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**AUSTRALIAN ALUMINIUM COUNCIL RESPONSE TO: *NATIONAL ELECTRICITY LAW AMENDMENTS – RETAILER  
RELIABILITY OBLIGATION***

Thank you for the opportunity to provide a submission to the consultation on National Electricity Law amendments for a Retailer Reliability Obligation. This submission is made on behalf of Australia's aluminium industry, and covers the significant electricity use and economic activity associated with aluminium smelters and alumina refineries connected to the National Electricity Market (NEM).

We note that the current draft Bill is a modified version from that previously consulted on in August 2018. The Council made a submission on that previous draft. The recent amendments relate primarily to the removal of the emissions reduction requirement from the August Draft Bill.

With respect to the latest draft of the Bill, the Aluminium Council wishes to re-iterate two key points from our previous submissions.

Grandfathering existing contracts

The Council has consistently highlighted the importance of grandfathering existing contractual arrangements as meeting the reliability requirement of the Guarantee. We acknowledge that the design has allowed for this eventuality. However, giving effect to this intent is to be done through the National Electricity Rules, and we indicate a strong interest in discussing how this will be done; to ensure that the policy intent is achieved with minimal unintended consequences.

Pre-conditions to trigger reliability obligation

We understand that alternative pre-conditions for triggering the reliability obligation are being advocated by some parties, including Ministerial discretion to trigger, and/or the removal of the precondition of a determination three years out from the Australian Energy Regulator (AER) that a material reliability gap exists.

The aluminium industry has a strong preference for the retention of the design initially consulted on – that is, the pre-conditions to trigger the reliability component would be a determination by the AER three years out (T-3) that a material reliability gap exists, and another determination one year out (T-1) that the gap persists.

The alternatives would mean that liable entities must assume that the reliability obligation can be triggered at short notice. This would force liable entities to behave – at all times – as if there is a material reliability gap imminent and would distort the contracting market, leading to higher costs.

Thank you again for the opportunity to provide a submission to the consultation on National Electricity Law amendments for a Retailer Reliability Obligation. I am happy to provide further information on any of the issues raised in this letter. The Council looks forward to engaging more through the implementation of these recommendations.

Yours sincerely



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