

# Governing Shale Gas Development in the European Union: Principles, Practice and Insights

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# Introduction

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- ***Why bother with Europe?*** lags behind; different geological, economic, regulatory differences...

**BUT**

- Faces same challenges
- 4 principles of “shale governance” used to address them =
- Plenty of insights on offer

# Background

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- Like US, lots of internal variation;
- EU role: ensure secure energy supply and market; sets binding environmental regulation
- Regulatory framework under discussion (proposal due late 2013)
- 4 key principles applied to help govern shale



Source: *Economist*

# 1. Precautionary principle

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- In conditions of uncertainty, decision-makers should act to prevent potentially serious or irreversible environmental harm;
- Prominently embedded and featured in EU shale-related legislation (ex: chemicals, water quality)



# Precautionary Principle: 2-fold Rationale

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## Risk assessment

- Provide evidence-based analysis of environment, health and safety risks in this new area of policy;
  - Shale **opponents**: invoke to halt shale exploration



## Reassurance

- 'We're proceeding with caution'; appropriate safeguards are in place
  - Can be used by **proponents** to win support;
  - Especially important in reluctant states

# Precautionary Principle: Limits

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- costs time and money
- 'scientific assessment' seldom neutral;
- inconsistently applied
- only as effective as its monitoring

**KEY INSIGHT:** apply with caution!

Useful as reassurance tool, but not panacea

## 2. Transparency

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• Ensure policies, practices and policy-making are open and accessible to the public. Refers to:

• *Substance* of shale-related policies

EIA; REACH (chemicals)

- currently debated: extend to all fracking operations/substances?

• *Procedural*: how policies are made

- register of lobbyists; complaint procedure;



# Transparency: Rationale

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- Better, and better-supported policies
  - increased public scrutiny and information flow = stronger accountability of industry and policymakers
- Shale specific: public disquiet, lack of transparency main concern (IEA's *Golden Rules*)





# Transparency: Limits

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- inconsistent application = un-level, unpredictable playing field for firms;
- more  $\neq$  better information
- conflict w/ other aims
  - Closed door negotiations allow for efficiency and necessary bargains

**KEY INSIGHT:** double-edged; very useful check, but needs to be managed carefully, not indiscriminately applied

# 3. Consultation

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- Systematic interaction with civil society, experts, business
- Intensive consultation on shale:
  - EU discussion papers, stakeholder events; organised dialogues, on-line polls.
- Rationale 1:  
information-gathering

# Rationale 2: Stakeholder buy-in

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- Build support for [EU] policies and action
- 'Inclusive governance': bring all to table, including opponents
- Work at every level of governance; community input and benefit key
  - Ex: community benefit; engagement charters, share of production revenue; discounted energy bills

# Limits on consultation and 'buy-in'

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- Consultation needs to be wide-spread and balanced;
- Perception key: 'Buy-in' or 'bought-off'?
- Outputs of consultation require resources and monitoring;
- **KEY INSIGHT:** tricky to get right, but critical for ensuring public is – and perceives itself to be – part of process



# Environmental Sustainability

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- integrating environmental concerns into all policies and 'accelerating the transition to the low-carbon economy'
- EU rationale: concerns over climate and 'fossil fuel lock in'; institutional legitimacy



But also relevant for US:

# Rationale beyond Europe:

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- helps address opposition within some states, especially those with history of stronger environmental regulations or a strong renewable sector;
- Particularly salient in densely populated or vulnerable areas;
- Focuses attention on 'cleaner' methods and technology
- More holistic assessment

# Limits to sustainability

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- As principle, rhetoric much more advanced than implementation;
- ambiguous; invoked to make contrasting arguments
- Merely provides 'grist for opponents' mill'?
- KEY INSIGHT: will need modification in US discourse, but embedding shale discussions in sustainability provides for more holistic, longer-term assessment

# Conclusion

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Sum: presentation has suggested

- each principle includes strengths and limits; need to be considered carefully;

- modified* application to US possible, even desirable



# 3 closing themes

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- Principles are political: invoked by different actors to serve interests
- Governance is more than principles: requires widespread support, coordination, implementation
- Given challenges, makes sense to gather insights and experience from home and further afield.

Thank you