



Environmental compliance is a major focal point in the Oil & Gas industry

WÄRTSILÄ SERVICES BUSINESS WHITE PAPER

THE OFFSHORE oil & gas industry has, like many other industries, two sides to the environmental challenge; One is the environmental footprint as perceived by the general public, and the other is compliance with rules and regulations.

Growing awareness and attention to a company's environmental footprint increases costs related to maintaining a sustainable image. These costs do not necessarily have a direct impact on income. However, a "greener" image of a drilling contractor, combined with low operational cost, will increase its chance of getting the next contract with the oil company.

The industry is heavily regulated by both national and international environmental legislation, which to a large extent is less stringent than similar regulations for the comparable maritime industry under IMO. New and upcoming IMO regulations leave, however, no question about whether the offshore oil & gas industry will develop in the same direction – the question is when.

CO2 taxation in Europe and further NOx taxation in Norway are strong drivers for companies in the oil & gas industry to think differently and find new ways of reducing emissions and discharges. This means that industry players with broad environmental experience and an innovative mindset will be rewarded for establishing a solid foundation based on new ways of thinking.

Can the environmental footprint be reduced, while at same time lowering OPEX?

To reduce the environmental footprint, some level of CAPEX must be expected. This however presents a challenge in itself: the CAPEX will rest with the drilling contractor whereas the lower OPEX from reducing the environmental

footprint benefits the oil company. This reflects the present situation in which the oil company bears the cost of fuel as well as the taxes on CO₂ and NO_x emissions. We are beginning to see a clear trend where the fuel cost of a drilling operation is shifted from the oil company to the drilling contractor and with it, the relevant taxes.

With a consequent focus on fuel cost, Wärtsilä is in a very strong position to assist the oil & gas asset owners, drawing experience from significant service agreements made in the Cruise industry. We furthermore believe that a sustainable reduction of energy consumption and emissions requires a digital mapping and baseline of the environmental footprint of an asset. When this baseline is linked to the relevant energy consumption data, areas of optimisation can be easily identified and OPEX reduced.

In short, reducing the environmental footprint and OPEX savings do go hand in hand. Wärtsilä Oil & Gas has offerings that provide “end of pipe” cleaning solutions. However, we also seek to holistically assist the oil & gas asset owner in reducing the environmental footprint and OPEX cost in the most sustainable way closer to the source of energy. We see the balance of the plant and in particular, optimisation of low load operations, including Hybrids, as some of the core elements in which Wärtsilä can assist and improve asset performance.

Wärtsilä Services in brief

Wärtsilä Services provides high-quality lifecycle services that enhance customers’ business. Its broad range of services supports both shipping and power generation companies, whenever and wherever needed. Solutions range from spare parts and basic support to ensuring the maximised lifetime, increased efficiency and guaranteed performance of the customer’s equipment or installation – in a safe, reliable, and environmentally sustainable way.

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