



Notice

24 January 2022

Energy price limits review 2021

Final determination

The Economic Regulation Authority has published its final determination for the energy price limits to apply in 2022.

The energy price limits are used to mitigate the exercise of market power in the day-ahead Short-Term Energy Market (STEM) and real-time balancing market, and are based on the cost of supply of the highest cost generating works in the South West Interconnected System.

The Wholesale Electricity Market (WEM) Rules specify two maximum energy price limits:

- 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 limit is indexed to the distillate price and varied monthly.

The ERA has revised the energy price limits as follows:

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

$$33.627 + 25.426 \times \text{net ex-terminal distillate price (\$/GJ)}$$

At the current distillate price of \$24.0/GJ, the formula yields an alternative maximum STEM price of \$645/MWh.

The revised price limits will take effect on a date specified by the Australian Energy Market Operator, to be announced on its [website](#).

The final determination of energy price limits follows consultation with industry and the final determination report is available on the ERA [website](#).

Further information

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