

**Gasoline Archive – Emails Proposed amendments to PSR March to October 2010**

From: Karen.McDonough@hse.gsi.gov.uk

**Sent: 18 March 2010 13:27**

To: Peter Davis

Cc: Anna.Richardson-Owen

Subject: Proposed amendments to PSR

Hi Peter, I am e-mailing with regards to your comments on the Impact Assessment (IA) in relation to the classifying gasoline as a dangerous fluid. You have referred to paragraph 58 of the IA which relates to regulation 20, and says

"It is considered to be unlikely that any new gasoline pipelines will be constructed over the next 40 yrs..." and raised the question of diversions to pipelines and your view is these notifications needs to be taken into account.

So that our economist can look into this, could you please provide some more information for example, the number of diversions that occur each per year, reasons that these pipelines are diverted. It would be helpful if you reply directly to Anna Richardson-Owen our economist and copy me in.

Kind regards

Karen McDonough | HID Policy Unit - Pipelines & GSMR Health & Safety Executive |

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From: Peter Davis

To: "Karen.McDonough@hse.gsi.gov.uk"

CC: "Anna.Richardson-Owen@hse.gsi.gov.uk" ,  
"Lyndsey.Bennett@hse.gsi.gov.uk"

Subject: RE: Proposed amendments to PSR

**Date: Mon, 12 Apr 2010**

Karen

I think that the point you refer to in BPA's response is that the Impact Assessment does not included any costs relating to land use planning incurred by the pipeline owner/operator as these are not considered as a cost to society - but any cost to the operator will eventually be a cost to society in say fuel price.

To provide full details and estimates is difficult as to date Gasoline pipe line have not attracted Land Use Planning restrictions. To date, any development can be sited immediately adjacent to a gasoline pipeline, generally being a distance of 3m from the pipeline as required by the Deed of Grant (Easement) and previously the 1962 Pipelines Act.

As such, there are many where a Gasoline Pipeline was routed through urban areas in the 1960's and since there has been much urban development (urbanisation) in the area occupied by a Gasoline pipeline with the only planning restriction being a 6m buffer for the pipeline. Under these regulations, such developments in the future would also be restricted by Land Use Planning requirements.

Here the Operator and/or developer has various options:

- Undertake the development in another area, however under the terms of a general Deed of Grant (Easement) if the only reason for planning permission not being given is the presence of the pipeline the land owner (developer) can request either the pipeline is moved or the pipeline owner pays compensation for the loss of development.

- Depending on the size of the development and the land use planning restrictions it may be possible to redesign the development having lower consequence buildings nearer the pipeline, this may also require additional mitigation being undertaken by the pipeline owner e.g. relaying the pipeline in thick walled pipe or if approved in the future by HSE installing concrete slabbing over the pipeline.

Both of these may save compensation costs but will cost significant money in terms of construction and loss of operation. As a Gasoline pipeline operator it is difficult to give evidence of historical costs for these as these pipelines are not currently covered by the Land Use Planning regulations. What I can provide is a copy of an impact assessment undertaken by BPA for the owners of the pipelines that we operate. The assessment was undertaken in 1996, the details and land use zones may have changed but the principles are the same. This may help you with your review.

I recall this report concluded that the Land use Planning Costs to the operator should be fully inclusive of compensation or mitigation costs and envisage they would be well in excess of £31 Million per annum, which was similar to the HSE Cost Benefit Analysis undertaken around the same time. (I could not put my hand on this immediately but can do more research if necessary). If you need anything more specific please call/e-mail. I would appreciate if you would treat this e-mail and report as commercially confidential and not release to the public.

Regards Peter

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**Tue, 7 Sep 2010**

From: "Karen.McDonough

To: Peter Davis , neil.w.jackson, Toby.Stleger , "catherine.devlin

Subject: PSR Consultation: Impact Assessment for the classification of gasoline as a dangerous fluid – RESPONSE BY 1ST OCTOBER 2010

Dear All,

Re: Impact Assessment (IA) for the classification of gasoline as a dangerous fluid Following analysis of responses to the consultation on the proposed amendments to PSR,

HSE have now made refinements to some of the amendments. HSE are now planning to give stakeholders the opportunity to comment on these changes, which will be outlined in a summary of responses to the consultation which is due to be published on the HSE website w/c 13th September. Stakeholders will be notified by e-mail when this is available to access. As you are aware at the time of the consultation on PSR, a review of the methodology used for setting consultation distances (CDs) around gasoline pipelines was underway and analysis of the responses to the consultation highlighted stakeholders had concerns that the IA could not fully address the cost implications to industry until this review was completed.

This review has now been completed and the HSE economist has prepared a revised IA which I have attached to this e-mail. HSE would now like to offer stakeholders who commented on this area advance sighting of the revised Impact Assessment, as the summary is not due to be published until next week. HSE now welcomes your further observations on the revised IA. You can respond via:

[Pipelines@hse.gsi.gov.uk](mailto:Pipelines@hse.gsi.gov.uk)

or alternatively you can respond to me directly. If you wish to discuss the IA please contact me on 0151 951 3308 or alternatively Lyndsey Bennett 0151 951 3186.

Kind regards

Karen Karen McDonough | HID Policy Unit - Pipelines & GSMR Health & Safety Executive

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From: Lyndsey.Bennett

**16 September 2010**

Cc: Karen.McDonough

Analysis of responses to the consultation on proposed amendments to the Pipelines Safety Regulations - now published on the HSE website Analysis of responses to the consultation on proposed amendments to the Pipelines Safety Regulations 1996 and the Health and Safety (Fees) Regulations

HSE are pleased to advise stakeholders that the analysis of responses to the consultation on proposed amendments to the Pipelines Safety Regulations 1996 and the Health and Safety (Fees) Regulations has now been published on the HSE website.

<http://www.hse.gov.uk/consult/condocs/cd228.htm>

Following the election, the Coalition Government introduced a new approach to regulation. This resulted in HSE and other government departments reviewing proposed regulatory measures to ensure they fit within the new rules and processes, which delayed issuing our response to the consultation. We have now completed this review for PSR and this has led to a number of changes to our proposed amendments. Details of the changes are covered in analysis of responses (see below link). It is also important to note that these amendments will be implemented, subject to Ministerial clearance, in April 2011 and not October 2010 as suggested in the consultation document.

Annex 1 of the analysis outlines the areas where HSE is seeking further comments from stakeholders on three key areas:

- \* The revised definition of gasoline - respondents asked for clarity on what is and isn't brought into the scope of PSR and the definition has been revised to take account of this;
- \* The revised impact assessment (IA) for the classification of gasoline as a dangerous fluid - at the time of the consultation a review of the methodology used for setting consultation distances (CDs) around gasoline pipelines was underway and stakeholders raised the concern that the IA could not fully address the cost implications to industry until this review was completed. HSE economists have now amended the IA to reflect the outcome of this review; and
- \* Regulation 23 Notification in other cases - this amendment was to deal with the situation where an existing industrial complex is split up and the operation undertaken ceases to be under the control of one operator, to that of a number of operators managing different chemical plants and processes. There have been some subsequent amendments necessary to other regulations which were not included as part of the original consultation. Responses are welcome by no later than Friday 8 October 2010.

Kind regards

Karen McDonough & Lyndsey Bennett HID Gas & Pipelines Policy

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From: Jackson, Neil W

**Sent: 08 October 2010**

To: Pipelines Cc: Phill Jones;

Karen McDonough; Roger Ellis; Peter Davis; Neil Macnaughton; Lyndsey Bennett

Subject: FW: Analysis of responses to the consultation on proposed amendments to the Pipelines Safety Regulations - now published on the HSE website

UKOPA would like to make the following responses to the questions asked in the analysis of responses to the consultation on proposed amendments to the Pipeline Safety Regulations. Pipeline Safety Regulations 1996

- Proposed Amendments UKOPA Response to the Analysis of responses to the consultation on proposed amendments to the Pipeline Safety Regulations 1996 and Health and Safety (= Fees) Regulations

#### Question 1

Do you have any comments on the revised definition of Gasoline for inclusion within PSR.

Yes - UKOPA had responded under separate cover.

The response sent by Peter Davis of BPA on behalf of UKOPA was:-

"I have circulated this definition around UKOPA Members and have minimal response, the key aspects remains "blending", somewhere we need to make it clear that the definition covers essentially finished gasoline missing a few additives and (possibly) ethanol (ethanol blended petrol which cannot be transported in a multiproduct pipeline that transports Aviation fuel for quality control reasons), however it does not refer to a gasoline component (such as reformate) that needs blending to make a fuel."

Question 2 Do you have any comments on the new provisions that are being proposed in regulations 25 and 26

UKOPA agree with the provisions being proposed.

Question 3 Do you have any comments on the revised impact assessment for the classification of gasoline as a dangerous fluid.

Yes - UKOPA have divided their response into two categories, firstly the Land Use Planning consultation zones and secondly the cost impact of land use planning. Land Use Planning consultation zones UKOPA have for some time been in consultation with HSE over the methodology that has been employed to derive Land Use Planning Zones for gasoline pipelines. There remain a number of key areas in which UKOPA question the methodology that has been employed, notably:

- Reasons for the increases to inner zones
- Tools used to derive failure rates
- Definition of terms particularly related to population density
- Hole size definitions
- Gasoline leak consequences and derived effects

UKOPA would like to work with HSE to ensure that the methodologies used are robust, consistent and transparent and look forward to continued discussion and agreement.

UKOPA have arranged a meeting with Peter Harper of HSE to discuss these points, but at this stage these remain a concern.

#### Cost impact of land use planning (LUP)

We note that the costs to society for LUP range from £390k and £3900k over 10 years and the cost to industry range from £3180k to £700k.

The cost to industry must ultimately be transferred to a cost to society as such costs will be recovered over time through the price of fuel.

These costs look generally low with an upper range of cost to industry of £3270k per year. UKOPA would be interested to discuss how these values were derived. (This is particularly of note when referring to para 88 of the Impact Assessment.)

Previous studies undertaken by both the HSE and pipeline operators generate upper values that could be as much as 10x higher.

General Comment Referring to Para 58, UKOPA's experience is that that the general public awareness does not lead them to take more care when digging near a pipeline.

Regards Neil Jackson

UKOPA Chairman

**Mon, 18 Oct 2010**

From: Lyndsey.Bennett@hse

To: "neil.w.jackson" ,

Peter Davis

CC: "Anna.Richardson-Owen@hse" , "Karen.McDonough@hse" ,  
"phill.jones

Subject: RE: Analysis of responses to the consultation on proposed amendments to the Pipelines Safety Regulations - now published on the HSE website

Email sent on behalf of Anna Richardson-Owen, HSE Economist

Dear Peter and Neil,

Many thanks for your email of 8th October in response to the consultation on the proposed amendments to the Pipeline Safety Regulations.

I refer to the comments you raised on the revised impact assessment:

Cost impact of land use planning (LUP)

\* We note that the costs to society for LUP range from £390k and £900k over 10 years and the cost to industry range from \$3180k to £32,700k

\* The cost to industry must ultimately be transferred to a cost to society as such costs will be recovered over time through the price of fuel

\* These costs look generally low with an upper range of cost to industry of £3270k per year. UKOPA would be interested to discuss how these values were derived. (This is particularly of note when referring to para 88 of the Impact Assessment)

\* Previous studies undertaken by both the HSE and pipeline operators generate upper values that could be as much as 10x higher.

General Comment Referring to Para 58, UKOPA's experience is that that the general public awareness does not lead them to take more care when digging near a pipeline.

Please find attached a memo which explains how the cost of LUP has been calculated. I think the difference between this assessment and previous attempts (back in 1996) is that the 1996 CBA assumed as much as half of the development value will be lost for all planning applications advised against.

Our current thinking is that the loss around pipelines will not be as much as this, with a best assumption being made of 5% actual loss and between 10-15% lost and displaced. This is from initial findings from a research project which is not yet complete. However, initial findings are that the maximum lost development around a COMAH site in urban areas with very high development pressures could be 50%. Around 90% of gasoline pipelines however run through rural areas where there is often no development loss that can be attributed to HSE planning advice because there are other development pressures on the land anyway (environmental constraints).

Thus, the 5% best estimate is the average of 0% loss in rural areas and 50% maximum loss in urban areas  $(10\% * 50\%) + (90\% * 0\%)$ . The 1996 estimates used this 50% loss assumption to estimate the cost to the industry as a whole. However, the current version of the IA in fact further increases the loss to industry by an additional 5-10% to account for development that is lost to the landowner but not to society as a whole. So, the estimated percentage lost to landowners (and so claimed in compensation) is in fact higher than that in 1996, but the loss is adjusted to reflect the proportion of pipelines that occur in rural and urban areas.

The reduction in LUP costs compared to the IA seen at the first consultation stage is due to shortening the appraisal period to 10 years rather than 40, to reflect more accurately the period over which costs can be reasonably estimated. Given this area is uncertain, HSE will commit to review the actual compensation that is paid by industry post implementation and update the impact assessment if necessary.

Your comment that the costs on industry will be passed back to society are noted. We will put in a paragraph to reflect that this is likely, but without further information about the rate at which this will be passed back to society and the proportion of this, it is not possible to robustly quantify this in the IA. It is also more prudent under current regulatory requirements to show the maximum cost that will fall on industry. We are happy to discuss this with you further if it would be helpful and suggest a teleconference on Thursday 21 October.

We welcome any further comments that you might have.

Kind regards

Anna Lyndsey Bennett | HID Policy Unit - Pipelines & GSMR HSE

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