



Oil & Gas
Authority

Consultation on proposals to revise the MER UK Strategy

Date of publication: 6 May 2020
Closing date: 29 July 2020

The consultation can be found on the OGA website: <https://www.ogauthority.co.uk/news-publications/consultations/2020/consultation-on-new-oga-strategy/>

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Contents

General information	4
Foreword from the Chief Executive	6
Part 1 – Introduction and background	7
Part 2 – Proposed amendments to integrate the Net Zero Target	9
Part 3 – Other proposed amendments	12
Definitions	15
Regulatory Impact Assessment and Equality Impact Assessment	16
Consultation questions	17
Annex 1: Response coversheet	18

General information

Purpose of this consultation

The Oil and Gas Authority (“**OGA**”) seeks views on its proposed revision to The Maximising Economic Recovery Strategy for the UK (“**the current Strategy**”).¹

The OGA has a role to regulate, influence and promote the UK offshore upstream oil and gas industry in order to maximise the economic recovery of the UK’s offshore oil and gas resources.

Part 1A of the Petroleum Act 1998² (“**the Act**”) sets out the principal objective of maximising the economic recovery of UK (“MER UK”) petroleum. Under that Part, the OGA is required to produce a strategy which enables the principal objective to be met. For this reason, the scope of this consultation is limited to a revised strategy that enables the principal objective to be met. Wider policy, including on energy, climate change and oil and gas exploration, is set by the Government, and out of scope of this consultation.

Section 9F of the Act creates an obligation on the OGA to review the current Strategy at least every four years.

Section 9G of the Act requires the OGA to produce a draft of any revision to the current Strategy (“**the revised Strategy**”) and to consult such persons as they consider appropriate about the draft. This consultation seeks views on a proposed revision of the current Strategy.

Section 9C of the Act explains that the revised Strategy, subject to consultation, is binding on: holders of offshore petroleum licences; operators appointed under those licences; operators of upstream petroleum infrastructure; relevant offshore installations and their owners and persons planning and carrying out the commissioning of upstream petroleum infrastructure.

The OGA is required under Section 9B of the Act to act in accordance with the revised Strategy when carrying out certain of its functions. Reflecting this, and for clarity, the OGA proposes removing itself from the definition of relevant person and adding a

separate paragraph to paragraph 1 confirming that this proposal is not intended to change this statutory requirement.

This consultation invites views on the proposed revisions to the current Strategy in particular from those who will be required to act in accordance with the revised Strategy, when in force.

Issued: 6 May 2020

Respond by: 29 July 2020

Territorial extent: United Kingdom and United Kingdom Continental Shelf

Responding to this consultation

The OGA invites written views and comments on the proposals, to be made by Wednesday 29 July 2020. Your response will be most useful if it is framed in direct response to the questions posed, though further comments and evidence are also welcome.

Please submit your response by email or post.

The OGA has produced a coversheet for responses submitted by email or post (see **Annex 1**) and asks that you complete and include it with your response, which should speed up the processing of responses, and help to maintain confidentiality where appropriate.

Written responses to the consultation should be sent to:

OGA Strategy Consultation
Oil and Gas Authority
21 Bloomsbury Street
London
WC1B 3HF

Email: strategyconsultation@ogauthority.co.uk

Representative groups are asked to give a summary of the persons or organisations they represent when they respond.

¹ <https://www.ogauthority.co.uk/media/3229/mer-uk-strategy.pdf>

² <http://www.legislation.gov.uk/ukpga/1998/17>

Additional copies

Other versions of the document in Braille, large print, audio or Welsh can be made available on request.

Please contact us using the “Enquiries” details on page 1 to request alternative versions.

Confidentiality and data protection

The OGA will aim to publish a summary of the responses to this consultation and its response 12 weeks after the consultation closes. The revised Strategy will be laid in Parliament after the summary of responses is published.

The OGA does not intend to publish individual responses to this consultation. However, the OGA is subject to the requirements of the Freedom of Information Act 2000 and Environmental Information Regulations 2004 so if you think any part of your response should be kept confidential, please place such part(s) in a separate annex to your response and include your reasons why this part of your response should not be published. For example, this may include information such as your personal background and experience. Therefore, if you want your personal details to remain confidential, please provide them in the coversheet only so that the OGA does not have to edit your response.

If someone asks the OGA to keep part or all of a response confidential, the OGA will treat this request seriously and will try to respect this.

Please also note that copyright and all other intellectual property in responses will be assumed to be licensed to the OGA to use for its regulatory remit.

Quality assurance

This consultation is being carried out in accordance 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:

OGA Consultation Co-ordinator
Oil and Gas Authority
21 Bloomsbury Street London
WC1B 3HF

Email: ogaconsultationcoordinator@ogauthority.co.uk

Foreword from the Chief Executive



“ There are of course major issues facing the oil and gas industry in 2020 – the economic impact of the rapid fall in commodity price and the COVID-19 pandemic. We at the Oil and Gas Authority remain fully committed to doing all we can to help safeguard the energy supply needed for the foreseeable future and the thousands of jobs which deliver it.

Yet even before these twin threats emerged, the industry was already facing an existential issue: the industry's role in climate change, and public opinion on this issue.

In 2019, the government introduced a legally-binding commitment to put the UK firmly on a pathway to net zero greenhouse gas emissions by 2050.

What does this mean for our domestic energy supply? According to the Committee on Climate Change's 'Net Zero' report, oil and gas will remain an important and critical part of our energy mix for the foreseeable future, as we transition to net zero.

Managing the basin's declining production to maximise value from the United Kingdom Continental Shelf is still vital to meet our energy demands as long as they exist, as well as reducing reliance on imports and their associated carbon footprint.

However, given that the Committee on Climate Change suggests that between 2018 and 2050 the UK must reduce annual greenhouse gas emissions from 451 MtCO₂e to <29, the oil and gas industry must go further and faster to reduce its footprint.

This includes serious greenhouse gas emissions reduction and much better energy efficiency including the electrification of a number of installations.

Crucially, the industry has the skills, technology and capital to also help unlock solutions required to help the UK achieve net zero.

Our study into energy integration shows that these opportunities have the potential to make a very significant contribution towards the UK's overall Net Zero Target, both through carbon capture and storage (CCS) and through CCS plus hydrogen. Offshore renewables (wind, wave and tidal) should further contribute to the abatement required in 2050.

In light of the UK's need to maintain a secure energy supply which is cleaner, and which supports and contributes to the country's net zero ambition, we are reviewing our Strategy to integrate net zero into everything we do. This consultation outlines how we will go about this.

The new OGA Strategy forms one component of our broader net zero approach. This is complemented with work such as our benchmarking of operator flaring and venting data to drive performance improvement, our studies into offshore energy integration opportunities and our stewardship of CCS projects through development.

Sensitive to the other immediate priorities facing the industry, we will implement this important programme in a way which is both considerate and flexible, while still recognising the absolute necessity of meeting the Net Zero Target. I would now ask industry to continue the positive engagement we've experienced with them to date and to step up and lead the energy transition.”

Dr Andy Samuel

Chief Executive 6 May 2020

Part 1 – Introduction and background

1. Part 1A of the Act sets out the principal objective of maximising the economic recovery of UK (“MER UK”) petroleum (UK petroleum is defined as petroleum which exists in strata beneath relevant UK waters). Under that Part, the OGA is required to produce a strategy which enables the principal objective to be met. That Part, at section 9A(3), also sets out that such a strategy may relate to other matters than those mentioned in that section.
2. The current Strategy came into force in March 2016 and sets out the “**Central Obligation**”, which imposes a binding obligation on all relevant persons when carrying out relevant functions. To assist with the effective delivery of the Central Obligation, the current Strategy sets out a number of Supporting Obligations and required actions and behaviours. These expand on how the Central Obligation applies in particular circumstances and specifies the actions to be adopted by relevant persons when carrying out activities in the United Kingdom Continental Shelf.
3. Since the current Strategy came into force, there have been significant changes in the basin’s operating environment and stewardship, including of course recent and ongoing very drastic changes in the external environment. However, a more long-term fundamental change which has been happening over the last few years – for the oil and gas sector and for society as a whole – has been the speed of shift in the evidence of the impacts of climate change, and the accompanying shift in public and industry opinion on this matter. The OGA is of the view that the oil and gas industry should go considerably faster and farther in reducing its own carbon footprint, or risk losing its social licence to operate. In addition, the OGA considers that the industry can play a critical role in delivering net zero for the UK as a whole. The OGA believes that, in particular, industry is well positioned to use its unique skills, expertise and infrastructure to deliver carbon capture and storage – which is essential to tackling climate change – as well as supporting the development of the hydrogen economy.
4. Maximising economic recovery of oil and gas does not need to be in conflict with the transition to net zero. They can and should be fully integrated. The OGA is, therefore, integrating expressly into the Strategy relevant aspects where industry can assist the Secretary of State in meeting the Net Zero Target. This will enable the OGA to take a much greater role in supporting industry to drive the necessary changes.
5. It is proposed that, at each stage of their operations, relevant persons should reduce greenhouse gas emissions as far as reasonable in the circumstances and to co-operate with others to achieve this. In order to do so, relevant persons should consider all applicable options for existing and new developments – for example, options for electrification of platforms – and seek out and rigorously apply good oilfield practice and practices of equivalent standing from other industrial sectors. However, it is not intended to duplicate or overlap with the statutory role carried out by the Offshore Petroleum Regulator for Environment and Decommissioning (OPRED) with respect to emissions, which is separate. In due time, the OGA intends to update its guidance, working with industry, to provide more context and detail.
6. As part of this review, the OGA has considered, amongst other things, the updated net zero greenhouse gas emissions target (“**Net Zero Target**”) in the Climate Change Act 2008, the UK Government’s policy of complying with the Paris Agreement, the findings contained in the Committee on Climate Change’s 2019 Net Zero Report³, and the general need to maintain confidence in the oil and gas industry.

³ <https://www.theccc.org.uk/wp-content/uploads/2019/05/Net-Zero-The-UKs-contribution-to-stopping-global-warming.pdf>

7. In addition, the revised Strategy also:
 - reflects stewardship and other changes in the United Kingdom Continental Shelf basin's operating environment; and,
 - clarifies a number of legal and technical matters noted over the past four years, including during interactions with relevant persons.
8. A similar structure to that in the current Strategy is proposed whereby the revised Strategy sets out a Central Obligation and Supporting Obligations, together with a number of required actions. In the revised Strategy these obligations are also subject to a number of Safeguards.
9. The OGA sets out below explanations for the proposed key revisions to the current Strategy. In addition to those explained below, the OGA has made minor corrections – non-material amendments – to the current Strategy.
10. The full text of the proposed revised Strategy and a version with the proposed changes tracked can be found in Annexes 2 and 3 to this document.
11. As the context of this review is already set out in legislation, the scope of this consultation is limited to a revised Strategy that enables the principal objective to be met. Therefore, wider policy considerations, including on energy; carbon capture and storage; climate change mitigation; and oil and gas exploration and production, which are set by the Government, are out of scope of this consultation.
12. Failure to act in accordance with the current Strategy is sanctionable, with penalties including revocation of a licence or operatorship. This will remain the case in respect of any failure to comply with the revised Strategy, once in force. Details of the OGA's sanction procedure can be found on the OGA website⁴.

⁴ <https://www.ogaauthority.co.uk/regulatory-framework/disputes-and-sanctions/>

Part 2 – Proposed amendments to integrate the Net Zero Target

The OGA Strategy

13. The OGA proposes to re-name the Strategy as “the OGA Strategy”, reflecting in part the introduction of the Net Zero Target, and the OGA’s view that MER UK should no longer be considered in isolation from such matters.
14. The OGA proposes to include a specific paragraph in paragraph 1 of the revised Strategy that sets out that in drafting this Strategy the OGA has had regard to among other things how the Secretary of State may be assisted in meeting the Net Zero Target.
15. While the current Strategy includes “Required Actions and Behaviours”, the OGA proposes to rename these “Required Actions”, as they are actions that relevant persons are required to take in fulfilling the Central Obligation and the Supporting Obligations.

Introduction

16. The introduction to the current Strategy contains high-level principles, which form the basis of the obligations in the Strategy.
17. The OGA proposes to add three additional principles (b, c and h) to the introduction of the revised Strategy, on: the Net Zero Target; considering relevant persons’ social licence to operate and develop and maintain good environmental, social and governance practices; and complying with licence and other regulatory obligations.
18. Although the principles do not in themselves form part of the binding obligations created in the current or revised Strategy, they are intended to be of interpretive effect, helping to clarify the nature of the obligations created by the revised Strategy

Q1. Do you have any comments on the proposed changes to the Introduction?

Central Obligation

19. The Central Obligation remains the same as in the current Strategy but includes a new part (b) requiring relevant persons to assist the Secretary of State in meeting the Net Zero Target. This new limb recognises that relevant persons are uniquely placed to assist with matters such as reducing, as far as is reasonable in the circumstances, emissions from sources such as flaring and venting and power generation, and supporting carbon capture and storage projects in the transition to a low carbon economy.
20. Maximising economic recovery of oil and gas should be carried out in a way which is fully compatible with the transition to net zero, as it plays a major role in the transition, noting that what is being proposed is relevant to enabling the principal objective to be met. Therefore, the OGA proposes to integrate the UK’s net zero ambitions into its revised Strategy, including the Central Obligation.
21. The proposed Central Obligation is set out below:

Relevant persons 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.*

Q2. Do you have any comments on the proposed changes to the Central Obligation?

Supporting Obligations

- 22. In order to clarify the obligations placed on relevant persons in different circumstances, the revised Strategy sets out how such persons must act in such circumstances.
- 23. These are called Supporting Obligations. Although they are primarily intended to demonstrate how obligations under the Central Obligation apply in different circumstances, they bind relevant persons in the same way as the Central Obligation.
- 24. The following paragraphs set out the proposed changes to the revised Strategy to reflect the Net Zero Target and related considerations.

Development

- 25. The OGA proposes to make changes to the Development Supporting Obligation by referencing the Net Zero Target, and carbon capture and storage project considerations, in relation to the planning, construction and use of infrastructure.

Asset Stewardship

- 26. The OGA proposes to reflect net zero considerations in the Asset Stewardship Supporting Obligation. This includes new provisions to require that relevant metering and measuring activities are undertaken, and infrastructure is maintained to achieve optimum levels of performance, to include energy efficiency, while reducing greenhouse gas emissions as far as reasonable in the circumstances. Of course, where there are other types of emissions that seem higher than is essential, the OGA may from time to time explore how these can be reduced.
- 27. In order to do so, relevant persons should consider all applicable options for existing and new developments – for example, but not limited to, options for electrification of platforms - and seek out and rigorously apply good oilfield practice and practices of equivalent standing from other

industrial sectors. However, it is not intended to duplicate or overlap with the statutory role carried out by OPRED with respect to emissions, which is separate. In due time, the OGA intends to update its guidance, working with industry, to provide more context and detail. We will also work with industry to set out a net zero Asset Stewardship expectation aiming to address, among other things, the reduction of greenhouse gas emissions.

- 28. The OGA also proposes to add a new requirement that infrastructure is maintained and operated so it may achieve optimum potential for future re-use or re-purpose in support of the Net Zero Target.

Technology

- 29. To support the Net Zero Target, the OGA proposes to revise the Technology Supporting Obligation to clarify that relevant persons should also ensure that existing, emerging and new technologies are developed and deployed to their optimum effect including for the purposes of reducing emissions from sources such as flaring and venting, and power generation; enabling the planning and development of carbon capture and storage projects; and enabling projects relating to hydrogen supply to be planned for and developed. The intent is to ensure that the knowledge and capabilities of the oil and gas industry (as well as key infrastructure) are fully leveraged to reduce offshore direct greenhouse gas emissions and accelerate the growth of energy solutions, like carbon capture and storage and hydrogen, that contribute to meeting the Net Zero Target.

Decommissioning

30. The OGA proposes to make changes to this Supporting Obligation to clarify that relevant persons must ensure and be able to demonstrate that all continued or alternative uses for infrastructure, including for carbon capture and storage projects, have been considered. This clarification does not overlap with the statutory decommissioning role carried out by OPRED who, with advice from the OGA and other regulators, is the primary decommissioning regulator.

Carbon capture and storage projects

31. The Committee on Climate Change in its 2019 Net Zero Report stated that carbon capture and storage “is a necessity not an option for reaching net-zero GHG emissions”. The oil and gas industry is uniquely placed to deliver carbon capture and storage projects, with significant potential for re-use of oil and gas infrastructure in the United Kingdom Continental Shelf for carbon transport and storage.

32. The OGA is the carbon dioxide storage licensing authority, and approves and issues storage permits. It works collaboratively with government and industry on project engagement and stewardship, and is supporting government and others to identify existing infrastructure with re-use potential for carbon capture and storage or hydrogen projects. The OGA also asks relevant persons, as part of approving any cessation of production plans, to show that they have considered development opportunities, including the carbon capture and storage potential, for any infrastructure. The OGA is a statutory consultee to OPRED, in relation to operators’ decommissioning plans, in particular whether re-use opportunities or potential have been considered.

33. Noting the above, the OGA proposes to introduce a new Carbon Capture and Storage Projects Supporting Obligation in the revised Strategy, setting out how relevant persons can support and collaborate on these projects, including: negotiating access to infrastructure for carbon capture and storage projects in a timely fashion and in good faith; and permitting access to the relevant infrastructure to be used for the carbon capture and storage projects on fair, reasonable and non-discriminatory terms.

Q3. Do you have any comments on the proposed changes to the Supporting Obligations to embed the proposed net zero limb of the Central Obligation?

Part 3 – Other proposed amendments

Supporting Obligations

34. The following paragraphs set out the proposed changes to the current Strategy to reflect stewardship and other changes in the United Kingdom Continental Shelf's operating environment; and clarify a number of legal and technical matters noted over the past four years, including during interactions with relevant persons.

Corporate Governance

35. The OGA proposes to introduce a new Corporate Governance Supporting Obligation.
36. This intends to underline the importance for licensees to have good and proper governance arrangements in place, including complying with any principles and practices as the OGA may from time to time direct.
37. Noting among other things the public market and financial scrutiny of the industry with regards to its social licence to operate, and the need to avoid bad behaviours by encouraging more licensee responsibility, it is the intention that the OGA introduces a specific Supporting Obligation to promote good corporate governance.
38. For example, the OGA intends through this to encourage companies' Boards to have the skills and diversity to manage their operations appropriately, develop understanding in addition to financial considerations on what is expected regarding the fitness and general suitability of a company to be a licensee (e.g. organisational, technical etc.), and bring a company's track record and appetite for actively pursuing energy transition matters into discussions under the licence.
39. Recognising that a number of governance codes/principles exist already for public and private companies, such as the 2018 UK Corporate Governance Code, 2020 UK Stewardship Code and the Wates corporate governance principles, the OGA seeks to ensure tightened governance and improved behaviour at all company levels, to

provide a level of trust to the investor community, safeguard finance and promote investment on the United Kingdom Continental Shelf.

40. In connection with our licensing powers, the OGA requires the flexibility to be able to update and adapt what is considered good and proper governance based on current events and learning. Therefore, the OGA has proposed an ability to make a direction on such matters. Prior to making any direction, the OGA would consult on what is proposed and consider any responses made. This approach is only applicable in relation to the proposed Corporate Governance Supporting Obligation.

Exploration

41. The OGA proposes to amend the Supporting Obligation relating to the planning, funding and undertaking of exploration activities to clarify that it also applies to other related licence activities, including seismic and other data acquisition and use, throughout the lifecycle of a project.
42. For clarification, the OGA also proposes a requirement that licensees must inform the OGA as soon as they become aware that they consider they will be unable to make a satisfactory expected commercial return (SECR) on the investment or activity.

Asset Stewardship

43. The OGA has clarified that, in addition to an obligation to allow access on fair and reasonable terms, such access should also be allowed on non-discriminatory terms to ensure that other persons are treated in at least a similar fashion. The OGA has also proposed that such access should be negotiated in a timely fashion and in good faith. These proposed amendments seek to ensure a level playing field and fairness for all parties concerned.

Technology

44. The OGA proposes to update the Technology Supporting Obligation to address a minor inconsistency in the current Strategy by clarifying that the OGA does not need to create a Technology Plan to give effect to the technology obligations.

Decommissioning

45. The OGA proposes to make changes to this Supporting Obligation to clarify that the cost-effective decommissioning of infrastructure should not prejudice the re-use or re-purposing of all viable options for that infrastructure's continued use.

OGA Plans

46. The OGA proposes a change to this Supporting Obligation to clarify that relevant persons must demonstrate to the OGA that their alternative OGA Plan meets the obligations of the revised Strategy. The OGA can then analyse and adopt the alternative if it considers it appropriate. This enables an industry produced area plan to be adopted by the OGA at a later stage.

Collaboration

47. The OGA proposes to move the collaboration requirement from the Behaviours and Actions section of the current Strategy into the Supporting Obligations of the revised Strategy. This will align the revised Strategy more closely with section 9A(1) of the Act, which requires collaboration between relevant persons as part of the principal objective.
48. In light of this, the OGA has amended the requirement to clarify that relevant persons must collaborate with their supply chain (those providing goods or services to the industry) to support efficient delivery of projects and operations. In recognition of the role that relevant persons perform in supporting and developing a stronger

UK supply chain, the OGA intends to introduce a new Stewardship Expectation developed jointly with industry via relevant industry task forces, consistent with the development of previous Stewardship Expectations.

49. The OGA also proposes that relevant persons be required to collaborate and co-operate with those seeking to acquire an interest or invest in offshore licences or infrastructure.

Q4. Do you have any comments on the proposed clarifications to the Supporting Obligations to reflect stewardship and other changes in the United Kingdom Continental Shelf?

Required Actions

50. In addition to the Central and Supporting Obligations, the revised Strategy sets out Required Actions. These specify certain types of conduct which must be adhered to in demonstrating compliance with either the Central Obligation or any of the Supporting Obligations.
51. The OGA has added new text to clarify that relevant persons should have regard to relevant Stewardship Expectations when considering how to act in accordance with this Strategy.

Timing

52. The OGA proposes to make minor changes to this required action to clarify that all obligations, including any actions, must be complied within a timely fashion

Cost Efficiency

53. The OGA proposes to revise the title of this required action from Cost Reduction to Cost Efficiency. This is a clearer economic term and shifts focus from minimising the baseline costs to a project's overall efficiency and brings in net zero considerations.

54. The OGA proposes to make revisions to the text in the Strategy to emphasise that the full lifecycle costs include both decommissioning and the re-use and/or re-purposing of infrastructure; that costs should be incurred in the most cost-efficient way; and to clarify that relevant persons should include an assessment of cost efficiency benefits from the re-use and re-purposing of infrastructure, as part of carbon capture and storage project considerations. This clarification does not affect the decommissioning cost reduction target.

Actions where relevant parties decide not to ensure Maximum Economic Recovery

55. The OGA proposes to clarify that relevant persons seeking to divest a licence or infrastructure should provide all relevant information and data to bona fide persons, and that such parties should be required to demonstrate financial and technical competence including at the time of divestment, if any, and not in order for example just to access a data room.
56. The OGA intends to clarify that, where relevant persons are required to secure investment from other persons, that may include allowing others to undertake such investment as a sole risk project.
57. The OGA also proposes to make minor changes to this Required Action to provide greater clarity in the drafting of the revised Strategy.

Q5. Do you have any comments on the proposed changes to the Required Actions?

Safeguards

58. To provide appropriate balance, the revised Strategy retains the Safeguards in the application of the Obligations.
59. The OGA proposes to add a clarification to the first Safeguard to explain that licence obligations are not removed by the Obligations in the revised Strategy. This minor clarification builds on the existing text which explains that the Strategy needs to be read in its proper context, as part of a wider regulatory regime that covers not just licensing but also existing environmental and health and safety legislation.
60. The OGA does not propose to make further changes to the Safeguards, but to aid the flow of the revised Strategy, the OGA proposes to move the Safeguards section to the end of the document. This move does not change the significance of the Safeguards

Definitions

61. The Annex to the revised Strategy sets out definitions for the key concepts within the Strategy. In large part, these reflect the definitions used in Part 1A of the Act and in the Energy Act 2016 and, as a result, some definitions have an updated meaning compared with those set out in the current Strategy.
62. The OGA is required separately under section 9B of the Act to act in accordance with the revised Strategy, once in force, when carrying out certain of its functions and as discussed earlier the OGA has been removed from the definition of “relevant persons”.
63. The expected costs associated with carbon emissions should be encompassed by the term “operating costs” in the definition of “economically recoverable” in the current Strategy, since they comprise one category of operating costs.
64. However, to make it more explicit that carbon emissions and carbon price assumptions should be included by relevant persons within any pre-tax cashflows or economic assessments, the OGA proposes to include the words “(including carbon costs)” in the definition after the reference to “operating costs”. The term “carbon” as used here should be understood to encompass all greenhouse gases.
65. To clarify that related onshore aspects, such as terminals or other infrastructure, are covered by the Strategy the OGA proposes to amend the definition of “region” by including a reference to an area in which infrastructure relating to exploration and production of petroleum from relevant UK waters is, or is planned, to be, located.
66. The OGA proposes to add the following new definitions to the revised Strategy:
- **“carbon capture and storage project”** means any project relating to the capture, transportation or storage of carbon dioxide (including if only at the appraisal stage), or where there is a reasonable prospect of any such project being developed
 - **“net zero target”** means the net UK carbon account for the year 2050, as set out in section 1 of the Climate Change Act 2008 (as amended)
 - **“relevant activities”** replaces the definition of ‘relevant functions’ in the Central Obligation, as the previous definition had an undefined concept (noting that Industry do not have direct functions under the Petroleum Act 1998) and is proposed to encompass the definition of actions and activities as set out in section 9C of the Petroleum Act 1998
 - **“required actions”** are the actions set out in paragraphs 23 to 30
 - **“subsurface facilities”** has been defined to emphasise that such facilities include wells, reservoirs and fields
-
- Q6. Do you have any comments on the proposed changes to the Definitions?**
-
- Q7. On what do you base your forecasts of future carbon prices?**
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Regulatory Impact Assessment and Equality Impact Assessment

We have made an initial, high-level assessment of the potential impacts on business from the implementation of the proposed revisions to the Strategy.

Costs and benefits

The revised Strategy sets out a number of new or amended Obligations that would apply to all situations which may occur in the United Kingdom Continental Shelf. It is not possible to forecast accurately the number or nature of circumstances where the revisions to the Strategy will lead to different outcomes compared with the existing Strategy. Due to this uncertainty, the OGA has not been able to quantify, in isolation, the potential costs to relevant persons associated with the implementation of the revised Strategy. However, many of the proposed changes take the form of clarifications to existing Obligations rather than significant new burdens. Also, new Obligations are still subject to Safeguards, which limit the scope for them to be unduly burdensome.

If any reader of this consultation document thinks that the revisions will lead to material costs or result in material benefits to relevant persons or others, especially costs and benefits that can be quantified, please respond to the consultation with as much detail as possible.

Q8. Do you have quantitative evidence of any specific impacts of the proposed revisions to the Strategy that you would like us to consider?

Equality Impact Assessment

The OGA has a general duty (the Public Sector Equality Duty) under [section 149](#) of the Equality Act 2010⁵ 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 <https://www.equalityhumanrights.com/en/equality-act/equality-act-2010>.

We have considered whether each of the revisions proposed to the Strategy 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 proposed revisions, it is not anticipated that there would be such an impact.

If any reader of this consultation document thinks that the revisions will have an adverse impact on persons with protected characteristics, please respond to the consultation with as much detail as possible.

⁵ <http://www.legislation.gov.uk/ukpga/2010/15/section/149>

Consultation questions

Q1. Do you have any comments on the proposed changes to the Introduction?

Q2. Do you have any comments on the proposed changes to the Central Obligation?

Q3. Do you have any comments on the proposed changes to the Supporting Obligations to embed the proposed Net Zero limb of the Central Obligation?

Q4. Do you have any comments on the proposed clarifications to the Supporting Obligations to reflect stewardship and other changes in the United Kingdom Continental Shelf?


Q5. Do you have any comments on the proposed changes to the Required Actions?

Q6. Do you have any comments on the proposed changes to the Definitions?

Q7. On what do you base your forecasts of future carbon prices?

Q8. Do you have quantitative evidence of any specific impacts of the proposed revisions to the Strategy that you would like us to consider?

Annex 1: Response coversheet

 Oil & Gas Authority	CONSULTATION ON PROPOSALS TO REVISE THE MER UK STRATEGY
To: OGA Strategy Consultation	
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