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1. Letter from Mr Thomas Docherty MP to the Commissioner, 11 April 2014

I am writing to ask you to investigate what I consider to be a breach of the Code of Conduct in respect of declaring relevant interest when speaking in the House of Commons.

Peter Lilley, the Member for Hitchin and Harpenden, is a non-executive director of Tethys Petroleum Limited – a gas and oil exploration and producing company – earning £47,000 a year. This is declared in the Register of Members' Interests.

However, on two occasions in Westminster Hall (see enclosed documents) he made speeches attacking renewable energy and promoting fossil fuels without drawing the attention of the House to his entry in the Register.

I believe this is a breach of the Code of Conduct for MPs which specifically states:

> 13. Members shall fulfil conscientiously the requirements of the House in respect of the registration of interests in the Register of Members' Financial Interests. They shall always be open and frank in drawing attention to any relevant interest in any proceedings of the House or its Committees, and in any communications with Ministers, Members, public officials or public office holders.

Furthermore, I have found three separate examples in this session of Parliament where Members have made contributions in the House and not drawn the House's attention to their entry in the Register.

[Details of other Members redacted]

I believe it is wrong for Members to ask questions or make contributions in the House without drawing the House's attention to a direct financial interest recorded in the Register. I note that the Code of Conduct for Members states the following:

> 10. Members shall base their conduct on a consideration of the public interest, avoid conflict between personal interest and the public interest and resolve any conflict between the two, at once, and in favour of the public interest.
>
> 11. No Member shall act as a paid advocate in any proceeding of the House.

I would be grateful if you would consider these instances represent a breach of the Code.

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2. Enclosure to letter of 11 April 2014

Mr Peter Lilley (Hitchin and Harpenden) (Con): Rising energy bills are hurting our constituents; we all know that. The public suspect that those increases in energy bills are driven by rising profits. Politicians and environmental campaigners have a vested interest in fanning that suspicion to divert attention from the increases in the cost of energy that the political elite are planning in the move to increasingly costly renewables, with the added costs that they impose on the transmission network.

The Select Committee's duty is to investigate the public's concerns and, if we establish that there are excess profits as a result of monopoly power, suggest ways of bringing the big six energy companies to heel by strengthening competition and through stronger regulation. In the report before the House, the best figure that we could establish for the aggregate level of profit for the energy companies-generating profits, wholesale profits and those downstream-was something like 7.6% of the household energy bill. That is not itself an obviously excessive figure, and it certainly cannot explain the very large price rises. The main factor clearly has been rising fuel costs in the past.

However, before the Committee held our hearings last week, we shared the public's suspicion, at least as far as the current round of tariff increases was concerned, because we could not see how they could be explained by rising fuel costs; they certainly had not risen by 8% or 10%. We therefore planned to ask the companies forensic questions: if they had raised their tariffs by 8%, how much had their costs gone up by over the same period? When they fudged and prevaricated, we would come back with searing criticisms and indictments. To

our surprise, they did not fudge. They gave concrete figures on how much their costs had gone up, company by company, and element by element of their costs. The main factor was not rising fuel and wholesale prices. It was two other factors: rising transmission costs, because the regulator had allowed a 10% increase in transmission tariffs; and, in many cases, policy costs-the costs of social and environmental subsidies as a result of our switch to renewables.

Naturally, the factual conclusions that we established went largely unreported, because they did not play into the prevailing narrative. Of course, the fact that we established

what we did does not mean that the profits at the beginning were not excessive and did not contain an element of monopoly profit. Conservative Members are all in favour of profits, as long as they are earned through increased efficiency and increased investment. We are strongly against monopoly profits and if, in our inquiries with Ofgem and the inquiry that my right hon. Friend the Prime Minister has established, we find that there is a monopoly element, we will be the first to support returning that excess profit to the consumer, and we will certainly welcome any steps that can increase competition and reduce unnecessary costs. As the hon. Member for Ynys Mon (Albert Owen) said, that should not exclude our looking at other models for the downstream element-he says that that applies in Wales; it certainly applies in places such as New York-if that could reduce the costs to the consumer.

However, the big factor driving energy costs in the past has been rising fuel costs and, essentially, rising gas costs, which drive up both the cost of electricity and, directly, the cost of gas bills; and the big factor in the future will be the switch to renewables. The hon. Member for Blackley and Broughton (Graham Stringer) is a distinguished addition to our Committee, and his contributions to our debates will be of great importance. As he mentioned, onshore wind will double the cost of electricity; offshore wind trebles it. The figures for other renewables are of a similar order of magnitude. There is no way switching from fossil fuels to renewables will do anything other than increase the cost of energy to both households and industry. We should remember that only one third of the cost of renewables goes on to household energy bills. Two thirds go on to industry, but ultimately those costs, too, are borne by households. The pain that people are feeling from their energy bills is only one third of the total cost that will be imposed on them.

What shall we do about this? Knowing that the main cost driver in the past has been the rising cost of gas, we should be going hell for leather in drilling for and exploiting shale. Over little more than six or seven years in the United States, the shale gas and shale oil revolutions have brought down prices by two thirds. If we do the same in this country and overcome the obstacles that the environmental non-governmental organisations such as Friends of the Earth and so on are trying to put in the way, and the obstacles inadvertently imposed by European law, we can enjoy similar success. Either we will bring down gas costs in this country or, if they remain high because we are linked to the European gas grid, the profit on that gas will generate huge tax revenues, which will enable us to relieve other burdens on households. Either way, we should be doing that, and I urge the Government to tackle that with renewed vigour. I know that my right hon. Friend the Minister is

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personally keen to achieve that, and to make good the unnecessary 18-month moratorium that Chris Huhne imposed on this country; I think that was a greater crime than his speeding issues.

We should recognise that the transmission costs are going up in large measure because of the need to link up the transmission network to distant places. Huge subsea transmission cables are being built. Some £24 billion is to be spent on renewing and extending the transmission network. That is equivalent to £120 per household every year between now and the end of the decade.

We should go for shale and have a pause-a moratorium- on the switch to renewables; there are still enough costs coming through from that to make life very painful for our constituents. The German Government are thinking of doing that. The Spanish Government have done something like it. We should not be ahead of the field in penalising our constituents and our industry by imposing unnecessary and excessive costs on them. I urge Ministers and the Opposition to think again about a commitment that, whatever they pretend, will be the ultimate cause of problems for our constituents and businesses in the future.

Mr Peter Lilley (Hitchin and Harpenden) (Con): The hon. Member for Brent North (Barry Gardiner) based much of his contribution on what the Intergovernmental Panel on Climate Change said, but he ended by saying that the costs of action were far less than the benefits. That is not what the IPPC says. It says that analyses of

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the costs and benefits of mitigation indicate that they are broadly comparable in magnitude, so it could not establish an emissions pathway or stabilisation level at which the benefits exceeded the cost. The hon. Gentleman's messianic certainty is not based on what the IPPC said.

Governments make their worst decisions when both sides are united for the simple reason that no one exercises the proper function of scrutiny, which is what happened in 2008. The passage of the Climate Change Bill was a perfect example, and the measure became the most expensive, most ambitious and most uncertainly based legislation that the House has introduced during my time in Parliament. It was introduced with no discussion of cost. I was the only person who considered the

impact assessment before the debate, because the Table Office told me that I was the only person to have taken a copy of it. It showed that the likely cost of the then Government's measures, based on their own figures, and even excluding transition costs and the cost of driving industry overseas, were twice the maximum benefit. That was not discussed at any stage during proceedings on the Bill, not even when, in a spasm of self-flagellation, the target for reducing C02 was increased from the 60% on which the costing had been made to 80%.

When the Bill was enacted, the Government produced a revised estimate of the costs and doubled them, but were stunned when I pointed out that the costs had exceeded the benefits and raised the benefits tenfold. From almost nowhere, they found another £1 trillion of benefits that they had previously overlooked. I can claim to be the greatest benefactor of humanity ever known because I caused £1 trillion to come from nowhere. That provides an idea of the Alice-in-Wonderland world in which such calculations are performed.

The Bill was introduced after scant discussion of the feasibility of decarbonising by 80% in 40 years, yet every other transition from one fuel to another-from wind to coal, from coal to oil, from oil and gas to nuclear-has taken far longer or been much less complete over a similar period. All were driven by a step reduction in the cost of cheap fuel driving out a less reliable and more costly fuel. However, the Climate Change Act 2008 requires us to replace cheap fossil fuels with energy sources that are at least twice as expensive and less reliable, which will be difficult to do; it is like driving water uphill.

So far, we have replaced 4% of our energy sources with renewables, against our target of replacing 15% by 2020. In other words, we are just over a quarter of the way there, and one twentieth of the way to our 2050 target. Other things being equal, the extra cost of moving to renewables will be four times higher in 2020 and 20 times higher in 2050.

Steve Baker (Wycombe) (Con): I hope that my right hon. Friend will not mind if I congratulate him on making such a persuasive case for the repeal of the Act without even going near the science.

Mr Lilley: Yes, but I am just about to.

The Act was introduced with no consideration of the uncertainties. Projections from climate models were taken as if they were infallible. In 2007, just before the Act was introduced, the Met Office Hadley Centre said:

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"We are now using the system to predict changes out to 2014. By the end of this period, the global average temperature is expected to have risen by around 0.3° C compared to 2004, and half of the years after 2009 are predicted to be hotter than the current record hot year, 1998."

As we know, the pause that was already well established in 2008 has continued since then. There has been no 0.3° C rise, and all the years since then have been cooler than 1998.

I asked the previous Government in 2006 how long the pause would have to continue before the Met Office amended its model to take the reality into account. They sent people from the Met Office to come and see me in my office, and we had an interesting discussion. However, the answer was-this answer is also in *Hansard*-that they would not alter the model, because the model is right. If the facts are rebutted then, in the words of Hegel, so much the worse for the facts. That has been people's attitude about it all. It is not science, because it is not refutable.

That does not mean to say that the greenhouse effect does not exist; I am a physicist by training, and of course it exists. The question is: how big is it? If it is of a modest size and it has been offset over the past 15 years by natural variations, is it not possible that in the previous 20 years, when there was a rise in temperature, some of that was due to the opposite movement in natural factors, adding to and amplifying any minor global warming due to C02?

Mr Redwood: Does my right hon. Friend agree with the point that I was trying to make earlier to the hon. Member for Brent North (Barry Gardiner), who seemed to be unwilling to consider it? If one wishes to establish the impact of human C02, one needs to understand all the other factors driving climate change, which might be up or down, and be able to quantify them. Otherwise, one cannot calculate the human effect.

Mr Lilley: Absolutely. When people say that there is a scientific consensus that all or the majority of heating that has occurred over the recent decades is due to man-made

emissions, there is in fact no such consensus. If one drills down into the questions people ask, one will see that the questions in the first study included, "Do you believe that man-made emissions contribute to warming?" Yes, I do. "Do you believe that that is largely due to C02?" Yes, I do. However, that does not make me an alarmist, and it does not justify anyone else pretending that every scientist is an alarmist-they are not.

The Act is not just the most expensive, impractically ambitious and uncertainly based piece of legislation that I have ever known; it is unique in being legally binding and unilateral. No other country has followed us down that route. Since we went down that route, Canada and Japan have resiled from Kyoto, and Australia has just abandoned its carbon tax. It is time we looked critically at the Act, repealed or revised it, and do not allow ourselves to be slavishly, legally bound to continue doing something that no longer accords with the evidence or goes along with what the rest of the world is doing.

3. Letter from the Commissioner to Mr Thomas Docherty MP, 8 May 2014

Thank you for your letter of 11 April with your complaints about alleged failures by various Members to make declarations of relevant financial interests. I have decided to begin an inquiry into your complaint about Mr Lilley. (I will write to you about your other complaints separately.)

In essence, the complaint which I have accepted is that Mr Lilley failed to declare that he is a non-executive director of Tethys Petroleum Limited on two occasions when he spoke in Westminster Hall debates. These were the debate on the Climate Change Act on 10 September 2013 and the debate on Energy, Prices, Profits and Poverty on 7 November 2013.

I enclose a note which sets out the procedure I follow. I have accepted your complaint, and I have written to the Member to invite his comments. When I have his response, I will decide how best to proceed.

I would be grateful if you would regard this letter as confidential. Please do not publish this correspondence or the evidence.

8 May 2014

4. Letter from the Commissioner to Mr Peter Lilley MP, 8 May 2014

I would welcome your help with a complaint which I have received from Mr Thomas

Docherty MP in respect of the declaration of your financial interests.

The complaint I have accepted for inquiry is that in two Westminster Hall debates (on the Climate Change Act on 10 September 2013 and on Energy, Prices, Profits and Poverty on 7 November 2013) you failed to declare that you are non-executive director of Tethys Petroleum Limited and that that was a relevant financial interest. (That interest has been registered in the Register of Members' Financial Interests.)

The Code of Conduct for Members of Parliament approved by the House on 12 March 2012 provides in paragraph 13 as follows:

> "*Members shall fulfil conscientiously the requirements of the House in respect of the registration of interests in the Register of Members' Financial Interests. They shall always be open and frank in drawing attention to any relevant interest in any proceeding of the House or its Committees, and in any communications with Ministers, Members, public officials or public office holders.*"

The rules in relation to the declaration of Members' interests are set out in Chapter 2 of the Guide to the Rules. Paragraph 72 of the 2012 Guide provides as follows:

> *"In 1974 the House replaced a long standing convention with a rule that any relevant financial interest or benefit of whatever nature, whether direct or indirect, should be declared in debate, or other proceeding."*

Paragraph 74 says:

> *"It is the responsibility of the Member, having regard to the rules of the House, to judge whether a financial interest is sufficiently relevant to a particular debate, proceeding meeting or other activity to require declaration. The basic test of relevance should be the same for declaration as it is for registration of an interest; namely, that a financial interest should be declared if it might reasonably be thought by others to influence the speech, representation or communication in question. A declaration should be brief but should make specific reference to the nature of the Member's interest."*

Paragraph 76 states:

> "*…. no difficulty should arise in any proceeding of the House or its Committees in which the Member has an opportunity to speak. Such proceedings, in addition to debates in the House, include debates in Standing Committees, the presentation of a Public Petition, and meetings of Select Committees at which evidence is heard. On all such occasions the Member will declare his interest at the beginning of his remarks….*"

Paragraph 77 states:

> "*In a debate in the House the Member should declare an interest briefly, usually at the beginning of his or her speech. If the House is dealing with the Committee or Consideration stages of a Bill it will normally be sufficient for the Member to declare a relevant interest when speaking for the first time.*"

I would welcome your response to this complaint, taking account of the requirements of the Code of Conduct (full copy enclosed) and, in particular, this summary of the most relevant rules. Any points you may wish to make to help me with this inquiry, together with any relevant documentary evidence, would be most welcome.

In particular, it would be helpful to know:

i. whether you considered declaring your non-executive directorship on either occasion; and

ii. if so, why you decided that declaration was not necessary.

I enclose a redacted copy of the complainant's letter of 11 April 2014. (Parts of that letter relate to other Members and are not relevant to this inquiry.) I also enclose a copy of your current Register entry and a note which sets out the procedure I follow. I am writing to the complainant to let him know that I have accepted this complaint for inquiry. In due course, I will include on my parliamentary web pages the fact that I am conducting an inquiry into allegations against you in relation to the declaration of financial interests, but my office will not comment further on any aspect of the inquiry.

Please would you provide a response to this letter by midday on 22 May 2014. I am most grateful for your help.

8 May 2014

5. Mr Peter Lilley MP Register Entry 10 March 2014

LILLEY, Rt Hon Peter (Hitchin and Harpenden)

1. Remunerated directorships

IDOX plc (formerly i-documentsystems group plc) (non-executive); information advisory services, document management software and systems. Address: Chancery Exchange, 10 Furnival St, London EC4A 1AB:

25 February 2013, monthly payment of £2,083. Hours: 8 hrs. *(Registered 12 March 2013)*

25 March 2013, monthly payment of £2,083. Hours: 8 hrs. *(Registered 10 April 2013)*

25 April 2013, monthly payment of £2,083. Hours: 8 hrs. *(Registered 21 May 2013)*

25 May 2013, monthly payment of £2,083. Hours: 8 hrs. *(Registered 4 June 2013)*

25 June 2013, monthly payment of £2,083. Hours: 8 hrs. *(Registered 5 July 2013)*

25 July 2013, monthly payment of £2,083. Hours: 8 hrs. *(Registered 29 August 2013)*

25 August 2013, monthly payment of £2,083. Hours: 8 hrs. *(Registered 29 August 2013)*

25 September 2013, monthly payment of £2,083. Hours: 8 hrs. *(Registered 16 October 2013)*

25 October 2013, monthly payment of £2,083. Hours: 8 hrs. *(Registered 8 November 2013)*

25 November 2013, monthly payment of £2,083. Hours: 8 hrs. *(Registered 4 December 2013)*

27 December 2013, monthly payment of £2,083. Hours: 8 hrs. *(Registered 29 January 2014)*

25 January 2014, monthly payment of £2,083. Hours: 8 hrs. *(Registered 29 January 2014)*

Tethys Petroleum Limited (non-executive). Address: University House, 11-13 Grosvenor Place, London, SW1W 0EX; registered at 89 Nexus Way, Camana Bay, Grand Cayman, Cayman Islands. Gas and oil exploration and producing company. *(Updated 6 January 2014)*

1 January 2013, quarterly payment of £11,750 for attending meetings and advising on business developments. Hours: 30 hrs. *(Registered 10 January 2013; corrected 15 March 2013)*

1 April 2013, quarterly payment of £11,750 for attending meetings and advising on business development. Hours: 30 hrs. *(Registered 10 April 2013)*

1 August 2013, quarterly payment of £11,750 for attending meetings and advising on business development. Hours: 30 hrs. *(Registered 29 August 2013)*

1 October 2013, quarterly payment of £11,750 for attending meetings and advising on business development. Hours: 30 hrs. *(Registered 4 December 2013)*

2 January 2014, quarterly payment of £11,750 for attending meetings and advising on business development. Hours: 30 hrs. *(Registered 29 January 2014)*

Member of the the Advisory Board of YiMei Capital, which is engaged in asset management in China for local and international investors. Address: 719, West Office, Shanghai Centre, 1376 West Nanjing Road, Shanghai, P.R.C. Commitment to attend 2 or 3 meetings each year, at least one in China, and to respond to requests for advice.

Remuneration: £30,000 pa. *(Registered 12 December 2013)*

9. Shareholdings

(b) Tethys Petroleum Ltd (share options)

11. Miscellaneous

I am British Co-Chairman of the Uzbek British Trade and Industry Council (UBTIC) from 17 July 2012. *(Registered 11 October 2012)*

I am an unpaid director of Facor Energy Limited (Guernsey), a shell company which is not yet trading, established by Ferro Alloys Corporation Limited. Address: Suite 401, Plot 5, Jasola, New Delhi, 110025, India. *(Registered 9 September 2013)*

6. Letter from Mr Peter Lilley MP to the Commissioner, 13 May 2014

The activities of Tethys Petroleum are restricted solely to Central Asia. Its activities, revenues and profits neither affect nor are affected by the UK energy market or domestic energy bills (the subject on the 7th November) nor by the Climate Change Act 2008 (the subject of the 10th September).

Having always declared this interest (by the way you sent me [Member's name]'s Register not my own) long before these debates when, if ever, I considered it would be relevant to the Parliamentary debates. It clearly has no bearing on UK energy policy which has no impact on Tethys Petroleum Limited's activities or profitability.

The only occasion I felt it had some, albeit insignificant, relevance was when the Select Committee on Energy and Climate Change interviewed the UK Special Representative on Climate Change, Sir David King, whose job it is to try to influence the energy policy of every other government on the planet. So, I declared my interest in Tethys on that occasion.

13 May 2014

7. Letter from the Commissioner to the Registrar of Members' Financial Interests, 20 May 2014

I would like to ask for your advice on complaints which I have received about the

Rt Hon. Peter Lilley MP and the declaration of his financial interests.

- In essence, the complaints are that, contrary to the rules of the House, Mr Lilley failed to declare his non-executive directorship of Tethys Petroleum Limited on two occasions during parliamentary proceedings, contrary to the rules of the House. The two occasions were: on 10 September 2013, during a debate on Climate Change Act, and on 7 November during a debate on Energy, Prices, Profits and Poverty.

I enclose the relevant correspondence. Please would you let me have your advice on whether, under the rules of the House in relation to the declaration of interests, you consider that Mr Lilley should have declared his non-executive directorship when he participated in these proceedings. Please could you also tell me whether Mr Lilley sought advice on this matter from you or your office. Any other comments you may wish to make would be most welcome.

It would be very helpful to have your response to this letter within the next two weeks. Thank you for your assistance.

20 May 2014

8. Letter from the Registrar of Members' Financial Interests to the Commissioner, 23 May 2014

Thank you for your letter of 20 May about your inquiry into the complaint made about Rt Hon Peter Lilley MP. The complaint is that he ought to have declared his non-executive directorship of Tethys Petroleum Ltd in two Westminster Hall debates: on 10 September 2013, during a debate on the Climate Change Act, and on 7 November 2013 during a debate on Energy Prices, Profits and Poverty.

We have no record of Mr Lilley seeking advice on declaration before these debates. I have however considered what advice I would have given, if asked.

Mr Lilley has told you that "The activities of Tethys Petroleum Ltd are restricted solely to Central Asia. Its activities, revenues and profits neither affect nor are affected by the UK energy market or domestic energy bills (the subject on 7 November) nor by the Climate Change Act 2008 (the subject on 10 September)." On this basis he had no conflict of interest in the matters under discussion on either occasion cited by the complainant.

Members are however required to declare an interest "if it might reasonably be thought by others to influence the speech, representation or communication in question." In the context of the debate on 7 November 2013, it seems to me that an ordinary person

might have viewed Mr Lilley's interest in this way. Although Mr Lilley has told you that Tethys Petroleum Ltd operates only in central Asia, I would not have expected an ordinary person to know this. I would therefore have advised Mr Lilley that in my view the rules of the House required him, before speaking in the debate, to declare that he was a non-executive director of Tethys Petroleum Ltd. I would also have advised him, when declaring his interest, to point out that since Tethys Petroleum Ltd is active only in Central Asia, it does not affect nor is affected by the UK energy market.

I am encouraged in my advice by the words of the Select Committee on Members' Interests, which said in its First Report of 1990-91 (HC 108) that "We would also remind Members that one of the purposes of declaration of interest is to avoid any accusation of unavowed motive." While this Report dates from over 20 years ago, I do not believe that the expectations of the House have changed. A full declaration on 7 November 2013 would have reassured to other Members in Westminster Hall, and anyone else following the debate, that Mr Lilley had no conflict of interest.

In relation to the debate on 10 September 2013, I think that Mr Lilley's non-executive role in Tethys Petroleum Ltd was perhaps less relevant. Nevertheless it seems to me that an ordinary person might still reasonably have considered it to influence his arguments against the emphasis on renewables. I therefore would have advised him in my view that the rules of the House required him to declare his non-executive role in Tethys Petroleum Ltd before speaking about energy in that debate. I would also have advised him to point out that Tethys Petroleum Ltd is active only in Central Asia and is not affected by the UK energy market.

23 May 2014

9. Letter from the Commissioner to Mr Peter Lilley MP, 3 June 2014

Thank you for your letter of 13 May 2014 setting out your response to the complaint from Mr Docherty. Please accept my apologies for the incorrect enclosure with my letter of 8 May.

In light of your comments, I have sought the advice of the Registrar, who has responsibility for the Register of Members' Financial Interests. A copy of my letter to her is enclosed. (The Registrar had sight of your letter to me before giving her advice.) This letter is to show you the Registrar's response and to move to consider the resolution of this complaint.

While accepting that you had no conflict of interest in the matters under discussion, the Registrar would, nonetheless, have advised you to make a declaration before contributing to the debate on the Climate Change Act on 10 September 2013 and before contributing to the debate on Energy, Prices, Profits and Poverty on 7 November 2013. On the basis of that

advice, which I accept, I consider that you have breached House Rules. In reaching that conclusion, I am mindful that the correct test is not whether a Member has a conflict of interest but whether a financial interest 'might reasonably be thought by others to influence the speech, representation or communication in question'[1].

I need now to consider how best to resolve this matter. If you were to accept the Registrar's advice, with your agreement, I would be ready to consider resolving this matter through the rectification procedure. Under Standing Order 150, I am able to rectify a complaint in these circumstances without submitting a full and formal memorandum to the Committee on Standards. I would instead write to the complainant, following which the matter would be closed. I inform the Committee of the outcome and my letter to the complainant and the relevant correspondence is in due course published on my webpages.

In order for me to implement the rectification procedure, it would be necessary for you to accept that you were in breach of the Code of Conduct (paragraph 13) and the rules of the House as set out in Chapter 2 of the Guide to the Rules. You would be expected to make an apology to the House for your failure to declare your interest at the relevant time. It would also be helpful if you would make a commitment to avoid a recurrence.

If you were to agree to the resolution of the complaint on this basis, I will prepare a letter to send the complainant. While the content is, of course, a matter for me, I would show it to you so that you could comment if necessary on its factual accuracy. I would then write to the complainant closing the complaint.

It would be very helpful if you could let me know within the next two weeks whether you would like me to rectify the complaint on the basis I have suggested. I am most grateful for your help on this matter.

3 June 2014

10. Letter from the Commissioner to Mr Peter Lilley MP, 24 June 2014

I wrote to you on 3 June to share with you the advice I had received from the Registrar, who has responsibility for the Register of Members' Financial Interests. I enclose a copy of that letter for ease of reference.

On the basis of the Registrar's advice, I consider that you have breached House Rules and now need to decide how to resolve this matter. I propose to do so using the rectification procedure and I set out the requirements of that process in my letter. I asked you to let me know if you were content with that proposal within two weeks.

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[1] Extract from paragraph 74 of the Guide to the rules relating to the conduct of Members

Three weeks have now passed and I would like to have your comments as soon as possible so that this matter can be concluded.

24 June 2014

11. Letter from Mr Peter Lilley MP to the Commissioner, 1 July 2014

I apologise for the delay in replying to your letter of 3rd June which replied to mine of 13 May.

I am pleased that both you and the Registrar of Interests accept that I had no conflict of interest in the matters under discussion. I had assumed that that would be the end of what is one of a series of vexatious references by Mr Docherty.

So I was astonished that you should be minded to rule that I should nonetheless have been obliged to declare that I did NOT have a conflict of interest, still more that I should apologise for not declaring that I did NOT have a conflict of interest. This would constitute a novel and as far as I am aware unprecedented extension of the House's rules. I would suggest that this interpretation should be considered by the Standards Committee before it is accepted. It should surely not be applied retrospectively?

Personally, I would be reluctant to speak in a debate where I had a meaningful conflict of interest in support of that interest. And of course no Member should allow their advocacy to be influenced by their interests.

What is the purpose of declaring an interest? It is presumably to give those listening to, or subsequently reading, a debate a "health warning". Although no Member should deliberately advocate their own interest, we are all human and may be unintentionally influenced. So to warn others and remind ourselves of the importance of objectivity we say "please interpret my remarks in the knowledge that I may be better informed about, or subconsciously more sympathetic, to one side of this argument because of such and such an interest".

The test mentioned in clauses 13 and 74 to which you refer surely presupposes a financial conflict of interest exists and then asks, is it such that this interest, once drawn to their attention, "might reasonably be thought by others to influence the speech, representation or communication in question" even though we are honour bound to try not to let it sway our argument. The test is not, "do we have an interest listed in the Registrar of Interests, which an ignorant person might mistakenly assume, just from the name, to be relevant to the debate?" I would in any case contest your suggestion that it is

"reasonable" to assume that all petroleum companies operate in the UK let alone that they might contribute to the rise in British household energy bills. Or are you saying it is always "reasonable" to assume most tenuous suspicion that any Member of Parliament is probably motivated by some undeclared interest unless he specifically declares his innocence?

The purpose of the rules is surely not to invite, still less to validate, every malign suspicion which people may have or opponents may try to invoke. To take that line would be further to undermine the standing of Parliament. Your decision to investigate this reference, even though you acknowledge that I had no conflict of interest, has already achieved what Mr Docherty intended as you will see for the attached press statements, headlined "MP investigated over financial interests". Fortunately for me the reaction even from my opponents has been like that of the attached email.

I have also just received the attached email which was accompanied by a phone call the purport of which is that I should also declare my interest in Tethys Petroleum whenever I discuss plans to expand Luton Airport because, the sender assumes that the only explanation for my refusal to oppose all expansion outright must be that my company supplies fuel to airlines using Luton (which needless to say it does not). On your interpretation of the rules this might be deemed a "reasonable" suspicion which I should be obliged to deny. Can you confirm whether this would be your ruling? It would be sad on the 800th Anniversary of Magna Carta if this country is to replace a presumption of innocence by the assumption of guilt wherever the most baseless suspicion is raised.

You ask me to dispose of this issue by apologising for breaking the rules. If I had done so, even in spirit, I would happily apologise. But I do not believe I have broken the rules either in word or spirit. So how could I with integrity make a false declaration that I have done so?

I have spoken to a number of Members all of whom are astonished that we might in future be expected to declare that we do not have a conflict of interest (if a person ignorant of the nature of our interests might suspect that we have).

I sincerely urge you to reconsider your provisional finding.
1 July 2014

12. Attachments to Letter from Mr Peter Lilley MP to the Commissioner, 1 July 2014

Article from publication Comet 24, Friday 13 June 2014

Hitchin MP investigated over financial interests

An MP is under investigation after it was alleged that he failed to declare a financial interest.

The Office of the Parliamentary Commissioner for Standards has confirmed that an inquiry is under way into Peter Lilley, MP for Hitchin and Harpenden, after he failed to declare an interest as a director of Tethys Petroleum – an oil and gas exploration and production company in Asia.

The inquiry has been launched after Mr Lilley spoke in the House of Commons last year about renewal energy, defending energy companies and their rising prices.

The Conservative MP said: "The Commissioner for Standards has so far come back and said 'I accept that you had no conflict of interest in the matters under discussion'.

"However, they have suggested that – in case anyone jumped to the conclusion that Tethys Petroleum Ltd (of which I am a director as declared in the register of interests) had interests in the UK – I might have been advised to explain to the House of Commons that its interests are exclusively in central Asia and therefore were irrelevant to the debates in question."

Mr Lilley's seat will be contested by Rachel Burgin for Labour in next year's General Election.

Mrs Burgin said: "It is important that MPs declare their financial interests both in the Register of Members' Interests and also before any relevant debate in Parliament. This is so that it is clear that MPs are acting in their constituents' interests rather than for their own financial benefit. Peter Lilley has declared his very extensive financial interests in the Register of Members' Interests and I trust he will fully co-operate with the inquiry into whether his interests in an oil and gas exploration company based in central Asia ought to have been declared in a debate on UK energy policy.

"There is a strong case to be made that for the sake of the UK's energy security, we should import less fossil fuels and, to that end, we should be building our own energy facilities in this country. There is also a case to be made that in the interests of tackling climate change, more of those facilities should be built using renewable technology.

"If, on the other hand, the workings of an oil and gas exploration company based in Central Asia is not relevant to UK energy policy, it begs the question as to why Mr Lilley is wasting his time on it when his time could be better spent serving the people of Hitchin and Harpenden. If I was the MP, I wouldn't take a second job at all."

Article from publication The Herts Advertiser, 24 Friday 13 June 2014

Investigation of Harpenden MP Peter Lilley's financial interests

A local politician is under investigation after it was alleged that he failed to declare a financial interest.

The Office of the Parliamentary Commissioner for Standards has confirmed that an inquiry is under way into Peter Lilley, MP for Hitchin and Harpenden, after he failed to declare an interest as a director of Tethys Petroleum – an oil and gas exploration and production company in Asia.

The inquiry was launched after Mr Lilley spoke in the House of Commons last year about renewable energy, when he defended energy companies and their rising prices.

The MP is on the Commons energy and climate change committee.

The Conservative MP said the Commissioner for Standards has said there was no conflict of interest.

But, he had been advised that, as he is a director of Tethys Petroleum, and "in case anyone jumped to the conclusion" that the company had interests in the UK, "I might have been advised to explain to the House of Commons that its interests are exclusively in central Asia and therefore were irrelevant to (debate]."

Mr Lilley's seat will be contested by Rachel Burgin for Labour in next year's General Election.

Mrs Burgin said: "It is important that MPs declare their financial interests both in the Register of Members' Interests and also before any relevant debate in Parliament.

"This is so that it is clear that MPs are acting in their constituents' interests rather than for their own financial benefit.

Mr Lilley has declared his very extensive financial interests in the Register of Members' Interests and I trust he will fully co-operate with the inquiry into whether his interests in an oil and gas exploration company based in central Asia ought to have been declared in a debate on UK energy policy.

"There is a strong case to be made that for the sake of the UK's energy security, we should import less fossil fuels and, to that end, we should be building our own energy facilities in this country. There is also a case to be made that in the interests of tackling climate change, more of those facilities should be built using renewable technology.

"If, on the other hand, the workings of an oil and gas exploration company based in Central Asia is not relevant to UK energy policy, it begs the question as to why Mr Lilley is wasting his time on it when his time could be better spent serving the people of Hitchin and Harpenden. If I was the MP, I wouldn't take a second job at all."

Email from (redacted) to Mr Peter Lilley MP's Office, 13 June 2014
I am a constituent of yours.

Just a line to say that whilst our political opinions are not aligned, I have absolute faith in your integrity and think that the smear campaign against you is dirty politics at its dirtiest.

Email from (redacted) to Mr Peter Lilley MP's Office, 16 June 2014
Now we know why your Luton airport anti expansion campaign was so very lame.

Time your constituents were made very aware. You will here more from us.

Email from Mr Peter Lilley MPs Office to Mr Peter Lilley MP, 17 June 2014
Further to this, an irate and impatient man rang from your constituency about this this afternoon. He wouldn't give his name but is a member of Ladacan. Wasn't prepared to believe anything I said. But said that he would make sure a campaign was run in your constituency so that everyone would know that you didn't fight Luton expansion because of your "$400,000 annual wage from Tethys". I told him that was completely untrue.

13. Letter from the Commissioner to Mr Peter Lilley MP, 11 July 2014

Thank you for your letter of 1 July. While there is, at present, some distance between us in our thinking, your comments have helped me to understand why that might be. I believe there may be a misunderstanding between us, which I hope we can resolve.

I should first say that neither I nor the Registrar consider that her advice amounts to a novel

and unprecedented interpretation of the rules. In fact, her letter refers to a report on this issue as long ago as 1990-91. I also think the interpretation can be supported by reference to the Third Report of Session 2013-14[2] by the Committee on Standards and the Twelfth Report of the Session 2010-11 by the Committee on Standards and Privileges.[3] While the details of those cases are not closely analogous to the circumstances of this complaint, in both cases the Registrar's advice was based on what another person might reasonably think rather than whether an actual influence had been in play. In both cases, the Committee upheld the complaint about failure to declare a relevant interest.

The Committee in reaching its conclusions on the second case said (paragraph 20) "*Those rules are intended to ensure that other Members of the House and the public are provided with full information relevant to Members' participation in proceedings. As the Commissioner has pointed out, such openness is important in ensuring that Members are seen to be acting in the public interest. Failure to observe the rules risks bringing the House and its Members generally into disrepute.*" The Committee's comments helpfully underline that the Register has several audiences, including the public and other Members.

I would emphasise again that I am not suggesting a conflict of interest existed, only that a third party might reasonably consider – on the face of the information easily accessible to them – your non-executive directorship to influence your speech, representation or communication. I agree with you that a declaration serves as a '*health warning*' which reminds listeners that '[one] *may be better informed about, or subconsciously more sympathetic, to one side of this argument because of such and such an interest.*'

I have looked again at your entry in the register. While Tethys Petroleum's registered address is recorded in the Register as an address in the Cayman Islands, the description of its business says only that it is a 'gas and oil exploration and producing company'. I do not doubt the accuracy of that statement but it is not immediately evident that the company has no interests in Europe and, in the absence of a declaration, there is no way for the ordinary listener to find out without searching the company's own website. It is for this reason that I consider declaration was needed in this instance.

You draw attention to emails that you have received from constituents on this matter. I am not in any way suggesting that it is reasonable to assume on the most tenuous suspicion that a Member is motivated by some undeclared interest unless he declares his innocence. The view I have expressed in this case should not be taken to apply to all other cases where the Member has an interest.

I still need to decide how best to resolve this matter. I hope that this response has given you

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[2] HC 805, Mr Simon Hughes MP

[3] HC 840, Ms Alison Seabeck MP

some further insight into my thinking, as yours did for me. If you feel able now to accept the proposal to settle this matter by way of the rectification procedure, then I am still happy to do that. If you are not, I suggest that the next step might be for us to meet to talk this matter over. If you then feel that the Committee's views should be sought on a matter of principle, I will prepare a Memorandum, sharing all the relevant evidence with them and setting out my own view as well as yours, in order that the Committee can make a ruling.

I hope that this further explanation is helpful. I would be grateful if you could let me have your response by Friday 25 July. If you would like to meet, please contact my office on the number below to arrange a time.

11 July 2014

14. Mr Peter Lilley MP Register Entry, 15 July 2014

LILLEY, Rt Hon Peter (Hitchin and Harpenden)

1. Remunerated directorships
IDOX plc (formerly i-documentsystems group plc) (non-executive); information advisory services, document management software and systems. Address: Chancery Exchange, 10 Furnival St, London EC4A 1AB:

25 July 2013, monthly payment of £2,083. Hours: 8 hrs. *(Registered 29 August 2013)*

25 August 2013, monthly payment of £2,083. Hours: 8 hrs. *(Registered 29 August 2013)*

25 September 2013, monthly payment of £2,083. Hours: 8 hrs. *(Registered 16 October 2013)*

25 October 2013, monthly payment of £2,083. Hours: 8 hrs. *(Registered 8 November 2013)*

25 November 2013, monthly payment of £2,083. Hours: 8 hrs. *(Registered 4 December 2013)*

27 December 2013, monthly payment of £2,083. Hours: 8 hrs. *(Registered 29 January 2014)*

25 January 2014, monthly payment of £2,083. Hours: 8 hrs. *(Registered 29 January 2014)*

25 February 2014, monthly payment of £2,083. Hours: 8hrs. *(Registered 24 March 2014)*

25 March 2014, monthly payment of £2,083. Hours: 8hrs. *(Registered 24 March 2014)*

25 April 2014, monthly payment of £2,083. Hours: 8 hrs. *(Registered 3 June 2014)*

25 May 2014, monthly payment of £2,083. Hours: 8 hrs. *(Registered 3 June 2014)*

25 June 2014, monthly payment of £2,083. Hours: 8 hrs. *(Registered 2 July 2014)*

25 July 2014, monthly payment of £2,083. Hours: 8hrs. *(Registered 24 July 2014)*

Tethys Petroleum Limited (non-executive). Address: University House, 11-13 Grosvenor Place, London, SW1W 0EX; registered at 89 Nexus Way, Camana Bay, Grand Cayman, Cayman Islands. Gas and oil exploration and producing company operating exclusively in Central Asia. *(Updated 6 January 2014, updated 15 July 2014)*

1 August 2013, quarterly payment of £11,750 for attending meetings and advising on business development. Hours: 30 hrs. *(Registered 29 August 2013)*

1 October 2013, quarterly payment of £11,750 for attending meetings and advising on business development. Hours: 30 hrs. *(Registered 4 December 2013)*

2 January 2014, quarterly payment of £11,750 for attending meetings and advising on business development. Hours: 30 hrs. *(Registered 29 January 2014)*

1 April 2014, quarterly payment of £11,750 for attending meetings and advising on business development. Hours: 30 hrs. *(Registered 3 April 2014)*

1 July 2014, quarterly payment of £11,750 for attending meetings and advising on business development. Hours: 30 hrs. *(Registered 14 July 2014)*

Member of the the Advisory Board of YiMei Capital, which is engaged in asset management in China for local and international investors. Address: 719, West Office, Shanghai Centre, 1376 West Nanjing Road, Shanghai, P.R.C. Commitment to attend 2 or 3 meetings each year, at least one in China, and to respond to requests for advice.

Remuneration: £30,000 pa. *(Registered 12 December 2013)*

9. Shareholdings

(b) Tethys Petroleum Ltd (share options)

11. Miscellaneous

I am British Co-Chairman of the Uzbek British Trade and Industry Council (UBTIC) from 17 July 2012. *(Registered 11 October 2012)*

I am an unpaid director of Facor Energy Limited (Guernsey), a shell company which is not yet trading, established by Ferro Alloys Corporation Limited. Address: Suite 401, Plot 5, Jasola, New Delhi, 110025, India. *(Registered 9 September 2013)*

15. Email from Mr Peter Lilley MP to the Commissioner, 21 July 2014

Thank you for your reply of 11 July. I would be happy to meet or discuss this over the phone since there is little time before the recess but will respond here to some of the issues raised in your letter.

You do not address the key point in my letter – that you are saying I should have declared that I did NOT have a conflict of interest.

a) There is no reference to such an obligation in the rules.

b) Is there any precedent for a Member being required to declare that he or she had an interest which did not represent a conflict of interest in the relevant debate?

The Alison Seabeck case to which you refer did, as it happens, provide a test case. She had two (indirect) interests which were not referred to in the original complaint. Both sounded similar and potentially relevant to the issue under debate. So the Committee on Standards investigated them. The Committee ruled that she should have declared her indirect interest in the Construction Industry Council (CIC) because "the members might benefit from the Bill". But they ruled that "it was not necessary for Ms Seabeck to declare her indirect interest in the National House-Building Council (NHBC) because its interests were not affected by the Bill". In short, they examined the actual interests, how they would be affected by the Bill and judged whether it was reasonable to suppose they might influence what Ms Seabeck would say. Had they applied your test, they would not have examined objectively her interests. They would have said 'a reasonable person seeing the National House-Building Council in the Register of Interests might assume it was relevant to the debate, so Ms Seabeck should have declared it and then explained that it was not relevant'. However, the Committee did not do so. Why should I be treated differently?

I cannot square the facts of this case with your assertion that "the Registrar's advice was based on what another person might reasonably think rather than whether an actual influence has been in play". The Register "consulted their respective websites to see how each [CIC and NHBC] described its remit". Mr Docherty could likewise have looked up Tethys Petroleum's website had he genuinely wanted to know whether an actual interest was in play relevant to the debate.

Although you acknowledge that the other case to which you refer, is not closely analogous to the circumstances of my case, I find it deeply offensive to suggest there is the remotest

similarity between not declaring that I did not have a conflict of interest and Mr Hughes failing to declare contributions which he had actively solicited from developers he had helped. His actions and failure to declare them clearly did risk bringing the House into disrepute. Mine did not. So why do you make this comparison?

Declaring an interest is not an end in itself. The purpose of it is to draw to people's attention an interest of which a) they were unaware and b) they should be aware because it represents a conflict of interest and so they need a 'health warning'. Yet the only circumstance where you imagine it may be necessary for a non-conflict of interest to be declared is where someone a) is aware of the Member's interests as spelt out in the Register – so making that person aware of them is otiose; and b) has wrongly concluded that the Member may have a conflict of interest. Where there is no conflict of interest, no health warning was needed. And if the person was overly suspicious that is their fault not that of the Member.

Clause 74 must be taken as a whole. It says "it is the responsibility of the Member … to judge whether a financial interest is ***sufficiently relevant*** to a particular debate … to require a declaration". The phrase "***sufficiently relevant***" implies that the financial interest is known in sufficient detail to be evaluated and its impact assessed. To avoid relying on the MP's subjective introspection on whether the interest may affect what he says he is given an objective test "might [the financial interest] reasonably be thought by others to influence the speech … in question."

The difference between us is this. I believe that that final sentence must be viewed in the context of the whole clause which prescribes judging whether a financial interest, the details of which must be known, is ***sufficiently relevant*** to influence a Member's speech.

You believe the last sentence can be divorced from the rest of the Clause and applied to someone who is ignorant of the actual interest and merely surmises from the name of the organisation listed in the Register of Interests – Tethys Petroleum or the National House-Building Council for example - that it might be in some vague sense relevant to a debate on energy bills or fire protection.

As a Minister my actions were often subjected to a legal test of reasonableness: "Could a reasonable person, knowing what the Minister knew or knowing the facts of the case, have reached such and such conclusion". Thank Heaven the Courts never asked "Could a person ignorant of the facts of the case have reached that conclusion".

I look forward to hearing from you.

21 July 2014

16. Letter from the Commissioner to Mr Peter Lilley MP, 29 July 2014

Thank you for arranging for [name redacted] to let me know that you will not be back at the House of Commons until the beginning of September. I am disappointed that you will not be available to meet me sooner.

I am sorry that we were not able to conclude this complaint before recess, especially as it is a relatively straightforward matter which I would normally expect to resolve through the rectification process. I realise that you consider there is an important point of principle separating our respective views and I would welcome the earliest opportunity to try to resolve the matter through discussion.

Given the recent amendment you have made to your entry in the Register of Members' Financial Interests which would make it unlikely that a similar complaint could arise again, it should be possible to bring this matter to a close quite easily.

I would, therefore, like to put in the diary now a meeting for the first week in September in the hope that a face-to-face discussion will enable us to resolve this complaint quickly. I would, therefore, be most grateful if you would ask [name] to contact my Executive Assistant, [name], to set up a convenient time for us to meet as soon as possible on your return to the House.

29 July 2014

17. Letter from the Commissioner to Mr Peter Lilley MP, 2 September 2014

Thank you for coming to see me yesterday. I had invited you to come and discuss this complaint with me in order to determine the best way to resolve it. The meeting was not an evidence session as part of my investigation and I have therefore not produced a detailed formal note. Given that we covered similar ground to that contained in our correspondence, this letter summarises our discussion and sets out what I think we agreed. Subject to your agreement as to its accuracy and any amendment necessary, I will include the text of this letter in the record of my investigation alongside our previous correspondence. In essence, we covered three points: our respective views on the substance of the complaint, the procedure followed by my office and the possibility that there might be some further evidence that you would like me to consider.

If you feel that I have omitted anything significant or that this summary is in any way inaccurate, please let me know.

The substance of the complaint

You have said very clearly that you believe my interpretation of the rules to be an unprecedented extension of the House's rules and that my analysis is wrong. You do not think that your non-executive directorship of Tethys Petroleum Ltd '*might reasonably be thought by others to influence the speech, representation or communication in question*'. You did not consider any of the cases or other material I had cited supported my interpretation and suggested that my approach was too rigid and did not reflect the intention of the House when the rules were approved. I did not agree. I emphasised that each of the rules should be read in the context of the general principles of conduct (which are set out in section IV of the Code). I made clear that, while I do think you breached the rules, I do not think that this was at the most serious end of the spectrum nor did I consider that you had had a conflict of interest. That was not the test to be applied in this situation. The test, as set out in paragraph 74 of the Guide to the rules was that "*a financial interest should be declared if it might reasonably be thought by others to influence the speech, representation or communication in question.*"

The difference between us appears to rest on the extent to which a reasonable person should be expected to research into Tethys Petroleum Limited's activities before forming a view, and on the definition of 'reasonable'.

Procedure

I explained briefly the background of my work and my role in interpreting the rules. I also explained the possible ways of concluding an upheld complaint. Where the Member and I agree that there has been a breach of the rules on registration or declaration, I can conclude the matter through the rectification process, which involves the Member acknowledging the breach and apologising either to me (in registration cases) or to the House, usually by way of a point of order (in declaration cases). In registration cases, the rectification is completed by any addition to the Member's entry in the Register of Members' Financial Interests being placed in italics for a period of one year. I also acknowledged that you had recently amended your entry for Tethys Petroleum Ltd to make clear that its business was not in the UK. Having agreed a rectification with the Member, I then write to the complainant, briefly setting out the reasons for my decision and enclosing a copy of the evidence on which I have relied.

Where the Member and I do not agree that there has been a breach of the rules, I prepare a Memorandum for the Committee on Standards setting out in detail why I consider the Member to be in breach of the rules. It is then for the Committee to reach its own decision on whether there has been a breach of the rules and to recommend any further action by

the Member. In any event, the outcome of my investigation will be published alongside the evidence gathered during my investigation either on my webpages or on the pages of the Standards Committee as part of the Committee's report.

I was clear that I was not in any way seeking to persuade you to accept a rectification if you do not agree with my interpretation of the rules. If you believe that I am wrong, the matter should be put before the Committee for them to reach their own decision. In addition to my report you would have the opportunity to put your view to the Committee.

Relevant new evidence?

Towards the end of our discussion you mentioned that the relevance of your non-executive directorship of Tethys Petroleum Ltd to discussions on energy and climate change had been tested long before the two Westminster Hall debates that led to Mr Docherty's complaint.

You recalled having been challenged directly by at least one other Member and said that you thought that all the Members present on the relevant occasions would have been aware of that. I believe you thought you might also have declared it in other relevant Committee meetings. You were not sure if or where this would have been recorded but we agreed that this might be relevant evidence. You agreed to give some thought to this and to let me have sight of any evidence that you identify.

It is, of course, for you to submit anything that you think might be relevant but it might be helpful to say now that I would be happy to receive evidence such as Hansard references, copies of any relevant media coverage or screen prints from blogs and other electronic communication. It would be helpful if you could let me have any additional material by 16 September 2014 but please let me know in advance if you need longer. I will of course consider carefully any additional evidence you submit before coming to any final conclusion.

2 September 2014

18. Email from Mr Peter Lilley to the Commissioner, 17 September 2014

I apologise for not getting back to you by yesterday but have been horrendously busy.

I attach some correspondence which indicates that I have frequently made clear whenever the issue has arisen that Tethys Petroleum operates exclusively in Central Asia. The Guardian published my letter emphasising this (even their original story mentioned that Tethys' operations are in Kazakhstan, Uzbekistan, and Tajikistan) and the Channel 4

programme also stated that in their introduction as correspondents could confirm while the programme remained on line. Andrew Montford who runs the most widely read UK climate blog – BishopHill – was clearly aware that Tethys only operated in Central Asia as his email makes clear and had previously mentioned this on his blog.

I am waiting to hear from the Clerks to the Select Committee on Energy and Climate Change as to whether there is a written record of me explaining that to the Committee. Dan Byles, the only Member whom I have seen to have ask about this confirms that I did so.

I will let you know as soon as I hear from them.

17 September 2014

19. Attachments to email from Mr Peter Lilley to the Commissioner. 17 & 18 September 2014

Draft email from Mr Lilley in response to contact after a debate on Channel 4

Please send them this:

Thank you for your email about the Channel 4 debate on fracking on Sunday 27 January. This reply responds to those from outside my constituency who contacted me – both supportive and critical. So I apologise if it covers points you did not raise. I will reply individually to my own constituents.

I respect the sincerity of those who are protesting against plans to use hydraulic fracturing for shale gas even though I disagree with their arguments. It is sad that most of those who disagree with me felt it necessary to impugn my motives and honesty. Resort to personal abuse is usually an indication that the abuser has no solid argument to rely on. I equally deplore the offensive personal remarks about Ms Vine and other protestors which have been posted on various websites.

Sadly, I do not stand to receive a penny for supporting fracking in the UK – nor does any person or company with whom I am associated. Tethys Petroleum Limited operates exclusively in Central Asia and, as it happens, is not involved in hydraulic fracking. Details of that could be checked by googling a little.

Although Ms Vines accused me of lying she baulked at accusing the Royal Society and Royal Academy of Engineering of dishonesty. Yet it was them I was quoting. Their report begins:

"The health, safety and environmental risks associated with hydraulic fracturing (often termed 'fracking') as a means to extract shale gas can be managed effectively in the UK as long as operational best practices are implemented and enforced through regulation. Hydraulic fracturing is an established technology that has been used in the oil and gas industries for many decades. The UK has 60 years 'experience of regulating onshore and offshore oil and gas industries."

The Report was also the source of my point that about 200 wells have been fracked which Ms Vines said was a lie.

"The UK has experience of hydraulic fracturing and directional drilling for non-shale gas applications. Over the last 30 years, more than 2,000 wells have been drilled onshore in the UK, approximately 200(10%) of which have been hydraulically fractured to enhance recovery." See page17.

A number of people linked to web sites claiming that lots of allegations of water contamination have been made but the reason no cases of humans being poisoned by contaminated water have been confirmed by the US authorities, notably the Environmental Protection Agency, is that the Agency had covered them up. That pretty incredible conspiracy theory was disposed of by one respondent on the website, himself an environmental inspector, who explained:

"To suggest that there is some sort of cover up is just laughable. The EPA was not there to determine if gas drilling caused methane migration. That has already been well established. The litigants were screaming that there was all sorts of drilling chemicals in their water. EPA was there to confirm or deny that accusation. They did their tests, there was no drilling chemicals, the water came back as safe to drink. So that's what they reported. Also, shortly after their claims of water contamination by drilling chemicals were proven false, they settled their lawsuit with the gas company, which they swore they would never do.

If gas drilling is SO bad, there should be plenty of legit issues you can point to in order to make your case. There shouldn't be a need to aggressively distort reality as is the case here."

Even an alarmist Guardian article admitted that "A 2011 Penn State study found that about 40% of water wells tested ***prior to gas drilling*** failed at least one federal drinking water standard".

A number of people - in almost identical terms - accused me of ignorance and lack of research of this subject. Had they done any research themselves they would have discovered that I have studied the whole issue of global warming in at least as great depth as any MP, being one of the few with a degree in Natural Sciences though my main contribution has been to question the Economics of Climate Change – see the attachment. That may be why, although my views differ from those expressed by most MPs, they chose to vote me onto the Energy and Climate Change Select Committee.

I do hope in future it will be possible to debate these issues from positions of mutual respect and courtesy.

Minutes of Energy and Climate Change Committee Tuesday 13 November 2012

Members present:
Mr Tim Yeo, in the Chair
Dan Byles
Barry Gardiner
Mr Peter Lilley
John Robertson
Sir Robert Smith
Dr Alan Whitehead

1. Future Programme
The Committee considered this matter.

2. Impact of Shale Gas on Energy Markets
The Committee considered this matter.

3. Low carbon growth links with China
Draft Report *(Low carbon growth links with China)* proposed by the Chair, brought up, read the first and second
time, and agreed to. The Government's response to the Third Report from the Committee of Session 2012-13.
Resolved, That the Report be the Fourth Special Report of the Committee to the House.
Ordered, That the Chair make the Report to the House.

4. Consumer Engagement with the Energy Market
The Committee considered this matter.

5. Declaration of interest

Mr Peter Lilley declared his interests, in accordance with the Resolution of the House of 13 July 1992 (see Appendix).

Oral Evidence to Energy and Climate Change Committee 13 February 2013

David Kennedy, Professor Samuel Fankhauser; Simon Skillings and Rachel Cary

Q3 **Mr Lilley**: I want to ask on this, has our powerful influence that you emphasised had any effect on Germany's decision to build 23 new coal-fired power stations?
Simon Skillings: What you will see in Germany is that those decisions were taken a long time ago. I worked for a German company 10 years ago and it was a very different view at that point, and that is when those decisions were taken to build coal-fired power stations. There has been a complete moratorium on any new build of coal-fired plant over recent years. They take a long time in the planning, the building and the construction stage, so no new projects have been started recently.
David Kennedy: Also, I think our influence has bolstered the support in Germany for investment in renewable power generation, both up to 2020 but going beyond that where there is still a very high degree of ambition.

Q4 **Mr Lilley: Thank you. For the sake of interest, I will declare that I am a director of an oil and gas company, which operates entirely in Central Asia, and have been adviser to an Indian electricity generator, neither of which is relevant to the subject of this Committee.** On the subject of declaring interest, could I establish that you are all professional advocates of- what I would call-global warming alarmism, of the propositions that climate temperature is very sensitive to an increase in C02, that that potentially has very damaging impacts and that the costs of doing something about it are well below the benefits of doing something about it. None of your organisations would employ anyone who had an open mind or doubts on those propositions?
David Kennedy: What loaded comments there. Certainly my organisation employs open-minded people. We are all open-minded. We consider the evidence and we come to our conclusions. As open- minded people, we have looked at the scientific evidence and accepted that we are exposed at the moment to risks of dangerous climate change. We are open-minded, in the sense we continue to monitor the science and we will update the way we think depending on how the facts change.
Professor Fankhauser: It is very important that if you look at the vision statement of the Grantham Research Institute, at LSE where I work, what we want to achieve is that

people make rational, evidence-based moment it tends to point towards stricter carbon targets rather than the more lenient one.

Oral Evidence to the Energy and Climate Change Committee Tuesday 25 March 2014

Q37 **Mr Lilley: Since we are talking about influencing foreign Governments, I should declare, and draw the attention of the Committee to, my interests as vice chairman of an oil and gas company operating in central Asia. Which countries are least willing to accept that the costs of preventing climate change are less than the costs of adapting to it?**

20. Letter from the Commissioner to Mr Peter Lilley MP, 2 October 2014

Thank you for your emails of 17 & 18 September and their attachments. I am sorry for the delay in responding to you caused by my absence on annual leave.

When we met on 1 September 2014, I explained why I thought you should have declared your interest in Tethys Petroleum Ltd on 10 September and 7 November 2013. In essence, while I recognise that Tethys' geographical sphere of operation means you did not have a conflict of interest, I thought that your role as a director of Tethys '*might reasonably be thought by others to influence the speech, representation or communication in question…*'. I said that this was the test set out in paragraph 74 of the *Guide to the Rules relating to the Conduct of Members* (the Guide). Towards the end of our conversation you mentioned having made other declarations of interest to the Committee and I invited you to submit any evidence you had of those declarations in order that I might consider whether they were relevant to my consideration of this complaint.

The evidence you have provided does not challenge my view on the necessity for declarations. I have, therefore, looked carefully at whether the declarations you have made on other occasions might have made declarations on 10 September and 7 November 2013 unnecessary. Having reflected on the precise wording of the Guide, I do not think they could have done so.

I hope it will be helpful if I explain how I have reached that view. Before I do that, it may be helpful to highlight the sections of the Guide that I think are particularly pertinent. The emphasis added in the paragraphs below is mine.

> Paragraph 8 of the Guide, which sets the context for the specific rules which follow, says: '*The main purpose of declaration of interest is to ensure that Members of the House and the public are made aware,* ***at the appropriate time*** *when a Member is*

making a speech in the House or in Committee or participating in any other proceedings of the House, of any past, present or expected future financial interest, direct or indirect, which might reasonably be thought by others to be relevant to those proceedings.'

Paragraph 74 says '*It is the responsibility of the Member, having regard to the rules of the House, to judge whether a financial interest is sufficiently relevant to a particular debate, proceeding, meeting or other activity to require declaration. The basic test of relevance should be the same for declaration as it is for registration of an interest; namely, that a financial interest should be declared if it might reasonably be thought by others to influence the speech, representation or communication in question. A declaration should be brief but should make specific reference to the nature of the Member's interest.'*

Paragraph 76 says *'The House has endorsed the following advice on the occasions when such a declaration of interest should be made: "no difficulty should arise in any proceeding of the House or its Committees in which the Member has an opportunity to speak. Such proceedings, in addition to debates in the House, include debates in Standing Committees, the presentation of a Public Petition, and the meetings of Select Committees at which evidence is heard.* ***On all such occasions the Member will declare his interest*** *at the beginning of his remarks… it will be a matter of judgement, if his interest is already recorded in the Register, whether he simply draws attention to this or makes a rather fuller disclosure". Any declaration "should be sufficiently informative* ***to enable a listener to understand*** *the nature of the Member's financial interest…" and Members are advised to be specific if there is any doubt as to which interest is involved.'*

Paragraph 77 says '*In a debate in the House the Member should declare an interest briefly, usually at the beginning of his or her speech. If the House is dealing with the* ***Committee or Consideration stages of a Bill it will normally be sufficient for the Member to declare a relevant interest when speaking for the first time. In Public Bill Committees, Members should declare relevant interests at the first meeting of the Committee or on the first occasion on which they address the Committee. It will not be necessary for a declaration to be repeated at subsequent meetings except*** *when the Member speaks on an Amendment to which the interest is particularly relevant. When giving notice of an Amendment or a Motion (including a Motion for leave to introduce a "Ten Minute Rule Bill"), giving notice of the presentation of a Bill or adding a name to an amendment or motion, Members should declare any relevant interest in an appropriate manner…'.*

The debates in which you participated on 10 September and 7 November 2013 are not among those listed in paragraph 77 and so I do not think that any prior declarations could remove the need for declaration at the time. I recognise that you feel your connections with Tethys Petroleum are both well-known and well documented but I think the passages I have highlighted above, underline the requirement to declare on every occasion, save those specified in paragraph 77, when an interest might reasonably be thought to influence a Member's speech, representation or communication. I do not think that declarations made in places other than the House could remove the need for a declaration in proceedings of the House.

I nonetheless looked carefully at each of the declarations the Clerk to the Committee on Energy and Climate Change has identified in her email of 18 September 2014. The notes of the Committee Meeting on 13 November 2012 are not sufficiently detailed for me to see the context and thus to judge Tethys' relevance to the proceedings. On 13 February 2013, when the Committee was taking evidence on the Gas Generation Strategy, you qualified your declaration, saying '*For the sake of interest, I will declare that I am a director of an oil and gas company, which operates entirely in Central Asia, and have been an adviser to an Indian electricity generator, neither of which is relevant to the subject of this Committee….*' The third occasion the Clerk has identified post-dates the two Westminster Hall debates and, is therefore, not relevant.

Your declaration on 13 February 2013 illustrates, I think, the difference between the declaration of a conflict of interest and a declaration of an interest which might reasonably be thought by others to influence a speech, representation or communication. It was in keeping with the specific requirement set out in paragraph 74 of the Guide and with the underlying purpose of declaration, described in paragraph 8. It seems to me that similar declarations on 10 September and 7 November 2013 would have been equally appropriate.

Conclusion

I remain of the view that the omission of declarations on 10 September and 7 November 2014 has put you in breach of the Code of Conduct and its associated rules. However, as I hope I made clear when we spoke, I do not believe either breach was an attempt to conceal a conflict of interest. The evidence you have provided most recently demonstrates that you have a record of making declarations when you recognise them to be appropriate.

Given that these breaches of the Code and its associated rules are not at the most serious end of the spectrum, it remains open to me to conclude this complaint through the rectification process. For me to do that, it is necessary for you to accept that you breached the rules and for you to commit to apologise to the House for those breaches.

Please let me know by **16 October 2014** if you wish me to conclude the investigation in this way. If you feel unable to accept my view, I will prepare a Memorandum to the Committee on Standards in accordance with Standing Orders Nos 149 and 150.

2 October 2014

21. Email from Mr Peter Lilley MP to the Commissioner, 16 October 2014

Thank you for your letter. Unfortunately, like you I have been away, so have only had your lengthy reply since Monday and am now about to leave on a Select Committee visit to China. I will get back to you when I return.

16 October 2014

22. Email from the Commissioner's Office to Mr Peter Lilley's Office, 20 October 2014

The commissioner received an email from Mr Lilley last week, saying that he was about to depart on a trip to China. Please would you let me know when he is due to return?

20 October 2014

23. Email from Mr Peter Lilley's Office to the Commissioner's Office, 20 October 2014

He will be here on Monday, 28 October, as the Select Committee visit to China is taking place all this week.

20 October 2014

24. File Note: 30 0ctober 2014

I called[name] , Mr Lilley's PA to ask when the Commissioner might expect a reply to her letter. [Name] told me that Mr Lilley 'had been very busy yesterday' but she would 'try to have a word with him today' and will call back.

[Name]called. Mr Lilley will work on his response to Kathryn's letter over the week-end, so we can expect to see it on Monday/Tuesday of next week.

25. File Note: 5 November 2014

Call to Mr Lilley's office.

Left voicemail for[name]: calling to find out if she knows if the Commissioner might expect a letter from Mr Lilley this week. Please can she call me back? Left name and number.

Message received later on 5 November
Colleague of [name] called and left message – she is off sick. They will try to contact Mr Lilley and get back to us.

26. Letter from Mr Peter Lilley MP to the Commissioner 6 November 2014

Thank you for your letter of 2nd October replying to mine of 17 and 18 September.
I am grateful to you for once again confirming that I did not have a conflict of interest in the debates referred to you by Mr Docherty.
Nonetheless, you still maintain that I should have declared that I did ***not*** have a conflict of interest: i.e. that I should have drawn to the attention of the House that I was a director of Tethys Petroleum Limited and explained that its operations are exclusively in Central Asia and therefore irrelevant to debates on UK household energy bills or the UK Climate Change Act.

I do not accept your interpretation of the rules for the reasons spelt out below.

You say I have two options. Either I must make an apology to the House. Or you will report your adverse ruling to the Committee of Standards.

I have no desire to prolong this issue which has already consumed a great deal of my time since you raised it in May, crowding out more important parliamentary and constituency work. I have therefore tried to find a form of words which might satisfy your requirement for an apology. But since I do not accept that I have broken the rules I cannot find any honest way to apologise. You agree that you would not press me to say anything which I do not believe to be true.

The alternative is to refer this matter to the Committee. You tell me that the Committee has never overturned a ruling by the Commissioner. That has made me even keener to avoid a reference.

However, I do not see any alternative and whatever, the risks to my reputation, there may be merit in bringing to the Committee's attention some broader issues raised by your ruling:

- If your ruling that Members are required to rebut any potential mistaken presumption that they have a conflict of interest is not challenged, there would be damaging consequences:
    - Since it is a matter of conjecture what misapprehensions people may be under Members may err on the side of 'declaring and explaining' all their interests.
    - This will take up increasingly scarce time as more debates are time limited.
    - It will also open the House to ridicule.
    - Yet if Members do not explain their interests they will lay themselves open to tendentious references by political opponents simply for not explaining that their interests were not relevant to a debate.
    - Even if such references were rarely upheld, investigation of them would reinforce the impression that Members are trying to hide conflicts of interest.

- Without in any way criticising you or your predecessors, it would also be valuable for the Committee to review the role and powers with which the Commissioner is endowed.
    - Is it right that the Commissioner should be investigator, prosecutor, judge and – effectively – rule maker?

Your ruling is based on an interpretation of the sentence in the Guidance to the rules which says that "Members are required to declare a financial interest if it might reasonably be thought by others to influence the speech in question". Your interpretation is contrary to both the letter and the spirit of the rule.

You interpret the uncertainty implicit in the phrase "might reasonably be thought by others" to apply not just to the following words "to influence on the speech in question", which is its grammatical meaning, but backwards to the nature of the financial interest. You interpret the sentence as if it said "Members are required to declare a financial interest if *on the basis of the Register of Interests it might reasonably be thought by others to be something* which might reasonably be thought by others to influence the speech in question." Effectively you have inserted the words I have italicised to give an additional layer of uncertainty. But that is not what the Guidance says. The Guidance refers simply to the "financial interest" which is a matter of objective fact. It does not refer to what people might imagine the "financial interest" to be. Indeed in the previous sentence the Guidance says "It is the responsibility of the Member, having regard to the rules of the House, to judge whether a financial interest is ***sufficiently relevant*** **to** a particular debate". The degree of relevance can only be judged from the objective details of the interest.

Whether a Member's interest conflicts with a subject under debate is an objective matter. It can be decided objectively – *as you did in my case* – by establishing what the company does and whether the issues under debate could affect the company's and Member's material interests.

By contrast, whether a conflict of interest actually influences what a Member says is a subjective matter. It cannot be determined objectively. We cannot know what the Member would have said if they did not possess the interest. Even Members themselves cannot be certain that they are not subconsciously influenced by their conflict of interest. That surely is why a subjective 'reasonable person' test is introduced. We cannot decide objectively whether an interest has influenced the speech, representation or communication in question. So we ask: would a reasonable person, knowing the nature of the interest and the issues under debate, think that it might influence the speech, representation or communication in question?

It is unnecessary and perverse to extend the subjective test back from where it is needed (deciding whether a member's words may be influenced consciously or subconsciously by a given financial interest) to where it is not needed (speculating about what a person might imagine a Member's interest to involve when this can easily be established objectively).

I also disagree with your interpretation of the rules for the following reasons:

1. It is without precedent. On no previous occasion has a Member who has an interest which involves no conflict with the matter being debated been made to apologise for not declaring that interest and not explaining that it involved no conflict.

You have declined to provide any precedent.

2. It is wrong to apply a novel interpretation of the rules retrospectively.

3. There is no mention in the Rules or Guidance of an obligation to explain that an interest, the nature of which may not be clear, does not constitute a conflict of interest. If that were the intention of the Rules it would surely be mentioned somewhere?

You have declined to provide any reference to this obligation in the rules.

4. It is not "reasonable", as you have ruled, for someone who knew of my interest in Tethys Petroleum to jump to the conclusion, solely on the basis of its name, that it is involved in the UK energy market. They could have established the nature of Tethys' interests in about 5 seconds by googling its name. In point 6 below your predecessor, faced with doubts about the nature of a Member's interest established the facts by viewing the organisation's website. You have not responded to this point.

5. There can be no way of knowing what mistaken assumptions people may make about the nature of interests declared in the Registrar of Interests. I gave you the example of an email from a constituent (triggered by reports of your investigation of my interest in Tethys Petroleum) who jumped to the conclusion that the reason I do not oppose all expansion of Luton Airport must be because Tethys, he falsely assumes, supplies aviation fuel.

You sidestep the question as to whether in debates about airports I must also declare and explain that Tethys does not constitute a conflict of interest.

6. Although there is no precedent for your ruling, there is a precedent for the Commissioner taking the opposite approach to you. In the Seabeck case, to which you referred me for other reasons, the Member had two interests the names of which suggested possible conflicts with the subject of debate. The Registrar "consulted their respective websites to see how each described its remit". She concluded that in one case there was an objective conflict of interest and the Member was rebuked for not declaring it. In the other there was not a conflict and the Member was *not* rebuked for not declaring it. On your ruling she should have been required to declare and explain that it was not a conflict of interest.

You have declined to explain why I should be treated differently from Ms Seabeck.

7. The presumption underlying your ruling is that it is always "reasonable" for the public to presume on the most tenuous suspicion that any Member of Parliament is motivated by some undeclared financial interest unless he specifically declares his innocence.

Unfortunately I have not been able to persuade you to engage with these arguments. Although you have been unable to rebut them you have persisted in your original view. So I am obliged to throw myself on the mercy of the Committee of Standards to whom I will send this letter.

6 November 2014

27. Letter from Mr Peter Lilley MP to the Commissioner 6 November 2014

Thank you for your letter of the 2 October.

This letter is in response to that part of your letter which relates to the issue which arose at our private meeting. I am replying separately about the substantive question of whether I should apologise for an alleged breach of the rules.

At our meeting on 1 September you suggested that if I could demonstrate that I had previously explained to the Select Committee that Tethys Petroleum operates solely in Central Asia and has no interests in the UK this might alter your decision. I said at the

time that I could not see how that would help since your ruling related to whether someone listening to the debate on UK household energy bills, having previously read the Register of Interests, might "reasonably think" that Tethys Petroleum's business constituted a conflict of interest. However, you assured me that this information could change your mind so I and the Clerk of the committee spent a considerable amount of time finding evidence that I had made the facts about Tethys known to the Committee and in the media.

Incidentally, as I left your office I bumped into a former Law Officer and explained that you had asked me to provide this information. His response was that it was for you to provide evidence of my guilt not for me to prove my innocence.

Having nonetheless provided you with the evidence you requested you now tell me that my original doubts about whether it could enable you to lift your charge were correct. But to add insult to injury you now cite the fact that I explained to the Committee that Tethys interests were irrelevant to UK energy policy as evidence that I should also have done so in the Westminster Hall debates.

However, if you read the record of the committee session you will see that I chose to make the declaration for a very specific and unusual reason which has no relevance to Mr Docherty's complaint. The circumstances were as follows: prior to the session I had argued that the witnesses we were about to interview were not disinterested experts but campaigners committed to upholding a particular view in the debate on global warming. Moreover, I wanted to demonstrate that they stood to lose their jobs if they resiled from the views to which their organisations are wedded. Some colleagues had suggested this would be out of order. So to prevent the Chair from silencing me, I began by declaring my own lack of interest before going on to expose theirs. My words immediately following those you quote make this clear:- "*On the subject of declaring interest, could I establish that you are all professional advocates of—what I would call—global warming alarmism … None of your organisations would employ anyone who had an open mind or doubts on those propositions?*" There is no read across from this to the Docherty situation as you suggest.

6 November 2014

28. Letter from the Commissioner to Mr Peter Lilley MP, 10 November 2014

Thank you for your two letters of 6 November 2014. I note from consideration of both letters together that you do not wish to accept my offer to rectify the complaint made to me on 11 April that you had failed to declare a relevant financial interest in two Westminster

Hall debates. You are clear that you do not accept my interpretation of the rules, do not accept that you have broken the rules and therefore you cannot apologise to the House.

I understand the reasons for your decision. I have always been clear that a rectification must be founded on a genuine agreement about the meaning of the rules. I said in my letter of 2 September that "*I was not in any way seeking to persuade you to accept a rectification*". As it is clearly not appropriate I will now prepare a memorandum for the Committee on Standards in accordance with the Procedural Note of which you have a copy.

However, I am concerned by some of the statements in your letters, to which I would like to respond at this stage;

- The meeting on 1 September 2014 was not a "private" meeting as you suggest. On 11 July I wrote to you inviting you to come and discuss the complaint with me to agree a way forward if possible and on 29 July I wrote again suggesting a discussion of the points of principle which were preventing a resolution of the matter. We met on 1 September and I did not make an audio recording of the interview as it was not an evidence session. The facts were already clear and were not in dispute. However, my complaints manager was present and kept a note of the meeting which I shared with you in the form of a letter on 2 September. I invited your comments on the accuracy of the notes as a formal record of the meeting which would then form part of the record of my investigation but have not so far received any. I enclose a further copy of that letter.
- I did not request you to find additional evidence. During the meeting you mentioned that you had previously been challenged on the relevance of your non-executive directorship of Tethys Petroleum Ltd and thought that your interest was widely known by everyone at the debates and did not require declaration. I would always want to give a Member every opportunity to provide any evidence which might be relevant and invited you to do this. I could not say without seeing the evidence how relevant it might be, but did encourage you to send me anything you thought would be useful. My letter of 2 September makes this clear. On 18 September you sent me documents comprising some email correspondence, details of press coverage of your interests, a booklet you have written published by the Global Warming Policy Federation and copies of minutes of Select Committee meetings. The latter included your declaration of interests on 13 November 2012, and two occasions on 13 February 2013 and 25 March 2014 when you had declared that you had an interest in an oil and gas company that operated in Central Asia. Having considered all of this evidence it did not in fact change my view that subject to your agreement, the complaint was one which could have been concluded by rectifying it.

- Thirdly, you say that I told you the Committee had never overturned a ruling by the Commissioner. I did not say this and do not believe it to be true. You yourself said that you did not think that the Committee would ever come to a different conclusion from that of a Commissioner. My letter of 2 September says clearly, "*I prepare a memorandum for the Committee on Standards setting out in detail why I consider the Member to be in breach of the rules. It is then for the Committee to reach its own decision on whether there has been a breach of the rules and to recommend any further action by the Member.*"

I have responded to you on these points immediately as I did not want to leave room for any misunderstanding on these issues. I will now draft a memorandum for the Standards Committee. If you wish to submit any further evidence before I do so, it would be helpful to have it at this stage.

In my memorandum I will give a factual account of my investigation. The evidence will be appended. When I have completed this factual account I will send it to you so that you can correct any matters of factual accuracy. I will then consider the matter again, bearing in mind any comments you make and any further evidence I receive. At that stage I will add my conclusions and I will submit the memorandum to the Committee, so that they can consider it. I understand that the Clerk will send you a copy of the memorandum before the Committee discusses it, and that you will be offered an opportunity if you so wish to appear before the Committee yourself.

10 November 2014

29. Letter from Mr Peter Lilley MP to the Commissioner, 25 November 2014

Thank you for your letter of 10 November.

I am sorry if the word description of our meeting on the 1 September as 'private' is inappropriate. You described it as 'not an evidence session' and asked if I minded you having your complaints manager present to keep a record. I said I did not mind in the least since I had no interest in it being private, but was puzzled why this was necessary if this meeting was not to provide evidence for the inquiry.

You invited my comments on the accuracy of the notes. They are broadly accurate, but not complete. For example, it contains no reference to my inquiry as to whether the Committee had ever rejected your or your predecessors' recommendations. To which you replied that as far as you were aware they had not. I replied that that put me in a difficult

position. Then I asked whether, if they were to reject your ruling, you would resign. You appeared disturbed by the suggestion and said you did not think it would come to that.

Likewise, under 'Relevant New Evidence', the notes do not record: (a) that it was your assistant who suggested my offhand remarks about the nature of my interest in Tethys having been spelt out on a number of occasions might provide relevant evidence; (b) that I said I could not see how that was relevant, given that your ruling rested on what someone who had only browsed the Register of Interest might 'reasonably' speculate what Tethys does. The statement that 'we agreed that this might be relevant evidence' is therefore not accurate.

Also the earlier statement that 'The difference between us appears to rest on the extent to which a reasonable person should be expected to research into Tethys Petroleum Limited's activities before forming a view and on the definition of reasonable' reflects your views not mine.

However, I cannot see why the accuracy or inaccuracy of these notes is of importance.

25 November 2014

30. Email from Mr Peter Lilley MP to the Commissioner, 11 December 2014

I am amazed that it is necessary to send 63 pages to the Committee. This non-issue has wasted hours of my time but we could surely avoid wasting too much of the Committee's time as well.

The facts are simple:-

- You accept that I did not have a conflict of interest.
- There is no precedent for any Member being required to explain that he or she had no conflict of interest.
- There is no reference in the rules to Members being required to explain that they have no conflict of interest.
- It is manifestly not the intention of Parliament that Members should be required to explain that they have no conflict of interest.

You have not rebutted these or any of the supporting points I have made.

Prejudging the evidence

However, from your presentation of the evidence it is clear that you pre-judged this case from the start and feel unable to back down. For example, on page 2 line 12, you state: "he (Mr Docherty) asked me to investigate Mr Lilley's failure to declare". The word "failure" is pejorative, was not used by Mr Docherty, and you should not employ it. You should have said: "to investigate whether Mr Lilley should have declared…".

Likewise on the same page in line 3 you said Mr Lilley MP "failed to draw attention to a relevant interest". You should say that Mr Lilley "did not draw attention to an interest which the complainant thought was relevant".

Again on page 2, line 24, you state that: my role "had the potential to be relevant to the debate". You should have stated: "it was not clear whether or not it was relevant to the debate".

In your letter to Mr Docherty on pages 31 and 32 (before even notifying me of his complaint) you said "The complaint which I have accepted is that Mr Lilley failed to declare that he is a non-executive director of Tethys Petroleum". You should have said "The complaint which I propose to investigate" - not that you "accepted" it. I note that on the same date in your letter to me you qualified it and said "The complaint I have accepted **for inquiry** is …" but of course it was Mr Docherty's version which was made public.

Any Councillor who pre-judged a planning issue by making statements of this sort would probably not be allowed (paradoxically by the local standards officers whose role is similar to your own) to take part in the decision making.

Misrepresentation of Mr Docherty's charges

At no point in your evidence do you make it clear that the infringement of the rules which you allege I have committed ***is not one that Mr Docherty accused me of***. His complaint suggested I had a "direct financial interest", constituting a "conflict between personal and public interest", so that I was acting "as a paid advocate". Having dismissed those charges when you accepted that I did not have a conflict of interest, you nonetheless decided to investigate whether I should have declared that I did ***not*** have a conflict of interest. This is a charge of your own invention and was not made by Mr Docherty, doubtless because - like me - he did not dream that there was such an offence. So your whole statement of evidence largely misrepresents the charges Mr Docherty made. It is a moot point whether you as Commissioner should be pursuing charges of your own.

There are many other points in your dossier that I could take issue with. But life is too short.

Mr Lilley's Argument

It seems a pretty rum process that the prosecutor should write the accused Member's defence. Mine certainly would not have been summarised remotely like this. However, to make it reflect my views a bit more closely please make the following changes:-

This section should begin with the four tirets in my second paragraph above.

Line 15 should read: "as a result of what may be proposed in the proceedings in question); and"

Line 16 should read: "b) - which if the previous condition is met is likely to be the case – it is reasonable for others to think that the interest might influence … "

Lines 19 to 22 should read: "Mr Lilley contends that relevance can and should be tested objectively if the nature of the interest is known, because it will then be clear – as it was in this case once Mr Lilley explained that Tethys operated exclusively in Central Asia - whether or not the interest in question could be affected by the proposals likely to be discussed in the parliamentary proceedings in which the Member is participating. If there is such a conflict of interest, a declaration should be invariably be made because others might reasonably think that a conflict of interest might influence the Member's speech."

Lines 30 and 31 should read: "occasion whether others, knowing only the name of the organisation or any details listed in the Register of Interests, might jump to the incorrect conclusion that they might be such as to influence the speech …"

Ms Hudson's Argument

It is even rummer that you do not present a summary of your own argument.

Where is it? It is an odd notion of justice that the accused person has his defence presented by the prosecutor but does not see the case for the prosecution.

I am sure you will largely ignore all this as you have not deigned to respond to most of my points throughout this process. So let us get it over with.

11 December2014