



# Notice

8 March 2016

## Maximum Reserve Capacity Price for the 2018/19 Capacity Year

### FINAL DECISION

The Economic Regulation Authority (ERA) has approved the revised Maximum Reserve Capacity Price (**MRCP**) for the 2018/19 Capacity Year of \$159,800 per MW per year, as recommended by the Australian Energy Market Operator (**AEMO**). The approved revised MRCP for the 2018/19 Capacity Year will be effective from 1 October 2018.

This approval is granted under clause 2.26.1 of the *Wholesale Electricity Market Rules* (**Market Rules**) on the basis that:

- the revised value for the MRCP reasonably reflects the application of the method and guiding principles described in clause 4.16 of the Market Rules; and
- AEMO has carried out an adequate public consultation process.

Although the ERA considers the proposed MRCP for 2018/19 meets the criteria required for it to be approved, it notes the planned changes to the Reserve Capacity Mechanism (**RCM**) being considered by the Electricity Market Review are likely to alter the current methodology for calculating the Reserve Capacity Price (**RCP**) in the 2017/18 and 2018/19 Capacity Years. The proposed changes to the RCM would use the MRCP as the benchmark price.

The ERA considers the 2017/18 MRCP (approved by the ERA in 2015) and the 2018/19 MRCP (approved in this decision) should be reviewed to ensure they are appropriate for use as a benchmark price if the RCP methodology is revised for the 2017/18 and 2018/19 Capacity Years.

The decision on the MRCP for the 2018/19 Capacity Year is available on the ERA's [website](#).

For further information contact:

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