

NOPSEMA Environment Management Regulatory Update and Workshop

Melbourne

26 July 2012

- Agenda
 - Safety briefing
 - Introductions and scoping
 - Regulatory update + Six-month look back
 - OSCP Guidance and Updates*
 - EP Guidance Note Project – Update*
 - Future activities and regulatory reform*
 - Close

- To provide an opportunity to east coast based offshore petroleum operators to contribute to aspects of Environmental Management and its regulation
- Outcomes
 - Updated knowledge of assessment process and current status of submissions
 - Reflected on the first six months of NOPSEMA regulation
 - Provided input into work priorities and regulatory reform

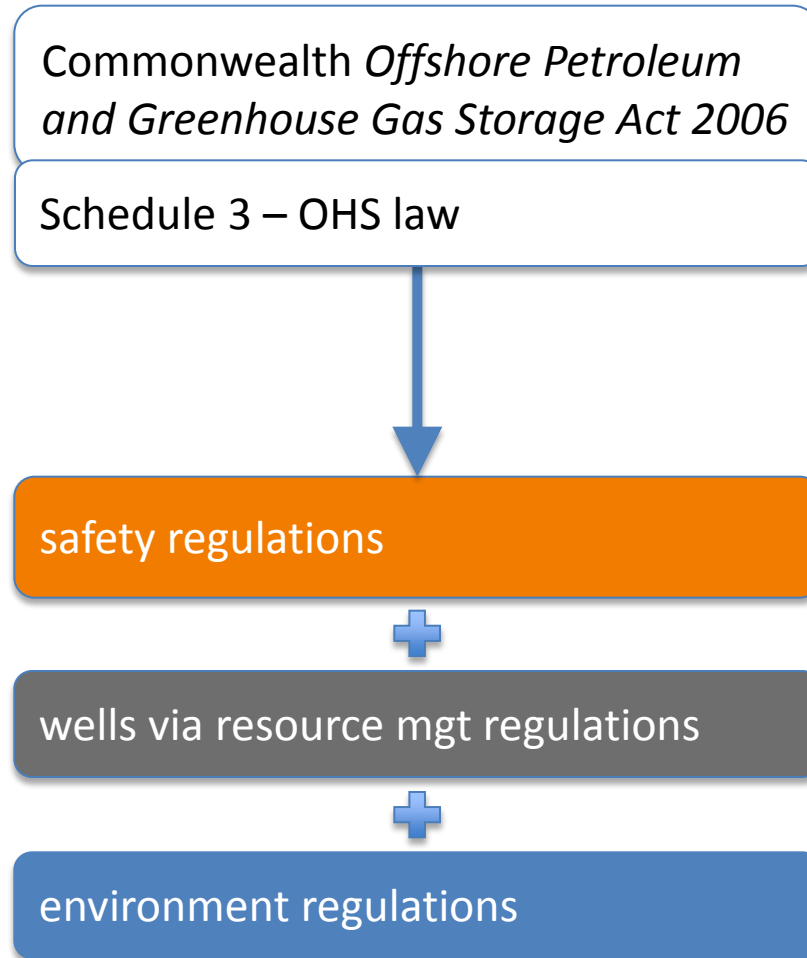


- Mutual agreement on direction
- Recognise the importance of and contribute to continuous improvement

- The operator is the best person to manage the risk.
- A safe and environmentally responsible offshore petroleum industry.
- Industry wants the flexibility of an objectives based approach.
- Industry needs a strong, independent and professional regulator.
- An industry, government and regulator prepared and ready to respond to significant oil spill incidents.



Legislation administered by NOPSEMA



Assessment

- Independent, sampled evaluation of an operator's submission against the regulations
- Challenge operators: "Have you done enough?"

Inspection

- Independent, sampled inspection of the petroleum activity against the accepted EP and regulations
- Challenge operators: "Are you doing what you said you would do?"

Investigation

- Independent inspection to determine what went wrong and determine whether enforcement/prosecution is required
- Challenge operators: "What wasn't done? What can we learn?"

Enforcement

- Take action within powers under the Act and regulations to secure compliance

Regulatory Update + Six-month look back

Submissions Received	62
Transferred from DAs	6
Acceptances	26
Refusals	3
Returned to Operator	16
With NOPSEMA	17

*as at 25 July 2012



Summary of NOPSEMA activities 2012 to date

- 60+ operator liaison meetings
- Assessments
 - 87% accepted vs 13% refused
 - 98% assessments within timeframe (30 days)
 - 20 days average time for notification
- Inspection program commenced
- 7 industry workshops, Perth and Melbourne
 - Environment Plans, OSCP's, Guidance Development
- Guidance for spill preparedness and response
 - OSCP Preparation Guidance Note Revision 2
 - Explanatory Note



Engagement program: tailored and two-way communications

Operator liaison meetings

Operator regulatory clarification meetings

Operator liaison on decisions

Ad-hoc advice requests (email and phone)

Policies and Guidance Notes

NOPSEMA decisions feedback

Industry performance reporting

Regulatory

Industry briefings

Other stakeholder briefings

Industry env mgt workshop program

APPEA committees and quarterly liaison

High level operator liaison

CEO delegation briefings

The Regulator newsletter

Alerts

NOPSEMA feedback/complaints

Non Regulatory

Key issues working groups (Co-lead or participate)

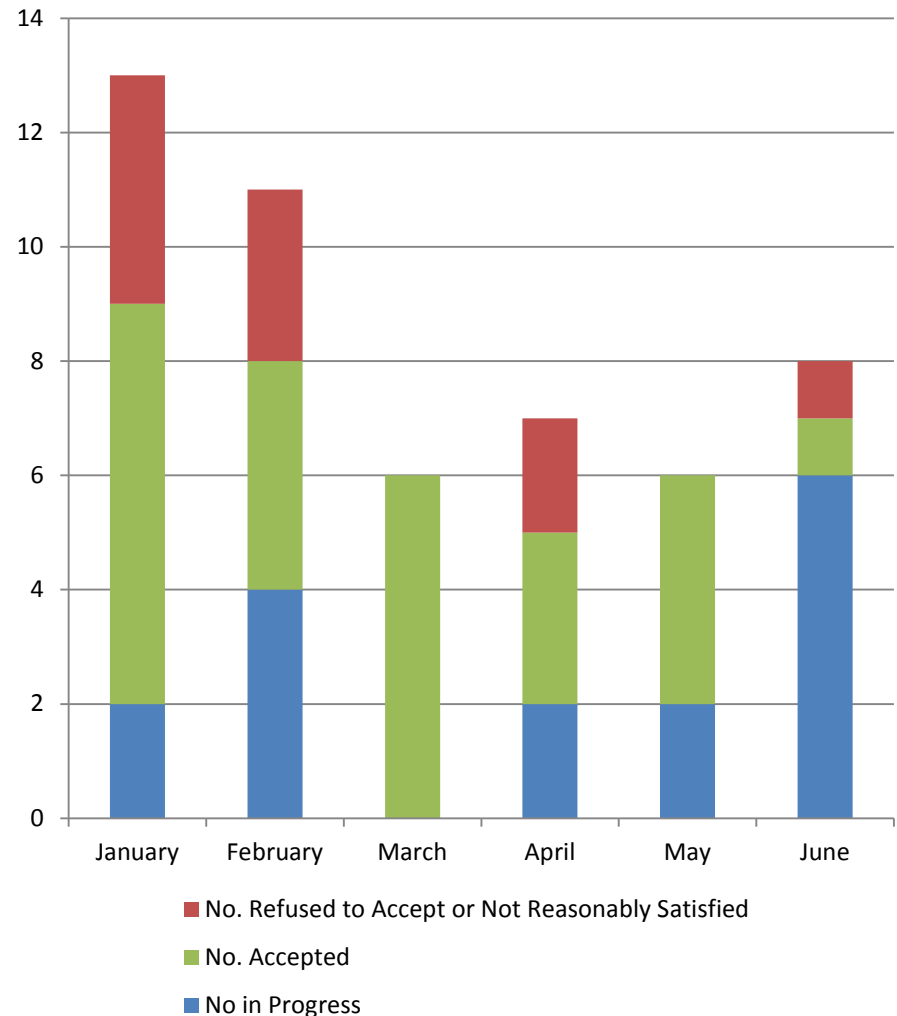
Input / review to APPEA guidelines and standards

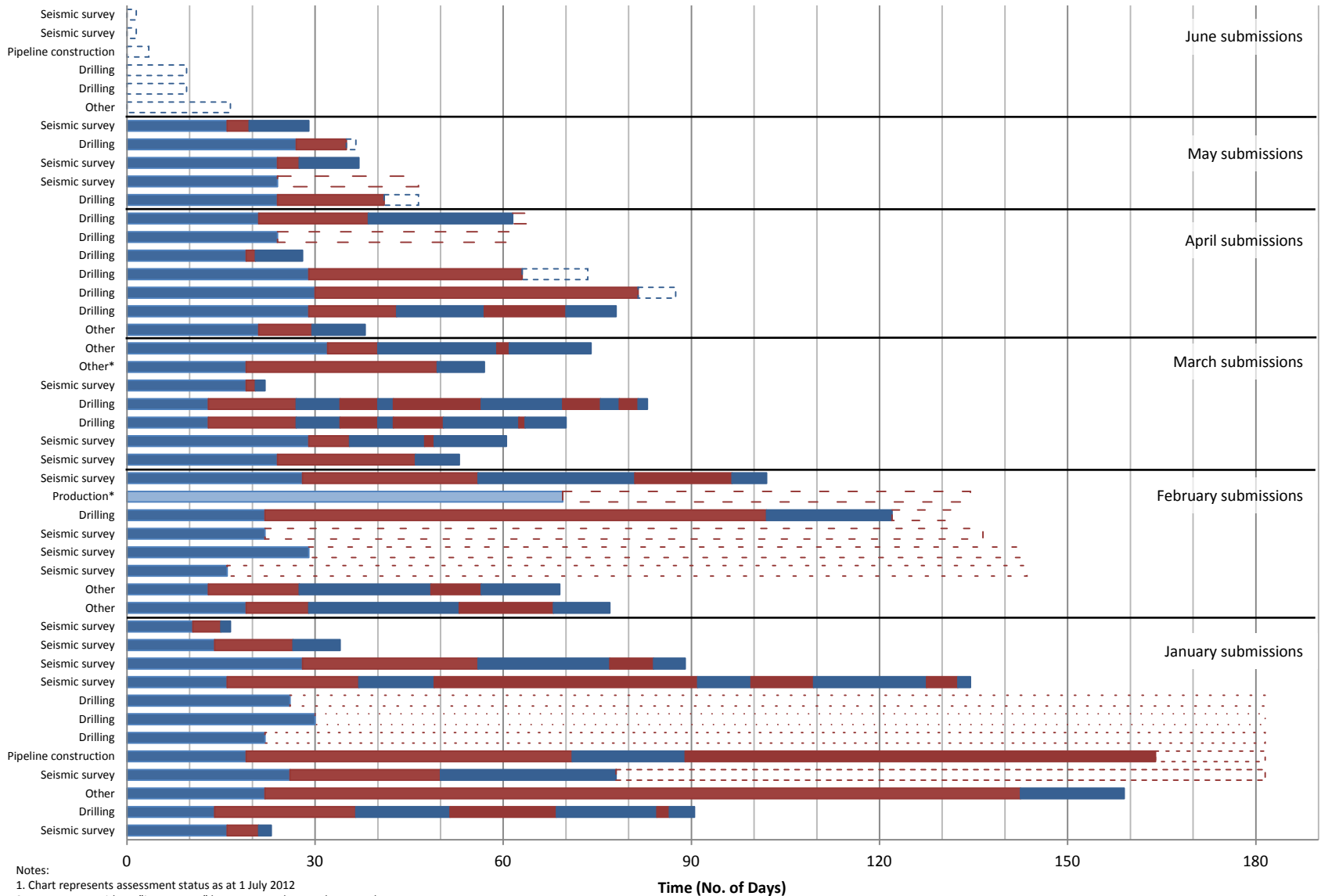
Regulators for a (APRF, IRF, IOPER and AELERT)

Conference and seminar participation

External Opportunities

- Peak of submissions in January/February but increasing trend since March
- Average time to first notification is 22 days
- 98% of Notifications made within 30 day time period





Notes:

1. Chart represents assessment status as at 1 July 2012
2. Assessments without "in progress" bars are complete and accepted
3. * indicates activities for which additional time for notification agreed with the operator to allow for complex assessment and/or operator's assessment priorities.

■ NOPSEMA ■ Operator ■ In Progress

Regulation 11(1)(b) – **demonstrates** that environmental impacts and risks of the activity will be reduced to as low as reasonably practicable (**ALARP**)

- On commencement - 1 January 2012:
 - Limited demonstration of ALARP
 - Confusion with demonstration of acceptable levels
- 6 months after commencement - now:
 - Methodologies
 - Options analysis/cost benefit analysis/hierarchy of controls
- The future:
 - Refinement and fine-tuning
 - Consideration and better use of existing studies and information

- Regulation 11(1)(d) – provides for **appropriate** environmental performance **objectives**, environmental performance **standards** and measurement **criteria**
- On commencement - 1 January 2012:
 - Not specific
 - Not measurable
- 6 months after commencement - now:
 - Often measurable and specific
 - Confusion regarding standards and measurement criteria
- The future:
 - SMART
 - Risk and activity specific

Regulation 11(1)(f) – **demonstrates** the operator has carried out consultation with **relevant persons**

- On commencement - 1 January 2012:
 - Brief description of consultation
- 6 months after commencement - now:
 - Summary
 - Generally contains an assessment of merit
 - Full text of responses
- The future:
 - Strategic engagement by industry



Offshore Petroleum and Greenhouse Gas Storage Act 2006

- Section 646, 600, 601
- Inspection policy published
- Inspection types: *planned* and *other*
- Provision of inspection briefs and reports
- Sampled and team based approach to inspections
- Inspection to secure compliance against the accepted EP

Annual Environmental Management Inspection Program

- **Inspection Targets**
 - 4 Inspections have been undertaken or currently underway
 - 2012/13 inspection target of 25 different activities
 - Inspections will include a sample of facilities, MODU's and other activity types
 - Long term inspection target of ~70 activities
- **Transitional Arrangements**
 - Environment plans accepted by DA's will not be the focus of the annual inspection program

Challenges

Environmental monitoring requirements not explicitly stated in the Regulations

Determining the extent of monitoring warranted

Gaps in regional baseline environmental data

Demonstrating risks and impacts are acceptable and ALARP

Relating objectives to protection of the receiving environment

Demonstrating environmental objectives can be met

Limited data sharing and lessons learnt



Opportunities

Environmental monitoring requirements not explicitly stated in the Regulations

Flexibility to demonstrate an appropriate level is achieved

Industry collaboration at regional level

Reduce operator requirements for monitoring

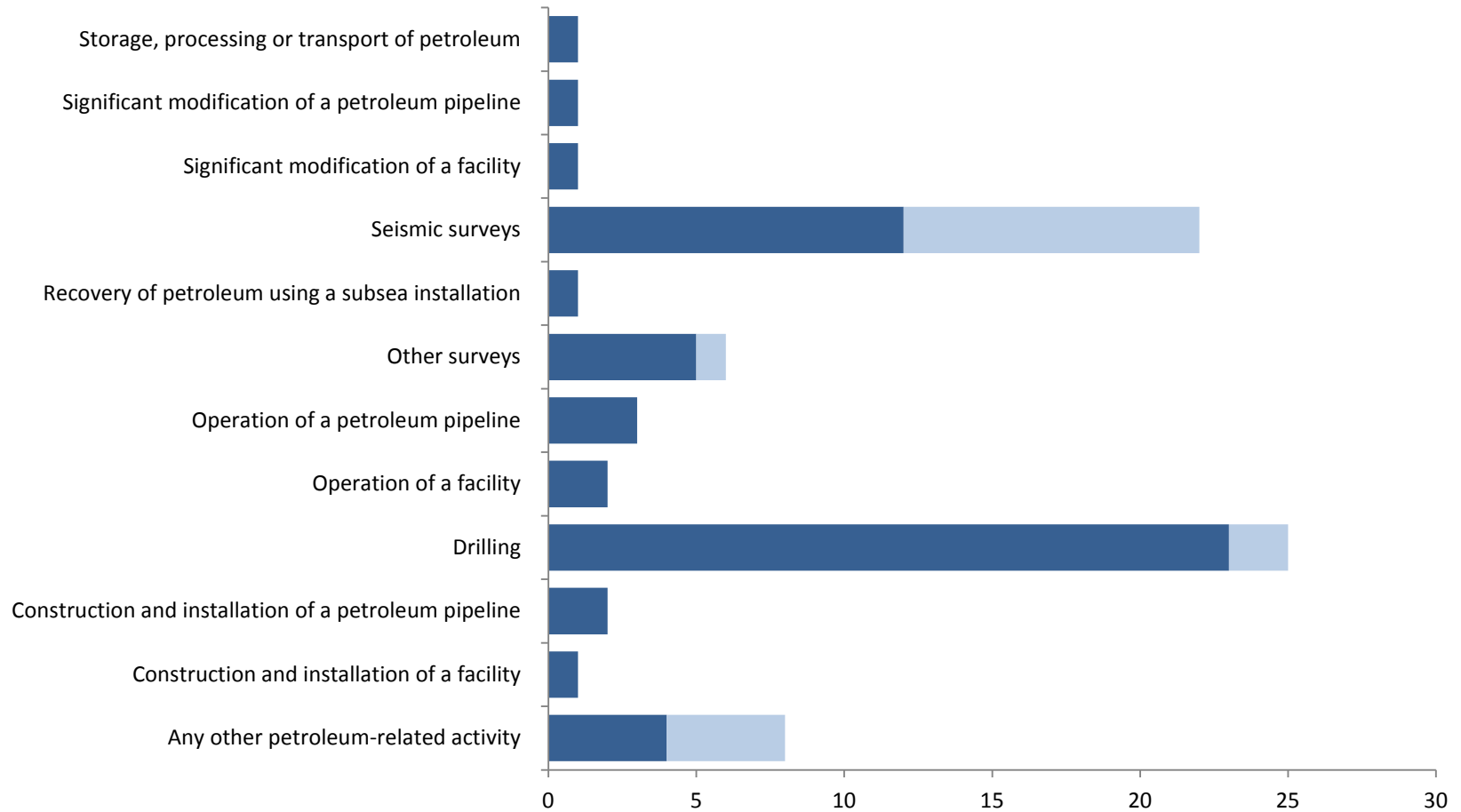
Increase regulator and stakeholder confidence

Results in accepted and achievable approaches

Greater transparency and less duplication of effort

Environment Plan Assessment by Activity Type

■ Oil spill detailed topic of assessment
 ■ Oil spill general assessment





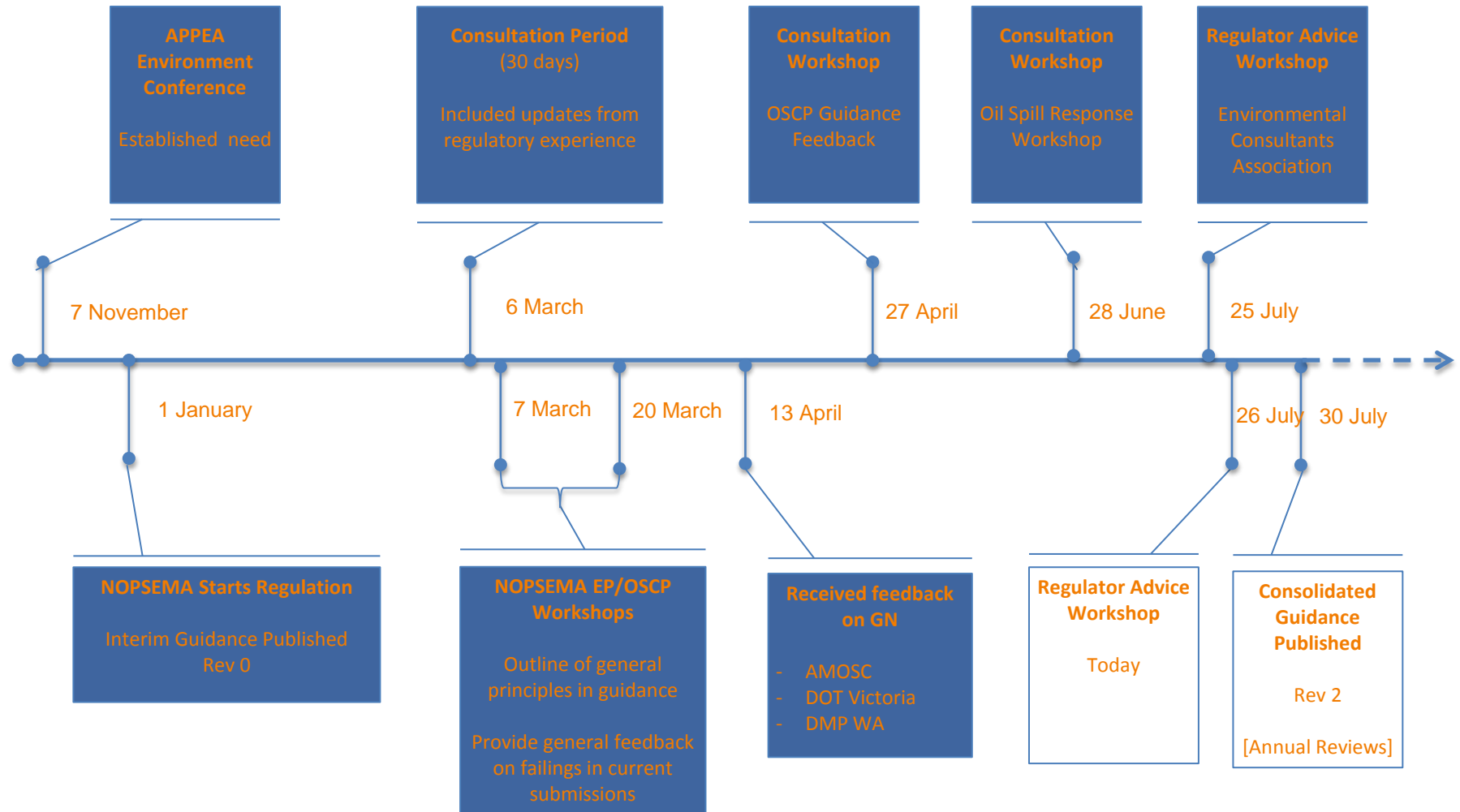
NOPSEMA's Engagement with the National Plan

- On commencement - 1 January 2012:
 - NOPSEMA's integration into the National Plan
 - Renewed focus on consultations between operators and OSROs
- 6 months after commencement - now:
 - Explanatory note published
 - OSCP Guidance
- The future:
 - National Plan Review

Any Questions?

OSCP Guidance and Initiatives

Spill Assessment Engagement Timeline





- Observed improvement in the quality of submissions

- Oil spill activities to be considered as part of the activity
- Description of the environment that may be impacted
- Objectives/Standards/M Measurement Criteria
- Implementation strategy
- Stakeholder consultation
- Compliance is with the whole submission not just the EP

Four Focus Areas

- Response Framework
- Communication and Consultation in Response
- Coordination of Resources
- Regulatory Matters

Focus Area A

Response Framework and Responsibilities

Division of Responsibility

Duty Holder (title holder / operator) , Combat Agency

14

Trans-boundary Spills Impacts

Commonwealth, State, International

3

Organisational & Response Structures

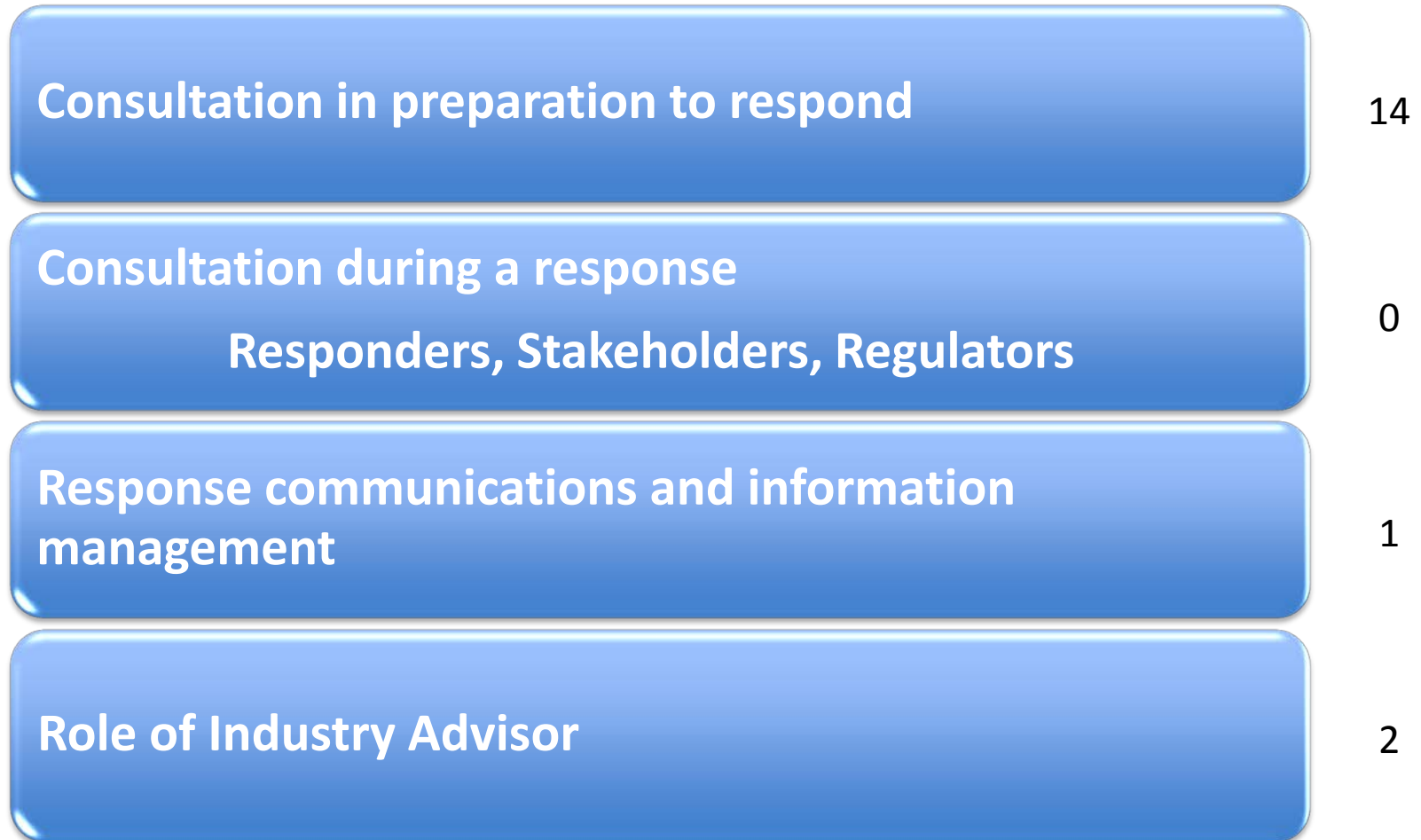
0

Transitional Arrangements

Escalation, effective response capability

1

Communication & Consultation in Response



Oil spill response training and competence

6

Equipment availability

- for multiple operators (more than one spill)

2

Access to the oil spill response atlas (OSRA)

4

Financial Arrangements

- insurance & cost recovery, responders & stakeholders

1

Waste management issues

3

EPBC Act Exemption

3

**NOPSEMA key functions during response –
Assessment, Inspection, Investigation, Enforcement**

5

Significant Incident Directions

3

EP Guidance Note Project

Guidance note project – why?

- NOPSEMA have recognised that additional guidance around the Environment Plan Regime is necessary
- Family of guidance notes will replace Interim Environment Plan Preparation Guidance Note
- NOPSEMA is developing other guidance outside of the EP Guidance Note Project

- Initiated process at APPEA environment conference (Nov 2011)
- Interim EP guideline published (replaced previous RET guidance)
- OSCP guideline published
- Perth Workshop on structure and scope (May 2012)

- Consistent with OPGGS(E) Regulations
- Consistent with objective based regime
 - Focus on ‘what needs to be demonstrated’ not ‘how to demonstrate’
- Provide clear guidance on NOPSEMA’s expectations for Environment Plan content
- Avoid regulatory creep

- NOPSEMA is restructuring guidance notes to better reflect regulations
- Interim guidance note being updated as overview for subsidiary guidance notes being prepared
- NOPSEMA is reviewing it's web document structure to make expectations clear (i.e. differentiating regulatory interpretation from general advice)

- Key topic areas from Perth workshop:
 - Line-of-sight to regulations
 - ALARP
 - Consultation
 - Risk Assessment processes
 - Performance Objectives, Standards and Measurement Criteria
- Any others identified today....

Any Questions?

Future Activities and Regulatory Reform



Environment Regulations Review

- First major review in 12 years
- Headed by the Department of Resources, Energy and Tourism
- NOPSEMA provide specialist technical input
- Industry comments coordinated through APPEA
- NOPSEMA will coordinate a workshop in August to collate and provide industry input to RET
- Terms of reference finalised and issues paper currently under draft

- Regulatory review process
- Scope of the review
- Review topics identified by NOPSEMA
 - Operator/Titleholder obligations
 - Request for further written information
 - Principle of natural justice
 - Definition of petroleum activity
- Any other areas identified by industry

- Suggested topics for this workshop
 - Definitions (Reg 4)
 - Acceptance process and procedure (Div 2.2)
 - Consultation (Div 2.2A)
 - Contents of an Environment Plan (Div 2.3)
 - Revision of an Environment Plan (Div 2.4)
 - Incidents, reports and records (Part 3)
 - Operators of activities (Div 4.2)

Workshop Session



- Several options for streamlining under the EPBC Act currently being explored
- Government response to
 - Productivity Commission
 - Montara Commission of Inquiry
 - EPBC Act Hawke Review
- Liaison with SEWPaC and RET ongoing
- Reduction in duplication for the upstream petroleum sector
- Improvements in environmental regulation for most activities through a single Regulator with industry focus



- Aiming to put forward amendments to the OPGGSA at the spring sitting
- Standardisation of the powers of NOPSEMA inspectors to issue notices and collect evidence
- Polluter pays principle to be enshrined in the Act
- Introduction of Civil Penalties– graduated enforcement regime
- Managed by the Department of Resources, Energy and Tourism

The next 12 months – Assessment & Compliance

- Continued assessments and inspections
 - Further clarification on notification of decisions
- Inherited Environment Plans
- Environmental management workshops
- Environment plan guidance
- Environment regulation review



The next 12 months – Monitoring & Analysis

- Develop guidance notes for:
 - Off the Shelf Monitoring Program (OSMP)
 - Baseline and operational monitoring
- Environmental Impact Monitoring Forum
- Advice – presentations, operator liaison meetings and Regulator articles



The next 12 months- Spill Assessment

‘ensure all appropriate measures are taken to prepare for and respond to an oil pollution incident from offshore petroleum activities’

- National Plan Review
- SpillCon 2013
- Oil Spill Preparedness and Response Forum



Any Questions and Close