
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision for calculating and imposing a levy on the holders of petroleum licences in respect of the period beginning on 1st April 2018 and ending on 31st March 2019 (“the relevant charging period”). The levy is payable to meet costs incurred by the Oil and Gas Authority (“the OGA”) in carrying out its functions as well as costs incurred by the Lord Chancellor in connection with the provision of Tribunals to consider appeals against the decision of the OGA.

The Regulations also make minor amendments to the Pollution Prevention and Control (Fees) (Miscellaneous Amendments and Other Provisions) Regulations 2015 ([S.I. 2015/1431](#)) (“the 2015 Regulations”).

Regulation 3 sets out liability to pay the production levy for the relevant charging period. This is the highest rate of levy and is to be paid by those licensees to which regulation 3(1)(b) applies (those who are producing petroleum or have received all necessary consents and approvals to do so). The regulation also makes provision for joint and several liability when the licensee is more than one person.

Regulation 4 sets out the type of licensee who is liable to pay the non-production levy for the relevant charging period. The non-production levy is to be paid by licensees holding offshore exploration licences or offshore production licences where regulation 3(1)(b) does not apply. Paragraphs (3) to (5) provide that micro-enterprises holding promote or innovate licences in certain circumstances qualify to pay the non-production levy at discounted rates. Where the licensee is more than one person, paragraph (6) makes provision for joint and several liability and also provides that a licensee only qualifies as a micro-enterprise when each of the parties to the licence is a micro-enterprise.

Regulation 5 provides the methodology for calculating the production levy and the non-production levy.

Regulations 6 to 8 provide for the process by which licensees are notified as to the amount of levy payable, for interest to be payable on late payments and for the OGA to be able to take action to recover any unpaid levy as a civil debt.

Regulation 9 requires the amount of the levy to be paid by licensees under regulation 3 or 4 to be adjusted if the total amount of the levy to be recovered under these Regulations exceeds the leviable costs incurred by the OGA and Lord Chancellor in respect of the relevant charging period.

Regulation 10 makes amendments to cross-references in the 2015 Regulations. The first amends regulation 5 (fees relating to certain licences under regulation 49 of the Offshore Marine Conservation (Natural Habitats etc.) Regulations 2007) to reflect that those regulations ([S.I. 2007/1842](#)) have been revoked and replaced by the Conservation of Offshore Marine Habitats and Species Regulations 2017 ([S.I. 2017/1013](#)). The second updates regulation 7 (calculation of fees) to reflect the insertion of new regulation 5A (fees relating to consents to locate) by [S.I. 2016/1042](#) and regulation 5B (fees relating to offshore undertakings: Energy Savings Opportunity Scheme Regulations 2014) by [S.I. 2017/404](#).

A full impact assessment has not been produced for this instrument as no or no significant impact on the private, voluntary or public sectors is foreseen. An impact assessment was produced for the original levy regulations, the Oil and Gas Authority (Levy) Regulations 2015 and is available from the Department for Business, Energy and Industrial Strategy at 1 Victoria Street, London SW1H 0ET and on www.legislation.gov.uk.