JOINT
NATURE
CONSERVATION
COMMITTEE

Marine Protected Areas Workshop

Session 4

Emerging Issues and Drivers

Working with the aggregate and oil and gas industries

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JNCC Aberdeen

What do we do

Industries out side territorial waters round the whole of the UK

- Fishing
- Renewables – dry and wet
- Shipping
- Oil (and other) spill contingency planning
- Oil and gas
- Aggregates

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Business

TAX FOR UK Plc.

SHAREHOLDERS / OWNERS

Managing Director / CEO / Chair

Managers

PEOPLE WHO DO THE DAY TO DAY WORK

Level of Risk Responsibility

Level of Profit Received

Crown Estate

Information from:

David Pugh

Socio-economic indicators of marine-related activity in the Uk economy.

The Crown Estate

March 2008

ISBN: 978-1-906410-01-8

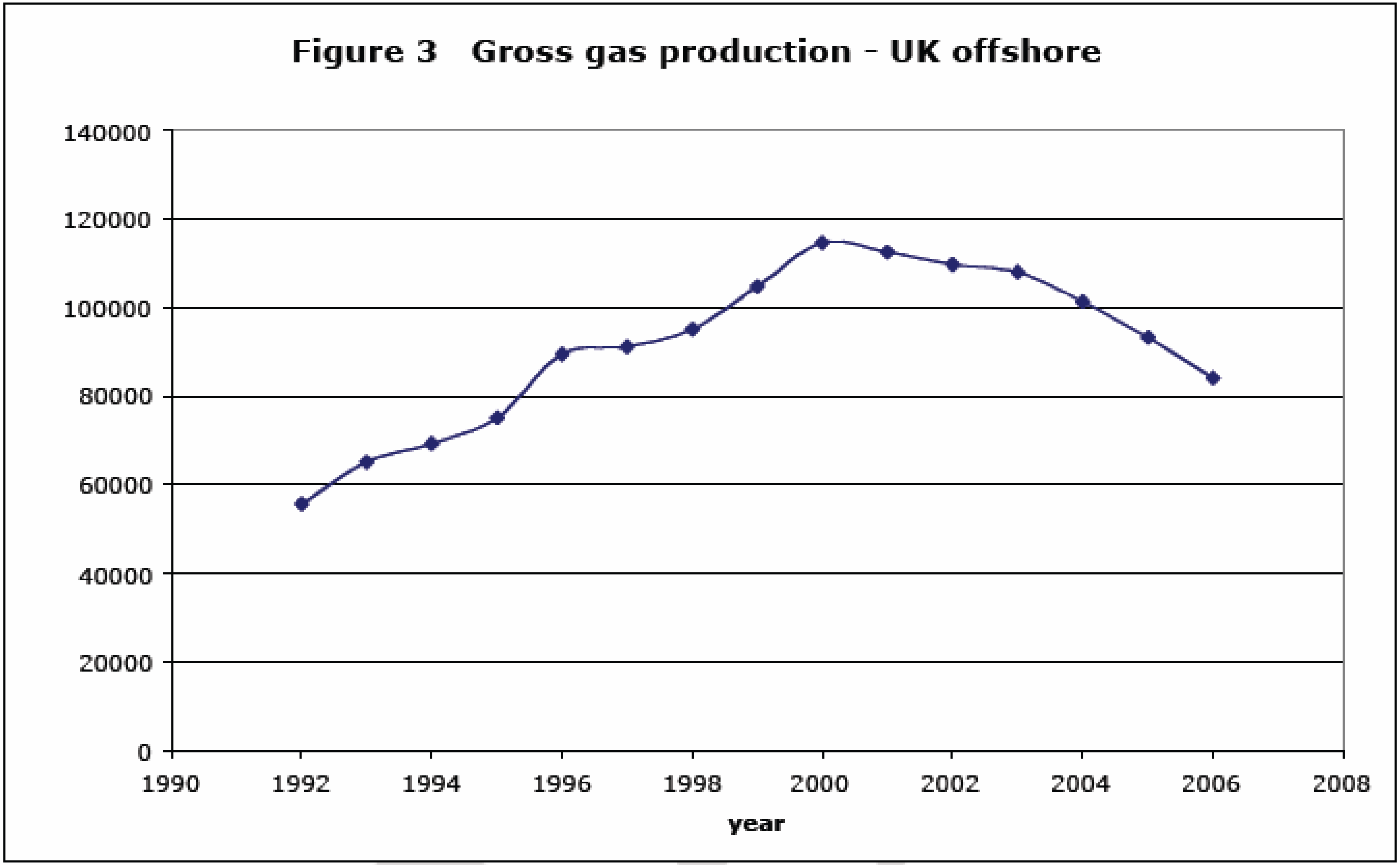
Oil and Gas

Figures for 2005

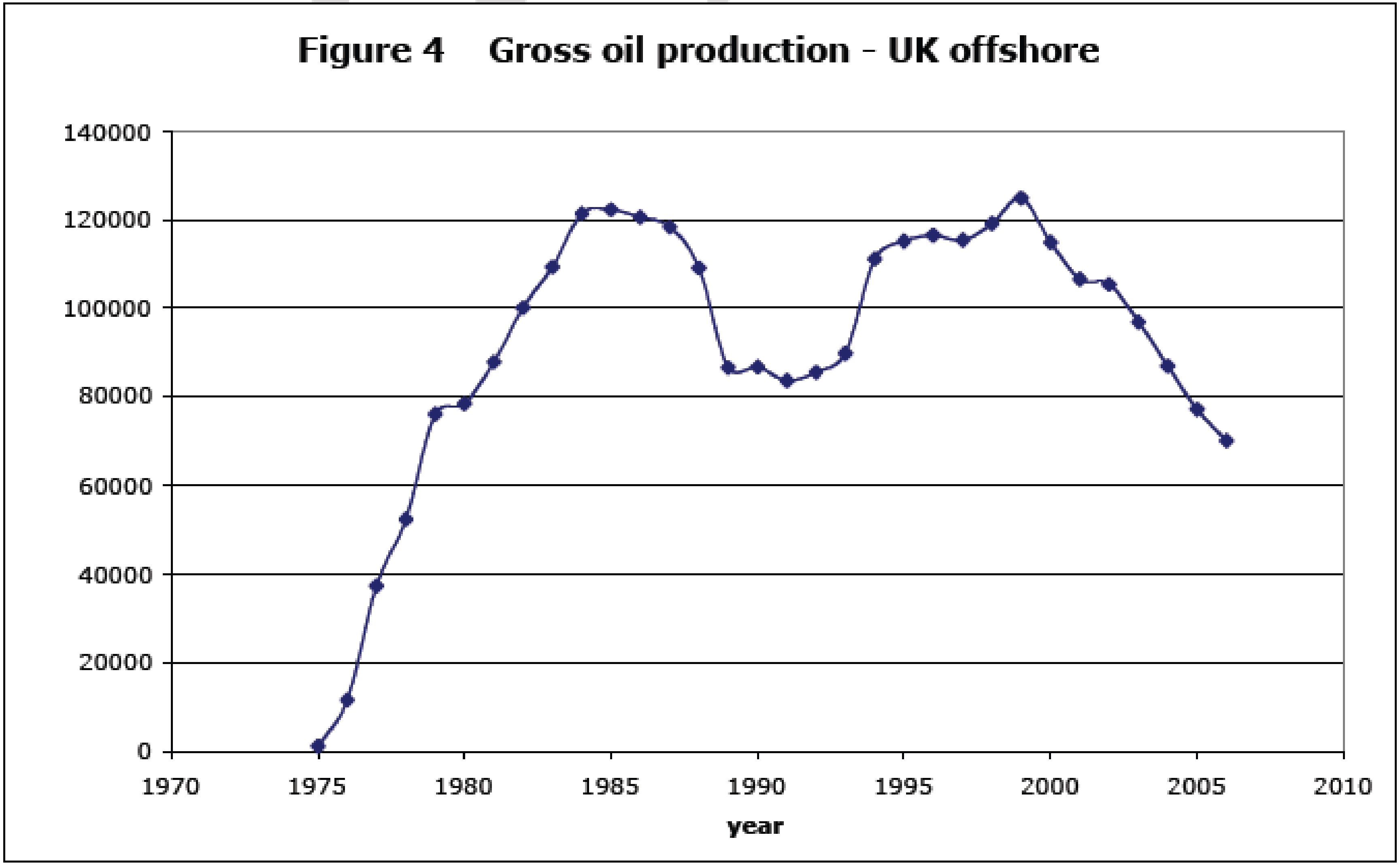
- Turnover - £28,693 million
- Gross Value Added - £19,845 million
- Exports - £11,861 million
- Numbers Employed – 290,000

*This does not include marine equipment and materials

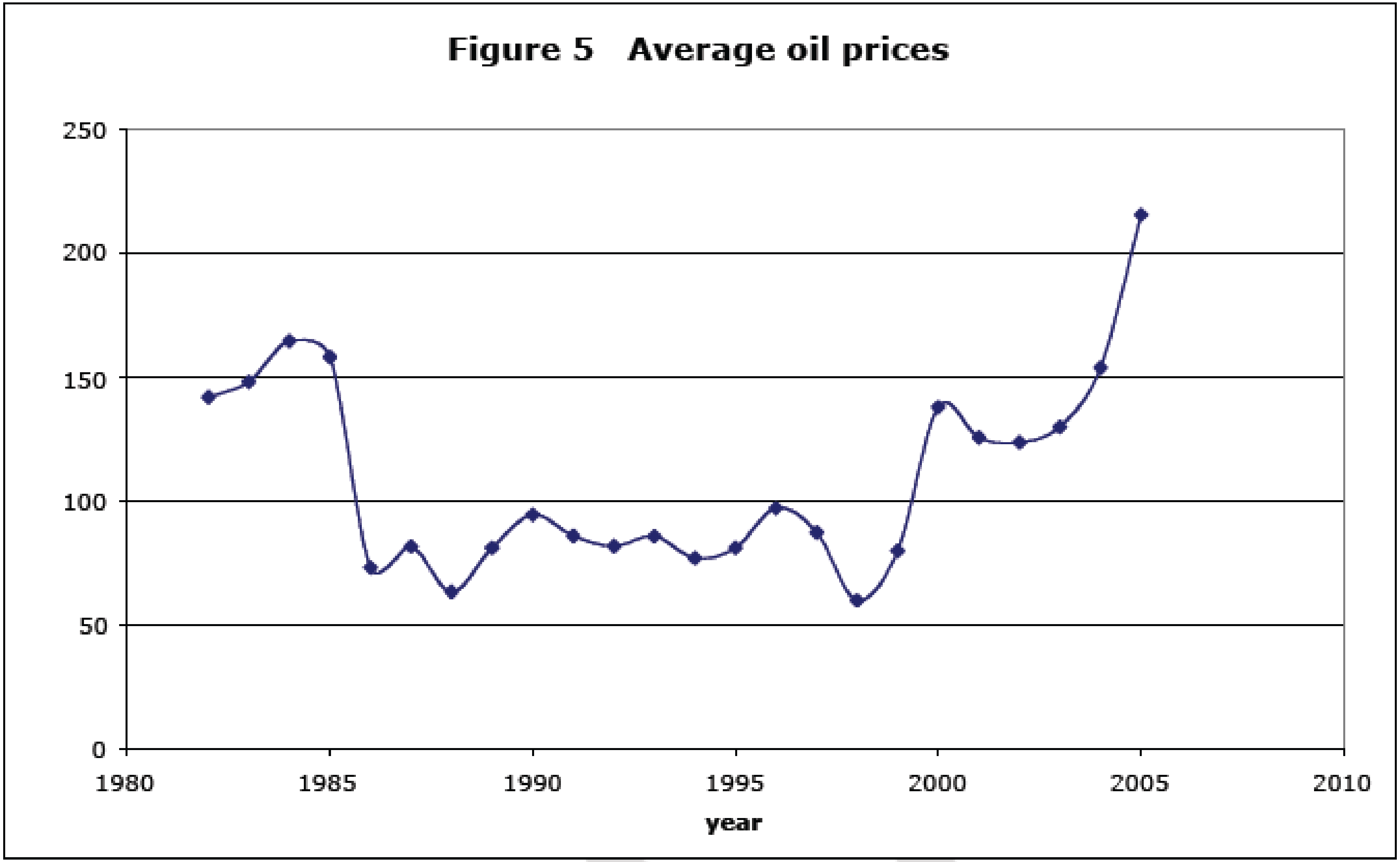
Gas Production (cubic tonnes – millions)



Oil Production (tonnes – millions)



Average Oil Price (£ per tonne)



Oil & Gas

Drivers / Emerging Issues

- High Demand
- High Oil Price
- High Gas Price
- Production Decreasing in the UK
  - Development of smaller reserves with higher costs
  - Development in new areas

Oil and Gas

Drivers / Emerging Issues

- Security of Supply
  - UK Net Importer of Oil and Gas by 2010
  - Impact on balance of Payments
    - (more going out than coming into UK Plc.)
  - Keeping the lights on…
- Sources of Energy
  - Energy Efficiency
  - If not energy has to come from somewhere
    - Coal
    - Nuclear
    - Renewables
    - Importing our energy

Energy Bill

- Implement the legislative aspects of the Energy White Paper: *'Meeting the energy challenge'*

- Energy Bill amends and introduces new regulatory measures or reforms to the following industries.
  - Renewables
  - Oil and gas
  - Offshore Gas Storage
  - Carbon Capture and Storage
  - Nuclear power

Aggregates

Figures for 2006

- Turnover - £242 million
- Gross Value Added - £114 million
- Exports - £56 million
- Numbers Employed – 1,670
- 27 marine Aggregate Dredgers

Marine Sand and Gravel

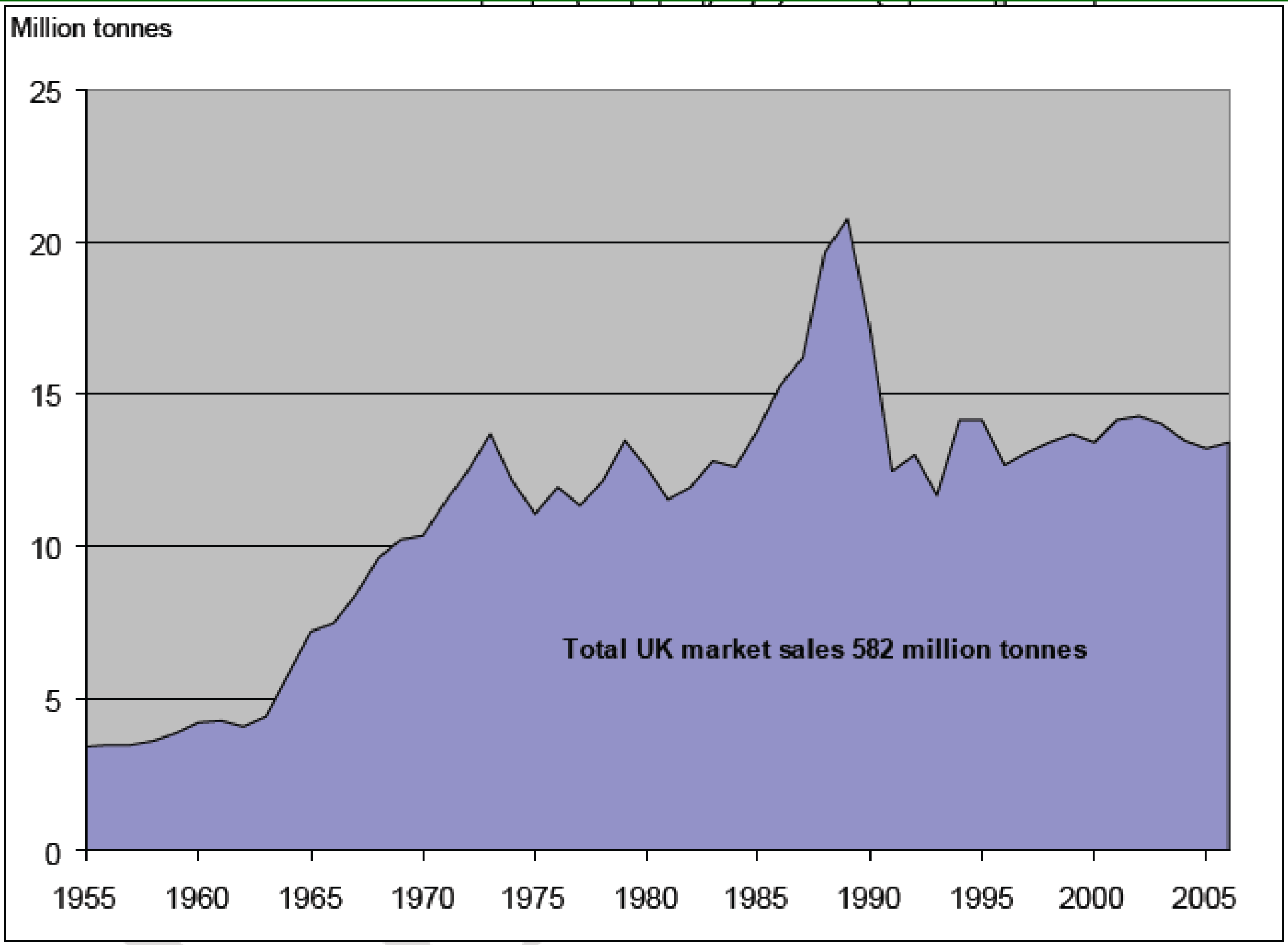


Figure 6 Landings of marine dredged sand and gravel, 1955–2006 (from BGS Report for BMAPA, 2007)

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Aggregates

Drivers/Emerging Issues

- Building
  - Government Policy on affordable housing
  - 300,000 new homes (England)
  - Major infrastructure projects
    - Severn Tidal Power
    - Port Developments (Thames Gateway)
- Coastal Defences
  - Beach recharge
  - Engineered Defence

Summary of Industry

		Turnover	Gross Value Added	Exports	Numbers employed
Aggregates	2006	£242 m	£114 m	£56 m	1,670
Oil & Gas	2005	£28,693 m	£19,845 m	£11,861 m	290,000
Equipment & materials (for oil and gas)	2005	£5,190	£2,180	£4000 m	126,000
Decommissioning (Oil and Gas facilities)	2006	£80 m	£31 m		1,200
Renewable Energy	2005 / 2006	£32 m	£10m		50
Fish (Sea Fisheries, Fish Farming & Fish Processing)	2004 / 2005	£3,740 m	£808 m	£949 m	31,633
Conservation Agencies	2005/ 2006	£165 m	£87		2,735

What worries industry?

Uncertainty….. Why?

- Project Risk
  - Industry is risk adverse
  - Wants clarity at all times
- Gatekeepers
- Project Finance
  - Banking finance (will the loans be repaid)
  - Company finance
- Timelines
  - Commitments (energy & aggregate supply)
  - Endless Consenting timelines

What worries industry?

Project Cost …. Why?

- Industry does not have infinite budgets
- Fixed Costs vs Variable Costs
  - Loves fixed hates variable…

Polluter Pays Principle

- Through site designation higher costs due to extra needs within sites
  - Survey
  - Monitoring
  - EIA Process
  - AA
- REMEMBER THE SHAREHOLDER

What worries industry?

- Marine Bill (generating uncertainty)
  - New Organisations – IPC and MMO
    - Adequately Resourced with experienced and knowledgeable staff
- Marine Spatial Planning
  - Industry and Conservation both have a place in the marine environment
  - Agreeing overall planning policy statement (different government departments)
- EU Directives
  - Renewables Directives
  - Maritime Green Paper
- OSPAR Recommendations

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Marine Protected Areas

- Designations
  - Are the MPA adding value?
  - Consistency of measures across industries?
  - When does it stop?
    - Moving goalpost scenario
  - Industry want to know how, why, where, when, what does it mean for their business…
  - Mobile Species
    - Fixed areas vs wide ranging protection
- How do we deal with change in MPA?
- Clear Boundaries
  - Industry wants to be taken account of…

Experience to date..

- Oil and Gas & Aggregate Industries
  - Communication
    - Open
    - Honest especially about unknowns
    - Guidance – e.g. Sabellaria Spinulosa – When’s a reef a reef?
  - Understand roles and responsibilities
    - Competent Authority
    - Industry
    - Advisors
  - Generate Interest in Nature Conservation
    - Change perception and attitude

Contacts

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