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## 1. INTRODUCTION

As seen on 1 November 2017, the Market Advisory Committee agreed



### Frequency of Energy Price Limits Review

The group considered the current frequency of review of the Maximum Energy Price (MEP) and suggested that the current frequency for review of the MEP is appropriate. However, the group considered that a change in the frequency of review would be needed so that the MEP is not hindered from rising or falling in response to changes in the energy market.

### 3. DRAFT AMENDING RULES PROPOSED BY THE IMO

Following the first meeting, the MO proposed the following amendments to the Market Rules, which were presented to the working group for discussion at its second meeting.

2.1 The Energy Price Limit shall be

the Maximum EM Price

the Annual Maximum EM Price

the Maximum EM Price and

Maximum Hydrogen Price

2.2 The use of the Maximum Hydrogen Price shall apply for

the Relevant Year commencing on 1 October 2025 and

for subsequent Relevant Years the Maximum Hydrogen Price for the preceding Relevant Year updated by the CP index defined by CP x 1, where CP x represents the weighted average of the Consumer Price Index Averages for the eight Australian and New Zealand electricity gas and steam sectors the Australian Bureau of Statistics for the quarter ending one day preceding the start of the Relevant Year and the CP x 1 represents the corresponding value for the quarter ending one day preceding

2.7

use of the Maximum EM Price or Annual Maximum EM Price using the following methodology

1. Prof Margin x

in unidirectional prices, expressed in MWh

2

in conducting the exercise required by use of the MOY to assess the propriety of the use of the Mix-Use Hydro Price

the use of the Mix-Use Hydro Price is based on the MOSES of the opportunity cost of the revenue earned on the revenues for MCAP

the factors considered in setting the Mix-Use Hydro Price is the

change in MCAP in Off-Peak periods

the expected duration of shutdowns

the generation capacity of the units operating required on the shutdown

change of the unit's bid in unidirectional prices, expressed in MWh

the fuel costs of the unit expressed in MWh

the operating and maintenance costs of the unit, expressed in MWh

1.5.1

elements of the bid, offered and clearing price is supported by the

wherein the Energy Commission requires a response to a request by the Michigan Energy Services Authority or

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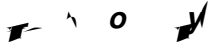
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c for a child or on a school day or during a school holiday or during a public holiday or during a day of the week specified in the following table as defined in Appendix 1 c

d Bin

1 No Compensation for the Energy Generation Corporation for the first year in the following table of scheduled energy or the relevant Market Participants Reserve Capacity Obligation energy on the

Public Domain



**Energy Price Limits** The set of price caps comprising the Maximum EM Price, the Auction Maximum EM Price, and the Minimum EM Price and the Maximum Shutdown Price.

**Maximum Shutdown Price** The maximum per MWh price, determined under clause 2.1.1, that is used in setting the level of compensation under the Market Price Cap when the Energy Auction Corporation requires a response to a request by a system manager to shut down scheduled energy.

**Annex**

Costs for scheduled energy or not registered to the Energy Auction Corporation

Costs for energy and decommissioning

## 6. RECOMMENDATIONS

This report recommends that the Market Advisory Committee endorse the for-  
suggested by the MO of the proposed relating to the determination of Energy Price  
Limits

## Appendix 1 - Terms of Reference

### Energy Price Limits Working Group

#### SCOPE

The working group considers and develops any and all of the Merit Rules resulting from the 2017 Review of the Energy Price Limits in particular, the working group is requested to

- Consider the recommended and all of the methodology regarding the effects and the impact costs
- Assess the recommended on the overall of the Maximum Hydro Price
- Assess the need for changing or providing more flexibility regarding the frequency of the Energy Price Limits reviews
- Consider, as necessary, issues related to the submission of the proposed response of the MO's Draft Report

#### TERMS OF REFERENCE

- Members of the working group are appointed by MAC
- The members of the working group are

Donna Myhre	Chair	MO
Neil Creighton		Assistant
Lee Emond		Chief of Staff
BA		Neighbourhood
Anthony Perrin		Energy
Andre Theriault		Energy
Andre Emond		Energy
Roger Proulx		ERA
Chantal Doy		MO

- The working group will provide a report of the assessment and any proposed revised Merit Rules and all of the findings by February 2017
- The working group will focus on clauses 2.7 and 2.8 of the Merit Rules
- The working group will refer to any other issues that emerge during the discussions with MAC for consideration
- Members are expected to attend any working group meetings as prescribed
- MAC may refer to and extend these terms of reference, as necessary