Shale fail: David Cameron has not gone ‘all out’ for fracking

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The UK government has said that fracking has three main benefits: energy security, decarbonisation and economic growth. The government has shown clear support for test drilling to assess the economic feasibility of fracking. It has reinforced this support with a range of policies such as tax breaks; local compensation rules; pro-fracking planning.
guidance; and a sovereign wealth fund from shale petroleum revenues that would be invested in north England.

The evidence against

Yet the government has not gone all out for shale. It is part of a loose coalition of organisations which, “on average”, is tentatively pro-fracking. The coalition includes UK government departments and agencies, the three main UK political parties, would-be frackers such as Shell and Cuadrilla, industry groups such as Oil & Gas UK, and groups generating and sharing research such as the Royal Academy of Engineering and the British Geological Society.

The common element to this coalition is a wish to approve test drills, to get a better sense of the economic potential of shale gas, and support extensive regulation. Only some members of this coalition favour the “all out” strategy. The anti-fracking coalition that it competes against is smaller but has a less equivocal political position. It includes the likes of the Green Party, the Campaign to Protect Rural England, Frack off, Friends of the Earth and WWF UK.

Neither has the UK government sought to take full control of shale petroleum policy. It has overall responsibility for energy and retains ownership of mineral and gas resources, but has not centralised many aspects of fracking policy.

These policy aspects are shared between devolved governments, who are responsible for developing national planning guidelines (Scotland will also soon receive powers on licensing); local authorities charged with granting planning permission for individual drilling sites; and public bodies responsible for ensuring environmental protection and health and safety. It also shares responsibility for environmental policy with the European Union.

The UK has taken responsibility for strategic issues related to energy security, finding evidence to address questions about the economic viability and environmental uncertainty around fracking, the tax and incentives regime, and the UK-wide system granting energy companies the right to operate to extract minerals. But crucially it has not sought to control the decision to approve drill sites in local areas (a Lancashire County Council decision looks likely to approve two controversial sites, but it is the council that retains the control and not the government).

This is reflected in its rather convoluted “regulatory roadmap” for private companies. It involves at least 15 steps and interaction with government and numerous public bodies, culminating in the need to satisfy local authorities that the energy companies should drill in their area. (By the way, public bodies, such as environment agencies, also implement a complex mix of EU, UK and devolved regulations.)

Uncertainty ahead
The result is that we don’t quite know what will happen, particularly since devolved and local governments are much more hesitant to approve actual development in their areas. The UK government may be ostensibly “all out for shale”, but this is not reflected in its decision – not least the latest climbdown in the Commons, though that can at least be put down to realpolitik.

On this basis, we might expect one of three things (assuming of course that energy prices return to levels at which shale gas is economic). First, as events proceed and local areas begin to make decisions on individual sites, the anti-fracking coalition may swell to reflect a growth in opposition or the decision of local authorities to reject planning applications. This is particularly likely if tremors or earthquakes happen again close to test-drilling sites.

Second, the majority coalition may swell, but change further to reflect a greater degree of hesitant pro-fracking attitudes that are not sufficient to enable commercial fracking to go ahead. Or third, the majority coalition might become more in favour of fracking, perhaps following test drills and the gathering of evidence that suggests that regulations are sufficient and the commercial potential of shale gas is more certain. Obviously energy prices will have a vital bearing on how this proceeds. The latter outcome is by no means certain whatever David Cameron and his allies are saying in public.