Cyfoeth Naturiol Cymru
Natural Resources Wales

Compliance Assessment Report CAR_NRW0052127

Permit being assessed: AB3090CC.

For: Argoed Farm AD Facility, **held by:** Derwent Renewable Power Ltd

At: Argoed, Trefeglwys, Caersws, Powys, SY17 5QT.

Type of assessment: Report/Data Review,

Reason: Routine.

On: 17/06/2026.

Parts of permit assessed: Management System, Improvement Programme.

NRW Lead Officer: Malcolm Dines.

Report sent to: Roger Hughes, Director and Technically Competent Manager, on 04/08/2026.

1. Summary of our findings (full details in section 4)

Part of permitted activity assessed (compliance criteria)	Assessment result	Permit condition
W1A - Waste - Management - General management	C3 Minor	1.1.1(a)
W1A - Waste - Management - General management	C2 Significant	1.1.1(a)
W2G - Waste - Operations - Improvement programme	C3 Minor	2.4.1
W3G - Waste - Emissions and monitoring - Fire	C3 Minor	3.7.1

Result types are explained in more detail in the ‘Important Information’ section below.

Total non-compliances recorded	Total non-compliance score
4	43

How we use the non-compliance score to calculate your annual fee is explained in the ‘Important Information’ section below.

2. What action is required?

Criteria	Action needed	Complete by
W1A	Comply with compliance report actions	04/08/2026
W1A	Comply with the Regulation 36 Notice relating to this permit	01/11/2026

Criteria	Action needed	Complete by
	breach: Fully update, and submit to Natural Resources Wales, the Management System for Argoed Farm Anaerobic Digestion plant to ensure that it reflects all permitted activities and that it is written in accordance with and meets the minimum standards of Natural Resources Wales' guidance document, 'How to Comply with your Environmental Permit' and the requirements set out in the body of this report	
W2G	Submit the infrastructure report required by Improvement Condition 1	30/09/2026
W3G	Submit a copy of the Fire Prevention and Mitigation Plan for Argoed Farm Anaerobic Digestion site, that is written using the current, relevant fire prevention plan guidance	01/11/2026

Compliance criteria codes are listed in the ‘Important information’ section below.

3. What will happen next?

Any non-compliance we have identified and recorded on this form is an offence. It can result in criminal prosecution and/or suspension or revocation of your permit.

You are non-compliant with your permit.

We are currently considering taking enforcement action against you for the non-compliance recorded above. We will contact you in due course.

4. Details of our assessment

This was a routine review of data undertaken by Malcolm Dines (Waste Regulation Officer) following the expiration of the deadline for actions on Compliance Report CAR_NRW0051848, dated 15/05/2026; Compliance Report CAR_NRW005063, dated 30/03/2026 and Improvement Condition 1 of this permit.

The issue of this report was delayed to allow time to prepare a Regulation 36 Notice to be issued at the same time.

Permit Breaches

W1A - General Management - Cat 3: Permit Rule 1.1.1(a)
The company has been given this Category 3 breach of rule 1.1.1(a) for failing to comply with the following actions required by Compliance Report CAR_NRW005063, dated 30/03/2026:

1. Submit a report that identifies and details the root cause of the failure of the digester on 30 November 2024.
2. Submit copies of the site Inspection checklists for the period from 01/11/2025 to 05/12/2025
3. Update the Management System and ensure that it includes any requirements set out in previous compliance reports and Operating Techniques 6 and 8 of the permit.
4. Submit copies of the following, or an explanation of why these records are not available, by 11 June 2026:

1. ALL Biological Reports made since 1 April 2020
2. ALL daily/weekly check sheets since 1 April 2020
3. ALL Maintenance reports and records relating to the Digester tank since 1 April 2020
4. ALL records of de-gritting activities - other than any listed in points 1 to 3 above - carried out since 1 April 2020
5. Submit the Infrastructure Report required by Improvement Condition 1.
6. Fire Prevention and Mitigation Plan

2. Submit copies of the site Inspection checklists for the period from 01/11/2025 to 05/12/2025.

Action: Ensure that you comply with actions on compliance reports **with immediate effect.**

W1A - General Management - Cat 2: Permit Rule 1.1.1(a)
The company have been given this Category 2 breach of rule 1.1.1(a) as the management system for Argoed Farm Anaerobic Digestion plant is inadequate. A copy of a management system for the site was submitted by the company's consultant on 21 May 2026, but this was no different to the management system submitted by Roger Hughes on 5 February 2026. The document submitted on both occasions show that the management system has not been updated since August 2024, before the failure of the digester on 30 November 2024, and therefore does not include any changes required to address the failure and prevent a re-occurrence of the digester failure.

It is reasonably foreseeable that the failure to have a suitable environmental management system for an anaerobic digestion plant may result in a significant pollution of the environment. Digestate has a high biological oxygen demand and in the event that it enters watercourse could result in significant pollution. Due to the gases produced by the process, poor management of the site can result in the collapse or explosion of a digester. The site has a history of poor compliance with the permit and the root cause of the failure of the digester November 2024 can be considered to be the failure to operate in accordance with an adequate management system.

Permit rule 1.1.1(a) requires the company to have a written management system, run the permitted activities according to it, and improve it if the site is not compliant. An effective management system will enable the company to manage compliance with the permit and any other legal requirements to protect the environment. Natural Resources Wales' guidance document, "How to Comply with your Environmental Permit" sets out appropriate measures that provide the basic standards that are expected to be met on site to demonstrate compliance with this condition.

I have reviewed the management system that was submitted on 21 May 2026 and can confirm that it is inadequate because:

1. It has not been reviewed and updated following changes to the site and equipment, following the failure of the digester or following breaches of the permit where the compliance action was to review and update the management system. As set out on Compliance Report CAR_NRW0045709, you have received non-compliances for this breach on multiple previous

occasions and have failed to complete any of those actions. The Natural Resources Wales guidance document, “How to Comply with your Environmental Permit”, states that the company must review the management system when:

- there are changes on site, in your activities and/or equipment
- if you are applying for a variation to your permit
- if there is an accident, complaint or breach of your permit.

2. There is no contingency plan.
3. The accident management plan does not address potential issues and impacts at the site.
4. The site plans provided by the company all detail the site as built in 2016 and have not been updated to reflect current site operations such as changes to the surface water drainage system, installation of a second gas engine, re-building the silage clamp and digester and the construction of the storage lagoon. Our guidance document, “How to Comply with your Environmental Permit”, requires that the site plans are regularly updated, especially when processes are changed or work is carried out on-site and the site plans should have been updated once the site was re-built.
5. There is no documentation as to how the silage clamp and the storage lagoon are managed.
6. There are no details of what emissions and discharges there are from the site, or what the monitoring requirements are for the site.
7. There is no reference to the new electronic maintenance recording system that includes routine maintenance checks and maintenance schedule.
8. There are insufficient details of the maintenance schedule for plant and machinery.
9. There are no details about the feedstocks accepted at the site, or how and where they are stored and managed
10. There are no details of how digestate is stored and managed.
11. There are no details of how any potential pollution from the activities at the site could impact on air, water, land and neighbours. This should include the impact of a failure of the digester and the fugitive emission of the biogas to the atmosphere.
12. There are no details about how the company complies with the requirement to undertake stack emission monitoring.
13. There are no details about how the company will ensure that the silage clamp perimeter drains will be maintained - this must make reference to the requirement of the manufacturer, Knights Construction Ltd., for the need to undertake a camera survey of the perimeter drain every three months.
14. The User Manual (file name: O&M Manual) included in the Management System is version 1, dated 29 September 2016 and so does not take into account the failure of the digester and it being re-built, or changes to the site boundary and infrastructure,
15. There are no details about how the company addresses and resolves previous and existing non-compliances or changes to the permit rules.
16. The site security element of Section 2 contradicts the site security section of the Site Risk Assessment. The section about vandalism of equipment states that the site is fenced off and secured with nominated key holders. This is not the case, there is no fencing and no locked gates, and it is easy to gain access to the site from outside the permit boundary.

17. The section about permitted activities refers to a different permitted site
18. In the section, “Site Information & Contacts”; the “Job Roles” and “Site Details” sections have not been updated since 2024 and do not reflect current staffing at the site.
19. Section 5 was not submitted and so could not be reviewed.
20. Section 6 - Risk Assessment, Incident Records and Management Plans has not been updated since 2017 despite several pollutions of the watercourse below the site occurring; caused by digestate or silage entering surface water drains on the yard.
21. The permit included in section 8 is Standard Rules Permit 2023/01 which is not the correct permit.
22. There is no reference to any of the environmental regulations that the company must comply with to operate this anaerobic digestion activity on an agricultural holding.
23. There is no version control for the management system

As this site is on an agricultural holding, silage and organic manures must be stored in accordance with the Water Resources (Control of Agricultural Pollution)(Wales) Regulations 2021. These regulations require that the silo, its effluent tank and channels and any pipes must be designed and constructed so that with proper maintenance they are likely to last for at least 20 years. Following completion of their work on the silage clamp, Knights Construction specified that due to the perimeter channel being underground, a camera survey would be required every three months to confirm the continued integrity of the infrastructure.

Under Rule 2.4.1 of the company's permit, Operating Technique 8 specifies that,

> *"The operator shall have an inspection, maintenance and repair schedule of the facility’s critical infrastructure, including the impermeable surfacing and drainage system and shall implement the same."*

Therefore undertaking a camera survey of the perimeter drain every three months must be included in the inspection, maintenance and repair schedule for the site and by doing so will meet the requirement for "proper maintenance" under the Water Resources (Control of Agricultural Pollution)(Wales) Regulations 2021

The failure to comply with any part of the Water Resources (Control of Agricultural Pollution)(Wales) Regulations 2021 is an offence under those regulations and will be reported to Welsh Government. It will also be a breach of Rule 1.1.1(a) of this permit because the company will not have minimised the risk of pollution from the site operations.

As noted under the breach of permit rule 1.1.1(a) regarding the failure to submit a report into the failure of the digester on 30 November 2024, I consider that the failure of the digester was due to the company failing to operate in accordance with an adequate management system by failing to undertake an appropriate maintenance programme. This is specifically regarding the de-gritting of the digester but also because the management system does not meet the minimum requirements of the guidance document, "How to comply with you Environmental Permit".

In order for the management system for this site to be effective, the company must implement it. and there must be evidence, in the day-to-day activities taking place on the site, that the management system is being used

Action: Comply with the Regulation 36 Notice relating to this permit breach: Fully update, and submit to Natural Resources Wales, the Management System for Argoed Farm Anaerobic Digestion plant to ensure that it reflects all permitted activities and that it is written in accordance with and meets the minimum standards of Natural Resources Wales' guidance document, 'How to Comply with your Environmental Permit' - How to comply with your environmental permit - and the requirements set out above **by 1 November 2026**

W2C - Operating Techniques - Category 3: Permit Rule 2.4.1 - Improvement Condition 1
The company has been given the above category 3 breach under Rule 2.4.1 as it failed to submit the infrastructure report as required by Improvement Condition 1 of this rule and as set out in Compliance Report CAR_NRW0051848, dated 15/05/2026.

Action: Submit the infrastructure report required by Improvement Condition 1 **by 30 September 2026**

W3G - Fire - Category 3: Permit Rule 3.7.1 - Fire Prevention Plan
The company has been given the above category 3 breach of Rule 3.7.1 as it failed to submit the Fire Prevention and Mitigation Plan for the site as required by Compliance Report CAR_NRW0051848, dated 15/05/2026. Section 3 of the Management System that was submitted includes a section for "Emergency Procedures" and within that is a "Fire Prevention and Action Plan" that is dated 16/07/2024. This action plan does not comply with rule 3.7.1 as it is inadequate and has not been written using the current, relevant fire prevention plan guidance.

Action: Submit a copy of the Fire Prevention and Mitigation Plan for Argoed Farm Anaerobic Digestion site, that is written using the current, relevant fire prevention plan guidance - Natural Resources Wales / Fire prevention and mitigation plans - **by 01 November 2026**

Other Matters

W1A - General Management - Permit Rule 1.1.1(a) - Report into the failure of the digester on 30 October 2025

The company was originally required to submit a report that fully investigated the failure and identify the root cause of the failure of the digester on 30 October 2024 on CAR_NRW0049580, dated 24/10/2025 with a deadline of 30 November 2025. The company failed to comply with this deadline and were subsequently required to submit the report by 9 February 2026 by compliance report CAR_NRW0050083, dated 05/12/2026.

A letter, dated 6 February 2026, was submitted by the company's consultant with a short explanation of the failure that was taken from a report by the company's insurers into the failure. While this identified a reason for the digester failure, it did not identify why that situation occurred, but suggested that the cause was the foaming incident in early 2023 however, there was no further explanation of why this was considered to be the cause. It did not address the root cause of the failure, or identify ways to prevent a reoccurrence and the company failed to submit site maintenance records.

The management system for Argoed Farm Anaerobic Digestion Plant includes the document, *"Site Operations Risk Assessment version 1"*, dated 18 July 2017, that includes an assessment of the risk of Crust Formation with the potential harm being, *"Pressure build up causing tank failure resulting in land, watercourse/ground water contamination"* with an environmental risk as having a medium likelihood of occurrence with a high severity of impact. The risk management was specified as, *"Pressure build up causing tank failure resulting in land, watercourse/ground water contamination"* and to manage this risk the operator must use the *"Marches Biogas Biological reports; Daily/ weekly checks sheet; Marches Biogas Maintenance reports and records".*

In addition, section 4.3.1 of the section of the Management System called, *"User Manual version 1"* dated 23/09/2016, specifies,

> *"De-gritting is performed nominally once a month, but this should be carried out much more frequently where feedstocks containing large quantities or grit are utilised."*

Until 2023 the feedstock of the digester included chicken manure from laying chickens which is known to be high in grit and therefore, due to the above section of the Management System, it is reasonable to expect that the anaerobic digester would have required de-gritting more frequently that once a month.

At the site visit on 01 May 2026, I explained that the information provided was insufficient because the company had provided a short section of a report from an investigation by the insurance company that did not provide technical details to explain the failure of the digester. As no report was submitted, there was no explanation of the maintenance programme and while Roger Hughes did provide some insight, explaining that following the foaming incident in 2023, the maintenance company advised not to drain down the digester, Mr Hughes admitted that in hindsight it was the wrong decision and that the digester should have been drained down and assessed for damage. In addition, as the Daily/Weekly check sheets were not submitted as required by compliance report CAR_NRW0051848, dated 15 May 2026, and no reason for not submitting the records has been provided. These records are required to be kept so that the company can demonstrate that the correct inspection and maintenance checks have been carried out.

It is clear that the failure of the digester was in part due to the company failing to operate in accordance with an adequate management system. The failure to provide records suggest that either records were not kept or would demonstrate that the company failed to undertake an appropriate maintenance programme, specifically regarding the de-gritting of the digester.

However, I feel that while the company has not complied with the required compliance actions, there is no benefit to requiring further information to be submitted and that the environmental risk from the digester is adequately controlled by the permit. Therefore there is **no further action** to be taken regarding this matter.

<u>W2A - Permitted Activities: Permit Rule 2.1.2 - Operating in accordance with manufacturers recommendations</u>
Compliance Report CAR_NRW0050634 required records to be submitted that demonstrated the company is complying with rule 2.1.2, that "process plant and equipment

shall be commissioned, operated and maintained, and shall be fully documented and recorded, in accordance with the manufacturers recommendations."

During the compliance visit on 5 February 2026, the company explained that their insurance company indicated that both incomplete mixing of the digestate and the formation of a thick crust in 2023 are causal factors for the failure of the digester.

The management system for Argoed Farm Anaerobic Digestion Plant includes the document, *"Site Operations Risk Assessment version 1"*, dated 18 July 2017, that includes an assessment of the risk of Crust Formation with the potential harm being, *"Pressure build up causing tank failure resulting in land, watercourse/ground water contamination"* with an environmental risk as having a medium likelihood of occurrence with a high severity of impact. The risk management was specified as, *"Pressure build up causing tank failure resulting in land, watercourse/ground water contamination"* and to manage this risk the operator must use the *"Marches Biogas Biological reports; Daily/ weekly checks sheet; Marches Biogas Maintenance reports and records".*

In addition, section 4.3.1 of the section of the Management System called, *"User Manual version 1"* dated 23/09/2016, specifies,

> *"De-gritting is performed nominally once a month, but this should be carried out much more frequently where feedstocks containing large quantities or grit are utilised."*

Until 2023 the feedstock of the digester included chicken manure from laying chickens which is known to be high in grit and therefore, due to the above section of the Management System, it is reasonable to expect that the anaerobic digester would have required de-gritting more frequently that once a month.

Permit rule 4.1.1(d) states that,

"All records required to be made by these standard rules shall be retained, unless otherwise agreed by Natural Resources Wales, for at least 6 years from the date when the records were made"

Compliance report CAR_NRW0051848, dated 15/05/2026 required the company to submit copies of the following, or an explanation of why these records are not available.

1. ALL Biological Reports made since 1 April 2020
2. ALL daily/weekly check sheets since 1 April 2020
3. ALL Maintenance reports and records relating to the Digester tank since 1 April 2020
4. ALL records of de-gritting activities - other than any listed in points 1 to 3 above - carried out since 1 April 2020.

The company has failed to submit either the records or a reason for the records not being available.

However, I feel that while the company has not complied with the required compliance actions, there is no benefit to requiring further information to be submitted and that the environmental risk from the digester is adequately controlled by the permit. Therefore there is **no further action** to be taken regarding this matter.

In this document 'Natural Resources Wales' means the Natural Resources Body for Wales established by Article 3 of the Natural Resources Body for Wales (Establishment) order 2012

If you have any queries about this report, or to discuss completion of any actions, please contact the NRW Officer named above.

Important information

Legal status of this report
Your permit is issued to you under the Environmental Permitting Regulations. You have a responsibility to comply with the conditions of your permit and prevent pollution/harm of the environment. You must also ensure that you comply with any other relevant legislation that may apply to your site's operations.

This report explains the findings of our assessment and any action you are required to take. We categorise non-compliance using our guidance for assessing non-compliance at regulated sites.

When we find potential non-compliance/s we will normally give you advice on how to maintain compliance.

To correct non-compliance, we may:
- require you to take specific actions
- issue a notice
- review the conditions of your permit.

Any advice and guidance we give will be without prejudice to any other enforcement response that we consider may be required.

Assessment results and non-compliance categories (used in section 1):

Assessment result	Description
Assessed (A)	Assessed or assessed in part, no evidence of non-compliance found
Action only (X)	Action required for the permit condition assessed to avoid non-compliance. No non-compliance scored at this time
Ongoing (O)	Ongoing non-compliance, not scored

Non-compliance category	Description	Score
C1 Major	Potential to have a major, serious, persistent and/or extensive impact or effect on the environment, people and/or property	60
C2 Significant	Potential to have a significant impact or effect on the environment, people and/or property	31
C3 Minor	Potential to have a minor or minimal impact or effect on the environment, people and/or property	4
C4 No environmental impact	Non-compliance at a regulated site that cannot foreseeably have any impact on the environment, people and/or property	0.1

How we use assessment scores
The number and severity of non-compliances recorded in a year will affect your annual subsistence fee the following year. A non-compliance factor is added to your site's Operator Performance Risk Appraisal (OPRA) score when we calculate your fee to reflect the additional resource we use to assess permit compliance.

If your assessment result in Section 1 is suspended, what does this mean?
In line with our guidance, we may suspend scores for up to six months to allow time for remedial action to be taken. Suspended scores will be re-instated if the action is not completed.

Full list of Waste compliance criteria (used in section 1 and 2):

1. Management
- W1A – General management
- W1B – Energy Efficiency (MCP/SG facilities only)
- W1C – Avoidance, recovery and disposal of wastes produced by the activities

2. Operations
- W2A – Permitted activities
- W2B – Waste recovery plan
- W2C – Operating techniques
- W2D – The site
- W2E – Waste acceptance
- W2F – Technical requirements
- W2G – Improvement programme
- W2H – Pre-operational conditions

3. Emission and Monitoring
- W3A(1) – Emissions to water
- W3A(2) – Emissions to air
- W3A(3) – Emissions to land
- W3B – Emissions of substances not controlled by emission limits
- W3C – Odour
- W3D – Noise and vibration
- W3E – Monitoring
- W3F – Pests
- W3G – Fire

4. Information
- W4A – Records
- W4B – Reporting
- W4C – Notification

Enforcement response
Any non-compliance with a permit condition is an offence and we may take legal action against you. Action we take can include prosecution, serving a notice on you and/or suspension or revocation of your permit. See our Enforcement and Sanctions Guidance for further information.

Data protection notice
You should make sure that anyone named in this report knows that the information it contains will be processed by Natural Resources Wales to fulfil its regulatory and monitoring functions and to maintain the relevant public register(s).

We may also use and/or disclose the report in connection with:

- offering or providing you with our literature or 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
- assessing customer service satisfaction and improving our service
- Freedom of Information Act or Environmental Information Regulations requests.

We may also pass it on to our agents or representatives to do these things on our behalf.

Disclosure of information – this report will be available to view on-line
If you think this report contains commercially confidential information that should not be placed on our public register, you must contact your local Natural Resources Wales office within **fifteen working days** of receiving this report, using the contact details in the accompanying email or letter. You must give a full explanation of why it should not be added to our public register, including specifying which information is commercially confidential. We will assess your request and respond to you within twenty working days to let you know if we agree to your request.

Disputing the Content of this Compliance Assessment Report Form
If you disagree with the content of this Compliance Assessment Report form, you should submit your concerns, in writing, to the regulating officer who issued it within **15 working days** of its issue. This will be treated as a **Stage 1 review**.

If you are not satisfied with the outcome of the stage 1 review, you may request a **Stage 2 appeal**. This request must be submitted **within 21 working days** of receiving the response from the stage 1 review.

Further details on our review and appeal process are available at: Natural Resources Wales / Appeal a regulatory decision from Natural Resources Wales

Concerns Not Related to the Content of this Compliance Assessment Report Form
If your concerns do not relate to the content of the Compliance Assessment Report form, you should first attempt to resolve the issue with the regulating officer or their line manager.

If the issue remains unresolved, please contact our **Customer Contact Team**:

- **Telephone**: 0300 065 3000 (Monday to Friday, 09:00–17:00)
- **Email**: enquiries@naturalresourceswales.gov.uk

They will provide details on how to escalate your concerns through our **Complaints and Commendations procedure**.

If you are dissatisfied with our response, you may contact the **Public Services Ombudsman for Wales**:

- **Telephone**: 0300 790 0203
- **Email**: ask@ombudsman.wales

Welsh Language Standards

We are committed to establishing Natural Resources Wales as a naturally bilingual organisation. We will provide compliance reports in your preferred language.