

**Draft Decision Paper Petroleum Safety Levy
Respondent Meeting
IOOA
Wednesday Dec 12th 2012**

Location: CER Offices
Time: 14.00

Attended by: Fergus Cahill IOOA
Mike Murray IOOA (Kinsale)
John Conroy IOOA (SEPIL)
Fergus Roe IOOA (Providence)
Paul McGowan CER
Róisín Cullinan CER

Minutes:

1. Introduction

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

2. Discussion on IOOA response to the Draft Decision Paper:

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

- **Establishment Costs**

IOOA stated that the industry should not be required to align with the CERs financing terms and conditions for the PSF, specifically the requirement to repay the Establishment Costs (EC) by 2016. IOOA stated that there is no precedence for this and that the CER should refinance.

IOOA stated that the claw back was not a claw back as it is proposed that monies recovered from future petroleum undertakings would be credited to a future levy bill of the original payees and not directly repaid.

One member of IOOA stated that the use of Recoverable Reserves Remaining to apportion ECs is not possible. It was stated that even if a common criteria for estimation was set out, huge variation would still be likely. Obtaining such figures in itself was also noted as being difficult and confidentiality would also be a factor. Another IOOA member noted that verifying the data takes significant time. It was proposed to use time remaining over a ten year period as an alternative.

IOOA requested clarity on the apportionment split as the Draft Decision Paper included a typo.

CER response – The CER acknowledges the impact of the three year repayment period for the EC on the industry. However, the CER is not in a position to amend

its financial arrangements and it must recover its costs through the Levy for the EC by 2016. The CER also stated that there is precedence for levying industry for project set up costs within the CER, as was the case for the SEM establishment cost recovery.

IOOA did not agree that the precedence referred to constituted a similar situation.

The CER will take the point in relation to the repayment of the claw back monies into consideration in the development of its Decision Paper.

The CER confirmed that the EC apportionment split in the Draft Decision Paper is 40% infrastructure/ 60% recoverable reserves remaining.

- **Operational Costs**

IOOA stated that the Decision on the Levy should not be published until the industry is made aware of the level of costs associated with the Safety Case Fees.

CER response – The CER stated that the consultation on the Safety Case Fees will follow the Decision Paper on the Petroleum Safety Levy early in 2013. It noted that the current consultation is on the Petroleum Safety Levy methodology and not the level of costs.

IOOA stated that it requires information on the Safety Case Fees to determine how much individual petroleum undertakings will be liable for under the Levy and that this information should be forthcoming prior to the Levy Decision

CER response – The CER reiterated its earlier response.

- **Level of costs/time lines**

IOOA requested a full and transparent breakdown of the Levy costs.

IOOA also stated that it was unnecessary to incur such costs in the development of a risk based safety framework as sufficient guidance was already in place internationally, which Ireland could have adopted directly.

IOOA also stated that there are existing expertise within the public service which could carry out the work required under the PSF and that duplication of efforts and resources should not occur. Examples such as HSA standards and expertise were given.

IOOA stated that the CER cannot impose the Levy until it is in a position to discharge all of its functions.

CER response – The CER is required under the Act to separate the petroleum safety costs in its financial reports. The costs associated with the PSF will be set out in the CER annual accounts which are audited annually.

The CER does not agree that directly adopting an existing international safety framework in Ireland would be appropriate or fit for purpose. A framework aligned

with our legislation is required that ensures the highest levels of safety are achieved which are in line with best international practice.

The CER stated that it is engaging with its stakeholders with a view to minimising duplication of efforts. It cannot however delegate its functions to another party.

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.

- **Other**

IOOA requested that the CER provide a road map for the transition of regulatory responsibilities from the DCENR to the CER.

CER response – The CER noted that this point was outside the levy consultation topic. However, it stated that it has begun the development of individual transition strategies with the DCENR for all petroleum undertakings which are scheduled to be completed pre-November 2013.

3. *Closing*

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