



Hon Lily D'Ambrosio MP

Minister for Energy, Environment and Climate Change
Minister for Solar Homes

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Ms Marnie Williams
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Energy Safe Victoria
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Ref: MBR045187



Dear Ms Williams

STATEMENT OF EXPECTATIONS FOR ENERGY SAFE VICTORIA 2021-23

I am pleased to provide you with this Statement of Expectations (SOE) for Energy Safe Victoria (ESV). This SOE applies for the period 1 July 2021 to 30 June 2023, or until otherwise amended. This SOE replaces the previous 2018–20 SOE, which was extended to 30 June 2021.

This SOE outlines my key priorities for ESV's administration and enforcement of regulation.

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*. Under this legislation, ESV is a technical and safety regulator responsible for ensuring the safe generation, supply and use of electricity, gas and pipelines. This SOE should be read within the context of the objectives, powers and functions outlined in these Acts.

Renewable energy transition

Victoria is part of a major global energy transition, with renewable energy at the centre of this change. The Victorian Government is committed to an orderly transition to renewable energy, ensuring a sustainable, reliable and affordable energy future for all Victorians and delivering on clean energy through an extensive and ambitious investment package.

ESV has a key role to support this energy transition, ensuring industry participants deliver the safety of renewable energy programs (hydrogen industry development, gas appliances, solar installations (including direct current (DC) isolators), big batteries, renewable energy zones, and wind farms).

In relation to **renewable energy infrastructure and emerging technologies** I expect ESV to:

- identify emerging safety trends and risks
- set clear expectations about regulatory compliance
- take proportionate regulatory action to protect the safety of the community.

I understand that ESV has committed in its 2020 Future Energy Strategy to document emerging trends and risks in an adaptive strategic roadmap as recommended by the Independent Review of Victoria's Electricity and Gas Network Safety Framework. Findings from the roadmap should be publicly reported annually.

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

The Victorian Government has committed to important reforms in response to the Independent Review of Victoria's Electricity and Gas Network Safety Framework (the Review). Since the Review was completed in 2017, the governance structure of ESV was transformed from a single director-led model to a three-person Commission on 1 January 2021.



I expect that ESV will continue to progress these reforms, implement the remaining recommendations for which it is responsible, and develop its approach to build on the intention of this transformation.

Risk-based regulation

A strong and effective regulator needs to continually adapt to its changing regulatory landscape, focusing its activities to address the greatest risks. The Review articulated the importance of ESV strengthening its capability and preparedness to take strong regulatory action and its use of all available regulatory tools to support a risk-based regulatory posture.

I expect ESV to consistently apply risk assessment across its activities and exercise a proportionate regulatory approach, which targets regulatory action to protect the safety of the community and promotes high levels of compliance.

As outlined below, I expect ESV to have particular regard to mitigation of risks associated with gas appliances and domestic solar, and to continue to prioritise mitigation of bushfire risks.

In relation to **domestic solar installations**, I expect ESV to:

- enhance audits and inspections, and improve its data collection capabilities, to identify hazards and non-compliances
- take proportionate enforcement action to rectify and prevent harm occurring from identified hazards.

I expect ESV to continue to address existing and emerging safety risks relevant to gas appliances in residential settings. This includes the provision of technical and operational support for regulatory and policy reform; and raising public awareness through campaigns such as 'Be Sure'.

I expect ESV to continue to prioritise the **mitigation of bushfire risks** through:

- investigating distribution businesses' **pole management regimes** and publishing findings with recommendations and remedial actions to be undertaken by the businesses
- auditing the asset management practices (and **vegetation line clearance practices**) of major electricity companies and other regulated entities, with the aim of reducing the percentages of non-compliant vegetation near powerlines
- implementing **data and analytics improvements** recommended by the Review to develop a mature, integrated surveillance and intelligence system essential to the management of bushfire risks
- effective regulation of bushfire mitigation plans, monitoring the **rapid earth fault current limiter (REFCL) rollout** and implementing the recommendations made by the REFCL Functional Performance Review.

Compliance-related assistance and advice

Effective assistance and clear information and advice makes it easy for participants in the gas and electricity industries to understand and meet their regulatory obligations. This reduces the risk of non-compliance and the time spent by regulated parties to understand regulatory requirements.

Advice and assistance that ESV provides should be of a high quality and enable regulated parties to fully understand their regulatory obligations, to reduce the risk of noncompliance.

To show progress against these outcomes, I expect ESV to:

- partner with industry representatives to design and enable delivery of a continuing professional development (CPD) scheme to ensure licensed workers' skills and knowledge remain up-to-date with contemporary practice and improve safety outcomes
- update ESV's Compliance and Enforcement Policy and publish its compliance and enforcement policy and guidance and technical guidance for industry, to provide transparent guidance to regulated parties on the expectations of compliance with applicable regulations and legislation
- upgrade ESV's information technology infrastructure to ensure regulatory information is easily accessible to regulated parties. ESV should ensure its website delivers key information and supports online stakeholder engagement
- develop and publish a community and stakeholder engagement policy
- survey stakeholders connected with ESV's regulatory obligations (including major electrical and gas companies, gasfitters, electricians, lineworkers, industry bodies and other representative groups) to measure stakeholder and regulated entity views about ESV's regulatory service delivery, and publish the results
- fully utilise ESV's advisory committees, consistent with the recommendations of the Review, to ensure that ESV draws on broad industry and community expertise.

Timeliness

ESV should prioritise the timeliness of decision-making, streamline processes and utilise new technology to improve service delivery timelines and support safety.

To demonstrate progress against these outcomes, I expect ESV to reduce the time taken between when a domestic solar installation occurs and the certification by the Licensed Electrical Inspector. ESV should identify solutions to reduce times and take proportionate enforcement action where necessary.

Reporting

I invite ESV to respond to this Statement of Expectations within one month of receipt of this letter, outlining how it intends to achieve the expectations outlined above. This response should include details of the specific activities and performance targets for each expectation, and the timeframe within which these will be delivered. This response should also include current baseline levels for performance targets.

This SOE and ESV's response should be published on ESV's website by 31 August 2021. ESV's progress to achieve these expectations should be reported on at least an annual basis, in ESV's annual report.

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

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Lily D'Ambrosio', with a large circular flourish at the beginning.

Hon Lily D'Ambrosio MP
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1 / 07 / 2021