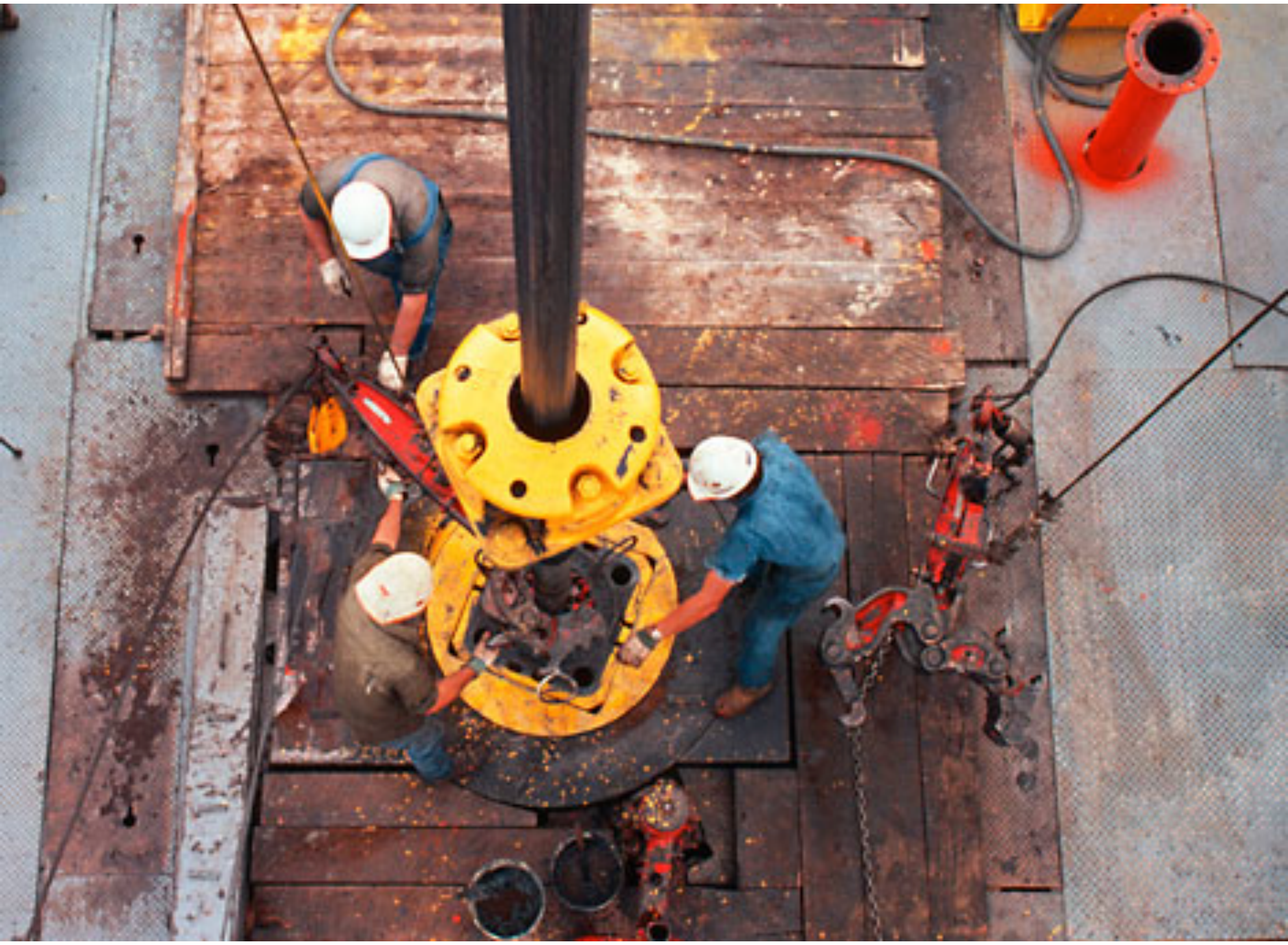
LOBBYING SHALE GAS IN EUROPE



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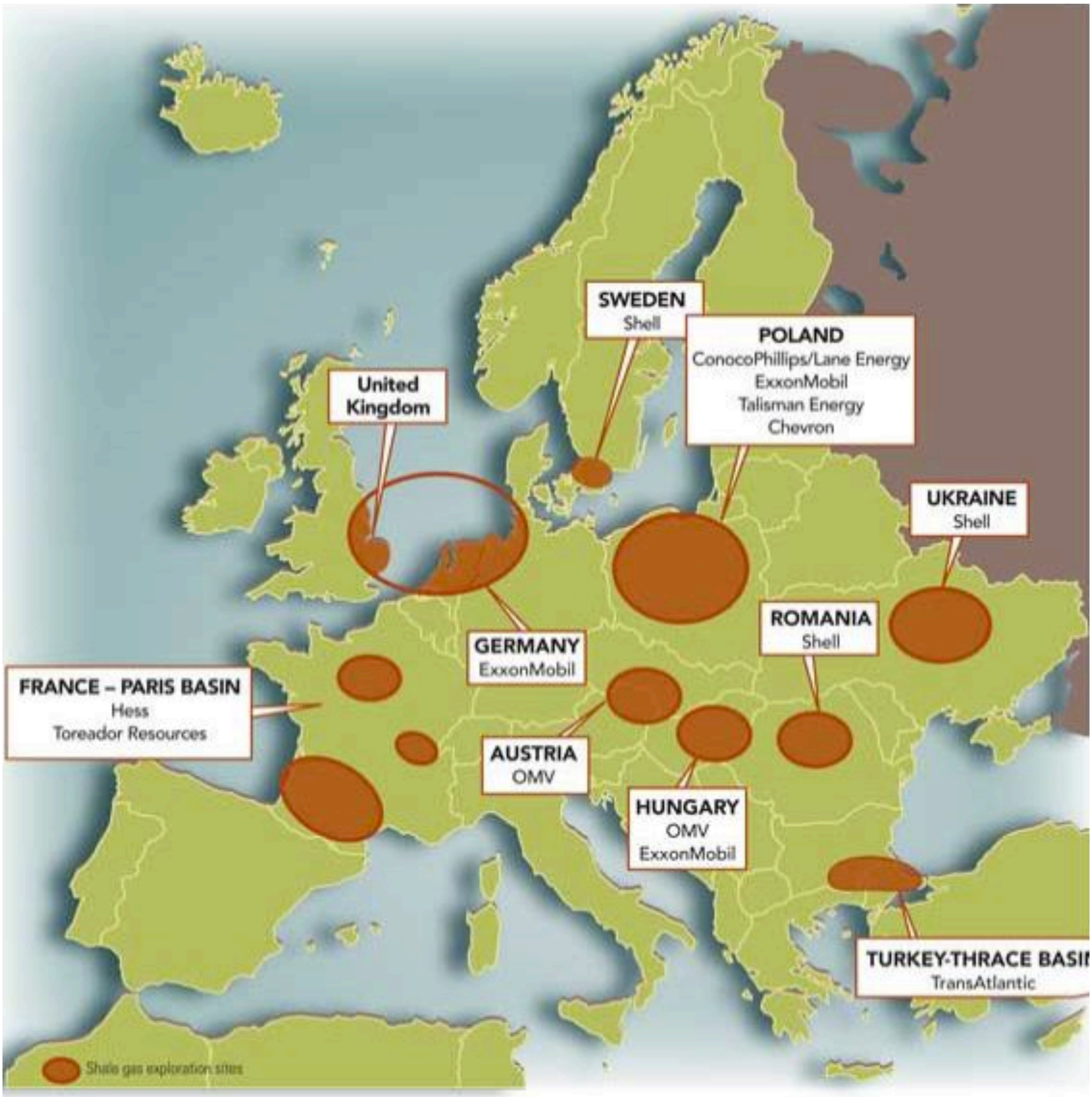
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FRANCE – PARIS BASIN
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OMV
HUNGARY
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ExxonMobil
TURKEY-THRACE BASIN
TransAtlantic
Shale gas exploration sites

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Introduction

Nowadays most experts agree that we cannot live on fossil fuels forever. But renewable energy coming from the four earth elements has still not proven to be a reliable and sustainable alternative to fossil fuels. The race is thus on for so called unconventional fossil fuels such as shale gas.

Its exploitation has been until now an exclusively US phenomenon. The remarkable success of producing gas from the Barnett Shale in Texas has heralded an intense exploration of other US basins. The success also led energy companies to consider opportunities abroad.

As a result, “Europe awaits a shale-gas revolution” was the headline in the magazine Petroleum Economist in December 2009. In April 2011, Time magazine speculated on its front page that ‘This rock could power the world’.

But the picture is not all rosy. Videos of gas instead of drinking water coming out of American household taps have now reached Europe too.

The debate is now open: can shale gas be the solution to sustain European energy supply, but without harming people and the environment?

In this report, we will see how different lobbies try to influence EU (non-) legislation and regulation in the matter. In the first part, we explain the idea of shale gas as a new energy source for Europe. Chapter two gives a concise overview of what has already happened within the EU institutions regarding possible European shale gas exploration and production. The third and the fourth chapters show and analyse the different actors involved in influencing the EU on this matter. In chapter five we give some recommendations for companies that want to influence the future of shale gas in the EU.

For this paper, different media sources, as well as academic papers and books were used. We have done interviews with assistants of MEP’s and members of involved (lobby) organisations.

Shale gas you say?

Shale gas is an unconventional, natural gas that is trapped within shale formations

First things first, what are we referring to when talking about 'shale gas'? Shale gas is an unconventional, natural gas that is trapped within shale formations. Shales are fine-grained sedimentary rocks in which the gas is tightly locked in very small spaces. Sophisticated machinery and advanced technology is necessary in order to extract most of the gas.

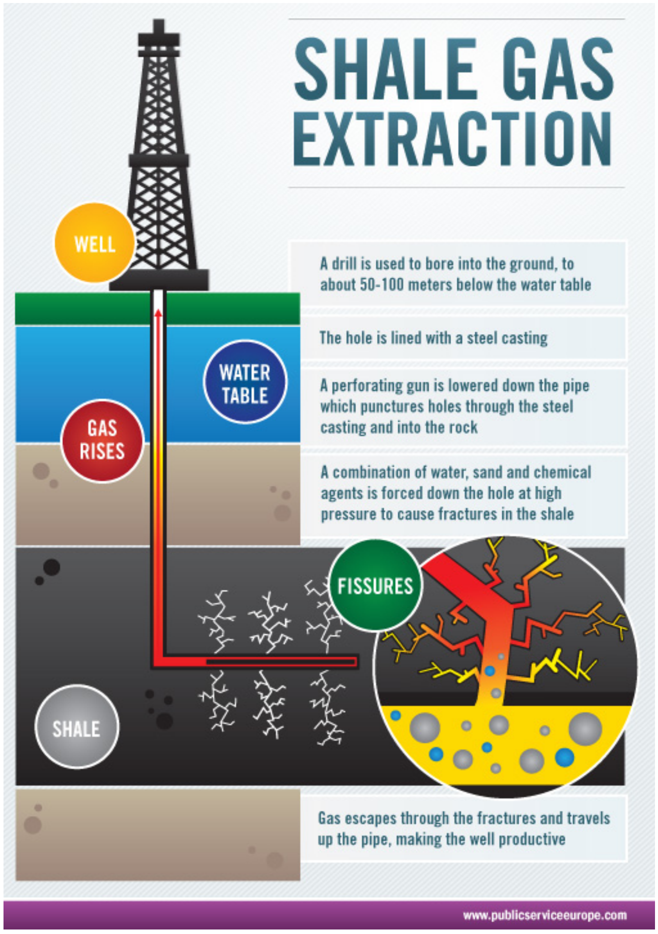
Two methods are usually applied: horizontal drilling and hydraulic fracturing. When horizontal drilling, First a vertical well is drilled to the targeted rock formation. Once the desired depth is reached, the drill will then stretch itself horizontally out into the gas reservoir. The image (right) shows how hydraulic fracturing (commonly called 'fracking') works: millions of litres of water mixed with chemicals and sand are pumped under high pressure into the well. This causes explosions within the shale, so that the gas that was trapped can easily escape. This is a rather rough way of working, but it has nevertheless proven to be very efficient. Some environmental concerns can be raised about this technique, as we will see later on.

Over the past decade, the combination of both techniques has led various companies (mostly within the United States of America) to produce large amounts of shale gas. This was previously economically unthinkable. Currently, it even accounts for 8% of the total domestic gas consumption. This in stark contrast with its Atlantic partner Europe, where shale gas exploration is still in its infancy. Shale gas explorations have recently started up only in a handful of places at the old continent [2]. The current total European production volume of unconventional gas is in the order of a few million m3 per year.

Shale gas currently accounts for 8% of the total domestic gas consumption in the USA

This compares to several hundred billion m3 per year in the USA. But the race is on for more acreage acquisitions. Many European companies have already begun their involvement in shale gas projects, which they see as the solution for the pending energy issue within Europe: it isn't as dirty as oil, nor as expensive as renewable energy, and it is 'home made' in contrast with imported Russian natural gas.

In Poland for example, the government has been granting shale gas exploration licenses at a tremendously high range. Sweden, Denmark and Germany are investigating possibilities with the Paleozoic and Cambrian Alum Shales. The same goes on for France, Switzerland and England on Jurassic black shales.



However, just as in the USA, the public and environmental opposition to these projects are rising fast what caused different countries to take measures already. At the moment, France and Bulgaria have temporarily banned exploration, in part because of a general precautionary principle (France) or because of fear of groundwater pollution or similar concerns (Bulgaria).

The Netherlands as well as North Rhein-Westphalia (NRW) have decided on a moratorium for shale gas drilling until more research has been done.

France, Bulgaria,the Netherlands and North Rhein-Westphalia have temporarily banned shale gas exploration

The Ministry for Energy and economic affairs in NRW considers the current threshold for obligatory so-called Environmental Impact Assessments to be too high. NRW is the biggest German state, and this argument could easily be used for anyone that wishes to make the environmental requirements more stringent.

In what follows we will have a closer look on the different positions regarding this issue. By doing so, we will mostly focus on the active lobby entities in the story, as they can provide us the clearest and most comprehensive arguments in favor and against such practices.

Shale gas and the EU institutions

Before proceeding to an analysis of the involvement of EU institutions in the shale gas debate and possible exploration and production of unconventional gasses, we should first ask ourselves a more existential question: Does the EU have competencies in this field?

Article 194 Section 21 of the Treaty on the Functioning of the European Union says that the right to determine the conditions for exploiting energy resources, the choice of energy resources and the general structure of its energy supply belongs to the member states.

Following article 194 section 21 of the TFEU, all legal acts on energy exploration and production are to be taken at a national level.

This implies that all the legal acts are supposed to be adopted at the national level, and that the EU has not much more to say and to do than to coordinate and support different national programs.

Until now, this is what the European Council and the Council of the European Union have been doing and have been advocating for.

At the EU summit of February 2011, the heads of states and/or governments discussed the energy dossier thoroughly. In its conclusions, the European Council highlighted that a further strengthening of the security of energy supplies would require an assessment of Europe's potential for the sustainable extraction and use of conventional and unconventional (thus shale gas) fossil fuel resources[2]. This paragraph was seen as a success for Poland, which probably holds the largest shale gas reserves of all member states.

Along the same lines, the EU Council for Transport, Telecommunications and Energy adopted on the 18th of February

2011 conclusions *on Energy 2020: a strategy for a competitive, sustainable and secure energy* in which short-, medium- and long-term priorities for the European energy strategy were defined. In this strategy, we can also find some elements on the potential contribution of shale gas exploration, but it is conditioned to environmental protection legislation.

This actually opened the path for more debate on its possible environmental consequences.

This debate has recently started within the European Parliament, but has gotten quite heated already. With the adoption of a resolution on the Commission's communication 'towards a new Energy Strategy for Europe 2011-2020', the debate on unconventional resources kick started within the EP.

Within the EP, the debate has became quite heated already. Mainly the Greens and the group of Christian-Democrats are active, referring to environmental risks and stressing potential profits

Mainly the Greens and the group of Christian-Democrats (EPP group) were and are active during the discussion about potential profits arising from production of unconventional gas and the associated environmental risks. For the Social Democrats (and the group of European liberals) the issue is factor of division as well. As S-D assistant to an MEP told us, the group hasn't agreed on a final group position since they are to divided whether to give primacy to economic profit and job creation over environmental protection or not.

This 'split' is also found in resolutions, parliamentary questions and written declarations. In general, we can say that the EP is open for possible exploration and even production of shale gas, if the environmental aspects are closer looked after. Only one proposal stands out, and that is a written declaration of released by a group of MEPs, representatives of major political groups, in which they call for a Europe-wide moratorium on shale-gas exploration and production.

At this moment two documents are being discussed within the EP commission for environment (ENVI) and industry (ITR). Once again here, the first will deliver most probably a report stressing the environmental side-effects of shale gas whereas the latter will mostly focus on its possible job creation and economic profits.

Even though the Commission has no official and consolidated opinion, it is rather in favor of a possible European shale gas industry if the environmental side-effects are taken care of

Finally, we can say that the Commission, although it has no official and consolidated opinion, is rather in favor of possible shale gas exploration and production. In its two communications *Energy 2020, a strategy for competitive, sustainable and secure energy* and *Energy infrastructure priorities for 2020 and beyond*, the Commission is wary of the potential negative consequences of shale gas production in Europe.

But if we have a look to different interviews with the EU Energy Commissioner Günther Oettinger, the commission actually 'gathers proactively information and data in order to assess and map independently the shale-gas potential in Europe[2]'. Moreover, in an interview with the Polish Daily 'Gazeta Wyborcza', Oettinger emphasised that the exploitation of shale gas is in the interest of the EU and would represent an opportunity for Poland to reduce dependence on imports of this commodity[3]. But even this position is debated upon within the Commission itself. The Directorate General for environment and its commissioner Janez Potočnik do not agree with their energy colleagues, as they fear possible negative environmental side effects.

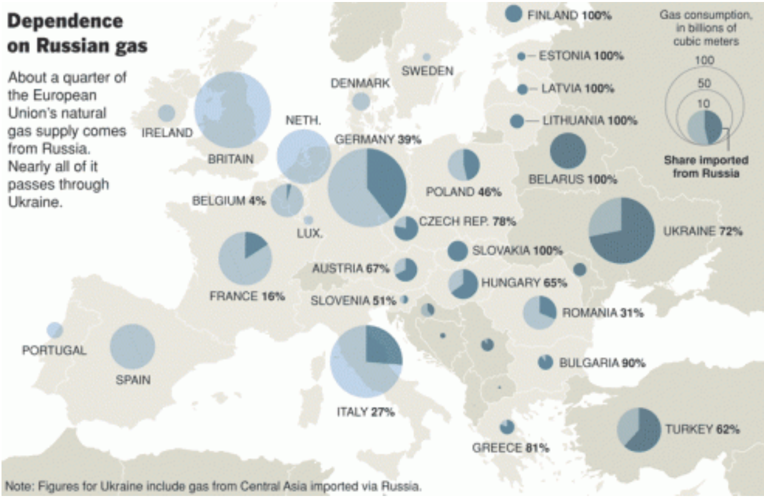
Lobby in favour : the gas industry

Arguments: energy security, environment and climate change

The industry uses three main arguments in favour of shale gas exploration: 1) that the potential for finding and extracting shale gas is huge; 2) that the environmental risks are very small, and 3) that CO2 emissions from burning natural gas are only 50 per cent of those that come from burning coal. In addition, energy independence (in large part from Russia) is an important incentive for the EU to develop its own energy sources. Lastly, job creation is always an argument in favour of a new industry.

The industry uses three main arguments in favour of shale gas exploration: 1) the potential for shale gas is huge; 2) the environmental risks are small, and 3) emissions from burning natural gas are only 50 per cent of those that come from burning coal.

Recently, gas companies have lobbied to reach decision-makers with the third and environmental argument. GDF Suez, Shell and other gas producers formed the informal European Gas Advocacy Forum (EGAF) network in 2010. They commissioned McKinsey to produce a report, which says that Europe could save around 900 bn euro if it meets its emission targets through gas rather than renewable sources.



According to an EU Commission insider, this report is used "at every meeting".

U.S. lessons: Shell's lobbying

It almost goes without saying that energy multinationals' lobbying and Public Relations budgets are in a different league than those of environmental NGOs. We do not have numbers from the EU. The Commission has, interestingly, refused to reveal the lobbying budgets of Shell and British Petroleum. It cites "commercial interests" of the companies as the reason. But to take an example from the USA, Shell spent $800 000 only in the first three months of 2009, when they tried to influence variabilityous pieces of US energy and climate legislation.

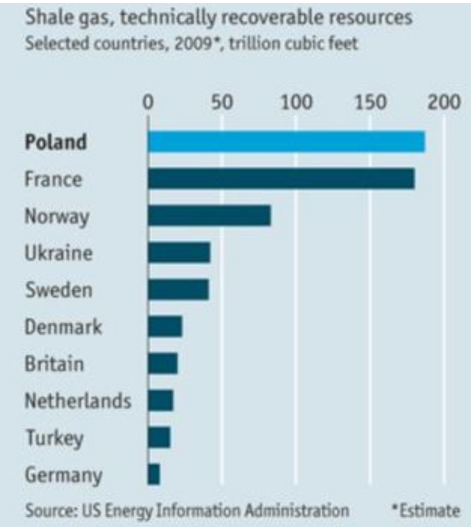
Shell also works together with like-minded partners to strenghten its message. Shell, ConocoPhilips and other enterprises form the so-called United States Climate Action Partnership. A few years ago, this organisation successfully collaborated to make the American clean energy security act a very industry-friendly piece of legislation.

Among those in favour of exploiting shale gas are countries with shale gas resources on the one hand, and energy companies on the other.

Member states: big stakes for a few

The main countries concerned in the debates have been France, Bulgaria, the UK and Poland. The Poles, and to some extent the British, are genuinely keen on developing shale gas immediately. Sweden already has experience with shale gas drilling. The Swedes also have some of the strictest legislation. Germany and France are more concerned with environmental standards than Poland, and have taken a cautious stand so far. The Polish also have a big interest in reducing its dependency on gas from Russia.

The prognostics for shale gas potential and viability have changed almost monthly the last year. According to estimates by the US Department of Energy, Poland could potentially cover their domestic need with Polish shale gas for the next 300 years. But Poland also saw its estimates reduced by 90 per cent only a few months ago. The potential is still enormous, but the Polish need much more research to verify exactly how much they can extract.



In addition, Poland's dominating gas company PGNiG deals with both exploration, production and distributing/selling gas to consumers and business. Before the Polish elections last year, the company campaigned heavily against a Europe-wide ban against shale gas exploration, which was then being discussed. The company is state-owned, which means that the ties to the government are very close. The draft EP report carrying Polish MEP Bugoslaw Sonik's name uses the same arguments as do several energy companies: shale gas is safe and can potentially revolutionise the European gas supplies. "The point of energy politics in the EU is to diversify the source, and, if it's possible, to become energy-independent", Sonik has said.

U.S. influence in Eastern Europe

It is currently national governments that have to be convinced that energy companies should be granted permission to explore and extract gas. In Romania, the new government plans a moratorium on shale gas exploration. In Bulgaria, the U.S. ambassador has heavily been promoting Chevron's interest in exploring shale gas opportunities. Hillary Clinton also visited Bulgaria in February 2012 to lobby for shale gas exploration, and to encourage the Bulgarians to strive for energy independence. The country currently imports 100 per cent of its natural gas from Russia. In Poland, American government officials ranking as high as Secretary of State Hillary Clinton have been spending big efforts on getting exploration permits. The effort goes both ways: Polish foreign minister Radoslaw Sikorski has been working to get the Americans interested in Polish gas opportunities.

According to an S&D MEP assistant, the multinational energy companies do want legislation at the EU level to have clear and uniform rules of engagement everywhere

Multinational energy companies

According to an S&D MEP assistant, the multinational energy companies do want legislation at the EU level. The reason is that they desire clear and uniform rules of engagement everywhere. This is clearly in contrast to the Polish view, which is that shale-specific regulation can be left to the national level.

Some of the key players in the industry are Total, Shell, Chevron and ExxonMobil. The two latter have already bought licenses to extracts shale gas in Poland. Chevron has in addition been exploring the opportunities in Bulgaria and Romania. ExxonMobil, despite being one of the most active in European shale gas exploration, is not trying to hype the potential in order to make the case for support from countries. It has even called its competitors' optimistic prognostics "highly speculative". This shows that energy companies do not have a joint message concerning the potential for shale gas.

Against shale gas: not only environmental opposition

There are two camps that want to stop the shale gas development. The oil, coal, nuclear and even natural gas suppliers at one side and environmentalists at the other side.

Inside the European Union, there are two camps who want to stop the gas shale development. First, the oil, coal, nuclear and even natural gas suppliers fear the decreasing price of gas, which could decrease their revenues. Second, the environmentalists and the health associations are afraid of the possible consequences on the environment and citizens' health. In addition, the renewable energy industry is concerned that cheap shale gas could challenge the economic viability of wind and solar power production especially. In particular, the renewable energy industry is concerned that cheap shale gas could challenge the economic viability of wind and solar power production.

Gazprom and the Russian lobby

One of the most determined lobbies in this campaign against shale gas is conventional gas producers. Gazprom and the Russian government are the principal opponents. In this case, European and national level politics are intimately linked. The European Union cannot ban shale gas, while member states can. There is an important lobby at the national level that wants to ban shale gas, and a substantial one at the European level that wants to regulate shale gas extraction. In this situation, Gazprom has a proactive role, and they really try to influence the European shale gas regulatory and legislative processes that concern shale gas. Moreover, they anticipate the European level debates by lobbying the national governments.

"Our traditional reserves are tenfold more efficient than shale resources and services and pipelines are insufficient to serve the possible boom of shale gas use" says Medvedev of Gazprom

Gazprom and the other natural gas companies insist on both environmental and economic consequences of a possible reliance on shale gas. "Our traditional reserves are tenfold more efficient than shale resources" to develop, says Alexander Medvedev, the Gazprom Deputy Chief Executive. Moreover, services and pipelines are insufficient to serve the possible boom of shale gas use. This might lead to a supply shortage. But Gazprom also focus their criticisms on the environmental risks of shale gas development.

Bulgaria, the Czech Republic and Romania are directly connected to Gazprom's new South Stream and North Stream pipelines. The ban on shale gas in these countries has thus given Gazprom a better negotiating position to increase its presence here. Finally, Gazprom has strong links with Germany. It holds, for example, 50% of Wingas GmbH, a German gas distribution, transport and storage company.

However, since Vladimir Putin became president for the second time, we can see a difference in the declarations made by Gazprom. In April 2012, Putin said that "shale gas can seriously transform the structure of the hydrocarbon market" and "our country's energy companies absolutely have to be ready right now to meet this challenge".

It is not yet clear whether this also means that Gazprom will engage in developing its own shale gas expertise, in order to be able to exploit Russian shale resources.

Defensive strategy from coal, oil and nuclear lobbies

Finally, coal, oil and nuclear industries have a role to play, even though they have a more defensive strategy. “The nuclear industry is also vividly interested in maintaining its position and sees shale gas as a potential threat. It would be therefore hard to see the decision of France as being exempted from the influence of one of its most powerful industries” says Malgorzata Figwer from Hill+Knowlton Strategies.

The nuclear industry is also vividly interested in maintaining its position and sees shale gas as a potential threat. However, since the Fukushima catastrophe, these industries are not lobbying proactively for their cause.

Shale gas raises an interesting problem : which energy do the European Union and its individual Member States want to use for the next decades? If shale gas is chosen, then nuclear, oil and coal will be put aside. If shale gas production were to take off in Europe as it already has in the US, many European nuclear plant projects could be delayed and might not even see the light of day. Since the Fukushima catastrophe, it seems that nuclear lobbies are more careful about publicly advocating their case in the EU. This impression was also confirmed by an S&D MEP assistant.

Some countries, like Germany, have decided to close their nuclear power plants. The rise of shale gas as an alternative to nuclear power has thus been made possible. On the other hand, the radical lowering of Poland's shale gas estimates improves the possibility of nuclear industry to develop there.

The coal industry sees the prospect of abundant, cheap shale gas as a significant threat to its own position in Europe’s energy market. As natural gas has lower CO_2 emissions than coal (when burned), coal is also vulnerable to criticism from a climate change perspective.

However, these industries are not lobbying proactively, and it is difficult to find public declarations made by them. This means that they have to be careful about their lobbying strategies, not to be confronted by an anti-nuclear or anti-coal campaign. That is why they do not react publicly, even though they are not sitting idly behind their desk.

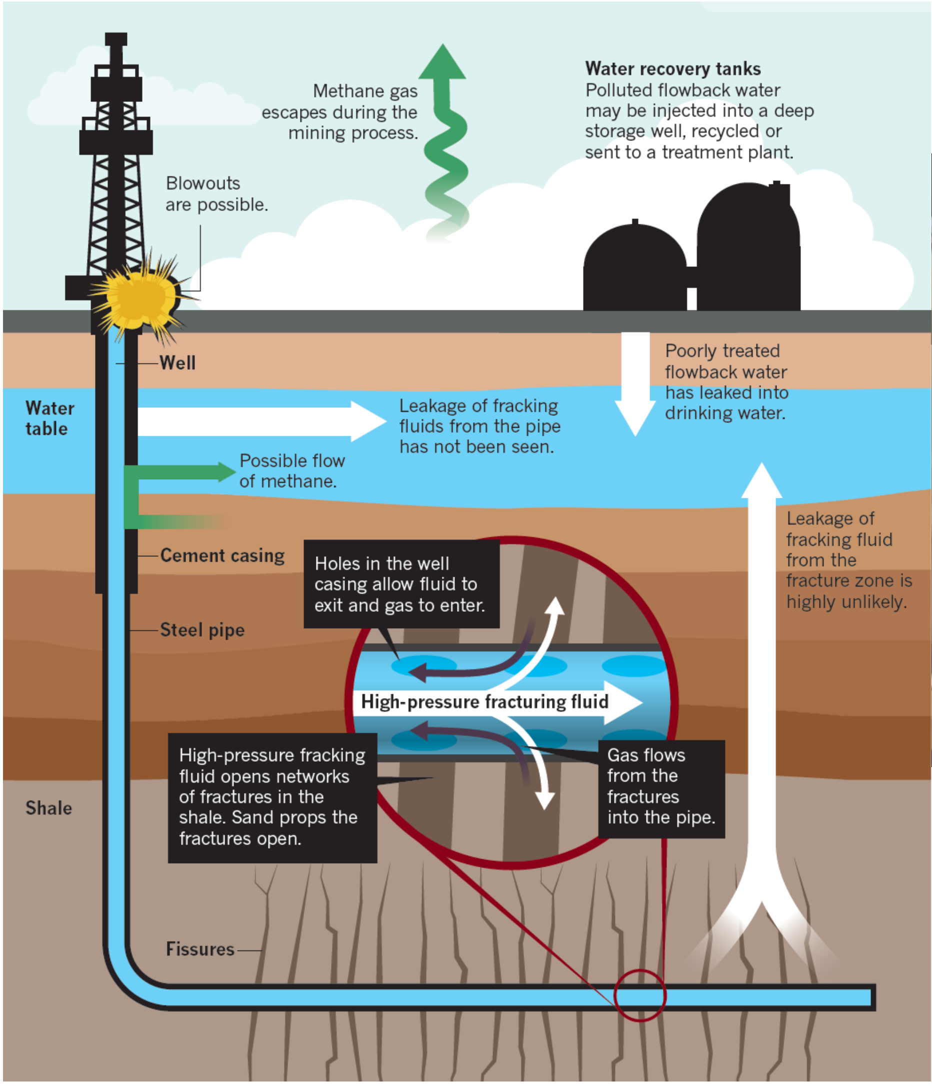
Environmentalists: a coalition of associations

Contrary to coal, oil and nuclear industry but comparable to Gazprom, environmental associations have a proactive lobby strategy. Friends of the Earth Europe, Food & Water Europe, Greenpeace and Health & Environment Alliance published a joint position statement on shale gas, shale oil, bed methane and “fracking” on April 24. They also wrote a joint press release. What is interesting in this position paper is that they reinterpret the Commission’s study “Impacts of shale gas and shale oil extraction on the environment and on human health” .

To structure their position, they go through the Commission’s paper and mention paragraph by paragraph the problems. In this way they explain the negative impacts on climate, energy, water pollution, water use, air pollution, soil pollution, land use, noise, seismic activity, impacts on workers in the unconventional gas industry and socio-economic impacts.

We think this is an effective technique, since the members of the Council as well as the MEP’s will easily be able to read the NGO document at the same time as the Commission’s document. Secondly, the press common position was released the day before the presentation of MEP Boguslaw Sonik’s draft report on shale gas for the EP’s ENVI committee. So these environmental associations have a really proactive approach to the shale gas issue.

Moreover, you can see from the position statement that, unlike the industry, environmentalists work together.



The documentary 'Gasland' shows how gas instead of water comes out of taps in places close to shale gas extraction sites.

First, four associations made a common statement. But if you look at the end of this declaration, they are supported by national associations from Europe but also from the USA and Australia. As Antoine Simon from Friends of the Earth Europe confirmed in an interview with us, these organizations have "close contacts with citizens" and with associations that "represent grassroots voices". So they are represented at each stage of political decision-making processes. Now, why is it important to work at the national level too?

For shale gas, the country of origin of an MEP is more important than her/his European party group. For example, French MEPs from the EPP are generally against shale gas, whereas Polish MEPs from the EPP are strongly in favor of shale gas, which is explicated by the national background. In the press release mentioned above, the environmental associations call for the European parliament to avoid further development of shale gas. But they also call on the member states to ban shale gas in their own country.

Arguments: environmental and economic warnings

Since the only country that extracts shale gas on a massive scale is the United States, shale gas promoters use the positive aspects to explain why it is important to exploit it here, back in Europe. In the United States, there is a decreasing price of gas, in part because producers are exempted from environmental protection legislation. This is not the case in the EU, which has adopted various environmental protection directives. Secondly, we need to make a difference between potential and recoverable resources. This is why the UK has given up shale gas, as they have a huge potential but not enough recoverable gas. Thirdly, the NGOs do not believe that a shale gas boom will increase employment significantly. The first year, you hire a lot of people. But after one year of exploitation, drilling is done and you need less people. Employment increases, but only in a short term period, according to Antoine Simon, campaigner for Friends of the Earth Europe. Finally, farming and tourism are endangered because of land disturbance.

However, these arguments are not emphasised in the environmentalist discourse, and they prefer focusing on environmental threats. In addition, NGOs also use another key issue : health protection. To engage people and make them aware, you need to use arguments that touch them. Health is one of the most important issues for any person. According to Lisette Van Vliet, policy officer for Health and Environment Alliance, shale gas can "contaminate groundwater, and subsequently drinking water, and fracking worsens our air quality".

The fork in the road: shale gas or renewables?

Apart from the environmental threat at both short and long terms, there is the problem of investment. If you promote shale gas, it means that massive amounts of money will not be spent in renewables. Either you choose shale gas or you choose renewable energy. It is the same choice for power plants: Either shale gas, or nuclear energy. The European Union has undertaken to achieve certain objectives for 2020: a decrease of greenhouse emissions by 20% (30% if there is an international agreement) compared to 1990. Both the current shale gas initiative report and the Commission's Energy Roadmap 2050 are discussed at the same time (coincidence of timetable). You cannot say that you choose shale gas and renewables for example as "any money and investment that is going to gas is money that is not going to renewables".

By this example we can see that renewable industry is linked with environmentalist associations. The Danish Wind Industry Association has issued a warning that the EU will not meet the 2020 renewable targets without proactive involvement from governments and the European Commission. Until clear policies emerge on whether countries will allow the exploitation of shale gas reserves, investments in biomass and other renewables might be put on hold. Europe's renewables industry has already obtained large-scale government money transfers. These privileges are now being threatened by the appeal of cheap Polish unconventional gas. In Germany alone, renewables have already reportedly generated about a million jobs and continue to grow. It is about jobs, not just energy.

Industry and NGOs: allies and opponents

However, industry and environmentalists do not team up to form a coalition against shale gas. As explained by Antoine Simon, it is "risky to ally with industry". They can be at the same time your ally and your opponent. For example, a Dutch bank sued a shale gas company because it is extracting close to the place where they have their saving data. The bank fears the extraction process would destroy their IT equipment.

As Antoine Simon from Friends of the Earth explains: "environmentalists don't team up in their fight against shale gas with the industry, as it is risky to ally with them"

Nonetheless, for other campaigns, the industry can be their opponent. That is the reason why the environmental associations do not want to ally itself too closely with any industry that fights against shale gas. To sum up, we can say that environmental associations and energy industries are usually lobbying separately, even when their interests are similar.

Current dossiers and lobby strategies

In our last part we will give some hints for possible lobbyists on shale gas: how can you influence the Commission, the EP and the council on this matter?

Commission: DG environment vs DG energy

Lobbying the Commission depends on how one sees shale gas exploration in Europe. As we have seen above, DG energy and Commissioner Oettinger is in favour of having more exploration and production of shale gas in Europe. He stresses that 'the exploitation of shale gas is in the interest of the EU and would represent an opportunity for Poland to reduce dependence on imports of this commodity'.

However, The Directorate General for environment and its Commissioner Janez Potočnik do not agree with their energy colleagues, as they fear possible negative environmental side effects. A letter from Potočnik to Matthias Groote, the chair of the ENVI Committee, clearly emphasises the negative environmental impact that shale gas exploration and drilling could have in Europe. A 2011 report of the Tyndall centre for Climate Change research commissioned by DG Environment also concluded that shale gas does pose significant risks to the environment and human health. When lobbying the Commission, one should thus bear this internal divide in mind.

The Parliament: reporting but not deciding (yet)

In the Parliament, two reports will be adopted soon: one by the EP industry committee (ITRE) and another by the environment committee (ENVI).

The ITRE Committee is "less emotional about environmental concerns, and looks more to the commercial viability, financial implications and technological possibilities than the ENVI committee" explains consulting bureau Hill+Knowlton

ENVI: pro-gas rapporteur

Polish EPP member Bugoslaw Sonik has drafted the report for the Environment committee of the EP. The messages of his draft report are crystal clear: no shale-specific EU regulation is necessary, and the extraction methods have not been proven "by official or reputable sources" to be dangerous for the environment.

The deadline for amendments was May 24, and the report is scheduled to be adopted on July 12. It is important to note that the Council is not obligated to comment on these EP reports. In addition, it is the Commission that has the privilege of taking legislative initiative. It has, however, so far not seen the need for new regulation. One could thus expect that the reports will not have any immediate impact on the legislative procedures.

ITRE: also positive

The European Parliament's Industry, Transport and Energy (ITRE) committee has not yet made up its mind. A draft report by Greek MEP Niki Tzavela (EPP) says that shale gas "will help the EU" reduce its carbon emissions by 80-95 per cent by 2050. This draft text also says that shale gas possibilities should be made "full advantage" of. The report is due to be adopted on September 10.

The consulting bureau Hill+Knowlton believes that there is a difference between the two parliamentary committees. The ITRE committee is "less emotional" about environmental concerns, and look more to the commercial viability, financial implications, and technological possibilities than the ENVI committee.

The Council: alignment of country and industry interests

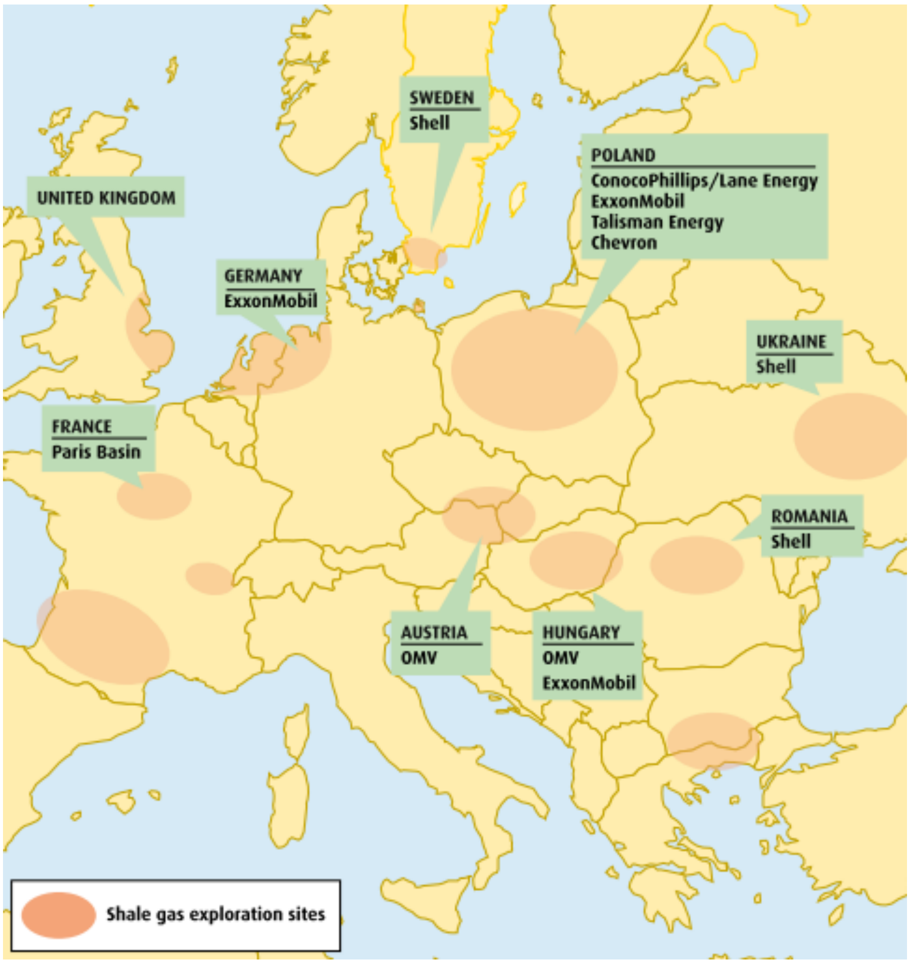
If a proposal for directive ends up at the Council's table, it is likely that there will be at least two main categories of countries: those with and those without lots of shale gas, respectively. Within each country, there is an environmental opposition of varying size and strength. Since the stakes are so high for those countries that do have access to large deposits of shale gas, these countries might, *a priori*, be more keen on keeping the EU away from introducing more regulation. For the countries that have no or little shale gas, the stakes are lower. If they have no other reasons to support/limit the extraction of shale gas, this means that they have the "luxury" of choosing rather freely, and can pick from a set of criteria (energy preferences, environment, health, etcetera), whether they think the EU should adopt regulation.

We will use three examples to illustrate what the positions of various Member States are or might be: Poland, Denmark and France.

Poland is the shale gas champion of Europe. They have about one third of the discovered shale gas resources of the EU. If they can extract only a fraction of it, they could become self-sufficient for many years, and even become a net exporter. Poland has also said that they would "quite possibly" veto EU regulation that could limit Member States' shale gas development. With Poland, the country's and the national energy companies' interests are perfectly aligned.

The stakes are very high for countries like Poland, which has access to large deposits of shale gas. These countries might be more keen on keeping the EU away from introducing more regulation.

Other countries might accept the argument that shale gas exploitation leads to big emissions of climate-warming methane gas. These countries might then work against shale gas in general, regardless of whether the pollution risks are small. This concerns, for example, a country like Denmark. The Danes have the climate commissioner, and are among the strongest advocates for renewable, non-carbon energies. In addition, Danish manufacturers produce around 50 per cent of all wind power turbines in the world. This gives Denmark a clear incentive to work against anything that can diminish the importance of wind power.



France does have a lot of shale gas, almost as much as Poland. But France also has the biggest nuclear industry in Europe. The French state owns almost 90 per cent of Areva, the biggest nuclear company. In addition, France has already banned shale gas exploration on its soil. We can thus maybe expect France to be sceptical towards shale gas also at the European level, and maybe even actively against.

Arguments need to be tailored

Concerning the argumentation in the EP, an EPP MEP assistant says that lobbies have to adapt their arguments to each MEP. For example, the EPP might in general be less inclined to accept environmental arguments, and more sensitive to arguments about jobs and economic growth.
In the case of the shale gas dossiers, the political landscape is less clear-cut. For example, French EPP parliamentarians are largely skeptical towards shale gas.

According to the same assistant, the Finnish MEP Sierpa Pietikäinen is one of those EPP members that most likely will fight for restrictive shale gas regulation, maybe also at EU level. She is, however, not a member of any of the two committees that deal with the current reports.

Lobbies should adapt their arguments to the concerns of the MEP in question. An EPP MEP might in general be less inclined to accept environmental arguments and be more sensitive to arguments on jobs and economic growth.

Another interesting point is the composition of the environment committee vis-à-vis the EP as a whole. Those who want to join the ENVI committee are often people who have a keen interest in environmental issues, regardless of party. They might thus be more in favour of environmental regulation than the rest of the parliament. The plenary is a new chance to re-introduce amendments that were not successful in the committee.

Methods: conferences and one-on-one meetings

As confirmed by several sources, notably assistants of MEPs, the energy companies use lunches in order to get good one-on-one meetings with MEPs. They later do follow-up with the assistants present at the meeting. Based on those we have talked with, we have the impression that shale gas lobbying towards MEPs has intensified the last month. As for the methods, the lobbyists follow a similar pattern with key civil servants in the Commission, as well as member state representatives in COREPER. In addition, companies organise conferences that promote a certain message or certain points of view.

An interesting example in this respect is the European Energy Forum (EEF). This is an NGO whose members are MEPs and energy companies. The forum organises lunches and debates, and invite both energy companies as well as EU institution representatives to speak. Energy Commissioner Günther Oettinger participated at a dinner debate in March. Among the members are recent EP president Jerzy Buzek and the rapporteur of the ITER committee's upcoming report on shale gas, Niki Tzavel. Individuals and companies can get access to EEF dinners and debates by paying a membership fee.

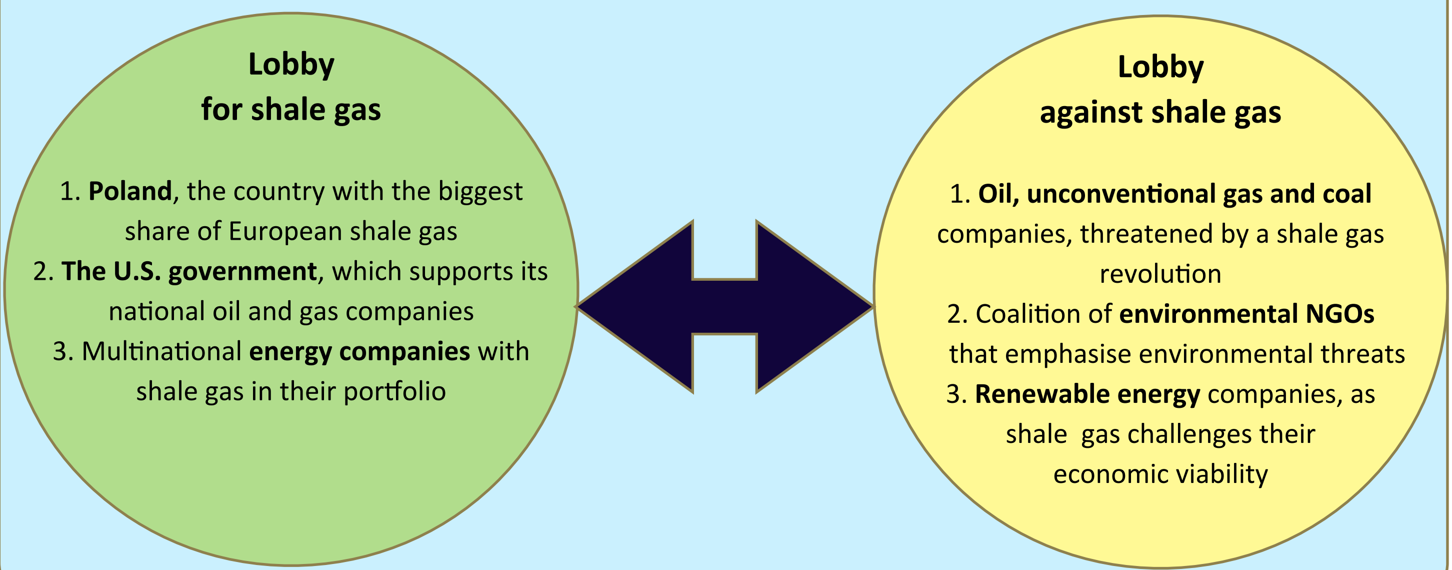
Conclusion and some recommendations

What does all this mean for a lobbyist that, say, wants to keep shale gas regulation away from the EU level? We think that arguments towards the ENVI committee should emphasise that shale gas is likely to be a much cleaner energy source than coal. Today, almost no political party questions the EU's (and Member States') objectives of having faster economic growth. This growth requires stable and cheap energy, and gas is the best solution until renewable energies are commercially viable and ready to replace fossil fuels.

Towards the EPP within the ENVI committee, lobbyists should stress a healthy equilibrium between environmental concerns on the one hand, and jobs, energy dependency and energy prices on the other. Security of supply and employment is also important for S&D MEPs.

The energy companies probably need to coordinate both their messages and maybe also their lobbying more. We saw above the example of ExxonMobil, who said some estimates of recoverable shale gas resources were highly speculative. We do not know how much they lobby together. But we have the impression that they should coordinate arguments a lot more. Energy companies who have an interest in shale gas should stick to one message: "The shale gas potential is huge. We will help you become energy-independent."

The environmental NGOs are doing their job well: joint messages and proactive approaches to lobbying. They have less resources, but more credibility than big oil. They are also present at each level in the decision-making processes and opinion-building: locally, nationally and at EU level.



LOBBYING SHALE GAS IN EUROPE

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