

# Gas Supply (Safety and Network Management) Amendment Regulation 2025

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Consultation Paper

July 2025

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# Acknowledgement of Country



The NSW Department of Climate Change, Energy, the Environment and Water acknowledges the traditional custodians of the land and pays respect to Elders past, present and future.

We recognise Australian Aboriginal and Torres Strait Islander peoples' unique cultural and spiritual relationships to place and their rich contribution to society.

Artist and designer Nikita Ridgeway from Aboriginal design agency – Boss Lady Creative Designs, created the People and Community symbol.

Gas Supply (Safety and Network Management) Amendment Regulation 2025

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# 1 Summary

The New South Wales Government continually reviews the gas supply regulatory framework to enhance governance, safety, and operational efficiency.

To improve the management and the technical, safety and reliability oversight of the State's gas network infrastructure, we are proposing extensive amendments to the *Gas Supply (Safety and Network Management) Regulation 2022* (Gas Supply Regulation). We are consulting on these proposed reforms, which will modernise the regulatory framework, to ensure it remains effective and responsive to current and future industry and public needs. This includes:

- updating penalties – to align them with current industry standards and regulatory need, to ensure they act as a sufficient deterrent against non-compliant behaviour
- establishing suspension and abandonment procedures for improved end-of-life governance and management of gas network assets
- introducing penalty notice offences
- measures to prevent continuing offences and systemic non-compliance, to ensure safe and prudent technical management of gas network assets. This includes introducing continuing offences with recurring accumulating penalties for ongoing non-compliance.

These updates will enable the regulatory framework to better respond to the ongoing energy transition. The introduction of renewable fuels, such as hydrogen and biofuels, into the network necessitates regulatory adjustments to ensure infrastructure is capable of safely handling these new energy sources. Renewable fuels may have different characteristics and requirements compared to traditional fossil fuels, making it crucial for regulations to adapt accordingly to maintain safety and operational integrity.

As more renewable energy sources and electrified technologies replace conventional gas-based systems and appliances, there may be a growing need to safely retire infrastructure. This transition requires a regulatory framework that effectively manages the lifecycle of gas infrastructure, including suspension and abandonment processes – to mitigate risks and safeguard environmental and public safety.

The exposure regulation also clarifies suspension and abandonment requirements and proposes a new requirement for notification of installation of injection points. The required content for suspension and abandonment plans, and notification for injection points, will be detailed in guidelines to be published by the Department of Climate Change, Energy, the Environment and Water (the department), which will be consulted on at a future date.

This consultation paper invites feedback on these proposed changes to the Gas Supply Regulation to ensure that the amendments effectively support industry needs, public safety, and the broader goals of the energy transition.

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## 2 Consultation process

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### 2.1 Making a submission

To provide your feedback, please:

1. use the link to the feedback form on the Have Your Say consultation web page, or
2. provide your written submission to [DCCEEConsultation@SECNewgate.com.au](mailto:DCCEEConsultation@SECNewgate.com.au).

**The closing date for feedback is 11.59 PM, Sunday 7 September 2025.**

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### 2.2 Privacy collection notice

SECNewgate Australia (non-NSW government agency) is collecting your personal information, including your name, email and post code (**your information**) on behalf of the department, for the purpose of engagement on the Pipelines and Gas Supply regulatory changes.

The survey is hosted on a third-party platform managed by Qualtrics XM, [secnewgate.qualtrics.com](https://secnewgate.qualtrics.com). Feedback submissions by email will be managed by SECNewgate Australia.

Your survey responses will be sent to our third-party consultant, SECNewgate who will manage and store the data on behalf of the department. Once the survey closes, SECNewgate will securely transfer the dataset to the department, including your name, email and post code.

Feedback will be manually reviewed however if a large volume of feedback is received, an Artificial Intelligence tool may be used on de-identified data to assist with analysis and the capture of different ideas. Any AI-generated results will be manually reviewed to ensure accuracy and compliance.

Feedback submissions that you have agreed can be made public may be referred to in a report on the outcome of the consultation. Any anonymous feedback will be identified as such. If you do not want your personal or organisation's details or part of your submission published, please state this clearly in your submission and tell us why.

Your information will not be shared with anyone else unless you give your consent, or the law requires us to do so.

You are not required by law to give SECNewgate your information, but if you choose not to, we may not be able to share our responses to feedback with you and better understand general participant demographics.

To access or correct your personal information, please contact:

- **SECNewgate Australia and Qualtrics XM:** [DCCEEWConsultation@SECNewgate.com.au](mailto:DCCEEWConsultation@SECNewgate.com.au) or call 1800 370 633
- **Department of Climate Change, Energy, the Environment and Water:** [energy.consult@dpie.nsw.gov.au](mailto:energy.consult@dpie.nsw.gov.au)

For information on how SECNewgate will handle your personal information, please see their privacy policy [here](#). For information on how Qualtrics XM will handle your personal information, please see their collection notice [here](#). For more information on how the department will handle your personal information, please see our Privacy Statement [here](#).

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## 3 Purpose of this consultation

This consultation paper seeks your views on proposed changes to the Gas Supply Regulation.

While the NSW *Gas Supply Act 1996* (Gas Supply Act) provides the legislative framework for gas network activities across NSW, the Gas Supply Regulation sets out key provisions to support the operation of the parent Act. The proposed changes to be included in this Regulation are discussed in this consultation paper and reflected in the exposure regulation.

Furthermore, the NSW gas safety and technical regulator, within the department, has identified improvements to the Gas Supply Regulation that should be made.

This consultation paper outlines the proposed changes to the current regulatory regime for the Gas Supply Regulation aimed at enhancing public safety, reliability of supply and network integrity, and seeks feedback on:

- improving governance of end-of-life gas network operations and infrastructure management, including obligations around network suspension and abandonment
- updating penalties to ensure they act as a sufficient deterrent against non-compliant behaviour, including introducing continuing offences with accumulating penalties for ongoing non-compliance for certain offences
- introducing penalty notice offences to align with comparable energy legislation
- streamlining and strengthening the overall NSW gas supply regulatory framework and governance, ensuring alignment with industry standards, clarity in responsibilities and enhanced operational effectiveness.

This consultation paper provides an opportunity for existing gas network operators, industry and the community to provide input into the review of the proposed changes to the Gas Supply Regulation. Your feedback will help us to ensure the Gas Supply Regulation continues to reflect the needs of industry and the community.

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## 4 Background

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### 4.1 *Gas Supply Act 1996 and Gas Supply (Safety and Network Management) Regulation 2022*

The NSW *Gas Supply Act 1996* is the parent legislation of the NSW *Gas Supply (Safety and Network Management) Regulation 2022*.

The *Energy Amendment (Pipelines and Gas Safety) Act 2025* (Energy Amendment Act) amended the *Pipelines Act 1967* and *Gas Supply Act 1996* to enhance governance, safety, and operational efficiency. NSW gas network operators consist of:

- reticulators, who are the owners of the gas networks, and
- distributors of Liquefied Petroleum Gas (LPG) networks.

Under the *Gas Supply Act*, a natural gas network operator must hold a 'Reticulator's Authorisation'. A Reticulator's Authorisation authorises the operation of a distribution pipeline for the purpose of conveying natural gas. Operators of gas networks that carry gases other than natural gas need a 'Distributor's Licence', which authorises the operation of a distribution system for the purpose of conveying gases specified in the licence (other than natural gas), such as LPG.

The objective of this Regulation is to ensure that gas networks are not only safe and reliable, but are maintained and operated to industry standards, and, if need be, appropriately suspended or retired. The Regulation also requires the quality of transported gas to be maintained and tested to meet Australian Standards.

The department performs regulatory functions to monitor safety and technical aspects of gas supply and distribution in NSW on behalf of the NSW Minister for Energy (the Minister).

The main objectives of the *Gas Supply Act* are to:

- encourage the development of a competitive market in gas, promoting efficient use of gas and delivering a safe and reliable supply of gas in compliance with the principles of ecologically sustainable development
- regulate gas reticulation and gas supply, protecting the interests of customers, and maintain public safety
- facilitate the continuity of supply of natural gas to customers
- promote the safe use and distribution of gas in accordance with the relevant Australian Standards.

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## 5 Suspension and abandonment requirements

A key function of the Gas Supply Act is to regulate the reticulation of natural gas and the distribution of LPG and other prescribed gases in NSW.

The Gas Supply Act prohibits the reticulation of natural gas, or the distribution of LPG or other prescribed gases, without a Reticulator's Authorisation or Distributor's Licence.

Once a reticulator has an authorisation or a distributor has a licence, the Gas Supply Regulation requires the person (the 'gas network operator') to construct, maintain, and operate a safe gas network.

Increasingly, gas network operators may be looking to suspend or cease their operations in the future, as electrification gathers pace. While the Gas Supply Act contemplates that an authorisation or licence may be cancelled, there is no provision covering the suspension or cessation of operations. This presents a regulatory gap.

Gas network suspension and abandonment have significant implications for customers and connections. These gas network end-of-life requirements are proposed to ensure sufficient regulatory oversight of how this infrastructure will be suspended or abandoned safely, to achieve environmental and community safeguards during these phases.

These powers will improve public safety, prevent environmental hazards and promote the responsible suspension and abandonment of ageing assets to mitigate potential risks of leaks, explosions, and human injury.

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### 5.1 Clarified requirements for network suspension and abandonment

Once a gas network operator has been granted an authorisation or licence, they are obliged to operate the network in accordance with the relevant conditions. Exemptions will now be available in certain circumstances – such as where the operator has lodged and had approved either a Suspension or Abandonment Plan, or is acting to comply with a direction given under law.

Following public consultation on the Bill preceding the *Energy Amendment (Pipelines and Gas Safety) Act 2025*, distinct concepts relating to end-of-life operations and infrastructure management were identified. These are:

- **Suspension** of network operations, or part thereof, means a temporary stoppage or an interruption to the operation of the network where the network operator, during the interruption, maintains process monitoring and network safety activities. Process monitoring entails monitoring of the network system pressure, gas quality and temperature.

- ***Abandonment*** of network operations, or part thereof, means a gas network that has ceased operation with the intention that it will not be used again, and has been physically isolated to prevent the flow of gas between it and an operating gas network.

Both definitions would apply where a part of the network downstream of either a district regulator or main line isolation valve is intended to be suspended or abandoned.

The proposed process leading up to the surrender of a licence is as follows:

1. If a network operator intends to suspend its operations (all or in part), the network operator must submit a Suspension Plan to the department Secretary (the Secretary) for approval at least 3 months before the proposed suspension date. A revised safety and operating plan (SAOP) (a requirement in Part 3 of the Gas Supply Regulation) may be required at the same time.
2. If a network operator intends to abandon its operations (all or in part), the network operator must submit an Abandonment Plan to the Secretary for approval at least 6 months before the proposed abandonment date. Step 1 is not a pre-requisite for this step.
3. A network operator may at any time submit an application to surrender or cancel their licence or authorisation under the NSW Gas Supply legislation, however the Minister will have the ability to defer a decision on this application until an Abandonment Plan has been approved and implemented satisfactorily by the network operator.

To illustrate an example, a network operator intending to suspend then abandon their network before submitting a request to surrender their network licence would follow the below process:

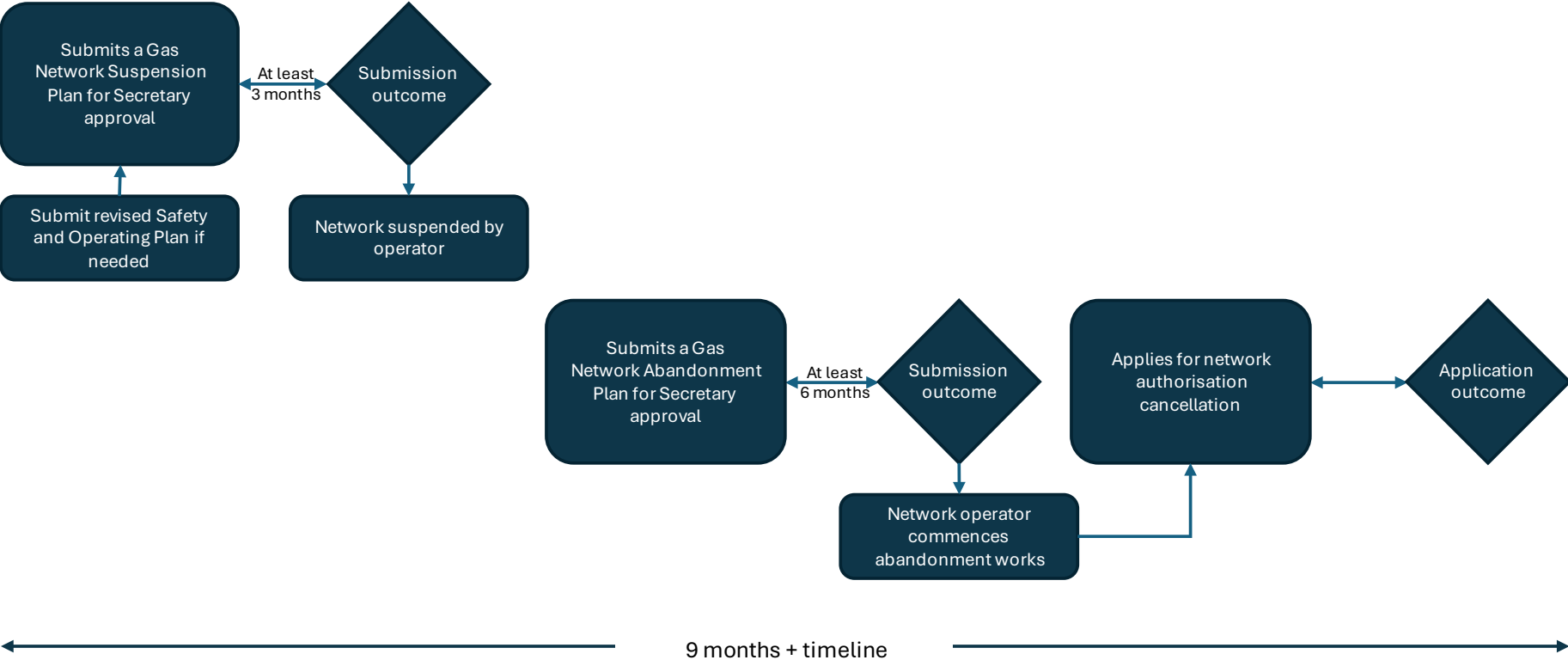


Figure 1: Process map of network suspension and abandonment and surrender of licence

A plan must be prepared in accordance with proposed guideline, to be prepared by the Secretary. Drafts of the guideline will be provided for public consultation to allow an opportunity for feedback prior to the proposed commencement of this provision.

A plan must be approved by the person-in-charge (within the meaning of section 8 of the Gas Supply Regulation) before it is lodged.

A Network Suspension or Abandonment Plan submitted must be in accordance with forthcoming guideline and set out in the Gas Supply Regulation, that will detail the relevant plan content requirements.

A Network Suspension Plan should include:

- a clear description and definition of physical scope of the network, or part thereof, that is intended to be suspended
- the intended duration of the suspension
- the protocols, consistent with relevant industry standards, to be followed when suspending or resuming the gas network
- the methods by which the gas network will be preserved during the suspension, including in relation to maintaining pressure in the nominated part of the gas network
- a suspension risk assessment, including identifying risks (including corrosion and gas leaks) and how they will be avoided or mitigated
- if operations are being suspended in only part of the network — how the flow of gas between the suspended part and the remainder (or active part) of the network will be prevented.

A Network Abandonment Plan should include:

- a clear description and definition of physical scope of the network, or part thereof, that is intended to be abandoned
- details of any removal of property and fixtures ancillary to networks (including for example, network signage)
- details of any consultation that has occurred with landholders about any part of the network that will remain in the land (i.e. in situ)
- evidence regarding why any network works can be left unattended on the land safely
- insurance documentation including evidence confirming the network operator is insured for loss or damage arising from the removal of all or part of the network, or if all or part of the network is to remain on the land — the leaving of all or part of the network in place
- plans for site remediation, including details of how contamination will be remediated.

## 5.2 Other proposed provisions and offences under network suspension and abandonment requirements

The exposure regulation also proposes to provide the Secretary with the power to require further information and/or planning to be provided before deciding whether to approve a network Suspension or Abandonment Plan lodged by a network operator. The Minister may defer deciding on an application to surrender a licence/authorisation if, in the Minister's opinion, the network operator has not satisfactorily implemented a network Abandonment Plan lodged with and approved by the Secretary (or if one has yet to be lodged).

**The following requirements are proposed to ensure compliance with network Suspension or Abandonment Plans:**

Provision	Detail	Penalties for failure to meet provision
Requirement to lodge with the Secretary a Suspension Plan and/or Abandonment Plan for approval	<p>A network operator must prepare and lodge with the Secretary for approval:</p> <ul style="list-style-type: none"> <li>(a) a Suspension Plan, if an operator proposes to suspend the operator's gas network (in whole or in part), at least 3 months before the proposed suspension, and/or</li> <li>(b) an Abandonment Plan, if an operator proposes to abandon the operator's gas network (in whole or in part), at least 6 months before the proposed abandonment.</li> </ul>	<p>Maximum penalty –</p> <ul style="list-style-type: none"> <li>• For a corporation – 10,000 penalty units, and</li> <li>• For an individual – 2,000 penalty units</li> </ul>
Requirement to implement network Suspension and/or Abandonment Plans	The network operator must implement a network Suspension and/or Abandonment Plan for the network if these plans have been approved by the Secretary, unless otherwise directed. This requirement will guide the safe and systematic cessation of network operations.	<p>Maximum penalty –</p> <ul style="list-style-type: none"> <li>• For a corporation – 10,000 penalty units, and</li> <li>• For an individual – 2,000 penalty units</li> </ul>
Directions to comply with approved network	The Minister or Secretary may direct a network operator to take action to comply with requirements of a Suspension and/or	<p>Maximum penalty –</p> <ul style="list-style-type: none"> <li>• For a corporation – 10,000 penalty units, and</li> </ul>

Suspension and/or Abandonment Plans	Abandonment Plan for the network or to follow procedures set out or referred to in the plan. This will work to ensure adherence to safety and environmental standards.	<ul style="list-style-type: none"> <li>For an individual – 2,000 penalty units</li> </ul> <p>In addition, for each day that the offence continues, a maximum penalty of –</p> <ul style="list-style-type: none"> <li>For a corporation – a further 1,000 penalty units, and</li> <li>For an individual – a further 200 penalty units</li> </ul>
Directions to amend network Suspension and/or Abandonment Plans	<p>A network operator must comply with a direction by the Minister or Secretary to amend a network Suspension and/or Abandonment Plan for the network. A copy of the amended plan must also be provided to the Secretary within 7 days after compliance with the direction.</p> <p>This provision will ensure these plans remain effective and up to date.</p>	<p>Maximum penalty –</p> <ul style="list-style-type: none"> <li>For a corporation – 10,000 penalty units, and</li> <li>For an individual – 2,000 penalty units</li> </ul> <p>In addition, for each day that the offence continues, a maximum penalty of</p> <ul style="list-style-type: none"> <li>For a corporation - a further 1,000 penalty units,</li> <li>For an individual - a further 200 penalty units.</li> </ul>
Public availability of network Suspension and Abandonment Plans	A network operator must keep approved copies of any network Suspension and Abandonment Plans for the network at its principal office or on the gas network operator's website and make these available to the Secretary and the public for inspection on request. This requirement also applies to any amendments that have been made to a Plan – additionally, a copy of the explanatory notes relating to the amendments will need to be made available as described. Plan availability will promote transparency of information.	<p>Maximum penalty –</p> <ul style="list-style-type: none"> <li>For a corporation – 2,000 penalty units, and</li> <li>For an individual – 400 penalty units</li> </ul> <p>In addition, for each day that the offence continues, a maximum penalty of –</p> <ul style="list-style-type: none"> <li>For a corporation – a further 200 penalty units, and</li> <li>For an individual – a further 40 penalty units</li> </ul>

The proposed process outlined above – see Figure 1 – ensures thorough planning and sufficient time for the department to ensure regulatory compliance for cessation, either temporary or permanent, of gas network operations. The proposed amendments will also clarify expectations around the

suspension or abandonment of gas network infrastructure in relation to the process for surrendering a licence or authorisation.

These reforms aim to modernise and strengthen the regulatory framework for gas network suspension and abandonment in NSW, ensuring alignment with best practices and enhancing safety, transparency, and regulatory effectiveness.

### **Key questions**

1. Do you have any concerns or foresee any issues with the proposed clarified gas network suspension or abandonment definitions and their requirements? If yes, which definition and/or requirement specifically and why?
2. Do you have any concerns or suggested inclusions for the proposed content requirements outlined for gas network Suspension or Abandonment Plans?
3. Are there specific concerns or considerations regarding the lead time requirements for each stage of the process to surrender or abandon a network and/or surrender a licence?
4. Are there any other aspects and practical considerations of suspension or abandonment of gas networks you believe should be addressed?

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## 6 Offences and penalties

A fine is a monetary penalty and is typically identified in the Acts and Regulations in terms of penalty units. A fine can be imposed by a Court if it is specified as a penalty for an offence.

A penalty unit is defined in section 17 of the NSW *Crimes (Sentencing Procedure) Act 1999* and is currently set as \$110 per penalty unit. This amount is not indexed for inflation, unlike in other states, such as Victoria and Queensland.

Within the Gas Supply Regulation, various offences are associated with penalties of differing amounts, depending upon their severity of non-compliance. Other states have also implemented similar provisions and offences covering gas supply regulation. It is important that penalty provisions are up-to-date to encourage a culture of compliance and support public safety.

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### 6.1 Updated penalties and additional continuing offences

In contrast to NSW, where legislation was enacted earlier and penalty units remain fixed, Victoria and Queensland have adopted more recent legislation that indexes penalty units annually for inflation.

In Victoria, the rate for penalty units is indexed each financial year so that it is raised in line with inflation. As of 1 July 2025, one penalty unit is currently \$203.51. Similar indexation applies in Queensland, where one penalty unit is currently \$166.90.

The Gas Supply Act provides that continuing offences can have additional penalties as specified in relevant provisions of the Act and relevant Regulations. Additional continuing offence penalties for the Gas Supply Regulation are proposed to be introduced as indicated alongside the proposed penalty updates below. Collectively, these additional continuing offence penalties aim to deter ongoing non-compliance.

The new continuing offence penalties are proposed to enhance compliance, by serving as a stronger deterrent against systemic non-compliance, ensuring adherence to legal requirements.

In addition, the intention is to more closely align the Gas Supply Regulation with the *Pipelines Regulation 2023* (Pipelines Regulation) currently also undergoing consultation with proposed penalty changes, given the similar subject matter, substance of these activities and safety implications. This alignment promotes uniform enforcement practices, simplifies compliance obligations, and underscores the importance of maintaining high safety and environmental standards to support the energy sector as it transitions and evolves.

## Other proposed amendments to Gas Supply Regulation penalty units

Sections to be amended	Current penalties	Proposed amendment
9, 16(1), 21(5), 23(2), 24(3)	Maximum penalty – <ul style="list-style-type: none"> <li>10,000 penalty units for corporations</li> <li>5,000 penalty units for individuals</li> </ul>	Maximum penalty – <ul style="list-style-type: none"> <li>10,000 penalty units for corporations</li> <li>2,000 penalty units for an individual</li> </ul> In addition, maximum penalty for each day that the offence continues – <ul style="list-style-type: none"> <li>1,000 penalty units for a corporation</li> <li>200 penalty units for individuals</li> </ul>
7(1)–(2), 14(2)	Maximum penalty – <ul style="list-style-type: none"> <li>10,000 penalty units for corporations</li> <li>5,000 penalty units for individuals</li> </ul>	No change to maximum penalty for corporations. Maximum penalty – <ul style="list-style-type: none"> <li>2,000 penalty units for an individual</li> </ul>
15(1), 17(1)	Maximum penalty – <ul style="list-style-type: none"> <li>5,000 penalty units for corporations</li> <li>2,500 penalty units for individuals</li> </ul>	No change to maximum penalty for corporations. Maximum penalty – <ul style="list-style-type: none"> <li>1,000 penalty units for an individual</li> </ul>
28(1)–(3)	Maximum penalty – <ul style="list-style-type: none"> <li>2,000 penalty units for corporations</li> <li>100 penalty units for individuals</li> </ul>	Maximum penalty – <ul style="list-style-type: none"> <li>10,000 penalty units for corporations</li> <li>2,000 penalty units for individuals</li> </ul> In addition, maximum penalty for each day that the offence continues – <ul style="list-style-type: none"> <li>1,000 penalty units for a corporation</li> <li>200 penalty units for individuals</li> </ul>
12(1)	Maximum penalty – <ul style="list-style-type: none"> <li>2,000 penalty units for corporations</li> <li>100 penalty units for individuals</li> </ul>	Maximum penalty – <ul style="list-style-type: none"> <li>5,000 penalty units for corporations</li> <li>1,000 penalty units for individuals</li> </ul>
32(1)–(4), 34(4), 35	Maximum penalty – <ul style="list-style-type: none"> <li>2,000 penalty units for corporations</li> </ul>	Maximum penalty – <ul style="list-style-type: none"> <li>5,000 penalty units for corporations</li> </ul>

	<ul style="list-style-type: none"> <li>100 penalty units for individuals</li> </ul>	<ul style="list-style-type: none"> <li>1,000 penalty units for individuals</li> </ul> <p>In addition, maximum penalty for each day that the offence continues –</p> <ul style="list-style-type: none"> <li>500 penalty units for a corporation</li> <li>100 penalty units for individuals</li> </ul>
20(1), 22(1)-(2), 29(2), 31(1), 31(3)-(7), 36(4)	<p>Maximum penalty –</p> <ul style="list-style-type: none"> <li>2,000 penalty units for corporations</li> <li>100 penalty units for individuals</li> </ul>	<p>Maximum penalty –</p> <ul style="list-style-type: none"> <li>2,000 penalty units for corporations</li> <li>400 penalty units for an individual</li> </ul> <p>In addition, maximum penalty for each day that the offence continues –</p> <ul style="list-style-type: none"> <li>200 penalty units for a corporation</li> <li>40 penalty units for individuals</li> </ul>
10(2)–(4), 11(1), 11(6), 11(7), 11(8), 30(4)–(5), 33(4)–(5), and 44(1)–(3)	<p>Maximum penalty –</p> <ul style="list-style-type: none"> <li>2,000 penalty units for corporations</li> <li>100 penalty units for individuals</li> </ul>	<p>No change to maximum penalty for corporations.</p> <p>Maximum penalty –</p> <ul style="list-style-type: none"> <li>400 penalty units for individuals</li> </ul>
8(1), 8(3), 8(5)	<p>Maximum penalty –</p> <ul style="list-style-type: none"> <li>250 penalty units for corporations</li> <li>100 penalty units for individuals</li> </ul>	<p>Maximum penalty –</p> <ul style="list-style-type: none"> <li>250 penalty units for corporations</li> <li>50 penalty units for an individual</li> </ul> <p>In addition, maximum penalty for each day that the offence continues –</p> <ul style="list-style-type: none"> <li>25 penalty units for a corporation</li> <li>5 penalty units for an individual</li> </ul>

### Key questions

- We are seeking your feedback on the proposed amendments to penalty units. Are the penalty amendments appropriate? If not, which penalty/ies specifically do you regard as ineffective and why? In your feedback, please ensure you cite which section of the Gas Supply Regulation the penalty relates to.
- Of the proposed continuing offences and their penalties, are these appropriate? If not, which provision/s specifically and why?

7. We are also seeking your feedback on the proposed new offences and maximum penalties for suspension and abandonment requirements in section 5 of this consultation paper. Are the offences and maximum penalties appropriate?

## 6.2 New provisions are proposed to be introduced with related offences and penalties to ensure sufficient deterrence of breaches

Other new provisions and offences are proposed to be introduced as listed below to support alignment and consistency with similar legislation and support public safety.

### Other proposed new provisions for introduction in the Gas Supply Regulation

Clause to be introduced	Proposed new provision and offence	Rationale and Proposed Application
<b>Network operators to ensure safe gas supply (Revised section 7(2))</b>	This section has been restructured for improved clarity on requirements for network operators to ensure safe gas supply.	Instead of the current subjective requirement to consider all relevant standards, this provision has been clarified to require a gas network operator to ensure design, construction, operation, maintenance and extension of a gas network is in accordance with relevant standards. Relevant standards “means codes, Australian Standards, guidelines or other requirements” specified by the Secretary.
<b>Requirement for a ‘person-in-charge’ to have financial authority (Revised section 8(2))</b>	No change to the provision except to specify appropriate minimum delegations that a person-in-charge must have.	To specify that a person-in-charge must be specifically authorised by the gas network operator to make financial decisions about the maintenance, repair, and operation of the network operator’s gas networks.
<b>Notification of a change in operating pressure (New section 12A)</b>	Notification will be required prior to activating plans to change the pressure on an existing gas network. The failure to notify is proposed to be an offence: Maximum penalty –	Currently, there is no clear reporting requirement to inform the Secretary when a network's pressure is changed, such as by injecting more gas. Such changes could impact end users and consumers and potentially lead to an

	<ul style="list-style-type: none"> <li>• 5,000 penalty units for a corporation</li> <li>• 1,000 penalty units for individuals</li> </ul>	<p>increase in leaks. This notification aims to keep the NSW safety and technical regulator (the Department) informed of any potential safety risks and take mitigating actions if needed.</p> <p>The criteria for determining a change in pressure are as follows:</p> <ol style="list-style-type: none"> <li>1) the network operator's gas network has operated at the same operating pressure for at least 6 months, and</li> <li>2) the network operator proposes to change the operating pressure for the gas network by 15% or more, and</li> <li>3) the network operator intends that, after the change, the gas network will operate at the same operating pressure for at least 14 days.</li> </ol> <p>The notification must be provided not less than 28 days before an intended change.</p>
<p><b>Exempt network operators from periodic review of safety and operating plans (Revised section 17)</b></p> <p><b>Exempt network operators from periodic audits (Revised section 20)</b></p>	<p>To incentivise consistent and high level of compliance and high performance, the Government's policy is to reduce the regulatory burden imposed on gas network operators demonstrating strong adherence to regulatory requirements over a sustained period. This will be based on an existing process of annual risk ratings of network operators by the regulator, using established industry standards.</p>	<p>To implement this policy, the Government intends to allow the Secretary to exempt a gas network operator from:</p> <ul style="list-style-type: none"> <li>• the biennial SAOP review requirement in Section 17</li> <li>• the annual audit requirement in Section 20.</li> </ul> <p>The gas network operator does not commit an offence under this section if they lodge reports less frequently than the regular period specified respectively in the regulation sections above, provided the gas network operator is complying with the terms of an approval provided by the Secretary.</p>
<p><b>Auditor for safety and operating plans</b></p>	<p>This section has been restructured for improved clarity on appointment of auditors for SAOP audit requirements. A</p>	<p>Instead of the current (sometimes unclear) timeline of 1 month prescribed for appointment of an initial auditor, this obligation must now be fulfilled at</p>

<p><b>(Revised section 18)</b></p>	<p>failure to initially appoint an auditor and to appoint a replacement auditor are retained as offences.</p> <p>In the event the Secretary gives a gas network operator written notice that an auditor appointment is not accepted or no longer acceptable, it is proposed that the Secretary may require the appointment of another person as an Appointed Auditor. The failure to comply with the requirement is also proposed to be an offence.</p> <p>Maximum penalty –</p> <ul style="list-style-type: none"> <li>• 250 penalty units for a corporation</li> <li>• 50 penalty units for individuals</li> </ul> <p>In addition, maximum penalty for each day that the offence continues –</p> <ul style="list-style-type: none"> <li>• 25 penalty units for a corporation</li> <li>• 5 penalty units for an individual</li> </ul>	<p>least 28 days before the auditor is first required to provide a certificate in relation to an initial audit.</p> <p>Additionally, it is proposed a network operator must also nominate a replacement auditor within 14 days of receiving a notice of rejection or termination of the existing auditor by the Secretary before an offence is prescribed.</p> <p>New continuing offence penalties have been proposed to dissuade ongoing non-compliance.</p> <p>The penalties for non-compliance serve as a strong deterrent and encourage prompt adherence to audit requirements.</p>
<p><b>Failure to submit an initial audit report</b> <b>(Revised section 19(1))</b></p>	<p>It is proposed to provide an offence for failure to submit an initial audit report of an SAOP.</p> <p>Maximum penalty –</p> <ul style="list-style-type: none"> <li>• 10,000 penalty units for a corporation</li> <li>• 2,000 penalty units for individuals</li> </ul> <p>In addition, maximum penalty for each day that the offence continues –</p> <ul style="list-style-type: none"> <li>• 1,000 penalty units for a corporation</li> </ul>	<p>The proposed change aims to extend penalties to include the initial submission of an audit report on the SAOP, correcting an oversight where penalties currently apply only to ongoing annual audits under section 20. This will also ensure alignment of the Gas Supply Regulation with the Pipelines Regulation for consistent enforcement of reporting requirements.</p>

	<ul style="list-style-type: none"> <li>• 200 penalty units for an individual</li> </ul>	
<b>Secretary may direct compliance with safety and operating plans (Revised section 24)</b>	This section has been updated for improved clarity on timelines for which an action must be taken by network operators if directed by the Secretary for compliance with SAOPs before the existing maximum penalties can be imposed for an offence.	Instead of the current subjective timeline of ‘as soon as practicable’ stipulated for adherence with the Secretary’s direction to comply with safety and operating plans, the direction must specify the time within which the action must be taken.
<b>Requirements relating to new gas networks and prospective network operators (New sections 26A and 26B)</b>	<p>It is proposed that a prospective gas network operator must not construct, alter, carry out maintenance, repair or extend a new gas network, except in accordance with a draft SAOP lodged with the Secretary at least 3 months before any proposed commencement of works. Failure to lodge a draft SAOP with the appropriate lead time prior to commencement of any new gas network activity and construction, alteration, maintenance or extension of the gas network not in accordance with a lodged draft SAOP are proposed to be offences.</p> <p>Maximum penalty –</p> <ul style="list-style-type: none"> <li>• 10,000 penalty units for a corporation</li> <li>• 2,000 penalty units for individuals</li> </ul> <p>Further, for the avoidance of doubt, it is clarified that the Secretary is also intended to have the power to direct, in writing, that a network operator delay commencement of certain works</p>	<p>While section 25 currently already specifies that a draft SAOP must be lodged prior to the commencement of any of the activities listed in the previous column, it is proposed to further clarify that a draft SAOP must be lodged at least 3 months before proposed commencement of works. This is to ensure that the Secretary has sufficient time to review the plan for adequacy.</p> <p>Additionally, it is proposed to clarify that the Secretary can delay commencement of a proposed activity until a draft SAOP has been amended as directed.</p> <p>For avoidance of doubt, the proposed amendments also clarify that the draft SAOP requirement extends to prospective gas network operators and works on any new gas networks (in whole or in part).</p> <p>To align with other requirements for adherence with relevant standards, a prospective network operator must also ensure the design and construction of a proposed gas network are in accordance with the relevant standards.</p> <p>Maximum penalty –</p>

	<p>if, in the Secretary's view, updates to the draft SAOP are required.</p> <p>Failure to comply with a direction to amend a draft SAOP is also clarified to be an offence.</p> <p>Maximum penalty –</p> <ul style="list-style-type: none"> <li>• 10,000 penalty units for a corporation</li> <li>• 2,000 penalty units for individuals</li> </ul> <p>In addition, maximum penalty for each day that the offence continues –</p> <ul style="list-style-type: none"> <li>• 1,000 penalty units for a corporation</li> <li>• 200 penalty units for an individual</li> </ul> <p>Further, offences are proposed in the event a network operator fails to nominate a contact person at the specified times in the exposure regulation:</p> <p>Maximum penalty –</p> <ul style="list-style-type: none"> <li>• 250 penalty units for a corporation</li> <li>• 50 penalty units for individuals</li> </ul> <p>In addition, maximum penalty for each day that the offence continues –</p> <ul style="list-style-type: none"> <li>• 25 penalty units for a corporation</li> <li>• 5 penalty units for an individual</li> </ul>	<ul style="list-style-type: none"> <li>• for a corporation – 10,000 penalty units, or</li> <li>• for an individual – 2,000 penalty units.</li> </ul>
<p><b>Requirement to operate gas network continuously</b> (New section 26E)</p>	<p>A gas network operator must continuously operate the gas network specified in their authorisation or licence, and the failure to do so is an offence.</p> <p>Maximum Penalty</p>	<p>The Government's intention is to make it an offence for a gas network operator not to continuously operate the gas network specified in their licence or authorisation. This provision will replicate similar requirements in</p>

	<ul style="list-style-type: none"> <li>• 10,000 penalty units for a corporation</li> <li>• 2,000 penalty units for individuals</li> </ul>	<p>the Pipelines Act (current section 24) for better alignment.</p> <p>There are exceptions proposed for this requirement, including if a gas network is proposed to be suspended or abandoned (see chapter 5 in this consultation paper above for more information).</p>
<b>Cancellation of authorisations and licences</b> <b>(New section 26F)</b>	<p>Upon receipt of a request to cancel or surrender a licence or authorisation, the Minister may defer their decision until an abandonment plan is approved and implemented satisfactorily.</p>	<p>This provision is proposed to be included as part of the proposed process leading up to the surrender of a licence/authorisation outlined in chapter 5 of this consultation paper.</p>
<b>Notice of intention to install injection point</b> <b>(New section 35A)</b>	<p>Notification requirements are proposed prior to installation of new injection points on a natural gas network. The failure to notify is proposed to be an offence:</p> <p>Maximum penalty –</p> <ul style="list-style-type: none"> <li>• 5,000 penalty units for a corporation</li> <li>• 1,000 penalty units for individuals</li> </ul> <p>Additionally, the failure to comply with a requirement for further information or direction to delay installation until further information is provided is also proposed to be an offence:</p> <p>Maximum penalty –</p> <ul style="list-style-type: none"> <li>• 5,000 penalty units for a corporation</li> <li>• 1,000 penalty units for individuals</li> </ul>	<p>Implementing notification requirements prior to the installation of new injection points ensures transparency and regulatory oversight, allowing for effective monitoring and management of the gas network. The proposed penalties for failure to notify serve as a strong deterrent against non-compliance.</p> <p><b><i>Injection Point</i></b> refers to a point on a gas network at which gas is injected to the network by a gas network operator. The notification must be made in compliance with a proposed guideline to be prepared by the Secretary. A draft of the guideline will be provided for public consultation to allow an opportunity for feedback prior to proposed commencement of this provision.</p> <p>The notification must be provided at least 28 days before the proposed installation.</p>
<b>Requirement to identify injection points in SAOP</b>	<p>The Government proposes to expand the ‘Description of gas network’ to also include the</p>	<p>To supplement the proposed Notification requirement of intention to install injection points above, it is proposed that new and updated</p>

<p><b>(Revised Schedule 1)</b></p>	<p>locations of each injection point in a gas network.</p>	<p>SAOPs lodged with the Secretary include the locations of each injection point in a gas network. This will ensure the regulator has up-to-date records of injection point locations and is able to identify when the requirement above applies for new proposed injection points.</p> <p>An SAOP needs to comply with this additional requirement per current section 15(6).</p>
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### Key questions

8. We are seeking your feedback on the proposed new provisions for the Gas Supply Regulation, with related offences and penalties. Are the provisions, offences and penalties appropriate? If not, which provision/s specifically and why?

In your feedback, please ensure you cite the relevant provision of the Gas Supply Regulation.

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## 7 Modernised enforcement: penalty infringement and show cause notices

The issuance of penalty notices (PINs) and Show Cause Notices (SCNs) in legislation refers to formal mechanisms used to address regulatory breaches and enforce compliance. PINs are typically issued for specified offences, providing an efficient way to address minor infractions without resorting to formal court proceedings. SCNs, on the other hand, require recipients to explain why certain regulatory actions or penalties should not be imposed, allowing for due process and a chance to respond before further enforcement actions are taken.

Recently, the issuance of PINs has been added into the Gas Supply Act as part of the Energy Amendment Act.

It is envisaged that the addition of PINs to the NSW gas supply regulatory framework will enhance compliance and enforcement. Without this mechanism, regulatory breaches often require cumbersome court proceedings for resolution. This process can be lengthy and resource-intensive, potentially complicating compliance. The intention is to streamline the compliance function through the provision of a more responsive approach. Such inefficiencies can undermine the intended regulatory framework, posing risks to public safety and hindering effective enforcement of policy objectives.

Where applicable, PINs will be the first point of recourse to remedy non-compliance. PINs serve to enforce the law quickly and effectively without resorting to lengthy legal proceedings but will still invoke penalty. They typically apply to offences that are not deemed sufficiently serious to warrant prosecution.

The proposed power to issue PINs will ensure the NSW gas supply regulatory framework aligns with similar authority available in other NSW legislation, such as the *Electricity Supply Act 1995*, *Protection of the Environment Operations Act 1997* and the *Water Industry Competition Act 2006*.

### Proposed PINs offences under the Gas Supply Regulation

Where applicable, penalty notice offences will be set at 10% of the corresponding maximum penalty offence, ensuring that enforcement measures are proportional while providing a deterrent effect against non-compliance. PINs will be issued by government inspectors.

Proposed Penalty Notice offences	Gas Supply legislation section
Requirements in relation to carrying out of certain excavation work	Gas Supply Act, section 64C(1) and (3)
Notification of damage to underground gas pipelines	Gas Supply Act, section 64D(1)
Interference with gas meters	Gas Supply Act, section 67
Interference with network operators' seals	Gas Supply Act, section 68
Unauthorised connections	Gas Supply Act, section 69

Unauthorised increase in capacity of connections	Gas Supply Act, section 70
Unauthorised alterations and additions to gas installations	Gas Supply Act, section 71
Network operators to ensure safe gas supply	Gas Supply Regulation, sections 7(1) and (2)
Periodical audits of safety and operating plans	Gas Supply Regulation, section 20(1)
Natural gas in pipelines to comply with standards	Gas Supply Regulation, section 28(1)-(3)
Reports to the Secretary	Gas Supply Regulation, sections 44(1)-(3)

### Key questions

9. Do you believe that a proposed 10% amount for PINs offences is appropriate?

10. Do you believe other offences should be added to this list of PINs offences?

In your feedback, please ensure you cite the relevant PINs offence of the Gas Supply Act or Regulation that your feedback relates to.