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Light Paper

Quarterly Solar Update

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SA'S LATEST POWER GRAB:

South Africans are being punished for using less electricity. **And it's about to get worse.**

South Africa's energy crisis hasn't ended. It's evolved. The question is no longer when the lights will go off. It's far more unsettling: who can still afford to keep them on?

Load shedding may have eased, but the financial shock is only beginning. Beneath the surface of political optimism and policy announcements lies a far more uncomfortable truth: South Africa's electricity pricing model is fundamentally broken and it is actively penalising the very behaviour the country should be encouraging.

Efficiency, self-generation, and reduced consumption should be rewarded in a constrained energy system. Instead, they are being punished.

- Andrew Middleton, CEO at GoSolr

As part of our eternal quest to keep South African's out of proverbial darkness, we've broken down the ins and outs of tariff shifts, policy amends, and where resilience relies on reform.

The lie of the electricity bill

What South Africans see on their monthly bill is not the true cost of electricity - it's just the tip of a very expensive iceberg.

The real cost includes generation and grid infrastructure, system losses, theft, non-payment, diesel-powered emergency generation, and wildly inconsistent municipal surcharges depending on where you live. Then there are the invisible costs: damaged appliances, downtime, lost productivity, security expenses, and the growing "private tax" households pay for backup power.

Electricity is no longer just a utility. It's a layered economic burden - and it's escalating fast.

1100%+ increases... and counting

Let's be clear: this is not a recent problem. South African electricity tariffs have **increased by over 1100%** since 2007, making us the seventh most expensive country for electricity in the G20.

The numbers tell a brutal story. In 2014, a typical Eskom customer using around 800kWh per month paid approximately R1 055. By 2024, that same usage costs R3 388. That's not inflation. That's escalation. **And it's far from over.**

From 1 April this year, Eskom tariffs increase by 8.76%, followed by another 8.83% hike in April 2027. Municipal customers will likely feel this even more sharply, with increases of around 9% once mark-ups are added.

The irony is hard to ignore: just as load shedding is declared "a thing of the past," electricity becomes financially out of reach for many.

The honeymoon is over. Pricing is now the crisis.

The system is working (just not for you)

Electricity tariffs in South Africa are designed around a simple principle: utilities must recover their costs and earn a regulated return. On paper, this makes sense.

In practice, it creates a system where **consumers carry the burden of inefficiencies and where pricing signals are distorted beyond recognition.** Historically, electricity was simple: pay per kilowatt-hour (kWh).

Use more, pay more. This encouraged efficiency and innovation. Households could save money by reducing usage, switching to gas, or investing in solar.

That model is now being dismantled.

The fixed tariff trap

The most controversial shift - and the least talked about - is the aggressive rise in fixed charges.

Eskom has increased its fixed fee by nearly 29% (for residential customers from 1 April 2026) bringing it to R543 per month before a single unit of electricity is used. **Time-of-use charges have also risen by between 4.5 and 5.3%.**

This is a fundamental change in philosophy: you now pay significantly just to be connected, regardless of how efficiently you consume. In other words, using less electricity no longer guarantees meaningful savings.

And that's the problem. Because when efficiency is no longer rewarded, the entire system starts working against itself.

Municipal madness: a tale of two cities

Municipal tariff structures make things even worse - and wildly inconsistent.

Cape Town has arguably taken the most balanced approach, with fixed fees increasing by 8.6% and variable charges by 5.4 – 6.2%, alongside the introduction of an opt-in time-of-use tariff. It's not perfect, but it at least gives consumers choice.

Johannesburg, however, offers a case study in how not to do it. **Prepaid users pay around R242 per month in fixed charges, while three-phase postpaid users are hit with a staggering R1 761 per month before using any electricity.**

This is not a minor imbalance but rather a systemic inequality baked into the tariff structure.

Instead of correcting it, the city is entrenching it.

The war on solar (and logic)

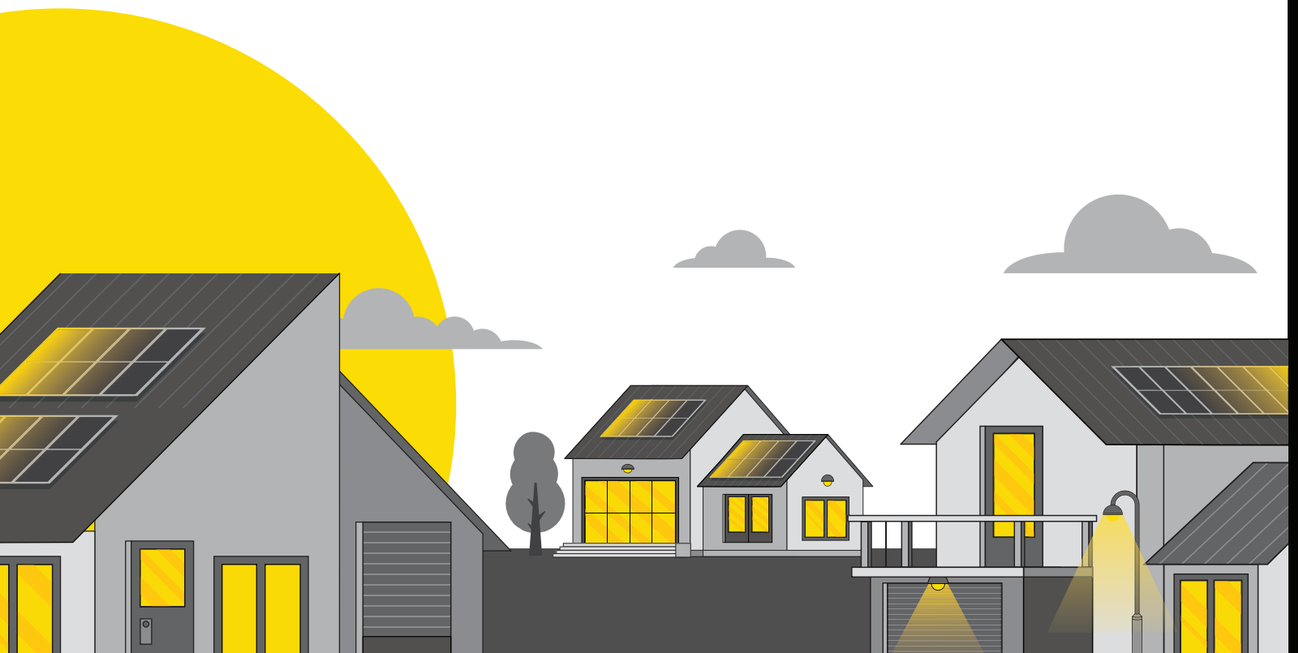
Perhaps the most dangerous consequence of current pricing is how it treats customers who invest in alternative energy.

South Africa desperately needs more distributed generation. Rooftop solar, batteries, and hybrid systems reduce pressure on the grid and improve resilience. Yet the system is increasingly designed to discourage it.

In Johannesburg, households that install solar are legally forced to switch from prepaid to postpaid tariffs, **triggering dramatically higher fixed charges.** Promises of being able to export excess energy back to the grid remain largely theoretical, with little evidence of meaningful compensation in practice.

In some cases, billing is inconsistent due to irregular meter readings, creating further uncertainty.

The message locally is clear: invest in your own energy at your own risk – at a time where abroad developers are soon to be required to install solar panels and heat pumps in all new homes in as part of updated planning requirements published by the government. This clear focus to ramp up solar reinforces a simple truth: **clean power is considered an essential need – so why are we creating more barriers to adoption in South Africa.**



A shrinking system chasing rising costs

At its core, electricity pricing is simple math: divide total costs by total energy sold.

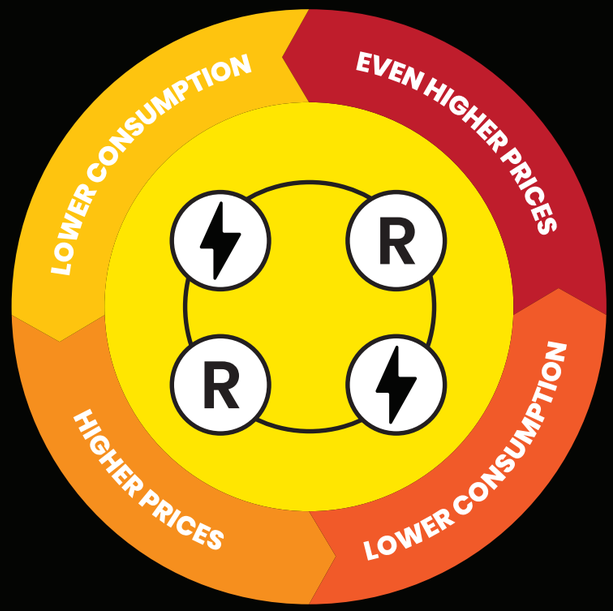
But South Africa is heading in the wrong direction on both sides of that equation.

Costs are rising.

Volumes are falling.

As more consumers reduce usage or partially defect from the grid, the remaining users are forced to absorb a larger share of fixed costs. This creates a vicious cycle: higher prices drive lower consumption, which drives even higher prices.

It’s a slow-motion death spiral and we’re already in it.



The silent casualties: the middle class and SMEs

While much of the policy conversation focuses on protecting low-income households, the real pressure is building in the middle. Middle-income consumers don't qualify for subsidies, but they also lack the financial flexibility to absorb repeated increases. They are being squeezed from both sides.

Small and medium-sized businesses face an even harsher reality. Unlike large corporates, they cannot negotiate special tariffs or invest heavily in energy infrastructure. Electricity costs hit their margins directly - and immediately.

When SMEs struggle, the broader economy feels it. **This is not just an energy issue. It's an economic one.**

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Our uncomfortable truth: the grid is becoming a luxury

There's a growing shift in how consumers think about electricity.

The question is no longer "what does electricity cost?" but rather "what does certainty cost?"

Reliable, predictable power is becoming a premium service. Households and businesses are increasingly willing to pay for stability, even if it means going partially or fully off-grid. That should be a warning sign because when customers start viewing the national grid as optional - or worse, as a liability - **the system is already in trouble.**

The real problem: Misaligned incentives have two structural issues at the heart of this crisis.

1. **Electricity as a revenue engine:** Clinging to the status quo to safeguard short-term revenue, rather than embracing and enabling a rapidly evolving energy landscape.

2. **Complexity without trust:** Consumers don't understand what they're paying for — and they don't trust the system. Price increases feel arbitrary and disconnected from service quality.

Until these are addressed, no amount of incremental reform will fix the problem.

The future of solar and battery import tax remains in flux

With the recently announced preliminary determinations of import tariffs on solar, wind, and battery components and materials by the International Trade Administration Commission of South Africa (ITAC), South Africa could see a tariff overhaul that will have significant implications for the domestic renewables sector and electricity consumers – **and potentially set us back further.**

The review by ITAC looks to impose import tax on several things, including batteries. This combined with the phasing out of the export tax subsidy in China could see the cost of imported batteries **increase by about 25%.**

The biggest challenge lies in South Africa's lack of local factories and ability to circumvent the pressure with local production. ITAC and industry players must pause to understand the implications this will have, with our call for time to be given to roll out local production capabilities or face an almost immediate drop in solar and clean renewable energy attractiveness.

It's not all doom and gloom though

South Africa has made real progress in stabilising electricity supply. That should be acknowledged.

But stability without affordability is not success - it's just a different kind of failure.

Right now, the system is sending the wrong signals, rewarding inefficiency and punishing progress. It is asking consumers to carry the cost of decades of mismanagement while offering little in return. And perhaps most concerning of all: it is quietly redefining electricity as something not everyone can afford.

The true cost of power is no longer measured in kilowatt-hours. We're seeing more left in the proverbial dark, and even more threatened with the literal dark.

The cost for making good choices is now measured by who is impacted by the unfortunate consequences.

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GoSolr weighs in - we believe some things need to change... urgently

If South Africa is serious about building a sustainable energy future, we need the below as non-negotiable. Call it our reform wish list.

Make tariffs transparent and predictable

We need to focus on cost-reflective shifts to mitigate shock adjustments with multi-year pricing certainty that don't cause further volatility.

Separate infrastructure from consumption costs

Consumers should clearly see what they're paying for.

Standardise embedded generation rules – and simplify

Solar and hybrid systems must be integrated, not penalised.

Fix municipal funding models

We need to reduce municipal dependance on electricity trading revenue, by broadly reforming municipal finances.

Without these changes, the system will continue to erode from within.

The reality is that South Africa's energy system is under pressure - but it's not beyond repair. What we're seeing now is the result of outdated pricing models trying to maintain the status quo and protect revenues, instead of embracing and enabling a rapidly changing energy landscape. The opportunity, however, is enormous. If we can align incentives, embrace distributed generation, and build a pricing framework that is transparent, fair, and future-fit, we can unlock a more resilient and inclusive energy system for everyone. **This is not about choosing between the grid or private power. It's about making them work together. If we get this right, South Africa won't just stabilise its energy future; it can lead it.**

- Andrew Middleton, CEO at GoSolr

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