Annex J1b Additional concerns raised by Oil and Gas UK and the Carbon Capture and Storage Association about the impacts of rMCZs (ISCZ)

J1b.1 Oil & Gas UK and Carbon Capture & Storage Association (CCSA) are concerned that the oil and gas sector (including carbon capture and storage (CCS)) could incur the following costs due to the designation of Marine Conservation Zones (MCZs), in addition to the costs set out in the management scenario that is employed in the Impact Assessment (IA) (see Annex H11). These possible costs are not included in the IA summary because they have a low probability of occurring compared with the costs of the IA management scenario (Joint Nature Conservation Committee & Natural England, 2011a; Department of Energy and Climate Change, pers. comm., 2012) and so do not provide the best estimate of impact.

J1b.2 Oil & Gas UK and CCSA are concerned that additional costs could be incurred by operators in the environmental impact assessments that are completed in support of all future licence applications. These could comprise additional consultancy fees, costs of additional developer time, additional modelling costs, additional survey costs and ongoing data collection costs (Oil & Gas UK, pers. comm., 2011; CCSA, pers. comm., 2011).

J1b.3 Oil & Gas UK has also suggested that additional direct costs to operators may be incurred in the design, construction and installation of alternative techniques to mitigate impacts of proposed developments upon MCZ features. It is concerned that additional mitigation could be required that involves re-design of engineering techniques, restrictions on the use of vessels, restrictions upon installation and maintenance of infrastructure and restrictions upon pipeline laying and maintenance. These requirements could occur across any phase of development, including in the decommissioning phase (Oil & Gas UK, pers. comm., 2011).

J1b.4 If the above additional mitigation is required, Oil & Gas UK has stated that it could also incur significant indirect costs to the sector. There could be knock-on logistical implications in terms of vessel mobilisation, sourcing of crew and supplies, allied port developments and grid network connections. This could result in additional delays to project completion. Oil & Gas UK also highlights that in future new rounds of licensing the potential exploitable area (and depth) of oil and gas resources on the UK Continental Shelf may increase, as technology continues to advance and identify new areas of potential exploitation. Such future exploitation may be restricted by the designation of MCZs (Oil & Gas UK, pers. comm., 2011).

J1b.5 Oil & Gas UK highlights the uncertainty regarding the potential impacts of MCZs upon the oil and gas sector in the context of other spatial constraints. Oil & Gas UK is also concerned that MCZ designation could raise the regulator's prioritisation of environmental concerns above economic priorities (Oil & Gas UK, pers. comm., 2011).

J1b.6 Finally, CCSA is concerned that the potential additional costs of the designation of MCZs could undermine the commercial viability of some future CCS developments (assuming pipelines would need to re-route around MCZs). This could result in the loss of capital investments, with resulting implications for project viability. It could also have social or environmental impacts if, for example, CCS pipelines needed to be re-routed through heavily populated coastal areas or environmentally sensitive coastal areas (CCSA, pers. comm., 2011).

2 References

Joint Nature Conservation Committee & Natural England, 2011a. *General Advice on Assessing Potential Impacts of and Mitigation for Human Activities on MCZ Features, Using Existing Regulation and Legislation.*