



# Notice

15 September 2020

## Procedure change proposal: calculation of benchmark reserve capacity price

### Review of the market procedure

The Economic Regulation Authority invites comments on its proposed amendments to the [market procedure](#) for the calculation of the benchmark reserve capacity price (BRCP). The Australian Energy Market Operator uses the BRCP to determine the price of capacity credits to compensate generators for providing capacity resources to the South West Interconnected System.

The ERA's amendments are intended to improve the calculation of the weighted average cost of capital used to calculate the BRCP.

The Wholesale Electricity Market Rules require the ERA to review the market procedure for the calculation of the BRCP at least once every five years.

In May 2020, the ERA decided not to proceed with broader review of the BRCP due to overlaps with the State Governments energy reform program. The ERA has limited its review to the market procedure used to calculate the BRCP, and specifically the calculation of the cost of capital.

As the ERA has proposed changes to the market procedure, the Market Rules require the ERA to initiate a procedure change process to implement those changes. The procedure change proposal contains a summary of the ERA's review of the market procedure, its reasoning for the proposed amendments and a marked up copy of the market procedure to indicate the changes.

### Invitation for submissions

The ERA invites interested parties to make submissions on the procedure change proposal.

Submissions close 4:00 pm (WST) Wednesday, 14 October 2020.

As per clause 2.10.7 of the Wholesale Electricity Market Rules submissions should be made using the form available on the [Market Website](#).

We would prefer to receive your submission form via email:

Email: [publicsubmissions@erawa.com.au](mailto:publicsubmissions@erawa.com.au)

You can also send your submission form through:

Post: PO Box 8469, PERTH BC WA 6849

**Further information**

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