

Preventing offshore major accidents & limiting their consequences

EU Directive on safety of
offshore oil and gas
operations (2013/30/EU)

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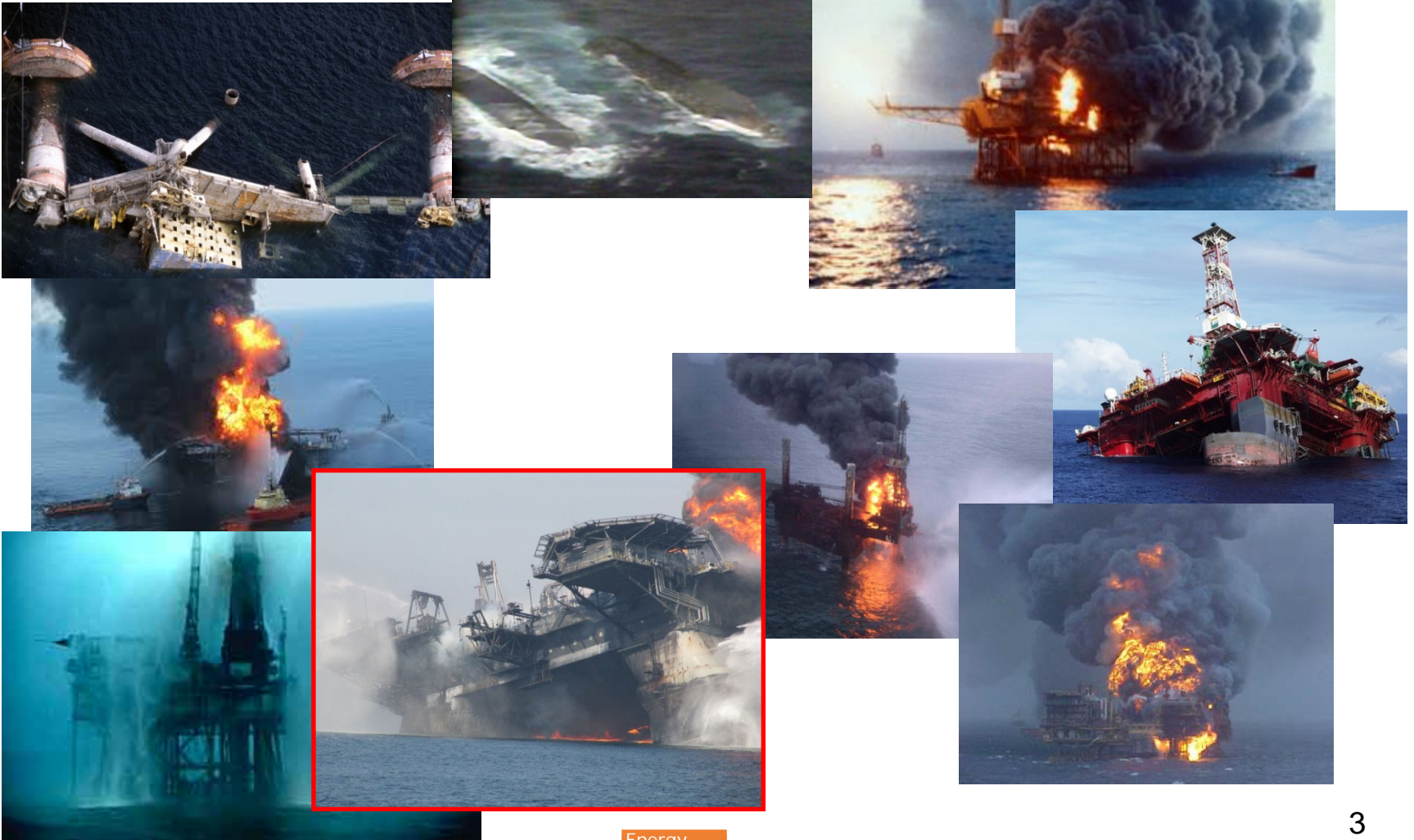


1. background to the Commission's proposal
2. nature of the Directive
3. what would be required to comply with it?
4. what are the changes for mature offshore states
5. required capacity
6. timetable
7. in summary

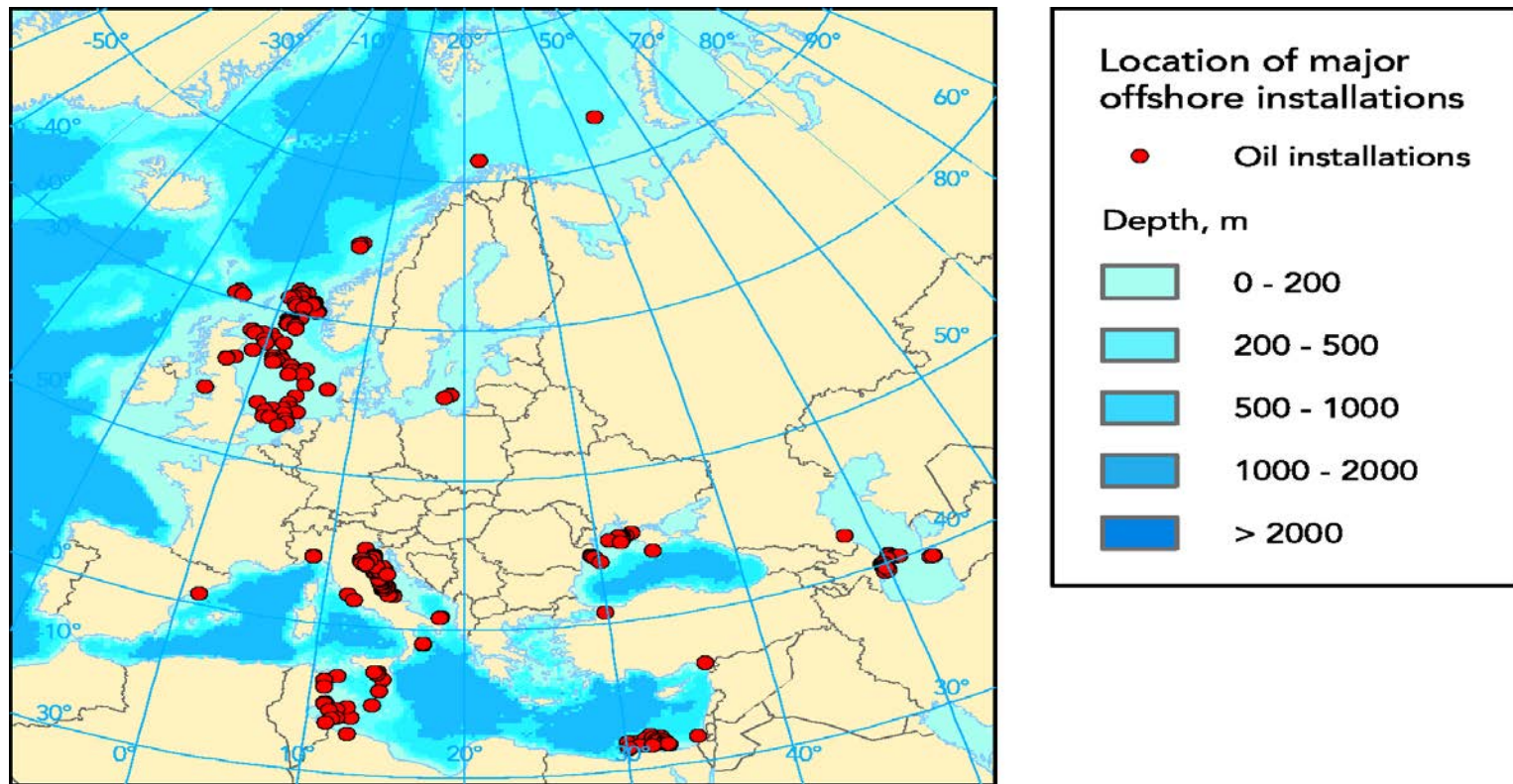
Background



Case for action



Offshore licensing in EU/EEA* & adjoining states

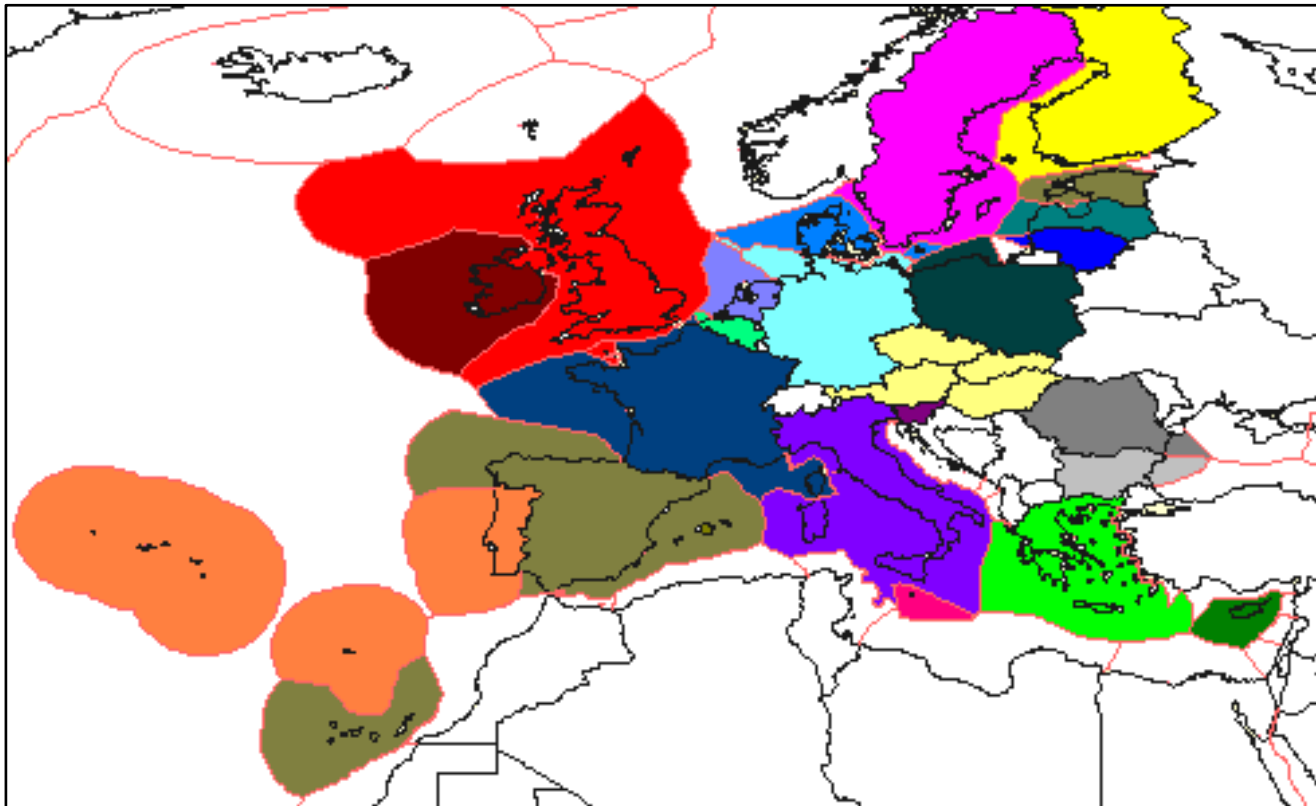


* European Economic Area (EEA) unites the EU MS and the three EEA EFTA States (Iceland, Liechtenstein, and Norway) into an Internal Market governed by the same basic rules.

Background



EU excl. econ. zones (& ambitions of new players)





The logic of EU intervention

- industry highly capable
but safety culture insufficiently embedded
- some EU regulators best-in-class
but regulatory systems are fragmented
- liability/financial mechanisms exist
but lack of clarity and full security
- aim for consistent best practices for industry and regulators:
 - formal risk assessment
 - safety & environment goals
 - greater transparency & cooperation
 - coordinated emergency response
 - clear environmental liability



Directive development process

- Initial kick-off meeting in which Commissioner launched his ambition, 06/2010
- Communication to European Parliament and Council, 10/2010
"Facing the challenge of the safety of offshore oil and gas activities"
- public consultation, 03 – 05/2011
- stakeholders consultations i.e. EU – NSOAF workshops
- impact assessment study
- proposal for EU Regulation, October 2011
- decision on EU Offshore Authorities Group, 01/2012
- technical peer review of the cost-benefit analysis, 07/2012
- publication Directive 2013/30/EU, *"on safety of offshore oil and gas operation"*, 06/2013

Intervention scope of EU Directive 2013/30/EU

<i>Problem part</i>	<i>Objectives</i>	<i>Tools/Measures</i>
Risks can be lowered to better prevent a major incident (i.e. risks currently too high to accept)	1. <i>Attain best industry practices in the EU</i>	<i>Primary duty of risk control with industry → safety case as risk management tool Corporate policies/management systems to ensure risk controls remain effective</i>
	2. <i>Implement best regulatory practices for major accident prevention and mitigation</i>	<i>Independent, expert regulators in each Member State Verification of capacities during licensing EU-wide information sharing and transparency</i>
Response measures need improvement	3. <i>Implement fully joined-up emergency preparedness and response in all EU offshore regions</i>	<i>Cross-border availability and compatibility of response assets Duty to cooperate and share info</i>
Liability provisions incomplete	4. <i>Improve and clarify existing EU liability and compensation provisions</i>	<i>Scope of environment liability Financial capacity requirements Compensation regimes</i>

What would be required to comply?



Industry (i)

- technical and financial capacity demonstrated throughout lifecycle of operations: begins at licensing stage
- licensee is 'fully liable' for environmental damage
- primary duty of licensee and operator to 'see to it' that risks are controlled
- company global major accident (MA) prevention policy → regulator
- Report on major hazard (RoMH = 'safety case') to include major environmental consequences as well as safety
- RoMH must be accepted by regulator prior to operations commencing – all fixed and mobile installations
- every installation to have emergency response plan for immediate response to MA & preventing escalation

What would be required to comply?



Industry (ii)

- well notification → regulator prior to start of well operations
- weekly well reports → regulator
- comprehensive safety/environment management system
- SMS to include schemes for independent verification of safety critical elements, and well plans
- EU-based operators to report on overseas major accidents
- to secure cooperation of workforce and protect whistle-blowers
- to engage in tripartite consultation
- to cooperate with EU regulators group (EUOAG) on improving standards
- to report incidents and near-misses in EU standard format

What would be required to comply?



Member States (MS) (i)

- scrutiny of technical and financial liability at licensing
- ensure public participation before any new areas are drilled
- appoint independent competent authority (CA) for major hazard regulation – safety & environment
- ensure adequate expert resources to CA – may recover costs from industry, and use independent external support
- CA has extensive powers/duties of enforcement, including for major accident investigation
- must formally 'accept' RoMHs/safety cases
- must publish procedures

What would be required to comply?



Member States (MS) (ii)

- CA must cooperate with EUOAG on raising standards
- CA must report offshore performance annually to Commission
- coastal MS without offshore operations to cooperate in emergency response with neighboring MS and vice versa
- all MS to require parent companies registered to furnish reports on overseas major accidents

What would be required to comply?



European Commission

- to maintain EUOAG in good working order
- European Maritime Safety Agency and European Response Center to provide support to Member states in planning and responding to emergencies
- to implement further measures on standard report format
- has powers to amend particulars in annexes
- to report annually of EU-wide offshore performance
- to ensure effectiveness of transposition of the proposed directive by MS
- to make further reports and perhaps recommendations to Parliament and council of Member States on particular themes

What would be required to comply?



EU Offshore Authorities Group

(EU-wide/EEA forum for regulators, builds on NSOAF and IRF)

- advises Commission
- identifies and exchanges best practices for industry
- disseminates lessons
- identification and exchange of best practices for competent authorities
- comment on new legislation and international proposals for oil and gas industry

What are the changes?



What changes in the North Sea countries?

- safety considered when awarding license
- environmental consequences to be incorporated into the regime:
 - major hazard scenarios following a major accident → safety case
 - Emergency response planning based on the safety case
- new competent authority integrating safety & environment – must be independent from economic regulation
- transparency/sharing of information:
 - new EU – wide reporting system
 - Member State makes reports to the Commission
- co-ordination and co-operation amongst regulators, and with non-EU countries
- EU- based companies to make 'best endeavours' overseas and to report their overseas major accidents



Delivering a safer offshore sector: extra resource capacity

Industry - Capacity for:

- formal safety assessments
- localised emergency response planning
- scheme of independent verification
- standardised reporting
- integrating response assets and capability with national arrangements

Regulators - Capacity for:

- technical expertise
- stakeholder management
- quality systems
- recovering costs from the operator/owner

Both:

- cooperating with EU offshore authorities group (EUOAG) on priorities for guidance and standards



- published in Official Journal 28 June 2013
- entered into force 18 July 2013
- Member States to transpose in 2 years (by 19 July 2015)
- to be fully operational (including industry) in 3 years (by 19 July 2016)
- all existing installations (c.1000) to comply in 5 years (by 19 July 2018)



In summary



- industry highly capable but:
 - strong safety culture insufficiently embedded throughout the industry
 - lack of transparency/sharing of information
- some EU regulators best-in-class but: fragmentation of regulatory systems
 - cooperation is inconsistent
 - safety and environment not universally coordinated
- aim for consistent best practices via formal risk assessment & setting goals to be attained safety & environment:
 - industry
 - regulators
- co-ordination and co-operation amongst regulators, and with non-EU countries





Thank you for your attention
Questions?

Link to European Commission 'offshore' website:

http://ec.europa.eu/energy/oil/offshore/standards_en.htm

English version of EU offshore directive:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:178:0066:0106:EN:PDF>