



Summary of event with Andrea Leadsom MP, Minister of State at the Department of Energy and Climate Change

26th October 2015

Committee Room 10, Houses of Parliament

Attendees

Nigel Mills MP (Chair of the APPG)

Angela C Smith MP

Andy McDonald MP

Tosin Adedayo (Edelman)

Paula Blacklock (Calor)

Des Correia (Arup)

Ken Cronin (UKOOG)

Adrian Del Maestro (Strategy&)

Francis Egan (Cuadrilla Resources)

Kenneth Fergusson (Combustion Engineering Association)

Jonathan Foster (Petroleum Safety Services)

Paul Grace (Bernin Leighton Paisner LLP)

John Hackett (Anglican Water)

Tom Harlow (Country Land and Business Association)

Ruth Hayhurst (Drill or Drop)

Gary Haywood (Ineos)

Malcolm Kenward (Frack Free Balcombe Residents Association)

Verena Leckebusch (Department of Energy and Climate Change)

David Petrie (IGas plc)

Amanda Rayner (Total)

Sue Taylor (Frack Free Balcombe Residents Association)

Angus Townley (Tata Steel)

Peter Van Der Borgh

Glynn Williams (Clear Solutions)

Lindsay Wright (UK Energy Research Centre)

Michael Stott (H+K Strategies, Secretariat to the APPG)

Larry Smith (H+K Strategies, Secretariat to the APPG)

Olivia Thornton (H+K Strategies, Secretariat to the APPG)

Meeting began at 3.15pm.

Nigel Mills opened the meeting with a brief summary of the recent meeting between MPs and members of the US Department of Energy. The officials MPs had met were not day-to-day regulators but those who handled shale policy for the federal administration. Mr Mills noted the officials had outlined what had gone right and what had not in the US experience with shale while detailing how several issues had been handled quite effectively. One statistic of interest was that over 500,000 wells had been drilled in the US, with only five of these structurally unsound. Mr Mills promised to send round a summary from this meeting once the US embassy had reviewed it.

Ken Fergusson (Combustion Engineering Association) reflected that 80% of the stories on the APPG's daily monitoring were reporting opposition to shale. He asked how the shale industry could regain public trust and credibility in context of this coverage. Where was the dossier of information that could be provided to the public? **Mr Mills** said the Minister would be able to give an answer, but that until people saw shale happening, they probably would not believe in it.

There was a question from the floor regarding what had been said at the US meeting about land ownership. **Mr Mills** said this had come up, with the US delegation stating the party which owned the surface area got what was underneath. **Angela Smith MP** said in the UK, land marked for underground exploration had been declared crown property. The key difficulty in the UK was around land permission.

She noted there would be a key event the next day in the House of Commons when a Statutory Instrument to pass regulations concerning fracking under national parks would be debated.

Sue Taylor (Frack Free Balcombe Residents Association) asked when the remaining onshore oil and gas licences would be determined. **Mr Mills** said the Minister would be able to provide more information on this.

Andrea Leadsom then addressed the APPG. She said she had come from doing a briefing on the SI on shale which was due to be debated the next day, and was pleased to now address the APPG. Developing shale was a top priority for the Government, although not at the risk of environmental damage or damage to human beings. There was a lot of accusation, talk and misleading information out there, but industry as of yet had not got underway at all. No licences for hydraulic fracturing had yet been granted.

Ms Leadsom then outlined the process of fracking and said the key priority for the Government was environmental safety and health. The Government was looking at how to safely develop shale and had been risk-averse. She discussed the rationale for shale gas, noting the huge demand for gas in the UK, with the resource used in heating, cooking and even things like hairspray.

Ms Leadsom went on to say the UK was committed to decarbonisation and wanted cleaner energy. This did not just mean renewables but also a move from unabated coal to gas. We should focus on how gas could be part of decarbonisation and delivering on energy security needs. Shale could not solve the UK's need to import gas, but it was important to restrict the amount of increasing imports. The UK currently imported around 40% of gas, and this was forecast to go up to 75% by 2030. Shale gas could be the solution. Home-grown shale was also less carbon heavy than imported LNG.

Ms Leadsom continued that there could also be good economic reasons to exploit shale gas resources. Until the UK explored 100-200 wells, we would not know if the shale industry was viable, but it could be worth 650,000 jobs and £30bn to the economy. The Government was also putting in place new colleges for oil and gas.

Ms Leadsom made two final points. The first concerned the planning regime. Local authorities were required to stick to statutory 16-week timeframes when making decisions concerning shale. The Government was now intending to call in applications when councils did not do so. This did not amount to 'fast-tracking' shale, but was designed to ensure decisions were not drawn out beyond what was acceptable. The second point was that the Government wanted to make sure communities benefitted from shale in their area. Ms Leadsom discussed the percentage of proceeds from shale which would go to local areas and plans for a sovereign wealth fund to put proceeds back into communities. She said she knew industry was looking at how to make this community-oriented.

The floor was then opened to questions. **Angela Smith** noted there was already some exploration for oil and gas around Manchester and Sussex, and said there was a need to be careful about figures concerning shale's economic potential. She said Government plans for oil and gas colleges were right, but asked if the Government would ensure the steel industry could benefit. Ms Smith also raised the large amount of

correspondence she had received ahead of the debate on fracking regulations concerning drilling under national parks.

In response, **Ms Leadsom** acknowledged Ms Smith's point about economic benefits. In the US, the shale revolution had revitalised shut-down industries. She was wary of talking about this given the UK had not extracted anything yet, but the potential of shale to keep costs down for energy intensive industries was positive. Ms Leadsom added she would take any opportunity to support steel and steelworkers. On the SI, Ms Leadsom said the Government did not want to risk the environment or human health. The SI just dealt with sub-surface drilling – it was not dealing with drilling at the surface. **Ms Smith** asked if a 1200m metre limit linked to sub-surface drilling had been determined by scientific advice. Ms Leadsom said this was correct and it was considered an extremely cautious distance.

Sue Taylor noted the Infrastructure Bill had defined hydraulic fracturing in terms of water used rather than pressure. She asked the Minister if drilling restrictions in protected areas would rely on this. **Ms Leadsom** said she would write to Ms Taylor on the specific definition of hydraulic fracturing but said there was no intention to obfuscate on this. It was not in anyone's interests to play games with this and she would not permit that.

Andy McDonald MP welcomed Ms Leadsom's support for energy intensive industries. While people were looking for fracking to be done safely, he was concerned the UK could be kissing goodbye to some wonderful opportunities. This was especially true of Underground Coal Gasification in the North Sea. There was anywhere between 3tn-23tn of coal and syngas which could also provide a climate change dividend. The issue was not getting enough attention. **Ms Leadsom** welcomed Mr McDonald's comments.

Ken Fergusson mentioned his previous work as the former CEO of the coal authority and again raised the high number of articles covering opposition to fracking on the APPG's daily newsletter. There was an automatic presumption that information from the industry was suspicious, and that the green lobby was right. He noted that Cluff Resources had to walk away when the Scottish Government had applied its moratorium to UCG. How was the UK Government going to get rational discussion? **Ms Leadsom** said that on coming into her job, she had made clear she wanted to see shale and new nuclear get going, along with CCS. She was having biweekly meetings with officials on shale. However, she said the Government and industry had a job to make the case for it.

Ruth Hayhurst (Drill or Drop) raised a recent survey which had shown support for shale among women was at 31%. Why was this? **Ms Leadsom** rejected the notion of boys' and girls' technologies. There were people, and people needed to be persuaded something was safe. On coming into the job she had two questions: was climate change real, and was shale safe? She was now persuaded on both. If you were in a community affected by shale, why should you go out and find out about something? The Government needed to go and shell the benefits of shale.

Meeting concluded at 4pm