



EUROPEAN COMMISSION  
Impact Assessment Board

Brussels,  
D(2011)

## Opinion

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

**(draft version of 9 June 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**

**The report needs to be strengthened significantly in several important respects. First, the report should better describe the specific nature of the problem(s) relevant to EU offshore oil and gas activities, clearly identifying any legislative gaps as well as problems related to industry and/or regulatory practices. In describing the problems the report should distinguish between Member States as well as between relevant geographic regions. On that basis the report should include a fully developed baseline scenario clearly showing developments in the absence of further EU action. The intervention logic should be strengthened by better linking problem drivers to objectives and then to options. In order to better inform decision makers the presentation of the options should be simplified and restructured reflecting possible differences in action priorities or level of ambition, and then grouped into alternative cross-cutting packages of measures which should be assessed before a preferred approach is identified. The report should improve the assessment of impacts and should be much clearer on the policy instruments that this Impact Assessment is intended to support including on areas where further impact assessments are considered necessary. Stakeholders' views should be fully reflected throughout the report on all key points.**

**Given the nature of these recommendations, the Board asks DG ENER to submit a revised version of the report, on which it will issue a new opinion.**

### **(C) Main recommendations for improvements**

**(1) Better define the problem and develop a full baseline scenario.** The report should better describe the specific problems and risks associated with off shore oil and gas safety in the EU in particular by identifying the gaps that exist in the current regulatory framework and any industry practices, including technology issues, which are problematic. The report should provide credible evidence of the problems and should clearly substantiate the level and nature of the safety risk involved. In doing so the report should differentiate between Member States and also between regions of the EU. Furthermore, the report should explain the benchmark or yardstick against which such risks are measured. The report should better describe the baseline scenario by setting out the current state of play as regards all the regulatory and industry practice and by clearly saying how the situation would evolve in the absence of a policy change. In particular the report should clarify the linkages between the baseline scenario and the quantification of the risks presented.

**(2) Present clear intervention logic by better structuring the choice and content of options.** The report should ensure a much better logical flow between the problems, objectives and options. The objectives should not pre-empt the choice of instruments to achieve them. Following on from the clarification of the problem(s) referred to above, the report should further ensure that the choice and design of options better matches the specific problems identified and that these are structured in a way that facilitates decision-making through presenting transparent and feasible alternative policy choices. The range of options should be simplified and restructured reflecting possible differences in problem/action priorities or level of ambition and then grouped into alternative cross-cutting packages of measures. Where existing legislation provides a potential solution (such as the Seveso Directive), then the text should be clearer why this option is discarded. The content of options should be much better described in particular where legislative measures are involved

**(3) Improve the assessment of impacts.** An in-depth assessment of the economic, environmental and social impacts should be undertaken before a preferred option, or mix of options, is selected. The report should clarify the methodology used to assess options and should also clarify the impacts in terms of compliance costs, potential benefits and the timing of these impacts. The report should clearly indicate the policy instruments and areas where further impact assessments are considered necessary. All sources of data should be made clear and where data is limited this should be fully explained. In general, the report should better assess the proportionality of all shortlisted options in particular in light of additional administrative and compliance costs involved. A comparison table showing the impacts of shortlisted options should be included and the cumulative effect of the burden for the preferred option(s) should be shown.

*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**

Stakeholders' views should be added throughout the document on all key points.

<b>(E) IAB scrutiny process</b>	
Reference number	2011/ENER/007
External expertise used	No
Date of IAB meeting	6 July 2011