

HSE response to stakeholder responses on Ofgem's MPR consultation

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CHAPTER: Four

Question 18: Do you agree with our current assessment that there is no need to review the risk reduction output associated with the iron mains risk reduction programme, as part of an MPR?

HSE's enforcement policy for the iron mains risk reduction programme (2013-2021) [see <http://www.hse.gov.uk/gas/supply/mainsreplacement/enforcement-policy-2013-2021.htm>] states, for at risk pipes in Tier 1:

'For approved programmes lasting longer than one year the GDN operators will be allowed to adopt a flexible approach to their annual delivery so long as arrangements are in place to ensure that their approved target is met. This will facilitate the delivery of large or complex decommissioning projects which require significant preparation and will also allow the GDN operators to take remedial action should their progress with decommissioning fall short in a particular year'.

As such the enforcement policy allows each GDN to deviate from a straight-line year-on-year delivery of Tier 1 iron mains decommissioning where this can be justified by planning and efficiency gains. HSE therefore anticipates, over an 8-year approved programme, that each GDN will not necessarily decommission the same length of Tier 1 pipe each year. The consequence of this is that the expenditure profile of each GDN might also not be constant.

In summarising the findings of its 10-Year review of the Iron Mains Replacement Programme, HSE states on its website (at <http://www.hse.gov.uk/gas/supply/mainsreplacement/10-year-review.htm>):

'HSE will undertake a review of the Pipeline Safety Regulations 1996 Regulations 13 and 13A as they bear upon iron mains risk reduction programme and the absolute requirement to maintain network pipes. HSE anticipates that this work will inform decisions on how best to approach the management of risk from the iron mains network, what the GDN operators need to do to discharge their duties and if any changes of approach are appropriate as part of the Ofgem mid-term price review in 2017. Subject to HSE Board and Ministerial approval it is our intention that, by this time, the GDN operators will be required to maintain all of the iron pipes within their networks (along with pipes made from other materials and operated at below 7 barg) to a 'so far as is reasonably practicable' standard. It is our expectation that this standard will be met by the same arrangements that have been put in place to support the PSR regulation 13A programmes approved for 1st April 2013 onwards'.

HSE's stated that it would undertake a review of PSR regulations 13 and 13A and, as stated above, did not anticipate that potential changes to regulations 13 and 13A would lead to changes to the way in which iron mains risk reduction is secured by the GDNs (see underlined above [note: this underlined text was missing from British Gas's quotation of HSE's stated position]). As such, HSE first approached the GDNs as the sole duty holders

under regulation 13A. HSE sought, through discussion with the GDNs, to identify any economic burdens that might be removed by a potential amendment to PSR regulations 13 and 13A. It is important to note that these discussions were held to inform HSE's policy formation, specifically whether or not there were grounds to proceed with a full and open consultation on the matter of a potential amendment to PSR regulations 13 and 13A. Having done this, and being presented with evidence by the GDNs that no economic benefit would accrue from a change to a 'so far as is reasonably practicable' standard, HSE has decided, at this time, not to proceed further. HSE wrote to Ofgem on 19 June 2015 to inform them of this outcome.

HSE comment: HSE's discussions with the GDNs were held to inform HSE's policy formation, specifically whether or not there existed reasonable grounds for HSE to proceed with a full and open consultation on the matter of a potential amendment to PSR regulations 13 and 13A (e.g. through the publication of a consultation document). In common with other Departments across Government, HSE does not routinely place matters of policy formation in the public domain.