

Safety of offshore oil and gas operations

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The Commission presented a report on the adequacy of national expert resources for complying with the regulatory functions of Directive 2013/30/EU on safety of offshore oil and gas operations (OSD).

To comply with OSD's requirements from July 2015, each Member State must have established **an authority ("competent authority")**, which can carry out the regulatory functions required of the Member States pursuant to the Directive. Such an authority must be endowed, on an organisational level, with policies, procedures and processes, a range of technical and regulatory competences (specific to the offshore sector) as well as arrangements with stakeholders to carry out the regulatory functions effectively.

The Commission has not yet finalised its assessment whether national legislation of Member States is fully in line with the OSD. **Appropriate staffing and administrative capacity** of authorities remain a key element for carrying out all tasks for ensuring a high level of safety of offshore oil and gas operations.

The Commission worked closely with Member States in 2013 and 2014, mainly in the context of the **EU Offshore Authorities Group (EUOAG)**, in order to assess their available resources and their plans for further capacity building of their competent authorities.

Member States oil and gas installation and activities: based on the size of the offshore industry i.e. number of offshore installations, the Member States can be divided into three groups:

Group 1 - Croatia, Denmark, Italy, Netherlands, United Kingdom - includes the Member States with high numbers of oil and gas production installations:

- the estimated overall requirement for offshore technical and regulatory resource in 2016 for Group 1 Member State's competent authorities is around **288 FTE** (full time equivalents) and the total numbers of proposed offshore technical and regulatory expertise available in 2016 is shown to be almost the same;
- on average, a 10 - 20% increase in the number of required staff is needed between 2014 and 2016. There are, however, **noticeable shortfalls** in the technical categories of diving (-17.5%), pipelines (-12.8%), mechanical (-10%), electrical (-9%), structural engineering (-25%) and naval architecture (-60%);
- at the EUOAG, all Member States of this group have indicated difficulties in recruitment of such qualified offshore technical competences for various reasons including competitive salary and availability of the desired skills.

Group 2 - Bulgaria, Germany, Greece, Ireland, Poland, Romania and Spain – are Member States that have low numbers of installations:

- the estimated overall requirement for offshore technical and regulatory resources is around **50 FTE**. The total numbers of offshore technical and regulatory expertise is shown to be significantly positive i.e. more than 50 FTE, due to significant resources of one Member State of this group across the technical disciplines;
- most of the shortfalls are less than one FTE. The most significant shortages identified are in "Regulatory Specialists & Safety Management Systems". Further training or development may address this issue.

Group 3 - Cyprus, France, Malta, Portugal – contains Member States that have no production installations but planned or foreseeable exploration activities:

- the estimated overall requirement for offshore technical and regulatory resources in Group 3 Member State's competent authority is around **16 FTE**;
- generally, smaller competent authorities have gaps in the range of offshore competences available within their organisation, e.g. in particular process engineering, environmental protection specialists, diving;
- most Member States competent authorities indicated possible agreements with other competent authorities for sharing competences to address such small shortfalls, which would be an acceptable solution.

Main conclusions: the Commission notes that offshore oil and gas operations in certain areas of the EU, such as the North Sea, are **likely to decline** due to the substantial downturn of oil prices.

Less offshore operations may **reduce the projected workload for competent authorities and their need for resources**. The shortfalls determined on the basis of the earlier survey may be less pronounced than formerly expected.

Need for additional resources: the comparison between estimated needs and polled actual situation shows **shortfalls across the EU in 2014 of around 10%**. Shortfalls for certain disciplines could increase without adequate action by Member States. These predicted gaps varied by Member State.

Member States are aware that a strengthening of resources is necessary and plan to recruit and train staff. If Member States recruit in line with their plans, **most disciplines appear well sourced** and a clear gap may only develop in the category for diving (-21%), mechanical engineering (-8%), emergency response (-14%) and naval architecture (-14%).

Adequate financial resources are necessary to recruit qualified staff and to train new recruits in areas for which qualified persons are not available.

Defining an operational strategy: apart from determining targets for resources, an operational strategy for meeting them, broken down in milestones and actions, should contribute to address any shortfalls in 2016. **A wide range of options** on which these strategies may be based on is available, and includes: (i) sources for recruitment of specialists, (ii) collective and shared training' (iii) bilateral/multilateral expert transfer, and (iv) knowledge sharing and networks of external expertise.

- **Group 1** Member States competent authorities should avoid any shortfall of competences. Apart from the human resource component they need to optimise regulatory processes and associated systems.
- **Group 2 and Group 3** Member States competent authorities are likely to have shortfalls in a number of offshore disciplines in 2016. In this context, Member States may consider sharing and pooling of resources within a networking arrangement.

Cooperation: lastly, the European Union Offshore Authorities Group could contribute to the required co-operation between Member States and the Commission to **develop instruments to facilitate sharing and pooling of staff**, in particular for the benefit of the smaller emerging competent authorities.