

**Draft Decision Paper Petroleum Safety Levy  
Respondent Meeting  
Shell E&P Ireland Limited (SEPIL)  
Tuesday Dec 11<sup>th</sup> 2012**

**Location:** CER Offices  
**Time:** 10.00

**Attended by:** Gerry Costello SEPIL  
Niall Lawlor SEPIL  
Andrea Ahern SEPIL  
Paul McGowan CER  
Eamonn Murtagh CER  
Róisín Cullinan CER

**Minutes:**

*1. Introduction*

- The meeting was opened by CER and attendees were introduced.

*2. Discussion on SEPIL Response to Draft Decision Paper:*

A number of points relating to the SEPIL submission were discussed, including:

- Levy methodology  
SEPIL requested clarity on the infrastructure referenced in the paper and queried how suspended wells will be dealt with. SEPIL also requested clarity on the weightings proposed, in particular why onshore and offshore infrastructure are weighted differently.

CER response – The CER will provide more clarity in the Decision Paper regarding what is covered by the infrastructure types and how suspended wells will be addressed. The CER will also provide further information regarding the reasoning behind the weightings proposed in its Draft Decision Response Paper and the reasoning behind different onshore and offshore infrastructure weightings.

- Establishment Cost recovery  
SEPIL is fundamentally opposed to recovering the Establishment Costs (EC) based on Recoverable Reserves Remaining (RRR). SEPIL stated that obtaining accurate data from all parties would be extremely difficult as there are a number of different determination methods. There is also the issue of confidentiality for releasing such data. Verifying the data would also incur costs and take time. SEPIL also stated that reserves quoted can change significantly over the lifetime of a reservoir.  
SEPIL proposed an alternate methodology based on years remaining over a ten year EC repayment period. Another option is to apportion EC based on annual production volumes as these figures can be easily verified.

CER response – The CER will give consideration to SEPILs comments regarding the use of RRR and the alternate methodology based on years remaining and production volumes.

- EC repayment

SEPIL reiterated their previous consultation response comments regarding the loan repayment timelines stating that repaying the EC over three years does not meet the fairness criteria. SEPIL also stated that the CER should not begin to levy until it is in a position to discharge all its functions. SEPIL requested clarity on the percentage split between apportionment options for the EC.

CER response – The CER acknowledges the short EC repayment timeline, however it is not in a position to extend the repayment period and must recover all costs by 2016.

Under the Act the CER can recover costs reasonably incurred in the discharge of its functions. The CER has a function to establish and implement a petroleum safety framework. Therefore the CER can levy for these costs early 2013 as set out in the Draft Decision Paper.

The CER clarified that the split is 60/40 for Recoverable Reserves Remaining and infrastructure respectively.

- Levy payment - general

SEPIL requested clarity on when petroleum undertakings commence being subject to the Levy e.g. following acceptance of a safety case for a designated petroleum activity.

SEPIL stated that the clawed back levy amounts should be directly reimbursed and not credited to future levy bills.

CER response: The CER will consider the comments made in relation to the levy payment start date and reimbursing the original EC payees directly.

- Regulatory overlap

SEPIL reiterated their previous comments in relation to regulatory overlap in Ireland. They also noted that it is possible that staff involved in the PSF may carry out downstream regulatory activities as part of the wider CER safety division due to their expertise. SEPIL requested that the staff cost associated with such activities is apportioned to the relevant stakeholders.

CER response – The CER is aware of the need to minimise regulatory overlap and duplication of efforts. To this end, it is working with the relevant statutory authorities to develop formal interface arrangements with respect to the carrying on of respective petroleum functions. It should be noted that the CER and other regulators cannot delegate their functions to another body.

Where PSF staff are engaged in downstream safety regulatory activities, the associated direct and indirect costs will not be recovered through the Petroleum Safety Levy.

### 3. *Closing*

The CER noted that the Decision Paper is due for publication late January 2013.