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Our reference: GDPCR Nov 2006

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For the attention of: Joanna Whittington, Director, Gas Distribution

Dear Joanna

**GAS DISTRIBUTION PRICE CONTROL REVIEW [GDPCR] THIRD CONSULTATION
DOCUMENT NOVEMBER 2006 – REF 203/06**

Following my letter of 8 August 2006 in response to the Second Consultation Document and our meeting with you on 12 December 2006, I am pleased to make the following comments.

Mains replacement (paragraph 5.30)

In September 2005 HSE reviewed its mains replacement policy for 2002 – 2007 and concluded it remained fit for purpose. (<http://www.hse.gov.uk/gas/supply/irongasmains.pdf>). We then re-issued the policy to cover the period 2006 – 2013 (<http://www.hse.gov.uk/gas/supply/mainsreplacement/irongasmains.htm>).

HSE will continue to approve annual replacement programmes in accordance with the requirements of the Pipelines Safety Regulations 1996, Regulation 13A. We will approve programmes on the basis that the GDNs meet agreed replacement targets and that replacement is prioritised in accordance with methodology set out in the respective Safety Cases. For the period 2005 – 2006 all GDNs have been prioritising replacement on what has been commonly referred to as the 20:70:10 methodology. However, as you are aware, GDNs have proposed changing the methodology to deal with current challenges. These include a pressing need to decommission greater lengths of large diameter (>12”) mains - for example, a significant proportion of larger diameter mains now fall within the higher risk bands and can no longer be left – and other factors including the potential impact of the Traffic Management Act.

When considering changes to the methodologies HSE require GDNs to commit to meeting replacement rates and to demonstrate adequate arrangements to deal with higher risk seed pipes. They are also required to show that equivalent risk is removed from the network when compared with existing arrangements. This may require additional lengths of mains to be replaced over a period.

The impact of changes proposed often means that much larger replacement projects can be developed and that economies of scale can be exploited. This should deliver improved efficiency over existing regimes, improved replacement rates and cost savings on a like for like basis. They should also deliver wider benefits including less disruption to the public.

Service pipes

GDNs have an absolute duty to maintain service pipes which they meet by replacing them under various policies but predominantly in association with mains replacement work. We expect them to continue to meet replacement rates.

Riser replacement (paragraph 4.73)

HSE has not agreed a replacement policy with the GDNs for risers in multi-storey premises. We expect GDNs to meet their duties under the Pipelines Safety Regulations 1996 to ensure they maintain these in good working order. This is an absolute duty and is measured on the outcome rather than the process by which it is achieved. It is for the GDNs to implement suitable maintenance arrangements but in many circumstances replacement will be the only option.

We understand there may be a case for converting these properties to electric heating and cooking as an alternative to replacing the risers and maintaining gas supplies. This would eliminate the risk from gas and we would support this in relation to safety but we recognise there are much wider issues for you to consider.

Attending emergencies (paragraph 4.28)

The option proposed to include GDNs' performance in attending emergencies in a licence condition would help underpin the GDN's duties under the Gas Safety (Management) Regulations 1996, regulations 7(4) and 7(5) and would receive HSE's support.

Private networks (paragraph 4.80)

Private networks are required to comply with GSMR in the same way as GDN or iGT networks. However, the core business of the operators of these networks is not in running gas networks and HSE would support changes that would help iGTs or GDNs to adopt these networks.

Pipeline records (paragraph 4.62, 5.89)

HSE has been concerned for some time now about the accuracy of pipeline records and it is part of our current inspection programme of the GDNs. HSE considers inaccurate pipe potentially gives rise to risks in a number of areas including mains replacement and emergency leak repairs. Notwithstanding the work HSE is doing, we would support incentives on GDNs to provide accurate pipeline records and would be pleased to assist in developing suitable criteria.

Network Capacity outputs (paragraphs 4.63, 5.62)

Under GSMR GDNs are required to demonstrate adequate arrangements to minimise the risk of a gas supply emergency on a 1 in 20 peak day. This has been achieved by ensuring there is sufficient network transmission capacity to meet 1 in 20 peak day demand along with other measures. Investment in the local transmission system may therefore be necessary to maintain current safety levels but GDNs can adopt alternative approaches that deliver equivalent levels of safety. But changes to the 1 in 20 arrangements that materially affect the safety case would need to be accepted by HSE before they could go ahead, and HSE could not accept a reduction in safety standards.

Carbon monoxide detectors (paragraph 7.26)

There is a need for a better understanding of the risks associated with carbon monoxide (CO) poisoning and the mitigating measures that can help protect the public. The number of

CO fatalities has reduced considerably over the years, but research highlights low levels of public awareness linked to the use of gas appliances. This reinforces the need for appliances to be used correctly and to be regularly checked and maintained by a competent, CORGI registered gas installer. HSE welcomes the use of audible CO alarms, which have been manufactured to the required standard, and therefore supports initiatives on GDNs to promote their use, but this should be in addition to and not instead of regular maintenance.

HSE also welcomes GDN initiatives to improve public awareness of gas safety and CO risks. Recent research from University College London shows high levels of ignorance on CO risks with lack of awareness amongst 45% of the home occupiers interviewed. The industry is well placed to convey safety messages to consumers, and has recently committed itself to renewed coordinated action on raising awareness via an Industry Forum led by CORGI. The aim is to highlight the dangers of CO, the benefits of gas safety checks and CO alarms and routes of assistance if appliances are condemned; GDNs should be encouraged to support this work. This will result in industry managing the risks involved in transporting and supplying gas as part of their corporate social responsibilities. It would also be complimentary to the Supply Licence Review proposals, as highlighted in the consultation.

Please get back to me if you would like to discuss further and we are happy to meet again. We welcome you putting this letter in the public domain as part of the consultation process.

Yours sincerely

Steve Chatfield
HM Principal Inspector
Gas & Pipelines Unit