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Cir. Ref.: 114/DIV/TRF_TLA&H/05

7th December 2017

**To all members of IEEMA Distribution Transformer, Project T&D divisions and Transmission Line Accessories & Hardware (TLA&H) committee,
 All listed Utilities and listed Purchasing organizations**

Sub: Discontinuation of Domestic Aluminium prices w.e.f. January 2018 applicable for PV Clauses of Distribution Transformers and Transmission Line Accessories & Hardware (TLA&H)

Further to our Circular Ref.: 71/DIV/TRF/05 dated 27th May 2016 wherein we had recommended using LME Average Aluminium price for all future contracts for settlement of price variation as per IEEMA PV clauses of Distribution Transformer and Transmission Line Accessories & Hardware(TLA&H)

We understand that while most of the stakeholders including Utilities/Purchasing bodies have started using LME Average Aluminium prices for Price Variation calculations; few are still using domestic Aluminium prices. We had in past clarified that Basic reasons for recommending LME Average Aluminium are that LME prices are transparent, hedge-able and highly credible and Consumers of Aluminium Conductors & cables and other Aluminium based products are linking their Purchase Orders with the LME.

Frequent changes in domestic Aluminium prices is creating volatility and posing difficulties for buyers; since domestic suppliers follow pricing based on LME price trend on ad-hoc basis. However, recently, it has been observed that trend of domestic prices is different from LME and domestic prices are fluctuating during the month. This is causing difficulties to all the stakeholders and many times variation between trends of two sources are measured for minimizing effect of price variation.

To avoid such unwanted situations; it has been decided to discontinue domestic price of Aluminium from IEEMA PV circulars applicable for Distribution Transformers and TLA&H w.e.f. January 2018.

For all the pending contracts, we recommend using only LME Average Aluminium price for calculation of price variation since we have been circulating LME Average Aluminium prices from July 2013.

In case of old contracts where domestic al prices are being used, it is recommended that the base price be substituted by LME prices w.e.f. 1st January 2018


 Senior Director