

Attachment A - Power and Water submission

2024 review of the Compliance Framework and Reporting Guidelines

Power and Water Corporation (**Power and Water**) was invited to provide feedback on the Utilities Commission's (**Commission**) review of the *Compliance Framework and Reporting Guidelines* (**Guideline**). The following responds to the Commission's consultation paper, overview of proposed material amendments.

General

The proposed general changes improve alignment between the Guideline and ISO 37301:2021 compliance management systems (**International Standard**), while providing clarity for regulated entities on the Commission's expectations. Power and Water has no concerns with these proposed changes.

Requirement to establish a compliance process

Changes proposed to the compliance process improve alignment between the Guideline and International Standard, while improving the clarity of terminology. As there is no material increase or change in existing obligations for the compliance process, Power and Water has no concerns with the proposed changes.

Requirement to report on material breaches

The proposed enhancements to the material breach definition, introduction of a timeframes for reporting incidents and clarification on when a timeframe commences will provide clarity for licence holders on the Commission's expectations.

As Power and Water holds multiple licences, with the proposed changes, it would have two different timeframes to embed in its compliance process and system. This increases the complexity of training, process management and system configuration. For this reason, Power and Water recommends adopting the water licence breach three-day reporting timeframe as a standard approach to allow for consistency across all licenced activities.

The Commission also proposes to introduce reporting of non-material compliance where materiality was a near miss. While Power and Water supports the intent of this proposal, further guidance on meeting the Commission's expectations for demonstrating assessment of potential materiality is recommended.

To embed the revised definitions, required timeframes and inclusion of near miss reporting, Power and Water will need to enhance its existing incident reporting system. This would allow for assessment of the revised reporting obligations at the time an incident is reported, while maintaining appropriate audit records. As such, a transitional period for introducing these changes is recommended as it would allow licence holders to embed changes in exiting systems and processes.

Requirement to undertake compliance audits

Changes proposed for undertaking compliance audits align requirements and practices between Power and Water's electricity and water activities. The changes adopt best practice and improve clarity for licence holders, requiring at least one audit per year on each electricity licence. Power and Water has no material concerns with the proposed changes, although it will increase compliance costs by \$40,000 to \$80,000 per licence in relation to audit costs.

Requirement to submit an annual compliance report

The proposed changes to annual compliance reporting improve the reporting template and submission conditions, including allowing an additional month to submit reports. Power and Water is supportive of these changes.

Requirement to submit an annual licence return

The proposed changes update practices in-line with the current regulatory environment, Power and Water has no concerns.