

Offshore Petroleum Licensing Bill

EXPLANATORY NOTES

Explanatory notes to the Bill, prepared by the Department for Energy Security and Net Zero, are published separately as Bill 9—EN.

EUROPEAN CONVENTION ON HUMAN RIGHTS

Secretary Claire Coutinho has made the following statement under section 19(1)(a) of the Human Rights Act 1998:

In my view the provisions of the Offshore Petroleum Licensing Bill are compatible with the Convention rights.

ENVIRONMENTAL STATEMENTS

Secretary Claire Coutinho has made the following statements under section 20(2)(a) and (3) of the Environment Act 2021.

In my view—

(a) the Offshore Petroleum Licensing Bill contains provision which, if enacted, would be environmental law, and

(b) the Bill will not have the effect of reducing the level of environmental protection provided for by any existing environmental law.

Offshore Petroleum Licensing Bill

[AS INTRODUCED]

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[AS INTRODUCED]

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BILL

TO

Make provision about licences to search and bore for and get offshore petroleum.

BE IT ENACTED by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1 Duty to invite applications for offshore licences

After section 4 of the Petroleum Act 1998 insert—

“4ZA Duty to invite applications for seaward area production licences

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(1) The OGA must, in each relevant year,

- decide whether the following tests are met in relation to that year—
- (a) the carbon intensity test (see section 4ZB);
 - (b) the net importer test (see section 4ZC). 5
- (2) If the OGA decides that both tests are met it must, during the relevant year, publish an application notice inviting applications for a seaward area production licence in respect of at least one block. 10
- (3) In subsection (2) the following expressions have the meaning given by the Petroleum Licensing (Applications) Regulations 2015 (S.I. 2015/766)—
- “application notice”;
 - “block”;
 - “seaward area production licence”. 20
- (4) The power to make regulations under section 4 includes

power to make consequential amendments of this section.

- (5) In this section “relevant year” means the period of 12 months beginning with 1 October 2024 and each subsequent period of 12 months.

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4ZB The carbon intensity test mentioned in s 4ZA

- (1) The *carbon intensity test* is met in relation to a relevant year if the carbon intensity of domestic natural gas produced during the assessment period is lower than the carbon intensity of liquefied natural gas imported into the United Kingdom during that period.
- (2) The assessment period is the period of three calendar years ending with the calendar year before that in which the relevant year begins.
- (3) In this section—
“carbon intensity”, in relation to domestic natural gas or

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imported liquefied natural gas, means the carbon dioxide emissions attributable to its production, per barrel of oil equivalent of natural gas;

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“domestic natural gas” means natural gas derived from strata in the United Kingdom;

“production”, in relation to imported liquefied natural gas, includes liquefaction, importation and regasification;

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“relevant year” has the meaning given by section 4ZA(5);

“United Kingdom” includes—

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(a) the area of the territorial sea adjacent to the United Kingdom, and

(b) any area designated under section 1(7) of the Continental Shelf Act 1964.

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- (4) The Secretary of State may by regulations made by statutory instrument amend this section for the purpose of changing the definition of “carbon intensity” to cover emissions of gases other than carbon dioxide. 5
- (5) Regulations under subsection (4) may include—
- (a) incidental or supplemental provision (including provision corresponding to section 93 of the Climate Change Act 2008 (measurement of emissions etc by reference to carbon dioxide equivalent)); 10
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 - (b) transitional provision.
- (6) A statutory instrument containing regulations under subsection (4) may not be made unless a draft of the instrument has been laid before and approved by a resolution of each House of Parliament. 20

**4ZC The net importer test mentioned in
s 4ZA**

- (1) The *net importer test* is met in relation to a relevant year if—
- (a) the amount of domestic natural gas produced during each calendar year of the assessment period is expected to be less than the demand for natural gas in the United Kingdom during that calendar year, and 5
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 - (b) the amount of domestic crude oil and domestic natural gas liquids produced during each calendar year of the assessment period is expected to be less than the demand for petroleum products in the United Kingdom during that calendar year. 15
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- (2) The assessment period is the period of 15 years beginning with the calendar year after that in

which the relevant year ends (for example, in relation to the relevant year ending with 30 September 2025, the 15-year assessment period begins with 2026) .

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(3) For the purposes of this section, the amount of any substance produced, or the demand for any substance, is to be assessed on the basis of its energy-equivalence.

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(4) In this section—

“domestic crude oil” means
crude oil derived from strata
in the United Kingdom;

“domestic natural gas” means
natural gas derived from strata
in the United Kingdom;

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“domestic natural gas liquids” means
natural gas liquids produced from
petroleum that is derived from
strata in the United Kingdom;

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“petroleum products” has the meaning given by section 21 of the Energy Act 1976;

“relevant year” has the meaning given by section 4ZA(5);

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“United Kingdom” includes—

(a) the area of the territorial sea adjacent to the United Kingdom, and

(b) any area designated under section 1(7) of the Continental Shelf Act 1964.”

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2 Extent, commencement and short title

(1) This Act extends to England and Wales, Scotland and Northern Ireland.

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(2) This Act comes into force at the end of the period of two months beginning with the day on which it is passed.

(3) This Act may be cited as the Offshore Petroleum Licensing Act 2023.

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*Presented by Secretary Claire Coutinho
supported by The Prime Minister, The Chancellor
of the Exchequer, Secretary Grant Shapps,
Secretary Michelle Donelan, Secretary Kemi
Badenoch, Secretary Mark Harper, Secretary
Alister Jack, John Glen and Graham Stuart*

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