

Residential Time-of-Use Electricity Tariff

City of Cape Town · 2026/27 Draft Budget ·
Effective 1 July 2026

Analysis prepared by the **Cape Town Collective Ratepayers' Association (CTCRA)** using Claude.ai · Source: CoCT Draft 2026/27 Budget, Annexure 6 — Tariffs, Fees and Charges Book (March 2026)

THE PRINCIPLE

Traditional flat-rate tariffs charge the same price per kWh regardless of when you use electricity. **Time-of-Use (TOU) pricing reflects the real cost of electricity at different times of day** — higher when grid demand is greatest, lower when demand is slack. Peak hours stress the grid and force the City to use expensive reserve capacity; off-peak hours are cheap to supply. TOU passes these cost signals directly to consumers, rewarding those who shift consumption or generate and export at the right time. The City distinguishes two seasonal periods: **High Demand (June–August)** and **Low Demand (September–May)**. Within each day, three time bands apply.

HOURS OF OPERATION

00:00–06:00	06	07–09	09:00–18:00	18–21	21	22–24
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■ **Peak** Weekdays 07:00–09:00 ■ **Standard** Weekdays 06:00–07:00, 09:00–18:00, 21:00–22:00; Sat 07–12 & 18:00–21:00 & 18–20; Sun 18–20 ■ **Off-peak** All other times

KEY MONTHLY FIXED CHARGES — RESIDENTIAL TOU (NEW TARIFF, 2026/27)

Administration charge R344.49 R396.16 incl. VAT / month	Capacity charge R250.85 R288.48 incl. VAT / month	AMI meter admin fee R5.91 R6.80 incl. VAT / month
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ENERGY CHARGES — C/KWH EXCL. & INCL. VAT

High demand season (June–August)	excl. VAT	incl. VAT	Low demand season (September–May)	excl. VAT	incl. VAT
Peak	781.07 c	898.23 c	Peak	363.95 c	418.54 c
Standard	321.12 c	369.29 c	Standard	309.22 c	355.60 c
Off-peak	261.69 c	300.94 c	Off-peak	261.69 c	300.94 c

SSEG TOU FEED-IN TARIFFS — WHAT THE CITY PAYS FOR EXPORTED SOLAR

Available only once back-end systems are in place and tested. Requires Home User tariff + AMI meter + TOU opt-in. Green attributes remain with the customer. The flat-rate residential SSEG feed-in of 107.98 c/kWh excl. VAT applies until the TOU system is live. A **25.00 c/kWh feed-in incentive** applies on top of all export rates.

High demand (June–August)	excl. VAT	incl. VAT	Low demand (September–May)	excl. VAT	incl. VAT
Peak export	625.73 c	719.59 c	Peak export	243.47 c	279.99 c
Standard export	135.65 c	156.00 c	Standard export	124.74 c	143.45 c
Off-peak export	91.18 c	104.86 c	Off-peak export	81.18 c	93.36 c

VAT on exports — important to understand. The feed-in tariff rates above are what the City pays homeowners for exported electricity. Residential homeowners are not VAT vendors and therefore **cannot charge VAT to the City on their exports**. The excl. VAT and incl. VAT columns in the tariff schedule reflect VAT the City charges customers on energy it sells — not VAT that customers can recover or charge in return. The rate you actually receive for exported kWh is the **excl. VAT figure** — for example, 625.73 c/kWh for winter peak export. The 'incl. VAT' column is not relevant to residential exporters.

THE AMI ROLLOUT — WHAT IT IS AND HOW IT WORKS

AMI stands for Advanced Metering Infrastructure — a new generation of smart meters that communicate automatically with the City's systems, replacing older meters that require a physical reader to visit each property. AMI meters are the technical backbone that makes TOU billing, SSEG export measurement, and real-time consumption data possible. Without an AMI meter, the City cannot record when you consume or export electricity, so TOU rates and feed-in tariffs cannot apply.

- 1 **City-funded — no meter purchase cost for most homeowners.** The City has budgeted R457 million in 2026/27, R379 million in 2027/28, and R300 million in 2028/29 to install AMI meters as city-owned grid infrastructure. Phase 1 targets 80,000 electricity meters. As the rollout progresses, the vast majority of residential customers will have a meter installed by the City at no direct charge — meaning homeowners will not need to purchase the meter themselves at the listed cost of R5,784.26 excl. VAT (R6,651.90 incl. VAT). This cost only applies to customers who specifically request early installation outside the scheduled rollout.
A parallel water AMI programme (R352 million over the MTREF) installs smart water meters separately, enabling automated readings, accurate billing, and leak detection.
- 2 **Automated two-way communication.** Each AMI meter transmits consumption and generation data automatically to the City's billing system — no estimated reads, no meter reader visits. For SSEG customers, the meter records both import from the grid and export to it, timestamped so TOU rates can be applied correctly to each kWh in both directions.
- 3 **Customer portal access.** Load profile data from the AMI system is available free of charge via the City's e-portal, allowing homeowners to view their consumption patterns, identify high-usage periods, and optimise their behaviour or solar system sizing.
- 4 **Small ongoing admin fee.** Once an AMI meter is installed, a residential AMI administration fee of R5.91/month excl. VAT (R6.80 incl. VAT) applies — a modest charge covering the City's cost of managing the metering system, well justified by the billing accuracy and TOU capability it enables.

HOW HOMEOWNERS WITH SOLAR CAN BENEFIT

- ~ **Shift high-draw appliances to off-peak hours.** Geysers, dishwashers, washing machines, tumble dryers, pool pumps, and EV chargers are ideal candidates. Running these overnight (off-peak, 261.69 c/kWh) instead of during the 18:00–21:00 evening peak (781.07 c/kWh in winter) can cut the cost of grid-drawn consumption by more than two-thirds. A geyser timer is the single highest-impact change most households can make — a geyser draws 2–4 kW and typically runs during exactly the morning and evening peak windows. Shifting it to heat from midnight to 05:00 uses off-peak rates, and the stored hot water carries through the day.
- + **Add a battery to capture peak export revenue.** A battery charged from solar midday and discharged to the grid during peak windows earns up to 625.73 c/kWh exported in winter — nearly 7x the off-peak export rate of 91.18 c/kWh. This is the highest-value use case and makes the business case for battery storage meaningfully stronger.
The 25 c/kWh feed-in incentive applies on top of all export rates. As a residential customer you receive the excl. VAT rate — you cannot charge VAT to the City on exports.
- * **Self-consume during standard hours — avoid the highest rates.** Solar production from 09:00–16:00 offsets standard-rate grid purchases at 321–369 c/kWh (winter) rather than paying the peak rate. Even without battery storage or export, avoiding peak purchases through daytime self-consumption has real and immediate value.
- O **Retain the green attributes of your exported energy.** Unlike the flat-rate SSEG tariff where green attributes transfer to the City, the TOU feed-in tariff allows customers to keep their Renewable Energy Certificates — useful for households or businesses with carbon or sustainability reporting obligations.

Important conditions: The Residential TOU tariff is opt-in and requires an AMI smart meter. Fixed monthly charges total R595.34 excl. VAT (administration R344.49 + capacity R250.85) — R226 more than the standard Home User fixed charge of R368.96 — so energy savings must cover this gap before TOU becomes beneficial. The SSEG TOU feed-in rates are not yet live; the flat-rate SSEG feed-in of 107.98 c/kWh + 25 c/kWh incentive applies in the interim. Homeowners should model their total monthly bill under both tariff structures before opting in.