

**Decision Criteria for Evaluating Options for Resolution to
the Ramp Rate Multiplier Issue**

Overall:

Any change in pricing method:

- provides an overall improvement when compared to the MPWG principles
- is consistent with the long term vision of a market with minimal price regulation and investment support.

The impact on market costs including energy market prices and uplift should be evaluated for all options considered.

MPWG Principles related to price determination methods

Efficiency

- producing the right amount in the lowest cost and providing power to those most willing to pay
- suppliers and consumers can see prices and are able to respond to them
- price methodology should drive participants short term behaviour to benefit market efficiency (e.g. adjustment of dispatch data including price/quantity and ramp rates)
- price methodology and compensation should provide incentives for efficient technology choice and timely and efficient capacity investment

Fairness

- prices should result in transfers of wealth between stakeholders that are no more or no less than needed to induce the efficient outcomes

Reliability

- prices should provide incentives to participants to follow dispatch instructions.
- prices should provide incentives to participants to respond appropriately to address immediate reliability concerns
- total compensation should provide incentives to ensure long term capacity adequacy.

Transparency

- pricing methodology should provide a suitable and stable basis for forward contracting. This means that price determination methodology must:
 - be simple and clear
 - produce prices which are predicible
 - produce prices which reflect system conditions