

Safety Case Levies

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1. Purpose

The purpose of this policy is to provide a documented, systematic and consistent approach to the application of safety case levies.

2. Scope

This policy applies to the safety case as provided for in the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Act 2003* and in accordance with the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Regulations 2004*.

3. Relevant legislation

Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Act 2003 (Levies Act)

Offshore Petroleum and Greenhouse Gas Storage Act 2006 (OPGGS Act)

Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Regulations 2004 (Levies Regulations)

Offshore Petroleum and Greenhouse Gas Storage (Safety) Regulations 2009 (Safety Regulations).

It should be noted that dependant on the location of a facility, State or Northern Territory legislation may apply which may or may not mirror the Commonwealth legislation. For simplicity, this policy only makes explicit reference to the Commonwealth legislation; however the policy will be applied to each jurisdiction, where powers have been conferred on NOPSEMA.

4. Ratings

4.1. All facilities

NOPSEMA shall utilise information contained on the operator nomination form submitted to NOPSEMA for the facility, the operator registration worksheet for analysis of operator status form (N-01000-FM0065) and, where applicable, information contained in subsequent safety cases submitted to NOPSEMA, to determine the appropriate:

- facility rating (Schedule 1, Part 2 Division 2 of the Levies Regulations), or
- pipeline rating (Schedule 3, Part 1 Division 2 of the Levies Regulations).

Acceptance letters for safety cases submitted under Safety Regulations as applicable shall advise of NOPSEMA's determination of the rating(s) applied and (only for pipelines) if NOPSEMA considers the revision to be major or minor. NOPSEMA shall subsequently notify operators in writing regarding the

instalments payable for the facilities related to that safety case (noting that a safety case can cover multiple facilities).

4.2. Non-pipeline facilities

Stages in the life of a facility

NOPSEMA shall generally maintain the same facility rating across the construction, installation, operation, modification and decommissioning stages in the life of the facility. For the purposes of schedule 1, clauses 2.4 and 2.5 of the Levies Regulations, NOPSEMA does not consider progression through the stages in the life of the facility alone to constitute changes to the description of the facility. The only exceptions are for variable-rating facilities (section 4.4 below) and those facilities for which a change in activity and/or modification to a facility changes the facility rating e.g. a construction vessel which is modified to allow it to conduct pipe-lay activities.

Activities and facility ratings

In determining the most appropriate facility rating, NOPSEMA shall consider the scope of the safety case in terms of the description in the facility safety case of the activities that will, or are likely to, take place at, or in connection with, the facility¹ and not any description of the vessel or structure's *capabilities* that may also be described in the facility's safety case. NOPSEMA shall also consider the activities contained in clause 4, schedule 3 to the OPGGS Act as they relate to the categories of facilities or proposed facilities contained in schedule 1, part 2 of the Levies Regulations collectively represented in Table 1 below.

Where a facility safety case covers a range of activities NOPSEMA shall apply the facility rating that most accurately describes the facility.

For the purpose of determining the most accurate facility rating, NOPSEMA shall consider:

- i. servicing a well or doing work associated with the servicing process to include well intervention activities would attract the facility rating associated with item 6 in Table 1 below);
- ii. flexible flowlines used to convey petroleum to be pipes (where petroleum is defined in section 7 of the OPGGS Act), and hence would attract the facility rating associated with item 7 or 8(a), as appropriate, in Table 1 below;
- iii. a subsea development where the associated vessel(s) and/or platform(s) have been permanently removed to be a structure not otherwise listed and hence would attract a facility rating associated with item 11 in Table 1 below.

¹ As required by Regulation 2.5(1)(c) of the Safety Regulations.

Table 1- Facility activities, facilities and proposed facilities

Activities (Clause 4, Schedule 3 to the OPGGS Act)		Facilities (Clause 2.3 Schedule 1 of the Levies Regulations)	
Clause 4(1)(b)	Vessels or structures being used or prepared for use for:	Item	Facility or proposed facility
(i)	the recovery of petroleum, for the processing of petroleum, or for the storage and offloading of petroleum, or for any combination of those activities;	1	Floating liquefied natural gas facility
		2	Large platform with drilling or workover capability
		3	Platform, other than a platform mentioned in item 2 or 10, with accommodation facilities when drilling or workover facilities are in commission
		4	Platform, other than a platform mentioned in item 2 or 10, with accommodation facilities when drilling or workover facilities are not in commission
		5	Floating production storage and offloading facility
		9	Floating storage unit linked to a production platform
		10	Monopod, well head platform or other small production or injection facility with no accommodation
(iii)	drilling or servicing a well for petroleum or doing work associated with the drilling or servicing process;	6	Mobile offshore drilling unit or drill-ship
(iv)	laying pipes for petroleum, including any manufacturing of such pipes, or for doing work on an existing pipe;	7	Vessel for laying pipes for a petroleum or a greenhouse gas substance
		8(a)	Vessel or structure used for doing work on an existing pipe
(v)	the erection, dismantling or decommissioning of a vessel or structure referred to in a previous subparagraph of this paragraph;	8(b)	Vessel or structure used for the erection, dismantling or decommissioning of a facility; or
(ii)	the provision of accommodation for persons working on another facility, whether connected by a walkway to that other facility or not;	8(c)	Vessel or structure used for the provision of accommodation for persons working on another facility
(vi)	For any other purpose related to offshore petroleum operations that is prescribed for the purposes of this subparagraph.	11	Vessel or structure not otherwise listed above

Where the description in a facility safety case of the activities that will, or are likely to, take place at, or in connection with the facility span more than one item in Table 1 above (e.g. items 7 and 8(a)) NOPSEMA shall use the most accurate rating when calculating the facility amount of a safety case levy.

4.3. Pipeline facilities

Minor revisions

For the purposes of regulations 22A and 30A of the Levies Regulations, NOPSEMA shall not consider revised safety cases submitted under regulations 2.31 or 2.32 of the Safety Regulations to be minor revisions.

Minor revisions, in relation to pipeline safety cases, will generally be limited to those circumstances when a revised safety case submitted under regulations 2.30 of the Safety Regulations includes multiple facilities (including one or more pipeline facilities) and the pipeline is (or those pipelines are) not subject to the change in circumstances or operations.

Pipeline ratings

For the purposes of schedule 3 of the Levies Regulations NOPSEMA shall consider a sub-sea development to comprise of one or more wells associated with a single field tied back to a pipeline.

For the purposes of determining the 'Pipeline rating' NOPSEMA will consider the greater number of either:

- the number of sub-sea developments connected to the pipeline; or
- the number of manifolds connected to the pipeline (which could be 0, 1 or more).

4.4. Variable rating facilities

The term **variable-rating facility** is defined in regulation 20 of the Levies Regulations as a facility mentioned in item 2 of the table in clause 2.3 of Schedule 1. The note to the table indicates that items 3 and 4 within the table are also variable-rating facilities. Therefore, variable-rating facilities include:

Item 2	A large platform with drilling or workover capability
Item 3	A platform (other than a large platform with drilling or workover capability, or a monopod, well head platform or other small production or injection facility with no accommodation) with accommodation facilities when drilling or workover facilities are in commission
Item 4	A platform (other than a large platform with drilling or workover capability, or a monopod, well head platform or other small production or injection facility with no accommodation) with accommodation facilities when drilling or workover facilities are not in commission.

In the absence of receiving written advice from the operator of a variable-rating facility regarding whether the facility maintains drilling or workover capability, or whether drilling or workover facilities were in commission for the quarter, as relevant, NOPSEMA will in the first instance assume the large platform has drilling and/or workover capability, or the platform's drilling or workover facilities were in commission, as the case may be; and thereafter apply the facility rating applicable to the previous quarter.

There is a legal obligation on the operator of a variable-rating facility to keep NOPSEMA informed about the facility's operations (regulation 27 of the Levies Regulations). NOPSEMA will only take such written advice into account if it is received no more than seven days after the end of the relevant quarter.

4.5. Remitting part of safety case levy (mobile facilities)

4.5.1. Remittal and operational status

For mobile facilities that operate on an intermittent basis, regulation 25 of the Levies Regulations provides for the remittal or refund of part of a safety case levy in respect of the 'number of days not operated' in NOPSEMA waters in the relevant quarter.

For the purposes of levies regulation 25(2), NOPSEMA considers that a mobile facility is 'operating' from:

- the time it arrives at a site in Commonwealth waters², and is preparing for use for one or more activities described in sub-clause 4(1) paragraph (b) of Schedule 3 to the OPGGSA Act; until
- it ceases such activities and is prepared to leave the site (i.e. returns to its navigable form or to a form in which it can be towed to another place).

A 'site' is a collective term encompassing the location(s) associated with a facility, or proposed facility, inclusive of: any wells and associated plant and equipment, pipes or systems of pipes and secondary lines.

A mobile facility is not 'operating' if it is at a site in Commonwealth waters only for the purpose of undertaking one or more of the activities listed in regulation 1.6 of the Safety Regulations.

4.5.2. Basis for considering remittal

NOPSEMA will only remit part of a mobile facility safety case levy for the relevant quarter based on sufficient information provided by an operator within seven days of the end of the relevant quarter. The Safety case levy remittal form (N-11200-FM0648) may be used for this purpose.

4.5.3. Adjustment of amount of instalments

For the purposes of regulation 34 of the Levies Regulations, NOPSEMA shall consider the submission of a revised safety case under regulation 2.30 (1)(f) of the Safety Regulations (activities to be carried out at the facility are different from the activities in the safety case) as being informed of changes to the operation of the facility where such changes do not constitute a change in the stage of the life of the facility (e.g. a transition into the decommissioning stage in the life of the facility that is already addressed in an accepted safety case).

Following acceptance of a revised safety case, NOPSEMA shall consider the implications for the facility rating. Where an operator of a facility informs NOPSEMA in writing that they have chosen to limit their operations in such a way that the nature of the operation would change an amount of safety case levy that has been calculated in relation to the facility but not yet paid, regulation 34 of the Levies Regulations requires that NOPSEMA must make the necessary increase or decrease to the subsequent instalment or instalments. NOPSEMA shall also consider such information as grounds to request a revision to the facility safety case as provided for under regulation 2.31 of the Safety Regulations.

² Noting Part 5 of the Levies Regulations addresses safety case levies for designated coastal waters.

For example, if an operator proposes not to conduct a particular activity which is provided for in their accepted facility safety case e.g. pipelay activities (Facility Rating = 5), and restrict their activities to provision of accommodation for persons working on another facility (Facility Rating = 3), and informs NOPSEMA so the necessary adjustments to the levy instalments can be made.

Where NOPSEMA considers the facility rating to have changed the operator shall be notified at least 14 days prior to the date on which the next instalment is due and payable for the facilities related to that safety case (noting that a safety case can cover multiple facilities).

4.6. Safety cases that include multiple facilities

Notwithstanding that a safety case can address one or more facilities (including one or more **facilities** or **pipeline facilities**), NOPSEMA shall administer a levy notification to:

Operators of facilities, on the basis of the number and associated ratings of facilities (other than pipeline facilities) they are the registered operator of, plus no more than one facility SMS amount; and

Pipeline licensees, on the basis of the number and associated ratings of pipelines they are the licensee of, plus no more than one pipeline SMS amount.

In relation to pipelines, if a single continuous pipeline is located both in Commonwealth waters and state/NT designated coastal waters where powers have been conferred on NOPSEMA (i.e. under separate licences) NOPSEMA shall only notify levies in relation to the waters which have the segment(s) of the pipeline of greater length (or total length of segments). No pipeline safety case levy is payable in relation to any segment(s) of that pipeline located in waters where the segment or segments are of a lesser length than in the other waters (regulation 4, Levies Regulations).