



Department
of Energy &
Climate Change

DECC Offshore Environment Unit (OEU)

A Charging Scheme for Offshore Installations made under Regulation 18 of the Greenhouse Gas Emissions Trading Scheme Regulations 2012

Presented to Parliament pursuant to Regulation 19 of the Greenhouse Gas Emissions Trading Scheme Regulations 2012.

© Crown copyright 2016

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3 or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at www.gov.uk/government/publications.

Any enquiries regarding this publication should be sent to us at emt@decc.gsi.gov.uk

Contents

Background.....	5
The Regulations.....	6
Description of the Scheme	7
Fee Recovery.....	8

CHARGING SCHEME FOR OFFSHORE INSTALLATIONS MADE UNDER REGULATION 18 OF THE GREENHOUSE GAS EMISSIONS TRADING SCHEME REGULATIONS 2012

Background

1.1 The Department of Energy and Climate Change's (DECC's) Offshore Oil and Gas Environment and Decommissioning Unit (OGED) seeks to secure full cost recovery for all relevant regulatory transactions relating to offshore oil and gas operations, gas unloading and storage operations and carbon dioxide storage operations.

1.2 The July 2015 fee charging scheme for the Greenhouse Gas Emissions Trading Scheme Regulations 2012 (the Regulations) was based on the application of DECC OGED hourly rate costs for the technical specialist staff and administrative support staff dealing with the administration, assessment, determination and enforcement of the environmental regulations to the time taken to undertake the relevant regulatory transactions.

1.3 The DECC OGED hourly rate costs for the technical specialist staff and administrative support staff have recently been reviewed based on revised full economic staff costs, accommodation costs, information technology (IT) costs and relevant consultancy costs.

1.4 Following that review, the DECC OGED hourly rates are to increase from 1st June 2016.

1.5 The purpose of this document is to provide information relating to the revision of the charging scheme for offshore installations under the Regulations, and to explain the arrangements for invoicing and payment.

1.6 Guidance providing a detailed description of all the revised charging schemes and the cost recovery process is available at <https://www.gov.uk/guidance/oil-and-gas-offshore-environmental-legislation#the-pollution-prevention-and-control-fees-miscellaneous-amendments-and-other-provisions-regulations-2015>.

The Greenhouse Gas Emissions Trading Scheme Regulations 2012

2.1 The European Union Emissions Trading Scheme (EU ETS) has been introduced in all Member States to encourage businesses to reduce greenhouse gas emissions. In the UK, the EU ETS Directive has been implemented through the Greenhouse Gas Emissions Trading Scheme Regulations (the EU ETS Regulations).

2.2 Part 2, Chapter 4 of the EU ETS Regulations details provisions relating to offshore installations, including provisions relating to charging schemes.

2.3 Regulation 18 of Part 2, Chapter 4 provides powers for the Secretary of State to make, and from time to time revise, a scheme prescribing charges in relation to offshore installations in respect of the following matters:

- the performance by the Secretary of State of functions conferred under or by virtue of the regulations, as regulator in relation to offshore installations; and
- the subsistence of an account required to be held in a trading scheme registry by the operator of an offshore installation.

2.4 Regulation 19 of Part 2 Chapter 4 confirms that, on making or revising such a charging scheme, the Secretary of State must lay before each House of Parliament a copy of the scheme, the revisions made to the scheme or the revised scheme. It also confirms that the charging scheme may, in particular:

- make different provision for different cases, including different provision in relation to different persons in different circumstances or localities;
- allow for reduced charges payable in respect of permits granted to the same operator;
- provide for the times at which and the manner in which the payments required by the scheme are to be made; and
- make such incidental, supplementary and transitional provisions as appear to the Secretary of State to be appropriate.

2.5 Regulation 19 also requires that the Secretary of State must take such steps as the Secretary of State considers appropriate for bringing the provisions of a scheme to the attention of persons likely to be affected by it.

2.6 This revision of the charging scheme for offshore installations is made under Regulation 18 of the EU ETS Regulations, and is laid before each House of Parliament in accordance with Regulation 19 of the regulations.

Description of the Scheme

3.1 The Secretary of State's functions, as the offshore installation regulator, are administered on behalf of the Secretary of State by DECC OGED. The relevant functions are detailed in the EU ETS Regulations and are summarised below:

- Part 2, Chapter 1 details the functions relating to permits, including the application and issue of permits; the review, variation and consolidation of permits; the transfer of permits; the surrender of permits; and the revocation of permits;
- Part 2, Chapter 3 details the functions relating to the allocation of allowances;
- Part 2, Chapter 4 details the functions relating to the powers of entry;
- Part 5 details the functions relating to enforcement;
- Part 6 details the functions relating to the provision of information;
- Part 7 details the functions relating to civil penalties; and
- Part 10 details the supplementary provisions relating to the functions of fee recovery, the consequences of non-payment and relevant guidance.

3.2 Technical specialist staff and administrative support staff separately record the time taken undertaking the above functions, for both individual operators and the individual offshore installations that are the responsibility of the operators.

3.3 The calculated hourly rate costs for technical specialist staff and administrative support staff will be applied to the total time spent undertaking the functions, and used to calculate a total fee for each operator, broken down to indicate the total fee for each offshore installation that is the responsibility of that operator.

3.4 Time spent undertaking any offshore inspections will be recorded separately, but will still be assigned to both individual operators and the individual offshore installations that are the responsibility of the operators.

3.5 A separate total fee will be calculated for each offshore installation inspection that is the responsibility of an operator.

3.6 The separate hourly rate costs for technical specialist staff and administrative support staff that will be used to calculate the total fees from 1st June 2016 are:

- £168 for technical specialists; and
- £82 for administrative support staff.

Fee Recovery

- 4.1 Regulation 18 of the EU ETS Regulations requires that charges prescribed by the charging scheme must be paid to the Secretary of State. Fees will be recovered by DECC OGED acting on behalf of the Secretary of State.
- 4.2 Operators will be provided with a breakdown of the time spent by specialist and non-specialist staff on cost-recoverable activities. The breakdown will cover a specified period, but it is possible that it will contain costs relating to activities undertaken outside that period.
- 4.3 The breakdown will include information such as the name of the relevant installation, the location and nature of the activity and, where appropriate, the reference number of any relevant permit issued under the legislation.
- 4.4 Separate entries will be provided for any relevant offshore inspections of named installations. These costs will cover a range of environmental regulations and will not be assigned to specific regulations or functions.
- 4.5 Separate entries will also be provided for any investigation activity, including costs relating to dealing with pollution incidents undertaken prior to the commencement of formal enforcement action, and for any cost-recoverable overseas visits.
- 4.6 Operators can request separate invoices for different assets, providing they make their representations to DECC OEU within 30 days of receipt of the breakdown clearly explaining their preference.
- 4.7 Operators will be invoiced 30 days after submission of the breakdown, detailing the total amount payable to cover fees for the period stated in the breakdown.
- 4.8 Payment will be due to DECC OEU within 30 days of the date of the invoice.
- 4.9 If any invoice is not paid, DECC will actively pursue outstanding debts in accordance with its debt recovery procedures.

© Crown copyright 2016

Department of Energy & Climate Change

3 Whitehall Place

London SW1A 2AW

www.gov.uk/decc