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DECISIONS ON FRACKING WILL BE BASED ON SCIENTIFIC EVIDENCE

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Chairman, fellow Oireachtas members, ladies and gentlemen, I am pleased to be invited to give the opening address to this meeting. I think it is an opportune time for the Royal Irish Academy to host such a discussion, to place scientific facts on the record and to do so in a calm and measured way. I applaud the initiative of the Academy and our two Geological Surveys, north and south, in arranging the meeting and in organising it so as to facilitate decision-makers both here and in Northern Ireland.

The subject of the meeting is a method of recovering unconventional oil and gas of which most laypeople would have been completely ignorant up to a couple of years ago – although the technology is I understand more than 50 years old. Within the last two years, however, the terms ‘hydraulic fracturing’ and ‘fracking’ have become common in public debate. But I am not sure there is much greater clarity yet as to what precisely is involved or what exactly may be at stake.

By way of background, the present position is that, in February 2011, following an open competition, the previous Government awarded two-year onshore Petroleum Licensing Options to two companies over parts of the Lough Allen Basin and one in the Clare Basin. The potential in Lough Allen area had in fact been identified in earlier exploration but was not considered commercially viable at that earlier time.

Such Licensing Options are designed to allow companies assess the natural gas potential of the area, largely based on desktop studies of existing data from previous petroleum exploration activity. Licensing Options do permit some shallow geological sampling but exploration drilling, including drilling that would involve hydraulic fracturing, is excluded under these Options.

Since those Options were granted, my Department has not approved any application for, nor licensed the use of, hydraulic fracturing in the Irish onshore. If a company decided to apply for an exploration licence involving the use of hydraulic fracturing, that detailed application would have to be supported by an environmental impact statement. The application would then be the subject of an environmental impact assessment which would include a public consultation phase. The normal path to full licensing and production would involve, at a minimum –

- a planning consent from Bord Pleanála,
- an Integrated Pollution Prevention Control Licence from the EPA,
- a Gas Act consent and a safety case approval from the Commission for Energy Regulation, and

- a Petroleum Lease, a Plan of Development consent and a Gas Pipeline consent from me.

Under both Irish and European law it is not possible to allow any project to proceed unless it can objectively be decided, following assessment of the evidence, that it would not have an unacceptable environmental or social impact.

So, we could not allow any project involving new or controversial technology to proceed unless we were sure, in advance, that it would be both technologically and environmentally safe.

I believe that there is considerable genuine concern about the potential environmental and health considerations related to this activity and that the nature of the debate so far has tended to exacerbate these concerns. Therefore I welcome input from the Academy because whatever decisions are taken must be based on transparent assessments of solid evidence. We need to study more of the science and less of the propaganda – on both sides of the argument.

For this reason in October 2011 I asked the EPA to examine the whole issue of fracking and its potential environmental implications. Last May the EPA published its preliminary research into the environmental aspects of shale gas extraction. This was in the form of a small desk-based study carried out by the University of Aberdeen.

Arising from that report, I and my Northern Ireland counterpart have commissioned the EPA to undertake a second, more broadly-based study, in order to identify best practice in respect of environmental protection for the use of hydraulic fracturing techniques. The terms of reference for this research have gone out to public consultation, which has elicited a large response, and it is anticipated that the research will commence in the second half of this year.

The conduct of the study is expected to take at least 12 months. Any applications for exploration licences that may be received in the interim will be put on hold, pending publication of this important research.

There is of course a global economic perspective to the unconventional oil and gas phenomenon, as well as the local environmental perspective, and I want to touch briefly on this.

Although conventional gas currently accounts for over 85% of total marketed output today, in recent years, the share of unconventional gas has risen significantly. This is partly due to growing concerns about energy demand outstripping supply and partly a result of the dramatic increase of production of unconventional gas in the US. The International Energy Agency has estimated that, under the right conditions, unconventional gas may meet more than 40% of the increased global demand for gas by the year 2035 and that by then around 14% of oil supply may come from unconventional sources.

The unconventional oil and gas revolution in North America has had a profound impact on the US oil and gas markets, with significant implications for global energy markets. In the last seven years, US gas production has increased by 20% – instead of significantly declining as was originally forecast. This has resulted in a major boost in competitiveness and is aiding the US on a path to energy self-sufficiency.

The high level of unconventional gas production has pushed US wholesale gas prices dramatically downwards. The unconventional gas boom has already had implications well beyond the United States: the surge has caused liquefied natural gas, which was intended for the US market, to be redirected elsewhere and has freed up LNG in the global market, resulting in lowering the pressure on gas prices globally. Such impacts could be accelerated if the US government decides to allow further LNG exports.

Lower gas prices in the US, combined with more stringent environmental regulations for coal power plants, have also resulted in increased exports of US coal to the EU where it has displaced more expensive gas, with implications for the EU power generation fuel mix and the decarbonisation agenda.

While the US does not export crude oil, US unconventional oil production has also impacted on the global market for oil products.

It is the case that the US boom in unconventional fossil fuels has, in the main, been supported by populations already accustomed to onshore oil and gas production, favourable fiscal regimes, financial interest of land owners in oil and gas production on their property, and the already existing infrastructure in the form of pipelines and service industries.

The advent of unconventional oil and gas has, therefore, been a ‘game-changer’ on the US energy market with global repercussions. As the EU is likely to remain a “higher” energy cost region in the future, it is unavoidable that we consider the impacts that unconventional oil and gas production will have on security of supply, energy prices and competitiveness.

In Europe to date we have generally seen a more cautious approach, with many countries adopting a ban on fracking or embargoes, the exceptions being Poland, UK and parts of Eastern Europe. In those countries exploration companies are evaluating the resources, mostly under close government supervision and strong public scrutiny.

In Ireland, meantime, we import all our oil and more than 90% of our gas and as a result of which we are very vulnerable to interruptions in supplies in the event of a supply crisis. As regards renewable energy we have been making considerable progress. We are hoping to achieve the EU target of 20% of our energy from renewable sources by 2020, principally from onshore wind, and recently I signed an

agreement with my counterpart in the UK in the area of electricity export, which we hope will facilitate further development of this sector.

Next week, as President of the Council, I will host an informal meeting of the EU's Energy Ministers. While good progress is being made on each of the priority "dossiers" under our Presidency, next week's meeting will provide an opportunity for Energy Ministers to have an initial discussion on unconventional gas and oil. The over-arching theme of our Presidency is "Stability, Growth and Jobs". Indeed the single most important issue of the past number of years across all Council formations, including the European Council of the Heads of State and Government, has been, and continues to be, competitiveness.

The "shale revolution" in the USA is having a very significant positive impact on US competitiveness. European businesses are feeling the effects as their American competitors move to capitalise on this advantage. The shale revolution is indeed a game-changer the effects of which must be considered on this side of the Atlantic.

We in Ireland have begun the process of informing ourselves with sound scientific evidence. It will be the end of 2014 before we complete a rigorous interrogation of the geological and ground water data, impacts and mitigating measures and regulatory issues to inform the policy options here. That scientific analysis, and any other evidence in terms of environmental concerns, will provide the evidence for any actions that might be contemplated thereafter. But it is important, at a European level, to begin to engage as Energy ministers and I look forward to hearing my colleagues' perspectives next week.

Ultimately, our shared goal is to maximise the benefits to Ireland from our indigenous oil and gas resources. But we need to ensure that both exploration and production – conventional or unconventional, on land or at sea – are conducted safely and on an environmentally sound basis.

We know that there are gaps in our current knowledge and data regarding both geology and the environment in relation to this topic, and it is anticipated that this, research will help to fill in the gaps.

If an opportunity exists, it must be rationally evaluated and the benefits and potential impacts carefully assessed. As always the informed views of the local people will be a critical component in this debate.

At every opportunity for debate as it arises, we will have further and better evidence and a more developed basis for assessing the potential implications of this technology.

Either way, we know the critical importance of clear scientific facts in evaluating both the risks and opportunity. Therefore I particularly welcome this meeting, and its contribution to the debate. I look forward to the information and wish you well in your discussions.