



GLOBAL ASSET SOLUTIONS PTY LTD

ABN 62 091 649 562

24<sup>th</sup> September 2019

Mr Neil Jenkins  
Senior Policy Officer  
Energy Safe Victoria  
PO Box 262  
Collins Street West VIC 8007

Dear Neil:

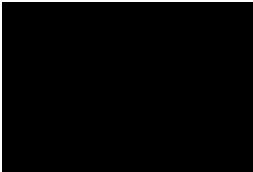
**SUBMISSION ON PROPOSED ESMS REGULATION CHANGES**

I have been involved with ESMS for both MEC and the VESMS since their original introduction in Victoria and have worked closely with client companies assembling their ESMS, along with periodic audits, ESMS renewals and with the ESV to provide validation as required.

I offer the following feedback on the proposed changes and the related consultation papers.

I am willing to provide any clarification or further details should it be required.

Sincerely,



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PO Box 1595  
East Doncaster VIC 3109  
Australia

Telephone: [REDACTED]  
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Item	Summary Description	Identified Issue
1	ESMS Content – <b>“Policy section deleted”</b>	Policy content usually contains an expressed and documented management commitment to the organisation’s approach to the safety and protection of people and its attitude to potential harm. It therefore also illustrates the “risk appetite” and tolerable or residual risk that is accepted and expected within the organisation. These aspects are required to show and document compliance intent with the expressed “duties” under the Act via the relevant section 98, 120D, 120E or 120F i.e. ‘minimise as far as practical’ and should be stated as required within the Regulations.
2	ESMS Content – <b>“Applicable assets”</b> wording now has a blanket replacement with the <b>“complex electrical installation”</b> term	The definition of a ‘complex electrical installation’ is given and made clear in the Act. [ i.e. means an electrical installation that – (a) has an <u>installed generation</u> capacity of equal to or greater than 1,000kVA; or (b) is <u>an electric line</u> that is on land that is not owned or leased by the owner or operator of the electric line]. The use of ‘complex electrical installation’ as a direct replacement in every corresponding ESMS regulation section is not appropriate in many of the sections and open to different interpretation, so likely to create confusion for all stakeholders as not all assets on a site will be “applicable assets” relating to the ‘complex electrical installation’. Conversely the “applicable assets” may be more than <u>the installed generation or electric line</u> which dictated the “complex electrical installation” ESMS division.
3	ESMS Content – <b>“Reporting – serious electrical &amp; other than serious electrical incidents”</b> (Sections 28 & 29)	The requirements for MEC reporting of both serious and other than serious electrical incidents are provided in section 28 and section 29. However, there is nothing currently provided within the proposed regulations of how related serious electrical & other than serious electrical incidents reporting is expected for non MEC ESMS i.e. under VESMS.
4	ESMS Content – <b>“FSA – employer operators and asset operators”</b> (Section 12)	Although a list of requirements for FSA is given in section 12 the need for recording all the details as necessary to demonstrate “practicable” as required by the Act is not currently specified. [ i.e. means practicable having regard to - electrical installation that – (a) the <u>severity</u> of the hazard or risk in question; and (b) the <u>state of knowledge</u> about the hazard or risk and <u>any ways of removing or mitigating</u> the hazard or risk; and (c) the <u>availability and suitability</u> of ways to remove or mitigate the hazard or risk; and (d) the <u>cost of removing or mitigating</u> the hazard or risk;] The current list of section 12 requirements aligns to classical risk assessment approach but does not ensure traceability to demonstrate AFAP as required by the relevant section 120D, 120E or 120F i.e. ‘minimise as far as practical’ (AFAP).
5	ESMS Content – <b>“SMS (FSA) – MEC”</b> (Section 26)	Although it is specified in section 26 (a) that the SMS including the FSA is to comply with AS 5577 and a statement relating to measures to ‘minimise as far as practical is made, the need for recording all the details as necessary to demonstrate “practicable” as required by the Act is not currently specified within the regulations. [ i.e. means practicable having regard to - electrical installation that – (a) the severity of the hazard or risk in question; and (b) the state of knowledge about the hazard or risk and any ways of removing or mitigating the hazard or risk; and (c) the availability and suitability of ways to remove or mitigate the hazard or risk; and (d) the cost of removing or mitigating the hazard or risk;] AS 5577 FSA allows for the ALARP approach to be used as adopted previously by MECs rather than the precautionary ‘AFAP’ as specified under the Act. This creates potential conflict and confusion between stakeholders as to how the approaches are to be aligned particularly as past FSA / risk assessments including databases have not recorded the details, mentioned above, as necessary to clearly demonstrate “practicable” as required by the section 98 of the Act.

6	ESMS RIS Burden >\$2M	<p>The ESMS RIS burden estimate is not clearly stated. The compliance costs to industry shown in Table 1 appear to be incorrect. The cost to industry for renewals relates to the changes in both the regulations and related guidelines which significantly change every second ESMS renewal. The last round of MEC ESMS renewals which required a 'safety case' to be developed and approved prior to the renewal of the ESMS increased the renewal cost by a factor of 3. (i.e. the \$85,000 to \$170,000 given in table 1 per MEC is therefore incorrect.) This is a similar issue for VESMS when related ESMS guidelines / application forms are changed.</p>
7	ESMS Existing Benefits – Not stated	<p>Incident reporting and KPI's have been maintained and provided to the ESV for both MEC ESMS and VESMS over the last 5 years of the ESMS operating cycles. There is no summary or detailed performance results given within either the Consultation paper of Impact Assessment showing any overall benefit or value resulting for either the incident recording or use of KPI's by ESV. On that basis one could draw the conclusion that these are 'low value / benefit' activities and should therefore be removed from the regulator reporting regime to reduce the burden on both ESV and operating companies.</p>
8	ESMS - General / Installation Regulations Update Impacts	<p>The potential impact on ESMS, particularly VESMS, due to changes in the 'General / Installation Regulations' have not been mentioned or factored into the current ESMS consultation documents. With the proposed changes to 'General / Installation Regulations' and with the changes to the ESMS regulations it is likely to be more attractive for existing VESMS holders to revert to operating via the 'General / Installation Regulations'. i.e. existing Windfarms operate across Victoria under both VESMS and 'Installation Regulation' regimes. (Typically the 'Installation regulation' regime would represent the lower cost model.)</p>