

National Offshore Petroleum Safety and Environmental Management Authority

Written Questions on Notice from Senator Sarah Hanson-Young

Committee: Senate Environment and Communications Legislation Committee

Inquiry name: Offshore Electricity Infrastructure (Regulatory Levies) Bill 2021 and Offshore Electricity Infrastructure Bill 2021

Deputy Chair, Senator Sarah Hanson-Young asked:

1. *This Bill proposes that all offshore renewables developers should provide financial security to decommission all their infrastructure. There was a proposal to require a similar level of financial security for the offshore oil and gas industry in December 2020, why hasn't that proceeded?*

Answer: NOPSEMA administers the arrangements for financial security for the oil and gas industry under the *Offshore Petroleum and Greenhouse Gas Storage Act 2006 (OPGGs Act)*. NOPSEMA's administration of these requirements aligns with the original policy intent in relation to financial security as detailed in the explanatory memorandum for the Bills which introduced the requirement to the OPGGS Act. Changes to government policy regarding financial securities for the oil and gas industry are a matter for government and the Department of Industry, Science, Energy and Resources.

2. *Are oil and gas companies able to find other methods to provide financial assurance such as insurance, self insurance or another method that they choose? Is the same method going to be applied to offshore wind and solar export projects?*

Answer: Oil and Gas companies must hold financial assurance in accordance with the requirements of section 571 of the OPGGS Act. The quantum, timing and acceptable forms of financial securities are to be further detailed in regulations and policies underpinning the Offshore Electricity Infrastructure Bill 2021 framework. NOPSEMA will administer the requirements once determined by government.

3. *The oil and gas industry is only required to provide financial security for oil spills, and not their decommissioning costs, why are renewable companies- which are inherently less damaging, more reliable and will remain in place much longer - required to provide financial security for everything?*

Answer: Policy regarding the requirements for financial securities for the oil and gas and renewable energy sectors are a matter for government. NOPSEMA will administer the requirements in accordance with legislation.

4. *The offshore wind and solar exports industry will be required to provide for all activities. What has happened to the proposal to require this same level of financial security for offshore oil and gas projects? What is the justification for requiring more financial security from offshore renewable developments than oil and gas developments?*

Answer: See responses to Questions 1-3 above.

5. *The Bill puts a 'user pays system' on renewable companies to pay for the regulators. Has the same always applied to oil and gas companies?*

Answer: Yes. NOPSEMA's functions under the OPGGS Act are fully cost recovered from the oil and gas sector.

6. *Are the regulatory 'user pays' levies for entities under the OEI Bill to fund NOPSEMA going to be commensurate with oil and gas levies?*

Answer: Levies under the OEI Bill will be structured to ensure that the functions of the regulator can be delivered on a cost recovered basis. These are subject to a variety of factors including the scale of the industry, the activities the industry is undertaking, levels of regulatory compliance and the level of regulatory effort required. Levies are likely to change over time in response to these variables.