



UK Government

# North Sea Transition Authority (Oil and Gas Authority) Review 2025

April 2026



**Department for Energy Security and Net Zero**

# **North Sea Transition Authority (Oil and Gas Authority) Review 2025**

Presented to Parliament pursuant to Section 16(5) of  
the Energy Act 2016 by the Secretary of State for  
Energy Security and Net Zero

April 2026



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# Introduction

Under Section 16 of the Energy Act 2016 ('the Act') the Secretary of State for Energy Security and Net Zero is required to ensure that the North Sea Transition Authority (NSTA) is subject to a review at least every three years to:

- assess how effective the NSTA has been in exercising its functions; and,
- consider relevant NSTA functions in relation to offshore petroleum and the storage of carbon dioxide with regard to their fitness for purpose and scope

This review is the third such review of the NSTA. It seeks assurance that the organisation is a well governed, effective and efficient organisation. The review has been designed to meet the statutory requirements within the Act.

[Part 1](#) of this report sets out the outcome of the review of the effectiveness of the NSTA in exercising its functions.

In September 2023, the OGA's functions, listed in [Annex A](#), were expanded to include offshore hydrogen transport, via pipelines, and storage. The OGA strategy was also updated in 2021 to reflect the UK's energy transition and Net Zero goals. This includes

new expectations around emissions reduction, carbon capture and storage (CCS), and hydrogen development.

[Part 2](#) of the report considers relevant NSTA functions with regard to their fitness for purpose and scope and particular reference to the outcome of the 2025 'Building the North Sea's energy future' consultation exercise.

We are satisfied that the NSTA continues to fulfil its duties effectively. Work is ongoing to reform specific processes, powers and objectives to ensure that they are fit for purpose.

# Part 1: Effectiveness of the NSTA

## OGA strategy and plan

The updated OGA strategy, introduced in February 2021, imposed new net zero obligations on the oil and gas industry, marking a shift in regulatory expectations. Subsequently, in March 2024 the NSTA published the OGA plan<sup>1</sup>, outlining clear requirements to reduce greenhouse gas emissions. The plan supports proactive operators while setting firm expectations for those lagging behind. Following publication of the plan, the NSTA implemented targeted projects to help industry meet these requirements effectively.

The NSTA has published annual Emissions Monitoring Reports since 2021, to track industry's progress towards net zero by 2050, the interim greenhouse gas production emissions targets of 90% by 2040 and the North Sea Transition Deal target of a 50% reduction by 2030, all against a 2018 baseline. The NSTA published its 2025 Emissions Monitoring Report in September 2025, showing a 7% fall in

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<sup>1</sup> NSTA (2024) 'OGA plan to reduce UKCS greenhouse gas emissions'. Available at: [www.nstauthority.co.uk/regulatory-information/regulatory-framework/the-oga-strategy/oga-plan-emissions-reduction/](https://www.nstauthority.co.uk/regulatory-information/regulatory-framework/the-oga-strategy/oga-plan-emissions-reduction/)

production emissions in 2024, a fifth consecutive year of reductions, contributing to a 34% reduction between 2018 and 2024.

The NSTA is holding industry to account on its pledge to eliminate routine flaring by the end of 2030. It has cracked down on flaring and venting breaches, imposing fines totalling £1,400,000 since the beginning of 2021 and setting £500,000 as the new starting point for considering financial penalties for flaring and venting consent exceedances from January 2025. A list of installations with routine flaring was published in December 2024.

## Considering and resolving disputes

The NSTA continues to operate a structured and transparent approach to dispute resolution, distinguishing between ‘issues’, where it seeks to influence outcomes through engagement, and ‘cases’, where it may consider formal regulatory intervention. It has maintained a process of measured escalation, enabling it to track and transition matters appropriately. When considering whether to exercise its formal powers, the NSTA assesses each case against its published prioritisation criteria.

Based on the information provided during this review period, DESNZ has seen no evidence to suggest that the NSTA’s approach to dispute resolution is

unsatisfactory, although please see reference below to a planned strengthening of the NSTA's dispute resolution powers. The Authority has demonstrated that it has clear and effective procedures in place to manage disputes between relevant parties and to ensure compliance with regulatory obligations. These procedures are supported by detailed guidance and are accessible via the NSTA's website. The NSTA's Disputes and Sanctions team was renamed the Investigations and Enforcement team during the review period and regularly reviews its case management practices to ensure that they remain effective and operate in line with published processes.

No dispute resolutions were conducted during the review period, although the NSTA offered to attend meetings and support facilitation conversations to remind licensees of this function.

Currently, the NSTA's dispute resolution powers are non-binding. The government is assessing the best way to strengthen these powers, including whether it would be appropriate to make them binding, to better equip the NSTA to unblock disputes which are related to the fulfilment of its objectives or activities carried out under an offshore petroleum license.

The NSTA continues to strike a careful balance between regulation and influence, favouring a graduated response that prioritises resolution through stewardship and facilitation before resorting to

enforcement. This is evident in the Authority's consistent application of its escalation framework and its ongoing engagement with industry.

The NSTA has reaffirmed its commitment to using its powers in a proportionate and fair manner where necessary, with the aim of ensuring that licensees meet their obligations and steward their assets responsibly. The Case Register<sup>2</sup>, which remains publicly available, continues to provide transparency by recording the status of investigations and linking to any resulting sanctions. Although no formal dispute resolutions were concluded during the review period, the NSTA has actively supported facilitation efforts, including attending meetings where enforcement was being considered. In several instances, this early engagement helped resolve matters without the need for formal action.

The NSTA has also reiterated its view that some disputes may be more effectively resolved through mediation. Although the UK Continental Shelf (UKCS) Mediation Pilot has not yet seen significant uptake, the NSTA has extended the pilot and remains committed to testing its potential. Despite continued promotion, no new mediation cases progressed during the review period. The Authority has acknowledged that there remains some industry reticence regarding the effectiveness of mediation, but it intends to retain

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<sup>2</sup> Available at: [www.nstauthority.co.uk/media/202logrz/case-register.pdf?v=1](http://www.nstauthority.co.uk/media/202logrz/case-register.pdf?v=1)

the service until it can be properly evaluated. Feedback from earlier sessions has been positive, and the NSTA continues to encourage licensees to consider mediation as a viable route to resolution.

In addition to its dispute resolution work, the NSTA continued to monitor and support improvements in regulatory compliance. While no new thematic reviews were published during the review period, the Authority has maintained its focus on areas such as emissions, flaring and venting, and decommissioning. It communicated clearly to industry that from January 2025 financial penalties for flaring and venting consent exceedances would begin at £500,000. This reflects a strategic shift towards more robust enforcement in areas of high regulatory priority. The NSTA has also indicated that it is considering further enforcement in relation to decommissioning failures, which are becoming a growing area of concern.

## Appeals against NSTA decisions

Under the Act, parties have the right to appeal certain NSTA decisions, including those relating to: disputes; information and samples; meetings; and Sanctions Notices to the First Tier Tribunal (General Regulatory Chamber). To date, no appeals have been lodged. This may be attributed to the NSTA's robust representations process and hitherto relatively low

financial penalties. While the appeals mechanism remains available and clearly defined, the absence of appeals may be taken as an indication that current procedures are considered fair, effective, and fit for purpose. This will, though, need to be kept under review as the landscape continues to become more complex.

## Information gathering, retention and disclosure

- Retention of information and samples
- Requiring information and samples
- Disclosure of information and samples

The Oil and Gas Authority (Offshore Petroleum) (Retention of Information and Samples) Regulations 2018<sup>3</sup> ('the 2018 Retention Regulations') and the Oil and Gas Authority (Offshore Petroleum) (Disclosure of Protected Material after Specified Period) Regulations 2018<sup>4</sup> ('the 2018 Disclosure Regulations') continue to have a positive impact on petroleum, carbon storage, and other users of petroleum licence-related data. These regulations apply to all instances where relevant petroleum information or samples are created or acquired, with relevant persons being required to retain and report this material. They are considered

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<sup>3</sup> Available at: [www.legislation.gov.uk/uksi/2018/514/contents/made](http://www.legislation.gov.uk/uksi/2018/514/contents/made)

<sup>4</sup> Available at: [www.legislation.gov.uk/uksi/2018/898/contents/made](http://www.legislation.gov.uk/uksi/2018/898/contents/made)

necessary and fit for purpose. The NSTA recognises, however, that improvements could be made, particularly around Information and Samples Plans (ISPs). Specifically, the inclusion of two additional licence events - changes in control of licensees (especially when the licensee is the operator) and changes in operators - would strengthen the framework. These events pose the highest risk of data loss, which ISPs are designed to prevent.

Similar legislation relating to carbon storage was introduced further to powers contained in the Energy Act 2023. In 2025 and 2026 - outside of this review period -, the Oil and Gas Authority (Carbon Storage) (Retention of Information and Samples) Regulations 2025<sup>5</sup> ('the 2025 Retention Regulations') and the Oil and Gas Authority (Carbon Storage and Offshore Petroleum) (Specified Periods for Disclosure of Protected Material) Regulations 2025<sup>6</sup> ('the 2025 Disclosure Regulations') came into force. The 2025 Retention Regulations set out the requirements for the retention of carbon storage information and carbon storage samples by holders of carbon storage licences granted by the NSTA. The 2025 Disclosure Regulations set out the periods of confidentiality and subsequent disclosure for carbon storage information and samples retained and reported by carbon storage

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<sup>5</sup> Available at: [www.legislation.gov.uk/uksi/2025/498/made](http://www.legislation.gov.uk/uksi/2025/498/made)

<sup>6</sup> Available at: [www.legislation.gov.uk/uksi/2025/1379/made](http://www.legislation.gov.uk/uksi/2025/1379/made)

licensees under the 2025 Retention Regulations to the NSTA. This should mean that the carbon storage industry will benefit from better access to high-quality data. The 2025 Disclosure Regulations also amended the 2018 Disclosure Regulations to change the timeframe for publishing offshore oil and gas well data, allowing earlier access. This brings the rules in line with other sectors and improves transparency and public access to vital information.

The NSTA continues to disclose information and samples through three primary mechanisms: the UK National Data Repository (NDR)<sup>7</sup>, the Open Data page on its website<sup>8</sup>, and via the British Geological Survey (BGS) (for samples). Since the introduction of the Act's Information and Samples Powers, the BGS and Open Data routes have remained stable and effective.

The NSTA's NDR is widely used by companies and researchers to access and report energy-related data. Information obtained from the NDR has been used in numerous projects in industry and academia, supporting maintaining the security of supply of energy and the energy transition, including in relation to carbon storage, offshore wind, and geothermal energy.

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<sup>7</sup> Available at: <https://ndr.nstauthority.co.uk/>

<sup>8</sup> Available at: <https://open-data-ukcs-transition.hub.arcgis.com/search>

Since its launch in 2019, the NDR has been upgraded to a modern, user-friendly system that allows companies to upload data directly and access it more easily. The NSTA has regular contact with industry users and collaborates daily with NDR users and Information and Samples Coordinators, working with users to improve the system, using feedback and forums to guide updates. As noted above, an amendment to 2018 Disclosure Regulations has made data available sooner, helping ensure fairer and more timely access to important information.

The NDR has significantly enhanced access to well and seismic data and has continued to improve since launch and during the review period. In addition, application programming interfaces and dashboards have become more widely available. These resources are critical to the success of carbon storage licensees, who rely heavily on legacy petroleum data. Without access to this information, progress would be slower, more costly, and potentially prohibitive.

The value of disclosed data is evident across multiple sectors. Reprocessed NDR data has supported successful offshore wind applications. Seismic and well data enabled the appraisal of a depleted gas field in the Irish Sea for potential natural gas storage. NDR data also underpinned a study to assess and update regional stress maps in the UKCS, aiming to predict subsurface structural changes potentially relevant to

the long-term behaviour of injected fluids, like CO<sub>2</sub>. Access to seismic and well data has supported the appraisal of offshore areas for geological disposal of radioactive waste, a requirement ahead of future nuclear power developments. These examples demonstrate how disclosure powers directly support renewable energy, energy security and environmental stewardship.

The NSTA has promoted its disclosure work through regular conference engagement and collaboration with academic institutions. Data shared via the NDR has been widely used in research and teaching, and feedback from academic surveys has been overwhelmingly positive. Public access to data is straightforward, with NSTA datasets appearing prominently in search engine results. The relevant Energy Act 2016 and 2023 powers are considered fit for purpose and well aligned with industry and public needs. The NSTA remains responsive to change, as demonstrated by the recent legislative amendments around well information. While there are currently no equivalent powers for hydrogen-related activities, the NSTA recognises the importance of extending disclosure frameworks to support the hydrogen industry in the future.

## Requiring attendance or provision of documents for meetings

The NSTA has statutory powers under the Act to attend, participate in and request documentation in relation to relevant external meetings covering certain issues held by companies operating in the UKCS. Although not formally used during this review period, this power remains valuable and may potentially be expected to be called upon more in future.

The NSTA continues to attend meetings as part of facilitation and enhanced facilitation, and during the review period the NSTA's Disputes and Sanctions team joined some meetings where it appeared that enforcement referral may be required due to issues in joint ventures. In each case, matters were able to progress meaning formal enforcement was not required.

The NSTA has, though, carried out a number of enforcement actions, with the power to request information and documents proving essential in assessing evidence and determining case outcomes. While no dispute resolutions were completed in the period, the power to request information and documents remains relevant for that function.

## Sanctions

The NSTA has continued to assess referrals to its Investigations and Enforcement team against its published Prioritisation Criteria, and its Initial Assessment process has enabled it to scope matters that have been referred, and the supporting evidence. If a full investigation follows, information is formally requested. All major investigations are listed on the public Case Register.

Although the sanctions process has undergone limited changes, the NSTA's regulatory approach has evolved, particularly in enforcing flaring and venting breaches, which represented the main body of casework during the review period. The NSTA ensures that details of each case are shared to promote learning and transparency for other licensees to learn from.

In 2024, the NSTA wrote to industry to inform them that from 1 January 2025, financial penalties for breaches of flare and vent consents would start at £500,000, sending a clear message so that regulatory compliance is prioritised. The NSTA has also set a strategic priority to robustly consider, and enforce where appropriate, decommissioning failures, a growing area of casework.

The NSTA remains committed to consistent, fair regulation. While the sanctions process remains fit for purpose, subject to the proposed increase in the maximum financial penalty that the NSTA may issue as referenced elsewhere in this report, feedback is gathered through lessons learned, and internal quality checks ensure accuracy and proportionality. Cases have increased as the NSTA focuses on target areas such as emissions and decommissioning.

Sanctions are recognised as necessary to drive change in priority areas like emissions and decommissioning. Industry engagement with published sanction notices is strong and the NSTA receive a good level of engagement when cases are publicised. The NSTA uses this to share lessons learned and best practice to inform stewardship and other regulatory activity.

# Decommissioning and reuse of infrastructure

As the UK energy sector continues to evolve, the NSTA has taken steps to ensure that its approach to decommissioning remains aligned with broader UK strategic energy goals, including emissions reduction and the potential for infrastructure reuse for CCS and hydrogen projects. The NSTA also works with industry to drive cost-effective decommissioning - aiming to save money for UK taxpayers and industry.

While the NSTA has had limited direct involvement in formally defining the roles and responsibilities of regulatory bodies in reuse and repurposing, it has nonetheless supported efforts to clarify these frameworks, and as part of its remit as a statutory consultee to the Offshore Petroleum Regulator for Environment and Decommissioning (OPRED) in reviewing decommissioning programmes it looks to identify any such opportunities when determining whether there are any alternatives to decommissioning that should be considered. The NSTA Decommissioning team can engage with the operator/licensee on these through Stewardship, and make other NSTA roles and teams aware, along with other regulators and developers, if applicable.

A key development during the review period was the restructuring of the NSTA's Reuse and Repurposing Manager role into that of an Asset Transition Manager. This change was designed to support the creation of a new Asset Transition Process, which will enable earlier consideration of alternatives to decommissioning, such as repurposing, provide clearer guidance on how Cessation of Production dates are determined and communicated, and help ensure alignment with the OGA plan.

The HyNet project in Liverpool Bay is an example during the review period of a decommissioning project where there has been repurposing for carbon capture and storage (CCS). For this project, having repurposing opportunities assessed and identified in parallel with decommissioning planning has enabled infrastructure to be repurposed in a timely and effective manner whilst other parts of the asset/field proceed to decommissioning.

The NSTA also provided technical input to DESNZ during the review period to explain the process currently used for decommissioning cost estimation and reporting, via the UK Stewardship Survey conducted annually to collect direct data from NSTA levy payers. This process was highlighted as a potential model in relation to future CCS projects. The NSTA's Decommissioning team also worked with its CCS Transport and Storage team in developing the

build-up of the decommissioning fund during the operational phase of a CCS project, and utilised cost and benchmarking information for oil and gas decommissioning activities constructed from a large dataset of actual decommissioning costs from completed decommissioning projects.

The NSTA is the primary regulator for well decommissioning (Plug and Abandonment (P&A)), which accounts for around 50% of decommissioning costs. This is the area of decommissioning with the greatest potential for cost savings and also the area causing the greatest concern, with a large number of companies delaying well P&A work. The NSTA states that it is committed to holding industry to account on its legal obligation to decommission wells after they permanently stop producing and has provided clear expectations and written to licensees on several occasions over the last few years to remind them of their responsibilities. This has culminated in the publication of operator performance in well P&A delivery, in December 2025, which illustrates each operator's level of compliance with the Well Operations Notification System consenting process. In 2024 it opened investigations into missed well P&A deadlines for the first time. At the time of writing that investigation is currently ongoing, with a view of concluding in 2026.

The NSTA is also aiming to help save industry time and money by making more information freely available, including through its Decommissioning Data Visibility Dashboard and the Tree and Wellhead Information for Subsea Tooling (TWIST) database, launched in November 2024. The NSTA has also developed an initial well P&A planning model to help industry effectively sequence this work, factoring in supply chain capacity and capability, and also technical considerations for the planning and execution of this work, and is identifying opportunities to set up cost efficient well decommissioning campaigns involving multiple operators and fields.

In 2022 the NSTA re-baselined the estimated cost of decommissioning redundant offshore oil and gas infrastructure to £37bn, setting a new target with industry to reduce costs by 10% by the end of 2028. The 2025 cost estimate of decommissioning is £44bn, in constant 2024 prices, an 11% increase since 2022 the re-baseline. The NSTA states that this reflects another challenging and unpredictable year for the economy coupled with sustained and increasing global competition for decommissioning equipment and resources, alongside multiple additional factors. These factors include some decommissioning work being brought forward without sufficient time spent to deliver the most cost-effective approach, inflation, higher day rates for rigs and activities exceeding planners' initial cost estimates.

The NSTA is continuing to steward operators to meet decommissioning expectations and obligations and holding industry to account using their current regulatory powers as appropriate. It identified potential new powers to aid with delivery of timely well P&A execution and mitigate further risk to UK taxpayers that may come from further deferral of this work (see ‘NSTA Powers’ section). The NSTA also reports in, on a quarterly basis, to the Decommissioning Cost Overview Board (COB) which comprises HM Treasury, DESNZ and OPRED, and highlights the risked cost of UKCS decommissioning associated with the various threats and opportunities that are deemed to be credible, but which are not included in the formal cost estimate. A number of potential actions and mitigations are identified through that assessment, with the NSTA looking to play an active role in those which it can drive or influence.

## Offshore CO<sub>2</sub> Storage

The UKCS holds substantial geological potential for carbon dioxide (CO<sub>2</sub>) storage. Over this review period, the NSTA has made significant progress with DESNZ in establishing the regulatory and technical foundations for offshore CO<sub>2</sub> storage on the UKCS.

A major milestone was the launch of the world’s first large scale carbon storage licensing round in 2022, resulting in the award of 21 new licences. The NSTA

has awarded 27 carbon storage licences to date in total (with two relinquished). Stewardship of these licences has been integrated into the existing NSTA Exploration team, with multi-year technical programmes now underway, including seismic surveys and well operations. This expansion has required cross-organisational support, including enhancements to IT systems.

The NSTA has issued four carbon storage permits, comprising the first-ever carbon storage permit, issued to the Northern Endurance Partnership, which allows for first injection by 2027, and three permits for the HyNet carbon capture and storage project. The HyNet permits allow the operator, Eni, to start preparing the stores for the initial injection of 4.5 million tonnes of CO<sub>2</sub> per year starting as soon as mid-2028. Phase 1 of HyNet is designed to store 109 million tonnes of CO<sub>2</sub> over 25 years. In the Southern North Sea, Perenco have concluded a carbon dioxide injection test on the Leman field and Eni drilled a carbon storage appraisal well on the Hewett field.

In December 2025, outside of this review period, the NSTA launched the UK's second carbon storage licensing round, offering 14 UK Continental Shelf locations for exploration and appraisal.

The licensing process is governed by the Storage of Carbon Dioxide (Licensing etc.) Regulations 2010, with detailed guidance available on the NSTA website.

The process was recently audited by the government Internal Audit Agency (GIAA), which issued minor recommendations for improvement. The NSTA applies best practices from its well-established hydrocarbons licensing procedures to ensure compliance and rigour.

Licensees are obliged to deliver their agreed work programme commitments. Enforcement is currently managed through licence terms.

The NSTA's methodology for assessing CO<sub>2</sub> storage potential continues to evolve. It now includes regular surveys of licensee views on storage capacity and injection rates, alongside conducting internal subsurface analysis. Storage resource classification methodologies are evolving through professional bodies, such as the Society of Petroleum Engineers, with NSTA input. The NSTA has also recently, outside of this review period, updated its Licence and Storage Permit Application Guidance and has also published a set of carbon storage Stewardship Expectations.

Transparency of licence information via the NSTA's data services, including the NDR and Open Data Service, continues to positively impact on licensing decisions. These platforms are supporting decision making and contributed to the first carbon storage licensing round, which was enabled by the release of legacy petroleum data. New data from carbon storage licences has begun to be reported to the NSTA.

Although this data remains confidential, there is an expectation that it will be published to support transparency and stakeholder and public confidence in carbon storage delivery.

The publication of infrastructure data has helped identify assets that could be repurposed for carbon transport or other uses. This information also supports safety for other sea users, including the fishing industry. Early engagement with The Crown Estate and Crown Estate Scotland helped reduce spatial overlaps between offshore activities where possible. The Offshore Wind and Carbon Capture, Utilisation and Storage (CCUS) Co-location Forum, chaired by The Crown Estate, remains a relevant platform for exploring co-location opportunities. While its governance lies outside the NSTA's remit, the Authority has supported its work through technical contributions, including monitoring technologies and participation in steering committees for research projects.

Driving effective spatial planning and coordination, the NSTA has provided expertise and technical input to spatial planning programmes such as the Marine Spatial Prioritisation programme and the Strategic Spatial Energy Plan. This includes reviewing current activities and future potential for oil and gas and carbon storage against other offshore users and proposing actions to optimise space. The NSTA has

led proactive spatial planning as part of individual Statements of Intent with The Crown Estate and Crown Estate Scotland outlining joint aspirations for a more sustainable and closely coordinated management of the seabed.

## Carbon storage business models and financial security

The DESNZ business models adopted for Track 1 carbon storage projects (which aim to deliver the first two CCUS clusters in the UK as part of the government's wider ambition to build a self-sustaining CCUS industry), including the Transport and Storage Regulatory Investment model, enabled Track 1 licensees to reach Final Investment Decisions. These models also allowed the NSTA to award the four current permits without requiring additional financial security from licensees. This represented a significant step forward in enabling early-stage project delivery while maintaining regulatory assurance.

The NSTA has worked and continues to work closely with insurers and Track 1 licensees to ensure that the commercial insurance products being procured meet the financial security requirements set out in regulation. This collaborative approach has helped align commercial arrangements with regulatory expectations and supported the timely progression of licensed projects.

## Petroleum licencing

The government has committed to end new licences to explore new oil and gas fields and to manage existing oil and gas fields for the entirety of their lifespan.

Previous governments' policy was guided by the Maximising Economic Recovery (MER) strategy, which supported regular licence offerings, with the 33rd offshore petroleum Licensing Round being launched in 2022 following the completion of Offshore Energy Strategic Environmental Assessment 4 (OESEA4). Environmental assessments for production licence applications were carried out by OPRED, and Fitness Tests to incorporate corporate social responsibility considerations were introduced for the 33rd Round (and the first carbon storage round). Technical criteria were reviewed after each licensing round.

During the reporting period the NSTA continued to manage petroleum licences through a structured system of reviews, surveys and insights, and meeting attendance and facilitation. Work programmes were delivered in line with licence commitments, and the use of powers when required.

Licence terms were enforced through a management process and stewardship of licence events and term extension requests. An effective annual consent process is in place to manage and, where necessary, challenge Operators on flare and vent requests.

During the review period, the NSTA successfully investigated and sanctioned a licensee for decommissioning a well without the required consent. A further similar investigation is ongoing, as is an investigation into the failure to satisfy the well decommissioning obligations associated with four licences.

There was a relatively high turnover of Initial Term production licences during the review period, resulting in active relinquishments. Licence flexibility has been applied where appropriate. Also, during the review period, geophysical survey activity under Exploration Licences showed a shift in focus from petroleum to carbon storage, reflecting changes in sector priorities.

## Hydrogen

In 2023, the NSTA took on the role of regulator for offshore hydrogen storage and pipeline transportation. It is engaging with prospective operators in preparation for the first licence applications. Alongside this, the NSTA continues to engage with the government on the wider regulatory landscape for

hydrogen and is contributing to initiatives focused on spatial coordination and planning, including providing technical insights on offshore hydrogen transportation and storage as part of the Strategic Spatial Energy Plan.

The NSTA is also working with industry and academic partners to build the technical evidence base for offshore hydrogen storage and pipeline transportation that can inform wider policy.

# Part 2: Fitness for purpose and scope of relevant NSTA functions in relation to offshore petroleum and the storage of carbon dioxide

The NSTA's current role, objectives and powers were established as a result of the 2014 Wood Review, conducted over a decade ago. While this context retains some relevance, there have since been significant changes to the basin and beyond, including:

- a notable decline in estimates for proven and probable oil and gas reserves,
- an anticipated increase in decommissioning activities, and
- significant advancements in the carbon capture, utilisation and storage and hydrogen industries, which are expected to play an important role in the basin's future

Given this change in context, it is clear that the NSTA will need to take a different strategic approach to

deliver the government's objectives for the North Sea<sup>9</sup>. Through the consultation exercise, 'Building the North Sea's energy future', which ran from 5 March 2025 to 30 April 2025, the government, therefore, sought views on whether the NSTA:

- has a principal objective which adequately reflects the current context - seeking views specifically on the revision of the NSTA's current statutory principal objective of Maximising Economic Recovery of UK Petroleum (known as MER), which provides the foundation for the NSTA's regulatory activity; and,
- has the powers to effectively play its role in the future management of the basin

Having reviewed the diverse responses received, on 26 November 2025 the response to that consultation, the North Sea Future Plan, was published, setting out

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<sup>9</sup> As set out in the NSEF consultation and subsequently the 'North Sea Future Plan', this is the government's overarching objective to foster an internationally-leading offshore clean energy industry, which ensures good, long-term jobs, growth and investment in communities across the North Sea, in tandem with a sustainable transition in oil and gas – boosting the country's economy and energy security, in line with the government's climate obligations, and the government's two supporting objectives of 1) ensuring oil and gas workers and supply chain can take advantage of the opportunities of the clean energy transition, creating a global blueprint for a transition which supports prosperity, jobs, growth, communities and energy security and 2) to take a globally standard setting, 1.5°C and climate science aligned approach to future oil and gas production.

the government's approach to building the North Sea's energy future.

There was no clear consensus on the most appropriate approach for the revised objectives or view on the NSTA's powers, but this stakeholder feedback has been considered when developing the outcomes.

## NSTA objectives

To enable the NSTA to take a broader view across the transition beyond just oil and gas the government's view is that the NSTA needs three balanced objectives. This will allow the NSTA to take into account a range of key considerations for the North Sea in its decision-making. The revised objectives for the NSTA will move beyond MER to cover economic, Net Zero and transition factors, thus still retaining an important focus on economic growth, which respondents highlighted as important.

The NSTA's future objectives will broadly cover:

- Objective 1 (Economic) – To maximise societal economic value of a relevant activity. This is modelled on the NSTA's current principal objective but aims to provide greater clarity and improve effectiveness.

- Objective 2 (Net Zero) – To assist the SoS in meeting the duty under section 1 and section 4(1)(b) of the Climate Change Act 2008 including supporting decarbonisation of relevant upstream activities. This objective requires the NSTA to assist the SoS in meeting the net zero target and carbon budgets set under the Climate Change Act 2008. It is modelled on the NSTA’s current central obligation, ‘to take appropriate steps to assist the Secretary of State in meeting the Net Zero target, including by reducing as far as reasonable in the circumstances greenhouse gas emissions from sources such as flaring and venting and power generation, and supporting carbon capture and storage projects’, elevating net zero considerations by providing them with statutory backing.
- Objective 3 (Transition) – To enhance the long-term benefits of the transition to clean energy technologies in the UKCS by considering workers, communities and supply chains. This objective adds to the NSTA’s current role and ensures that they consider transition benefits when making decisions. It is intended to address the process by which economic activity in the North Sea is transitioning from the oil and gas sector to other offshore energy sectors such as CCUS and offshore hydrogen pipeline transportation and storage.

The scope of these revised objectives will, therefore, go beyond offshore petroleum, applying to other areas within the NSTA's offshore regulatory remit to equip the NSTA to appropriately support the North Sea's transition.

These revised objectives will be legislated for when parliamentary time allows. To ensure the NSTA can start making decisions as quickly as possible, the current statutory requirement for the NSTA to produce one or more strategies for the principal objective to be met will be removed. The NSTA will produce guidance to industry on how it will take decisions based on its new objectives. This will also bring the NSTA in line with other, similar regulators, reducing red tape and speeding up decision-making for industry.

## NSTA powers

The government is committed to ensuring that the NSTA has a strong, robust and future-proofed regulatory framework to enable it to steward the basin for generations to come. The consultation also considered whether the NSTA's powers will remain appropriate for successful delivery of its future role. Respondents expressed support for measures that enhanced the NSTA's ability to regulate, enforce, and oversee the energy transition effectively, pointing to the importance of aligning the NSTA's powers with the UK's environmental goals and legislation, and net-

zero commitments. Many stakeholders thought that the NSTA should prioritise sustainability and decarbonisation and support the successful integration of renewable energy and carbon capture and storage projects.

The government is therefore strengthening, clarifying and introducing several offshore oil and gas powers in addition to the NSTA's suite of existing powers in relation to offshore oil and gas operators. The government recognises that there are a wide range of stakeholder views in relation to reforming the NSTA's powers and is introducing a package focussed on a number of key areas. This package will ensure that the NSTA has the powers required to effectively play its role in the future management of the basin.

The package of revised powers includes:

- Assessing the best way to strengthen the NSTA's dispute resolution powers, including whether it would be appropriate to make them binding, with appropriate safeguards to provide clarity to industry.
- Clarifying the NSTA's fit and proper person's test and making it explicit in legislation that the NSTA may withhold consents where it does not view a relevant person's plans as being in line with an NSTA balanced view of its newly revised objectives.

- Increasing the maximum financial penalty the NSTA can issue from £1 million to £5 million with a power to increase this to £10 million in the future, if deemed necessary.
- Exploring the case for a financial reserve to allow the NSTA to retain any of its unspent levy at the end of each financial year to mitigate against budget uncertainty.
- Introducing enforceable milestones in well decommissioning programmes.
- Allowing the NSTA to take financial security from operators (i) whose wells were drilled before 2009 and (ii) when the enforceable milestones are not met.

The government will continue to assess the appropriateness of extending the NSTA's CCUS and hydrogen powers as these industries develop. This may include increasing the scope of the NSTA's CCUS powers, if deemed necessary in the future.

# Annex A: Functions of the OGA

## Relevance to the review

Section 16 (4) of the Energy Act 2016 states that a review of the OGA must consider how effective the OGA has been in exercising its functions and, in particular, whether the OGA's functions relating to offshore petroleum and storage of carbon dioxide remain appropriate for the OGA.

The list below summarises the legislative functions of the NSTA. As well as these legislative functions, the review takes account of matters that might require a change to the NSTA's functions.

## High-level summary of the OGA's legislative functions

### **1. Develop OGA (now NSTA) strategy**

- Produce one or more strategies to enable the principal objective of maximising the economic recovery petroleum under UK waters to be met, including as a result of increased collaboration between relevant persons (the 'Principal Objective').

- The revised OGA strategy came into force in February 2021. It requires that the NSTA and relevant persons (including petroleum licence holders, operators appointed pursuant to petroleum licences and owners of upstream petroleum infrastructure), “must, in the exercise of their relevant activities, take the steps necessary to:
  - a. secure that the maximum value of economically recoverable petroleum is recovered from the strata beneath relevant UK waters; and, in doing so,
  - b. take appropriate steps to assist the Secretary of State in meeting the net zero target, including by reducing as far as reasonable in the circumstances greenhouse gas emissions from sources such as flaring and venting and power generation, and supporting carbon capture and storage projects.”
- The Strategy includes further detail regarding the actions and behaviours which relevant persons must adopt when carrying out activities in the UK Continental Shelf in order to support the delivery of the Principal Objective including in respect of:
  - exploration (including seismic and drilling activity);
  - development (including the commissioning and constructing of infrastructure);

- ongoing asset stewardship and maintenance;
- the deployment and development of appropriate technologies; and
- decommissioning of oil and gas infrastructure

## **2. Regulation and licensing of petroleum exploration and production (onshore and offshore)**

- Issuing exploration and production licences conferring rights to “search for” and/or “bore for and get petroleum” (pursuant to terms and conditions provided for in Model Clauses as provided for in secondary legislation made under the Petroleum Act 1998, subject to any conditions which the OGA considers appropriate).
- Exercise of related functions including:
  - inviting applications in respect of competitive licensing rounds;
  - authorising out of round petroleum licence applications; and
  - assessing the financial and technical capability of applicants (amongst other licence criteria).
- Oversight and enforcement of licence terms including in relation to:
  - the drilling, completion, suspension or abandonment of wells;

- the approval of work programmes and development and production programmes;
  - the flaring or venting of hydrocarbons during the course of production;
  - a proposed assignment of licence interests or a change of control event;
  - collection of consideration due; and
  - the revocation, determination or extension of a licence
- Compliance with licensing requirements provided for in the Offshore Petroleum Activities (Conservation of Habitats) Regulations 2001, the Offshore Petroleum Production and Pipe-lines (Assessment of Environmental Effects) Regulations 1999 and the Offshore Petroleum Licensing (Offshore Safety Directive) Regulations 2015 (as appropriate).

### **3. Regulation and licensing of carbon dioxide storage**

- Licensing and regulation of carbon dioxide storage (pursuant to terms and conditions provided for in Model Clauses as provided for in secondary legislation made under the Energy Act 2008, subject to any conditions which the OGA consider appropriate).

- Oversight and enforcement of licence and storage permit terms including in relation to, amongst other things:
  - the approval of monitoring and post-closure plans;
  - the provision of financial security in respect of the obligations of the licence holder;
  - inspections and the appointment of inspectors; and
  - the review, modification or revocation of a licence or storage permits.
- Provision of information to the Secretary of State to enable a public register of carbon dioxide storage licences and permits as well as closed storage sites and surrounding storage complexes to be maintained.
- Having continued regard to the development and use of facilities for the storage of carbon dioxide when exercising relevant functions and continuing to work with government, industry and other relevant stakeholders to identify promote the development of carbon dioxide storage in order to contribute to the Principal Objective.

## **4. Regulation and licensing of gas storage and unloading**

- Licensing and regulation of gas storage and unloading (pursuant to terms and conditions provided for in Model Clauses as provided for in secondary legislation made under the Energy Act 2008, subject to any conditions which the OGA consider appropriate).
- Oversight and enforcement of licence terms including in relation to, amongst other things:
  - the commencement of drilling, completion, suspension or abandonment in respect of a well;
  - the approval of work programmes and development plans;
  - the appointment of an operator; and
  - the transfer, revocation, determination or extension of a licence

## **5. Pipeline works authorisations (PWAs)**

- Considering and, where appropriate, consenting:
  - the construction and use of pipelines in, under or over controlled waters;
  - the right of an applicant to make use of a pipeline in respect of which it is not the owner; and
  - the compulsory modification of a pipeline

- Determination of issues arising in respect of the Framework Agreement concerning cross-boundary petroleum cooperation between the UK and Norway.

## **6. Third-party access to upstream petroleum infrastructure**

- Considering and, where appropriate, consenting:
  - the right of an applicant to make use of upstream petroleum infrastructure in respect of which it is not the owner; and
  - the compulsory modification of upstream petroleum infrastructure

## **7. Decommissioning**

- Serving cessation of production and plugging and abandonment notices pursuant to petroleum licences.
- Issuing directions in connection with the plugging and abandonment of wells pursuant to section 45A of the Petroleum Act 1998.
- Acting as consultee in connection with ‘abandonment programmes’ to be submitted to the Secretary of State under the Petroleum Act 1998, in which capacity the OGA is required to have regard to:
  - alternatives to abandoning or decommissioning (including re-use); and

- the means by which the cost of carrying out the programme may be kept to the minimum reasonably practicable.

## **8. Exercise of further regulatory powers**

### ***Data and information samples***

- Exercise of the power to, where appropriate:
  - require information or samples for the purpose of carrying out functions of the OGA relevant to the fulfilment of the Principal Objective or which relate to activities carried out under a carbon dioxide storage licence;
  - consider and approve information and samples plans required in connection with the occurrence of an offshore petroleum licence event (including the transfer, revocation, expiration or surrender of a licence in whole or in part).
- Data and information management in accordance with relevant data management obligations, including in connection with the Oil and Gas Authority (Offshore Petroleum) (Disclosure of Protected Material after Specified Period) Regulations 2018, the information disclosure provisions provided for in the Energy Act 2016, the Oil and Gas Authority (Carbon Storage) (Retention of Information and Samples) Regulations 2025 and the Oil and Gas Authority (Carbon Storage and Offshore Petroleum)

(Specified Periods for Disclosure of Protected Material) Regulations 2025.

- Acting in its capacity as representative for the government of the United Kingdom, disclosure of information for the purpose of giving effect to a relevant treaty or international agreement.

### ***Consideration of disputes***

- Discretionary power to attend meetings between relevant persons relating to the fulfilment of the Principal Objective or activities carried out in connection with an offshore petroleum licence (or require a written summary of the meeting and decisions taken as appropriate).
- Discretionary power to accept, reject or adjourn a reference made by a relevant person in respect of a dispute relating to the fulfilment of the Principal Objective or activities carried out pursuant to an offshore petroleum licence. Consider and issue recommendations in relation to qualifying disputes as appropriate.

### ***Fees and funding***

- Charge fees in relation to certain services provided by the OGA to the oil and gas industry and administer a levy on petroleum licence holders, in accordance with in accordance the terms of Energy Act 2016 and relevant legislation made pursuant to it.

## 9. Enforcement of penalties and sanctions and other functions

- Issue sanctions notices as appropriate, including in circumstances in which a relevant person has failed to comply with:
  - a duty to act in accordance with the Strategy for the purposes of enabling the Principal Objective to be met;
  - a term or condition of an offshore petroleum licence; or
  - a requirement imposed by the OGA under the Energy Act 2016, including in relation to the provision of information and samples and / or disputes and meetings between relevant persons.
- Sanctions notices may direct the relevant person to comply with the obligation which has been breached; impose a financial penalty in consequence of a breach (of up to £1m); revoke a licence; or require the removal of an operator appointed pursuant to a licence.
- Issue guidance as to the matters which the OGA will have regard to when determining the amount of financial penalty to be imposed in connection with a sanctions notice.
- Comply with directions of the Secretary of State made pursuant to section 9 of the Energy Act 2016.

## **10. Offshore hydrogen transport, via pipelines, and storage**

- Regulated as part of the gas storage and unloading and pipeline works authorisations regimes.



This publication is available at:

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