

10 November 2017

Mr Andrew Kiley
Director
Critical Infrastructure Centre
3-5 National Circuit
Barton ACT 2600

Energy Networks Australia – Response to Security of Critical Infrastructure Bill 2017 (Exposure Draft)

Dear Mr Kiley,

Thank you for the opportunity for Energy Networks Australia to make a submission to the Critical Infrastructure Centre (CIC) regarding the exposure draft of the Security of Critical Infrastructure Bill 2017.

Energy Networks Australia is the national industry association representing the businesses operating Australia's electricity transmission and distribution, and gas distribution networks. Member businesses provide energy to virtually every household and business in Australia.

Energy Networks Australia recognises that security and resilience of critical infrastructure is necessary to support Australia's society, economy and future prosperity. As such, we understand that the intent of the proposed Bill is to strengthen the Government's capacity to manage the national security risks of espionage, sabotage and coercion arising from foreign involvement in Australia's critical infrastructure, whilst minimising the regulatory impact on asset owners.

Energy Networks Australia also appreciates the role the CIC has taken in providing improved clarity on the measures outlined in the Bill, including the expectations for the critical infrastructure register and the Ministerial 'last resort' power.

However, while generally supporting the measures outlined in the Bill, Energy Networks Australia, in consultation with our members, has identified several matters for further consideration by the CIC, which are outlined below.

Register of critical infrastructure assets

Energy Networks Australia understands from verbal communication from direct meetings with the CIC, as well as comments provided at regional consultation workshops, that expectations for the level of detail required to be reported into the register are reasonable and practical. This understanding relates to the proposed

requirements for network operators to provide asset information at a jurisdictional level for the areas of Australia that the infrastructure owner has assets. These clarifications provided by the CIC, were more practical than the current definition of 'operational information' contained in the proposed Bill and the accompanying Explanatory Statement.

Therefore based on these clarifications, Energy Networks Australia suggests that the reporting expectations be more clearly articulated and described in future supporting documentation, relating to implementation of requirements of the proposed Bill.

Frequency of required national security risk assessments

Energy Networks Australia members have identified the need for further information to be provided within the Bill and supporting documentation regarding the proposed frequency and format of risk assessments of critical assets, so as to provide better understanding of the expectations of network operators. Energy Networks members would also welcome the ability to proactively discuss potential changes in the risk environment with the CIC, when considering purchasing, upgrading, or adding to a network or system identified as a critical asset.

Mechanism to provide information

Energy Networks Australia understands that the CIC is in the process of developing a 'web portal' through which network operators and owners can submit their required information. Our members support this initiative, and look forward to engaging with the CIC regarding the format of information reporting, in order to ensure the transfer of information via the web portal is as seamless as possible.

Regulatory 'burden'

Energy Networks Australia welcomes the pragmatic approach taken by the CIC in identifying approaches that minimise regulatory 'burden' on network operators. To assist the CIC in this approach, Energy Networks Australia through our members have identified that the cost of the scenarios presented within pages 54 to 61 the Explanatory Document have been underestimated. For example, one member highlighted their one-off costs would be substantially higher for some of the scenarios, such as up to \$70m for scenario 4 and \$50m for scenario 3.

Inclusion of gas networks as critical assets

Through consultation with the CIC, Energy Networks Australia understands that the Centre is considering extending the powers of the Bill to include gas networks. By literally interpreting the current definition of *critical asset* used within the Explanatory Statement, gas networks should be considered as critical assets. It should be noted by the CIC that the five millionth customer is due to connect to Australia's gas network by the end of 2017, with this number growing at a rate of 100,000 new connections per year.

However, Energy Networks Australia recommends that the CIC delay consideration of gas networks being included under the remit of the Bill until the risk assessment and reporting processes for electricity, water and ports are thoroughly tested and mature.

Overall, the proposed Security of Critical Infrastructure Bill 2017, when combined with explanations provided during the consultation process, has the potential to be a practical and reasonable approach to this important issue. Energy Networks Australia looks forward to working with the CIC to ensure that the final version of the Bill exhibits the practical and reasonable approach outlined above.

Should you have any additional queries, please contact our Senior Program Manager – Asset Management, Heath Frewin on (02) 6272 1555 or hfrewin@energynetworks.com.au

Sincerely,

A handwritten signature in blue ink that reads "A Dillon".

Andrew Dillon

Interim Chief Executive Officer