



Hon Bill Johnston MLA
Minister for Mines and Petroleum; Energy; Industrial Relations;

Our Ref: 71-14595
Your Ref: D213753

Ms Nicola Cusworth
Chair
Economic Regulation Authority
PO Box 8469, PERTH BC WA 6849

Dear Ms Cusworth *Nghy*

**REVIEW OF THE METHOD USED TO CALCULATE THE BENCHMARK RESERVE
CAPACITY PRICE AND THE ENERGY PRICE LIMITS PURSUANT TO CLAUSE
2.26.3 OF THE WHOLESALE ELECTRICITY MARKET RULES**

Thank you for your ongoing support for and input into the Energy Transformation Strategy process, the Government's key energy policy priority.

We are now approaching a critical time in the Energy Transformation Strategy work, with the detailed design, drafting of and consulting on changes to the Wholesale Electricity Market (WEM) Rules to implement new WEM arrangements commencing on 1 October 2022.

I understand that the ERA is finalising a consultation paper on the review of the method for calculating the Benchmark Reserve Capacity Price and the Energy Price Limits pursuant to Clause 2.26.3 of the WEM Rules. A number of important aspects of this review overlap with details of the new WEM arrangements currently being developed by the Energy Transformation Taskforce.

Accordingly, I consider there to be clear benefit in delaying the clause 2.26.3 review until some time after 1 October 2022. The review required under clause 2.26.3 would benefit greatly from the clarity provided by the WEM design and rule changes currently under development. Delaying the review to after the completion of the Energy Transformation Strategy work would also likely be in the interest of stakeholders' engagement in your process.

I have consulted with Steve Edwell, the Chair of the Energy Transformation Taskforce, on this issue and he supports the above approach. Some of the forthcoming changes to WEM rules being developed by the Energy Transformation Taskforce may also present an opportunity to formally postpone the deadline for completing the clause 2.26.3 review to an appropriate future date, if such a formal step is considered to be necessary.

Thank you for your understanding and attention to this matter, and I trust that the above information is of assistance.

Yours sincerely



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4 MAY 2020

cc. *Steve Edwell, Chair of the Energy Transformation Taskforce*
Kate Ryan, Acting Executive Director, Energy Policy WA