



Department  
of Energy &  
Climate Change

Department of Energy & Climate Change  
3 Whitehall Place  
London  
SW1A 2AW

27 January 2014

[www.gov.uk/decc](http://www.gov.uk/decc)

Our ref: EIR 13/1743

Dear

Thank you for your e-mail of 6<sup>th</sup> December 2013, where you requested the following information

***"I would like to see any emails, papers, minutes, documents etc. relating to the DECC Permanent Secretary's June 2013 "Introductory meeting" with Ineos" under the Freedom of Information Act 2000."***

We have considered your request under both the Freedom of Information Act (FOIA) and the Environmental Information Regulations (EIRs), because some of the information you have requested constitutes environmental information for the purposes of the Environmental Information Regulations 2004 (EIRs). Accordingly, your request has been considered under the terms of both the FOIA and EIRs.

The Department holds briefing material which was provided for the meeting and email exchanges between the Department's officials and Ineos staff. There is no note of the meeting of the 28<sup>th</sup> June meeting between the DECC Permanent Secretary and the Ineos' Chairman.

After careful examination DECC considers that some of the briefing material is exempt from disclosure under s43(2) which relates to commercial interest and s40(2) which relates to personal information of the FOIA and under regulations 12(4)(e) which relates to the disclosure of internal communication, 12(5)(e) which relates to confidentiality of commercial information and 13(1) which relates to personal information of the EIRs. Redacted copies of the material are attached at **Annex A** to this letter.

Some of these exemptions are subject to a public interest test. The key public interest considerations we have taken into account for these exemptions and exceptions are set out below. In considering the public interest we have applied a presumption in favour of disclosure for environmental information as required by regulation 12(2) of the EIRs.

Exemption s43(2) of the FOIA relates to commercial interest and Regulation 12(5)(e) of EIRs relates to the confidentiality of commercial information. The briefing material contains commercial information provided to Government in confidence. Disclosure would undermine the commercial interests of Ineos. Private discussions with companies are essential to making energy policy. Revealing confidential information may destroy this trust, making it difficult for Government and businesses to work together, which is not in the public interest.

For regulation 12(4)(e) relating to the disclosure of the internal communication of the EIRs, there is a public interest in transparency. Releasing internal government communication may assist the public's understanding of the workings of government. However, there is a countervailing public interest in providing space in which officials and Ministers may communicate confidentially. It is important that officials be able to exchange views with commercial businesses and provide advice in a free and frank manner. Disclosing the internal communications we hold is likely to result in officials being less candid in expressing their views. This could have an adverse impact on the conduct of Government business and in the quality of decision making.

Having considered the balance of the public interest, we have concluded that the public interest in exercising these regulations outweighs the public interest in disclosing the information. The Department's decision is therefore to withhold some information.

Finally, some of the information constitutes personal data and has been withheld. Section 40(2) of the FOIA and regulation 13(1) of the EIRs provide an absolute exemption for personal data which then falls to be dealt with the Data Protection Act 1998. Personal data of third parties can only be disclosed in accordance with the data protection principles. In particular, the first data protection requires that disclosure must be fair, lawful and comply with one of the conditions in Schedule 2 of the Data Protection Act. We consider that to disclose this personal data of a third party would contravene one or more of those data protection principles. We do not think that it is appropriate to release the names of junior members of government or INEOS staff and do not think that any of the relevant conditions apply.

### **Appeals procedure**

If you are unhappy with the result of your request for information, you may request an internal review within 40 working days of the date of receipt of the response to your original letter. If you wish to request an internal review, please contact: The Information Rights Unit, Department of Business, Innovation and Skills, 1 Victoria Street, London, SW1H 0ET. Email [foi@bis.gsi.gov.uk](mailto:foi@bis.gsi.gov.uk)

Please remember to quote the reference number above in any future communications.

If you are not content with the outcome of the internal review, you have the right to apply directly to the Information Commissioner for a decision. The Information Commissioner

can be contacted at: Information Commissioner's Office, Wycliffe House, Water Lane,  
Cheshire, SK9 5AF.

Yours sincerely

Office for Unconventional Gas and Oil (OUGO)

## **Annex A**

### **Content**

1. Email exchanges of 30<sup>th</sup> June between Ineos and DECC Officials
2. Briefing material for 28<sup>th</sup> June Meeting
3. E-mail exchanges between Ineos and DECC Officials

-----Original Message-----

From: **REDACTION**

Sent: 30 June 2013 13:24

To: Figueira Duarte (Energy Development)

Subject: Fw: EDF/Shale

Dear Duarte

I attach link re Shale Gas which Jim has asked me to forward to you.

[http://www.netl.doe.gov/technologies/oil-gas/publications/EPreports/Shale\\_Gas\\_Primer\\_2009.pdf](http://www.netl.doe.gov/technologies/oil-gas/publications/EPreports/Shale_Gas_Primer_2009.pdf)

**REDACTION**

Ineos Capital Limited

Hawkslease, Chapel Lane, Lyndhurst. SO43 7FG

**REDACTION**

**REDACTION**

----- Original Message -----

From: Jim Ratcliffe

Sent: 28/06/2013 16:03 GDT

To: **REDACTION**

Cc: [duarte.figueira@decc.gsi.gov.uk](mailto:duarte.figueira@decc.gsi.gov.uk)

Subject: EDF/Shale

Stephen

I enjoyed our meeting today.

If you would like a summary (half page) of our 45 Euro fixed 20 year EDF nuclear deal in France I am happy to provide.

Also there is an excellent read called Modern Shale Gas by the US DOE. I will send Duarte a link.

Thanks Jim

Restricted - Policy

From: REDACTION  
Team: REDACTION

Telephone: ext REDACTION  
Date: 26<sup>th</sup> June 2013

**To: Stephen Lovegrove**

## **INTRODUCTORY MEETING JIM RATCLIFFE, CHAIRMAN, INEOS**

### **PURPOSE**

This is an introductory meeting with Jim Ratcliffe at the suggestion of Jeremy Heywood. This is an opportunity to emphasize the progress made in the Spending Review process on facilitating shale gas activity.

### **TIMING / LOCATION**

Friday 28<sup>th</sup> June 2013, 14:00  
3 Whitehall Place, Permanent Secretary's Office

### **ATTENDEES**

Jim Ratcliffe, Chairman of INEOS.  
Duarte Figueira, Head Office of Unconventional Gas and Oil

### **AGENDA**

No formal agenda. INEOS believe that action to facilitate shale gas production in the UK is imperative or chemical production in other regions, particularly the US, will gain such a competitive advantage that UK production will become uneconomic.

We expect Mr Ratcliffe to press the case for more to be done to encourage shale but also expect discussion may range more widely - accordingly, briefing on their operations in the UK follows that on shale.

Shale briefing: pages 3 and 4.

UK Operations briefing; pages 5 and 6.

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COVER SHEET- BRIEFING FOLLOWS ON NEXT PAGE

## KEY POINTS LIKELY TO BE RAISED

INEOS Director Callum MacLean sent us the following account of what he expected Mr Ratcliffe to want to discuss:

- INEOS own and operate two major petrochemical complexes in the UK both of which are highly dependent on low cost energy and competitive feedstocks.
- Both of these sites (Grangemouth and Runcorn) are defined as "strategic" UK manufacturing assets.
- US shale gas development has transformed the petrochemical industry and threatens sustainability of our UK assets. In coming years we expect to see low cost derivatives being exported to UK ex US at far below our cost base.
- Shale Gas is a mixture of Methane and Ethane. Methane is used as a low cost energy source whilst Ethane is a petrochemical feedstock. INEOS have entered into contract relationships with US shale gas producers to bring Ethane to Europe for consumption in our Norwegian petrochemical cracker. Subject to raising funds we would like to do the same in Grangemouth to supplement the declining North Sea feedstock.
- Failure to secure these alternative feedstocks would see closure of INEOS Grangemouth petrochemical assets by 2018.
- INEOS are prepared to invest into and support the development of shale gas in the UK. We are in the process of setting up a focussed resource to review how and where this will take place.

I am sure this will be the main agenda item but no doubt they will stray into other areas such as UK manufacturing, Government Infrastructure loan guarantees, UK pensions etc.

We also believe that Mr Ratcliffe may want to discuss INEOS's operations in Grangemouth and so have briefed on that as well.

Mr Ratcliffe is very well connected and has had a number of meetings with Ministers in various Departments and with Jeremy Heywood.

## KEY POINTS TO MAKE

### Shale Gas

- *We are fully committed to facilitating shale gas activity in the UK. Key improvements have been announced in the spending review this week*
- *The Environment Agency is easing the environmental permitting process through shortening the time for consideration of applications, and introducing standard permits where there is consultation over the general permit, but not over individual applications.*
- The Department for Communities and Local Government (DCLG) are publishing planning guidance in July. This will guide planners about what they need to consider themselves, and where they should satisfy themselves that other regulators have got the assurance they need about a project.
- The Treasury will be consulting on fiscal measures to incentivise shale activity, recognising the high upfront costs associated with shale gas projects.
- Ministers are clear that communities need to benefit from shale gas activities in their locality if public acceptance of widespread shale gas development is to be secured. Trade body UKOOG have announced proposals for community benefit which Ministers have welcomed.
- Interested to understand any plans you have for potential involvement in shale gas production in the UK.

## BACKGROUND

### 1. Spending review announcements

#### A. Changes to Environmental Permitting

To coincide with the Spending Review the Environment Agency announced actions to streamline and simplify the regulation of exploratory activity by the oil and gas industry. EA will immediately extend the remit of its shale gas unit to include all onshore oil and gas exploration, ensuring a single point of contact for the industry; publish draft technical guidance for consultation by the end of July, setting out its requirements of operators and giving them certainty, significantly reduce the time it takes to obtain environmental permits for exploration, including –

- By August, developing a single application pack for mining waste and radioactive substances permits, to streamline the process.
- By September, issuing permits within the standard 13 week period. In some cases this could be as little as 6 weeks.
- By February, issuing permits within 1-2 weeks, by developing standard rules for onshore oil and gas exploration activities.



## **B. DCLG Planning Guidance**

CLG will publish technical guidance for industry, planning authorities and communities on how shale gas (and other onshore oil and gas) developments should proceed through the planning system. This guidance will clarify the interaction of the planning process with the environmental and safety consenting regimes, and draw the planning red line around surface activities, simplifying the planning process for prospective shale gas developers.

## **C. Fiscal incentives for shale activity**

Treasury will be consulting on the detail of a “pad allowance” for shale gas which would operate similarly to existing offshore field allowances, by exempting a portion of production income from the supplementary charge – reducing the effective tax rate on that income from 62% to 30%. In addition, it’s proposed that losses in the production phase will be allowed to be set against profits for tax purposes for 10 years, up from the present six. This proposal is designed to incentivise early investment in exploration, maximise the economic production of the UK’s shale gas reserves and ensure a fair return to the taxpayer. It means greater support will be offered to the industry in its early stages when costs per pad are likely to be higher.

## **D. Community Benefit**

The Industry body UKOOG has worked up proposals for ensuring communities local to shale gas developments see some concrete benefit as a result. These were published on 27 June. They provide for minimum levels of community benefit of £100,000 per exploratory well site where fracking takes place, and for funding of 1% of revenues on an ongoing basis where production takes place.

## **2. Other relevant activity**

### **Regulatory Road Mapping**

□ OUGO is developing a life-cycle ‘Road Map’ representing the full ‘Customer Journey’ from Licensing through to Well Abandonment (including Post-Abandonment Monitoring) for onshore unconventional gas and oil in the UK. This should assist operators by identifying what material the operator needs to submit, to whom and when. It will also involve identifying possible overlaps in the existing arrangements. We will be discussing with industry what action might be taken on the basis of the information gathered once we have a robust map, in the next few weeks.

## **3. Potential INEOS activity in shale gas**

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REDACTION





## **E-mail Exchanges between Decc Officials and Ineos Officials**

**From:** REDACTION REDACTION

**Sent:** 20 May 2013 09:10

**To:** REDACTION

**Subject:** RE: Introductory Meeting Jim Ratcliffe, Ineos / Stephen Lovegrove

Dear REDACTION

Friday 28<sup>th</sup> June at 14:00 would suit us well. The meeting will take place at our offices at the Department of Energy and Climate Change, 3 Whitehall Place, London SW1A 2AW.

We look forward to meeting Mr Ratcliffe, Ineos on the 28<sup>th</sup>.

With many thanks for your help in facilitating this.

Kind regards

REDACTION

REDACTION REDACTION REDACTION | Permanent Secretary

Department of Energy and Climate Change | 3 Whitehall Place | London SW1A 2AW

\* email – REDACTION REDACTION REDACTION

\*The Permanent Secretary's Office will not keep a record of this e-mail or any attachments. It is the responsibility of the relevant department to ensure that it is properly stored.\*

**From:** REDACTION

**Sent:** 17 May 2013 17:27

**To:** Perm Sec (DECC)

**Cc:** REDACTION

**Subject:** Re: Introductory Meeting Jim Ratcliffe, Ineos / Stephen Lovegrove

Dear REDACTION

Mr. Ratcliffe, Ineos will be pleased to meet with Mr. Lovegrove.

Looking through Jim's diary, I can propose:

am Friday 14 June

am Friday 17 June (proposed by yourself)

1400 hrs Friday 28 June

Fri 5 July

Our preferred dates would be Fri 28 June or Fri 5 July.

OK with you to put in diary for 28 June?

Many thanks

REDACTION

Ineos Capital Limited

Hawkslease, Chapel Lane, Lyndhurst. SO43 7FG

Tel: REDACTION

Fax: REDACTION

▼ "Perm Sec (DECC)" ---14/05/2013 15:12:15---

Dear **REDACTION**

It was a pleasure to speak to you this afternoon.

From: "Perm Sec (DECC)" **REDACTION**

To: **REDACTION**

Date: 14/05/2013 15:12

Subject: Introductory Meeting Jim Ratcliffe, Ineos / Stephen Lovegrove

Sent by: **REDACTION REDACTION REDACTION**

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Dear **REDACTION**

It was a pleasure to speak to you this afternoon.

As background, Stephen met Calum MacLean at the recent Lancashire dinner when it was suggested that he should meet with Jim Ratcliffe.

Some possible dates for a meeting in London are:

Mon 10<sup>th</sup> June between 09:00-12:30

Mon 17<sup>th</sup> June between 09:00-12:00

Fri 21<sup>st</sup> June from 14:00 onwards

Fri 28<sup>th</sup> June from 12:00 onwards

Mon 22<sup>nd</sup> July from 11:00 onwards

Fri 26<sup>th</sup> July from 11:00 onwards

Perhaps you would be kind enough to us know if one of the above dates/times might be suitable.

With many thanks.

Kind regards

**REDACTION**

**REDACTION, REDACTION**

Department of Energy and Climate Change | 3 Whitehall Place | London SW1A 2AW

\* email **REDACTION, REDACTION REDACTION**

\*The Permanent Secretary's Office will not keep a record of this e-mail or any attachments. It is the responsibility of the relevant department to ensure that it is properly stored.\*

From: "REDACTION"  
To: Calum MacLean/CH/REFINING/INEOS@INEOS  
Cc: "REDACTION"  
Date: 25/06/2013 11:03  
Subject: Jim Ratcliffe's meeting with my Permanent Secretary on Friday

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Dear Mr MacLean

Duarte Figueira, head of the Office of Unconventional Gas, met you at the dinner you had with Jeremy Heywood in April and suggested I contact you about this.

Jim Ratcliffe, Ineos' Chair and my Permanent Secretary Stephen Lovegrove are meeting on Friday.

We assume that discussion will focus on shale gas and will make sure that Stephen is well-prepared for discussion on this (he is anyway very up-to-speed as this is one of his key priorities).

If there are other matters that Jim will want to raise, I would really appreciate it if you could tell me, as I can make sure we can also give Stephen the necessary background.

With best wishes

**REDACTION**

**REDACTION, REDACTION**

Change| 3 Whitehall Place London SW1A 2AW | **REDACTION REDACTION**

**From:** calum.maclea@ineos.com [mailto:calum.maclea@ineos.com]  
**Sent:** 25 June 2013 11:54  
**To:** **REDACTION**  
**Cc:** **REDACTION**  
**Subject:** Re: Jim Ratcliffe's, Ineos meeting with my Permanent Secretary on Friday

Dear **REDACTION**

Jim will primarily be speaking to Stephen about shale gas and the importance of supporting its development in the UK.

Key points I assume he will raise / discuss with Stephen:

- INEOS own and operate two major petrochemical complexes in the UK both of which are highly dependent on low cost energy and competitive feedstocks.
- Both of these sites (Grangemouth and Runcorn) are defined as "strategic" UK manufacturing assets.
- US shale gas development has transformed the petrochemical industry and threatens sustainability of our UK assets. In coming years we expect to see low cost derivatives being exported to UK ex US at far below our cost base.
- Shale Gas is a mixture of Methane and Ethane. Methane is used as a low cost energy source whilst Ethane is a petrochemical feedstock. INEOS have entered into contract relationships with US shale gas producers to bring Ethane to Europe for consumption in our Norwegian petrochemical cracker. Subject to raising funds we would like to do the same in Grangemouth to supplement the declining North Sea feedstock.
- Failure to secure these alternative feedstocks would see closure of INEOS Grangemouth petrochemical assets by 2018.
- INEOS are prepared to invest into and support the development of shale gas in the UK. We are in the process of setting up a focussed resource to review how and where this will take place.

I am sure this will be the main agenda item but no doubt they will stray into other areas such as UK manufacturing, Government Infrastructure loan guarantees, UK pensions etc.

Thanks and regards

Calum

**From:** REDACTION

**Sent:** 25 June 2013 12:55

**To:** Perm Sec (DECC)

**Subject:** Perm Sec's meeting with Jim Ratcliffe of INEOS on Friday

REDACTION

Just discussed this with Duarte here. In our view it would be helpful for Stephen to be supported in this meeting by one of the team which has been working on the shale announcements this week – perhaps Duarte? There is a bit of detail in the announcements and what is not being announced which would be useful at the meeting.

REDACTION

REDACTION, REDACTION

Change| 3 Whitehall Place London SW1A 2AW | T: REDACTION, REDACTION

**From:** REDACTION

**Sent:** 25 June 2013 13:00

**To:** REDACTION

**Cc:** Figueira Duarte (Energy Development)

**Subject:** RE: Perm Sec's meeting with Jim Ratcliffe of INEOS on Friday

REDACTION

That should be fine, I'll forward on the scheduler.

REDACTION

**From:** REDACTION

**Sent:** 26 June 2013 15:56

**To:** REDACTION ; Perm Sec (DECC)

**Cc:** Figueira Duarte (Energy Development); Speed Stephen (Consumers and Households); Rhodes Sarah (International Energy EU & Resilience); REDACTION, REDACTION, REDACTION, REDACTION

**Subject:** RE: Briefing for Perm Sec's meeting with Jim Ratcliffe, INEOS, 28 June at 14000

REDACTION

Thanks very much.

Kind regards

REDACTION

REDACTION, REDACTION

Department of Energy and Climate Change | 3 Whitehall Place | London SW1A 2AW

✉ email REDACTION, REDACTION, REDACTION, REDACTION

\*The Permanent Secretary's Office will not keep a record of this e-mail or any attachments. It is the responsibility of the relevant department to ensure that it is properly stored.\*

**From:** REDACTION

**Sent:** 26 June 2013 15:52

**To:** Perm Sec (DECC)

**Cc:** Figueira Duarte (Energy Development); Speed Stephen (Energy Development); Rhodes Sarah (IEES);

REDACTION, REDACTION, REDACTION

**Subject:** Briefing for Perm Sec's meeting with Jim Ratcliffe, INEOS, 28 June at 14000



Please find briefing for this meeting attached.

Duarte Figueira will attend- INEOS have said the main agenda for them is developing the UK's shale gas potential.

Briefing on INEOS's issues with its UK manufacturing capability is also included as INEOS suggested Mr Ratcliffe might also raise that. Sarah Rhodes could give Stephen a pre-brief on these issues if he wants that.

**REDACTION**

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Change| 3 Whitehall Place London SW1A 2AW | **REDACTION, REDACTION**