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3 April 2009

Manager, MCE Secretariat  
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Via email: MCEMarketReform@ret.gov.au

Dear Madam/Sir,

**RE: Submission on the proposed harmonisation of energy supply industry technical and safety regulation**

Thank you for the opportunity to comment on the proposed plan to achieve greater harmonisation of State and Territory electricity and gas supply industry technical and safety regulation.

Our office supports the development of a national Energy Safety System standard (also known as “safety case”) as means of harmonisation in order to enable the safe and efficient generation and delivery of energy services whilst lowering the regulatory compliance burden for multi-jurisdictional participants of the Energy Supply Industry.

The safety case approach can be harmonised through the development of relevant Australian Standards which set out the matters that need to be addressed within a safety case.

It is however important to consider the costs and benefits of any proposals. The extent to which harmonisation is achieved needs to be considered in the context of the cost of changing existing arrangements.

Please find the comments of our office on the MCE discussion paper “Harmonisation of Energy Supply industry Technical and Safety Regulation” in the attached submission.

Yours sincerely

ROB FAUNT  
TECHNICAL REGULATOR, SOUTH AUSTRALIA

## 1. Scope of harmonisation

The Leaders Group seeks stakeholder views on the scope of harmonisation as outlined in the discussion paper.

The OTR consider that the discussion paper goes beyond the scope of the terms of reference, in that the recommendations are beyond anything that could reasonably be described as “a harmonisation enhancement plan”. The paper advances an alternative approach not a pathway to achieve enhanced harmonisation.

While the success of the development and implementation of a harmonised approach in the gas industry has been attributed to the use of a common (across Australia) Standard (2885) a different and more costly approach has been developed within the paper.

While comments are provided to all the points raised in the paper the OTR has serious concerns about the effectiveness and cost of some of the proposals within the paper.

In some cases it is considered that the implementation of the recommendation will have little impact on those matters identified as issues.

The focus of the paper has developed around the operation of the network industry however it needs to be recognised that the key safety issues in our view arise from the interface and interrelation of the network industry, local industry and the general public. It is these arrangements which have grown up over significant periods of time that drive the difference in approach by the local regulator.

The paper comes from the assumption that the local Regulator has adopted approaches that result in different practices within each of the jurisdictions. The reverse is true in that the local Regulator has adopted an approach to regulation which takes account of local practices. The safety case approach by its very nature allows for an ongoing wide divergence of approach and practices by the network operators. The continuance of this approach will not facilitate worker portability.

The extent to which these work practices and procedures are harmonised needs to be carefully considered from a cost and risk point of view.

Local regulators have developed an intimate understanding of the flow on effects of a change in one sector within their jurisdiction and are best placed to deliver the greatest level of harmonisation while taking into account the safety risk to other sectors within the jurisdiction.

In the OTR’s view the key to achieving good safety outcomes is through the adoption of a holistic approach to Regulation and as such the energy supply and distribution sectors should not be considered in isolation to the impacts on the wider community. There are clear benefits in the responsible Regulator’s scope being wider than just the energy supply industry. This is presently the case in the vast majority of jurisdictions.

Paragraph 65 of the discussion paper states that “*the Leaders Group will give greater consideration to electricity generation, gas plant and gas retailer issues upon release of the National OHS scoping document in mid February 2009*”.

The OTR SA is not aware that safety requirements which may be specific to the electricity generation industry or to the operation of gas plants have been explicitly covered in the National Occupational Health & Safety Review and could hence be excluded from the harmonisation process of technical and safety legislation.

Clarification is therefore sought on the scope of the proposed harmonisation of energy technical and safety regulation. As stated above however it is appropriate to consider wider sectoral issues as part of the recommendations arising from this discussion paper.

What are potential impacts on any related technical requirements that are currently included in State and Territory regulations but are not specifically related to public or worker safety and that cross over into other regulatory spaces, such as reliability and economic regulation?

The SA safety case approach in addition to safety and technical issues includes reliability and maintenance as matters which need to be addressed as part of the development of the document.

The current regulatory functions of the OTR SA in regards to the ESI are not limited to public or worker safety. It is a legal requirement for the energy entities operating in South Australia under Regulation 31C(2) of the *Electricity (General) Regulations 1997 (SA)* or under Regulation 15B(2) of the *Gas Regulations 1997 (SA)* provide a *Safety, Reliability, Maintenance and Technical Management Plan*, which in addition to public or worker safety needs to cover the following topics:

#### Gas and Electricity

- the safe design, installation, commissioning, operation, maintenance and decommissioning of electricity or gas infrastructure
- the maintenance of a supply of electricity or gas of the quality required

#### Electricity only

- in the case of a person who operates an electricity transmission or distribution network: the monitoring compliance with requirements for vegetation clearance

#### Gas only

- ensuring adequacy of the gas distribution system at all times of high demand on the system
- ensuring and monitoring compliance with provisions relating to metering of gas supply at delivery points

Any harmonisation of technical and safety regulation will need to take into account whether these issues will be covered under the proposed regulatory scheme or under any other regulatory scheme that may apply.

It also needs to be recognised that many of the legislative requirements apply more broadly than just the ESI industry. For example, powerline clearance distances apply equally to someone building a building as to someone building a powerline. In addition, safety requirements apply to electricity and gas infrastructure which is part of the customer's infrastructure. For example, the customer's infrastructure where an electricity customer takes supply at high voltage.

## 2. Current Arrangements

Appendix 3 of the discussion paper provides an overview of the standards, codes, guidelines and policies that exist in each State, Territory and Commonwealth legislation governing the safety of the energy supply industry. Stakeholder views are sought on the coverage and detail of the descriptions provided for each State, Territory and Commonwealth legislation contained in Appendix 3.

The level of regulation applied to the electricity and gas sectors reflects the importance that these sectors have on the overall Australian economy.

Appendix 3 correctly identifies the *Electricity Act 1996* and the *Gas Act 1997* and the Regulations under these Acts as the primary legislative documents in regards to energy safety and technical regulation.

Please note that these Acts and Regulations cover safety and technical regulation for the energy generating industry as well as the for the network operators. The current heading in the discussion paper only refers to Electricity or Gas Network Legislation.

Appendix 3 of the discussion paper also makes a brief reference to the NGASA and the Natural Gas Authority Act 1967. The Natural Gas Authorities Act 1997 is not a regulatory instrument dealing with safety and technical regulation.

There are a number of issues that are not captured in Appendix 3 which would need to be identified and recorded as this paper is further developed. For example the requirements for the movement of oversized transport vehicles under powerlines on public roads.

Appendix 4 of the discussion paper provides some detail on the issues of difference between State and Territory safety and technical regulation under the current arrangements. However the Leaders Group acknowledges that this information may be incomplete. Stakeholder views are sought on the coverage and detail of the current regulatory arrangements contained in Appendix 4.

Given the amount of content to be covered by appendix 4, the current regulatory arrangements are broadly covered. The OTR SA wishes to comment/add on the following issues, as per appendix 4:

### Electricity – Compliance with safety framework (page 57)

The Technical Regulator requests all electricity entities to self-audit and update their SRMTMP (safety case) as well as their compliance with the SRMTMP. Some entities choose to engage a third party for this audit. Results are submitted to the OTR SA for review and approval. The OTR SA is also conducting audits of the energy entities on a four-year- rolling cycle

### Electricity - Powers of safety regulators (page 57)

Under Division 2 of the *Electricity Act 1996* authorised officers may as reasonable required enter and remain in any place, investigate, examine and test electrical infrastructure, electrical installations or equipment, investigate electrical accidents and

suspected interference with electrical infrastructure or installation, disconnect electricity supply or give direction to disconnect or make safe the electrical infrastructure, installation or equipment.

### Electricity - Supply Quality Standards

In addition to the existing content in Appendix 4, it should also be noted that the economic regulator, ESCOSA, is prescribing electricity supply quality standards under the *Electricity Distribution Code*.

One of the aims of this paper should be to seamlessly introduce greater levels of harmonisation with limited adverse impact on arrangements which apply outside of the ESI.

### **2.1. Problems**

The discussion paper outlines inefficiencies that have resulted in the ESI as a consequence of different industry work practices, regulation, training and authorisation requirements, which are:

- Limits on workforce mobility
- Limits on cross border emergency response
- Regulatory inconsistency and compliance burden

The Leaders Group seeks comments on the extent of the problems in the current arrangements, and possible approaches to address these issues.

The Leaders Group also seeks comments on the mentioned examples and other examples of limits to labour force mobility, emergency response, regulatory inconsistencies and compliance burden.

Worker registration, licensing and passport schemes are essentially outside the scope of the matters that are directly dealt with within this discussion paper. These matters sensibly rest with the present implementation of national worker licensing arrangements. Many of the problems identified are therefore outside the scope to develop recommendations to deal with them as part of this review. As to the other problems identified (87 -91) the cost of implementing alternative arrangements would need to be examined in the context of the perceived additional costs associated with the present arrangements. It would appear that no attempt to quantify such costs have been undertaken to date.

### **3. Guiding Principles**

#### ***3.1. Consistency with the National OHS review***

The Leaders Group seeks stakeholder views on the interaction between the scope of the National OHS Review and the scope of this discussion paper, and the potential impact the scoping paper may have on the recommendations and/or options included in the discussion paper. In particular, the Leaders Group seeks comments on whether the proposed approach (potentially isolating the ESI requirements) may introduce undesirable inconsistencies between safety requirements for the ESI and electrical workers outside the ESI.

The OTR SA sees the aspect of licensing of linesmen and other electrical workers as a potential overlap in the scope of the national OHS review as well as in the scope of the proposed harmonisation of technical and safety regulation of the ESI.

The Technical Regulator is of the view that licensing of workers in the ESI should ideally be included in the scope of the harmonisation of safety and technical regulation. Any national OHS regulatory scheme may reference such ESI specific licensing regime.

The proposed isolation of ESI safety legislation from general OH&S legislation has the potential to create undesirable inconsistencies between ESI workers, electrical worker outside the ESI, but also other workers/persons who may be operating in proximity to electrical infrastructure (e.g. excavator operators, builders, the General Public). While the possible occurrence of such inconsistencies cannot be totally terminated, good communication and coordination with the appropriate organisation reduces the likelihood of the occurrence.

## 4. The proposed regulatory Framework

### 4.1. Legislation

The Leaders Group proposes that the legislation may effectively be a single enabling instrument affected by each State and Territory, and which:

- requires each energy network operator to have an Energy Network Safety System (ENSS that may comply with a proposed standard for an ENSS. For example, if an Australian Standard was developed it could be referenced as AS XXXX ENSS;
- sets out a process for verification of the ENSS and the roles and responsibilities of an Advisory/Regulatory Committee;
- provides the flexibility to possibly allow for mandatory compliance with a limited number of workplace standards that may be essential for worker safety.
- requires the ENSS to be listed on a Central ENSS Register.

The Leaders Group seeks stakeholder views on the content of the legislation and what, if any, further matters should be addressed in the legislation. Stakeholder views are also sought on basing the legislation on the concept of compliance with a national ENSS standard.

Again the approach taken can not ignore the interface with other industry and the public. There would still need to be jurisdiction specific matters that are dealt with within the ENSS.

Appendix 4 of the discussion paper appears to give a comprehensive overview of the main topics which need to be included in the content of the legislation.

As a further matter, it should be assessed how licensing arrangements of energy entities may affect safety and technical issues of an energy entity. For example, a licence condition may prescribe certain technical and safety reporting requirements for an energy entity.

Consideration will also need to be given to the extent to which the inclusion of scheme rules, penalty provisions and governance arrangements are dealt with in the legislation.

### 4.2. Energy Network Safety System

The term "Energy Network Safety System (ENSS)" is used in the proposed regulatory model in place of the term "Safety Case", or, "Safety Operating System" or "Management System", these being performance-based management systems commonly referred to by States and Territories.

The proposed ENSS will:

- describe the full extent of all relevant operations;
- identify all hazards related to designing, constructing, operating and maintaining the energy network (all hazards approach);
- detail and systematically assess the risk associated, with those hazards;

- identify the control measures that will reduce risk to As Low As Reasonably Practicable;
- document relevant safety related standards, any departures and how equal or better outcomes will be achieved; and
- apply an ENSS to ensure the controls are effectively and consistently applied and performance is measured and continuously improved.

The Leaders Group seeks stakeholder views on the proposed Energy Network Safety System and its coverage.

The OTR SA supports the development of a national Energy Network Safety System this is consistent with the current South Australian system of a compulsory *Safety, Reliability, Maintenance and Technical Management Plans* (SRMTMP). Compatibility of the proposed ENSS with the existing SRMTMP should minimise the regulatory burden on the ESI in South Australia. The ENSS would also need to require the production and reporting against safety related KPI's. The document would need to be developed in a way which would be suitable to audit against. An ENSS is not considered to be an alternative to complying with prescribed Standards the ENSS is the means of demonstrating and achieving compliance with requirements. The risk management approach adopted should outline the operator's prioritisation of risk categories

#### **4.3. ENSS management system standard**

The proposed regulatory model may consist of a suite of documentation including:

- for electricity networks a new Australian Standard AS XXXX, Electrical Network Safety System (ENSS), that consists of Part 1 covering management systems requirements plus Parts 2 and 3 covering additional operational requirements for electricity transmission and distribution networks; and
- for gas networks, the existing standards, AS 2885 and AS 4645, covering gas pipelines and gas distribution.

Stakeholder comments are sought on whether it is desirable to develop a generic standard covering the management systems of both gas and electricity networks, so as to facilitate a common ENSS standard for network operators.

The OTR SA considers the development of an individual standard for electricity networks based on the existing two gas standards as the preferred solution. The development of a single generic standard for both gas and electricity networks would cause further delay of the harmonisation process. In addition, due to the different nature of electricity and gas networks and generators or gas plants, a single standard does not appear to present a workable solution anyway.

An electricity ENSS standard should be based as closely as possible on the two existing gas standards.

#### **4.4. Small and isolated networks**

An issue arising out of a safety management system approach is how small and isolated networks should be treated under the proposed regime. The Leaders Group has identified two options as follows:

**Option 1:** Require small and isolated network operators to comply in full with the requirements of the ENSS on the basis that they will have a very simple ENSS.

**Option 2:** Provide an exemption from the requirements of an ENSS for small and/or isolated network operators able to demonstrate compliance with safety outcomes equivalent to those achieved when a formal Accepted or Certified ENSS is in place.

The Leaders Group seeks views on the two options for the treatment of small and isolated networks. If an exemption is permitted for small and isolated networks, the Leaders Group seeks views on the definition of a “small and isolated network”? The Leaders Group also seeks views on whether or not either of these options should also be applied to small embedded networks.

The OTR appreciates the difficulty in the application of an ENSS approach to small networks often in remote areas. Simply small network operators don't necessarily have the required resources to develop an ENSS without significant guidance.

The ENSS approach is indeed predicated by the fact that it is presumed that the Network operator has sufficient skills, knowledge and resources to develop an ENSS. Compare this approach to the Certificate of Compliance regime applied to electrical contractors.

The OTR SA favours the first option, as is currently the case for energy entities in South Australia however points out that the difference between this and Option 2 is not great if the ENSS approach allows the regulator to set out those matters that need to be addressed in the ENSS by the small network operator. This further supports the need for close liaison between the regulator and the network operator in the development of the ENSS.

The second option implies that a network operator would provide other documentation to demonstrate an appropriate safety outcome of its operation. Such documentation would essentially be the same as the proposed documentation under an ENSS, except without the clear guidelines provided by the ENSS. The OTR SA therefore sees no benefit in option 2 in comparison to option 1. This approach could in part be interpreted as acknowledging that a lesser requirement is good enough. This could raise the question as to why this approach should not apply to all operators irrespective to if they are large or small.

#### ***4.5. Mandatory standards***

A key issue for stakeholder comment is the concept of having a limited number of mandatory standards referenced in legislation. Two options are proposed:

- **Option 1.** The specification of a limited number of justified mandatory standards in legislation, particularly in high risk public and workplace safety situations

- **Option 2.** No specification of mandatory standards other than for the ENSS

The Leaders Group seeks views on the two options presented with respect to the issue of mandatory standards.

Stakeholder views are also sought on criteria to guide:

- the development of standards; and
- the referencing of standards or other normative documents as mandatory standards or "deemed to satisfy" standards.

Any such recommendations must be accompanied by justification in terms of the COAG Best Practice Regulation criteria.

The OTR considers option 1 to be the appropriate approach.

The question has been framed in a manner that seeks a particular outcome. The OTR is strongly of the view that there are some safety and technical standards that need to be mandated.

As a general guide those standards that apply and impact on a range of individuals outside of the Electricity Supply industry fall into the category where there is a need to consider mandatory requirements.

Examples of the type of issues that would need to be mandated include clearance distances. These distances not only apply to the supply industry where their lines interact with buildings but also the other way around.

Another Standard where mandatory requirements need to be set out include voltage and quality of supply standards. Again the impact is not only on the ESI but also to those who design and build electrical installations and appliances.

#### **4.6. Acceptance/Certification**

**Option 1:** Compliance of a network operator's ENSS is achieved through an authoritative system of auditing by 3rd party certification bodies. Under this arrangement audits would be conducted with a technical specialist from the relevant regulators as member(s) of the audit team, and the results of such certification would be automatically accepted by the Regulators without any further regulatory action

**Option 2:** Under this option the network operator is required to submit their ENSS and audit report from an independent auditor to a relevant regulator for acceptance.

**Option 3:** Is to implement option 2 initially, with option 1 coming into place as an alternative to option 2 after a period of time.

The Leaders Group seeks views on the three options for "acceptance" or "certification" of a network operators ENSS.

It is not clear to the OTR SA why both presented options for the acceptance/certification process include the involvement of 3<sup>rd</sup> party certification bodies. This approach seems to

be adding further cost to the ESI, increases the complexity of the process and decreases the involvement of the regulator in the auditing process.

A fourth option could be discussed to reflect the current process in South Australia.

The current regulatory regime in South Australia prescribes that the energy entities undertake their own internal audits against their compliance with their *Safety, Reliability, Maintenance and Technical Management Plan* (similar to a Safety Case, or ENSS). The reports of such self-audits need to be submitted to the OTR SA. The licensee may choose to undertake such audit itself or to engage a third party for such audit.

The audit tests the validity of the ENSS, that is, does the ENSS include all matters that need to be covered in a satisfactory manner? In addition the audit tests compliance with the ENSS.

In addition, the engineering staff of the OTR SA undertakes audits of the ESI at regular intervals with the target to audit the whole of the South Australian ESI over a cycle of approx. 4 years.

The current regulatory processes adopted in South Australia seek to encourage the electricity supply industries to be self-regulated while achieving industry best practice. This allows individual companies to tailor compliance with the Regulations in a manner which is most effective and efficient for them. How well the companies' quality systems are working is determined through audits and comparisons against industry benchmarks (KPI's). The OTR SA considers this approach as an additional option to be considered for an acceptance/certification scheme.

In the absence of such a potential fourth option however, the OTR SA would support option 1.

#### **4.7. Central ENSS Register**

The Leaders Group seeks stakeholder comments on the need for the proposed Central ENSS Register and its contents.
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The OTR SA supports the creation of such a register should the proposed model be adopted. Clarification is sought on the meaning of the third dot-point: *“The Central ENSS Register would contain [...] information related to the requirements for compliance with the relevant State and Territory legislation and regulation”*. The OTR SA is of the understanding that the process of harmonisation would eliminate the need for such information. This item would need to be revisited as the need or otherwise and the final makeup is very much dependent on the final scheme design.

## 5. Passport and Licensing

Stakeholder comment is sought on the proposal for a National Energy Skills Passport. Stakeholder comment is also sought on what additional steps, particularly to industry work practices, are required to facilitate greater portability of ESI workers.

It is unclear to the OTR SA why an additional National Energy Skills Passport is required that is only supposed to complement any COAG reform process of a National Licensing System. A successful COAG reform of the National Licensing System should provide such passport details that make any such additional document unnecessary. In the case of a successful reform, an additional passport would simply add to the complexity of the matter.

If however the COAG reform of the National Licensing System does not address the ESI licensing for ESI workers in an extensive manner, the OTR SA would encourage such harmonisation. A passport scheme may represent an acceptable alternative.

The requirements of such passport would be highly dependent on the input of the ESI into the licensing courses to take into account any State specific conditions of the energy networks/supply industry. It would be up to the ESI to provide such courses that a linesman will have sufficient knowledge to work on energy infrastructure in all States and Territories.

It is however worth making the point that workforce mobility limitations are not entirely related to any difficulty that a network operator has in verifying the experience and knowledge of particular workers. The time taken to get workers on the job in an emergency situation is more likely related to the workers gaining knowledge of the unique processes, practices and procedures adopted by an individual T&NSP.

## 6. Standards Development – Options

There are several options identified by the Leaders Group to take forward the development of standards and/or other normative documents necessary for the harmonisation of the ESI safety and technical regulation.

**Option 1:** Australian Standards® developed by Standards Australia, or under the auspices of Standards Australia

**Option 2:** National Standards developed under the auspices of the MCE. National Standards would be developed by an entity (e.g. Energy Technical and Safety Leaders Group or other relevant industry body) set up as a Standards Development Organisation (SDO) without accreditation and then using consultant(s) to develop reasonably mature drafts for submission to Leaders Group and the MCE for approval as National Standards

**Option 3:** Departmental Standards: Contract a consultant(s) (that could include Standards Australia) to develop Departmental Standard with the Leaders Group as advisors

**Option 4:** Other Documents such as codes, specifications, handbooks and guidelines under a different arrangement

Comment is sought on the preferred option for the development of standards and other normative documents required for the proposed regulatory model.

Option 1 would seem to be the most practical approach in regards to consistency and credibility.

It needs to be recognised that some of the Standards have impact outside of the ESI and need to go through the scrutiny of an inclusive process. Some of the other options are looking at ways to fund, resources and thereby accelerate the Standards development process they however need ensure the interests of the wider community are considered.

## 7. Governance

### 7.1. Ministerial Council on Energy

Under the proposed model, the MCE will have policy coverage on safety and technical regulation where previously they have not. The Leaders Group seeks comments on bringing energy supply technical and safety issues within the ambit of the MCE.

The MCE could be an appropriate organisation to cover this function under the proposed governance arrangements. The secretariat for the function could be vested with the existing ERAC and GTRC committees.

### 7.2. Advisory/Regulatory Committee

A proposed Advisory/Regulatory Committee would monitor and recommend changes to be made to the regulatory framework to improve efficiency and ensure safety

The Leaders Group has identified two options for comment:

**Option 1: Advisory Committee:** The Advisory Committee would be established as a tripartite body with members similar to that of the Leaders Group consisting of nominated representatives of energy network regulators, unions and industry representatives.

**Option 2: Regulatory Committee:** A body consisting solely of State and Territory regulators in the absence of a national regulator. This body would be in two parts (one for electricity and one for gas) and would effectively formalise the roles of the Electrical Regulatory Authorities Council (ERAC) and the Gas Technical Regulators Committee (GTRC) by giving them clear reporting lines to the MCE

The Leaders Group seeks comment on the need for an Advisory/Regulatory Committee, its representation and accordingly what should its role be?

The OTR SA supports option 2 with a body consisting of State and Territory regulators.

This option appears to be consistent with the approach taken for appliance energy efficiency for example. It is essential that regulators are in a position to deliver frank advice to the MCE. This advice should take into account the views of the outside community. This advice should not be limited to only the advice put forward by the ESI and the unions.

### 7.3. Enforcement and Compliance Bodies (Regulators)

Many activities of a regulator require the ability to visit the site of interest and talk directly to local representatives with real decision-making capability on-site. To accommodate this each of the three options proposed maintain some form of local presence:

**Option 1:** Essentially status quo, which is maintaining the existing multiple jurisdictional regulators but operating under new, uniform legislation, identical in each jurisdiction.

**Option 2:** As per Option 1, but also implement a ministerial agreement to ensure that Regulators operate in a highly harmonised way by formalising the role of ERAC and GTRC.

**Option 3:** A single national regulator with offices in each jurisdiction. This option would require the creation of a new central body that reports to the MCE via an independent board.

The Leaders Group seeks comment on the proposed governance framework for energy technical and safety regulation, the options presented and any other options.

The OTR SA considers that while maintaining the status quo under new uniform legislation leaves space for inconsistencies across jurisdictions, on the other hand the option of a single national regulator will cause long delays of the harmonisation process and create additional challenges in transferring functions from the current regulators to a single national regulator.

Option 1 is therefore considered by the OTR SA to present the most sensible solution with Option 2 as a second choice compromise position.

## 8. Potential Legislative Implementation

There are a number of options available for the adoption of a national framework for energy technical and safety regulation. To a large extent, this decision will depend on the decisions that are ultimately made about the overall regulatory framework, in particular, in respect of its governance arrangements and the role of the regulator(s). Two potential options for a national legislative framework have been set out below.

**Option 1:** Legislation introduced into State Parliament with a schedule to be adopted nationally: The national legislation is set out in a Schedule to a State Act. It is applied as a law of that State by that Act, and as a law of other participating jurisdictions by their Application Acts.

**Option 2:** Each State and Territory introduces their own legislation based on model legislation: States and Territories to pass their own individual legislation in their own parliament which would be based on agreed model terms.

The Leaders Group seeks comment on the options presented for legislative implementation.

A similar model to the introduction of the National Electricity Law with a host State to introduce the required legislation into its Parliament and other States and Territories to adopt that legislation seems to be appropriate. Each option has advantages and disadvantages associated with them. The ESI is however familiar with option 1 therefore this option is favoured.

## 9. Next steps

The Leaders Group seeks stakeholder feedback on how the proposed model should be implemented. What sequence should the model be implemented in and are there some aspects of the proposed model that need to be implemented before others?

Many subsequent steps and further proposed documentation will be dependent on the decisions to be made as discussed in this reply to the initial discussion paper. The OTR SA considers agrees with the proposed steps at this point of time and has no further comments.