



Queensland

Petroleum and Gas (Production and Safety) Amendment Regulation (No. 1) 2011

Explanatory Notes for SL 2011 No. 44

made under the

Petroleum and Gas (Production and Safety) Act 2004

General outline

Short title

Petroleum and Gas (Production and Safety) Amendment Regulation (No. 1) 2011.

Authorising law

Sections 669, 675A, 706, 724, 734 and 859 of the *Petroleum and Gas (Production and Safety) Act 2004*.

Policy objectives and the reasons for them

The Petroleum and Gas Inspectorate regulates safety in the petroleum and gas safety industries. Over the last 24 months the Inspectorate, in consultation with stakeholders, has identified various amendments required to ensure the safety provisions in the Regulation continue to support industry best practice and minimise incidents in the petroleum and gas industries. The need for amendments has also arisen from national initiatives and amendments to the *Petroleum and Gas (Production and Safety) Act 2004* (P&G Act).

The purpose of the amendments can be grouped under five broad categories—

1. harmonising regulation inline with national agendas and consistency amongst regulators;
2. strengthening the ongoing management of well heads by Coal Seam Gas (CSG) organisations;
3. clarifying and strengthening obligations in relation to Liquefied Petroleum Gas (LPG) delivery networks;
4. clarifying compliance certificate requirements, and
5. other amendments aimed at improving safety in the petroleum and gas industries.

Achievement of policy objectives

The amendments will achieve the policy objectives by—

- prescribing Type A gas devices, including certain simple mass produced Type B devices (industrial);
- requiring gas system installers to fix a compliance plate to the electrical meter box of the premises when installing gas systems to allow gas suppliers, gas system owners, gas fitters and gas inspectors to easily identify the history of the gas installation;
- making consequential amendments to provide for the authorising of hydrocarbon refrigerant gas work via an occupational licence rather than an organisation authorisation following changes to the P&G Act;
- strengthening the ongoing management of well heads by CSG organisations;
- making a reference to a code of practice for the detection, remediation and reporting of leaks on coal seam gas well heads;
- removing confusion and reducing regulatory burden for business and community stakeholders by making gas compliance certificate requirements for transferring or registering of vehicles consistent with requirements for safety certificates under the *Transport Operations (Road Use Management - Vehicle Standards and Safety) Regulation 2010* (Transport Regulation);

- increasing the threshold level of cylinder storage for operating plant and extending the application of the use of Liquefied Petroleum Gas Australia's safety management plan for some small businesses;
- resolving requirements to undertake pressure checks and fit test points and increase safety checks in LPG cylinder exchange/delivery businesses; and
- making other minor amendments.

Consistency with policy objectives of authorising law

The amendment regulation is consistent with the main purpose of the P&G Act, including to facilitate and regulate the carrying out of responsible petroleum activities and the development of a safe, efficient and viable petroleum and fuel gas industry, in a way that—

- creates an effective and efficient regulatory system for the carrying out of petroleum activities and the use of petroleum and fuel gas; and
- regulates and promotes the safety of persons in relation to operating plant.

Inconsistency with policy objectives of other legislation

The subordinate legislation is not inconsistent with any policy objectives of other legislation.

Alternative ways of achieving policy objectives

There are no alternative ways of achieving the policy objectives.

Benefits and costs of implementation

1. *Harmonising regulation inline with national agendas and consistency amongst regulators*

Compliance plate requirement

The requirement for gas system installers to fix a compliance plate to the electrical meter box of the premises when installing gas systems will allow gas suppliers, gas system owners, gas fitters and gas inspectors to easily identify the history of the gas installation. This is already a requirement in

New South Wales, Western Australia and Tasmania. The cost for the compliance plates is estimated to be \$10 each.

Prescribing Type A gas devices

The new schedule 6 lists gas devices that are prescribed as Type A gas devices. The list includes certain Type B gas devices. This will allow those Type B gas devices to be approved under the Type A certification approval process and will allow for a more efficient process of certification (and installation) for those devices. The list of gas devices that are prescribed as Type A devices is similar to the list contained in Western Australia's legislation.

Consistency with inspection certificate requirements when transferring vehicles

Under the Regulation a person selling or transferring a used vehicle that is registered and has a gas system must provide a gas inspection certificate to the new owner. This requirement is similar to the requirement for inspection certificates under the Transport Regulation but under the Transport Regulation exemptions apply. For example, when a vehicle is transferred between spouses, an inspection certificate is not required under the Transport Regulation but a gas compliance certificate is required under the Regulation. Following discussions with the Department of Transport and Main Roads, it was agreed that gas inspection certificate requirements for vehicles be made consistent with inspection certificate requirements. This will make the process for transferring vehicles less confusing for individuals and businesses.

2. Strengthening the ongoing management of well heads by Coal Seam Gas (CSG) organisations

The introduction of a Code of Practice (COP) for Coal Seam Gas Well Head Emission Detection and Reporting into Regulation has been developed in direct consultation with the CSG industry. The COP provides for a standardized approach to the detection, remediation and reporting of any identified gas emissions from CSG Well Site Facilities. Currently there are no specific standards for emission detection and reporting of leaks at these facilities. The CSG industry has developed the COP to complement existing legislative obligations to ensure any identified risk is eliminated or managed to as low as reasonably practicable (ALARP). It outlines the process for monitoring, identifying and managing gas emissions from CSG Well Site Facilities operated by various CSG operators throughout Queensland. The processes contained in the COP should ensure that any

identified emissions are responded to and classified in a consistent manner, and that processes are implemented that ensure any identified risk to the public and CSG workers is managed to a level that is ALARP.

3. *Clarifying and strengthening obligations in relation to Liquefied Petroleum Gas (LPG) delivery networks*

Currently, LPG delivery networks with a total cylinder storage capacity of more than 2,500L but no more than 5,000L are able to adopt a generic safety management plan (SMP) developed by Liquefied Petroleum Gas Australia (LPGA) rather than having to develop a comprehensive SMP. The amendments will increase this threshold to more than 5,000L but no more than 12,000L. This will mean small businesses storing between 2,500L and 5,000L will no longer be required to develop, maintain and review a generic SMP. Small businesses storing below 5,001L can be managed via relevant safety requirements without the need for safety management plans. Additionally, these businesses will no longer be required to pay an annual petroleum and gas safety and health fee of \$450 in accordance with clause 9, part 8 of schedule 9 of the Regulation.

In the case of higher risk facilities below the lower limit of 5,001L, where filling of cylinders over a 30L water capacity occurs, a generic SMP will still be required.

By increasing the upper storage threshold to 12,000L, more small businesses will be able to use the generic SMP provided for under section 675A of the Act. This will replace the need for those small businesses to develop, maintain and review a more complex and costly safety management plan required under section 675 of the Act.

The effect of increasing the upper storage threshold to 12,000L will also mean that some small businesses will be required to pay an annual petroleum and gas safety and health fee of \$450. However, the Department expects the amendment will result in overall savings for those businesses.

The amendment to make it a requirement for the person connecting fuel gas to the gas system to conduct a pressure test in accordance with AS5601 will make clear the meaning of ‘significant leakage’.

4. *Clarifying compliance certificate requirements*

The amendments to prescribed timeframes for giving compliance certificates and gas inspection certificates will not impose an additional cost on industry as the requirement to give compliance certificates to

prescribed persons is already a requirement. The amendments make clear the timeframe in which the certificates need to be given.

Consistency with fundamental legislative principles

The amendments are consistent with the fundamental legislative principles.

Consultation

The Inspectorate has consulted with the following industry and government stakeholder groups during the drafting of the amendments: Type A and Type B gas device approving authorities, pipeline operators, Master Plumbers' Association, LPGA, Australian Petroleum Production and Exploration Association (APPEA), CSG explorers, operators and producers, the Department of Justice and Attorney-General and the Department of Transport and Main Roads.

Details of the proposed amendments were forwarded to stakeholders by email or in some cases directly discussed with the relevant peak bodies (LPGA and APPEA) who support the changes. Only three responses were received. Regarding the Type A and Type B gas devices amendments, stakeholders commented on the inclusion of section 6A which prescribes 'gas devices type A' and the certification of these appliances by the Australian Gas Association. A stakeholder suggested that the proposed list of Type A appliances was 'broad' and not well defined. This list has been in place in the Western Australian legislation for some time and provides adequate guidance for the gas industry. Another stakeholder believed that the safety requirements listed in the current Schedule 6 of the Regulation was of a general nature, vague and open to interpretation. This concern should be adequately addressed with the proposed removal of Schedule 6 and the inclusion of the Australian Standard 3645 'Essential requirements for gas equipment' in Schedule 1 of the Regulations. No changes were made to the legislation as a result of consultation.

Notes on provision

Part 1 Preliminary

Short title

Clause 1 provides the short title of the regulation.

Commencement

Clause 2 provides that clauses 4 and 32 commences immediately after the commencement of the *Mines and Energy Legislation Amendment Act 2010*, section 82. Clauses 13, 14(1) and 29(2) will commence on 1 July 2011 to allow time for the implementation of compliance plates and the use of the new AS5601:2010 standard.

Regulation amended

Clause 3 states the regulation that is being amended.

Insertion of new s 6A

Clause 4 inserts a new section 6A to provide that for section 724(1) of the P&G Act, each device mentioned in schedule 6 is prescribed as a gas device (Type A).

Amendment of s 10 (Activities prescribed for definition of operating plant)

Clause 5 changes the lower limits for cylinder storage from more than 2,500L to more than 5,000L. It is considered that storage below this level can be managed via relevant safety requirements without the need for safety management plans. LPG delivery networks with higher risk facilities below the lower limit of 5,001L, where filling of cylinders over a 30L water capacity occurs, have been included as operating plant and will need a generic SMP.

Insertion of new ch 2, pt 3, div 1, sdiv 1 hdg

Clause 6 inserts a new chapter 2, part 3, division 1 subdivision 1 heading into the Regulation.

Amendment of s 59 (Operation of div 1)

Clause 7 changes the division heading to a subdivision heading.

Insertion of new ch 2, pt 3, div 1, sdiv 2

Clause 8 inserts a new chapter 2, part 3, division 1 subdivision 2 into the Regulation. New section 59D provides for an additional safety management plan requirement being the percentage level of the lower flammable limit at which control systems including alarms, such a personal detector alarms, are activated and require further action.

Insertion of new s 84A

Clause 9 inserts a new section 84A to make a safety requirement for network operators not to supply fuel gas to a gas system if they know, or ought reasonably to know, the gas system does not comply with safety requirements. This applies at any time and is an extension of the previous requirement that was under previous section 92(4) which only applied at the time of first supply.

Amendment of s 88G (Prescription of generic SMP)

Clause 10 amends section 88G so that LPG delivery networks with a total cylinder storage capacity of between 5,001L to 12,000L will be able to use the generic SMP. Higher risk facilities below the lower limit of 5,001L, where filling of cylinders over a 30L water capacity occurs, will also be able to use the generic SMP.

Amendment of s 91 (Persons to be given copy of relevant certificate for installation at operating plant)

Clause 11 amends section 91 to ensure the installer gives a copy of the relevant certificate for the installation before making the plant or equipment operational; and to explicitly state the timing of when

compliance certificates need to be provided. This makes the requirement consistent throughout the Regulation.

Amendment of s 91A (Prescribed persons to be given copy of gas compliance certificate for installation not at operating plant-Act, s 734)

Clause 12 amends section 91A to explicitly state the timing of when compliance certificates need to be provided and to make the requirement consistent throughout the Regulation.

Insertion of new s 91B

Clause 13 inserts new section 91B to make it a requirement for gas system installers installing a gas system or part of a gas system at a location other than an operating plant to affix a compliance plate to the interior surface of the door of the electrical meter box of the premises. The gas system compliance plate will enable gas suppliers, gas system owners, gas fitters and gas inspectors to easily identify the history of the gas installation.

The intention is to have a common easily identified location for the placement of the plates.

Amendment of s 92 (Requirements to be complied with before supplying fuel gas to a gas system)

Clause 14 amends section 92(2)(c) to make it a requirement for the person connecting the fuel gas to the gas system to conduct a pressure test under AS5601.1 (2010) before supplying fuel gas to the gas system. This will clarify the meaning of ‘significant leakage’.

Section 92(4) is omitted as a result of the insertion of section 84A.

Amendment of s 99 (Copy of gas inspection certificate to be given to new owner of used vehicle or vessel)

Clause 15 amends section 99 to make the requirement for gas inspection certificates under the Regulation and inspection certificates under the Transport Regulation consistent when a vehicle is being disposed of. For example, prior to this amendment, someone transferring ownership of a vehicle with a gas fuel system in the vehicle to their spouse would be

required to give a copy of a gas inspection certificate to the buyer. Under the Transport Regulation an inspection certificate is not required.

Amendment of s 100A (Prescribed persons to be given copy of gas inspection certificate for installation-Act, s 734)

Clause 16 amends section 100A to explicitly state the timing of when gas inspection certificates need to be provided and to make the requirement consistent throughout the Regulation.

Amendment of s 101 (Issue of gas inspection certificate for gas fuel system in vehicle or vessel for stationary engine)

Clause 17 amends section 101 to explicitly state the timing of when gas inspection certificates must be issued and to make the requirement consistent throughout the Regulation.

Amendment of s 105EA (Prescribed person to be given copy of gas compliance certificate for installation-Act, s 734)

Clause 18 amends section 105EA to explicitly state the timing of when gas compliance certificates must be given and to make the requirement consistent throughout the Regulation.

Amendment of s 105F (Issue of compliance certificates for gas systems in vehicle or vessel)

Clause 19 amends section 105F to explicitly state the timing of when gas compliance certificates must be given and to make the requirement consistent throughout the Regulation.

Amendment of s 105I (Persons to be given copy of relevant certificate for installation at operating plant)

Clause 20 amends section 105I to explicitly state the timing of when the relevant certificate must be given and to make the requirement consistent throughout the Regulation.

Amendment of s 105J (Prescribed person to be given copy of gas compliance certificate for installation not at operating plant-Act, s 734)

Clause 21 amends section 105J to explicitly state the timing of when the relevant certificate must be given and to make the requirement consistent throughout the Regulation.

Omission of s 108 (Gas devices (type A))

Clause 22 omits section 108 as the existing schedule 6 is omitted and replaced with a reference to Australian Standard 3645 in schedule 1.

Insertion of new s 113A

Clause 23 inserts new section 113A into the Regulation. The new section provides for an additional safety management plan requirement similar to new section 59D but in relation to fuel gas being the percentage level of the lower flammable limit at which control systems including alarms such as personal detector alarms are activated and require further action.

Amendment of s 116 (Qualifications or experience for a gas work licence)

Clause 24 amends section 116(1) to include appendix J of the gas licensing requirements. The *Mines and Energy Legislation Amendment Act 2010* (MELA) amended the P&G Act to change the licence type for hydrocarbon refrigerant gas work from the current requirement for an organisation authorisation to an individual occupational licence. This change was made to better reflect that it is an individual with particular trade qualifications who will undertake this type of work. In line with these principles section 116 needs to be amended to include the reference to appendix J.

Amendment of s 120 (Types of gas work authorisations)

Clause 25 omits section 120(a) and renumbers the remaining sections as a result of changes made by MELA. MELA amended the P&G Act to change the licence type for hydrocarbon refrigerant gas work from the current requirement for an organisation authorisation to an individual occupational licence. This change was made to better reflect that it is an

individual with particular trade qualifications who will undertake this type of work. In line with these principles section 120 needs to be amended to remove references to hydrocarbon refrigerant authorisation.

Omission of s 121 (What gas work authorisation (hydrocarbon refrigerant) authorises)

Clause 26 removes section 121 as a result of changes made by MELA. MELA amended the P&G Act to change the licence type for hydrocarbon refrigerant gas work from the current requirement for an organisation authorisation to an individual occupational licence. This change was made to better reflect that it is an individual with particular trade qualifications who will undertake this type of work. In line with these principles section 121 needs to be omitted to remove references to hydrocarbon refrigerant authorisation.

Amendment of s 125 (What gas work authorisation (servicing) authorises)

Clause 27 amends section 125 to omit references to section 121 which has been removed by clause 25.

Amendment of s 135 (Who is liable to pay a safety and health fee)

Clause 28 amends section 135 to correct errors in the regulation.

Amendment of sch 1 (Mandatory and preferred standards for safety requirements)

Clause 29 amends schedule 1 to update the reference to AS 5601. It also inserts a new “Code of Practice for coal seam gas well head emission detection and reporting”. This is a new code that will provide a consistent methodology for detecting, remediating and reporting of leaks from coal seam gas wells.

Australian Standard 3645 is included to replace Schedule 6. The new standard supersedes the need for the schedule which was introduced prior to the national standard being finalised.

Amendment of sch 2 (Prescribed incidents)

Clause 30 makes changes to the time and way certain prescribed incidents must be reported. A new prescribed incident is included. This relates to unplanned or uncontrolled releases of gases at operating plant that trigger lower flammable limit (LFL) safety margins (such as 20 percent of LFL on personal gas detectors). The timeframe for submitting a written report of an incident has been standardised at 5 business days rather than at the end of the month.

Omission of schedule 6 (Safety requirements for gas devices (type A))

Clause 31 deletes the existing schedule 6, which is replaced in effect by the referencing of AS3645 in schedule 1.

Insertion of new sch 6

Clause 32 inserts a new schedule 6 to list gas devices that are prescribed as a gas device (type A) as allowed for under section 724(1) of the Act.

Amendment of sch 8 (Requirements for using flammable hydrocarbons for refrigeration or air conditioning)

Clause 33 amends schedule 8, section 6(1)(a) as a result of changes to the P&G Act to change the licence type for hydrocarbon refrigerant gas work from the current requirement for an organisation authorisation to an individual occupational licence. This change was made to better reflect that it is an individual with particular trade qualifications who will undertake this type of work. In line with these principles references to hydrocarbon refrigerant authorisation needs to be removed.

Amendment of sch 9 (Fees)

Clause 34 amends part 6 of schedule 9 to remove fees that are no longer necessary and corrects an error in section 2 of part 8 of schedule 9.

Amendment of sch 12 (Dictionary)

Clause 35 adds new terms into the dictionary including referencing the APPEA definition of medical treatment in regard to reporting of incidents. The lower flammable limit is defined as the level of gas in air at which control systems are required to be activated to ensure a safe environment. The term control system is intended to include preset alarm levels of gas detectors.

ENDNOTES

- 1 Laid before the Legislative Assembly on . . .
- 2 The administering agency is the Department of Employment, Economic Development and Innovation.

© State of Queensland 2011