



Your Ref: RSC014
Our Ref: D117187
Contact: Holly Medrana

Mr Allan Dawson
Chief Executive Officer
Independent Market Operator
PO Box 7096
Cloisters Square
PERTH WA 6850

Dear Mr Dawson

APPROVAL OF MAXIMUM RESERVE CAPACITY PRICE FOR 2016/17 RESERVE CAPACITY YEAR

The Economic Regulation Authority (**Authority**), in accordance with clause 2.26.1 of the *Wholesale Electricity Market Rules* (**Market Rules**), has approved the revised Maximum Reserve Capacity Price (**MRCP**) proposed by the Independent Market Operator (**IMO**) as part of its MRCP review for the 2014 Reserve Capacity Cycle.

Accordingly, as proposed in the IMO's final report on the MRCP Review for the 2016/17 Reserve Capacity Year, the MRCP for the 2016/17 Reserve Capacity Year is set at \$176,800 per MW per year.

In making its decision on whether to approve the value proposed by the IMO, the Authority considered:

- whether the revised value for MRCP reasonably reflects the application of the method and guiding principles described in clause 4.16 of the Market Rules; and
- whether the IMO has carried out an adequate public consultation process.

Should you have any queries in relation to this matter, please contact Holly Medrana, Senior Analyst Markets, on 6557 7900.

Yours sincerely

LYNDON ROWE
CHAIRMAN

30/1/14