



NSW 2019–20 Licensed Pipelines Performance Report

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Acknowledgment of Country

The Department of Planning, Industry and Environment acknowledges the Traditional Owners and Custodians of the land on which we live and work and pays respect to Elders past, present and future.

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Summary

This *NSW 2019–20 Licensed Pipelines Performance Report* (the report) on the operations of NSW licensed pipelines has been prepared by the Division of Energy, Climate Change and Sustainability at the Department of Planning, Industry and Environment (the Department).

These pipelines are regulated under the *NSW Pipelines Act 1967* (the Act) and *Pipelines Regulation 2013* (the Regulation). This report consolidates and comments on performance data and information provided by the NSW licensed pipeline operators.

Under the Regulation, licensed pipeline operators¹ are required to implement a pipeline management system (PMS) as outlined in Australian Standard *AS 2885: Pipelines—Gas and Liquid Petroleum* and the reporting criteria are defined by the Department. This approach has proven effective in providing safe and reliable pipeline operations.

Many factors influence pipeline performance including scale, age, construction materials and operating regimes. Comparisons in performance across pipelines and between jurisdictions must consider the factors that differentiate the pipelines and influence their performance.

Key performance indicators (KPIs) have been developed by the Department to monitor and analyse the performance of the licensed pipeline operators against pipeline integrity, reliability and safety parameters. The Department acknowledges that the pipeline operators are continually looking at ways to improve their performance, in accordance with the Regulation, and the Department is working with pipeline operators to achieve the best possible results.

NSW pipeline licensees report pipeline performance data to the Department based on the annual reporting template which consists of technical performance, asset integrity and reliability criteria. This data is aggregated for the purposes of this report, along with performance data from the previous four years for comparison. Previous annual pipeline performance reports can be viewed on the Energy NSW website at www.energy.nsw.gov.au.

Key findings

The total amount of energy delivered to New South Wales from licensed gas and petroleum pipelines was approximately 360 petajoules for 2019–2020.

The collective state-based KPIs indicate that pipeline assets are being maintained and operated within the required standards. KPI definitions are outlined in Appendix A.

Summary of KPIs for the 2019–20 reporting period:

- There was a loss of containment (LOC) and an injury in the 2019–20 period.
- A high number of activities around pipelines resulted in a large number of near misses being reported.
- There was no unplanned loss of operations for the 2019–20 period.
- Integrity monitoring indicators for pipelines remained within acceptable levels for the 2019–20 period, with the Department and operators continuing to work cooperatively on asset findings.

Based on the assessment of pipeline performance against the KPIs in this report² the Department can conclude that NSW pipeline operators continue to manage pipeline assets in a safe and reliable manner, providing a quality supply of gas, petroleum and other products to consumers. The Department continues to monitor the performance of pipeline assets to supplement the Department's immediate and periodic reviews on an ongoing basis.

¹ Except one pipeline conveying water.

² Some data revisions from past reports are reflected in this report.

Introduction

This *NSW 2019–20 Pipelines Performance Report* on the operations of licensed pipelines in New South Wales has been prepared by the Division of Energy, Climate Change and Sustainability at the Department of Planning, Industry and Environment (the Department).

The pipelines referred to in this report are regulated under the *NSW Pipelines Act 1967* (the Act) and *Pipelines Regulation 2013* (the Regulation). This report consolidates and comments on performance data and information provided by the NSW pipeline operators.

There are currently 31 licensed pipelines in operation in New South Wales, at a length of more than 4800 kilometres. Of these pipelines, 30 convey either gas or petroleum products. One licensed pipeline conveys water and is not subjected to a performance review as part of this report.

The report presents performance data of licensed pipelines and any potential public safety hazards identified which are illustrated by key performance indicators (KPIs) that are monitored by the Department.

The individual annual performance reports submitted to the Department are prepared by pipeline licensees in accordance with the reporting requirements outlined in the [NSW Licensed Pipeline Performance Reporting Guidelines 2018](#) established under the Regulation.

The Regulation requires licensees to implement a **pipeline management system** (PMS) which is in accordance with the relevant provisions of Australian Standard *AS 2885: Pipelines—Gas and Liquid Petroleum*. AS 2885 is a series of standards for design, construction, welding, operation and maintenance for gas and petroleum pipelines that reflects international best practice for the pipelines industry.

Clause 11 of the Regulation states:

Pipeline management system to accord with AS 2885

A licensee must implement a pipeline management system that relates to the pipeline operated under the licence and is in accordance with the relevant provisions of AS 2885.

The NSW Government has the power to prosecute or penalise parties who fail to comply with the requirements of the Regulation.

The Department adopts an outcomes-based approach to safety regulation which focusses on desired outcomes rather than the specific means for achieving those outcomes. This approach enables pipeline operators to adopt the most effective approach in achieving the required safety standards for pipeline operation.

The reporting requirements examine actions taken to prevent any loss of containment from pipelines, as licensed pipelines are considered to form a crucial part of the NSW energy infrastructure. The Department's primary focus, through the reporting process, is to ensure safety management systems are in place to prevent incidents from occurring and to foster effective risk minimisation and risk management practices.

Reporting requirements for licensed pipelines are divided into three main categories:

- accidents, escapes and ignitions
- integrity assessment and monitoring
- operational performance.

Accidents, escapes and ignitions

This section of the report illustrates accidents, escapes and ignitions and includes injuries or property damage. Incidents occurring on high-pressure pipelines can have significant consequences and may result in serious harm to people, property and/or the environment.

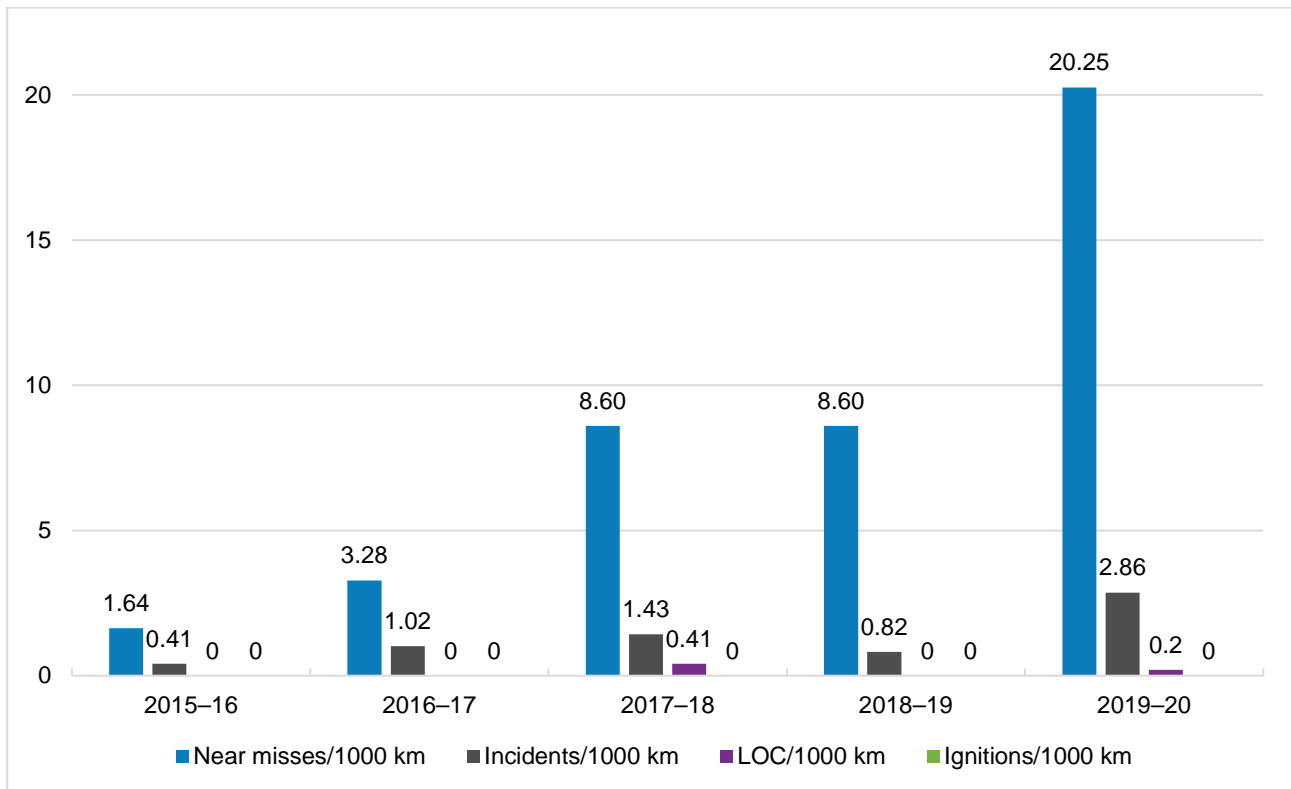
The parameters reported are:

- near misses
- incidents
- loss of containment (LOC)
- ignitions
- injuries
- property damage.

Definitions of KPIs above are outlined in Appendix A. The requirements for reporting are outlined in the [NSW Licensed Pipeline Performance Reporting Guidelines 2018](#) available on the Energy NSW website at www.energy.nsw.gov.au. KPIs that measure these parameters are identified below in Table 1. Near misses, incidents, LOC and ignitions are also illustrated in Figure 1. Injuries and property damage events per 1000 kilometres are illustrated in Figure 2.

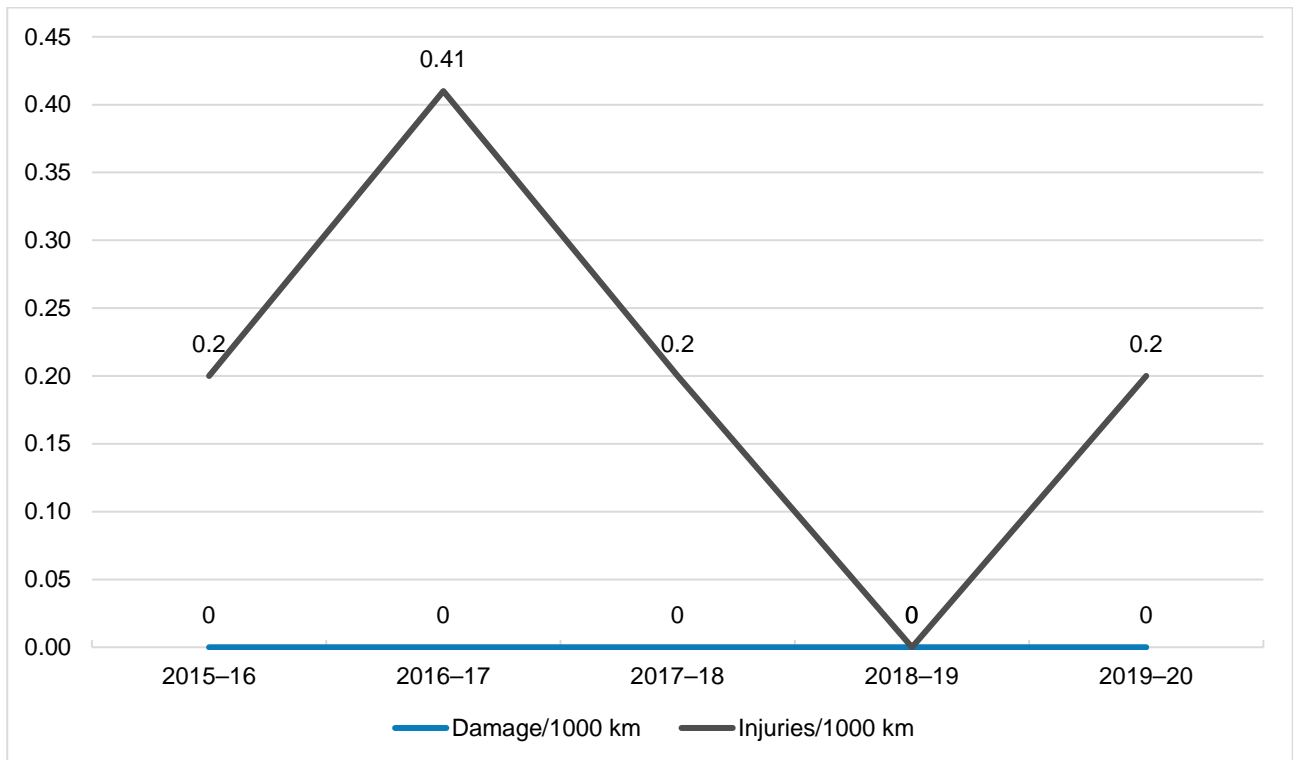
Table 1. Key performance indicators of accidents, escapes and ignitions

Year	Near misses per 1000 km	Incidents per 1000 km	LOC events per 1000 km	Ignitions per 1000 km	Injuries per 1000 km	Property damage events per 1000 km
2015–16	1.64	0.41	0	0	0.20	0
2016–17	3.25	1.02	0	0	0.41	0
2017–18	8.60	1.42	0.41	0	0.20	0
2018–19	8.60	0.82	0	0	0	0
2019–20	20.25	2.86	0.20	0	0.20	0

Figure 1. Number of accidents and incidents per 1000 kilometres

Near misses have increased with high activity near licensed pipelines in the 2019–20 period. This is the result of an increase in construction activities near pipeline easements combined with more frequent pipeline patrols and better reporting by pipeline operators.

Figure 2. Number of injuries and damage per 1000 kilometres



There was one injury reported on licensed pipelines in the 2019–20 period. Injuries on licensed pipelines have remained low over the past five years, with less than one injury per 1000 kilometres across the total period.

Figure 3 displays an index of the total number of loss of containment (LOC) incidents calculated as a time-weighted average per 1000 kilometres of pipeline. This index is an internationally recognised measure of pipeline performance and reliability.

$$\text{LOC Index} = \frac{\text{Total no. LOC incidents}}{\text{Time-weighted average* per 1000 km pipeline}}$$

* time weighting by number of years each pipeline has been operating

Figure 3. Loss of containment index

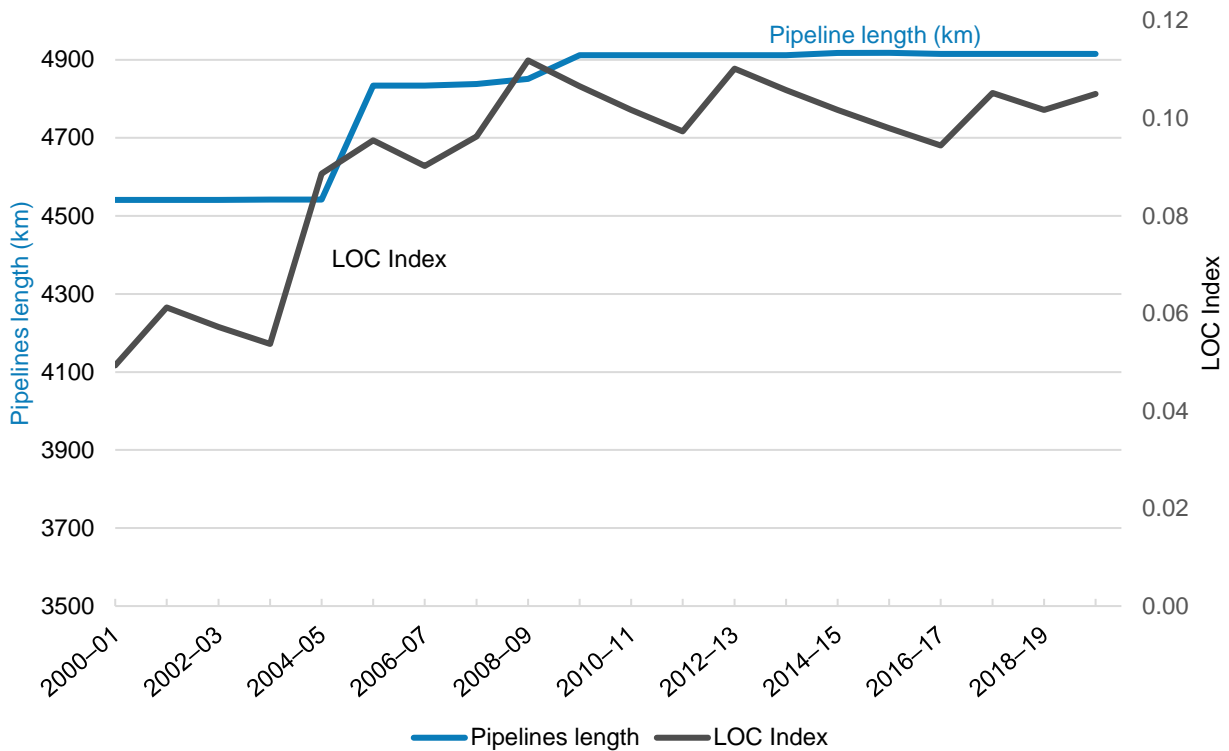


Figure 3 illustrates the number of LOC events relative to the length of the pipeline and the number of years it has been in operation. The pipeline length represents the total length of all NSW licensed pipelines. A lower LOC Index (as indicated by the grey trendline) translates to fewer LOC incidents.

The increase in LOC events in the 2019–20 period was a consequence of a natural gas pipeline leak. The average LOC Index is approximately 0.105.

Integrity assessment and monitoring

This section of the report illustrates the integrity assessment of pipelines and the monitoring activities that have been performed by pipeline licensees to reduce the possibility of accidents or incidents occurring on or around pipelines.

The KPIs reported are:

- integrity assessment
- in-line inspections
- field inspections
- cathodic protection (CP)
- pipeline patrols
- 'one-call' system
- supervised third-party activity around the pipeline
- coating defects
- landowner liaison.

Definitions of KPIs above are outlined in Appendix A. The requirements for reporting are outlined in the [NSW Licensed Pipeline Performance Reporting Guidelines 2018](#) available on the Energy NSW website at www.energy.nsw.gov.au.

The KPIs that measure these parameters are identified below in Table 2. Figure 4 illustrates the trend of contacting a 'one-call' system (Dial Before You Dig or an operator-provided system), landowner contacts, CP systems in operation and pipeline coverage by CP systems. Figure 5 illustrates the trend of supervised activities and identified defects per 1000 kilometres.

Table 2. Key performance indicators

Year	Number of supervised activities per 1000 km*	Percentage that contacted 'one-call' system	Defects identified requiring attention per 1000 km†	Percentage of landowners contacted	Percentage of CP systems operating correctly	Percentage of pipeline covered by CP
2015–16	1,058.46	98.93%	53.60	97.03%	99.54%	99.99%
2016–17	1,421.41	99.41%	36.24	99.91%	99.59%	99.97%
2017–18	563.31	99.40%	41.57	99.18%	100%	99.99%
2018–19	201.66	99.44%	68.79	98.84%	100%	99.99%
2019–20	259.60	99.14%	56.05	93.21%	99.56%	95.27%

Notes: * Before 2017–18 these figures include licensed and unlicensed pipelines, such as gas distribution mains.

† This indicator does not reflect defects that have been identified and repaired during the period.

The apparent decrease in supervised activities per 1000 kilometres since the 2016–17 period is the result of more accurate reporting and the exclusion of activities within close proximity of unlicensed pipelines which have incorrectly been included in previous annual reports. The overall number of supervised activities, including activities on network trunk-mains, would be larger if reported on the same basis. An increase in supervised activities was reported for the 2019–20 period.

NSW legislation requires third parties, or contractors, to contact a one-call system prior to any excavation or work near underground assets. This measure is to assist in preventing serious incidents. In the 2019–20 period, 99% of excavation works included notifications that were made via a one-call system. In summary, NSW pipeline operators continue to operate pipeline assets in a safe and reliable manner which are reflected in KPI trends.

Figure 4. Integrity activities and monitoring

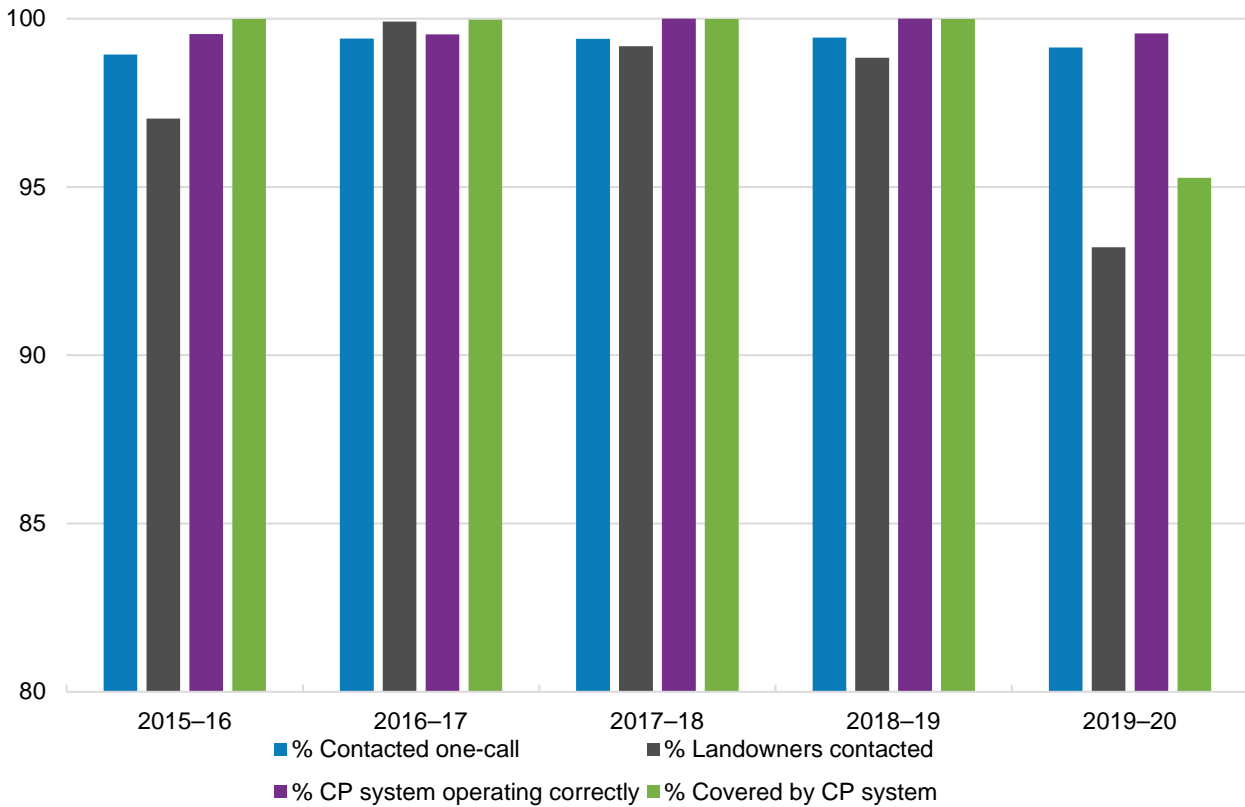
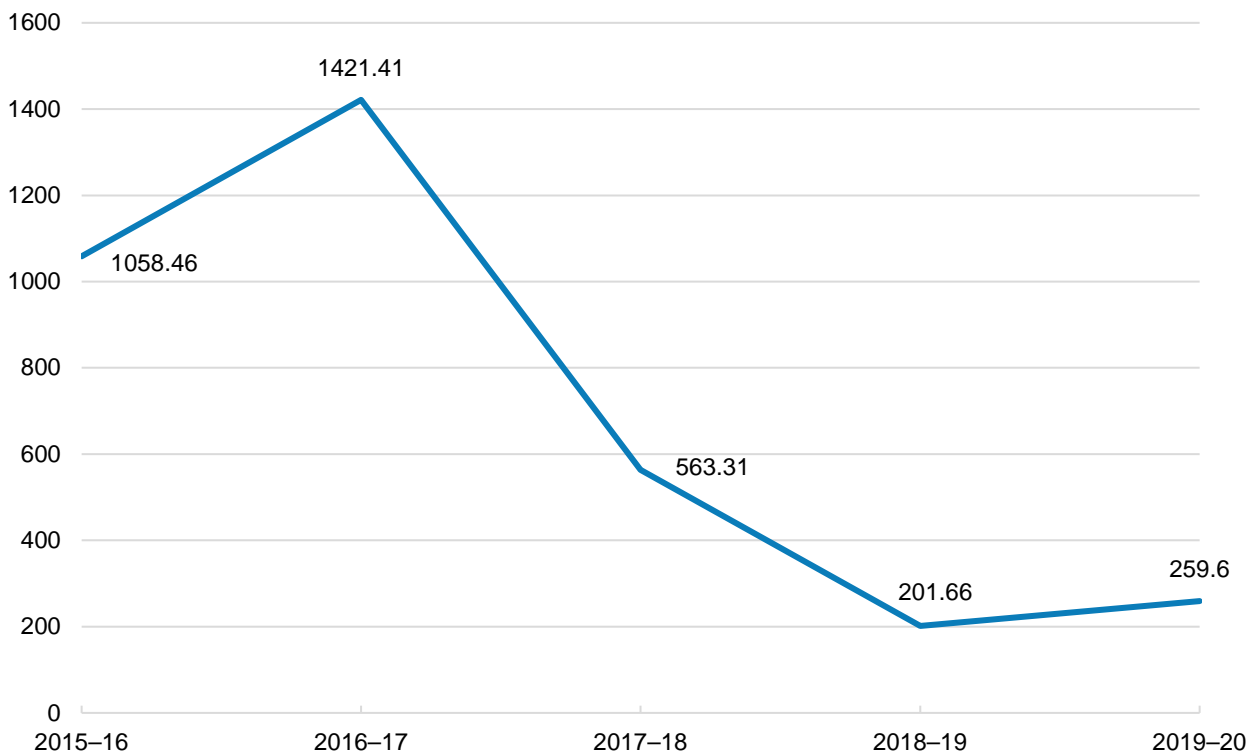


Figure 4 illustrates that the integrity monitoring indicators for pipelines remained within acceptable levels for the 2019–20 period. It was observed that even though AS 2885 does not specify the contact frequency of landowners, pipeline operators were proactive in contacting landowners on an annual basis to maintain liaison with existing landowners and also to establish contact with new landowners.

Figure 5. Number of third -party activities supervised by pipeline operators per 1000 kilometres

Performance data reported from the 2015–16 to 2016–17 period included activities near gas networks, gas mains and unlicensed pipelines. The reduction in the 2017–18 period was a result of changes in reporting practices that excluded gas networks, gas mains and unlicensed pipeline reporting rather than an actual decrease in supervised activities. An increase in supervised activities was reported for the 2019–20 period.

Operational performance

Pipeline operational performance monitoring is an important parameter to measure. It is an indicator of the effectiveness of risk reduction measures and procedures to prevent incidents from occurring.

The KPIs reported are:

- loss of operations (unplanned interruptions)
- details of any unplanned or abnormal incidents that could have a long-term effect on the safety on the pipeline
- emergency simulations
- non-compliances identified by the independent auditor.

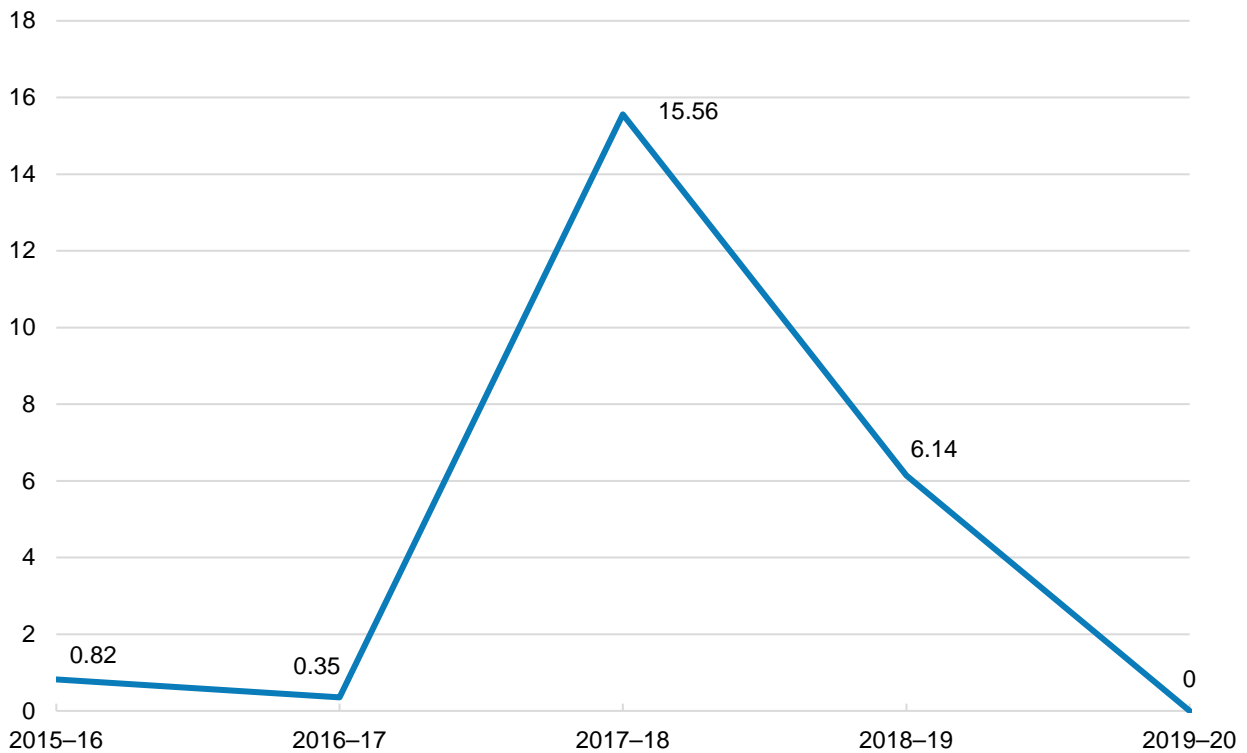
Definitions of the above terms are outlined in Appendix A. The requirements for reporting are outlined in the [NSW Licensed Pipeline Performance Reporting Guidelines 2018](#) available on the Energy NSW website at www.energy.nsw.gov.au.

Loss of operations

These KPIs are identified below in Table 3 and in Figure 6.

Table 3. Pipeline operations events

Year	Hours not operational	Hours lost per 1000 km
2015–16	4	0.82
2016–17	1	0.35
2017–18	76	15.56
2018–19	30	6.14
2019–20	0	0

Figure 6. Lost operations (hours per 1000 kilometres)

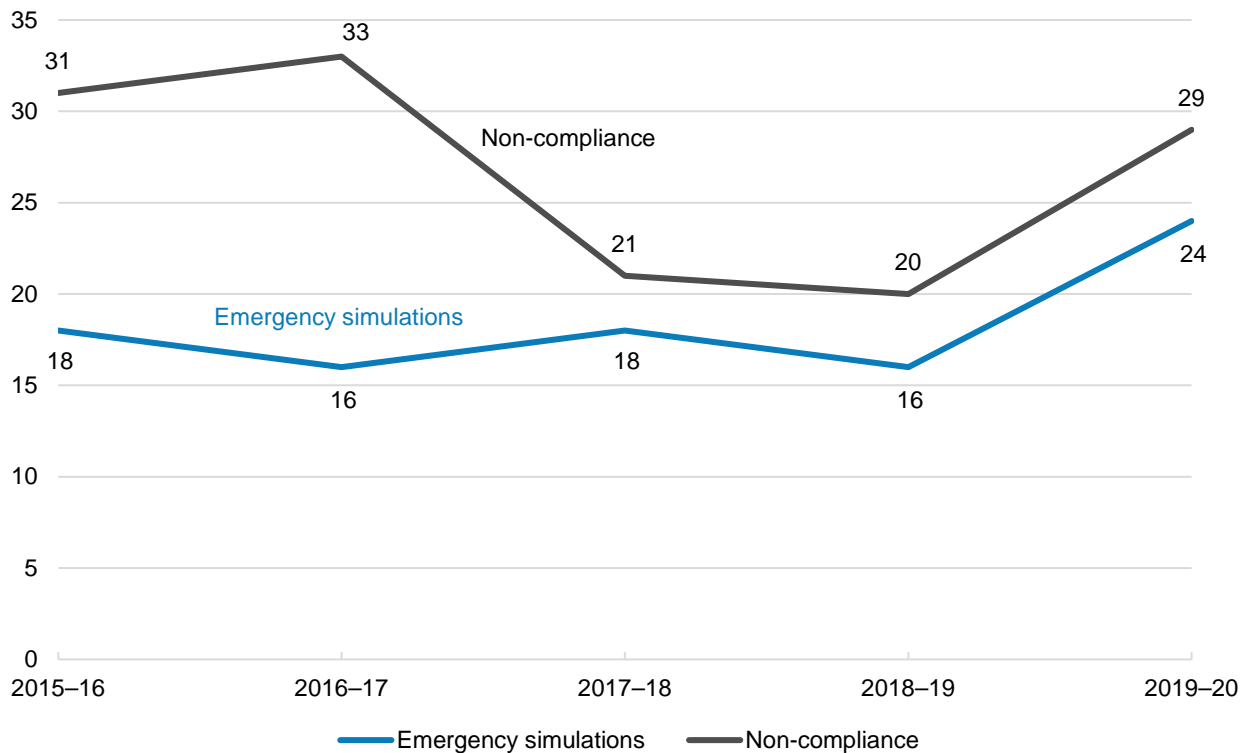
The 2017–18 period saw an increase in lost operations in hours per 1000 kilometres as a result of a leak repair on a liquid fuel pipeline in early 2018. The cause of the leak was investigated by the pipeline operator and appropriate corrective actions were undertaken prior to returning the pipeline to service. In the 2019–20 period, no lost hours of operation occurred.

Emergency simulations and non-compliance

NSW licensed pipeline operators are required to conduct annual emergency simulations and annual audits of their PMS by an independent auditor. The number of simulations conducted and the number of non-compliances found during the audits are illustrated in Table 4 and Figure 7. Areas of non-compliance or opportunities for improvement found by the auditor must be actioned as soon as practicable, as specified in the corresponding corrective action plans.

Table 4. Emergency simulations and non-compliances found during audits

Year	No. emergency simulations	No. non-compliances
2015–16	18	31
2016–17	16	33
2017–18	18	21
2018–19	16	20
2019–20	24	29

Figure 7. Number of emergency simulations and non-compliances

The non-compliance issues revealed in annual audits are generally administrative matters which are easily rectified by pipeline operators or are scheduled for rectification. The Department also meets with the licensee to ensure that the corrective actions are taken within an appropriate timeframe.

Conclusion

The objective of the NSW regulatory framework for licensed pipelines is to enable pipeline operators to achieve safe and reliable operations and to protect workers, the public and the environment.

Based on the assessment and key performance indicators that outline pipeline performance as illustrated in this report³, the Department can conclude that this objective has been met for the 2019–20 period. NSW pipeline operators continue to manage pipeline assets in a safe and reliable manner, providing a quality supply of gas, petroleum and other products to consumers in accordance with the requirements of the reporting guideline. The Department continues to monitor the performance of pipeline assets on an ongoing basis.

³ Some data revisions from past reports are reflected in this report.

Appendix A. Definitions

Definitions and explanations of terms used in the report as detailed in the [NSW Licensed Pipeline Performance Reporting Guideline 2018](#).

Coating defects – the coating is an important part of the pipeline to help prevent corrosion occurring. If the coating is badly damaged this will affect the performance of the CP in operating correctly.

Cathodic protection (CP) – the pipeline may be protected from corrosion (including stray currents) by a CP system. Should the CP system not fully protect the pipeline, the pipeline may suffer corrosion which can become a contributing factor to an LOC.

Details of any unplanned or abnormal incidents that could have a long-term effect on the safety of the pipeline – the pipeline is designed to operate within certain parameters which includes pressure and temperature. Operating the pipeline outside of these conditions can affect the long-term life of the pipeline.

Emergency simulations or exercises – exercises conducted by the operators which are designed to test and identify improvements to the emergency response plan. The simulations may involve the Emergency Services to improve their preparedness to react to any incidents that might arise.

Field inspections – periodically the pipeline and easement will be inspected to ensure that any existing known pipeline defects have not re-occurred or existing defects progressed.

Ignitions – when the LOC event also ignites. Ignitions are the most hazardous event which can occur on a pressure pipeline. This data allows for clear understanding of how often LOC events ignite.

Incident – any third-party activity where contact is made with the pipeline, whether or not the pipeline suffers a loss of containment or damage. Identification of incidents that occur after the licensee became aware of the activity provides an indication on the effectiveness of the licensee's management measures.

Injuries or property damage involving the pipeline – when a person is injured or property is damaged and the pipeline or the pipeline's easement area has played a part in the incident occurring. This provides an indication of the consequence of any hazardous event.

In-line inspections – a pipeline integrity gauge (PIG) inspection can determine if a pipeline is suffering 'ovality', dents, internal corrosion; or it may be used to clean the internal surface a pipeline. An intelligent PIG provides a method of checking the pipeline for pipe wall / welding defects that may have occurred over time.

Integrity assessment – AS 2885 requires three primary reviews with respect to pipeline integrity to be conducted at intervals not exceeding five years:

- review of maximum allowable operating pressure (MAOP)
- review of location class
- review of risk assessment.

Landowner liaison – continuing contact with local government and landholders is designed to inform the landowner of easements within those properties and also should identify who, as the licensee, should be contacted. This also should address matters dealing with how assets on easements are to be handled.

Loss of containment (LOC) – uncontrolled escape of any substance from the pipeline. The number of LOC events is the prime indicator of the effectiveness of the licensee's safety management system.

Loss of operations – when the pipeline, or part thereof, becomes non-operational due to circumstances that are unplanned.

Near miss – a non-authorised or un-notified third-party activity which does not contact or damage the pipeline⁴. As with incidents occurring after notification of work, the number of near misses is an indication of the effectiveness of the licensee's management measures.

Non-compliances identified by independent audit – an independent audit of the pipeline management system (PMS), as per AS 2885, is performed and the auditor documents all non-conformances identified.

One-call system – a 'one-call' system allows people that are working within an area to find out what assets are in that area and gives the operators an opportunity to check that the work will not affect a pipeline.

Pipeline patrols – personnel monitor the pipeline easement to maintain the condition and safety of the pipeline by preventing uncontrolled or unauthorised activity.

Supervised activity around the pipeline – third-party construction work is regularly performed near the vicinity of the pipeline that requires monitoring to make sure the pipeline is not damaged during such occasions. Third-party damage is the most common cause of pipeline LOC events.

⁴ Near misses are considered to result from uncontrolled activities within 3 metres of the licensed pipeline and a depth of 300 mm.