



Department for  
Energy Security  
& Net Zero

# Consultation on charging regime for decommissioning offshore oil and gas installations, and hourly rates for environmental and decommissioning functions

Department for Energy Security & Net Zero (DESNZ) response on decommissioning charging regulations, draft guidance and proposed hourly rates for functions relating to offshore environmental and decommissioning activities



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## Introduction

The Department for Energy Security & Net Zero (DESNZ) consulted stakeholders, including offshore oil and gas operators, owners of non-production installations, potential and current licensees, pipeline owners (collectively “the offshore hydrocarbons industry”) and other interested parties, on the proposed changes to the charging regime for offshore oil and gas decommissioning. The Department subsequently consulted on the proposed revised hourly rates for 2026/27, for fees recovered in connection with the Secretary of State’s statutory decommissioning and environmental functions, carried out by DESNZ’s Offshore Petroleum Regulator for Environment and Decommissioning (OPRED). The revised hourly rates are relevant to both the new charging regime proposed for offshore oil and gas decommissioning, as well as the existing charging regimes relating to OPRED’s environmental functions ([Oil and Gas: fees and charges - GOV.UK](#)).

## Background to the consultations

In 2021 the Department proposed changing the method for calculating the charges to industry for work undertaken by OPRED in connection with the Secretary of State's functions under Part IV of the Petroleum Act 1998 ("PA 1998"). To enable these proposed changes, new regulation-making powers were added to the PA 1998 by the Energy Act 2023, and the Department consulted on draft regulations to be made under those PA 1998 powers: the Offshore (Oil and Gas) Installation and Pipeline Abandonment Charges Regulations 2026 ("the 2026 Regulations"), to be accompanied by the Energy Act 2023 (Commencement No. 5, Transitional and Saving Provisions) Regulations 2026 ("the Commencement Order"). It is intended that the 2026 Regulations will replace the Offshore (Oil and Gas) Installation and Pipeline Abandonment Fees Regulations 2012 ("the 2012 Regulations").

The changes to the decommissioning fees regime were first consulted on in 2021. The aim of the consultation was to formally seek views from stakeholders such as offshore oil and gas operators, companies with an interest in decommissioning offshore oil and gas installations and pipelines, and other interested parties, on the proposal to update the charging regime for activity related to the regulatory functions for the decommissioning of offshore oil and gas installations.

As part of the process for making the new legislation the Department carried out a further consultation in December 2025, on a draft of the 2026 Regulations, and draft guidance explaining how the new charging regime will work in practice. This consultation also sought feedback on the proposed transitional provisions for moving from the old to the new charging regime, which were set out in the accompanying Commencement Order.

A further consultation held in February 2026, sought feedback on the proposed hourly rates to be included in the 2026 Regulations, which will be used to calculate the chargeable hours OPRED will seek to recover from oil and gas operators for work undertaken in connection with the Secretary of State's statutory functions. The hourly rates are also relevant to the calculation of fees for the Secretary of State's environmental functions under the existing environmental fees regime across various regulations and charging schemes – please see here for further information: [Oil and Gas: fees and charges - GOV.UK](#).

## Summary of responses to the consultation

We received a total of 6 responses to the December 2025 and February 2026 consultations.

This document does not contain a list of the respondents or contain any personal or organisational details. Respondents' views are summarised in the following sections of this report but are not attributed to any individual respondent or specific organisation. The Department does not plan to publish any individual consultation responses it received; however, organisations may wish to publish their own responses independently.

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Several respondents submitted feedback that did not respond directly to the questions asked in each consultation document. These comments and observations have been considered, and we thank all respondents for taking the time to highlight these. The Department is committed to working with the oil and gas sector on current and future considerations.

# DESNZ response to the Consultations

## Consultation on decommissioning charging regulations and draft guidance

The consultation on the 2026 Regulations and associated guidance ran from 16<sup>th</sup> December 2025 to 27<sup>th</sup> January 2026. A summary of feedback received, and the Department's response is detailed below.

**Q1: Is it clear from the draft Regulations and Commencement Order whether the 2012 Regulations or 2026 Regulations would apply to OPRED services in relation to a draft decommissioning programme?**

### **Summary of responses**

The Respondent asked for clarification on the transitional arrangements for “split” decommissioning programmes, for instance, where the topsides have been included in an approved decommissioning programme, but the decommissioning programmes for any footings, substructures and pipelines have not yet been submitted.

The Respondent also raised concerns about charges for post-decommissioning work associated with decommissioning programmes that have already been approved, for example, the approval of progress and close-out reports.

### **DESNZ response**

The transitional arrangements for the new decommissioning charging regime will allow OPRED to make a clear distinction between charges for decommissioning programmes that will fall under the previous (2012) regime and the new (2026) regime. The key transition date will be the date when the 2026 Regulations, and accompanying Commencement Order, come into effect.

For “split” or partial decommissioning programmes, the individual decommissioning programmes will be considered separately for the purposes of calculating charges. This is no different to how partial programmes have previously been managed by OPRED. The scope of each decommissioning programme is agreed between the operator and OPRED as part of the programme's development. Each decommissioning programme is treated separately, with charges calculated on an individual basis for each decommissioning programme. Under the new regime, any future decommissioning programme fees will no longer use indicative rates based on installation size or category. Instead, fees will be calculated using an hourly rate that reflects the actual time OPRED staff spend working on a given programme.

From the commencement date of the 2026 Regulations onwards, the 2012 Regulations may only be applied if one or both of the following applies:

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- 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 2026 Regulations.
- A public consultation concerning a draft decommissioning programme was published by OPRED before the commencement date of the 2026 Regulations.

The 2026 Regulations will enable OPRED to recover its costs for work undertaken following the issuing of a decision on a decommissioning programme, if that work has been carried out after the commencement date of the 2026 Regulations. Examples of costs that could be recovered include OPRED's work related to progress reporting, close out reporting or post-decommissioning monitoring. OPRED will not seek to retroactively recover fees for work carried out after a decision on a decommissioning programme has been issued, but before the 2026 Regulations come into force.

Action: The Department will clarify the above points in OPRED's updated decommissioning charges guidance notes.

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**Q2: Is there anything OPRED can do to make the transitional arrangements for the new charging regime clearer for industry?**

### **Summary of responses**

The Respondent asked for clarification on how fees will be calculated for overlapping activities (for instance, meetings that cover multiple parts of an asset or multiple decommissioning programmes), and raised concerns about retrospective charges (i.e., for work undertaken before the transition date).

### **DESNZ response**

As set out in the draft decommissioning charging guidance, OPRED has developed a system for recording the hours spent by staff on individual decommissioning programmes. This system generates a unique reference number for each individual programme, allowing fees for mixed meetings to be calculated appropriately.

OPRED will not be seeking to recover retroactive fees under the 2026 Regulations for any work undertaken before the transition date, i.e., the commencement date for the 2026 Regulations.

### Q3: Do you have any further comments on the contents of the draft Regulations or Commencement Order?

#### **Summary of responses**

The Respondent questioned whether the new charging regime would provide certainty for operators around costs to be recovered, how the new regime would improve on the existing one, and raised concerns about the ongoing nature of charges. The Respondent also asked whether operators would be able to challenge OPRED on charges related to decommissioning work, and whether there would be any opportunity to influence, for instance, OPRED seeking expert opinions on individual programmes.

#### **DESNZ response**

There are several advantages to the new decommissioning charging regime over the previous one. Firstly, there is the advantage of calculating costs using a clearly defined methodology that reflects the actual time spent by OPRED staff working on decommissioning functions. This is in line with the polluter pays principle, by ensuring that costs are met by the companies that have benefited from the extraction of natural resources.

Calculating fees for decommissioning functions based on actual hours worked is consistent with OPRED's approach to recovery of costs associated with its environmental regulatory functions. Moving to a method of calculating charges on a per-hour basis will also ensure consistency and fairness between different programmes and provide operators with a greater level of certainty around what is being charged for. This is preferable to the previous method of calculating charges based on the size and category of installation, which is less accurate.

A key objective of the new charging regime is to provide as much certainty as possible on chargeable amounts. The 2012 regime provides less certainty for operators as the indicative fees are derived from high-level assumptions about the overall time and effort required, which may not fully reflect the final fee for the regulatory time spent. The new regime will include a better-defined scope of charges tied to specific statutory functions, transparently charged on the basis of work-time spent.

Under the new regime, operators will be provided with a summary breakdown of work undertaken for a given charging period and will have the opportunity to clarify any uncertainties prior to being invoiced. For instances where OPRED deems it necessary to seek external, expert advice on an individual programme, OPRED will seek to engage with operators and other affected parties to discuss this.

Action: The Secretary of State will retain full discretion to seek whatever external expertise is considered necessary when assessing decommissioning programmes. Where practicable and feasible, OPRED will engage with operators and other affected parties on the matters under consideration. Further detail will be provided in OPRED's updated decommissioning charges guidance.

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Q4: Does the draft guidance to industry provide sufficient additional information on:

- What is in scope of the new charging regime;
- How charges will be calculated under the new regime;
- How charges will be recovered under the new regime.

### **Summary of responses**

The Respondent asked for clarification on a number of areas, as follows:

- A framework for estimating charges beyond hourly rates for OPRED officials
- The “lifecycle” for charges, and what the expected endpoint for charges related to post-decommissioning activities
- Details on the recording system used to calculate the number of hours worked by OPRED staff
- A breakdown of how the new regime will impact operators in terms of additional costs
- Clarification on what statutory functions were not chargeable under the previous regime
- Guidance on OPRED’s expectations regarding the development of decommissioning programmes related to derogation proposals and liaison with OSPAR
- Information on which OPRED roles (including department and job titles) fall under each category of “specialist” and “non-specialist” officials specified by the decommissioning charges regulations
- Information on how OPRED personnel changes will be dealt with under the new charging regime
- Information on how enforcement activities will be dealt with under the new charging regime.

### **DESNZ response**

The Department does not propose to publish any further framework of indicative charges beyond what is already set out in the draft decommissioning charges guidance. The former category-based approach is no longer used under the new regime. This position will be reviewed alongside OPRED’s ongoing recording of hours spent on specific statutory functions.

Under the new regime, recoverable costs are associated with specific statutory functions under Part IV of the Petroleum Act, as detailed in the draft guidance notes. This will depend on whether it is the pre-development of a decommissioning programme (e.g., issuing or amending Section 29 notices), the execution phase (e.g., review of progress reporting) or post-decommissioning activities (e.g., approval of close-out reports). For the development of decommissioning programmes, the process will continue as per OPRED’s published guidance notes to industry. The endpoint for recovering fees related to an individual decommissioning

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programme will typically be reached when all post decommissioning environmental surveys have been completed. In most circumstances a post decommissioning survey will be conducted prior to the submission of the close-out report, and another conducted between 2-5 years after the close out report has been accepted. An exception to this would be programmes where there is an ongoing monitoring requirement, for example, where pipeline sections have been decommissioned in situ. Any such monitoring arrangements will by necessity be agreed as part of the development of the relevant decommissioning programme. The cost breakdown for each charging period will include a summary of hours worked and the statutory functions they relate to. As the new regime beds in, the Department will keep the relevant sections of both the overall guidance notes to industry and guidance on the charging regime under review and clarify information as necessary.

Under the 2026 Regulations, Specialist' roles are environmental technical personnel who are responsible for the environmental assessment and approval of offshore oil and gas activities.

'Non-specialist administration' officials are administrative personnel responsible for supporting those in environmental specialist roles.

'Non-specialist decommissioning' officials are administrative personnel responsible for the assessment and approval of offshore oil and gas decommissioning activities and monitoring compliance with legislation.

All OPRED officers utilise an online system to record actual time spent on each statutory activity which is then used to calculate charges based on the appropriate hourly rate.

The Department estimates that the new decommissioning charging regime will cost between £1.3m - £1.8m to the oil and gas industry. OPRED's charging regime is designed to recover only the costs of delivering statutory functions and does not generate profit. It is expected that most of the additional costs recovered from industry will come from statutory functions that were not chargeable under the 2012 Regulations. The regime under the 2012 Regulations only allowed for costs to be charged at two fixed points in time, which does not accurately reflect the lifecycle of delivering services to industry in connection with OPRED's statutory decommissioning functions.

Regarding derogation cases, OPRED intends to publish separate guidance detailing the new expectations and processes associated with the new Harmonised Comparative Assessment process and liaison with OSPAR contracting parties. Under the new charging regime, no distinction is made between derogation cases and standard decommissioning programmes.

In relation to costs arising from changes to OPRED personnel, such as the need to brief new staff, OPRED expects the impact on operators to be minimal. OPRED will continue to seek collaborative engagement with operators, and wherever possible be guided by individual companies' preferences in terms of engagement and communications with that operator.

Action: The Department will ensure the following is reflected in OPRED's decommissioning charges guidance notes:

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- Clarification on what statutory functions were not chargeable under the previous regime
- Clarify what specialist and non-specialist categories mean for hourly rates
- Information on how charges for enforcement activities will be calculated, in line with OPRED's enforcement policy.

The Department will keep under review, and update guidance as necessary, on the following areas:

- OPRED expectations regarding charges connected with derogation cases and liaison with OSPAR

**Q5: Do you have any further comments on the contents of the draft guidance?**

**Summary of responses**

Respondents raised concerns about the new derogation processes and the potential disproportionate cost impact on the first operators who will participate in them. It was suggested that OPRED should publish more information on the typical processes for the development of decommissioning programmes and associated costs to improve transparency and review its own internal processes to improve efficiency. Respondents also queried what opportunities there will be in future to refine the basis for decommissioning charges.

**DESNZ response**

The Department recognises the risk of increased cost and other burdens to operators participating in the new derogation processes. The Department intends to contain cost as much as possible without compromising all required steps as outlined by the derogation procedures.

The Department considers existing guidance notes on decommissioning programmes sufficient to provide an overview of internal processes. OPRED's aim is to engage constructively with operators, and where possible to discuss how best to manage processes in light of the complexity of individual decommissioning programmes.

Regarding future changes to the charging regime, it is anticipated that the decommissioning charging regulations will be updated on at least an annual basis to update the hourly rates for specialist and non-specialist officials, through amending regulations that would be subject to further consultation.

# Consultation on hourly rates

A follow-up consultation on the new hourly rates included in the 2026 regulations ran between 17<sup>th</sup> February and 13<sup>th</sup> March 2026. A summary of the feedback received, and the Department's response is detailed below.

**Q1: Do you have any comments on the proposed hourly rates?**

## **Summary of responses**

Respondents commented primarily on concerns about the level of the proposed hourly rates and the transparency of how those rates had been calculated. Consultees also queried how underlying costs had been reflected in the proposed increases and sought clearer justification for the methodology used. Several respondents also highlighted that the percentage increase appeared high when compared with general inflation, questioning whether the scale of the uplift was proportionate.

## **DESNZ response**

The Department recognises that increases to hourly charging rates have a financial impact on regulated businesses, particularly operators managing complex or late-life assets, and is mindful of the cost pressures facing the offshore hydrocarbons sector.

The proposed rates reflect OPRED's annual review of its cost base to ensure full cost recovery in line with [HM Treasury's Managing Public Money guidance](#) and are not intended to generate surplus income. They are based on changes to underlying costs, including staff costs and the specialist expertise required to deliver OPRED's statutory functions. The previous calculation of the hourly rates did not provide full cost recovery for our digital delivery system (Energy Portal) nor for advice from the Statutory Nature Conservation Bodies. The calculation has been revised accordingly to allow full cost recovery. This has resulted in a larger increase to the hourly rates compared to previous revisions.

While inflation provides relevant context, hourly rates are not indexed to inflation alone but are derived from an assessment of actual costs incurred in delivering regulatory functions. The Department therefore considers that the proposed hourly rates are appropriate and consistent with established cost-recovery principles.

## Q2: Are there any implementation issues that OPRED should consider?

### **Summary of responses**

Respondents raised concerns about the timing of implementation of the revised hourly rates. In particular, the proposal for revised hourly rates to take effect part-way through a financial year rather than from the start of a new financial year. Respondents indicated that introducing changes mid-year could create challenges for budgeting and financial planning as many organisations set budgets annually and would be unable to anticipate or absorb unplanned increases.

### **DESNZ response**

The Department acknowledges respondents' concerns regarding the timing of implementation. The changes follow an annual review of hourly rates and are intended to apply for the 2026/27 charging year.

While the Department recognises that stakeholders may prefer changes to take effect at the start of a financial year, this is not always practicable. As set out in the consultation, the proposed timetable is influenced by legislative and operational constraints, including the process for finalising and laying regulations and securing Parliamentary approval. The Department currently expects the regulations to come into force in July 2026, subject to Parliamentary process, but will continue to communicate clearly on implementation timelines. The Department considers that this approach strikes an appropriate balance between timely cost recovery and minimising the impact on taxpayers and providing clarity to regulated organisations on proposed upcoming changes to the hourly rates.

The Department's approach to cost recovery is grounded in longstanding legislation and the polluter pays principle. The updated hourly rates recover only eligible costs directly attributable to regulatory activity. OPRED continues to seek efficiencies by reviewing internal processes, ensuring resources are proportionate, making effective use of shared services, and pursuing digital and process improvements, while maintaining environmental protection and regulatory integrity.

Q3: What potential impacts (operational, financial, administrative) do you foresee?

### **Summary of responses**

Respondents highlighted potential financial and administrative impacts arising from the proposed changes, particularly in relation to the effect of higher hourly rates on budgeting, forecasting and internal cost management. Respondents noted that increased charges could place additional pressure on organisational budgets. Respondents also indicated that the timing of the rate changes could exacerbate these impacts, as unanticipated increases during a financial year may require adjustments to established financial plans and administrative processes.

### **DESNZ response**

The Department has carefully considered these views. As set out in the consultation, OPRED's charging regime is designed to recover only the costs of delivering statutory functions and does not generate profit. The scope of chargeable activities and the underlying statutory charging powers were not within the scope of this consultation.

The Department recognises that changes to hourly rates can affect how organisations plan and manage regulatory costs. The Department has considered the impact of delaying the implementation of the new hourly rates, but this would shift the financial burden to taxpayers instead of those who benefit from the service. Maintaining a fully funded regulatory regime is essential to ensure effective environmental protection and decommissioning oversight.

As detailed above, OPRED carries out the annual process to review the hourly rates as quickly as practicable given legislative processes. As in previous years, the new hourly rates are expected to be brought into effect at the end of June/beginning of July and it is anticipated that this pattern will continue.

OPRED remains committed to early and constructive engagement with the industry. OPRED will continue to ensure that charging and invoicing arrangements are clear, timely and transparent, and supporting proportionate and efficient regulatory interactions.

## General feedback

A small number of respondents raised issues that did not relate directly to the questions set out in the consultation, instead commenting on wider matters relating to future oil and gas licensing and development.

The Department acknowledges these views; however, the scope of this consultation was limited to the proposed hourly charging rates for offshore environmental and decommissioning regulatory activities. Wider oil and gas policy matters fall outside the remit of this consultation and are not addressed in this response.

## Conclusion and next steps

The Department thanks all respondents for engaging with the consultation and providing constructive feedback. The responses have helped to highlight areas where stakeholders seek greater clarity, particularly in relation to transparency and implementation.

Having considered the responses in full, the Department intends to lay the 2026 Regulations (and associated Commencement Order) before Parliament, including the updated hourly rates set out in the February consultation ([20260217 - OPRED Fees Rates 2026 Consultation Document- Final.pdf](#)). The Department does not expect further substantive changes to the 2026 Regulations and Commencement Order, although some changes may be required as a result of final legal checks. The Department will update the accompanying guidance to clarify and expand on a number of issues raised by respondents.

Regarding the proposed changes to the hourly rates, the Department considers that the approach set out in the consultation remains appropriate. It also considers that the proposed hourly rates support OPRED's ability to deliver its statutory functions effectively on a full cost-recovery basis. OPRED remains committed to delivering effective regulation while ensuring that fees are fair, transparent and proportionate, and that regulatory costs are controlled wherever possible.

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This publication is available from: <https://www.gov.uk/government/consultations/consultation-on-draft-supplementary-eia-guidance>

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