Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

Petroleum Safety Levy Methodology

Draft Decision Paper

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Executive Summary

The *Electricity Regulation Act 1999*, as amended *inter alia* by the *Petroleum (Exploration and Extraction) Safety Act 2010* (the 'Act') gives the Commission for Energy Regulation (CER) new responsibilities for the safety regulation of petroleum exploration and extraction activities in Ireland, including specifically a requirement for the CER to "establish and implement a risk-based petroleum safety framework", (collectively referred to in this document as the 'Framework') The Framework is the collection of regulations, written regulatory documents and procedures which, taken together, describe the system the CER will use to regulate safety for petroleum activities and infrastructure in Ireland.

Under the Act the CER can recover expenses properly incurred in the discharge of its functions via an annual levy. The *Consultation Paper on the Annual Petroleum Safety Levy*[1], published in July 2012 (the Consultation Paper), constituted the first step in the development of the annual petroleum safety levy (the Levy). The purpose of the Consultation Paper was to seek initial stakeholder views on a number issues relating to the Levy prior to the CER setting out its detailed proposals. In particular the Consultation Paper sought stakeholder comment on:

1. The criteria the CER should employ when making its decisions on the Levy;
2. The class or classes of petroleum undertakings that should be subject to the Levy; and
3. The methodology to determine what proportion of the Levy that classes of petroleum undertaking will be required to pay. This included options on apportioning the costs for the establishment and implementation of the Framework in a different manner to the operational costs.

Responses received to the Consultation Paper can be found on the CER website. The CER's consideration of the issues and points raised throughout in the Consultation Paper are set out in the paper '*Consultation Response Paper for the Annual Petroleum Safety Levy'* (the 'Consultation Response Paper'). The Consultation Response Paper should be read in conjunction with this Draft Decision Paper.

This Draft Decision Paper constitutes the second step in the development of the Levy. It states that petroleum undertakings employing or proposing to employ specific types of petroleum infrastructure, or holding an approved safety case with respect to Well Work during a levy year, will be liable for the Levy. With regard to the Levy methodology, Operational Costs will be apportioned based on the infrastructure in use by petroleum undertakings and Establishment Costs split equally between infrastructure and Recoverable Reserves Remaining.

The CER invites comments on this Paper. Having considered all responses to this Paper, the CER aims to publish its Decision Paper on the Levy in January 2013.

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[1] See *Consultation Paper on Annual Petroleum Safety Levy* (CER/12/091).

1. Introduction

1.1 Background

1.1.1 The Petroleum Safety Framework

The *Electricity Regulation Act 1999*, as amended *inter alia* by the *Petroleum (Exploration and Extraction) Safety Act 2010* (the Act) gives the Commission for Energy Regulation (CER) responsibility for the safety regulation of petroleum exploration and extraction activities in Ireland, including specifically a requirement for the CER to "establish and implement a risk-based petroleum safety framework" (collectively referred to in this document as the Framework). The Framework is the entire system that the CER will use to regulate the safety of petroleum activities, and in particular designated petroleum activities, carried out by petroleum undertakings. The Framework established by the Act is risk-based, recognising that hazards may be presented by the activities to be regulated and it requires petroleum undertakings[2] to reduce risks to a level that is as low as is reasonably practicable (ALARP).

The CER *Decision Paper on the High Level Design of the Petroleum Safety Framework*[3] (the '<u>High Level Design</u>') sets out, at a high level, how the Framework operates.

Section 13 of the <u>High Level Design</u>, which deals with the regulatory recovery of costs under the Framework, states:

> *"Paragraph 16 of Schedule 1 of the Act enables the CER to impose an annual levy order on petroleum undertakings for the purposes of meeting its expenses.*
>
> *The CER will set out the basis on which it will impose such a levy on classes of petroleum undertakings in an Annual Petroleum Safety Framework Levy Order Decision Paper."*

1.1.2 To whom and what does the Levy apply?

Petroleum undertakings are subject to the Levy (the 'Levy) by the CER.

Regarding which activities are potentially subject to the Levy, Section 13C of Part IIA of the Act states:

> "*This Part* [Part IIA] *applies to any petroleum undertaking that (a) proposes to carry on a designated petroleum activity, or (b) is carrying on an established petroleum activity."*

Schedule 1, paragraph 16 of the Act goes on to state that:

> *"For the purposes of meeting expenses properly incurred by the Commission in the discharge of its function under this Act, the Commission may make an order [...] imposing a levy to be paid each year on such class or classes of [...] (b) petroleum undertakings, as may be specified by the Commission in the order [...]*".

2 As defined in Section 13A(1) of the Act
3 See Appendix A for Overview Diagram of Framework.

It follows that the Levy can be applied to any petroleum undertaking that proposes to carry out designated petroleum activities[4] or that is carrying on an established petroleum activity as defined in the Act.

The Levy is also applicable to any petroleum undertaking carrying on a petroleum activity as the CER has the function to monitor and enforce compliance by petroleum undertakings with their obligations under Part IIA. For example, section 13K(1) of Part IIA of the Act states that:

> *"In addition to complying with the requirements of any other provisions of* [Part IIA] *a petroleum undertaking shall ensure that (a) any petroleum activity is carried on in such a manner as to reduce risks to a level that is as low as is reasonably practicable [...]'.*

Section 13K of Part IIA of the Act refers to 'petroleum activities'. Petroleum activities are defined in section 13A(2)(a) of the Act. In light of the general terms in which section 13K is drafted it is clear the CER has a safety regulation functions in relation to ensuring petroleum undertakings comply with their obligations under the Act in relation to designated petroleum activities and as Part IIA of the Act applies to petroleum undertakings, the CER has the function to ensure petroleum undertakings comply with their obligations under the Act in relation to Petroleum activities.

The Levy will be used by the CER to recover its ongoing annual operational costs relating to the Framework (the 'Operational Costs') and the costs for establishing and implementing the Framework (the 'Establishment Costs'). This is provided for in the Act under Schedule 1, paragraph 16, which states that:

> *"For the purposes of meeting expenses properly incurred by the Commission in the discharge of its function under this Act, the Commission may make an order...imposing a levy to be paid each year on such class or classes of ...petroleum undertakings, as may be specified by the Commission*...".

Put simply, the CER may impose a levy on a class or classes of petroleum undertakings for expenses properly incurred by it in the performance of its functions under the Act.

1.1.3 Estimated Establishment Costs and Operational Costs

The Establishment Costs relate to all costs incurred by the CER in establishing and implementing the Framework. The CER has funded the Establishment Costs through a loan (the Loan) obtained from the National Treasury Management Agency (NTMA). The Loan must be repaid by CER by January 2016, with repayments commencing in 2013. The repayment amount is expected to total approximately €5.7 million and this cost will be recovered through the Levy. As set out in the Petroleum Safety Framework Detailed Implementation Plan, [5]the Framework is expected to be implemented in November 2013. Therefore the Establishment Costs includes all costs incurred by the CER in establishing and implementing the Framework up to the

[4] A designated petroleum activity is a petroleum activity designated as such by the CER by regulation pursuant to Section 13D of the Act

[5] The Petroleum Safety Framework Detailed Implementation Plan (CER Document number: CER 12172) can be viewed here: http://www.cer.ie/en/petroleum-safety-project-documentation.aspx

November 2013 at which stage the CER will be in a position to accept its first safety case for assessment. Establishment Costs will be recovered through the Levy.

The CER will begin to recover its Operational Costs once the Framework has been implemented (i.e. from November 2013). Operational Costs are estimated to range from €1 million to €1.5 million annually in the initial years of operation. These Operational Costs will be recovered through the Levy and through Safety Case Fees (section 1.1.4).

1.1.4 Safety Case Fees

Section 13R of the Act enables the CER to require a fee to be paid by a petroleum undertaking relating to the consideration of a safety case or a revised safety case (Safety Case Fees). The level of fee will be sufficient to enable the CER to recover the reasonable costs and expenses that it is likely to incur in its consideration of a safety case as well as matters directly pertaining to the case. It will also cover the costs and expenses incurred in determining conditions relating to the issuance or the refusal of a safety permit.

The methodology to determine Safety Case Fees will be set out in a *Safety Case Fees Structure Decision Paper* and is not dealt with as part of the consultation process on the Levy[6]. However, the level of Operational Costs to be recovered through the Levy will decrease by the amount recovered through Safety Case Fees.

1.2 Consultation Process and Purpose of Paper

The Consultation Paper on the Annual Petroleum Safety Levy Order[7] (the Consultation Paper), published on July 12th 2012, constituted the first step in the consultation process in determining a Levy methodology. The purpose of the Consultation Paper was to seek initial stakeholder views on a number issues relating to the Levy prior to the CER setting out its detailed proposals. In particular the Consultation Paper sought stakeholder comment on:

1. the criteria the CER should employ when making its decisions on the Levy;
2. the class or classes of petroleum undertakings that should be subject to the Levy; and
3. the methodology to determine what proportion of the Levy that classes of petroleum undertaking will be required to pay. This included options on apportioning the Establishment Costs of the Framework in a different manner to the Operational Costs.

The CER received five responses to the Consultation Paper. These responses can be viewed on the Petroleum Safety section of the CER website[8]. The CER's

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6 The Plan, as above, sets out the schedule for publication of the remaining Framework documents.

7 The Consultation Paper on the Annual Petroleum Safety Levy can be viewed here: http://www.cer.ie/en/petroleum-safety-current-consultations.aspx

8 The five responses to the Consultation Paper can be viewed here: http://www.cer.ie/en/petroleum-safety-current-consultations.aspx?article=bff4e361-5705-40e0-98f8-cb282b89035c
All respondents were given the opportunity to meet with the CER to discuss their submission to the Consultation Paper. Three respondents availed of this opportunity. Minutes of these meetings are available here: http://www.cer.ie/en/petroleum-safety-meeting-minutes.aspx

consideration of the issues and points raised throughout the consultation are set out in the paper '*Consultation Response Paper for the Annual Petroleum Safety Levy'* (the 'Consultation Response Paper')[9].

This Draft Decision Paper, which sets out clear proposals for the development of the Levy, constitutes the second step in the consultation process. The Consultation Response Paper should be read in conjunction with this Draft Decision Paper. Having considered all responses to the Draft Decision Paper, the CER aims to publish its Decision Paper in early January 2013, with the first Levy Order issued in February 2013.

Interested parties are invited to comment on the issues raised in this Paper by submission of written responses by 5pm, November 28th 2012, preferably in electronic format to:

Róisín Cullinan
Commission for Energy Regulation
The Exchange
Belgard Square North
Tallaght
Dublin 24
rcullinan@cer.ie

For convenience, a list of consultation questions relating to the proposed Levy is set out in Appendix A which interested parties are encouraged but not required to use.

The CER intends to publish all comments received on the CER website. Respondents wishing for their submission, or sections therein, to be treated as confidential should note this in their submission.

Should respondents wish to meet with the CER to discuss their submission, the CER will make itself available for such meetings the week commencing December 3rd. Respondents wishing to meet with the CER to discuss their submission should contact the above no later than 5pm November 28th 2012.

1.3 Structure of the Paper

The remainder of this Paper is structured as follows:

Section 2: *The Levy Development and Structure*
This section provides details on the development and structure of the Levy, including the Operational Cost Recovery Methodology and the Establishment Cost Recovery Methodology;

Section 3: *Summary and Next Steps*
This section outlines the next steps in the Levy development process.

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9 The Consultation Response Paper on the Annual Petroleum Safety Levy can be viewed here: http://www.cer.ie/en/petroleum-safety-current-consultations.aspx

2. The Levy Methodology

In developing the Levy methodology, the CER had regard to the following three criteria (i) Fairness, (ii) Simplicity and (iii) Sustainability. A key principle of the Levy methodology is to impose the Levy upon petroleum undertakings proportionate to the level of regulatory burden respectively created for the CER as regulator in the performance of its functions under the Act.

The Levy will apply to petroleum undertakings that carry out, or propose to carry out, designated petroleum activities and/or have the types of petroleum infrastructure set out in Table 1 *in situ*.

The CER will recover all its Establishment Costs and the majority of its Operational Costs through the Levy. The Establishment Costs will be recovered through the Levy from 2013 until January 2016. Operational Costs will be recovered each year from 2013 through the Levy. Different methodologies will be employed to recover the Operational Costs (see section 2.1) and the Establishment Costs (see section 2.2).

The CER will begin levying in February 2013. All subsequent levy orders will be made in the December in advance of the levy year. For example, the levy order for 2014 will be made in December 2013.

Where there is an underpayment of the Levy in a year, Paragraph 20 of Schedule 1 of the Act states that the CER may recover those additional expenses in any subsequent year through the Levy. Conversely, where an excess in revenue is collected by the CER, it can be accounted for in the Levy calculation the following year.

2.1 Operational Cost Recovery Methodology

Operational Costs will be apportioned based on the *Infrastructure* in situ of a petroleum undertaking related to designated petroleum activities. Table 1 below identifies the types of Infrastructure that will incur costs under the Levy along with their associated weighting: the higher the weighting, the higher the proportion of Levy to be paid in connection with that Infrastructure. Where an Infrastructure type is not specified, the weighting can be taken as zero.

Reference	Infrastructure	Weighting
A	Onshore Facility*	5
B	Manned Offshore Facility	5
C	Unmanned Offshore Facility*	2
D	Subsea Pipeline	1
E	Onshore Pipeline*	3
F	Onshore Well(s) (under a single Well Work Safety Permit)	3
G	Offshore Well(s) (under a single Well Work Safety Permit)	2

Table 1: Infrastructure types for Operational Costs and associated weightings.

* indicates variable weightings

2.1.1 Variable Weightings

The CER recognises that certain Infrastructure types, indicated in Table 1 by an asterisk, have the potential to require to different levels of safety regulation by the CER under the Framework. To ensure fairness, the CER will make an initial assessment of such Infrastructure to determine the intensity of resources required to perform the CER's safety regulatory functions under the Act in relation to such infrastructure (and associated activities). The weightings set out in Table 1 indicate the maximum weighting that can be applied. Where a modification to the maximum weighting is deemed by the CER to be fair, the CER may lower the weighting to zero.

The assessment of the appropriate weighting for such infrastructure *in situ* for each petroleum undertaking will be carried out on a case by case basis for each applicable petroleum undertaking in accordance with the above and the CER's duty to act consistently. The CER will consult with the undertaking on the proposed weighting to be applied before it is imposed.

2.1.2 Worked Example

Estimated Levy amount for Year: €500,000

Petroleum undertakings liable for the Levy: 2 – *petroleum undertaking A* and *petroleum undertaking B*.

Where:

- Petroleum undertaking A (PU(A)) operates an onshore facility (assessed by the CER to result in a 5 weighting) and a subsea pipeline with a group of offshore wells under a single Well Work Safety Permit, their combined weighting will be: 5 + 1 + 2 = 8; and
- Petroleum undertaking B (PU(B)) operates an onshore facility (assessed by the CER to result in a 3 weighting), a manned offshore facility, a subsea pipeline and a group of offshore wells under a single Wells Work Safety Permit, their combined weighting

will be: 3 + 5 +1 + 2 = 11

PU(A) will be levied: 8/19 of €500,000 = €210,526
PU(B) will be levied: 11/19 of €500,000 = €289,743

2.2 Establishment Cost Recovery Methodology

Establishing Costs will be recovered from petroleum undertaking who carry out or propose to carry out production activities and those petroleum undertakings that carry out Well Work over the period 2013 to 2023. The apportionment of costs will be split between Infrastructure and Recoverable Reserves Remaining, with a greater weighting on Recoverable Reserves Remaining to reflect the increased degree of regulatory burden that will be required over the lifetime of the Framework by petroleum undertakings with larger reserves.

All Well Work activities requiring the submission of a safety case in the period 2013 to 2023 will be required to contribute towards the Establishment Costs. The level of contribution will be proportionate to their Safety Case Fee paid in respect of the Well Work. Monies recovered through those contributions will reduce the total amount to be recovered from those petroleum undertakings that carry out or propose to carry out production activities from the period 2013 to 2023. For those petroleum undertakings, the apportionment of Establishment Costs will be split between Infrastructure and Recoverable Reserves Remaining as follows:

a) 40% based on Infrastructure (including a contribution from new wells drilled). See section 2.2.1 below;
b) 60% based on Recoverable Reserves Remaining. See section 2.2.2 below.

2.2.1 Infrastructure

As with the Operational Costs, the *Infrastructure* portion of the Establishment Costs will be apportioned based on the Infrastructure in situ. Table 1 below identifies the types of Infrastructure that will incur costs under the Levy for Establishment Costs along with their associated weighting. Where an Infrastructure type is not specified, the weighting can be taken as zero.

Reference	Infrastructure	Weighting
A	Onshore Facility *	5
B	Manned Offshore Facility	5
C	Unmanned Offshore Facility*	2
D	Subsea Pipeline	1
E	Onshore Pipeline*	3
F	Onshore Well(s) – under a Single Well safety case†	3
G	Offshore Well(s) – under a Single Well safety case†	2

Table 2: Infrastructure types for Establishment Costs and associated weightings.
* indicates variable weightings.
† to be assessed in advance of submission of Well Safety Case

2.2.2 Recoverable Reserves Remaining

Applicable petroleum undertakings will make an assessment of their *Recoverable Reserves*

Remaining and submit the figures to the CER (which may be independently verified by the CER). The combined total will be the *Total Recoverable Reserves Remaining*. Each petroleum undertaking will pay an Establishment Costs Levy amount equivalent to the proportion of their Recoverable Reserves Remaining to the Total Recoverable Reserves Remaining. The calculation is:

$$\frac{\text{PU(X) Recoverable Reserves Remaining}}{\text{Total Recoverable Reserves Remaining}} * \text{50\% Establishment Costs}$$

2.2.3 *Establishment Costs - Worked Example*

Estimated Levy amount for Year: €6,000,000
Petroleum undertakings liable for the Levy: 2 – *PU(A)* and *PU(B)*
No contribution from new wells included.

Where:

- Petroleum undertaking A (PU(A)) operates an onshore facility (assessed by the CER to result in a 5 weighting) and a subsea pipeline with a group of offshore wells under a single wells safety case, their combined weighting will be: 5 + 1 + 2 = 8; and
- Petroleum undertaking B (PU(B)) operates an onshore facility (assessed by the CER to result in a 3 weighting), a manned offshore facility, a subsea pipeline and a group of offshore wells under a single safety case, their combined weighting will be: 3 + 5 +1 + 2 = 11

€2,400,000 of the Establishment Costs to be paid via Infrastructure
PU(A) will be levied: 8/19 of €2,400,000 = <u>€1,010,526</u>
PU(B) will be levied: 11/19 of €2,400,000 = <u>€1,389,473</u>

€3,600,000 of the Establishment Costs to be paid via Recoverable Reserves Remaining
Where:

- PU(A) has Recoverable Remaining Reserves of: $7.5*10^{11}$ cubic feet
- PU(B) has Recoverable Remaining Reserves of: $1*10^{11}$ cubic feet

For PU(A):

$$\frac{7.5*10^{11}\text{ cf}}{7.5*10^{11}\text{ cf} + 1*10^{11}\text{ cf}} * €3{,}600{,}000 = \underline{€3{,}176{,}470}$$

For PU(B)

$$\frac{1*10^{11}\text{ cf}}{7.5*10^{11}\text{ cf} + 1*10^{11}\text{ cf}} * €3{,}600{,}000 = \underline{€423{,}529}$$

Total Establishment Costs payable by PU(A) = €1,010,526+ €3,176,470 = €4,186,996
Total Establishment Costs payable by PU(B) = €1,389,473 + €423,529 = €1,813,002

2.2.4 Claw Back Facility

The CER will be recovering all its Establishment Costs by 2016. Until 2023 any petroleum undertaking that carries out, or proposes to carry out production activities or well works will be liable for a contribution towards the Establishment Costs. This will be facilitated through the provision of a 'claw back' facility. The claw back will be incorporated into the Levy as follows:

1. Petroleum undertakings liable for repayment of the Establishment Costs between 2013 and January 2016 will be levied the full amount during that period.
2. Petroleum undertakings meeting the criteria for repayment of the Establishment Costs, will, until 2023, be levied for the Establishment Costs. The methodology described in Section 2.2 will be employed. A worked example is provided in Section 2.2.4.1.
3. Any claw back monies due to the original payees of the Establishment Cost will be deducted from their Levy in the subsequent year (or years).
4. Monies recovered for the Establishment Costs with respect to Well Work activities will reduce the total amount to be recovered from those petroleum undertakings that carry out or propose to carry out production activities from the period 2013 to 2023.
5. With regard to the Levy amount due for petroleum undertakings liable for the Levy post the introduction of the Levy, and the monies due to the original payees, it will be deemed that the new petroleum undertakings carrying out production activities will be liable for the Levy from its introduction in 2013 for the purposes of the Levy calculations.

2.2.4.1 Worked example

Scenario: Establishment Costs: €6,000,000 repaid by 2016 by PU(A) and PU(B) as per 2.2.3. New petroleum undertaking, PU(C) (liable for Establishment Costs) enters in 2018:

- Infrastructure – Same as PU(B)
- Recoverable Reserves Remaining: Same as PU(A)

Apportionment of Establishment Costs reassessed as follows:

€2,400,000 of the Establishment Costs to be paid via Infrastructure

PU(A) will be levied: 8/30 of €2,400,000 = €640,000
PU(B) will be levied: 11/30 of €2,400,000 = €880,000
PU(C) will be levied 11/30 of 2,400,000 = €880,000

€3,600,000 of the Establishment Costs to be paid via Recoverable Reserves Remaining

For PU(A):

$$\frac{7.5*10^{11}\text{ cf}}{\qquad\qquad} * €3{,}600{,}000 = €1{,}687{,}500$$

$$7.5*10^{11}\,cf + 1*10^{11}\,cf + 7.5*10^{11}\,cf$$

For PU(B)

$$\frac{1*10^{11}\,cf}{7.5*10^{11}\,cf + 1*10^{11}\,cf + 7.5*10^{11}\,cf} * €3{,}600{,}000 = \underline{€225{,}000}$$

For PU(C)

$$\frac{7.5*10^{11}\,cf}{7.5*10^{11}\,cf + 1*10^{11}\,cf + 7.5*10^{11}\,cf} * €3{,}600{,}000 = \underline{€1{,}687{,}500}$$

Total Establishment Costs payable by PU(A) = €640,000 + €1,687,500 = <u>€2,327,500</u>
Total Establishment Costs payable by PU(B) = €880,000 + €225,000 = <u>€1,105,000</u>
Total Establishment Costs payable by PU(C) €880,000 + €1,687,500 = <u>€2,567,500</u>

The monies due to PU(A) and PU(B) as a result of the claw back i.e. the discrepancy between the calculation result in 2.2.3 and above, will be deducted from their respective levies imposed in subsequent years.

3. Summary and Next Steps

The CER is seeking comment from interested parties on the proposals contained in the proposals set out in this Draft Decision Paper by November 28th. For convenience, a list of consultation questions relating to the proposed Levy is set out in Appendix A which interested parties are encouraged but not required, to use. The CER commits to considering all responses and representations affording each respondent the opportunity to clarify any issue raised in this Paper.

Respondents wishing to meet with the CER to discuss their submission should contact the CER (as per Section 1.2) no later than 5pm November 28th 2012. The CER will make itself available for such meetings the week commencing December 3rd.

Following consideration of comments to this Paper, the CER will publish its Decision Paper on the Levy January 2013. The first Levy Order is scheduled to be made in February 2013.

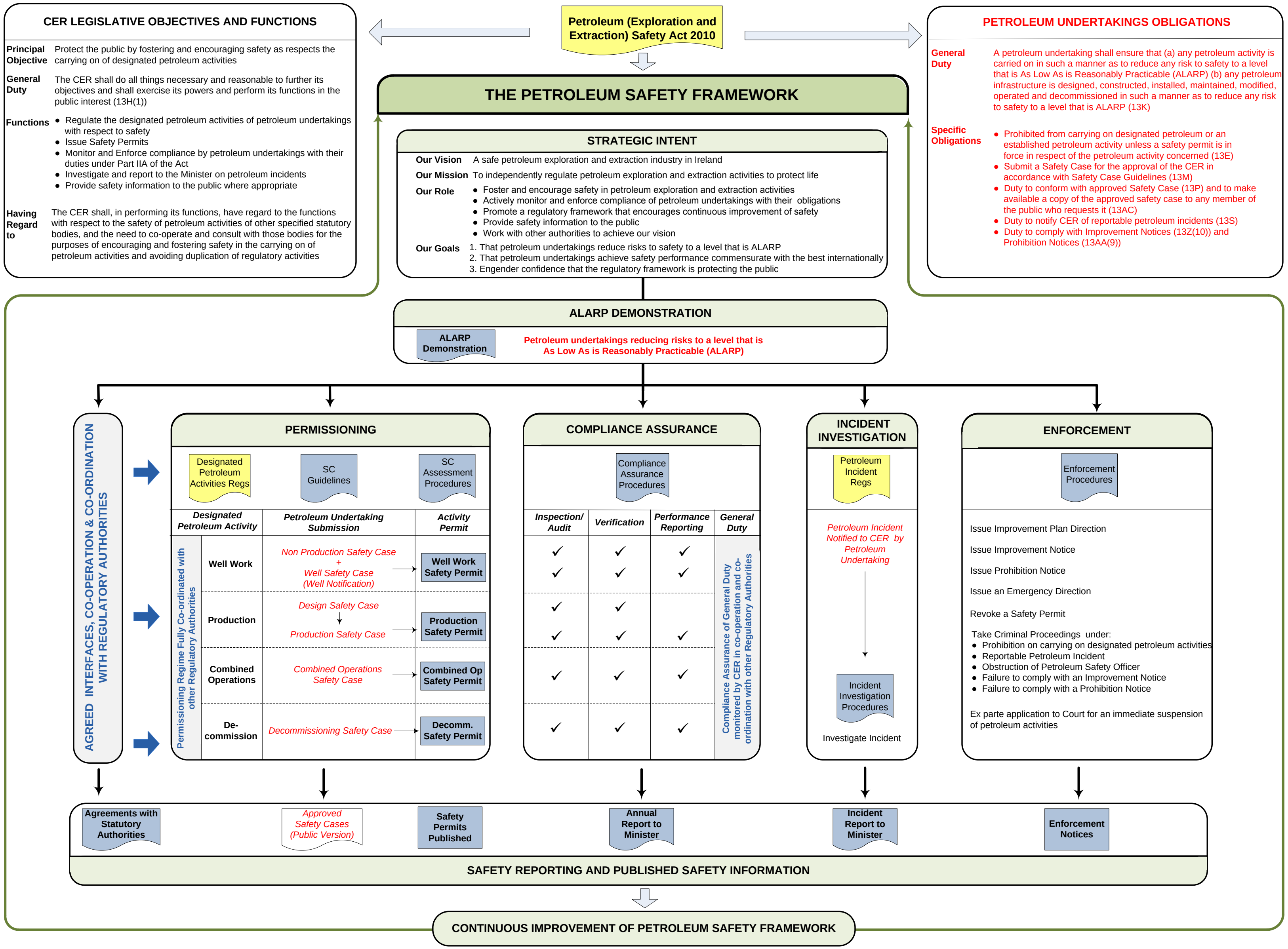
Appendix A – List of Consultation Questions

The aim of this Appendix is to allow for a "short-cut" option for respondents to submit their comments to the CER.

Please note respondents are in no way obliged to respond to the questionnaire provided and are welcome to submit comments in their preferred format. However when preparing responses respondents should indicate which section or proposal their text refers to.

Question/ Proposal		Do you agree? Yes	Do you agree? No	Comments
1.	Do you agree with the proposed methodology for recovering Operational Costs (set out in Section 2.1)?			
2.	Do you agree with the proposed methodology for recovering Establishment Costs (as set out in Section 2.2)?			
3.	Do you agree with the proposal to include a claw back facility within the Levy methodology (as set out in Section 2.2.4)?			

Appendix B – Overview Diagram of the Framework


CER LEGISLATIVE OBJECTIVES AND FUNCTIONS
Principal Objective
Protect the public by fostering and encouraging safety as respects the carrying on of designated petroleum activities
General Duty
The CER shall do all things necessary and reasonable to further its objectives and shall exercise its powers and perform its functions in the public interest (13H(1))
Functions
Regulate the designated petroleum activities of petroleum undertakings with respect to safety
Issue Safety Permits
Monitor and Enforce compliance by petroleum undertakings with their duties under Part IIA of the Act
Investigate and report to the Minister on petroleum incidents
Provide safety information to the public where appropriate
Having Regard to
The CER shall, in performing its functions, have regard to the functions with respect to the safety of petroleum activities of other specified statutory bodies, and the need to co-operate and consult with those bodies for the purposes of encouraging and fostering safety in the carrying on of petroleum activities and avoiding duplication of regulatory activities
Petroleum (Exploration and Extraction) Safety Act 2010
PETROLEUM UNDERTAKINGS OBLIGATIONS
General Duty
A petroleum undertaking shall ensure that (a) any petroleum activity is carried on in such a manner as to reduce any risk to safety to a level that is As Low As is Reasonably Practicable (ALARP) (b) any petroleum infrastructure is designed, constructed, installed, maintained, modified, operated and decommissioned in such a manner as to reduce any risk to safety to a level that is ALARP (13K)
Specific Obligations
Prohibited from carrying on designated petroleum or an established petroleum activity unless a safety permit is in force in respect of the petroleum activity concerned (13E)
Submit a Safety Case for the approval of the CER in accordance with Safety Case Guidelines (13M)
Duty to conform with approved Safety Case (13P) and to make available a copy of the approved safety case to any member of the public who requests it (13AC)
Duty to notify CER of reportable petroleum incidents (13S)
Duty to comply with Improvement Notices (13Z(10)) and Prohibition Notices (13AA(9))
THE PETROLEUM SAFETY FRAMEWORK
STRATEGIC INTENT
Our Vision A safe petroleum exploration and extraction industry in Ireland
Our Mission To independently regulate petroleum exploration and extraction activities to protect life
Our Role
Foster and encourage safety in petroleum exploration and extraction activities
Actively monitor and enforce compliance of petroleum undertakings with their obligations
Promote a regulatory framework that encourages continuous improvement of safety
Provide safety information to the public
Work with other authorities to achieve our vision
Our Goals
1. That petroleum undertakings reduce risks to safety to a level that is ALARP
2. That petroleum undertakings achieve safety performance commensurate with the best internationally
3. Engender confidence that the regulatory framework is protecting the public
ALARP DEMONSTRATION
ALARP Demonstration
Petroleum undertakings reducing risks to a level that is As Low As is Reasonably Practicable (ALARP)
AGREED INTERFACES, CO-OPERATION & CO-ORDINATION WITH REGULATORY AUTHORITIES
PERMISSIONING
Designated Petroleum Activities Regs
SC Guidelines
SC Assessment Procedures
Permissioning Regime Fully Co-ordinated with other Regulatory Authorities
Designated Petroleum Activity
Petroleum Undertaking Submission
Activity Permit
Well Work
Non Production Safety Case + Well Safety Case (Well Notification)
Well Work Safety Permit
Production
Design Safety Case
Production Safety Case
Production Safety Permit
Combined Operations
Combined Operations Safety Case
Combined Op Safety Permit
De-commission
Decommissioning Safety Case
Decomm. Safety Permit
COMPLIANCE ASSURANCE
Compliance Assurance Procedures
Inspection/ Audit
Verification
Performance Reporting
General Duty
Compliance Assurance of General Duty monitored by CER in co-operation and co-ordination with other Regulatory Authorities
INCIDENT INVESTIGATION
Petroleum Incident Regs
Petroleum Incident Notified to CER by Petroleum Undertaking
Incident Investigation Procedures
Investigate Incident
ENFORCEMENT
Enforcement Procedures
Issue Improvement Plan Direction
Issue Improvement Notice
Issue Prohibition Notice
Issue an Emergency Direction
Revoke a Safety Permit
Take Criminal Proceedings under:
Prohibition on carrying on designated petroleum activities
Reportable Petroleum Incident
Obstruction of Petroleum Safety Officer
Failure to comply with an Improvement Notice
Failure to comply with a Prohibition Notice
Ex parte application to Court for an immediate suspension of petroleum activities
Agreements with Statutory Authorities
Approved Safety Cases (Public Version)
Safety Permits Published
Annual Report to Minister
Incident Report to Minister
Enforcement Notices
SAFETY REPORTING AND PUBLISHED SAFETY INFORMATION
CONTINUOUS IMPROVEMENT OF PETROLEUM SAFETY FRAMEWORK