EU Offshore Safety Directive
Implementation and Implications for Environmental Regulation

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EU Commission Conclusions After Macondo

- Industry highly capable but:
  - Strong safety culture insufficiently embedded throughout the industry
  - Lack of transparency and sharing of information

- Some EU regulators (North Sea) best-in-class but:
  - Fragmentation of regulatory systems
  - Cooperation is inconsistent
  - Safety and related environment issues are not coordinated

- Need consistent best practice for safety and environment via formal risk assessment and goal setting system involving:
  - Industry
  - Regulators
  - Coordination and cooperation amongst regulators, and with non-EU countries

Source: EU Directorate General for Energy
# Directive Objectives

<table>
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<tr>
<th>Problem</th>
<th>General Objectives</th>
<th>Specific Objectives</th>
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<tbody>
<tr>
<td>1. Major incident risks can be lowered (i.e. currently too high)</td>
<td>1. To prevent major incidents from occurring</td>
<td>1. Attain best industry practice throughout the EU based on primary duty of major accident risk control; with consequent leverage on global standards</td>
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<td>2. Response measures need improvement</td>
<td>2/3. To deal with a major incident if preventive measures fail</td>
<td>2. Implement best regulatory practice for major accident prevention and mitigation via independent expert regulators in every relevant Member State</td>
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<td>3. Liability provisions are inconsistent</td>
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<td>3. Implement fully joined-up emergency preparedness and response procedures in all EU offshore regions</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

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<th>Specific Objectives</th>
<th>Measures in the Directive</th>
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| 1. Attain best industry practice                         | • Based on a ‘safety-case’ risk management tool  
• Applied to operators and mobile installation owners  
• Expectation of EU standards overseas                 |
| 2. Implement best regulatory practice                    | • Verifying technical capacity during licensing  
• Appointment of independent 'competent authority' in every relevant Member State  
• Information sharing and transparency at EU level       |
| 3. Implement measures for better emergency preparedness and response | • Industry and Member State standards for preparedness and response  
• Cross-border availability and compatibility of response assets  
• Duty to cooperate for relevant major incidents          |
| 4. Improve and clarify existing EU liability provisions | • Clarify scope of environmental liability                                                 |
Member State Requirements

- Competent Authority (CA) to be formed, integrating relevant safety and environmental issues
- CA to be provided with adequate expert resources
- CA to assess and accept relevant submissions from licensees, operators and owners
- CA to be provided with powers of enforcement to oversee compliance and prevent and investigate major accidents and environmental incidents
- CAs must cooperate in relation to notifying activities and emergency response
- CAs must cooperate through EUOAG to raise standards
- CAs must report major accidents and incidents and overall annual performance to the Commission
Competent Authority Proposals

• Options for the Competent Authority still under consideration, but DECC’s preference is that DECC and HSE should form a joint Competent Authority partnership

• Maitland Review Board will form basis of Directive Implementation Oversight Board

• DECC and HSE, with support from Defra, DfT, MCA etc., are already working together to deliver implementation plan

• Meetings underway to consider how to meet the Competent Authority requirements

• Articles on which DECC, HSE, Defra, DfT and MCA will lead have been identified

• Gap analysis to assess impact on the UK regulatory regime nearing completion, and proposals are being drafted
Why DECC Prefers a Joint Competent Authority

Recognising that a range of government requirements relating to regulatory authorities will influence the final decision, DECC considers that a joint Competent Authority:

- Would allow each party to concentrate on their area of expertise
- Would avoid major machinery of government changes
- Would maintain current systems that are effective, firmly established and well understood by industry
- Would lead to less disruption for industry
- Would reduce the risk of ‘diluting’ environmental consideration
- Would allow us to build on effective environment and health and safety regimes that are amongst the best in the world, and build on the existing DECC and HSE cooperation that is covered by a MoU
Main DECC / Environmental Changes

• Scrutiny of licence applications and operatorship proposals will have to include safety considerations, in addition to the current assessments relating to technical, financial, and environmental capacity and liability arrangements

• Operators must be competent to undertake the proposed operations, or the Competent Authority will be able to request that they are replaced

• Design and Major Hazards Reports (similar to safety cases) will include environmental components, in many cases similar to some of the information included in Environmental Statements or applications for Directions

• Environmental Management Systems and Environmental Critical Elements (relating to major incidents) will have formal status and will need to be incorporated into legislation
Main DECC / Environmental Changes

- Independently verified well notifications and weekly well operations reports subject to environmental review
- Environmental issues to be included in formal Competent Authority / Industry / Trade Union tripartite consultation
- Oil Pollution Emergency Plans extended and merged with other aspects of emergency response, with changes incorporated in regulation
- Obligations on licensees, operators and owners, and all could be liable for environmental damage
- Improving environmental standards and formulating best practice to be included in work of EU regulators group (EUOAG)
- Transparency and sharing of information via EU-wide reporting system covering safety and environmental incidents and near-misses
Regulatory Changes

• Most of the changes will affect the HSE legislative regime, and offshore safety legislation will be replaced or updated to incorporate Directive requirements.

• Current DECC environmental regulations, e.g. EIA, Habitats, Chemicals etc. regulations, may require minor amendment to align definitions with those in the Directive, but an initial review indicates that very few changes will be necessary.

• Legislative proposals are being developed to amend existing charging schemes and implement new charging schemes for environmental regulations, to develop a more equitable system of cost recovery based on the number of transactions and the costs incurred dealing with the applications and maintaining the permit etc.
Regulatory Changes

• Legislative proposals are being developed to merge and replace the current oil pollution emergency response regime (the OPRC and EPC Regulations), to extend the current OPEP system to meet Directive requirements.

• The new regulations will consolidate existing reporting requirements and include mandatory reporting relating to major environmental incidents.

• The new regulations will also include provisions relating to EMS and ECE, broadly based on existing requirements, and include the capacity for independent verification.

• Defra and Devolved Authorities will introduce amendments to legislation implementing the Environmental Liability Directive, so that the provisions will apply to all activities on the UKCS.

• Separate consideration is being given to amending safety zone legislation or administrative processes, to simplify the system for subsea installations and/or link the system to existing navigational safety requirements.
Timetable

• Directive came into force on 18 July 2013
• Formal consultation on implementation proposals is scheduled to take place during first half of 2014
• New legislation must come into force to meet implementation deadline of 19 July 2015
• New production installations and all non-production installations and well operations must comply by 19 July 2016
• Transitional arrangements for existing production installations will commence in 2015 and all must comply by 19 July 2018
• Commission to assess effectiveness of transposition and review efficacy of Member States’ legislation
Thank you
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