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By email to ukets.consultationresponses@energysecurity.gov.uk

UK Emissions Trading Scheme: Regulating cross boundary CCS pipelines

Dear Sir or Madam

Fuels Industry UK represents the six main oil refining and marketing companies operating in the UK. The Fuels Industry UK member companies – bp, Essar, Esso Petroleum, Phillips 66, Shell, and Valero – are together responsible for the sourcing and supply of product meeting over 85% of UK inland demand, accounting for over a third of total primary UK energy[1].

The refining and downstream oil sector is vital in supporting UK economic activity. It provides a secure supply of affordable energy for road and rail transport, aviation, and marine applications, as well as for commercial and domestic heating. It also supplies base fluids for use in lubricants, bitumen for use in road surfacing, and graphite for use in electric vehicle batteries and as electrodes in steel and aluminium manufacture.

Fuels Industry UK welcomes the opportunity to respond to the consultation on regulating cross boundary CCS pipelines.

[1] Based on the Department of Energy Security and Net Zero Digest of UK Energy Statistics 2024

Yours sincerely

Chris Gould

Energy Transition Lead, Fuels Industry UK

Attachment 1: Fuels Industry UK Response

1. Do you agree that for onshore cross-boundary CCS pipelines there should be a requirement for only one onshore permit?

Yes, Agree

For onshore cross-boundary CCUS pipelines there should be a requirement for only one onshore permit.

This reduces both the regulatory burden on CCUS pipelines and the need for expensive additional monitoring infrastructure which serves little practical purpose.

There should be a consistent approach to regulation, and this is better facilitated by having a single onshore permit under one designated competent authority. This also means that there will not potentially be different operating conditions for different sections of the pipeline. However, for the avoidance of doubt there should be a consistent approach to cross-boundary CCS pipeline regulation between competent authorities.

2. Do you have a preferred approach between Option 1 (assigning a single onshore regulator) and Option 2 (conferring joint regulatory functions on all relevant regulators)? Please explain your answer and provide evidence for your view where possible.

Option 1

This option avoids the complexities, legal uncertainties, and potential regulatory disagreements associated with Option 2 which would increase the regulatory burden for operators with little practical benefit.

We note the fact that the regulator can be changed with a year's notice. However, this does not provide information on whether operators may need to accommodate an amendment to their permit or operating conditions as a result of this change. It also does not include information on a potential appeals process. Neither of which provide investor certainty in this nascent sector and must be addressed as part of the policy decisions being made.

3. For Option 1, which criterion do you consider most appropriate for determining the onshore regulator? Please explain your answer and provide evidence where possible.

The most appropriate regulator is determined by the jurisdiction through which the majority of the pipeline's length passes.

This would seem to be a common-sense approach, linking the jurisdiction with the majority of the pipeline operation.

This approach avoids projects potentially selecting a specific, and potentially beneficial jurisdiction, for example by locating their control room in one location, potentially some distance from the pipeline itself (which is entirely possible with modern technology). This would also apply in the selection of the pipeline operators UK registered office.

4. Are there any alternative criteria or approaches that should be considered for determining the onshore regulator of a cross-boundary CCS pipeline? If so, please describe the alternative criteria or approach and provide evidence where possible.

We are not aware of any alternative criteria or approaches that should be considered at this time.

5. Do you have a preferred approach between Option 1 (the onshore regulator remains the regulator offshore) and Option 2 (OPRED is the sole offshore regulator)? Please explain your answer and provide evidence for your view where possible.

No firm view

We cannot provide a detailed answer to this question, as it is unclear from the consultation document which organisation would be the most appropriate regulator.

We would ask that a final decision is based on the principle of minimising the regulatory burden as far as possible, including the monitoring and metering requirements involved.

The final decision should also be a recognition that a number of onshore CCUS pipelines may converge at a final point before being sent offshore to the storage location. These pipelines may pass through and be governed by different regulators. This may make it more challenging to have a single permit including the offshore portion of the pipeline out to the storage site.

Having a single offshore regulator (e.g. OPRED) may also ensure a consistent approach between offshore transport and storage locations.

6. For option 2, do you agree that OPRED's regulatory responsibility should start from the last metering point at the designated onshore/offshore transfer point? Please explain your answer and provide evidence where possible.

No firm view

We cannot provide a detailed answer to this question.

7. Do you agree that dedicated monitoring and metering infrastructure should be required at the point of regulatory transfer between the onshore and offshore regulator? Please explain your answer and provide evidence for your view where possible.

Yes, with caveats

The point of regulatory transfer (and hence monitoring and metering requirements) should be considered noting the technical aspects involved, rather than being applied on a purely arbitrary basis by the regulator.

We agree that robust monitoring and metering is required to ensure that the UK ETS robustly accounts for the net amount of Carbon Dioxide geologically stored.

However, the most appropriate location for this needs to be considered. It may be difficult, and will certainly be more costly, to install and maintain the sophisticated equipment required on an offshore environment than an onshore one.

The duplication of metering equipment must also be avoided as far as possible. This not only avoids significant additional cost, but also the risk of two sets of volume data being recorded for the same CO_2 stream given that there are likely to be differences even without any losses.

8. What are your views on our proposed approach to monitoring infrastructure requirements for the onshore-offshore transfer? Please explain your answer and provide evidence where possible.

As we discuss in our response to Q7, onshore rather than offshore monitoring and metering is cheaper and easier to install and maintain.

The proposed approach would appear to take this into account.

The duplication of metering equipment must also be avoided as far as possible. This not only avoids significant additional cost, but also the risk of two sets of volume data being recorded for the same CO_2 stream given that there is likely to be differences even without any losses.

9. Do you agree that the appropriate distance for determining the location of the onshore/offshore transfer point should be no greater than 2 km from the mean high-water springs? Please explain your answer and provide evidence where possible.

We are unclear on the rationale for why a distance of 2km has been selected, including the need to define the high-water springs mark as a datum point.

It would appear arbitrary, and we would welcome clarification on the rationale for it.

Experience with other well-maintained and inspected pipelines, such as offshore oil and gas pipelines, suggests that losses will be minimal in normal routine operation. We would therefore not expect routine losses from either short or long distances. The rationale for 2km therefore is unclear.

10. If you have cost data you are willing to share either on monitoring infrastructure and/or the expected cost of UK ETS MRV for pipelines transporting CO2 to permanent geological storage, please provide this and accompany with evidence where possible.

We do not have any available cost data that we can share.

We suggest that the information provided as part of the current CCUS Track 1, Track 1 Expansion, and Track 2 discussions with government would be the best information available at this time.

11. What, in your opinion, would be the likely effects of the options being consulted on have on the Welsh language? We are particularly interested in any likely effects on opportunities to use the Welsh language and on not treating the Welsh language less favourably than English. Do you think that there are opportunities to promote any positive effects? Do you think that there are opportunities to mitigate any adverse effects?

We are not aware of any impact of the options being consulted on, on the Welsh language.

12. In your opinion, could the options being consulted on be formulated or changed so as to have positive effects or more positive effects on using the Welsh language and on not treating the Welsh language less favourably than English; or mitigate any negative effects on using the Welsh language and on not treating the Welsh language less favourably than English?

No

We are not aware of any impact of the options being consulted on, on the Welsh language.