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STATUTORY INSTRUMENTS

2024 No. 1175

ENERGY (OIL AND GAS) PROFITS LEVY

The Energy (Oil and Gas) Profits Levy (Energy Security Investment Mechanism) Regulations 2024

Made - - - - 18th November 2024

Laid before the House of Commons - - - - 19th November 2024

Coming into force - - 10th December 2024

The Treasury make these Regulations in exercise of the powers conferred by section 17B(3) of the Energy (Oil and Gas) Profits Levy Act 2022(**1**).

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Energy (Oil and Gas) Profits Levy (Energy Security Investment Mechanism) Regulations 2024 and come into force on 10th December 2024.

(2) In these Regulations, "the 2022 Act" means the Energy (Oil and Gas) Profits Levy Act 2022.

Meaning of the average price of oil

2.—(1) For the purposes of section 17A(1)(a) of the 2022 Act, the average price of oil in United States dollars per barrel over a reference period(**2**) is to be calculated using the following formula, and rounded to two decimal places on an arithmetical basis—

$$\frac{A}{6}$$

where, "A" is the sum of the World Bank oil price for each month of the reference period.

(2) In this regulation, "World Bank oil price" means the monthly price in United States dollars per barrel of Brent Crude oil published by the World Bank in the monthly prices report entitled "World Bank Commodity Price Data (The Pink Sheet)"(**3**) under the series description "Crude oil, UK Brent 38' API".

(**1**) 2022 c. 40. Sections 17A and 17B were inserted by section 19 of the Finance (No. 2) Act 2024 (c. 12).
(**2**) See section 17B(2) of the Energy (Oil and Gas) Profits Levy Act 2022 for the definition of a reference period.
(**3**) This report can be found on the World Bank website here: https://www.worldbank.org/en/research/commodity-markets. Upon request, hard copies of the World Bank oil price information for a reference period will be available for inspection following the end of a calendar month at HM Revenue and Customs, 100 Parliament Street, London SW1A 2BQ. Requests should be made in writing to Oil and Gas Tax Policy, HM Revenue & Customs, 3/64, 100 Parliament Street, London SW1A 2BQ.

Meaning of the average price of gas

3.—(1) For the purposes of section 17A(1)(b) of the 2022 Act, the average price of gas in pounds sterling per therm over a reference period is to be calculated using the following steps—

Step 1

Calculate the average price of gas for each ICIS publishing day in the reference period using the formula—

$$\frac{C}{D}$$

where—

"C" is the sum of the ICIS gas price for each ICIS publishing day in the reference period, and

"D" is the number of ICIS publishing days in the reference period.

Step 2

Divide the result from Step 1 by 100 to convert the unit price from pence to pounds.

Step 3

Round the result from Step 2 to two decimal places on an arithmetical basis.

(2) In this regulation—

"ICIS" means the Independent Commodity Intelligence Services, a business division of RELX Group plc (company number 00077536);

"ICIS gas price" means the daily price for gas in GB pence per therm published by ICIS in the series described as "National Balancing Point (NBP) Price Assessment Day-Ahead Bid/Offer Range Daily (Bid): GBp/th"(**4**); and

"ICIS publishing day" means any day on which ICIS publishes the ICIS gas price.

Nicholas Dakin
Taiwo Owatemi
Two of the Lords Commissioners of His Majesty's Treasury

18th November 2024

(**4**) Upon request, hard copies of the ICIS gas price information for a reference period will be available for inspection following the end of a calendar month at HM Revenue and Customs, 100 Parliament Street, London SW1A 2BQ. Requests should be made in writing to Oil and Gas Tax Policy, HM Revenue & Customs, 3/64, 100 Parliament Street, London SW1A 2BQ. This information can also be accessed directly from ICIS for subscribers.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations specify how the average price of oil and the average price of gas over a reference period are to be calculated for the purposes of section 17A(1) of the Energy (Oil and Gas) Profits Levy Act 2022 ("the 2022 Act"), which provides for the circumstances in which the Energy Profits Levy will end early (the Energy Security Investment Mechanism).

Regulation 1 provides for citation, commencement and interpretation.

Regulation 2 specifies how the average price of oil over a reference period is to be calculated for the purposes of section 17A(1)(a) of the 2022 Act and defines the data source to be used for this purpose.

Regulation 3 specifies how the average price of gas over a reference period is to be calculated for the purposes of section 17A(1)(b) of the 2022 Act and defines the data source to be used for this purpose.

A Tax Information and Impact Note (TIIN) covering this instrument was published on 6 March 2024 alongside the introduction of the Finance (No. 2) Bill (Bill 179 2023-24) and is available on the GOV.UK website at https://www.gov.uk/government/publications/energy-profits-levy-energy-security-investment-mechanism-legislation/energy-profits-levy-energy-security-investment-mechanism.