

**ENERGY SAFE VICTORIA RESPONSE  
TO  
MCE TECHNICAL AND SAFETY LEADERS GROUP DISCUSSION PAPER  
ON  
HARMONISATION OF ENERGY SUPPLY INDUSTRY TECHNICAL AND SAFETY  
REGULATION ENERGY**

**SCOPE OF HARMONISATION**

ESV is of the opinion that most, if not all, of the principal goals of harmonisation have been already achieved administratively for gas transmission and distribution, particularly in the case of transmission pipelines that cross jurisdictional boundaries<sup>1</sup>. Apart from the development of an ENSS standard which could be used for both gas and electricity networks, there does not appear to be a compelling case for the inclusion of gas transmission and distribution in a new scheme. Notwithstanding this, if in the end the MCE decides that there should be an integrated technical regulatory regime for gas and electricity, ESV offers the following comments.

The discussion paper recognises that, while the national OH&S review will consider worker safety within plants and networks, there are other aspects such as public safety and gas quality which will need to be regulated outside of an OH&S framework. ESV supports this proposition.

In addition, ESV submits that, if there is to be harmonisation of energy technical regulation, such a technical regulatory regime should cover the security of energy supply to the community and hence electricity generation and gas production and storage should be included in a harmonised regime.

**REGULATORY FRAMEWORK**

**ENERGY NETWORK SAFETY SYSTEM (ENSS)**

Under the Victorian Gas Safety Act, ESV currently administers a safety case regime for gas transmission and distribution. Under the Victorian Pipelines Act, licensees are required to submit safety management plans and environment management plans to ESV. Under the Victorian Electricity Safety Act, from 1 January 2010, licensed electricity transmitters and distributors will be obliged to submit an electricity safety management scheme to ESV. All of these are performance based safety management systems and ESV supports the principle of adopting this approach across the energy supply industry.

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<sup>1</sup> In the case of the Eastern Gas Pipeline, the one safety and operating plan was signed off by both Victoria and NSW and in the case of the Tasmanian Gas Pipeline which crosses five onshore and offshore regulatory regimes, the one safety and operating plan was signed off by Victoria, Tasmania and the Commonwealth.

**ENSS STANDARD**

ESV supports the Leaders Group proposition that there should be harmonised national requirements for a performance based ENSS covering both gas and electricity networks. ESV also supports the development of an Australian Standard to codify these national requirements and that these should be consistent with the existing gas transmission and distribution standards AS2885 and AS4645. ESV does not, however, see that this would involve an amalgamation of an ENSS standard with AS2885 and AS4645. AS2885 and AS4645 would be subject matter specific standards to be referenced by an energy supply company in its ENSS.

**SMALL AND ISOLATED NETWORKS**

Small networks should comply with the ENSS standard to the extent applicable to their networks.

**CENTRAL ENSS REGISTER**

ESV supports the proposition that there should be central register of accepted ENSSs but is strongly opposed to a register of third party certifiers (see comments on governance arrangements below).

**MANDATORY STANDARDS**

ESV strongly supports the development of Australian Standards (as opposed to internally developed electricity industry standards) for electricity transmission and distribution networks along the lines of the existing pipeline standards such as AS2885, i.e. standards that provide sufficient technical detail and rigour to ensure that electricity networks will be safe. These should not be just high level generic statements of safety goals without any underpinning engineering content. The development of such Australian Standards will be a significant longer term undertaking.

ESV does not have a specific position on whether such standards should be mandated in legislation. Given the lead time required to develop appropriate Australian Standards, this is not a practical proposition in the short term.

Whether or not specific standards are referenced in legislation, they must be referenced in a supplier's ENSS.

## GOVERNANCE ARRANGEMENTS

ESV is strongly opposed to the concept of ENSS certification/acceptance by third party bodies, both short and long term. As a matter of principle, review and acceptance of an ENSS must be the responsibility of the statutory regulators that have to administer the on-going safety of the networks and the network operators' compliance with an accepted ENSS. This does not preclude the use by the regulators of third parties to provide specialist advice to the regulators.

ESV agrees that there is a need for jurisdictional regulators to ensure that there is a harmonised approach to the administration of a national ENSS regime but ESV does not believe that the establishment of a single national regulator is either necessary or desirable.

ESV does not have a strong preference for whether harmonisation is achieved via uniform legislation or administratively via ERAC/GTRC. Both approaches have their strengths and weaknesses, both can deliver harmonisation.

ESV does, however, wish to propose a different governance model which is analogous to the Victorian major hazards facility safety case regime. Under this model;

- the network operator would develop an ENSS in accordance with a national ENSS standard,
- the scope of the ENSS would cover whatever assets<sup>2</sup> the network operator chooses,
- where multiple technical regulators have jurisdiction over the scope of the EMSS, the regulators would collectively appoint one of the regulators to be the "lead agency" for review and acceptance of the ENSS,
- the network operator would submit the EMSS to the lead agency only,
- the lead agency would circulate the ENSS to the other relevant regulators, consolidate comment and feedback from them, and negotiate amendments of the EMSS with the network operator,
- once consensus is achieved between the relevant regulators on the acceptability of an ENSS, the lead agency would accept the ENSS,
- the acceptance of the ENSS by the lead agency would be deemed to be acceptance to each of the relevant regulators,
- on-going administration, including auditing of compliance with an accepted ENSS, would be co-ordinated by the lead agency.

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<sup>2</sup> I.e. the network operator could choose to develop a single, cross jurisdictional, integrated gas and electricity ENSS or the operator could choose to develop multiple EMSSs of more limited scope

**STANDARDS DEVELOPMENT**

ESV believes that any technical standards supporting an ENSS regime must be either Australian Standards or, where appropriate, ISO or other national/international standards which have been developed by a standards issuing body independent of the network operators and which meet the appropriate governance requirements for involvement of all stakeholders in their drafting and acceptance. As noted above, this is not a short term undertaking.

**NATIONAL ENERGY SKILL PASSPORT**

ESV strongly supports the development of a passport approach to the management of network worker competencies.