



EUROPEAN COMMISSION
Impact Assessment Board

Brussels,
D(2011)

Opinion

Title **DG ENER - Impact Assessment for Offshore safety of oil and gas installations**

(revised draft version of 12 September 2011)

(A) Context

This Impact Assessment was produced in the context of the preparation of the follow-up to the Communication "Facing the challenge of the safety of offshore oil and gas activities" which outlined areas for action and announced regulatory initiatives. It establishes the need for EU action on the basis of the review of the challenges faced by the offshore oil and gas sector and of the risks associated with offshore oil and gas activities in light of the Deepwater Horizon accident. Although the regulatory framework and operating conditions in Europe are in general different from those in the Gulf of Mexico, the accident has provided an impetus for renewed efforts by both operators and regulators in the interest of further reduction of risks from offshore oil and gas operations.

(B) Overall assessment

While the earlier Board recommendations have been followed to a significant extent the report should be further improved in several respects. First, in relation to proportionality and subsidiarity, the report should better explain why diverse regulatory approaches by Member States to off-shore oil and gas activities represent a problem requiring EU level intervention. Second, while the design and packaging of the options has been improved, some further restructuring is needed to the presentation of options in a way that better facilitates decision-making indicating clearly any planned follow-up actions. Third, given that the proposals would have a significantly greater impact on activities in some Member States/regions than others, the report should provide a more detailed assessment of impacts by affected Member State/region. The methodology used for the quantification of impacts should be explained and justified. Fourth, the report should explicitly compare the options in terms of effectiveness, efficiency and coherence. Fifth, the views of different groups of stakeholders should be fully reflected throughout the report on all key points.

(C) Main recommendations for improvements

(1) Better justify grounds for EU action in terms of subsidiarity. While the problem definition has been improved in line with the Board's first opinion, a better explanation as

to why diverse approaches, such as the apparent significant differences in approach between the North Sea and the Mediterranean and Black Sea regions, justifies EU level intervention. The linkages between this initiative and other major EU policies, for example, in the areas of climate change, environment policies, energy supply and EU 2020 should be better explained.

(2) Present a clear intervention logic by better structuring the content and choice of options. While the report now contains a set of alternative options, based on packages and implementation modalities, it would be easier for the reader to follow the intervention logic if the approach to, and criteria used for, packaging the options was made clear before the list of potential measures is identified. The options section should be restructured so that the potential measures to be taken appear as ranges of options rather than as actions directly linked to objectives. The content of some of the options should be better described (in an Annex if necessary) in particular where legislative measures are involved, such as the option clarifying the scope of environmental liability. Given the importance attached to these issues in the problem definition section, the reasons for discarding or delaying options relating to consistency of product safety standards, financial capacity and compensation regimes, should be elaborated. Furthermore, more information should be provided on how it is proposed to address these issues in the future.

(3) Improve the assessment of impacts and their comparison. Given the significant differences in regulatory and industry practices between the North Sea system and others, including the Mediterranean region, it would appear that the majority of the costs identified could fall on some industry players and Member States. The report should therefore provide a more in depth assessment of the impact of the measures across relevant Member States/regions as appropriate. The accuracy and consistency of all financial impacts between the detailed sections, summary comparison tables and the Annexes should be ensured. The report needs to fully explain and justify the assumptions made in Annex IV that form the basis for the quantified impacts (both benefits from risk reduction and compliance costs) The options should be compared in the final section in terms of effectiveness, efficiency and coherence.

Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report.

(D) Procedure and presentation

The IA should better describe different stakeholder views throughout the text on all major issues. The IA should include a section explaining how the Board's recommendations have led to changes compared to the earlier draft including the reasons why any of the recommendations or comments have not been addressed.

(E) IAB scrutiny process

Reference number	2011/ENER/007
External expertise used	No
Date of IAB meeting	Written procedure An earlier version of this report has been submitted to the IAB in June 2011, for which the Board has issued an opinion on 8 July 2011.