

media release

Demand for electricity rises in Queensland

19 January 2017

Stanwell remains open to exploring options with Boyne Smelters Limited (BSL) to assist with their load requirements, however, any agreement would need to be reflective of market prices and demonstrate value to both parties, Stanwell's Chief Executive Officer Richard Van Breda said.

"If BSL had accepted one of the many offers presented to it, not only would it have avoided the current volatility in spot prices but it would have been in a better financial position, as the contract prices offered are now at a significant discount to the spot market," he said.

"Since 2015, Stanwell has engaged with BSL on numerous occasions. Unfortunately, BSL has chosen not to accept any of these offers, citing that electricity contract prices offered by Stanwell are uncommercial to their business given current aluminium market trading conditions.

"As a government owned corporation, Stanwell will not offer uncommercial contracts which would effectively see Stanwell and its owners, the people of Queensland, subsidising the operations of a multinational company."

Responding to recent criticism by BSL regarding high wholesale electricity prices in Queensland impacting on its operations, Mr Van Breda also said:

"The current volatility in Queensland wholesale prices should come as no surprise to large energy users as hot weather in Queensland during summer and early autumn traditionally results in a narrowing between supply and demand.

"High prices in Queensland's wholesale electricity market are currently being driven by high demand in response to very hot weather conditions across the state. On 18 January 2017, a new demand record was set at 9,357 MW, exceeding the previous record of 9,097 MW.

"The wholesale prices in January reflect the market working as intended and in all cases Stanwell has been totally transparent in its trading activities in the wholesale electricity market and has acted in accordance with market rules and conventions.

"Stanwell engages with large energy users on a regular basis, offering competitively priced contracts which provides these businesses with fixed electricity prices and removes exposure to the volatility of spot electricity prices.

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