

CRU Consultation Paper “Regulation of piped LPG distribution networks that are not operated by a licensed LPG undertaking”

CRU REF 19059, 29/05/2019 – ILPGA Comments

Section	Subject	Questions	ILPGA Comments
1,7		1) What is your preferred option for regulating LPG distribution networks operated by a third party other than a licensed LPG undertaking and why?	Our preferred option is option 2, which appears to be the only truly realistic option. With option 1, few if any LPG DNOs have in-house expertise to create a full safety case so will end up contracting it out at a cost of €10K - €20K, which does not seem “proportional” given the scale of their operations, especially given that option 2 is realistic. Option 1 would also be less safe, since its complexity makes it less readily understood and also less achievable than the proposed handbook (other than by dedicated staff that won’t be in the employ of LPG DNOs), given the generally small nature of the typical LPG DSOs’ operations and staff. Furthermore, option 1 puts additional costs on the CRU in terms of approving and auditing the individual safety cases without any safety improvements over option 2.
1.7		2) Do you have any proposal on fee methodology for LPG distribution networks operated by a party other than a licensed LPG undertaking?	The primary purpose is to maintain or increase the safety of the LPG DNOs who, by the nature of their operations, have limited resources. High fees will create negative attitudes and give rise to attempts to challenge the regulations by questioning the definitions or through limited changes to their networks to move them outside the scope. A fee of no more than the €200 referred to accompanied by explanatory documentation promoting the advantages of the system to the LPG DNOs (e.g. the handbook being established principles to reduce incidents and their exposure to the consequent issues) is more likely to bring positive safety benefits
1.7		3) Can you suggest alternative proposals on how these LPG distribution networks operated by a party other than a licensed undertaking may be brought within the safety regulatory framework?	We believe that option 2 is the best approach, no alternative proposed

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Additional comments			
Clause 2. 2.1.1			The re-definition of LPG Undertaking and the existing definition of a Distribution Network may need further consideration, particularly if option 1 is chosen or if the option 2 fees are prohibitive since it may be challenged in those cases. The current definitions are not contentious since the existing participants know what the definitions are intended to include
2.1 2.1.3			We understand that the appointment of a Gas Emergency Officer by the DNO is optional and that unlike the wide ranging GSO powers, the GEO responsibilities would be linked to the site covered by “New Type Licence” been proposed.
			It is not clear why Natural Gas DNOs are not included if such networks already exist or were to be put in place in the future, they carry the same safety risks if not regulated
2.3			The Operator Handbook refers to various standards that it would be aligned to (page 24). it is suggested that it would be more beneficial to align it with the current LPG Operators approved safety cases, where relevant. These safety cases are generally aligned particularly regarding technical requirements and contractor training. Any differences that affect contractors will cause unnecessary confusion, non-compliance, and potential safety issues. The operator handbook will inevitably have some differences, but it should be generally aligned with safety case used for LPG supplier operated sites. We are available to assist the CRU with the preparation of the Operator Handbook.
2.3			The ILPGA and our member LPG companies welcome the opportunity to assist the CRU or its appointed agents with incident investigations and to contribute to safety learning outcomes