

Britain's sorry struggle with the shale revolution



- 1 David Cameron has long cast an envious glance at America's booming shale¹⁾ industry. The prime minister once promised to go "all out" to extract the UK's reserves of onshore gas, inspired by the many finds of the valuable gas in the US. But Britain's dash for shale seems more akin to a barely discernible shuffle. Exploratory drilling at Balcombe in Sussex was abandoned two years ago in the face of protests. Last June, Lancashire county council inflicted another blow, blocking an application by Cuadrilla, an energy company, to begin fracking²⁾ near Blackpool.
- 2 Ministers are right to fret about these setbacks because Britain needs to tap its reserves of shale gas. The British Geological Survey, a research body, estimates that there are 1,300tn cubic feet of shale in northern and central England. That is enough to fuel half a century of gas consumption if only a small part were extracted. With Britain on course to import 75 per cent of its oil and gas resources by 2030, the country requires more homegrown supplies in order to guarantee energy security.
- 3 The problem is that, unlike the US, fracking applications in Britain must go through a planning system that is wary of almost all development — let alone the creation of suburban oil wells. Britain's shale gas deposits lie beneath densely populated areas where the attitude of 'not in my backyard' must be overcome. Companies seeking permission to extract the gas also have to wrestle with local government regulation and inertia. The authorities in Lancashire took 15 months to reach a decision following Cuadrilla's drilling application — well beyond the 16 week limit set out in planning guidelines.
- 4 In order to overcome such foot dragging, the government has put local councils on notice that they will step in to override any "slow and

confused" decisions on shale drilling applications. Ministers have signalled that if councils delay rulings or repeatedly knock back projects they could find that gas and oil planning applications are determined by national government.

- 5 This is a reasonable response. Companies such as Cuadrilla should expect their applications to receive an answer in reasonable time. But ministers must beware of using such powers to ride roughshod over local authorities. Mr Cameron's government has rightly promoted the importance of local decision-making and would look 22 if it went back on this.
- 6 Instead, the government should look harder at how communities can be persuaded to abandon their resistance to an industry that is safer than many realise. One question that needs tackling is how communities are recompensed. The shale revolution has been successful in the US because landowners there become rich if shale is discovered under their property. In Britain, underground resources belong to the Crown and local people will only get paid for gas won from under their property if the drilling company is willing to do so.
- 7 The government has unveiled a proposal under which communities should be paid £100,000 for each exploration well site, plus 1 per cent of production revenue. This may serve as a guideline but the precise amount should be decided on a case-by-case basis. More importantly, this aspect ought to be embedded in the planning system itself, becoming an essential part of every local authority decision.
- 8 Britain needs a shale revolution. But this requires developers to be far more realistic about the financial costs they must suffer. Resistance by local communities will not be overcome easily. But if the industry is willing to pay communities enough for the disruption, there is no reason why fracking in Britain should not finally begin.

adapted from *Financial Times*, 2015

noot 1 shale = schalie, een gesteente waaruit gas gewonnen kan worden

noot 2 fracking = methode om schaliegas vrij te maken door scheurtjes te maken in het gesteente waar het gas in opgesloten zit