



Notice

24 November 2021

Energy price limits review 2021

Draft determination

The ERA has published a draft determination for energy price limits to apply in the Wholesale Electricity Market.

Energy market participants offer energy and ancillary services to meet real-time demand for energy. Offers into the day-ahead Short-Term Energy Market (STEM) and balancing market are based on the cost of supply and are subject to a set of energy price limits to mitigate the exercise of market power.

The energy price limits comprise:

- The maximum STEM price, which applies to the generation of electricity from all facilities except those using distillate as the fuel source.
- The alternative maximum STEM price, which applies to generators that use distillate as a fuel source. This price cap is indexed to the distillate price and varied monthly.

From 1 July 2021, the Wholesale Electricity Market Rules require the Economic Regulation Authority to annually review whether the energy price limits are appropriate.

The ERA's draft determination proposes:

- The maximum STEM price to be set at \$290/MWh. This is higher than the current maximum STEM price of \$267/MWh.
- An indexation formula for the alternative maximum STEM price of:

$$33.763 + 25.453 \times \text{net ex-terminal distillate price (\$/GJ)}$$

At the current distillate price of \$24.3/GJ, the ERA's revised formula yields a higher alternative maximum STEM price of \$652/MWh, compared to last year's value of \$607/MWh.

The draft determination is available on our [website](#).

Invitation for submissions

The ERA invites interested parties to make submissions on the draft determination.

Submissions close 4:00 pm (WST) Friday, 31 December 2021.

Submissions should be lodged online using the form on our website www.erawa.com.au/consultation.



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Further information

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