

Reserve Capacity Price for 2008/09.

The Minister for Energy has approved a change to clause 4.29.1 of the Wholesale Electricity Market Rules.

“From 1 October 2008, if no Reserve Capacity Auction was run for the Reserve Capacity Cycle, the Monthly Reserve Capacity Price will be 85% of the Maximum Reserve Capacity Price for the Reserve Capacity Cycle multiplied by the Excess Capacity Adjustment and divided by 12.

Where the Excess Capacity Adjustment is equal to the minimum of

- a. one, and
- b. the Reserve Capacity Requirement for the Reserve Capacity Cycle divided by the total number of Capacity Credits certified by the IMO for the Reserve Capacity Cycle.”

As a consequence, for the second Reserve Capacity Cycle, which covers the period from 1 October 2008 through to 1 October 2009:

- No Reserve Capacity Auction was run.
- The Maximum Reserve Capacity Price is \$122,500 per MW.
- The Reserve Capacity Requirement is 4,322 MW.
- The number of Capacity Credits assigned by the IMO is 4,599.875.
- The Monthly Reserve Capacity Price is \$8,152.91 per MW.

Note that the Monthly Reserve Capacity Price for the first Reserve Capacity Cycle (from Market Start through to 1 October 2008) is unchanged at \$10,625 per MW.

Independent Market Operator
18 August 2006