Facing the Challenge of the Safety of Offshore Oil and Gas Activities

[European Commission proposal for regulation of offshore safety and environmental protection]

“Improving offshore safety - beyond Macondo”

Finding Petroleum

The Geological Society

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Offshore licensing in EU/EEA & adjoining states

Location of major offshore installations
- Oil installations

Depth, m
- 0 - 200
- 200 - 500
- 500 - 1000
- 1000 - 2000
- > 2000
Problem definition

1. **Likelihood** of an EU major incident is significant (and can be reduced)
   *Precursor reports UK & Norway; frequency analysis of incidents*

2. **Full-scale consequences** of an EU major incident not acceptable
   *Gaps in EU legislation; maritime response model*

3. **Provisions for financial liability/recovery are incomplete**
   *Scale of costs and damages seen in GOM*
Exclusive economic zones in the EU
Case for EU action

• **No case for non-action:**
  - Accident frequency and costs surprisingly high
  - Industry and MS action uneven
  - EU voice in global efforts (G20, ....)

• **Subsidiarity vs. European interest:**
  - Health & safety of workers
  - Protection of wider communities and the environment: cross-border impacts of spills
  - Deepening of single market: consolidation of product stds
  - Security of energy supplies
## Objectives of EU action

<table>
<thead>
<tr>
<th>Problem part</th>
<th>General objectives</th>
<th>Specific objectives</th>
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</thead>
<tbody>
<tr>
<td>1. Risks can be lowered (i.e. too high to accept)</td>
<td>1. To prevent a major incident from occurring</td>
<td>1. Attain best industry practices; feed raising of global standards</td>
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<td>2. Implement best regulatory practices throughout the EU</td>
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<td>2. Response measures need improvement</td>
<td>2. To deal with a major emergency should preventive measures fail</td>
<td>3. Implement better emergency preparedness and response in all EU offshore regions</td>
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<td>3. Liability provisions incomplete</td>
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<td>4. Improve and clarify existing EU liability and compensation provisions</td>
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# Measures to implement objectives

Black measures considered separately, red measures not taken further

<table>
<thead>
<tr>
<th>Specific objectives</th>
<th>Measures Considered (incl. suggestions from stakeholders)</th>
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<tbody>
<tr>
<td>1. Attain best industry practices; feed raise in global standards</td>
<td>Establishing a goal-setting (&quot;major hazard report&quot;) regime</td>
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<td>Extending EU standards overseas</td>
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<td>Establishing a dynamic best practice model for industry</td>
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<td>2. Implement best regulatory practices throughout the EU</td>
<td>Verifying technical capacity during licensing</td>
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<td>Establishing an inspections and penalties regime</td>
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<td>Establishing EU-wide cooperation for offshore regulators</td>
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<td>Ensuring information sharing &amp; transparency at EU level</td>
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<td>Establishing EU regulatory body</td>
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<td>Achieving consistency of product safety standards across EU</td>
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<td>3. Implement measures for better emergency preparedness and response in all EU offshore regions</td>
<td>Ensuring cross border availability of compatible assets</td>
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<td>Ensuring effective response to major offshore incidents</td>
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<td>Establishing EU intervention response capacity</td>
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<td>Ensuring financial capacity of operators to cover liability</td>
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<tr>
<td>4. Improve and clarify existing EU liability and compensation provisions</td>
<td>Clarifying scope for environmental liability</td>
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<td>Establishing compensation regimes for traditional damage</td>
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Key points of Legislative Proposal

- General measures to prevent major accident
- Risk-based planning and operations
- Best practices by operators and regulators
- Transparency/sharing of information
- Co-ordination and co-operation amongst regulators, and with non-EU countries
- Emergency preparedness and response
- Technical annexes for detailed provisions
Legal instrument: Regulation
raison d'etre

- Counter the fragmented and uneven application of existing law (Directives).
- Act swiftly and directly on industry – highest priority as the risks are in the industry.
- Limit impact only to MS with offshore licensing.
- Level up all MS to the sum total of best EU practices (no MS has achieved it, but UK, NL and DK closest).
- But Commission continuing to engage on the legal form

MS can set stricter requirements in national legislation (art. 192.1/193 TFEU)
Legal instrument: Regulation

Reaction of stakeholders

- Most MS opposed to the form of the instrument (except DE, SE) on grounds of unwarranted disruption of national regimes
- BUT all MS in Council supportive and constructive towards principle and substance of the COM proposals
- NGO's strongly in favour
- Industry and offshore TU's strongly against EU regulation
EU Offshore Authorities Group - purpose

**First** EU-wide forum for regulators, builds on NSOAF and IRF

**Advisory** role
Identification and exchange of best practices for:
- **Major Hazard prevention**
- **Emergency preparedness**

**Disseminating lessons learned**
From accident investigations
- **Facilitating rapid information exchange between national authorities & the Commission**

Identification and exchange of best practices for

**competent authorities:**
- **Verifying compliance**
- **Execution of projects**
- **Auditing and enforcement**

**Comment** on new (national) legislation and EU or international proposals for oil and gas industry
Thank you for your attention

http://ec.europa.eu/energy/oil/offshore/standards_en.htm