



Department for
Energy Security
& Net Zero

Decommissioning Offshore Oil and Gas Installations and Pipelines

Guidance on fees charged in connection to
statutory functions under Part IV of the
Petroleum Act (1998), as amended by the
Energy Act (2023)



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Introduction

1. The purpose of this guidance is to provide stakeholders with information on the process and structure for charges related to the Secretary of State's oil and gas abandonment functions under Part IV of the Petroleum Act 1998 ("PA 1998").
2. Offshore oil and gas will continue to play an important role in supplying the UK's energy needs and meeting our energy security aims. Exploitation of offshore energy resources also brings with it international obligations to decommission installations and pipelines in ways that both protect the marine environment and ensure safety for other users of the sea, including members of the fishing industry. The offshore oil and gas industry operates under a statutory decommissioning regime set out in the PA 1998 as amended by the Energy Act 2008 and the Energy Act 2023.
3. Section 29 of the PA 1998 provides that the Secretary of State ("SoS") can require a person (or persons) to submit an abandonment programme¹, setting out the measures proposed to be taken in connection with the abandonment of offshore oil and gas installations and pipelines. Section 38C of the PA 1998 allows the Department of Energy Security and Net Zero, through its regulatory arm the Offshore Petroleum Regulator for Environment and Decommissioning (OPRED), to recover charges from a person for statutory functions carried out in connection to an abandonment programme.
4. Section 38C PA 1998 allows the Secretary of State to recover costs incurred for decommissioning functions carried out under Part IV of the Petroleum Act. This follows an important principle – that the burden of paying for decommissioning services for offshore oil and gas infrastructure should not fall to the taxpayer, but instead the costs should be met by the organisations that have benefitted from exploiting those natural resources.
5. These guidelines apply to all offshore oil and gas installations and pipelines in UK territorial waters and the United Kingdom Continental Shelf (UKCS).
6. This guidance does not apply to charges incurred with respect to decommissioning programmes for carbon storage installations or carbon capture and storage pipelines, which will be dealt with under separate regulations.

¹ Throughout this guidance, "abandonment programmes" are referred to by their more commonly used name "decommissioning programmes". For the purposes of this guidance, there is no difference between the two terms.

What the law says

This section explains the legal basis for the decommissioning programme charging regime, the changes from the 2012 to the 2026 Regulations, and the transitional arrangements.

Part IV of the Petroleum Act (1998)

7. The purpose of Part IV of the Petroleum Act² is to ensure decommissioning is carried out with the approval of the SoS. Section 29 allows the SoS, by sending written notice (a “s.29 notice”), to require that “a programme setting out the measures proposed to be taken in connection with the abandonment of an offshore installation or submarine pipeline” is submitted by a person, or persons jointly, in response to the SoS. Section 30 defines the categories of “persons” who may be served with a s.29 notice.
8. Section 34 enables the SoS to determine that an approved decommissioning programme shall: (1) be altered, (2) have any condition attached to it altered, (3) have removed from it any existing person, and (4) have added to it a new person (subject to conditions). Either the SoS themselves, or any other person who submitted the decommissioning programme to them, may make a proposal to apply one or more of these provisions.
9. Once a decommissioning programme has been approved by the SoS, section 36 places the person(s) who submitted it under a statutory duty to carry out that decommissioning programme. This obligation also extends to any person(s) served with a revised notice under s.34.
10. The underlying aim of Part IV of the Petroleum Act is to ensure that the person(s) who establish oil and gas installations and pipelines in the UK marine area are responsible for the decommissioning of those facilities and that neither the responsibility for that work, nor the costs incurred for regulating that work, fall to the taxpayer. The definitions of “offshore installation” and “submarine pipeline” are contained within sections 44 and 45 respectively.
11. It is a fundamental principle of the decommissioning regime that a person who is responsible for developing or operating an offshore installation or pipeline should also be responsible for decommissioning at the end of its operational life.
12. Section 38C³ of the Act allows the Secretary of State to make regulations to allow charges in connection with statutory functions related to decommissioning. This charging mechanism allows the Department for Energy Security and Net Zero (“the Department”) to recover its expenditure for exercising any of the Secretary of State’s

² <https://www.legislation.gov.uk/ukpga/1998/17/part/IV>

³ Section 38C was added to the Petroleum Act by s.299 of the Energy Act 2023 (<https://www.legislation.gov.uk/ukpga/2023/52>)

functions under Part IV of the Act. The Department does not seek to make a profit from any such charges but merely recover its costs in carrying out these functions.

The Offshore (Oil and Gas) Installation and Pipeline Abandonment Charges Regulations 2026

13. The Offshore (Oil and Gas) Installation and Pipeline Abandonment Charges Regulations (2026)⁴ (“the 2026 Regulations”), made under section 38C of the PA 1998 are provisionally expected to come into force on [6th April 2026]⁵ on the same day as the Energy Act 2023 (Commencement No. 5, Transitional and Saving Provisions) Regulations 2026 (“Commencement Regulations No. 5). The 2026 Regulations replace the previous Offshore (Oil and Gas) Installation and Pipeline Abandonment Fees Regulations (2012)⁶ (“the 2012 Regulations”).
14. Regulations 3 of the 2026 Regulations set out when charges will be recovered by the SoS for work undertaken in relation to oil and gas decommissioning functions and the persons who are liable for the charges. In most cases, OPRED anticipates that the person who will be served with notices will be the current operator of the installation. However, any person who has been served with a notice under section 29 of the PA 1998 is liable for charges.
15. Regulation 4 specifies when the SoS can issue a notice of charges incurred with respect to their decommissioning functions. This notice must specify the sum total of the fees incurred to the date of the notice and the period of activity they apply to.
16. Regulation 5 specifies that a person who has received a notice of charges is responsible for payment within 30 days of the date of that notice. However, all persons who have been served with a section 29 notice for the relevant installation or pipeline are jointly and severally liable for payment of the charges.
17. Regulations 6 sets out the method of calculating fees with respect to decommissioning functions. Further information on the calculation of fees is set out in paragraphs 24 – 44 below.

The Energy Act 2023 (Commencement No. 5, Transitional and Saving Provisions) Regulations 2026

18. The Commencement Regulations No. 5 have the effect of:
 - a) repealing the previous fee powers in Part IV of the PA 98, under which the 2012 Regulations were made; but
 - b) saving those powers and the 2012 Regulations for certain transitional purposes.

⁴ The final, published guidance will include a link here to the 2026 regulations on legislation.gov.uk.

⁵ 6th April 2026 is the provisional, expected commencement date. This guidance will be updated with the final commencement date after the 2026 Regulations have been approved by Parliament.

⁶ S.I. 2012/949 - <https://www.legislation.gov.uk/ukSI/2012/949/contents/made>

19. Regulation 3 of the Commencement Regulations No. 5 sets out the transitional arrangements put in place to determine whether the 2012 or 2026 Regulations should be applied to an individual decommissioning programme or programme revision.

Changes from the 2012 Regulations

20. The key difference between the 2012 and 2026 Regulations is in the calculation of fees. The 2012 Regulations allowed for the Department to calculate a fee at two fixed points in time.
21. By comparison, the 2026 Regulations allow for quarterly charging, enabling a more timely breakdown of charges and more complete charging for all Part IV Petroleum Act 1998 functions. The 2026 Regulations also reflect the different level of specialism required of officials working on decommissioning programmes at different stages, as well as allowing charges for all costs incurred by the Department in connection with decommissioning programme functions. More information on charges is set out in paragraphs 24 – 44 below.
22. These changes make the charging of fees more transparent by allowing for a more timely breakdown of the costs incurred by the Department with respect to carrying out its decommissioning programme functions.

Transitional Arrangements

23. To avoid confusion over which regulations apply to an individual decommissioning programme, the Commencement Regulations No. 5 specify how we will transition to the new charging regime. The 2026 Regulations are provisionally expected to come into force on [6th April 2026]⁷, and from this date onwards, the 2012 Regulations may only be applied if one or both of the following applies:
 - A request for a determination of fees in relation to a decommissioning programme or programme revision was received by the Department before the commencement date of the new regulations – provisionally expected to be 6th April 2026
 - A public consultation for a draft decommissioning programme or programme revision was published by the Secretary of State on gov.uk before the commencement date of the new regulations – provisionally expected to be 6th April 2026

By tying the application of the new Regulations to these specific events, our aim is to provide a clear marker for the rules that will be applied for specific decommissioning programmes or programme revisions, even where activities fall either side of the commencement date for the regulations.

⁷ 6th April 2026 is the provisional, expected commencement date. This guidance will be updated with the final commencement date after the 2026 Regulations have been approved by Parliament.

Calculation and payment of charges

This section explains how charges are calculated as well as setting out the process for the payment of any fees.

24. [THIS SECTION WILL INCLUDE A SUMMARY OF CONSULTATION RESPONSES].

Which statutory decommissioning functions are chargeable?

25. The 2026 Regulations allow the Secretary of State to issue charges to a relevant person (or persons) in connection with any statutory functions under Part IV of the PA 1998.

26. The statutory functions for which a fee or charge could be imposed are as follows:

Section 29 – Preparation of decommissioning programmes

27. Work under this section may include, but is not limited to:

- Monitoring actions or communications prior to preparation of a s.29 notice
- Review of relevant documents and applications to determine activity that might fall under the scope of s.29
- Preparing, checking, authorising and issuing s.29 notices and warning letters.

Section 30 – Persons required to submit a decommissioning programme

28. Work under this section may include, but is not limited to:

- Review of applications and relevant documents to determine potential s.29 activity
- Monitoring actions or communications prior to preparation of a s.29 notice
- Review and consideration of financial risk, including assessment of any necessary mitigations
- Preparing, checking, authorising and issuing s.29 notices and warning letters.

Section 31 – Supplementary provisions for s.29 notices

29. Work under this section may include, but is not limited to:

- Review of representations or withdrawal requests, including assessment of financial capability
- Review of applications and relevant documents to determine potential s.29 activity
- Monitoring actions or communications prior to preparation of a s.29 notice
- Preparing, checking, authorising and issuing s.29 notices and warning letters
- Conducting regular financial capability reviews.

Section 32 – Approval of decommissioning programmes

30. Work under this section may include, but is not limited to:

- Engagement with operators to discuss and provide guidance on their offshore decommissioning portfolio and decommissioning projects
- Review and guidance for decommissioning programmes and any associated documents
- Facilitating statutory consultations
- Administering all relevant approval activities
- Consultation and engagement with OSPAR contracting parties in relation to derogation applications⁸.

Section 33 – Failure to submit decommissioning programmes

31. Work under this section may include, but is not limited to:

- Decision-making and communications related to the rejection of a submitted decommissioning programme
- Communications and engagement with industry to prepare a decommissioning programme
- Recovery of any costs incurred or any charges that would have been payable for the preparation of a decommissioning programme.

Sections 34 [REF & 34A] – Revision of programmes & [REF Amendment of programmes]

32. Work under this section may include, but is not limited to:

- Communication and engagement with operators to discuss potential revisions to approved decommissioning programmes
- Review of and guidance on revision requests and any associated documents
- Facilitating statutory consultations
- Administration of all approval activities.

Section 35 – Withdrawal of approval

33. Work under this section may include, but is not limited to:

- Considering any representation made by parties to withdraw approval of decommissioning programmes
- Decision-making and communications related to the withdrawal of approval for a decommissioning programme
- Engagement with other government departments and interested stakeholders.

Section 37 – Default in carrying out programmes

34. Work under this section may include, but is not limited to:

- Decision-making and communications related to requests for remedial action to be taken

⁸ For more information on the OSPAR convention and derogation process please refer to Chapter 7 of OPRED's [Decommissioning of Offshore Oil and Gas Guidance Notes](#)

- Considering any representation made by parties to the approved decommissioning programme
- Engagement with other government departments and interested stakeholders
- Recovery of any costs incurred.

Section 38 – Financial resources

35. Work under this section may include, but is not limited to:

- Communications and engagement with operators to obtain financial information
- Conducting financial reviews and risk assessment to determine any risks and any necessary mitigations
- Formal communications with operators to consider financial security requirements
- Consideration and negotiations of cost estimates to determine appropriate amount of security
- Engagement with other government departments and interested stakeholders
- Decision-making and communications related to requests for financial security.

Post-decommissioning approval activities

36. As decommissioning activities in the offshore area are carried out, the Department must be content that decommissioning programmes are executed in compliance with UK and international obligations. Given the expectation that operators commence decommissioning planning up to a minimum of 2 years prior to cessation of production, decommissioning programme approval can occur early in the project planning process. The Department can spend considerable time after formal approval of a decommissioning programme providing advice and guidance to operators until successful project close out. All such post-approval activity is therefore chargeable under the 2026 Regulations.

37. Post-decommissioning functions might include, but are not limited to:

- Communication and engagement with operators to discuss and provide guidance on regular progress reports and close out reports
- Reviewing progress report submissions, close out report submissions and all associated documents
- Facilitating consultation periods
- Engagement with other government departments and interested stakeholders
- Discussing and agree future monitoring requirements
- Decision-making and other approval activities.

Enforcement activity

38. The Petroleum Act states that failure to comply with a notice under section 30, section 33 and section 37 is a criminal offence. To date the Department has not had to prosecute any such offences, however, should this be required all investigation work undertaken prior to enforcement action being initiated would be chargeable.

Who is responsible for paying charges?

39. In most cases, costs will fall to the operator, but there may be instances where the costs will fall to any other person responsible for decommissioning an offshore oil and gas installation, i.e., persons served with a notice under section 29 of the PA 1998.

How charges are calculated

40. Charges will be calculated on an 'actuals' basis. This entails the recovery of the full costs of the time spent by OPRED staff carrying out relevant functions in connection with infrastructure covered by a section 29 notice. The calculation of the relevant costs follows HM Treasury's Managing Public Money guidance and will include the full cost of all the resources used in carrying out and supporting the cost-recoverable activity. The costs will include:

Gross salaries of direct staff:

- Staff carrying out the work, their line managers and support staff.

General Administrative Expenditure:

- Accommodation costs;
- Use of information technology;
- Travel and subsistence;
- Staff development and training;

Office services (for example, postage and telecommunications);

- Services bought from external suppliers; and
- Any other appropriate costs that may arise.

Corporate services:

- Common services (for example, finance and planning, human resources, senior management and business services such as learning and development).

41. The Secretary of State will apply regulation 6 of the 2026 Regulations to calculate the charges that will be set out in a notice served under regulations 4 of the 2026 Regulations. That calculation will be based on:

- The number of hours specialist environmental officers have worked on a decommissioning programme,
- The number of hours non-specialist decommissioning officers have worked on a decommissioning programme,
- The number of hours non-specialist administrative staff have worked in support of the above activities, and
- Any other expenses incurred by OPRED in connection to a decommissioning programme.

42. The hourly rate applicable to charges A to F in regulation 6(1) of the 2026 Regulations is the hourly rate charge for the work of civil servants employed by OPRED to carry out statutory functions on behalf of the Secretary of State. OPRED officials' work is differentiated by their various specialisms and the charges associated with different categories of officials is set out in Table 1, below. The overall charge is calculated based on the time spent on a particular cost-recoverable function multiplied by the relevant hourly rate. OPRED has developed a recording system to generate the relevant information.
43. Other expenses incurred by OPRED may include disbursements to support its advice to inform the Secretary of State's decision on whether to approve a decommissioning programme. This could include commissioning research relating to new technologies or specific environmental issues, or securing expert or technical knowledge from consultants, engineers or other experts working in relevant fields. In cases where OPRED intends to commission these kinds of chargeable activities the operator will be notified in advance.

Table 1: hourly rates for specialist and non-specialist staff

(1) Category of official	(2) hourly rate
Specialist environmental officers	£210
Non-specialist decommissioning officers	£119
Non-specialist administration officers	£114

Payment of charges

44. As noted above, the Secretary of State will calculate the charges applicable to work carried out in connection with statutory decommissioning functions. Unlike the previous fees regime, charges are not limited to the development of decommissioning programmes but may also include work completed in the preparation of s.29 notices, pre-decommissioning advice and guidance and monitoring the execution of decommissioning programmes or any specified post-decommissioning activities. Consequently, OPRED will invoice operators for charges at more frequent intervals compared to the previous regime, covering specific work on decommissioning functions as it is undertaken, and not just at the point a decommissioning programme (or a programme revision) is approved by the Secretary of State.
45. Prior to the issue of invoices for chargeable activities, OPRED will provide a breakdown of the time spent by staff on cost-recoverable activities under each item of legislation covered by this guide. The breakdown will cover a specified period, but it is possible that it will contain costs relating to activities that commenced during an earlier period (e.g., a document is received towards the end of one period, but the review not completed until the next period).

46. The breakdown will include information such as the name of the relevant company, installation or facility and, where appropriate, the reference number of any relevant submission or approval issued under the legislation.
47. Operators can request separate charging notices for different assets providing they make their representations to OPRED within 30 days of receipt of the cost breakdown clearly detailing their request.
48. Where a purchase order or separate purchase orders are required to facilitate payment of a charging notice, the purchase order number or numbers must also be submitted to OPRED within 30 days of receipt of the cost breakdown.
49. Charging notices under regulation 4(1) of the 2026 Regulations 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 cost breakdown is received, the charging notice will generally be issued 30 days after submission of the breakdown. The charging notice will detail the total amount(s) payable to cover fees for the period stated in the cost breakdown and will incorporate reference to the earlier breakdown, which provides additional detail.
50. Payment will be due within 30 days of the date of the charging notice, and outstanding debts will be actively pursued in accordance with OPRED's debt recovery procedures.
51. Issuing cost breakdowns, charging notices and debt recovery functions will be carried out by administrative support personnel, and neither decommissioning nor specialist environmental staff are responsible for the issuing of invoices nor for any follow up actions relating to the non-payment of charges. Queries on cost breakdowns and charging notice policy should therefore be referred to the address detailed below.

Procedure for handling queries and disputed invoices

52. If an operator has a query about a cost breakdown or a charging notice, they should contact OPRED's Fees Team at the address detailed below to seek to resolve the issue. If it is not possible to resolve the issue, the matter will be referred to the Deputy Director of the Offshore Petroleum Regulator for Environment and Decommissioning. If the matter still cannot be resolved, it will be referred to the Director of the Offshore Petroleum Regulator for Environment and Decommissioning.

Contact

53. For advice on the operation of the cost recovery system or any queries about the system, a specific invoice or the method of payment, please contact OPRED.Fees@energysecurity.gov.uk.

This publication is available from: [Oil & Gas: decommissioning of offshore installations & pipelines - GOV.UK](#)

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