



Department for
Business, Energy
& Industrial Strategy

BEIS OFFSHORE ENVIRONMENT UNIT (OEU)

A Charging Scheme made under
Regulation 6 of the Offshore
Petroleum Activities (Oil
Pollution Prevention and Control)
Regulations 2005 (As Amended)



April 2017

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BEIS Offshore Environment Unit (OEU) A Charging Scheme made under Regulation 6 of the Offshore Petroleum Activities (Oil Pollution Prevention and Control) Regulations 2005 (As Amended)

Background

1.1 The Department for Business, Energy and Industrial Strategy (BEIS) Offshore Environment Unit (OEU) 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 Offshore Petroleum Activities (Oil Pollution Prevention and Control) Regulations 2005 (as amended) was based on the application of 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 hourly rate costs for the technical specialist staff and administrative support staff were reviewed in 2016, based on revised full economic staff costs, accommodation costs, information technology (IT) costs and relevant consultancy costs, and the hourly rates were increased from 1st June 2016.

1.4 The functions that were eligible for cost recovery were reviewed in 2016, based on the policy requirement to secure full cost recovery for all relevant regulatory transactions, and new provisions were introduced from 6th April 2017.

1.5 The purpose of this document is to provide information relating to the current charging scheme under the Offshore Petroleum Activities (Oil Pollution Prevention and Control) Regulations 2005 (as amended), and to explain the arrangements for invoicing and payment.

1.6 Guidance providing a detailed description of all the BEIS OEU charging provisions and the cost recovery process is available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/606124/Charging_Guidance_April_2017.pdf

The Offshore Petroleum Activities (Oil Pollution Prevention and Control) Regulations 2005 (as amended)

2.1 The Offshore Petroleum Activities (Oil Pollution Prevention and Control) Regulations 2005 were introduced to replace and update the limited powers available under the Prevention of Oil Pollution Act 1971, so that BEIS could more effectively implement a number of OSPAR Recommendations relating to the discharge of 'oils'.

2.2 The Offshore Petroleum Activities (Oil Pollution Prevention and Control) (Amendment) Regulations 2011 were introduced to amend the definition of 'offshore installation' to include all pipelines, and to introduce the concept of a 'release' to cover all unintentional oil emissions resulting from accidental spills, leaks or non-operational discharges. They also extended information-gathering powers, so that information could be obtained from a wider range of persons and in relation to a wider range of incidents, simplified the permitting process for varying permits or transferring them to other operators, provided additional powers to take appropriate enforcement action in relation to unintentional emissions and made minor amendments to the fee charging powers.

2.3 The Pollution Prevention and Control (Fees) (Miscellaneous Amendments) Regulations 2017 set out amendments to the regulatory provisions covering fees under regulation 6 of the Offshore Petroleum Activities (Oil Pollution Prevention and Control) Regulations 2005.

2.4 Regulation 6 of the Offshore Petroleum Activities (Oil Pollution Prevention and Control) Regulations 2005 (as amended) details provisions relating to a charging scheme:

6. (1) The Secretary of State may, in accordance with a charging scheme made by her for this purpose, charge applicants for permits, permit holders or operators fees in respect of any of the matters to which this paragraph applies.
- (2) The matters to which paragraph (1) applies are—
 - (a) an application for the grant or renewal of a permit;
 - (b) a review, or an application for a review, of a permit or the conditions to which it is subject;
 - (c) a request for the Secretary of State's consent to the transfer of a permit;
 - (d) the revocation or surrender of a permit;
 - (e) the subsistence of a permit;
 - (f) the testing or analysis of substances;
 - (g) the validating of, or of the results of, any testing or analysis of substances;
 - (h) the assessment of the effect upon the environment of the release or discharge into it of any oil; and
 - (i) the provision of advice in respect of—
 - (i) an application or potential application for the grant or renewal of a permit;
 - (ii) a review, or an application or potential application for a review, of a permit or the conditions to which it is subject;
 - (iii) a request or potential request for the Secretary of State's consent to the transfer of a permit;
 - (iv) the revocation or surrender of a permit;

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- (v) the testing or analysis of substances;
 - (vi) the validating of, or of the results of, any testing or analysis of substances; and
 - (vii) the assessment of the effect upon the environment of the release or discharge into it of any oil,

but paragraph (1) only applies to the matters referred to in sub-paragraphs (f) to (h) and (i)(v) to (i)(vii) in cases where the testing, analysis, validating or assessment is in any way in anticipation of, or otherwise in connection with, the making of permit applications or is carried out in pursuance of conditions to which the permit is subject.

(3) A charging scheme made under this regulation shall be so framed that the fees and charges payable under the scheme are sufficient, taking one year with another, to cover such expenditure as may be incurred by or on behalf of the Secretary of State in connection with any of the matters to which paragraph (1) applies.

2.5 This revision of the charging scheme is made under Regulation 6 of the Offshore Petroleum Activities (Oil Pollution Prevention and Control) Regulations 2005 (as amended).

Description of the scheme

3.1 Functions under the Offshore Petroleum Activities (Oil Pollution Prevention and Control) Regulations 2005 (as amended) are administered on behalf of the Secretary of State by BEIS OEU. The relevant chargeable functions are detailed in Section 2.4 above.

3.2 Technical specialist staff and administrative support staff will separately record the time taken undertaking the chargeable 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, that can be broken down to indicate the total fee for each offshore installation that is the responsibility of that operator.

3.4 The 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 have been 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 Fees will be recovered by BEIS OEU 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 BEIS 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 BEIS OEU within 30 days of the date of the invoice.
- 4.9 If any invoice is not paid, BEIS will actively pursue outstanding debts in accordance with its debt recovery procedures.



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