

Eastern Gas Pipeline
Joint Venture

Jemena Eastern Gas
Pipeline (1) Pty Ltd
ABN 15 068 570 847
Jemena Eastern Gas
Pipeline (2) Pty Ltd
ABN 77 006 919 115

Jemena VicHub
Pipeline Pty Ltd
ABN 61 085 550 685

Level 16, 567 Collins Street
Melbourne, VIC 3000
PO Box 16182
Melbourne, VIC 3000
T +61 3 9173 7000
F +61 3 9173 7516
www.jemena.com.au

Secretariat
DEWLP

By email: delwp.secretariat@delwp.vic.gov.au

16 June 2017

Dear Secretariat,

Re: Submission – Review of Victoria’s Gas Network Safety Framework

I refer to your Review of Victoria’s Gas Network Safety Framework Issues Paper inviting Jemena to make a submission to the review.

Please refer to **Attachment 1** which sets out our submission.

Please contact Ian Russom, Asset Risk and Assurance Manager on 03 9173 8421 or at ian.russom@jemena.com.au if you have any questions on our submission.

Yours sincerely



Peter H Marcus
GM Asset Strategy Gas

Attachment 1 – Jemena Submission – Review of Victoria’s Gas Network Safety Framework

No	The Review Issues	Jemena’s response
1	<p>Safety legislation and approach to safety regulation:</p> <p>Submissions to the review may seek to comment on the legislative framework underpinning the Victorian Gas Network Safety Framework:</p> <ul style="list-style-type: none"> Are there opportunities to improve the efficiency and the effectiveness of the <i>Gas Safety Act</i>, <i>Pipelines Act</i> and associated regulations? 	<p>Having multiple sources of legislative requirements and dealing with both DELWP and ESV on related matters increases the complexity of understanding requirements, adds regulatory burden and increases administrative costs. It would be better to only have to deal with one agency to avoid confusion and have a single point of contact for all pipeline matters.</p> <p>Regulators in other States have a more streamlined approach to legislation. For example in QLD the Petroleum & Gas (Production & Safety) Act 2004 and accompanying regulation provide a singular set of requirements.</p> <p>Benefits could be gained from the implementation of a national harmonised legislative framework. This would provide a more consistent and simplified approach across Jemena’s assets spanning multiple jurisdictions in VIC, NSW, NT, ACT & QLD).</p>
	<ul style="list-style-type: none"> Should there be a change in the degree of prescription provided in the current framework? If so, what would be the justification for any proposed changes? 	<p>Jemena supports outcomes based regulatory frameworks that put the accountability for the safe operations of gas infrastructure with the owners of these assets, which appears to be the intent of this legislation. However the way this has been implemented in Victoria, through the requirement for the ESV to approve Safety Cases/Pipeline Safety Management Systems introduces significant risks to the introduction of prescriptive and arbitrary requirements based on individual opinions rather than good industry practice.</p> <p>Jemena operates gas infrastructure across Australia using a common safety management system, Jemena is required to reproduce this documentation in various forms for different jurisdictional regulators at a significant administrative and cost burden to its customers and the Australian community.</p>
	<ul style="list-style-type: none"> Are there examples of ‘better practice’ gas safety and risk management frameworks from other jurisdictions (nationally or internationally) or from other industry sectors that should be considered? 	<p>Best practice safety regulation recognises the responsibility and the accountability of the licensee in delivering and demonstrating the ongoing safety to the community of our gas assets. Best practice regulations relies on independent assurance and transparency of performance and safety management system implementation.</p> <p>Best practice involves independent assessment and assurance of the adequacy and currency of a licensee’s safety management system. In other jurisdictions this involves the joint engagement between the regulatory and the licensee of an independent and competent body to review, assess and report to the regulatory on the compliance, adequacy and compliance with the regulatory obligations and good industry practice. This would include regular annual audits supporting a governance process focussed on maintaining a continuous</p>

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		improvement cycle over the safety management system.
2	<p>Safety culture and engagement of the workforce:</p> <p>Submissions to the review may wish to comment on the extent to which the current framework promotes strong and effective safety cultures within gas transmission and distribution network businesses:</p> <ul style="list-style-type: none"> • Does the framework effectively promote the engagement of the workforce in promoting safety? Are there opportunities for improvement? 	<p>Legislative requirements are generally communicated to the workforce in a variety of ways including of compliance management systems, work instructions, training and procedures etc.</p> <p>Jemena welcomes new forums for the sharing of lessons learnt between licensees. This will assist in the facilitation of continuous improvement processes.</p>
	<ul style="list-style-type: none"> • Are there opportunities to further promote strong safety leadership cultures? 	<p>There is a need to foster a more open, transparent and collaborative approach between the licensee and the Regulator.</p>
3	<p>DELWP and ESV roles in gas network safety:</p> <p>Submissions to the review may wish to comment on the respective roles of DELWP and ESV and on the broader government programs and activities to promote gas network safety:</p> <ul style="list-style-type: none"> • Are the respective roles of ESV and DELWP clear and well-coordinated? Should any changes be considered to the allocation of responsibilities between ESV and DELWP? 	<p>The respective roles of ESV and DELWP are not always clear and well-coordinated. For example, Jemena recently experienced confused requirements when dealing with both ESV and DELWP in relation to the transition of licenced assets between owners (one licensee to another). This resulted in rework and added administrative burden on Jemena.</p>
	<ul style="list-style-type: none"> • Are there further matters that should be considered in relation to issues associated with planning around gas pipelines to ensure public safety? 	<p>Tightening up of interactions between asset owners and planning departments / governments and municipal councils would be welcomed. For example, when taking into consideration land-use planning in the vicinity of pipelines, local councils may not fully consider the dangers of high pressure gas release and associated encroachment issues.</p> <p>There is no legislative requirement in Victoria for civil contractors and some other construction companies to obtain Dial Before You Dig details prior to commencement of works whereas this is mandatory in NSW. This would lead to better safety outcomes and should be adopted in Victoria.</p>
4	<p>ESV’s capabilities and governance:</p> <p>Submissions to the review may wish to comment on ESV’s governance arrangements and capabilities to regulate and promote gas network safety.</p> <ul style="list-style-type: none"> • Does ESV have the right mix of capabilities — people, skills and systems? • Are there capabilities, including in new and emerging areas that should receive greater 	<p>Jemena and other gas companies have to provide evidence of competencies for staff. Should ESV consider providing the same level of evidence for competency?</p>

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	attention and investment? - Are there existing capabilities that could be scaled back or managed more efficiently by ESV?	
5	<p>ESV’s approach to regulations:</p> <p>Submissions to the review may wish to comment on ESV’s approach to gas regulation:</p> <ul style="list-style-type: none"> Does ESV strike an effective balance in its compliance and enforcement activities? (That is, a balance between an approach that could be seen as too ‘light touch’, where regulatory interventions could be stronger, and one that could be seen as too ‘heavy handed’, where regulatory interventions might be seen as disproportionate to the risks involved). 	<p>Jemena believes ESV has had a ‘heavy handed’ approach to document accuracy to date.</p> <p>Over recent years, there appears to be an overemphasis on word smithing of safety documentation rather than providing a value-add focus on process safety outcomes/issues.</p>
	<ul style="list-style-type: none"> Does ESV communicate its requirements effectively? Are there any aspects that could be improved? 	<p>ESV does not always clearly communicate or coordinate with other organisations. For example, Jemena recently experienced confused requirements when dealing with both ESV and DELWP in relation to the transition of licenced assets between owners (one licensee to another). This resulted in rework and added administrative burden on Jemena.</p>
6	<p>Safety reporting and public information:</p> <p>Submissions to the review may wish to comment on the current reporting practices on Victoria’s gas network safety performance and areas for improvement.</p>	<p>Some issues exist with ESV reporting templates/requirements. For example Jemena produces its own cathodic protection report which differs from the ESV template but is considered more fit for purpose for Jemena. A more flexible approach to the reporting of data is suggested.</p> <p>(Note: A KPI review with ESV is being performed).</p>
7	<p>Interactions between economic and safety regulations:</p> <p>Submissions to the review may wish to comment on the relationship between the economic regulatory and safety regulatory frameworks.</p>	<p>We do not presently interact directly with the AER for our licenced pipelines.</p>
8	<p>Emerging trends:</p> <p>Submissions to the review may wish to comment on the capacity of the existing gas safety framework to effectively regulate emerging trends associated with the gas network.</p> <ul style="list-style-type: none"> Will any changes to the safety framework be required as gas transmission and distribution networks evolve over time to adapt to changes in demand and with the adoption of emerging natural gas supply solutions? 	<p>Future adoption of new pipeline materials and technologies such as thermoplastic composite pipe (already being trialled overseas offshore) may require changes to the safety framework if used onshore in Australia. For example, inline inspections may not be required.</p>