

FREQUENT Q&A's

There are several questions that are repeatedly directed to the FTPTS Steering Committee. This sheet is aimed at addressing the main concerns that potential participants or other interested parties may have:

What is the FTPTS?

The Flare Transfer Pilot Trading Scheme (FTPTS) is a joint Industry-Government initiative, instigated by the PILOT taskforce in 2001; it provides a framework for participating operators to trade flare above and below their Voluntary Asset Target, whilst maintaining oil production targets from their fields. The FTPTS objectives are:

- To continue the reduction in the overall quantity of gas flared;
- To provide early experience of target setting and trading mechanisms; and
- To prepare the industry for possible integration into wider emissions trading schemes that are being developed.

Why join the FTPTS?

The benefits of joining FTPTS are:

- **Goodwill Partnerships** - FTPTS is an Industry-Government initiative that demonstrates a pro-active and forward-thinking partnership between the participating operators and the DTI;
- **Meeting Environmental Targets** - The scheme aims for reductions in flaring by setting Voluntary Asset Targets;
- **Flexibility** - The scheme allows for intra- and inter-company transfer of flare gas about Voluntary Asset Targets and consents;
- **Self Regulation** - Each participating operator can set their own aggressive Voluntary Asset Targets; and
- **Gaining Experience** - The scheme will assist the participating operators in gaining experience in target setting and trading mechanisms prior to possible future, mandatory legislation.

Can I participate in both the EU ETS and the Flare Transfer Pilot Trading Scheme?

YES

There is no current conflict between membership of both the EU ETS and the FTPTS. However, if the FTPTS was to become commercial, this position would have to be revisited. Similarly if Phase 2 of the EU ETS includes flare then the FTPTS may become obsolete.

Will the FTPTS become commercial in nature?

UNLIKELY

There are no current plans for the scheme to become commercial. However, legal advice has clarified that any future commerciality of the FTPTS could be governed through existing legislation, although notification to the EU would be required.

Will I have to relinquish any consented flare gas volume?

NO

The scheme is completely voluntary, which means that each operator is not obliged to offer any flare gas volume at any stage from consented release. However, an operator can still gain valuable trading experience by offering flare gas volume for trading about the Voluntary Asset Targets. If an operator wishes to offer a portion of consented flare gas volume to a needy asset, the donating operator can choose to offer all or part of the amount required by the 'buyer'. It is common for trades to comprise one 'buyer' and several 'sellers'.



Is there a minimum quantity that I must give to the scheme?

NO

The flare gas volume offered to the scheme is the decision of the operator. However, the minimum transfer unit is stated as 0.01 tonnes per day as this is in accordance with reporting and consent practices.

What happens if I cannot find the consent I need from within the scheme?

If the flare gas required for a revision of consent cannot be found within the scheme, the asset must leave the scheme. The operator will then need to negotiate directly with the DTI in the usual manner to resolve the situation. However, having first tried to secure the additional requirements from within the FTPTS, the operator can demonstrate to the DTI that it had made responsible attempts to keep overall flaring to a minimum, even in unforeseen circumstances.

Will the Voluntary Asset Targets I set affect future consents issued?

NO

The DTI view every application for consent equally, which is a case-by-case basis. Future consents are not influenced by the amount of consent relinquished within the FTPTS.

