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28 April 2017

Independent Pricing and Regulatory Tribunal
PO Box K35
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Attention: Christine Allen, Steve McHardy

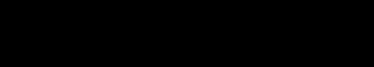
Subject: Review of SMS Audit Guidelines

Dear Christine and Steve,

In response to the email advice of proposed changes to IPART's Audit Guidelines Sydney Trains notes the changes proposed as a significant improvement on the previous issue. Detailed comments on the draft are provided in the attached table.

It remains our understanding that the Electricity Supply (Safety and Network Management) Regulation 2014, AS5577 and the National Rail Safety Law take precedence over this guide and in this respect we suggest much of the draft guide is unnecessary.

Yours sincerely,



Warwick Talbot
General Manager
Engineering System Integrity

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ID	REFER	COMMENT
1	Page 3, section 2.4 para 2	<p>"Auditors should clearly identify the audit criteria..."</p> <p>Suggest:</p> <p>"Auditors should clearly identify the audit criteria <u>agreed with the auditee...</u>"</p>
2	Page 4 section 2.4.1 para 2	<p>"The ESSM Regulation requires..."</p> <p>This para should be deleted as it conflicts with the definition of ALARP as defined in AS5577.</p> <p>AS5577 permits the network operator to determine what it considers an "acceptable level" (AS5577 3.9) and that it is sufficient to apply controls to reduce risk to an "appropriate level" (AS5577 4.3.2 and Appendix A, para A5(b)) and implies the operator may make a decision to reject possible controls and the rationale for doing so is stated; this is also implied by Table A1 item 7 c, d and e.</p> <p>It creates a conflict with Rail Safety National Law 100(1)(b) which states "consider risks cumulatively as well as individually". This means risks must be considered at the enterprise level as well as individually, and that the treatment of individual risks must not be disproportionate with the treatment of other risks in the enterprise - which includes risks not related to the electricity distribution network.</p> <p>It also conflicts with the Rail Safety National Law 100 (2)(b), which states "...including reasons for selecting certain control measures and rejecting others"</p>
3	Page 4 section 2.4.1 para 3	<p>This para should be deleted as it restates (but not verbatim) and hence conflicts with the definition of ALARP as defined in AS5577.</p>
4	Page 4 section 2.4.1 3 rd bullet point	<p>"All available options..."</p> <p>Delete "All". It is not feasible to prove all conceivable causes and controls have been considered.</p> <p>Examples of this were encountered during the recent bushfire risk FSA and audit.</p>
5	Page 5, 1 st para	<p>"There should be a formal argument..."</p> <p>This should be deleted. It conflicts with the explicit requirement</p>

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ID	REFER	COMMENT
		and guidance of AS5577 Appendix A para A4.
6	Table A.1	<p>Insert new criteria in respect of AS5577 Appendix A, B and C:</p> <p>"The operator has identified whether it applies ALARP as described in AS5577, or SFAIRP, as required by other legislation."</p>
7	Table A.1	<p>Insert new criteria in respect of AS5577 1.1 para 4:</p> <p>"A railway operator that is also the operator of an electricity distribution network has reviewed AS5577 and</p> <ul style="list-style-type: none"> a) determined its suitability and applicability to the operator's rail system; b) described the approach to integrate electricity network safety management within its rail safety management system (as required by the Rail Safety National Law)."
8	Table A.1 item 5 top of page 8	<p>"... to identify all electricity network hazards..."</p> <p>Delete "all". Applying the guidance of the subsequent points does not guarantee "all" hazards have been identified.</p>
9	Table A.1 item 5 b) page 8	<p>"All stakeholders ... have been involved in the risk identification process..."</p> <p>Delete "all". "All stakeholders" may not be practicable nor desirable, e.g. "all public...", "all external parties..." or vandals, copper thieves etc.</p>
10	Table A.1 item 6	<p>"... all identified electricity network hazards..."</p> <p>Delete "all" (oxymoron).</p>
11	Table A.1 item 6 (b)	<p>"All possible reasonably foreseeable..."</p> <p>Delete "all" (oxymoron).</p>
12	Table A.1 item 6 (c)	<p>"A zonal risk identification completeness check..."</p>

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ID	REFER	COMMENT
		Jargon. Please clarify what is intended, or delete.
13	Table A.1 item 6 (d)	<p>"A functional risk identification completeness check..."</p> <p>Jargon. Please clarify what is intended, or delete.</p>
14	Table A.1 item 6 (e)	Duplicates Table A.1 point 7 i)
15	Table A1 item 7 b)	<p>"Recognised good practice has been ... applied ... regardless of whether the risk is considered "tolerable" or ALARP."</p> <p>This item should be deleted as it conflicts with the guidance of AS5577 Appendix A, A5(b), Appendix B para B2 and B3.</p> <p>A control considered "good practice" in the context of one electricity network may create an unacceptable risk in the context of another operators network where the intended purpose, risks, requirements, design, construction, operation or maintenance are different.</p> <p>It creates a possible conflict with Rail Safety National Law 100(1)(b) which states "consider risks cumulatively as well as individually". This means risks must be considered at the enterprise level as well as individually, and that the treatment of individual risks must not be disproportionate with the treatment of other risks in the enterprise - which includes risks not related to the electricity distribution network.</p> <p>It may also cause conflicts with the Rail Safety National Law 100 (2)(b), which states "...including reasons for selecting certain control measures and rejecting others"</p> <p>For example:</p> <ul style="list-style-type: none"> - de-energising a feeder in the path of a bushfire may be considered an appropriate control by other network operators, however in the railway context it may cause a train carrying passengers to be stranded in the path of a fire, which is not an acceptable risk and the control may be rejected accordingly. - design controls (four-fold redundancy) and maintenance frequency implemented by Sydney Trains in the railway context are not practicable for application by other network operators, and vice versa, due to the different intended use (a public railway, as distinct from domestic consumers), requirements, design, construction, operation and maintenance.
16	Table A1 item 7 j)	Suggest this be deleted and replaced with

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ID	REFER	COMMENT
		<p>"Causal factors that change with time have been identified, quantified metrics to measure safety performance have been established and strategies developed to manage the risks that may result, such as but not limited to:</p> <ul style="list-style-type: none"> - Organisational and personnel changes, - Changing land use, eg urbanisation of nearby farm or bushland, - Technological innovation and obsolescence, - Long-term changes in the condition of the assets, - Changes affecting the observability of defects (notably structural defects and presence of termites) - Changes in the conditions at each asset location which alter the bushfire risk at that location, - Changes to nearby 3rd-party assets and structures; - Chemical deterioration or corrosion; - Combinations of extreme conditions (temperature, wind, peak load) and network isolations; - Future demand growth not adequately accommodated by infrastructure improvements."
17	Table A2 item 6	<p>"The treatment options ... must be fully implemented."</p> <p>The intent is understood however it may be impossible to comply in a short timeframe, eg it not be possible to "fully implement" a large-scale change to network assets in a short time frame to reduce bushfire risk, such as burying feeders, replacing wooden poles with steel, or replacing bare conductors with ACC or ABC.</p> <p>In this respect it is suggested that the requirement include:</p> <p>"... and/or an implementation plan is established with committed funding and management approval..."</p>