

EU plan for fracking law threatens UK's shale gas boom

Owen Paterson plots fightback against European Commission over dinner in Brussels to win support for Britain's fracking industry on eve of new shale gas drilling round

George Osborne and David Cameron hope fracking for shale gas will bring down household energy bills Photo: BLOOMBERG

By Tim Ross, Political Correspondent

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David Cameron's plan for a new fossil fuel bonanza from "fracking" underground gas reserves is under threat from draconian environmental laws being drafted in Brussels.

The European Commission has been drawing up proposals for a new framework directive, which could take years to negotiate, in order to regulate the pollution risks of "unconventional" fuels, including shale gas.

Conservative ministers fear the move could severely damage the UK's shale exploration industry and are now plotting a fight-back against the Commission.

Owen Paterson, the Environment Secretary, has hosted a series of private dinners in Brussels in an attempt to persuade ministers from other EU countries to back Britain's case.

The dispute emerged as ministers prepare to announce next week that large swathes of Britain will be made available for shale gas drilling in the years ahead.

A new round of licences for fracking is due to be issued to drilling companies next year and the government expects "massive interest" from oil and gas exploration firms.

Mr Cameron has urged communities in every part of the country to embrace hydraulic fracturing, the technology known as "fracking".

This involves blasting pressurised water, sand and chemicals into shale beds deep underground, which then fractures, to release the gas and oil within.

Opponents of the technology have linked it to pollution of water supplies, gas leaks, small earthquakes, and even flames bursting from domestic kitchen taps.

Earlier this year, anti-fracking protesters in the West Sussex village of Balcombe, disrupted testing by Cuadrilla, the firm owning the licence to explore the shale potential at the site.

A number of Tory MPs fear their seats may be at risk from a local backlash if fracking is approved in their constituencies.

The Prime Minister has insisted that method is safe and has minimal impact on the landscape, while offering “massive” economic opportunities. Communities will be promised £100,000 in benefits for every new well where fracking takes place, under the government’s new drive for shale gas.

Mr Cameron and the Chancellor, George Osborne, believe that Britain’s shale reserves could provide enough gas to meet the country’s needs for forty or fifty years. They also hope the technology will create tens of thousands of jobs and reduce household energy bills, benefits which have been seen as a result of recent shale gas discoveries in America.

However, ministers fear that a new EU framework directive, driven by environmental groups, would put these plans in jeopardy.

Conservatives want to persuade the EU to allow Britain to “take the risk” of exploring whether shale gas reserves buried underground can be safely and viably extracted through fracking.

Mr Paterson returned from his latest dinner meeting of pro-fracking ministers on Friday. He was in Brussels attending a summit of environment ministers and hosted the talks on Thursday evening after the formal business of the day had concluded.

He is understood to have won the support of countries including the Netherlands, Romania and Poland.

But France is leading the opposition to fracking and has banned domestic exploration through the technique.

A senior government source said: “It looks like the Commission is moving towards a framework directive, which is bad news. We wanted guidance but it looks as though they are moving against us. This is being pushed by the member states who don’t want fracking at all.

“We are prepared to take all the risks and all the flack about fracking. The other member states ought to let us do all that and then see what they need to do in terms of legislation. We would be at our own risk.”

Sources in Brussels suggested that shale gas companies operating across Europe were facing a tough new package of legislation which the European Commission is preparing to publish next month.

Industry experts believe this is likely to take the form of an “unconventional fuels directive” which would be based on similar legislation covering environmental impact assessments and waste water.

The draft laws being considered would lay down strict rules on dealing with the risks of seismic disturbances caused by fracking, the contamination of water supplies, the impact of noise and air pollution, and the “venting and flaring” of gases given off during the process, a process which is required to minimise the danger of explosions.

British sources suggested that the momentum in Brussels may be moving in Britain’s favour, although no announcement has been made.

A government source said Mr Paterson had been “taking a leadership role in Europe” on negotiations over the new fracking rules. “We want robust, clear environmental regulation to protect the environment and also for the shale gas industry. That must protect the environment and allow the industry to move ahead without legal challenge,” the source said.

“However, there are all kinds of other manoeuvres from green groups and others to try to slow this down. Owen has been holding these dinners to provide a platform for those countries who want to see shale gas move ahead to be allowed to do so and not to be blocked by those countries in Europe who don’t want it.”

On Tuesday, Michael Fallon, the Conservative energy minister, will publish a “strategic environmental assessment” for a new round of onshore gas and oil exploration, including shale gas. This will show the potential impact of future exploration on water supplies, the landscape and the economy.

The minister will also set out the regulations which apply to shale gas exploration and production, as well as a map of the sites where developments could be licensed in future.

Licences for fracking already exist for sites in Lancashire, Yorkshire, Lincolnshire, Derbyshire and Nottinghamshire and the next round of licences is expected to see new exploration sites opened up across southern England.

Earlier this month, the Chancellor announced tax breaks for shale gas exploration firms, which will save companies 24p in tax for every pound they spend developing new projects.

Mr Osborne said fracking could bring “thousands of jobs, billions of pounds of business investment and lower energy bills”.

He hopes that the measures – which amount to cutting the tax rate on initial profits by about half – will “kick start” the exploitation of shale gas in the UK.

A fresh wave of protests over shale gas drilling saw demonstrators clash with police last week.

There were scuffles between officers and anti-fracking campaigners who were protesting against drilling at the IGas Barton Moss site near Manchester on Friday.

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