North Sea Transition Authority

# Response to the consultation on draft OGA Plan to reduce UKCS GHG emissions

Date of publication 27 March 2024

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The document can be found on the NSTA's website here.




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Published by the North Sea Transition Authority

# General information

## Purpose of this consultation

This document summarises the consultation responses and sets out the North Sea Transition Authority's ('**NSTA**')[1] response to its consultation on a draft OGA Plan ('**Plan**') to reduce UK Continental Shelf ('**UKCS**') greenhouse gas ('**GHG**') emissions from oil and gas production.

A Plan is a tool under the OGA Strategy ('**the Strategy**')[2] to set out the NSTA view on how the obligations in the Strategy may be met. The NSTA is to act in accordance with the Strategy when exercising various of its functions including under a petroleum licence.

The draft Plan set out the NSTA's proposed requirements for how relevant persons can meet the Central Obligation and relevant Supporting Obligations, as set out in the Strategy, for GHG emissions reductions from oil and gas production and power generation.

The scope of the consultation was limited to that set out above. Wider policy, including on energy, carbon storage, climate change, and oil and gas exploration, is set by the government and was out of scope of the consultation.

The consultation was open from **5 October** to **30 November 2023**, and was accompanied by two stakeholder workshops on 3 and 13 November 2023 to outline and discuss the proposals. These were attended by over 130 industry representatives and other interested parties.

This response issued: **27 March 2024**

Territorial extent: United Kingdom and United Kingdom Continental Shelf ('**UKCS**')

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## Quality assurance

This consultation has been carried out in line with the government's consultation principles.

If you have any complaints about the consultation process (as opposed to comments about the issues which are the subject of the consultation) please address them to:

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[1] The North Sea Transition Authority is a business name of the Oil and Gas Authority ('OGA') and any references to the NSTA should be read as a reference to the OGA, and vice versa.
[2] https://www.nstauthority.co.uk/media/7105/the-oga-strategy.pdf

# Part 1 – Introduction and background

1. This document sets out the NSTA's response, and summarises the feedback received, to its consultation[3] on a draft OGA Plan to reduce UKCS GHG emissions.

2. The NSTA regulates and influences the UK oil, gas, carbon storage and offshore hydrogen industries. We help drive North Sea energy transition, realising the significant potential of the UKCS as a critical energy and carbon abatement resource. We do so by working on energy production and security, emissions reductions from that production, and accelerating the transition.

3. Government forecasts show that oil and gas will remain part of our energy mix for the foreseeable future, including under net zero demand scenarios. Managing the declining UK oil and gas production as cleanly as possible as we transition, and for as long as we consume it, will maximise the wider economic benefits from the UKCS, and support both domestic energy security and the drive to net zero.

4. The NSTA's revised Strategy introduced a range of net zero obligations on the industry. Separate to the Strategy, there are a number of GHG emissions reductions targets for the industry. The North Sea Transition Deal ('**NSTD**')[4] agreed between government and industry has a commitment to a 50% reduction by 2030, which the NSTA has made clear is the absolute minimum it expects industry to achieve, and industry should aim to meet and surpass the target.

5. The Climate Change Committee includes a recommendation for the oil and gas sector to achieve at least a 60% emissions reduction by 2030[5], a general recommendation for a 68% reduction by 2030 as part of its Sixth Carbon Budget report[6], and industry itself has committed to additional targets of 90% reduction by 2040 and a net zero basin by 2050[7].

6. The industry has made significant progress. However, the NSTA has assessed its projections of industry GHG emissions against emissions reduction targets, including those agreed as part of the NSTD and those recommended by the Climate Change Committee. These projections indicate that without further abatement initiatives these will be missed. In addition, abatement needs to continue and deepen far beyond 2030.

7. The requirement for rapid and sustained reductions in oil and gas production emissions therefore continues to be critical[8]. Relevant persons are already taking decisions that will have a bearing on their ability to meet commitments up to and beyond 2030, and play their part in ensuring the UK meets its net zero by 2050 target. In addition, industry maintaining its social licence to operate is fundamental to being in a position to maximise economic recovery ('**MER**').

[3] https://www.nstauthority.co.uk/media/iyralplo/oga-plan-consultation.pdf
[4] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/972520/north-sea-transition-deal_A_FINAL.pdf
[5] https://www.theccc.org.uk/publication/2023-progress-report-to-parliament/
[6] https://www.theccc.org.uk/publication/sixth-carbon-budget/
[7] https://oeuk.org.uk/wp-content/uploads/2020/09/OGUK-Production-Emissions-Targets-Report-2020-1.pdf
[8] https://www.nstauthority.co.uk/news-publications/emissions-monitoring-report-2023/

8. As with the concept of MER, the NSTA needs to not only look at individual assets, but take a UKCS wide approach to production emissions and decarbonisation, and reflect good oilfield practice. To ensure that the current downward trajectory of industry emissions continues at the pace required to sustain the industry's compliance with the Strategy, and to secure a level playing field for the operators who are taking active steps to protect the industry's social licence to operate, the NSTA proposed a draft Plan to reduce UK Continental Shelf ('**UKCS**') GHG emissions from oil and gas production.

9. The NSTA therefore consulted on the draft Plan setting out proposed requirements for how relevant persons can meet the Central Obligation, and relevant Supporting Obligations, as set out in the Strategy, for GHG emissions reductions from oil and gas production and power generation. A Plan is a tool under the OGA Strategy ('**the Strategy**')[2] to set out the NSTA view on how the obligations in the Strategy may be met. The draft Plan set out emissions reduction principles and requirements on the path to net zero, under four broad headings: investment and efficiency; platform electrification and low carbon power; inventory; and flaring and venting.

10. Following careful consideration of the feedback received in response to the consultation, **the NSTA has decided to publish the OGA Plan to reduce UKCS GHG emissions**, which is at **Annex B**. This is binding on relevant persons.

11. As the Plan would be produced under the Strategy, the relevant safeguards set out at paragraphs 31 to 36 of the Strategy may apply as the context provides.

12. The Plan supports those operators who are already taking action, and sets out requirements for those who are not taking the appropriate action in the described areas. The Plan enables industry to identify and propose alternative options to the requirements in the Plan, if they can demonstrate to the satisfaction of the NSTA how their alternative proposal meets the obligations in the Strategy. The NSTA would welcome industry owning and delivering the Plan wherever possible. The NSTA expect industry to implement the Plan in a collaborative fashion, including in relation to data sharing and within joint ventures.

13. The NSTA intends to apply the Plan in a reasonable manner and will not pursue routes with significant unintended consequences simply because of specific wording in the Plan. We have added new text to the Plan overview to clarify this.

14. The NSTA maintains that net zero and economic recovery can go hand-in-hand. Delivering the Plan will support progress and taking serious action on emissions reductions will enable the domestic oil and gas industry to maintain its social licence to operate, ensuring the nation can benefit from a domestic resource as we transition.

15. The NSTA recognises that there has already been significant effort and innovation from relevant persons to decarbonise, and that industry has the skills, expertise and infrastructure to play a key role in the UK energy transition. The oil and gas industry will be critical in delivering the essential carbon storage required to meet UK net zero targets, and more widely there is an opportunity in hydrogen development and in acting as a springboard for widespread deployment of novel technologies such as floating offshore wind.

16. A summary of feedback received and the NSTA's response to the issues raised and revisions to the Plan can be found in **Part 2** of this response.

# Part 2 – Proposed Plan to reduce UKCS GHG emissions

17. The NSTA consultation was conducted between **5 October** and **30 November** 2023. The consultation sought views on a draft Plan to reduce UKCS GHG emissions from oil and gas production.

18. The consultation asked five questions regarding the draft Plan which set out what the NSTA requires relevant persons to deliver to meet the Central Obligation in the Strategy for GHG emissions reductions from oil and gas production.

19. The draft Plan set out emissions reduction principles and requirements on the path to net zero, rather than a specific interim target or target year. The aims the NSTA would require relevant persons to deliver were set out under four broad headings in the Plan: investment and efficiency; platform electrification and low carbon power; inventory; and flaring and venting.

20. As part of the consultation, the NSTA ran engagement workshops on **3** and **13 November 2023** to outline and discuss the proposals. These workshops were attended by over 130 industry representatives and other interested parties.

21. The NSTA received 32 responses from: three industry bodies, 22 relevant persons, four energy transition companies and three NGO/not for profit organisations. The list of respondents can be found in **Annex A**.

22. The vast majority of the responses were broadly supportive of the NSTA's intent to see industry GHG emissions reductions delivered, recognising the urgency of the climate crisis and the opportunity for UK industry, jobs and supply chain. Some stakeholders considered the proposals should be even more ambitious or stringent, whereas others raised concerns around the potential impact on industry of the proposals. The responses also suggested areas where the NSTA could helpfully offer further clarification or explanation to avoid any ambiguity or unintended consequences of the draft Plan. The finalised Plan at **Annex B** has been amended to take this feedback into account.

23. There were general comments and questions from respondents on the emphasis placed on the '*societal cost of emissions*'. The NSTA has reflected on these comments and added new text to the relevant introductory paragraph to remove the perceived ambiguity. The text has been updated to read '*In preserving their social licence to operate, relevant persons should therefore also consider as one factor the societal costs of emissions in their overall decision making*'.

24. Several respondents suggested that the draft Plan was over-reliant on platform electrification, which may hinder overall UKCS emissions reduction progress and even cause some assets to cease production early. The NSTA considers that emissions reductions and energy security go hand-in-hand but has clarified the position on other forms of low carbon power if relevant persons can present credible evidence that near equivalent emissions reductions to electrification will be achieved. The NSTA notes that as part of the NSTD the sector committed investing £2-3 billion in the electrification of assets.

25. A number of respondents queried what the NSTA meant by the terms '***reasonable***' and '***appropriate***'. What is '*reasonable*' and '*appropriate*' will be objective considerations and depend on the facts of each project(s) under consideration. In consideration of such, the NSTA will consider among other things how other relevant persons have approached similar projects, along with relevant costs of the required actions to meet the stated requirements, and the matters to which the NSTA must have regard[9]. The NSTA will proactively engage with operators to understand the costs, benefits, risks and opportunities associated with proposed projects.

26. There was also a request from some respondents for the NSTA to undertake a full impact assessment of the Plan. As required, this document has a regulatory impact assessment section. As the Plan is structured, with high level requirements, many specific impacts will be dependent on both industry actions in response and how it is implemented and enforced, so impacts cannot be fully assessed beyond that at this point in time.

27. Feedback provided on aspects of wider energy, climate change, or fiscal policy and other out of scope areas has been noted by the NSTA, but we have not provided a response to any out of scope issues raised.

28. The following sections summarise the feedback received and sets out the NSTA's response to the key points raised.

[9] https://www.legislation.gov.uk/ukpga/2016/20/section/8/enacted

# Investment and efficiency

## Overview

29. The proposed requirements in this section of the draft Plan made it clear, among other things, that the NSTA expects relevant persons to make investments to reduce GHG emissions across their oil and gas extraction operations and to develop, implement and maintain GHG Emissions Reduction Action Plans (‘**ERAPs**’)[10].

## Summary of responses received

30. Twenty-five respondents generally supported the proposed investment and efficiency requirements set out in the draft Plan. Five respondents were generally against the proposed investment and efficiency requirements set out in the draft Plan.

31. In terms of the specific aspects of the proposed requirements, there was extensive support for the **proposal that each asset produce an ERAP**, with broad agreement that these are a good opportunity for operators to outline plans to implement emission reduction activities. However, in respect of the **proposed requirement for a Supply Chain Action Plan (‘SCAP’) to accompany each ERAP**, several respondents noted this may be a disproportionate requirement for many projects.

32. Some respondents disagreed with the **proposed requirement to focus on emissions intensity as a metric**, noting that as assets mature and production declines, the intensity of emissions naturally increases.

33. In respect of the **proposed requirement to secure substantial and consistent total emissions reductions**, while respondents agreed the overall direction of travel should be for emissions reductions, several highlighted that major emissions reduction projects can take several years to implement, and that the duration and frequency of an asset’s maintenance shutdown can also impact annual emissions. These factors mean that year on year emissions are likely to fluctuate even in a downward trend.

34. A number of respondents asked the NSTA to provide further information on what is meant by ‘**substantial and consistent total emission reductions**.’

35. Respondents welcomed the **NSTA commitment to share a summary of key insights from ERAPs and best practice**.

[10] As set out in the NSTA Stewardship Expectation 11 https://www.nstauthority.co.uk/media/7184/se11_net-zero.pdf

## NSTA response

36. The NSTA is introducing requirements for investment and efficiency, with some clarifications based on the feedback received and further detail is set out below.

37. The NSTA agrees that the **requirement for each asset to produce an ERAP** can be made clearer. We have updated the relevant text to clarify that '*Relevant persons should produce one SCAP encompassing capital expenditure arising from its ERAPs*'. The NSTA acknowledges that there will be ERAPs for very small projects or assets where the requirement for an accompanying SCAP may be considered disproportionate.

38. In response to the feedback received in respect of the requirement **to select, plan and execute appropriate emissions reduction and monitoring initiatives**, the NSTA agrees that the use of emissions intensity as a metric in the proposed requirement, for a declining basin such as the UKCS, is not helpful. Emissions intensity is an important metric, and the NSTA will continue to monitor it, but has removed the reference to '*intensity*' in this requirement, for a more appropriate focus on overall emissions.

39. In response to the feedback querying what the NSTA mean by '***substantial and consistent total emission reductions***' the NSTA has updated this requirement to remove ambiguity and clarify that '*relevant persons should secure substantial emission reductions*'.

40. The NSTA agrees that it will continue to share a summary of **key insights from ERAPs and benchmarking.**

# Platform electrification and low carbon power

## Overview

41. The proposed requirements in this area of the draft Plan made clear the NSTA's expectations in respect of electrification and low carbon power.

**Q2.** Do you agree with the proposed platform electrification and low carbon power requirements as set out in the draft Plan?

## Summary of responses received

42. Fourteen respondents generally supported the proposed electrification and low carbon power requirements set out in the draft Plan. Seventeen respondents were generally against the proposed electrification and low carbon power requirements set out in the draft Plan.

43. Respondents generally agreed that **electrification should be considered within a portfolio of decarbonisation solutions**, though many respondents were concerned that the draft Plan may place an over-reliance on electrification, to the detriment of overall basin emissions reduction progress. Some respondents were also concerned that prioritising electrification could exacerbate deliverability challenges, as the proposed requirements rely on many factors, such as grid connections, outside of industry control.

44. A number of respondents queried whether **the scope of low carbon power** options included alternative technologies, such as biofuels, or post combustion carbon capture at a hub level.

45. More generally a number of respondents asked that the NSTA provide definitions for the terms '***electrification ready***', '***fully electrified***', and '***partial electrification***'.

46. Several respondents suggested that requiring all **new tie-back developments to tie back to fully electrified hosts** does not consider the strategic and geographical constraints that may be associated with this requirement.

47. Some respondents suggested that requiring ERAPs to be based on the '***societal cost of emissions***' may undermine the principle of the Emissions Trading Scheme ('**ETS**') and noted that other industries are not required to make this reference.

48. Several respondents queried how the NSTA would assess it was appropriate to **electrify existing assets** and requested the NSTA provided clarity on when it was appropriate.

49. Respondents welcomed the NSTA commitment to continue to **engage with other regulators and government in identifying and as appropriate addressing barriers**, but suggested more must be done to support industry to access grid capacity.

## NSTA response

50. The NSTA is introducing requirements for electrification and low carbon power, with some clarifications based on the feedback received and further detail is set out below.

51. The NSTA notes concerns raised that the draft Plan may place an over-reliance on electrification. However, the NSTA is not aware of any other currently available technology that could match the emissions savings achievable by electrification. Should such a technology emerge the NSTA would consider it, and the NSTA has noted this in the **overview for the electrification and low carbon power** section. We have updated the relevant text in the overview to clarify that '*in addition to electrification, the NSTA will also consider other forms of low carbon power consistent with Maximising Economic Recovery ('**MER**') where relevant persons present credible evidence that near equivalent emissions reductions will be achieved*'.

52. To remove ambiguity about the scope of these requirements we have renamed the section '***Electrification and low carbon power***', and have also changed '***platform electrification***' references in the draft Plan to '***asset electrification***', to clarify that other assets such as floating production storage and offloading ('**FPSO**') units are in scope of these requirements.

53. In recognition of the various **factors outside industry's control**, the NSTA has added text to the overview to clarify that '*in particular cases relevant persons may be able to demonstrate that, despite their best endeavours in the circumstances, solely due to factors outside their control, including for example the non-availability of grid connections, it may not be possible to take the full actions set out in the requirements*'.

54. In response to the feedback received the NSTA has added additional text footnotes to the electrification and low carbon power chapter to set out how the terms '***fully electrified***', '***electrification ready***', and '***partial electrification***' relate to power generation requirements.

55. We have taken on board feedback received in relation to **new developments tying back to fully electrified hosts** and added text to clarify that such developments will be required to tie back '*to hosts that are fully electrified or committed, to the NSTA's satisfaction, to electrification or low carbon power*'. This allows for more flexibility and time for relevant persons to ensure that the host platforms are fully electrified or using an alternative low carbon power option for power generation.

56. In response to the feedback regarding the requirement that **ERAPs make economic assessments based on societal cost of emissions**, the NSTA has removed the reference to '*based on societal cost of emissions*' in Requirement 4.

57. We have taken on board feedback regarding the **electrification of existing assets** and added text to Requirement 6 to clarify that '*where the NSTA considers that it is appropriate to electrify an existing asset, but relevant persons have chosen not to electrify, those relevant persons should have no expectation that the NSTA will approve FDPs or FDPAs, or issue any future decisions that give access to additional hydrocarbon resource on that asset. Where the NSTA considers it not reasonable to electrify an existing asset, relevant persons must still pursue other power emissions reductions.*' For example, this could include other requests or applications that, if granted, would allow relevant persons to produce through that asset any hydrocarbon resources that are not already available to them.

58. As set out in the Plan, the NSTA will continue to engage with government and other regulators, including through the **Government and Regulators Electrification Group** ('**GREG**'), which continues to support industry to access grid capacity.

# Inventory

## Overview

59. The NSTA is focused on both securing production and driving down oil and gas extraction emissions across the UKCS and accelerating the transition to net zero. To secure production while reducing emissions overall, it is crucial to look at trade-offs between different installations. Analysis suggests that closing some low producing installations could allow more and cleaner new production to come online while still reducing overall UKCS level emissions.

60. The requirements in the draft Plan made it clear, among other things, that in that context, emissions intensity will be used to identify assets to consider more closely but this will not be the single determining factor as it may for example be crucial as a tie-back for other cleaner assets.

**Q3.** Do you agree with the proposed inventory requirements as set out in the draft Plan?

## Summary of responses received

61. Seven respondents generally supported the proposed inventory requirements set out in the draft Plan. Twenty-three respondents were generally against the proposed inventory requirements set out in the draft Plan.

62. Some respondents questioned the relationship between **emissions intensity** and an asset's ability to decarbonise, and suggested it may be counterproductive to focus on emissions intensity to drive decarbonisation, as it might lead to unintended early decommissioning. A number of respondents also questioned the proposed requirements to set a company Cessation of Production ('**CoP**') date using societal carbon values.

63. Respondents generally agreed that relevant persons **declaring early CoP, company CoP and late CoP dates for their assets would assist planning and improve understanding** of the UKCS. A number of respondents requested that the NSTA clarify what they mean by the terms '*company CoP date*', '*early CoP date*' and '*late CoP date*'.

64. A number of respondents highlighted that the term '***basin***' can have different interpretations.

## NSTA response

65. The NSTA is introducing requirements for inventory, with some clarifications based on the feedback received and further detail is set out below.

66. Taking on board feedback from respondents about the proposed inventory requirements, the NSTA has added text to the overview to clarify that it will '*monitor high emissions intensity assets; where appropriate follow up with*

*more detailed asset discussions; and may then require relevant persons to agree company Cessation of Production (‘**CoP**’) dates with reference to societal carbon values*’.

67. The NSTA has also specified that Requirement 1 only applies to those assets which ‘*currently or in the future intend to produce oil or gas beyond 2030*’. We have also clarified that this requirement will be preceded by a discussion with the NSTA and, where circumstances exist, such as being a tie-back for other cleaner production, these will be taken into account. Finally, it is made clear that where relevant persons take action to reduce their asset’s emissions and emissions intensity to below the threshold, the requirement will no longer apply. These clarifications and changes give flexibility and focus the requirement to a small number of assets that will need to engage with the NSTA, while allowing for securing ‘headroom’ for cleaner production to come online within falling total UKCS emissions pathways.

68. Taking on board feedback from respondents the NSTA has added additional text to Requirement 4 to remove ambiguity and clarify that ‘*where assets have set a company CoP date, including under Requirement 1, relevant persons should have no expectation that the NSTA will issue any future decisions that give access to additional hydrocarbon resource on that asset*’.

69. To remove ambiguity about the CoP terms, the NSTA has amended the term ‘*late CoP*’ to ‘*backstop*’ date. This revised term clarifies that this backstop date is to enhance decommissioning planning and will support the efficient delivery of decommissioning. As set out in the overview to the inventory section, the NSTA has clarified the relevant CoP terms as follows:

    a. ‘***early CoP date***’ for reference and decommissioning planning purposes;

    b. ‘***company CoP date***’ based on criteria such as economic, technical, emissions, strategy, or other considerations;

    c. ‘***backstop date***’ based on criteria such as well decommissioning plans, down-manning/disembarkation date.

70. More generally, the NSTA has reordered the inventory requirements to follow a more chronological decommissioning order. In addition, the NSTA has in the overview section amended ‘***basin***’ to ‘*UKCS*’, and clarified in Requirement 1 that we will be considering the ‘*average UK offshore emissions intensity*’.

# Flaring and venting

## Overview

71. The NSTA has published guidance to make it clear that flaring and venting and associated emissions should be at the lowest possible levels in the circumstances, all new developments should be planned and developed on the basis of zero routine flaring and venting, and there should be zero routine flaring and venting for all by 2030.

72. In addition, the proposed requirements in the draft Plan made it clear that, among other things, operators provide a documented method of the split of projected flaring and venting figures into routine, non-routine and emergency categories, and that relevant persons work to monitor and reduce fugitive emissions.

**Q4.** Do you agree with the proposed flaring and venting requirements as set out in the draft Plan?

## Summary of responses received

73. Twenty-two respondents generally supported the proposed flaring and venting requirements set out in the draft Plan. Eight respondents were generally against the proposed requirements.

74. Some respondents suggested that the requirements for zero routine venting and flaring from all assets be brought forward to 2025 or as soon as possible.

75. A few respondents were interested in the World Bank zero routine flaring initiative and its links with the NSTA guidance.

76. Some respondents considered that the proposed requirement for ‘***year on year reductions***’ at an asset level would not be possible to meet due to unforeseen disruptions to production, maintenance shut down impacts on annual emissions, and the time it takes to implement material flare reduction projects.

77. Several respondents raised concerns that the NSTA’s requirement for zero routine venting appears to include **reservoir carbon dioxide gas**, which may have the unintended consequence of precipitating premature closure of some assets and asked the NSTA to consider a more proportionate approach.

78. A number of respondents asked the NSTA to clarify how it will monitor and quantify ‘**year on year continuous reductions of fugitive emissions**’.

## NSTA response

79. The NSTA is introducing requirements for flaring and venting, with some clarifications based on the feedback received to remove ambiguity and any unintended consequences in the draft Plan. Further detail is set out below.

80. The NSTA welcomes industry progress in reducing flaring volumes by near 50% since 2018 and the ongoing action. This is reflected in the positive response to the NSTA's suggested flaring and venting requirements in the draft Plan.

81. The NSTA's position in relation to zero routine flaring and venting and the definition of categories remains as set out in the NSTA guidance[11], and we have amended the wording in Requirement 5 to better align with the wording in the guidance.

82. Taking on board feedback from respondents regarding '***year on year emissions reductions***', the NSTA has updated Requirement 2 to clarify that '*relevant persons shall within their ERAPs, as from 1 June 2025 at the latest have plans, with associated budgets, to deliver continuous improvements in flaring and venting leading to GHG emissions reductions at the UKCS level*'. The NSTA has also added text to the relevant requirement to clarify that flaring and venting improvement plans should be included in ERAPs rather than requiring a separate document.

83. In response to the concerns about zero routine venting including **reservoir carbon dioxide gas**, the NSTA has added text to Requirement 5 to clarify that the requirements in the Plan have '*a particular focus on methane*'.

84. The NSTA has noted respondents' feedback regarding **fugitive emissions** and has removed the '***year on year***' reference in Requirement 6.

[11] https://www.nstauthority.co.uk/media/7647/flaring-and-venting-guidance_june-2021-final.pdf

# Other

**Q5.** Are there other requirements or approaches that should be included in the Plan that would assist in reducing UKCS emissions from oil and gas production?

## Summary of responses received

85. Twenty-three respondents suggested potential alternative approaches for consideration in a Plan to assist in reducing UKCS emissions from oil and gas production.

86. A number of respondents supported the trade association suggestion that **industry develop its own decarbonisation plan** that will engage with all operators and ensure that the NSTD targets are delivered with cross industry initiatives.

87. Several respondents asked that the NSTA conduct an **impact assessment** of the Plan to understand potential outcomes and consider any appropriate amendments based on such an assessment.

88. Respondents suggested the NSTA set out its approach to accountability to ensure emissions reductions are achieved, suggesting the use of financial penalties or restriction of licensing rights.

## NSTA response

89. Relevant persons will continue to drive forward the decarbonisation agenda and the OGA Plan will provide the direction of travel. As set out in the Strategy, relevant persons can propose alternatives to the requirements in the Plan if they can demonstrate to the satisfaction of the NSTA how their proposal meets the obligations. The Plan will support relevant persons who are already taking action to reduce emissions, and sets out requirements for those who are not taking the appropriate action in the described areas. The NSTA would welcome industry owning and delivering the Plan wherever possible.

90. The NSTA has considered the feedback requesting that an **impact assessment** be prepared. The consultation included an impact assessment and this document has an impact assessment section. As the Plan is structured, with high level requirements, many specific impacts will be dependent on both industry actions in response and how it is implemented and enforced, so impacts cannot be fully assessed beyond that at this point in time.

# Conclusion and next steps

91. The NSTA expects relevant persons to take the full actions set out in the requirements of the Plan.

92. The NSTA will continue to work with government, other regulators, including in particular the Offshore Petroleum Regulator for Environment and Decommissioning (‘**OPRED**’), and industry on the vital role that the oil and gas industry must play in the UK energy transition, including making swift progress on reducing its GHG emissions.

93. We are committed to working with OPRED when implementing the Plan, including to ensure we minimise duplication or extra burdens on relevant persons.

# Regulatory Impact Assessment

As the Plan is structured with high level requirements, the specific impacts will be dependent on both industry actions in response and how it is implemented and enforced. As a result, the quantitative impacts cannot be fully assessed at this point in time.

The primary benefit of the proposed requirements will be the benefit to society of substantial and sustained UKCS emissions reductions. Emissions reductions will be achieved through the combined impact of the requirements, wider decarbonisation policies and industry initiatives. Reducing emissions will also sustain industry's social licence to operate and help ensure that economic recovery from the UKCS can be maximised.

Substantially higher levels of investment are required by industry in decarbonisation technologies and energy efficiency measures. However, as technologies are developed and deployed at greater scale, the costs of abatement are expected to fall and improve their competitiveness with higher emissions alternatives. Increased investment will also lead to wider spillover benefits for the UK economy by supporting the domestic supply chain, stimulating innovation, and growing job opportunities.

In addition, the deployment of low carbon technologies and energy efficiency improvements will deliver cost savings for industry through both reduced fossil fuel use and exposure to market carbon prices, which will lead to overall reductions in UK ETS compliance costs. Such changes will also deliver social benefits due to the more efficient use of scarce resources and associated air quality improvements.

With regard to inventory, a UKCS wide approach is required in order to secure production while driving down emissions. Closing some low producing installations could allow more and cleaner new production to come online while still reducing overall UKCS level emissions. Examining appropriate CoP dates for high emissions intensity assets, including consideration of societal carbon values, will facilitate an assessment of the trade-offs and the objective of securing low emissions intensity production.

With regard to low carbon power and electrification, substantial investment is required to maintain the social licence to operate and secure maximum economic value. Analysis of the technical electrification deployment potential suggests total cumulative abatement of 15 $MtCO_2e$ under the central case between 2030 and 2050[12].

With regard to flaring and venting, further investment is also required to ensure zero routine flaring and venting for all developments by 2030. Analysis suggests that the initiative is expected to reduce emissions by nearly 3 $MtCO_2e$ between 2025 and 2050, with 64% coming from routine flaring elimination and 36% from routine venting elimination[13].

[12] https://www.nstauthority.co.uk/news-publications/emissions-monitoring-report-2023/
[13] https://www.nstauthority.co.uk/news-publications/emissions-monitoring-report-2023/

The combined potential abatement of offshore asset electrification (central case) and zero routine flaring and venting could see a reduction in emissions of almost 18 $MtCO_2e$ by 2050, compared to the baseline.

We have considered whether the requirements of the Plan would have an adverse impact on persons with protected characteristics. Our assessment is that, given the corporate nature of relevant persons and the general application of the requirements, it is not anticipated that there would be such an impact.

In finalising the Plan, the NSTA has had regard to the desirability of promoting economic growth, and has applied an understanding of the business environment such that the proposals set out are proportionate to the aims to be achieved.

The NSTA has a general duty under the Equality Act 2010 in carrying out its functions to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation;
- advance equality of opportunity between different groups; and,
- foster good relations between different groups.

Further details can be found at: Your rights under the Equality Act 2010 | EHRC (equalityhumanrights.com)

We have considered whether the Plan as set out would have an adverse impact on persons with protected characteristics. Our assessment is that, given the corporate nature of relevant persons and the general application of the proposals, there would not be such an impact.

# Annex A: List of respondents

**Amplus Energy Services Ltd**

**Anasuria Hibiscus UK Ltd**

**Anasuria Operating Company**

**bp**

**BRINDEX**

**Capterio**

**Chevron Britain Limited**

**CNOOC**

**Equinor UK Ltd**

**EnQuest**

**Flotation Energy Ltd**

**Green Alliance**

**Harbour Energy**

**Hartshead Resources**

**Ithaca Energy**

**Kellas Midstream Limited**

**Mocean Energy**

**Neptune E&P UK Ltd**

**Net Zero Technology Centre**

**Nobel Upstream**

**North Sea Midstream Partners**

**OEUK**

**OEUK ASTF & SSTF**

**Perenco UK Limited**

**Repsol Resources UK Limited**

**RockRose**

**Serica**

**Shell**

**Spirit Energy**

**Taqa**

**TotalEnergies**

**Uplift**

North Sea Transition Authority



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