

Lead regulator	Oil and Gas Authority (OGA)
Summary	This comments on the summary information provided for the year by the OGA on measures or activities that should not be considered as a qualifying regulatory provision for the purposes of the business impact target.
Submission type	Non-qualifying regulatory provision (NQRP) summary
BIT reporting period covered	13 December 2019 to 12 December 2020
RPC reference	RPC-BEIS-OGA-5022(1)
Date of issue	23 November 2020

RPC opinion

Rating ¹	RPC opinion
Confirmed	The RPC is content with the regulator's assessment of the measures against the exclusion categories in the present BIT framework and agrees that they are non-qualifying regulatory provisions.

Comments

The regulator has reported, in its statement, measures that fall within the following excluded categories: de minimis; regulator casework; and education, communications and promotion.

The RPC commends the OGA on the level of cost detail they have provided to support their reasoning that the impacts are below the threshold.

The RPC is content with the regulator's assessment of the measures against the exclusion categories and agrees that they are, therefore, non-qualifying regulatory provisions.

For further information, please contact regulatoryenquiries@rpc.gov.uk.

¹ There is presently no requirement for regulators to submit their NQRP summaries for Regulatory Policy Committee (RPC) assurance. The RPC welcomes the regulator's voluntary submission. This RPC assurance statement does not provide a detailed view of any specific activity in the regulator's summary document. Nor does it comment on any activities not included in the summary. Some activities might, however, have been the subject of separate assessments of qualifying regulatory provisions.

Annex

REGULATOR: THE OIL AND GAS AUTHORITY

Business Impact Target Reporting Period Covered: 13 December 2019 to 12 December 2020

Excluded Category*	Summary of measure(s), including any impact data where available**
<p>De minimis (measures with an EANDCB below +/- £5 million)</p>	<p>GUIDANCE DOCUMENTS – FAMILIARISATION COSTS</p> <p>The OGA issued new guidance in order to convey and clarify the procedures in regard to its existing powers. The guidance was issued to provide clear, accessible and concise material that businesses can have regard to in complying with OGA’s requirements and to support the principal objective of maximising economic recovery of UK oil and gas resources (MER UK). The guidance is intended to reduce the time taken to understand obligations.</p> <p>The OGA issued the following guidance documents:</p> <p>NEW GUIDANCE</p> <p>1. Reporting and Disclosure of Information and Samples: Supplemental Guidance pre-2018</p> <p>This guidance sets out how certain Geophysical Survey Data (GSD) acquired or created under an Exploration Licence prior to 2018 will generally be published by the OGA, which is on a basis consistent with the disclosure of such data created or acquired during or after 2018. It also provides additional information on the reporting of such information. It is supplemental to the Reporting and Disclosure Guidance, that was published in February 2019. This guidance is not a substitute for any regulation, and it does not have any binding legal effect.</p> <p>Policy Cost</p> <p>There is potential for distributional impacts on Exploration Licensees in the form of reduced revenues for commercial seismic companies, which to some extent could offset the expected benefits to wider industry and the UK economy.</p>

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	<p>The OGA has considered the overall societal economic impact of such distributional impacts. It is not possible to monetise the distributional impacts on businesses as well as benefits, due to a lack of quantitative evidence on returns made by companies from the sale of GSD and the prices at which such data are sold. It is envisaged that loss of potential revenue for commercial seismic companies are offset by avoided costs by companies assessing potential prospects. Additional benefits will arise from uses on the UKCS, such as the development of carbon capture and storage and associated hydrogen production and storage schemes, which would benefit from access to such legacy GSD and would similarly lead to the increased reworking of legacy data, new acquisition and/or licensing of newer available data sets. This Guidance does not affect value added data, thus incentivising the licensees to continue to improve the datasets. As such, as a prudent assumption, it is considered that the policy is cost neutral overall, at societal level. As an upside, a higher potential of increased economic activity from new exploration in the UKCS is envisaged, where, the benefits of disclosure of such data such as removal of information asymmetries, greater competition at licence rounds and provision of access and availability of low-cost data to wider industry participants such as academics and researchers that may support development of adjacent and analogous projects, outweigh the reduced revenues of seismic companies.</p> <p>Familiarisation costs are incurred by industry reading this guidance document that has been summarised below.</p> <p>2. Reporting and Disclosure of Information and Samples: Supplemental Guidance Post-2017.</p> <p>This guidance sets out how certain Geophysical Survey Data (GSD) acquired or created under an Exploration Licence in 2018, or thereafter, will generally be published by the OGA. It also provides additional information on the reporting of such information. It is supplemental to the Reporting and Disclosure Guidance, that was published in February 2019. This guidance is not a substitute for any regulation, and it does not have any binding legal effect.</p> <p>Policy costs</p> <p>There are no additional policy burdens on industry due to this guidance. Some distributional impacts are expected in the form of lower revenues for commercial seismic companies and lower costs for those who would have purchased their data. There is also the potential for a behavioural impact, from reduced incentives</p>

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	<p>to acquire such data in future. However, the benefits from earlier disclosure of seismic data are expected to more than offset such impacts as set out in the section above under pre-2018 GSD disclosure. The wider availability of geophysical data products prepared using the post-2017 GSD is expected to lead to a higher technical baseline for work undertaken on prospects and discoveries. That, as well as the expected stimulus to reworking of legacy data, should lead to increased demand for newly acquired data. Additional uses on the UKCS, such as the development of carbon capture and storage and associated hydrogen production and storage schemes would also benefit from access to GSD and would similarly lead to the increased reworking of legacy data, new acquisition and/or licensing of newer available data sets.</p> <p>Familiarisation costs are incurred by industry reading this guidance document that has been summarised below.</p> <p>Familiarisation costs of guidance</p> <p>Familiarisation costs are incurred by industry reading these guidance documents, which has been summarised below.</p> <p>Analysis was carried out to determine the direct cost to business for familiarising themselves with the two guidance documents published during the reporting period, mentioned hereafter under the “New Guidance” section. The total cost to industry related to reading the two guidance documents was estimated to be £0.03 million (2019 prices, 2020 present value) in Equivalent Annual Net Direct Cost to Business (EANDCB) terms. The following methodology was used to estimate costs to business:</p> <p style="text-align: center;"><i>Burden to business for familiarisation with guidance =</i></p> <p style="text-align: center;"><i>Number of businesses affected * Time (hrs) required to read the guidance * Average hourly wage rate (£/hr) * No. of personnel reading the guidance per annum</i></p> <p>The familiarisation cost estimate is a high-end approximation of the costs to business to familiarise themselves with the supplementary guidance. There is currently a total of 149 unique licensees and 70 infrastructure owners, of which 66 are licensees. Based on this data, it was assumed that a total of approximately 150 businesses in the UKCS and 80 IAGC members may familiarise themselves with the supplementary guidance as a high-end assumption. This assumption has been used as a representative</p>

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	<p>figure to provide the order of magnitude of the familiarisation cost to industry. It is not expected to be read by all the businesses and recognises that individuals and organisations such as academics, researchers and industry consultancies may familiarise themselves with the guidance.</p> <p>To estimate the cost of reading the guidance documents, a consistent methodology was followed, where the document word count is divided by an average reading speed of 200 words per minute². The average hourly wage rates for Full Time Equivalent (FTE) staff were taken from the Annual Survey of Hours and Earnings (ASHE),³ uplifted by 22% to cover for non-wage costs.⁴</p> <p>For each guidance document, a common assumption was used for the number of personnel within each business expected to read the guidance⁵.</p> <p>UPDATED GUIDANCE DOCUMENT</p> <p>None</p> <p>ANNUAL REPORTS AND ACCOUNTS</p> <p>The OGA Annual Report and Accounts 2019/2020 (for the year ending March 2020, was laid before Parliament on 9 July 2020.</p> <p>PUBLICATIONS AND REPORTS</p> <p>The OGA published the following publications and reports. These documents are for information only and do not set any mandatory activities for industry.</p>

² Business Impact Target - Appraisal of guidance: assessments for regulator-issued guidance (p.15), Reading Soft, available at: <http://www.readingsoft.com/>

³ Personnel ONS (2018), Annual Survey of Hours and Earnings: 2018 Provisional Results Table 14.5 a, available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashtable14>

⁴ Non-wage cost uplift factor of 22% applied using EUROSTAT 2019 data on share of non-wage costs https://ec.europa.eu/eurostat/tgm/refreshTableAction.do;jsessionid=AHHed2v0cO8klhMbGXpUqqU3Wmktjs1q6AMiC3FCfS_RKwKUscj!-1033115467?tab=table&plugin=1&pcode=tps00173&language=en

⁵ Number of personnel assumptions: 3 Corporate Managers and 1 Senior Manager per business

Excluded Category*	Summary of measure(s), including any impact data where available**
	<p>1. Flaring and Venting Benchmarking Report</p> <p>Report benchmarking the flaring and venting of greenhouse gases on the UK Continental Shelf (UKCS) detailing flaring and venting activity levels in the North Sea and the resulting contribution to UK oil and gas greenhouse gas emissions.</p> <p>2. UK Oil and Gas Reserves</p> <p>Report detailing the UK's oil and gas reserves as at the end of 2019.</p> <p>3. UKCS Decommissioning Costs Estimate 2020</p> <p>Annual report on the total cost of decommission UK offshore oil and gas production, transportation and processing infrastructure.</p> <p>4. UK Energy Integration Final Report</p> <p>Report exploring how different offshore energy systems could be co-ordinated across the UK Continental Shelf (UKCS) for environmental and efficiency gains, including identifying technical, regulatory and economic hurdles.</p> <p>5. UKCS Production Efficiency 2019 Report</p> <p>Report detailing the UKCS improvements made to production efficiency.</p> <p>6. UKCS Natural Gas carbon Footprint Analysis</p> <p>Analysis comparing the carbon intensity of UKCS gas with imported LNG and pipelined gas.</p> <p>7. Tier Zero 2020 – Annual Performance Review Meeting</p> <p>Report of the annual Tier Zero meeting with senior oil and gas industry leaders</p> <p>8. Inclusion Report</p>

Excluded Category*	Summary of measure(s), including any impact data where available**
	<p>Report created to help support improved inclusion and diversity practices within the oil and gas industry</p> <p>9. UKCS Energy Integration: Interim findings</p> <p>The report sets out the interim findings from the first phase of the UKCS energy integration project</p> <p>10. Sustaining Excellence in Decommissioning</p> <p>The report records the key messages of SPE Offshore Europe 2019</p> <p>STRATEGIES</p> <p>The OGA published two strategy documents:</p> <p>1. Digital Strategy 2020-2025</p> <p>This strategy describes how the OGA will deliver, promote and influence digital excellence through digitalisation to support MERUK and the energy transition</p> <p>2. Supply Chain and Exports Strategy</p> <p>This is an update to the previous 2016 Strategy which centred around MER UK and exports, these themes remain vital to the success of the sector, along with an increased focus on our contribution to achieving net-zero through an integrated energy supply chain.</p> <p>CONSULTATION DOCUMENTS</p> <p>The OGA issued one consultation document and three consultation response documents on:</p> <p>1. Consultation on proposals to revise the MER UK Strategy</p> <p>The Oil and Gas Authority (OGA) sought views on its intention to refresh its core aim, including a requirement for industry to help the government achieve the target of net zero greenhouse gas emissions by 2050. The consultation ran from</p> <p>2. OGA Response to the consultation on proposals to introduce new and amended OGA fees</p>

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	<p>OGA response to views from UK oil and gas industry on proposals to amend some of its existing fees and introduce new fees for some of its services. A four-week consultation opened on 28 October 2019, to gather feedback and insights from industry on potential changes to the OGA's fee regime. The OGA regularly reviews the fees that it charges. As well as reviewing the rates of existing fees, the OGA also considers the rationale for and calculation of each fee to ensure they remain robust and in line with the principles and guidance as set out in HM Treasury's Managing Public Money. The intention of any proposed fee amendments is to more accurately reflect the actual costs of the services it provides. The OGA is not permitted to make any profit from its fees and is required to refund any financial surplus at the end of the year to levy payers.</p> <p>3. OGA Response to the consultation of OGA supplemental guidance for the disclosure of certain Geophysical Data (pre-2018)</p> <p>OGA response to the views of industry on the introduction of supplemental guidance for the disclosure of certain geophysical data created or acquired under an exploration licence pre-2018. This guidance document supplements the OGA's published 'Reporting and disclosure of Information and Samples Guidance'.</p> <p>The consultation period for the supplemental guidance closed for comments on April 27th, 2019. A total of 13 responses were received from production licensees, exploration licensees and industry associations/trade bodies.</p> <p>4. OGA Response to the consultation of OGA supplemental guidance for the disclosure of certain Geophysical Data (post-2017)</p> <p>OGA response to the views of industry on the introduction of supplemental guidance for the disclosure of certain geophysical data created or acquired under an exploration licence post-2017. This guidance document supplements the OGA's published 'Reporting and disclosure of Information and Samples Guidance'.</p> <p>The consultation period for the supplemental guidance closed for comments on April 27th, 2019. A total of 13 responses were received from production licensees, exploration licensees and industry associations/trade bodies.</p>

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<p>Case work</p>	<p>The OGA approved:</p> <ul style="list-style-type: none"> • 12 Field Development Plans / Addendums (FDP / FDPA) cases for offshore oil and gas fields. The FDP approvals allow operators to carry out new field developments while FDPA approvals are for incremental developments in existing fields to recover hydrocarbons. • During the reporting period there were 19 sanctions, disputes or infrastructure access cases resolved without formal intervention. There were no formal sanctions taken. • 126 Field consents (including production, venting, and flaring) were issued • 245 Pipeline works authorisations and associated consents were issued • 88 offshore license events including relinquishments, transfers and terminations took place • 21 onshore license events including relinquishments, transfers and terminations took place <p>The casework listed in this section does not represent a change in burden of regulation placed on business.</p>
<p>Education, communications, and promotion</p>	<p>The OGA has presented its work at various workshops and conferences including:</p> <ul style="list-style-type: none"> • IP Week, Offshore Europe, and Prospex 2019 <p>None of the material produced creates a new regulatory standard that businesses will be expected to follow and attendance at educational and promotional events is not compulsory.</p>
<p>All other excluded categories</p>	<p>Following consideration of the other exclusion categories there are no measures for the reporting period that qualify for the exclusions.</p>

**This column will be updated with the other exemption categories once the Business Impact Target has been announced. Complete the summary box as 'Following consideration of the exclusion category there are no measures for the reporting period that qualify for the exclusion.' where this is appropriate.