

Response to the Shale Wealth Fund Consultation from Molly Scott Cato MEP, Green Member of the European Parliament for the South West of England and Gibraltar.

<https://www.gov.uk/government/consultations/shale-wealth-fund>

September 2016

The Green Party does not believe that hydraulic fracturing of shale gas should form part of the UK energy mix due to significant concerns about the potential environmental and health risks of this extraction technique - as well as the incompatibility of fracking with the UK's commitment to keeping climate change below 2 degrees Celsius. Instead, the Green Party advocates a transformation of the energy system away from fossil fuels to one based on a much more efficient use of the energy supplied, mainly by electricity from renewable sources. This is a view that is supported by the vast majority of the British public, with growing opposition to fracking (1), which is supported by just 19% of people in the UK. In contrast, 81% support renewables (2).

This proposed government intervention in support of fracking was published in August 2016 as leading climate scientists warned (3) that the Earth is perilously close to breaking through a 1.5-degree Celsius upper limit for global warming, just eight months after the target was set at the Paris climate talks. 2016 is also set to become the hottest year on record.

The Shale Wealth Fund has been widely received as a cynical attempt by Government to 'sweeten the fracking pill'; an attempt to bribe households and communities to accept something that will have a detrimental impact on quality of life and environment. It seems unlikely that people's concerns about climate change and their local environment can be silenced with cash, and the suggestion that they can, only indicates that this Government is not prepared to listen despite the claims in this document about 'empowering communities'.

The government's decision to overturn Lancashire County Council's rejection of a planning application for a fracking site earlier this month, paving the way for shale company Cuadrilla to drill in the county, demonstrates a complete contempt for the concepts of local democracy and empowering communities. The government needs to pay attention to local people who do not want their landscapes trashed and health threatened by this dinosaur industry.

The proposals in this document are unlikely to result in genuine empowerment for local communities and sit in stark contrast with the situation in Germany (4) where communities have been genuinely empowered by a revolution in community renewables with real ownership.

Unfortunately, the Government's energy policy appears to remain firmly stuck in the 20th century and driven by a desire to pander to the fossil fuel and nuclear industries rather than embrace the huge economic opportunities and environmental imperative of the global transition to renewables that is already underway, but has been hampered by government policies stripping away support for the industry (5). If significant investment was made in renewables instead, the South West could become a Western Powerhouse, powered by clean, safe energy owned by local communities across our region.

In common with other Government documents on this subject, the Shale Wealth Fund Consultation fails to acknowledge the very real risks to communities and the natural environment that hydraulic fracturing represents. Time and time again the Government has failed to recognise the full range of likely effects arising from activities associated with oil and gas exploitation and it is extremely concerning that some issues identified as high risk to people and the environment in a report commissioned by the European Commission, continue to be completely ignored (6). It is not reasonable to invite people to respond to a

consultation about how communities will be adequately compensated for hosting shale gas exploration, without outlining in full the likely impact that this exploration will have on those communities and the environment (including the negative impacts). Fracking risks include contamination of ground water resources by toxic chemicals, increased vehicle movements, industrialisation of the landscape, air pollution and noise.

This document refers to natural gas as a low carbon technology. This is clearly not an accurate representation. Natural gas, including shale gas, is a fossil fuel. There is an increasing body of evidence that fossil fuel reserves will have to be left in the ground to prevent dangerous climate change. It is completely inconsistent with the UK's commitments at COP21 in November 2015 to initiate a new fossil fuel industry in the UK at this time. In fact, the International Energy Agency's own report includes an admission that a fracking 'boom' would condemn the planet to temperature increases of at least 3.5 degrees Celsius (7). Furthermore, the process of hydraulic fracturing results in the release of methane, a powerful greenhouse gas, which will actually increase climate change impacts. Indeed, the fossil fuel industry's emissions of methane are now known to be far higher than previously thought (8).

The document also makes reference to the potential to invest in regional development, including tourism. It is highly unlikely that the initiation of a hydraulic fracturing industry will do anything to promote tourism and is far more likely to have a detrimental impact on this vital industry. The tourism industry in the South West of England provides long-term, sustainable jobs for communities, which should not be put at risk for a short-term fossil fuel boom. As we have seen in the US, hydraulic fracturing has transformed landscapes into an unsightly web of wells, tracks, wastewater ponds, pumps and pipeline infrastructure. This could have a devastating impact on the tourism industry in the region I represent and the Government should be transparent about this.

Specific Questions:

Consultation Question 1: Do you think that providing opportunities for both local and regional investments are the right priorities for the Shale Wealth Fund?

The Green Party is wholly opposed to dangerous and destructive fracking. We believe real sustainable wealth, prosperity and a good quality of life for our communities lies in exploiting and cooperatively owning our abundant renewable energy resources. In the event that the Government fails to acknowledge the urgent need for a more coherent national energy policy and allows dangerous and environmentally destructive fracking to go ahead, there are two options that might be acceptable: genuine compensation for loss of value of home in full or a fund to be given to the local community to be shared fairly and invested for general good, as with wind farms that have community element or a Community Infrastructure Levy (CIL) system with planning.

Consultation Question 2: Do you agree that a more local level should receive revenues before a more regional level (establishing the 'trickle up' principle)?

The Green Party is wholly opposed to dangerous and destructive fracking. We believe real sustainable wealth, prosperity and a good quality of life for our communities lies in exploiting and cooperatively owning our abundant renewable energy resources. However, if the government proceeds with propping up this deeply unpopular industry, revenues should be used to benefit the communities immediately impacted by the developments. Regional

investments in the green economy could be delivered with any additional revenue once the local community has been adequately compensated.

Consultation Question 3: Over the lifetime of the Shale Wealth Fund, what do you think the proportion of funding allocated between these two priorities should be?

Refer to Qu 2 response.

Consultation Question 4: Should the government retain flexibility regarding the proportion of funding between delivering benefits at local and regional levels, to enable learning from the industry pilot schemes and once the magnitude of shale revenues becomes clearer?

The Green Party is wholly opposed to dangerous and destructive fracking. We believe real sustainable wealth, prosperity and a good quality of life for our communities lies in exploiting and cooperatively owning our abundant renewable energy resources. However, if the government proceeds with propping up this deeply unpopular industry there is a danger that this 'flexibility' could result in communities who have reluctantly accepted fracking on the basis of the incentives on offer at the local level being left frustrated if the support is later withdrawn or redirected. For the purposes of transparency, it should be clear from the beginning exactly what is being offered and this should be guaranteed as a minimum. However, if additional revenue becomes available this could be used to invest in local communities and the wider region over and above what was originally guaranteed.

Consultation Question 5: Do you have views on how the "local community" to a shale site should be defined for the purposes of the Shale Wealth Fund?

The Green Party is wholly opposed to dangerous and destructive fracking. We believe real sustainable wealth, prosperity and a good quality of life for our communities lies in exploiting and cooperatively owning our abundant renewable energy resources. However, if the government proceeds with propping up this deeply unpopular industry, the local community should be defined as those who are immediately impacted by the development and its impacts. This should include as a minimum those households within the 10km impact zone, those communities' dependent on ground water reserves that are placed at risk, and those households on road routes affected by the significant increase in transport movements that will result. However, this still fails to acknowledge that wider society will be impacted by the Government's failure to adequately act on climate change.

Consultation Question 6: Do you agree that the "local community" should be defined on a case-by case basis?

The Green Party is wholly opposed to dangerous and destructive fracking. We believe real sustainable wealth, prosperity and a good quality of life for our communities lies in exploiting and cooperatively owning our abundant renewable energy resources. However, if the government proceeds with propping up this deeply unpopular industry, a set of minimum generic eligibility criteria should be developed to ensure consistency and fairness, with flexibility to go beyond this on a case by case basis.

Consultation Question 7: Do you think a set of principles should be developed to ensure consistency of approach for different shale developments?

The Green Party is wholly opposed to dangerous and destructive fracking. We believe real sustainable wealth, prosperity and a good quality of life for our communities lies in exploiting and cooperatively owning our abundant renewable energy resources. However, if the government proceeds with propping up this deeply unpopular industry, a set of principles

should be developed to ensure consistency of approach, but with flexibility to go beyond this on a case by case basis.

Consultation Question 8: If possible, should the government seek to align any “local community” element of the Shale Wealth Fund with the industry’s community benefits scheme?

The Green Party is wholly opposed to dangerous and destructive fracking. We believe real sustainable wealth, prosperity and a good quality of life for our communities lies in exploiting and cooperatively owning our abundant renewable energy resources. However, if the government proceeds with propping up this deeply unpopular industry, the consultation makes clear that the Shale Wealth Fund will be new funding, that it will not be used to replace existing government funding and will be additional to any benefits provided by the shale industry through its community benefits package. Any attempt to align the two schemes should not result in a loss of additionality or a reduction in the overall benefit to local communities. Nor should it result in any loss of local determination for how the funds are directed.

Consultation Question 9: Do you agree that at a local level, it should be for local people to determine how the Shale Wealth Fund is spent?

The Green Party is wholly opposed to dangerous and destructive fracking. We believe real sustainable wealth, prosperity and a good quality of life for our communities lies in exploiting and cooperatively owning our abundant renewable energy resources. However, if the government proceeds with propping up this deeply unpopular industry, then yes, in principle it should be for local people to determine this at a local level.

Consultation Question 10: How could the government ensure that all local residents benefit as directly as possible from the Shale Wealth Fund?

The Green Party is wholly opposed to dangerous and destructive fracking. We believe real sustainable wealth, prosperity and a good quality of life for our communities lies in exploiting and cooperatively owning our abundant renewable energy resources. However, if the government proceeds with propping up this deeply unpopular industry, this can only be ensured through genuine and robust processes of community deliberation.

Consultation Question 11: At the local level, should expenditure from the Shale Wealth Fund be subject to any ring-fences for a specific purpose? If so, should these be locally or centrally determined, and do you have views on what they should be?

The Green Party is wholly opposed to dangerous and destructive fracking. We believe real sustainable wealth, prosperity and a good quality of life for our communities lies in exploiting and cooperatively owning our abundant renewable energy resources. However, if the government proceeds with propping up this deeply unpopular industry, ring-fencing could be used to direct resources towards ameliorating the negative impacts of fracking; for example, investment in renewable energy, public transport and green infrastructure to offset some of the greenhouse gas emissions that will result; projects that promote community spirit and cohesion to respond to the divisive nature of this issue, projects that invest in protecting and

improving natural capital (including soil, air, water, and living things), and projects to protect local natural habitats and native species within their natural habitats.

Consultation Question 12: At the local level, would an appropriate use of the Shale Wealth Fund be to make direct payments to households?

The Green Party is wholly opposed to dangerous and destructive fracking. We believe real sustainable wealth, prosperity and a good quality of life for our communities lies in exploiting and cooperatively owning our abundant renewable energy resources. The consultation asks whether it would be an appropriate use of the Shale Wealth Fund to make direct payment to households. In the event that the Government fails to acknowledge the urgent need for a more coherent national energy policy and allows dangerous and environmentally destructive fracking to go ahead, there might be a case for making genuine payments of compensation to households for loss of property value in full. The Government's own report (9) puts loss of property value at tens of thousands of pounds. However, this is not what the consultation document is proposing, and any payment to households under the Shale Wealth Fund would fail to adequately compensate households for loss of property value by a considerable margin. This also raises questions about whether it should be the home-owner (who will experience loss of property value) or the occupier (who is more likely to experience the wider impacts) who benefits from the payments. Any 'compensation' should be spent on projects that benefit the community as a whole, not just picking off certain households. There is a real concern that any attempt to make direct payments to households could be extremely divisive in communities, with some households choosing not to take the payments due to their concerns about fracking, some feeling they have no choice but to accept payment due to financial hardship, whilst others might miss out due to arbitrary criteria determining eligibility. There is a danger that this policy would set household against household and exacerbate community tensions at a time when our communities are already more divided than we have seen in decades following the EU Referendum.

Consultation Question 13: Do you have views on who should make decisions on Shale Wealth Fund allocation at a local level? Do you have a preference between an existing body (such as a parish or district council), using the same community led panel as the industry scheme, or creating a new body?

The Green Party is committed to the principle that we should devolve economic power to the lowest appropriate level, thereby rendering participants in the economy at all levels less vulnerable to the damaging effects of economic decisions made elsewhere and over which they have no control.

The Green Party is wholly opposed to dangerous and destructive fracking. We believe real sustainable wealth, prosperity and a good quality of life for our communities lies in exploiting and cooperatively owning our abundant renewable energy resources.

In the event that the Government fails to acknowledge the urgent need for a more coherent national energy policy and allows dangerous and environmentally destructive fracking to go ahead, the level at which decisions on Shale Wealth Fund allocations takes place should be determined by the impact area of the proposed development. Given that there is a 10km impact zone around oil and gas operations, including those associated with shale gas, this is likely to be best managed at District or Parish Council level. However, where the impact zone is split between more than one District Council area the decision could be made at

County Council level. To ensure democratic control and accountability, it is essential that these decisions are made by an elected body.

Consultation Question 14: How can the government ensure that decisions are as directly influenced by local residents as possible?

The Green Party is wholly opposed to dangerous and destructive fracking. We believe real sustainable wealth, prosperity and a good quality of life for our communities lies in exploiting and cooperatively owning our abundant renewable energy resources. However, if the government proceeds with propping up this deeply unpopular industry, to ensure democratic control and accountability, it is essential that these decisions are made by an elected body. The decision should also be subject to consultation directly with the households, businesses and other organisations within the impact area.

Consultation Question 15: Do you have a view on how the boundaries should be defined for a regional level of the Shale Wealth Fund?

The Green Party is wholly opposed to dangerous and destructive fracking. We believe real sustainable wealth, prosperity and a good quality of life for our communities lies in exploiting and cooperatively owning our abundant renewable energy resources. Since our decision to leave the EU, the current English regions have no further political meaning. This is one of many anomalies resulting from that decision. We would suggest that the government begins a process of establishing a system of regional management based on bioregions, akin to the process following in Australia and New Zealand.

Consultation Question 16: What kind of investments do you think should be made from a regional level of the Shale Wealth Fund?

The Green Party is wholly opposed to dangerous and destructive fracking. We believe real sustainable wealth, prosperity and a good quality of life for our communities lies in exploiting and cooperatively owning our abundant renewable energy resources. However, if the government proceeds with propping up this deeply unpopular industry, investment at a regional level should be focused on green sectors of the economy such as public transport systems, renewable energy technology and other forms of green infrastructure.

Consultation Question 17: Do you think a regional level of the Shale Wealth Fund should be administered by direct grants to specific organisations, or through an open bidding process?

The Green Party is wholly opposed to dangerous and destructive fracking. We believe real sustainable wealth, prosperity and a good quality of life for our communities lies in exploiting and cooperatively owning our abundant renewable energy resources. However, if the government proceeds with propping up this deeply unpopular industry, in keeping with our principle of subsidiarity and local empowerment we would suggest this decision is devolved to the lowest available tier of government, i.e. parish and district councils.

Consultation Question 18: Do you have views on how a regional level of the Shale Wealth Fund should be governed? Are there existing regional organisations or local or national governance structures that would be particularly suited to oversight of such a fund?

See response to question 15. The Green Party is wholly opposed to dangerous and destructive fracking. We believe real sustainable wealth, prosperity and a good quality of life for our communities lies in exploiting and cooperatively owning our abundant renewable energy resources. However, if the government proceeds with propping up this deeply

unpopular industry, it must be acknowledged that since the abolition of Regional Development Agencies, no such regional governance structure exists. Government cannot expect the Shale Wealth Fund consultation to sort out decades of failure to answer the question of how regions should be organised.

References:

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