



Per

Tabled, by leave, Ms Sharp

Smart
Clerk of the Parliaments

21/11/2024

ENERGY AMENDMENT (PIPELINES AND GAS SAFETY) BILL 2024

STATEMENT OF PUBLIC INTEREST

Need: Why is the policy needed based on factual evidence and stakeholder input?

The Energy Amendment (Pipelines and Gas Safety) Bill 2024 (Bill) proposes to amend the *Gas Supply Act 1996* (Gas Supply Act), the *Pipelines Act 1967* (Pipelines Act) and the *Criminal Procedure Act 1986* (Criminal Procedure Act) to:

- Create regulation making powers to allow for regulations that address public safety and network integrity risks associated with the suspension, decommissioning and abandonment of gas supply infrastructure and operations.
- Create regulation-making powers to clarify compulsory acquisition processes for pipeline land and easements.
- Provide additional powers to government inspectors to investigate and respond to gas infrastructure incidents and improve regulatory oversight.
- Harmonise and modernise the Gas Supply Act and Pipelines Act including alignment of penalty provisions and definitions, introduction of penalty infringement and show cause notices, continuing offences, increased local court penalty limits, expanded ability to delegate the Minister's and Secretary's functions and general refinements to administrative processes to improve efficiency.

Objectives: What is the policy's objective couched in terms of the public interest?

Schedule 1 – Gas Supply Act: The Gas Supply Act needs to be modernised and harmonised with similar legislation to include new provisions and updated penalties to ensure enhanced governance, safety and operational efficiency of gas network infrastructure in NSW.

Expanded government inspector powers will allow effective and timely investigations to take place, which will increase public confidence enhance public safety. Regulation-making powers address the suspension, decommissioning and abandonment of gas networks to strengthen safety requirements.

Schedule 2 – Pipelines Act: The objectives of the Pipelines Act amendments mirror those above, building on the *Energy Legislation (Clean Energy Future) Act 2024*. The proposed amendments will ensure the regulator has adequate investigative and penalty powers. A new regulation-making power will also enable clarification of compulsory acquisition processes.

Schedule 3 – Criminal Procedure Act: The changes to the Criminal Procedure Act are consequential to the Gas Supply and Pipelines Acts amendments. The changes will enable appropriate court proceedings to occur and maximum penalties to be applied at all levels, which would work to deter action that would breach the regulatory framework.

Options: What alternative policies and mechanisms were considered in advance of the bill?

In an assessment of options, consideration was given to not making the proposed changes. However, making the proposed amendments is preferred because modernising the NSW gas network regulatory framework to strengthen the safety of gas network operations and supply in NSW was assessed as providing the greatest net public benefit.

Analysis: What were the pros/cons and benefits/costs of each option considered?

The proposed amendments will lead to increased regulatory oversight and improved public safety. The public safety benefits outweigh the increased cost to regulators and network operators adhering with the changes. Expanded inspection powers will enable more effective and timely investigations, reducing future safety risks. Furthermore, certain penalty units are currently too low to act as sufficient deterrent. The proposed penalty updates and introduction of enforcement notices will ease reliance on court processes. The proposed refinements to administrative processes will also improve efficiencies.

The changes will ensure that the legal process for adjudicating offences works as it should. No material increase in workload is anticipated from the changes to the Criminal Procedure Act.

Pathway: What are the timetable and steps for the policy's rollout and who will administer it?

All proposed changes are intended to commence on Bill assent, except for the Pipelines Act amendments to provide that fees and penalties are debts due to the Crown. These are to commence by proclamation as they will require an amendment to the Pipelines Regulation which is intended to be actioned in the first half of 2025.

Consultation: Were the views of affected stakeholders sought and considered in making the policy?

Many of the proposed changes were in response to issues raised with Department of Climate Change, Energy, the Environment and Water (DCCEEW) and its former agencies in recent years by stakeholders such as gas network operators. Formal public consultation took place in August and September 2024. Feedback from internal and external stakeholders was broadly supportive of the draft changes, with feedback considered and incorporated into the final Bill.

The proposed changes to the Criminal Procedure Act were prepared in consultation with the Department of Communities and Justice.