



# 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.”

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### Commencement Information

II S. 41 in force at 12.4.2015 by S.I. 2015/481, reg. 3(b)

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**F1 42 Levy on holders of certain energy industry licences**

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**Textual Amendments**

- F1** S. 42 omitted (1.10.2016) by virtue of [Energy Act 2016 \(c. 20\)](#), s. 84(3), [Sch. 1 para. 74](#); S.I. [2016/920](#), reg. 2(a)

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