24 June 2015

2015 Energy Price Limits

FINAL DECISION

The Economic Regulation Authority (**ERA**) has approved the Energy Price Limits proposed by the Independent Market Operator (**IMO**) in its Final Report on 2015 Review of Energy Price Limits for the Wholesale Electricity Market in the South West Interconnected System.

The ERA approves the revised value for the Maximum Short Term Energy Market (**STEM**) Price of $253/MWh, and the price components for the Alternative Maximum STEM Price:

$74.90/MWh + 19.500 multiplied by the Net Ex Terminal distillate fuel cost in $/GJ

These Energy Price Limits are to take effect on 1 July 2015. The ERA received the IMO's Final Report on 25 May 2015, accompanied by a report prepared by Jacobs Australia Group (**Jacobs**). Jacobs was engaged by the IMO to assist it in undertaking the 2015 Energy Price Limits review. The final values of the Energy Price Limits have been updated to reflect the revised Loss Factors determined by Western Power for the 2015/16 financial year.

Under the *Wholesale Electricity Market Rules* (**Market Rules**), the ERA 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 ERA 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 ERA is satisfied that these two requirements have been met by the IMO.

A copy of the ERA decision is available on our [website](#).