

I have a licence – what's next?

Water Industry Competition Act 2006

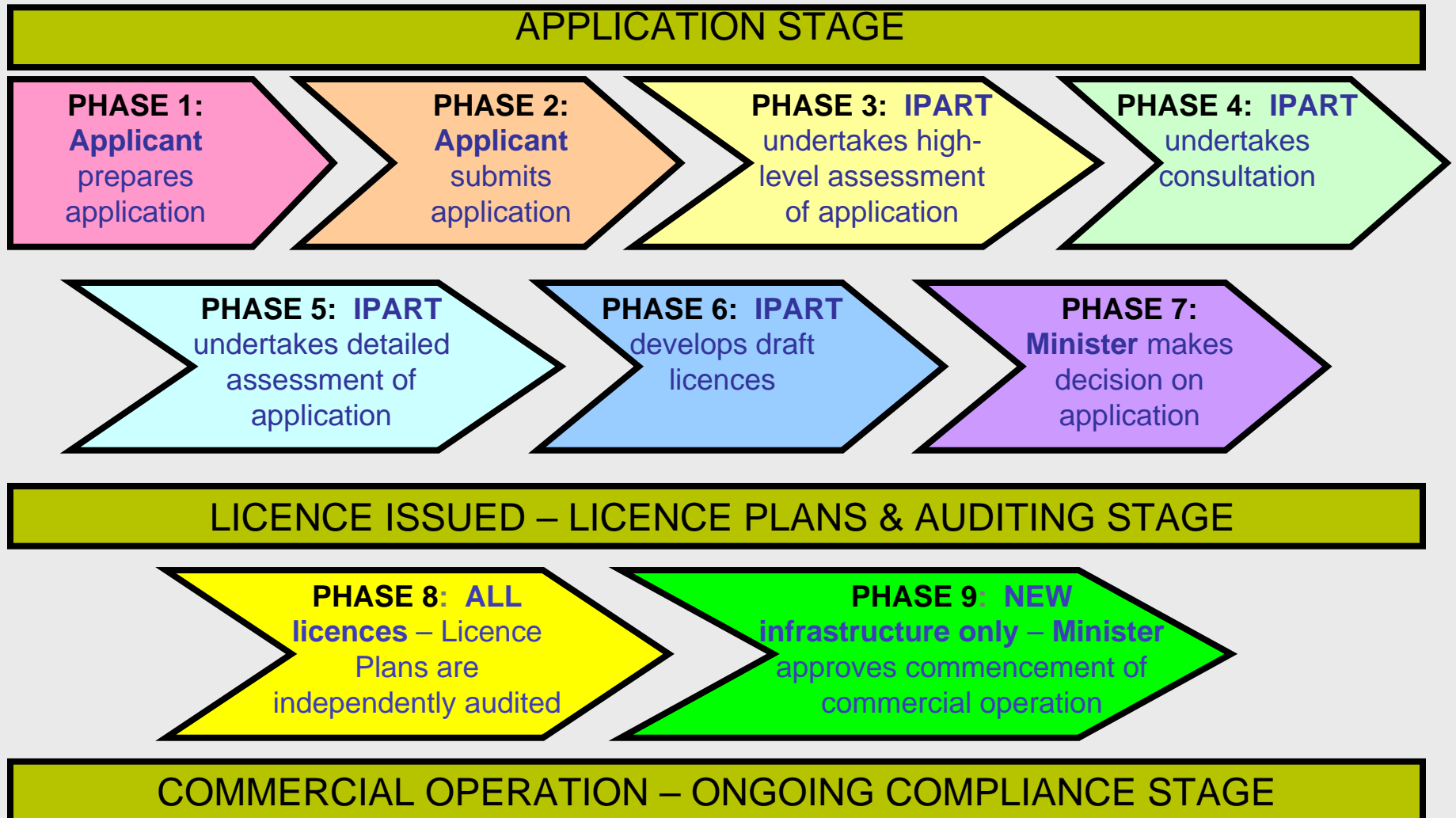
Carly Price
Senior Technical Analyst

23 February 2011

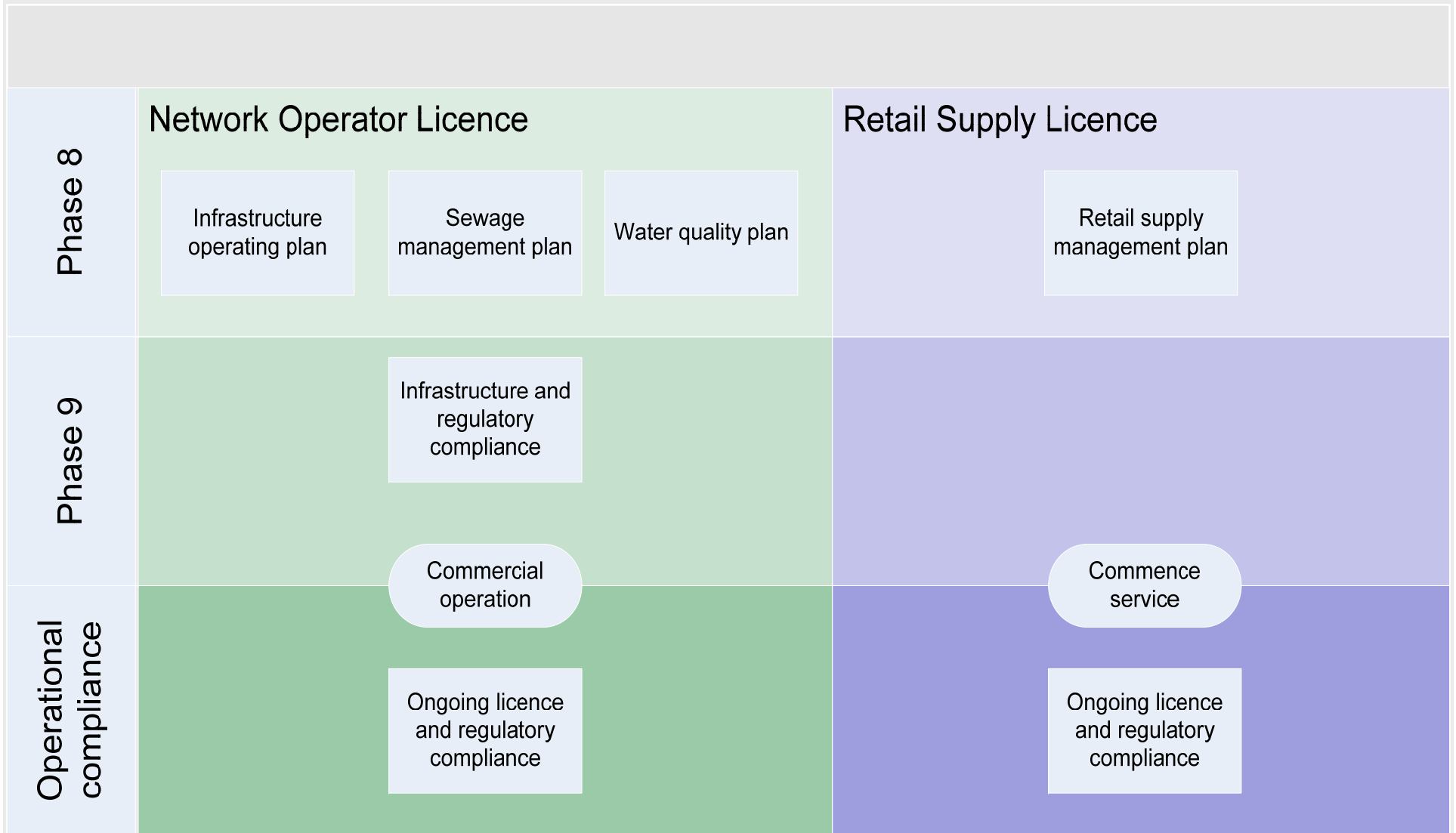
This presentation

1. What audits are required?
2. What is in Water Quality, Infrastructure Operating, Sewage Management and Retail Supply Management Plans?
3. What is else required before commencing commercial operation?
4. What are the ongoing compliance requirements afterwards?

Licensing Process



Licence and audit phases



What is audited?

Plans

- ▼ the adequacy of the Licensee's plans (IOP, WQP, SMP and RSMP)

Commissioning new infrastructure

- ▼ Before new infrastructure is brought into commercial operation

Compliance audits

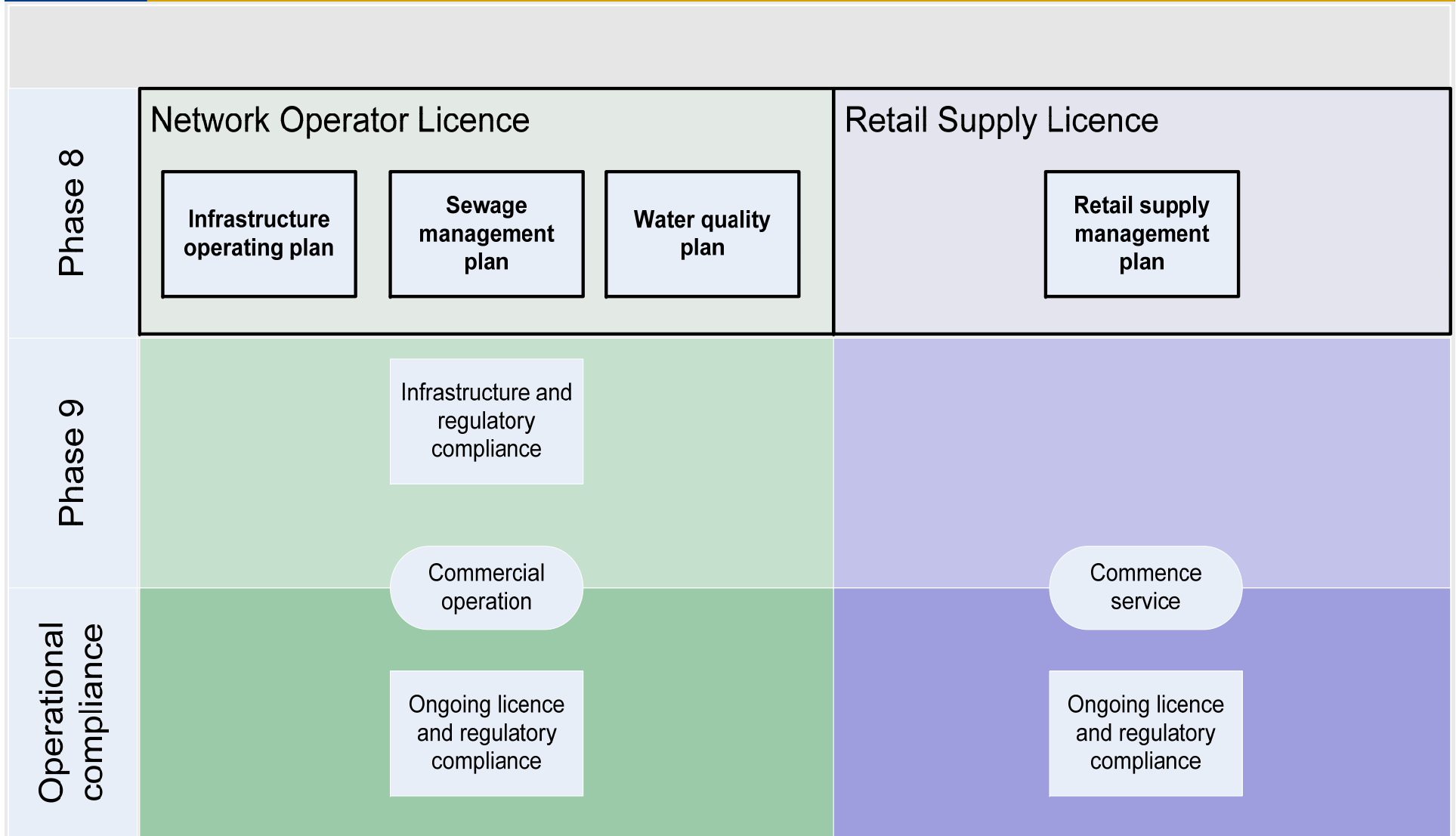
- ▼ As required by IPART to report to Minister on compliance with conditions of a licence

Licensee pays for audits

How is it audited?

- ▼ Audit Guidelines – outlines the audit framework and contains templates for each audit type.
- ▼ Audit panel – on IPART's website is a list of approved auditors who are required to comply with IPART's Audit Guidelines
- ▼ Audit timing – separate vs combined audits (plans and new infrastructure)
- ▼ Audit reports – on licensee's website

Phase 8 – Before commencing activities under a licence



Infrastructure Operating Plan

- ▼ It must cover the design, construction, operation and maintenance of the infrastructure including:
 - ▼ particulars of the life-span, the system redundancy, contingency plans, and arrangements for the renewal
 - ▼ how the continued safe and reliable performance, and continuity of supply is ensured
 - ▼ the maintenance, monitoring and reporting of the standard of service.
- ▼ But what does this look like?

Infrastructure Operating Plan

- ▼ The purpose of the plan – provides management framework and is auditable
- ▼ The structure of the plan – not prescriptive and can be an “umbrella” document which references existing procedures and protocols
 - ▼ For example, asset register can be held elsewhere but is to be referenced and IOP to contain information about the asset register

Water Quality Plan

- ▼ Must be consistent with the 12 elements in the ADWG (or AGWR) and show how the guidelines are addressed and will be implemented
- ▼ Risk management framework based on HACCP – the design, operation and maintenance must be based on managing risks to public health and environment
- ▼ Monitoring (validation and verification) is a significant part of the plan and there are many costs involved – Kaye Power, NSW Health, will speak about this

Water Quality Plan

- ▼ The purpose of the plan – provides risk management framework and is auditable
 - ▼ For example, training requirements based on managing identified risks
- ▼ The structure of the plan – not prescriptive and can be an “umbrella” document which references existing procedures and protocols

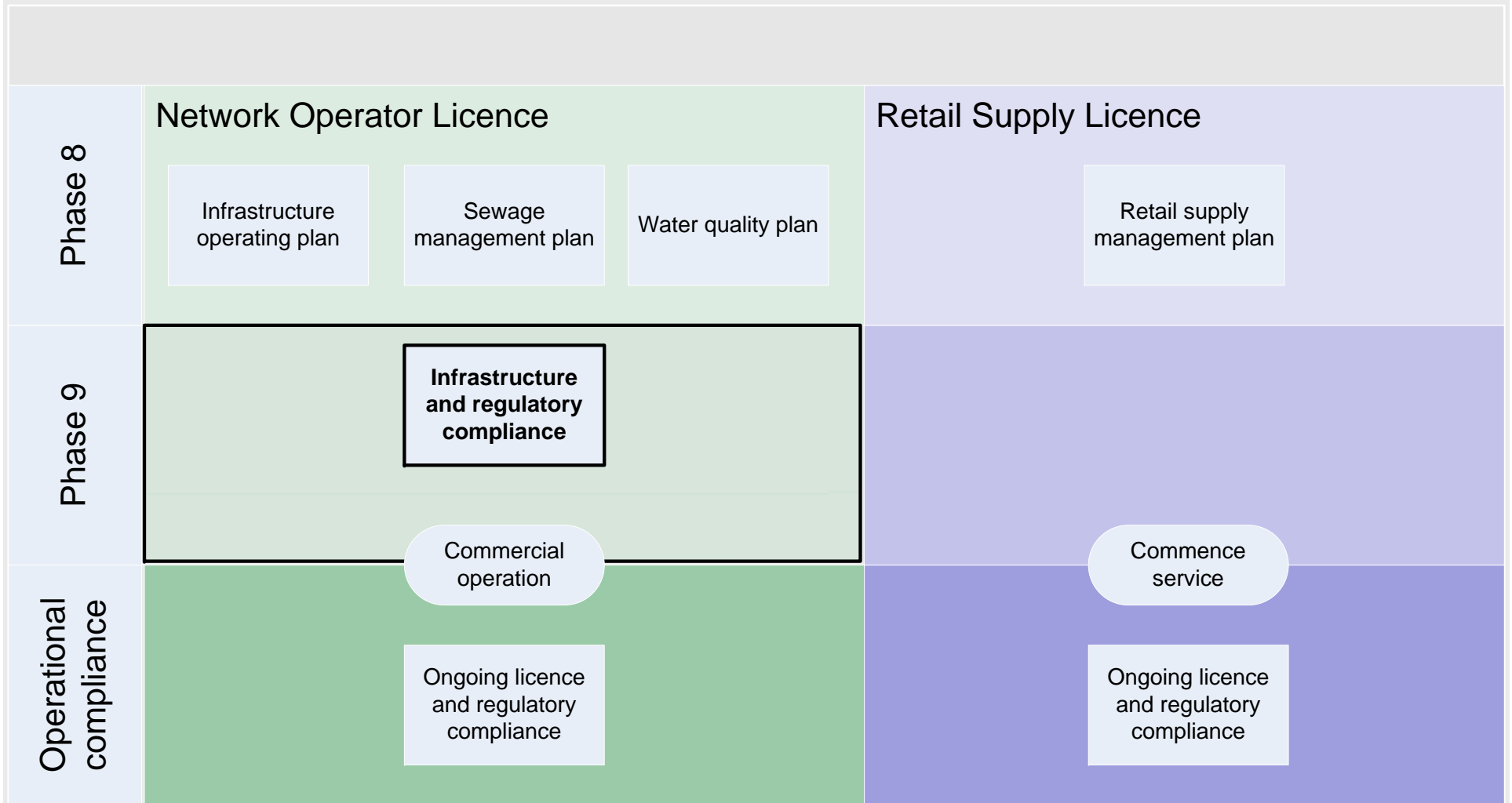
Sewage Management Plan

- ▼ Must detail how health and environmental assessments will be undertaken and how resulting concerns will be addressed. Also must have arrangements for the disposal of waste.
- ▼ Audit template contains details of this assessment
- ▼ If disposal is via subsurface irrigation there may be additional audit requirements at the early stages
- ▼ Not required if there is an Environmental Protection Licence from DECCW

Retail Supply Management Plan

- ▼ Must detail events which could adversely affect the ability to supply water and/or sewerage services, including likelihood of the events and measures to be taken to manage the events
- ▼ Also have arrangements for compliance with the codes of conduct and codes of practice

Phase 9 – Approval to commence commercial operation

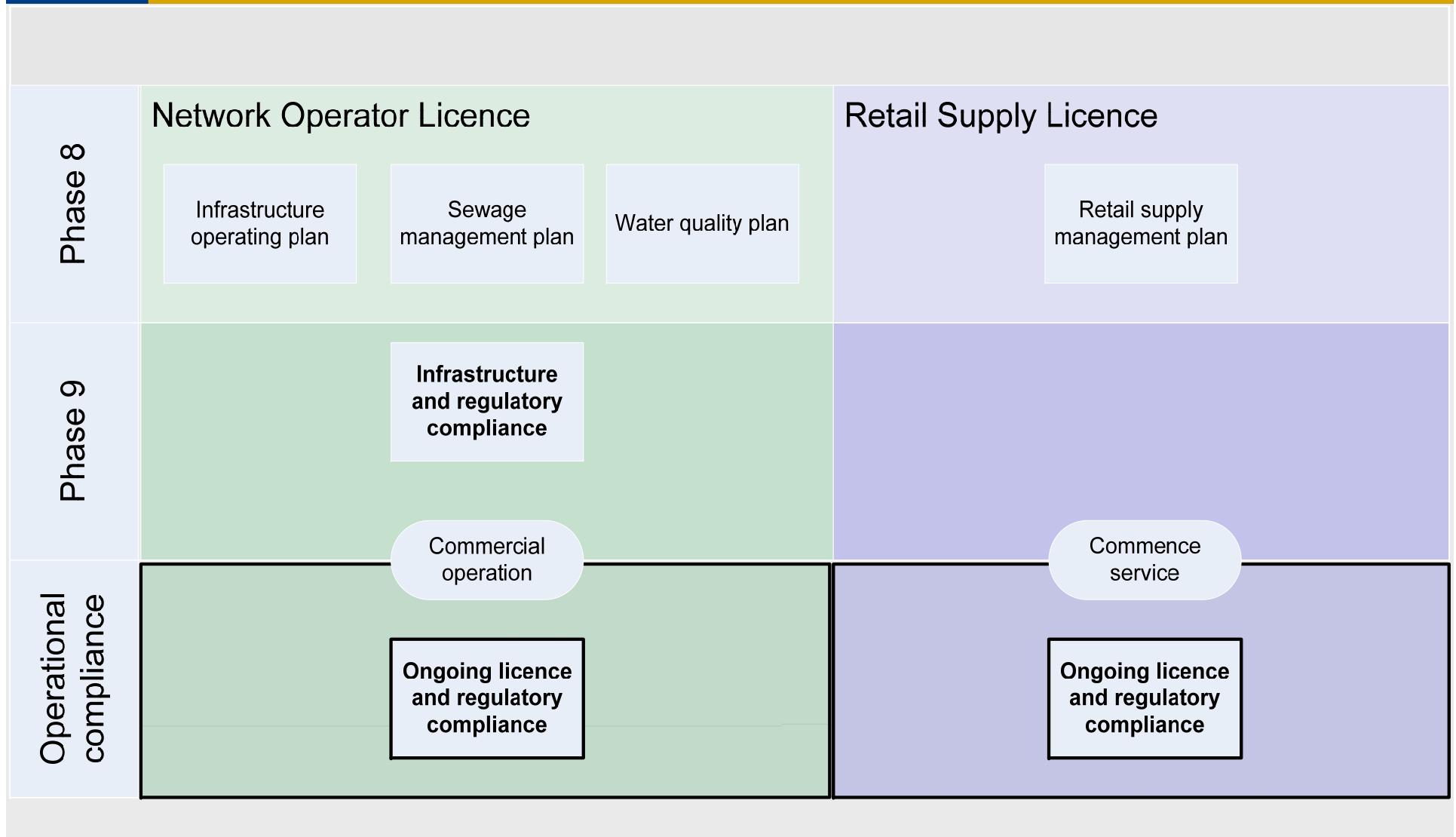


Phase 9 - Commercial operation of infrastructure



- ▼ Licensee must obtain prior written approval of Minister before bringing *new* infrastructure into commercial operation
- ▼ To obtain approval, licensee must provide Minister with approved auditor's report
- ▼ Copy of this report should also be provided to IPART at the same time to enable IPART to make a recommendation to the Minister
- ▼ Existing infrastructure audit requirements vary because usually commercial operation has already commenced

Operational compliance



Operational compliance

- ▼ Ongoing compliance audits – frequency is risk based
- ▼ Compliance and regulatory roles – Licensee's and IPART's roles
- ▼ Information to be supplied by licensees – including annual compliance report by 31 August each year
- ▼ Reporting manuals – on IPART's website



Independent Pricing and Regulatory Tribunal

www.ipart.nsw.gov.au