



Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

Safety Case Fees Structure and Methodology

Part of the Petroleum Safety Framework

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List of Terms

Words and phrases defined in Section 13A of the Act shall, unless the context otherwise requires, have the same meanings when used in this Paper.

Term	Definition or Meaning
(the) Act	The Electricity Regulation Act, 1999 as amended, inter alia, by the Petroleum (Exploration and Extraction) Safety Act 2010 and the Petroleum (Exploration and Extraction) Safety Act 2015
Acknowledgement of Compliance (AoC)	Following an assessment, an acknowledgement by the CER that a non-production safety case meets certain aspects of the <i>Safety Case Requirements</i> . This does not amount to safety case acceptance.
Framework	The collection of regulations, written regulatory documents and procedures which, taken together, describe the system the CER will use to regulate the activities of petroleum undertakings, operators and owners with respect to safety, including, without limitation the petroleum safety framework established under section 13I of the Act.
Requirements of the Petroleum Safety Framework	CER/16023 <i>Requirements of the Petroleum Safety Framework</i> as amended from time to time.

1 Background

1.1 The Petroleum Safety Framework

The Electricity Regulation Act 1999 (the Act), as amended from time to time including by the *Petroleum (Exploration and Extraction) Safety Act 2010* and the *Petroleum (Exploration and Extraction) Safety Act 2015* gives the Commission for Energy Regulation (CER) responsibility for the safety regulation of petroleum exploration and extraction activities in Ireland. The Petroleum Safety Framework (the Framework) is the overall system established by the CER to regulate the safety of petroleum activities, in particular designated petroleum activities.

1.2 Permissioning System and Safety Cases

The Act requires petroleum undertakings that intend to carry on a designated petroleum activities to submit a safety permit application to the CER with respect to that designated petroleum activity. Under the Framework, there are three types of safety permit, each corresponding to a class of designated petroleum activity. These are:

- A Well Work Safety Permit;
- A Production Safety Permit; and
- A Decommissioning Safety Permit.

In order for a safety permit to be issued, the associated safety case(s) and notifications¹ have to be assessed and accepted by the CER. These are submitted by owners and operators. The safety permits and associated safety cases are set out in Table 1 below.

Designated Petroleum Activity	Safety Permit (Petroleum Undertaking)	Safety Case or Notification (Operator)	Safety Case (Owner)
Well Work ²	Well Work	Well Work Safety Case Production Safety Case ³	Non-production Safety Case
Production	Production	Production Safety Case	n/a
Relocation of a Production Installation ⁴	Covered by a material change to a Production Safety Case		n/a
Decommissioning	Decommissioning	Decommissioning Safety Case	n/a

Table 1 Class of designated petroleum activity, required safety permit & prerequisite safety case

1.2.1 Safety Case Assessment Process

On submission of a safety case for acceptance, the CER carry out a safety case assessment with a view to accepting or rejecting the safety case. The CER safety case assessment

¹ A combined operations notification or a design notification.

² The requirements are outlined for well work offshore.

³ Not required if the Well Work Activity is carried out from a non-production installation.

⁴ A combined operations notification or a design notification

process is comprised of a number of stages, which are detailed in CER internal processes. The key parts of these are:

- A. *Administrative Check*: To confirm whether the safety case includes all the required parts and the fee has been submitted.
- B. *Completeness Check*: To confirm whether the safety case has the information required – no assessment of this information is made at this time.
- C. *Assessment Process*: Detailed assessment by discipline experts headed by a Safety Case Lead as to whether the safety case complies with the requirements of the Act and the Framework. During the assessment process, the CER may ask an operator or owner for additional information relating to, amongst other things:
 - a. Clarifying part of the safety case; or
 - b. Confirming that the owner or operator's processes or petroleum infrastructure are consistent with that described in the safety case, and that these are such that the risk is ALARP.
- D. The CER may also carry out an inspection as part of the safety case assessment.

1.3 Safety Case Fees

Section 13R of the Act provides for recovery of costs by the CER related to its assessment of safety cases. In summary, the Act provides that:

- where an operator/owner submits a safety case under 13M or a revised safety case under 13N it shall be accompanied by a fee as the CER may determine appropriate having regard to the nature of the designated petroleum activity and the nature and extent of the petroleum infrastructure to which the safety case or revised safety case relates⁵;
- through this fee, the CER can recover all reasonable costs and expenses which it is likely to incur in the assessment of a safety case and matters directly pertaining to the case concerned including the costs and expenses incurred in determining conditions relating to issue of a safety permit or the refusal to issue a safety permit⁶; and
- the CER must make information on the structure and methodology of how it has determined such fees available to the petroleum owner/operator concerned where requested to do so⁷.

There is no fee associated with the CER assessment of a safety permit application.

1.4 Purpose of this Paper

This paper sets out the safety case fees and the structure and methodology of how these fees have been determined. It also sets out the cost recovery approach that will be employed by the CER to recover all reasonable costs incurred in the assessment of the various types of safety cases.

⁵ Section 13R(1).

⁶ Section 13R(2).

⁷ Section 13R(3).

2 Safety Case Fee Structure

Section 13R of the Act stipulates that the safety case fees are to accompany safety cases submitted for consideration assessment by the owner/operators. This section sets out:

- the initial safety case fees to accompany: and
- the methodology for the calculation and administration of the final safety case fee.

2.1 Initial Safety Case Fee

The initial safety case fees to accompany the various safety case submissions are set out in Table 2 below. Further details on the different types of safety cases to be submitted to the CER is provided in the CER document *Requirements of the Petroleum Safety Framework*.

Safety Permit/AoC	Payer	Safety Case	Initial Fee €
Acknowledgement of Compliance (AoC)	Owner	Non-production Safety Case Without inspection	105,000
	Owner	With inspection	130,000
Well Work Safety Permit	Operator	Well Safety Case ⁸	60, 000
	Owner	Non-production Safety Case with an AoC	5,000
	Owner	Non-Production Safety Case without an AoC	130,000
Production Safety Permit	Operator	Production Safety Case	300,000
Decommissioning Safety Permit	Operator	Decommissioning Safety Case	90,000
Material Change	Operator or Owner	Any	10,000

Table 2: Initial safety case fees accompanying safety cases

Many factors can influence the actual fees incurred in the assessment of safety cases, such as:

- The quality of the submission;
- Number of CER requests for additional information required to complete assessment;
- The scope of the material change;
- The level of changes made to the Non-production safety case since it gained an AoC; or
- Location of non-production installation at time of inspection.

The initial safety case fees here are based on an estimate of the days required to carry out a safety case assessment for each safety case type allied to an appropriate day-rate, details of which are set out in the Appendix I.

⁸ Where an application for Well Work involves a Well Safety Case and a Production Safety Case, the safety case fee will be for the Well Safety Case only.

2.1.1 Material Changes

The initial safety case fee set out in table 2 represents the estimated minimum cost of assessing a material change request. The actual level of safety case fee can vary greatly depending on the scope of the proposed material alteration to the safety case.

2.2 CER discretion on the level of initial safety case fee

The initial safety case fees set out in this paper have been deemed appropriate and proportionate to cover the expected minimum costs associated with the associated CER safety case assessments. Where an owner or operator deems that their particular safety case submission does not align with the categories set out above they may make a case to the CER for a review of the safety case fee for their particular safety case submission. Applicants should make this case to the CER at the earliest opportunity during pre-submission talks to enable CER to make a determination on an appropriate initial safety case fee level prior to the submission of the safety case.

2.3 Final Safety Case Fee

As set out above, the initial safety case fee is an estimate as the CER can only recover the reasonable costs and expenses incurred during the assessment of the safety case and the issuance or rejection of a safety permit. Once the safety case assessment is complete the CER will calculate its actual costs in assessing the safety cases – this is the final safety case fee.

The final safety case fee is based on the total actual costs incurred by the safety case assessment team for an assessment. Where the initial safety case fee is less than the final safety case fee, the CER will recover the difference from the owner/operator. Where the initial safety case fee is greater than the final safety case fee, the CER will rebate to the owner/operator the difference.

Appendix I: Methodology for Determining Initial Safety Case Fee

Basis for Initial Safety Case Fee

Safety case assessments are carried out by a mixture of in house CER and external technical consultants, depending on the type of safety case submitted. Therefore the factors influencing the calculation of the initial safety case fee are the:

1. Estimated minimum number of days of in house assessment required;
2. Estimated minimum number of days external consultancy assessment required; and
3. Type of external consultancy assessment required (different rates for different disciplines).

While CER endeavour to carry out as much of the safety case assessment in house as is possible, as consultancy support rates are based on industry prices, the required number consultancy days is a larger contributing factor in the calculation of the safety case fee. The required external consultancy support specialism can also have a noticeable impact. For instance an assessment by a well specialist may cost up to 40% more than that of a human factors specialist.

The initial safety case fees set out in this paper have been calculated based on 2015/2016 external consultancy support rates.

The table below illustrates how the initial safety case fees were calculated, taking into account the three influencing factors above.

Safety Permit/AoC	Safety Case	Estimated Assessment Days	Average Day Rate €	Initial Fee €
Acknowledgement of Compliance (AoC)	Non-production Safety Case without inspection	70	1500	105,000
	Inspection	20	1250	25,000
Well Work Safety Permit	Well Safety Case	30	2000	60,000
	Non-production Safety Case with an AoC	4	1250	5,000
	Non-Production Safety Case without an AoC	Same as AoC with Inspection		130,000
Production Safety Permit	Production Safety Case	200	1500	300,000
Decommissioning Safety Permit	Decommissioning Safety Case	60	1500	90,000
Material Change	Any	8	1250	10,000

Table 3: Basis for Initial safety case fees accompanying safety cases

The rates in this paper are exclusive of value added tax.

The initial safety case fee levels indicated above include an estimate of travel and expenses incurred in the assessment of safety cases, such as those associated with onsite inspections.

The rates and number of assessment days indicated above differ from those set out in Version 1 of this paper⁹. These changes reflect the operational experience of the CER during the first 26 months of operation of the Framework and reflect the actual fee levels incurred by CER during this period. CER will continue to monitor the alignment of the estimated safety case assessment days and associated day-rates with actual practice through its experience of operating the Framework.

While external costs significantly impact the CER safety case fee levels, it is the continuing aim of the CER to operate the Framework in the most efficient manner and to utilise in house technical expertise in all cases where possible to lower the safety case fee levels year on year. As the fee levels change, the CER will update this paper accordingly to provide better alignment with actual costs.

⁹ Safety Case Fees Structure and Methodology Decision Paper – CER/13/170