



**Minutes of NSTA Board meeting on 18th May 2023
10.30-15.00
1 Marischal Square, Broad Street, Aberdeen**

Directors	In attendance
Tim Eggar Chairman	Jane de Lozey (items 11, 12 and 13) Director of Regulation
Iain Lanaghan Non-executive Director	Andy Brooks (item 14) Director of New Ventures
Stuart Payne Chief Executive	Nick Richardson (item 14) Head of Exploration
Nic Granger CFO and Director of Corporate	Jo Bagguley (item 14) Senior Exploration Geologist
Sara Vaughan Non-executive Director	Russell Richardson Company Secretary
Sarah Deasley Non-executive Director	Fiona Gruber Head of Governance and Board Secretary
Fiona Mettam Shareholder Director	
Malcolm Brown Non-executive Director	

1. Welcome and introductions

The Chairman welcomed Directors to the meeting.

2. Minutes and matters arising

Directors approved the minutes of the 16th March meeting.

The Board affirmed its decision to re-appoint Sarah Deasley, from 1st October 2023, having now received Ministerial endorsement of the re-appointment.

3. Conflicts of interest

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

4. Committee reports

The Remuneration Committee met before the Board meeting to discuss and approve performance management outcomes and annual bonuses and to review the talent plan.

The Audit and Risk Committee met on 23rd March and discussed the interim audit report, progress with the internal audit plan, management of strategic risks and cyber security.

5. Safety and environment report

The Board discussed the Chief Executive's update on safety and environment performance.



6. Chief Executive report

On the day that the NSTA announced that it had offered for award 20 licences in the first carbon storage licensing round, the Chief Executive recognised the huge achievement of the exploration team and across the NSTA in achieving this milestone.

The annual Tier Zero meeting with the top 20 operators on 26th April focused on the good progress made on production efficiency, whilst highlighting rising unit operating costs. Industry continues to be concerned about the impact of the EPL, and particularly the lack of a price floor.

The Board discussed the NSTA's quarterly performance report, including the first KPI data reported against 2022-27 Corporate Plan KPIs. Overall, 2022 was a good year of recovery, with production efficiency in particular rallying strongly. Delivery against the new, more ambitious decommissioning cost reduction target, is on track.

7. CFO report

The CFO reported that the 2022-23 levy underspend is likely to be around £4.5m, primarily due to underspend on salaries for budgeted posts which have yet to be filled. Fee income was higher than anticipated due to both licensing rounds being run in year.

The Board approved the write-off of irrecoverable debts totalling £6,000, where the companies concerned had been liquidated. Directors further noted that the NSTA will propose to DESNZ and HMT the write-off of irrecoverable debts relating to the levy and to licence rentals.

8. Shareholder update

The Shareholder Director updated the Board on departmental business, including the launch on 24th April of its consultation on proposals for offshore hydrogen regulation.

The department has finalised the specification for recruiting the Chairman's successor and expects to advertise the role in the summer.

9. Board evaluation outcome

Directors met bilaterally with the Chairman in April to discuss the aggregated questionnaire responses. Directors concluded that the Board is clear about its role and purpose and is strongly chaired and supported. The Board operates effectively, achieves its objectives and has a positive and constructive atmosphere which fosters healthy debate. The executive will continue to identify opportunities for non-executive directors to meet external stakeholders.

10. 2022-23 Annual Report - strategic report

Directors discussed the narrative section of the 2022-23 Annual Report, providing comments and feedback to the Board Secretary. The full Annual Report and Accounts will be presented to the Board for approval on 30th June.

11. Sanction Warning Notice decision

The Director of Regulation asked the Board to consider whether to issue a Sanction Warning Notice (SWN) regarding its compliance, or otherwise, with a petroleum-related requirement . The Board discussed the evidence



at some length and agreed that a SWN should be issued but that the detail of any sanction be reserved for future Board discussion. The Board agreed to delegate to the Director of Regulation the drafting, finalisation and issuance of the SWN, including the length of any representation period,

12. Habitats regulation update

The Director of Regulation updated the Board on the implementation of measures, including a joint working group, to provide assurance that collaboration between OPRED and the NSTA on Habitats Regulations matters is efficient and timely.

13. Gap analysis paper.

The Director of Regulation presented a NSTA review of any potential gaps in responsibilities, or interpretation of responsibilities, between the NSTA and other regulators relating to the oversight of oil, gas and carbon storage activities.

The Board thanked the team for a very thorough review and asked that the paper be regularly updated, and any issues reported in the Chief Executive’s report every quarter.

14. ELT spotlight - carbon storage licensing.

The Director of Exploration and New Ventures and his team briefed the Board on the process and outcome of the carbon storage licensing round. The announcement of the offer for award of 20 licences coincided with the Energy Geoscience Conference in Aberdeen, where reaction was very positive. Many successful applicants have ambitious plans for first injection and are hopeful of ultimately creating an integrated European storage market, replicating the energy market.

The Board thanked the team for their exceptional work delivering both the carbon storage and 33rd oil and gas licensing rounds concurrently and acknowledged that the carbon licensing system would need to be significantly digitised to provide capacity to deliver future new licensing.

15. Agenda planning

The Board discussed potential options for a site visit in summer and decided to explore the potential to visit Sullom Voe in September and to schedule a dinner with senior supply chain executives in Aberdeen.

There was no other business.

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Chairman
20th July 2023