



Department for
Business, Energy
& Industrial Strategy

POLICY PROPOSALS FOR OFFSHORE COMBUSTION PLANT CONSULTATION: GOVERNMENT RESPONSE

Transposition of the Medium Combustion Plant
Directive and requirements for Large Combustion Plant

April 2018

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Executive summary

The government is committed to tackling air pollution and improving air quality. Reducing air pollution is important for human health and the environment. It is acknowledged that the vast majority of this improvement in air quality is related to onshore, but offshore reductions in atmospheric emissions also help to reduce impacts of climate change and support the application of legally binding targets to reduce damaging air pollutants.

Implementing the Medium Combustion Plant Directive (MCPD) and Chapter III of the Industrial Emissions Directive (IED) will help reduce air pollution by way of introducing additional control measures for medium combustion plant in the range of 1-50 MWth and large combustions plant greater than 50 MWth. The MCPD requires all qualifying plant in scope to be either registered or have an approved permit which defines emission limit values (ELVs) on pollutants that may be emitted according to the age, size, fuel type and operating hours of such plant. There are also monitoring requirements for operators to demonstrate compliance with their permits. The controls will apply to new plant from 20 December 2018, whilst existing plant must have a permit by 2024 or 2029 (depending upon plant size) with compliance one year later. Full implementation will be achieved by 2030.

The obligations of Chapter III of the IED require large combustion plant (LCP) to have a permit with set emission controls. Operators of LCP must also monitor emissions to demonstrate compliance with permit conditions and emission limits. The LCP controls will take effect immediately on the implementing Regulations coming into force as transposition of the IED must be completed and complied with.

The government issued a public consultation seeking stakeholders' views on policy proposals for controlling / reducing, in accordance with the relevant requirements of the MCPD and Chapter III of the IED, emissions of specified pollutants from relevant medium and large combustion plant on offshore platforms engaged in hydrocarbon-related activities (i.e. oil and gas operations, gas unloading and storage operations and carbon dioxide storage and unloading operations) on the United Kingdom Continental Shelf.

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Exit from the European Union

On 23rd June 2016, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until negotiations to exit the EU are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation in future once the UK has left the EU.

Introduction

The public consultation ran over a four week period (7 September to 5 October 2017) and this document summarises the responses to the consultation's questions. A full list of the questions can be found at Annex A.

Eight responses were received and where respondents answered the specific consultation questions then these have been included as a summary for each question, followed by the government response to the comments received and the decisions taken as a result of the consultation responses.

The consultation concerned policy proposals for transposing the MCPD and Chapter III of the IED in respect to offshore platforms engaged in hydrocarbon-related activities on the United Kingdom Continental Shelf.

Who responded?

Of the responses received, the largest number of responses was from oil and gas operators followed by individual responses from the industry trade association and a consultancy. The full list of organisations that responded is found in Table 1 below.

Table 1. Organisations responded to public consultation.

Organisation responded	Type of respondent
Apache North Sea Limited	Oil and gas operator
BP Exploration Operating Company	Oil and gas operator
Chevron North Sea Limited	Oil and gas operator
Dana Petroleum (E&P) Ltd	Oil and gas operator
Ethos Environmental Ltd	Health, safety and environmental consultancy
Oil and Gas UK	Trade association
Repsol Sinopec Resources Limited	Oil and gas operator
Shell UK Limited	Oil and gas operator

Summary of responses

This section provides a summary of the relevant parts of the consultation and a summary of the responses received to each question.

Q1. Do you have any comments on the proposals for amending the PPC Regulations in order to implement the MCPD?

We proposed to transpose the MCPD by amending The Offshore Combustion Installations (Pollution Prevention and Control) Regulations 2013 (“the PPC Regulations”) in order to combine existing processes and procedures where possible. Adopting existing processes and procedures for combustion plant already permitted under the PPC Regulations where possible, would maintain a consistent approach, avoid confusion for regulators and operators, and also reduce the burdens associated with establishing a new regime.

- Seven responses were received with three objecting to the policy proposals to transpose the MCPD and three respondents supporting the proposed approach. One respondent had no comments.
- The objections presented referred to no material environmental benefit and concerns over the interpretation of including offshore platforms within the scope of the MCPD as it was considered that the policy intention of Article 2(3)(h) was to exclude the offshore hydrocarbons sector from the obligations of the Directive on the basis that all existing eligible combustion plants were already within the scope of Chapter II requirements of the IED. There were also concerns that the costs would outweigh any possible limited benefits. In this context, it was additionally highlighted that the draft Impact Assessment (IA) did not identify environmental or human health benefits.
- References were made to the proposed amendment made by Ian Duncan (Amendment 125¹, 10 March 2015 and Amendment 19², 13 May 2015) of specific amendments below.

Proposed amendment 125:

Article 2 – paragraph 2 point f d (new)

Amendment: (f d) gas turbines and gas and diesel engines used on offshore platforms, with the exception of new gas engines and new gas turbines which are used for mechanical drives;

Justification: The Impact Assessment carried out for the Commission did not consider the costs of compliance with the MCPD for plant on offshore platforms. If the MCPD places prescriptive ELVs and monitoring requirements on all combustion plants operating

¹ <http://www.europarl.europa.eu/sides/getDoc.do?type=COMPARL&mode=XML&language=EN&reference=PE551.798>

² <http://www.europarl.europa.eu/sides/getDoc.do?type=REPORT&mode=XML&reference=A8-2015-0160&language=EN>

offshore then this would very likely lead to the early cessation of production and the subsequent decommissioning of a large number of offshore platforms which would have significant negative impacts on EU energy security and UK employment.

- There were concerns about the inherent technical challenges of retrofitting abatement equipment to existing combustion plants which are acknowledged within the LCP BREF and reservations over the use of selective catalytic reduction as this was not deemed suitable for use on offshore platforms.
- It was pointed out that emission limit values (ELVs) were dependent upon the fuel type being combusted and, in this regard, questions were raised about how fuel weighted ELVs would be calculated for dual fuel engines and what would happen in situations where plant could not meet the respective ELVs because it was not feasible to retrofit abatement techniques.
- Queries were raised about how temporary equipment would be managed alongside the application of monitoring requirements and ELVs.
- There were concerns over the challenges that monitoring would present due to issues associated with staff safety, access to exhaust stacks and space restrictions on offshore platforms.
- The costs in the draft IA were considered to be underestimates as the initial data collection exercise undertaken by BEIS to inform the preparation of the IA did not include dual fuel engines.
- Due to the difficulties of applying monitoring and abatement techniques to extant offshore combustion plants, it was suggested that a derogation process should be developed and included within the transposing domestic legislation for plant which could not meet the regulatory requirements.

Q2. Do you agree with the proposed permitting approach? If not please explain why.

A single permit for each relevant offshore platform which captured all combustion plant was proposed, whereby existing PPC permits would be amended to ensure compliance with the MCPD. Essentially, this would integrate the PPC regulatory requirements for offshore combustion plant together with those of the MCPD in one permit. For platforms that fell below the extant PPC regulatory requirements for offshore combustion plant (i.e. less than 50 MWth) a permit covering the MCPs would still need to be applied for using the existing online portal environmental tracking system (PETS). The application requirements for permits that only cover MCPs do not go beyond those specified in the MCPD. The alternatives to an integrated approach would be to establish a new permit regime to meet the requirements of the MCPD (i.e. a stand-alone permit), or establish a registration process with general binding rules which would replace permit conditions. Variations to permits, assignments of permits to new installation operator(s) and permit surrenders would still remain in place. OPRED would also be able to revoke the permit, and vary permit conditions following a review.

Summary of responses

- Six responses were received, with four agreeing to the use of the proposed permit-based approach. Two respondents had no comments.
- As affected operators largely already require permits under the PPC Regulations, there were considered to be minimal additional requirements being imposed on affected platforms when permits needed to account for the changes being introduced as a result of the transposition of the MCPD.

Q3. Do you agree with the proposed approach in Table 2, and are there practical problems with applying the rolling averages?

The potential exemptions (Table 2) within the MCPD were proposed to cover specific circumstances where applying emission limit values could be disproportionate.

Table 2.

Option	Rationale
i) Exemption from MCPD Annex II ELVs for existing MCP operating not more than 500 hours per year as a 5 year rolling average.	For MCP operating a limited number of hours, compliance with ELVs may not be proportionate considering the limited emission reductions achieved and the costs associated with doing so.
ii) Exemption from MCPD Annex II ELVs for existing MCP operating not more than 1000 hours per year as a 5 year rolling average for MCP supplying heating in cases of exceptionally cold weather events.	For MCP operating a relatively limited number of hours in such emergency circumstances, compliance with ELVs may not be proportionate considering the limited emission reductions achieved and the costs associated with doing so.
iii) Exemption from Annex II ELVs for new MCP operating no more than 500 hours per year as a 3 year rolling average.	For MCP operating a limited number of hours, compliance with ELVs may not be proportionate considering the limited emission reductions achieved.
iv) OPRED may grant a derogation from SO ₂ ELVs for a maximum period of six months for MCP which normally uses low-sulphur fuel because of an interruption in the supply of low-sulphur fuel resulting from a serious shortage.	A derogation may be granted when fuel supply becomes problematic.
v) OPRED may grant a derogation from ELVs for MCP in cases where gaseous fuel is used and has to resort to the use of other fuels because of a sudden interruption in the supply of gas and, for this reason, would need to be equipped with secondary abatement equipment. The period for which the derogation is granted shall not exceed ten days except where the operator demonstrates to OPRED that a longer period is justified.	Use of gas from the producing reservoir(s) that would normally be used within MCP is affected and may impact emissions. Demonstration for additional time will be on a case by case basis.

- Six comments were received, with four agreeing to the proposed approach of exemptions and rolling averages. One respondent had no comment and another did not expressly support or object.
- Rolling averages could be produced and clarity was requested on how this could be demonstrated. Further clarity was requested on options (i) to (iii) of Table 2. Clarity was also requested from OPRED on:
 - a) The fuel that was used by offshore platforms to ensure operators could identify what the relevant emission limit value would be;
 - b) The factors that would constitute an exceptionally cold weather event; and
 - c) The process by which the UK would inform the Commission after leaving the European Union.
- Attention was drawn to the exclusion of direct heating under Article 2(3)(d) from the obligations of the MCPD which are used for dehydration processes and sour gas processing.

Q4. Do you have any suggestions for monitoring methods / monitoring sensors which could be applied to MCPs as an alternative to MCERTs?

Emission monitoring is required to be carried out based on methods enabling reliable, representative and comparable results. Industry were requested to comment on the cost implications of monitoring and possible approaches as to how that might be achieved either by 3rd parties, training appropriate staff to undertake the monitoring or a combination of both. The monitoring approach was proposed to be flexible to reduce the burden on industry whilst still meeting the requirements. It was acknowledged that there could be technical and space limitations to access the relevant combustion equipment and these restrictions would be viewed on a case by case basis with the provision of evidence where appropriate. The common approach to use MCERTs was deemed disproportionate and we requested alternative approaches that could be used as part of the consultation.

- Seven responses were received. Two had no comments; one referred to monitoring being determined for onshore operators; and one response encouraged dialogue via the industry trade association for the identification of suitable monitoring methods as an alternative to MCERTs. Three responses referred to the challenges of monitoring emissions offshore due to restricted access to stacks, limited space to use sampling equipment and access ports as well as related health and safety concerns (e.g. the erection of scaffolding and working at heights in areas of limited space).
- A respondent made a proposal for the three-yearly monitoring of MCP using semi-portable kit which utilises calibration gases following EN and BSI standards with suggested sensor types (similar to what has been used for existing monitoring offshore) to establish a baseline, followed by monitoring with other portable equipment (EN 50379) for the following years. It was also proposed that where monitoring had already been done using semi-portable equipment, it should not be repeated to meet the requirements of the MCPD.

- The monitoring of particulates offshore had not been carried out previously and would be difficult to do due to the different requirements needed for dust sampling by undertaking engineering changes for larger (and possibly more) sampling ports than were currently in place. Sampling was further compounded by the lack of suitable and accessible straight lengths of exhaust at a suitable distance from the outlet to ensure representative sampling offshore.

Q5. Do you agree with:

- a) Transposing the reduced monitoring requirements for MCP operating no more than 500 hours?**
- b) Retaining continuous emissions monitoring as optional?**
- c) Continuing to permit monitoring of SO₂ content within the fuel by calculation?**

If not what are your concerns?

For MCP which operate on average no more than 500 hours per annum a proposal was made to set a lower frequency of monitoring based on the number of operating hours. Continuous emissions monitoring (CEMS) was suggested to be optional, as associated costs were deemed disproportionate. An alternative approach for determining SO₂ emissions (e.g. based on fuel sulphur content) was proposed to continue to use existing provisions under the PPC guidance to permit monitoring of SO₂ emissions based upon calculation of the fuel sulphur content being used.

- Seven responses were received. Four supported the transposition requirements; one had no comments and two disagreed with the proposal in relation to question 5a.
- Two respondents disagreed that CO monitoring was required for MCP firing gaseous and liquid fuels and operating < 500 hours per year. It was considered that CO monitoring was generally only required when other parameters were being measured such as NO_x. As Articles 6(3) and 6(8) allowed MCP operating reduced hours to be exempt from compliance with the ELVs for NO_x and SO_x in Annex II, there was deemed to be no purpose in stipulating monitoring obligations for MCP firing gaseous and liquid fuels (operating < 500 hours per annum) because there would be no applicable ELVs to underpin such monitoring. Therefore, it was felt that the only ELVs that would apply to MCP operating < 500 hours per annum would be those for “dust” when a qualifying plant used solid fuel.
- Reference was also made to Recital 10 of the MCPD which indicated that monitoring for CO was undertaken to ensure that measures taken to limit emissions of SO_x, NO_x and dust did not result in an increase in emissions of other pollutants such as CO. Consequently, in this scenario it was considered that monitoring for MCP operating < 500 hours per annum would only be required for dust and CO where the MCP were firing solid fuel.
- It was considered that Annex III, paragraph 3(b) (“CO for all plants”) was intended to apply only when an ELV applied to another pollutant and monitoring was required to

determine compliance with the ELV for that pollutant (i.e. following the logic outlined in Recital 10).

Q6 Do you agree with the proposed approach for permit conditions? If not what are your concerns?

Permit / registration conditions were outlined in order to implement the MCPD requirements and these intended to be aligned far as practical with that of existing PPC permits. This included prevention of pollution, maintenance of records, inspections, monitoring, emission limit values, permit returns of emissions, variation of the permit or registration, restoring compliance.

- Six responses were received. One agreed with the proposal; one had no comment and four raised some concerns around the setting of permit conditions.
- The concerns raised appertained to:
 - (i)** Absence of information on the emission limit values that would be applicable for respective fuel types;
 - (ii)** Lack of details on the sort of abatement equipment that would be considered feasible for use offshore to meet the specific emission limits;
 - (iii)** Lack of clarity on the levels of penalties that would be incurred if emission limits could not be achieved;
 - (iv)** Requirement for proposed monitoring plans to be approved by the competent authority which was deemed unnecessary;
 - (v)** Obligation to submit emissions reports to EEMS which may be difficult to define;
 - (vi)** Absence of details on how temporarily installed MCP should be managed;
 - (vii)** Lack of detail on what information would be required by OPRED to enable Member State reporting to the European Commission;
 - (viii)** References to compliance and infringements of the MCPD should be clarified in relation to permit conditions and legislation as the Directive did not place any direct legal obligations on an operator;
 - (ix)** More information was needed on how to determine significant degradation of air quality; and
 - (x)** Absence of details on what would be defined as redundant or removed MCP.
- It was highlighted that start-up and shut-down periods were influenced by a number of processes which qualifying MCPs would be part of.
- There was a request to set out in accompanying guidance the competent authorities' expectations in relation to:
 - a)** Permit conditions and monitoring; and
 - b)** The maintenance of records reflecting that the retrofitting of abatement equipment was unlikely to be feasible offshore for existing plant and therefore assessment of its effectiveness would not be appropriate.

- It was emphasised that gold-plating of the MCPD's requirements should be avoided as should the introduction of additional legislative obligations through permit conditions.

Q7. Do you agree that compliance monitoring for MCP should be incorporated into the existing inspection regime for other environmental legislation by combined on / offshore inspections and the use of EEMS? If you consider this is not appropriate, please explain why.

The MCPD requires an effective system, based on either environmental inspections or other measures, to check operator compliance. There are current existing provisions for checking compliance which are used for other regulatory functions which were proposed to be extended to incorporate qualifying MCP. The industry sector was familiar with this process for other regulated activities and it would avoid introducing a new inspection and compliance regime. Where relevant, information notice(s) could also be issued by OPRED to perform its functions and monitor compliance.

- Six responses were received. Three agreed with the proposed approach; one had no comment and two respondents' submitted views.
- Clarity on what compliance monitoring means in practice was requested. Two respondents stated that it was unclear what additional inspection work would be required. They also queried if inspections would be based upon compliance with permit conditions. Additional clarity was sought on what constituted a significant degradation of air quality which could result in perceived non-compliance. Draft permit conditions were suggested to be consulted on before being included within respective permits.
- It was recommended that a derogation process should be developed for plant that could not meet the emission limit values and for which abatement equipment could not be retrofitted or would not be cost effective.

Q8. Do you agree with the proposal to replicate the non-compliance reporting process for PPC requirements? If not, what are your concerns?

The Directive required rules to be laid down for the type, frequency and format of information concerning events of non-compliance with emission limits to be reported by operators. There was an extant system in place under the PPC Regulations which was proposed to be extended to include non-compliances related to MCP.

- Six responses were received. Three agreed with the proposals; one had no comment and two submitted views that did not directly agree or disagree with the proposals.
- Concerns were raised that where plant exceeded the emission limit values they could not be shut down as they may be considered safety critical.
- Clarity was sought on the definition of significant degradation to air quality / environmental impact which could result in non-compliance. Discussion with industry

was requested to best capture scenarios that could be included within regulatory guidance to ensure correct decisions were made.

Q9. Do you agree with the proposal to replicate the enforcement and penalties process for PPC requirements? If not, what are your concerns?

The existing provisions under the PPC Regulations (regulations 30 to 36) were proposed to be extended to include MCP, rather than introducing a new enforcement approach.

- Six responses were received. Two respondents had no comments; two disagreed with the proposals and two requested the establishment of a longer-term derogation process plus a pragmatic approach to enforcement on plants that exceeded the emissions controls and to which abatement equipment could not be retrofitted.

Q10. Do you agree with the proposed approach to fees? If not please explain why.

Proposals were made on fees that would allow OPRED to recover costs associated with performing functions related to the MCPD. This is in order with HMT guidance on Managing Public Money and would recover costs for permit applications, variations, assignments, surrenders, revocations, monitoring compliance, and necessary testing, analysis, verification and assessment processes as well as the provision of advice including pre-application advice.

- Six responses were received. Two respondents agreed with the approach; three did not agree or disagree but submitted views, and one had no comment.
- Respondents requested guidance to clearly outline the requirements to avoid unnecessary costs being applied. It was also suggested that the duration of reviewing a permit application should be known in advance so that an indication of the appropriate fees to be charged by OPRED would be known by operators early on in the application process.
- One respondent commented on the need to consult industry on fees and charges.

Q11. Do you agree with the evidence provided in the impact assessment e.g. monitoring, number of qualifying MCP, operating hours etc.?

The draft Impact Assessment (IA) summarised the estimated impact on industry and supported the public consultation.

- Seven responses were received. Five respondents disagreed with the draft IA; one agreed and one did not agree or disagree.
- Comments were raised on the draft IA which implied that no evidence was provided to demonstrate that the implementation of the policy proposals would lead to a reduction in emissions or improvement in air quality. It was also mentioned that the omission of dual fuel engines from the IA resulted in underestimated costs.

- Other views expressed were:
 - (a) The IA was based on selective catalytic reduction which was considered unrealistic due to the health and safety concerns over the handling and storage of potentially high quantities of ammonia or urea. It was therefore requested that the regulator identifies what alternative abatement measures would be feasible.
 - (b) The IA did not account for loss of production whilst installing abatement equipment plus sampling ports or conducting monitoring.
 - (c) The assignment of CAPEX costs in the IA for the retrofitting of abatement equipment appeared to be low based upon the cost per KW averaged over 3 years - in practice this would be a lump sum over a shorter time period.
 - (d) Clarity was requested on the hourly rate for operator administration costs being lower than that assigned for the regulator, as well as the number of hours proportioned between the operator and regulator as this particular element was not included in the IA.
 - (e) It was recommended that the IA should have included the list of existing affected plants plus clarity on how the number of qualifying plant was determined as the numbers presented were considered to be very low.

Q12. Do you have any comments on the proposals for transposing the requirements of Chapter III of the IED?

OPRED proposed to transpose the requirements of Chapter III of the IED by amending the PPC Regulations and ensure compliance by incorporating the necessary conditions into the PPC permit(s). The existing PPC permit process was proposed to be used instead of introducing a new permitting regime specifically for LCP as this would allow the deployment of existing practices and procedures with which the offshore industry was familiar. The options of using derogations were also proposed to be transposed to allow flexibility where appropriate.

- Five responses were received. Two respondents agreed; one disagreed and two did not agree or disagree.
- Four respondents indicated that the intention of Chapter III of the IED was to exclude the offshore industry in its entirety following the interpretation of Article 28(i) of the Directive, although one of the responses also supported the inclusion of the Chapter III requirements into the PPC Regulations.
- It was highlighted that the consultation did not address the feasibility of retrofitting abatement equipment to meet the emission controls and that this was also not in the context of the LCP BREF.
- A request was made to incorporate the Chapter III requirements of the IED into the updated PPC guidance.

Q13. Do you have any qualifying LCP on your offshore platform(s) that would be within scope of the Chapter III requirements?

We asked if operators had any qualifying large combustion plant which OPRED were not already aware of.

- Four responses were received. One had no comments; two answered no and one responded yes, with numerous units in operation on different sites.
 - Upon further review of the respondent's comments the respective permits revealed that these were not qualifying LCP, and therefore it was considered that the respondent misunderstood the scope of Chapter III of the IED which was defined within the consultation document.

Q14. What are the cost implications on an annual basis and over a 15 year timescale of i) monitoring and ii) initial installation of abatement equipment or an alternative means to ensure compliance with ELVs?

We also requested industry to respond with estimated cost impacts of monitoring the respective pollutants for qualifying LCP and installing abatement equipment or an alternative means to control the level of emissions to support the impact assessment.

- Three responses were received. One had no comments; one said no and the third responded with costs.
 - The costs provided were incorrectly interpreted to be under Chapter III of the IED, see comments under question 13 above.

Q15. Are you planning on installing / using a qualifying LCP in any future development(s)?

We asked if operators had any plans on installing or using large combustion plant for future developments that would be within the scope of Chapter III of the IED.

- Three responses were received. One had no comments; one said no and the third stated that they had no plans at present.

Government response

The following sections outline our response to the consultation:

- a) Scope of the MCPD and Chapter III of the IED and transposing Regulations;
- b) Permits and permit conditions;
- c) Monitoring;
- d) Compliance and enforcement;
- e) Fees;
- f) Impact assessment;
- g) Obligations under Chapter III of the IED (Large Combustion Plant); and
- h) Guidance.

a) Scope of the MCPD and Chapter III of the IED and transposing Regulations:

A cross-cutting issue raised in responses was clarity on the offshore sector being included within the scope of the MCPD and Chapter III of the IED. For the MCPD, Article 2(3)(h) clearly states that “*gas turbines and gas and diesel engines, when used on offshore platforms*” are not within the scope of the Directive. However, there are various types of combustion plant used on offshore platforms which do not fall within the categories covered by Article 2(3)(h) of the Directive and it is therefore the case that not all offshore combustion plant per se are explicitly out of the MCPD’s scope.

The policy proposals to include dual fuel engines within the PPC (Amendment) Regulations 2018 is considered correct as these are not explicitly covered by the exclusion in Article 2(3)(h) of the MCPD but they are unequivocally defined in the Directive (Article 3(11)). The proposed amendment made by Ian Duncan was carried through into Directive and applies to all existing *and new* equipment and therefore went beyond the proposed amendment and is of more benefit to the industry.

The principle of the above also applies to Chapter III of the IED, Article 28(i) explicitly states what is excluded – “*gas turbines and gas engines used on offshore platforms*” this does not extend to excluding the offshore oil and gas industry as a whole.

Long term derogation(s):

There were requests made for the development of a longer-term derogation process for medium combustion plant. OPRED are unable to countenance the introduction of a longer-term derogation process above that which the MCPD allows for such qualifying plant (e.g. similar to that available for combustion plants regulated in accordance with Article 15(4) of Chapter II of the IED) as this would constitute ‘gold plating’ which is against Government policy. There is also the risk that under-implementation would leave BEIS exposed to potential infraction

proceedings by the Commission. The same scenario applies to LCP falling under Chapter III of the IED so there is no scope either for longer-term derogations for those plants.

Temporary combustion plant:

The management of temporary combustion plant should be undertaken in the same manner as that for combustion plants subject to the requirements of the 2013 PPC Regulations and the European Union Emissions Trading Scheme (EU-ETS). Where plant are being used on an offshore facility, they would be considered as temporary if their use is less than 18 months, after which they must be correctly itemised on the permit and emission limit values and monitoring would apply thereafter. If temporary plant are changed out on a like-for-like basis (i.e. performing the same functions), they would not be deemed to be temporary and compliance would be required.

b) Permits and permit conditions

Operators are responsible for determining the type of fuel being combusted and ensuring this is correctly reflected within an application so that appropriate permit conditions can be applied (e.g. emission limit values).

The type of abatement technologies that would be the most suitable for use would be at the operator's discretion as they are best placed to ensure it could be suitably applied. Challenges associated with the retrofitting of abatement equipment were acknowledged in the consultation.

Emission returns would be required so that OPRED can fulfil its reporting obligations and is anticipated to negate additional requirements on industry to collect the data at a later date. EEMS is being investigated to optimally capture reporting and to meet compliance requirements which could be checked via returns as well as extra data requests to operators if deemed appropriate. The format and exact compliance reporting requirements at the Member State level has not yet been fully determined by the European Commission. Nevertheless, at the present time, any reporting obligations to the European Commission that are defined will remain in place and any changes to these would be subject to negotiations prior to the UK leaving the European Union.

Compliance and infringements of the MCPD are stated in Article 8 which places obligations upon the regulator to determine compliance checks, whilst Article 16 requires penalties to be applicable for infringements.

A common stack is where emissions are comingled together from multiple qualifying combustion plant prior to discharge into the atmosphere. This is the same requirement under Article 29 of the IED although, unlike the IED, the MCPD does not have a 15 MWth threshold and any size of qualifying combustion plant would contribute to the aggregation.

A significant degradation of air quality (i.e. in urban areas / agglomerations) and / or adverse environmental impacts resulting from the operation of combustion plant offshore is not anticipated. This is due to the geographical location of offshore platforms and the relatively low levels of emissions when compared to onshore industrial activities. An exceptionally cold weather event is considered to be that which persists outside the norm and necessitates additional energy demand to maintain heating requirements during typical operating conditions for that time of the year.

A list of standard permit conditions is anticipated to be included within the guidance so that interested parties can view these in advance of an application being made or approved.

c) Monitoring

The safety and access challenges were acknowledged within the consultation document and experience has been gained during other monitoring approaches so OPRED is therefore conscious of the difficulties faced. The requirements for monitoring dust is a new requirement for the sector and is only applicable when using specific fuel, i.e. medium combustion plant firing liquid fuel other than gas oil. The use of solid fuel offshore is not considered feasible.

Operators of qualifying combustion plant would need to determine if qualifying plant are compliant or not, followed by the set monitoring frequency. The suggested monitoring equipment is being investigated along with other types to determine the level of uncertainty and appropriate standard(s) that would be required in order to meet the transposing Regulations.

The approval of monitoring plans by OPRED is necessary to assess operator compliance with the transposing Regulations and ensure that non-compliance with the required standard(s) is avoided.

d) Compliance and enforcement:

It is intended that the methods for assessing operator compliance would mirror those under the 2013 PPC Regulations with the addition of reviewing compliance with the requirements of the MCPD and Chapter III of the IED. It is anticipated that there would be very minor additional inspection activity from what operators currently experience and the focus of inspections is, as a matter of normal practice, communicated to the respective operators prior to those inspections taking place.

Where existing qualifying plant cannot be retrofitted with abatement technology or upgraded to be more efficient and they are considered to be safety and environmentally critical element (as described within the respective installation safety cases), then such plant would be allowed to continue to operate under non-compliance. Where this occurs, OPRED would manage the situation on a case-by-case basis in line with the transposing Regulations. Operators of other types of qualifying plant which are functioning in a potentially non-compliant state should, consider changing the plant out or applying some form of abatement equipment (e.g. to ensure

compliance by the respective MCPD deadlines of 2025 or 2030 depending upon the size of the plant).

e) Fees:

OPRED is required to recover from the offshore hydrocarbons sector relevant costs incurred as a result of administering / enforcing environmental legislation (in line with the polluter pays principle) and this was expressed in the consultation document. Guidance on the regulatory requirements will also be published and operators would be encouraged to consult with this in order to provide a full and complete application in order to minimise the need for subsequent updates to an application, thereby keeping fees to a minimum. Operators are also encouraged to consult guidance for answers to questions before posing questions which will also reduce associated pre-application costs. The overall application cost will be directly proportional to the quality of the application and accounts for updates to that application and any pre-application advice provided.

f) Impact Assessment (IA):

The cost impact to industry was based upon industry supplied data. The environmental benefit is unrealistic to accurately quantify without large uncertainty which was reflected in the consultation. There is no data available to quantify the 'non-workplace' impacts of emissions from offshore hydrocarbon sector activities on human health within onshore rural and urban populations. It would also be extremely difficult (if not impossible) to properly assess such impacts given the remote location and operational characteristics of offshore platforms.

It is not practical or appropriate to compare onshore and offshore sector costs due to the inherent differences which exist between the respective technical and operational characteristics / conditions that apply to the various activities. The IA did not include costs associated with loss of production, as any required engineering worksopes can be part of a planned shutdown prior to the compliance deadlines rather than introducing a specific shutdown to undertake any works.

The number of qualifying plant was reviewed from several sources to collate the quantities of plant and offshore facilities that the Regulations would affect. After the initial data was collated, it was then subject to further change to take into account an offshore platform's cessation of production (CoP) date which affected the final number that was used within the impact assessment at the time they would qualify (2024 or 2029) to be permitted. The CoP dates were the latest provided, and any changes to that date could not assume an offshore platform's 'life' would be extended / reduced which would affect the final number used.

The abatement approach used in the draft IA was cited as an *example* and it cannot be used to determine better and more accurate cost data as there are bespoke technical issues with each platform that the transposing Regulations would apply to. We are clearly unable to determine the bespoke costs for each plant and platform affected and therefore a broad application of well-

known technology was used. No additional data was provided in response to the consultation that could have been utilised to increase the accuracy of the IA and this includes costs associated with large combustion plant. Therefore, the same approach was used to determine cost impacts for large combustion plant.

After the consultation was launched in September 2017, the applicable 'threshold of identified costs' which triggers the requirement for a full IA was amended from \geq £1 million to \geq £5 million annualised costs. Where cost impacts are below the new threshold a *de-minimis* self-declaration is now required to support a consultation and the eventual laying before Parliament of Regulations. OPRED's *de-minimis* self-declaration (which takes into account comments received to the consultation) has been completed and will be published alongside this response. Consequently the assessments are different to meet the new Governmental rules.

g) Obligations of Chapter III of the IED (Large Combustion Plant)

OPRED's response to the very limited number of comments received about the inclusion in the transposing Regulations of the Chapter III obligations is included in item a) above.

h) Guidance

Guidance will be published and include an update to reflect the current provisions of the PPC Regulations 2013 plus those appertaining to the MCPD and Chapter III of the IED (as well as the LCP BREF which was not part of the consultation). The guidance will also reflect the comments received to the consultation. A draft copy is anticipated to be released for industry to review and comment on around the same time as the PPC (Amendment) Regulations 2018 enter into force. The guidance will not, however, include the derogation process (Article 15(4)) for combustion plant permitted under Chapter II of the IED which will be published in a separate document.

Decisions following consultation.

Following the responses to the consultation, we have made the following decisions:

- 1) The obligations of the MCPD and Chapter III of the IED will be transposed by amending The Offshore Combustion Installations (Pollution Prevention and Control (PPC)) Regulations 2013.
- 2) Permits will be required to control the use of medium and large combustion plant and this will be done via the existing UK Energy Portal with reporting of emissions to EEMS.
- 3) The exemptions / short-term derogations laid out in the MCPD and Chapter III of the IED will be transposed to offer flexibility where possible. No additional derogation process will be developed to offer longer-term derogations as the Directives do not include this.
- 4) Monitoring provisions would be applied as specified in the Directives and explained in the consultation. The appropriate standard(s) for which monitoring would be required is currently being investigated to ensure it meets the requirements - taking into account the practicalities of undertaking monitoring on offshore facilities. We will engage with industry when this aspect has been developed further.
- 5) Monitoring of plant operating less than 500 hours will not be required to monitor CO. Continuous emissions monitoring will remain as optional.
- 6) The process to determine sulphur content within fuel by means of calculation will continue.
- 7) Non-compliance reporting will be integrated into the existing compliance reporting approach which will be updated to account for the changes in the transposing Regulations.
- 8) Temporary equipment will be managed following extant processes under the 2013 PPC Regulations, although plant changed out on a like-for-like basis performing the same functions would be subject to emission limit values and monitoring controls.
- 9) The approach to fees will be adopted as outlined in the consultation.
- 10) Guidance will be published to aid the interpretation and policy approach to implement the transposing Regulations and this will include updating the 2013 PPC Regulations and the Large Combustion Plant BREF.

Annex A: Catalogue of consultation questions

Consultation Questions

1.	Do you have any comments on the proposals for amending the PPC Regulations in order to implement the MCPD?
2.	Do you agree with the proposed permitting approach? If not please explain why.
3.	Do you agree with the proposed approach in Table 2, and are there practical problems with applying the rolling averages?
4.	Do you have any suggestions for monitoring methods / monitoring sensors which could be applied to MCPs as an alternative to MCERTs?
5.	Do you agree with: <ul style="list-style-type: none"> d) Transposing the reduced monitoring requirements for MCP operating no more than 500 hours? e) Retaining continuous emissions monitoring as optional? f) Continuing to permit monitoring of SO₂ content within the fuel by calculation? If not what are your concerns?
6.	Do you agree with the proposed approach for permit conditions? If not what are your concerns?
7.	Do you agree that compliance monitoring for MCP should be incorporated into the existing inspection regime for other environmental legislation by combined on / offshore inspections and the use of EEMS? If you consider this is not appropriate, please explain why.
8.	Do you agree with the proposal to replicate the non-compliance reporting process for PPC requirements? If not, what are your concerns?
9.	Do you agree with the proposal to replicate the enforcement and penalties process for PPC requirements? If not, what are your concerns?
10.	Do you agree with the proposed approach to fees? If not please explain why.
11.	Do you agree with the evidence provided in the impact assessment e.g. monitoring, number of qualifying MCP, operating hours etc.?
12.	Do you have any comments on the proposals for transposing the requirements of

	Chapter III of the IED?
13.	Do you have any qualifying LCP on your offshore platform(s) that would be within scope of the Chapter III requirements?
14.	What are the cost implications on an annual basis and over a 15 year timescale of i) monitoring and ii) initial installation of abatement equipment or an alternative means to ensure compliance with ELVs?
15.	Are you planning on installing / using a qualifying LCP in any future development(s)?