

## Standards Sector Board and Co-ordination Group Consultation Process

### Introduction

In April 2007 advice was provided to the Gas Standards Sector Board that this structure within Standards Australia was to be disbanded from 2008.

Any such change should include the High Pressure Transmission Pipeline Industry for Gas and Liquid petroleum. This important industry should be included in the Australian and New Zealand Standard Industrial Classification System (ANZSIC 2006) rather than not be incorporated into any group.

Australian Standard AS 2885 Pipelines High Pressure Gas and Liquid Petroleum is an internationally recognised standard and is called up in either the relevant State Legislation or associated Regulations in every State and Territory in Australia. It was declared by COAG that this Standard was to be the Australian Standard for High pressure Gas and Petroleum Pipelines in 1994.

This is clear recognition of the importance of this Standard as well as the high pressure transmission pipeline industry.

### Comments on the Consultation Document

#### General

If it is eventually decided that the High Pressure Gas and liquid Pipelines should be incorporated into the Energy Sector for this purpose, mixing the Electricity and Gas Industries should be avoided.

While these two sectors are both linear transmission assets, they have little similarity. Importantly:

- Gas and petroleum is stored in pipelines whereas electricity is unable to be stored.
- Gas and Petroleum takes time to be transported to its customer whereas electricity is sold literally at the moment that it is produced
- The product quality of gas can vary, with the ability for intrastate gas to have a different specification from gas transported interstate use.

Consequently, a Sector Board that concentrates its effort in ensuring harmony and consistency across the both the electricity and gas sectors would not be efficient, in fact would probably be unworkable.

The benefits listed on page 6 of the discussion paper would be of little benefit to the High Pressure Gas and Liquid Petroleum Industry.

## Specific Comments

The Australian Pipeline Industry Association (APIA) provided a submission to the Productivity Commission's enquiry into Standards Australia and an extract from this submission was quoted in the Productivity Commission's final report. The general findings of the Productivity Commission are endorsed by the APIA.

The cost in both actual expenditure and in-kind contribution of the review and finalisation of AS2885 Part 1 and Part 2 published in 2007 was approximately \$6 million. Such a major contribution by the industry reflects the importance of this standard to the industry. The industry experts and technical regulators willingly contributed their time and expertise at no charge and with the support of their organisations. With increased pressure on companies in this industry, such a focus on contributions without payment is unlikely to continue in the future.

Each suggested benefit listed on page 6 is discussed as follows.

"The new Structure would provide:"

### *A more complete map of standardisation activities across the economy.*

The proposal to map standards issues by sectors would in the case of High Pressure Gas and Liquid Petroleum create increased difficulties and confusion given the differences between electricity and the gas and petroleum transmission sectors.

### *Better flow of information in a more focussed and relevant stakeholder engagement*

In the case of the high pressure transmission industry, all sectors are actually currently engaged under the umbrella of one organisation – APIA – from the owner, designer, operator and maintainer and technical regulator. The Gas Sector Standards Board provides a clear forum that enables the low-pressure distribution industry to be aware of and have an input into the high-pressure industry.

### *Sector strategies that are more aligned to public policy needs and stakeholder needs.*

The High pressure transmission industry has already achieved this aim and any change to process would need to ensure that such strong communication and information flow is not diminished.

### *Transparent application of net public benefit.*

This has been achieved through the COAG decision and the strong involvement of State Technical Regulators in the Standards setting process.

As such the proposal is fraught with difficulties and should be considered in further detail before any further developments are undertaken.

Specific reference is made to the Productivity Commission findings in relation to ISO Standards where the submission by the APIA was quoted as to the need for care in moving Australian Standards to what are considered inferior ISO Standards.

## **Conclusion**

The existing Gas Standards Sector Board provides an appropriate mechanism for the High Pressure Transmission of Gas and Liquid Petroleum Industry to communicate with Standards Australia and undertake appropriate reviews of its Standards. The current system provides a single-sector coordinating forum that is not mixed with competing influences of electricity. As outlined above, although electricity and gas transmission are both linear industries, there are important differences. Any changes to the process should take strong account of these differences.

The approach does not address the issue of legislated standards and the issue of SAI Global and the commercial nature of the preparation of Australian Standards.

These matters are considered important and should receive higher priority.

The High Pressure Gas and Liquid Pipeline Industry is the custodian of AS2885, a Standard that is respected world wide. If the proposed structure should be put in place, such a high-quality Standard would not be appropriately included or recognised by ANZSIC 2006 and is not considered worthy of inclusion in a committee.

APIA recommends that further consideration be given to the proposal before any further developments are undertaken. Currently, the structure as it stands is more appropriate to the high-pressure transmission industry.