

## **City West Water submission to the Scheduled Premises Regulations review**

Thank you for the opportunity to input into the review of the *Environment Protection (Scheduled Premises and Exemptions) Regulations 2007* (“the Regulations”).

City West Water (CWW) is one of three Victorian Government owned retail water businesses in metropolitan Melbourne. CWW provides drinking water, sewerage, trade waste, recycled water and stormwater services to customers in Melbourne's central business district, inner and western suburbs. Each year CWW supplies around 107 billion litres of drinking water to customers and transfers most of the sewage and trade waste collected to Melbourne Water's Western Treatment Plant. CWW holds a licence with EPA for its sewage treatment plant at Altona. As CWW is both regulated by EPA and plays a regulatory role in managing trade waste, CWW's submission focusses on describing CWW's risk ranking (tiered) approach to managing risk from our customer base, as well as responding to discussion paper questions relating to our operations that are influenced by the Regulations.

### **1. Trade waste management**

CWW manages over 7000 trade waste customers within its catchment of the city and western suburbs of Melbourne. CWW manages risks posed from these customers as a part of a broader approach to achieving compliance with our sewage quality objectives.

Some of CWW's sewage quality objectives are managed in partnership with other metropolitan water businesses as they relate to the functioning of Melbourne Water's Western Treatment Plant and its associated end points including EPA licence compliance and recycling of biosolids and wastewater. Other objectives, such as asset protection and sewer worker safety, are managed first and foremost internally but communication and consultation with other stakeholders such as metropolitan water businesses is undertaken as required based on the risk and where consistency (to risk management) across the sewer network is sought.

Our trade waste customer base is defined by the *Water (Trade Waste) Regulations 2014*. The customer base as a whole presents a varied risk to our sewage quality objectives ranging from a restaurant having the ability to cause a localised blockage in the sewer network through to a chemical manufacturer having the ability to significantly impact treatment plant processes and/or cause injury in the sewer network. Accordingly, CWW has developed a risk based approach to managing the customer base with the resources available to it.

#### **1.1. Risk ranking (tiered) approach to managing customers**

Our risk based approach to managing our trade waste customers is achieved with consideration of the following:

- Location of the discharge in relation to the relevant treatment plant
- Volume of the discharge

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- Highest weighted activity creating the discharge
  - Substances in the discharge (based on the activity weighting)
  - Class weighting of the discharge
  - Compliance history of the Trade Waste customer

The risk rank approach enables CWW to focus our risk management efforts in terms of:

- how frequently the customer is visited
- how often the customer is sampled
- what level of management the customer is required to demonstrate to provide confidence that compliance can consistently be achieved, including contingency provisions, risk assessments, verification monitoring, calibration of equipment etc.
- how often agreements between the customer and CWW are reviewed.

### **1.2. What does the tiered approach mean for our customers?**

The level of service given to a customer is reflected in the price paid by the customer. Higher risk customers are assigned agreement fees significantly higher than lower risk customers (fees range from \$314.16/year to \$18,190.32/year).

This price structure reflects the additional time spent managing the risk (visits/monitoring) whereby a higher risk customer can expect monthly visits at a minimum whilst a lower risk customer may not receive a visit in a given year but may be checked via a desktop assessment to ensure appropriate maintenance activities have been carried out.

Should an agreement breach be detected, customers may be issued a Non-Compliance notice and charged for time spent in resolving the issue.

### **1.3. Interrelationship between solid and liquid waste**

There is a strong interrelationship between solid and liquid waste management that needs greater focus to ensure that wastes are not diverted from one stream to another in contradiction to the purpose of Regulation or waste policies. Some issues that warrant consideration include:

- Customers that may be driven to direct their waste to sewer due to the costs associated with sending solid waste to landfill. Whilst water utilities can regulate trade waste from the perspective of risk, we are not able to effectively drive waste policy through trade waste agreements. From a water utility perspective we would like greater consideration of the potential impact of Regulation of solid waste on trade waste management.
- The management of organic sludges regarding disposal pathways. Anecdotal evidence suggests sludges are being diverted away sewer to avoid trade waste costs and should be considered further by EPA to ensure Regulations are applied consistently across waste streams.

## 2. Discussion paper questions

CWW undertakes activities that are scheduled but also operates assets that are exempt from works approvals and licensing, as per the general exemptions provision. CWW has responded to the discussion paper questions that relate to these operations.

***Question 2 – What currently scheduled categories or industrial activities might no longer warrant EPA works approval, licensing, and/or financial assurance requirements? If so, please tell us which risks have reduced and how?***

### Sewage treatment

Being an A03 scheduled premises is a key driver and cost for CWW, but also helps with our social licence to operate. CWW supports an ongoing scheduling of sewage treatment activities. CWW advocates further exemptions or improved processes for applying for works approvals exemptions for works on existing licensed premises consistent with the VicWater submission.

EPA's principles of a modern regulator include targeted, proportionate and effective regulation. CWW has observed EPA taking some steps towards more targeted, risk based intervention/regulation including the following:

- Consideration of risk based 'tiering' for its next iteration of the Scheduled Premises Regulations.
- An Earned Autonomy program which acknowledges performance and lower burden of regulation (this is proportionate, and frees up resources to be more targeted).
- Exemptions under the Environment Protection Act, for both licensed and unlicensed sites.

### Waste management at depots

Activities at water corporation depots meet the definition of A01 scheduled premises (prescribed industrial waste management). This is due to storing asbestos cement pipes and associated soil produced during the maintenance, repair and removal of asbestos containing water supply and sewer assets. It may also apply to storing potentially contaminated soil produced during emergency works to restore water mains (bursts) and sewer assets (spills). Recently, EPA has agreed to allow storage of non-friable asbestos contaminated material waste (normally prescribed industrial waste) recovered from maintenance activities to be stored at agreed consolidation points through a Waste Classification pursuant to regulation 11(1)(c) of the *Environment Protection (Industrial Waste) Regulations 2009*. Emergency works associated with essential services that operate 24 hours a day, 7 days a week, 365 days a year generate waste which requires immediate storage, for example excess spoil associated with burst water mains, sewer spills etc, before the waste can be classified and managed. This includes both asbestos contaminated material waste (asbestos cement pipe and affected soil) and potentially contaminated soil which may be prescribed industrial waste. A new exemption could be included in the Waste section of the General Exemptions section of the Regulations. As per the Waste Classification issued to City West Water, it should only be stored for a limited time and is not a long term storage option. This would serve as a long term exemption that is consistent with essential service responsibilities for maintaining assets, rather than just a short term Waste

Classification (two years). The water industry could work with the EPA to develop a Specification Acceptable to the Authority that ensured appropriate waste management practices.

#### Recycled water and biosolids

EPA should step away from its approvals or intervention function where it is confident in the competency of the regulated entity to deliver the activity, or the regulated entity has sufficient self-interest in achieving the same outcome that EPA would regulate toward.

Recycled water is an example. When recycled water was an emerging practice (itself driven partly by the water conservation clause in State environment protection policy (Waters of Victoria) it benefited from regulation and statutory guidelines were developed. Now, water utilities are competent and have self-interest in achieving the outcomes EPA is driving.

As the activities are scheduled but exempt from works approvals and licensing, they are subject to the Specifications Acceptable to the Authority. If the intention is for the standards to be met, the guideline could be 'incorporated' as part of subsequent SEPP reviews, rather than remaining scheduled (though exempt) activities. This could apply to biosolids too. Alternatively, EPA could play a role in setting standards and occasionally auditing, but not maintaining an ongoing approval role e.g. signing off changes to management plans, particularly as it does not seem to have the resources to prioritise the work which can result in delays to water corporations and impact on our recycled water customers. This sort of approach could be enabled through the Earned Autonomy framework.

#### ***Question 4: What would happen to emission levels, the numbers of pollution events, and the management of wastes if there were no EPA works approvals or licence requirements in Victoria? Why?***

A mechanism that brings up the requirements of the State environment protection policies (SEPPs), for example design criteria for hazardous air pollutants, is valuable to ensure the beneficial uses protected by SEPPs are achieved to the extent possible. This applies to newly constructed plants in particular.

Licences bring scrutiny and public accountability (especially where supported by a public Annual Performance Statement). It supports a social licence and promotes social and environmental responsibility by a business (toward environmental citizenship). Scrutiny encourages good practice maintenance regimes and performance. Scheduled premises have a duty to report non-compliances.

#### ***Question 5: Do any of the descriptions and application thresholds for currently scheduled categories need to be changed or clarified? If so, why? What specific changes or clarifications could be required?***

Sewer mining is an activity that has been exempted in the past. CWW encourages more clarity about what aspects of sewer mining are exempt and subject to a works approval or licence.

#### ***Question 6: Would an increased focus on emissions-based triggers for works approval or licence requirements, regardless of the activity creating these emissions, make the Scheduled Premises regulations more effective? If so, why? If not, why not?***

The Environment Resource Efficiency Plan (EREP) Regulations were a good example of an emissions/resource consumption trigger for requirements rather than activity. These were abolished but much of it could be picked up in the next iteration of the Regulations. The activity itself does not pose a risk. It's the substances and materials handled; the proximity to sensitive receptors; water and energy consumption; and emissions outputs. For a related residual emission, buffer distance guidelines could also be picked up in the regulations in relation to activities at a particular scale so as not to be seen as guidelines to be voluntarily picked up in planning.

***Question 8: Are works approvals, licences and/or financial assurances the best tools to address the environmental challenges outlined above? If not, what other tools should be used? Why?***

A tiered licensing approach can help with transparency and creating a stronger sense of obligation by industry. The activity may be captured in a works approval/ licence as an 'inherent' risk and then EPA can consider the controls to determine a residual risk and monitoring approach. The Licensed Operator Risk Assessment and Earned Autonomy can do this.

***Question 11: Do you have any concerns with how current processes for managing scheduled premises are operating? If so, what are they and how might they be effectively addressed?***

- Need more clarity for general exemptions. An applicant may form an understanding of where they exempt but this may have room for interpretation e.g. a sewer mining plant. See response to question 5.
- The general exemptions provision for biosolids and recycled water are suitable (as they are subject to meeting Specifications Acceptable to the Authority i.e. guidelines). See response to question 2.
- For matters that aren't guided by statutory decision frameworks (such as approval of recycled water schemes via Health and Environmental Management Plans and Environment Improvement Plans), EPA is presently not able to deliver decisions in a timely manner. CWW would like to see faster decision making by EPA. CWW doesn't think that this necessarily compromises quality of decisions. If this is not always possible, clear and regular communication is needed to update progress on the assessment. A key barrier appears to be the decision making processes between the Applied Science Group (advice function) and Development Assessment Unit (approvals team). The Approval Pathway form can also lead to a delay as it's an informal 'stop the clock' mechanism.
- In the past, EPA has set licence limits informed by the availability of technology. With licence modernisation, although positive, there's a risk EPA will tighten licence limits, not due to a public health or environmental risk, but because the technology is available. A balance must be struck between the incremental environmental benefit of applying new technologies against the increased cost to deliver services to customers. CWW values EPA setting and enforcing standards for high risk industrial premises. Sewage treatment plants do not fit this category. We support them remaining licensed (A03) but works that improve the environmental outcome should not be subject to a works approval at all. This review offers the opportunity to list a broader range of exemptions for works on existing sites. The exemptions provision under the Environment Protection Act allows a proponent to demonstrate low risk to third party stakeholders and the environment. These decisions must be consistent and made transparent. EPA started listing exemptions on its website in 2013, but this quickly fell off.

- The influent limit on Melbourne Water’s Western Treatment Plant indirectly regulates discharges to sewer that’s inconsistent with the exemption for discharges to sewer.

***Question 12 – Are there any other key points you would like to make***

Climate change

In CWW’s response to the EPA Inquiry, CWW put forward that there is no strong regulatory presence in climate mitigation. History shows that both the Industry Greenhouse Program and Environment Resource Efficiency Plan Regulations delivered good outcomes, including financial savings and could be re-adopted. As a science-based organisation with a vision to support a liveable and prosperous Victoria, EPA has the capacity to change the industrial landscape and should have the right powers to drive best practice in relation to greenhouse gas emissions through works approval and licensing.

Thank you for the opportunity to provide feedback on the Regulations. EPA engaged early with the water industry on the review of the Regulations and CWW met with EPA policy and regulations staff to describe CWW’s risk ranking (tiered) approach to managing trade waste, and attended the VicWater session on the Regulations.

CWW is supportive of VicWater’s submission, and has chosen to make an independent submission as we manage a large number of high risk trade waste customers, many of which are scheduled under the Regulations.

EPA’s principles of a modern regulator include targeted, proportionate and effective regulation. CWW is supportive of EPA’s recent work on Earned Autonomy and consideration of risk based ‘tiering’ for its next iteration of the Scheduled Premises Regulations.

If you would like to discuss CWW’s submission further, please contact [REDACTED] on [REDACTED] or [REDACTED]@citywestwater.com.au.