

Fracking – Proposed response to NoM 2016/207

Contact Name and Details	Martin Ashford – Head of Mission and Advocacy Cluster (ashfordm@methodistchurch.org.uk) Rachel Lampard – JPIT Team Leader (lampardr@methodistchurch.org.uk)
Status of Paper	Final
Action Required	For decision
Resolutions	24/1. The Council receives the report. 24/2. The Council welcomes the UK Government’s ratification of the Paris COP21 agreement. 24/3. The Council directs the attention of churches and circuits to the briefing paper on fracking prepared by the Joint Public Issues Team and to be published shortly. 24/4. The Council encourages the Joint Advisory Committee on the Ethics of Investment and the Central Finance Board to bring to the attention of companies involved in fracking the concerns of the Methodist Church. 24/5. The Council considers that these resolutions are a sufficient response to NoM 2016/207.
Alternatives	If Resolution 5 is not approved, the alternative would be to commission further work from outside the Connexional Team

Summary of Content

Subject and Aims	To propose to the Council a way forward in response to Notice of Motion 2016/207 which has been referred from the Conference
Main Points	In response to the call for “research” into and resources on fracking, the Joint Public Issues Team has prepared a briefing on the environmental and policy issues. In response to the call for the Joint Advisory Committee on the Ethics of Investment to consider the ethics of companies involved in fracking, JACEI is engaged in consultation with the Central Finance Board on a small number of companies. It is suggested that these actions represent an appropriate and sufficient response to the Notice of Motion.
Background Documents	<i>Hope in God’s Future</i> , the principal Statement of the Conference on the environment.
Consultations	In recent years the Joint Public Issues Team has engaged with Parliamentarians, Methodist members and the wider public on the Climate Change Act and the UK’s energy policy and with ecumenical partners on fracking

Summary of Impact

Financial	None, unless the alternative of external research is favoured. The costs of this option have not been quantified
------------------	--

Fracking – Proposed response to NoM 2016/207

1. Summary

1.1 The 2016 Conference referred to the Methodist Council Notice of Motion 2016/207:

Hydraulic fracturing, the process known as fracking, involves drilling into the earth and directing a high-pressure water mixture at the rock to release the gas inside. There has been relatively little research into fracking but areas of the United States have suffered small earthquakes and water pollution believed to have been caused by fracking, as fracking involves shale gas, it seems that this process will contribute to climate change.

The Conference therefore:

- *directs the Joint Public Issues Team to research fracking and to consider producing resources on this issue.*
- *directs the Joint Advisory Committee on the Ethics of Investment to consider the ethics of companies involved in fracking, especially following recent discussions regarding fossil fuels.*

1.2 This paper enables the Methodist Council to consider this Notice of Motion and proposes a course of action in response, noting that the Conference did not vote on the Notice of Motion.

2. Background

2.1 The 2000 Conference adopted an environmental policy which sought to challenge Methodist people to “care for the earth by following sustainable practice and taking into account global and local environmental considerations for present and future generations”. In 2011, *Hope in God’s Future* was adopted as a Statement of the Conference, recognising that global warming presents questions that demand ethical and spiritual reflection as well scientific and political analysis. Study of this work was commended again to the Church by the 2016 Conference (NoM 2016/206).

2.2 In recent years the Joint Public Issues Team has engaged with Parliamentarians, Methodist members and the wider public on the Climate Change Act and the UK’s energy policy and in the course of this work has considered the implications of developing shale gas resources in the UK. The Central Finance Board of the Methodist Church has screened its investments and identified a small number of companies with varying levels of exposure to fracking.

3. Proposed Response to NoM 2016/207

3.1 The Joint Public Issues Team (JPIT) is working on a briefing for members of the four JPIT church partners, to be made available through the Methodist Church and JPIT websites. The briefing draws on published information to inform and stimulate discussion of this topic and the policy issues associated with it. A draft is attached as an appendix to this report. JPIT is not equipped to undertake “scientific” research and does not propose to go beyond the work already undertaken to produce this briefing.

3.2 The Joint Advisory Committee on the Ethics of Investment has provided advice in relation to climate change and fossil fuel policies. The Central Finance Board policy paper *Climate Change Policy - Implications for Different Fuels* identifies concerns in relation to companies whose business models are dedicated to exploring for and developing new assets which imply

a low probability of meeting emissions reduction targets. This policy paper does not address the issue of fracking directly. However, as a result of its implementation nine companies were excluded from potential investment, reflecting concerns over their business models. In 2017 the Joint Advisory Committee on the Ethics of Investment will discuss and advise on the nature of any active engagement with companies involved in fracking.

*****RESOLUTIONS**

- 24/1. The Council receives the report.**
- 24/2. The Council welcomes the UK Government's ratification of the Paris COP21 agreement**
- 24/3. The Council directs the attention of churches and circuits to the briefing paper on fracking prepared by the Joint Public Issues Team and to be published shortly.**
- 24/4. The Council encourages the Joint Advisory Committee on the Ethics of Investment and the Central Finance Board to bring to the attention of companies involved in fracking the concerns of the Methodist Church.**
- 24/5. The Council considers that these resolutions are a sufficient response to NoM 2016/207**

Appendix – Draft Briefing on Fracking

1. Background

- 1.1 In recent years the Joint Public Issues Team has engaged with Parliamentarians, Methodist members and the wider public on the Climate Change Act and the UK's energy policy and in the course of this work has considered the implications of developing shale gas resources in the UK. The results of this are set out below.
- 1.2 There has been a significant involvement of churches in regions affected by fracking, with studies undertaken by Lancashire Churches Together, the Church of Scotland, and the Dioceses of Blackburn and Chichester and the Catholic National Peace and Justice Network amongst others. A list of further resources is available at www.methodist.org.uk/fracking¹.

2. Fracking – the process

- 2.1 The process 'hydraulic fracturing', or 'fracking' as it is more often known, enables the recovery of deposits of gas in shale rock that were previously unobtainable. The process involves injecting fracturing fluid at high pressure down a borehole into a shale formation. The water pressure causes fractures in the rock formation which are propped open by sand in the fracturing fluid, enabling gas to flow into the borehole. Each well has a relatively short lifespan compared to a conventional gas field so developers will drill at several points covering a large area of land/countryside in order to sustain production. A commercial scale shale gas project will involve a number of 'well-pads', of up to 2 hectares in size, each containing around 10 wells. Well-pads may be spaced approximately 1 to 2 miles apart and each will need associated infrastructure such as roads and storage facilities.

3. UK Government support for fracking

- 3.1 Energy security is high on the UK Government's agenda and includes a desire to reduce dependency on Russian or Middle Eastern gas and oil. This was a key aspect of the UK Government's April 2016 report on Shale Gas extraction which states that "the government believes that shale gas has the potential to provide the UK with greater energy security, growth and jobs."
- 3.2 The Government points to analysis from EY that a rapid investment in shale gas in the UK involving 4,000 wells between 2016 and 2032 would, at its peak, create employment for 64,000 people.
- 3.3 Over the next decade the UK faces a potential crisis in the electricity supply sector as a result of the retirement of the majority of the country's ageing nuclear power stations and the commitment to phase out coal-fired power by 2025. One means of addressing the shortfall is the construction of gas-fired power stations that are relatively easy to bring on-line. This least-cost option is seen as the easiest approach but there could be alternatives.
- 3.4 In Scotland there is currently a moratorium on fracking while evidence is gathered over potential environmental impacts. The Church of Scotland suggests that it ought to be possible to meet our UK and Scottish electricity needs without needing to build further base load fossil or nuclear power stations. In June 2016 the Scottish Parliament, in a non-binding vote, narrowly passed a resolution calling for a permanent ban.

¹ Page not yet live

4. Environmental concerns

- 4.1 A number of concerns have been raised about the safety of fracking and its impact on the local environment, although there has been insufficient use of the technique in the UK to assess the degree of potential threat.
- 4.2 *Earthquakes:* A small earthquake was associated with a test drilling rig in the Fylde near Blackpool in May 2011. A subsequent report into the event confirmed “it is highly probable that the hydraulic fracturing of Cuadrilla’s ‘Preese Hall 1’ well did trigger a number of minor seismic events, although none of the events recorded had any structural impact on the surface above”. Although this remains a concern for some local people and organisations campaigning against fracking, the report suggests that the circumstances were unusual and that fracking is unlikely to be the cause of damaging earthquakes in the UK. However, one of the report’s recommendations was that national surveys should be completed to characterise stresses and identify faults in UK shale, and that seismicity should be monitored during and after hydraulic fracturing.
- 4.3 *Water pollution:* Huge quantities of water are required in the fracking process. Local communities are concerned over the possible contamination of underground water courses, following media reports of problems experienced in other countries. The management of waste water and contaminants is an also area in which local communities typically require assurance.
- 4.4 *Fugitive emissions:* Methane, a highly potent greenhouse gas can leak from gas wells and would contribute to overall greenhouse gas emissions. There is limited research available that is specific to the UK context but some research suggests that these emissions may be considerable. Relative to imported gas, fracked gas production creates additional emissions that count towards UK carbon budgets. This is because emissions from the extraction of gas, as distinct from its use, are accounted for in the country of production. As a consequence, the emissions related to gas production would need to be offset by further reduced emissions in other sectors of the economy.
- 4.5 *Other environmental concerns:* The intrusion and nuisance associated with the construction of fracking rigs has been an issue for affected communities in North Yorkshire and Lancashire. Churches Together in Lancashire caution that in shale gas exploration and fracking operations, there are societal challenges connected to property rights and values, investment and recompense, planning procedures and the cohesion of communities. Their report, “The Challenges of Fracking”, observes that “a biblical perspective allows us to see the land itself as a gift and ourselves as tenants. The Scriptures also challenge us to be mindful of those who do not immediately benefit from the harvest of its goods or who are effectively dispossessed of something in which they might have a rightful share. Such concerns carry weight wherever and whenever we threaten to damage our environment.”

5. Climate change and energy policy concerns

- 5.1 The independent Committee on Climate Change, that has the duty to advise the Government on climate targets, states that investment in shale gas is not compatible with our national carbon budgets targets unless fracked gas is used to replace gas imports. Its exploitation must not have the knock-on effect of increasing gas consumption in the UK. With or without fracked gas, the UK is likely to become increasingly dependent on imports of gas over the next 10 years. The scope for domestic production to substitute for imports is significant but restraining overall gas consumption will require strong policy interventions by Government across a number of areas.

- 5.2 Increased use of gas for production of electricity will be necessary in the short-term to replace highly carbon-emitting coal-fired power stations and to make up for the drop-off in supply from nuclear. The Committee on Climate Change estimates that gas-fired generation will reach 38% by the mid-2020s but will need to drop to 22% of supply by 2030. The consumption of unabated² gas must tail off further in the 2030s if the UK is to remain on track with carbon targets. This rapid decarbonisation of the power sector is essential to meet overall carbon targets. Our churches have argued that at least 60% of power generation should come from clean affordable renewable sources of energy by 2030 and that the Government must plan and invest appropriately to bring this about.³
- 5.3 The Committee on Climate Change warns that unless decisions on energy infrastructure are made in the timeframe of the current Parliament there is a danger that we may be ‘locked-in’ to high carbon pathways. A range of infrastructure decisions would have positive impact including support for low-carbon heat networks, electric vehicles and the development of carbon capture and storage (CCS). In greatly gearing up gas production and the construction of new gas infrastructure in the UK, there is a danger that we divert attention, incentives and Government resources away from renewables and energy conservation. As the need for increased gas consumption in the UK is only temporary, the Committee on Climate Change suggests that the increased demand could be covered by imports while the nation focuses on infrastructure change to bring about decarbonisation and more efficient use of energy.

6. Fracked gas and consumer electricity prices

- 6.1 It is sometimes suggested that a national ‘dash for gas’ will lower household electricity and gas bills. However, as the UK is part of a highly connected gas network across Europe, this is unlikely to be the case. Gas producers will sell gas not at the cost of production but at a price that is competitive with the wholesale market price in Europe. Even if UK fracked gas were to be developed to such a scale that it accounted for as much as 10% of Europe’s gas production, its introduction to the market would probably still have at best only a marginal impact on consumer gas prices, although some large industrial users of gas could see some benefit.
- 6.2 Fuel poverty in the UK is a significant problem and is likely to increase. However, large scale exploitation of the UK’s shale gas resource is not the solution. As the Methodist Church and its partners have previously argued, tackling fuel poverty requires a range of well-targeted policy measures including attention to the UK’s energy-inefficient housing stock. Furthermore, the cost of wind and solar generation has dropped dramatically and, as the technology develops further, they are likely to become cheaper than shale gas as a source of energy to the benefit of all consumers.

² i.e. gas used in power stations that have not been designed with a facility to capture and store carbon emissions

³ <http://www.jointpublicissues.org.uk/policy-briefing-a-renewables-based-uk-energy-system-by-2030/>

Questions for churches to consider

- In the context of the suggestion in para 4.4 that Scripture encourages us to see land as a “gift” and ourselves as “tenants”, what do you feel should be our top environmental priorities?
- How should the government best weigh up its desire for energy security, jobs and growth with environmental concerns and its commitment to the COP21 agreement to limit climate change?
- What would you want to say to policy makers about the option of fracking?
- How can your church community engage locally or nationally with decision-makers on these issues?