



**THE HON ANGUS TAYLOR MP  
MINISTER FOR ENERGY AND EMISSIONS REDUCTION**

MC20-058932

Mayor David O'Loughlin  
President  
Australian Local Government Association  
8 Geils Court  
DEAKIN ACT 2600

25 MAR 2021

Dear Mayor *David*

Thank you for your letter of 21 August 2020 regarding motions submitted by councils to the Australian Local Government Association. I appreciate the time you have taken to bring these motions to my attention.

Please see advice in response to each of the motions below.

**Motion 32:**

*Councils call on the Federal Government to investigate and prepare a public report into the need for the urgent approval and development of new long distance, multi-gigawatt transmission lines and a redesigned grid to cope with the rapid expansion of renewable energy sources feeding into it. The approval process for new transmission lines can average a decade and severely lags behind solar and wind developments which may take one to two years to be finalised. Such development is essential for Australia to reach its zero emission targets by 2050 and to significantly lower energy costs for Australian households and industry.*

The Liberal National Government, alongside state and territory governments, is pursuing a number of reforms to manage the transition of the electricity system. These include whole of system planning through the Integrated System Plan (ISP), and the work to reform and future proof the electricity market, the Post 2025 Market Design.

Both of these pieces of work include consideration of Renewable Energy Zones (REZ). The ISP predicts the requirements for future REZs, and the infrastructure required to support them, while the Post 2025 Market Design considers innovative models for how they could be delivered, transmission access reform, and transmission and generation investment co-ordination.

While the Australian Energy Market Operator (AEMO) anticipates substantial new network investment is needed to facilitate new generation and storage, it is critical that these new investments in monopoly infrastructure are proportionate and efficient, as ultimately it is consumers who pay for this infrastructure through their bills.

**Motion 77:**

*That subsidies be provided to low income community members, particularly those in community and low cost housing, to allow them access to renewable energies.*

The Government's Small-scale Renewable Energy Scheme (SRES) helps home-owners to install small-scale renewable technologies such as rooftop solar panels and solar hot water systems. Participants in the scheme are entitled to Small-scale Technology Certificates (STCs) for every megawatt hour (MWh) of electricity generated or displaced by the system over a given deeming period. STCs are created upfront when the system is installed. Homeowners usually assign the right to create their STCs to the system installer in exchange for a discount on the installation and purchase price of the system. The installer then recoups these costs by selling the STCs. The SRES is currently estimated to reduce the cost of a fully installed solar system by around 30 per cent.

In addition to the SRES, a number of state and territory governments have rebate or loan schemes to further support the uptake of solar panels and batteries. Some of these programs are specifically targeted at low income households or provide a higher subsidy for low income households.

The Government, through the Clean Energy Finance Corporation and Australian Renewable Energy Agency (ARENA), is supporting the expansion of a project led by Tesla, installed at Housing SA residences. Under this initiative, participating Housing SA tenants will have 5 kilowatts of solar installed at their home, along with a 13.5-kilowatt hour Tesla Powerwall battery storage system.

In December 2019, Energy Ministers agreed to undertake a scope of work to better understand energy disadvantage in Australia and consider measures to improve access for vulnerable consumers to energy efficiency and renewable energy technologies. The work program will report preliminary findings to the Energy Ministers by March 2021.

**Motion 80:**

*That rural and remote Councils of Australia are provided infrastructure, or alternate systems, that enable the adoption of renewable energies in larger numbers.*

The Government is committed to supporting regional Australia, and has delivered significant investments focused on creating jobs and driving economic growth in our regions.

The Government's \$50.4 million Regional and Remote Communities Reliability Fund (the Fund) is an important part of this commitment. Feasibility studies supported by the Fund will help communities understand whether establishing a microgrid, or upgrading existing technologies which provide an off-grid source of power would better meet their electricity supply needs. Where feasibility studies find that microgrids are economically viable, moving some customers to off-grid supply could save hundreds of millions of dollars in network costs and improve the integration of distributed energy resources.

Building on the success of the current Regional and Remote Communities Reliability Fund, the Government announced a further \$53.6 million microgrid program in the 2020/21 Budget to support the development of pilot projects in regional Australia. This will help deliver more affordable reliable power in regional communities across Australia.

The Government is supporting a feasibility study to develop the technical design and commercial process for the New England Transmission Infrastructure through a grant from the ARENA. The project will allow for the connection of an additional 1,400 MW of renewable energy generation to the grid within the next three to five years. The study will also help to inform the feasibility study into the Central-West Orana Renewable Energy Zone. Renewable Energy Zones in NSW are a key pillar of the Commonwealth-NSW State Energy Deal.

**Motion 120:**

*Councils call on State and Federal Governments to provide funding to stimulate transition to underground power supply.*

The Australian Energy Regulator plays an important role in evaluating the costs and benefits of network assets, as per the National Electricity Law and the National Electricity Objective (NEO). The NEO requires the Regulator to promote investment that is in the long term interest of consumers, including price, safety and reliability.

The benefits of moving power supply underground would need to balance the increased cost to consumers against the improved safety and reliability. For more information on the NEO, please visit: [www.aemc.gov.au/regulation/regulation](http://www.aemc.gov.au/regulation/regulation).

**Motion 138:**

*Councils call on the Council of Australian Governments to convene an urgent meeting to:*

- 1. Determine and implement practical steps to minimise the impact of extreme weather events like the recent bushfire events that have ravaged the south-eastern half of the continent, storm surges and coastal erosion that threatens the heavily populated areas of Australia and tropical cyclones, flooding and droughts.*
- 2. Determine and implement practical steps to:*
  - a) reduce; and*
  - b) drawdown carbon pollution going into the atmosphere through a collaborative partnership between all 3 levels of government, state, federal and state based Local Government Associations; and*
- 3. Plan and coordinate infrastructure upgrades and connectivity that will contribute to lowering emissions and protecting communities from extreme weather events.*

In July 2017, Energy Ministers agreed to act on Finkel Review Recommendation 2.11, “*In recognition of the increased severity of extreme weather, by end-2018 the [former] COAG Energy Council should develop a strategy to improve the integrity of energy infrastructure and the accuracy of supply and demand forecasting*”.

The Government’s Electricity Sector Climate Information project is providing \$6.1 million over 3 years from 2018-19 to improve climate and extreme weather information for the electricity sector. The project is designed to improve the reliability and resilience of the National Electricity Market (NEM) to the risks from climate change and extreme weather.

The Government has also committed \$25 million in the 2019-20 Budget towards the establishment of a National Centre for Coasts, Environment and Climate to improve understanding of the impacts of climate change on coastal environments.

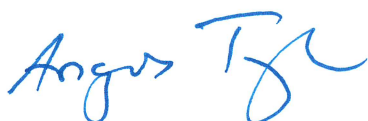
The Government has policies and frameworks in place to ensure the resilience of critical infrastructure, including through the Critical Infrastructure Resilience Strategy and the *Security of Critical Infrastructure Act 2018*. In terms of the NEM, there is a wide range of National Electricity Rules that are designed to provide reliable and affordable power. These include giving AEMO the tools it needs to ensure the secure operation of the NEM during and after a disaster.

Importantly, governments and industry provide support to disaster affected communities. During the 2019-20 season, energy businesses provided a range of assistance to customers that were affected by the bushfires, such as flexible payments and bill freezes, waiving some network charges, direct customer payments, discounts for firefighters and charitable donations.

In restoring power to their affected customers, distribution network service providers prioritised critical services, including hospitals, aged care facilities, life support patients, water pumping stations and petrol stations. In areas where restoration of power was significantly delayed, service providers offered customers the use of generators (where feasible).

Thank you again for bringing these motions to the Government's attention.

Yours sincerely



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