



Notice

21 June 2016

PUBLICATION

2016 Energy Price Limits

FINAL DECISION

The Economic Regulation Authority (**ERA**) has approved the Energy Price Limits proposed by the Australian Energy Market Operator (**AEMO**) in its Final Report on 2016 Energy Price Limits for the Wholesale Electricity Market in Western Australia.

The ERA approves the revised value for the Maximum Short Term Energy Market (**STEM**) Price of \$240/MWh, and the price components for the Alternative Maximum STEM Price:

\$84.07/MWh + 19.311 multiplied by the Net Ex Terminal distillate fuel cost in \$/GJ

These Energy Price Limits are to take effect on 1 July 2016. The ERA received AEMO's Final Report on 10 June 2016, accompanied by a report prepared by Jacobs Australia Group (**Jacobs**). Jacobs was engaged by AEMO to assist it in undertaking the 2016 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 2016/17 financial year.

Under the *Wholesale Electricity Market Rules* (**Market Rules**), the ERA is required to:

- a) review the report provided by AEMO, 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 AEMO reasonably reflect the application of the method and guiding principles described in clause 6.20 of the Market Rules; and
- whether AEMO has carried out an adequate public consultation process.

The ERA is satisfied that these two requirements have been met by AEMO.

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



Economic Regulation Authority

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