



Department for
Business, Energy
& Industrial Strategy

OFFSHORE RENEWABLES DECOMMISSIONING GUIDANCE FOR INDUSTRY

Proposed updates



07 February 2018

OFFSHORE RENEWABLES DECOMMISSIONING GUIDANCE FOR INDUSTRY

Proposed Updates

The consultation can be found on the BEIS section of GOV.UK:

<https://www.gov.uk/government/consultations/offshore-renewables-decommissioning-guidance-for-industry-proposed-updates>

Offshore Renewables Decommissioning guidance for industry

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Any enquiries regarding this publication should be sent to us at OREIDecommissioning@beis.gov.uk.

Introduction

Clarifying our expectations of developers in planning for decommissioning

The former Department for Energy and Climate Change, now BEIS, published the most recent edition of its guidance for the decommissioning of offshore renewable energy installations (OREIs) in 2011 under the relevant provisions of the Energy Act 2004. Since then, industry and regulators' understanding and practical experience of decommissioning have developed considerably. This means that there are several sections of the guidance that can now be clarified or amended to reflect changes in approach over the last 7 years and updated where they are out of date.

This update, therefore, focuses on issues relating to the provision of cost estimates for decommissioning OREIs and associated financial security, as our experience to date has indicated that these are the areas where greater clarity on the Department's position would be most welcomed by developers. Having said that, we recognise that there is a need for a more comprehensive review of decommissioning policy, but that this will take some time: in the interim period we consider this partial update the most helpful way of clarifying our expectations of developers.

We have produced a first draft of the updated guidance and want to gather views from industry, regulators, and other interested parties to ensure we fully understand the potential impacts of the proposed changes on them. These might include impacts on the offshore renewables sector, the wider regulatory environment, the marine environment, or other users of the sea. We also want to test some early ideas about the wider review of policy that we plan to undertake within the next few years. Finally, we are interested in hearing from those organisations impacted by decommissioning of OREIs about their experiences of the statutory regime to date, and any ideas for additional changes to our guidance that are not already included in the draft.

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General information

Purpose of this consultation

This consultation is intended to gather views from industry, regulators and other stakeholders on proposed changes to the industry guidance for the decommissioning of offshore renewable energy infrastructure once it has come to the end of its useful life. We are particularly seeking to understand any impacts of the changes on developers and owner-operators of offshore renewable energy projects, and on the wider use of the sea/seabed.

We encourage responses to this consultation from the following in particular:

- the offshore renewables industry (encompassing offshore wind, wave, tidal and offshore transmission) and representative bodies
- regulators dealing with the use, management and protection of offshore resources
- industries, interest groups, or individuals with an interest in the use of the sea or seabed (for example, navigation, fishing, or leisure use)
- anyone conducting research or providing advisory services relating to the decommissioning of offshore renewables.

Issued: 07/02/18

Respond by: 02/03/18

Enquiries to:

Offshore Renewables Decommissioning Team
Department for Business, Energy & Industrial Strategy,
Orchard 2, Third Floor
1 Victoria Street
London, SW1H 0ET
Tel: 0300 068 6862
Email: OREIDecommissioning@beis.gov.uk

Consultation reference: Decommissioning of Offshore Renewable Energy Installations Under the Energy Act 2004: Guidance notes for industry (England and Wales)

Territorial extent:

England and Wales only.

How to respond

Your response will most useful it is framed in direct response to the questions posed, though further comments and evidence are also welcome.

Respond online: <https://beisgovuk.citizenspace.com/energy-development/offshore-renewables-decommissioning-guidance>

Or

Email to OREDecommissioning@beis.gov.uk

Or

Hard copies to Offshore Renewables Decommissioning Team (see page above).

Additional copies:

You may make copies of this document without seeking permission. An electronic version can be found at <https://www.gov.uk/government/consultations/offshore-renewables-decommissioning-guidance-for-industry-proposed-updates>. Hard copies may be ordered from the Offshore Renewables Decommissioning Team (see page above)

Confidentiality and data protection

Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information legislation (primarily the Freedom of Information Act 2000, the Data Protection Act 1998 and the Environmental Information Regulations 2004).

If you want information that you provide to be treated as confidential please say so clearly in writing when you send your response to the consultation. It would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded by us as a confidentiality request.

We will summarise all responses and place this summary on the [GOV.UK website](#). This summary will include a list of names or organisations that responded but not people's personal names, addresses or other contact details.

Quality assurance

This consultation has been carried out in accordance with the [Government's Consultation Principles](#).

If you have any complaints about the consultation process (as opposed to comments about the issues which are the subject of the consultation) please address them to:

Email: beis.bru@beis.gov.uk

Catalogue of consultation questions

About you

- | | |
|----|--|
| 1. | Which of the following options best describes your organisation?

a. Developer or owner-operator of offshore renewable energy projects
b. Representative body for the offshore renewable energy industry
c. Other business working in offshore renewables (e.g. contractors, consultants)
d. Regulator
e. Other (please specify) |
| 2. | Whereabouts in the UK do you operate?

a. England
b. Wales
c. Scotland
d. Northern Ireland (please note that Northern Ireland has its own decommissioning regime which is not managed by the UK Government) |

General feedback on current industry guidance

- | | |
|----|---|
| 3. | Which areas of the guidance do you find most helpful? Are any parts of it unclear, or not of interest? |
| 4. | We would welcome feedback/evidence on the cost to developers/owner-operators for the setting up of bank guarantees/letters of credit. |

Feedback on potential 2018 updates to industry guidance

5.	<p>We are proposing to make clear in the updated guidance that developers may draw down on any cash securities they have provided to fund decommissioning, although there will need to be restrictions in place to govern this (please see section 9.34 of the new guidance document). Do you have any views on these proposals, and in particular on the proportion of financial securities that should be held back until receipt of a satisfactory post-decommissioning survey?</p>
6.	<p>We currently require developers to factor inflation into their proposals for financial security. We are now proposing to include a more detailed requirement for developers to set out inflation on their securities up to the end of the project lifetime, as set out in the new guidance document at section 8.9-8.12. Do you have any comments on this proposal?</p>
7.	<p>We consider proposals for timings of securities on a case-by-case basis. Section 9 of the updated guidance provides further clarification of our requirements around the timing of securities. Our requirements will be ‘technology neutral’, but the considerations set out in section 9.27-9.31 will be made to help determine which projects are classified as being of sufficient risk to require securities within 3 months of approval of the decommissioning programme. Do you have any comments on this proposal? Specifically, are there any other reliable indicators of long-term stability (other than having a subsidy in place) that would lower the risk to BEIS sufficiently for us to be able to accept delayed securities?</p>
8.	<p>We are proposing to clarify our requirements for decommissioning programmes to be reviewed during the project lifetime (please see section 5.22 – 5.26 for further details). Do you have any comments on these suggested review schedules?</p>
9.	<p>We would like to ensure that all future offshore renewable energy installations have an approved decommissioning programme in place prior to construction, as this will help to manage the risk of projects going into the water without proper plans in place for removal. How achievable would this be for developers? What are the challenges for different types of project?</p>

10.	Do you have any further comments on the draft guidance?
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Early stage proposals for future updates of industry guidance for financial year 2019/20 or later

11.	<p>We have decided not to change our position on parent company guarantees in this iteration of our guidance (please see section 9.22-9.25).</p> <p>However, we are still open to considering the option of parent company guarantees for a future update to our guidance, if new arguments come to light that make it a more favourable option. For example, once the UK has left the EU we would not be subject to the same laws regarding discrimination against member states. Are there any further arguments in favour of BEIS accepting parent company guarantees in future?</p>
12.	<p>We previously considered opportunities for an industry-wide insurance scheme to cover financial securities. However, we considered that such a scheme would be likely to require a larger field of companies with a more equal risk profile in order to work successfully. Nevertheless, we would welcome any views on whether in future such a scheme might be workable.</p>
13.	<p>For projects that cannot be fully decommissioned, there will be an ongoing liability for any infrastructure that is left in situ. Under the terms of the lease agreement with the Crown Estate, and accordance with the “polluter pays” principle, project developers will continue to be held liable for this infrastructure in perpetuity. We are looking at how developers can appropriately manage this liability, for example through an industry-wide insurance scheme. We would welcome any views on this issue generally, and on the idea of an industry-wide insurance scheme in particular as a potential solution.</p>
14.	<p>It seems likely that there will be cases where part of a windfarm or array may reach the end of its lifetime earlier than others, for example where the turbines at the edge wear out more quickly than those at the centre. We would be interested to hear views on how decommissioning might work in these scenarios, for example whether non-functioning turbines could or should be left in situ until the rest of the windfarm or array can be decommissioned, and what the risks of this approach might be, or any other risks or opportunities relating to the idea of “step-down” decommissioning.</p>
15.	<p>Do you have any further comments on issues that we could consider for future updates</p>

of the industry guidance?

Annex A – further documents relating to this consultation

Document Name	Content and purpose
Decommissioning of Offshore Renewable Energy Installations Under the Energy Act 2004: Guidance notes for industry (England and Wales)	<p>This document is a draft of the updated guidance designed to better clarify our implementation of decommissioning requirements under the Energy Act 2004. The main clarifications relate to the following issues:</p> <ul style="list-style-type: none">• Timing and format of financial securities• Ability to draw down securities• How to reflect VAT, inflation and scrap metal revenue in securities• The process for reviewing decommissioning programmes following approval• How the guidance should apply to testing centres• Process for transfers of project ownership• Key milestones for submission and consideration of decommissioning programmes

