



Irish Offshore Operators' Association

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IOOA submission to National Marine Planning Framework Consultation

Introduction

The Irish Offshore Operators' Association (IOOA) is the representative organisation for the Irish offshore oil and gas exploration and production industry. Our 15 current members are companies licensed by the Irish Government to explore for, and produce, oil and gas in the Irish offshore, and are a mix of large, medium and small Irish and international companies. Our members have a long history of investment in Irish offshore oil and gas exploration and development, with no financial risk or exposure to the State. Our members have delivered four gas fields, which have helped the Irish economy, Irish citizens and industry in a transformative way by providing the security of affordable energy supply.

For several decades our member companies have provided substantial funding for independent scientific research at Irish institutions aimed at providing robust baseline information and an evidence-based understanding of geoscientific, marine and environmental aspects of the Irish offshore. Our member companies have played a major role in facilitating the nurturing and development of an internationally-recognised indigenous expertise in aspects of marine and geoscientific research and training, e.g. through the Petroleum Infrastructure Programme (PIP) and the Irish Centre for Research in Applied Geosciences (iCRAG), as well as funding research scholarships and lectureships and the provision of data.

By co-operating with stakeholders we assist in providing a common approach to issues such as safety, the environment, legislation and employment. Our international networks facilitate the sharing of global best practice and IOOA acts as a forum for collaboration, discussion and industry interaction.

IOOA welcomes the opportunity to make a submission to the consultation process as part of the process of developing a National Marine Planning Framework. In this submission we provide further details on the role and contribution of our sector to the marine sector, an update on likely future activity of the offshore oil and gas sector, as well as addressing the key Consultation Questions posed in the Baseline Report.

IOOA considers that the Baseline Report summarises the main sectoral activities in a succinct manner. For the Energy sector in general, and the Petroleum, Carbon Capture and Storage and Offshore Gas Storage chapters (8.0, 11.0 and 12.0) in particular, it captures the key elements of the offshore oil and gas industry.

IOOA believes that the development of a national Marine Planning Framework presents a unique opportunity for an inclusive, evidence-based process. The marine spatial plan needs to be carefully designed, built upon robust scientific evidence, and future-proofed for new and developing industries. It should have the overall objective of facilitating the utilisation, protection and enhancement of the marine environment. It should underpin economic development, while ensuring a healthy marine ecosystem, and fostering a greater engagement with the sea. The plan should

encourage future collaborations and synergies between various sectors and should embrace inclusivity, rather than inhibiting or favouring one sector over another.

The National Marine Planning Framework and existing national plans and regulations

IOOA fully supports the ambition encompassed in the vision, goals and targets of Harvesting Our Ocean Wealth – An Integrated Marine Plan for Ireland (2012) (HOOW), together with the more recent National Marine Research and Innovation Strategy 2017-2021 and the relevant offshore elements articulated in the Project Ireland 2040 National Development Plan 2018-2027. In order to support the future use, protection and enjoyment of our seas, balancing ecological, economic, and social goals balanced with, as articulated in the HOOW plan *“an appropriate, overarching national marine spatial plan underpinned by an efficient and robust planning and licensing framework”*, it is important to ensure that the marine spatial planning framework should be carefully designed, evidence-based and future-proofed. IOOA believes that it should avoid taking an unduly rigid or prescriptive approach that would favour one activity or sector over others, and should be sufficiently flexible to accommodate existing, developing and yet-to-be-conceived economic and social activities. It should seek to encourage and facilitate synergies between various activities, avoid developing an overly bureaucratic regulatory regime, and ensuring clarity and where possible simplicity in its operation.

Currently some sectors, such as the offshore oil and gas exploration and production industry, are heavily regulated with a wide range of environmental, safety and financial assurance controls. These provide robust oversight that conforms to international best practice, e.g., Irish Offshore Strategic Environmental Assessment 5 (IOSEA 5) of 2015, Petroleum Safety Directive, and Petroleum (Exploration and Extraction) Safety Act 2015 (PEES Act). The new marine spatial planning framework should take cognisance of this and should avoid adding unnecessary duplication or further regulatory layering.

However, there is an urgent requirement for the finalisation and enactment of the Marine Area and Foreshore (Amendment) Bill to provide legal clarity and certainty regarding planning and infrastructural development impacting upon the onshore-offshore transitional regions. In addition, there is a need for greater integration in planning and co-ordinated regulation and collaboration between the various agencies with responsibility in different aspects of the marine sector. Currently the lack of such co-ordination results in uncertainty, overlap and potentially costly delays.

Plans and potential activity for the offshore oil and gas sector

There has been a significant increase in the number of Licencing Options and subsequent Frontier Exploration licences granted in the Irish offshore over the past three years. These resulted from the Government’s invitation to companies to bid under the Frontier Exploration Licensing Round (2015). A number of seismic surveys, predominantly in the deep-water southern part of the Porcupine Basin, were carried out during 2016 and 2017 and new exploration drilling activity is about to commence. One exploration well was drilled in 2017, none in 2018 but 2-5 wells (exploration and appraisal) are likely for 2019. One of these will be in an exploration well in the deep-water Porcupine Basin, with the others being part of an appraisal well programme on the Barryroe oil accumulation in the North

Celtic Sea Basin off the south coast. The most likely scenario for 2020 and 2021 is that 2-3 wells will be drilled in each of these years, mostly in the Atlantic Margin basins west of Ireland.

Future activity is likely to be determined by success or otherwise of the 2019-2021 drilling programme. In the event of exploration and appraisal drilling success, development drilling is likely, with a programme of development wells and commercial development to produce the hydrocarbons. Exploration drilling will involve activities and potential employment in ports (e.g., Cork and possibly Waterford on the south coast; Foynes, Fenit, Galway, Donegal on the west coast) and airports such as Cork, Kerry, Shannon and Donegal.

The potential for indigenous oil and gas is consistent with government policy as articulated in published strategy documents. These include Project Ireland 2040 National Development Plan 2018-2027, Harvesting Our Ocean Wealth – An Integrated Marine Plan for Ireland (2012), National Marine Research and Innovation Strategy 2017-2021, while the Energy White Paper (2015) acknowledges that *“Ireland’s indigenous oil and gas resources has the potential to deliver significant and sustained benefits, particularly in terms of enhanced security of supply, import substitution, fiscal return, national and local economic development and technology learning.”*

The Kinsale gas field had a transformational effect on Cork, and on the national infrastructure, being the catalyst for the national gas grid and the cluster of pharma and other industries in the region. The Corrib gas field has likewise had a major national impact in supplying almost half the national gas needs, thereby saving over €2 billion in import costs, as well as providing a major boost to the Mayo economy, with more than €1 billion spent with Irish contractors, and the sustaining of more than 1000 jobs throughout the construction phase of the project. Further gas and oil discoveries could have a similar transformative effect in terms of energy security and independence, import substitution and greenhouse gas emission savings in addition to jobs creation and major financial contribution to the economy.

A recent PwC Oil and Gas survey (2018) puts the value of the expected investment in the Irish offshore oil and gas sector over the next two years in Irish oil and gas at c. €500m. The findings from a recent independent report commissioned by IOOA indicate that a single oil find could generate in the order of 600-1,200 jobs per annum over a c.30 year lifecycle, with a single gas find generating in the region of 320-380 jobs per annum over a similar period. Most of the direct jobs and a substantial proportion of the indirect jobs would be expected to be located in regional enterprises and contribute to regional economic development. In addition to these regional economy benefits a single large oil find would generate €8.5Bn of tax receipts over 20 years to that state, with a gas find generating €2.4Bn.

Contribution to understanding Ireland’s offshore marine environment

IOOA is committed to playing a leading role in increasing our understanding of the nature of our marine environment, of identifying the natural resources and resource potential of our oceans and of working with all stakeholders to developing, in an environmentally-sensitive manner, the economic potential for the good of the citizens of Ireland. For several decades our industry has funded research in Irish third level institutions, and has provided new and robust data and evidence that have deepened our knowledge of the oceans, the seabed and the subsurface. In addition to providing breakthrough thinking on the structure and deep basin and crustal geology of the Atlantic margin (references), this work led to the early discoveries, mapping and documenting of deep-water

corals. It also resulted in mapping of large areas of the seafloor and the identification and mapping of slope failure features along the Atlantic Margin, with the data helping to assess the geohazard potential to the Irish coastline from slope-failure related tsunamis. There have also been industry-funded initiatives to fill gaps in environmental data in the Irish offshore. One of these was recently completed by Woodside Energy and its joint venture partners. This was the first use of combined high- and low-frequency moored Passive Acoustic Monitoring instruments for cetacean detection offshore Ireland. It provided baseline data to inform future operations and to assist in understanding the environmental sensitivities ahead of exploration activities. This innovative project won the Offshore Ireland Award in the national Marine Industry Awards 2017.

Our industry is committed to maintaining this long-term research-focused approach in all our future work and operations in the Irish offshore.

Future synergies

Previous work by our industry in providing a deeper understanding of the nature of the Irish offshore through marine and geoscience exploration, as well as by finding and producing natural gas resources, has involved synergies with other sectors and industries. These include, among others, the research and scientific communities, port and airport authorities, as well as fabrication, logistical and communications, environmental and marine industries and supply chain services.

In working towards a sustainable and low-carbon future that will utilise, protect and enhance the marine environment, future collaborations and synergies between the hydrocarbons sector and the offshore wind, marine energy (wave and tidal) and Carbon Capture and Sequestration sectors will be essential.

Consultation Questions and Responses

1. This Baseline Report is intended to capture and summarise all of the sectoral activities that are taking place in Ireland's marine spaces. Thinking about your own knowledge and experience, are there gaps in what is presented in this report and, if so, how can they be addressed?

The Baseline Report summarises the main sectoral activities in a succinct manner. For the Energy sector in general, and for the Petroleum, Carbon Capture and Storage, and Offshore Gas Storage sections in particular (Chapters 8, 11 and 12), it captures the key elements of the offshore oil and gas industry. It highlights the history and current situation, emphasising the growing energy import dependency in the absence of new indigenous oil and gas developments, and the increasing energy insecurity that may arise from Brexit as well as the increasing reliance of the EU on imported hydrocarbons. The economic values and potential of the sector are also mentioned and can be further enhanced by some more recent reports (see above). The Baseline Report mentions potential synergies with marine and other industries. It also highlights the climate issues and challenges, which the offshore hydrocarbons sector acknowledges and wishes to be actively involved in addressing in a manner that helps to grow new sustainable industries and ensures minimal damage to the economy. Some of these are mentioned in our documentation above. However, the Baseline

Report does not capture the likely exploration and production levels likely to occur in the future and does not quantify the potential benefits, and these are expanded upon and quantified above.

2. Thinking about how we enjoy, protect, or derive economic or social benefits from our seas, what things would you like the marine plan to address?

The plan needs to address how the various industries and sectors, both established and developing, can plan with confidence, within the framework of a coherent overall marine strategy, in order to meet the needs of the country and to make the economic and technological contributions to Ireland's future. Specifically, for the oil and gas sector it is important that the Marine Plan should not remove the opportunity to conduct activities associated with exploring and developing hydrocarbons where such activities have typically been focused, and where licensing options, licences, lease undertakings or leases are held. There should not be a preclusion from carrying out seismic or drilling activities in any area without a case by case assessment. In addition, where a licensing option, license or lease is in existence, the new Marine Plan framework would not instigate new processes that would result in precluding the commercialization of a discovery on that licence provided it follows existing legislative process. If the Marine Plan can result in increased clarity on the regulatory framework, steps and timeline for approval of drilling and developments it would greatly enhance the opportunity for economic benefit from this sector where currently in excess of €100 million can be spent on a single exploration well, with a large uncertainty on how the development would be approved in the event of a discovery.

3. Do the Marine Plan Objectives broadly capture or reflect the things that you want to see in the plan? IF not, and in the context of the high level nature of these overarching objectives, are there additional objectives that should be included or should the draft objectives be amended?

The objectives are comprehensive and fair. It does not set out to be prescriptive towards or against any industry or sector.

4. The objectives of a marine plan can be supported or achieved in a number of ways. Some countries have used a policy based approach to guide the decisions of statutory consent authorities with respect to specific sectoral developments or activities. Others have opted for a more prescriptive zoning approach (similar to onland zoning through County Development Plans in Ireland). Taking account of the extent of Ireland's marine area and the varying degrees of activity that take place in our waters what do you think would be the most appropriate means of supporting the objectives of Ireland's marine plan – proscriptive, policy or somewhere in between?

The optimum marine plan is one which facilitates the co-existence of a broad range of complex and sometimes competing sectors. It requires clarity and certainty to assure appropriate environmental protection but needs appropriate flexibility to ensure that economic development and growth of existing and new industries and sectors can continue to develop. Our view is that a largely policy-based approach offers the most appropriate means of supporting the objectives of Ireland's marine plan.

5. How can the marine plan be best aligned with the NPF?

The National Planning Framework provides the overall framework that guides the high-level strategic planning for Ireland's development over the next 20+years. The marine plan needs to align with, and be built upon, the shared goals and the key priorities of the NPF.

6. How can Ireland’s marine plan be used as part of Ireland’s climate change adaptation measures?

The marine plan offers the opportunity to ensure the necessary awareness of the climate impact of each planned activity. Consideration might be given to the incorporation of appropriate guidelines and requirements for all activities in order to provide an evidence-based assessment of the potential climate impact and ensure the most appropriate mitigation measures. However, any climate change adaptation measures incorporated should not be taken in isolation. Instead they should be within the context of an overall Irish national plan, with due regard taken of the costs and benefits likely to accrue in a wider national context. The Marine Spatial Plan should not be used a method to curtail the activities of one sector under the guise of Climate Action. It should set out a clear framework to accelerate the development of marine renewables and recognise that development of hydrocarbons will be part of the transition to a lower carbon energy mix for decades.

7. What measures do you think should be put in place to support optimal transboundary (including cross-border with Northern Ireland and with other parts of the UK) cooperation on marine planning?

Collaboration at the highest level is required with the relevant UK authorities, and with the key Competent Authorities and Agencies in Northern Ireland the in other parts of the UK, during the development and implementation of the plan to ensure optimum collaboration and maximum consistency in the marine planning process. The marine plans and their decision-making processes in the various jurisdictions should ideally be as similar as possible.

8. What infrastructure investments need to be made in order to maximise the sustainable potential of our ocean resource?

Investment is required in ports and harbours and connectivity of the motorway network to these, as well as in environmental monitoring infrastructure such as ocean bottom detectors and other offshore research infrastructure.

9. Environmental Assessment will be an important part of the preparation of Ireland’s draft marine plan and the plan itself. What are the relevant significant issues to be addressed by the SEA and AA processes and what environmental objectives should be used?

The present Environmental Assessment regulations and processes with respect to the petroleum exploration and production sector are up to date and fit for purpose, as a result of the recent (2015) IOSEA 5 process and resulting detailed Plan. The purpose of IOSEA 5 was to assess any potential impacts on the marine environment associated with activities conducted under petroleum exploration and production authorisations in the IOSEA 5 area. A similar EA approach could be also be considered for other sectors.

10. This document is an important milestone in the development of a single national marine plan for the entirety of Ireland’s marine area. Thinking about the delivery of forward planning goals, what do you think would be the appropriate spatial hierarchy for future marine planning; for example, regional marine planning, a coastal zone or bay approach?

A regional marine planning approach would appear to be the best initial spatial hierarchy in which to commence planning. However a key question for discussion is what sort of administration challenges are created by each approach and if it should vary from sector to sector?

11. What levers are needed to deliver greater efficiencies in administration and governance, when it comes to implementing and monitoring the NMPF?

A co-ordinated approach, with integration of the various key government agencies is essential in order to ensure clarity of governance and timeliness in administration. There needs to be a clear 'roadmap' of responsibilities and timelines in any decision-making process associated with the implementation and monitoring of the NMPF. In cases resulting in conflicts or disagreements, as has happened recently with a number of major onshore infrastructural proposals, there need to be a clear appeal process, with timely decisions, and ideally an arbitration, rather than an adversarial, process to seek resolutions.

12. What are the key indicators for measuring the successful implementation of the NMPF?

The successful development and co-existence of multiple sectors will be a key indicator. The presence of a clear but flexible plan that facilitates mutual synergies between industries and activities can lead to a successful implementation of the NMPF. An increase in the economic contribution of the marine EEZ should be a key metric along with shortening of approval times for licences and permits associated with major energy supply projects (in the context of EU and IEA recommendations on energy security in Ireland).