

NOTICE OF AMENDMENT

OVERNIGHT EXPRESS DELIVERY

July 16, 2020

Thomas Miller
President
Bayonne Energy Center, LLC
832 Red Oak Lane
Sayreville, NJ 08872

CPF 1-2020-005-NOA

Dear Mr. Miller:

From April 20 to April 24, 2020, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Bayonne Energy Center, LLC's (BEC) procedures.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within BEC's plans or procedures, as described below:

1. §192.605 Procedural manual for operations, maintenance, and emergencies.

(a) *General.* Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

BEC's procedures were inadequate. Specifically, BEC's *Pipeline Operations Maintenance and Emergency Manual*, Rev 3, April 2020 (O&M Procedure) failed to include details of how BEC inspects and evaluates pipe exposed to the atmosphere for atmospheric corrosion in accordance with § 192.481¹.

¹ Section 192.481 states:

During the inspection, the PHMSA inspector requested BEC’s procedures regarding atmospheric corrosion inspection. BEC provided its O&M Procedure, which discusses atmospheric corrosion control in Section 20.3.4, *Atmospheric Corrosion Control*. However, the written procedure did not provide any guidance on how an atmospheric corrosion control inspection is conducted and what criteria is applied when evaluating pipe and coating or jacketing condition.

When the PHMSA inspector requested additional procedures or guidance related to the evaluation method used for atmospheric corrosion, BEC stated there was no further guidance.

Therefore, BEC failed to include details in its procedures of its process to inspect and evaluate atmospheric corrosion on its pipelines in accordance with § 192.481, as required by § 192.605(b)(2). BEC must amend its Procedure to include details of how it inspects and evaluates pipe exposed to the atmosphere for atmospheric corrosion in accordance with § 192.481.

2. §192.907 What must an operator do to implement this subpart?

(a) General. No later than December 17, 2004, an operator of a covered pipeline segment must develop and follow a written integrity management program that contains all the elements described in § 192.911 and that addresses the risks on each covered transmission pipeline segment. The initial integrity management program must consist, at a minimum, of a framework that describes the process for implementing each program element, how relevant decisions will be made and by whom, a time line for completing the work to implement the program element, and how information gained from experience will be continuously incorporated into the program. The framework will evolve into a more detailed and comprehensive program. An operator must make continual improvements to the program.

BEC’s written integrity management program was inadequate. Specifically, BEC’s *Pipeline Integrity Management Program*, Rev 2, April 2020 (IM Procedure) Section 8.4.4, lacked detail addressing § 192.917(b)² regarding how and what data is currently gathered and integrated for integrity assessments.

(a) Each operator must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:

If the pipeline is located:	Then the frequency of inspection is:
Onshore	At least once every 3 calendar years, but with intervals not exceeding 39 months
Offshore	At least once each calendar year, but with intervals not exceeding 15 months

(b) During inspections the operator must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.

(c) If atmospheric corrosion is found during an inspection, the operator must provide protection against the corrosion as required by Sec. 192.479.

² Section 192.917(b) states:

During the inspection, the PHMSA inspector requested BEC's procedures regarding data gathering and integration. BEC provided its IM Procedure, Section 8.4.4 which states, "The most significant P&M measure for reducing the ROF scoring on BEC gas transmission pipeline segments is the gathering of additional data for variables where the operations, assessments, and activities have yet to occur or be recorded because the pipeline is effectively brand new. Data for integrity assessments could include any ILI, ECDA, ICDA, pressure test, guided wave, or engineering assessment along with the results associated with each assessment. Per §192.917(b), IMTT gathers and integrates existing data and information on the entire pipeline that could be relevant to covered segments."

However, the written procedure did not provide guidance on exactly how data is gathered and integrated, as well as what data is included. When the PHMSA inspector requested if there were additional procedures or guidance related to the data integration, BEC stated they have not yet conducted a re-assessment interval on the pipeline, but have no further details in the IM Procedure.

Therefore, BEC failed to include details in its procedures regarding how and what data is gathered and integrated for integrity assessments in accordance with § 192.917(b). BEC must amend its IM Procedure to include details on how and what data is gathered and integrated into its integrity assessments.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement Proceedings*. Please refer to this document and note the response options. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Data gathering and integration. To identify and evaluate the potential threats to a covered pipeline segment, an operator must gather and integrate existing data and information on the entire pipeline that could be relevant to the covered segment. In performing this data gathering and integration, an operator must follow the requirements in ASME/ANSI B31.8S, section 4. At a minimum, an operator must gather and evaluate the set of data specified in Appendix A to ASME/ANSI B31.8S, and consider both on the covered segment and similar non-covered segments, past incident history, corrosion control records, continuing surveillance records, patrolling records, maintenance history, internal inspection records and all other conditions specific to each pipeline.

Following the receipt of this Notice, you have 30 days to submit written comments, revised procedures, or a request for a hearing under §190.211. If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue an Order Directing Amendment. If your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Bayonne Energy Center, LLC maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Robert Burrough, Director, PHMSA Eastern Region, 840 Bear Tavern Road, Suite 300, West Trenton, NJ 08628. Please refer to **CPF 1-2020-005-NOA** on each document you submit, and whenever possible provide a signed PDF copy in electronic format. Smaller files may be emailed to robert.burrough@dot.gov. Larger files should be sent on USB flash drive accompanied by the original paper copy to the Eastern Region Office.

Additionally, if you choose to respond to this (or any other case), please ensure that any response letter pertains solely to one CPF case number.

Sincerely,

Robert Burrough
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Enforcement Proceedings*