

<b>Lead regulator</b>	North Sea Transition Authority
<b>Summary</b>	Summary information provided on measures or activities that should not be considered as a qualifying regulatory provision for the purposes of the business impact target (BIT).
<b>Submission type</b>	Non-qualifying regulatory provision summary
<b>BIT reporting period covered</b>	17 December 2021 to 16 December 2022
<b>RPC reference</b>	RPC-BEIS-NSTA-5235(1)
<b>Date of issue</b>	22 November 2022

## RPC opinion

Rating <sup>1</sup>	RPC opinion
<b>Confirmed</b>	The RPC is content with the regulator's assessment of the measures against the exclusion categories in the present BIT framework and, on the basis of the information provided, can confirm that they are non-qualifying regulatory provisions.

The North Sea Transition Authority has produced a sufficient NQRP summary, clearly indicating provisions introduced during the BIT reporting period concerned and the administrative exclusions under which they fall.

The summary lists two items of new guidance, five updates to existing guidance and several further non-mandatory publications. It explains satisfactorily that the associated familiarisation costs to business will fall below the *de minimis* threshold, although this calculation could be made clearer by stating the total word count. Since the guidance is intended to reduce the time taken to understand obligations, the summary would benefit from demonstrating the likely savings as well as the costs.

Further exemptions are presented under the 'Casework' and 'Education, communications, and promotion' categories.

The RPC is satisfied that the measures listed are exempt from the framework as non-qualifying provisions against the BIT.

<sup>1</sup> 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.

## **Regulatory Policy Committee**

For further information, please contact [regulatoryenquiries@rpc.gov.uk](mailto:regulatoryenquiries@rpc.gov.uk). Follow us on Twitter [@RPC\\_Gov\\_UK](https://twitter.com/RPC_Gov_UK), [LinkedIn](#) or consult our website [www.gov.uk/rpc](http://www.gov.uk/rpc). To keep informed and hear our views on live regulatory issues, subscribe to our [blog](#).

## Annex

Regulator: NORTH SEA TRANSITION AUTHORITY (NSTA)

Business Impact Target Reporting Period Covered: 17 December 2021 to 16 December 2022

Excluded Category*	Summary of measure(s), including any impact data where available**
<p><b>Measures certified as being below <i>de minimis</i> (measures with an EANDCB below +/- £5 million)</b></p>	<p><b>GUIDANCE DOCUMENTS - FAMILIARISATION COSTS</b></p> <p>The North Sea Transition Authority (NSTA) issued new guidance to convey and clarify the procedures regarding its existing powers. The guidance was issued to provide clear, accessible, and concise material that businesses can have regard to in complying with NSTA’s requirements and Strategy central obligation, which includes net zero as part of maximising economic recovery of UK oil and gas resources. The guidance is intended to reduce the time taken to understand obligations.</p> <p>The NSTA published the following new guidance documents:</p> <p><b>NEW GUIDANCE</b></p> <p><b>1. Innovate Seaward Production Licences: Guidance on Phase Transition in the initial Term</b></p> <p>The Innovate Seaward Production Licence (‘Innovate Licence’) structure was introduced in the 29th Offshore Licensing Round but only fully implemented in the 30th Offshore. Licences have been awarded in this format since.</p> <p>This guidance provides general guidance on the matters to be considered in relation to the continuation – or, in this guidance, ‘transition’ - of the Innovate Licence through the Initial Term Phases. As this is a replacement of previous seaward production licenses, it is anticipated that there will be no additional policy burden because of the changes to the format. This guidance is not a substitute for any regulation, and it does not have any binding legal effect.</p> <p>Estimated familiarisation costs incurred by industry in reading the guidance document is set out separately below.</p> <p><b>2. Governance Guidance</b></p> <p>This Guidance is intended to set out a framework of governance for Licensees. It sets out when the NSTA will normally consider the adequacy of a company’s governance arrangements and the factors that the NSTA will usually take into consideration when doing so. As outlined in the Strategy, the NSTA expects that any company</p>

Excluded Category*	Summary of measure(s), including any impact data where available**
	<p>holding a production licence for a seaward area will always apply good and proper governance, including complying with any governance principles and practices as the NSTA may from time to time direct.</p> <p>It is not expected that this guidance will impose new or additional burdens on Licensees that already have a good and proper governance culture in place and already follow an appropriate governance code. This guidance is not a substitute for any regulation, and it does not have any binding legal effect.</p> <p>Estimated familiarisation costs incurred by industry in reading the guidance document is set out separately below.</p> <p><b>UPDATED GUIDANCE DOCUMENTS</b></p> <p>The NSTA published the following revised guidance documents:</p> <ol style="list-style-type: none"> <li><b>1. Carbon Storage Licence Application Guidance</b> Updated guidance for applicants wishing to apply for a Carbon Dioxide Appraisal and Storage Licence. This document provides general guidance for companies wishing to apply for a CS Licence and sets out general information and guidance on the licensing process, and more detailed technical guidance on the CS Licence application itself.</li> <li><b>2. Supply Chain Action Plan Guidance</b> Guidance replaces previously available guidance on Supply Chain Action Plans (SCAPs). It details when SCAPs are required and provides information on the matters the NSTA normally considers when considering such SCAPs.</li> <li><b>3. Well Consents Guidance</b> The NSTA published guidance which clarifies the key matters the NSTA considers when we receive an application for each type of well consent</li> <li><b>4. Revised Field Development Plan Guidance</b> This guidance complements the Strategy and Stewardship Expectations. The evaluation of a field development plan against the Strategy's central obligation includes detailed technical and subsurface considerations; the scope for emissions reduction, including through energy integration opportunities; and an economics assessment to determine whether economically recoverable petroleum has been maximised, which includes the societal impact of GHG emissions.</li> <li><b>5. PON 9 Guidance</b></li> </ol>

Excluded Category*	Summary of measure(s), including any impact data where available**
	<p>Information and Sample requirements for current and former holders of Offshore UKCS Exploration and Production licences</p> <p><b>Familiarisation costs of new and updated guidance</b></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 familiarisation with the two new and five updated guidance documents published during the reporting period. The total cost to industry related to reading the two guidance documents was estimated to be £0.1 million (2019 prices, 2020 present value) in EANDCB terms, over the appraisal period of 10 years.</p> <p>The following methodology was used to estimate costs to business:</p> <p><b>Burden to business for familiarisation with guidance =</b></p> <p><b>Number of businesses affected * Time (hrs) required to read the guidance * Average hourly wage rate (£/hr) * No. of personnel reading the guidance per annum</b></p> <p>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 150 businesses may familiarise themselves with the guidance documents as a prudent assumption as they are not expected to be read by all the businesses.</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 minute<sup>2</sup>. The average hourly wage rates for Full Time Equivalent (FTE) staff were taken from the Annual Survey of Hours and Earnings (ASHE)<sup>3</sup>, uplifted by 22% to cover for non-wage costs.</p> <p>For each guidance document, a common assumption was used for the number of personnel within each business expected to read the guidance<sup>4</sup>.</p>

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

<sup>3</sup> Personnel ONS (2021), Annual Survey of Hours and Earnings: 2021 Provisional Results Table 14.5 a, available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashtable14>

<sup>4</sup> Assumptions: 3 Corporate Managers and 1 Senior Manager per business

Excluded Category*	Summary of measure(s), including any impact data where available**
	<p><b>ANNUAL REPORTS AND ACCOUNTS</b></p> <p>Accounts presented to Parliament pursuant to Section 6 of the Government Resources and Accounts Act 2000 (Audit of Non-profit Making Companies) Order 2009.</p> <p><b>PUBLICATIONS AND REPORTS</b></p> <p>The NSTA published the followings publications and reports. These documents are for information only and do not set any mandatory activities for industry</p> <ol style="list-style-type: none"> <li><b>1. UKCS Decommissioning Cost Estimate 2022</b> Report setting out the new cost estimate for offshore oil and gas decommissioning in the UK Continental Shelf (UKCS)</li> <li><b>2. Measurement, Monitoring and Verification (MMV) of Carbon Capture and Storage Projects with co-location considerations</b> This NSTA Technical Report presents a review of the role of monitoring for offshore carbon storage sites, with a particular emphasis on those sites with restricted access owing to co-location with other marine industries, and particularly offshore windfarms.</li> <li><b>3. UKCS Unit Operating Costs 2021</b> Report setting out the UKCS unit operating costs for 2021</li> <li><b>4. UKCS Production Efficiency 2021</b> Report setting out the UKCS production efficiency for 2021</li> <li><b>5. NSTA Inclusion Report 2022</b> Report seeks to transparently share the work that the NSTA has been undertaking as an employer, and as the industry regulator to increase inclusion.</li> <li><b>6. Supply Chain Report 2021</b> This report explains how the NSTA is using four tools – Supply Chain Action Plans, Stewardship Expectation 12, Energy Pathfinder and Stewardship Reviews – to support the UK supply chain, and outlines areas where the sector should improve.</li> </ol>

Excluded Category*	Summary of measure(s), including any impact data where available**
	<p><b>7. NSTA Southern North Sea NUI Renewable Energy Package Optioneering Study Report</b></p> <p>Report setting out the results of a study to explore the application of renewable energy packages in the southern North Sea</p> <p><b>8. NSTA Overview 2022</b></p> <p>Overview of NSTA planned activities and priorities 2022</p> <p><b>9. Central North Sea HPHT pressure Cell Study</b></p> <p>Report providing a regional understanding of overpressure distributions or pressure cells in the Central North Sea together with a supporting Quality Controlled well pressure database.</p> <p><b>10. Wells Insight Report</b></p> <p>Report provides insight into well activity in the UKCS. The report includes trends and performance benchmarks in three distinct well categories: exploration and appraisal (E&amp;A), new development wellbores, and existing well stock activities.</p> <p><b>11. UKCS Decommissioning Benchmarking Report 2021</b></p> <p>This report provides comparison data which benchmarks a wide range of UKCS decommissioning activities</p> <p><b>12. Emissions Monitoring Report</b></p> <p>New annual report is part of the NSTA's efforts to monitor, benchmark and hold the industry to account on emissions, in support of the UK's target of reaching net zero by 2050.</p> <p><b>13. Carbon Valuation Methodology</b></p> <p>Carbon valuation methodology report sets out information and assumptions for valuing the societal impacts of greenhouse gas emissions for appraisal purposes</p> <p><b>CONSULTATION DOCUMENTS</b></p> <p>The NSTA published two consultation documents:</p> <p><b>1. Consultation on proposals on NSTA fees and data confidentiality periods</b></p> <p>The NSTA conducted a consultation to gather feedback and insights from industry on potential changes to the NSTA's fee regime. The NSTA regularly reviews the fees that it charges. As well as reviewing the rates of existing fees, the NSTA 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</p>

Excluded Category*	Summary of measure(s), including any impact data where available**
	<p>of any proposed fee amendments is to reflect more accurately the actual costs of the services it provides, consistent with HM Treasury's 'Managing Public Money' (MPM). The fees are calculated at the estimated full cost of providing the service and do not contain any profit element or cross-subsidisation. The NSTA 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. Therefore, there will be no additional regulatory burden to industry overall from potential implementation of consultation proposals.</p> <p>The consultation on the well data confidentiality period centres on whether the data should be made publicly available two years after it is provided to the NSTA (as is now the case) or two years after the date that it becomes reportable to the NSTA.</p> <p><b>2. Consultation Response to NSTA Governance Guidance</b></p> <p>Views were sought on proposed Governance Guidance, from those who will be required to act in accordance with the Strategy. The 8-week consultation, which was conducted between 20 September and 12 November 2021. On 13 January 2022, the consultation response was published.</p>
<b>Casework</b>	<p><b>The NSTA approved:</b></p> <ul style="list-style-type: none"> <li>• 4 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.</li> <li>• There were 5 sanctions, disputes or infrastructure access cases resolved. There was 1 formal sanction taken</li> <li>• 277 Field consents were issued.</li> <li>• 365 Pipeline works authorisations were issued</li> <li>• 32 onshore licence events including FDP / FDPAs, relinquishments, transfers and terminations took place</li> </ul> <p>The casework listed in this section does not represent a change in burden of regulation placed on business.</p>
<b>Education, communications, and promotion</b>	<p>The NSTA has presented its work at various workshops and conferences including: Southern North Sea Conference, Offshore Energies UK Conference, and the Westminster Energy Forum</p>

Excluded Category*	Summary of measure(s), including any impact data where available**
<b>All other excluded categories</b>	Following consideration of the other exclusion categories there are no measures for the reporting period that qualify for the exclusions.

\* For detailed guidance on the exclusion categories, please see <https://www.gov.uk/government/publications/better-regulation-framework>

\*\* 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.