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MCE Market Reform
Department of Resources, Energy and Tourism

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Energy Technical and Safety Harmonisation Plan

Envestra is Australia's largest natural gas distributor, delivering gas to over 1,000,000 customers in all mainland states except for Western Australia. Envestra, as a member of ENA, fully supports the ENA submission but would like to make the following additional comments on the Draft Harmonisation Plan and Consultation RIS.

Envestra strongly supports the proposal to establish a National Energy Technical and Safety Framework. A single set of nationally consistent rules can only be more efficient than maintaining so many separate and quite disparate sets of rules. The framework includes a single Act and Regulations establishing requirements for network operators to develop and submit a Safety Case (ENSS), which is nationally recognised, and with a single national compliance regime – ie auditing, and reporting obligations. While it is important to have one set of rules it is equally important that these rules are interpreted and implemented in a uniform manner in each jurisdiction.

One of the most important aspects of the proposed framework is the national recognition of a Safety Case, thereby avoiding duplicative administration costs when a large network crosses a State border. Currently this initiates another set of regulatory obligations, requiring separate Safety Cases, audits and reporting requirements. The proposal to use the ENSS register to trigger national recognition of Safety Cases would significantly reduce this regulatory burden and is supported.

Attempts to have Safety Case audits mutually recognised have to-date failed due to minor, largely administrative differences in requirements, and impediments that currently exist across jurisdictions. To ensure mutual recognition, further work by the proposed legal working group will be necessary. We note that the National Gas Act 2008 recognises such impediments and includes provisions (eg Part 3 in the National Gas (Victoria) Act 2008) for cross vesting of powers. Similar provisions may be necessary to enable the acceptance of a Safety Case (ENSS) in one jurisdiction to be recognised in another jurisdiction. Without this level of co-operation, national recognition of Safety Cases may not be possible.

The draft Plan includes an option to adopt the Safe Work Australia (SWA) governance framework. This has both advantages and disadvantages for energy. The major disadvantage of the SWA framework is the use of 'Model' rather than 'Mirror' legislation. In our view Model legislation allows far too much scope for jurisdictional derogations which would defeat the purpose of national harmonisation.

It is not clear to us why the Plan includes a Regulatory Committee made up exclusively of the Technical Regulators, in contrast with the SWA framework which considers a tripartite council appropriate. If a single body were to be established, then the four energy sectors, Gas Transmission, Gas Distribution, Electricity Transmission, and Electricity Distribution would need to be represented. The makeup of such a committee would therefore need to include the State Energy Technical Regulators, four energy sector representatives, unions, and an independent chair. The rules for consensus should be a majority of Regulators and a majority of others, rather than a two-thirds majority.



For gas, the Australian Standards AS-2885 and AS-4645 are well established performance based standards which detail the risk assessments and performance based requirements on which the Safety Case (ENSS) is based. Envestra supports the legislation referencing these Standards for gas, and that a separate ENSS standard be developed for electricity.

Envestra does not believe that the development of energy technical standards needs to come under the National Energy Technical and Safety (Regulatory) Framework. The existing processes involving the industry and Standards Australia are very well established to undertake this task. AS-2885 is an industry standard for both the petroleum industry and the gas transmission sector and therefore its ongoing development must remain outside of this framework. The governance body to be established needs to facilitate (by providing alternative funding options such as a levy, should available resources prove inadequate to develop the required standards) and provide input rather than seek to control or undertake the development of technical standards. The regulatory framework need only include the development of regulatory codes covering reporting, auditing and compliance processes.

The RIS appears to downgrade the benefits of establishing a national energy technical and safety framework (NETSF) by referring only to the administrative savings in preparing safety cases. The government has a vision for a single seamless economy for Australia, in which the energy sectors plays a very significant role. The contribution of the NETSF in this vision will be much greater than what is currently reflected in the draft RIS.

Having to currently manage six or seven sets of Regulations requires a national business to:

- keep up-to-date with the various nuances contained in the different Regulations

- translate these requirements into operating procedures
- communicate and train personnel in the broad range of requirements and changes
- establish and maintain compliance processes to monitor compliance with these disparate requirements
- ensure that external auditors also maintain their knowledge of these sets of requirements
- ensure contractors working on or near these assets are kept up-to-date with different requirements (eg Envestra's assets that traverse the border from Victoria to NSW).



Standardisation in the energy sector should have very substantial long term benefits, but we recognise that establishing a national regulatory framework to enhance this is only a first step in a much longer process. Most of the discussion and proposals to date centre on safety plans and portability of worker skills, however there is still much to be done in respect of the harmonisation of regulatory obligations.

Envestra will continue to support the work of the Energy Safety and Technical Leaders Group in establishing a National Energy Technical and Safety Framework.

Yours faithfully

A handwritten signature in blue ink, appearing to read "R. Mignone".

Ralph Mignone
Manager Engineering and Technical Regulation