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AUSTRALIAN ALUMINIUM COUNCIL RESPONSE TO: *FIRMNESS PRINCIPLES FOR QUALIFYING CONTRACTS*

Thank you for the opportunity to provide a submission to the consultation paper: *Firmness principles for qualifying contracts*. 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).

The aluminium council notes the progress in the design of the Retailer Reliability Obligation and is supportive of the direction being taken.

Grandfathering existing contracts

We have previously noted the importance of grandfathering existing contractual arrangements as meeting the reliability requirement of the National Energy Guarantee. We understand that the design of the Retailer Reliability Obligation still includes this feature. We continue to have a strong interest in discussing how this will be done to ensure that the policy intent is achieved with minimal unintended consequences.

Demand management

We note that the proposed firmness principles may require some adaption and adjustment to be applied to demand management. It is likely that demand management will be an important contributor to 'firmness' in the National Electricity Market.

Provision of information and auditing

Contractual arrangements for electricity supply are necessarily confidential issues in an energy-intensive industry such as ours. In creating a framework for firmness testing, the intent should be to set the rules and guidelines for the audit. The Australian Energy Regulator (AER) should not then effectively re-audit the assessment or require the provision of the information that formed the basis of the audit, as is implied in the firmness principles paper

I am happy to provide further information on any of the issues raised in this letter. The Council looks forward to engaging more with the Energy Security Board through the implementation of the Retailer Reliability Obligation.

Yours sincerely



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