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AUSTRALIAN ALUMINIUM COUNCIL RESPONSE TO: *OTC TRANSPARENCY IN THE NEM AND MARKET MAKING REQUIREMENT IN THE NEM*

Thank you for the opportunity to provide a submission on the two consultation papers: *OTC Transparency in the NEM* and *Market Making Requirement in the NEM*. 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 industry is supportive of the general direction proposed in the consultation papers, subject to the specific comments provided below.

OTC Transparency in the NEM

Facilities in the aluminium industry typically rely on large long-life contractual arrangements for electricity supply. The terms of these arrangements are commercially sensitive within the aluminium industry and will often also be commercially sensitive in the electricity market.

Any requirement to disclose data about the arrangements should be restricted to relevant information such as period and quantities, as would be needed to determine the 'firmness' of the contract. Information such as price and other electricity supply terms should not be required to be disclosed given the commercially sensitive nature of the arrangements.

If it were decided that price information should be published, this requirement should be restricted only to new contracts and there should be provisions to protect sensitive details of large and/or long-term contracts.

Market Making Requirement in the NEM

The proposed Market Liquidity Obligation will be important if a future reliability requirement is triggered. We understand the need to ensure that integrated gentailers make contracts available at critical times.

However it is important that this obligation not also inadvertently be applied to large electricity users who may have their own integrated electricity supply with the specific purpose of underpinning their (non-electricity) business operations. As a result we support the proposed approach that the obligation would be imposed in situations where both a retailer and a generator licence were held.

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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