

## Energy Policy:Written statement - HCWS428

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**WS**      **Department for Business, Energy and Industrial Strategy**

Made on: 25 January 2018

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Made by: **Greg Clark** (Secretary of State for Business, Energy and Industrial Strategy )

Commons      **HCWS428**

### **Energy Policy**

Exploring and developing the UK's shale gas resources could bring substantial benefits and the government's view is that there is a national need to develop these resources in a safe, sustainable and timely way. As set out in the Clean Growth Strategy, the government is fully committed to the development and deployment of low carbon technologies for heat and electricity generation. As we move towards this low carbon economy, natural gas will continue to play an important role in our energy system. The government is confident that the right protections are in place to explore shale safely and has always been clear that shale development must be safe and environmentally sound.

On 29 November 2017 I issued a Direction to the Oil and Gas Authority. This Direction closed a loophole in instances where prospective shale gas wells had been drilled prior to the Infrastructure Act 2015 coming into force. It ensures that all operators proposing to hydraulically fracture a well are subjected to the same rigorous final step of scrutiny.

Third Energy UK Gas Limited's proposals to hydraulically fracture its site in Kirby Misperton, North Yorkshire have been referred to me as a result. I am committed to ensuring that a meticulous approach, rooted in rigorous evidence, is taken when reviewing the application.

Having given careful consideration to the evidence submitted, I have informed the Oil and Gas Authority today that I am satisfied that the thirteen technical requirements set out in section 4A of the Petroleum Act 1998 have been met.

I also consider that an equivalent assessment should be undertaken of the financial resilience of companies proposing to carry out hydraulic fracturing operations so that stakeholders can have confidence in the company's ability to meet its commitments.

I note that as of 24 January Third Energy UK Gas Limited and other related companies had yet to submit their accounts for the accounting period ending in December 2016, despite a statutory deadline of 30 September 2017 for them to do so. I have therefore asked the Oil and Gas Authority to seek further financial information from the company, including the required set of up-to-date accounts, to inform my decision.

I have also asked the Infrastructure and Projects Authority to assess the financial resilience of the applicant, including its ability to fund decommissioning costs. Once I have received this assessment I will inform the Oil and Gas Authority whether I am satisfied with the application as required by the 1998 Act.

The Government considers that the financial resilience of a company wishing to hydraulically fracture is a relevant consideration. As a matter of policy, we will therefore look at the financial resilience of all companies wishing to carry out hydraulic fracturing operations alongside their application for Hydraulic Fracturing Consent.

This statement has also been made in the House of Lords: **HLWS420**