



Notice

22 June 2018

ERA approves 2018 energy price limits

FINAL DECISION

The Economic Regulation Authority (ERA) has approved the Australian Energy Market Operator's (AEMO) proposed energy price limits for the year ahead.

The maximum Short Term Energy Market price limit is approved at \$302/MWh. This limit is set by the cost of gas-fired generation and applies to the generation of electricity from all sources except those using diesel.

The ERA has also approved the price components for the alternative maximum Short Term Energy Market price. This applies to generators that use distillate as a fuel source and who typically have a higher cost of supply. AEMO calculates this price limit monthly using the approved price components and a monthly distillate forecast shown below:

- $\$189.27/\text{MWh} + 19.211$ multiplied by the Net Ex Terminal distillate fuel cost in \$/GJ.

The ERA received AEMO's final energy price limits report on 8 June 2018, accompanied by a consultant report prepared by Jacobs Australia Group. In making its decision, the ERA considered:

- whether the revised values for the energy price limits proposed by AEMO reasonably reflected the application of the method and the guiding principles described in clause 6.20 of the *Wholesale Electricity Market Rules*; and
- whether AEMO carried out adequate public consultation process.

The ERA is satisfied AEMO has fulfilled these requirements.

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

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