

## The ICL Inquiry

### Observations By Shell Gas Limited on:

#### Recommendations of the Core Participants and Others

#### And

#### Conclusions and Recommendations on the Report by Rod Sylvester-Evans Dated 9 September 2008

### **Background**

1. Shell Gas Limited (“SGL”) is one of the leading suppliers of LPG in the UK market. As a responsible gas supplier, SGL considers health and safety as the key priority within its business. SGL operates in the wholesale, commercial and domestic bulk LPG market and is an active member of UKLPG, the industry’s trade association in the UK, with representation on its board as well as on technical and safety committees involved in setting standards.
2. When SGL installs service pipework it does so from the vessel up to the emergency control valve. On completion of this work, the pipework is then transferred to the customer for ongoing maintenance and inspection. It is also a common position within the industry that customers have the option of installing their own pipework and for customers to switch between supply companies. In these cases the supplier will have limited knowledge of the service pipework installed.

### **Involvement of SGL In Action Taken After The Incident**

3. Since the incident at Grovepark Mill, SGL has been working along with other members of the UKLPG and the Health and Safety Executive (“HSE”) on the development of the HSE’s “*Checking LPG Pipework Leaflet*” and during 2006 and 2007 sent copies out to all its industrial and commercial customers.
4. During 2006 and 2007 SGL supported the development of the UKLPG User Information Sheet 015 “*Inspection and Maintenance of LPG Pipework at Commercial and Industrial Premises*” with other suppliers and the HSE.
5. During 2006 and 2007 SGL management and supervisors carried out a number of face-to-face discussions with SGL engineers and commercial staff on awareness of the HSE’s pipework leaflet and also on the UKLPG Users Information Sheet 015.

6. SGL undertook a desktop exercise in 2007 to determine the number of customers in the domestic market sector who may potentially have pipework integrity issues as a result of the material and operating pressure of the service pipework.
7. In July 2008, SGL, as part of Shell's global 'Safety Day' campaign, briefed all staff members on the issues facing pipework integrity and presented the new UKLPG Gas Safety Card which advises customers on the action to take if they smell gas as well as providing awareness of carbon monoxide. This leaflet will be sent to all domestic customers before the end of 2008. SGL also launched the survey documentation which had been developed by UKLPG for a practical assessment of, primarily, the domestic customer base.
8. SGL is currently participating with other members of the industry and the HSE in a domestic pipework working group on developing a risk-based approach to steel pipework replacement. The working group has agreed that this approach can be applied in the commercial market sector too.

#### **Observations on the Recommendations of the Core Participants And Others**

9. SGL has contributed to the UKLPG submission to Phase II of the ICL Inquiry<sup>1</sup> and generally supports the UKLPG submission.
10. SGL supports the views of the UKLPG and Calor Gas Limited ("Calor") that the current regulatory regime is generally effective at managing and controlling the risks in the LPG industry.
11. SGL supports the HSE's view that had existing safety legislation been complied with then the incident would not have occurred.
12. In terms of existing legislation, SGL believes that many sections of pipework will be excluded from the Written Scheme of Examination ("WSE") required under regulation 8 of the Pressure Systems Safety Regulations 2000 ("PSSR"). This is because pipework will only need to be considered in the WSE where its mechanical integrity is likely to be reduced by degradation mechanisms **and** failure would result in the sudden release of stored energy. Low pressure small bore pipework could present a low hazard from stored energy point of view and so would fall outwith many WSE's for this reason.
13. SGL would support the case for the strengthening of the regulatory regime to cover maintenance and inspection requirements placed on the user/owner. SGL would add that current installation standards and materials have progressed such that the use of plastic pipework for **new** underground installations is now common practice. It is in the area of **existing** pipework

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<sup>1</sup> Letter dated 19 September 2008 from Rob Shuttleworth to The ICL Inquiry

integrity and assurance where changes could be required of the user/owner which would reduce the likelihood of an occurrence.

14. A system of assurance of pipework integrity in the form of an annual inspection and certification by competent independent inspectors for the LPG customers could be adopted. This document would need to be provided on an annual basis to the LPG suppliers in order for supply to be allowed or continued. SGL is aware of a similar system in operation in Germany. It may be that an effective regime could be achieved without the need for regulation.
15. SGL agrees with the HSE's view that there is no need for wholesale extension of the Gas Safety (Installation and Use) Regulations 1998 ("GSIUR") but improvements could be made by extending/adapting the domestic gas installer registration scheme to the commercial sector.

### **Observations on the Recommendations Made By Mr R Sylvester-Evans**

SGL would respond as follows to the substantive recommendations contained in subsection A) of section 8 of the Report by Rod Sylvester-Evans dated 9 September 2008, following the same numbering as in that Report:

1. SGL agrees with the minimisation of the number of interfaces between LPG supplier and its customer. In general, SGL adopts this approach through the account management structure within its business which is supported where appropriate with ad hoc specialist advice in line with customer requirements.
2. SGL supports this recommendation.
3. UKLPG has produced Information Sheet Number 015 "*Inspection and Maintenance of LPG Pipework at Commercial and Industrial Premises*" available to its members which clarifies this issue.
4. SGL would support the recommendation for an LPG safety dossier prepared by the customer and would suggest this could be enhanced through an annual assurance programme for asset integrity.
5. SGL believes this recommendation is already largely covered by the UKLPG Information Sheet 015 (referred to above). However, any requirement for a cathodic protection system for buried metallic pipework would introduce a cost versus risk element which would not demonstrate the achievement of ALARP<sup>2</sup>. SGL believes that better control would be achieved by replacement of the pipework and removal of the risk.
6. SGL endorses this recommendation.

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<sup>2</sup> As Low As Reasonably Practicable

7. SGL would support the industry-wide development of the scheme and would add that other parties (such as insurance companies and UKAS) may have to contribute to the development of the scheme.
8. While SGL supports this recommendation, it fails to address the legal, cost, timescale and enforcement issues this raises. SGL is aware, through its work with the UKLPG, that there is an issue with resources for this work and a lack of available competent trained engineers in the industry. The risk-based approach currently being developed would seek to address this issue.
9. SGL suggests this has been completed through the HSE leaflet (referred to above) and UKLPG information sheet 015 (referred to above).
10. SGL would support this recommendation.
11. SGL suggests this is already achieved in part through the PSSR statutory examinations. However, as PSSR is concerned with the release of stored energy and not the hazard of the product, these examinations relate solely to the vessel and safety devices and may not address the small bore low-pressure pipework issues.
12. SGL would support the recommendation for an LPG safety dossier prepared by the customer.
13. SGL would provide its support to the UKLPG in providing the documentation required by a safety dossier.
14. SGL would support this recommendation and would add there is already a well-publicised suite of information available within UKLPG.
15. SGL would support this recommendation.
16. SGL has in place an existing detailed system for recording all LPG incidents, accidents and near miss issues. This information is collated and reviewed not just in the UK but is shared across its other operations world wide to identify trends. Periodically, safety related incidents are also shared within this community in the format of a Safety Alert system which highlights any areas for learning. UKLPG also publishes from time to time safety alerts for sharing with its members.
17. SGL has worked with the industry to develop the risk-based approach based on the various factors described in UKLPG's Information Sheet Number 015 (referred to above). SGL is also working together with the HSE and UKLPG on developing a geographic risk based approach considering different soil types.
18. SGL supports this approach as outlined in 17 above.
19. SGL would endorse this approach.

20. In the event that a scheme prescribed by regulation (rather than operating outwith regulation) was seen as the way forward, SGL considers that it may be acceptable to make it a criminal offence for **users** to operate a system without verification. Users should be required to submit their verification information to the relevant enforcing authority for retention who would enforce the requirements. SGL believes that **suppliers** should not be held responsible for customers' failures in this regard.
21. SGL is aware, through the UKLPG, of a shortage of competent engineers who can undertake a certain level of work required to maintain, repair and replace LPG pipework. Any assigned target timescales should take account of the resource issue which UKLPG is discussing with the HSE.

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