
STATUTORY INSTRUMENTS

2017 No. 323

PETROLEUM

The Oil and Gas Authority (Levy) Regulations 2017

<i>Made</i>	- - - -	<i>9th March 2017</i>
<i>Laid before Parliament</i>		<i>10th March 2017</i>
<i>Coming into force</i>	- -	<i>1st April 2017</i>

The Secretary of State, in exercise of the powers conferred by sections 13(1) to (4) and 14(1) and (3) to (9) of the Energy Act 2016⁽¹⁾, and having consulted the Oil and Gas Authority in accordance with section 13(8) of that Act, makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Oil and Gas Authority (Levy) Regulations 2017 and come into force on 1st April 2017.

Interpretation

2. In these Regulations—

“leviable costs” means the sum of the costs incurred by the OGA⁽²⁾ and the Lord Chancellor in exercising the functions referred to in section 13(2)(a) of the Energy Act 2016 excluding any costs incurred in the exercise of functions referred to in section 13(2)(b) of that Act;

“licensee” means a person holding a petroleum licence;

“petroleum licence” means a licence granted under—

(a) section 2 of the Petroleum (Production) Act 1934⁽³⁾ (licences to search for and get petroleum), or

(b) section 3 of the Petroleum Act 1998⁽⁴⁾ (licences to search and bore for and get petroleum),

which is not an excluded licence⁽⁵⁾ in relation to the relevant charging period;

“relevant charging period” means the period beginning on 1st April 2017 and ending on 31st March 2018.

(1) [2016 c. 20](#).

(2) The OGA is defined as the Oil and Gas Authority in section 1(4) of the Energy Act 2016.

(3) [1934 c. 36](#); repealed by the Petroleum Act [1998 c. 17](#), Schedule 5, Part I.

(4) [1998 c. 17](#). The Secretary of State’s functions under section 3 have been transferred to the OGA by [S.I. 2016/898](#).

(5) “Excluded licence” is defined in section 13(10) of the Energy Act 2016.

Liability to pay the levy

3.—(1) A licensee who, at the relevant time, holds a petroleum licence which is an offshore production licence or an offshore exploration licence is liable to pay a levy to the OGA in respect of the relevant charging period.

(2) Subject to paragraph (3), for each offshore production licence which a licensee holds at the relevant time, the licensee is liable to pay a levy of—

(a) £934.18 where—

(i) the licensee is a micro enterprise, and

(ii) the licence is a promote licence and the Promote Period has not expired; or

(b) £9,341.76 where sub-paragraph (a) does not apply.

(3) For each offshore production licence which a licensee holds at the relevant time, and under which, at that time, the licensee is entitled to—

(a) erect or carry out any relevant works (within the meaning of the licence) either in the licensed area or elsewhere, for the purpose of getting petroleum from that area or for the purpose of conveying to a place on land petroleum got from that area, or

(b) get petroleum from that area otherwise than in the course of searching for petroleum, drilling wells or testing wells,

the licensee is liable to pay a levy of £65,444.77.

(4) Where at the relevant time a licensee holds an offshore exploration licence, the licensee is liable to pay a levy of £9,341.76.

(5) Where the licensee is more than one person—

(a) liability to pay the levy is joint and several, and

(b) the levy specified under paragraph (2)(a) only applies if every person who is the licensee is a micro enterprise.

(6) In this regulation—

“micro enterprise” has the meaning given in article 2(3) of the Annex to Commission Recommendation 2003/361/EC of 6th May 2003⁽⁶⁾ concerning the definition of micro, small and medium-sized enterprises;

“offshore exploration licence” means a petroleum licence of the sort referred to in regulation 2(2)(a) of the Offshore Exploration (Petroleum, and Gas Storage and Unloading) (Model Clauses) Regulations 2009⁽⁷⁾, relating to an area any part of which lies within offshore waters;

“offshore production licence” means a petroleum licence relating to an area any part of which lies within offshore waters which is not an offshore exploration licence;

“offshore waters” means—

(a) the waters comprising the territorial sea of the United Kingdom, and

(b) the sea in any area for the time being designated under section 1(7) of the Continental Shelf Act 1964⁽⁸⁾;

⁽⁶⁾ OJ No L 124, 20.5.2003, p36.

⁽⁷⁾ S.I. 2009/2814, amended by S.I. 2016/912.

⁽⁸⁾ 1964 c. 29; section 1(7) was amended by the Oil and Gas (Enterprise) Act 1982 c.23, section 37, Schedule 3, paragraph 1, and the Energy Act 2011 c. 16, section 103.

“promote licence” means an offshore production licence in which, in accordance with the model clauses prescribed by the Petroleum Licensing (Production) (Seaward Areas) Regulations 2008⁽⁹⁾—

- (a) a “Promote Period” (within the meaning of the licence) is specified, and
- (b) a clause is included concerning the effect of the expiry of the Promote Period in relation to the continuation of the licence beyond that period;

“relevant time” means 12.01a.m. on 1st April 2017.

Payment of the levy

4. Where a licensee is liable to pay a levy to the OGA in accordance with regulation 3, the OGA must notify that licensee in writing by 31st May 2017 of—

- (a) the amount of the levy for which that licensee is liable (and, where that amount has been reduced under regulation 7(5)(a), the notification must say so);
- (b) the date by which the amount is required to be paid, being a date not less than 28 days after the date of the notification, and
- (c) details of how the payment can be made.

Interest payable on late payment of the levy

5.—(1) Where any amount of the levy notified to a licensee is not paid in accordance with the notification under regulation 4, the licensee is liable to pay to the OGA interest, calculated in accordance with paragraph (2), on the amount of the levy which remains unpaid.

(2) The interest payable under paragraph (1) is simple interest calculated from day to day on the unpaid amount from the date by which the amount is required until the date when payment is made at a rate of 5 per cent per annum over the Bank of England base rate from time to time.

(3) For the purpose of this regulation the “Bank of England base rate” means—

- (a) the rate announced from time to time by the Monetary Policy Committee of the Bank of England as the official dealing rate, being the rate at which the Bank is willing to enter into transactions for providing short term liquidity in the money markets, or
- (b) where an order under section 19 of the Bank of England Act 1998⁽¹⁰⁾ (reserve powers) is in force, any equivalent rate determined by the Treasury under that section.

Recovery of the levy

6. Where any amount of the levy notified to a licensee is not paid in accordance with the notification under regulation 4, that unpaid amount together with any interest due in accordance with regulation 5 is recoverable as a civil debt due to the OGA.

Repayment or credit of the levy under the 2016 Regulations

7.—(1) This regulation applies where the total amount of the levy under the 2016 Regulations for the 2016 charging period exceeds the leviable costs in respect of that period.

(2) Where this regulation applies, the OGA must divide the leviable costs by the total amount of the levy to 3 decimal places to give the relevant multiplier.

⁽⁹⁾ S.I. 2008/225, amended by 2009/229, 2009/3283, S.I. 2016/912

⁽¹⁰⁾ 1998 c. 11.