



Department for
Energy Security
& Net Zero

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



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Background

The Department for Energy Security and Net Zero's (DESNZ) Offshore Petroleum Regulator for Environment and Decommissioning (OPRED) seeks to secure full cost recovery for all relevant regulatory functions in relation to offshore oil and gas installations, gas unloading and storage installations and carbon dioxide storage installations.

The Greenhouse Gas Emissions Trading Scheme Regulations 2012¹ (the EU ETS Regulations) made provisions for the Secretary of State to recover the costs associated with the functions performed by the Secretary of State under the EU ETS Regulations, through regulations 18 and 19. Those provisions have been amended to limit their application to Northern Ireland only² and they have been partially revoked in relation to the UK Registry.³ However, the provisions have been saved by regulation 45 of the Greenhouse Gas Emissions Trading Scheme (Withdrawal Agreement) (EU Exit) Regulations 2020 (the Withdrawal Regulations) so far as they relate to emissions which arose before 1st January 2021 (subject to certain modifications including that, for this purpose, the application of the EU ETS Regulations is not limited to Northern Ireland). OPRED charge for carrying out its functions under the EU ETS Regulations for the emissions which arose before 1st January 2021. This includes charging for correcting previous annual emissions reports, re-determination of emissions, review and processing notifications related to Phase III, undertaking any investigations work, and review of the 2020 compliance year emission reports. The fees must be set out in a charging scheme and laid before each House of Parliament. The current charging scheme has been in place since 17 June 2022.

The DESNZ OPRED hourly rate costs for the specialist staff and non-specialist staff have recently been reviewed based on revised full economic staff costs, accommodation costs, IT costs and relevant consultancy costs.

Environmental specialists are technical staff who carry out the relevant functions of the Secretary of State and non-specialists are administrative staff.

Following that review, the DESNZ OPRED hourly rates are to change and will come into force on the day after the date on which the Pollution Prevention and Control (Fees) (Miscellaneous Amendments) Regulations 2025 ("the Fees Regulations") are made in Parliament.

This document replaces the 2022 charging scheme. It incorporates the new hourly rates and explains the arrangements for invoicing and payment.

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-fees-and-charges>.

¹ SI 2012/3038.

² Regulation 3 of the Greenhouse Gas Emissions Trading Scheme (Withdrawal Agreement) (EU Exit) Regulations 2020 (SI 2020/1369).

³ Regulation 12 of the Greenhouse Gas Emissions (Kyoto Protocol Registry) Regulations 2021 (2021/511).

The Greenhouse Gas Emissions Trading Scheme Regulations 2012

The European Union Emissions Trading Scheme⁴ (EU ETS) was introduced to require businesses to reduce greenhouse gas emissions. In the UK, the EU ETS Directive was implemented through the Greenhouse Gas Emissions Trading Scheme Regulations 2012 (the EU ETS Regulations).

Part 2, Chapter 4 of the EU ETS Regulations, as saved by regulation 45 of the Withdrawal Regulations, details provisions relating to offshore installations, including provisions relating to charging schemes.

Regulation 18 in Part 2, Chapter 4 of the EU ETS Regulations 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 installation; and
- the subsistence of an account required to be held in a trading scheme registry by the operator of an offshore installation.

Regulation 19 in Part 2 Chapter 4 of the EU ETS Regulations 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.

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.

This revised 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.

⁴ The scheme is now referred to in the EU as a trading system.

Description of the Scheme

The Secretary of State's functions, as the offshore installation regulator, are administered by DESNZ OPRED. 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 requirement for a permit, the application and grant of permits; the review, variation and consolidation of permits; the transfer of permits; the surrender of permits and the revocation of permits;
- Part 2 of Chapter 2 sets out provisions relating to excluded installations;
- 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 and disclosure 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.

Specialist staff and non-specialist staff separately record the time taken in undertaking the above functions.

The calculated hourly rate costs for specialist staff and non-specialist staff will be applied to the total time spent undertaking the functions and used to calculate a total fee for each offshore installation.

The separate hourly rate costs for specialist staff and non-specialist staff that will be used to calculate the total fees from the day after the date on which the Fees Regulations are made in Parliament are:

- £210 for specialist staff; and
- £114 for non-specialist staff.

Fee Recovery

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 DESNZ OPRED acting on behalf of the Secretary of State.

A breakdown of the time spent by specialist and non-specialist staff on cost-recoverable activities will be provided. The breakdown will cover a specified period, but it is possible that it will contain costs relating to activities undertaken outside that period (for example, a submission received towards the end of one period, where the review is not completed until the next period).

The breakdown will include information such as the name of the relevant company, installation and the location and, where appropriate, the reference number of any relevant permit issued under the legislation.

Separate entries will be provided for any relevant offshore inspections of named installations.

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.

A request can be made for separate invoices for different assets, providing those representations are made to DESNZ OPRED within 30 days of receipt of the breakdown clearly detailing the request.

Where a purchase order or separate purchase orders is/are required to facilitate payment of an invoice or separate invoices, the purchase order number or numbers must also be submitted to DESNZ OPRED within 30 days of receipt of the breakdown.

Invoices will generally be issued within five (5) working days of receipt of a purchase order number or numbers, or confirmation that a purchase order is not required. If no response to the breakdown is received, the invoices will generally be issued 30 days after submission of the breakdown, detailing the total amount(s) payable to cover fees for the period stated in the breakdown.

Payment will be due to DESNZ OPRED within 30 days of the date of the invoice.

If any invoice is not paid, DESNZ will actively pursue outstanding debts in accordance with its debt recovery procedures.

This publication is available from: www.gov.uk/desn2

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