Courtesy of Wintershall

European Commission

EU Legislation and Regulatory Aspects of Offshore Oil and Gas Operations

By

Dr. Jörg Köhli

Team Leader

European Commission

Directorate General for Energy/B3

23/10/14

European Commission

EU legislation affecting Offshore Oil and Gas Operations

- **Offshore Safety Directive – Directive 2013/30 EU of the European Parliament and the Council, 12 June 2013**

- **Implementing Regulation for the Offshore Safety Directive - common format for sharing of information on offshore accidents between industry, Member States and the European Commission, October 2014**

- **Directive on the conditions for granting and using authorizations for the prospection, exploration and production of hydrocarbons – Directive 94/22/EC, 30 May 1994**

European Commission

EU legislation affecting Offshore Oil and Gas Operations

- **Minimum requirements for improving the safety and health protection of workers in the mineral-extracting industries through drilling – Directive 92/91/EEC, 3 November 1992**

- **Commission Decision of 19 January 2012 on setting up of the European Union Offshore Oil and Gas Authorities Group, 19 January 2012**

EU legislation affecting Offshore Oil and Gas Operations

- **Offshore Safety Directive – Directive 2013/30 EU of the European Parliament and the Council, 12 June 2013**

European Commission

Case for action

Underlying drivers 1

EU offshore industry

- Ageing production infrastructure*
- Structural shifts of main players
- Challenges of the new frontiers
- Inconsistency in company practices re major hazards
- Continuing failure in compliance
- Inadequate safety culture

* Ageing installations include part of the EU drilling rig fleet as well as c.50% of current production platforms

Underlying drivers 2

Regulation

- Uneven technical expertise amongst regulators
- Inconsistency & lack of transparency in incident data & learnings from investigations
- Fragmented global requirements & approaches
- Fragmented EU legal frameworks – goal setting *versus* prescription

EU exclusive economic zones (& ambitions of new players)

Offshore licensing in EU/EEA & adjoining states

What has been achieved in the Offshore Safety Directive

- **Risk-based, location specific and goal-setting regulatory regime**
- **Environmental aspects integrated in safety case**
- **EU-wide coherence in regulatory process (through EUOAG)**
- **EU lead in global responsibility and disclosure/transparency**
- **Clear industry responsibility and Member States authorities' empowerment**

Intervention scope of EU Directive 2013/30/EU

Problem part	*Objectives*	*Tools/Measures*
Risks can be lowered to better prevent a major incident (i.e. risks currently too high to accept)	*1. Attain best industry practices in the EU*	*Primary duty of risk control with industry → safety case as risk management tool* *Corporate policies/management systems to ensure risk controls remain effective*
	2. Implement best regulatory practices for major accident prevention and mitigation	*Independent, expert regulators in each Member State* *Verification of capacities during licensing* *EU-wide information sharing and transparency*
Response measures need improvement	*3. Implement fully joined-up emergency preparedness and response in all EU offshore regions*	*Cross-border availability and compatibility of response assets* *Duty to cooperate and share info*
Liability provisions incomplete	*4. Improve and clarify existing EU liability and compensation provisions*	*Scope of environment liability* *Financial capacity requirements* *Compensation regimes*

European Commission

What is necessary for proper implementation? (Industry)

- Technical & financial capacity assessed at licensing stage
- 'safety case' to include major environmental consequences and be 'accepted' by regulator
- Installation emergency response plans prepared for preventing escalation
- Every well to be notified → regulator; weekly well reports
- Must have scheme for independent verification of safety critical elements, and well plans
- Corporate major accident prevention policy →regulator
- EU-based operators to report on overseas major accidents
- Workforce to be consulted; whistle blowers protected
- incidents and near-misses reported in EU standard format

European Commission

What is necessary for proper implementation? (Member States)

- Scrutiny of technical and financial liability at licensing
- Ensure public participation before any new areas are drilled
- Appoint independent and robust competent authority (CA) for major hazard regulation – safety & environment
- CA must publish plans and procedures for handling risk assessment documents, inspections, investigations and enforcement
- CA must report offshore performance annually to COM
- 'Inactive' coastal MS to cooperate with neighboring MS
- companies registered in EU to furnish reports on overseas major accidents to the MS
- CA to cooperate with EU Offshore Authorities Group

European Commission

What is necessary for proper implementation? (European Commission)

- European Maritime Safety Agency to provide support to emergency planning/response
- To report annually of EU-wide offshore performance
- To secure effectiveness of transposition of the proposed directive by MS
- To make further reports and perhaps recommendations to Parliament and Member States
- To maintain EU Offshore Authorities Group in good working order

EU legislation affecting Offshore Oil and Gas Operations

- **Implementing Regulation for the Offshore Safety Directive - common format for sharing of information on offshore accidents between industry, Member States and the European Commission, October 2014**

  - **common format for**
  - **sharing of information on offshore accidents**
  - **between industry, Member States and the European Commission, October 2014**
  - **transparency**

Sharing of information and transparency

Sharing of information, Annex IX, additional explanations, points 4 and 5

Quality of information

- **Factual information and analytical data** regarding oil and gas operations, unambiguous.
- The information and data provided shall be such that **the performance** of individual operators and owners can be **compared within the Member State and** the performance of the industry as a whole can be compared **between Member State**s.
- Enable Member States **to provide advanced warning of potential deterioration** of safety and environmentally critical barriers, and shall enable them to take **preventive action**.
- The information shall also **demonstrate the overall effectiveness of measures and controls** implemented by individual operators and owners, and industry as a whole, in particular to prevent major accidents and to minimise risks for the environment.

European Commission

EU legislation affecting Offshore Oil and Gas Operations

Minimum requirements for improving the safety and health protection of workers in the mineral-extracting industries through drilling – Directive 92/91/EEC, 3 November 1992

European Commission

EU legislation affecting Offshore Oil and Gas Operations

Directive on the conditions for granting and using authorizations for the prospection, exploration and production of hydrocarbons – Directive 94/22/EC, 30 May 1994

- Authorizations are open to all entities
- Authorizations based on objective, published criteria
- Conditions under which authorizations are granted transparent in advance of selection procedures

European Commission

EU legislation affecting Offshore Oil and Gas Operations

- **Commission Decision of 19 January 2012 on setting up of the European Union Offshore Oil and Gas Authorities Group, 19 January 2012**

European Commission

EU Offshore Authorities Group

(EU-wide/EEA forum for regulators)

- **Advises Commission**
- **Identifies and exchanges best practices for industry**
- **Disseminates lessons**
- **Identification and exchange of best practices for competent authorities**
- **Comment on new legislation and international proposals for oil and gas industry**

The way ahead for us: Offshore Safety Directive

Level of competent authorities independence

•Principles fully in the law; implies a verification by the Commission

Liability & compensation

•Financial mechanisms unsuitable for traditional damages

•Application of criminal law to environmental damage

Best practice sharing/capacity building

•Particularly for emerging jurisdictions

Timetable – towards implementation

- **Entered into force 18 July 2013**
- **Member States to transpose in 2 years (by 19 July 2015)**
- **To be fully operational (including industry, existing installations) in 3 years (by 19 July 2016)**
- **All existing installations (more than 1000) to comply in 5 years (by 19 July 2018)**

European Commission

THANK YOU FOR YOUR ATTENTION