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

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Workshop on Governance of Risks of Unconventional Shale Gas Development National Research Council Washington, DC 15-16 August, 2013

Introduction

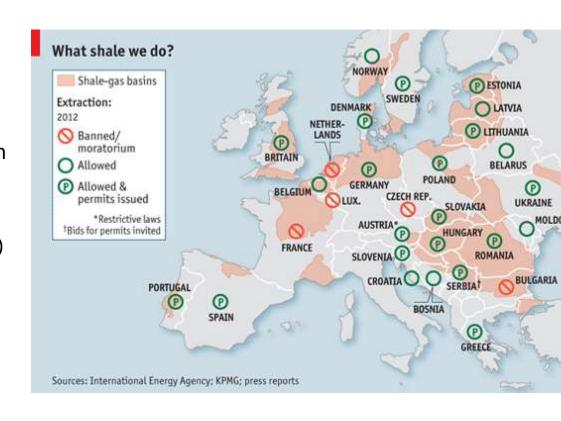
•Why bother with Europe? lags behind; different geological, economic, regulatory differences...

BUT

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

Background

- ·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

- In conditions of uncertainty, decisionmakers 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

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 **pro**ponents to win support;
 - Especially important in reluctant states

Precautionary Principle: Limits

- 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



- •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

- 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

- •inconsistent application = un-level, unpredictable
 playing field for firms;
- ·more ≠ 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



 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

- 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'

 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

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:

- 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

- 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

Sum: presentation has suggested

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

modified application to US possible,
 even desirable

3 closing themes

- •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.