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RESPONSE TO ACCC RECOMMENDATION 41 CONSULTATION PAPER

Thank you for the opportunity to provide a response to the ACCC Recommendation 41 Consultation Paper. 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 that the justification for ACCC Recommendation 41 (and Recommendation 6, for a trade repository) included "that it considered that the lack of transparency in the OTC market impeded the transmission of price signals in the market and introduced uncertainty for participants and policy makers".

On this point, we note that the electricity supply to alumina refineries and smelters are a small number of large contracts that are not typically replicable or representative of other areas of the market. Furthermore, the contracts are unique and highly confidential. Any requirement that new contracts are reported or entered into some form of trade repository will be problematic for the large, longer-life contracts that aluminium smelters or alumina refineries typically enter – in particular neither party will want to disclose key terms, as electricity supply terms, including price are a major differentiator of facility competitiveness and therefore commercially sensitive.

For these reasons we do not support the inclusion of large, long-term electricity contracts such as those entered into by alumina refineries and aluminium smelters in any requirement for data reporting to a trade repository or under other information gathering powers.

Thank you again for the opportunity to provide a response to the ACCC Recommendation 41 Consultation Paper. I am happy to provide further information on any of the issues raised in this letter.

Yours sincerely



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