

Minutes of NSTA Board meeting on 19th September 2024
09.30-15.00
Raemoir House, Banchory, Aberdeenshire, AB31 4ED

Directors	In attendance
Tim Eggar Chairman	Tom Wheeler (item 10) Director of Operations
Iain Lanaghan Non-executive Director	Brenda Wyllie (item 10) WOS and NNS Area Manager
Stuart Payne Chief Executive	Jane de Lozey (items 11, 12, 13 & 14) Director of Regulation
Nic Granger CFO and Director of Corporate	Marc Benton (items 11 & 12) Head of Investor Finance
Sara Vaughan Non-executive Director	Ian Knott (items 11 & 12) Head of Licensee Finance
Sarah Deasley Non-executive Director	Christopher Ashbourne (item 13) Senior Legal Advisor
Fiona Mettam Shareholder Director	Russell Richardson Company Secretary
Malcolm Brown Non-executive Director	Fiona Gruber Head of Governance and Board Secretary

1. Welcome and introductions

The Chairman welcomed directors to the meeting.

2. Conflicts of interest

Iain Lanaghan informed the board that he had been appointed a Member of the Royal United Services Institute's (RUSI) Audit and Risk Committee. The board agreed that this did not constitute a conflict of interest.

No conflict of interest with any agenda item, nor as a result of new appointments, was declared by any other director.

3. Minutes and matters arising

Directors discussed and approved the minutes of the 4th July meeting, subject to agreed amendments.

4. Strategy day reflections

Directors agreed that the informal structure of the strategy day had proved effective in generating a productive discussion of how the NSTA can continue to deliver effectively in the longer term. The Board agreed that it would like the executive to explore ideas on how the principal objective could evolve (should this be on the legislative agenda), whether the NSTA can support government in other areas of decommissioning, which additional decommissioning and dispute resolution powers the NSTA would prioritise for inclusion in a future energy bill, and whether the NSTA could expand its carbon storage stewardship role.

In the shorter term, directors agreed that greater clarity on the proposition on hubs and their contribution to the energy transition and how the NSTA exercises its general stewardship role under the OGA Strategy would be important.

5. Committee reports

The Remuneration Committee met prior to the board meeting and discussed and agreed the recommendations.

6. Safety and environment report

The board discussed the Chief Executive's report on safety and environment performance.

7. Chief Executive report

The board discussed the impact of the Finch judgment, and the government's planned consultation on the scope of environmental impact assessments. The General Counsel and Chief Executive updated directors generally on current and potential litigation.

Performance review

Directors noted the quarterly performance report and raised no concerns. Directors commended recent high quality reports on wells insights and decommissioning cost.

8. CFO report

The CFO reported that 100% of the levy had been collected and that DESNZ has made clear that grant in aid funding for carbon storage and hydrogen would be confirmed shortly. She is forecasting an underspend for the year.

The board approved the write off of two small debts and agreed to delegate to the CFO decisions to write off debts below £1,000.

9. Shareholder report

The Shareholder Director updated the board on departmental business following the 4th July general election.

The department has shared the results of the May NSTA Chair interviews with the Secretary of State and awaits his decision on how he wishes to proceed.

Fiona Mettam left the meeting

10. ELT spotlight: Project Update

The Director of Operations and the WOS and NNS Area Manager updated the board on the opportunities and challenges facing two key development projects, both of which are a big part of the hopper of production opportunities and significant projects for the North Sea Transition Deal. The board recognised the considerable threat to the supply chain of further unnecessary delays to these projects and supported the continued use of all available NSTA levers where appropriate to get the projects on track.

Fiona Mettam rejoined the meeting

11. Financial resilience update

The Director of Regulation, Head of Investor Finance and Head of Licensee Finance presented their review of UKCS licensee resilience. Overall, the clear message from operators is that fiscal instability is perceived very negatively by shareholders and investors. Access to capital has improved for larger companies but planned capex is falling due to lower returns and uncertainty.

Nic Granger left the meeting.

12. New guidance on the conduct of licence assignments

The Director of Regulation, Head of Investor Finance and Head of Licensee Finance presented new NSTA guidance which is designed to reduce the number of merger and acquisition transactions which are hampered by delays. The new guidance goes further than the existing industry voluntary code of practice and sets out the NSTA's expectations as the regulator.

The board discussed and approved the guidance and consultation response for publication.

13. Sanction cases

The Director of Regulation presented three sanction cases for the board's consideration.

Whether to issue a Sanction Warning Notice to [redacted] for a failure to comply with a petroleum related requirement. The board discussed the circumstances and agreed that there had been such a failure, that it was appropriate to sanction [redacted] for that failure and that the NSTA should issue a Sanction Warning Notice. The board delegated to the Director of Regulation the drafting and issuing of the Sanction Warning Notice.

Whether to give a Sanction Notice to [redacted] for a failure to comply with a petroleum related requirement. The board discussed the company's representations in response to the Sanction Warning Notice, agreed the financial penalty and agreed to delegate to the Director of Regulation the drafting, issuing and publication of the Sanction Notice.

Whether to give a Sanction Notice to [redacted] for a failure to comply with a petroleum related requirement. The board discussed the company's representations in response to the Sanction Warning Notice, agreed the financial penalty and agreed to delegate to the Director of Regulation the drafting, issuing and publication of the Sanction Notice.

14. Working approach to the starting fine level for breaches of flaring and venting consents

Following an initial discussion at the 13th March 2024 board meeting, the Director of Regulation asked the board to confirm its support for a working approach whereby the starting figure under the guidance for setting consent breach fines is £500,000.

The board supported the working approach and agreed that the Director of Regulation should write an open letter to industry to confirm the approach.

15. Agenda planning

The board discussed and agreed future Board dates and the Chairman reminded directors that the external board evaluation - postponed pending the appointment of his successor - would need to be scheduled in the coming year.

The board concluded by thanking Tim Eggar for his excellent and considerate leadership of the board over the past five and half years amid huge political and geopolitical upheaval and uncertainty. Directors wished him well for all his future endeavours.

There was no other business.



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Chair

21st November 2024