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Australian Energy Market Commission
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AUSTRALIAN ALUMINIUM COUNCIL RESPONSE TO: *PROPOSED ACCESS MODEL*

Thank you for the opportunity to provide a submission to the discussion paper: Coordination of Generation and Transmission Infrastructure proposed access model, dated 14 October 2019. 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 Council notes the progress in Coordination of Generation and Transmission Infrastructure and is generally supportive of the direction being taken with an intention providing improved price signals and better reliability. The Council supports mechanisms which will lead to greater transparency in pricing methodology.

The Council appreciates the opportunity for broad consultation ahead of drafting the rule changes necessary for this reform, however notes that as contractual arrangements for electricity supply are necessarily confidential issues in an energy-intensive industry such as alumina refining and aluminium smelting, only general comments can be made.

As large energy users, both the alumina refineries and aluminium smelters have generally have very high transmission capacity factors, of 90-100%, and are usually located in areas where there are few constrictions in the transmission network. As such, these refineries and smelters are highly efficient users of the existing transmission assets.

The discussion paper notes the need to manage existing contracts, and in particular ensure transitional arrangements to grandfather rights under current contractual arrangements. This grandfathering of rights, should be considered to apply not only to incumbent generators as discussed in the paper but also to large electricity users. 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 and ensure there is no disadvantage.

Given the importance of electricity use in the alumina and aluminium industries, the Council welcomes the opportunity to be involved in ongoing consultation on this matter.

Yours sincerely,



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