E3G

Briefing for Lancashire County Council

John Ashton

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Thank you so much Jenny. I am honoured and delighted to be here today. And I am grateful to District Councillor Hodson, who is with us over there, for inviting me to Lancashire in the first place.

Also in the room is another John Ashton, my cousin. He is well known in these parts, as a fighter for public health, a voice for the Hillsborough families and much else.

Perhaps I could begin with some introductory remarks.

First, for our country, these are challenging times. The recovery has been a long time coming. It is stronger in some places than others, as I have seen in Lancashire over the last couple of days. And we have yet to answer the real questions posed by the banking collapses, the credit crunch, and the years of lost growth.

What kind of economy should we now be trying to build in Britain? What kind of jobs and skills and prospects should we be offering our young people? How can we grasp the opportunities presented to us, a country that has always looked outwards, by the integration of global markets while protecting ourselves against the global shocks to which those markets are prone?

Above all, how can we restore the balances that hold any nation together? Between the wealthier and less wealthy parts of our country; between the real economy and the speculative economy. And crucially between my generation and that of our children, who have more reason than we did to feel anxious about the future.

We also face choices, of course, about our energy system. Any benefits from those choices will turn to dust in our hands unless they help answer those bigger questions.

Second, you confront decisions every day about how to build a better future for the people who sent you here to County Hall, the people of Lancashire. Those decisions are and can only be for you and for those you represent.

I am not surrounded by the realities you are surrounded by. I am not accountable in the way you are to the communities you serve. I am a man in a suit from London. It would be the height of presumption for me to pontificate on Lancashire's interests, and that is not why I am here. What I can do is share my perspectives, based on the work I do and the experiences I have had, in the hope that these will be useful for your deliberations. That is why I accepted your kind invitation.

That, and for one other reason. I may be a man in a suit from London, but whenever I come to Lancashire I never feel far from home. Later I'll explain why.

Third, I am not a professional campaigner or lobbyist. I do not represent any organisation or special interest. Other than a part time university role, I am on nobody's payroll. When I left the government I decided to do my best to contribute from a position of independence to our national debate. My hope as I speak is that people will listen to what I am saying, not ask themselves for whom I am saying it. I speak only for myself.

The matter on which I have particular experience is climate change. So if I may I'll begin with that.

You can be in favour of fixing the climate. Or you can be in favour of exploiting shale gas. But you can't be in favour of both at the same time.

An effective response to climate change requires a shift, within a generation or so in all the major economies including Britain, to a carbon- neutral energy system. We understand how to do that; we have the technology and engineering capacity to do it; we can afford to do it. But we can't do it while making ourselves more not less dependent for power and heating on any kind of fossil fuel.

It is sometimes argued that exploiting shale gas in Britain would be good for the climate. Gas, it is claimed, is a "transition fuel", a bridge we must walk over to get to carbon-neutral energy. It will buy us more time to get there, because the more gas we burn, the less we will burn coal, which as a fuel is even more carbon intensive.

That case does not stand up.

In Britain - in contrast to what has happened in the US - there will be no either/or choice between shale gas and coal. In the next few years, there is simply no prospect of enough shale gas coming on stream to make a structural difference to our energy mix. In the longer term, towards 2030 and beyond, we will be moving away from coal anyway, not least because of our carbon targets. Even on the most bounteous projections for shale gas, it will make little difference by that stage to how much coal we burn.

If – and it's a big if - enough shale gas can be extracted cheaply enough, it might in due course displace some gas that would otherwise be imported. But that would lock us further into gas dependency and chill the investment we actually need in renewable energy and energy efficiency.

Even if shale gas were going to displace coal, there would still be a problem.

It is true that when you burn it, methane gas gives you more energy for less carbon emitted than coal. But that's not the whole story. Methane has much more impact on the climate than carbon dioxide. You only need a bit of what you are extracting - some 3% - to leak into the air between the well and the flame and the overall climate impact starts to exceed that of coal.

The industry promises minimal leaks. The Government promises regulation to prevent leaks. But the margin for error is very small. We will need strict regulation, very strictly enforced. On the basis of what has happened in the US and elsewhere, there is no reason to think we would have a leakproof system.

The pressures on our own regulatory system - the budget cuts and the assault on red tape - will make it even harder to build such a system. The Deregulation Bill going through Parliament now will make regulators responsible for "promoting economic growth". The result will be enforcement that is more permissive not stricter.

When you think about it, the government has created a conflict for itself. It wants you to believe that it will enforce tough rules so that shale gas will be safe for the climate, for the local environment and for your health. It also wants you to believe that that it will bear down on red tape, cutting costs for industry. Something has to give. As we saw in the press last week, lots of people will be whispering behind closed doors in the ears of Ministers and officials that it should be those costly gold-plated regulations.

There is another reason why shale gas can only be part of the problem, not part of the solution to climate change. Success on climate change is vital for the security and prosperity of the UK. We need to use all the resources of British diplomacy to achieve it.

We won't succeed unless a lot of the conventional reserves of coal, oil and gas still under the ground stay under the ground. A diplomatic goal for us and for all like-minded partners must be to create the conditions around the world for the orderly retirement of those assets.

Britain has real authority and leverage around the world on climate change. It was a privilege to see that from close up in my six years as a climate change envoy for Margaret Beckett, David Miliband and William Hague. My conclusion from that experience is that the diplomatic challenge now is, yes, a difficult one. But it is not by any means impossible.

Not at the moment that is. It would soon become impossible if, just as we sought to persuade others to leave their conventional reserves in the ground, we went hell for leather to extract unconventional gas and oil from under our own feet. We would no longer be listened to. Diplomacy starts with what you do, not with what you ask of others.

It is difficult, I know, to make sense of climate change - an existential, global problem - in terms of the struggles people up and down Britain face every day. Struggles that all too often include impossible choices, choices that nobody in our country should be having to make. Do you keep the house warm or do you put a bit more food on the table?

But those struggles are tougher today because of the meltdown in 2008. The output of our economy is almost one fifth less than it would have been by now as a result. That's what happens if you wait for a systemic risk turn into a systemic crisis.

We have just seen yet again how vulnerable we are to the direct impacts of climatic extremes, in the floods and damages inflicted by the seemingly endless succession of storms this winter.

But it is the indirect consequences of climate change that should really concern us.

Food, water, and energy security depend, just as much as financial stability, on global systems. Those systems are already under stress. Climate change, together with our dependence on high carbon energy, amplifies the stress.

Lancashire is no less exposed than it was in 2008 to the consequences: spikes of the kind we have already seen in food and energy prices, shocks to global supply chains, further financial instability, the displacement of people (it is already happening) from those countries most vulnerable to climatic extremes and less equipped to deal with them.

A better future for Lancashire is not available in a world failing to deal with climate change.

I would also like to touch on some other issues that come up in the debate about fracking.

Those trying to build enthusiasm for fracking sometimes - maybe occasionally there is a bit of cynicism in play here - sometimes try to take advantage of the very real anxiety that people are feeling about energy bills. Shale gas will, they imply, cut those bills.

We certainly need to ease the pressure on bills. But shale gas is not going to do that. Nobody has more interest in building support for shale gas than the Chairman of Cuadrilla, Lord Browne. Even he acknowledges (and I quote) that shale gas "is not going to have a material impact on prices" in the UK.

It is also argued that shale gas will enhance our energy security, as North Sea oil and gas have done, by making us more self-sufficient and less dependent on imports.

There are several problems with that argument.

The best way to reduce our dependence on imported gas is to reduce our dependence on gas, by wasting less energy than we do, generating more of our electricity from renewable technologies and using electricity not gas to heat our homes.

But even if we choose not to do that, it is as I said earlier not clear that we can get enough shale gas out of the ground to make a significant dent in the amount of gas we need to import. Test drilling in Poland recently led to a downward revision of 90% in earlier estimates of commercially recoverable reserves, and my impression is that the experts on what is possible here are more cautious than you might imagine from newspaper headlines and statements by some national politicians.

And here's the key point. Even if that caution is misplaced, even if we can get a lot of gas out cheaply enough to make it worthwhile, it won't come onstream for a long time. We are 20 years behind the US and we simply do not have the conditions to build a shale gas industry as quickly as the US has done.

We are right to want to get off the hook of imported oil and gas. But a 20 year solution to a problem we have now is no solution. There are better ways to solve it in the meantime.

Some people now want to rush to develop shale gas to avoid energy blackmail by Mr Putin and his successors.

Leave aside that Russia's main leverage over us arises because the City of London has been so willing to open its arms to Russian money.

In fact, most of our imported gas comes from Norway, the Netherlands, Qatar, and Algeria; we buy very little from Russia. True, some of our European partners buy more, and there is an interconnected European market in gas. But nobody expects shale gas to meet more than 10% of European demand by 2030; most experts talk about less than 3%.

We do have an interest in making it harder for a revanchist Russia that is willing to pursue its goals through the kind of aggression we have seen in the Ukraine to use gas as a diplomatic weapon. But shale gas will not do that.

A subtext in our shale gas debate is the idea that somehow we are missing out on a bonanza that in the US has slashed bills and got domestic industry back on its feet.

But this is yet another argument that crumbles under closer scrutiny. Our circumstances differ greatly from those in the US.

The US shale deposits are geologically easier to develop. US regulation is weaker than we could accept here. The US system of mineral rights gives landowners a much bigger incentive to open their land for drilling. Much US production comes from sparsely populated areas, of a kind that we do not have in Britain - even in what a member of our Peerage from Surrey called the "desolate" northeast - before hastily correcting himself to explain that he really meant the "unloved" northwest.

For those and other reasons, the US has been able to bring forward shale gas faster, at lower cost, and on a bigger scale than will ever be possible here. Some might envy what has happened in the US, but we cannot emulate it.

Just how enviable is it anyway? The initial euphoria now seems to be dying down and costs are rising. They are drilling 20,000 new wells each year in the US just to maintain current levels of production. The footprint will still be there long after the drillers have moved on.

Nor by the way has shale gas in the US sucked manufacturing and jobs away from Europe in the way some have claimed. The chemicals industry in Europe has been growing while its US counterpart has been shrinking, because it is more efficient. For many energy intensive

industries on this side of the Atlantic, global overcapacity is actually a far bigger problem than local energy costs.

So far I've talked about the national case for shale gas. What about the Lancashire case? As I've said, it is for you to judge that, not for outsiders like me. But here are a few questions it might be useful to ask.

There are questions about jobs.

How many jobs would fracking really bring? Would they bring skills to Lancashire that will be useful after the wells are exhausted? How many jobs might be lost in other sectors - in tourism for example or agriculture - at the exploration stage and beyond that when production gets going?

According to a much quoted report prepared for Cuadrilla by Regeneris Consulting, shale gas fracking even at full production would create a maximum of 2,500 Lancashire jobs and perhaps as few as 560. According to one estimate, the rapidly growing renewable energy industry has I believe has so far brought 10,000 jobs to the northwest. Yesterday's excellent news that Siemens is going to start making wind turbines on Humberside hints at what might be possible on this side of the Pennines.

Moreover in Lancashire, the visitor industry employs some 55,000 people. A key goal identified by the Lancashire Enterprise Partnership is to develop that sector further. How secure would those jobs be if fracking changes the physical character of the county? What about the jobs, perhaps an even larger number, in farming and growing that are Lancashire's social and economic bedrock?

There are questions about the inducements being dangled in front of communities where fracking might take place.

What would they be giving up in the return for the £100,000 on offer for a test rig? How far would house prices in your neighbourhood have to fall before that looks like a bad deal?

1% of eventual production revenues and the right to retain business rates sound attractive. But would it be adequate compensation for the disruption you would experience? For the noise, the congestion, the damaged roads, the possible spills and contamination, the industrialised surroundings and so on?

The New York State Department of Transportation estimated that it would cost New York taxpayers up to $380m to upgrade their road network to handle the expected additional burden of heavy truck movements arising from shale gas production.

There are questions about the risks associated with fracking.

What happens if regulation fails? For example what if the integrity of the water supply is compromised, for households, for farming, for local businesses? Who would pay to clean up contaminated ground or surface water? How thorough would the cleanup be? Would it be done quickly enough to avoid long-term harm? Who would have the last word in assessing

and allocating compensation? Who would be responsible for monitoring any leaks from a well that has already finished production? What if, as has happened in the US, a company that owns the well in question goes bankrupt?

Could these and other risks be insured against, and if so at what premium and whose expense? It might incidentally be interesting to discuss that with the insurance industry.

Let's pause for a moment and consider the case of the Spanish cucumber.

In 2011, you may remember, there was a health scare triggered by an outbreak of E Coli contamination. 16 people died.

Eventually, the pathogens were traced to shipments of bean sprouts from a certain supplier in Germany, and the outbreak was then contained. But initially, suspicion fell on cucumbers from Spain. There was no evidence to support it. But the damage was done. The Spanish cucumber industry lost a year of production.

A reputation for clean healthy produce takes a very long time to establish. It can be destroyed overnight.

If a fracking leak were to compromise the integrity of the water supply for growers in Lancashire, harming the reputation of their products, how much damage could be done and who would pick up the bill?

Then there are are questions about public health.

What would be the effect of widespread fracking on physical and mental health? Serious questions are being posed about this: for example about the possible migration of arsenic into the water supply, the presence of radioactive substances in flowback fluid, the nature and toxicity of fracking additives, as well as air pollution, noise, dust and other stress-inducing nuisances from 24/7 HGV movements. The answers to these questions at the moment are far from clear.

I live in West London. We now know that the public health costs of Heathrow are far higher than was ever recognized in successive decisions to expand the airport. Those costs are now borne by the afflicted people, by the NHS, by the local economy, not by those who make money from Heathrow, and it is now too late to rectify that.

Now put all that together. There is absolutely no climate change case for fracking in Britain - quite the reverse. And in most other respects many of those who seek to influence your decisions are exaggerating the benefits and understating the risks.

But none of that quite gets to the heart of the matter.

What if there really is a king's ransom in commercially recoverable shale gas trapped in the Bowland shale?

Cuadrilla, Aurora, IGas, and their hired communicators, are I suspect talking to Lancashire communities in the way that a nurse talks to the child who looks anxiously at the syringe. You'll only feel a small prick as the needle breaks your skin, and it will be good for you in the end.

But if they hit paydirt, they will move on at a profit and the production companies will take over. You will still be here. And when the gas is gone, which really does not take long with shale gas, the production companies will move on in their turn. You will still be here.

In this industry the production footprint is a lot bigger than the exploration footprint. I wonder how clearly Cuadrilla, Aurora and IGas are explaining that to people. It's at the production stage when you get the proliferation of well pads, trucking roads, compressors, pipelines, water treatment installations, heavy transport depots and everything else. And with the physical footprint comes an economic footprint and a social footprint as well as an environmental one.

Can this industry really insert itself seamlessly into the fabric of Lancashire, woven over centuries?

It seems to me that what you face, what you should consider, is the possibility of transformation on a scale this county has not seen since the mechanisation of the textile industry and the birth of King Cotton.

The question then is would it be a transformation you like or one you don't like? Will this industry lay a foundation for a revitalised economy that can thrive even after the frackers have gone? Or will what you experience be more like a sugar rush, nice at the time, for those who get some sugar, but an unhealthy distraction from the choices necessary to build a better future?

I talked about the real questions we must now answer as a nation.

The next generation will see a shift in the world's most successful economies - you can see it already in China, in Germany, in California and a few other places - away from the old high carbon, resource intensive model, the model that forged modern Lancashire in the crucible of the industrial revolution. Instead we will have carbon-neutral electricity based largely on renewables; we will use electricity increasingly for transport and heating; and we will use all our energy much more efficiently.

Britain as it industrialised built the foundation for the world's fossil energy economy. Do we now want to be among those building the post-fossil economy, or do we want to jump on board at the last minute on terms set by others?

This looks to me like a different kind of opportunity for Lancashire. This too will be a transformation. But unlike shale gas it will help answer the questions we need to answer as a nation. It will be a step forwards not backwards.

Lancashire now has the chance to put itself at the centre of the new industrial economy of Britain, and in so doing to pull the centre of gravity back from to the real economy in the heartlands from the speculative hothouse of the southeast.

Your universities and a new generation of Lancashire SME's sense the opportunity. The Centre for Global Ecoinnovation - the only institution of its kind in Europe - is leveraging the academic resources of Lancaster and Liverpool Universities to support 50 of the region's most dynamic enterprises in driving forward the green economy in the northwest. Companies like TEG in Chorley, which even at the height of the recession in 2012 grew its turnover by £3m.

The pioneering work of Lancashire local authorities including this Council, often in partnership with Housing Associations, has already made Lancashire a national leader in pushing down energy bills for those who can least afford them.

Overall you still have some of the least energy efficient buildings in Europe. But with the right partnerships in the community, and the right support from the centre, there is no reason why within the space of an investment cycle Lancashire should not set the pace in pushing Britain to the top of the efficiency league table. Sign up to what is fast becoming an unstoppable campaign for an Energy Bill Revolution, which is rapidly gaining momentum, to recycle Treasury carbon revenues into building upgrades.

Like Humberside and the northeast, the northwest is in a position not only to meet much of its own power needs from renewable energy but to play a big part in the development of our national and European supply chains. Walney led the way nationally on offshore wind, and for the region it is just the beginning of what could be accomplished. The Whalley Bridge hydro project, adapting a 600 year old piece of world class Lancashire engineering, shows how clean energy schemes can bring communities together and give them control over their energy supplies.

In this alternative prospect, more of the jobs, the supply chains, the profits will be home grown. You will not be beholden to the absentee shareholders, the hedge funds and moneymen in London or America, who would ultimately control a Lancashire shale gas industry. Communities not distant utilities will gain control over their own electricity and heating; shale gas would strengthen the control of incumbent behemoths like Centrica. You will pay less for your energy because you will be wasting less of it.

And whether we are concerned with a better future for Britain or Lancashire, one task is more urgent than any other. Britain today has never in my lifetime been more divided than it is now. You can't build a better future in a divided nation. We should be looking for choices that bring people together instead of turning them further against each other.

Fracking for shale gas will not do that. All we have seen so far is test drilling at a handful of sites, and already this adventure has sewn discord among families, communities, and generations. If we proceed we will open up wounds in weeks and months to come that will

take years and decades to heal. Of all the costs we need to consider, that will be the highest. It can't be entered on a spreadsheet.

I said I felt at home here.

Among my earliest memories are visits to my Grandma, Agnes May Ashton, in School Cottage, Woolton, then still part of this county. Sometimes on those visits I would meet my great uncle the late Sir Dan Pettit, one of Lancashire's great captains of industry. Like Dave Fishwick today in Burnley, a hero of post-crash Britain, my Uncle Dan was a businessman who understood that business is about people, and trust, and serving not exploiting the communities from whose custom you seek to profit.

The grass grows a special kind of green in the churchyards of South Lancashire. It is well watered. Under it rest the bones of my ancestors.

We would not be here today, in this hall of our democracy, without the Lancashire heroes who fought and gave their lives to build that democracy.

One of the first to fall at Peterloo, cut down by sabres, was a young man from Cow Hill in Oldham. He carried a black banner for the people of Saddleworth, Lees and Mossley, embroidered with the words "taxation without representation is unjust and tyrannical". His name was John Ashton and he too is in this room this afternoon.

Man in suit. Son of this soil. I care what happens here, I want to see a better future, a bright future for Lancashire and I sincerely hope what I have said will help you build one.

John Ashton

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John Ashton is an independent commentator and adviser on the politics of climate change. From 2006-12 he served as Special Representative for Climate Change to three successive UK Foreign Secretaries, spanning the current Coalition and the previous Labour Government. He was a cofounder and, from 2004-6, the first Chief Executive of the think tank E3G. From 1978-2002, after a brief period as a research astronomer, he was a career diplomat, with a particular focus on China.

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