

Cir. Ref.: 42/DIV/TRF_TLA&H/05

11th May 2018

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

Sub: Publishing domestic monthly average price of Aluminium in IEEMA PV circulars from April 2018

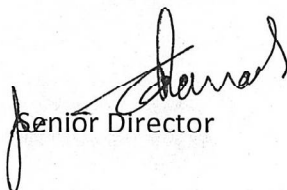
Further to our Circular No. 114/DIV/TRF_TLA&H/5 dated 7th December 2017, IEEMA has discussed the subject matter internally and practicality by reviewing ongoing contracts.

It is noted that contracts of supply of electrical equipment in the DDUGVY & IPD schemes funded through REC/PFC, POWERGRID contracts and Railway supply contracts are using domestic AL prices. It is therefore necessary to continue publishing domestic Aluminium prices to arrive at price variation for above contracts for some more period.

However, domestic Aluminum primary producers have changed their pricing method and have been making frequent changes in their prices, causing a lot of volatility in the cost of Aluminium. Therefore, 1st working day price is now not truly reflecting and representing the variation of the entire month. Hence, we are publishing monthly average price of domestic Aluminium from April 2018.

It is therefore recommended to consider monthly average price of domestic Aluminium for PV calculation instead of currently published 1st working day price.

It is analyzed that trend of Aluminium prices of domestic monthly average and LME monthly average price is broadly similar over past 3-4 years; IEEMA reiterate the recommendation to all the stakeholders using LME average AL price in all their future contracts as illustrated earlier and recently in Cir. No. 114/DIV/TRF_TLA&H/5 dated 7th December 2017.


Senior Director