Gas Safety Regulatory Framework for Ireland

Gas Safety Case Guidelines

for Natural Gas & LPG Licensed Undertakings

Decision & Consultation Response Paper

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Regulating Water, Energy and Energy Safety in the Public Interest

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Executive Summary

In June 2016, the CER published a Decision Paper Compressed Natural Gas (CNG) for Vehicular Transport: Licensing Arrangements (Ref. CER/16/154). This decision paper followed a Public Consultation which was issued in the context of the Alternative Fuels Infrastructure Directive (2014/94/EU) which stipulated that EU Member States should ensure the establishment of “an appropriate number of refuelling points” for CNG by 2025.

The CER Decision Paper set out the licensing arrangements for CNG suppliers for vehicular transport as follows:

- All CNG suppliers who sell CNG to customers will be required to apply for and be issued with a Supply Licence by the CER. A Shipping Licence may also be required if the CNG supplier intends to ship natural gas;
- CNG suppliers who sell CNG to customers will be permitted to apply for certain derogations from the Supply Licence;
- A safety case will be required to be submitted by the applicant to the CER for assessment as part of the Supply Licence application;
- Where an existing natural gas supplier intends to supply CNG for vehicular transport, the CER consider this to be a material change to their accepted safety case; and
- Own use of CNG does not require a Supply Licence to be in place, although a Shipping Licence may need to be in place.

A safety case will need to be submitted as part of the Licence application process. The CER Energy Safety Division will assess safety cases received from undertakings wishing to act as CNG suppliers for vehicular transport against the requirements of the Safety Case Guidelines and following issuance of a licence, the CER will audit and inspect these undertakings against their safety cases. Furthermore, the CER will also assess material changes to the
Transmission and Distribution System Operators’ safety cases to incorporate CNG and, if accepted, will audit and inspect these against their safety cases.

In the Decision Paper, the CER committed to developing safety case guidelines for CNG Suppliers for vehicular transport in order to assist gas undertakings in the development of their CNG supply safety cases for submission to the CER. The CER also committed to reviewing and monitoring the development of the market for CNG in vehicle transport.

In December 2016, the CER published for consultation updated Safety Case Guidelines for Natural Gas and LPG Licensed Undertakings. The update to the document was primarily to incorporate specific requirements for CNG Supplier undertakings by the insertion of a new Part I into the document. Updates to the existing guidelines were also included with respect to the specific requirements for gas transmission undertakings (Part D) and gas distribution undertakings (Part E) to take into account the introduction of CNG. Other minor amendments to the guidelines were included, such as updates to document references, changes to reflect CER current practice and editorial changes.

The CER received two responses to this consultation and following review of these responses, the CER is now publishing a decision. This paper sets out the CER decision along with a summary of the responses received and the CER’s response to these.¹

The updated Safety Case Guidelines (Ref. CER/17/103) are published alongside this paper and should be read in conjunction with Decision Paper Compressed Natural Gas (CNG) for Vehicular Transport: Licensing Arrangements (Ref. CER/16/154).

¹ Responses are being published alongside this paper.
The revised Safety Case Guidelines are prepared to assist gas undertakings in the development of their respective safety cases for submission to the CER.

The CER will keep the Safety Case Guidelines under review as the CNG market in Ireland develops.
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## Glossary of Terms and Abbreviations

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition or Meaning</th>
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<tr>
<td>ALARP</td>
<td>As Low As Reasonably Practicable</td>
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<tr>
<td>CER</td>
<td>Commission for Energy Regulation</td>
</tr>
<tr>
<td>CNG</td>
<td>Compressed Natural Gas</td>
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<tr>
<td>LPG</td>
<td>Liquefied Petroleum Gas</td>
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<tr>
<td>NGEP</td>
<td>Natural Gas Emergency Plan</td>
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1. Introduction

1.1 Background

Under the Electricity Regulation Act 1999, as amended, the Commission for Energy Regulation (the CER) is responsible for the safety regulation of natural gas and Liquefied Petroleum Gas (LPG) undertakings. In order to carry out this regulation, the CER established a Gas Safety Regulatory Framework (the Framework) in 2007. In 2012, the Energy (Miscellaneous Provisions) Act 2012 (the 2012 Act) amended the Electricity Regulation Act 1999 to grant the CER the power to license certain specified LPG undertakings and increased its enforcement powers in respect of both Natural Gas and LPG undertakings. Since the establishment of the Framework in 2007 (and following its expansion to include elements of the LPG industry and additional enforcement powers), a number of consultations have been carried out on the key Framework documents including Safety Case Guidelines for both Natural Gas undertakings and licensed LPG undertakings.

Recognising the potential benefits that CNG may bring to the gas customer and the positive responses received to Consultation on Gas Networks Ireland request for funding for Compressed Natural Gas (Ref. CER/16/258), the CER previously deemed it appropriate that GNI be provided with innovation funding of €12.83m as part of Price Control 4 (PC4), which will be recovered through network tariffs. Innovation funding is an allowance given to GNI for research and development and may include projects where the financial benefits are not yet certain.

The CER Decision Paper Compressed Natural Gas (CNG) for Vehicular Transport: Licensing Arrangements (Ref. CER/16/154) set out the licensing requirements for CNG suppliers for vehicular transport. That Decision Paper set out that all CNG Suppliers for vehicular transport, other than those who intend to use CNG for their own use and therefore are not considered a supplier, will be required to apply for and be issued with a Supply Licence by the CER in line with section 16 (1) of the Gas (Interim) (Regulation) Act 2002. The CNG Supplier will be permitted to apply for certain
derogations from Conditions of that Licence during the application process. Given that a CNG Supplier for vehicular transport is a supplier, they will be a supplier under the Gas Safety Framework. As part of the Licence application, a safety case will also be required to be submitted by the applicant. Undertakings are not permitted to apply for a derogation from Condition 15 of the Supply Licence – Safety Case.

The CER Energy Safety Division developed proposed guidelines for consultation which will assist CNG Suppliers for vehicular transport in the development of their safety cases for submission to the CER. On 16 December 2016, the CER published a consultation paper – Gas Safety Regulatory Framework for Ireland Gas Safety Case Guidelines for Natural Gas & LPG Licensed Undertakings (CER/16/367) seeking comments from interested parties on those proposed guidelines.

The CER received two responses to that consultation and following consideration of these, is now publishing a Decision and Response to Comments Paper along with the updated Safety Case Guidelines. The CER welcomed the feedback received from industry with respect to the content and changes contained within the document. These responses are published alongside this paper.

The main changes to the document were:

1. **Update of existing guidelines**
   
   As part of the update to the Safety Case Guidelines, the CER carried out a review of the existing guidelines. As a result of this, the CER made a small number of minor amendments in the form of updates to document references, changes to reflect CER current practice and editorial changes.

   No comments were received in relation to these minor amendments.

2. **The incorporation of guidelines for use of CNG for vehicular transport**
   
   The update to the Safety Case Guidelines was primarily to incorporate specific requirements for CNG Supplier undertakings by the insertion of a new Part I into
the document. Updates to the existing guidelines were also included with respect to the specific requirements for gas transmission undertakings (Part D) and gas distribution undertakings (Part E) to take into account the introduction of CNG. The consultation document set out the CER’s proposed safety case guidelines for the activity of CNG for vehicular transport.

All responses received related to these proposals.

1.2 Respondents

The CER received two responses from industry. Responses were received from:

- Gas Networks Ireland; and
- Topaz Energy Limited.

The CER has considered the responses received and a response to these is provided along with a decision below.


The CER also met with both respondents to discuss their responses.
2 Consultation Responses

2.1 Facility Description

Response Received

(a) Topaz Ireland Limited (Topaz) was of the view that while the facility needs to be appropriately described, including an adequate description of roles and responsibilities, there was concern at the level of detail required, in particular in relation to the Asset Lifecycle Safety and Emergency Procedures. Topaz hope to act as a CNG supplier with ownership, operation and maintenance of the dispenser only. They were therefore of the view that their activities should be recognised and their safety case limited to these activities. They were of the view that as currently set out the level of investment required would be disproportionate and would act as a significant disincentive to encourage entrants into the marketplace.

(b) Gas Networks Ireland (GNI) stated that the Safety Case Guidelines, as currently drafted, did not appear to take into account a scenario whereby assets can be divested to a third party.

CER Response

(a) The consultation paper had been written in as broad a manner as possible, balanced with the need to ensure that undertakings demonstrate the risks associated with their assets and activities are managed to a level that is As Low As is Reasonably Practicable (ALARP). This is because the introduction of CNG into the Irish market is new and it is therefore not possible, at this stage, to tailor the guidelines to every possible form and structure of CNG Supplier undertakings. The key priority for the CER is to ensure that, regardless of the number and/or scope of the undertakings involved, each CNG supply operation is managed to a level that is ALARP.
Undertakings should bear this in mind whilst preparing their safety case in line with the Safety Case Guidelines and provide justification for not including certain sections or information where it does not relate to the activities being carried out by that undertaking. Text to reflect this has been inserted into the beginning of Part I - Specific Requirements for CNG Supplier Undertakings of the Safety Case Guidelines.

Undertakings should also be aware of the CER Decision Paper - Compressed Natural Gas (CNG) for Vehicular Transport: Licensing Arrangements (Ref. CER/16/154) and if they are applying for derogations from Conditions of the Supply Licence should ensure that these derogations are adequately reflected within their safety case, where relevant.

The CER will engage with undertakings as they go through the Licence application and safety case submission process.

(b) While not explicitly provided for, the CER is not prohibiting undertakings from selling on assets to third parties. The Guidelines require that all undertakings prepare a safety case as it relates to their assets and activities and, as would usually be the case under the Gas Safety Framework, that where a material change is planned, it should be submitted to the CER in line with the Guidelines for acceptance prior to the implementation of that material change.
2.2 Emergency Procedures

Responses Received

(a) GNI noted that the party with responsibility for the Forecourt should complete and manage a Site Specific Emergency Plan and that the party with responsibility for the compressor should assist in the preparation of that plan.

In relation to the NGEP, Topaz set out that interaction would only be to respond to requests or comply with directions from the NGEM but that the consultation paper suggests a more onerous involvement.

(b) GNI confirmed that the National Response to PREs will be utilised for CNG

CER Response

(a) There are two emergency plans which a CNG Supplier must be referenced within their Safety Case. First, a site specific emergency plan should be developed in respect of the specific site on which the CNG activity is taking place into which all parties involved in the CNG activity should feed into and secondly, the Natural Gas Emergency Plan (NGEP) which is prepared by Gas Networks Ireland under the direction of the CER and in consultation with the gas industry, the electricity industry and the Government. The purpose of the plan is to establish procedures to be followed in the event of a Natural Gas emergency in Ireland. The text of the Safety Case Guidelines in Part I.5 has been split into two sections to reflect this – National Gas Emergencies and Local Gas Emergencies.

In relation to the site specific emergency plan, the CER agrees that there should be one such plan for each site which will require collaboration
between all parties involved in the CNG activity. The text of the Safety Case Guidelines has been amended at Part I.5 to require that all parties involved in the CNG activity feed into this plan.

In relation to the NGEP, the CER can clarify that it would normally be the supplier who has the interaction with the NGEM and they would be required to have a 24 hour contact number and a person on call who would follow the instructions of the NGEM. They do not need to put in place a plan but rather to follow instructions.

(b) The CER notes that the National Response to PREs will be utilised for CNG.

2.3 Interactions

Responses Received
(a) Topaz noted that a key area to be addressed is the interaction with the public in relation to CNG.

(b) In relation to safety advice for CNG vehicles fittings/components to the public, GNI stated that this rests best with the manufacturer of the CNG vehicles.

CER Response
(a) The CER agrees that public interaction is a key area which needs to be addressed. The CER had set out under Part I.4.8 of the consultation paper that undertakings should demonstrate how they intend to make their customers aware of the risks associated with CNG. The Safety Case Guidelines have been amended to set out that CNG undertakings should use signage in addition to providing published material to customers, however, the CER has removed the reference to customer awareness.
regarding vehicles as it was decided, following consultation with the respondents, that this should not be the responsibility of the CNG supplier.

(b) The CER agrees that the manufacturer is best placed to engage with owners of CNG vehicles in relation to those vehicles. The Safety Case Guidelines have been amended to reflect this.
3 Decision

Following review of the responses and subsequent discussions with the respondents, the CER is now publishing a decision. The CER has clarified the following in the relevant sections of the Safety Case Guidelines:

- a CNG Supplier’s safety case is required to demonstrate that the risks associated with their assets and activities are managed to ALARP;
- a CNG Supplier should interact with all other parties involved in the CNG supply operation to ensure that the overall risks associated with the CNG supply operation are managed to ALARP; and
- a CNG Supplier’s safety case must differentiate between national emergency procedures which involves following instructions from the NGEM and local emergency procedures which are to be developed by the CNG Supplier and requires input from all parties, where appropriate.

These clarifications will provide clarity to undertakings as to the CER’s requirements and will enable the CER to verify that all parties involved in the CNG activity are communicating and interacting appropriately with one another. They will also allow the CER to confirm that there are no gaps in responsibility in relation to the risks associated with the CNG activity.

The amendments also set out that a CNG Supplier should prepare their Safety Case in a manner consistent with their Supply Licence application by setting out within their safety case where they have applied for relevant derogations from the Supply Licence.

The CER is satisfied that the Safety Case Guidelines, as currently set out, describe the key aspects of gas safety to be addressed by CNG supplier undertakings in the preparation of a safety case. The focus of the safety case relates to the management of the safety risks associated with the design, construction, operation, maintenance, and modification/refurbishment and de-commissioning of CNG infrastructure.
However, the CER will keep these guidelines under review as the CNG market develops in Ireland and may provide specific guidance to specific undertakings at a later stage.

This paper should be read in conjunction with the updated Safety Case Guidelines (Ref. CER/17/103) and CER Decision Paper Compressed Natural Gas (CNG) for Vehicular Transport: Licensing Arrangements (Ref. CER/16/154) and where derogations are applied for in respect of the Supply License application, these should be clearly set out in the relevant section of the undertaking’s safety case, where relevant.
4 Conclusion and Next Steps

- This decision is being published following a public consultation and updates the Safety Case Guidelines to facilitate the introduction of CNG for vehicular transport into Ireland so that safety to the public and property is ensured.
- The inclusion of CNG, as a regulated activity, falling within the scope of the Gas Safety Framework, will ensure that the Framework remains up to date and incorporates developments within the industry.
- The CER welcomed feedback from industry to the consultation paper on the CER’s proposed amendments to the Safety Case Guidelines for the use of CNG and other minor amendments.
- Following receipt and consideration of the comments received and subsequent meetings held with the respondents, the CER has made some minor changes to the paper in the form of clarifications as set out above and typographical corrections.
- The CER is publishing updated Safety Case Guidelines reflecting this decision alongside this paper. These Guidelines are effective from the date of publication and should be used by all undertakings in the preparation of their safety cases and material change submissions.