


Pipelines Amendment (Miscellaneous) Regulation 2025

Regulatory Impact Statement

July 2025



Acknowledgement of Country

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Published by NSW Department of Climate Change, Energy,
the Environment and Water

dcceew.nsw.gov.au

Pipelines Amendment (Miscellaneous) Regulation 2025: Regulatory Impact
Statement

First published: July 2025

Department reference number:

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Executive summary

This Regulatory Impact Statement (RIS) has been prepared for the scope of the proposed regulatory amendments to the *Pipelines Regulation 2023* (Pipelines Regulation) outlined in the NSW Pipelines Amendment (Miscellaneous) Regulation 2025 Consultation Paper (Consultation Paper). This RIS demonstrates compliance of the proposed Pipelines Regulation amendments with the principles outlined in the Better Regulation Office's *Guide to Better Regulation January 2019* (TPP19-01) and with the provisions applying to a RIS under the *Subordinate Legislation Act 1989* (Subordinate Legislation Act).

This RIS outlines the need for Government action to:

- ensure the safety of the community and pipeline industry workers who come into contact with licensed pipelines,
- ensure that the regulatory framework overseeing NSW licensed pipelines remains fit for purpose and responsive to industry change, and
- ensure the reliability of supply of substances conveyed by licensed pipelines.

The options considered in this RIS are:

- Option 1. Update the current Regulation with no material changes (that is, relocating identified provisions¹ from the *Pipelines Act 1967* (Pipelines Act) to the Pipelines Regulation, with no changes)
- Option 2. Amend the Regulation to strengthen the regulatory framework (including relocating and updating identified provisions¹ from the Pipelines Act to the Pipelines Regulation)

We have not considered in detail what could have been a third option which is refraining from any action regarding relocating identified provisions from the Pipelines Act to the Pipelines Regulation. Option 3 involves having the relevant provisions remain in the Act (therefore status quo and no change in policy), but there would be difficulties with changing the provisions in the future (i.e. penalty amounts would require an Act amendment to change, not a Regulation change). This option would also involve not proceeding with commencing changes envisaged by the *Energy Legislation Amendment (Clean Energy Future) Act 2024* (Clean Energy Future Act) by proclamation (compared to

¹ For ease of update and to better reflect regulatory framework structures adopted by similar other legislation via amendments that came into force under the *Energy Legislation Amendment (Clean Energy Future) Act 2024* as explained in the Consultation Paper.

making a Regulation in Options 1 and 2). As Option 3 would be counter to the intention of streamlining the pipelines legislative framework for ease of update of the relocated provisions, this option has not been considered in detail. From a costs and benefits perspective, it would have the same costs and benefits as Option 1 as there would be no change to the regulatory framework and would have a similar impact to the public and industry.

The RIS is intended to supplement the Consultation Paper and sets out the rationale and objectives of the proposed amendments. An assessment of the costs and benefits of each option considered are summarised below.

Option 2 is the preferred option as it strengthens the pipelines regulatory framework to maintain the safety and reliability of pipelines and their operations in NSW, which is both an essential service and critical infrastructure, and provides the greatest net public benefit.

Additionally, option 2 will allow for more prompt changes to be made to the penalty amounts for offences following the relocation of certain offences from the Pipelines Act to the Regulation through the *Energy Legislation Amendment (Clean Energy Future) Act 2024* (Clean Energy Future Act).

Further, the *Energy Amendment (Pipelines and Gas Safety) Act 2025* (Energy Amendment Act), which passed Parliament on 28 March 2025, amended the Pipelines Act and *Gas Supply Act 1996* to enhance governance, safety, and operational efficiency. Option 2 would allow the Pipelines Regulation to be updated in line with updates made to its parent legislation, the Pipelines Act.

An assessment of the costs and benefits of each option considered are summarised below.

Option	Likely costs	Likely benefits
Option 1 – Update the current Regulation with no material changes (only relocate identified provisions from the Pipelines Act to the Pipelines Regulation)	Low – Although there would be no change in financial costs under this option, there would be opportunity costs by failing to modernise the pipelines regulatory framework to improve safety, social and operating outcomes and not utilising regulation making powers created by the Clean Energy Future Act and the Energy Amendment Act.	Low – Since the Regulation would be updated with no material changes, the only additional benefit would be the possibility to facilitate further regulation making in the future including ease of updates to penalty amounts that will be contained in the Regulation. However, there would also be no new regulatory obligations on pipeline licensees.

Option	Likely costs	Likely benefits
Option 2 – Amend the Pipelines Regulation to strengthen the regulatory framework	<p>Medium – Pipeline licensees incur new responsibilities, may be subject to higher penalties in the event of non-compliance and will be liable for increased proposed fees. However, these higher costs for licensees reflect that the current penalties and fees are outdated, and for some new fees, would apply for defined instances only (e.g. compulsory acquisition²).</p> <p>Licensees will be regulated on safe and effective management of the lifecycle of their infrastructure, including to prepare plans and procedures covering suspension, decommissioning and/or abandonment of pipelines, to mitigate risks and ensure environmental and public safety. However, licensees should already be undertaking these activities to the extent required to comply with industry standards that already prescribe these requirements and practices.</p> <p>Overall, a medium level of administrative burden and costs on licensees has been identified.</p>	<p>High – the new provisions would provide the NSW Government with improved powers and oversight to regulate effectively and to maintain a safe and robust pipeline regulatory framework. The net outcome provides improved public safety, environmental and reliability outcomes.</p> <p>Additionally, new regulatory requirements for licensees aim to better align with industry standards, while new guidance on minimum standards for existing requirements are intended to improve clarity and expectations for licensees and other stakeholders.</p> <p>Updated fees will ensure adequate cost recovery for the Department’s regulatory oversight.</p> <p>This consultation will also seek updates to ensure that sufficient regulatory oversight is in place to ensure public safety during all stages of a pipeline’s life. As pipelines are suspended, decommissioned or abandoned, there will be a need to ascertain these works are done safely to mitigate risks and ensure environmental and public safety. When considered together with similar proposed changes in the <i>Gas Supply (Safety and Network Management) Regulation 2022</i>, there are further benefits to industry and the Department to align and harmonise requirements relating to improved governance of end-of-life pipeline operations and infrastructure management as appropriate.</p>

² Unless otherwise specified, ‘compulsory acquisition’ in this RIS refers to ‘compulsory acquisition’ under s 22(1)(d)(ii) in the Pipelines Act.

1. Objectives and rationale for change

The purpose and function of the Pipelines Act and its Regulation is outlined in the Consultation Paper, along with an overview of the regulatory framework.

The proposed Regulation amendments are intended to enhance and improve the efficacy and operation of the pipeline's regulatory framework by:

- introducing requirements on end-of-life pipeline infrastructure and its management, including through obligations around pipeline suspension, decommissioning and abandonment processes and procedures
- introducing approval requirements relating to major alterations of a pipeline and related infrastructure
- prescribing minimum standards of an authority to survey application and compulsory acquisition process including in the form of guidelines (appended for consultation) to provide clarity of expectations and consistency to all stakeholders involved in these processes, and streamline processes to reduce confusion and delays
- introducing compulsory acquisition related fees to properly reflect the additional cost to the Department to process pipeline licence related applications which include these additional considerations
- relocating and updating certain provisions and offences from the Pipelines Act to the Regulation following the Clean Energy Future Act
- updating penalty units in the Regulation to bring them into line with other relevant NSW regulations and provide a sufficient deterrent to non-compliance, particularly for breaches that create a safety risk
- introducing continuing offences with accumulating penalties for certain offences, such as for failing to submit a pipeline management plan when required
- modernising the fee schedule to better reflect the costs to NSW in providing these services to industry, including new proposed fees for applications with compulsory acquisition and adjustments for Consumer Price Index (CPI) changes
- replicating requirements for carrying out notifiable excavation work to better align with the NSW Gas Supply legislative framework

- creating a requirement for licensees to provide a quarterly report to the Secretary including maps showing the routes of pipelines and details of the parcels of land in relation to which easements are used for the purposes of gaining access to the proposed pipeline
- including other refinements to streamline the Pipelines Regulation, such as expanding the definition of person-in-charge, adding powers for the Secretary or Minister to request additional information following annual report submission and extending timeframe for submission of reports to the Secretary
- Harmonising pipelines and gas supply regulations will benefit both the Department and the pipeline operators by delivering regulatory efficiencies.

In relation to relocating several clauses from the Pipelines Act to the Regulation under the Clean Energy Future Act, the proposed Regulation amendments will come into force at the same time that these are removed from the Pipelines Act, ensuring no gaps in the regulatory framework for NSW licensed pipelines. These amendments consist of some key provisions containing administrative detail needed for the Pipelines Act to operate effectively and efficiently, ensuring the regulatory regime remains fit for purpose, current, and responsive to sector developments.

2. Options evaluated

2.1 Option 1 – Update the current Pipelines Regulation with no material changes

This option would maintain the status quo by leaving the regulatory framework unchanged until the Pipelines Regulation is due for repeal under the Subordinate Legislation Act; relocating the provisions into the Pipelines Regulation without changes would not affect any existing regulatory obligations.

Although the impact of leaving the Pipelines Regulation materially unchanged is minimal, there would be an opportunity cost associated with not modernising the pipelines regulatory framework and utilising regulation making powers created by the Clean Energy Future Act and the Energy Amendment Act. Furthermore, benefits from modernising the pipelines regulatory framework to provide for better safety outcomes, increased deterrence through new penalties that are proportionate to the risk of non-compliance, and greater oversight related to the suspension, decommissioning and abandonment of pipelines would not be realised.

2.1.1 Compliance costs

The NSW Government has identified that there is a risk that some penalties stipulated under the Pipelines Regulation do not adequately provide sufficient deterrence against non-compliance, particularly for offences that should be treated with a higher degree of severity due to risks to public safety. For example, failing to appoint a replacement person in charge currently has maximum penalties of 5 penalty units³ (equivalent to \$550) which would be able to be awarded via a court process.

Further, there are no continuing offence penalties in the Pipelines Regulation to deter ongoing and systemic incidences of non-compliance.

In contrast to other jurisdictions (Victoria and Queensland, for instance), NSW also does not index penalties for inflation, requiring manual penalty updates through revision of the Pipelines Regulation.

³ 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 in NSW.

In addition, current fees do not adequately cover the Department's costs for regulatory services, licences, permits, or administrative actions, imposing a financial burden on the NSW Government and taxpayers. Under Option 1, the ongoing compliance costs for the NSW Government to administer the Regulation will continue to exceed the revenue recovered from industry through licence and authorisation fees paid to the Department.

In terms of regulatory impact, Option 1 would overlook the opportunity to ensure penalties and fees remain up-to-date and effective in promoting a culture of compliance with flow on effects to public safety.

2.1.2 Administrative costs

As noted above, the ongoing administrative costs to the NSW Government for administering the Pipelines Regulation are generally recovered from industry through pipeline licence and authorisation fees, as well as through certain fees for services that licensees apply for to the Department. However, current fees do not adequately cover the Department's costs for regulatory services, licences, permits, or administrative actions, continuing to impose a financial burden on the NSW Government and taxpayers. For licence applications (and applications to vary a licence), the current fees do not cover the additional costs incurred by the Department when processing applications where those applications propose compulsory acquisition.

2.1.3 Impact on competition

There are no foreseeable impacts on competition in the pipeline industry from amending the Pipelines Regulation, as proposed new obligations are focussed on the key objectives of enhancing governance and safety of managing and operating pipeline infrastructure in NSW.

2.1.4 Social and environmental impacts

While the current Regulation contains mechanisms intended to support the safe operation of pipelines and associated infrastructure, the Department, as the technical Regulator, has identified improvements to the Pipelines Regulation that should be made.

If the Pipelines Regulation were not amended, social and environmental outcomes would be adversely affected in the absence of newly identified provisions that should be implemented. For example, the need for clarified pipeline suspension, decommissioning and abandonment requirements has been identified to ensure that sufficient regulatory oversight is in place to ensure public safety during all stages of a pipeline's life.

2.1.5 Benefits

Option 1 enables the Pipelines Regulation to continue to operate and licensees would be required to continue to meet the existing safety and technical requirements for their pipeline(s) under the Regulation. This continuity would provide regulatory consistency and certainty for pipeline owners and operators.

2.1.6 Conclusion

Option 1 would maintain the regulatory framework in its current form, noting the relocation of provisions from the Act to the Regulation. However, continuing under a regulatory regime that does not appropriately cover costs to regulate is not beneficial for industry and consumers and not imposing effective costs for non-compliance would not be optimal for public safety. For consumers and the general public, sufficient funding for regulatory activities and penalties for regulatory breaches ensures that safety standards and quality controls are rigorously enforced, protecting them from risks associated with substandard products, services and work processes.

2.2 Option 2 – Amend the Regulation to strengthen the regulatory framework

This option would amend the existing Pipelines Regulation with changes to strengthen the regulatory framework. In summary, the proposed amendments to the Pipelines Regulation include:

- A requirement to lodge, implement and obtain approval for pipeline Suspension, Decommissioning and/or Abandonment Plans when needed
- Relocating and updating certain provisions and offences from the Pipelines Act to the Regulation following the Clean Energy Future Act
- Prescribing requirements and minimum standards for an authority to survey application and compulsory acquisition processes
- New compulsory acquisition related fees for applications that involve these processes
- Materially increased fees under Schedule 3, given they are outdated and result in substantial under-recovery for the Department and NSW taxpayers
- Proposed CPI adjustments to ensure fees remain aligned with inflation
- Increased rate of penalty for late payment of annual licence fees
- Updates to penalties for both corporations and individuals, across a range of provisions
- Identification of penalty notice offence and penalty notice amounts. For these select offences, penalties are proposed to be set at 10% of the maximum penalty of the respective provisions
- Designating certain offences as ‘continuing offences’ that will attract further accumulating penalties while they remain in breach
- Introduction of approval requirements relating to major alterations of a pipeline
- New ability for the Secretary to allow late lodgement of a pipeline management plan
- Additional content requirements for a pipeline management plan to include a description of what the ordinary course of operations looks like for a pipeline and vice versa
- A new ability to enable the Secretary or Minister to request additional information from a licensee following an annual report submission
- Flexibility for licensees to submit written reports of certain activities to the Secretary within 28 days or another period as approved by the Secretary
- Replicating requirements for carrying out notifiable excavation work to better align with the NSW Gas Supply legislative framework

- Clarifying that a report is required for any activity listed in subsections (1)(a) and (1)(b) of section 37, by removing the 'or' at the end of section 37(1)(a) to prevent misinterpretation and ensure comprehensive reporting
- Specifying that before cessation of pipeline operations can be consented to, a licensee must submit pipeline decommissioning and abandonment plans and receive approval
- Providing that, in the course of removing pipeline property and when a property is sold by the Minister, the Minister is entitled to keep the proceeds and recover any outstanding debts from exceeded costs and expenses incurred
- Introduction of a new offence for failure to appoint an auditor at least 28 days before an audit report is due, and failure to nominate a replacement auditor within 2 weeks when a nomination ceases to have effect
- A new ability for the Secretary to be able to nominate an auditor if an existing auditor nomination is not accepted or no longer acceptable
- A new requirement for licensees to provide a quarterly report to the Secretary including maps which show the routes of pipelines and details of the parcels of land to which easements are used for the purposes of gaining access to a pipeline
- Modification of the 'Person in Charge' definition to ensure this person has a sufficient level of delegated financial authority to make executive decisions
- Prescribing adherence to proposed annual report requirements to address any ambiguity in satisfactory criteria for report submissions

More detail on the proposed amendments above is contained in the Consultation Paper, including a detailed list of the suggested changes to the penalty regime and fees.

2.2.1 Compliance costs

It is anticipated that Option 2 will involve an increase in compliance costs for both the Department and licensees compared with Option 1.

However, the costs associated with compliance with these proposed amendments are not expected to be significant or overly burdensome. The proposed provisions are intended to bring the Pipelines Regulation in line with relevant industry standards and best practices for safe operation of pipelines. As a result, licensees should already be undertaking these activities to the extent required to comply with these standards and practices. Where regulatory obligations have been expanded for consideration of requirements and guidelines, pipeline licensees should be able to adapt their current practices to meet these new requirements with relative ease and minimal cost.

It is also important to note that fees have been significantly under allocated, highlighting the need for adjustments to ensure adequate cost recovery.

Requirements to lodge and receive approval for pipeline suspension, decommissioning and/or abandonment plans are not expected to contribute to increased compliance costs given these additions are to bring regulatory oversight into line with standards already outlined in the AS 2885 industry standard. Similarly, while the proposed draft guidelines for compulsory acquisition processes set minimum standards for clarity, they do not alter the existing threshold for Ministerial approval. The Minister must still be satisfied that all reasonable steps to reach an agreement have been made before lands can be considered for compulsory acquisition.

Moreover, any increase in compliance costs from these new obligations are offset by the safety and operational benefits as well as increased stakeholder certainty and improved community confidence in the NSW pipeline regulatory framework.

2.2.2 Administrative costs

Similarly, the costs incurred under Option 2 are outweighed by the benefits of an improved, modernised pipelines regulatory regime. The proposed changes are not expected to significantly increase the NSW Government's administrative costs.

Although the proposed pipeline Suspension, Decommissioning and Abandonment Plans will need to be reviewed by the Secretary as these matters arise, the respective lead times in the proposed process is expected to be adequate for the anticipated volume of Plans to be received. Meanwhile, adherence to industry best practice will improve the functioning and safety of pipelines.

Some of these costs will be reduced by the NSW Government developing and publishing requirements and guidelines that will assist pipeline licensees in meeting these obligations. These requirements will be particularly of value for assisting a pipeline licensee's understanding of the newly introduced concepts around the content and implementation of Decommissioning, Abandonment and Suspension Plans and quarterly reports of pipeline routes and related easements.

Fees are proposed to be increased under Option 2 for all items in Schedule 3 of the Pipelines Regulation. The fee updates under Schedule 3, although prima facie are significant increases to these services, are often one-off costs and are set at a level of fee-for-service that the pipeline industry is accustomed to for interstate government services generally. It is noted that some of the fees in NSW have not been increased for more than 20 years and increases are proposed that will more closely reflect the costs incurred by the Department in providing these services. The current very low cost of fees for services provided to licensees and project proponents is out of step with other jurisdictions and is an impost on the Department and taxpayers. For example, if a licensee were to submit an application for variation of a licence area, the current fee is \$50, regardless of the size of the additional area or length of additional pipeline proposed to be varied. By comparison,

Victoria's fee for an application for a minor alteration to an authorised route is \$6,161.31, at the time of writing. Increases to these fees are based on estimates of the cost to the Department to provide each service and should remove much of this impost. In the same example, this fee is now proposed to be increased to \$2,000 plus \$15 per kilometre of additional pipeline length, plus \$15 per 100 square metres of additional land area proposed.

A new fee component for applications with compulsory acquisition⁴ considerations will further increase administrative costs to proponents, however the increase is intended to recover the cost to the Department in providing a process that is in line with contemporary land acquisition arrangements. Additionally, the amount of regulatory effort is directly proportional to the number of land parcels involved, which is proposed as the basis for the variable calculation. In the example above, the additional fee that would apply for a variation of licence area involving compulsory acquisition is \$2,000 per parcel of land proposed for compulsory acquisition.

2.2.3 Impact on competition

It is not envisaged that the proposed changes will create barriers to competition. The purpose of the proposed changes is primarily to ensure the safety and reliability of pipelines in NSW.

2.2.4 Social and environmental impacts

Option 2 positively impacts the environment by decreasing the likelihood or enabling prompt notification of pipeline incidents that could harm ecosystems and natural resources through the proposed amendments. As described above, the Department has identified improvements to the Pipelines Regulation that should be made, particularly in relation to clarified pipelines suspension, decommissioning and abandonment requirements that would ensure mitigated adverse social and environmental implications in instances of gas works being temporarily suspended or left in-situ. Another example is through the updated penalties for waste or escape of substances which is proposed to deter breaches.

2.2.5 Benefits

By implementing Option 2, the proposed changes would improve governance and safety of pipeline infrastructure and operations, the administration of the pipeline regulatory framework and ensure the Regulation is modernised.

For instance, the current allocation of 5 penalty units for failure to appoint a successor upon the cessation of a person-in-charge appointment is outdated and ineffectual. This jeopardises tracking

⁴ Unless otherwise specified, 'compulsory acquisition' in this RIS refers to 'compulsory acquisition' under s 22(1)(d)(ii) in the Pipelines Act.

and management of compliance if there is no clear accountability, and particularly in safety and emergency instances, risks delayed handling of any issues. Additionally, the process of prosecuting this offence in court is disproportionately cumbersome relative to the penalty, underscoring the need for reform. The introduction of penalty notice offences will subsequently improve efficiency of issuing penalties via a modernised enforcement tool, removing the burden on court processes.

The Pipelines Regulation update would also ensure that it remains fit for purpose and effectively support the evolving needs of the industry. For example, introducing a definition for ‘major alterations work’ to pipelines and establishing requirements for obtaining approval prior to commencing such works aligns with policy intentions, ensuring that significant changes are adequately assessed and approved. Additionally, allowing flexibility for when licensees must submit written reports of certain activities to the Secretary to allow for the Minister to specify a period will provide a more practical period for compliance.

In the context of compulsory acquisition processes and authority to survey applications, proposed draft guidelines will streamline these procedures through greater clarity and consistency of minimum standards for all stakeholders involved, i.e. pipeline proponents, the community and the Department.

Meanwhile, the update to the fee schedule will mean it better reflects the cost to government in providing these services. As noted above, the current very low cost of fees for services provided to licensees and project proponents under Schedule 3 is an impost on the Department and taxpayers. Increases to these fees are based on estimates of the cost to the Department to provide each service and should remove much of this impost.

The Suspension, Decommissioning and Abandonment Plan requirements would also ensure greater alignment with requirements that already exist in industry standards that apply to pipeline licensees.

The proposed amendments to the Pipelines Regulation are anticipated to provide benefits to industry and pipeline licensees as well. For example, the increase in penalties relating to damage of land used for the construction or operation of a pipeline by third parties without prior approval of the licensee to a level that is more proportionate to potential damage will discourage such actions. This amendment would also improve safety outcomes and may reduce the costs to licensees relating to patrols and surveillance of their assets.

2.2.6 Conclusion

Overall, Option 2 has the greatest net benefit. The proposed changes would increase the ability of the Pipelines Regulation to support the Pipelines Act, especially recent amendments enacted through the Energy Amendment Act. The Energy Amendment Act amended the Pipelines Act and *Gas Supply Act 1996* to enhance governance, safety, and operational efficiency. Many of these

amendments require consequent changes to their Act's regulations and new requirements and/or guidelines to take effect.

There are benefits in updating the Regulation with the proposed changes, including increased certainty for the industry while ensuring the NSW Government retains existing powers to regulate and manage the energy transition and maintain safety and technical standards.

There would likely be some minor administrative costs arising out of the changes under Option 2, such as the need to manage and plan for major alterations and suspension, decommissioning or abandonment of a pipeline.

However, it is considered that the costs under Option 2 are offset by the benefits from the continued safe operation of NSW's licensed pipelines.

Many of the existing provisions in the Pipelines Regulation would be retained, but unlike Option 1, Option 2 would also introduce amendments to improve the efficacy and operation of the pipeline regulatory framework, modernise and update the penalty and fee provisions, and introduce additional regulatory requirements for pipeline licensees in light of further identified improvements from a safety and technical perspective. This will improve the safe operation and regulatory oversight of essential pipeline infrastructure in NSW.

3. Costs and benefits comparison summary

3.1 Conclusion and preferred option

Option 1 would allow the Pipelines Regulation to continue with no material changes. This option would represent a lost opportunity to update and modernise the NSW pipeline regulatory regime. It would also fail to respond to issues that have emerged since the last remake and that need to be addressed, as detailed extensively throughout the Consultation Paper.

Option 2 is the preferred option. It provides the greatest net benefit to the public, industry and government. This option maintains the benefits of the existing Pipelines Regulation, with changes that support the administration and operationalisation of the Pipelines Act to improve safety and operational efficiency of NSW's pipeline regulatory regime, especially in the context of the ongoing transition to renewable energy and contemporary community expectations in relation to access to land.

4. Background

4.1 Purpose of this Regulatory Impact Statement

The primary purpose of a RIS is to ensure that the economic and social costs and benefits of regulatory proposals are examined fully, so that Ministers proposing the regulations, as well as members of the community, may assess whether the benefits of the regulations exceed their costs.

4.2 Requirements of the Subordinate Legislation Act 1989

The Subordinate Legislation Act is the legal framework for regulatory process in NSW that aims for lawmakers and related parties to achieve best practice regulation.

The Subordinate Legislation Act requires the staged repeal of subordinate legislation after 5 years. Where a 'principal' statutory rule is made, the Subordinate Legislation Act sets out particular procedural and policy-making requirements. These include the production and public exhibition of a RIS.

Although in a strict regulatory sense, these proposed amendments do not require the preparation of a RIS, the Department has decided to complete a RIS. A decision has been made to prepare and release a RIS in the interests of adherence to the 'Guide to Better Regulation' and to espouse the principles of the Subordinate Legislation Act.

Section 5 and Schedule 2 of the Subordinate Legislation Act require a RIS to contain:

- the objectives sought to be achieved and the reasons for them
- the alternative options by which those objects can be achieved in whole or substantially
- an assessment of the costs and benefits of the proposed regulation, including the costs and benefits relating to resource allocation, administration and compliance
- a comparison of the costs and benefits of each alternative option against that of the proposed regulation (including the option of not proceeding with any action), including the costs and benefits relating to resource allocation, administration and compliance
- an assessment as to which alternative option has the greatest net benefit or least net cost to the community
- a statement of the consultation program being undertaken.

4.3 Better regulation principles

The NSW Government's Guide to Better Regulation assists agencies in developing regulation that is required, reasonable and responsive to the economic, social, and environmental needs of NSW. The Guide provides details on how to apply the seven Better Regulation principles when designing and developing regulatory proposals.

NSW government agencies and departments must demonstrate that all new and amending regulatory proposals comply with the 'better regulation' principles as outlined in the January 2019 (TPP19-01) NSW Government's Guide to Better Regulation (the Guide).

The Guide provides seven better regulation principles that the NSW Government has articulated to characterise good regulation and the minimisation of red tape:

- **Principle 1:** The need for government action should be established. Government action should only occur where it is in the public interest; that is, where the benefits outweigh the costs.
- **Principle 2:** The objective of government action should be clear.
- **Principle 3:** The impact of government action should be properly understood, by considering the costs and benefits (using all available data) of a range of options, including non-regulatory options.
- **Principle 4:** Government action should be effective and proportional.
- **Principle 5:** Consultation with business, and the community, should inform regulatory development.
- **Principle 6:** The simplification, repeal, reform, modernisation or consolidation of existing regulation should be considered.
- **Principle 7:** Regulation should be periodically reviewed, and if necessary reformed, to ensure its continued efficiency and effectiveness.

The Department's consideration of these principles is detailed below.

Principle 1 - Need for government action

There is a need for an ongoing government role in the regulation of pipeline operations in NSW so that the Department can work to:

- ensure public safety in relation to NSW licensed pipelines by safeguarding and promoting the technical integrity and reliability of the State's pipeline infrastructure, operations and related activities;

- provide the community with confidence and certainty in the continued safe operation of these assets;
- ensure that pipeline licensees comply with appropriate standards including relevant Australian Standards and industry best practices; and
- manage environmental and social impacts relating to the operation and management of pipeline infrastructure.

Principle 2 - Objective of government action

Through these proposed amendments, the government aims to ensure:

- the safety of the public and those who come into contact with pipelines and associated infrastructure;
- the technical integrity and reliability of pipelines and associated infrastructure;
- recognition and proper management of pipelines amidst the energy transition;
- adequate mechanisms are in place to sufficiently deter non-compliant behaviour; and
- that pipelines are not operated or do not remain in operation where they pose unacceptable social or environmental risks.

Principle 3 – Impact of Government Action

The update of the Pipelines Regulation is needed to ensure it remains fit for purpose and effectively operationalises and supports the objectives and requirements of the Pipelines Act.

To sufficiently deter non-compliance, the Pipelines Regulation should be amended to update penalties to remain appropriately dissuasive, including the introduction of penalty notices and continuing offences.

To adequately cover the costs to the Department to ensure regulation of licensed pipelines in NSW, the Pipelines Regulation should also update outdated fees to properly reflect cost to service and cease the resulting imposts of financial burdens on taxpayers and consumers.

Furthermore, the proposed amendments will work to ensure:

- the safety of pipelines and associated infrastructure;
- requirements for retiring of a licensee's pipelines infrastructure and if applicable, any remediation plans are followed; and

- the Department has clearly communicated minimum standards for compulsory acquisition processes and authority to survey applications to reflect fair, transparent and easy to understand procedures that account for contemporary community expectations.

Principle 4 - Government action should be effective and proportional

A review of the Pipelines Regulation has also identified gaps in parts of the regulatory framework where increased clarity will improve safety, compliance and reporting outcomes.

This includes, for example, situations where licensees should plan for alterations to a pipeline resulting in suspension, decommissioning or abandonment and share these intended operations with the Secretary for transparency, objective review and ultimately, approval.

Principle 5 - Consultation with business and community should inform regulatory development

It is noted that some of the proposed changes have been foreshadowed in the public consultation that happened for the Bill preceding the Energy Amendment Act that occurred in August and September 2024. Industry stakeholders had submitted feedback including ensuring clarity and consistency of proposed decommissioning and abandonment requirements with other regulatory frameworks. The Department has reflected this feedback through ensuring alignment with the industry standards AS 2885 as appropriate.

This RIS is published alongside the Consultation Paper and the Draft Exposure Pipelines Regulation as part of a consultation program with industry and the general public.

This consultation will be conducted through publication of the aforementioned documents on the NSW Government Have Your Say website for a six-week period and direct communications to current pipeline licensees and other relevant stakeholders (including and as identified in Appendix A).

Principle 6 - The simplification, repeal, reform, modernisation or consolidation of existing regulation should be considered.

As noted extensively above, a core element behind these regulatory reforms is an intention to modernise the regulations governing the pipelines industry through recognition of the energy transition. As consumers move towards increasing reliance on renewable fuels, the composition of substances that flow through pipelines may change – such as the introduction and increased use of

hydrogen and renewable gases (such as biomethane). These amendments are designed to plan and accommodate for this transition.

Further refinements to the regulatory framework have been proposed to simplify and clarify pipeline licensee obligations, including through the proposed Pipelines Compulsory Acquisition and Authority to Survey Guidelines.

The NSW Government is also proposing amendments to the Pipelines Regulation resulting from amendments to the Pipelines Act from the Energy Amendment Act, such as prescribing penalty notice offences.

Principle 7 - Regulation should be periodically reviewed, and if necessary reformed, to ensure its continued efficiency and effectiveness

While the current Pipelines Regulation contains mechanisms intended to support the safe operation of pipelines and associated infrastructure, the Department has identified improvements to the Pipelines Regulation that should be made.

The proposed amendments are the result of ongoing review of the appropriateness of the Regulations in meeting objectives and identification of necessary reforms for continued efficiency and effectiveness to ensure the governance and the safe operation of NSW pipelines infrastructure.

5. More information

The following documents or instruments were referred to in preparing this RIS:

- [Pipelines Act 1967](#)
- [Pipelines Regulation 2023](#)
- [Energy Legislation \(Clean Energy Future\) Act 2024](#)
- [Energy Amendment \(Pipelines and Gas Safety\) Act 2025](#)
- [Electricity Supply Act 1995](#)
- [Gas Supply Act 1996](#)
- [Have your say website](#)
- [NSW Government's Guide to Better Regulation 2019 \(PDF 1.6MB\)](#)
- [NSW legislation website](#)
- NSW Pipelines Amendment (Miscellaneous) Regulation 2025 Consultation Paper (cover document)
- Pipelines Authority to Survey Draft Guidelines (appended)
- Pipelines Compulsory Acquisition Process Draft Guidelines (appended)
- [Subordinate Legislation Act 1989](#)

Appendix A – List of stakeholders

The Department has identified the following stakeholders that will receive direct communications for this consultation:

Pipeline licensees and authorisation holders

Licensees

- AGL Energy Ltd
- Sydney Metropolitan Pipeline Pty Ltd
- Newcastle Pipe Line Company Pty Ltd
- Hunter Pipe Line Company Pty Ltd
- East Australian Pipeline Pty Ltd
- APA VTS Australia (NSW) Pty Ltd
- APA Transmission Pty Ltd
- APT Pipelines (NSW) Pty Ltd
- Central Ranges Pipeline Pty Ltd
- BP Australia Pty Ltd
- EnergyAustralia Tallawarra Pipelines Pty Ltd
- Mobil Oil Australia Pty Ltd
- Jemena Gas Networks (NSW) Ltd
- Jemena Gas Networks (ACT) Pty Ltd
- Jemena Eastern Gas Pipeline Pty Ltd
- Jemena Colongra Pty Ltd
- Gorodok Pty Ltd
- Viva Energy Aviation Pty Ltd
- Australian Gas Networks (NSW) Pty Ltd
- ICON Distribution Investments Ltd

- Orica Australia Pty Ltd
- ICON Water (ACTEW) Corporation Ltd
- Shoalhaven Starches Pty Ltd

Other stakeholders

- Hunter Gas Landholder Rights Alliance (HGLRA)
- Justice and Equity Centre
- Environmental Defenders Office (NSW)
- NSW Aboriginal Land Council (Hunter Local Land Services region)
- Before You Dig Australia
- Land Registry Services NSW
- Transport for NSW
- Hunter Gas Pipeline Pty Ltd
- Squadron Energy
- Lock the Gate