



Economic Regulation Authority

Notice

26 June 2014

2014 Energy Price Limits

FINAL DECISION

The Economic Regulation Authority has approved the Energy Price Limits proposed by the Independent Market Operator (**IMO**) in its Final Report on 2014 Review of Energy Price Limits for the Wholesale Electricity Market in the SWIS.

The Authority approves the revised value for the Maximum Short Term Energy Market (**STEM**) Price of \$330/MWh, and the price components for the Alternative Maximum STEM Price:

\$92.03/MWh + 19.336 multiplied by the Net Ex Terminal distillate fuel cost in \$/GJ

These Energy Price Limits are to take effect on 1 July 2014. The Authority received the IMO's Final Report on 23 May 2014, accompanied by a report prepared by Sinclair Knight Merz (**Jacobs SKM**). Jacobs SKM was engaged by the IMO to assist it in undertaking the 2014 Energy Price Limits review. The final values of the Energy Price Limits have been subsequently updated to reflect the revised Loss Factors determined by Western Power for the 2014/15 financial year.

Under the *Wholesale Electricity Market Rules* (**Market Rules**), the Authority is required to:

- a) review the report provided by the IMO, including all submissions it received in preparing the report; and
- b) decide on whether or not to approve any value comprising the Energy Price Limits.

In making its decision, the Authority must consider:

- whether the revised values for the Energy Price Limits proposed by the IMO reasonably reflect the application of the method and guiding principles described in clause 6.20 of the Market Rules; and
- whether the IMO has carried out an adequate public consultation process.

The Authority is satisfied that these two requirements have been met by the IMO.

A copy of the Authority's decision is available on the Authority's [website](#).

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