



STATUTORY INSTRUMENTS.

S.I. No. 560 of 2015



ELECTRICITY REGULATION ACT 1999 (PETROLEUM SAFETY)
LEVY ORDER 2014

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The Commission for Energy Regulation in exercise of the powers conferred on it by the Electricity Regulation Act 1999 (No. 23 of 1999) as amended by the Petroleum (Exploration and Extraction) Safety Act 2010 (No. 4 of 2010), hereby makes the following Order:

1. (1) This Order may be cited as the Electricity Regulation Act 1999 (Petroleum Safety) Levy Order 2014

(2) This Order comes into operation on 31 December 2014

(3) The Electricity Regulation Act 1999 (Petroleum Safety) Levy Order 2014 (S.I No 558 of 2014) is revoked as and from 1 January 2015.

2. (1) In this Order—

“Act” means the Electricity Regulation Act 1999 (No. 23 of 1999) as amended;

“the Commission“ means the Commission for Energy Regulation established under the Act;

“levy year“ means a calendar year;

“Production Activity” has the meaning given to it in section 4(2) of the Petroleum Safety (Designation of Certain Classes of Petroleum Activity) Regulations 2013 (No. 89 of 2013);

“Quarter“ means a period of 3 months ending on 31 March, 30 June, 30 September, or 31 December;

“Relevant Undertaking” means a petroleum undertaking that carries out, or proposes to carry out, a Production Activity and/or a Well Activity.

“Safety Case Fees” means the fees associated with safety case assessment by the Commission as set out in the Commission’s “Safety Case Fees Structure and Methodology Decision Paper”

“Well Activity” has the meaning given to it in section 4 (1) of the Petroleum Safety (Designation of Certain Classes of Petroleum Activity) Regulations 2013 (No. 89 of 2013);

and any cognate words shall be construed accordingly.

(2) In this Order unless it is otherwise indicated-

*Notice of the making of this Statutory Instrument was published in
“Iris Oifigiúil” of 15th December, 2015.*

- (a) all words and expressions defined in the Act shall have the same meanings when used in this Order and where in any case a word or expression used in this Order is defined in the Act, the word or expression shall have the meaning given to it by the Act for the purposes of this Order;
- (b) a reference to legislation is a reference to that legislation as amended from time to time; and
- (c) a reference to an article or schedule is to an article of, or schedule to, this Order.

3. This Order shall apply to Relevant Undertakings.

4. (1) A levy is hereby imposed on each Relevant Undertaking. The levy will be payable in respect of each levy year.

(2) The levy imposed by Article 4(1) shall be payable in quarterly instalments in each case no later than the day which is 15 banking days after the date on which a request for payment of the levy instalment is made by the Commission.

5. The amount of the levy imposed on a Relevant Undertaking shall be calculated in accordance with the methodology set out in the Schedule to this Order.

6. (1) Where any amount falling to be paid under Article 5 is not paid within the period for payment specified in Article 4, interest thereon shall accrue at the prescribed interest rate compounded monthly from the date when such payment is due until the same is made.

(2) In this Article, "the prescribed interest rate" means a rate 2 per cent per annum above the Euribor rate.

7. (1) All payments shall be made in Euro on the due date by direct bank transfer or equivalent instantaneous transfer of funds to the bank account specified by the Commission.

(2) A Relevant Undertaking shall notify the Commission as soon as payment has been made, indicating the date on which payment was made and the name of the bank effecting payment.

(3) A request for payment by the Commission to a Relevant Undertaking under this Order shall be made in accordance with Section 4 of the Act.

Schedule

1. Under the Act, as amended by the Petroleum (Exploration and Extraction) Safety Act 2010, the Commission is required to establish and implement a risk-based petroleum safety framework (the “safety framework”). The levy will recover the Commission’s costs for establishing and implementing the safety framework (the “Establishment Costs”) and the operation of the safety framework (the “Operational Costs”).
2. Reference to an approved well work safety case includes any associated approved non production safety case or approved production safety case in connection with the specified well work activity.

Establishment Costs Recovery

3. The Establishment Costs for the Levy Year are €985,556
4. Establishment Costs will be recovered from Relevant Undertakings
5. For Relevant Undertakings that carry out or propose to carry out Production activities, the apportionment of Establishment Costs will be split as follows:
 - (a) 40% based on infrastructure; and
 - (b) 60% based on estimated production volumes for a 15 year period.

Establishment Cost Recovery Methodology — Infrastructure

6. The infrastructure portion of the Establishment Costs will be apportioned based on (a) petroleum infrastructure in situ; and (b) petroleum infrastructure proposed to be in situ. Table 1 below identifies the types of infrastructure that will incur costs under the levy for Establishment Costs along with their associated weighting.

Reference	Infrastructure	Weighting
A	Onshore Facility	5
B	Manned Offshore Facility	5
C	Unmanned Offshore Facility	2
D	Subsea infrastructure*	3
E	Onshore Pipeline	3

Table 1: Infrastructure types for Establishment Costs and associated weightings

*The infrastructure term ‘Subsea Infrastructure’ incorporates the subsea pipeline(s) and subsea wells and well infrastructure.

7. The combined weightings of all Relevant Undertakings will be the total weighting.
8. Each Relevant Undertaking will pay an Establishment Costs levy amount equivalent to the proportion of their weighting to the total weighting. The calculation is:

$$\begin{array}{r} \text{Relevant Undertaking's weighting} \\ \text{.....} * 40\% \text{ Establishment Costs} \\ \hline \text{Total weighting} \end{array}$$

Establishment Cost Recovery Methodology — Production Volumes

9. Relevant Undertakings will submit their estimated production volume profile for a 15 year period to the Commission. The data submitted may be independently verified by the Commission for Energy Regulation.
10. The combined estimated production volumes submitted by all Relevant Undertakings will be the *total estimated production volume*. Each Relevant Undertaking will pay the estimated production volume portion of the Establishment Costs based on the proportion of their estimated production volume to the total estimated production volume. The calculation is:

$$\begin{array}{r} \text{Relevant Undertaking's Estimated Production Volume (15 year)} \\ \text{.....} * 60\% \text{ Establishment Costs} \\ \hline \text{Total Estimated Production Volumes} \end{array}$$

Estimated production volumes are to be submitted to the Commission using billion cubic metres (bcm) of gas or the equivalent metric for oil.

Establishment Costs — well work contribution

11. Relevant Undertakings who will hold an approved well work safety case during 2015 are subject to payment of the Establishment Costs. The Calculation is:

$$\frac{\text{Final Safety Case Fee X Number of Days the Rig is on location in a calendander year}}{365 \text{ (days in a year)}}$$

Relevant Undertakings who will hold an approved well work safety case during 2015 will be levied in 2016.

12. The calculation of the Establishment Costs portion of the 2016 levy will account for well work contributions in respect of well work in 2015.

Operational Cost Recovery

13. The Operational Costs for the Levy Year are €1,730,076
14. Operational Costs will be recovered from Relevant Undertakings

Operational Cost Recovery Methodology — Infrastructure

15. Operational Costs will apply to petroleum undertakings that carry out, or propose to carry out, designated petroleum activities and have, or propose to have, the types of Infrastructure set out in Table 2 in situ.
16. Operational Costs will be apportioned based on (a) petroleum infrastructure in situ; and (b) petroleum infrastructure proposed to be in situ. Table 2 below identifies the types of Infrastructure that will incur costs under the Levy for Operational Costs along with their associated weighting.

Reference	Infrastructure	Weighting
A	Onshore Facility	5
B	Manned Offshore Facility	5
C	Unmanned Offshore Facility	2
D	Subsea Pipeline	3
E	Onshore Pipeline	3
F	Well(s) (under a single approved well work safety case) **	3

Table 2: Infrastructure types for Operational Costs and associated weightings.

** Reference F, Wells, refers to a well or wells under a single approved well work safety case only. This does not include wells under a production safety case. Under a production safety case, the wells will be included as part of the weighting assigned to the most appropriate infrastructure type references A to E. The most appropriate infrastructure type into which wells will be assigned will be decided on a case by case basis.

17. Relevant Undertakings holding an approved well work safety case in 2015 will pay the associated levy contribution via the 2016 Levy as per the above methodology.
18. The calculation of the Operational Costs portion of the 2016 levy will account for well work contributions in respect of well work in 2015.

Variable Weightings for Establishment and Operational Costs

19. The Commission recognises that different infrastructure employed by Relevant Undertakings has the potential to require different levels of safety regulation by the Commission under the safety framework. To this end, all weightings indicated in Table 1 and Table 2 are variable and indicate the maximum weighting that can be applied.

20. To determine the weighting for a specific piece of infrastructure, the Commission will make an assessment to determine the intensity of resources required to perform the Commission's safety regulatory functions under the Act in relation to such infrastructure (and associated Production Activity). The assessment of the appropriate weighting for such infrastructure for each Relevant Undertaking will be carried out on a case by case basis and in accordance with the Commission's duty to act consistently. The Commission will consult with Relevant Undertakings on the proposed weighting to be applied to it before it is imposed. Following the assessment and where deemed equitable by the Commission, the Commission may lower the weighting to zero.



Sealed with the common seal of the Commission for
Energy Regulation on the 14 December 2015.

GARRETT BLANEY,
Chairperson of the Commission.

EXPLANATORY NOTE

(This note is not part of the Instrument and does not purport to be a legal interpretation.)

This order imposes a levy on certain specified classes of petroleum undertakings, for the purpose of meeting expenses properly incurred by the Commission for Energy Regulation in the discharge of its functions under the Petroleum (Exploration and Extraction) Safety Act 2010.

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