



NEWSLETTER 1 - 2018

GENERAL NEWS: UK

Manchester University report states that shale gas is one of the least sustainable ways to generate electricity

<https://drillordrop.com/2018/01/16/shale-gas-is-one-of-least-sustainable-ways-to-produce-electricity-new-report/>

Derbyshire councillors reject drilling application:

<https://drillordrop.com/2018/02/05/fourth-shale-gas-plan-opposed-in-a-fortnight-as-derbyshire-councillors-vote-against-ineos-scheme-at-marsh-lane/>

Observer article on the Kirby Misperton protests which includes interviews with campaigners:

<https://www.theguardian.com/environment/2018/feb/18/fracking-protest-kirby-misperton-north-yorkshire-third-energy-fossil-fuels-environment>

INEOS granted right to challenge National Trust's refusal of permission to test for shale gas by high court:

<https://drillordrop.com/2018/02/22/ineos-wins-approval-for-high-court-challenge-to-national-trust-over-shale-gas-testing-in-historic-park/>

15 major landowners support the National Trust's ban

<https://drillordrop.com/2018/03/01/campaign-grows-against-ineos-yorkshire-fracking-surveys/>

INTERNATIONAL NEWS

A Newsweek article details the relationship between fracking fluid re-injection and earthquakes in Oklahoma

http://www.newsweek.com/oil-gas-drilling-oklahoma-survival-risk-massive-earthquakes-774354?piano_t=1

OTHER (POTENTIALLY GOOD) NEWS

3rd energy removes rig from KM drips site

<https://drillordrop.com/2018/02/06/third-energy-releases-equipment-from-fracking-site-because-of-delays-over-final-consent/>

RENEWABLES NEWS!

January 17th. wind power breaks new records

[https://utilityweek.co.uk/wind-farms-set-new-record/?](https://utilityweek.co.uk/wind-farms-set-new-record/?utm_source=Utility+Week+Daily+Newsletter&utm_campaign=e966ba1186-EMAIL_CAMPAIGN_2018_01_19&utm_medium=email&utm_term=0_4b3e4ed9dc-e966ba1186-101113233&mc_cid=e966ba1186&mc_eid=a975cc0ab8)

[utm_source=Utility+Week+Daily+Newsletter&utm_campaign=e966ba1186-EMAIL_CAMPAIGN_2018_01_19&utm_medium=email&utm_term=0_4b3e4ed9dc-e966ba1186-101113233&mc_cid=e966ba1186&mc_eid=a975cc0ab8](https://utilityweek.co.uk/wind-farms-set-new-record/?utm_source=Utility+Week+Daily+Newsletter&utm_campaign=e966ba1186-EMAIL_CAMPAIGN_2018_01_19&utm_medium=email&utm_term=0_4b3e4ed9dc-e966ba1186-101113233&mc_cid=e966ba1186&mc_eid=a975cc0ab8)

Ecotricity: Energy company against fracking

<https://www.ecotricity.co.uk/news/news-archive/2018/boycott-the-big-six-join-our-fight-against-fracking>

Ecotricity have teamed up with the RSPB so if you join via them they'll receive £50 per year:
<https://www.rspb.org.uk/get-involved/community-and-advice/green-living/green-living-at-home/green-energy>

UK GAS SITUATION

We are constantly being told that we need to drill for unconventional gas using unconventional extraction methodology (fracking or acidulation etc) in order to ensure domestic "energy security". Although no expert I've tried to analyse this claim and I believe that the arguments promulgated by pro frackers and the Government are exposed as a myth by examining the UK gas market.

Last July the UK received its first cargo of US shale gas. The pro frackers immediately used this as an argument that we must urgently drill onshore wells for our own gas.

The problem with the pro frackers' argument is that any gas produced in the UK wouldn't be reserved for the domestic market but traded on the World market to obtain the best price. When security of gas supplies has been raised in Parliament it's revealed the fundamental factor that, since all our energy supply has been privatised, and with very few contingency reserves being held, the government actually has no control over our energy security. As one energy minister stated during questions about energy supply many years ago, the Government is a "customer". However, just last week (28th February), in answer to a Parliamentary question, Theresa May stated: *"May I say to the honourable gentleman that shale gas extraction could be a very important part of ensuring energy security in this country and I'm sure all his constituents and the constituents of others represented in this house will want to ensure that the government is doing everything it can to ensure we maintain our energy security and we don't see the lights being turned off"*

Fine principles indeed except that last year the government approved the closure of a massive offshore gas storage facility (a redundant gas well) called "Rough" in the N Sea. This facility, which helped to ensure "energy security", was originally created by British Gas in the early 1980's but became privatised in 1986 with the privatisation of BG which was subsequently split into BG & Centrica in 1997. Rough became a fully owned subsidiary of Centrica in 2003 and last year Centrica decided that maintaining this facility was uneconomic and the closure was approved by the Government thus removing around 25% of the strategic emergency gas reserves that are required for unpredictable events such as last week's severe cold snap. Britain is now the only major economy that doesn't hold large strategic reserves which is generally around 20% of consumption. Concerns that the closure would leave the UK vulnerable to price hikes at times of shortage were ignored by the government as highlighted in an article in The Guardian last June.
<https://www.theguardian.com/business/2017/jun/20/uk-gas-storage-prices-rough-british-gas-centrica>

Even without the Rough storage, the UK also has large scale gas storage facilities at Milford Haven and on the Isle of Grain but the gas consortia operating these sites have no incentive to keep gas reserves so neither of these facilities has ever achieved their designed capacity. The only statutory obligation for any privatised company is to maximise returns for share holders and there's no profit in storing gas. Indeed these facilities frequently re-export gas if the World price rises above that which they purchased it for. An example of this occurred over the Christmas and New Year period with a shipment of Russian gas to the Isle of Grain site. The following report from the Daily Telegraph stated that the gas probably wouldn't be ring fenced for UK usage:
<http://www.telegraph.co.uk/business/2017/12/29/uk-takes-first-shipment-sanction-hit-russian-gas-plant/> (Note the gas owners identified in the report!)

The IoG facility was originally designed and constructed for import and storage only but a few years ago it was modified to enable gas to be exported from the site and this is exactly what happened with the Russian gas. With a severe cold snap in the USA causing a surge in demand and prices, the US actually needed to import gas and so the IoG gas (now British rather than Russian?) was loaded into another gas tanker (the Russian gas facility is subject to US sanctions) and exported to Boston just 2 days after being imported:

<https://uk.reuters.com/article/usa-russia-yamal-lng/ship-carrying-lng-from-uk-turns-to-mediterranean-tracking-data-idUKL1N1P50PR>

This article reveals the secrecy surrounding the gas market and with reports indicating that the ship turned around in mid Atlantic I haven't been able to ascertain for certain (if Reuters can't I've got no chance!!) whether the ship did discharge in Boston but last month I checked the vessel's tracking data and this displayed the information that it departed Boston on 30th January which would tie in with an arrival around the 22nd January as originally planned!*

This whole episode serves to explain why last week's unexpected cold snap resulted in real concerns about gas supplies running out and also totally undermines the argument that UK onshore gas will ensure energy security. Any gas produced will be put on the World market and sold to the highest bidder!

*The reported u-turn caused puzzlement in some reports but it's normal procedure in the tanker trades since whilst oil or gas is in transit the cargo owners are constantly monitoring the market price and will redirect the ships to other countries if there's a price advantage.

Around the country much is happening with many of the companies starting drilling. Daily updates of the latest developments can be followed on Ruth Hayhurst's excellent Drill or Drop website: <https://drillordrop.com>

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