

12 April 2016

Mr Bryan Green MP
Leader of the Opposition
Parliament House
Hobart TAS 7000

Dear Mr Green,

Right to Information Request - 9 February 2016

I refer to your request pursuant to the *Right to Information Act 2009* (RTI Act) received on 9 February 2016 by Hydro Tasmania and extended under section 37 for item 2 of your request.

The decisions for items 1 and 3 of your request were advised to you under cover of letter dated 8 March 2016.

I am authorised to make decisions on behalf of Hydro Tasmania in respect of applications for information under the RTI Act.

1. Your Request

1. A copy of all information produced between 1 June 2015 and 9 February 2016 including advice, reports, briefing notes, financial modelling as well as any correspondence regarding buyback of power contracts in Tasmania
(“the Request”)

2. Determination and Reasons for Determination of the Request

I have undertaken a search of the information held by Hydro Tasmania to locate any records that may be relevant to the Request and have determined the information which can be released to you that is responsive to your request is attached and is marked Annexure A.

3. Information provided

Annexure A contains all information related to buyback of power contracts in Tasmania as requested.

4. Information withheld

I have made the decision to not release certain information:

- The names of officers and contact details have been redacted as that is not information relevant to the request and officer details are also protected by the Privacy Act. Hydro Tasmania has received verbal advice from the Ombudsman's Office that names and details of officers of Hydro Tasmania are not "information" under the RTI Act.
- Information which is exempt under Section 27 of the RTI Act has been withheld
- Information which is exempt under Section 37 of the RTI Act has been withheld
- Information which is exempt under Section 38 of the RTI Act has been withheld
- Information which is exempt under Section 39 of the RTI Act has been withheld
- As required under Section 33 of the RTI Act, I considered the Public Interest Test assessment criteria under the Schedule to the RTI Act in regards to the information ultimately withheld pursuant to sections 27, 37, 38 or 39 and have determined that it was not in the public interest as a whole to disclose the withheld information.

The reasons for the determination are:

- that the release of the information would not contribute to the debate on the matter;
- the information would not inform the request about the reasons for a decision;
- that the disclosure may have a substantial adverse effect on the management by Hydro Tasmania of its staff;
- the disclosure would prejudice the ability of Hydro Tasmania to obtain similar contract enquiries in the future;
- the disclosure would not provide the contextual information to aid in the understanding of Hydro Tasmania's decisions;
- disclosure would harm the business and financial interests of Hydro Tasmania;
- the information is related to the business affairs of Hydro Tasmania and if released would cause harm to the competitive position of the corporation.

3. Review of Rights

You are entitled under Section 43 of the RTI Act to apply for a review of the decision made.

Any request for such a review should be made in writing within twenty (20) working days of receiving this letter and addressed to:

Mr S Davy
Chief Executive Officer
Hydro Tasmania
4 Elizabeth Street
HOBART TAS 7000

Should you have any questions on the information provided please contact the undersigned.
This request is now considered closed.

Yours sincerely

A handwritten signature in black ink, enclosed in a thin black rectangular border. The signature is cursive and appears to read 'Alan W. Evans'.

Alan W. Evans
Right to Information Officer & Corporation Secretary
Hydro Tasmania
t 03 6230 5300
e alan.evans@hydro.com.au
f03 6231 4217

3 February 2016

Hon Peter Gutwein MP
Treasurer
Level 9, Executive Building
15 Murray Street
HOBART TAS 7000

Hon Matthew Groom MP
Minister for Energy
Level 10, Executive Building
15 Murray Street
HOBART TAS 7000

Dear Treasurer and Minister

NEGOTIATED OFFER FOR MI LOAD REDUCTION

Thank you for your letter of 29 January 2016 that outlines a number of matters for consideration during the current period of low inflows and very low dam levels. In accordance with your letter and our previous undertakings, I am writing to notify you of the Board's urgent consideration of a load reduction offer we have received from Rio Tinto Bell Bay Aluminium (RTBBA) in respect of managed curtailment at the Bell Bay aluminium smelter.

The offer is for up to 120GWh (0.8% Total Energy in Storage equivalent) with a maximum load reduction of 40MW. There are a number of other features in the offer that assist Hydro Tasmania to manage energy supply that do not materially impact RTBBA. The precise offer is in the attached term sheet. The offer by RTBBA provides [REDACTED]

[REDACTED]. The risks to both companies have been discussed extensively during negotiations so that both companies are fully aware of the implications of this offer. RTBBA have notified Hydro Tasmania (late on 2 February 2016) that the offer has been internally approved and capable of immediate acceptance by Hydro Tasmania.

Disclosure is exempt under Section 38 (a) (ii) of the Right to Information Act 2009

Background

By way of background:

- The Basslink cable failed on 20 December 2015 due to an undersea fault. Basslink Pty Ltd has recently notified that their predetermined 60 day repair expectation will now be 90 days (with a forecast return to service date of 19 March 2016). High voltage undersea cable repair is a very complex process and something that has not been done before on the Ile de Re. Hydro Tasmania has no specific reason to expect the return to service to be delayed, but there are many elements of the program that have the potential to cause delay along with the influence of bad weather.

- Total Energy in Storage (TEIS) is currently 18.8% [REDACTED]

Information not relevant to request

Rainfall continues to be low (January yield 55% of average) with no significant rain forecast in the next fortnight.

- [REDACTED]

Information not relevant to request

- [Redacted]
- [Redacted]

Information not relevant to request

In response, Hydro Tasmania has:

- [Redacted]
- Entered into a commercial arrangement with TEMCO that reduces consumption at the smelter by [Redacted].
- [Redacted]
- [Redacted]
- [Redacted]

Information not relevant to request

RTBBA Offer

Hydro Tasmania and RTBBA are parties to a Contract which terminates on 31 December 2025. This Contract was negotiated in 2010 and was the first contract negotiated with RTBBA after the commissioning of Basslink and National Electricity Market entry. It was renegotiated in 2012 when the Bell Bay smelter was under the threat of closure.

[Redacted]

[Redacted]

Disclosure is exempt under Section 38 (a) (ii) of the Right to Information Act 2009

[Redacted]

[Redacted]

[Redacted]

Hydro Tasmania and RTBBA have reached a commercial outcome [Redacted]

[Redacted]. Accepting the RTBBA offer

has the effect of preserving water in storage, up to 0.8% TEIS, should all load reduction options be exercised, lowering overall energy supply risks.

[Redacted]

[Redacted]

Disclosure is exempt under Section 38 (a) (ii) of the Right to Information Act 2009

Information not relevant to request

Disclosure is exempt under Section 38 (a) (ii) of the Right to Information Act 2009

We understand that while there is a potential economic impact which is beyond our scope to analyse, this offer is clearly negotiated offer, and thus considered by RTBBA, based on our joint desire to maintain smelter viability while reducing risks to both parties.

[REDACTED]
[REDACTED] We understand that the Bell Bay smelter has been in readiness to make the necessary adjustments for [REDACTED] and will respond as soon as Hydro Tasmania accepts their offer. The value of this offer has already eroded in this time.

Disclosure is exempt under Section 27 (1) (a) of the Right to Information Act 2009

Board Resolution

The Board of Hydro Tasmania intends to consider the RTBBA offer on Thursday morning, 4 February 2016. With the information before it, I expect that the Hydro Tasmania Board will approve the negotiated variation to the Contract at this time.

[REDACTED]

[REDACTED] Yours sincerely

Information not relevant to request

G.V Every-Burns
Chairman

Attachment: Contract variation term sheet

14 January 2016

Tasmanian Electro Metallurgical Company Proprietary Limited
PO Box 164
George Town, TAS 7253
Attention: [REDACTED]
by email: [REDACTED]

Dear [REDACTED]

Capacity Contingency Agreement Amendment and Associated Matters

The purpose of this letter is to confirm the agreement between Hydro-Electric Corporation ABN 48 072 377 158 (**Hydro Tasmania**) and Tasmanian Electro Metallurgical Company Proprietary Limited ABN 23 004 456 035 (**TEMCO**) in relation to the amendment of the Capacity Contingency Service Agreement between TEMCO and Hydro Tasmania entered into on 2 June 2015 (**CCS Agreement**) and associated matters.

The amendments are effective as and from the date this letter is signed by both Hydro Tasmania and TEMCO. This letter agreement is governed by Tasmanian law.

1. Background

- 1.1 TEMCO has recently taken Furnace 5 offline due to issues being experienced with the transformer for the furnace and TEMCO has approached Hydro Tasmania in respect of a load reduction in support of the furnace outage.
- 1.2 Hydro Tasmania and TEMCO are parties to the CCS Agreement.
- 1.3 Hydro Tasmania's storages are at 22.5% as at (4 January 2016), and Basslink is presently on outage due to an undersea cable fault.
- 1.4 A level 4 escalation trigger has occurred under Hydro Tasmania's Storage Management Guidelines and on 6 January 2016 Hydro Tasmania notified TEMCO of this occurrence in accordance with the requirements in the CCS Agreement.

- [REDACTED]
- 1.6 AETV Pty Ltd, a fully owned subsidiary of Hydro Tasmania is a party to a Generator Contingency Services Agreement with TEMCO which supports the running of TVPS [REDACTED] (GCS Agreement).

Disclosure exempt
under sections
37(1)(b) and 39(1)
(b) of the Right
to Information Act
2009

2. CCS Agreement Amendment

Hydro Tasmania and TEMCO agree to amend the CCS Agreement for the 2016 Contract Period as follows:

- 2.1 The definition of Curtailment Period is deleted and replaced with the following:

"**Curtailment Period** for a Contract Period means:

[REDACTED]

[REDACTED]

2.2 The definition of Maximum Curtailment Volume is deleted and replaced with the following:

"Maximum Curtailment Volume means:

- (a) for the Contract Period which starts on 1 [REDACTED] 2016, [REDACTED] MWh; and
- (b) for all other Contract Periods, [REDACTED] MWh."

2.3 The following new definitions are added to clause 1.1, in alphabetical order:

2.3.1 **"Contract Period Cap** means:

- (a) for the Contract Period which starts on 1 [REDACTED] 2016, [REDACTED]; and
- (b) for all other Contract Periods, [REDACTED]"; and

2.3.2 **"Contract Period Fee** means:

- (a) for the Contract Period which starts on 1 [REDACTED] 2016, [REDACTED]; and
- (b) for all other Contract Periods, [REDACTED]".

2.4 The formula for Annual Fee in clause 3(a) is deleted and replaced with:

[REDACTED]

2.5 Clause 6(e)(iii) is deleted and replaced with:

"If a termination occurs during the Curtailment Period in a Contract Period, [REDACTED] [REDACTED] in respect of that Contract Period will be an amount calculated as follows:

[REDACTED]

Disclosure exempt under sections 37(1) (b) and 39(1) (b) of the Right to Information Act 2009

Disclosure exempt under sections 37(1) (b) and 39(1) (b) of the Right to Information Act 2009

3. CCS Additional Agreement

Hydro Tasmania and TEMCO also agree to the following in consideration for the amendments to the CCS Agreement set out above:

- 3.1 Subject to the below point, TEMCO agrees to reduce load and Hydro Tasmania agrees to pay TEMCO [REDACTED] MWh for such load reductions during each trading interval in the period 11 January 2016 to 30 June 2016 during which TEMCO's

electrical load is less than 52.5MWh, up to a maximum of 15MWh for each trading interval. Load reduction means the difference between 52.5MWh and TEMCO's electrical load in the trading interval. A trading interval is each half hour period starting on the hour and half hour;

3.2

3.3

Disclosure exempt under sections 37(1)(b) and 39(1)(b) of the Right to Information Act 2009

3.4 All amounts payable by Hydro Tasmania are exclusive of GST. If any GST is payable by TEMCO on any taxable supplies under this letter agreement, TEMCO may also charge Hydro Tasmania for the GST.

3.5 A word or term defined in *A New Tax System (Goods and Services Tax) Act 1999* (Cth) has the same meaning in this letter agreement where used in connection with the GST as defined under that Act.

4. GCS Impact

4.1 TEMCO and Hydro Tasmania acknowledge that the reduction in load contemplated by the CCS Additional Agreement set out above will result in TEMCO being unable to provide more than 75MW of load for use by AETV for the purpose of undertaking Load Interruption Events under the GCS Agreement.

4.2 TEMCO and Hydro Tasmania acknowledge that no amendment to the GCS Agreement is required to give effect to this as TEMCO's obligation under that agreement is limited to an obligation to make a Load Block available for GCS whenever that Load Block is consuming active power at or above its threshold for performance as set out in the Participation Deed.

Please confirm the terms of our agreement by executing and returning a copy of this letter to contracts.administration@hydro.com.au.

Yours sincerely

[Redacted signature]

[Redacted signature]

on behalf of Hydro-Electric Corporation (ABN 48 072 377 158).

Signed for and on behalf of Tasmanian Electro Metallurgical Company Proprietary Limited (ABN 23 004 456 035) by its authorised representative(s):

Signed:

Name:

Position:

Date:

[Redacted signature and name information]

[Redacted]

From: [Redacted]
Sent: Monday, 11 January 2016 3:41 PM
To: [Redacted]
Cc: [Redacted]
Subject: RE: Hydro Tas TEMCO Terms Sheet.docx
Categories: Information

My apologies [Redacted] MW should read [Redacted] MW

Disclosure exempt
under sections 37(1)
(b) and 39(1)(b) of
the Right to
Information Act 2009

From: [Redacted]
Sent: Monday, 11 January 2016 3:40 PM
To: [Redacted]
Cc: [Redacted]
Subject: Hydro Tas TEMCO Terms Sheet.docx

[Redacted]

As discussed, TEMCO have indicated that they would be prepared to transact against the attached amended term sheet.

It would be appreciated if you could draft up the required letter of amendment.

Regards,

[Redacted]

*Names removed under the Privacy Act

[REDACTED]

From: [REDACTED]
Sent: Friday, 8 January 2016 3:05 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: Indicative term sheet

Categories: Information

[REDACTED]

I confirm that the basis of what is contained in the attached term sheet complies with the Energy Trading Policy and associated Standard.

Under the Energy Trading Standard (Wholesale) changes to existing contracts may be made provided

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

The transaction energy volume (16.8MWh) is within your delegated authority under the Energy Trading Policy, your limit is [REDACTED]Wh over the transaction period.

Disclosure exempt under sections 37(1)(b) and 39(1)(b) of the Right to Information Act 2009

Based on the above I am satisfied this indicative term sheet complies with the Energy Trading Policy.

Regards

[REDACTED]

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From: [REDACTED]
Sent: Friday, 8 January 2016 2:56 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: Indicative term sheet

[REDACTED]

Please see attached indicative term sheet for discussion.

Regards,

[REDACTED]

From: [REDACTED]
Sent: Wednesday, 6 January 2016 5:25 PM
To: [REDACTED]
Subject: FW: TEMCO options this is what i sent FYI

Categories: Information

From: [REDACTED]
Sent: Friday, 4 December 2015 9:58 AM
To: [REDACTED]
Subject: FW: TEMCO options

Hi [REDACTED], to cover off a number of issues we have discussed in recent times.

1. TEMCO is able to offer a reduction in load as long as we can cover our fixed cost allocation (is our internal principle). Our offer as discussed is a contract load reduction of 20 mws is the mechanism that we are proposing at a price per MWH of \$[REDACTED]. At your request I have examined the possibility of extending this arrangement to 6 months from the 3 months previously canvassed. We can service up to 6 months. I am thinking as your issue is a demand issue rather than capacity the more beneficial for both parties would be to structure any agreement based on overall mwhrs reduced with some monthly minimum to encourage maximum reduction in earlier months rather than later. (based on 6 months below but the 3 / 4 month option on a similar methodology is also available). (for clarity 3 months overall would be [REDACTED] mws) [REDACTED] mwhrs @ \$[REDACTED] per mwh all up with a minimum monthly reduction of [REDACTED] mwhrs and based on our internal capacity the potential for larger reductions in earlier months up to the [REDACTED] overall cap. Happy to consider flexing this proposal as long as we can keep it simple but for the purposes of resolving certainty for both parties this offer remains open only until 31 Dec 2015 subject to acceptable terms.
2. GCS confirmed as available per previous email today.
3. I have not been locate records of payment to TEMCO and accordingly presume TEMCO have not yet been paid for the provision of the GCS service per our previous agreement. As discussed could you please confirm or provide some evidence of payments being made under the agreement.
4. Both HT and TEMCO understand that there is an inter relationship between provision of GCS / Basslink SPS services and load reduction as described above (i.e. A reduction in load demand may impact the provision of tripping services by TEMCO). Both parties will work in good faith to ensure that the provision of the best commercial outcome in terms of the combination of these services is equitably shared between the 2 parties.
5. Appreciate your earlier feedback on the above. If the offer is of no interest to HT it would be good to get that understanding prior to 31 Dec 2015.

Disclosure
exempt under
sections
37(1)(b) and
39(1)(b) of
the Right to
Information
Act 2009

PO Box 164
George Town, TAS, 7253, Australia

[REDACTED]
south32.net



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*Names have been removed under the Privacy Act

[REDACTED]

From: [REDACTED]
Sent: Wednesday, 6 January 2016 12:44 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: FW: Update on TEMCO load

Categories: Information

fyi

-----Original Message-----

From: [REDACTED]
Sent: Wednesday, 6 January 2016 12:42 PM
To: [REDACTED]
Subject: FW: Update on TEMCO load

Hi [REDACTED], self-explanatory note below

[REDACTED]

[REDACTED]

PO Box 164
George Town, TAS, 7253, Australia

[REDACTED]
south32.net

-----Original Message-----

From: [REDACTED]
Sent: Wednesday, 6 January 2016 12:26 PM
To: [REDACTED]
Subject: Update on TEMCO load

Hi [REDACTED] We have had a couple of delays in repositioning our spare transformer back into [REDACTED]. Latest is that we will be reinstalling over the weekend with a slow ramp up on Sunday and back to very close to full plant load Monday ~mid day at the earliest. Please use this information as you see fit to manage generation. The operating scenario we are currently pursuing is to run [REDACTED] at capacity from Monday to minimise unit fixed costs. We remain interested in the alternative mitigating scenario of commercial Load reduction opportunities as previously discussed.

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sections 37(1)
(b) and 39(1)(b)
of the Right to
Information Act
2009

[REDACTED]

PO Box 164
George Town, TAS, 7253, Australia

[REDACTED]

south32.net

-----Original Message-----

From: [REDACTED]
Sent: Wednesday, 6 January 2016 9:33 AM
To: [REDACTED]
Subject: GCS - executed agreement attached

[REDACTED]

-----Original Message-----

From: [REDACTED]
Sent: Tuesday, 5 January 2016 1:41 PM
To: [REDACTED]
Subject: Signed and attached

[REDACTED]

[REDACTED]

PO Box 164
George Town, TAS, 7253, Australia

[REDACTED]

south32.net

-----Original Message-----

From: Temco Administration [REDACTED]
Sent: Tuesday, 5 January 2016 2:43 PM
To: [REDACTED]
Subject: Scan Data from TPR110

Number of Images: 15
Attachment File Type: PDF

Device Name: Temco Administration

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[Redacted]

From: [Redacted]
Sent: Monday, 4 January 2016 4:11 PM
To: [Redacted]
Subject: FW: Fce 5
Attachments: Document1.docx

Hi [Redacted]

[Redacted]

Disclosure
exempt
under
section
37(1)(b)
and 39(1)
(b) of the
Right to
Informatio
n Act 2009

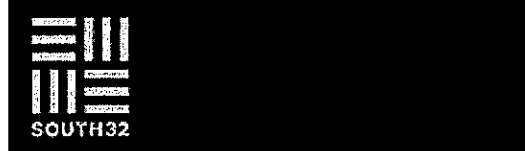
[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]



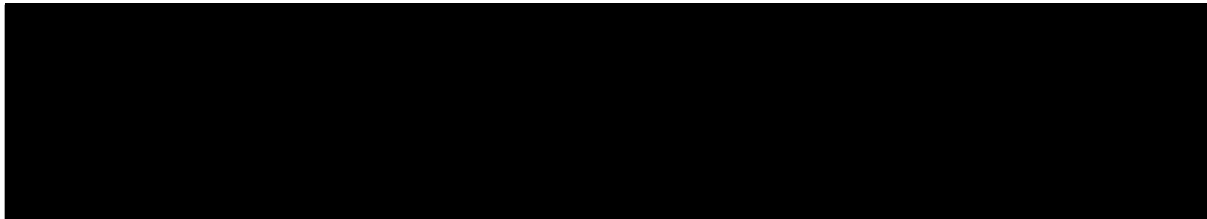
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Market conditions / F5 transformer update



Disclosure exempt
under section 37
(1)(b) and 39(1)
(b) of the Right
to Information
Act 2009

With Furnace 5 spare transformer required to be install we have taken the decision not to push for maximum capacity this quarter and will operate at a 20 MW reduced plant load for the next 3 months



Disclosure exempt
under section 37
(1)(a) and 37(1)(b)
of the Right to
Information Act
2009

*Names removed under the Privacy Act

[REDACTED]

From: [REDACTED]
Sent: Monday, 4 January 2016 2:45 PM
To: [REDACTED]
Subject: RE: TEMCO load reduction/delayed return?

[REDACTED]

[REDACTED] price hasn't changed ([REDACTED]/MWh) and he says he has [REDACTED] it but will do what he needs to make the business case stack up. [REDACTED] Note Norske gave a \$ [REDACTED] range.

Disclosure
exempt
under
section
38(a)(ii)
of the
Right to
Information
Act 2009

[REDACTED]

It will be easy to document.

[REDACTED]

-----Original Message-----
From: [REDACTED]
Sent: Monday, 4 January 2016 10:09 AM
To: [REDACTED]
Subject: RE: TEMCO load reduction/delayed return?

[REDACTED] Something that is [REDACTED]
[REDACTED] a buy back [REDACTED] to deal with their transformer failure [REDACTED]

Disclosure exempt
under section
38(a)(ii) of the
Right to
Information Act
2009

Best Regards,

[REDACTED]

[REDACTED]

4 Elizabeth Street, Hobart TAS 7000

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-----Original Message-----
From: [REDACTED]
Sent: Monday, 4 January 2016 9:53 AM
To: [REDACTED]
Subject: TEMCO load reduction/delayed return?

Importance: High

[REDACTED]

[REDACTED] has asked again this morning about entering into an energy buy back agreement for purely commercial purposes.

[REDACTED]

The transformer that recently failed will need to be replaced. Their spare was manufactured in 1976 and if they choose to go to market now for a new transformer, [REDACTED]

[REDACTED]

He asked whether they need to engage with you or [REDACTED] to explain why this would make good commercial sense for TEMCO.

[REDACTED]

-----Original Message-----

From: [REDACTED]
Sent: Friday, 1 January 2016 9:26 AM
To: [REDACTED]
Subject: TEMCO load reduction

TEMCO have furnace 5 out due to a transformer failure a couple of days ago- load can be expected to be reduced by approx 32MW for all of next week until they install their spare.

Sent from my iPhone

*Names removed under the Privacy Act

Disclos
ure
exempt
under
section
38(a)
(ii) of
the
Right
to
Informa
tion
Act
2009

[REDACTED]

From: [REDACTED]
Sent: Monday, 4 January 2016 2:27 PM
To: [REDACTED]
Subject: Norske Skog - energy buyback

Categories: Information

Spoke with [REDACTED] this afternoon:

- is willing to sell back load at [REDACTED] MWh (cf TEMCO \$ [REDACTED])
- would need about a month's notice to implement
- has no interested at the [REDACTED] range

Disclosure exempt under
section 38(a)(ii) of the
Right to Information Act
2009

*Names removed under the Privacy Act

[Redacted]

From: [Redacted]
Sent: Friday, 1 January 2016 9:21 AM
To: [Redacted]
Subject: Load reduction temco

Hi [Redacted] we have furnace 5 out due to a transformer failure a couple of days ago. The tenco load can be expected to be reduced by approx 32 mws for all of next week until we install our spare.
Please use this information if it helps your generator management
[Redacted]

Sent from Outlook

On Wed, Dec 30, 2015 at 5:36 PM -0800, [Redacted] wrote:

[Redacted]

Disclosure
exempt
under
section
37(1)
(a)and
39(1)(b)
of the
Right to
Informatio
n Act 2009

From: [Redacted]
Sent: Wednesday, 16 December 2015 8:46 AM
To: [Redacted]
Subject: draft Generator Contingency Service Agreement
Importance: High


[Redacted]
[Redacted]
[Redacted]

[Redacted]

Disclosure
exempt
under
section
37(1)
(a)and
39(1)(b)of
the Right
to
Informatio
n Act 2009



Kind regards



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*All names have been removed under the Privacy Act

[REDACTED]

From: [REDACTED]
Sent: Friday, 1 January 2016 9:26 AM
To: [REDACTED]
Subject: TEMCO load reduction

TEMCO have furnace 5 out due to a transformer failure a couple of days ago- load can be expected to be reduced by approx [REDACTED] MW for all of next week until they install their spare.

Sent from my iPhone

Disclosure
exempt under
section 38(a)
(ii) of the
Right to
Information
Act 2009

*Names removed under the Privacy Act

From: [REDACTED]
Sent: Wednesday, 23 December 2015 11:06 AM
To: [REDACTED]
Subject: BBA

Categories: Information

Issues for consideration

1. If Basslink outage goes for 60 days [REDACTED] storages below high risk line [REDACTED]
2. [REDACTED]
3. LME price still low US\$1509
4. [REDACTED]
5. BBA responded [REDACTED] commercial position [REDACTED]
6. [REDACTED]

Disclosure exempt under section 38(a)(ii) of the Right to Information Act 2007

From: [REDACTED]
Sent: Wednesday, 23 December 2015 9:24 AM
To: [REDACTED]
Subject: FW: BBA [REDACTED]
Importance: High

External legal advice confirms this interpretation, ie if Basslink outage continues for 60 days [REDACTED]
[REDACTED]

Not relevant to the request

From: [REDACTED]
Sent: Tuesday, 22 December 2015 3:16 PM
To: [REDACTED]
Subject: [REDACTED]
Importance: High

[REDACTED]

Not relevant to the request

From: [REDACTED]
Sent: Tuesday, 22 December 2015 10:59 AM
To: [REDACTED]
Subject: BBA [REDACTED]

[REDACTED]

[Redacted]

-
-

[Redacted]

Not
relevant
to the
request

*Names have been removed under the Privacy Act

[REDACTED]

From: [REDACTED]
Sent: Thursday, 3 December 2015 1:20 PM
To: [REDACTED]
Subject: TEMCO - filenote - meeting 2 Dec

- [REDACTED]
- [REDACTED] tabled the following TEMCO “energy buyback” proposal:
 - 20MW (so MD reduces from 108MW to 88MW) reduction from 1 January to 31 March (noting that load would be about 92MW [REDACTED])
 - Will to consider longer term
 - Consideration \$ [REDACTED] MWh- approximately [REDACTED] (to cover their fixed costs)
 - Willing to leave this offer open until 31 December and noted that it can be implemented at a moment’s notice
 - [REDACTED] thanked [REDACTED] for concrete proposal but indicated that is probably not be the most cost effective outcome under consideration
 - [REDACTED] will send a written proposal along these lines
 - We undertook to provide some feedback next week

Disclosure
exempt under
section 38(a)
(ii) of the
Right to
Information Act
2009

*Names removed under the Privacy Act

[REDACTED]

From: [REDACTED]
Sent: Monday, 23 November 2015 1:15 PM
To: [REDACTED]
Subject: RE: TEMCO - energy buyback update

Some more details [REDACTED] offer:

- Outage would be on a 22MW furnace (rather than on the larger furnaces)
- It would reduce SPS availability by 19-22MW
- A May start date [REDACTED]
- Indicative cost about \$ [REDACTED] (22MW x 90 days x \$ [REDACTED]/MW/h)

Disclosure exempt under section 38(a)(ii) of the Right to Information Act 2009

From: [REDACTED]
Sent: Friday, 13 November 2015 10:32 AM
To: [REDACTED]
Subject: TEMCO - energy buyback update

Spoke with [REDACTED] this morning:

- He has discussed with [REDACTED] and they will work up a proposal today with a view to sharing with us early next week
- They met with the marketing team yesterday to understand the order book
- [REDACTED]
- Currently taking furnace outages on Thursdays but [REDACTED]
- He asked whether we were considering running CCGT again- I said we are looking at all options and if we did TEMCO is our preferred provider of GSC. There will be no issues there.

Disclosure exempt under section 38(a)(ii) of the Right to Information Act 2009

*Names removed under the Privacy Act

[REDACTED]

From: [REDACTED]
Sent: Thursday, 12 November 2015 1:01 PM
To: [REDACTED]
Subject: RE: Energy buyback

Hi [REDACTED]

In addition, to energy buyback, there are a few other things I want to flag/discuss (driven by the poor hydrological outlook):

1. On Monday you mentioned the ERU had been unavailable- when was it taken out of services and what is the likely return date?
2. Will TEMCO consent to giving Hydro Tasmania access to real time load data? If so, we will liaise with TasNetworks. This data would be used to optimise Basslink capabilities and system efficiencies.
3. Are there any issues looming that is likely to impact upon TEMCO's ability to provide maximum SPS over the next 6 months?
4. Is there a 6 month outage planning schedule you are can share with us?

If it's easier, I am free to chat anytime tomorrow.

Thanks

From: [REDACTED]
Sent: Monday, 9 November 2015 1:48 PM
To: [REDACTED]
Subject: Re: Energy buyback

I am in transit to darwin back wednesday i will respond thursday pm .it may have to be inovative with prices being low flat out production to soread fixed costs is normally the model historically. I will challenge this logic in south 32 way of operating

Sent from [Outlook](#)

On Sun, Nov 8, 2015 at 6:24 PM -0800, [REDACTED] wrote:

Further to this morning's discussion about low inflows, I had a chat with [REDACTED] and yes we do have an interest in exploring with TEMCO the possibility buying back of energy.

Have just tried calling a couple times but no answer so here is a loose structure to give you something to think about:

Term: 1 Jan – 31 March (April ok too but Q1 better)
Volume: 30, 70 or 100MW or volume linked to furnaces or structured to deliver up to 200GWh

But we can look at any structure.

Can you please have a think about TEMCO's willingness and the price.

How long should I give you before I call again?

Thanks,



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*Names have been removed under the Privacy Act

Energy Injection Options – development for assessment			
Title:	TEMCO energy buyback/extended outage incentivisation	Version (date):	19 November
Decision required to commence preparation:	9 November 2015	Energy benefit (GWh):	16
Decision to implement:	Don't yet have a firm proposal from TEMCO	Lead time: 3 months	1 month
Cost to implement (\$m):	Negligible	Cash flow impact in 15/16 (\$m):	[REDACTED]
Description:	Buy back energy from TEMCO or make a payment to bring forward and extend a long term outage (such as a furnace reline)		
Legal Input Required:	At some stage		
Key Considerations:			
Stakeholder engagement:	Ongoing		
Critical Path:			
Risks:	[REDACTED]		

Disclosure exempt under section 38(a) (11) of the Right to Information Act 2009

disclosure exempt under sections 37(1)(b) and 39(1)(b) of the Right to Information Act 2009

[REDACTED]

From:

Sent:

[REDACTED]
Monday, 9 November 2015 11:07 AM

To:

Cc:

Subject:

[REDACTED]
[REDACTED]
[REDACTED]
TEMCO - Capacity Contingency Services Agreement and energy buybacks

[REDACTED]

Disclosure
exempt under
section 38(a)
(ii) of the
Right to
Information
Act 2009

[REDACTED]

He inquired whether we had an interest in buying back energy. I told him yes. He gave me an off-the-cuff indication of pricing north of [REDACTED] MWh.

Suggest we work up a term sheet ASAP.

[REDACTED]

*Names removed under the Privacy Act

Minutes of meeting

Minutes of the meeting of **Energy Supply Management Team** held on **Tues 22 December 2015** at Hydro commencing at **3.30pm**.

Invitees:

[Redacted]

Attendees:

[Redacted]

Apologies:

Nil

11. MIs

All MIs have been notified. [Redacted] Norske outage can't be moved.
TEMCO option still on the table.

Disclosure exempt under section 38(a)(ii) of the Right to Information Act 2009

Minutes of meeting

Minutes of the meeting of **Energy Supply Management Team** (out of session) held on **Thurs 27 January 2016** at Hydro commencing at **3.30pm**.

Invitees:

[Redacted]

Attendees:

[Redacted]

Apologies:

[Redacted]

- BBA load reduction - [Redacted]

[Redacted]

Disclosure exempt under section 38(a)(ii) of the Right to Information Act 2009

Internal memo

Private and confidential

To:	Leadership Group	
From:	Manager Wholesale Portfolio	Ext no:
cc:		
Date:	4 December 2015	Pages: 20
Subject:	STORAGE POSTION WORKING GROUP - UPDATE	
Status:	For Information	

Discussions around a potential commercial “buy back” with TEMCO were held during the week. TEMCO’s proposal was based upon a [redacted] MW reduction in load for 3 months commencing 1 January 2016 at \$ [redacted] /MWh [redacted]. TEMCO have left the option open for Hydro Tasmania to pursue until 31 December.

Disclosure exempt under section 38(a)(ii) of the Right to Information Act 2009

PERFORMANCE REPORT	
REPORTING PERIOD:	FEBRUARY 2016
director:	[redacted]

4.2 Nyrstar

[redacted]
Nyrstar [redacted] dropping 20 MW of load.

Disclosure exempt under section 38(a)(ii) of the Right to Information Act 2009

4.3 TEMCO

TEMCO has reduced load by a further 35 MW and are now operating at about 40-42 MW compared to their normal capacity of 105 MW.
This transaction is in the process of being documented.

4.4 Norske Skog

Norske Skog agreed to reduce load by 43 MW from 6 – 16 March.
[redacted]

Information not relevant to request

*Names removed under the Privacy Act