

Petroleum Safety Framework A New Oil and Gas Safety Regulatory System for Ireland

Atlantic Ireland Conference

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Overview of Presentation

- Background to the CER
- Petroleum Safety Framework Project
- Guidance for Prospective Petroleum Undertakings
- Future considerations



Background to the CER



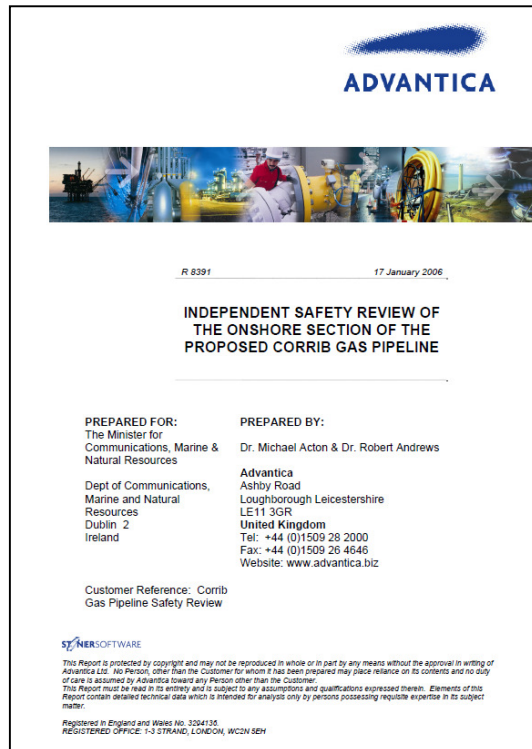
Commission for Energy Regulation

- Economic energy regulator since 1999
- Safety regulatory responsibilities since 2006:
 - Regulation of gas installers (including LPG) and electrical contractors;
 - Gas supply;
 - Gas networks (including LPG); and
 - Gas safety promotion.
- Upstream (offshore and onshore) petroleum safety regulatory responsibilities since 2010



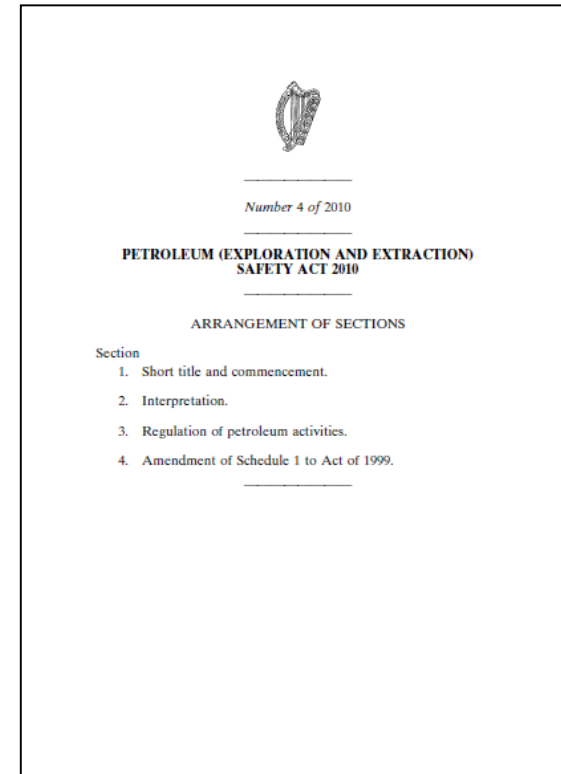
Background to CER Petroleum Safety Regulation

2006: The Advantica Report



Recommended a risk-based framework for decisions on proposed and existing major hazard pipelines and related infrastructure

Petroleum (Exploration and Extraction) Safety Act 2010



CER shall establish & implement a risk based petroleum safety framework in relation to the carrying on of designated petroleum activities

Key Provisions of the Act

- CER to implement a risk based petroleum safety framework. Petroleum undertakings obliged to reduce risks to a level that is As Low As Reasonably Practicable (ALARP)
- Designated Petroleum Activities cannot be carried out without a Safety Permit from the CER
- CER to monitor and enforce compliance of petroleum undertakings with their obligations under the Act
- Petroleum incident investigation and reporting functions



What is regulated

- Petroleum undertakings are entities that hold a petroleum authorisation
 - Exploration licence
 - Petroleum prospecting licence
 - Reserved area licence
 - Petroleum Lease
 - Lease option
 - Section 5 consent (Continental Shelf Act 1968)
 - Section 40 (Gas Act 1976)
- Designated Petroleum Activities
 - Well work
 - Production
 - Decommissioning

Petroleum Safety Framework Project



Project Approach

2010 2011 2012 2013 2014 2015

**Scoping &
Planning**

High Level Design

Detailed Design

Internal Readiness

Operation



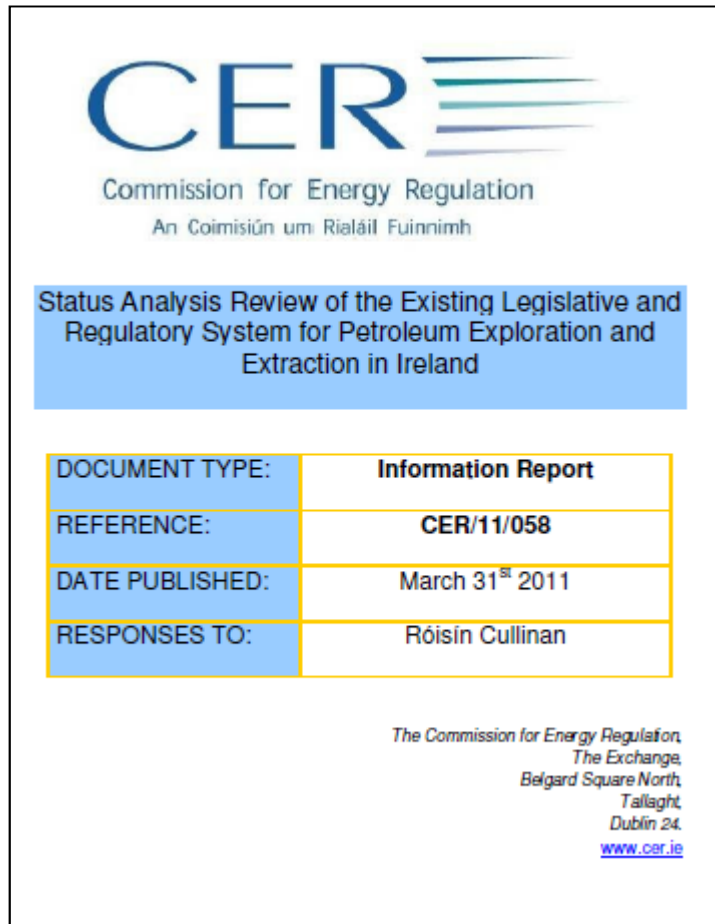
Project Approach

- Significant project to design & implement the Framework involving:
 - Implementing the provisions of the Act in full
 - Putting in place the people, processes and procedures to enable the effective operation of the Framework
- Benefits:
 - Safety regulatory system in line with best international practice
 - Confidence & assurance amongst the public & industry
 - Greater clarity & transparency to safety regulation of industry
- Extensive consultation



Scoping & Planning (1)

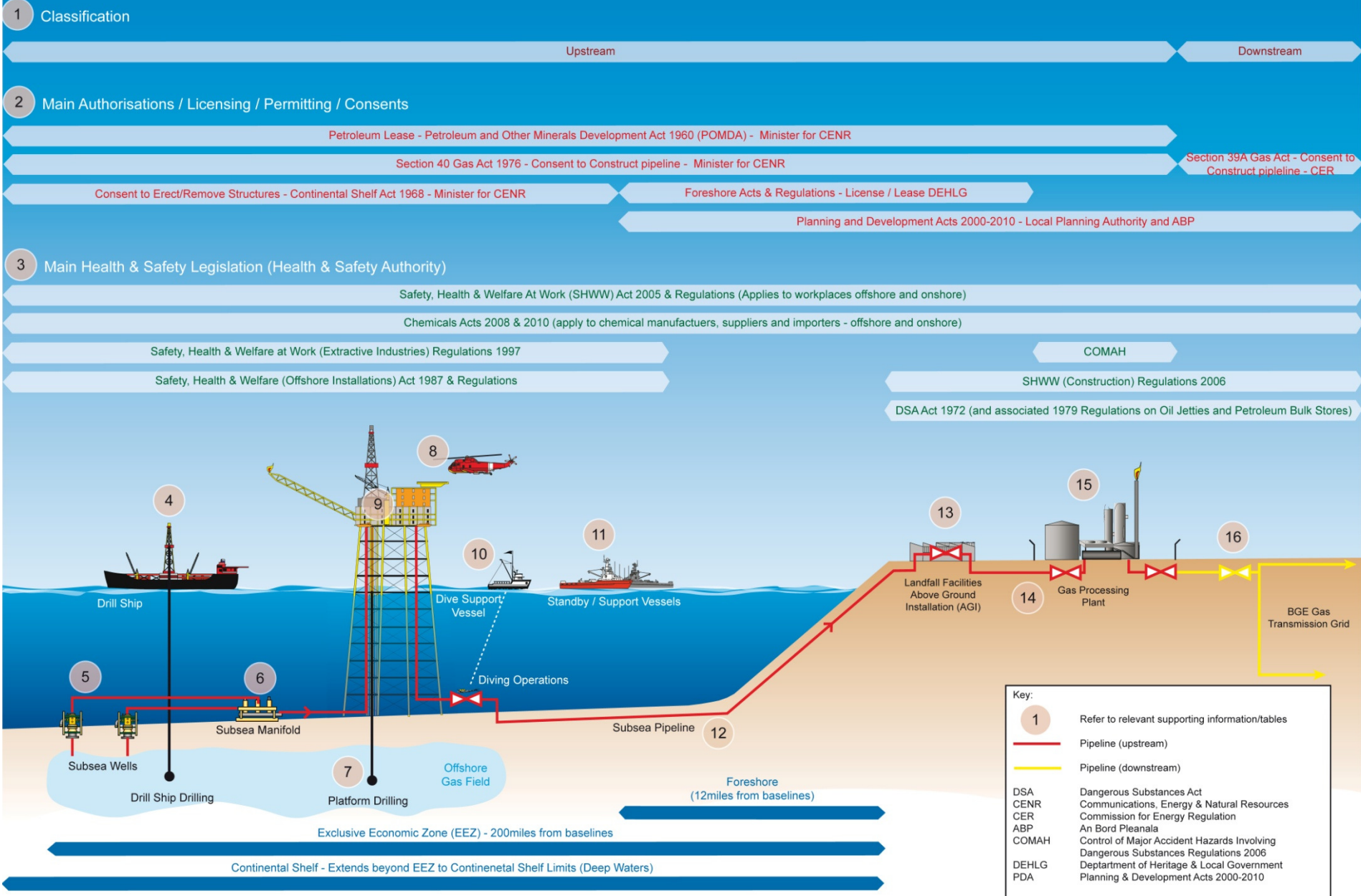
Mar '11: Status Analysis Review



Key Points

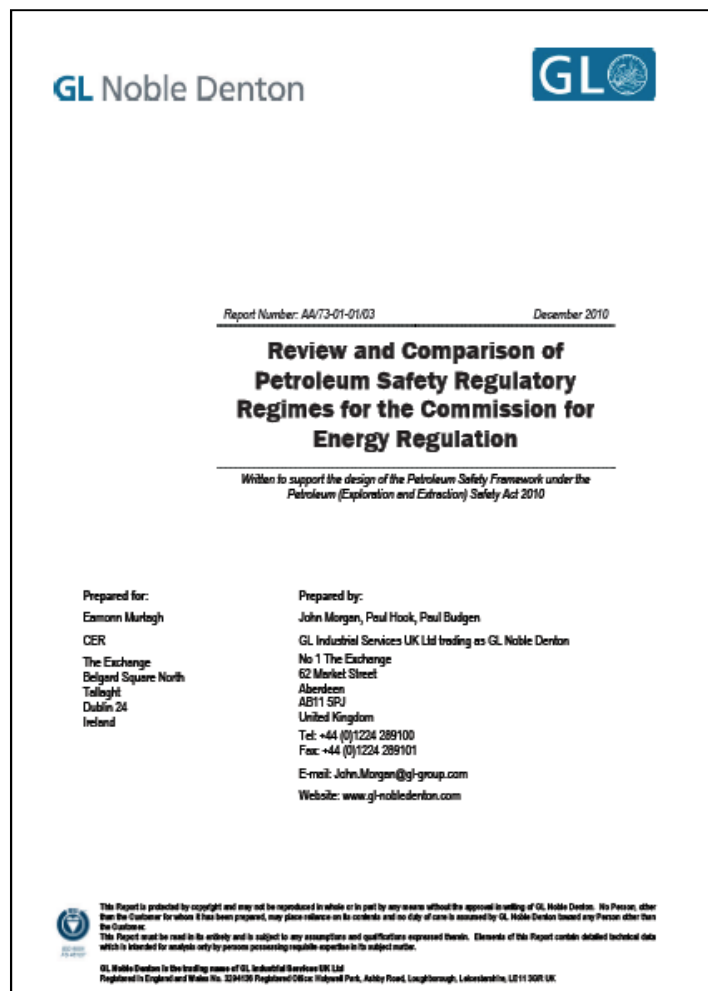
- Considerable amount of existing international, European and national legislation in place
- High number of statutory agencies with both regulatory & investigative responsibilities in Ireland
- Need for co-operation and co-ordination across statutory agencies is essential
- Conclusion: need to establish interface arrangements with other statutory agencies

Scoping & Planning (2)



Scoping & Planning (3)

Jan '11: Review & Comparison of International Regulatory Regimes



Similarities

- Goal setting regimes
- Risk-based regimes although some refer more directly to standards in the legislation
- All use Safety Case or equivalent
- Permissioning Regimes

Differences:

- Use of 3rd parties for compliance assurance activities
- The level of significant guidance and detail in legislation

High Level Design

VISION

A safe petroleum exploration and extraction industry in Ireland

MISSION

Independently regulate petroleum exploration & extraction activities to protect life

GOALS

1. Petroleum undertakings reduce risks to safety to a level that is ALARP
2. Petroleum undertakings achieve safety performance commensurate with the best internationally
3. Engender confidence that the regulatory framework is protecting the public

High Level Design

The components of the Petroleum Safety Framework are:

1. ALARP Demonstration Requirements
2. Permissioning System
3. Compliance Assurance System
4. Incident Investigation System
5. Agreed Interfaces, Co-operation and Co-ordination with other Regulatory Authorities
6. Enforcement System
7. Safety Reporting and Published Safety Information System
8. Continuous Improvement



Demonstrating ALARP

- Responsibility of the petroleum undertaking to ensure that the risks from its activities are reduced to a level that is ALARP and to demonstrate this through its safety case
- Based on the principle that those who create and control over risks have responsibility for their management
- Undertaking's responsibility maintain risks ALARP (and submit safety case which demonstrates this to the CER)
- Reasonably practicable – not required to implement a risk reduction measure where the associated effort and cost is **grossly disproportionate** to the level of risk reduction achieved

Permissioning / Interagency co-operation

Safety Permit from the CER required to carry on the following designated petroleum activities:

- Well Work
- Production
- Decommissioning

Inter-Agency co-operation

- Permissioning to be co-ordinated with permissioning regimes (onshore and offshore) of other Statutory Agencies such as HSA, ABP, EPA, IRCG, IAA etc
- Issuing of a safety permit for a designated petroleum activity is within the sole and exclusive jurisdiction of the CER

Compliance Assurance / Performance Reporting

- Safety Case Assessments
- Audits and Inspections
- Verification
 - Facilities Verification Scheme
 - Well Examination Scheme
 - Safety Critical Elements tested against defined Performance Standards to ensure ALARP
 - Independent Competent Body
- Performance Reporting
 - Reporting scheme consistent with other schemes in Ireland and internationally



Incident Investigation

- Regulations set out which petroleum incidents must be reported to the CER
 - Separate requirement to performance reporting
- CER may appoint a petroleum safety officer to investigate a petroleum incident
- Incident investigation may lead to enforcement action



Enforcement

- The PSF is underpinned by a comprehensive Enforcement System. CER can
 - Require an Improvement Plan
 - Issue an Improvement Notice
 - Issue a Prohibition Notice
 - Require a safety case is revised
 - Revoke a Safety Permit
 - Issue an Emergency Direction Order
 - Apply for Court Order to restrict or prohibit petroleum activities
- The Act creates duties upon petroleum undertakings, contravention of which can give rise to criminal prosecution:
 - Imprisonment for up to 3 years; and/or
 - Fines ranging from €1million to €3 million



Guidance for Petroleum Undertakings



Guidance for Petroleum Undertakings

- To carry out a designated petroleum activity a petroleum undertaking:
 - Engages in pre-safety case submission talks with CER (advised)
 - Submits a safety case to the CER for assessment in advance (3 months Wells safety case, 6 months Production safety case) in line with published CER guidance:
 - Safety Case Guidelines
 - ALARP Demonstration Guidance
 - Safety Case Assessment Procedures
 - Submits the associated safety case fee according to the
 - Safety Case Fees Decision Paper
- All documentation is available on the CER website at www.cer.ie

Future Considerations



Operation of the Framework

- PSF becomes operational November 30th 2013
- Pre-submission on going with petroleum undertakings
- CER are internally ready – project documentation is on schedule and the PSF team is in place
- Framework is subject to continuous improvement to reflect changes in technology and best international practice
- CER will continue to engage with other European and international petroleum safety regulators to maximise learnings and maintain a safe petroleum exploration and extraction industry in Ireland



Going forward

- PSF will evolve with legislative changes and technological developments
 - Directive on Offshore Safety - Transposition by July 2015
- CER will focus on continuous improvement to the PSF through:
 - Outcomes from performance reporting and audits and inspections;
 - Outcomes of enforcement actions; and
 - Interactions with international regulators and statutory stakeholders.



Thank you

www.cer.ie

