



TOO EARLY TO CELEBRATE?

Winning the Debate on Shale Gas Exploration in the UK

Government announcements of oil and gas licences rarely make front page news. But the imminent award of the first set of 14th round onshore exploration licences in the UK will be different, and not just because August is a traditionally slow month for news. One emotive word will guarantee media interest. Fracking.

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Years of controversy and debate have seen this simple industry shorthand for the tried and tested technique of hydraulic fracturing become a term of abuse and a gift to headline writers. Small wonder that celebrations among the successful bidders for these licences are likely to be muted. While one or two may have a new tactic to deploy, more in hope than expectation, most will be dreading the imminent battle for planning consent. Conventional community engagement, it seems, does not work when it comes to unconventional gas.

But does it have to be this way?

There's a high expectation that appeals against refusal of planning consent will be successful given national policy support for fracking – and any successful appeal will ease the passage of subsequent planning applications. But no operator receiving a licence in August 2015 will want to wait until late autumn 2016, at the earliest, to get on site. Or to have decisions imposed on communities rather than reached through local consensus.

So why does this appear to be such an insuperable problem? Fracking is a well-established technology, developed over several decades. There are precedents for safe, efficient and successful operations overseas. And despite the lurid headlines, polling in the UK shows as many supporters as opponents.

National government has the confidence to champion fracking. Even at a local level there are politicians willing to vote in favour of proposals.

The battle ought to be winnable.

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Advocacy and education

Advocates for the onshore oil and gas industry in the UK are busy responding, commenting and welcoming. It's a worthy but reactive approach that leaves the industry too often on the back foot while others set the agenda.

No matter how much time operators put into communicating locally – and their efforts have been extensive – sceptics will remain unconvinced while they hear a different story from the national media. FTI Consulting's considerable experience running shale gas advocacy initiatives, such as Energy in Depth in the US, the Energy Resource Information Centre in Australia and Shale Gas Europe, tells us that a more proactive campaign is needed in the UK at both national and local levels to champion the technology and its potential contribution to our energy security.

Too much media reporting appears based on an assumption that the public opposes shale gas extraction. A survey conducted in 2014 by FTI's in-house research team found a far more balanced picture in the UK:

How favourable or unfavourable are you of 'fracking'?	
Very favourable	11%
Slightly favourable	29%
Slightly unfavourable	20%
Very unfavourable	17%
Don't know	22%

How aware and knowledgeable are you about the process called 'fracking' (also known as 'shale gas extraction' and 'hydraulic fracturing')?	
I am not aware of it	15%
I am aware, but not knowledgeable	61%
I am knowledgeable of it	24%

(Research was conducted online in April 2014 with 1,139 adults aged 18 years and over and reflective of the general population in terms of age, gender and location.)

The First Interim Report by the Task Force on Shale Gas, published in March 2015, noted declining public support for shale gas extraction, but a consistently even split between supporters and opponents. DECC's August 2015 Public Attitudes Tracker reported that 21% of respondents support the extraction of shale gas, compared to 29% in March 2014 – a proportion generally equivalent to those who oppose (28% in August 2015, and 22% in March 2014).

This balance of opinion is rarely evident from media coverage and the suspicion must be that many journalists covering the issue and local politicians making decisions are either unaware of the levels of silent support or simply choose to ignore it.

For the industry, these results show something significant: half the population is undecided. But the more their awareness is raised by industry opponents, the more likely they are to oppose. In other words, reacting isn't enough. The industry needs to tell its story with more confidence and vigour. Organised opposition has vowed to galvanise public opinion in their favour while the industry awaits the outcome of current planning appeals. The significant number of 'undecideds' are as much potential supporters as potential opponents, but for how long?

Understanding opposition

Given the current balance of opinion on the principle of shale gas extraction, why should there be so much opposition around individual proposals?

One mundane but significant factor that unites opposition to new development – whether to housing, supermarkets or even schools – is an objection to the additional traffic that it generates. Traffic doesn't just mean fears of noise, pollution and road safety; as an everyday issue, it means being unable to leave your driveway or being stuck at a busy junction. Those who object know that their own vehicles are part of the problem, but they are not embarrassed to say, "So far and no further."

Operators must start their local engagement with convincing answers on access to the drilling site, likely traffic levels and plans for managing movements to and from the site.

A community stake

Whatever the level of support, it would be a surprise to see the forest of hand-painted pro-industry "Frack now!" banners that occasionally greets news cameras in the US, where FTI has been advising operators since the very start of the shale gas 'revolution'.

The source of this level of enthusiasm is arguably the direct and indirect economic benefits that individual landowners and communities in the US stand to make when development takes place, such as compensation, royalties and employment.

Emulating this continuing economic interest is the holy grail for economists advising the UK onshore energy industry. The majority of operators have already committed to providing £100,000 in community benefits per well-site where fracking takes place and a further 1% of revenues at the production stage. Some operators are promising hundreds of thousands of pounds in funds for charitable, educational or benevolent causes. The Government has proposed a sovereign wealth fund from shale gas revenues for the North of England, but it will not necessarily be spent in the locality of drilling operations.

There is a growing suspicion that one-off grants are too easily spent and forgotten, portrayed as bribes or interpreted as compensation for some unspecified damage. Energy specialists in FTI's Economic Consulting division are modelling alternatives and have been developing innovative models where meaningful ownership stakes might be offered to local communities through mechanisms such as crowd funding and shares in Community Interest Companies, to promote more sustainable local participation and benefits sharing.

Neither should the industry ignore the genuine quality of life concerns that many objectors express. While giving communities a real financial stake in their activities is desirable, operators must also demonstrate their own commitment to the well-being of the communities impacted by their presence.

Winning the undecideds and the debate

For licences to become producing assets, a new approach is needed in the UK:

- A more proactive advocacy and education campaign, led by the industry.
- Specifically, education for local politicians and their advisers on technical issues.
- Robust media relations that challenge one-sided reporting.
- Mobilisation of supporters to encourage a more balanced discussion.
- A greater willingness by operators to address common concerns about traffic, monitoring and quality of life.
- Real incentives for the community that give them a meaningful stake in the project.

Industry advocates are quite rightly passionate about what they do and the wider benefits that shale gas development will bring to the UK. But we must not allow this enthusiasm to close our ears to what local communities are telling us. What the debate needs right now, from both sides, is less heat and more light. Less lecturing and more listening.

Success will require a timely combination of politics, economics, education and communication, along with a keen understanding of public attitudes. Only then will shale gas development move from the front page to the business pages and the industry be able, at long last, to realise the significant benefits that it offers to the nation's energy security.

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