



ALGA MAIL

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THE HON IAN MACFARLANE MP
MINISTER FOR INDUSTRY

30 SEP 2014

PO BOX 6022
PARLIAMENT HOUSE
CANNBERRA ACT 2600

MC14-003331

Mayor Dr Felicity-ann Lewis
Australian Local Government Association
8 Geils Court
DEAKIN ACT 2600

Dear Mayor

Thank you for your letter of 25 August 2014 to the Minister for the Environment, the Hon Greg Hunt MP, about resolutions of the 20th National General Assembly of Local Government. Minister Hunt referred one of the resolutions, relating to the removal of barriers to distributed electricity generation, to me for consideration as the minister responsible for energy.

The regulatory framework in the National Electricity Market includes the ability for any stakeholder to propose changes to the National Electricity Rules. The Australian Energy Market Commission (AEMC) is the decision maker on rule change requests and is obliged to assess proposed changes against the National Electricity Objective, which aims to ensure that the market operates in the long term interests of consumers.

The AEMC has recently completed rule changes to improve the processes and timelines for connecting larger-scale generators to distribution networks and is now considering a similar proposal relating to connecting smaller-scale embedded generators. I encourage your members to consider proposing changes to the AEMC that would resolve their concerns with the current rules. Details of open and completed rule changes, and the process for making a rule change request, are available at the AEMC's website at: www.aemc.gov.au.

The Australian Government is supporting work to understand the technical and economic challenges involved in integrating distributed energy resources into electricity grids. The results of a major stocktake of Australian and international projects have been published recently at <http://arena.gov.au/initiatives-and-programs/integrating-renewables-in-the-grid/>. Your members may find this information useful in considering opportunities for distributed generation projects.

Yours sincerely

Ian Macfarlane