



Hon Lily D'Ambrosio MP

Minister for Energy, Environment and Climate Change  
Minister for Suburban Development



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Ref: MBR036436



Dear Mr Fearon

## STATEMENT OF EXPECTATIONS FOR ENERGY SAFE VICTORIA 2018-20

I am pleased to provide you with this Statement of Expectations (SOE) for Energy Safe Victoria (ESV). This SOE replaces any previously issued SOE. This SOE applies for the period until 30 June 2020, or until otherwise amended.

### Improving the administration and enforcement of regulation

This SOE sets out my expectations of ESV's contribution to the Victorian Government's program to reduce red tape affecting businesses, not-for-profit organisations, government service providers and households by promoting greater efficiency and effectiveness in the administration and enforcement of regulation. It also outlines my expectations on broader improvements for ESV's performance.

As Minister for Energy, Environment and Climate Change, I am responsible for administering the *Energy Safe Victoria Act 2005*, the *Electricity Safety Act 1998*, the *Gas Safety Act 1997* and the *Pipelines Act 2005* that affect businesses and the broader Victorian community. This SOE should be read within the context of the objectives, obligations and functions outlined in these Acts as amended.

I expect ESV to actively pursue better safety outcomes for all Victorians by demonstrating best practice in its regulatory approach and driving continuous improvement in a rapidly evolving energy sector.

### Independent Review of Victoria's Electricity and Gas Network Safety Framework

I expect ESV will design and deliver changes to processes and practices in response to the recommendations made by the Independent Review of Victoria's Electricity and Gas Network Safety Framework (the Review), in particular those recommendations that the government has supported in its response to the Review.

In January 2017, the government commissioned the Review into Victoria's electricity and gas network safety framework. The Review considered the design and adequacy of the regulatory system governing the safety of Victoria's electricity and gas networks. This includes ESV's role as the technical and safety regulator. Following completion of the Review, its final report was publicly released along with the government's response. These are available on the Engage Victoria website at [www.engage.vic.gov.au](http://www.engage.vic.gov.au).

The government fully supports 21 of the Review's 43 recommendations to strengthen Victoria's electricity and gas network safety framework and has already requested that ESV and the

Department of Environment, Land, Water and Planning (DELWP) take steps to progress these recommendations.

The government supports in principle a further 21 of the 43 recommendations and will draw on the outcomes of further consultation and analysis to determine how these recommendations can best be implemented. I expect ESV to work with the government to help progress the next steps for these recommendations.

In developing actions to progress these recommendations, I expect ESV to consult with the Red Tape Commissioner, the Victorian Public Sector Commission, business and the broader community as appropriate.

### **Monitoring and auditing of bushfire safety performance**

I expect ESV to use its powers under the energy safety legislation to undertake a comprehensive monitoring and inspection program on the practices and activities of Victorian electricity distribution businesses ahead of and during an anticipated challenging bushfire season.

### **Safety of gas heaters in residential settings**

Many Victorians rely on gas appliances to heat their homes, and recent tragic events have underlined the need to take action to enhance safety for users of domestic gas heaters.

I expect ESV to continue its work to address current and future safety risks relating to gas heaters in residential settings. I also expect ESV to work with DELWP and the Victorian Building Authority (VBA) to support government considerations regarding the safety of gas heaters, including any potential regulatory and policy reform.

### **Distributed energy resources register**

The Council of Australian Governments Energy Council agreed in July 2017 to support the development of a national register for distributed energy resources (the register), including small scale batteries installed in residential and small business premises.

I expect ESV to work with DELWP to support investigation of regulatory and other options to support the information provision requirements of the register, in consultation with the Australian Energy Market Operator, the Australian Energy Market Commission, Victorian distribution businesses and other relevant stakeholders.

### **Electrical Equipment Safety Scheme**

I expect ESV to work with DELWP to support the implementation of the Electrical Equipment Safety regime if the *Electricity Safety Amendment (Electrical Equipment Safety Scheme) Bill 2018* passes Parliament. This includes the remaking of the relevant regulations, educating suppliers of their new obligations and transitioning toward a full compliance and enforcement regime.

### **Reporting against this statement**

To avoid dual reporting streams, reporting on ESV's progress in implementing the recommendations of the Review should be conducted through statutory annual reporting, and other current reporting mechanisms where appropriate, including monthly reporting.

It is also my expectation that activities to implement the Review's recommendations and to support other areas of work included in this letter will be incorporated into ESV's Corporate Plan, and this SOE should be published on ESV's website upon receipt.

Within one month of receipt of this letter, I expect that ESV will respond to this SOE, outlining how it intends to progress the implementation of the expectations outlined in this SOE. This response should include details of the specific activities that will be undertaken by ESV.

I look forward to seeing ESV continuously working towards achieving best practice in the administration and enforcement of regulation.

Yours sincerely



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