Offshore Petroleum Environment Regulation

Cameron Grebe, General Manager Environment Division, NOPSEMA

Briefing to Pearl Producers Association
27 November 2014
• NOPSEMA background, jurisdiction and responsibilities
• Environmental management regulation
• Environment plan process overview
• Consultation requirements
• Consultation challenges and opportunities
• NOPSA established in 2005 for OHS
• Montara Commission of Inquiry and Australian Government response
• Well integrity regulation commenced April 2011
• Environmental management function and NOPSEMA commenced 1 January 2012
• EPBC Act endorsement from 28 February 2014 to become single national offshore petroleum regulator
Note: State and Northern Territory coastal waters conform more or less to the Australian continent and associated islands. Commonwealth waters extend seaward from the edge of the three nautical mile limit of designated coastal waters, to the outer extent of the Australian Exclusive Economic Zone at 200 nautical miles.
Independent statutory authority

- Responsible Commonwealth minister
- COAG Energy Council: consultation on policy/direction
- Responsible state and Northern Territory minister

- Reporting, policy/direction
- Reporting and information
- Advice and recommendations

- NOPSEMA CEO
- NOPSEMA Board

Advice and recommendations
Inform, request advice
Legislated functions

- Monitor and Enforce
- Investigate
- Compliance
- Promote
- Advise
- Improvement
- Co-operate
- Report
- Governance
Overview: Stages of petroleum exploration and development

Environment Plan required

- Seismic exploration
- Site surveys
- Exploration drilling
- Appraisal drilling
- Construction
- Operations
- Pipeline transport
- Decommissioning

Example timeline from title award if petroleum discovered

- Exploration (& appraisal if discovery) ~ 3-5 years
- Development ~ 4-10 years
- End of Life ~ 1-30+ years

* New development without EPBC Act decision
• OPGGS Act and Environment Regulations
• Objectives of Environment Regulations
  – Principles of ESD
  – Impacts and risks are ALARP and to an acceptable level
• Amendments to Regulations 28 February 2014
• EPBC Streamlining
• Other Act amendments to strengthen environmental compliance/enforcement
Environmental approval process

Development Projects
- Consultation process and early regulatory acceptability decision – development projects must use this route

Proposed Development (Offshore Project)
- Titleholder must use OPP process

Offshore Project Proposal (OPP) Process
- Prepare Offshore Project Proposals - Demonstrate acceptable level - Foreshadow component activity EPs
- Public Consultation
- Submit Proposal and Consult Report to NOPSEMA - Demonstrate & address submissions
- Regulatory Decision - acceptable - not acceptable

EP Process (for component activities of the Offshore Project)

All Activities
- For all activities (EP process with consultation) – majority of activities not currently subject to EPBC Act approval expected to use this route

Proposed Activity

EP Process
- Targeted Stakeholder Consultation - Relevant Persons identified by title holder (supported by guideline)
- Environment Plan - Demonstrate acceptable level - Demonstrate ALARP - Demonstrate consultation
- Submission and Assessment
- Public notification on Regulators Website
- Regulatory Decision - accept - refuse to accept
- Revision of EP can be triggered by new information e.g. from public
• Challenge titleholders to demonstrate all impacts & risks are managed to acceptable and ALARP levels.
• Substantial internal expertise
• Seek external advice where necessary
• Request for further information and/or provide opportunity to modify and re-submit
Risk management process (AS/NZS ISO 31000)

- Establish the context
- Risk identification
- Risk analysis
- Risk evaluation
- Risk treatment

Environmental management system (AS/NZS ISO 14001)

- Management Review
- Checking
- Implementation and Operation
- Planning

Continuous Improvement
Consultation requirements for environment plans

• Onus on risk creator to bear burden of proof and seek out views of affected parties
• Consultation required to be undertaken by titleholder during EP preparation and ongoing
• An EP must demonstrate that the titleholder
  – Has carried out the consultation required by Division 2.2A;
  – the measures (if any) that the titleholder has adopted, or proposes to adopt, because of the consultations are appropriate.
Consultation in the environment plan process

Planning Steps:

1. Review the legislative requirements & guidance
2. Identify risks, stakeholders & stakeholder issues
3. Evaluate the risks and identify potential controls
4. Consider feedback, assess merits, control measures, provide final responses
5. Submit EP to NOPSEMA for assessment
6. Commence activity, implement controls & systems

Titleholder: Planning: consultation with ‘relevant persons’ on impacts relating to functions, activities or interests via sufficient info and time

Implementation: ongoing consultation

NOPSEMA:
- Assessment of submission
- Enforce compliance
- Environment Plan Summary
• Regulations require titleholders to:
  – consult with all ‘relevant persons’
  – provide sufficient information to relevant persons
  – provide relevant persons with reasonable time period

• Consultation prior to commencement of NOPSEMA and prior to commencement of Streamlining
Ongoing consultation

• Titleholders must:
  – Describe the systems in the Implementation Strategy to maintain impacts/risks to ALARP and acceptable.
  – Provide for appropriate ongoing consultation plan as part of Implementation Strategy
  – Revise and resubmit the EP to NOPSEMA if new information results in a new or significantly increased impact or risk
Consultation requirements: good practices and compliance

• Guidance to assist titleholders and stakeholders in the consultation process
• Promotion and advice activities to provide advice on good practice approaches to consultation
• NOPSEMA compliance monitoring and enforcement program
• Industry standards: Oil and gas industry Code of Environmental Practice (www.appea.com.au)
Consultation challenges

• Challenges
  – Significant increase in consultation by petroleum titleholders since NOPSEMA commencement
  – Regulations require consultation to be specifically relevant to individual activities, therefore strategic consultation needs to be carefully demonstrated in EP
  – NOPSEMA does not have a role to intervene between conflicting parties. NOPSEMA must impartially assess a plan to the requirements of the Regulations
  – Stakeholder expectations of no risk / no impact rather than ALARP and acceptable levels of risk/impact
Opportunities to improve consultation

• NOPSEMA advice and promotion
  – Encouraging titleholders consider more strategic approaches
  – Ensure genuine attempts to achieve informed consultation: tailored information and consultation mechanisms to suit stakeholder needs
  – Additional published guidance, workshops

• NOPSEMA EP submission and EP Summary publication website

• Stakeholders can better effect activity
  – Be upfront and reasonable about expectations, seek clarification of titleholders’ proposed consultation process
  – Be specific/precise in responses and any requests for information
  – Focus on claims or objections in relation to how you believe your functions, activities or interests may be affected by the activity
More information:
www.nopsema.gov.au
E: information@nopsema.gov.au

Incident Notification / Complaint:
24 hours - (08) 6461 7090
E: investigations@nopsema.gov.au