



Infrastructure Act 2015

2015 CHAPTER 7

PART 6

ENERGY

Recovery of UK petroleum

41 Maximising economic recovery of UK petroleum

After section 9 of the Petroleum Act 1998 insert—

“PART 1A

MAXIMISING ECONOMIC RECOVERY OF UK PETROLEUM

9A The principal objective and the strategy

- (1) In this Part the “principal objective” is the objective of maximising the economic recovery of UK petroleum, in particular through—
 - (a) development, construction, deployment and use of equipment used in the petroleum industry (including upstream petroleum infrastructure), and
 - (b) collaboration among the following persons—
 - (i) holders of petroleum licences;
 - (ii) operators under petroleum licences;
 - (iii) owners of upstream petroleum infrastructure;
 - (iv) persons planning and carrying out the commissioning of upstream petroleum infrastructure.
- (2) The Secretary of State must produce one or more strategies for enabling the principal objective to be met.

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- (3) A strategy may relate to matters other than those mentioned in subsection (1) (a) and (b).
- (4) For provision about producing and revising a strategy, see sections 9F and 9G.

9B Exercise of certain functions of the Secretary of State

The Secretary of State must act in accordance with the current strategy or strategies when—

- (a) exercising functions under the other Parts of this Act (except Part 4),
- (b) exercising functions under Part 4 to the extent that they concern reduction of the costs of abandonment of offshore installations and submarine pipelines,
- (c) exercising functions under Chapter 3 of Part 2 of the Energy Act 2011 (upstream petroleum infrastructure),
- (d) exercising any function or using any power under a petroleum licence, and
- (e) exercising any other function or using any power—
 - (i) to provide advice or assistance to another person, or
 - (ii) to acquire, use or supply information,for the purpose of enabling the principal objective to be met.

9C Carrying out of certain petroleum industry activities

- (1) A person who is the holder of a petroleum licence must act in accordance with the current strategy or strategies when planning and carrying out activities as the licence holder.
- (2) A person who is an operator under a petroleum licence must act in accordance with the current strategy or strategies when planning and carrying out activities as the operator under the licence.
- (3) A person who is the owner of upstream petroleum infrastructure must act in accordance with the current strategy or strategies when planning and carrying out the person's activities as the owner of upstream petroleum infrastructure (including the development, construction, deployment and use of the infrastructure).
- (4) A person must act in accordance with the current strategy or strategies when planning and carrying out the commissioning of upstream petroleum infrastructure.

9D Reports by the Secretary of State

- (1) As soon as practicable after the end of each reporting period, the Secretary of State must—
 - (a) consider the extent to which, during that period, these persons have followed section 9C by acting in accordance with the current strategy or strategies—
 - (i) licence holders,
 - (ii) operators under petroleum licences,

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- (iii) owners of upstream petroleum infrastructure, and
 - (iv) persons planning and carrying out the commissioning of upstream petroleum infrastructure; and
 - (b) produce a report on the results of the consideration of that question.
- (2) The report may contain other material, including a statement of action which the Secretary of State has taken, or is proposing to take, in response to any matter included in the report (including changes to a strategy).
- (3) The Secretary of State must publish, and lay before each House of Parliament, a copy of each report produced under this section.
- (4) In this section “reporting period” means—
- (a) the period of two years beginning with the day when this section comes into force, and
 - (b) each subsequent period of one year beginning with the day after the end of a previous reporting period.

9E Secretary of State’s security and resilience functions

- (1) This Part does not limit the exercise of the Secretary of State’s security and resilience functions.
- (2) This Part is subject to the exercise of the security and resilience functions by the Secretary of State.
- (3) In this section “security and resilience function” means any function which relates to—
- (a) the security of petroleum supplies, or
 - (b) the resilience of the petroleum industry.

9F Producing and revising a strategy

- (1) The Secretary of State must produce the first strategy before the end of the period of one year beginning with the day on which this section comes into force.
- (2) The Secretary of State may subsequently—
- (a) produce a new strategy, or
 - (b) revise a current strategy,
- whenever the Secretary of State thinks appropriate.
- (3) The Secretary of State must review each current strategy before the end of each relevant four year period.
- (4) In reviewing a current strategy, the Secretary of State must (in particular) take account of the results of any consideration undertaken under section 9D in respect of reporting periods falling within the relevant four year period.
- (5) In this section “relevant four year period”, in relation to a current strategy, means a period of four years beginning with—
- (a) the date on which the strategy was issued, or

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- (b) if later, the date on which the last review under subsection (3) was concluded.

9G Procedure for producing and revising a strategy

- (1) Before—
 - (a) producing the first strategy,
 - (b) producing a new strategy, or
 - (c) revising a current strategy,
 the Secretary of State must prepare a draft of the strategy or revised strategy.
- (2) The Secretary of State must—
 - (a) consult such persons as the Secretary of State thinks appropriate about the draft, and
 - (b) consider any representations made by them.
- (3) If, after complying with that duty, the Secretary of State decides to proceed with the draft (in its original form or with modifications), the Secretary of State must lay a copy of the draft before each House of Parliament.
- (4) The Secretary of State may not take any further steps in relation to the draft if, within the 40 day period, either House resolves not to approve the draft (a “negative resolution”).
- (5) If neither House passes a negative resolution, the Secretary of State may issue the strategy or revised strategy in the form laid before Parliament.
- (6) The strategy or revised strategy comes into force on the date specified by the Secretary of State (which must not be before the date when it is issued).
- (7) Subsection (4) does not prevent a new draft of a strategy or revised strategy from being laid before Parliament.
- (8) In this section “40 day period”, in relation to the draft of a strategy or revised strategy, means the period of 40 days beginning with the day on which the draft is laid before Parliament (or if the draft is not laid before each House on the same day, the later of the 2 days on which it is laid).
- (9) For the purposes of calculating the 40 day period, no account is to be taken of any period during which Parliament is dissolved or prorogued or during which both Houses are adjourned for more than four days.

9H “Upstream petroleum infrastructure” and its owners

- (1) In this Part “upstream petroleum infrastructure” means—
 - (a) a gas processing facility,
 - (b) an oil processing facility, or
 - (c) an upstream petroleum pipeline,
 if and in so far as it meets conditions A and B.
- (2) A facility or pipeline meets condition A if and in so far as it is situated in Great Britain or relevant UK waters.

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- (3) A facility or pipeline meets condition B if and in so far as it is used in relation to UK petroleum (including such petroleum after it has been got).
- (4) But an upstream petroleum pipeline is not “upstream petroleum infrastructure” if it is a pipeline to which section 17GA applies (petroleum pipelines subject to Norwegian access system).
- (5) In this section, the following expressions have the same meanings as in Chapter 3 of Part 2 of the Energy Act 2011 (see section 90 of that Act)—
 - (a) “gas processing facility”;
 - (b) “oil processing facility”;
 - (c) “upstream petroleum pipeline”.
- (6) In this Part, “owner”, in relation to upstream petroleum infrastructure, means—
 - (a) a person in whom the pipeline or facility is vested;
 - (b) a lessee and any person occupying or controlling the pipeline or facility; and
 - (c) a person who has the right to have things conveyed by the pipeline or processed by the facility.

9I Other interpretation

In this Part—

“current strategy”, in relation to any particular time, means a strategy under section 9A(2) in force at that time;

“operator under a petroleum licence” means a person who is responsible for organising or supervising any of the operations of searching for, boring for, or getting UK petroleum in pursuance of the petroleum licence;

“owner”, in relation to upstream petroleum infrastructure, has the meaning given in section 9H;

“petroleum” has meaning given in section 1;

“petroleum licence” means a licence granted under—

- (a) section 3 of this Act, or
- (b) section 2 of the Petroleum (Production) Act 1934;

“principal objective” has the meaning given in section 9A;

“relevant UK waters” means—

- (a) the territorial sea adjacent to the United Kingdom, and
- (b) the sea in any area designated under section 1(7) of the Continental Shelf Act 1964;

“UK petroleum” means petroleum which for the time being exists in its natural condition in strata beneath relevant UK waters;

“upstream petroleum infrastructure” has the meaning given in section 9H.”

42 Levy on holders of certain energy industry licences

- (1) The Secretary of State may, by regulations, provide for a levy to be imposed on, and be payable by, one or more of the following kinds of persons—

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- (a) persons who hold licences under section 2 of the Petroleum (Production) Act 1934 or licences under section 3 of the Petroleum Act 1998 (exploitation of petroleum);
 - (b) persons who hold licences under section 4 of the Energy Act 2008 (unloading and storing gas);
 - (c) persons who hold licences under section 18 of the Energy Act 2008 granted by the Secretary of State (storage of carbon dioxide).
- (2) No licensing levy is to be imposed in respect of a time which falls after the end of the period of 3 years beginning with the first day of the first charging period.
- (3) The Secretary of State must exercise the power conferred by subsection (1) so as to secure—
- (a) that the total amount of licensing levy which is payable in respect of a charging period does not exceed the costs incurred by the Secretary of State in exercising the relevant functions in respect of that period; and
 - (b) that no levy is payable in respect of costs incurred in any exercise of relevant functions for which a charge is payable under the Gas and Petroleum (Consents) Charges Regulations 2013 (as those Regulations stand when this section comes into force).
- (4) In determining for the purposes of subsection (3)(a) the total amount of licensing levy payable in respect of a charging period, an amount of levy payable in respect of that period may be ignored if (during that period or subsequently)—
- (a) having been paid, it is repaid or credit for it is given against other licensing levy that is payable; or
 - (b) having not been paid, the requirement to pay it is cancelled.
- (5) The “relevant functions” referred to in subsection (3) are—
- (a) functions under the following enactments—
 - (i) the Pipe-lines Act 1962 (cross-country pipe-lines);
 - (ii) section 3 and the other provisions of Part 1 of the Petroleum Act 1998 (exploitation of petroleum);
 - (iii) Part 1A of the Petroleum Act 1998 (maximising economic recovery of UK petroleum);
 - (iv) Part 3 of the Petroleum Act 1998 (submarine pipelines);
 - (v) Part 4 of the Petroleum Act 1998, in so far as the functions concern reduction of the costs of abandonment of offshore installations and submarine pipelines;
 - (vi) section 4 and the other provisions of Chapter 2 of Part 1 of the Energy Act 2008 (importation and storage of combustible gas);
 - (vii) section 18 and the other provisions of Chapter 3 of Part 1 of the Energy Act 2008 (storage of carbon dioxide);
 - (viii) Chapter 3 of Part 2 of the Energy Act 2011 (upstream petroleum infrastructure);
 - (b) carrying out policy work on matters relating to UK petroleum and its recovery;
 - (c) providing advice and assistance to the petroleum industry on matters relating to UK petroleum and its recovery;
 - (d) collaborating with the petroleum industry on matters relating to UK petroleum and its recovery;

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- (e) acquiring, using and supplying information on matters relating to UK petroleum and its recovery;
 - (f) encouraging development of the petroleum industry in relation to the recovery of UK petroleum;
 - (g) carrying out, or providing advice and assistance to those carrying out, research and development in relation to technology and products relevant to the recovery of UK petroleum;
 - (h) functions which relate to—
 - (i) the security of petroleum supplies, or
 - (ii) the resilience of the petroleum industry;
 - (i) international co-operation on matters relating to UK petroleum and its recovery, including—
 - (i) resolution of disputes relating to the entitlements of different countries in relation to petroleum fields, and
 - (ii) openness and accountability in the management of natural resources.
- (6) The matters relating to UK petroleum and its recovery which fall within paragraphs (b), (c), (d) and (e) of subsection (5) include—
- (a) maximising the economic recovery of UK petroleum, and
 - (b) improving the supply chain of UK petroleum.
- (7) The amount or amounts of licensing levy payable by licence holders must be—
- (a) set out in the regulations, or
 - (b) calculated in accordance with a method set out in the regulations.
- (8) The licensing levy is payable to the Secretary of State.
- (9) Schedule 7 (the licensing levy) has effect.
- (10) Schedule 7 does not limit the provision that may be made by regulations under this section.
- (11) The Secretary of State may, by regulations, amend subsection (3)(b) by adding, removing or amending a reference to any regulations made under section 188 of the Energy Act 2004.
- (12) In this section and Schedule 7—
- “charging period” means a period in respect of which licensing levy is payable;
 - “licensing levy” means the levy provided for in regulations under this section;
 - “UK petroleum” means petroleum (within the meaning given in section 1 of the Petroleum Act 1998) which for the time being exists in its natural condition in strata beneath—
 - (a) the territorial sea adjacent to the United Kingdom, and
 - (b) the sea in any area designated under section 1(7) of the Continental Shelf Act 1964.