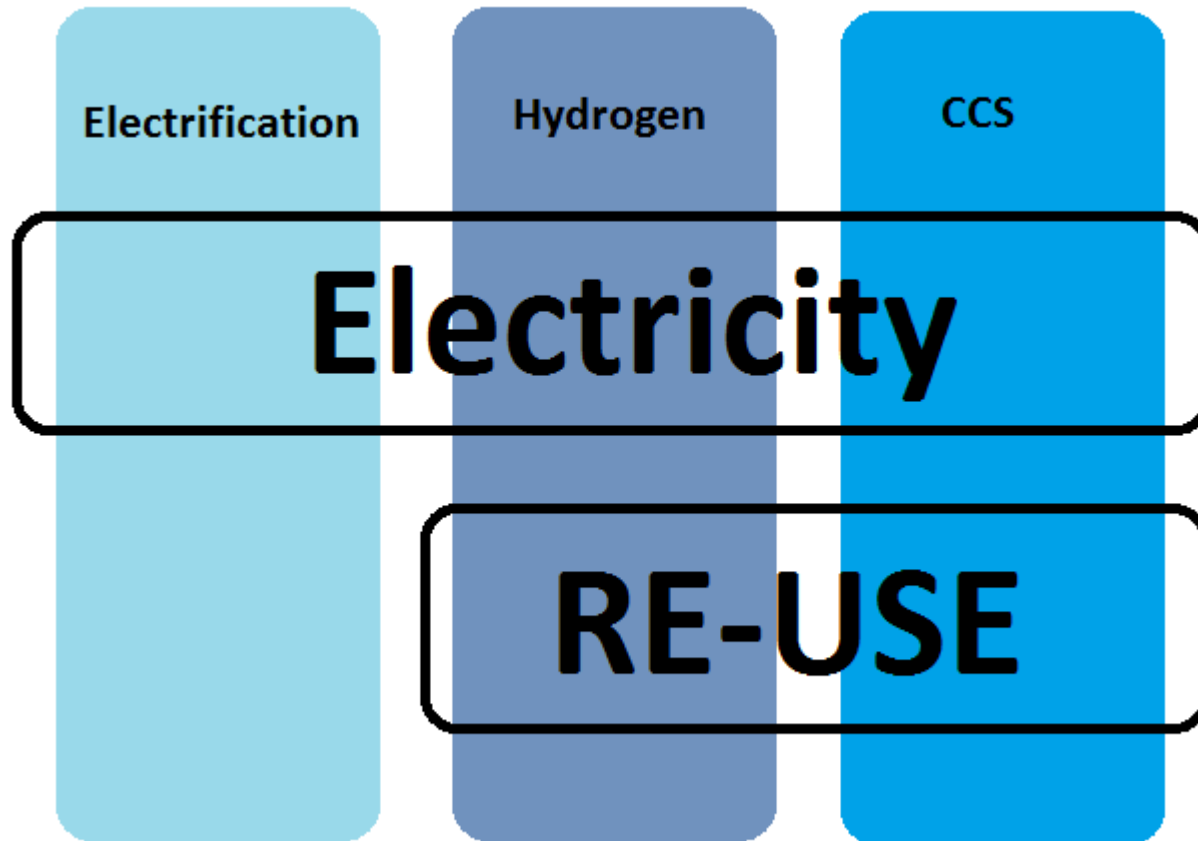


North Sea Energy

offshore
system
integration

Regulatory framework: barriers or drivers for offshore system integration
Dinand Drankier, LL.M – Groningen Centre of Energy Law
6.2.2019 , Utrecht

Content



Re-use of platforms (1)

- Right to make use of a maritime area and place/ leave in place an installation
 - Offshore (EEZ/ CS): balanced regime
 - Elaborate (international) rules on decommissioning
 - Placement and decommissioning are regulated by the *Water Act*, *unless*
 - Mining installations – Mining Act
 - Wind parks – Wind Energy at Sea Act

Activity	Type of installation	Act
Hydrocarbons extraction	Mining installation	<i>Mining Act</i>
Carbon dioxide injection	Mining installation	<i>Mining Act</i>
Hydrogen production	Installation	<i>Water Act</i>

Re-use of platforms (2)

Activity	Type of installation	Act
Hydrocarbons extraction	Mining installation	<i>Mining Act</i>
Carbon dioxide injection	Mining installation	<i>Mining Act</i>
Hydrogen production	Installation	<i>Water Act</i>

- Mining Act
 - Placement/ use: License and Environmental Mining Work permit
 - Decommissioning: removal when *no longer in use* (art. 44 M-Act)
- Water Act
 - Placement/ leaving in place: Water permit
 - Decommissioning: prescription in permit

Re-use of platforms (3)

- Hydrocarbons → carbon dioxide
 - Same act, same type of installation, no intermediate decommissioning obligation
 - However: 1) alignment, 2) temporal gap, 3) government
- Hydrocarbons → hydrogen
 - Different acts, different types of installation
 - Decommissioning? – alignment, guidance?
- Dual usage?

Re-use of pipelines (1)

- Pipelines
 - Mining Act (mining installation → mining installation/ shore or vice versa)
 - Placement: permit based on Mining Decree (operation regulated by general rules)
 - Decommissioning: Minister can determine
 - Water Act
 - Placement/ leaving in place: water permit
 - Decommissioning: can be prescribed by permit

Substance transported	Movement	Act
Natural gas	Mining Installation → shore	<i>Mining Act</i>
Carbon dioxide	Shore → mining installation	<i>Mining Act</i>
Hydrogen	Installation → shore	<i>Water Act</i>

Re-use of pipelines (2)

Substance transported	Qualification	Act	TPA	Tariff regulation
Natural gas (incl. hydrogen admix)	Gas production network	Gas Act	Negotiated based on fair, transparent and competitive conditions with a limited list of refusal grounds*	Proposed by operator but subject to negotiations*
Carbon dioxide	Carbon dioxide transport network	Mining Act	Idem	Idem
Hydrogen	n/a	n/a	n/a	n/a

* Within scope Competition Act

Electricity consumption (1)

- Offshore network → (mining) installation
 - Offshore network
 - Network for the transport of electricity that connects one or more wind parks at sea with the onshore high-voltage grid
 - Developed by TenneT, the operator of the offshore grid, in accordance with a framework set by the Minister
 - TenneT is reimbursed through a subsidy
 - Ergo: mismatch in terms of 1) law, 2) technological design and 3) market design

Electricity consumption (2)

- Wind park → (mining) installation
 - Construction (and decommissioning)
 - Water permit
 - Operation
 - New type of cable (no typology in Electricity Act)
 - Post-2016 wind parks have a substation constructed and operated by TenneT
 - Substation is part of the offshore grid
 - Might only be interesting after subsidy period for WP operators
 - Interestingly: proposed amendment to Wind Energy at Sea
 - Connection to installation as alternative to offshore grid connection

Conclusions

- Re-use was not contemplated strongly in drafting history of the Mining Act
 - Little guidance on re-use
 - Complex system
- Offshore system integration will involve new types of pipelines and cables for which no legal topologies exist
 - Creates uncertainty pertaining to the legal (market) regime applicable
- The current legal design of the offshore grid rules out offshore grid to platform connections