

## CLAREHILL PLASTICS LIMITED

### Response to Approved Document J

Prepared by John Switzer 13 November 2009

#### OVERVIEW

This document is in response to the current Consultation on Approved Document J. It should be read alongside the proposals contained within the Consultation Document.

#### PROPOSAL

**All** fuel storage tanks at domestic oil heating, cooking, power or fuel dispensing installations should be afforded secondary containment through **either**:

- The installation of an integrally Bunded Oil Tank produced in accordance with the requirements of OFS T100 Standard, **or**
- The installation of an integrally Bunded Oil Tank produced in accordance with the requirements of the OFS T200 Standard, **or**
- The construction of an adequate secondary containment as per the requirements of CIRIA Report No. 163

#### BENEFITS

These proposals have the potential to deliver:

- A Net Ten Year Benefit of £125.1m
- An Average Annual Benefit of £12.5m
- Protection to unseen and unknown water sources e.g. aquifers
- Virtual elimination of spillages when domestic tanks reach the end of their service life and in the event of a tank being overfilled
- Reduced installation cost and complexity through removal of the existing Risk Assessment
- Reduced manufacturing overhead costs through the elimination of Single Skin Tanks and standardisation of manufacturers' product ranges around Bunded products
- Product simplification by:
  - Bringing England and Wales into line with the higher oil storage tank installation requirements that already exist in most EU countries and are proposed in other UK jurisdictions
  - Bringing domestic tank regulations in England and Wales into line with those at commercial, industrial and institutional fuel storage installations as per Environmental Alliance PPG2 and The Control of Pollution (Oil Storage) (England) Regulations 2001.
- Reduced Installer, Specifier and LABC liability through incorrect product specification
- The elimination of a Cowboys' Charter in the guise of the Domestic Oil Tank Risk Assessment
- A reduction in potential product liability, thereby acting as a catalyst for new entrants to the domestic oil tank market with the resulting benefits that are typified by increased competition

#### BACKGROUND

These proposals recognise the current risk based approach to domestic oil storage installations is not working and is inherently unfit for purpose, and the introduction of compulsory bunding will

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not just be self-financing, but will deliver a net cost saving to the economy. These themes are explored further overleaf:

### **RISK ASSESSMENT**

The risk based approach to determine whether or not a Bunded Tank is required at domestic installations, has unfortunately become a Cowboys' Charter. Its continued existence provides a loophole which is being exploited by a small yet significant rogue element within the industry, to install Single Skin Tanks at tanks where the Building Regulations require a Bunded Tank be installed.

It is also clumsy. In the real world even an obligatory risk assessment cannot be relied upon to provide the level of environmental protection required at domestic installations, as full implementation would require a detailed inspection of an area of no less than 2,500 square metres<sup>1</sup>. Being dependent upon a visual inspection of the installation area, it also fails to provide any protection whatsoever to unknown and unsighted water sources e.g. aquifers.

The premise of the assessment is also fundamentally flawed, in the context of fuel storage requirements at commercial, industrial and institutional installations where bunding is now compulsory at all aboveground, externally positioned, fuel storage installations with an installed capacity of 200 litres or more<sup>2</sup>. Ironically, such sites will often incorporate pollution prevention features such as interceptors, spill kits and spill control procedures which are rarely (if ever) found at domestic installations. Therefore, the implications of a comparatively small spillage at a domestic storage installation can be much more severe than a larger spill at a commercial, industrial or institutional installation.

Research undertaken by a leading UK tank manufacturer has shown that over 80% of surveyed Single Skin Tanks installed in Great Britain since 2002 omitted the secondary containment that the current Regulations require<sup>3</sup>. Plainly, the risk based approach to determining whether an installation requires secondary containment, is not working.

### **COST BENEFIT ANALYSIS**

The Cost / Benefit Analysis contained within the consultation document is incorrect. Specifically, it underestimates the proportion of domestic oil tank sales which Bunded Oil Tanks currently represent.

The analysis has been prepared on the basis that between 5% and 20% of domestic oil tanks sold in England and Wales are bunded. According to the 2 largest suppliers of domestic oil tanks in the United Kingdom, Bunded Tanks represent c.70% of domestic oil tank sales in England and Wales<sup>4</sup>. This proportion is considered typical of the market as a whole.

In 2007, c.80,000 oil tanks were sold in Great Britain<sup>5</sup>. Pro-rata, this equates to 72,492 domestic oil tanks sold during 2007 in England and Wales, applying the same rationale used in the Consultation Document. Of these, c. 70% or 50,744 will have been Bunded, with the remaining 21,748 being Single Skin Oil Tanks. At an average cost differential of £544 per tank (as per the Consultation) the incremental annual cost of a move to compulsory bunding at domestic installations would have been £11.8m<sup>7</sup> in 2007 and **not** the £38.7m stated in the Consultation.

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Noting that the oil tank market is contracting by c.10% per annum, the total incremental cost of compulsory bunding at 2009 current prices for the next ten years will be £88.2m<sup>8</sup> – massively less than the £322.1m cost estimated in the Consultation Document. Compulsory Bunding will thereby provide a **gross benefit of £213.8m** over the same period. Thus, compulsory bunding at all domestic proportions will provide a **net benefit of £125.3m** in England and Wales over the next decade.

## REFERENCES

<sup>1</sup> Approved Document J Section 5.8d/e

<sup>2</sup> The Control of Pollution (Oil Storage) (England) Regulations 2001 Section 2

<sup>3</sup> Survey of Single Skin Oil Tank Installations in Great Britain since 2002, Clarehill Plastics Limited, 2009

<sup>4</sup> Great Britain Oil Tank Sales data provided by Kingspan Environmental Limited and Clarehill Plastics Limited, November 2009

<sup>5</sup> OFTEC Oil Tank Sales Data, 2007

<sup>7</sup> £11.8m equates to 21,748 Single Skin Tanks sold in England and Wales and replaced with Bunded Tanks at an average incremental unit cost of £544.

<sup>8</sup> Table 1 – Estimated Gross Cost of Compulsory Bunding in England and Wales at Domestic Oil Heating Installations 2010 – 2019

## APPENDIX

**Table 1 Estimated Gross Cost of Compulsory Bunding in England and Wales at Domestic Oil Heating Installations 2010 – 2019**

Year	Tank Sales	Additional Bunded Sales	Additional Unit Cost	Total Incremental Cost
2010	52,847	15,854	£544.00	£8,624,576
2011	47,562	14,269	£544.00	£7,762,119
2012	42,806	12,842	£544.00	£6,985,907
2013	38,525	11,558	£544.00	£6,287,316
2014	34,673	10,402	£544.00	£5,658,584
2015	31,205	9,362	£544.00	£5,092,726
2016	28,085	8,425	£544.00	£4,583,453
2017	25,276	7,583	£544.00	£4,125,108
2018	22,749	6,825	£544.00	£3,712,597
2019	20,474	6,142	£544.00	£3,341,338
<b>Total</b>	<b>540,655</b>	<b>162,197</b>	<b>£544.00</b>	<b>£88.2m</b>
			<b>Transition Cost</b>	<b>£ 0.2m</b>
			<b>GROSS TOTAL</b>	<b>£88.4m</b>

**END**