
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 2021 and ending on 31st March 2022 (“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 decisions of the OGA.

These Regulations also make provision to increase and amend certain fees charged in relation to activities carried out by the Secretary of State and OGA relating to the offshore oil and gas industry.

Regulation 3 sets out liability to pay the production levy for the relevant charging period. This is the highest rate of levy.

Regulation 4 sets out liability to pay the non-production levy. Paragraphs (2) and (3) provide that micro-enterprises holding promote or innovate licences at the relevant time in certain circumstances qualify to pay the non-production levy at discounted rates in respect of those licences.

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 regulations 3 and 4 to be adjusted if the total amount of 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. The OGA will credit the licensees appropriately should the amount of levy recovered exceed the leviable costs incurred by the OGA and Lord Chancellor in respect of the relevant charging period.

Regulation 10 sets out revised rates for fees and amendments to the Oil and Gas Authority (Fees) Regulations 2016. It provides for a fee to be payable for discontinued applications and expedited applications, and a new method for calculating fees for applications that the OGA determines to be complex. It provides for fees to be payable for flaring and venting natural gas from an oil or gas processing facility, and well and extended well tests.

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.