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HAZARDOUS INSTALLATIONS  
DIRECTORATE

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Head of Division  
Susan Mackenzie

Dear Peter

### **Health and Safety Executive comments on Gas Security of Supply Significant Code Review (SCR) Initial Consultation**

1. Thank you for the opportunity to respond to the Initial Consultation for the Gas Significant Code Review. HSE recognise and accept that the matters covered in the Review are timely and important and that reform of emergency arrangements could in principle build on the significant improvements made by the NEC and gas conveyors to the emergency arrangements framework in the last few years.
2. This reply sets out HSE's position on any proposed changes arising from the Review that may impact on existing industry gas supply emergency arrangements. This is in HSE's role as regulator in respect of the Gas Safety Management Regulations (1996) (GSMR) and also under the wider provisions of the Health and Safety at Work Act 1974 (HSWA).
3. HSE note that at this stage Ofgem have no preferred Option and that following analysis of comments received during the Initial Consultation Ofgem will examine and refine them further. As such HSE's response is necessarily generic and based on the 3 Options as presented within the Consultation Document. This response is fully open and may be published on your website.

#### GSMR in context

4. One of the key aims of GSMR is to minimise the risk of a gas supply emergency occurring, or if one does occur to manage it safely and minimise its impact, in order to protect the domestic and other priority consumers (eg. Hospitals) and embedded commercial, industrial consumers in a network.

5. GSMR defines a gas supply emergency as being an “emergency endangering persons and arising from a loss of pressure in a network...” the definition of danger is limited to risks from the gas itself. Gas conveyors and the NEC have the prime responsibility for ensuring safe pressure in the networks. They describe their arrangements for doing this through their GSMR safety cases.
6. Under GSMR the NEC is responsible for coordinating the actions of all gas conveyors to minimise the risk of a network gas supply emergency. The gas networks, other licence holders and other parties have to co-operate with the NEC as necessary.
7. GSMR is goal setting legislation and HSE believe it has sufficient flexibility to accommodate changes to the gas emergency framework and any revised arrangements that may be implemented as a result of the Review as indicated.
8. HSE’s role in gas supply emergencies is summarised on our website at <http://www.hse.gov.uk/gas/supply/emergencies.htm>
9. GSMR also covers the safe management of gas flow through a network. It does **not** ensure security of supply (this is for others including Ofgem & DECC) or address the wider social and economic consequences of a shortage of gas.

#### HSE position on changes affecting industry arrangements covering gas supply emergencies

10. HSE’s position, as discussed with Ofgem before and during the Initial Consultation, and as explained widely through previous liaison with various industry participants, is that it is the duty of the Network Emergency Coordinator (NEC) and others to prevent, co-ordinate and manage gas supply emergencies and for them to demonstrate to HSE that changes and incentives will not affect GSMR requirements adversely as covered by:
  - GSMR safety cases submitted by the NEC and Operators of the National Transmission System (NTS) and Gas Distribution Networks (GDNs) and which HSE have accepted
  - GSMR reg 6 cooperation duties
  - industry procedures such as E1/2/3 and other best practice
  - Ofgem licensing obligations; and
  - NEC/NTS/GDN led emergency exercises (conduct and recommendations)
11. Any changes to currently accepted arrangements must therefore have the net result that an emergency:
  - is avoided to the same standard or more effectively than at present; and/or
  - if one occurs, that managed reduction of gas load would be at least as good as or better than at present.
12. Proposals covered by the Initial Consultation may be potentially allowable under GSMR, as long as it can be shown that domestic consumers are protected as under current arrangements and that they and certain existing priority users such as hospitals and residential homes are not disadvantaged by any new approach. It is for industry to demonstrate and justify that any planned implementation of recommendations arising from

the Review could be incorporated as a feasible option before and /or during a supply emergency.

13. The proposed changes arising from the Review, and in particular Option 1, may have a material impact on the GSMR safety cases of the NEC and also the gas conveyors. Material revisions to GSMR safety cases have to be accepted by HSE before they can be put into effect and HSE cannot accept changes that would diminish safety standards. Acceptance is based on adequate demonstration being made in the safety case submission. Demonstration is not limited to wording and supporting procedures and may include pilot testing/trials in support of the submission; this was the case for HSE accepting the changes to National Grid Gas' safety case for Operating Margins Contestability.
14. However, with regard to Option 1 which involves some removal of command and control functionality from the NEC it is unclear at this stage how an adequate demonstration required for a revised safety case submission would be achieved. This is in the context of HSE expecting a high standard of demonstration in showing that any changes will not reduce safety standards. If this Option is pursued we recommend that the NEC becomes an active consultee with joint/priority responsibility in order to satisfy GSMR obligations.
15. Any changes to arrangements that would prevent or hinder the ability of the NEC or NTS Operator to carry out their duties under GSMR, in particular their ability to take effective, and timely, coordination and balancing actions against a backdrop of a rapidly escalating emergency would mean that HSE would not be able to accept the associated safety case changes. It is essential for clear roles and responsibilities to continue to be defined and understood.
16. Lack of clarity on how safety case change demonstrations would be made for this and other aspects of any Option(s) Ofgem may recommend could seriously delay HSE's assessment process. This would in turn impact on Ofgem's Route 1/Route 2 implementation timescales. HSE see Ofgem's engagement with the GDNs during the Review as essential particularly in light of other safety case obligations the GDNs may already have in 2011/12.
17. Not all of the safety related changes that arise from the proposed Options would necessarily require a change (Material or non-material) to the NEC and/or conveyor safety cases. For example, the proposed new intra-day pre-emergency Gas Balancing Alert (GBA) to stimulate Demand Side Response would not require a change to the NEC safety case.
18. As Ofgem refine and develop the Options HSE will need to receive an assessment of the safety implications of the changes from the NEC and NTS/GDN operators. This includes the impact on safety of the proposed changes to commercial arrangements that are integral to the Review and the reform of emergency arrangements. When HSE have this, HSE will advise Ofgem on the safety risks of these proposals. HSE hope to progress these issues as the Review continues, but it is for these duty holders to present the case to HSE. Depending on the outcome of the safety assessment, duty holders may have to implement further arrangements to maintain safety standards.
19. HSE will continue to work with Ofgem and other participants in the Review during the next stages to achieve HSE's high priority goals in this area, to support the wider industry and government agenda and to support EU requirements. As the SCR Options are refined and proposed changes to arrangements are clarified HSE will meet with GSMR safety

case owners (initially NEC) to discuss possible changes to content and to explore how and when supporting demonstrations may be made. HSE will keep Ofgem informed of progress during all such discussions.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tony Hetherington', with a long horizontal line extending to the right.

**Tony Hetherington**  
**Head of Gas & Pipelines Unit**