

Ref: C2075942

6 October 2016

Steve McHardy
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Independent Pricing and Regulatory Tribunal
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Dear Steve

Consultation on Formal Safety Assessment Audit Guideline

Essential Energy welcomes the opportunity to provide comment on IPART's consultation regarding Formal Safety Assessments (FSAs) and R2A's changes to the Audit Guideline (the Draft Guideline).

Essential Energy is of the view that at this point in the development of a mature audit framework, the audit scope for 2016/17 should be limited to high level FSA fundamentals with respect to very serious hazards relating to their criteria. FSAs consider at applicable life-cycle stages the primary objective of the Electricity Network Safety Management System (ENSMS) (where applicable):

- the safety of members of the public and persons working on the network
- the protection of property
- the management of safety risks arising from the protection of the environment, including protection from ignition of fires by the electricity networks, and
- safety aspects arising from the loss of electricity supply.

It has become clear that from R2A's initial presentation to the release of their draft report and the round table meeting of 22 September 2016, that the scope of R2A's engagement has expanded from the development of an audit scope to the development of an audit framework for the ENSMS FSAs. Essential Energy highlights to IPART that until the audit scope is finalised, the ability for network operators to undertake preparation work for the audit is extremely limited.

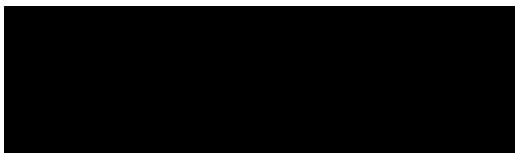
Following are specific comments on the Draft Guideline:

- R2A have explained their reasoning for the use of so far as is reasonably practical (SFAIRP), however if reference is to be made in the Guidelines to a particular approach referenced in AS5577 Electricity Network Safety Management Systems, it should be to as low as reasonably practical (ALARP). SFAIRP is only referenced once within AS5577 in relation to eliminating safety risks only, whereas ALARP is referenced in relation to controlling risks that cannot be eliminated. The intent of AS5577 is further evidenced throughout the standard and by the dedication of Appendix B to ALARP.

Table B.B.1 Section	Description	Essential Energy Comment
4.3.2	Risks and Threats are treated appropriately	Can there be a risk without a threat? We would generally eliminate or control a risk 'from a threat'. Also unsure how this would be documented? Is it possible to expand on this to provide further clarity in relation to practical application? It currently reads as though all treatment options would need to be documented against all known risks.
4.3.2 4.3.3	Clause 5 test	This may limit Network Operators (NOs) to using only the FSAs for this purpose, given the <i>Electricity Supply (Safety and Network Management) Regulation 2014</i> (the Regulation) states that NOs must take all reasonable steps, should this be slightly reworded such to allow for the use of processes outside of FSAs to deal with lower level risks and treatment actions? If not we run the risk of throwing references to all systems into what are deemed FSAs.
4.3.2	Identification of Hazards	The term 'high fuel load area' should be defined, or replaced with bushfire prone area.
4.3.4	Recognised good practice	The term 'precautions' does not align with AS5577, this should be replaced with a term used in AS5577 or the Regulation.
4.3.4	If recognised good practice is not implemented without justification, and no other precaution is put forward in its place it is likely the operation in question would be considered prohibitively dangerous.	Suggest this be reworded to cater for an uncontrolled hazard, not one that has been controlled however not explained within an FSA

If you have any questions in relation to this submission please contact me on [REDACTED], or alternatively Natalie Lindsay, Manager Network Regulation, on [REDACTED].

Yours sincerely



David Mattson
Compliance Reporting Manager