

7 October 2016

Steve McHardy
Principal Engineer, Energy Networks Regulation
Independent Pricing and Regulatory Tribunal
PO BOX K35
Haymarket Post Shop, NSW 1240

Via email: energy@ipart.nsw.gov.au

Dear Mr McHardy

RE: CONSULTATION REGARDING FORMAL SAFETY ASSESSMENT AUDIT GUIDELINE

Endeavour Energy welcomes the opportunity to provide feedback on IPART's consultation regarding formal safety assessments and the revised Electricity Networks Audit Guideline. The Guideline outlines the framework and scope of safety assessment audits and clarifies the information required from network operators to demonstrate compliance with their safety management systems obligations.

Endeavour Energy appreciates the difficulties that auditors face when evaluating the conformance to the safety standards. We understand the need to better assist auditors and auditees in identifying inherent network risks and evaluating whether these risks have been sufficiently managed. We are supportive of any measures that attempt to clarify the safety standards required of network operators.

The revised Guideline provides a detailed outline of the audit process and criteria of each Australian Standard (AS) 5577 clause. In particular, several additions have been made to the minimum criteria for assessing compliance with AS 5577 clauses 4.3.2-4. These additions seek to bring the Guideline into line with the Work Health & Safety Act 2011 (WHS Act) which requires operators to eliminate and (failing that) reduce safety risks so far as is reasonably practical (SFAIRP).

Whilst this conformance is appropriate we are concerned with the level of detail specified in the audit criteria for demonstrating compliance with SFAIRP. The additions may be misinterpreted by an auditor in such a way that it will require a network operator to be evaluated on asset management and safety activities that are prescriptive in nature and effectively specified by IPART. A prescriptive guideline could result in network operators adhering to a narrow understanding of SFAIRP.

To overcome this, we propose that a principled based approach is adopted that prescribes the risk management standard rather than a detailed listing of how adherence to SFAIRP can be demonstrated. This could be achieved by either removing the additions that have been made to the minimum audit criteria or broadening the terminology used. An outcomes based approach to safety assessment audits would enable network operators to make the most informed safety management decisions to reasonably manage risks in a compliant manner. This avoids the need to prescribe detailed auditor guidance that, if strictly interpreted and applied, may not allow network operators to manage safety risk in the most efficient and effective manner based on their individual circumstances.

If you have any queries or wish to discuss this matter further please contact Rick Wallace, Manager of Electrical Safety & Performance at Endeavour Energy on [REDACTED]
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Yours sincerely

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Rod Howard
Acting Chief Executive Officer