

The Estate Energy Model in a Restructured Tariff Landscape

Written by Balwin's Director of Energy, Matthew Whalley and Deepna Desai Senior Legal Advisor Balwin Properties

The Retail Tariff Plan has restructured how South African households pay for electricity in ways that even Eskom acknowledges are disruptive, and that respected analysts have called "*anti-poor*".¹ Across our Balwin developments, Green Living has built a model designed to absorb that shock on behalf of residents and adapt as the sector continues to evolve.

South Africa's electricity sector is in the middle of its most significant restructuring in a generation. New trading licences are being issued to energy aggregators. A R440 billion transmission grid expansion is in planning. Rooftop solar is being installed at a pace few predicted five years ago. But inside the ordinary household electricity bill, something quieter and more consequential is happening, the very structure of how electricity is priced is being rewritten, in ways that will reshape who pays for what for years to come.

A "shock to the system", in Eskom's own words

The change is called the Retail Tariff Plan, or RTP. It was approved by Nersa in February 2025 and implemented from April that year. The RTP unbundles Eskom's energy charges into variable time-of-use components on one side, and fixed components (a generation capacity charge and a legacy charge to recover costs from the renewables programme) on the other.

Eskom's own regulation GM, Hasha Tlhotlhemaje, described, at the time of the RTP's initial implementation in 2025, the restructuring as a necessary "shock" that begins to align Eskom's tariff structure with underlying system costs and removes long-standing unintended cross-subsidies. "It is a shock to the system, but it needs to happen," Tlhotlhemaje said at the time. The framing is reasonable, as far as it goes. The harder question is who carries the shock.

The structural shift behind the numbers

Eskom's original MYPD6 application, opposed by OUTA, sought a cumulative hike of roughly 66% over three years, which the organisation called "unmanageable".² Nersa pulled this back, approving 12.74% for direct customers in 2025/26 and 8.76% for 2026/27. But the more important story is structural, not headline.

Now in its second year, the RTP's impact on Eskom's residential tariffs is now clearly visible across both variable and fixed components. The variable energy rate has risen 11.6%, from R3.19 to R3.56 per kWh – a meaningful but not unusual annual increase. The more striking shift is in the daily fixed charge, which has more than doubled in a single tariff cycle, jumping 113% from R8.36 to R17.86 per day.

This fixed daily charge is what a household pays simply to remain connected to the grid, irrespective of how much electricity it actually consumes. The scale of this increase is significant, and the full impact is not yet reflected in current bills – the generation capacity

¹ <https://www.engineeringnews.co.za/article/eskom-describes-implementation-of-structural-tariff-changes-as-necessary-shock-to-system-2025-03-19>

² <https://www.outa.co.za/projects/energy/outa-opposes-electricity-prices>

charge embedded within this new fixed component is still being phased in over the next two years.

Energy analyst Chris Yelland called elements of the RTP “anti-poor”, noting that the removal of the inclining block tariff pushes up costs for lower-consumption households while reducing them for higher-consumption ones. In 2025/26, the fixed component of the Homepower 4 80A tariff alone more than doubled, from R193 to R484 per month and in the 2026/27 tariff cycle now in force, residential fixed charges have risen by a further 28%, compounding the structural shift Yelland identified.

Yelland also warned that Eskom's push to move rooftop PV households onto the Homeflex tariff, which requires a new smart meter at the homeowner's expense, could “sterilise the market” by restricting solar adoption to wealthier households. Eskom temporarily waived smart meter installation and registration fees for systems up to 50kVA — a concession that softened the immediate cost barrier — but that waiver expired in March 2026 and the full compliance costs now apply. Eskom rejects the framing, emphasising that the RTP retains an estimated R11 billion annual subsidy to poor and rural households and that Homeflex is voluntary. The debate will continue. What is harder to dispute is the direction of travel: more cost shifted into fixed components, less into variable, and more burden falling on the low-consumption households the new structure was meant to integrate.

Green Living's response: One adaptive model

This is the environment Green Living was built to operate in. Across our Balwin developments, Green Living sits between the national grid and the households inside our estates. Five of our estates are supplied directly by Eskom, while the remainder operate under municipal supply arrangements. We invest in onsite solar generation. We operate the metering and billing infrastructure. We carry the structural complexity of Eskom's restructuring so that residents don't have to.

For 2026/27, that translates into something concrete. Where Eskom's variable rate has risen 11.6% and its daily fixed charge has risen 113%, the Green Living tariff is increasing by 8.76% across both components, the headline Nersa-approved figure for the year and nothing more.

The Green Living daily fixed charge is R9.09 per day, against Eskom's R17.86. That is a saving of R8.77 every single day, or roughly R263 per month and more than R3,200 per year, for every household in our estates, before a single kilowatt-hour is consumed. On the variable side, Green Living residents pay R3.47 per kWh against Eskom's R3.56, and the 10% discount on the consumption tariff made possible by onsite embedded generation continues to apply on top of that. The combined effect is that a Green Living household pays roughly half of Eskom's fixed daily charge while still receiving energy at a lower per-unit rate.

The mechanism is straightforward. The RTP has introduced four new layers of fixed cost: the Ancillary Service Charge, the Network Demand Charge, the Service and Administration Charge, and the Generation Capacity Charges. Together they account for a significant share of Eskom's new fixed daily figure. These are being absorbed rather than passed through.

That decision is deliberate, informed by exactly the dynamic Yelland identified. A regressive fixed-charge structure penalises efficient households most. The homes across these estates are exactly the kind of efficient households the new structure punishes: built to higher energy

standards, served by integrated rooftop solar, drawing on Eskom only as a backup. Passing through the full Eskom fixed-charge increase would mean penalising residents for the very efficiency the estates were built to deliver. That outcome would be incoherent with the model.

The estate as template for an adaptive sector

There is a thought leadership point in this that runs beyond a single billing cycle. South Africa's energy transition is usually framed as a top-down project: build the grid, license the traders, contract the IPPs, write the rules. All of that matters.

But the transition is also being built bottom-up, inside integrated environments that residential estates are uniquely positioned to operate: onsite solar generation, behind-the-meter consumption, smart metering, and a single counterparty managing the relationship with the national grid on behalf of many households.

That is, in effect, a small-scale residential version of what the energy aggregators now receiving Nersa trading licences are being asked to do at national scale. Across 13 developments, Green Living has been doing the residential version of this work for years.

Three implications follow.

First, the benefits of solar and efficiency can be preserved for residents even when Eskom's pricing structure tries to claw them back. Aggregated, professionally managed solar within an estate retains its economic edge in a way that individual rooftop installations, increasingly squeezed by fixed-charge ratchets and the smart-meter capex required by Homeflex, may struggle to.

Second, the estate operating model is inherently adaptive. As Eskom continues to evolve its tariff structure, and as the generation capacity charge phases further up in 2026/27, 2027/28 and into the next tariff cycle, an estate can adjust how it absorbs, reallocates and offsets those costs at scale. The individual household does not have to renegotiate its relationship with Eskom every time Eskom changes the rules. That is work we take on, on residents' behalf, as the sector itself keeps changing.

Third, estates are natural participants in the broader market that is now being built. The infrastructure for that participation, including generation, metering, aggregation and single-counterparty trading, is already deployed across our developments. As trading licences mature and the grid expands, the estate model has a head start.

Cognisant of the trade-offs

The trade-offs inside Eskom's restructuring are real, and so is the critique of who carries the cost. A household-level response cannot be passive – it has to be designed, deliberate, and willing to absorb where the structural shift is most regressive.

That is what has been done this year: holding the increase to 8.76% across both components, keeping the 10% consumption discount intact, refusing to pass through the four new RTP fixed-charge layers, and delivering a saving on the daily fixed charge alone of more than R3,200 per household per year.

The R440 billion grid expansion still needs to happen. The new trading licences need to find a working market. But while that work continues, the Green Living estates already in operation

demonstrate that an adaptive, household-level response to South Africa's energy transition is not a future idea it is already deployed and already working.