

Compliance Assessment Report

Report ID:
CAR_NRW0032897

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

Site	Port Talbot Steel Works	Permit Ref	BL7108IM		
Operator/Permit holder	Tata Steel UK Limited				
Regime	Installations				
Date of assessment	05/02/2018	Time in	N/A	Out	N/A
Assessment type	Audit				
Parts of the permit assessed	1 Management; 2 Operations; 3 Emissions and Monitoring; 4 Information				
Lead officer's name	Cowie, Douglas				
Accompanied by	Baskerville, Guy				
Recipient's name/position	Claire Grainger/ Environment Manager	Date issued	04/07/2018		

Section 1 – Compliance Assessment Summary

This is based on the requirements of the permit under the Environmental Permitting Regulations or the licence under the Water Resources Act 1991 as amended by the Water Act 2003. A detailed explanation is captured in "Compliance Assessment Report Detail" (Section 2) and any actions you may need to take are given in the "Action(s)" (section 4). 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	CCS Category	Condition(s) breached
A1 - Specified by permit	A	
B1 - Infrastructure - Engineering for prevention and control of emissions	A	
B4 - Infrastructure - Containment of stored materials	X	
	X	
B5 - Infrastructure - Plant and equipment	A	
C2 - General Management - Management system and operating procedures	A	
D2 - Incident Management - Accidents, emergency and incident planning	A	
E2 - Emissions - Land and groundwater	C2	3.1.1 Emissions to water, air or land
E3 - Emissions - Surface water	A	
G1 - Monitoring and Records, Maintenance and Reporting - Monitoring of emissions and environment	A	
G2 - Monitoring and Records, Maintenance and Reporting - Records of activity, site diary/journal/events	A	
G3 - Monitoring and Records, Maintenance and Reporting - Maintenance records	A	
G4 - Monitoring and Records, Maintenance and Reporting - Reporting and notification to Natural Resources Wales	A	

KEY: See Section 5 for breach categories, suspended scores will be indicated as such.

A = Assessed or assessed in part (no evidence of non-compliance), **X** = Action only,

O = Ongoing non-compliance, not scored.

Number of breaches recorded	1	Total compliance score (see section 5 for scoring scheme)	31
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If the Number of breaches recorded is greater than zero, please see Section 3 for 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 (eg. 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 advice given
- Any other areas of concern
- Any actions requested
- Any examples of good practice
- A reference to photos taken

Site description

Tata Steel UK Ltd (Tata Steel) operates an integrated iron and steel works at Port Talbot, Neath Port Talbot. The site is permitted as an installation under the Environmental Permitting Regulations (EPR). Tata Steel has several defined industrial processes which are carried out sequentially across the installation to convert raw iron ores and coal to semi-finished (slab) and finished steel products (such as hot rolled, pickled and oiled, cold rolled and annealed steel). The permit also covers coke making and the reception, stockpiling and blending of raw iron making materials. Four other companies – Cambrian Stone, Harsco Metals, Runtech and ICL – are contracted to undertake their own permitted activities at the steelworks on Tata Steel's behalf.

Purpose of visit/assessment

This intervention confirms our EPR compliance assessment in relation to a spillage of heavy fuel oil (HFO) from a pipeline near Phoenix Wharf Tank Farm in August 2016. The spillage resulted in a Compliance Classification Scheme (CCS) Category 2 incident. Associated enforcement action in relation to this case has now concluded.

The relevant permit conditions are listed under Sections 1.1, 2.1, 2.2, 2.3, 3.1, 3.2, 4.1, 4.3 and 4.4 of Tata's permit.

Incident summary

On 22 August 2016 Tata notified NRW about a spill of Heavy Fuel Oil (HFO) within an unoccupied area of land near the Phoenix Wharf Tank Farm serving the steelworks (**S5N/17/72A**).

Further investigation revealed a leak of approximately 142 tonnes of HFO from a pipeline between the tank farm and the steelworks power plant.

The leak occurred within an area of reed bed with difficult access located south-east of the tank farm. Although the leak occurred outside the EPR/BL7108IM permitted installation boundary, Tata Steel UK Ltd owns both the tank farm and the pipeline infrastructure in question.



Once safe access had been secured and the leak isolated and stopped, NRW officers inspected the site on 28 September 2016 to assess the environmental impact. Our conclusions from this inspection are confirmed in **CAR_NRW0026746**.

Tata Steel's response and remediation strategy has been subject to ongoing dialogue and review (see **CAR_NRW0026798**). This was also covered during a site visit on 22/02/2017 which is discussed below. At the time of writing, no impact to surface waters e.g. Port Talbot Docks or other environmental receptors outside the steelworks site 'footprint' has been detected.

The impact of this incident has been assessed as **CCS Category 2 (land)** which translates to an **Incident Categorisation Guidance (ICG) High-Level incident**. NRW has pursued enforcement action against Tata Steel UK Ltd in relation to this incident in accordance with our published Enforcement & Prosecution Policy. This enforcement action has now concluded and Tata Steel UK Ltd has signed a Formal Caution admitting liability for an offence under Regulation 38(2) of the EPR 2010 (as amended).

Compliance assessment

This incident was assessed as COMAH-relevant event in accordance with the criteria outlined in the Control Of Major Accident Hazard Regulations (COMAH) 2015. The COMAH Competent Authority (CA) has concluded that the event did not meet all the criteria for a COMAH Major Accident to the Environment (MATTE) as defined by the regulations. Therefore, it has not been necessary to commence a full COMAH investigation or report the event to the European Commission (EC). The investigation has been taken forward under the EPR regulatory regime as outlined in this report.

Condition 3.1.1 of Tata Steel's permit EPR/BL7108IM specifies that 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, S3.3, S3.4, S3.5, S3.6, S3.7, S3.8, S3.9A & S3.9B.

The leak of HFO to land from the pipeline between Phoenix Wharf Tank Farm and the power plant constitutes a breach of Condition 3.1.1. The environmental impact of this non-compliance has been categorised as significant but localised contamination of land. **One CCS Category 2 score** has been recorded in response to this non-compliance. This score will be applied to Tata Steel's EP OPRA compliance points total for the calendar year 2018.

Root cause investigation

We examined the root cause(s) of this incident during an intervention at Port Talbot steelworks on 22 February 2017.

Persons present – Tata Steel: Jason Heatman, Huw Jones, Giles Payne, Debbie Boyce, Chris Roberts

Persons present – NRW: Douglas Cowie, Guy Baskerville

The inspecting officers examined records relating to the management and inspection of the HFO

pipeline prior to the incident in August 2016. The timeline of operations can be summarised as follows:

- May 2014: Decision to transfer control of Phoenix Wharf Tank Farm and its ancillary pipework from Harsco Metals to Tata Steel
- Jul 2014: Tata Steel takes over control of tank farm assets. Inspection and maintenance schedules reviewed
- Apr 2015: pro-active inspection and non-destructive testing (NDT) of tank farm assets and HFO pipeline commences
- Dec 2015: inspection, testing and repair programme completed

Although the pipeline between the tank farm and the power plant is not subject to the requirements of the Pressure Systems Safety Regulations (PSSR) 2000, the records showed that Tata Steel chose to use PSSR inspection techniques and NDT on the asset as best practice and ensure it was subject to a common inspection and testing regime.

Inspection reports and NDT results including ultrasonic measurements for sections of HFO pipeline 20m either side of the leak location have been scrutinised. These reports describe the general condition of the pipework (underneath its lagging) as good, although the line had not been painted and some areas of visual corrosion were noted. The welds were also tested and found to be in good condition. Crucially, no thickness issues are identified by the inspection reports at any of the test locations.

It is noted that the cost of the pro-active inspection and NDT work programme undertaken in 2015 was in the region of £280K.

Following our inspection, Tata Steel has submitted a detailed Schedule 5 Part B notification for this incident (**S5N/17/72B**) which includes relevant inspection reports and NDT results for the relevant sections of pipework.

NRW is satisfied that a **written scheme of examination/scope of work** exists for the asset in question (HFO pipeline) and there is evidence that relevant inspection and testing was undertaken in 2015. Therefore, the asset has been subject to an appropriate level of maintenance prior to the leak in August 2016 and Tata Steel has complied with permit conditions 1.1.1 and 1.1.2 (management).

Tata Steel is procuring replacement sections of pipework to allow necessary repairs to be made. As a precautionary measure, the entire stretch of pipeline across the reed bed will be replaced and pressure tested before HFO transfer resumes.

The mechanism of failure which led to the leak of HFO has yet to be established. The section of pipe will require cleaning, testing and analysis before this is better understood. NRW is interested in the outcome of this work which should be presented to the regulator at a future compliance intervention.

The clean-up and remediation work at the reed bed is ongoing. Tata Steel has employed land remediation specialists to help with this work. There are some considerations in relation to reed cutting (to allow further HFO recovery) which could potentially increase the risk of wildlife e.g. birds being exposed to the pollutant. Also, ambient temperatures during winter make recovery of the viscous HFO difficult. It is anticipated that work will increase during summer months which generally see warmer temperatures.

To capture any site developments since February 2017, Tata Steel needs to provide NRW with a report outlining the status of the pipeline and reed bed (spill area). The spill remediation measures and ecological impact assessment need to be confirmed in this report along with indicative timescales for the remaining work.

NRW understands that Tata Steel's Million Gallon Tank (MGT) is no longer available for separation of recovered HFO from the spill area. The issues with the MGT are identified and discussed in **CAR_NRW0032992**. Tata Steel needs to confirm what alternative system or arrangement is being used to separate the oil-water mix being recovered from the spill area.

It would be useful to understand what Tata Steel's future strategy is for heavy fuel oil storage at Phoenix Wharf Tank Farm and if HFO is still likely to feature as a tertiary steelworks boiler fuel going forward.

Conclusions and further actions required

This incident was assessed as a **COMAH-relevant event** in accordance with the Control Of Major Accident Hazard Regulations (COMAH) 2015. NRW's investigation has been taken forward under the EPR regulatory regime as outlined in this report.

NRW has pursued enforcement action against Tata Steel UK Ltd in relation to this incident. This enforcement action has now concluded and Tata Steel UK Ltd has signed a **Formal Caution** admitting liability for an offence under Regulation 38(2) of the EPR 2010 (as amended).

The leak of HFO to land from the pipeline between Phoenix Wharf Tank Farm and the power plant constitutes a breach of Condition 3.1.1. The environmental impact of this non-compliance has been categorised as significant but localised contamination of land. **One CCS Category 2 score** has been recorded in response to this non-compliance.

NRW is satisfied that a **written scheme of examination/scope of work** exists for the HFO pipeline which suffered the leak. There is evidence that relevant inspection and testing was undertaken in 2015. Therefore, the asset has been subject to an appropriate level of maintenance prior to the leak in August 2016 and Tata Steel has complied with EPR permit conditions 1.1.1 and 1.1.2 (General management).

The **mechanism of failure** which led to the leak of HFO has yet to be established. NRW is interested in the outcome of Tata Steel's investigation which should be presented to the regulator at a future compliance intervention.

Tata Steel needs to provide NRW with a report outlining the status of the pipeline and reed bed (spill area). The **spill remediation measures** and **ecological impact assessment** need to be confirmed in this report along with indicative timescales for the remaining work.

Considering the loss of the Million Gallon Tank (MGT), Tata Steel needs to confirm what alternative system or arrangement is being used to separate the oil-water mix being recovered from the spill area.

It would be useful to understand what Tata Steel's future strategy is for heavy fuel oil storage at Phoenix Wharf Tank Farm and if HFO is still likely to feature as a tertiary steelworks boiler fuel going forward.

[ENDS]

EPR Compliance Assessment Report

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CAR_NRW0032897**

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Site	Port Talbot Steel Works	Permit Ref	BL7108IM
Operator/Permit holder	Tata Steel UK Limited	Date	05/02/2018

Section 3 – Enforcement Response

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.

We will now consider what enforcement action is appropriate and notify you, referencing this form.

Section 4 – Action(s)

This section summarises the actions identified during the assessment along with the timescales for when they will need to be completed.

Criteria Ref.	CCS Category	Action required/advised	Due Date
See Section 1 above			
B4	X	Following loss of the MGT, Tata Steel needs to confirm what alternative system or arrangement is being used to separate the oil-water mix being recovered from the spill area.	31/10/2018
E2	C2	Investigate and repair source of emission. Provide NRW with a report outlining spill remediation measures being taken.	31/10/2018
B4	X	The mechanism of failure which led to the leak of HFO has yet to be established. The outcome of Tata Steel investigation should be presented to NRW at a future compliance intervention.	31/10/2018

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 verbally or 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 that 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 the Natural Resources Wales (NRW) to fulfil its regulatory and monitoring functions and to maintain the relevant public register(s). The 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 (eg. 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 its service
- Freedom of Information Act/Environmental Regulations request

The 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

The 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 fifteen 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 officer's line managers using the informal appeals procedure. 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 607 0987.

Welsh Language

If you would like this form in Welsh please contact your Regulatory Officer.