



**AN BILLE UM FHORBAIRT PHEITRILIAM AGUS MIANRAÍ
EILE 2005
PETROLEUM AND OTHER MINERALS DEVELOPMENT
BILL 2005**

EXPLANATORY MEMORANDUM

Purpose of Bill

The Bill is by its long title an Act to provide for the approval, with or without amendment, by both Houses of the Oireachtas of the terms subject to which licences and other rights are granted by the Minister for Communications, Marine and Natural Resources under the Petroleum and Other Minerals Development Act 1960, to amend the Environmental Protection Agency Act 1992, and to provide for connected matters.

The Bill seeks to achieve two objectives. First, in relation to petroleum licences — which include licences to explore for natural gas — the Bill seeks to ensure that the terms under which those exploitation licences are granted must first be published to and then approved by both Houses of the Oireachtas. The draft terms must be set out by the Minister and must be accompanied by a report from him or her setting out also the Minister's views as to the general advantages likely to accrue to the State as a whole and as to the locality, including in particular any proposals for economic and social development within those localities.

The Minister must also report on the measures proposed to be taken to safeguard the health, safety and general welfare of local residents and of others who may be affected by petroleum exploitation.

Second, the Bill seeks to extend the remit of the Environmental Protection Agency so as to include pipelines as well as terminals within its purview.

Provisions of Bill

Section 1 contains some standard provisions relating to the interpretation of the Bill. Specifically, it stipulates that “approval”, when it comes to the approval by the Houses of the Oireachtas of a draft scheme setting out terms under which petroleum exploration and exploitation licences will be introduced, means approval of a scheme as, potentially, amended by resolution of both Houses.

Subsection (2) requires that the Minister must, every six years, prepare and publish to the Houses of the Oireachtas—

- a draft of a scheme setting out the terms subject to which he or she proposes to grant licences for petroleum and gas exploration, and
- a report on the draft, setting out the Minister's views on the general advantages likely to accrue to the State.

The report must include the Minister's views as to advantages for local residents, in terms of social and economic development, and as to the health, safety and general welfare of those residents and of others who may be affected by the exploitation of the licences.

When it comes to the general advantages likely to accrue to the State from the exploitation of State-owned assets, the report must also have regard to provisions of the tax code relevant to the taxation of profits made from petroleum exploration.

Subsection (3) states that the Minister cannot make a licensing scheme until the draft of that scheme has been approved by resolution of both Houses of the Oireachtas and that he or she may not grant a licence unless it is granted subject to the terms set out in a scheme which has been so approved.

Section 2 seeks to amend the First Schedule to the Environmental Protection Agency Act 1992. Essentially, Part IV and the First Schedule of that Act require that no person may carry on an "activity" capable of producing "emissions", unless that activity is licensed by the Agency. The list of licensed activities is set out in the First Schedule to the Act of 1992.

As matters stand, the extraction of petroleum— which includes gas — is listed as an activity that requires a licence. So also is its handling, storage and refining. But its transport by pipeline is not.

So, the siting of a gasline terminal requires a licence from the Agency. But the piping of gas, from the place where it was extracted to the place where it is to be stored, does not need a licence. The EPA is entitled to look as a gasline terminal, in terms of the emissions it might produce, but it has no jurisdiction over the integrity of the pipeline that leads from an offshore installation right up to that onshore terminal.

At the moment, the only authority entitled to consider the pipeline, from a point of view of its safety and efficiency, is the Minister, under the Gas Act 1976.

But, first, he may not have the expertise within his Department to provide an independent evaluation on the issues that might arise. That is after all why agencies such as the Environmental Protection Agency were established as independent bodies, operating outside of Government Departments.

And, second, as the person who has granted the exploration licences in the first place, the Minister may not be in the best position to evaluate the proposals as to how, most safely, to transport this volatile commodity. The expertise in this regard rests with the EPA.

Of course, the construction of an onshore terminal and its associated pipeline is a single, coherent project, from the point of view of those who build them. They're being built to do just one job: to extract petroleum or gas from underneath the sea and to bring it to a place where it can be stored and then distributed onward.

But, at the moment, the Environmental Protection Agency has a brief that entitles it to look at an onshore terminal but not at the onshore pipeline leading from the sea right up to the front door of that terminal.

Section 2 adds to the remit of the EPA the construction, operation and maintenance of petroleum and gas pipelines.

Section 3 contains standard provisions relating to the short title and collective citations of the Bill

*An Teachta Tomás P. Ó Bracháin,
Deireadh Fómhair, 2005.*