CSB Meeting
Leading and Lagging Indicator Metrics

Houston, TX July 23, 2012

CSB’s Request

- The USW and API were identified in a recommendation from the CSB to develop an ANSI based standard to identify leading and lagging indicators for use in the refinery and petrochemical industries

- Identify leading and lagging indicators for public reporting as well as use at individual facilities
CSB’s Request

- Committee be open, balanced, use due process and consensus
- Diverse representatives from industry, labor, government, public interest, environmental, experts and scientific organizations and disciplines

A Better Process and Outcome

1. USW view of how the process did not function as requested
2. The current RP failed to meet the CSB recommendations – and more importantly – it will not make a meaningful impact on the industry
3. If indicators are to be a driving force for needed improvements, changes need to be made in both measuring and reporting
4. Proposals for moving forward
Consensus?

- Consensus needs to be among the stakeholders identified by the CSB (industry, labor, government, public interest, environmental)

- A representative stakeholder process would preclude industry from consistently dominating and outvoting other stakeholders – a strange notion of consensus

Consensus?

- Treating each meeting attendee as a stakeholder does not work, especially when meetings are consistently dominated by industry

- No stakeholders should be allowed to game the systems because they can afford more representatives at the table
Unlikely to Make an Impact

- With the limiting definitions adopted, Tier 1 and 2 indicators are for low probability events
  - Statistical validity will be difficult to achieve except at the corporate or industry levels – and maybe not even there
  - This was by design

- There will be very limited reporting
  - To the public and employees
  - No site-specific reporting

- In sum, Tier 1 and 2 indicators and their reporting will be insufficient to drive needed change

Limited Public Reporting

- Tier 3 and 4 leave too much definition to the individual corporation and site

- No public reporting – No driver for change

- Summary data may be of little value, even to employees

- Companies will determine reporting method
Loss of Primary Containment

- Committee majority classified release to effluent destructive systems as non-events; the system functioned as designed

- Union minority argued to move these events to a publically reportable level – higher tier

- These systems are the last line of defense and require multiple system failures prior to activation

Transparency

- More concern with the perception of company performance than actual numbers

- Expressed concern that the general public was not knowledgeable enough to use this type of information

- Early draft language stated “Transparency can be counterproductive at national level (name & shame) and a hindrance to participation”
(Non) Reporting Examples

- A charge pump motor failed causing a motor fire and the shutdown of the entire unit. Damage estimate from the fire is greater than the $25,000 threshold for Tier 1, but there was no hydrocarbon released, no LOPC, therefore the incident in not API reportable. Cost of new motor alone is over $200,000
- Feed line leak on an ISOM unit releases 773 lbs. of hydrocarbon, (butane, isobutane and pentane) over 24 hours, doesn’t meet the one hour release criteria, not reportable

LOPC Non Reportable

- April/May 2010 release BP Texas City refinery
- 40 days of flaring 513,793 pounds of hydrocarbons
- Material routed to an effluent destruction device (flare) and didn’t result in:
LOPC Non Reportable

1. liquid carryover or discharge to a potentially unsafe location
2. No on-site shelter in place issued, no public protective measures taken
3. No regulatory exposure limits exceeded at any time during the flaring.
   Though something went wrong, this event would not qualify as a Tier 1 or 2 event and would not be reportable.

Effective Regulation

Quote from the Gulf Oil Disaster and the Future of Offshore Drilling Report to the President:

Based on this Commission’s multiple meetings and discussions with leading members of the oil and gas industry, however, it is clear that API’s ability to serve as a reliable standard-setter for drilling safety is compromised by its role as the industry’s principal lobbyist and public policy advocate.
**Steps Going Forward**

- Set up a multi-discipline group consisting of industry, labor, OSHA and EPA to develop indicators
- Add environmental and community groups to help with reporting
- Use OSHA as the focal point
- Make meetings accessible to all who want to participate

**Steps Going Forward**

- Set up a separate governmental regulating authority for the oil and petrochemical industry
- Develop a rule making process to set standardized, uniform, enforceable regulations
- Involve industry labor and regulators in developing the agency and rules