

Critique of Ineos "Case for Shale Gas" - Executive Summary

The Ineos economic case is based on a price for natural gas from 2 and a half years ago that was twice as much as it is now. At today's natural gas prices oil and gas companies will struggle to make a profit. The promised bonanza for communities is likely to be much less.

This matters for the Ineos claims about jobs which are inflated. Over the last few years there have been several attempts to estimate possible job creation as a result of shale and Ineos cites the highest of all the figures which is hugely exaggerated.

Ineos claims that the UK will benefit from tax although it operates out of 5 tax havens. It claims private capital alone will put up the capital and shoulder the financial risks for developing shale, not the tax payer, while forgetting to mention the 'enhanced capital allowances' that it will be able to use to develop shale and set against its own tax bill. It also does not mention the risks to the tax payer if, as is likely, many shale gas companies go bust and tax payers end up having to pay for clearing up the mess.

Ineos argues that developing shale gas is the responsible policy response to the climate crisis when in fact it would really mean delaying urgently needed action.

It argues that chemicals are central to a green economy and quotes another study by consultants McKinsey to justify its position but this study is itself deeply flawed because of the unreal assumptions on which it is based.

Ineos says we must use natural gas for several more decades ignoring the climate scientists who say specifically that natural gas has to be phased out more rapidly if humanity is to have any likely chance of avoiding more than 2 degree C global temperature increase.

Ineos say that carbon capture and storage (CCS) would reduce emissions but does not mention that the CCS programme in the UK has been abandoned.

In order to make their case Ineos must prove that leakages of gas during fracking and in gas processing and distribution networks can be kept very low. They fail to do this. There is a misrepresentation of the literature about this issue and an inconvenient fact is hidden by Ineos in a footnote. The claim is made that so called "green completions" will solve the leakage problem but the document fails to convince that many sources of methane emissions would be covered by green completions – eg from wells that leak after they have been abandoned.

Ineos fails to prove that the coal displaced by gas will not be sold and burned somewhere else anyway.

Attempting to prove that shale gas fracking will not industrialise the countryside Ineos frames the issues by discussing the land take of a single well pad. This dodges the fact that its own literature shows there would be multiple well pads not more than 2 miles apart. It neglects to mention pipeline corridors, access roads, compressor stations plus much other infrastructure that would have to be developed.

Ineos claims that fracking will be safe based on reports written 4 or 5 years ago by organisations like the Royal Society and Royal Academy of Engineering who made assumptions on what the problems might be from an industry perspective. Since then a flood of academic literature has appeared on unconventional gas, environment and public health issues. Much of this new literature has been researched not by engineering insiders but by environmental scientists and health academics. It shows that unconventional gas field development is not safe at all.

Further to this, while we have been assured that British regulations are world standard the actual experience over the last few years has been of a catalogue of errors and technical failures with many

breaches of planning and regulatory conditions. This is identical to what happened in other countries like the USA and Australia. Here too they were also assured that regulatory agencies would keep the public and environment safe and then failed to do so.

The regulatory system in the UK is deeply flawed and this is largely because its main features were designed by officials parachuted into central government directly from the gas industry who are “well connected” in the corridors of power.

The Environment Agency uses a permitting system that accepts the opinion of consultants paid by gas companies to say that the risks of the processes are low. However these consultant risk assessments have no reference to peer reviewed scientific studies which show that risks are in fact much higher. The consultants function rather like the financial rating agencies who were paid to give AAA ratings to toxic financial assets before the financial crash of 2007-2008.

In conclusion, on multiple points the Ineos “case” is not up to date, the presentation of issues is selective and framed in a misleading way. Ineos claim that developing shale gas would be good for the economy, the climate and is not at all dangerous. However, to use a phrase that they like to repeat:

“This is NOT the case”.