customers with consumption of 750 kWh and less per month face massive cost increases significantly higher than the average Eskom increase of 12.74%.

Customers on the Homepower 4 tariff using 800 kWh and more per month will experience significantly lower cost increases than the average Eskom increase of 12.74%, while customers using 1100 kWh and more per month will experience significant cost reductions.

This is a direct result of eliminating the inclined block tariff of Homepower 4 in favour of a flat-rate energy component, with a 31.9% reduction in the variable energy rate for consumption above 600 kWh, and a corresponding massive increase of 88% in the fixed monthly component of the Homepower 4 tariff from R192.90 per month to R362.70 per month which impacts low consumption customers the hardest.

Homeflex 4

For the Homeflex 4 tariff, it is not possible to determine the cost increase for various monthly energy consumptions based on the new tariff rates for 2025/26, as was done above for the Homelight and Homepower tariffs in Table 4.

This is because the actual cost increase/decrease will depend not only on the monthly energy consumption of the customer, but also on the customer's load profile and response to time-of-use pricing signals by shifting their energy consumption to standard- and off-peak periods of the day through selective use of home appliances.

Suffice be it to say, however, that massive price increases in the Homeflex 4 summer and winter peak, standard and off-peak energy rates, as well as in the fixed monthly components of the tariff, come into effect on 1 April 2025, as indicated in Table 3.

While there is a significant 60.8% reduction in "other variable charges" (i.e. auxiliary, legacy and network charges), it should be noted that these form a relatively low portion of the total variable charges, thus reducing the impact of this reduction.

Conclusion

The increases and reductions in a customer's monthly electricity spend with Eskom detailed above result primarily from substantial increases in residential electricity tariff rates, as well as changes in the structure of residential tariffs that adjust the previous cross-subsidies between larger and smaller customers, between rural and urban customers, and between richer and poorer customers.

To the extent that the impact of Eskom's restructured Homelight and Homepower residential electricity tariffs and tariff rates for 2025/26 results in higher electricity costs for smaller (generally poorer) customers and lower costs for larger (generally more well-off) customers, the perception is created that these adjustments are "anti-poor".

The Homeflex 4 tariff is intended for middle- and higher-income residential customers that are in a position to respond to time-of-use pricing signals by shifting their energy consumption to standard- and off-peak periods of the day through selective use of home appliances.

While the Homeflex 4 tariff will have significantly increased time-of-use energy rates in 2025/26 across the board, these rate increases provide strong incentives to well-off customers to effect savings through load shifting.

Unfortunately, such cost savings are generally not available to smaller (generally poorer) customers that do not have the necessary home appliances needed to effect meaningful load shifting to standard and off-peak periods. This further cements perceptions that the Eskom structural and tariff rate adjustments detailed for residential customers are "anti-poor".