

Compliance Assessment Report CAR_NRW0037615

Permit being assessed: AP3136UA.

For: Milford Haven Energy , held by Dragon LNG Ltd

At: WATERSTON REFINERY , MILFORD HAVEN, MILFORD HAVEN, DYFED, SA73 1DR.

Type of assessment carried out: Report/Data Review, Reason: Other.

On 31/12/2020.

Parts of permit assessed: Permit Notification - Gas Leak

NRW Lead Officer: Gary Evans.

Report sent to: Paul Howells, HSE Manager on 12/02/2021.

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

Part of permitted activity assessed (criteria)	Assessment result	Permit condition
D2 - Incident Management - Accidents, emergency and incident planning	Assessed (A)	
G1 - Monitoring and Records, Maintenance and Reporting - Monitoring of emissions and environment	Assessed (A)	
G4 - Monitoring and Records, Maintenance and Reporting - Reporting and notification to Natural Resources Wales	Assessed (A)	
E1 - Emissions - Air	C2 Significant	3.1.1 No unauthorised release

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

Total number of non-compliances recorded	Total non-compliance score
1	31

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
E1	Improve Operations	Already completed

Action 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

Introduction

This Compliance Assessment Report (CAR) is a written record of an incident that occurred at the Dragon LNG facility on the 8th of May 2020 at 15:25hrs. Natural Resources Wales (NRW) were formally notified (Part A notification as required by permit conditions) of a release of natural gas from the send out header flange between SCV2 and SCV3 discharge point at approximately 10m above grade. The estimated quantity was >500kg and the company also informed the HSE under RIDDOR. The leak was repaired immediately after identification and this incident has not caused any injuries or immediate environmental damage.

Please note that during the drafting of this report there was a global pandemic (COVID-19) which resulted in restrictions and stringent measures in place around the world. This CAR form aims to conclude the compliance assessment of the potential environmental impact from this leak as well as the root cause to prevent a reoccurrence.

Incident in Brief:

The incident that occurred at the Dragon LNG facility on the 8th of May 2020 at 15:25hrs was initially thought to be due to degradation of flange gasket that led to loss of containment of liquefied natural gas from a send-out header line. The leak was identified during shift routine inspections, but exact time of leak initiation is unknown. The possible duration leak could have occurred between two routine inspection which occurred on previous shift. Determination of exact quantity of leak and time of initiation is unknown. But worst-case estimation could be greater than 500kg in open environment

The incident was jointly investigated by the Competent Authority (HSE and NRW) and was concluded on the 27th of August 2020 (*Investigation: Natural Gas Leak on 8th May 20 at Flange on Send-out Header*)

The CA has concluded its investigation and No actions legal have arisen from the investigation. The investigation has given rise to a few recommendations which were outlined to Dragon LNG by the HSE letter dated 27th August 2020.

The root cause of the incident, as established by DLNG appears to have been incorrectly torqued bolts at assembly, when the plant was commissioned around 10 or 11 years ago. The company are implementing controls to prevent a recurrence and ensuring that joints are now correctly made following maintenance work. DLNG are also implementing further controls in the area on gas detection.

This being the case DLNG have followed their on-site management and maintenance system and on identification of the release worked with the regulatory authorities in identifying further control measures to further minimise the risk a similar event.

Classification of the permit breach according to the NRW Compliance Classification Scheme (CCS) and EPR compliance.

Section 3 (3.1) of the environmental permit states:

3.1.1 There shall be no point source emissions to water, air or land except from the sources and emission points listed in schedule 3 tables S3.1, S3.2 and S3.3.

NRW considers that permit condition 3.1.1 was breached in respect of the above sections and have been scored (CCS2) in accordance with the NRW Compliance Classification Scheme.

The resultant enforcement action will reflect on the findings of the investigation such as the actual environmental impact, and importantly other factors such as no-intent, operator response / co-operation, and the corrective actions taken to prevent a reoccurrence (root cause investigation).

References

- *CA - Investigation: Natural Gas Leak on 8th May 20 at Flange on Send-out Header (August 2020)*

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 only relating to the activity assessment
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.

What are suspended scores?

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 Industry and Waste action criteria (used in section 1 and 2):

A: Permitted activities

- A1 Specified by permit

B: Infrastructure

- B1 Infrastructure – Engineering for prevention and control of emissions
- B2 Infrastructure – Closure and decommissioning
- B3 Infrastructure – Site drainage engineering (clean and foul)
- B4 Infrastructure – Containment of stored materials
- B5 Infrastructure – Plant and equipment

C: General management

- C1 General management – Staff competency/training
- C2 General management – Management system and operating procedures
- C3 General management – Materials acceptance
- C4 General management – Storage, handling, labelling and segregation

D: Incident management

- D1 Incident management – Site security
- D2 Incident management – Accidents, emergency and incident planning

E: Emissions

- E1 Emissions – Air
- E2 Emissions – Land and groundwater
- E3 Emissions – Surface water
- E4 Emissions – Sewer
- E5 Emissions – Waste

F: Amenity

- F1 Amenity – Odour
- F2 Amenity – Noise
- F3 Amenity – Dust/fibres/particulates and litter
- F4 Amenity – Pests/birds and scavengers
- F5 Amenity – Deposits on road

G: Monitoring and records, maintenance and reporting

- G1 Monitoring and records, maintenance and reporting – Monitoring of emissions and environment
- G2 Monitoring and records, maintenance and reporting – Records of activity, site diary/journal/events
- G3 Monitoring and records, maintenance and reporting – Maintenance records
- G4 Monitoring and records, maintenance and reporting – Reporting and notification to Natural Resources Wales

H: Resources efficiency

- H1 Resource efficiency – Efficient use of raw materials
- H2 Resource efficiency – Energy efficiency

Enforcement response

Any permit condition non-compliance 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 20 working days to let you know if we agree to your request.

What do I do if I disagree with the report or have a complaint?

If you disagree with this compliance assessment report, you should contact the lead officer without delay to discuss your concerns.

If you are unable to resolve the issue with the lead officer or their line manager you should contact our Customer Contact team on 0300 065 3000 (Monday to Friday 08:00 – 18:00), or email enquiries@naturalresourceswales.gov.uk for details of how to raise your dispute further through our Complaints and Commendations procedure.

If you are dissatisfied with our response, you can contact the Public Services Ombudsman for Wales by phone on 0300 7900203 or by email at 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.