

This form will report compliance with your permit as determined by an NRW officer

Site	SemLogistics Milford Haven Ltd	Permit Ref	BK1341IN		
Operator/ Permit holder	SemLogistics Milford Haven Ltd				
Date	12/June/2014	Time in	15:00	Out	16:15
What parts of the permit were assessed	See Below				
Assessment	Choose an item.	EPR Activity:	Installation	X	Waste Op
Recipient's name/position	Huw Morgan / Rob Griffiths				
Officer's name	Karen Dunn and Mark Broom		Date issued	08/08/2014	

Section 1 - Compliance Assessment Summary

This is based on the requirements of the permit under the Environmental Permitting Regulations. A detailed explanation and any action you may need to take are given in the "Detailed Assessment of Compliance" (section 3). This summary details where we believe any non-compliance with the permit has occurred, the relevant condition and how the non-compliance has been categorised using our [Compliance Classification Scheme](#) (CCS). CCS scores can be consolidated or suspended, where appropriate, to reflect the impact of some non-compliances more accurately. For more details of our CCS scheme, contact your [local office](#).

Permit Conditions and Compliance Summary			Condition(s) breached
a) Permitted activities	1. Specified by permit	N	
b) Infrastructure	1. Engineering for prevention & control of pollution	N	
	2. Closure & decommissioning	N	
	3. Site drainage engineering (clean & foul)	N	
	4. Containment of stored materials	N	
	5. Plant and equipment	N	
c) General management	1. Staff competency/ training	N	
	2. Management system & operating procedures	N	
	3. Materials acceptance	N	
	4. Storage handling, labelling, segregation	N	
d) Incident management	1. Site security	N	
	2. Accident, emergency & incident planning	N	
e) Emissions	1. Air	N	
	2. Land & Groundwater	N	6.2.1
	3. Surface water	N	
	4. Sewer	N	
	5. Waste	N	
f) Amenity	1. Odour	N	
	2. Noise	N	
	3. Dust/fibres/particulates	N	
	4. Pests, birds & scavengers	N	
	5. Deposits on road	N	
g) Monitoring and records, maintenance and reporting	1. Monitoring of emissions & environment	N	
	2. Records of activity, site diary, journal & events	N	
	3. Maintenance records	N	
	4. Reporting & notification	N	
h) Resource efficiency	1. Efficient use of raw materials	N	
	2. Energy	N	

KEY: C1, C2, C3, C4 = CCS breach category (* suspended scores are marked with an asterisk),
 A = Assessed or assessed in part (no evidence of non-compliance), N = Not assessed, NA = Not Applicable

Number of breaches recorded	1	Total compliance score (see section 5 for scoring scheme)	31
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If the Total No Breaches is greater than zero, then please see Section 3 for details of our proposed enforcement response

Section 2 – Compliance Assessment Report Detail

This section contains a report of our findings and will usually include information on:

- the part(s) of the permit that were assessed (e.g. maintenance, training, combustion plant, etc)
- where the type of assessment was 'Data Review' details of the report/results triggering the assessment
- any non-compliances identified
- any non-compliances with directly applicable legislation
- details of any multiple non-compliances
- information on the compliance score accrued inc. details of suspended or consolidated scores.
- details of advice given
- any other areas of concern
- all actions requested
- any examples of good practice.
- a reference to photos taken

Introductions:

SemLogistics Milford Haven Ltd (SEM) representative(s) present during this meeting were :

- Huw Morgan – HSSE Co-ordinator, SemLogistics Milford Haven Limited
- Rob Griffiths - HSSE and PFSO, SemLogistics Milford Haven Limited

The following agenda was provided prior to the meeting which was held at the Natural Resources Wales (NRW) Office, Llandarcy, Neath Port Talbot:

1. Introduction and Current Position
2. Inspection frequencies API 653 and EMMUA 159 Guidance
3. Water draw off and Sump
4. Classification of Tank 114 Incident under CCS
5. Monitoring and Odour Management Plan
6. AOB – communication and water heel, IED and AMT Visit

Introduction and Current Position

The main objective of this meeting was to discuss the findings of the Tank 114 incident investigation so they can be considered by SEM in their operations of the site.

Objective 1: To discuss the current position following the incident involving Tank 114 on 25 June 2012.

Tank 114 Incident in Brief: On 25 June 2012 Environment Agency Wales was notified by SEM in line with their environmental permit of a possible inventory loss of approximately 100m³ from Tank 114. The notification stated that on 20 June 2012 the tank inventory was less than filled on 5 June 2012 of approximately 37000m³ of gas oil.

Routine monitoring by SEM identified fluctuations in product level in Tank 114 initially thought to be due to a tank valve leaking into pipe work. However boreholes on the periphery of Tank 115 were found to contain product. SEM treated the fluctuations as an unconfirmed leak to Tank 114 and introduced a water heel and to emptied it. By 27 June 2012 the product transfer to two other tanks on site was complete.

Throughout the incident SEM and EAW continually monitored the environment and there was no evidence that gas oil had left site. SEM provided continued updates and mitigation measures were immediately instigated by the operator. Water samples were taken by the regulator from an interception trench in the bund of Tank 114 and boreholes on the periphery all showed a match with the gas oil that had been stored in the tank.

Following venting and making safe of Tank 114 it was inspected on 30 July 2012 by SEM and the Competent Authority (EAW and HSE). A 1 cm hole was found in the tank floor just outside the central sump area and marked for removal along with area of blistering and flaking of the epoxy coating that were identified. On 6 August 2012 the sections marked for further analysis at the Health and Safety Lab (HSL) were removed for testing.

In September 2012 SEM voluntarily provided their consultants report on the Tank 114 incident this report is entitled: *'Environmental Risk Completion Report Tank 114'* RPS ref: JER3511Z

Tank 114 Incident Investigation in brief: A full investigation was undertaken by NRW with the Health and Safety Executive (HSE) concerning the Tank 114 incident. The incident was classified as routine by the HSE and was led by NRW as it resulted in an environmental impact and there were no safety related consequences. The incident resulted in < 1 hectare of contaminated groundwater so it is not reportable to the European Commission. However this did not remove the need to investigate this incident under the Control of Major Accident and Hazard Regulations (COMAH).

During the investigation all lines of enquiry were examined amongst other considerations such as intent (there was no intent), environmental effect, previous history (evident that the cause was different from previous event in 2005) and foreseeability. It was concluded that the cause of the incident was 'Failure of epoxy coating coupled by water'. However the foreseeability of the incident was difficult to determine and required the examination and consideration of the following:

- Failure to carry out examination of the floor at 50% of predicted floor life
- And / or failure to follow appropriate guidance

In short the investigation examined in the main the following areas:

- Tank 114 floor Inspection Frequency
- Tank 114 Floor History
- Water Draw Off
- Coated Floor Quality Assurance

The findings from these areas of examination were discussed with SEM during this meeting and following the conclusion of the investigation on 10 April 2014.

Objective 2: To discuss the Inspection frequencies within API 653 and EEMUA 159 Guidance Compared with the Operators Working Scheme of Examination.

The Buncefield incident demonstrated the importance of preventing loss of containment from bulk storage tanks. Following this incident the HSE considered establishing a set of enforceable standards for mechanical integrity management of bulk storage tanks. As part of the work the HSE lab reviewed existing standards and considered their suitability as components of a set of enforceable standards. The discussion and conclusions of the following report suggested that if a recommendation is to be made to operators regarding minimum standards acceptable for ensuring effective mechanical integrity management of bulk storage containers it will need to take the form of guidance identify a collection of standards that when taken together encompass the relevant issues.

'Mechanical Integrity management of bulk storage tanks (Review of Standards) HSE 2009 Research report RR760'

The standards of most interest regarding inspection maintenance and repair include American Petroleum Industry (API) guidance 653 and Engineering Equipment Materials User Association (EEMUA) guidance 159. Table 1 overleaf has been compiled to outline the tank inspection frequencies that were being discussed during the Tank114 investigation. The HSE recognises the difference with the application of the various guidance however the regulator cannot stipulate a preference this is an operational matter.

In summary SEM applied an industry best practice figure of 10 years to the internal inspection frequency of their tanks. The operator has also been applying API653 in their working scheme of examination (WSE).

Action: If SEM continues to work to the API 653 guidance as opposed to EEMUA 159 there is an explicit need for the presence of water to be considered in the WSE - In implementing API 653 the operator needs to be in a position to demonstrate how this presence of water affects the internal tank inspection frequency.

Furthermore in the determination of an internal tank inspection frequency are assumptions based on a perfect application of an epoxy coating. SEM has indicated that changes have been made concerning third part assurance and inspection during tank coating in their WSE. It is expected that this will be reviewed in future site audits.

Table 1 Shows the Inspection Frequencies in Years from API 653 and EEMUA 159 (Edition 3) Guidance Compared to the Operators Working Scheme of Examination.

EEMUA 231			
Service Conditions	API 653	EEMUA 159 (Table B.3-1) INTERNAL (Years)	WSE
Gas Oil	20	16 (Group 4)	10 (Industry Best Practice/ Group 6)
Water (lined)	-	7 (Group 1)	-
Water (unlined)	-	3 (Group 1A)	-
Water Present	Taken in to consideration	-	?

NB/ Since this meeting a new edition 4 of EEMUA 159 has been published. During the investigation EEMUA 159 Edition 3 applied.

- Preventative measures were agreed during the investigation which included the operator making a commitment to review and implement over time EEMUA 231 into the management system, maintenance, compliance and replacement of safety critical plant and equipment, competency management the review and improvement of KPIs for plant and equipment / actions to be taken forward. The operator also advised that progress regarding the implementation of EEMUA 231 in the EMS would be discussed during COMAH quarterly review meetings. NRW has formally acknowledged the operator’s commitment to the implementation of EEMUA 231 in the operations of the storage facility and is very encouraged by it.
- NRW advised that the next COMAH visit will be a joint EPR visit with the HSE 2014/15 to examine the measures that have been implemented since the incident (Joint EPR, HSE visit in 2014/15).

Objective 3: To discuss the operator’s use of the water draw off data, the frequency and design of the central tank sump.

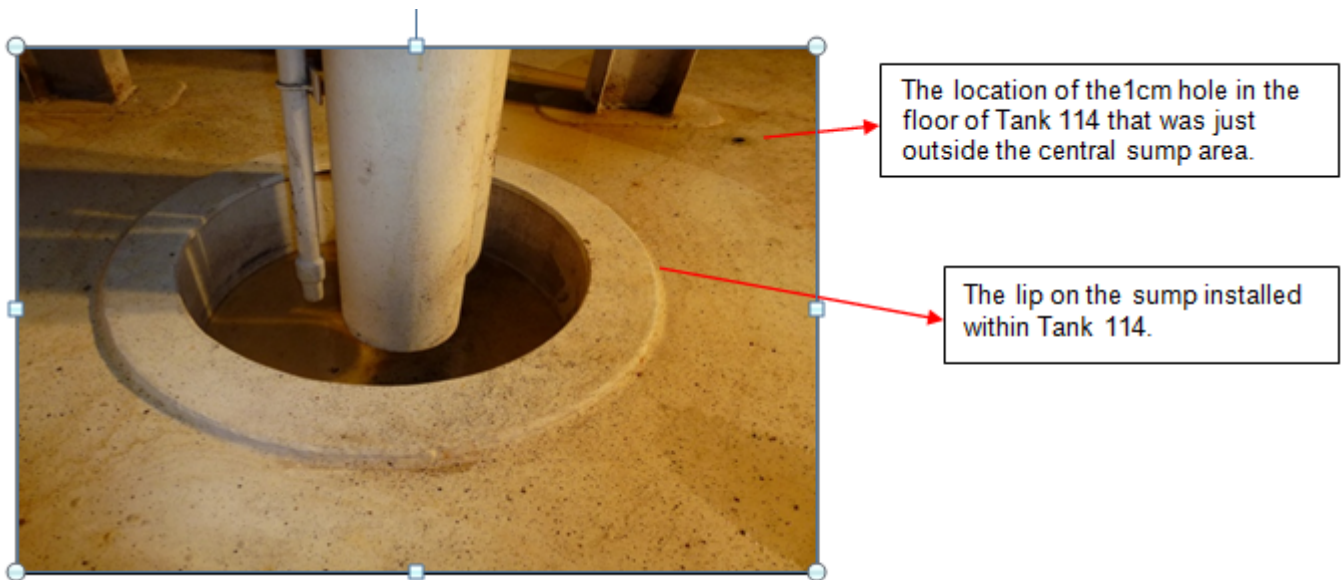
The following information was requested and queried during the incident investigation:

- Water drainage records
- Tank fill history

The following questions were raised as a result of the analysis of this information during the investigation and discussed during this meeting:

- For tanks that are left empty for long periods of time what procedures are taken into consideration by SEM when bringing the tank back into service;
- Does SEM make use of drainage records and analyse the data collected;
- The frequency of water draw off and whether it is taken from the tank when empty;
- Tank Sump design – A discussion was held during this meeting concerning the sump design and the ability for it to retain water, which is then in contact with the floor, behind the lip that sits proud of the floor. The operator explained that the sump is constructed to the appropriate design code and standard but agreed that the lip proud of the floor gives the potential for water to remain behind it.

Recommendation: Operator to consider the questions raised concerning water draw off in their site operations.



The photograph above shows the sump in Tank 114 which has been constructed to standard and installed in 2006 following the incident on Tank 115 in 2005.

Objective 4: To discuss the classification of the Tank 114 Incident according to the NRW Compliance Classification Scheme (CCS)

According to the Compliance Classification Scheme guidance (CCS) the environmental effect of the incident resulted in the following:

Any spillage or discharge of noxious, poisonous or polluting matter to surface waters or groundwater will be presumed to have an impact. The groundwater impact has been addressed in an enforcement decision.

However as a consequence of the incident the operator also incurred a CCS Category 2 breach of permit condition 6.2.1 'There shall be no emission to land from the Permitted Installation' and on conclusion of the incident investigation this has been documented on this CAR.

Objective 5: To discuss the monitoring and odour management plan implemented and maintained on site.

In November 2012 a meeting was held with the operator and their consultants regarding an addendum to a report submitted in August 2012 during the incident investigation (entitled 'Environmental Risk Completion Report Tank 114' Dated August 2012). In brief the regulator was presented with a summary of additional mitigation measures and monitoring works that were on-going at the time of the incident. This work included the installation of 36 new boreholes giving a total of 58 monitoring locations. The operators consultant also outlined their conclusions and recommendation in that the mitigation measures were sufficient in minimising the potential impacts on controlled water and proposed a move to routine monitoring on site in about 12 to 18 months.

Action: Operator to provide an update to NRW on the current position regarding the site monitoring following this incident.

Action: Operator to provide details of any decommissioning / backfilling of boreholes and mitigation trenches that were constructed during this incident.

Action: Operator to provide NRW with a copy of the most up to date ground water monitoring plan for the Milford Haven site.

During the incident there was a commitment from the operator to develop an odour monitoring strategy. Following the incident NRW continues to receive the occasional complaints of odour concerning the site. Condition 6.1.3.of the environmental permit requires the operator to implement and maintain an odour management plan. It is expected that the operator should follow this plan in the event of an amenity complaint. A discussion was held with the operator concerning receptor sensitivity following an incident which is recognised in the regulators H4 Odour Management Guidance which can be found via the following

link:

<https://www.gov.uk/government/publications/environmental-permitting-h4-odour-management>

Action: Operator to provide NRW with a copy of the most up to date odour management plan by 5 September 2014.

Water Heel

A brief discussion was also held during this meeting regarding the operator's precautionary response in the initial stages of the Tank 114 incident and the good practice of introducing a water heel. NRW requested that the regulator is notified when a water heel is introduced in a tank.

Action: Operator to review their procedures concerning the introduction of a water heel and to notify the regulator when this action is taken.

Industrial Emissions Directive (IED) – Existing Plant Requirements

As part of the transposition of the Industrial Emissions Directive (2010/75/EU) SEM were reminded that from 7 January 2014, those installations holding permits under the Environmental Permitting (England and Wales) Regulations 2010 (EPR) will now need to meet the requirements of this directive.

Area Management Team Visit

Following the formation of NRW Huwel Manley (HM) is now Environment Manager for Pembrokeshire and Carmarthenshire and a proposed introductory visit for HM was discussed during the meeting.

Conclusion

On 10 April 2014 SemLogistics Milford Haven Ltd accepted an offer of a formal caution from NRW for the discharge of gas oil from Tank 114 to the groundwater concluding the investigation. This conclusion enabled NRW to discuss in greater detail the findings of the investigation and to explain certain lines of enquiry for future consideration by SEM in the operations on site. The main objective of this meeting was the discussion of incident findings and to outline the actions and recommendations identified from the investigation. This incident also incurred a breach of permit condition 6.2.1 'there should be no emission to land from the permitted installation' and this has been classified as a category 2 according to CCS due to the potential significant environmental effect and is documented on this CAR form. NRW recognised the immediate actions taken in response to the incident and the full cooperation of SEM and this was noted and taken into consideration by the regulator. Furthermore it is also acknowledged that the operator has made a commitment in the implementation of EEMUA guidance 231 and this will need to be demonstrated during future joint visits by NRW and the HSE to the site.

[END]

This form will report non-compliance with your permit as determined by an NRW officer

Site	SemLogistics Milford Haven Ltd	Permit	BK1341IN
Operator/ Permit	SemLogistics Milford Haven Ltd	Date	08/08/2014

Section 3- Enforcement Response **Only one of the boxes below should be ticked**

You must take immediate action to rectify any non-compliance and prevent repetition. Non-compliance with your permit conditions constitutes an offence and can result in criminal prosecutions and/or suspension or revocation of a permit. Please read the detailed assessment in Section 2 and the steps you need to take in Section 4 below.

Other than the provision of advice and guidance, at present we do not intend to take further enforcement action in respect of the non-compliance identified above. This does not preclude us from taking enforcement action if further relevant information comes to light or advice isn't followed.	X
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In respect of the above non-compliance you have been issued with a warning. At present we do not intend to take further enforcement action. This does not preclude us from taking additional enforcement action if further relevant information comes to light or offences continue.	
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We will now consider what enforcement action is appropriate and notify you, referencing this form.	
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Section 4- Action(s)

Where a non - compliance has been detected and an enforcement response has been selected above, this section summarises the steps you need to take to return to compliance and also provides timescales for this to be done.

Criteria Ref.	CCS Category	Action Required/Advised	Due Date
See Section 1 above			
N/A		Action: If SEM continues to work to the API 653 guidance as opposed to EEMUA 159 there is an explicit need for the presence of water to be considered in the WSE - In implementing API 653 the operator needs to be in a position to demonstrate how this presence of water affects the internal tank inspection frequency.	Immediate effect
		Recommendation: Operator to consider the questions raised concerning water draw off in their site operations.	N/A
		Recommendation: Based on the findings of the Tank 114 incident the sump design concerning the retention of water behind the lip to be discussed by the CA.	Immediate effect
		Action: Operator to provide an update to NRW on the current position regarding the site monitoring following this incident.	5 September 2014 on e-mail
		Action: Operator to provide details of any decommissioning / backfilling of boreholes and mitigation trenches that were constructed during this incident.	19 September 2014
		Action: Operator to provide NRW with a copy of the most up to date ground water monitoring plan for the Milford Haven site.	19 September 2014
		Action: Operator to provide NRW with a copy of the most up to date odour management plan by 5 September 2014.	5 September 2014
		Action: Operator to review their procedures concerning the introduction of a water heel and to notify the regulator when this action is taken.	5 September 2014

Section 5 - Compliance notes for the Operator

To ensure you correct actual or potential non-compliance we may

- advise on corrective actions verbally or in writing
- require you to take specific actions in writing
- issue a notice
- require you to review your procedures or management system
- change some of the conditions of your permit
- decide to undertake a full review of your permit

Any breach of a permit condition is an offence and we may take legal action against you.

- We will normally provide advice and guidance to assist you to come back into compliance either after an offence is committed or where we consider that an offence is likely to be committed. This is without prejudice to any other enforcement response that we consider may be required.
- Enforcement action can include the issue of a formal caution, prosecution, the service of a notice and or suspension or revocation of the permit.

See our Enforcement and Civil Sanctions guidance for further information

This report does not relieve the site operator of the responsibility to

- ensure you comply with the conditions of the permit at all times and prevent pollution of the environment
- ensure you comply with other legislative provisions which may apply.

Non-compliance scores and categories

CCS category	Description	Score
C1	A non-compliance which could have a major environmental effect	60
C2	A non-compliance which could have a significant environmental effect	31
C3	A non-compliance which could have a minor environmental effect	4
C4	A non-compliance which has no potential environmental effect	0.1

Operational Risk Appraisal (Opra) - Compliance assessment findings may affect your Opra score and/or your charges. This score influences the resource we use to assess permit compliance.

Section 6 – General Information

Data protection notice

The information on this form will be processed by Natural Resources Wales (NRW) to fulfill its regulatory and monitoring functions and to maintain the relevant public register(s). NRW may also use and/or disclose it in connection with:

- offering/providing you with its literature/services relating to environmental matters
- consulting with the public, public bodies and other organisations (e.g. Health and Safety Executive, local authorities) on environmental issues
- carrying out statistical analysis, research and development on environmental issues
- providing public register information to enquirers
- investigating possible breaches of environmental law and taking any resulting action
- preventing breaches of environmental law
- assessing customer service satisfaction and improving its service
- Freedom of Information Act/Environmental Information Regulations request.

NRW may pass it on to its agents/representatives to do these things on its behalf. You should ensure that any persons named on this form are informed of the contents of this data protection notice.

Disclosure of information

NRW will provide a copy of this report to the public register(s). However, if you consider that any information contained in this report should not be released to the public register(s) on the grounds of commercial confidentiality, you must write to your local area office within twenty working days of receipt of this form indicating which information it concerns and why it should not be released, giving your reasons in full.

Customer charter

What can I do if I disagree with this compliance assessment report?

If you are unable to resolve the issue with your site officer, you should firstly discuss the matter with the officer's line managers. If you wish to raise your dispute further through our official **Complaints** and **Commendations** procedure, phone our general enquiry number **0300 065 3000** (Mon to Fri **08.00–18.00**) and ask for the **Customer Contact team** or send an email to enquiries@naturalresourceswales.gov.uk If you are still dissatisfied you can make a complaint to the Public Services Ombudsman for Wales. For advice on how to complain to the Ombudsman phone their helpline on **(0845) 601 0987**.