

Ministry of Natural Gas Development

**Information Binder
June 2013**

Ministry of Natural Gas Development

INFORMATION BINDER
Table of Contents

<u>SUBJECT</u>	<u>TAB</u>
Budget Overview.....	Budget
Corporate Initiatives Branch	Corporate Issues
Liquefied Natural Gas Task Force.....	LNG
Oil and Gas Division.....	Oil and Gas
Office of Housing and Construction Standards.....	Housing
Stakeholder Organizations/Industry Associations.....	Stakeholders
Calendar of Events June 2013 to June 2014.....	Events
Legislation – Ministry’s Annotated List	Legislation
Service Plan 2013/14–2016/17	Service Plan
Annual Report 2011/12	Annual Report

Corporate Initiatives Branch

1. Purpose

The Corporate Initiatives Branch (CIB) is responsible for delivering on behalf of the Ministry a unified, corporate approach on policies, processes and services for those issues and needs that transect the Ministry's core businesses. CIB is responsible for managing policy issues that are cross-Ministry, cross-government and intergovernmental; ministry planning and reporting including the annual service plans and reports for the Ministry and its Crown corporations; coordination of Ministry responses to proposed treaty settlements; advice to the Minister on intergovernmental relations; as well as working with the Ministry's Divisions to develop the Ministry's legislative program and leading specific legislative projects. On behalf of the Ministry, CIB manages corporate services which include internal communications, correspondence, public service events, and records management, including FOI requests.

Related Legislation: None.

2. Context

There is a continuing legal and policy requirement for the Ministry to deliver corporate products and services, as well as an increasing emphasis on cross-ministry integration and coordination to better and more efficiently provide public services. In particular, the Natural Resource Sector (NRS), of which the Ministry is a part, is transforming its processes, technology and human resources with the vision of "one land manager". CIB staff has expertise in leading and coordinating across the Ministry's divisions and within government to advance government's objectives for its intra/inter-Ministry and inter-governmental strategies.

3. Key Functions

- Communications: internet and intranet updating and graphic design;
- Correspondence: responses to Minister and Deputy Minister correspondence;
- Corporate services: assignments, reporting, corporate statistics,
- Public service events: Premier's Awards, Public Service Week, Long Service Awards, Provincial Employees Community Services Fund, etc.

June 2013

The Ministry of Natural Gas Development Information Binder

- Records management and FOIPPA requests;
- Coordination and production of corporate briefing products such as the briefing binders for government transition and the annual budget estimates;
- Specific Ministry and cross-ministry legislative and regulatory development/amendments, such as the *Oil and Gas Activities Act* and the *Natural Resource Roads Act*;
- Working with the Ministry's Divisions to develop the Ministry's three-year legislative program;
- Leading policy development that transects multiple lines of Ministry business, such as the Dominion Coal Blocks issue, which is an intergovernmental issue related to both oil and gas and coal, and the NRS Integrated Decision Making Project;
- Strategic planning and reporting, including the management of the service planning and annual reporting requirements of the Ministry and its Crown Corporations;
- Advocating for the Ministry's position in various trade agreements such as Trade, Investment and Labour Mobility Agreement with Alberta and the New West Partnership;
- Leading cross ministry work on specific intergovernmental files or events such as the Energy and Mines Ministers' Conference and the annual Union of BC Municipalities Convention.
- Coordinating the Ministry's interests with respect to offers of treaty settlement lands to First Nations.

4. Division Organization Chart, Budget and FTE's

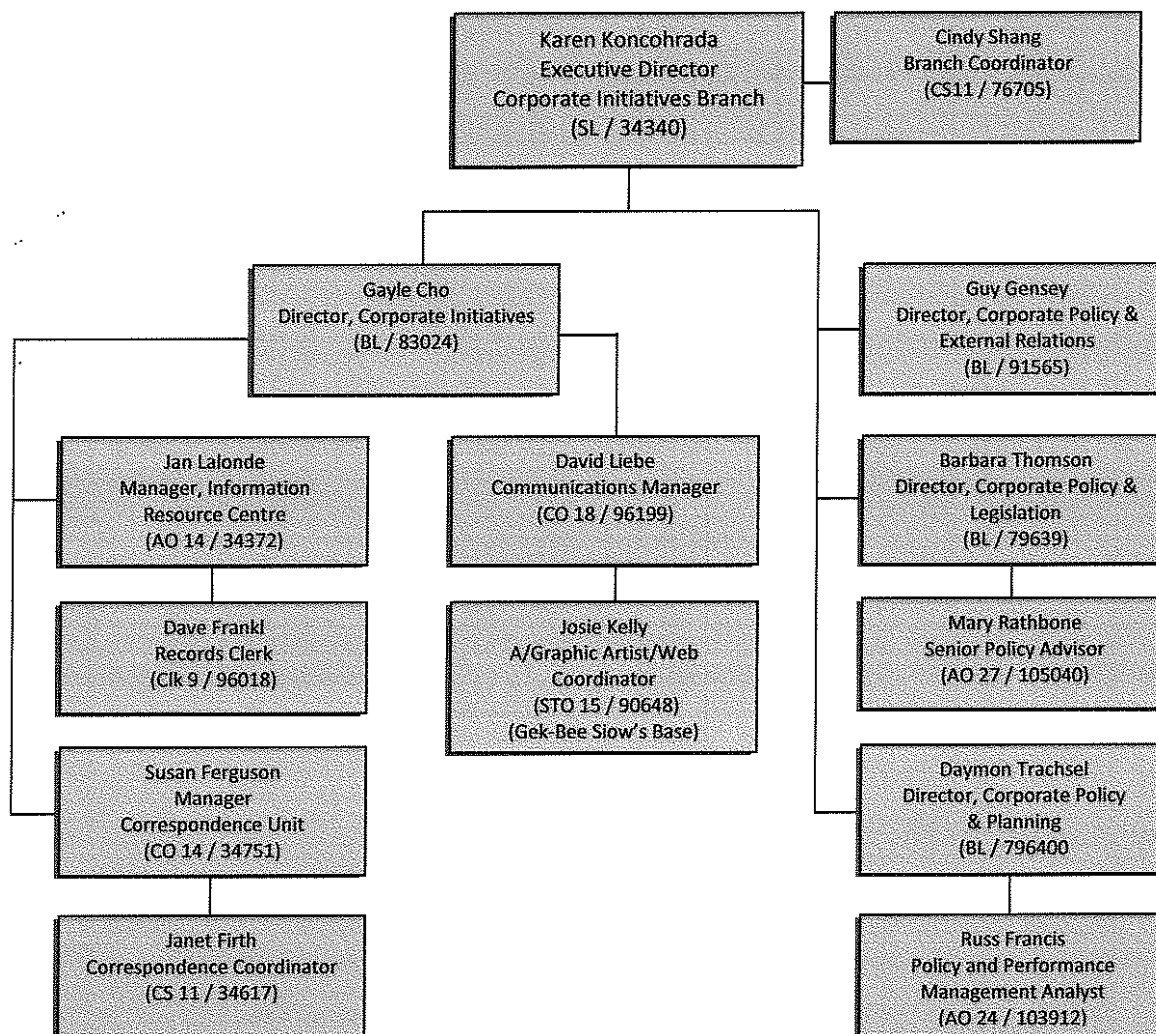
Budget: S17

Full Time Equivalents (FTEs): 14

June 2013

The Ministry of Natural Gas Development Information Binder

Corporate Initiatives Branch Org Chart



Corporate Initiatives Branch

Briefing Note Index

Canadian Energy Strategy	1
Cumulative Effects Assessment Framework	2
Dominion Coal Blocks	3
Map of Elk Valley Freehold Cold Tenures	3A
Energy and Mines Ministers' Conference	4
Environmental Assessment Process for Energy and Mining Projects	5
Environmental Mitigation Policy	6
Integrated Decision Making Regulatory Initiative	7
International Energy and Mining Relations	8
Natural Resource Roads Act Project	9
Natural Resource Sector Appeal Tribunals	10
New West Partnership	11
Qualified Persons in the Natural Resource Sector	12
Service Plan 2013/14	13
Service Plan Logic Model	13A
Surface Rights Board	14
Trade Investment and Labour Mobility Agreement	15
Water Sustainability Act	16

*June 2013**The Ministry of Natural Gas Development Information Binder***BRIEFING NOTE****ISSUE: Canadian Energy Strategy****KEY MESSAGES:**

- When Canada's Premiers met in July 2012 in Halifax, Nova Scotia for the annual meeting of The Council of the Federation (COF), they decided to renew the 2007 COF Energy Strategy, A Shared Vision for Energy in Canada. This initiative is being called the Canadian Energy Strategy.
- At the COF meeting, British Columbia announced that it would not participate in the process at this time. British Columbia officials requested to be kept aware of progress through intergovernmental relations channels.
- The goal is to have the Canadian Energy Strategy available for public release in early 2014. In preparation for the July 2013 annual COF meeting, a status report on the development of the Canadian Energy Strategy will be provided from energy Ministers to Premiers.

BACKGROUND:

- The Strategy is in the early stages of development and the process is being co-chaired by the Premiers of Alberta, Manitoba and Newfoundland and Labrador.
- Energy ministries are leading the development of the strategy with support from intergovernmental affairs officials as required. Under the guidance of Deputy Ministers of energy, a team of senior officials from the co-lead energy ministries has been formed to coordinate the development of the Strategy.
- The three Premiers of the co-chair provinces and all of Canada's energy Ministers, except for British Columbia, met on April 19, 2013 in Toronto to review progress on the development of the Strategy.
- The co-chair provinces are the leads on three main working themes: 1) Sustainability and Conservation; 2) Technology and Innovation; and 3) Delivering Energy to People.
- These three working themes are being addressed by ten sub-working groups (see attachment), comprised of officials from provinces/territories that volunteer, depending on their level of interest, for each respective group.
- Stakeholder engagement is a key component of the Canadian Energy Strategy. A draft stakeholder plan identifying potential opportunities for engagement is under development. A range of stakeholders have expressed a strong interest in providing feedback into the development of the Canadian Energy Strategy. To enable this, preliminary planning is underway for a spring stakeholder workshop.

ATTACHMENT:

Canadian Energy Strategy Action Areas

CONTACT: Karen Koncohrada, ED

*June 2013**The Ministry of Natural Gas Development Information Binder*

Canadian Energy Strategy Action Areas

Sustainability and Conservation – Lead Manitoba

1. Promote energy efficiency and conservation.
2. Transition to a lower carbon economy.
3. Enhance energy information and awareness.

Technology and Innovation – Lead Newfoundland and Labrador

4. Accelerate the development and deployment of energy research and technologies that advance more efficient production, transmission and use of clean and conventional energy sources.
5. Develop and implement strategies to meet energy-sector human resource needs now and well into the 21st century.
6. Facilitate the development of renewable, green, and/or cleaner energy sources to meet future demand and contribute to environmental goals and priorities.

Delivering Energy to People – Lead Alberta

7. Develop and enhance a modern, reliable, environmentally safe, and efficient series of transmission and transportation networks for domestic and export/import sources of energy.
8. Improve the timeliness and certainty of regulatory approval decision-making processes while maintaining rigorous protection of the environment and public interest.
9. Promote market diversification.
10. Pursue formalized participation of provinces and territories in international discussions and negotiations on energy.

*June 2013**The Ministry of Natural Gas Development Information Binder***BRIEFING NOTE****ISSUE: Cumulative Effects Assessment Framework (CEAF)****KEY MESSAGES:**

- The Ministry of Environment (MOE) and the Ministry of Forests, Lands and Natural Resource Operations (FLNRO) are jointly managing an interagency initiative develop a Cumulative Effects Assessment Framework (CEAF).
- The CEAF will provide a consistent, comprehensive approach to assessing economic, social and environmental values in natural resource decision-making.

BACKGROUND:

- British Columbia continues to experience natural resource sector growth, with overlapping and competing interests on the land-base. First Nations, communities and industry have identified an increasing need to address cumulative effects.
- The Ministry of Environment (MOE) and the Ministry of Forests, Lands and Natural Resource Operations (FLNRO) are jointly managing an interagency initiative develop a Cumulative Effects Framework (CEAF) to guide decision making.
- For the purpose of this project, cumulative effects have been defined to be the combined effect of past, present and reasonably foreseeable actions or events on social, economic and environmental values which are of primary importance to British Columbians.
- The Ministry of Energy, Mines and Natural Gas is represented by Electricity and Alternative Energy (EAED) staff in this initiative.
- The project aims to develop greater capacity in the natural resource sector to assess and consider cumulative effects when making decisions by:
 - 1) developing consistent approaches to assessing cumulative effects; and,
 - 2) determining what information is needed for regional decision makers to make informed and transparent decisions around cumulative effects.
- The CEAF is also expected to help streamline decision-making, reduce demands on government staff and support a shift to a results-based land management.
- The initiative has just completed the application of the CEAF in a number of demonstration projects.
- The projects's next step will be to develop an action plan outlining the steps and resources necessary to implement the CEAF in natural resource decision processes.

CONTACT: Karen Koncohrada, ED

June 2013

The Ministry of Natural Gas Development Information Binder

BRIEFING NOTE**ISSUE: Dominion Coal Blocks****KEY MESSAGES:**

- The Federal Government owns the coal and surface rights in the two Dominion Coal Blocks which are located in the East Kootenay region.
- The Province owns the rights to all other minerals, including oil and gas, in the Dominion Coal Blocks.
- The Dominion Coal Blocks lie within the traditional territory of the Ktunaxa Nation (Ktunaxa).
- The Ministry of Energy, Mines and Natural Gas (Ministry) has been in discussions with Natural Resources Canada (NRCan) to resolve issues related to the ownership and management of the Dominion Coal Blocks and their resources.

S16, S17

BACKGROUND:

- The Dominion Coal Blocks (DCB) are two parcels of land located in the East Kootenay in which the land surface and coal are owned by the Federal Government. In 1899, the DCB were carved out of two extensive land parcels held by the BC Southern Railway Company. The DCB were created through operation of the federal *Crows Nest Pass Act 1897*, which required the railway to give the Federal Government 20,000 hectares of coal lands, out of coal lands previously granted by the Province of British Columbia (the Province). The federal Act required the transfer in order to prevent the Canadian Pacific Railway and its affiliates from acquiring a monopoly over coal.
- The Province owns all other minerals and the petroleum and natural gas in the DCB, but is unable to issue resource tenures or development approvals due to federal ownership of the land surface. The provincial Chief Gold Commissioner has established provincial mineral and placer reserves over the DCB. Similarly, the petroleum and natural gas rights in the DCB are withheld from posting through a no disposition order.
- No development of the DCB coal resources has ever taken place because the Federal Government has no mechanism to permit or regulate coal mining in a province.
- The larger (18,212 hectares) southern DCB (Parcel 82) is surrounded by a mix of provincial Crown and private land, and the coal deposits are deep and unexplored. About one-third of DCB Parcel 82 lies within the Flathead Valley (Flathead) and the

*June 2013**The Ministry of Natural Gas Development Information Binder*

remainder is in the Elk Valley. Pursuant to the 2011 *Flathead Watershed Area Conservation Act*, coal falling under provincial jurisdiction in the Flathead cannot be tenured or mined.

- The smaller (2,024 hectares) northern DCB (Parcel 73) is located in the Elk Valley and is surrounded by private coal land owned by Teck. Although better data on the coal quality and location are required, the coal resources in DCB Parcel 73 are believed to be economic and surface mineable with a low strip ratio.
- The DCB lie within the traditional territory asserted by the Ktunaxa.
- On January 29, 2013, the Province and the Ktunaxa entered into an Economic and Community Development Agreement (2013 ECDA) which provides the Ktunaxa with a share in provincial revenues from any new coal mine projects in the Elk Valley. In 2010, the parties also concluded a Strategic Engagement Agreement (2010 SEA) to guide government to government discussions on natural resource decisions.

S21

S16, S21

S16, S17

- Coal companies, ^{S21}, may also be interested in the development opportunities of those portions of the DCB in the Elk Valley. Enquiries about the availability of the DCB have been fielded by both levels of government over the years.

June 2013

The Ministry of Natural Gas Development Information Binder

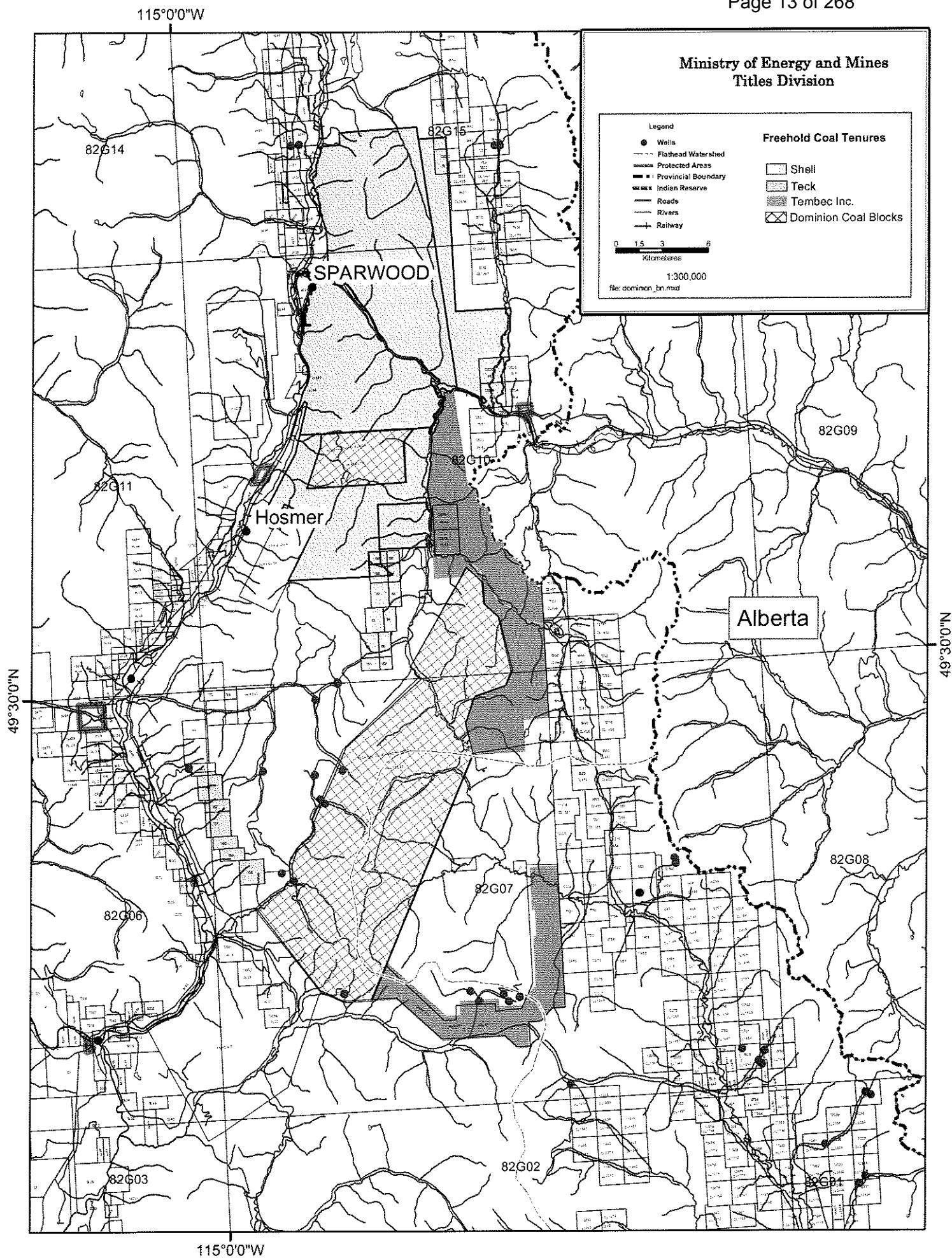
- Being large areas of relatively undeveloped federal Crown land, both DCB have been of interest to the environmental community for protection or management as wildlife corridors.

S16, S17

ATTACHMENT:

Dominion Coal Blocks Map

CONTACT: Karen Koncohrada, ED



June 2013

The Ministry of Natural Gas Development Information Binder

BRIEFING NOTE**ISSUE: Energy and Mines Ministers' Conference 2013****KEY MESSAGES:**

- Each year federal, provincial and territorial (F/P/T) Ministers of energy and mines meet to discuss the challenges and opportunities of the sectors, and meet with invited industry stakeholders.
- This year's Energy and Mines Ministers' Conference (EMMC) is scheduled for August 24 – 27, 2013 in Yellowknife, Northwest Territories. Typically the Minister and Deputy Minister attend for each jurisdiction with support from staff as required.
- EMMC is co-chaired by the federal Minister of Natural Resources Canada and the Minister of the host province or territory for that year.
- Media is present at the end of the conference to interview the co-chairs.
- The agenda includes both open sessions with stakeholders and confidential government-only meetings.

BACKGROUND:

- The priority work areas for EMMC 2013 include:
 - **Labour Markets:** Assessing future workforce needs of the energy and mining sectors and compiling best practices by government, industry and other organizations to improve labour mobility, attract and retain skilled labour, and increase participation by Aboriginal peoples.
 - **Unconventional Energy Technologies:** Reviewing Canadian shale oil and gas resource potential, knowledge gaps, best practices and innovative solutions currently being pursued, including public engagement.
 - **Regulatory Reform:** Developing early warning systems for challenges in the environmental review process, ways to improve federal-provincial coordination of Aboriginal consultation, mapping of environmental review processes and strengthening environmental project reviews.
 - **Mining:** Examining regulatory barriers to the adoption of green mining technologies, producing a 2013 Mining Sector Performance Report and developing communications and stakeholder engagement strategies.
- Ministerial discussions at EMMC are supported by a Deputy Ministers' Committee that tasks working groups comprised of F/P/T energy officials to provide advice on priority and emerging issues such as: energy efficiency; electricity reliability; new markets and international trade; mining; unconventional oil and gas technologies; regulatory reform; and labour market challenges.

ATTACHMENTS:

1. 2013 EMMC Agenda
2. 2013 EMMC Committee Structure

CONTACT: Karen Koncohrada, ED

Corporate Initiatives Branch

BN: 04

Page 1 of 5

June 2013

The Ministry of Natural Gas Development Information Binder

Attachment 1

2013 EMMC Agenda

SATURDAY, AUGUST 24, 2013			
Time	Ministers	Deputy Ministers	Delegates
1:00-6:00	Avalon's Nechalacho Rare Earth Element Project Tour & Fishing trip and Aboriginal Awareness Seminar at Blachford Lake Lodge		9-hole golf tournament (subject to cancellation – dependent on registration)
7:00-10:00			Meet-and-Greet (Black Knight)

SUNDAY, AUGUST 25, 2013			
Time	Ministers	Deputy Ministers	Delegates
9:00-10:00	Return from Blachford Lodge		
10:00-11:00			
11:00-12:00			Great Slave Lake Tour & Shore Lunch
12:00 -1:00	Diavik Diamond Mine & Wind Farm Tour		
1:00-2:00			
2:00-3:00			
3:00-4:00			
4:00-5:00			
5:00-6:00			Cameron Falls Hiking Tour
6:00-7:30	Private Dinner		
7:00-10:00	Opening Reception Tent (Explorer)		

June 2013

The Ministry of Natural Gas Development Information Binder

MONDAY, AUGUST 26, 2013			
Time	Ministers	Deputy Ministers	Delegates
7:30-9:00	Keynote Speaker/Breakfast Tent (Explorer)		
9:00-9:30	Travel to Panel Discussions (5 minute walk)		
9:30-11:30	CONFERENCE PANEL DISCUSSIONS Museum and Legislative Assembly		Yellowknife City Tour
11:30-12:00	Walk back for Lunch		
12:00-1:30	Keynote Speaker & Lunch The Honourable Joe Oliver, Minister of Natural Resources Tent (Explorer)		
1:45-3:30	EMMC OPEN SESSION Joint Energy and Mines Ministers' Meeting Katimavik B-C (Explorer)		
3:30-3:40	Health Break		
3:40-4:50	EMMC OPEN SESSION (continued) Joint Energy and Mines Ministers' Meeting Katimavik B-C (Explorer)		
5:00-5:30	Media Availability Janvier Room		
6:00-11:00	Traditional Northern Dinner/Entertainment (Buffalo Air Hangar)		

June 2013

The Ministry of Natural Gas Development Information Binder

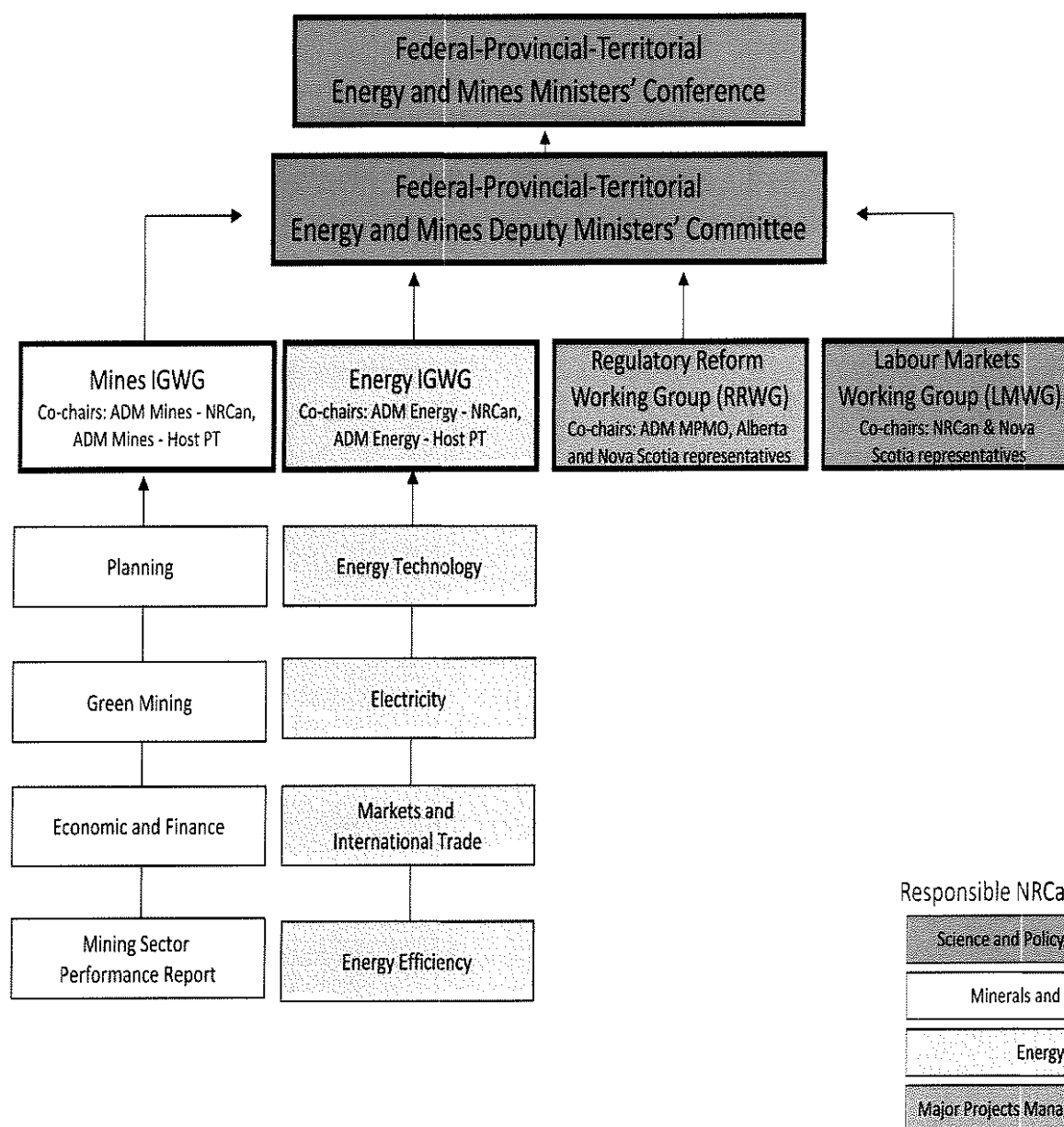
TUESDAY, AUGUST 27, 2013			
Time	Ministers	Deputy Ministers	Delegates
7:30-9:00	Breakfast/ Photo Session Legislative Assembly	Breakfast Tent (Explorer)	
9:00-10:30	Mines Ministers' Meeting (Closed) Katimavik B-C		Mine Heritage & Giant Mine Tour
10:30-11:00	Health Break Explorer		
11:00-12:30	Energy Ministers' Meeting (Closed) Katimavik B-C		
12:00-1:30	Lunch Tent (Explorer)		
1:30-2:00	Press Conference Janvier Room		
2:00-4:00	Giant Mine Remediation Tour (AANDC)		
7:00 - 10:00	Closing Event Northern Show Black Knight		

June 2013

The Ministry of Natural Gas Development Information Binder

Attachment 2

EMMC 2013 Committee Structure



June 2013

The Ministry of Natural Gas Development Information Binder

BRIEFING NOTE**ISSUE: Environmental Assessment Process for Energy and Mining Projects****KEY MESSAGES:**

- British Columbia has been pursuing a more efficient environmental assessment process with the Federal Government for a number of years. Improvements to the process have now been enabled through the recently amended *Canadian Environmental Assessment Act 2012*.
- The British Columbia Environmental Assessment Office (EAO) entered into a Memorandum of Understanding (MOU) on the Substitution of Environmental Assessments (EA) with the Canadian Environmental Assessment Agency (Agency).
- As of April 23, 2013, the federal Minister of the Environment has approved EAO's substitution requests for the environmental assessments of the proposed Carbon Creek Coal Mine near Hudson's Hope, BC, and the proposed Sukunka Coal Project near Chetwynd, BC.
- Substitution means that where both federal and provincial environmental assessments are triggered, there would be one assessment process (the provincial one) and two decisions (federal and provincial Ministers).

BACKGROUND:***Additional Substitution Requests:***

- In addition to the approved substitution requests for the proposed Carbon Creek and Sukunka projects, EAO has requested substitution for the:
 - Echo Hill Coal Project, located 44 km north of Tumbler Ridge;
 - LNG Canada Export Terminal, located in Kitimat; and
 - Arctos Anthracite Coal Mine, located 160 km NE of Stewart
- The decisions on these requests are anticipated in late May 2013. The Agency is conducting 20-day public comment periods on each request, following which, the federal Minister of the Environment will make individual decisions on these requests.
- EAO is conducting ongoing analysis to identify future substitution requests, and anticipates requesting substitution regularly.

Responses to Substitution and EAO Outreach:

- Various environmental non-governmental organizations and First Nations are opposed to the *Canadian Environmental Assessment Act, 2012* (CEAA 2012) in general, and some are concerned about substitution and equivalency specifically.
- A number of proponents have requested that EAO seek substitution from the Federal Government. EAO has communicated that it will consider the views of proponents; however, decisions about whether to pursue substitution will be based on a range of factors, which may include likelihood of trans-boundary effects, proximity to federal

June 2013

The Ministry of Natural Gas Development Information Binder

lands, number of federal authorizations likely to be required post-EA, and the Aboriginal consultation context.

- During March/April 2013, EAO conducted outreach with key stakeholders on a range of issues, including the substitution MOU. These stakeholders included the BC Business Council, Union of BC Municipalities, West Coast Environmental Law, West Coast Environmental Law, and the Canadian Association of Petroleum Producers.
- EAO is meeting with a number of First Nations with an interest in substitution, including those who live near the proposed Carbon Creek and Sukunka projects.

Meeting the Conditions for Substitution:

- A key principle behind substitution is that it must support and encourage the rigour of federal and provincial environmental assessments.
- Substitution does not change the purpose of environmental assessment, which is to examine proposed major projects for potentially adverse effects that may occur during the project's life cycle and develop strategies to avoid or minimize those impacts.
- CEAA 2012 contains a number of conditions that must be met in order for a jurisdiction to pursue substitution. These conditions include consideration of specific environmental factors (e.g. impacts to fish and fish habitat, migratory birds, aquatic species) and an opportunity for public participation.
- In addition, the federal Minister of the Environment has established additional conditions for substitution, including the invitation of federal technical experts to participate in substituted EAs, the provision of Aboriginal capacity funding, and meeting federal 365-day timelines.
- The MOU includes a number of specific EAO commitments that demonstrate how British Columbia meets these conditions for substitution.

Key Details about the MOU:

- The focus of the MOU is on substitution, both on a project basis and for classes of projects, and states that the parties will explore equivalency at a later date.
- Aboriginal consultation is largely dealt with in an annex, which sets out the procedural delegation of Aboriginal consultation to BC for purposes of substitution.
- The Agency has agreed to continue to provide funding for Aboriginal groups participating in substituted EAs. The details of the funding mechanism are being determined, but it has been agreed that EAO will administer the distribution of federal funding on behalf of the Agency.
- The MOU creates the role of an Agency Liaison to work with EAO Project Leads managing substituted EAs to ensure the federal government is aware of key issues with respect to the environmental assessment and Aboriginal consultation.
- The Agency commits to timelines in considering substitution requests from BC.
- A joint implementation steering committee will develop operational procedures, monitor implementation and address key issues.

CONTACT: Karen Koncohrada, ED

June 2013

The Ministry of Natural Gas Development Information Binder

BRIEFING NOTE**ISSUE: Environmental Mitigation Policy (EMP)****KEY MESSAGES:**

- The BC Ministry of Environment (MOE), with support from the Environmental Assessment Office (EAO) and other natural resource ministries, is developing a policy to establish a consistent approach to mitigating adverse environmental impacts caused by development.
- The goal is to establish policy direction for avoiding, minimizing, restoring and offsetting environmental impacts across the province, and to provide guidance on financial offsetting. The proposed policy will clarify requirements, decision making roles and responsibilities for environmental mitigation. It will also improve efficiency in identifying appropriate environmental mitigation measures, and negotiating environmental mitigation plans and environmental offsetting agreements.

BACKGROUND:

- The goal of the proposed EMP is to help government staff provide consistent, efficient and relevant advice to statutory decision makers when authorizing development projects and activities, by providing a province wide approach to identifying and addressing potential environmental impacts.
- The EMP will standardize environmental assessment processes, negotiations of environmental mitigation agreements, and expectations for environmental offsetting.
- The policy will provide internal policy guidance that supports existing provincial and federal legislation.
- The EMP Interagency Policy Advisory Committee includes representatives from two divisions (Electricity and Alternative Energy Division and the Mines and Mineral Resources Division) of the Ministry of Energy, Mines and Natural Gas.
-

S13, , S17

- The trial application phase of the project is expected to conclude in Spring 2013, and the project will then move into the implementation phase.
- The goal of the implementation phase is to have the EMP used as a targeted tool right across the natural resource sector. To achieve this, an implementation plan will be developed, including training for government staff and proponents.

*June 2013**The Ministry of Natural Gas Development Information Binder*

- Stakeholder and First Nation engagement in February 2012 highlighted specific concerns:
 - 1) there may be an absence of clear guidance on where and when the EMP should be used; and,
 - 2) having the EMP as a voluntary tool may lead to inconsistent uptake and application by natural resource sector staff and decision makers.
- The implementation plan will address these concerns and include guiding principles for where and when the EMP should be used.

S13

CONTACT: Karen Koncohrada, ED

*June 2013**The Ministry of Natural Gas Development Information Binder***BRIEFING NOTE****ISSUE: Integrated Decision Making Regulatory Initiative****KEY MESSAGES:**

- As stated in the Natural Resource Sector (NRS) Transformation Plan, a key goal of the sector is to achieve the vision of “one land manager”. One of the major ways to do this is through integrated decision making.
- The Integrated Decision Making (IDM) regulatory initiative, led by Ministry of Forests, Lands and Natural Resource Operations (FLNRO), will coordinate decision making processes for projects that require decisions under multiple statutes.
- The IDM regulatory initiative is to be implemented through phased legislative changes.

BACKGROUND:

- FLNRO is leading NRS ministries in a number of initiatives to improve efficiencies and decisions for government, proponents and the public, which collectively aim to achieve the goal of one land manager. The major initiative of these is IDM. The Ministry of Energy, Mines and Natural Gas is involved in this initiative through the Corporate Initiatives Branch and the Mines and Mineral Resources Division.
- The IDM Regulatory Initiative will initially develop consistent application processes and requirements for the multiple approvals required for a single project.
- The intent is to develop an ‘umbrella’ statute in phases.
- For a project that requires approvals across multiple statutes, phase 1 will establish a single standard for public review and coordinate the terms of approvals/tenures, renewals, processes, payments (e.g. royalties, fees and rents) and securities.
- Subsequent phases will establish environmental resource management objectives, standards and practices applicable to all sectors, rather than the current ones that are applied on a sector specific basis and only to certain sectors.

S13

ATTACHMENTS:

1. IDM Initiatives Overview
2. IDM Potential Model for Regulatory Harmonization

CONTACT: Karen Koncohrada, ED

Integrated Decision Making – Change Drivers

Client dependence on government for information

Multiple entry points

Regulatory framework separates decisions

Prescriptive regulation regardless of risk

Fragmented data, with limited reusability

Strategic Shifts

From

Limited data available to clients

The Way Clients Interact with the NRS

- Open Government
- Self evaluation of application
- One window, electronic intake
- Application status tracking

To

Open data, client self evaluation

Focus on individual authorizations

The Way the Land Base is Managed

- Assessment of Cumulative Effects
- Results and Risk Based Regulatory Framework
- Qualified Persons/Professional Reliance
- Spatially driven integrated information

Integrated management of resources

Regulations, processes and systems segregate decisions

The Way NRS makes timely and durable decisions

- Harmonized regulatory framework
- Provincially consistent and predictable processes
- Integrated and automated workflows
- Project-based consultations and authorizations

Regulations, processes and systems that integrate decisions

Outcomes

Increased client satisfaction

Lower service delivery costs

Improved utilization of resources

Lower risks to government

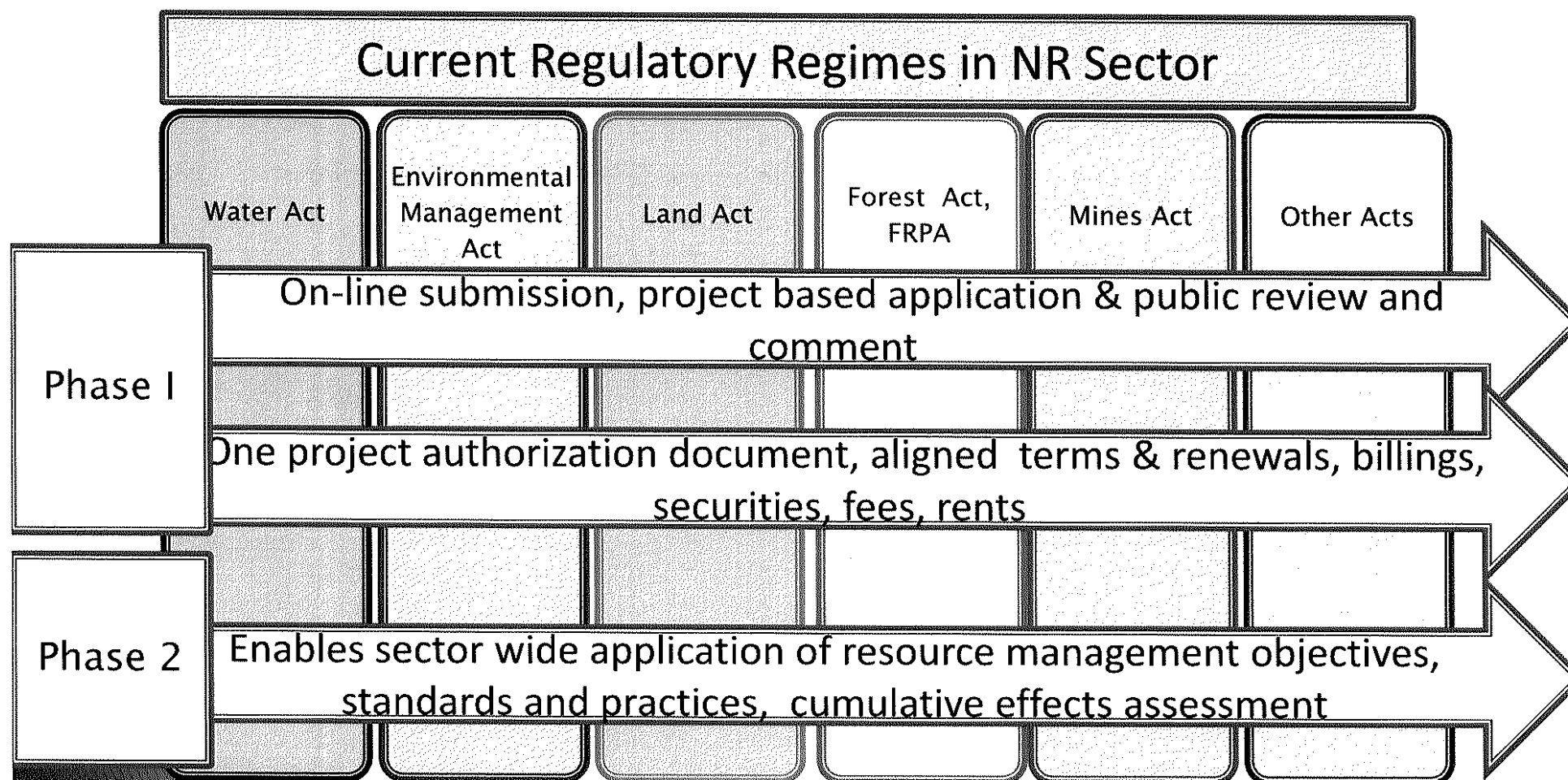
More timely, efficient and durable decisions



BRITISH
COLUMBIA

MINISTRY OF FORESTS, LANDS AND NATURAL RESOURCE OPERATIONS

Potential Model for Regulatory Harmonization



*June 2013**The Ministry of Natural Gas Development Information Binder***BRIEFING NOTE****ISSUE: International Energy and Mining Relations****KEY MESSAGES:**

- British Columbia attracts significant international interest in investment in its oil and gas, mineral exploration and mining, electricity and alternative energy sectors, which together are worth more than \$15 billion annually.
- This interest is global and results in frequent visits by foreign delegations and requests for meetings with the Minister from Ambassadors and others representing countries in the regions of the Asia-Pacific, Middle East, Europe, South America and North America.
- In 2012, British Columbia exported almost \$11.4 billion worth of energy and minerals, including coal, natural gas, electricity, copper and other mineral commodities. The top destination markets were the United States, Japan, China and South Korea.
- In recent years, British Columbia's mines Minister and/or officials have attended the annual China Mining conference in November and combined this travel to Asia with events in Japan, South Korea and other Southeast Asian countries. In addition, several outgoing Premier's trade missions to Asian countries have taken place in recent years attended by certain Ministers and officials.
- The Government of Canada has signed, or is currently negotiating, various international trade and investment agreements with countries from these regions. These agreements typically seek to cover market access, investment and trade in energy and mineral resources over which British Columbia has constitutional jurisdiction and provincial officials work closely with their federal counterparts to include British Columbia's interests.

BACKGROUND:

- Investment opportunities in British Columbia's Liquefied Natural Gas (LNG) industry have attracted global interest. Since 2012, over \$6 billion in investments have been made to acquire upstream natural gas assets and execute strategic corporate acquisitions, including joint ventures that would anchor the development of pipelines and LNG plants in British Columbia. It is estimated that up to \$1 billion has already been spent to prepare for the construction of LNG infrastructure.
- The 2012 production value of mining in British Columbia was \$8.3 billion and exploration spending was \$680 million.

*May 2013**Ministry Information Binder*

- British Columbia is internationally recognized as a centre of expertise in mining and related fields, such as metallurgy, environmental engineering, mine safety and the geosciences. Vancouver is the base of operations for more than 800 global mining and mineral firms, including two of the world's largest mining companies.
- British Columbia has a world-class service industry for the thousands of oil, gas and mining companies that make British Columbia their destination or home. In Vancouver there are more than 400 service suppliers to exploration, development and production companies worldwide. This expertise is augmented by universities and research centres that keep information and technology flowing.
- British Columbia houses immense renewable resource potential with \$100 billion in investment opportunities and 37,000 MW of renewable power ready to be tapped.
- The Government of British Columbia often receives requests of the Minister or Premier to negotiate Memorandums of Understanding (MOUs) with other governments covering a variety of topics, including energy and mining. Typically such MOUs seek cooperation and exchanges of staff for the purposes of sharing technical expertise, best practices and knowledge, and to foster better relations between the two jurisdictions. The approach to negotiating such MOUs is to determine if there are areas of joint benefit for both parties and to take small steps in building the relationship. If the MOUs are broader in scope than this Ministry's mandate, then the Intergovernmental Relations Secretariat (IGRS) takes the coordinating lead.
- The Government of Canada's foreign policy priorities for 2013-2014 include ambitious economic and trade agreements with India, Japan, South Korea and Southeast Asia. The mandate also includes promoting Canada as a reliable and responsible supplier of resources to global markets.
- The Trade Initiatives Branch in the Ministry of Jobs, Tourism and Skills Training (JTST) participates in various international trade negotiations in which the Government of Canada is engaged. This ensures that British Columbia's interests and areas over which the Province has constitutional jurisdiction, including natural resources, are safeguarded. The Ministry of Energy, Mines and Natural Gas (EMNG) works with JTST to provide input into these trade agreement negotiations.
- EMNG also provides input into JTST's overseas mission planning department when provincial delegations travel overseas (e.g., China, Japan, South Korea, India, etc.) and in preparation for the frequent foreign delegations that visit British Columbia.

ATTACHMENT:

Status of Canada's Trade Negotiations and Agreements

CONTACT: Karen Koncohrada, ED

June 2013

The Ministry of Natural Gas Development Information Binder

Status of Canada's Trade Negotiations and Agreements

Canada-European Union Comprehensive Economic and Trade Agreement (CETA):

The negotiations include energy and British Columbia has provided input to ensure its specific energy interests are safeguarded. The ninth and last official round of negotiations, was completed in October 2011. Negotiators continue to work to conclude negotiations in 2013 through focussed FPT meetings on an issue-by-issue basis.

Trans-Pacific Partnership (TPP) (Australia, Brunei, Chile, Canada, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam): The 17th round of negotiations will take place in Lima, Peru from May 15-24. Members are aiming to conclude negotiations by the end of 2013, but this timeline may be compromised with the likely addition of Japan to the negotiations.

South Korea: Canada and South Korea launched FTA negotiations in 2005. Negotiations stalled in March 2008 over auto, beef and pork issues. In 2012 and 2013, Canadian and Korean officials have been re-engaging in FTA negotiations.

Japan: Canada and Japan held their second round of bilateral negotiations towards an Economic Partnership Agreement from April 22-26 in Ottawa.

India: The second part of the 7th round of negotiations was held in India in late March 2013. The Canada-India Foreign Investment Promotion and Protection Agreement (FIPA), concluded in 2007, has not yet been ratified (India wants it re-negotiated).

In addition to being a Member of the World Trade Organization (WTO), Canada has concluded Free Trade Agreements (FTAs) with the following countries:

Canada - Panama - Brought into force: **01-April-2013**

Canada - Jordan - Brought into force: **01-October-2012**

Canada - Colombia - Brought into force: **15-August-2011**

Canada - Peru - Brought into force: **1-August-2009**

Canada - European Free Trade Association (Iceland, Liechtenstein, Norway and Switzerland) - Brought into force: **01-July-2009**

Canada - Costa Rica - Brought into force: **01-November-2002**

Canada - Chile - Brought into force: **05-July-1997**

Canada - Israel - Brought into force: **01-January-1997**

North American Free Trade Agreement (NAFTA) - Brought into force: **01-January-1994**

June 2013

The Ministry of Natural Gas Development Information Binder

BRIEFING NOTE**ISSUE: The Natural Resource Road Act (NRRRA) Project****KEY MESSAGES:**

- The current legislative framework for regulating resource roads in British Columbia includes thirteen separate acts, many providing a unique suite of rights, obligations, standards, fees and terms.
- For road users and government administrators, understanding which rules apply to which roads and who holds accountability for what obligations, is challenging and conducting business under such a regime is inefficient and ineffective.
- The proposed NRRRA will establish a consistent suite of rights, obligations and enforcement practices across all resource roads in the Province, thereby supporting business and government efficiency, as well as safer and more environmentally sound use of resource roads.

BACKGROUND:

- The resource road infrastructure is critical in supporting economic activity and the social well being of British Columbians.
- The vast majority of resource roads in the Province are built and maintained by the forest, oil and gas and mining sectors, but are widely used by commercial enterprises and the public.
- There are an estimated 205,000 kilometres of permitted resource roads, and 250,000 km of non-permitted roads, of unknown condition and use in BC.
- The current legislative framework for regulating resource roads in British Columbia includes thirteen separate acts, many providing a unique suite of rights, obligations, standards, fees and terms, and administered by a variety of government entities.
- For both road users and government administrators, understanding which rules apply to which roads, and who holds accountability for what obligations, is challenging. Conducting business under such a regime is inefficient and ineffective.
- The Ministry of Forests, Lands and Natural Resource Operations and Ministry of Energy, Mines and Natural Gas are leading a team in developing a new *Natural Resource Road Act* to establish a consistent suite of rights, obligations and enforcement practices across all resource roads in the Province. The intent is to support business and government efficiency, as well as the safer and more environmentally sound use of resource roads.
- EMNG is being represented in the NRRRA project by members of the Corporate Initiatives Branch, the Oil and Gas Division, and the Mines and Mineral Resources Division. Representatives of the Oil and Gas Commission are also participating.

*June 2013**The Ministry of Natural Gas Development Information Binder*

- There has been broad engagement of stakeholders and First Nations. Policy development is being informed by an advisory team consisting of representatives from all major stakeholder groups, including mining, oil and gas, forestry, utilities, tourism, outdoor recreation and local government.
- While there is broad support for the NRRA, there has been also some stakeholder and First Nation resistance. This is based primarily on misunderstandings of what the legislation may contain. Steps continue to be taken to manage these concerns.

CONTACT: Karen Koncohrada, ED

June 2013

The Ministry of Natural Gas Development Information Binder

BRIEFING NOTE**ISSUE: Natural Resource Sector Appeal Tribunals****KEY MESSAGES:**

- There are three distinct administrative tribunals which hear appeals to various decisions made by government under the statutes that govern the natural resource sector: the Environmental Appeal Board, the Forest Appeals Commission and the Oil and Gas Appeal Tribunal.
- The three tribunals currently share a common chair, members and administrative support. The tribunal authorities, powers and rights of appeal however differ between the tribunals and across the statutes.

S13, S14

BACKGROUND:

- The Environmental Appeal Board (EAB), Forest Appeals Commission (FAC), and Oil and Gas Appeal Tribunal (OGAT) are independent, quasi-judicial administrative tribunals that hear appeals to decisions in the natural resource sector. Although being separate boards with different authorities, the Chair and members are cross-appointed to each of the three boards. The three boards also share administrative resources and an office in Victoria.
- The EAB, established in 1981 under the *Environment Management Act* and continued under the 2003 *Environmental Management Act*, hears appeals of specific decisions under the *Drinking Water Protection Act*, *Environmental Management Act*, *Integrated Pest Management Act*, *Greenhouse Gas Reduction (Cap and Trade) Act*, *Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act*, *Greenhouse Gas Reduction (Vehicle Emission Standards) Act* [not in force], *Water Act*, and *Wildlife Act*.
- The FAC, established in 1995 under the *Forest Practices Code of British Columbia Act*, hears appeals of decisions under the *Forest Act*, *Forest Practices Code of British Columbia Act*, the *Forest and Range Practices Act*, the *Private Managed Forest Land Act*, the *Range Act*, and the *Wildfire Act*.
- The OGAT, established in 2010 under the *Oil and Gas Activities Act*, hears appeals of decisions under the *Oil and Gas Activities Act*.
- The staggered development of appeal rights in the natural resource management sector has resulted in the establishment of three tribunals with jurisdiction under 14 statutes, different authorities and powers, inconsistent procedures and application of the *Administrative Tribunals Act*, lack of clarity for the users, and some duplication of the administration and infrastructure necessary to support the tribunals.

June 2013

The Ministry of Natural Gas Development Information Binder

S13, S14

- The Ministry of Energy, Mines and Natural Gas is involved in this project through the Corporate Initiatives Branch.

CONTACT: Karen Koncohrada, ED

*June 2013**The Ministry of Natural Gas Development Information Binder***BRIEFING NOTE****ISSUE: New West Partnership****KEY MESSAGES:**

- The New West Partnership (NWP) Energy Memorandum of Understanding (MOU) was established as a way for British Columbia, Alberta and Saskatchewan to work together to strengthen and expand the region's energy sector.
- The three provinces continue to collaborate on an Asia energy export and marketing strategy and environmental regulation in the energy sector, while previous work focused on hydraulic fracturing and related best practices.

BACKGROUND:

- The NWP is an economic partnership between British Columbia, Alberta and Saskatchewan establishing Canada's largest open market and creating a framework for ongoing cooperation to strengthen the western economy.
- The NWP, signed by the three Premiers on April 30, 2010, came into effect on July 1, 2010 and contains four separate agreements:
 - New West Partnership Trade Agreement;
 - International Cooperation;
 - Innovation; and
 - Procurement
- On December 16, 2010, an Energy MOU under the NWP was signed by the Provinces' Energy Ministers establishing a collaborative framework to strengthen and expand the region's energy sector.
- Under this MOU, the Provinces undertake to work in collaboration to:
 - exchange information on regulatory streamlining and process improvements;
 - promote energy technology development and deployment in the energy sector;
 - promote energy infrastructure of mutual interest;
 - coordinate on strategies for increased market access and market diversification of energy goods;
 - continue to work together to pursue a commercial arrangement for the adoption and implementation of the Petroleum Registry within British Columbia; and
 - exchange information on energy efficiency and alternative energy and promote responsible energy development and use.
- A Deputy Minister-level Steering Committee, assisted by a Secretariat, has been established to coordinate Energy MOU related work. The Steering Committee chairperson rotates between the Provinces. Saskatchewan assumed the chair position from Alberta on December 16, 2012.

*June 2013**The Ministry of Natural Gas Development Information Binder*

S13, S16

- Additional work recently completed or near completion under the NWP Energy MOU includes:
 - the production of an oil and gas fiscal regimes report that summarizes the petroleum fiscal regimes for the western provinces and territories;
 - an evaluation of industry issues to discuss and resolve matters of concern raised by industry, and;
 - greater collaboration on information and knowledge sharing and the development of Best Practices related to hydraulic fracturing along with FracFocus.
- British Columbia was the first province in Canada to regulate the public disclosure of additives used for hydraulic fracturing. FracFocus.ca is the registry which provides a transparent accounting of hydraulic fracturing operations and includes a database of the ingredients used to support natural gas extraction and extensive content about the regulations and safety procedures governing industry activity.
- On January 1, 2012, public disclosure for hydraulic fracturing fluid became mandatory in British Columbia. By law, a list of ingredients used must be uploaded to the registry within 30 days of finishing completion operations, the point in time when a well is able to produce gas.
- On December 31, 2012 Alberta joined British Columbia in requiring the disclosure of hydraulic fracturing fluids on FracFocus.ca

CONTACT: Karen Koncohrada, ED

*June 2013**The Ministry of Natural Gas Development Information Binder***BRIEFING NOTE****ISSUE: Qualified Persons (QPs) in the Natural Resource Sector****KEY MESSAGES:**

- The Qualified Persons (QP) project is a government Natural Resource Sector (NRS) initiative led by the Ministry of Forests, Lands and Natural Resource Operation (FLNRO) to improve the understanding of how QPs can add value to the resource administration process, and when it is appropriate to rely on the work of QPs to inform or support administrative and technical functions.

S13

BACKGROUND:

- A wide variety of QPs work in the NRS in a wide range of capacities. They provide information and expertise to support both decision-making and operational activities.

S13

CONTACT: Karen Koncohrada, ED

*June 2013**The Ministry of Natural Gas Development Information Binder***BRIEFING NOTE**

ISSUE: **Service Plan 2013/14-2015/16 for the Ministry of Energy, Mines and Natural Gas (EMNG) and Minister Responsible for Housing**

KEY MESSAGES:

- The Service Plan for the Ministry of Energy, Mines and Natural Gas (EMNG) and Minister Responsible for Housing, and Liquor and Gaming, was prepared in accordance with government-wide guidelines and presented as part of the February 19, 2013 provincial budget.
- Under the direction of the Natural Resources Board, resource management ministries continue to implement a sectoral approach that promotes streamlined authorization processes and enhanced access to public services across the Province. The Ministry's 2013/2014 Service Plan contains strategies that support this approach.
- At the time of writing, the Minister of Energy, Mines and Natural Gas has responsibility for housing, and liquor distribution and gaming. Accordingly, the Ministry's 2013/2014 Service Plan incorporates goals, strategies and performance measures for each of these program areas.

BACKGROUND:

- The Service Plan includes revised strategies and performance measures that support Ministry's 2012 Mineral Exploration and Mining Strategy, Natural Gas Strategy and Liquefied Natural Gas Strategy.
- The Ministry regularly assesses resources against business objectives, and undertakes a comprehensive review of current resources in conjunction with the development of its Service Plan. This allows the Ministry to direct resources towards programs designed to achieve the Service Plan objectives.
- For this fiscal year, EMNG staff factored in ongoing developments in the world economy, particularly slower growth in Asia and the impact this will have on demand for provincial exports; improvements in the markets for some resource commodities produced in British Columbia; continuing low interest rates; and greater demand for housing assistance during times of fiscal restraint. EMNG considered the impact these will have on its Service Plan targets and the nature of the services to be delivered by the Ministry.
- The complete 2013/14 Service Plan is attached, together with a logic model showing the Service Plan goals and objectives.

ATTACHMENT:

Service Plan Logic Model

CONTACT: Karen Koncohrada, ED

Service Plan Logic Model

Ministry Goal 1 Internationally competitive energy, mining and natural gas sectors that contribute to jobs and the economy			
Objectives		2013/14 Strategies	2012/13 Performance Measures
1.1 New energy and mineral resource projects that support the creation of family-supporting jobs in B.C.	→	<ul style="list-style-type: none"> • Work with proponents of liquefied natural gas projects and other ministries to have at least three terminals and associated pipelines in operation by 2020. • Work with First Nations, communities and Canada to ensure best practices are in place to guide marine traffic and the safe shipment of liquefied natural gas to export markets. • Support the development of pipelines, roads and electricity infrastructure required for new mines, mine expansions and liquefied natural gas facilities including the development of industrial land use plans for the Douglas Channel, Kitimat and Prince Rupert areas. • Work with BC Hydro to ensure an adequate supply of clean electricity is available to support new investments in liquefied natural gas, upstream oil and gas, and mines. • Continue to develop a coordinated, transparent permitting and approval process with clear timelines for all industrial projects, including natural resource development projects. • Continuously improve geological and resource assessments for natural gas, geothermal, storage reservoirs, coal, minerals and aggregate through collaboration with industry, industry associations, and academic and research institutes. • Work closely with the Ministry of Jobs, Tourism and Skills Training to ensure that skills gaps in the workforces of the oil and gas, and mineral exploration and mining sectors are identified and filled. 	<ul style="list-style-type: none"> → 1. Number of new mines in operation → 2. Number of expansions to existing mines
1.2 B.C. is positioned as an attractive jurisdiction for investment in the energy and mining sectors and related businesses	→	<ul style="list-style-type: none"> • Contribute to trade missions and marketing initiatives led by the Ministry of Jobs, Tourism and Skills Training to attract investment in B.C. energy and mineral projects and business opportunities. • Further establish B.C. as a recognized centre of excellence for energy and mining expertise, innovation and technology in collaboration with industry, post-secondary institutions, the federal government and provincial agency partners. • Improve the competitiveness of B.C.'s energy and mining sectors by providing leadership, information, investing in infrastructure, and developing new policies, regulations and programs. • Maintain B.C.'s competitiveness for investment in upstream natural gas development, and related liquefied natural gas export opportunities, by modernizing petroleum and natural gas tenure legislation, ensuring royalty programs remain highly competitive, supporting infrastructure development and facilitating efficient and timely regulatory review of proposed developments. • Conduct energy and mining related geoscience research and technical assessments to promote industry investment. • Work with the Ministry of Forests, Lands and Natural Resource Operations towards an average 60-day turnaround time for processing Notice of Work permit applications for mineral and coal exploration activities. • The Province will continue to work with the federal government to develop a single, effective environmental review process, maintaining the highest standards while eliminating costly and time-consuming duplication. 	<ul style="list-style-type: none"> → 3. Annual Investment in Oil and Gas Exploration and Development → 4. Annual Investment in Mineral Exploration and Mines

Ministry Goal 1

Internationally competitive energy, mining and natural gas sectors that contribute to jobs and the economy

Ministry Objectives	2013/14 Strategies	2012/13 Performance Measures
1.3. Optimal revenue from the development of B.C.'s energy and mineral resources	<ul style="list-style-type: none"> • Provide the government services needed to respond to increasing economic activity, in particular delivering sound, timely decisions on mining, oil and gas, liquefied natural gas, and related water, Crown land and other permits, authorizations and tenures. → • Monitor and evaluate the performance of B.C.'s energy and mining policies and programs to fully maximize the financial benefit of resource development and use for British Columbians. • Implement revenue collection mechanisms to address B.C.'s specific challenges that might otherwise slow or hinder the development of oil, gas, coal and mineral resources. • Continue to hold 12 monthly Crown oil and gas rights sales per year. 	→ 5. Direct government revenue from mining, and oil and gas
1.4. A secure, reliable supply of energy for the long-term benefit of all British Columbians	<ul style="list-style-type: none"> • Work with BC Hydro to upgrade the Province's heritage generation, transmission and distribution assets to meet future demand. → • Develop and implement policies to keep electricity rates affordable for B.C. families and respond to B.C.'s other energy objectives. • Ensure reliable electricity supply through innovative, aggressive conservation, ongoing competitive power procurement programs, and BC Hydro funded projects. • Expand the use of natural gas as a transportation fuel. • Conduct regional studies and resource assessments to enhance understanding of the geological framework that hosts B.C.'s oil and gas resources, improve the province's resource estimates, and encourage exploration. 	
1.5. Efficient and effective energy and mining policy, legislation and regulation in the public interest of British Columbians	<ul style="list-style-type: none"> → • In cooperation with other levels of government, continue to review legislation and regulations to ensure B.C. remains competitive, while enhancing the integrity of environmental, health and safety standards. • Modernize the Ministry's oil and gas tenure administration processes. • Complete the development of a Carbon Capture and Storage Regulatory Framework. • Manage the review of the Columbia River Treaty to ensure benefits for British Columbia continue to be realized. • In consultation with other ministries and stakeholders, develop and implement new acts and regulations that support the responsible development and use of energy and mineral resources. 	

Ministry Goal 2 Safe and environmentally responsible energy and mineral resource development and use			
Ministry Objectives		2013/14 Strategies	2012/13 Performance Measures
2.1. Standards that protect the public and the environment	→	<ul style="list-style-type: none"> • Work with industry and other natural resource sector agencies to improve environmental and safety regulation compliance at mine sites through inspections and audits. • Collaborate with other government ministries on the Ministry of Health's study into the potential human health effects of the oil and gas industry. • Work with industry to identify disposal zones for carbon dioxide sequestration projects and opportunities for carbon dioxide use in enhanced oil recovery. • Continue to support the annual British Columbia Mine Reclamation Awards to recognize outstanding achievements in mine reclamation in this province. • Support mine rescue competitions and the annual Mines Safety Awards. 	→ 6. WorkSafeBC injury rate at B.C. mines
2.2. Clean energy resources, fuels and related technologies complemented by energy efficiency and conservation efforts across all sectors of the economy.	→	<ul style="list-style-type: none"> • Support energy utilities with the implementation of cost effective demand side management measures. • Participate in and support long-term clean energy planning initiatives at the regional and provincial level, including the Western Renewable Energy Zones initiative and BC Hydro's Integrated Resource Plan. • Work with the Climate Action Secretariat (Ministry of Environment), other government ministries and agencies, Crown corporations, the public, electricity producers and utilities across B.C. to implement a coordinated approach to energy conservation and efficiency measures and support the deployment of alternative energy options to meet the province's energy needs. • Continue to support energy efficiency in homes and buildings by monitoring on-bill financing pilots for British Columbians to inform the evolution of the successful LiveSmart BC: Energy Efficiency Program. • Ensure the procurement of clean and renewable electricity continues to account for at least 93 per cent of total generation, excluding power required for liquefied natural gas projects. • Continue to implement the BC Bioenergy Strategy to take advantage of B.C.'s abundant sources of Mountain Pine Beetle timber, wood wastes and agricultural residues. • Through the Innovative Clean Energy Fund, support projects that solve real, everyday energy and environmental issues and create economic benefits for all British Columbians. • Reduce the carbon intensity of the energy used by British Columbians by implementing a low carbon fuel requirement and increasing the supply of clean electricity for transportation. 	→ 7. Total energy savings achieved each year through utility and provincial conservation policies, programs, and regulations.

Ministry Goal 2 Safe and environmentally responsible energy and mineral			
Ministry Objectives		2013/14 Strategies	2012/13 Performance Measures
2.3. The Ministry, stakeholders, First Nations and industry are engaged and working cooperatively for the responsible development and use of British Columbia's energy and mineral resources	→	<ul style="list-style-type: none"> • Develop and implement an effective community and stakeholder engagement model to respond to increased unconventional gas exploration and development in Northeast B.C. • Seek support for the Farmers Advocacy Office in Dawson Creek to assist land owners in engaging the oil and gas sector. • Foster working relationships among industry, the public, First Nations and landowners by clarifying and simplifying resource exploration and development management processes, enhancing dispute resolution methods, and offering more support and information. • Continue to collaborate with other ministries, agencies and Crown corporations to provide information to promote greater public understanding of the exploration and development of resources. • Support the development and continuous improvement of Strategic Engagement Agreements with First Nations to make consultation processes more predictable. • Support the development of Revenue Sharing Agreements that provide First Nations communities with economic benefits based on energy and mining activities in their traditional territories. • Continue to work with the Ministry of Aboriginal Relations and Reconciliation to build effective business development relationships with First Nations. • Continue to support the annual Mining and Sustainability Award to recognize the diverse companies, communities, First Nations, non-governmental organizations, government agencies and individuals committed to advancing and promoting sustainable development in B.C. mining. • Continue to support the Remote Community Energy Network (BC Hydro, Aboriginal Affairs and Northern Development Canada, the First Nations Technology Council and the Ministry) including energy education and training, community energy planning, utility service provision, clean energy development, energy efficiency and energy monitoring. 	

Ministry Goal 3
Safe and sustainable homes for all British Columbians

Ministry Objectives	2013/14 Strategies	2012/13 Performance Measures
3.1 Access to safe and stable housing	<ul style="list-style-type: none"> • Provide provincial policy leadership for the housing sector through the renewal of the provincial housing strategy, Housing Matters BC, to express government priorities and strategies including a focus on families and market housing affordability. • Work with BC Housing to enhance the integrity of program delivery and administration and to ensure that government's strategic priorities are addressed. • Work collaboratively with other ministries, agencies and Crown corporations to ensure the integrated delivery of the continuum of housing programs and services for vulnerable British Columbians. These programs and services include: homeless outreach, emergency shelters, supportive housing, transition houses, assisted living and subsidized housing. → • Preserve and increase the supply of affordable market rental and homeownership units by working with local governments and other partners to address local housing challenges and improve the economic viability in the development of affordable units. • Support the one million strata owners and residents in B.C. with an improved strata governance system, including financial accountability, new dispute resolution mechanisms and prudent management of common assets. • Continue to work collaboratively with other ministries, agencies and stakeholders to identify and resolve emerging strata issues and to provide educational materials to strata owners, strata councils, strata property managers and developers. • Assist landlords and tenants to resolve disputes earlier by: improving the spectrum of Residential Tenancy Branch services to make it easier for tenants and landlords to access information and rely less on formal arbitration; implementing a strategic public education plan that includes working with partners to enhance information outreach; and achieving service delivery efficiencies to ensure public inquiries and requests are appropriately addressed. 	<ul style="list-style-type: none"> → 8. Percentage of clients belonging to priority groups in subsidized housing → 9. Number of residential tenancy dispute resolution requests per 1,000 British Columbia adult population (over age 19)
3.2. A modern building regulatory system that supports safety and innovation in the design and construction of buildings	<ul style="list-style-type: none"> → • Establish provincial leadership in a modern, streamlined and efficient building regulatory system with a uniform building code as a key element. • Continue to engage stakeholders in the development of the 2012 editions of the BC Building, Fire and Plumbing Codes, including improvements in energy and water efficiency. • Work with the BC Safety Authority to continuously improve technical product safety and support technical innovation through timely adoption of safety codes and standards. 	

Page 42 redacted for the following reason:

Not Responsive

June 2013

The Ministry of Natural Gas Development Information Binder

BRIEFING NOTE**ISSUE: Surface Rights Board****KEY MESSAGES:**

- The Surface Rights Board (Board), is an independent, quasi-judicial tribunal that resolves conflicts between land owners and companies that are seeking access to private land to explore for, and develop subsurface resources including oil and natural gas, minerals, coal and geothermal resources.
- The Board shares a chair with the Property Assessment Appeal Board (PAAB) and the Civil Resolution Tribunal. The Board receives administrative services from the PAAB which is located in Richmond.

BACKGROUND:

- Under common law, subsurface rights holders have a right to access their subsurface mineral, coal, oil and gas rights through the property of a surface landowner. Legislation modifies this right by entitling the landowner to receive compensation for the access and/or loss of use or damage.
- The mandate and authorities of the Board are established through Part 17 of the *Petroleum and Natural Gas Act (P&NG Act)* and provisions of the *Administrative Tribunals Act (ATA)*. The Board assists parties in resolving disputes related to access when the parties cannot agree on the level of compensation or damage to be paid or to other terms of entry to land. The Board has jurisdiction to hear disputes under the *P&NG Act*, *Mineral Tenure Act*, *Coal Act*, *Geothermal Resources Act* and *Mining Right of Way Act*.
- The Board may have up to nine members, two of which are Chair and Vice-Chair. Members are appointed following a merit-based process in accordance with the *Administrative Tribunals Act (ATA)*. Currently, there are seven members on the Board.
- The Board operates within the Government's conflict of interest guidelines, guidelines established under the *ATA*, the principles of administrative law and natural justice, and Board procedures.
- The Board is funded through the Ministry of Energy, Mines and Natural Gas (EMNG).
- A Memorandum of Understanding exists between the Chair and the Minister of EMNG to clarify the respective roles of the Minister and Chair, and the administrative and communication processes.
- The Board is part-time and receives administrative support from the full-time PAAB. The Board Chair (Cheryl Vickers) and Vice-Chair are also Chair and one of the Vice-Chairs of PAAB. The second Vice-Chair of PAAB is a member of the Board.
- Cheryl Vickers is also the Chair of the new Civil Resolution Tribunal currently under development by the Ministry of Justice as an online dispute resolution tool for strata property issues and small claims matters.

June 2013

The Ministry of Natural Gas Development Information Binder

- The Annual Reports of the Board are available on the Board website. The Chair reports to the Minister quarterly on the number of applications filed, hearings held and decisions made by the Board.

Name	Location	Background	Date of First Appointment	Expiry date of Appointment
Cheryl Vickers (Chair) [PAAB Chair]	Vancouver	Lawyer	July 22, 2007	December 31, 2013
Simmi Sandhu (Vice chair) [PAAB Vice-chair]	Vancouver	Lawyer	July 22, 2007	July 31, 2014
Valli Chettiar [PAAB Vice-chair]	Vancouver	Lawyer	June 22, 2012	July 31, 2014
Brian Sharp	Victoria	Real estate professional	November 23, 2012	December 31, 2015
Bill Oppen	Fort St. John	Retired government official	December 8, 2008	December 31, 2013
Viggo Pedersen	Fort St. John	Retired Dairy Farmer	March 5, 2009	July 31, 2013
Rob Fraser (temporary extension)	Victoria	Real estate professional	July 22, 2007	July 31, 2013

CONTACT: Karen Koncohrada, ED

June 2013

The Ministry of Natural Gas Development Information Binder

BRIEFING NOTE**ISSUE: Trade, Investment and Labour Mobility Agreement (TILMA) between British Columbia and Alberta****KEY MESSAGES:**

- Under the TILMA, Alberta committed to remove residency and agency requirements from its oil, gas and coal regulations that require BC companies undertaking these activities in Alberta to maintain an office or agent in Alberta.
- These requirements were to have been removed by October 1, 2008, but that has not occurred.
- Officials continue to negotiate how this commitment will be met.
- The practical effect of Alberta's measures is that companies in the oil, gas and coal sectors that operate inter-provincially establish their head office in Alberta rather than in British Columbia.
- As a result, B is losing business and employment opportunities, as well as income tax revenues and federal-provincial transfer payments. The amount of the revenue loss has never been estimated by the BC Ministry of Finance.

BACKGROUND:

- The TILMA is an agreement between British Columbia and Alberta to remove economic barriers between the two provinces.
- TILMA was approved at a British Columbia and Alberta joint Cabinet meeting on April 28, 2006. The agreement came into force on April 1, 2007 and was fully implemented by British Columbia before April 1, 2009.
- On July 1, 2010, TILMA was expanded to include Saskatchewan under the New West Partnership Trade Agreement (NWPTA). TILMA will continue to be in force alongside the NWPTA until Alberta fully complies with its TILMA obligations relating to residency and agency in its oil, gas and coal regulations.
- Part V of TILMA lists the exceptions to the Agreement. With respect to energy and minerals, measures related to tenuring, exploration, development, management or conservation of energy or mineral resources are excepted from TILMA as long as they are non-discriminatory.
- Part VI of TILMA identifies transitional measures which must be addressed by one or both of the parties. Alberta's residency and agency requirements in the *Coal Conservation Act*, *Oil and Gas Conservation Act*, *Oil Sands Conservation Act* and *Pipeline Act* and the supporting regulations were required to be TILMA-compliant by October 1, 2008.
- British Columbia does not have similar residency or agency requirements in any of its energy or mineral statutes.

CONTACT: Karen Koncohrada, ED

Corporate Initiatives Branch

BN: 15

Page 1 of 1

June 2013

The Ministry of Natural Gas Development Information Binder

BRIEFING NOTE**ISSUE: Water Sustainability Act Initiative****KEY MESSAGES:**

- The Ministry of Environment (MOE) is leading the development of the *Water Sustainability Act (WSA)* to replace the current *Water Act* with a modernized regulatory scheme that will be applicable to all water use in the Province.
- Key elements that will be new to water regulation in the Province include the regulation of groundwater, authorities to restrict and re-prioritize water usage during drought and the introduction of stream flow requirements into water use decisions.

BACKGROUND:

- MOE is leading the development of a new *WSA* to replace the *Water Act* in the management of BC's water resources. Ministry of Energy, Mines and Natural Gas staff from the Corporate Initiatives Branch, Electricity and Alternative Energy Division, Mines and Minerals Resources Division and Oil and Gas Division participated in a Directors Committee set up for interagency consultations about the *WSA* project.
- The key goals of the proposed *WSA* are to ensure:
 - Watersheds are healthy and protected;
 - Users, communities and industries have secure and equitable access to water; and
 - Water management is sustainable, efficient and adaptive.
- Under the *WSA*, many of the existing provisions of the *Water Act* will be retained. Changed or new policies will include measures to:
 - Protect stream health;
 - Regulate groundwater;
 - Address water use during times of scarcity;
 - Create Provincial Water Objectives for water quality, water quantity and aquatic ecosystem health;
 - Introduce requirements for decision makers to consider the quantity and timing of stream flow required to sustain freshwater ecosystems (environmental flow needs) when considering applications for surface or groundwater use; and
 - Create authority for the Water Comptroller to regulate existing water use when stream flow falls below a threshold at which significant or irreversible harm to the ecosystem may occur (critical environmental flow).
- The proposed *WSA* will maintain the existing priority date system for surface water licences (i.e., FITFIR) and introduce a priority date system for groundwater use. Existing groundwater uses will be assigned priority dates based upon well drilling records or other evidence of historic use and will be integrated into the existing priority date system.

June 2013

The Ministry of Natural Gas Development Information Binder

- The proposed WSA will require large users (e.g., those using 250m³/day of water or more) to measure, record and report actual water use and related information on a more comprehensive and consistent basis than currently required under the *Water Act*. This will capture use by the oil and gas sector but is not expected to create new requirements as oil and gas operators already have to meet reporting requirements for water use under the *Oil and Gas Activities Act*.
- The proposed WSA will include requirements to conserve and use water efficiently (i.e. no wasteful use). Authority will be created to require water licensees to undertake water conservation audits; and establish levels of efficiency and conservation targets.
- Important elements of the WSA for the energy and mining sectors include:
 - Authority to exempt the use of deep, saline groundwater from regulation. The depth and saline thresholds are to be set through regulation. Deep, saline aquifers, which are believed to have minimal hydraulic connection with shallower groundwater, are of interest for use by the oil and gas industry.
 - Authority to exempt groundwater extracted from geothermal wells otherwise regulated under the *Geothermal Resources Act* from licensing under the WSA. At this time, geothermal wells are rare and the extraction is non-consumptive.
 - Continuation of the 40-year term as the maximum term for operations under a power purpose licence. However, the WSA will enable the creation of an additional term to be added to a licence to allow for the period of project development prior to the commencement of the operation. This should provide consistency and harmonization with other tenures held (e.g., *Land Act* tenures) as part of the power project.

CONTACT: Karen Koncohrada, ED

*June 2013**The Ministry of Natural Gas Development
Information Binder*

Liquefied Natural Gas Task Force

1. Purpose

The Liquefied Natural Gas (LNG) Task Force was established in November 2011 to support negotiations, coordinate regulatory requirements, industrial land and marine use planning and meet consultation/accommodation obligations to First Nations.

The Deputy Ministers' Committee on LNG (DMCLNG), chaired by the Deputy Minister of the Ministry of Energy, Mines and Natural Gas (EMNG), is the forum for policy and strategic direction on key decisions to advance the development of an LNG industry in British Columbia.

The LNG Project Board coordinates the operational agenda across a range of initiatives and project plans. The LNG Task Force is the primary conduit for the multiple provincial ministries, Crown entities and agencies to provide operational reports to the LNG Project Board.

The Board members include executives from EMNG, the Ministries of Environment, Finance, Forest, Lands and Natural Resource Operations and BC Hydro.

Related Legislation: None. Related legislation is the responsibility of the Oil and Gas Division.

2. Context

As described in *Liquefied Natural Gas: A Strategy for B.C.'s Newest Industry*, the development of LNG export capacity in British Columbia to access stronger markets in Asia is critical to sustaining the growth of British Columbia's natural gas industry. This is a unique opportunity for British Columbia and timing is critical, with more than 100 proposed LNG export projects competing globally. British Columbia's strong competitive position has attracted investment interest from around the globe, including international energy companies such as:

1. Shell and partners PetroChina, Korea Gas and Mitsubishi (LNG Canada partnership);
2. CNOOC and the Nexen/Inpex partnership;
3. BG Group and its pipeline partner Spectra Energy;
4. Apache Canada and partner Chevron Canada (Kitimat LNG);
5. LNG Partners and Haisla Nation; and
6. The PETRONAS/Progress Energy Resources initiative (Pacific Northwest LNG).

*June 2013**The Ministry of Natural Gas Development
Information Binder*

In addition there are several industrial interests from both the Asia Pacific region and Canada. LNG provides an abundant, lower carbon fuel than coal or oil for electricity generation and transportation. Also, British Columbia's LNG exports can have lower lifecycle greenhouse gas emissions than anywhere else in the world with the potential to use British Columbia's clean electricity to power the LNG plants.

Three LNG proponents have received export (two 20-year and one 25-year) licences from the National Energy Board. It is expected that the first LNG plant will be operational and exporting LNG to Asia by the end of 2015, with potentially up to five plants by 2020. British Columbia is an attractive location for LNG facilities given its proximity to Asia, large reserves of natural gas, skilled workforce and a very competitive tax and royalty regime. Several super-major LNG proponents are considering British Columbia as a location for LNG investments.

British Columbia has an opportunity to realize significant increases in provincial government revenues due to high demand and high prices for natural gas in Asia. This increase in revenue will be realized through a variety of revenues throughout the value chain.

3. Priorities

The LNG Task Force provides an overarching framework to:

- Ensure permits and associated requirements are obtained on time and in a coordinated manner;
- Evaluate infrastructure needs for LNG development in British Columbia, including power, roads, pipelines;
- Evaluate potential emergency response and safety issues from marine transportation related to LNG developments;
- Design strategies to expedite potential LNG developments in British Columbia, including environmental assessments, coordinated permitting processes, federal processes, First Nations consultation and community engagement;
- Contribute to Trade Missions and other marketing initiatives as required, including the continuation of the annual International LNG conference, demonstrating government support to LNG exports from British Columbia;
- Follow up on National Energy Board export approval processes;
- Follow up and evaluating international LNG market trends and their impact on British Columbia, including competing projects, potential markets, pricing trends and other market developments;
- Evaluate labour, training and immigration needs for LNG development;
- Evaluate macroeconomic impacts of LNG development in British Columbia;

June 2013

*The Ministry of Natural Gas Development
Information Binder*

- Evaluate natural gas price impacts of LNG exports on domestic natural gas prices;
- Develop policy for royalty pricing of LNG exports;
- Explore the feasibility of creating a Natural Gas Corridor for pipeline development in British Columbia;
- Follow up and bring forward policies, direction and developments in the upstream sector that could impact supply for natural gas liquefaction.

Marketing activities are also under way. The first BC Liquefied Natural Gas Global Conference took place in February 2013 and provided an excellent opportunity to showcase to international audiences British Columbia's unique resources and commitment to LNG development.

4. Organization Chart, Budget and FTE's

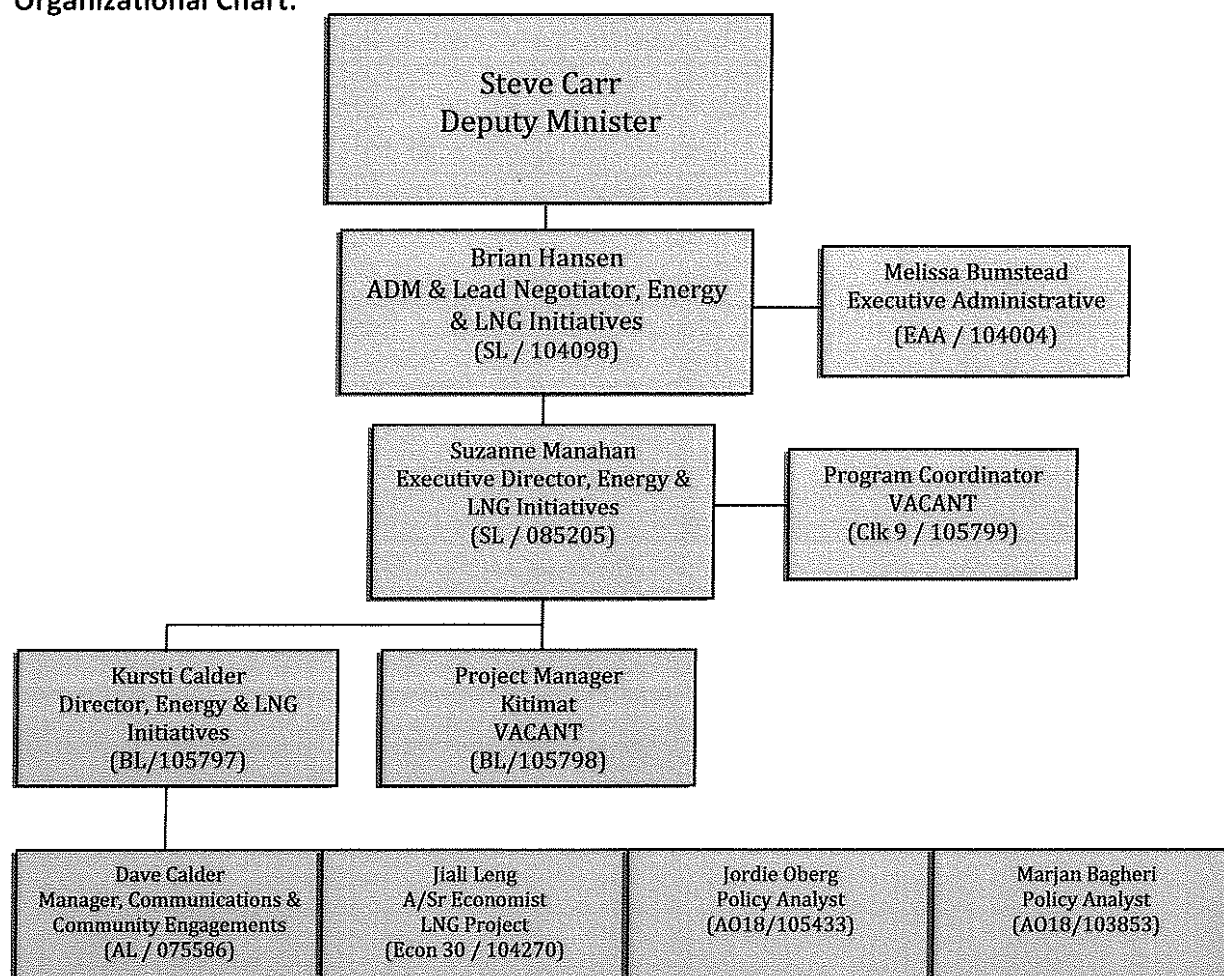
Budget:

S17

S17

Full Time Equivalents (FTEs): Eight

Organizational Chart:



June 2013

*The Ministry of Natural Gas Development
Information Binder*

5. Briefing Notes

See separate binder on LNG.

Oil and Gas Division

1. Purpose

The Oil and Gas Division supports the responsible development of British Columbia's oil and natural gas sector by developing and implementing policies and programs that encourage industry investment and maximize availability of oil and natural gas resource development opportunities. The vision of the Oil and Gas Division is one of a competitive, thriving oil and gas industry that provides tangible benefits to all British Columbians in the form of revenues, jobs, and sustainable development.

Related Legislation: *Coalbed Gas Act, Fort Nelson Indian Reserve Minerals Revenue Sharing Act, Gas Utility Act, Geothermal Resources Act, Indian Reserve Mineral Resource Act, Natural Gas Price Act, Oil and Gas Activities Act, Petroleum and Natural Gas Act, Petroleum and Natural Gas (Vancouver Island Railway Lands) Act, Vancouver Island Natural Gas Pipeline Act.*

2. Context

British Columbia is in the fortunate position of having abundant natural gas resources and an innovative, growing energy sector. The oil and gas industry is a significant economic driver and revenue generator for the Province. Capital investment by British Columbia's oil and gas sector in 2011 was \$6.7 billion. Total oil and gas industry revenue to the Province of British Columbia in 2012/13 is estimated at \$1.1 billion, derived primarily from royalties and land sales. In 2012/13, approximately 104,000 hectares were disposed in oil and gas rights sales. The Province currently manages about 15,000 active petroleum and natural gas tenures.

British Columbia is Canada's second largest natural gas producer and is poised to become the leading producer in the next 15 years. British Columbia's estimated natural gas resources are substantial. Despite relatively low North American natural gas prices in recent years, production has increased in the British Columbia portion of the Western Canadian Sedimentary Basin. Future growth is expected to be realized through significant investment in the Province's large shale and tight gas deposits, such as in the Montney, Horn River, Cordova and Liard Basin areas of Northeast British Columbia (NEBC).

The competitiveness of British Columbia's natural gas industry is a key responsibility of the Division and this is impacted by changes in technology, market, investment and macroeconomic

June 2013

The Ministry of Natural Gas Development Information Binder

trends. British Columbia's natural gas industry is facing new shale gas competition in its traditional North American markets. Maintaining competitiveness is vital to continued growth of British Columbia's natural gas industry as the province has higher production costs due to distance to markets and remote development sites. British Columbia's Natural Gas Strategy, released in February 2012, contains actions and initiatives to address challenges and opportunities in British Columbia's natural gas sector.

The Division, recognizing that the oil and natural gas sector is influenced and impacted by many ministries and their regulatory regimes, works creatively with cross-divisional and cross-ministry teams in order to respond to increasing demand for services in a timely manner with financial efficiencies. The Division also works closely with the British Columbia Oil and Gas Commission, which regulates oil and natural gas activities in the province, and the Ministry's Liquefied Natural Gas (LNG) Task Force, mandated to lead LNG development, as outlined in the Natural Gas Strategy and LNG Strategy.

3. Priorities

The Natural Gas Strategy sets the provincial objectives of diversifying the natural gas sector, strengthening job prospects for British Columbians, and opening the door to new clean energy projects, with LNG positioned as a cornerstone of British Columbia's long-term economic success.

Working collaboratively with other ministries, stakeholders and the Oil and Gas Commission, the Division seeks to deliver on the actions identified within the following strategic themes.

Oil and Gas Division Strategic Themes and Performance Measures	
Strategic Theme	Performance Measure
Maintain Current Markets	<ul style="list-style-type: none"> • Participation in National Energy Board Hearings for pipelines affecting access to current markets
Ensure a Reliable, Abundant Supply	<ul style="list-style-type: none"> • Number of petroleum geoscience project reports published
Ensure an Effective and Competitive Royalty Regime	<ul style="list-style-type: none"> • Provincial natural gas production in relation to total Canadian natural gas production • Provincial royalties per thousand cubic feet (mcf) of production in relation to Alberta natural gas royalties per mcf of production
Ensure Infrastructure is Available to Encourage Investment	<ul style="list-style-type: none"> • Number of resource road and pipeline project applications approved under the 2013 instalment of the Infrastructure Royalty Credit Program

June 2013

The Ministry of Natural Gas Development Information Binder

Oil and Gas Division Strategic Themes and Performance Measures	
Strategic Theme	Performance Measure
Engage and Consult with British Columbia Communities and First Nations	<ul style="list-style-type: none"> • Completion of northeast British Columbia First Nations and community engagement on Carbon Capture and Storage Framework • Community engagement occurs on air monitoring and the health risk assessment of oil and gas activities in northeast British Columbia • Engagement with local communities regarding a “made in British Columbia” approach to local engagement • Participation in negotiations of new consultation agreements with northeast British Columbia First Nations • Regular consultation with First Nations regarding petroleum and natural gas tenure disposition
Natural Gas is a Climate Solution	<ul style="list-style-type: none"> • Number of significant milestones met on emission mitigation projects (e.g. carbon capture and storage projects, enhanced oil recovery projects)
Effectively Manage Water Quality and Sustainability	<ul style="list-style-type: none"> • Number of hydrogeology or hydrology project reports published • Completion of the Northeast British Columbia Shale Gas Hydraulic Fracturing Water Strategy
Collaborate with Other Jurisdictions	<ul style="list-style-type: none"> • Number of projects with other jurisdictions
Implement Progressive Tenure Policy and Regulation	<ul style="list-style-type: none"> • Oil and gas tenure investment in British Columbia in relation to total Canadian oil and gas tenure investment

*June 2013**The Ministry of Natural Gas Development Information Binder*

4. Branch/Work Unit Descriptions

In the 2013/14 Budget Estimates, the Oil and Gas Division's budget is \$13.872 million, of which approximately half accounts for the salary and benefits of 56 full time equivalent staff.

The Division is comprised of the Assistant Deputy Minister's Office and three branches.

4.1 The Geoscience and Strategic Initiatives Branch

The Geoscience and Strategic Initiatives Branch is responsible for facilitating projects, policy, and development through geosciences research, interagency collaboration, and stakeholder consultation. Program staff (a) deal with major provincial policy initiatives such as major projects (e.g., New West Partnership water use associated with hydraulic fracturing), climate change (e.g., carbon capture and storage) and interprovincial collaboration (e.g., New West Partnership data sharing); and (b) provide oil and natural gas geoscience expertise and knowledge, aimed at identifying and promoting new oil and natural gas opportunities in British Columbia, and assessing the province's oil and gas resources through public geoscience.

This Branch seeks to enhance the development of conventional and unconventional resources and, where possible, attempts to reduce overlap between Federal/Provincial policy areas by providing broad natural resource management expertise. The Branch also works closely with the British Columbia Oil and Gas Commission providing policy direction.

Key functions of the Branch are:

- Facilitate development of industry projects for natural gas, pipelines, processing and carbon capture and storage through interagency, industry and stakeholder engagement
- Contribute to initiatives that support natural gas development and analysis of markets through interagency co-operation and the New West Partnership
- Continue to participate in interagency, interprovincial, industry and stakeholder engagement to effectively manage natural gas resource development with respect to water and air quality and sustainability (e.g., water usage and hydraulic fracturing related to natural gas activities)
- Work with the Climate Action Secretariat and Federal agencies to ensure effective industry greenhouse gas emissions management while maintaining industry competitiveness
- Promote new opportunities through geoscience research, technical analysis, industry liaison and conferences
- Provide resource opportunity Information through data collection, research analysis and dissemination
- Track and summarize industry activity for division and stakeholder information

*June 2013**The Ministry of Natural Gas Development Information Binder*

4.2 The Royalty Policy Branch

The Royalty Policy Branch is responsible for identifying, analyzing, developing and implementing royalty policies, programs and projects to support the development of the oil and natural gas industry in British Columbia, including support to the LNG Task Force on the export opportunity of a provincial LNG industry. The Branch performs a diverse range of functions central to supporting management of British Columbia's oil and natural gas resources.

The Infrastructure Development Section is responsible for formulating and implementing policies, programs and projects that stimulate incremental investment and the growth of British Columbia's oil and natural gas infrastructure. The section administers the Sierra Yoyo Desan (SYD) Private Public Partnership (P3), the Infrastructure Royalty Credit Program, and works in partnership with Ministry of Transportation and Infrastructure to deliver to SYD Road Upgrade project and the Oil and Gas Rural Road Improvement Program.

The Royalty Policy Section is responsible for determining British Columbia's royalty rates, proposing new royalty programs, and related policies. The Branch calculates natural gas prices for royalty calculation purposes, prepares the oil and natural gas production and price forecasting and puts together the Ministry's revenue forecast for the Budget and quarterly Budget updates.

Key functions of the branch are:

- Natural Gas Pricing
- Monitor and report on industry activity
- Provide oversight and monitor competitiveness of royalty programs; recommend new programs as appropriate
- Prepare detailed royalty revenue forecasts and variance analysis
- Implement annual instalments of the Infrastructure Royalty Credit Program and manage inventory of existing projects.
- Administer SYD Road Public-Private Partnership
- Deliver \$137 million major upgrade of the SYD Road in partnership with Ministry of Transportation and Infrastructure
- Evaluate future oil and gas basin access road development opportunities
- Implement the Oil and Gas Rural Roads Improvement Program with Ministry of Transportation and Infrastructure
- Develop policy to ensure that British Columbia upstream resources are developed to meet expected LNG demand

*June 2013**The Ministry of Natural Gas Development Information Binder*

4.3 The Petroleum and Natural Gas Titles Branch

The Petroleum and Natural Gas Titles Branch issues and administers petroleum and natural gas, underground storage and geothermal resource tenures issued under the authority of the *Petroleum and Natural Gas Act*, the *Geothermal Resources Act* and related regulations. The Branch holds monthly auctions of petroleum and natural gas rights based on requests from interested parties. The Branch consults with First Nations, local governments and other provincial government agencies on parcels of subsurface oil and gas rights proposed for sale.

The Crown Sales and Geographic Information System (GIS) Services Section is the first point of contact for oil and gas companies interested in acquiring tenure in British Columbia. The Section receives tenure posting requests from industry, converts the requests into workmaps, manages the requested parcels and publishes the sale. They are also responsible for delivering GIS services, mapping, technical research and analysis in support of Ministry programs.

The Resource Development Section leads the Division's referral process, including pre-tenure consultation with First Nations and, local and provincial governments. The Section also administers the Land Owner Notification program which provides information to landowners whose property overlaps tenure proposed for disposition. Housed in the Branch's Fort St. John office, the Northeast Initiatives Group of the Resource Development Section performs technical and engagement functions to address deferred tenure parcels.

The Tenure and Revenue Management Section maintains the Provincial oil and gas registry Petroleum Titles System (PTS) to provide clients and stakeholders direct access to Crown oil and gas titles. The section also collects, reconciles and accounts for all revenues associated with Crown Dispositions of petroleum and natural gas tenures and annual maintenance of existing tenures.

The Geology Section assesses sedimentary basins throughout British Columbia, manages and expands the framework upon which Crown oil and gas rights are described and issued, provides geological recommendations for industry applications for licence conversion to lease and lease continuation, and participates in the petroleum and natural gas rights sale process.

Policy and Planning Section leads and manages petroleum and natural gas tenure and geothermal resource related legislation, regulations, policies and initiatives. The Section collaborates with other Divisions of the Ministry, other Ministries and industry representatives

*June 2013**The Ministry of Natural Gas Development Information Binder*

to ensure that policy, regulation and legislation development and amendments support responsible development of British Columbia's subsurface natural resources.

Key functions of the Branch are:

- Monthly Petroleum and Natural Gas Disposition
- Tenure and revenue management for all petroleum and natural gas (PNG) related tenure in the province
- Legislative and regulatory development/amendments for PNG and geothermal
- Ministry GIS services
- Consultation with First Nations regarding petroleum and natural gas tenure disposition

5. Division Organization Chart, Budget and FTE's

Budget

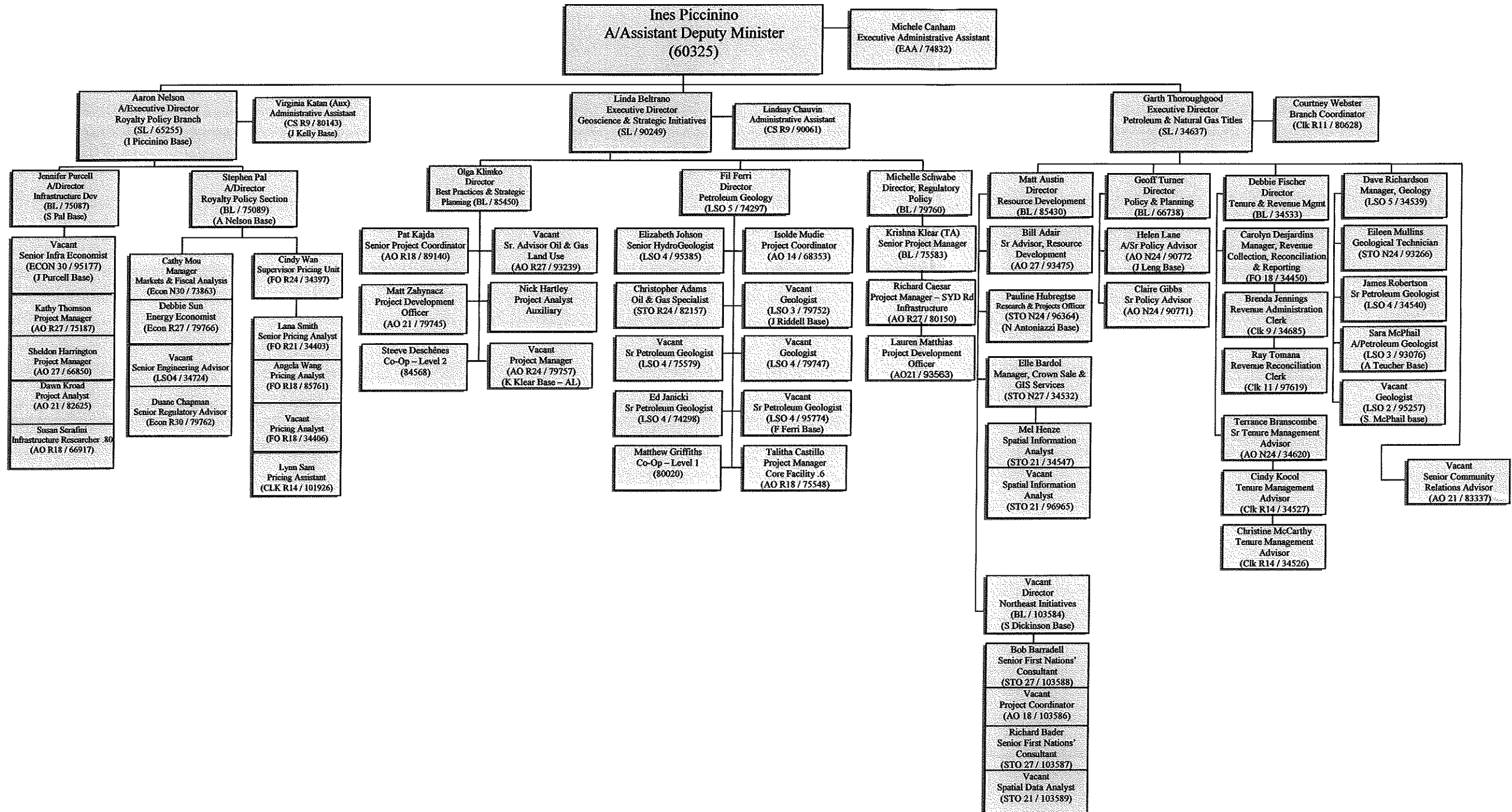
S17

Full Time Equivalents (FTEs): 56 (2012/13 actual FTEs)

See Attachment: Oil and Gas Division Organization Chart



Oil and Gas Division



Oil and Gas Division

Briefing Note Index

Competitiveness and Royalty Programs.....	1
Shale Gas Hydraulic Fracturing.....	2
Water Usage by Oil and Gas in Northeastern British Columbia	3
Climate Change:	
Greenhouse Gas Emissions and the Natural Gas Industry.....	4
British Columbia Carbon Tax and the Upstream Oil and Gas Industry ...	5
S12	
Spectra Fort Nelson Carbon Capture and Storage Project.....	7
Air Quality Standards - Base Level Industrial Emission Requirements (BLIERS).....	8
Human Health Risk Assessment of Northeastern British Columbia Oil and Gas Development.....	9
The North East Air Monitoring Project	10
Community Engagement in the Oil and Gas Sector	11
National Energy Board Process and Applications.....	12
Oil and Gas Major Projects Team.....	13

June 2013

The Ministry of Natural Gas Development Information Binder

Oil Exports:

Enbridge Northern Gateway Pipeline Project	14
Kinder Morgan Trans Mountain Pipeline Expansion	15
Kitimat Refinery	16
Net Public Benefit Analysis of Asia-Pacific Energy Market Diversification	17
Petroleum and Natural Gas Disposition and Management Process	18
Oil and Gas Revenue Forecasting.....	19
Deferred Revenue for Crown Disposition Bonus Bids	20

Infrastructure Programs:

Infrastructure Royalty Credit Program	21
Oil and Gas Rural Road Improvement Program (OGRRIP)	22
Sierra Yoyo Desan Road.....	23
Coalbed Gas Update.....	24
Offshore Oil and Gas.....	25
Integrated Petroleum Systems (IPS)	26
Oil and Gas Commission – Roles, Responsibilities and linkages to government policy	27

*June 2013**The Ministry of Natural Gas Development Information Binder***BRIEFING NOTE****ISSUE: Competitiveness and Royalty Programs****KEY MESSAGES:**

- Competitiveness is defined as the extent to which the business environment in BC is conducive to attracting private sector investment in the natural gas sector. This definition includes the capacity of the sector to generate a reasonable and timely return on this investment.
- Various aspects of competitiveness are beyond the Province's control, including geographic location to markets, access (e.g., existing infrastructure, and terrain), resource endowment, geology and market price.
- Key elements to competitiveness for natural gas that are within the Province's control include creating a competitive business environment, a modern regulatory framework, improvements to infrastructure, a competitive taxation and royalty regime, and targeted royalty programs.
- BC has been very successful at establishing a highly competitive policy and regulatory environment to attract investment in development of our natural gas resources. However, maintaining BC's competitiveness is being threatened by a number of factors, including very low North American natural gas prices.
- In this challenging scenario, it is key to develop new markets and/or uses for BC's abundant natural gas resources. These new markets and uses include, for example, LNG opportunities, other value-added industries like fertilizers or Gas-To-Liquids technology, and increased use of Compressed or Liquefied Natural Gas (CNG/LNG) in transportation.

BACKGROUND:

- BC has been very successful at establishing a highly competitive policy and regulatory environment to attract investment in the development of our natural gas resources. A competitive royalty regime has been a key pillar of this success.
- The Province of BC allows industry to explore, develop and produce oil and natural gas in exchange for a share of the production in the form of royalty payments to the Province.
- Royalty is the price that the owner of a natural resource charges for the right to develop the resource. In Canada, natural resources are owned by the provinces. The Government of BC charges royalties on behalf of its citizens.
- The Province has implemented royalty programs to help address specific competitive challenges that would otherwise limit the development of oil and natural gas resources in BC. These royalty programs reduce the total royalty payment a producer must make (**Appendix 1 provides details on the Programs**).

*June 2013**The Ministry of Natural Gas Development Information Binder*

- BC's targeted royalty programs are essential to attracting investment in a marketplace that is highly competitive for exploration and development funding.
- Royalty programs are not subsidies to industry. Royalties are not taxes: they are the "rent" producers pay for the use of a Crown asset. As such, royalty programs do not constitute government expenditures.
- The Ministry of Energy, Mines and Natural Gas (Ministry) conducted four competitiveness studies between 2001 and 2009. Key conclusions of these studies were that the Province should continue to be proactive in using all tools under its control to generate a positive business environment, by enhancing its oil and gas regulatory framework, encouraging workforce development, improving public and private oil and gas infrastructure, and creating targeted royalty programs to attract oil and gas investment. **(Appendix 2 provides more detail on these earlier competitiveness studies.)**
- In the last two years, the North American natural gas market has been deeply transformed as the technical and economic viability of unconventional (e.g., shale gas) development has made natural gas a readily available and cheap fuel. As a consequence, natural gas prices have decreased significantly.
- In 2011 and 2013, the Ministry examined competitiveness from a comparative shale gas basin perspective in terms of rate of return to industry that takes into consideration differing capital costs, productivity and prices for different North American basins. These analyses conclude that, given the current outlook for natural gas prices, BC's Montney play does appear to be economic for industry to continue to develop, but the Horn River Basin even with a specific royalty scheme like the Net Profit royalty program, does not. **(Appendix 2 provides more detail on these comparative shale gas basin competitiveness studies.)**
- Industry remains very concerned about overall development costs in BC, in particular climate change policies and regulations including the Carbon Tax, which impact competitiveness for all internationally transacted commodities.
- To better understand BC's overall development costs, it is important to look at the combined basket of royalties and taxes on upstream producers of natural gas (from industry's viewpoint the "government take"). Recent preliminary analysis by the Ministry looked at BC and Alberta and compared royalties, BC's Carbon Tax, sales taxes and motor fuel taxes. A preliminary conclusion is that BC and Alberta are relatively balanced in the level of combined royalties and taxes per thousand cubic feet (Mcf) of natural gas produced.

Appendix 1

- The Ministry of Energy, Mines and Natural Gas conducted five competitiveness studies of the upstream natural gas sector since 2001. To help address competitiveness challenges as identified in the Ministry's competitiveness studies, the Province has implemented targeted royalty programs with varying royalty rates and credits to facilitate the development of oil and natural gas resources. These royalty programs reduce the total royalty payment a producer must make. A brief summary of each royalty program follows:
- **Low Productivity** – Introduced in 2001, the low productivity royalty program is intended to prevent premature shut-in of wells when production has declined to a point where industry operating costs are not being covered.
- **Marginal Royalty Program** – Introduced in June 2003 and made permanent in 2006, the marginal royalty program encourages the development of gas reserves that are marginally economic because of depth and flow rates (pressure and permeability).
- **Ultra-Marginal Royalty Program** – Introduced in April 2006, this program applies to wells spudded after January 1, 2006. The ultra-marginal royalty program was introduced to encourage development of shallow gas reserves with low rates of production.
- **Deep Well, Deep Re-entry Well, and Deep Discovery Well Royalty Credit Program** – Introduced in June 2003, modified in December 2003 and made permanent in 2006, the deep well royalty credit program applies to vertical wells of a depth greater than 2,500 metres and horizontal wells of a depth greater than 1,900 metres. A minimum royalty of three percent was added in February 2013 to all wells qualifying for the deep program, to ensure royalty payments are collected sooner by the Crown. The deep credits reflect the increased costs associated with drilling in deep resource plays and was designed to encourage greater exploratory drilling activity and to maximize the development of known resources. The Deep Re-entry Well Program encourages deepening of existing wells to encourage incremental production. The Deep Discovery Well Program encourages high risk exploration to discover new deep pools, and offers a royalty holiday for a prescribed period.
- **Infrastructure Royalty Credit Program** - Introduced in June 2003 and first implemented in June 2004. This program provides companies with royalty credits in exchange for industry investment in road and pipeline infrastructure. Projects are selected according to their potential to generate future royalties and ability to open up new areas to oil and gas exploration.
- **Net Profit Royalty Program** - Approved in May 2008, the Net Profit Royalty Program encourages development of resources that are technically complex (such as enhanced oil recovery, shale gas, tight gas or coal bed methane) or remote from existing infrastructure (such as the Interior Basins). The program enables producers to pay lower royalty rates in the initial stages of development in exchange for higher royalty rates in later stages of production once projects have recovered their capital investment. To date, the program has been offered once in 2009, resulting in the approval of 4 projects, proposed by 5 companies, in the Horn River Basin.

*June 2013**The Ministry of Natural Gas Development Information Binder*

- **Coalbed Gas Royalty Program** - Introduced in March 2002 and made permanent in 2006, the Coalbed Gas Royalty Program consists of a reduction in royalty rates (dependent on the rate of production), and a \$50,000 royalty credit towards production from a coalbed gas well. The program is intended to encourage investment in coalbed gas development, recognizing that coalbed gas projects are considered unconventional and high risk due to their typically low productivity, high cost and requirements for large scale infrastructure. There are currently no active coalbed gas wells in the province.
- **Sierra Yoyo Desan (SYD) Road Royalty Credit Program** - In 2004, a 16-year Public Private Partnership was established involving the Ministry of Energy, Mines and Natural Gas, numerous oil and gas companies, and Ledcor Projects Ltd. This partnership has resulted in \$40 million invested into the SYD Road by road users (oil and gas companies). The SYD credit provides a 50 percent rebate to oil and gas producers for road user charges they must pay. The SYD Road is now a reliable 188 kilometre road that is the primary corridor to over 27,000 square kilometres of oil and gas territory located east and north of Fort Nelson, including the Horn River shale gas play.
- **Summer Drilling Credit Program** – Introduced in June 2003 and made permanent in 2006, the Summer Royalty Credit Program is a credit that applies to 10 percent of drilling and production costs up to a maximum of \$100,000. It can be applied to individual wells spud between April 1st and November 30th of every year. The program stimulates summer drilling activity, and was introduced to encourage year-round employment related to activity in Northeast British Columbia. **In response to a change in drilling activity and costs this program was terminated effective April 1, 2013.**

*June 2013**The Ministry of Natural Gas Development Information Binder*

Appendix 2: Natural Gas Upstream Industry Competitiveness

Introduction

Competitiveness is defined as the extent to which the business environment in British Columbia (B.C.) is conducive to attracting private sector investment in the natural gas sector. This definition includes the capacity of the sector to generate a reasonable and timely return on this investment.

Various aspects of competitiveness are beyond the Province's control, including geographic location to markets, access, resource endowment, geology and market price.

S13, S17

B.C. Natural Gas Competiveness Studies: 2001-2009

S13, S16, S17

Pages 67 through 70 redacted for the following reasons:

S13, S16, S17

June 2013

The Ministry of Natural Gas Development Information Binder

BRIEFING NOTE**ISSUE: Shale Gas Hydraulic Fracturing****KEY MESSAGES:**

- New directional drilling and hydraulic fracturing technology has enabled natural gas production from BC abundant shale gas deposits.
- Hydraulic fracturing is the stimulation process that enables natural gas production from organic-rich shale, a rock that historically was not considered an oil or gas reservoir.
- Hydraulic fracturing in BC is subject to some of North America's highest environmental standards. Under the *Oil and Gas Activities Act (OGAA)* specific construction and production regulations ensure safe hydraulic fracturing practices including containment and proper disposal of hydraulic fracturing fluids.
- On January 1, 2012, BC became the first jurisdiction in Canada to make it mandatory that oil and gas producers report hydraulic fracturing fluid ingredients through the publically accessible FracFocus.ca website. Alberta joined BC in requiring disclosure through Fracfocus.ca on December 31, 2012 and New Brunswick and the Yukon are considering joining in the near future.
- In September 2011, the Canadian Association of Petroleum Producers (CAPP) announced its "Guiding Principles for Hydraulic Fracturing" (Principles) for industry to guide water management and improved water and fluids reporting practices for shale gas development. CAPP developed operating practices to support the guiding principles for hydraulic fracturing¹ and is in the process of reviewing their members' adherence to the practices.
- Water is an important factor in shale gas development. Ministry of Energy, Mines and Natural Gas (EMNG) is collaborating with appropriate ministries, industry and other partners to evaluate the availability of water sources in BC's shale gas areas. EMNG led the development of the Northeast BC Shale Gas Water Strategy which supports the northeast BC Water Stewardship Plan led by the Ministry of Forests, Lands and Natural Resource Operations, and Ministry of Environment.

¹ <http://www.capp.ca/aboutUs/mediaCentre/NewsReleases/Pages/operating-practices-for-hydraulic-fracturing.aspx>

June 2013

The Ministry of Natural Gas Development Information Binder

BACKGROUND:

- Hydraulic fracturing involves injecting a fluid, primarily composed of water, sand and small amounts of chemical additives (friction reducers and surfactants) at a high enough pressure to fracture or crack the rock. Sand holds the cracks open once the pressure is lowered, allowing the natural gas to migrate to the wellbore and up to the well head at surface.
- Specific hydraulic fracturing fluid formulas are often proprietary and vary amongst companies and applications. Chemical additives account for less than one percent of the water composition.
- In BC hydraulic fracturing has been used to stimulate gas production in conventional reservoirs for decades and since 2005 with the development of horizontal drilling has enabled the development of BC's vast unconventional shale gas resources.
- Hydraulic fracturing in BC is strictly managed and addressed through rigorous regulation; industry best practices and ongoing research on water quality and quantity.
- Hydraulic fracturing in BC is done at considerable depths: in the Montney fracturing is performed approximately at 1.9 - 2.3 kilometres (km) depth, while in the Horn River, it is done at 2.8 - 4.0 km below the surface.
- Hydraulic fracturing in shale gas development uses significantly more water than conventional hydraulic fracturing. Water consumption in a single well is estimated at approximately 10,000-70,000 cubic meters (m³), depending on the number of hydraulic fractures conducted. Geology dictates how much water is required to successfully fracture the shale.
- Water volumes required in the Montney play are considerably less than water required in the remote Horn River Basin where there are fewer competing water users.
- Water is mainly obtained from surface sources such as rivers and lakes and is approved by the British Columbia Oil and Gas Commission (OGC). Other sources include shallow subsurface (0 - approximately 600 m), and deep subsurface (>600 m) where formation water is typically saline.
- BC's mature regulatory environment has comprehensive regulations related to well construction and production. For example, the Drilling and Production Regulation requires that cemented steel casing is installed to a depth of 600 m to ensure that potable water aquifers are protected. Under the *Environmental Management Act*, fluids produced from oil or gas operations cannot be discharged into the environment, (i.e., into rivers or lakes, onto the ground surface, or into aquifers, without authorization). OGAA further regulates waste water wherein produced fluids, including fracture flowback water from natural gas wells can be reused for well completions, or be disposed into deep, underground saline aquifers.
- CAPP's operating practices which support their guiding principles for hydraulic fracturing address the following areas:
 1. Fracturing Fluid Additive Disclosure
 2. Fracturing Fluid Risk Assessment and Management
 3. Baseline Groundwater Testing
 4. Wellbore Construction and Quality Assurance
 5. Water Sourcing, Measurement and Reuse
 6. Fluid Transport, Handling, Storage and Disposal
 7. Anomalous Induced Seismicity

*June 2013**The Ministry of Natural Gas Development Information Binder*

- In February, 2013, the Petroleum Service Association of Canada, which includes companies that perform hydraulic fracturing services, announced a new initiative called the Working Energy Commitment, which will lead to the formation of a hydraulic fracturing code of conduct. Consultation is to begin mid 2013 and take place in various locations throughout Alberta, BC and Saskatchewan. The release of the code is planned for the end of the year.

CONTACT: Ines Piccinino, A/ADM

June 2013

The Ministry of Natural Gas Development Information Binder

BRIEFING NOTE**ISSUE: Water Usage by the Oil and Gas Industry in Northeastern British Columbia****KEY MESSAGES:**

- Recent concerns over hydraulic fracturing and water usage by the oil and gas industry in Northeastern BC are being addressed on several fronts.
- Ministry of Energy, Mines and Natural Gas (EMNG) is collaborating with Ministry of Environment (MOE), Ministry of Forests, Lands and Natural Resource Operations (FLNRO), Ministry of Health, Geoscience BC, Canadian Association of Petroleum Producers (CAPP), BC Oil and Gas Commission (OGC) and other partners to share information on water availability and usage (see Attachment 1 for OGC activities).
- EMNG, CAPP and OGC are working to reduce fresh water use by encouraging operators to store, treat and recycle fluids and use alternative water sources.
- EMNG led the development of a northeast BC Shale Gas Water Strategy. Input was derived from intergovernmental and interprovincial committees composed of representatives from government, research organizations, regulatory agencies and industry. The strategy is geared to government, industry and stakeholders and supports the Northeast BC Water Stewardship Plan led by FLNRO and MOE.
- Through the New West Partnership (NWP), EMNG, also worked with Alberta and Saskatchewan on water. Under the NWP Energy MOU, the three provinces collaborated on information and knowledge sharing and the development of best practices related to hydraulic fracturing along with FracFocus.ca – an online registry where industry discloses the hydraulic fracturing fluid ingredients it adds to the fracturing water.

BACKGROUND:

- BC gas production from unconventional resources, such as shale, depend on hydraulic fracturing technology which requires considerable amounts of water at key periods of time. For example, 98,000 cubic meters of water are used to fracture a 16 well pad in the Horn River Basin.
- Water sources include surface water (lakes, rivers, and dugouts), groundwater, and deep saline formation water (greater than 800 meters). Surface water can meet industrial requirements; however, the timing of peak flow means water availability is limited during low flow periods (summer drought).
- Water use in BC is regulated through the *Water Act* while hydraulic fracturing is regulated by strict regulations and containment procedures in place for hydraulic fracturing activities through the *Oil and Gas Activities Act* (OGAA).

June 2013

The Ministry of Natural Gas Development Information Binder

- Industry is primarily using surface water obtained through short term water use approvals issued by the OGC or longer term water licenses issued by FLNRO under a delegation of authority from MOE. EMNG has no regulatory or statutory responsibility related to water use or management.
- Protection of potable water aquifers is a key component of OGAA. Other acts that also protect potable water include the *Water Protection Act*, *Drinking Water Protection Act*, *Fish Protection Act*, and *Environmental Management Act*. For example, BC's oil and gas well construction regulations require that cemented steel casing is installed to a depth of 600 metres to ensure that potable water aquifers are protected.
- Industry continues to look for innovative, alternative water sources. For example:
 - Encana-Apache Debolt Water Treatment Plant: uses saline Debolt Formation water (deep saline aquifer 500 to 1100 metres below surface) as fracturing water, and
 - Shell-Dawson Creek Grey Water Agreement: Shell to treat and use the Municipality of Dawson Creek's grey water effluent.

ATTACHMENT:

The OGC tracks water use and has developed tools to support decision makers:

- Holders of short-term water approvals are required to report the actual water volumes withdrawn from surface sources. The OGC publically reports quarterly water approvals and actual withdrawal by water shed. Early 2011, OGC began publishing quarterly reports on water approved for use by the oil and gas sector, along with reports of actual use. In 2012, the reports were expanded to include water volumes that are licensed by FLNRO and water source well production. Data are organized and presented by the watershed within which the water use is approved. The data show that in most cases, the total volume of water approved for use by the oil and gas sector is less than 0.2 percent of annual runoff, and that actual use is less than that.
- With financial support from Geoscience BC and FLNRO, the OGC completed a hydrology modeling project that produces estimates of monthly and annual runoff for rivers and lakes in northeast BC. This project provides detailed information on water supply to support decision-making for water licences and short-term use approvals.
- In 2012, the OGC released the North East Water Tool (NEWT), a GIS-based hydrology decision-support tool that provides guidance on water availability across northeast BC. NEWT has a hydrological information database that provides estimates of monthly and annual runoff (representing 30-year average or "normal" runoff). NEWT also queries all short-term water use approvals issued by the OGC and all water licenses issued by FLNRO.

CONTACT: Ines Piccinino, A/ADM

June 2013

The Ministry of Natural Gas Development Information Binder

BRIEFING NOTE**ISSUE: Greenhouse Gas Emissions and the Natural Gas Industry****KEY MESSAGES:**

- BC has set ambitious targets for greenhouse gas (GHG) emissions reductions of 33% by 2020 and 80% by 2050 from 2007 levels. The GHG emissions associated with natural gas production in BC was 7.7 megatonnes in 2010.
- The Ministry of Energy, Mines and Natural Gas (EMNG) and the Climate Action Secretariat (CAS) have worked with the Canadian Association of Petroleum Producers (CAPP) and specific producers to develop strategies to manage GHG emissions while achieving the goals of environmental protection and economic growth.
- Emission management measures such as carbon capture and storage, enhanced oil recovery, electrification and efficiencies were identified as viable emission abatement strategies. Producers already pay the Carbon Tax on all fuel used by the industry.
- Environment Canada is in the process of drafting regulations for industrial GHG emissions under the *Canadian Environmental Protection Act* on a sector-by-sector basis. The oil and natural gas sector is the current focus of draft regulation development.

•

S13, S16

BACKGROUND:

- BC and the natural gas industry face a significant challenge in balancing the management of GHG emissions with the need for increased natural gas production to support economic growth and a new liquefied natural gas (LNG) export industry.
- Successful development of LNG facilities on BC's west coast will provide opportunity to access new markets, increase demand for natural gas production in the province, and create a more diversified investment climate and more stable jobs in communities.

s.13, s.17

- Producing LNG is an energy-intensive process and, depending on the development path chosen, it could require significant direct drive natural gas or natural gas fired electricity which would increase BC's GHGs.

*June 2013**The Ministry of Natural Gas Development Information Binder****Proposed Federal GHG Regulation***

- In fall 2011, Environment Canada established an Oil and Gas Steering Committee (Steering Committee) to consult on sector standards. The Steering Committee is comprised of the Alberta government, CAPP, Canadian Petroleum Products Institute and industry representation (Cenovus Energy, Canadian Natural Resources Limited, and Suncor Energy). The work of the Steering Committee is confidential and not available to other provinces.
- With only Alberta sitting on the Steering Committee, BC, Alberta and Saskatchewan have initiated an all-provinces collaboration team called the Canada Working Group (CWG). EMNG participates in the CWG through CAS, the BC lead agency.

S13, S16, S17

CONTACT: Ines Piccinino, A/ADM

June 2013

*The Ministry of Natural Gas Development Information Binder***BRIEFING NOTE****ISSUE: British Columbia Carbon Tax and the Upstream Oil and Gas Industry****KEY MESSAGES:**

- The British Columbia Carbon tax is a tax applied only to greenhouse gas emissions generated from burning fuels.
- Carbon tax was introduced in 2008 to help reach the Government's goal of reducing emissions by at least 33 percent below 2007 levels by 2020.
- Carbon tax was introduced in 2008 at an initial rate of \$10/ tonne of carbon dioxide equivalent (CO₂e).
- Carbon tax rates increased every year by \$5/tonne of CO₂e until July 1, 2012 when rates were capped at \$30/tonne.
- Carbon tax revenue is estimated at \$1.2 billion in 2012/13.
- Following a Ministry of Finance review of the carbon tax in 2013 it was recommended that carbon tax not be increased further due to expected negative impacts to competitiveness.

S13, S17

- The upstream industry is assessed carbon tax for natural gas used to fuel natural gas processing plants and facilities. Approximately 10 percent of natural gas production is consumed as fuel to process and treat raw natural gas.
- Carbon tax revenue generated by the upstream industry would accelerate rapidly as LNG export facilities come on stream.
- The Carbon tax is a significant cost to the upstream industry.

BACKGROUND:

- Natural gas prices have declined significantly since the carbon tax was introduced in 2008. With gas prices decreasing while carbon tax rates increase the effective rate of the carbon tax to industry has increased from 0.6 percent of gross revenue to over 12.4 percent (Appendix 1).
- The Ministry is expecting as many as five LNG facilities delivering a total of 82 million tonnes per year of LNG requiring a feedstock of 11.6 billion cubic feet per day of marketable natural gas. There is sufficient natural gas resource in BC to provide 100 percent of this feedstock.

S13, S17

June 2013

The Ministry of Natural Gas Development Information Binder

S13, S17

CONTACT: Ines Piccinino, A/ADM

¹ Please see the Competitiveness and Royalty Programs notes for more information relating to competing basins and jurisdictions.

*June 2013**The Ministry of Natural Gas Development Information Binder***Appendix 1**

The chart below shows the carbon tax rate (\$/gigajoule) versus the average plant inlet price. The circles shows the effective carbon tax rate calculated by taking an estimate of fuel usage time the carbon tax rate over the selling price.

S13, S17

*June 2013**The Ministry of Natural Gas Development Information Binder***Appendix 2**

The chart below shows a projection of carbon tax generated by the upstream natural gas industry assuming production growth required to supply five LNG export terminals. The chart also shows the expected revenue if venting² is included in the tax base. These

S13, S17

² Venting relates to inert components of natural gas that is typically extracted from the raw natural gas stream and released to atmosphere (typically CO₂).

June 2013

The Ministry of Natural Gas Development Information Binder

Appendix 3

The chart below shows the cost to the natural gas producer expressed in \$/mcf by each producing basin at a carbon tax rate of \$30/tonne. The blue bar indicates the cost

S13, S17

June 2013

The Ministry of Natural Gas Development Information Binder

BRIEFING NOTE**ISSUE:**

S12, S13

KEY MESSAGES:

- Carbon Capture and Sequestration (CCS) is a greenhouse gas (GHG) emissions mitigation measure that involves the capture and storage of industrial CO₂ in the pore space of rock formations deep underground. Suitable areas for storage are found in northeast BC.
- CCS has been identified by a natural gas industry/government working group as an emission's mitigation measure with the potential to significantly reduce greenhouse gas (GHG) emissions from the oil and gas industry and to support meeting BC emission reduction targets.

S12, S13

BACKGROUND:

- BC has set ambitious targets under the *Greenhouse Gas Reduction Targets Act* for GHG reductions of 33% by 2020 and 80% by 2050 from 2007 levels. The GHG emissions associated with natural gas production in BC was 7.7 megatonnes in 2010. Proposed liquefied natural gas (LNG) facilities will lead to increases in BC GHG emissions. CCS GHG reductions could be used to offset LNG facility emissions. CCS development is one of the key GHG mitigation strategies identified by the joint government-industry natural gas climate action working group (2007-2012).
- Sequestration technology is not new. There are currently 13 approved acid-gas injection sites in northeast BC. BC has appropriate regulations in place to govern oil and gas sourced acid-gas injection, but enhancements are required for large-scale applications like CCS.

S 12, S13

June 2013

The Ministry of Natural Gas Development Information Binder

S12, S13, S16

CONTACT: Ines Piccinino, A/ADM

Pages 85 through 87 redacted for the following reasons:

S.12, 13, 16

June 2013

The Ministry of Natural Gas Development Information Binder

BRIEFING NOTE**ISSUE: Spectra Fort Nelson Carbon Capture and Storage Project****KEY MESSAGES:**

- Spectra Energy Inc. (Spectra) has been evaluating a carbon capture and storage (CCS) project for its Fort Nelson natural gas processing plant.
- The project has the potential to permanently sequester up to 2 mega-tonnes (Mt) of CO₂ per year in a deep underground saline rock formation.

-
-

S13, S17, S21

-

- This CCS project would significantly reduce the natural gas industry's green house gas (GHG) emissions; create opportunities for offsets for emitters elsewhere; and position BC as a world leader in CCS/climate mitigation methods.

BACKGROUND:

- Spectra is one of the largest midstream natural gas operators in Western Canada with 2,400 kilometres of raw gas gathering pipelines, nine processing facilities (6 in BC), and 3,000 kilometres of transmission pipelines for delivery to markets in North America.
- Spectra operates a natural gas processing facility 10 kilometres south of Fort Nelson. In 2009, the plant emitted approximately 1.1 Mt of CO₂, one of the largest emitters in the province. Spectra is currently expanding this gas plant which at full build-out would emit over 2 Mt of CO₂ per year.
- Spectra became interested in CCS when the Province began moving toward a cap and trade system which would put a price on carbon.
- Following a preliminary geoscience assessment early in 2009 Spectra selected a target reservoir and drilled an exploratory well at Milo, 25 km southwest of Fort Nelson, to confirm suitability for carbon dioxide storage. Spectra received funding for this work from the BC Government (\$3.4 million, May 2008), Federal Government (approximately \$7.4 million, spring 2009) and the Plains CO₂ Reduction Partnership (approximately \$10 million of work-in-kind).
- Spectra Energy CCS Services was issued the first ever Licence to Explore for a Storage Reservoir under Section 126 of the *Petroleum and Natural Gas Act* on March 9, 2009. The original 3 year License, which covers 31,410 hectares, was extended in December 2011 to March 31, 2015.

June 2013

The Ministry of Natural Gas Development Information Binder

S13, S17, S21

- No storage or disposal of CO₂ is permitted until a Storage Lease is obtained from EMNG and regulatory approval is granted by the Oil and Gas Commission.

S13, S17, S21

CONTACT: Ines Piccinino, A/ADM

*June 2013**The Ministry of Natural Gas Development Information Binder***BRIEFING NOTE****ISSUE: Air Quality Standards - Base Level Industrial Emission Requirements (BLIERS)****KEY MESSAGES:**

- The Federal Government is developing a collaborative air quality system which includes establishing base level industrial emission requirements (BLIERS) for major industry sectors.
- The Ministry of Energy, Mines and Natural Gas (EMNG) in conjunction with Ministry of Environment (MOE) is providing technical expertise to federal-provincial working groups that are determining the oil and gas industry BLIERS.
- EMNG participation provides an opportunity to ensure that British Columbia's interests are being considered in the development of the federal air quality emissions requirements.

BACKGROUND:

- In collaboration with the provinces, the federal government is in the process of developing a Canadian Ambient Air Quality System (AQMS) which includes Base-Level Industrial Emission Requirements (BLIERS). In 2012, BC along with all other provinces (except Quebec) agreed to implement AQMS including BLIERS.
- BLIERS are intended to establish and achieve a common level of air pollution control across the country and establish industrial emission requirements that set a base level of performance for major industries in Canada, which includes oil and gas.
- BLIERS are quantitative or qualitative emissions requirements proposed for new and existing major industrial sectors and some equipment types. These requirements are based on what leading jurisdictions inside or outside Canada are requiring of industry. BLIERS are focused on nitrogen oxides (NO_x), sulphur dioxide (SO₂), volatile organic compounds (VOCs), and particulate matter (PM).
- Depending on the regulatory approach chosen, provincial and territorial governments may opt to be the primary regulator for BLIERS. In the case of BC, this responsibility would be that of MOE.
- BLIERS working groups were established to develop emission performance levels and to perform economic analysis to determine the potential impacts of the requirements. The Oil and Gas Division (OGD) of EMNG has been providing technical expertise for the BLIERS on various oil and gas industry subgroups as well as cross sector working groups.

*June 2013**The Ministry of Natural Gas Development Information Binder*

- The oil and gas industry, through the Canadian Association of Petroleum Producers and the Canadian Energy Pipeline Association, is concerned that the BLIERS will have an economic impact on BC's oil and gas industry by requiring existing facilities that are currently licensed to existing provincial requirements to upgrade or modify their equipment to meet more stringent BLIERS thresholds and prescriptive measurement requirements.

S13, S16, S17

CONTACT: Ines Piccinino, A/ADM

June 2013

*The Ministry of Natural Gas Development Information Binder***BRIEFING NOTE****ISSUE: Human Health Risk Assessment of Northeastern British Columbia Oil and Gas Development****KEY MESSAGES:**

- To address public concerns related to health and safety in the oil and gas sector, a Human Health Risk Assessment (Assessment) of the Oil and Gas Development in northeast BC is being conducted.
- The scope of the Assessment covers areas of human health risks potentially arising from changes to land, air, drinking water and food quality.
- The three-phase study is led by the Ministry of Health (MOH) and involves the Ministry of Energy, Mines and Natural Gas (EMNG), Ministry of Environment (MOE), British Columbia Oil and Gas Commission (BC OGC), Environmental Assessment Office (EAO), industry, First Nations, local government and impacted communities.
- Phase 1 was completed in June 2012 by the Fraser Basin Council. This phase involved canvassing non-commercial stakeholders about their health concerns related to oil and gas activity in northeastern BC.
- Phase 2, the human health risk assessment phase, is being conducted by Intrinsik Environmental Services (Intrinsik) and is anticipated to be completed by March 2014.
- The Information Collection and Issues Identification element of Phase 2 has been completed. Extensive review is underway.

BACKGROUND:

- Public concerns over health and safety in the oil and gas sector have been expressed over a number of years in BC. These concerns were elevated following a release of sour gas on November 22, 2009.
- On June 28, 2011, MOH agreed to conduct a health assessment of oil and gas sector operations in northeast BC.

S17

- Potential human health hazards subject to review may include gas extraction methods, emergency events such as well blowouts and pipeline breaks, chemicals in drilling waste, air quality issues from well venting, processing and land reclamation.
- BC OGC has responsibility for regulatory oversight of the oil and gas sector. MOE has responsibility for human health as it relates to air and water and some oilfield waste issues. The Emergency Management Unit at MoH has responsibility for the

*June 2013**The Ministry of Natural Gas Development Information Binder*

health emergency responses and the Health Protection Branch at MOH has responsibility for drinking water quality.

- The Assessment of the oil and gas sector consists of three separate phases.

Phase 1 (Completed)

- In Phase 1, Fraser Basin Council was contracted by the Province to canvass the public, local governments, First Nations, and other groups and individuals about their health concerns related to oil and gas activity in northeastern BC.
- The goal of Phase 1 was to determine stakeholder perceptions of human health hazards and develop subject areas for inquiry and review.
- Phase 1 did not make any attempt to link public perception and existing scientific data.
- The concerns identified in the report that was released on June 6, 2012 include:
 - Environmental exposure and related issues – e.g., exposure to hydrogen sulphide or contaminated water, and well-site accidents.
 - Oil and gas operational issues – e.g., hydraulic fracturing, emergency response co-ordination, air and water quality, and water quantity.
 - Institutional framework issues – e.g., monitoring, compliance and transparency.

Phase 2 (Currently Underway)

- Phase 2 is currently being conducted by Intrinsik Environmental Sciences Inc., the successful candidate through a Request for Proposal process. The Intrinsik team is composed of specialists in toxicology, epidemiology, medicine, air quality, water quality and emergency response planning.
- Phase 2 will focus on potential impacts to air, water, land and food quality and how these may relate to public health through the following four tasks:
 - Task 1: Information Collection and Issues Identification – jurisdictional scan of past and current studies and related reports – to be completed by spring 2013.
 - Task 2: Completion of the Human Health Risk Assessment – to be completed by late fall 2013.
 - Task 3: Review of Regulatory and Policy Frameworks – will be completed by winter 2013/14.
 - Task 4: Recommendations for Monitoring and Managing Health Impacts – will be completed by spring 2014.
- Task 1 of Phase 2 was completed but is under review as extensive comments were provided on its methodology.

Phase 3

- Phase 3 will report back to the public and stakeholders on the findings and any recommendations for improvement that may be appropriate.
- At this point in time there is no indication when Phase 3 will commence or the costs associated with that phase.

CONTACT: Ines Piccinino, A/ADM

June 2013

*The Ministry of Natural Gas Development Information Binder***BRIEFING NOTE****ISSUE: The North East Air Monitoring Project****KEY MESSAGES:**

- Initiated in June 2012, the North East Air Monitoring Project (Project) is a multi-year phased partnership between the Provincial government, the Oil and Gas Commission (OGC), and oil and gas industry operators in northeast BC, proposed over three years
- The Project's primary purpose is the establishment of an air monitoring network that will collect ambient air quality data in response to concerns about the potential influence of ongoing oil and gas sector operations on air quality in the region.
- A Stakeholder Advisory Group (SAG) has been formed to provide advice on the locations for three continuous monitors and a plan for more extensive monitoring to be undertaken in the next phase of the project.
- A project coordinator has been hired to oversee the installation and operation of monitors, provide information and guidance to the stakeholders, and respond to public enquiries about the project.
- It is expected that the ambient air quality data collected through this initiative may be used to facilitate future studies however it is outside of the expertise of the SAG to provide interpretation of data in regards to human health or environmental effects.

BACKGROUND:

- The government of BC has been actively monitoring air quality in the northeast for the past twenty years. Rapid growth in the oil and gas industry has led to concerns over the potential impact to air quality. In response to this concern, the Ministry of Environment (MOE), the Ministry of Health (MOH), the Ministry of Energy, Mines and Natural Gas (EMNG) and the OGC, established a working group in November 2011 to re-evaluate the air monitoring program in the northeast and to ensure that there is adequate air quality information for public health and pollution management.
- In late fiscal 2011/12, the working group contracted the Clean Air Strategic Alliance (CASA) in Alberta to develop an air monitoring implementation plan for the northeast that draws on the experience of the CASA airshed management model.
- Using recommendations from CASA and ministry partners, the working group developed a three year phased air monitoring and community engagement proposal to the Canadian Association of Petroleum Producers (CAPP) and government partners. CAPP was supportive of the approach and agreed to partner with government in the proposed initiative and committee

S17

S17

- In July 2012, MOE identified organizations and individuals that could contribute to the Project through participation in a Stakeholder Advisory Group (SAG).

June 2013

The Ministry of Natural Gas Development Information Binder

- The SAG provides advice and information relevant to the:
 - geographical scope of the project;
 - criteria for the site of rural based monitors;
 - pollutants to be monitored; and
 - sharing information with the public.
- The membership of the SAG is comprised of:

○ Peace River Regional District	4 members
○ Industry Representatives	3 members
○ NE Health Advisory Committee	2 members
○ Peace River Regional Cattlemen's Association	1 member
○ BC Grain Producers Association	1 member
○ Treaty 8 Tribal Association	1 member
○ Citizen Representative	2 members
- Government agencies that support the SAG include the OGC, Northern Health Authority, and the Ministry of Agriculture. EMNG's role was to initiate the Project and facilitate industry engagement and now provides oversight to ensure outcomes.
- At its March 2013 meeting, the SAG identified Phase 1 priority regions for the location of three continuous monitoring stations that will monitor meteorological, sulphur dioxide and hydrogen sulphide. The three location areas are:
 - North: Doig River/Buick/Cecil Lake;
 - South: Groundbirch- Progress (McLeod School)/Sunset Prairie/Arras/Fellers Heights/Stuart Lake; and
 - Farmington/Rolla/Tupper/South Dawson.
- The three monitoring stations to be deployed in Phase 1 are currently being built in Prince George prior to deployment. To date the cost of the monitoring equipment and shelters is in excess of \$200k. A contract has been awarded to outfit the trailers; this includes installing and bench testing the equipment (\$55k) prior to deployment. The same contractor will deploy and operate the equipment for the first six months.
- The intent of the deployment of monitors in Phase 2 is to collect data that will assist in understanding the state of air quality across the region. It was agreed at the SAG that the deployment of passive monitors is a reasonable and cost effective method of collecting data that will provide monthly and annual averages of pollutant loadings across the region. Pollutants under consideration for collection include: sulphur dioxide, volatile organic compounds and/or the subset known as BTEX, hydrogen sulphide.

S.13, S.17

CONTACT: Ines Piccinino, A/ADM

June 2013

The Ministry of Natural Gas Development Information Binder

BRIEFING NOTE**ISSUE: Community Engagement in the Oil and Gas Sector****KEY MESSAGES:**

- Community engagement is needed to build understanding and acceptance for oil and gas industry activities in northeastern BC – what is commonly referred to as “social license to operate”.
- The oil and gas industry has identified community engagement as an important factor in the sector’s long term success.

S17

BACKGROUND:***What is Community Engagement?***

- EMNG defines Community Engagement as the development and maintenance of a working relationship between the Government of British Columbia and individuals or groups in a community.
- Community engagement covers a broad spectrum of approaches ranging from simple information sharing (“We will keep you informed”) to more in-depth collaboration (“We will work with you to ensure that your concerns and aspirations are reflected in decision making”).

Why is Community Engagement Important for the Oil and Gas Sector?

- The upstream (exploration and production) oil and gas sector has a substantial presence in a small number of communities concentrated in northeastern BC.
- The nature of oil and gas development – compulsory access to private land and the load placed on local infrastructure by industrial activity – has led to a strained relationship between the oil and gas industry and communities in the northeast.
- EMNG has undertaken a range of community engagement initiatives over the years to improve the relationship between the oil and gas industry and local communities and to build understanding and acceptance for industry’s activities. These efforts included dedicated groups within EMNG working with communities in Service Sector development (thus creating local jobs and training opportunities) or the now defunct North East Energy and Mines Advisory Committee – NEEMAC.
- Budget limitations, organizational changes and staffing constraints have restricted community engagement activities to very limited current initiatives.

*June 2013**The Ministry of Natural Gas Development Information Binder***Local Government Engagement**

- EMNG provides local governments with the opportunity to comment on the potential disposition of individual tenures in their area as part of the pre-tenure referral process.
- The Ministry also periodically meets with local government to discuss tenuring and development trends in their areas. The last extensive set of these meetings took place in June of 2012.

Landowner Engagement

- EMNG has also recognized a need to engage with landowners directly affected by oil and gas development.
- The Province entered into a memorandum of understanding with the Peace River Regional District to establish a BC Farmers Advocacy Office (BCFAO) in January 2010.
- The BCFAO was established as an 18 month pilot project located in Dawson Creek.
- The role of the BCFAO was to:
 - Collect and disseminate information on agriculture and land use related to oil and gas development;
 - Assist in exploring and resolving problems between industry and landowners;
 - Emphasize facilitation, negotiation or mediation; and
 - Provide an effective independent gateway to existing services that address the concerns of rural residents.
- The original term of the BCFAO was extended by a year to allow it to continue operating while an evaluation of its effectiveness was undertaken.
- The review of the BCFAO determined that some revisions to the delivery model were needed but that the office served a valuable purpose in northeastern BC.
- Both the Province and the Peace River Regional District have committed funding to allow the continued operation of the BCFAO.
- The BCFAO is delivered by a contracted service provider. The contract is managed by the Peace River Regional District.
- Given the recommendations put forward in the review of the BCFAO a decision was made to re-tender the service delivery contract rather than extend the existing service provider. Following issuance of a Request for Proposals, no qualified proposals were received and the BCFAO is currently not operating. The Peace River Regional District is reviewing options for continuing with a service provider.

Future Approaches to Community Engagement

- The oil and gas industry has encouraged EMNG to take a more active role in community engagement, including the potential to use models that have been successful in other jurisdictions, like:
 - The Synergy Model (Alberta) involves creation of a local not-for-profit society composed of representatives from the community, the oil and gas industry operating locally, as well as the provincial regulator. These parties come together to address areas of mutual concern and support community and stakeholder engagement by coordinating information on a website and hosting

June 2013

The Ministry of Natural Gas Development Information Binder

conferences. Synergy groups are jointly funded by industry and government agencies.

- The Penn State Model (Pennsylvania) involves close coordination between community groups and a local academic institution with the goal of identifying information gaps and conducting research to answer community questions about energy development.

-

S13

-

CONTACT: Ines Piccinino, A/ADM

June 2013

The Ministry of Natural Gas Development Information Binder

BRIEFING NOTE**ISSUE: National Energy Board Process and Applications****KEY MESSAGES:**

- The National Energy Board (NEB) is an independent federal agency that regulates aspects of Canada's energy industry. The purpose of the NEB is to regulate interprovincial and international pipelines, energy development and trade in the Canadian public interest.
- Applications are made to the NEB for any of the activities that the NEB regulates. Decisions on these applications are made in a similar way to civil court decisions. For major applications, the NEB holds oral public hearings (see Attachment 1).
- To eliminate duplication and promote a coordinated approach to achieve environmental assessment efficiencies, the BC Environmental Assessment Office (EAO) and the NEB entered into an Equivalency Agreement in 2010. This agreement states that the EAO will accept the NEB's environmental assessment of a proposed project as an equivalent assessment. Without this agreement, a project would have to be reviewed under BC's *Environmental Assessment Act*.
- There are several ways to participate in a NEB hearing process. Parties can choose to participate as an Intervenor (Attachment 2), as a Government Participant (Attachment 3) or parties can submit a letter of comment. Depending on the issues in the hearing, registering as a Government Participant or an Intervenor can result in active participation by parties or a less active monitoring role.
- In the NEB hearing process, there are multiple decision points and deadlines for participation. Active intervention in the hearing process requires significant resources including support for analysis and legal counsel.
- BC's participation/involvement in NEB hearings related to oil and gas projects is strategically coordinated by the Oil and Gas Major Projects Team chaired by the Ministry of Energy, Mines and Natural Gas (EMNG).
- The outcomes of this NEB process includes government working together and representing public interests, responsiveness and timely action, consistency and efficiency of decision making, improved quality of input, and representation of provincial interests.

*June 2013**The Ministry of Natural Gas Development Information Binder***BACKGROUND:**

- The NEB regulates the following parts of the energy industry:
 - construction and operation of interprovincial and international pipelines;
 - traffic, tolls and tariffs of interprovincial and international pipelines;
 - construction and operation of international and designated interprovincial power lines;
 - export and import of natural gas;
 - export of oil, propane, butane, ethane and electricity; and
 - oil and gas activities on frontier lands and offshore areas not covered by federal/provincial management agreements.
- Notices of project applications and hearing notices are typically sent by the NEB to EMNG and to various executive and staff who have previously registered with the NEB on other hearings or issues. Notification is also frequently sent to the Minister of Justice and any other ministry that the NEB deems might be a party of interest to the issue.
- The decision making process for NEB hearings involves the gathering of evidence from various line ministries and agencies depending on the issues, the nature of the application and their level of involvement in the review process. Report out and approvals for direction may vary depending on the nature and complexity of the application. In some cases when it is only applicable to EMNG, Ministerial approval may suffice and in other cases it may be extremely complex requiring Cabinet approval.
- In January 2013, the Natural Resources Board of Deputy Ministers instructed the EMNG to reconstitute the former Oil and Gas Major Projects Team as a strategic senior management level interagency team to develop policy direction and facilitate information sharing related to major oil and gas projects and NEB initiatives.
- Currently, BC is involved in several NEB Hearings with Intervenor status (see Attachment 4).

CONTACT: Ines Piccinino, A/ADM

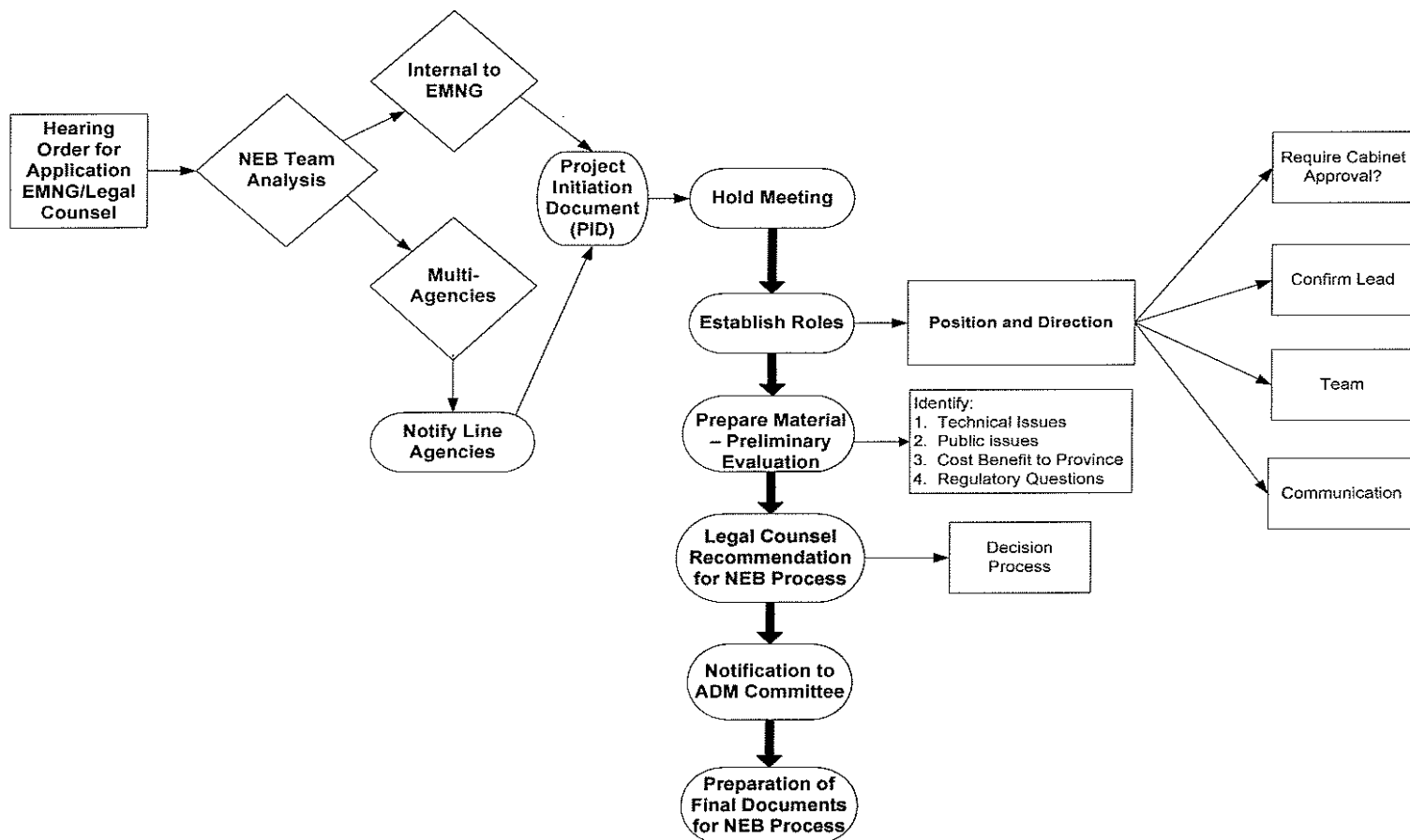
June 2013

The Ministry of Natural Gas Development Information Binder

ATTACHMENTS:

Attachment 1

NATIONAL ENERGY BOARD - Analysis Process

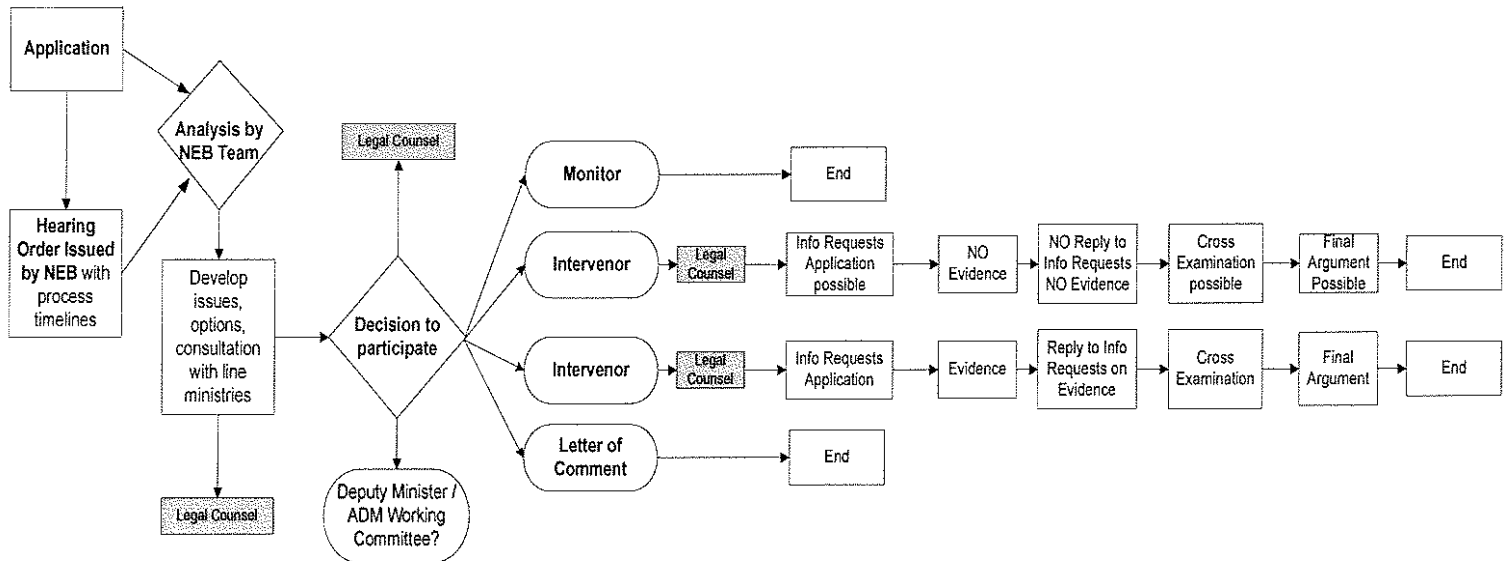


June 2013

The Ministry of Natural Gas Development Information Binder

Attachment 2

NATIONAL ENERGY BOARD PROCESS (Intervenor)

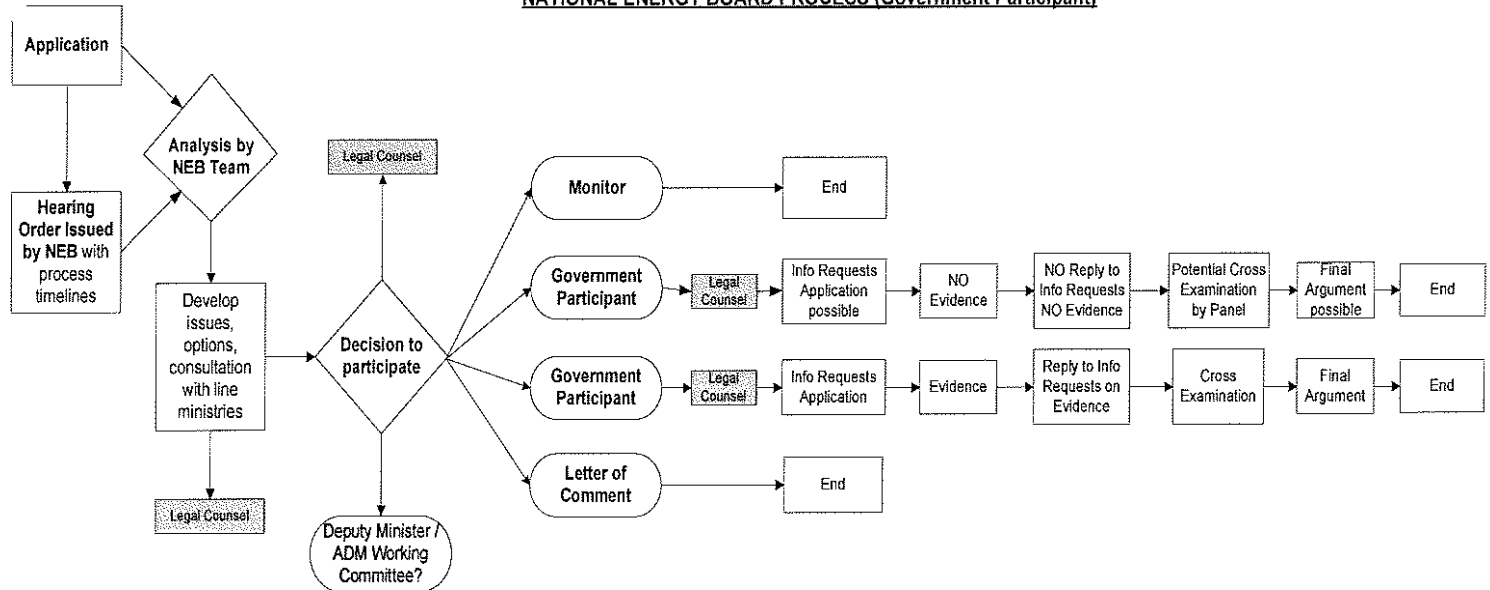


- Must register to be considered a Party and receive 1 complimentary copy of the transcript (same as Government Participant)
- Considered a Party and receives all documentation relating to the review (same as Government Participant)
- Can submit a portion of evidence orally at the community hearings, must request permission of the Panel
- Ability to submit written evidence (same as Government Participant); can not be questioned if no evidence is submitted
- Ability to submit written information requests to the Proponent on the Application (same as Government Participant); and on evidence to other Intervenor and Government Participants without prior Panel approval
- Can be questioned on evidence during final hearings by the Panel, Proponent and other Intervenor; Government Participants must receive Panel Approval
- Ability to question the Proponent, and other Intervenor at the final hearings on evidence; require prior approval of Panel to question Government Participants
- Can submit motions and make submissions on motions (same as Government Participant)
- Can ask the Proponent questions outside the NEB process (same as Government Participant)
- Can make final argument during the final hearings (same as Government Participant)

June 2013

The Ministry of Natural Gas Development Information Binder

Attachment 3

NATIONAL ENERGY BOARD PROCESS (Government Participant)

- Must register to be considered a Party and receive 1 complimentary copy of the transcript (same as Intervenor)
- Considered a Party and receives all documentation relating to the review (same as Intervenor)
- Can only **observe** at community hearings
- Ability to submit written evidence (same as Intervenor); can be **questioned by Panel** even if no written evidence is submitted
- Ability to submit written information requests to the Proponent on the **Application** (same as Intervenor); on **evidence** requires Panel permission to Intervenor and other Government Participants
- Can be questioned **on evidence** during final hearings by the Panel (same as Intervenor); **other Parties** must receive Panel approval
- Ability to question the Proponent at the final hearings on evidence (same as Intervenor); **require prior approval of Panel** to question Intervenor and other Government Participants
- Can submit motions and make submissions on motions (same as Intervenor)
- Can ask the Proponent questions outside the NEB process (same as Intervenor)
- Can make final argument during the final hearings (same as Intervenor)

June 2013

The Ministry of Natural Gas Development Information Binder

Attachment 4

Hearing Name	Description	Lead	Status
Enbridge Northern Gateway Pipelines Project	\$6 billion project which includes two 1,172 km pipelines, extending from near Edmonton to Kitimat, in the same right-of-way. About 670 km crosses British Columbia. Project includes 10 pump stations, 7 in British Columbia, and a new marine terminal at Kitimat with two ship berths and 14 tanks for storage of oil and condensate with a potential for 2 additional tanks.	Enbridge Secretariat (Deputy Minister of Agriculture lead)	<ul style="list-style-type: none"> No written evidence, submitted Information Requests and cross examined Enbridge Preparing for written argument (May 31, 2013) and oral argument (June 17-29, 2013) phases of the Final Hearings
TransCanada Pipelines Restructuring Proposal and Mainline Tolls	To implement a proposed restructuring of services and tolling on TransCanada's Mainline pipeline system (Mainline), the TransCanada Alberta System (Alberta System) and the TransCanada Foothills System (Foothills System). Producers, Alberta and BC opposed the Alberta System Extension proposal which would transfer costs of the Mainline to the NOVA gas system.	EMNG	<ul style="list-style-type: none"> Written evidence submitted, BC cross examined, and final argument presented Hearings concluded Dec 5, 2012 Reasons for Decision released March 27, 2013 - the NEB approved multi-year fixed tolls, did not approve the Alberta System Extension (ASE). Positive outcome for BC who opposed the ASE. TransCanada conducting an open season to convert part of the Mainline to crude oil service
Komie North Extension (NOVA Gas Transmission Ltd. (NGTL))	Authorization to construct and operate the Northwest Mainline Komie North Extension. The proposed Project would be an expansion of portions of NGTL's existing Alberta System in northeastern BC and northwestern Alberta. The Komie North Section, approximately 97 km pipe located 110 km north of Fort Nelson beginning at the proposed Fortune Creek Meter Station and proceeding in a southeasterly direction to a tie-in point on the Horn River Mainline (Cabin Section) near the Encana Cabin Gas Plant.	EMNG	<ul style="list-style-type: none"> No Information Requests, evidence, cross examination or final argument Comments submitted on certificate conditions Recommendation report issued Jan 30, 2013, NEB recommended that a Certificate be issued for the Chinchaga Section of the line. However, the NEB recommended that a Certificate should not be issued for the Komie North Section
Abandonment Cost – Estimates Filing – Group 1 companies	Group 1 companies applied for approval of their cost estimates for abandonment funding. Abandonment in place vs. 100% pipeline removal. Landowners are requesting 100% removal.	EMNG	<ul style="list-style-type: none"> No Information Requests, evidence, cross examination or final argument Decision released Feb 2013 Most Applicants were required to submit revised cost estimates by April 16, 2013 with Board requested applicant-specific and pipeline specific information Subject to the Board's specific directions for revisions the Board approved the Applicants' cost estimates as filed Alliance is appealing the decision

S16

June 2013

The Ministry of Natural Gas Development Information Binder

Project	Description	Lead	Status
Chevron Canada Priority Destination Designation	Chevron has applied for a Priority Destination Designation (PDD) under the existing Tariff as an uncommitted shipper. A PDD would see space on the Trans Mountain Pipeline reserved for the needed shipment of crude to the Refinery. Chevron must demonstrate that it cannot secure other sources of crude in an economic way.	EMNG	<ul style="list-style-type: none"> Hearings commenced March 26, 2013 No information Requests, evidence or cross examination Final argument submitted April 15 stating that local, economic, social and environmental factors are matters of public interest to be considered by the Board in determining a PDD.
Kinder Morgan Trans Mountain Pipeline Part IV Toll Methodology on Expanded System	Approval of the transportation service to be provided and the toll methodology to be used on the Trans Mountain pipeline in the event a future planned expansion of the system is approved by the NEB.	EMNG	<ul style="list-style-type: none"> Hearings concluded March 22, 2013 BC did not cross examine or present final argument

The Kinder Morgan Trans Mountain Pipeline Expansion facilities application will be of a similar nature to the Enbridge Northern Gateway Pipelines Project currently undergoing NEB hearings, and will require extensive government participation, coordination and support.

Project	Description	Lead	Status
Kinder Morgan Trans Mountain Pipeline Expansion (facilities)	Proposed \$5.4 billion plan to proceed with twinning the existing 1,150 km pipeline within the existing right-of-way, where possible, from Edmonton to Vancouver. Increase existing capacity of 300,000 bpd to 890,000 bpd, approximately 980 km on new pipeline, dual line operation, adding new pump stations, increasing number of storage tanks, expanding Westridge Marine Terminal in Burnaby, and increasing existing capacity between Burnaby Terminal and Westridge Marine Terminal.	TBD	S13

*June 2013**The Ministry of Natural Gas Development Information Binder***BRIEFING NOTE****ISSUE: Oil and Gas Major Projects Team****KEY MESSAGES:**

- BC's role and responsibility in major oil and gas development projects requires a strategic and coordinated approach. Based on lessons learned from the National Energy Board (NEB) hearings on Enbridge's Northern Gateway Pipelines Project, establishment of a strategic team that focuses on policy needs, information sharing and NEB hearings is critical.
- The Oil and Gas Major Projects Team (OGMPT) is seen as government working together in coordination on policy development related to oil and gas activities. This approach results in improved responsiveness, timely action, consistency and efficiency of decision making on policy development. This approach provides an avenue for improved information sharing amongst ministries and agencies.
- The team provides coordination and improved quality of provincial input on projects to the NEB while ensuring Provincial interests are represented and BC's economic, social and environmental values are given due consideration.

BACKGROUND:

- Pipelines have raised several policy issues for both provincial and federal governments. If the objective is to maximize returns to the province from both the construction and operation of pipelines, then the full implication and impacts of the lines need to be coordinated. This coordination assists in:
 - Maintaining BC competitive edge in a global market.
 - Coordinating at the regional and Victoria level, and the Oil and Gas Commission is critical to permitting and approvals.
 - Ensuring strategic timely coordination BC's position and participation in National Energy Board (NEB) federal project reviews will be critical.
 - Coordinating First Nations issues, the degree of consultation needed and coordination of consultation with federal agencies among provincial agencies is paramount to the success or failure of the line.
- In order to ensure integration, in January 2013 the Natural Resources Board instructed the Ministry of Energy, Mines and Natural Gas (EMNG) to reconstitute the former OGMPT with a mandate to consider policy areas, as well as NEB direction, related to oil and gas development.
- Decision making regarding policy development and provincial involvement in NEB hearings have been made on a project by project basis. Each project undergoes a separate although similar process for information gathering, sharing, analysis and decision making. Lack of a pre-determined process could result in less than optimal coordination and understanding of timelines, roles and responsibilities. It is important for BC to have consistent, coordinated review processes.

*June 2013**The Ministry of Natural Gas Development Information Binder*

- The OGMPT will have the ability to:
 1. serve as a forum for ensuring timely access to government officials to resolve policy, procedural and other issues that arise with respect to oil and natural gas projects;
 2. share information amongst ministries and agencies;
 3. coordinate NEB projects; and
 4. focus on Government's efforts to maximize the realization of economic benefits from the construction and operation of oil and natural gas projects.
 - The OGMPT membership consists of Executive Directors responsible for oil and gas from the following ministries/agencies:
 - EMNG, Oil and Gas Division (Chair);
 - EMNG, LNG Task Force;
 - Aboriginal Relations and Reconciliation;
 - Environment;
 - Environmental Assessment Office*;
 - Forests, Lands and Natural Resource Operations;
 - Jobs, Tourism and Skills Training;
 - Oil and Gas Commission*;;and
 - Transportation and Infrastructure.
- * Cannot provide policy advice or position on projects. Attendance is for technical support.

CONTACT: Ines Piccinino, A/ADM

*June 2013**The Ministry of Natural Gas Development Information Binder***BRIEFING NOTE****ISSUE: Enbridge Northern Gateway Pipelines Project****KEY MESSAGES:**

- The review of the proposed Enbridge Northern Gateway Pipelines Project (NGP) falls under federal jurisdiction of the National Energy Board (NEB) since it crosses provincial borders. The NEB review process is being led by a three member Joint Review Panel (JRP).
- BC has been actively participating with Intervenor status in the JRP process that began on May 6, 2011. Direction on BC's involvement in this process is being coordinated through an Enbridge Secretariat. The Oil and Gas Division of EMNG provides support to this cross-ministry team.
- The Questioning Phase of the hearings began in Edmonton on September 4, 2012, Prince George on October 9, 2012, and in Prince Rupert on December 10, 2012, and concluded on May 1, 2013.
- BC through Ministry of Justice (JAG) legal counsel cross examined the NGP hearing panels as follows:
 - Edmonton: on the financial liability of NGP and its partners for spill response and restoration as well as details regarding liability insurance and plans for full environmental restoration in the event of a spill. This included the scope of NGP's liability and insurance.
 - Prince George and Prince Rupert: on terrestrial and marine spill prevention and response, and on the commitments NGP has made to exceed regulatory standards for spill response and tanker safety, the use of rescue and escort tugs as well as crew training. The commitments included increasing the wall thickness of the pipeline, increasing the frequency of inspections, installing dual leak-detection systems and 24/7 staffing of pump stations in remote locations.
- There are two remaining hearing phase:
 - Written Argument – deadline May 31, 2013; and
 - Oral Argument – June 17-29, 2013 in Terrace, BC
- The JRP process will be completed at the end of 2013 with a recommendations report submitted to the Governor in Council. It is anticipated that the final decision by the federal government will be made three months following the submission of the recommendations report (April 2014).

June 2013

*The Ministry of Natural Gas Development Information Binder***BACKGROUND:*****Project Scope***

- On June 19, 2008, Enbridge Inc. reactivated its proposed \$6 billion NGP which includes two 1,172 kilometre pipelines, extending from near Edmonton to Kitimat, in the same right-of-way. About 670 kilometres crosses BC. The NGP application was submitted to the NEB on May 27, 2010.
- The Proponent is Northern Gateway Pipelines Limited Partnership (Proponent) and was formed under Alberta law to design, develop, construct, own and operate the NGP. The Partnership includes Enbridge Inc. as a limited partner, and Northern Gateway Pipelines Inc. as general partner.
- The NGP would consist of:
 - a 36 inch line carrying 525,000 barrels per day (bpd) of condensate diluted oil from the Alberta oil sands for export offshore;
 - a 20 inch condensate east line carrying 193,000 bpd of imported condensate (used to dilute oil for transport);
 - ten pump stations, seven of which would be situated in BC; and
 - a new marine terminal at Kitimat with two ship berths and 14 tanks for storage of oil and condensate with a potential for two additional tanks.

Project Benefits for British Columbia as Identified by NGP

- Jobs:
 - Construction: Up to 4,100 person years of on-site direct employment.
 - Annual operation: 78 person years of direct long-term employment. (52 Kitimat; 2 Terrace; 5 Tumbler; 7 Burns Lake; and 12 Prince George).
- \$165 million tax in revenues during construction and \$1.2 billion over 30 years of operation.
- Property tax revenue of \$28.5 million annually (\$855 million over 30 years).

Project Risks to British Columbia

- The NGP continues to draw strong opposition from First Nations and environmental organizations regarding the potential for terrestrial and marine oil spills, construction impacts, tanker traffic, and the link between oil sands and climate change.

Federal Review Process

- The NGP falls under the federal environmental review process since it crosses inter-provincial borders (BC/Alberta). NEB regulates the process known as a JRP. The JRP review process began on May 6, 2011, and is currently in the Final Hearings Written Argument phase which allows parties to express views and opinions on the NGP, persuade the Panel to recommend approval or denial, make a case on the relevance and weight of any evidence on the record, comment on the draft conditions and suggest additional conditions.
- The JRP hearing process is expected to conclude on June 29, 2013, with the JRP recommendations report submitted to the Governor in Council on December 29, 2013.

June 2013

The Ministry of Natural Gas Development Information Binder

- The NGP does not require an environmental assessment under the *BC Environmental Assessment Act* because the BC Environmental Assessment Office (EAO) and the NEB signed an Environmental Assessment Equivalence Agreement on June 21, 2010 allowing the EAO to accept an NEB-led review and recommendations as equivalent to a provincial environmental assessment (see Attachment).
- On June 29, 2011, the Province of BC registered as an Intervenor in the JRP process. Direction on BC's involvement in this process is being coordinated through an Enbridge Secretariat (Secretariat) led by the Deputy Minister of Agriculture (formerly Associate Deputy Minister, EAO) which includes participation by legal counsel from the Ministry of Justice and staff from the Ministries of Energy, Mines and Natural Gas; Forests, Lands and Natural Resource Operations; Environment; Aboriginal Relations and Reconciliation; Transportation and Infrastructure; the EAO; and others as required. The Secretariat lead is responsible for providing regular updates to the Natural Resources Board of Deputy Ministers and seeking direction from the Deputy Minister to the Premier.
- During the JRP process, BC, through JAG legal counsel:
 - Submitted Information Requests to the Proponent.
 - Written evidence was not submitted.
 - A Letter of Comment was not submitted – doing so would have meant that BC would lose its Intervenor status.
 - Questioned the Proponent during the Questioning phase of the Hearings regarding the financial liability of the Proponent and its partners as well as details regarding liability insurance and plans for full environmental restoration in the event of a spill, and terrestrial and marine spill response and prevention.
- The Questioning Phase of the process concluded on May 1, 2013. The JRP will then move into the Final Argument Phase of the Hearings which are scheduled as follows:
 - Written Argument deadline: May 31, 2013.
 - Oral Argument: June 17-29, 2013.
- The 2012 Federal budget announced simplifying environmental reviews for major projects, including the NGP. The JRP must present its recommendations report to the Governor in Council no later than December 31, 2013. The JRP has advised that their recommendations report will be submitted on December 29, 2013.
- It is anticipated that the final decision by the Governor in Council will be made three months following the submission of the recommendations report (April 2014).

BC Requirements

- On July 23, 2012, the provincial government released a policy paper entitled, "Requirements for BC to Consider Support for Heavy Oil Pipelines." It sets out five requirements that must be met for BC to consider support of any heavy oil pipeline projects including the NGP.
- As set out in the policy paper, the following requirements must be established:
 1. Successful completion of the environmental review process;
 2. World-leading marine oil spill response, prevention and recovery systems for BC's coastline and ocean to manage and mitigate the risks and costs of heavy oil pipelines and shipments;
 3. World-leading practices for land oil spill prevention, response and recovery systems to manage and mitigate the risks and costs of heavy oil pipelines;

June 2013

The Ministry of Natural Gas Development Information Binder

4. Legal requirements regarding Aboriginal and treaty rights, and provide First Nations with the opportunities, information and resources necessary to participate in and benefit from a heavy-oil project; and
5. B.C. receives a fair share of the fiscal and economic benefits of a proposed heavy oil project that reflects the level, degree and nature of the risk borne by the Province, the environment and taxpayers.

ATTACHMENT:National Energy
BoardOffice national
de l'énergieEnvironmental
Assessment Office**ENVIRONMENTAL ASSESSMENT EQUIVALENCY AGREEMENT****PARTIES:**NATIONAL ENERGY BOARD
("NEB")

AND

ENVIRONMENTAL ASSESSMENT OFFICE OF BRITISH COLUMBIA
("EAO")

WHEREAS certain Projects are subject to the *National Energy Board Act* and also may meet or exceed thresholds established pursuant to the *British Columbia Environmental Assessment Act*, S.B.C. 2002, c. 43 ("BCEAA");

WHEREAS the Parties wish to promote a coordinated approach to achieve environmental assessment process efficiencies with respect to such Projects;

WHEREAS sections 27 and 28 of the BCEAA allow the British Columbia Minister of Environment to enter into an agreement regarding any aspect of environmental assessment with Canada or its agencies, boards or commissions and provides for accepting another party's or jurisdiction's assessment as being equivalent to an assessment required under the BCEAA;

WHEREAS any assessment of a Project pursuant to the *National Energy Board Act* would take into account any comments submitted during the assessment process by the public and Aboriginal peoples; and,

WHEREAS the Minister's section 27 powers have been delegated to the Executive Director of the EAO.

June 2013

The Ministry of Natural Gas Development Information BinderNational Energy
BoardOffice national
de l'énergieEnvironmental
Assessment Office**NOW THEREFORE:**

1. In this Agreement,

"Project" means a project that constitutes a reviewable project under British Columbia's *Reviewable Projects Regulation*, B.C. Reg. 370/2002, including but not limited to:

- i. an electric transmission line;
- ii. a transmission pipeline;
- iii. an off-shore oil or gas facility;
- iv. a natural gas processing plant; or,
- v. an energy storage facility;

as defined in the *Reviewable Projects Regulation*, where the Project also requires a decision on whether or not to approve the Project pursuant to the *National Energy Board Act*.

- 2. EAO accepts under the terms of this Agreement that any NEB assessment of a Project conducted either before or after the effective date of this Agreement, constitutes an equivalent assessment under sections 27 and 28 of the BCEAA.
- 3. The BCEAA and the regulations enacted under it, are deemed to be varied in their application to or in respect of Projects subject to this Agreement to the extent necessary to accommodate this Agreement, and the Projects to which this Agreement applies do not require assessment under the BCEAA and may proceed without a BCEAA certificate.
- 4. The Parties agree to develop a joint strategy to enhance the exchange of information related to proposed Projects covered by this Agreement. The NEB will notify the EAO on receipt of an application for a Project that would potentially be covered by this Agreement, and subsequently of any NEB decision on whether or not to approve the Project.

June 2013

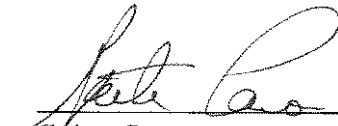
The Ministry of Natural Gas Development Information Binder

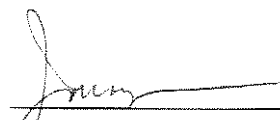
National Energy
BoardOffice national
de l'énergieEnvironmental
Assessment Office

5. This Agreement is not to be interpreted in a manner that would fetter the discretion of statutory decision-makers. Projects covered by this Agreement must still obtain all applicable British Columbia provincial permits or authorizations.
6. Either Party may terminate this Agreement upon giving 30 days written notice to terminate to the other Party. The termination of this Agreement will not affect the acceptance of equivalency for any Project that has received a decision on whether or not to approve the Project pursuant to *the National Energy Board Act* prior to the date of termination.
7. EAO and NEB will post this Agreement on their respective public websites.
8. The Parties agree that, effective the date below, this Agreement replaces and supersedes the agreement executed by the Parties as of November 26, 2008.

THIS AGREEMENT is dated for reference the 21st day of June, 2010.

SIGNED:


Gaetan Caron
Chair and CEO
NATIONAL ENERGY BOARD


John Mazure
Executive Director
ENVIRONMENTAL ASSESSMENT OFFICE
PROVINCE OF BRITISH COLUMBIA

CONTACT: Ines Piccinino, A/ADM

June 2013

*The Ministry of Natural Gas Development Information Binder***BRIEFING NOTE****ISSUE: Kinder Morgan Trans Mountain Pipeline Expansion****KEY MESSAGES:**

- On April 12, 2012, Kinder Morgan Canada Inc. (KMC) announced its plan to expand the Trans Mountain pipeline system from near Edmonton to Vancouver.
- In June 2012, KMC commenced an estimated two-year Aboriginal, landowner and stakeholder engagement process.
- KMC plans to file its application with the National Energy Board (NEB) in October 2013.
- Where required, the NEB will conduct an assessment of the expansion plans. Provincial agencies and the public will have opportunities to participate.
- BC's participation in NEB Hearings related to oil and gas projects is strategically coordinated by the Oil and Gas Major Projects Team chaired by the Ministry of Energy, Mines and Natural Gas (EMNG).

BACKGROUND:***Project Scope***

- Kinder Morgan Canada Inc. (KMC), a wholly owned subsidiary of Kinder Morgan Energy Partners L.P., owns and operates the Trans Mountain (TMX) pipeline system which has been in operation since 1953. Since that time, the pipeline capacity has been increased a number of times by twinning parts of the line and adding associated facilities.
- Today TMX transports approximately 300,000 barrels per day (bbls/d) of various crude products some 1,150 kilometres from Edmonton, Alberta to marketing terminals and refineries in central BC, the Greater Vancouver area, and the Puget Sound area in Washington.
- On April 12, 2012, KMC announced it will proceed with its proposed plans to expand the existing TMX system. KMC's TMX expansion project would increase the capacity of the pipeline from 300,000 bbls/d to 890,000 bbls/d.
- The preliminary scope of the project includes:
 - capital costs of approximately \$5.4 billion;
 - twinning the existing pipeline within the existing right-of-way;
 - 980 km of new 36-inch diameter pipeline, approximately 580 km in BC;
 - potentially 11 new pump stations, 7 located in BC;
 - potentially 21 new storage tanks at existing facilities in Edmonton (6), Sumas (1) and Burnaby(14); and
 - potentially three new loading berths (currently existing berth will be removed once new ones are built), plus one new utility berth at Westridge Marine Terminal in Burnaby.

*June 2013**The Ministry of Natural Gas Development Information Binder*

- In May 2012, KMC completed an “Open Season” call for commercial interest in shipping firm volumes of oil through the proposed expanded TMX pipeline. KMC received firm 20-year term binding commercial commitments from a diverse group of existing and new shippers for 708,000 bbls/d. The remaining 182,000 bbls/d will be set aside for spot market sales.

Project Activities

- KMC has held 37 public meetings in 30 communities across BC and Alberta (27 meetings in 22 communities in BC) from September 2012 to January 2013. These meetings provided the public with an opportunity to meet project staff, learn about the proposed expansion and provide input. More than 2,200 people attended the sessions (over 2,100 in BC) and many others participated online. KMC also held 58 meetings (48 in BC) between project team members and stakeholder groups that included meetings with community leaders and elected officials to get their input and perspectives.
- The top areas of interest and concern included the engagement process and activities, marine tankers and the impacts of increased tanker traffic, oilsands development and global warming, pipeline safety, spills and emergency response both on land and at sea, routing of the proposed pipeline, and socio-economic benefits and impacts of the project. KMC has stated that expansion would only marginally increase tanker traffic through Port Metro Vancouver. TMX-related traffic currently accounts for three percent of traffic through the port.
- KMC’s engagement plans for 2013 include a mix of online and in-person opportunities to continue to share information and seek input on studies, route options, project description, etc.
- The TMX expansion tolling application was filed with the NEB on June 29, 2012. Public hearings were held February 12-22, 2013, and a final decision is expected May 2013.

Project Next Steps

- Next steps announced by KMC are as follows:
 - June 2012 to Spring 2014 – continued First Nation/Aboriginal groups, landowner and stakeholder engagement, undertake pipeline routing, traditional knowledge studies, environmental and socio economic assessments.
 - October 2013 – following NEB decision on tolling (expected May 2013), file a facilities application with the NEB for approval to construct the pipeline expansion.
 - 2014 to 2015 – once the review process begins, under the new Federal environmental review for major projects the NEB recommendation report is due to the Governor in Council within 15 months, the final Federal decision will take approximately three months.
 - 2016 to 2017 – pending approval, proposed construction to commence.
 - 2017 – proposed start date for operations.

June 2013

The Ministry of Natural Gas Development Information Binder

BRIEFING NOTE**ISSUE: Kitimat Refinery****KEY MESSAGES:**

- Kitimat Clean Ltd. is proposing to plan, construct and operate a new state-of-the-art oil refinery in Kitimat, to be in operation by 2020.
- The projected capital cost of the proposed refinery is \$16 billion, with an additional \$6 billion for an oil pipeline, \$2 billion for a natural gas pipeline, and \$1 billion for new ocean-going tankers.
- The proponent estimates a workforce of 6,000 will be required for five years of construction and approximately 3,000 workers will be directly and indirectly employed by the refinery once in operation.
- Navigant Consulting Inc. (Navigant) was contracted by the Province to conduct a preliminary technical assessment of the proposed refinery project. The report found that building a refinery on the coast of BC has economic merit and should be seriously considered.

BACKGROUND:

- The proposed refinery would process up to 550,000 barrels per day (bpd) of diluted bitumen from the Alberta oil sands delivered by pipeline or by rail. It would produce eight petroleum products, including 240,000 bpd of diesel, 100,000 bpd of gasoline, and 50,000 bpd of kerosene (aviation fuel).
- The projected capital cost of the proposed refinery is estimated at \$16 billion. The refinery would likely be accompanied by a \$6 billion oil pipeline, a \$2 billion gas pipeline, and may require an additional \$1 billion for new ocean-going tankers that would carry value-added products.
- The refinery would be built on a 3,000 hectare site in the Dubose industrial site in the Kitimat Valley halfway between Terrace and Kitimat and would also include a natural gas cogeneration facility onsite to provide steam and electric power.
- During the five year construction period, it is expected that a workforce of 6,000 would be required. Direct employment for the operation of the proposed refinery is estimated at approximately 1,500 full time equivalent jobs with another 1,500 contract jobs to support the operations and maintenance.
- The proposed refinery will require an environmental assessment under Part 2 of the Reviewable Projects Regulation pursuant to the *BC Environmental Assessment Act*. A Project Description was submitted to the British Columbia Environmental Assessment office in September 2012.
- On April 20, 2013, Kitimat Clean Ltd. announced that it had signed Memorandums of Understanding (MOUs) with the Industrial and Commercial Bank of China (ICBC). The MOUs state that ICBC will be the Chinese financial advisor to Kitimat Clean Ltd. and will cooperate in the financing of the proposed project.

*June 2013**The Ministry of Natural Gas Development Information Binder*

- The Province commissioned Navigant to conduct a preliminary technical assessment of the proposed refinery project. One of the key objectives of the study was to estimate the economic performance of the refinery in light of contraction of the industry in the United States. Navigant was asked to:
 - prepare a technical review, including an estimate of the likely economic performance of the refinery; and
 - compile an assessment of the Asian fuel supply/demand balance and whether the output from Kitimat – diesel, gasoline, jet fuel and other refined products - could be sold profitably to customers in four Asian countries (namely China, India, South Korea and Japan).
- The Navigant report was publicly released on March 19, 2013.

Navigant Report Key Findings

- Navigant found that building a refinery on the coast of BC has economic merit and should be seriously considered by the government of BC. The report finds that such a refinery would provide incremental long-term economic benefits to the region, compared to export of unfinished feedstock.
- If configured carefully and managed properly, the refinery would generate sustainable margins that otherwise would be lost to Asian purchasers of Canada's oil sands production.
- It was also recommended that the proponent select a design for Kitimat that would make it capable of manufacturing fuel products for a myriad of countries around the Pacific Rim.

CONTACT: Ines Piccinino, A/ADM

June 2013

The Ministry of Natural Gas Development Information Binder

BRIEFING NOTE

ISSUE: Net Public Benefit Analysis of Asia-Pacific Energy Market Diversification

KEY MESSAGES:

- Under the NWP, the three Energy Ministers of BC, Alberta (AB) and Saskatchewan (SK), identified market diversification as a top priority for the energy industry in Western Canada.

•

•

S16, S17

•

Background:

•

•

S16, S17

•

June 2013

The Ministry of Natural Gas Development Information Binder

-

-

S13, S16, S17

-

ATTACHMENTS:

Appendix 1: Net Benefit Analysis of Asia-Pacific Energy Market and West Coast Access

CONTACT: Ines Piccinino, A/ADM

Pages 120 through 124 redacted for the following reasons:

S13, S16, S17

June 2013

The Ministry of Natural Gas Development Information Binder

BRIEFING NOTE**ISSUE: Petroleum and Natural Gas Tenure Disposition and Management Process****KEY MESSAGES:**

- There are three types of petroleum and natural gas (PNG) tenure issued by the Petroleum and Natural Gas Titles Branch (PNGTB) of the Oil and Gas Division.
- PNG tenure is acquired by industry through Crown dispositions, which are monthly scheduled competitive sealed-bid auctions.
- All requests for posting of tenure at Crown dispositions are subject to a pre-tenure review that may result in some parcels not being put forward, being reconfigured, or deferred for possible disposition at a later date.
- The Minister has the right to reject any and all bids received. This power is delegated to the Executive Director, PNGTB.
- The PNGTB is responsible for the ongoing management of active tenures, including annual rent collection, lease selection from drilling licences, applications for term extensions, and management of the zone designation system.

BACKGROUND:

- A petroleum and natural gas (PNG) tenure grants time-limited rights to Crown-owned subsurface resources.
- The PNGTB is responsible for issuing and managing PNG tenures on behalf of the Province, ensuring that Crown-owned PNG resources are managed for the benefit of all British Columbians.
- Once tenure has been issued, the tenure holder does not have the authority to conduct any activities on the land (e.g. well drilling). The tenure holder has the exclusive right to the subsurface resource and the right to apply to the Oil and Gas Commission for well-drilling permits and other surface activities related to the exploration and development of PNG resources, such as road and pipeline construction.

Types of Tenure

- There are three types of tenure issued by the PNGTB under the *Petroleum and Natural Gas Act (the Act)*. Each type of tenure grants a specific set of rights and sets out the obligations of the tenure holder and the circumstances under which the tenure can be extended or converted to another type of tenure.
 - **Leases** provide the exclusive right to produce petroleum and natural gas. They are acquired by the successful bidder at a Crown disposition or selected from permits and drilling licences. Lease terms are five or ten years depending on location.

*June 2013**The Ministry of Natural Gas Development Information Binder*

- **Drilling licences** provide the exclusive right to explore for petroleum and natural gas by drilling wells. They are acquired by the successful bidder at a Crown disposition. Drilling licence terms are three, four or five years depending on the parcel location.
- **Permits** also provide the exclusive right to explore for petroleum and natural gas by drilling wells. All permits have a term of one year and may be renewed annually, contingent on the completion of work requirements, up to four or seven times depending on the classification of the permit. Unlike drilling licences, only a portion of a permit can be converted to a lease and the remainder must revert to the Crown.

Tenure by the Numbers

- The PNGTB currently manages more than 13,000 PNG leases and more than 750 PNG drilling licences, covering over 8.5 million hectares.
- There are currently no active PNG permits in the Province. Permits are rarely requested for disposition. The last permit issued through a Crown disposition was in 2006.
- British Columbia's natural gas production occurs from the Western Canada Sedimentary Basin that underlies the northeastern part of the Province. Natural gas, not oil, is British Columbia's predominant form of hydrocarbon resource.

For further information on the PNGTB's tenure disposition and management processes, see Appendix 1.

ATTACHMENTS:

Ministerial Authorities under the *Petroleum and Natural Gas Act* and Regulations

CONTACT: Ines Piccinino, A/ADM

June 2013

The Ministry of Natural Gas Development Information Binder

Appendix 1

Tenure Disposition Process

- **Posting request/pre-referral review:** An oil and gas company sends the PNGTB a legal description of a tenure parcel they would like posted in an upcoming Crown disposition. The PNGTB runs a comprehensive initial check to determine:
 - if there is pre-existing tenure in the posting requested;
 - if the posting has already been requested;
 - if there are known issues with the surface lands that would prevent the parcel's availability for tenure, such as parks or caribou habitat; or
 - if there is overlap with lands that have existing First Nations issues, such as resource review areas or treaty land entitlement areas.

If a posting request passes this review, it proceeds to the next step in the disposition process.

- **Pre-tenure referral:** Before posting a parcel for disposition, the PNGTB consults with First Nations, local governments and other provincial ministries to identify any concerns that these groups have with the proposed disposition.
- **Finalization and assessment of sale parcels:** Once the pre-tenure referral process has been concluded, the PNGTB analyzes the comments it has received on the parcel and decides whether:
 - to post the parcel for disposition;
 - to post the parcel for disposition with caveats affixed to the title to address concerns raised by First Nations and governments;
 - to defer disposition of the parcel until further consultations have taken place; or
 - not to offer the parcel for disposition.

Additionally the PNGTB:

- publishes (electronically and in the BC Gazette) notice of the parcels available in the monthly Crown disposition;
- sends notices to any landowners whose properties sit above the rights being offered for disposition; and
- conducts an assessment of each parcel included in the upcoming Crown disposition to estimate the potential revenue from each sale to inform the Executive Director, PNGTB during the disposition adjudication.
- **Monthly rights disposition:** Once per month, the PNGTB conducts a disposition of the parcels that it has posted for sale. Sealed bids are received by the branch up until noon on the day of the sale. The PNGTB then reviews the bids received to determine the successful bid for each parcel. The PNGTB may choose not to dispose of a parcel if the bids received for a parcel are not consistent with current or historic bidding trends or do not represent good value to the Province given the geological potential of the parcel. Accepted bids are deposited into the Province's Consolidated Revenue Fund on the day of the sale (see note on deferred revenue for additional information on treatment of bonus bid revenues).
- **Tenure issuance:** Following the monthly rights disposition, the winning bidder for each parcel is issued a title for the oil and gas rights in the location described in the public sale notice.

June 2013

The Ministry of Natural Gas Development Information Binder

Tenure Management Process

- **Annual rent collection:** The Province charges a per-hectare annual rent for tenures. The PNGTB manages collection of this rent (along with cancellation of title in cases of non-payment).
- **Title management:** Tenure holders routinely buy, sell or trade tenure amongst themselves. The PNGTB keeps up-to-date records of which company holds which tenures. These records are publicly available. Tenure holders often borrow money to finance their operations using their oil and gas titles as collateral. The PNGTB will record certain types of financial instruments as an encumbrance against a PNG tenure – improving liquidity for tenure holders and providing a sense of security for their creditors.
- **Lease selection from drilling licences:** To gain the right to produce from a drilling licence, drilling licence holders must drill earning wells, which provide credits that can be used to select leases. The PNGTB assesses lease selection applications made by tenure holders to:
 - ensure that the wells drilled qualify as “earning wells”;
 - verify the lease-validation credits earned by the wells; and
 - track which rights are transferred to the new lease and which remain with the drilling licence.
- **Applications for term extensions:** A variety of term-extension opportunities exist for tenure holders. The PNGTB receives applications for term extensions from tenure holders. Some extensions of tenure term are available automatically with the payment of a higher level of rent at the end of a tenure’s term. Some applications require the PNGTB to verify the tenure holder’s eligibility for an automatic extension (for example to complete drilling a well over the expiry of a tenure), while others are at the discretion of the PNGTB (for example extension of a tenure where activities have been delayed due to a Provincially-mandated planning process).
- **Lease continuation applications:** At the end of the term of a lease, the tenure holder may apply to have eligible spacing areas continued. The PNGTB reviews lease continuation applications to determine whether the tenure holder has met the requirements set out under *the Act* to have their lease continued past its primary term. The review can include analysis and interpretation of geological information provided by the tenure holder and other information held by the PNGTB.
 In some cases, a lease continuation application is not successful. When this happens, a company will often seek to negotiate a program of work which would result in a subsequent lease continuation. The PNGTB is responsible for negotiating these programs of work with tenure holders and monitoring their implementation.
- **Management of the Crown Reserve:** The PNGTB is responsible for the management of the Crown Reserve of oil and gas. This includes the designation of geological zones and surface spacing areas that form the spatial basis for management of oil and gas tenures. It also includes tracking which rights are currently available for tenure and managing the return of tenured rights to the Crown Reserve. This can happen at the expiry or cancellation of tenure, at the point of conversion from a drilling licence to a lease, or with the application of zone-specific retention at the end of a lease’s primary term.

June 2013

The Ministry of Natural Gas Development Information Binder

Ministerial Authorities under the Petroleum and Natural Gas Act and Regulations

Table 1 – Ministerial Authorities under the *Petroleum and Natural Gas Act*

Section	Description
1	Designation of director and division head
3	Authorization of expenditure for roads to facilitate exploration and/or development of petroleum and natural gas
4(1)	Authorization of employees to enter a location to examine or inspect for the purposes of the Act
42(4)	Determination on appeal of classification of permits
52(2)	Forced lease selection from permit when petroleum discovered
60	Requirement to submit a development plan; requirement to drill on a lease
65.1(1)	Creation of regulations respecting other than normal spacing in an area of the province
66	Designation of other than normal spacing for a natural gas well
68	Forced pooling order
72	Withdrawal of Crown Reserve from disposition and approval alternative disposition (minister and LGIC)
72.1	Appointment of Royalty Administrator
76	Location and type of books and records that must be kept
78	Agreement establishing royalties different than those outlined in the Regulations
111	Approve production from a permit or drilling licence
114	Entry into a unitization agreement on behalf of the government
115	Order to unitize operations
119(5)	Disposal of assets vested in the government when property is not removed from the location of tenure by the end of the period specified.
119(6)	Use of proceeds from asset disposal to settle claims against property or owner
121	Order survey of a lease
122	Designation of geological and geophysical reports as confidential
127(1)	Designation of a storage area (recommendation to LGIC)
130	Lease of a storage reservoir
133(3)	Exemption from application of all or part of a regulation (when provided for in the regulation)
133.1	Limit on the total amount of production from a well, field or pool (by regulation)
135	Cancellation of title

June 2013

The Ministry of Natural Gas Development Information Binder

Table 1.1 - Ministerial Authorities under the *Petroleum and Natural Gas Act* Delegated to the Executive Director, Petroleum and Natural Gas Titles Branch

Section	Description
37(c)	Issuance of permits with unusual dimensions
41	Issue or refusal to issue permits
46(1)	Approval of unusual grouping radius for work on permits
47(4),(5)	Extraordinary extension of permits
49(b)	Approval of request to reduce permit area
51(b)	Lease application requirements
53	Issue or refusal to issue a lease
55(7)	Approval of unusual lease dimensions from permit
64	Surrender and re-issue of a lease
71	Disposition of Crown rights

Table 2 – Ministerial Authorities under the *Petroleum and Natural Gas Act's* Drilling Licence Regulation Delegated to the Executive Director, Petroleum and Natural Gas Titles Branch

Section	Description
2(4)	Acceptance or refusal of an application for tender
3(1)	Setting the form of a drilling licence
3(5.1)	Extension for delay in drilling
3(5.3)	Extension for coalbed gas project
4(5)	Splitting gas spacing areas for a petroleum well when converting to a lease

Table 3 – Ministerial Authorities under the *Petroleum and Natural Gas Act's* General Regulation

Section	Description
5(1)	Encouraging efforts to unitize
5(5)	Instructions for a well to be shut-in upon non-compliance with a unitization order

*June 2013**The Ministry of Natural Gas Development Information Binder***BRIEFING NOTE****ISSUE: Oil and Gas Revenue Forecasting****KEY MESSAGES:**

- The Oil and Gas Division (OGD) of the Ministry of Energy, Mines and Natural Gas (EMNG) is responsible for preparing five-year oil and natural gas royalty revenue and land sale revenue forecasts and coordinating the Ministry's complete revenue forecast that includes the Columbia River Downstream Benefits and miscellaneous mining receipts.
- Forecasts are prepared three times per year in January, July and October for Treasury Board Staff (TBS) of Ministry of Finance who use and publish these revenue forecasts in the Province's Budget and First and Second Quarterly Fiscal updates. See Table 1 in Attachments.
- Timing for when the next full revenue forecast is required will be set following the May 2013 election. It is anticipated that an updated revenue forecast will be required to support a new provincial Budget (as a second Budget forecast is typically prepared in all election years).
- The Royalty Administrator (Assistant Deputy Minister (ADM) of the Oil and Gas Division) and Deputy Minister review and approve the revenue forecast, prior to submission to TBS.
- The volatility of natural gas prices is the most significant cause of uncertainty in natural gas revenue forecasting. To reduce this uncertainty, EMNG tracks multiple private sector price forecasts and calculates an average of those forecasts for use in provincial revenue projections. See Table 2 in Attachments.
- Oil and natural gas royalty revenue forecasts are produced by OGD staff using models which combine forecast production, price forecasts and applicable royalty rates and programs to forecast net royalty revenues.

BACKGROUND:

- The OGD is responsible for submitting the Ministry's five-year revenue forecasts for oil and natural gas royalties, land sales, the Columbia River Downstream Benefits and miscellaneous mining receipts.
- This collective submission is provided three times per year to TBS, who publish the high-level results of the forecast in the appendices of the Budget and the First and Second Quarterly Fiscal update reports.
- OGD prepares the oil and natural gas royalty and land sale forecasts. The Electricity and Alternative Energy Division forecasts the Columbia River Downstream Benefits and the Mines and Mineral Resources Division forecasts the miscellaneous mining revenues.

*June 2013**The Ministry of Natural Gas Development Information Binder*

- OGD compiles the collective revenue report, checks for accuracy and consistency, and summarizes the key forecast results. The Royalty Administrator (ADM of OGD) and Deputy Minister review and sign off on the forecast prior to it being provided to TBS.

-

S12, S13, S17

-

-

ATTACHMENTS:

Table 1: Page 125 of Budget and Fiscal Plan – 2013/14 to 2015/16

Table 2: Page 128 of Budget and Fiscal Plan – 2013/14 to 2015/16

CONTACT: Ines Piccinino, A/ADM

June 2013

The Ministry of Natural Gas Development Information Binder

Table 1

From Page 125 of Budget and Fiscal Plan – 2013/14 to 2015/16

Appendices					125
Table A5 Material Assumptions – Revenue (continued)					
Revenue Source and Assumptions (\$ millions unless otherwise specified)	Updated Forecast 2012/13	Budget Estimate 2013/14	Plan 2014/15	Plan 2015/16	2013/14 Sensitivities
Other taxes	\$1,820	\$1,864	\$1,907	\$1,969	
Calendar Year					
Population	1.0%	0.9%	1.1%	1.2%	
BC Consumer Price Index	1.1%	1.5%	2.0%	2.1%	
BC housing starts	4.0%	-10.1%	1.0%	9.4%	
Real GDP	1.9%	1.6%	2.2%	2.5%	
Nominal GDP	3.5%	3.5%	4.3%	4.5%	
Components of revenue					
Property transfer	\$778	\$725	\$745	\$803	
Tobacco	\$617	\$709	\$726	\$726	
Insurance premium and other	\$425	\$430	\$435	\$440	
Energy, sales of Crown land tenures, metals, minerals and other	\$1,479	\$1,656	\$1,649	\$1,638	
Natural gas price					+/- \$0.50 change in the natural gas price equals +/- \$117 to \$125 million. Sensitivities can vary significantly especially at lower prices
Plant inlet, \$/cnd/gigajoule	\$1.46	\$1.85	\$2.25	\$2.65	
Sumas, \$/US/ MMBtu	\$3.14	\$3.57	\$4.06	\$4.41	
Natural gas production volumes					
Billions of cubic metres	35.8	38.7	43.0	49.6	
Petajoules	1,413	1,527	1,695	1,955	
Annual per cent change	-1.8%	8.1%	11.0%	15.3%	
Oil price (\$US/bbl at Cushing, Ok)	\$91.33	\$93.22	\$92.60	\$93.24	+/- 1% change in natural gas volumes equals +/- \$3 million on natural gas royalties +/- 1 cent change in the exchange rate equals +/- \$4 million on natural gas royalties
Auctioned land base (000 hectares)	100	100	110	115	
Average bid price/hectare (\$)	\$750	\$750	\$750	\$800	
Cash sales of Crown land tenures	\$75	\$75	\$83	\$92	
Metallurgical coal price (\$US/tonne, to west coast)	\$177	\$178	\$173	\$168	
Copper price (\$US/lb)	\$3.57	\$3.40	\$3.08	\$2.76	
Annual electricity volumes set by treaty (million mega-watt hours)	4.3	4.3	4.1	4.1	
Mid-Columbia electricity price (\$US/mega-watt hour)	\$25	\$33	\$38	\$41	+/- 10% change in the average Mid-Columbia electricity price equals +/- \$10 million
Exchange rate (US\$/ Cdn\$, calendar year)	100.1	100.5	102.5	100.9	
Components of revenue					
Natural gas royalties	\$144	\$282	\$318	\$359	
Bonus bids, fees and rentals	\$863	\$841	\$788	\$731	Based on a recommendation from the Auditor General to be consistent with generally accepted accounting principles, bonus bid revenue recognition reflects nine-year deferral of cash receipts from the sale of Crown land tenures
Petroleum royalties	\$96	\$100	\$96	\$93	
Columbia River Treaty electricity sales	\$91	\$125	\$140	\$155	
Coal	\$187	\$193	\$180	\$181	
Minerals, metals and other	\$60	\$74	\$83	\$71	
Oil and Gas Commission fees and levies	\$38	\$41	\$44	\$48	
Royalty programs and infrastructure credits					
Summer drilling	-\$24	-\$4	\$0	\$0	
Deep drilling	-\$149	-\$201	-\$322	-\$495	
Road and pipeline infrastructure	-\$30	-\$31	-\$85	-\$166	
Total	-\$203	-\$236	-\$407	-\$662	
Implicit average natural gas royalty rate	6.9%	9.9%	8.2%	6.9%	
Royalty program (marginal, low productivity and ultra marginal drilling) adjustments reflect reduced royalty rates. Natural gas royalties incorporate royalty programs and Treasury Board approved infrastructure credits.					

Budget and Fiscal Plan – 2013/14 to 2015/16

Page 134 redacted for the following reason:

S17

June 2013

The Ministry of Natural Gas Development Information Binder

BRIEFING NOTE**ISSUE: Deferred Revenue for Crown Disposition Bonus Bids****KEY MESSAGES:**

- Almost all natural gas and petroleum rights in British Columbia are owned by the Provincial Government. The private sector explores, develops, produces and markets natural gas and petroleum through tenure agreements with the Province. Interested parties request that natural gas and petroleum rights owned by the Province be made available as tenures in monthly dispositions.
- The Ministry of Energy, Mines and Natural Gas receives sealed bids and awards tenures based on highest acceptable bids. This revenue is collected monthly.
- Revenue deferral is a Generally Accepted Accounting Principle.
- It was implemented in 2004 as the revenue recognition method for bonus bids received from Crown oil and gas tenure dispositions.
- The current deferral period is nine years – representing the average lifespan of a tenure.
-

S17

BACKGROUND:

- Recognition of bonus revenue using deferral accounting allows for better financial planning and streamlines the Public Accounts by spreading revenue across a number of years to avoid spikes in the revenue stream.
-

S16, S17

S16, S17

British Columbia's Auditor General,

Mr. John Doyle, reviewed the 2004 decision to defer tenure bonus revenue and he is "strongly of the view that the accounting treatment that's currently being deployed is appropriate."

- A comprehensive analysis is done at the end of every fiscal year to justify the deferral period. This analysis is reviewed by both the Auditor General's Office and the Office of the Comptroller General.

S17

S17

- The Public Accounts reports Crown sale bonus revenue on the deferred basis for both actual revenue collected and forecast values.

CONTACT: Ines Piccinino, A/ADM

*June 2013**The Ministry of Natural Gas Development Information Binder***BRIEFING NOTE****ISSUE: Infrastructure Royalty Credit Program****KEY MESSAGES:**

- The Infrastructure Royalty Credit Program (Program) provides oil and gas companies with an incentive to invest in roads and pipelines by reducing future royalty payments directly associated with those projects by up to 50 percent of project costs.
- The Program is designed to create jobs, encourage drilling and well completion investment, generate new royalty revenue for the Crown, and open up new areas in northeast BC for development.
- The Program is an important contributor to BC's oil and gas sector competitiveness by incenting industry capital investments that enable and accelerate exploration and development of oil and gas resource, which may not otherwise occur or would be delayed several years.
- The Program also plays an important role in ensuring that sufficient infrastructure is in place to produce and transport the natural gas that will be required to meet increased demand for liquefied natural gas in overseas markets.
- As of March 31, 2013 the Program incented over \$1.7 billion in new capital investment for the construction of 78 new or upgraded roads and 129 new pipeline projects.

BACKGROUND:

- The Infrastructure Royalty Credit Program was designed to address infrastructure constraints that limit oil and gas exploration and development in BC; no similar program exists in North America.
- The Petroleum and Natural Gas Royalty and Freehold Production Tax Regulation allows for royalty deductions in connection with approved road and pipeline infrastructure projects.
- Royalty deductions create incentives for oil and gas companies to invest in the resource roads and pipeline infrastructure required to support year-round upstream (exploration and production) activities.
- Through cost sharing partnerships with industry, the Province contributes up to 50 percent of the original cost estimate of an approved and completed road or pipeline building project in the form of a royalty deduction.
- All risks and costs in building the approved infrastructure projects rest with industry, as royalty credits are not released until construction is complete and revenue neutrality is achieved whereby incremental royalty revenue exceeds the royalty credit amount.
- Eleven installments of the Program have been implemented since 2004, totalling \$840 million in approved royalty credits.

*June 2013**The Ministry of Natural Gas Development Information Binder*

- The 2012 installment of the program alone is expected to generate approximately \$260 million in new industry capital investment in BC.
- A Request for Applications for the twelfth installment was issued on February 21, 2013 and closed on April 18, 2013. Forty-one project applications were received. Ministry staff are currently undertaking a rigorous evaluation of these proposed projects.
- An increasing number of companies have begun to apply for less than the maximum 50 percent allowed by the regulation in royalty deductions. Successful marketing efforts by the Ministry, along with an increased understanding of the competitive nature of the Program's application process, has encouraged companies to request only the level of royalty deductions needed to make their projects economic.
- The success of the Program is measured by the net incremental oil and gas revenues generated to the Province that are directly associated with the projects approved under the Program.
- The Province averages a five-year return on investment of \$2.50 per dollar of royalty-credit released from wells drilled under the Program. This highlights the value of the Program in creating new, incremental royalty revenue for the Crown.
- Cumulative net incremental royalty revenue attributable to infrastructure projects completed to-date totals \$793.4 million as of March 31, 2013. This amount will continue to increase over time as the wells drilled continue to produce and new wells are developed as result of the constructed infrastructure.

CONTACT: Ines Piccinino, A/ADM

*June 2013**The Ministry of Natural Gas Development Information Binder***BRIEFING NOTE****ISSUE: Oil and Gas Rural Road Improvement Program (OGRRIP)****KEY MESSAGES:**

- The Oil and Gas Rural Road Improvement Program (Program) is a joint initiative between the Ministry of Energy, Mines and Natural Gas (EMNG) and the Ministry of Transportation and Infrastructure (MOTI).
- This Program provides funding for improvements to public road infrastructure in northeast BC used extensively by oil and gas companies.
- These investments help to minimize seasonal road restrictions and extend the winter drilling season for oil and gas exploration.
- \$169 million has been invested under the Program as of March 31, 2013 as an appropriation expenditure under the MOTI's budget.
- An estimated \$40 million has been allocated towards the program over the next two fiscal years. No funds are committed beyond 2014/15.
- The Program plays an important role in ensuring reliable year round access on public roads to areas with oil and gas potential and as such will help in supporting the upstream activity required to meet increased demand for liquefied natural gas in overseas markets.

BACKGROUND:

- Many public roads in northeast BC require upgrading to handle larger, heavier vehicles associated with unconventional natural gas activity. Reliable, year-round access to unconventional natural gas resources is essential for BC's upstream development.
- The Program was implemented in 2009/10 following the success of the five-year Heartlands Oil and Gas Road Rehabilitation Strategy which concluded in 2008/09.
- Under the Program, public roads are rehabilitated to improve travel safety for local workers and residents, enable year-round drilling and production, attract oil and gas investment, and support local community development.
- Public roads are selected under the Program based on input from local residents, oil and gas production potential, and development needs to facilitate growth in the natural gas industry.
- Since its introduction in 2009/10, the Program has involved 36 projects in northeast BC covering 1,287 km of road improvements, including widening and strengthening, regravelling, base repairs and dust suppression.
- EMNG sponsored earlier instalments of the Program: \$47 million per year for 2009/10 and 2010/11.
- MOTI has sponsored the Program since 2011/12, allocating \$30 million in new funding for 2011/12, \$45 million for 2012/13, and \$20 million per year for 2013/14 and 2014/15.

*June 2013**The Ministry of Natural Gas Development Information Binder*

- MOTI has not committed to provide funding for the Program beyond 2014/15.

ATTACHMENTS:

Appendix 1: Delivered OGRIPP Program (\$45 million) for 2012/13

Appendix 2: OGRRIP Program (\$20 million) for Fiscal 2013/14

CONTACT: Ines Piccinino, A/ADM

June 2013

The Ministry of Natural Gas Development Information Binder

APPENDIX 1**Delivered OGRIPP Program (\$45 million) for 2012/13**

Project	Description
H97 Ft Nelson Gateway Intersection	Construct left turn slots, deceleration lanes and signalization on Highway 97N at the intersection of the Airport Connector Road in Fort Nelson
H77 Ft Nelson River Bridge	Develop conceptual design and cost estimate for increasing load capacity of the Fort Nelson River Bridge on Highway 77, north of Fort Nelson.
North Peace Side Road Hardsurfacing	Pave various side roads including portions of Hilltop, Rimrock, Charlie Lake South, Old Hope and 100 Street Lookout.
North Peace Side Road Gravelling	Gravel and brush along various side roads including Altona Rd, Cecil Lake & Clayhurst area.
North Peace Dust Control	Apply dust control on various side roads impacted by the oil and gas industry in the North Peace area, including Altona Rd, Beryl Prairie Rd and Clayhurst Ferry 108 Rd.
Braden Road – Phase 3	Widen, strengthen and sealcoat 15 km of Braden Road.
South Peace Gravel Program	Gravel and brush various side roads in the South Peace area.
South Peace Side Road Base Improvements	Minor base repair on various side roads as required to address impacts from oil and gas industry in the South Peace area
South Peace Dust Control	Apply dust control on various side roads impacted by the oil and gas industry in the South Peace area.
Stewart Lake Road	Widen, strengthen and sealcoat 9.5 km of the Stewart Lake Road, west of Dawson Creek.
South Peace Hardsurfacing	Sealcoat and/or pave various side roads in the South Peace area.
Oil and Gas Preferred Route – Bessborough Road	Design for intersection improvements at Mason Semple and Bessborough Road and for 4.5 km of Bessborough Road to the intersection of Road 243.
H97 Corridor Improvement	Construct access improvements at Farmington on Highway 97, north of Dawson Creek.

June 2013

The Ministry of Natural Gas Development Information Binder

APPENDIX 2**OGRRIP Program (\$20 million) for Fiscal 2013/14****Projects**

North Peace Gravel Program
South Peace Gravel Program
North Peace Dust Control
South Peace Dust Control
Oil & Gas Preferred Route – Bessborough Rd Upgrade
Road 214 Sealcoat
H77 Liard km 0-42 Widening
Ft Nelson River Bridge Design
Blueberry Rd 139 Upgrade
FN Arterial & Old Alaska Highway Arterial HIPR
South Peace Side Road Repairs and Upgrades

June 2013

The Ministry of Natural Gas Development Information Binder

BRIEFING NOTE**ISSUE: Sierra Yoyo Desan Road****KEY MESSAGES:**

- The Sierra Yoyo Desan (SYD) Road is an essential route for the continued development of unconventional natural gas resources in the Horn River and Cordova Embayment shale gas plays.
- The SYD Road project has been administered through a Public-Private Partnership arrangement since 2004, with long term operation and maintenance provided under a Concession Agreement with a private company.
- The Ministry of Energy, Mines and Natural Gas (EMNG) is working with the Ministry of Transportation and Infrastructure (MOTI) to deliver ^{S17} in capital improvements to the SYD Road.
- This major upgrade, the SYD Road Upgrade project, is required to support and accelerate shale gas development in the Horn River, which represents the opportunity for significant future incremental royalty revenue.
- The SYD Road Upgrade project will also play an important role in ensuring reliable year round access on public roads to areas with oil and gas potential which will help support liquefied natural gas export development.
- The SYD Road Upgrade project supports BC's oil and gas sector competitiveness by enabling long term industry capital planning and investment.

BACKGROUND:

- The 180 kilometre road, located north and east of Fort Nelson, provides the primary access to the Horn River Basin and Cordova Embayment shale gas plays.
- The public resource road is operated by EMNG under a 99 year lease from the British Columbia Transportation Financing Authority.

P3 Arrangement

- The SYD Road project is delivered through the first Public-Private Partnership (P3) arrangement.
- Under the P3, a private partner funded a ^{S21} capital road upgrade in 2004, and is responsible for management and operation of the road under a 16-year Concession Agreement.
- Cost for the capital improvements and ongoing maintenance of the road are covered by fees collected from industrial road users, who are primarily oil and gas companies.

*June 2013**The Ministry of Natural Gas Development Information Binder*

- The provincial contribution to the partnership is a royalty deduction provided to industrial road users, amounting to 50 percent of road use fees paid.

SYD Road Upgrade project

S12, S17

- These SYD Road improvements will provide improved access to the eastern half of the Horn River Basin, and over two-thirds of the distance into the Cordova Embayment.
- SYD Road improvements have been completed from km 9.2 to km 40 on the road, while construction is currently underway from km 61 to km 121. The section of road from km 40 to km 61 is on hold due to budget pressures.
- The SYD Road Upgrade project is scheduled for completion in Fall 2014.

CONTACT: Ines Piccinino, A/ADM

June 2013

The Ministry of Natural Gas Development Information Binder

BRIEFING NOTE**ISSUE: Coalbed Gas Update****KEY MESSAGES:**

- Due to low natural gas prices and high operational costs, coalbed gas (CBG) development in the Province has become commercially unviable.
- BC CBG resource potential is estimated at 100 trillion cubic feet. Industry has spent over \$150 million in CBG in BC.
- Advancing CBG development has faced challenges due to fluctuating natural gas prices, and First Nations, community and environmental non-government organizations (ENGO) concerns.
- Some CBG development has taken place in northeast BC, but production has been shut-in, while projects in other others are limited or cancelled.

BACKGROUND:***Northern British Columbia***

- In northeast BC two companies, Hudson's Hope Gas Ltd., and Canadian Spirit Resources Inc., began commercial production in December 2008 and June 2009, respectively. In 2010, both companies shut-in their wells due to low natural gas prices and high operating costs.

Shell Canada Ltd. and the Klappan

- In 2004, Shell acquired tenure in the Klappan coalfield of northwestern BC and drilled three test holes to begin exploration for an estimated CBG resource of 11 trillion cubic feet. In 2005-2006 Shell did not pursue its planned field program out of respect for the Tahltan First Nation (Tahltan) and opposition from ENGOs. The Klappan tenure area lies within Tahltan traditional territory and holds significant cultural and wildlife values. It also contains the headwaters for the Skeena, Nass and Stikine Rivers and is referred to as the "Sacred Headwaters" by ENGOs and First Nations.
- In 2007, Shell re-entered the area to conduct road work and environmental studies, but faced continued ENGO and First Nation opposition.

S12

S12

- On December 18, 2012, EMNG and Shell reached an agreement wherein Shell would relinquish tenure and withdraw from the Klappan in respect of the Tahltan. The Province announced it would not issue future petroleum and natural-gas tenure in the area.

S17, S21

S17, S21

June 2013

The Ministry of Natural Gas Development Information Binder

Southern British Columbia

- In 2008, BP Canada Energy Company (BP) acquired tenure in the Crowsnest coalfield through Order-in-Council following extensive public and First Nation engagement and a comprehensive environmental program. BP drilled one exploratory well near Sparwood in 2010. In July 2010, BP sold its BC assets including the Crowsnest Mist Mountain CBG project to Apache Corporation (Apache). In 2011 Apache received a permit for one well. Apache is continuing with the project and on March 21, 2013 received approval, with conditions, from the BC Oil and Gas Commission for a special project designation under section 75 wherein an area is designated as a special project using innovative technology under the *Oil and Gas Activities Act*.
- In the Elk Valley, Storm Cat Energy Ltd. (Storm Cat) has drilled over 20 wells. The company was temporarily grandfathered to continue surface discharging produced water from nine wells. OGC encountered problems with Storm Cat and its water discharge. Storm Cat was issued an order to cease production by March 1, 2012 and have complied by shutting-in their wells.
- In 2007 Petrobakken Energy and Resources Ltd. (Petrobakken) re-initiated community engagement on the drilling of two wells. After community members raised concerns, Petrobakken agreed to delay drilling and EMNG extended tenure to November 2010. Petrobakken has since surrendered their tenure.

Vancouver Island

- S16, S22 expressed interest in CBG development, but no progress has been made to date.

CONTACT: Ines Piccinino, A/ADM

*June 2013**The Ministry of Natural Gas Development Information Binder***BRIEFING NOTE****ISSUE: Offshore Oil and Gas****KEY MESSAGES:**

- There are no offshore oil and gas developments in BC.
- With a moratorium on all offshore oil and gas activities off the BC coast, no recent expressions of interest, and industry focussing on natural gas development in known basins, the Ministry of Energy, Mines and Natural Gas (EMNG) is not currently conducting any work on offshore oil and gas development.

BACKGROUND:

- According to the Geological Survey of Canada, there are an estimated 9.8 billion barrels of oil and 41.8 trillion cubic feet of gas located in sedimentary basins off the coast of BC.
- A federal moratorium on all offshore oil and gas activities was established in 1972.
- The BC Energy Plan 2007 noted that, with advanced technology and positive experiences in other jurisdictions, a compelling case existed for assessing BC's offshore resource potential. Government worked with coastal communities, First Nations, the federal government, environmental organizations and others to ascertain benefits and address concerns associated with offshore oil and gas development. Since that time natural gas development across North America has changed dramatically. Industry investment is focused on shale and tight gas development as it is much cheaper to produce and there is far less risk compared to developing unknown basins off the shore of BC. Low prices for natural gas are a further significant deterrent for expensive offshore exploration.
- EMNG has not received any recent expressions of interest from industry for development of offshore resources.

*June 2013**The Ministry of Natural Gas Development Information Binder***BRIEFING NOTE****ISSUE: Integrated Petroleum Systems (IPS)****KEY MESSAGES:**

- Crown petroleum and natural gas sub-surface rights are administered by the Petroleum and Natural Gas Titles Branch (PNGTB) of the Oil and Gas Division. This responsibility includes:
 - issuing rights in an equitable manner;
 - administering these issued rights; and
 - collecting and accounting for revenues associated with these rights.
- Three information systems currently support PNGTB operations:
 1. The Petroleum Titles System (PTS) administers the petroleum and natural gas tenure registry.
 2. The Petroleum Accounts Receivable System (PARS) tracks all revenue and suspense entries and produces corresponding reports.
 3. The Sales Parcel System (SPS) organizes data pertaining to dispositions of Crown owned petroleum and natural gas rights.
- Work is underway to update and integrate these three systems into an Integrated Petroleum System (IPS) using current technology platforms.

BACKGROUND:

- Work began on an IPS project in 2009.
- The project's objective is to update the existing PTS, PARS and SPS systems to use current technology platforms and to ensure that it is able to be integrated and updated in real time.
- Implementation of the new system will increase operational efficiency and provide an efficient and stable platform for the monthly disposition of Crown petroleum and natural gas rights carried out by the PNGTB.
- The IPS will extend the functionality of the current PNGTB systems to enable improved service delivery to clients and increased administrative efficiency by reducing the duplication of information input and information retrieval time.
- Changes to the Natural Resource Sector (central services) have resulted in significant delays in the development of the IPS.

CONTACT: Ines Piccinino, A/ADM

June 2013

The Ministry of Natural Gas Development Information Binder

BRIEFING NOTE**ISSUE: Oil and Gas Commission - Roles, Responsibilities and linkages to government policy****KEY MESSAGES:**

- The British Columbia Oil and Gas Commission (OGC) is a Crown corporation and single-window regulatory agency, responsible for overseeing oil and gas activities in the province including exploration and development, pipelines and reclamation.
- The OGC operates under the *Oil and Gas Activities Act* (OGAA) through which it has responsibility for decisions under other natural resource statutes for oil and gas purposes (specified enactment authorities).
- The Minister of Energy, Mines and Natural Gas (Ministry) provides Government's direction to the Commission through an annual Letter of Expectations that is to guide the OGC's activities.
- Establishing oil and gas policy direction is the responsibility of the Ministry.

BACKGROUND:

- The OGC was created in 1998 as a Crown Corporation under the *Oil and Gas Commission Act* and continued under the OGAA in 2010. The OGC is an agent of the Crown and has offices in Victoria, Fort St. John, Fort Nelson, Dawson Creek and Kelowna.
- The OGC is responsible for the regulation of provincial oil and gas activities including exploration and development, construction and operation of pipelines and facilities, and reclamation upon completion of these activities. Inter-provincial or international pipelines fall under the federal jurisdiction of the National Energy Board and are not approved or regulated by the OGC.
- The cost of operating the OGC is funded through the application of industrial fees and levies on a cost recovery basis. Currently the OGC has 201 permanent employees.
- As regulator, the OGC is also responsible for ensuring government's obligations to consult with First Nations have been met in relation to proposed oil and gas activities.
- The purposes of the OGC as established in 1998 and continued under OGAA are to:
 - regulate oil and gas activities and pipelines in BC in a manner that: fosters a healthy environment, a sound economy and social well being; conserves oil and gas resources; ensures safe and efficient practices; and assists owners of oil and gas resources to participate equitably in the production of shared pools;
 - provide for effective and efficient processes for the review of applications;
 - encourage First Nation participation in processes affecting them;
 - participate in planning processes; and
 - undertake education and communication programs to advance safe and efficient practices and the other purposes of the Commission.

June 2013

The Ministry of Natural Gas Development Information Binder

- The regulation making authority for OGAA is split between government and the OGC Board. The OGC Board is responsible for developing regulations related to the technical, operational and safety aspects of oil and gas activities. Regulatory powers related to governance and authorities of the OGC, environmental requirements for oil and gas activities to meet and penalties for contraventions of the Act are held by the Lieutenant Governor in Council.
- OGAA continued the responsibility of the OGC for specific decisions under the: *Environmental Management Act; Forest Act; Heritage Conservation Act; Land Act; and Water Act* required by oil and gas related activities. These authorities are commonly referred to as the “specified enactment authorities” of the OGC.
- The OGC is governed by a three member Board, led by the Deputy Minister of the Ministry of Energy, Mines and Natural Gas as Chair, the OGC Commissioner as Vice Chair and a third member appointed by the Lieutenant Governor in Council.
- The Minister of Energy, Mines and Natural Gas provides Government’s direction to the Commission through an annual Letter of Expectations that is to guide the OGC’s activities. The Ministry also has a Memorandum of Understanding which defines the working relationship between both organizations and establishes annual priorities.
- The specific accountabilities set for the OGC in the 2013/14 Letter of Expectations are to
 - continue to advance the governance renewal initiative, including proposals to the Ministry for any legislative changes, to enable the implementation of a modern and robust governance structure and governance practices;
 - continue to develop and improve operational regulations to ensure BC maintains a safe, effective and complete regulatory framework;
 - collaborate with other government agencies, professional organizations and learning centers to ensure a coordinated and value-based approach to natural resource development and management;
 - support the development of the northeast BC Shale Gas Hydraulic Fracturing Water Strategy identified within the Natural Gas Strategy and cooperate with Government in the refinement and delivery of the Province’s regulatory programs for the management and allocation of water resources; and
 - support the BC Jobs Plan, BC’s Natural Gas Strategy and the Liquefied Natural Gas (LNG) Strategy.
- It is clear in principle that government makes policy and OGC takes and executes policy as an agent of the Crown regarding oil and gas activities in the Province.
- Areas of potential overlap emerge sometimes over clarity of roles of the Ministry, other government agencies and the OGC in establishing policies or management direction that have impacts on oil and gas activities, other sectors, the environment or the public; and the communication and adoption of government policy to and by the OGC.

CONTACT: Ines Piccinino, A/ADM

Office of Housing and Construction Standards

1. Purpose

Office of Housing and Construction Standards:

Well-housed people, safe buildings – a foundation for strong communities

The responsibilities of the Office of Housing and Construction Standards (OHCS) touch all British Columbians through the universal need for shelter. Our work affects a large segment of our economy including construction, mortgages, real estate, strata corporations, renovations, rental housing and subsidized housing. We strive to ensure that British Columbians have access to safe, affordable and appropriate housing through market and non-market housing policy and programs, building and safety policy and the development of technical codes and standards, and services for landlords and tenants. Our stakeholders are the citizens of British Columbia and their representatives at all levels of government, First Nations, community groups, non-profit societies, schools, service organizations, businesses and industry associations. Key to our success is our ability to maintain strong, collaborative relationships with stakeholders, partner agencies and other levels of government.

OHCS is responsible for administering all or part of 16 statutes pertaining to the housing sector (see below), and provide oversight of and policy direction to the British Columbia Housing Management Commission (BC Housing).

Assistance to Shelter Act
Building Officials Association Act
Commercial Tenancy Act
Community Charter (Section 9 in relation to buildings and structures)
Fire Services Act (Section 47 (2) g and (h))
Homeowner Protection Act (except Part 9)
Local Government Act (Section 692 and 693 in relation to Building Code and other building regulations)
Manufactured Home Park Tenancy Act

Ministry of Lands, Parks and Housing Act (Sections 5 (c), 8.1 and 10)
Rent Distress Act
Residential Tenancy Act
Safety Authority Act
Safety Standards Act
Shelter Aid for Elderly Renters Act
Strata Property Act
Special Accounts Appropriation and Control Act (Sections 9.3 [Housing Fund])

*June 2013**The Ministry of Natural Gas Development Information Binder*

2. Context

This morning, almost every person in British Columbia woke up in a home and the nature of that home will impact their day.

If their housing is temporary, they will spend the day worrying where they will sleep tonight.

If the quality seems substandard, they will worry whether their family is safe.

If they are getting older, they will worry how long they can stay at home and where they will go next.

If they are on a low income, they will worry whether their rent will increase and force them out.

Landlords will worry whether they will be able to keep their buildings full and manage repairs.

Builders worry about increasing costs, fluctuating demand, and shortages of skilled workers.

Employers worry their employees will not find housing that is affordable in their community.

Regulators worry about the increasing complexity of building construction, potential liability and the risk of not getting it right.

Housing advocates worry that despite our best intentions too many people are continuing to fall through the cracks.

Workers want technical equipment and systems to be safe.

Our role is to make housing less of a worry for all British Columbians.

We bring predictability, certainty and create a forum where complex problems can be solved.

We help those in immediate need and provide a range of options to those in need of greater security and stability.

We continue to rethink the way we regulate to make homes safer, healthier and green.

We stimulate the economy through a robust construction industry and economic competitiveness.

We provide fair systems to help citizens and industry resolve their disputes in a predictable and efficient way.

Facts:

- Almost 100,000 households currently benefit from affordable housing programs each year, accounting for approximately six percent of all housing in the province.
- The building construction sector in British Columbia accounts for approximately 3.4 percent of direct Gross Domestic Product. It directly employs more than 72,000 people
- A third of households in British Columbia rent (over 50 percent in the City of Vancouver).

*June 2013**The Ministry of Natural Gas Development Information Binder*

- The Residential Tenancy Branch hear 20,000 disputes each year, freeing Small Claims and British Columbia Supreme Court from deciding claims for compensation or possession. Affordability is a major concern and our rental stock is aging and in need of repair.

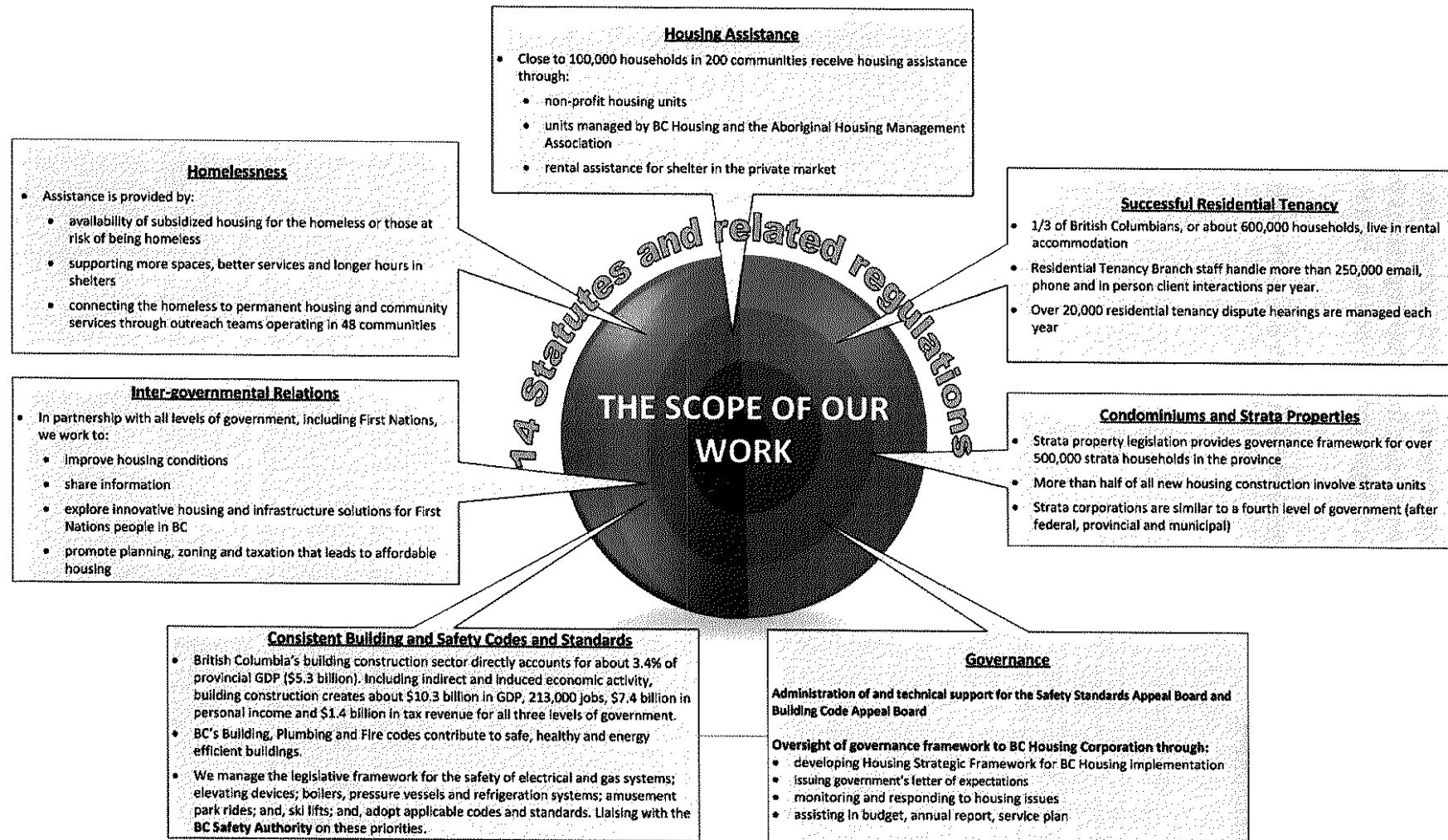
We face considerable challenges and meet each one with passion, innovation and commitment.

June 2013

The Ministry of Natural Gas Development Information Binder

3. Priorities

The Office of Housing and Construction Standards provides leadership, effective regulation and services to promote buildings that are safe and housing that meets the needs of all British Columbians.



4. Branch Descriptions

4.1 Residential Tenancy Branch (RTB)

About one third of British Columbians live in rental housing. Rental housing is a critical option for people looking for alternatives to home ownership. Many people live in rental housing because they cannot afford to own their homes; some live in rental housing because they are new to a community, in the midst of transition, or prefer to make investments elsewhere. Healthy tenant-landlord relations and well functioning tenancies are critical both to the tenants who want safe and secure housing, and to landlords who have an interest in operating viable businesses.

Residential Tenancy Branch
Front-line services throughout British Columbia to support successful residential tenancies – including education about tenant and landlord rights and responsibilities, and the adjudication of tenancy disputes leading to final and binding decisions.

The Residential Tenancy Branch (RTB) is responsible for administering the legislative framework that guides tenancies. This mandate impacts people at a fundamental level; at times determining whether someone will have a home or not, whether much needed repairs to a rental building will be completed, or whether landlords can carry out their businesses such as collecting rent from tenants who are repeatedly late. The tenancy legislation also has far-reaching implications for the rental housing sector by encompassing matters pertaining to rent control, “renovictions”, and administrative penalties for serious offences.

With sole authority to hear landlord and tenant disputes, the RTB has a significant administrative justice role. Each year, the RTB settles about 20,000 disputes through its quasi-judicial tribunal, part of the civil justice system. The Branch provides a cost-effective and timely forum for resolving disputes, freeing the Courts from hearing about 20,000 claims each year.

The RTB also provides front-line information services to British Columbians on their rights and responsibilities under the tenancy legislation. Landlords and tenants are encouraged to understand and fulfil their responsibilities. Through knowledge and communications, landlords and tenants avoid disputes.

In its strategic oversight role, the RTB collaborates with major tenant and landlord stakeholder associations to ensure that its policies and process are transparent, fair, consistently applied, and support the effective regulation of residential tenancies.

June 2013

The Ministry of Natural Gas Development Information Binder

4.2 Housing Policy Branch

Housing prices in British Columbia are among the highest in Canada. We have the highest proportion of condominiums and multi-family housing and demand for rental and subsidized housing continues to increase. At the same time, our existing housing and rental accommodation stock is aging and in some cases is poorly maintained. High housing prices create increasing pressure on households across the housing market.

The Housing Policy Branch (HPB) focus is to increase the availability of housing options that meet the needs of low-to-moderate income individuals, vulnerable populations, and changing demographics. The branch works to enhance the supply and condition of the market rental and social housing stock as well as access to effective and affordable dispute resolution for strata owners.

Housing Policy Branch
Policy development including:
homelessness, affordability for
renters and owners, strata
properties and Aboriginal housing;
regulatory amendments;
intergovernmental relations; and,
oversight of BC Housing.

HPB delivers key housing services for government including: policy and legislation, strategic planning, stakeholder and citizen engagement, evaluation and research.

The Branch manages a wide range of housing relating to:

- how market and non-market housing meets citizen needs;
- health of the housing industry; and
- housing and supports for vulnerable residents including people who are homeless, people with disabilities, women and children leaving abusive situations, seniors and Aboriginal people.

Delivery of our strategic services requires the branch to develop and maintain relationships with other ministries, federal, Aboriginal and local governments, citizens, consumer groups, business, industry and non-profit sectors on a wide-range of housing related programs, policies and initiatives.

Another key function of the branch is to provide oversight and policy direction to BC Housing as per the *Ministry of Lands, Parks and Housing Act*. (BC Housing is the Crown Corporation which delivers social housing, homeless programs, transition housing and programs for market housing such as the Homeowner Warranty program in the Homeowner Protection Office).

The branch is also responsible for the *Strata Property Act* which provides the governance framework for 27,000 strata corporations and nearly one million British Columbians living in residential stratas. In addition to residential stratas, there are also commercial, industrial and mixed stratas.

June 2013

The Ministry of Natural Gas Development Information Binder

4.3 Building Safety and Standards

Increasing complexity of the housing and construction sectors raises the potential for safety issues, disputes and the need for education and training. Building is becoming more complex – alternative solutions to traditional building approaches, including the province's focus on the increased use of wood in building construction - are pushing the boundaries of our current building, fire and plumbing codes. As well, in our increasingly litigious times, there are fewer inspections of buildings under construction.

The Building and Safety Standards Branch (BSSB) manages a broad range of legislation and regulations that affects the everyday lives of British Columbians. The demands for services that are progressive and that keep up with the rapid pace of change are high, whether they are for clarity and efficiency for code users; a clear, easily understood, or speedy resolution to a dispute; or, a home that meets an individual's needs and budget.

Building Safety and Standards

Policy and technical analysis leading to the development of building regulations including the BC Building, Plumbing and Fire Codes; management of the provincial governance model for the safety of technical equipment and systems, including adoption of current codes and standards and cooperation with the BC safety Authority to continuously improve the system.

The branch is responsible for:

- Governance of aspects of the building and safety regulatory system and the built environment
- Stewardship of the development and application of codes and standards such as the BC Building Code, the BC Fire Code and regulations under the *Safety Standards Act*

BSSB provides policy and technical advice on and manages issues related to building and public safety, including:

- fire protection; structural design; heating, ventilation and air-conditioning; plumbing; accessibility; and energy and water efficiency in buildings
- electrical and gas services; elevating devices; boiler, pressure vessel and refrigeration systems in buildings; and ski lifts and amusement rides
- regular updates and revisions of the BC Codes

The Branch has led several government initiatives that strengthen the economy and allow flexibility and innovation within the building regulatory system, including the Wood Strategy and new energy efficiency requirements for new homes and businesses. BSSB has been a major participant in several cross-government priority projects including the Wood Innovation and Design Centre and Built Environment Tomorrow.

The branch plays an advisory role in provincial, national and territorial committees and working groups and works with other agencies involved in building and safety such as:

- liaison to the BC Safety Authority
- liaison to the Homeowner Protection Office, a branch of BC Housing

June 2013

The Ministry of Natural Gas Development Information Binder

- secretariat to the Building Code Appeal Board, British Columbia's building code dispute resolution body
- secretariat to the Safety Standards Appeal Board

June 2013

The Ministry of Natural Gas Development Information Binder

5. Key Accomplishments and Opportunities

SPHERES OF INFLUENCE

The Office of Housing and Construction Standards covers a broad range of interrelated areas that are rooted in serving the needs of citizens, and the roles of government and the private market. At the highest level, we face a series of simply stated but complex public policy tensions which are steeped in the spheres of social policy, built environment and administrative justice. Presented below are OHCS accomplishments and opportunities organized by these spheres, which are further discussed in this package.

ADMINISTRATIVE JUSTICE SPHERE:

OHCS contributes to the administrative justice sector of the justice system including:

- The Residential Tenancy Branch (RTB)
- Strata governance [Housing Policy Branch (HPB) responsible for]

Accomplishments

- Implemented LEAN to address inefficiencies with the administration of dispute resolution services. Improvements are reducing bureaucratic redundancies such as drastically cutting down on the number of steps involved in transactions to support positive customer experiences and reduced wait times.
- Levied the first-ever administrative penalty against a Surrey landlord with a track-record of serious and deliberate non-compliance with the *Residential Tenancy Act* and orders. An agreement was reached and as a result, the landlord is making significant structural repairs to his building.
- Published the company names of commercial landlords in decisions posted online. This change supports the Province's Open Government strategy and its commitment to modernize and improve service delivery through the provision of open information.
- Introduced an expedited process for landlords to regain possession of a rental unit when a tenant hasn't paid rent, called the Direct Request Process. This process is a faster, more efficient method for resolving disputes of this nature.
- Provided a cost-effective and timely forum for resolving tenant-landlord disputes by presiding over approximately 20,000 hearings annually.

Opportunities

-

S13

- Modernize and streamline Residential Tenancy Branch business processes to meet increasing service delivery pressures and evolving citizen expectations for timely, smart, and efficient services. Opportunities include self serve, web based tools as the primary way to access information and services to resolve disputes earlier and reduce reliance on formal adjudication.

June 2013

The Ministry of Natural Gas Development Information Binder

- Strengthen the current administrative penalties framework to address serious, deliberate and persistent contraventions of the *Residential Tenancy Act*.

SOCIAL POLICY SPHERE:

Housing shapes our health, keeps us safe, influences our access to employment, and influences our economic well-being.

Accomplishments (since 2001)

- Approved 21,000 new units of affordable housing of which 18,000 units have been constructed.
- Established homeless outreach programs in 60 communities.
- Created the Class 3 Supportive Housing property assessment class which reduces property taxes to a nominal amount for supportive housing projects.
- Spent \$209 million to acquire and renovate 51 buildings in 16 communities to preserve affordable housing stock.
- Devolved 4,200 Aboriginal housing units from BC Housing management to Aboriginal Housing Management Association (AHMA).
- Spent \$177 million for upgrades to existing social housing.
- Opened emergency shelters 24/7 to link individuals to health services and housing.
- Doubled the number of emergency shelter beds from about 800 in 2001 to more than 1,600 today.
- Introduced the Rental Assistance Program (RAP) which helps working families pay rent each month and has supported almost 21,500 families in private market rental units.
- Operate temporary extreme weather shelters that open when weather conditions warrant an extreme weather alert during the winter months. The weather conditions that will trigger an alert are predetermined by each community according to local circumstances (more than 2,200 temporary spaces in 33 communities).
- Established the *Assistance to Shelter Act* which enables police officers to take a person who is at risk of harm due to extreme weather to an emergency shelter if they refuse to go voluntarily, to ensure their safety.
- Signed the Investment in Affordable Housing agreement with the federal government from 2011-2014.
- Expanded the Shelter Aid for Elderly Renters (SAFER), a rent supplement program, to better meet the housing needs of low-income seniors.
- Improved financial accountability under the *Strata Property Act*. The province has made depreciation reports mandatory and changed regulations to better protect rentals in stratas.

June 2013

The Ministry of Natural Gas Development Information Binder

- Developed legislation and public support for the new Civil Resolution Tribunal to resolve strata disputes outside of the court system.

Opportunities

- Move forward to update the provincial housing strategy, *Housing Matters BC*. A refreshed strategy will build on successes achieved, and address gaps that have emerged where citizens, particularly low to moderate families, need further government support to stay housed and healthy.

s.13

- Extend BC Housing's borrowing capacity in order to leverage new affordable rental and social housing.
- Take advantage of the extension of the Federal/Provincial Investment in Affordable Housing program with provincial cost sharing.

BUILT ENVIRONMENT SPHERE:

Building construction is becoming more complex and the pace of innovation is challenging the national model code development process, fundamental principles of the code and code enforcement practices.

Accomplishments (since 2004)

- Modernized safety framework for regulated technical equipment, systems and work including establishment of independent BC Safety Authority to administer the system. Regulated equipment is used in industrial, commercial and residential settings and includes boilers and pressure vessels, electrical products and systems, gas products and systems, elevators, amusement rides and ski lifts.
- Implemented BC's labour mobility commitments under various trade agreements
- Mid-rise residential wood frame construction - Implemented BC Building Code changes to increase the allowable height from four to six stories.
- Added energy and water efficiency as objectives of the BC Building Code including specific code provisions.
- Developed specific building regulation for the Wood Innovation and Design Centre (in Prince George)
- Released 2012 edition of the BC Building, Plumbing and Fire Codes.
- Adoption of new energy requirements for both large Part 3 and smaller Part 9 buildings that renew British Columbia's leadership position in energy efficiency
- Adoption of seismic provisions for Part 9 housing.

June 2013

The Ministry of Natural Gas Development Information Binder

Opportunities

Establish a modern safety framework for building construction that will achieve measurable health, safety and energy efficiency objectives; respond to innovation and technical change; support skills training and jobs; provide opportunities for advancing sustainability through energy efficiency and the greater use of wood in buildings; and housing affordability.

6. Division Organization Chart, Budget and Staffing Levels

OHCS Branch	Staffing Levels
ADM's Office	4
Housing Policy	14
Building and Safety Standards	19
Residential Tenancy	100
Total¹	137²

S17

1. Difference of .001 due to rounding
2. **FTE count is 119.** The number of actual staff is higher than FTE count as some staff members work part time.

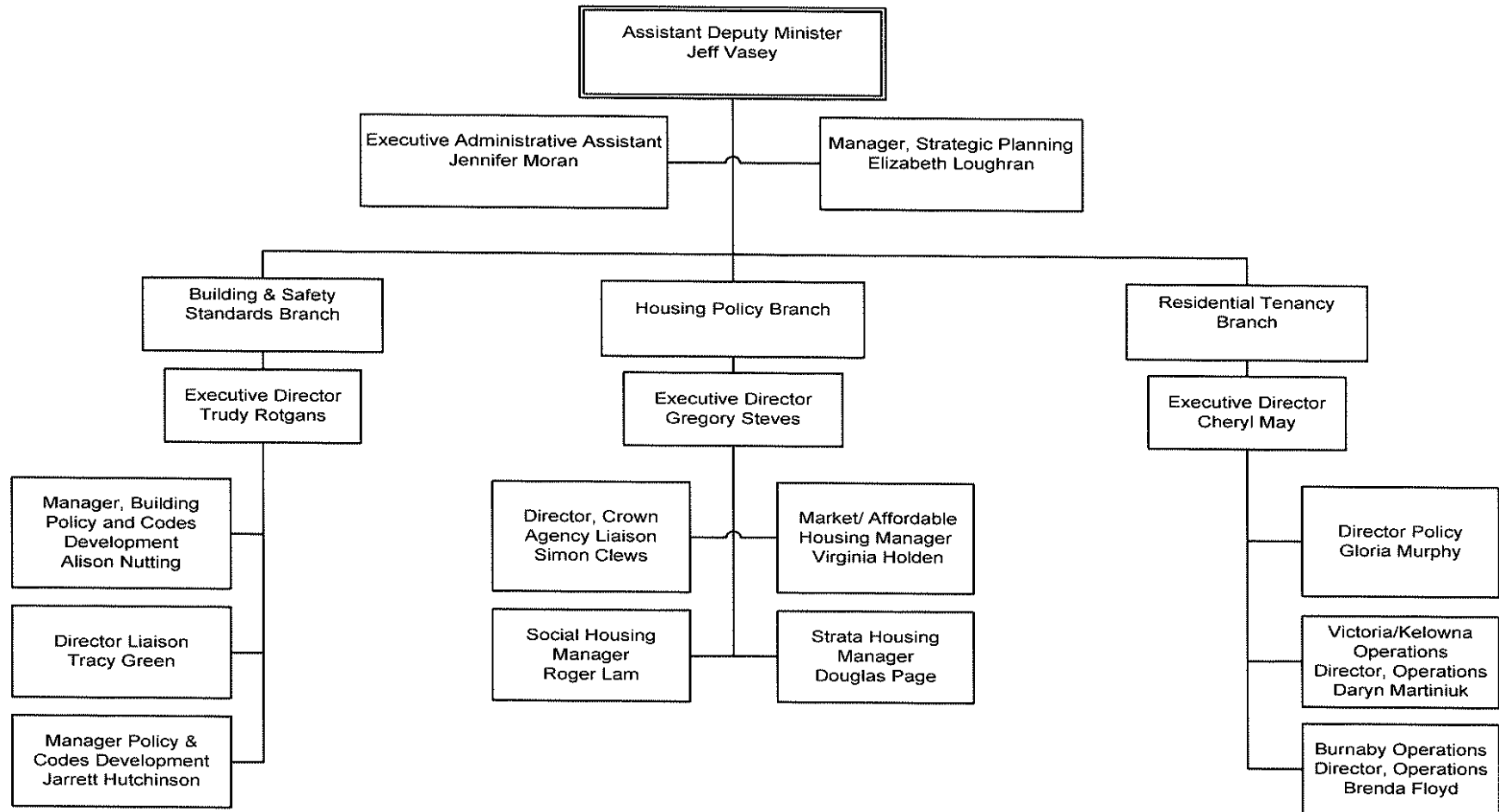
7. Briefing Notes

See separate binder on OHCS issues.

June 2013

The Ministry of Natural Gas Development Information Binder

OHCS Organizational Chart



June 2013

The Ministry of Natural Gas Development Information Binder

Stakeholder Organizations/Industry Associations

Oil and Gas

Canadian Association of Petroleum Landmen (CAPL)

CAPL is a professional organization for people involved in all aspects of petroleum land management. Its membership includes individuals responsible for the acquisition, administration and disposition of mineral and/or surface rights for petroleum exploration and production companies, as well as related service and financial companies in the energy industry. CAPL is committed to enhancing all facets of the land profession through communication, education, professional development, technology, and member services.

Key Contact

Margaret Ariss, CAPL President

Phone: (403) 539-1107 Email: margaret.ariss@pxx.ca

<http://www.landman.ca/>

Canadian Association of Petroleum Producers (CAPP)

CAPP represents companies that explore for, develop and produce Canada's petroleum resources (the upstream sector). CAPP is made up of more than 100 producer member companies who explore for, develop and produce about 90 percent of Canada's natural gas and crude oil and 150 associate members who provide a wide range of services such as banking, supply, drilling and computing that complete the infrastructure of Canada's upstream oil and gas industry. Their goal is to continuously enhance the economic well-being and sustainability of Canada's oil and natural gas industry in a socially, environmentally and technically responsible and safe manner.

Key Contacts

Allen Knight, Senior VP, Canadian Natural Resources Limited, CAPP Board Chair

Dave Collyer, President

Phone (general): 403-267-1100 Email: dave.collyer@capp.ca

<http://www.capp.ca/>

Canadian Society for Unconventional Resources (CSUR)

In April 2002, CSUR was created to support the exploration and development of Canadian unconventional gas resources and focus energy and resources on all forms of unconventional gas, including coalbed methane, tight gas, shale gas and gas hydrates. The mission of CSUR is to facilitate the factual and collaborative exchange of unconventional gas knowledge and challenges among government, regulators, industry and public stakeholders for the exploration and production of the resource in an environmentally sensitive and economical manner.

Key Contact

Kevin Heffernan, President

Phone: 403-233-9298 ext. 229 Email: kheffernan@csur.com

<http://www.csur.com/>

June 2013

*The Ministry of Natural Gas Development Information Binder***Canadian Fuels Association (CFA)**

Formerly called the Canadian Petroleum Products Institute, the Canadian Fuels Association represents major Canadian companies involved in the refining, distribution, and/or marketing of petroleum products. The Mission of CFA is to initiate discussion and dialogue in the development of public policy and regulation serving the long term interests of the Canadian consumer and of the Canadian petroleum industry. CFA represents members on public policy issues to governments, media and interest groups on matters such as environment, health and safety. CFA also maintains a network to advance best practices in the handling, use and storage of refined petroleum products in Canada.

Key Contacts

Peter Boag, President

Phone: 613-232-3709

Brian Ahearn, Vice-President, Western Division

Phone: 403-266-7565 <http://www.canadianfuels.ca>**Canadian Energy Pipeline Association (CEPA)**

CEPA represents Canada's transmission pipeline companies. Members transport 97 percent of Canada's daily crude oil and natural gas production from producing regions to markets throughout Canada and the United States. CEPA is dedicated to ensuring a strong and viable transmission pipeline industry in Canada in a manner that emphasizes public safety and pipeline integrity, social and environmental stewardship and cost competitiveness.

Key Contacts

Current Board Chair: Doug Bloom, President, Spectra Energy Transmission West

Previous Board Chair: Ian Anderson, President of Kinder Morgan Canada

President & CEO (Primary): Brenda Kenny Email: bkenny@cepa.comPhone: 403-221-8750 Email: info@cepa.com<http://www.cepa.com>**Explorers and Producers Association of Canada (EPAC)**

EPAC represents the unique interests of emerging and junior oil and gas companies, to the public, governments and other sectors of the energy industry, supporting more than 350 member companies. Of these member companies, 80 percent are exploration and producing organizations with the remaining 20 percent being service and supply companies specializing in meeting the needs of small operators.

Key Contacts

Neil Smith, Board Chair

Gary Leach, Executive Director

Phone: 403-269-3454

Email: info@sepac.ca<http://www.explorersandproducers.ca/>

June 2013

*The Ministry of Natural Gas Development Information Binder***Petroleum Services Association (PSAC)**

The Petroleum Services Association of Canada is the national trade association representing the service, supply and manufacturing sectors within the upstream petroleum industry. PSAC represents a diverse range of member companies, employing and contracting almost exclusively to oil and gas exploration and production companies. PSAC member companies represent over 80 percent of the business volume generated in the petroleum services industry.

Key Contact

Mark A. Salkeld, MBA, President and CEO

Phone: 403-264-4195 Email: msalkeld@psac.ca<http://www.psac.ca>

June 2013

The Ministry of Natural Gas Development Information Binder

Stakeholder Organizations/Industry Associations

Office of Housing and Construction Standards

Aboriginal Housing Management Association (AHMA)

Formed in 1995, AHMA oversees off-reserve subsidized housing for Aboriginal housing providers in BC. AHMA's goal is to have all Aboriginal housing in BC owned, operated and managed by the Aboriginal community. To make this possible, AHMA is working with the BC Housing Management Commission to have all off-reserve Aboriginal housing in BC devolved to AHMA.

Key Contact:

Andrew Leach, Chief Executive Officer

Tel: 604-921-2462 ext. 1 Email: andrew.leach@ahma-bc.org

Toll-free: 1-888-921-2462

Fax: 604-921-2463

reception@ahma-bc.org

Condominium Home Owners Association (CHOA)

A non-profit association that promotes the understanding of strata property living and the interests of strata property owners by providing advisory services, education, advocacy, publications and resources and support for its members. CHOA membership includes strata corporations, individual owners, businesses that serve the strata industry, strata related associations and governmental agencies from across BC.

Key Contact:

Tony Gioventu - *Executive Director*

Tel: 604-584-2462 ext. 1

Toll-free: 1-877-353-2462 ext. 1 Email: tony@choa.bc.ca

<http://www.choa.bc.ca/>

Vancouver Island Strata Owners Association (VISOA)

An independent, non-profit organization that was formed in 1973, with the aim to provide information to all stratas on Vancouver Island. VISOA is staffed by a volunteer board. Membership is open to all residential strata corporations that have registered with the B.C. Land Title Office.

Key Contact:

Sandy Wagner - President

Tel: 250-920-0222

Toll-free: 1-877-338-4762 Email: president@visoa.bc.ca

<http://www.visoa.bc.ca/>

June 2013

*The Ministry of Natural Gas Development Information Binder***Canada Mortgage and Housing Corporation (CMHC)**

Established as a government-owned corporation in 1946 to address Canada's post-war housing shortage, CMHC is Canada's national housing agency. CMHC provides mortgage loan insurance, mortgage-backed securities, housing policy and programs, and housing research.

Key Contact:

Karen Kinsley, President and Chief Executive Officer

Tel: 613-748-2186

<http://www.cmhc.ca/en/index.cfm>**British Columbia Apartment Owners and Managers Association (BCAOMA)**

BCAOMA is a non-profit organization whose function is to promote the interests and conserve the rights of apartment owners and managers. They have 1,200 members who collectively own and manage 100,000 residential rental units throughout BC.

Key Contact

Richard Laurencelle – President

Phone 604-733-9440

<http://www.bcaoma.com/>**Rental Owners and Managers Society of British Columbia (ROMS BC)**

ROMS BC provides services, products and representation to residential landlords. They represent 2,000 members who collectively manage over 45,000 rental units throughout BC.

Key Contact

Al Kemp – CEO

Phone 250-382-6324

<http://www.romsbc.com/>**Tenant Resource & Advisory Centre (TRAC)**

TRAC is an educational charity that provides legal education and information about residential tenancy matters to tenants, community advocates and any other British Columbians who require this knowledge. They deliver information through their website, multilingual publications, Tenant Infoline, and public legal educational workshops.

Key Contact

Andrew Sakamoto – Executive Director

Phone 604-255-3099

<http://www.tenants.bc.ca/main/?home>

June 2013

*The Ministry of Natural Gas Development Information Binder***The Manufactured Home Park Owners Alliance of British Columbia (MHPOABC)**

The Manufactured Home Park Owners Alliance of British Columbia (MHPOABC) represents manufactured home park owners, whose parks house 26,000 residential units across the province. They provide services, products and representation to park owners.

Key Contact
Scott Stroshin – President
Phone 604-291-7364
www.mhpo.com

Active Manufactured Home Owners Association (AMHOA)

Active Manufactured Home Owners Association (AMHOA) represents manufactured home owners across the province. They promote and support an ongoing working relationship and partnership between Federal, Provincial and Local Government agencies, elected Members of the Legislative Assembly of British Columbia, homeowner/tenants and the landowners/landlords of British Columbia's manufactured home parks.

Key Contact
Carmela Rueter – President
Phone 250-478-5741
<http://www.amhoa.ca/>

Rental Housing Council of British Columbia

The Rental Housing Council of BC is made up of ROMS BC, BCAOMA, and the Professional Association of Managing Agents (PAMA). Governed by an elected Board of Directors, the Council represents associations, affiliates, rental property owners and their managers throughout the province.

Key Contact
Al Kemp – CEO
Phone 250-382-6324
<http://www.romsbc.com/>

June 2013

*The Ministry of Natural Gas Development Information Binder***BC Non-profit Housing Association (BCNPHA)**

The BCNPHA is an umbrella association representing the non-profit housing sector throughout BC. The Association is comprised of approximately 500 non-profit housing societies, businesses, individuals and stakeholders. BCNPHA provides leadership and support to members; publishes a bi-monthly newsletter called InfoLink; offers a variety of education workshops and services; and hosts an annual conference of workshops and forums.

Key Contact:

Karen Stone (pronounced “Kahren”), Executive Director
604-291-2600, Ext. 223 Email: karen@bcnpha.ca
<http://www.bcnpha.ca/>

Community Legal Assistance Society (CLAS)

Community Legal Assistance Society provides legal advice and assistance to people who are physically, mentally, socially, economically or otherwise disadvantaged or whose human rights need protection.

Key Contact

Jessie Hadley – Barrister and Solicitor
Phone 604-685-3425
<http://www.clasbc.net/>

British Columbia ACORN (BC ACORN / ACORN CANADA)

ACORN Canada is an independent national organization of low and moderate income families. With more than 40,000 members across Canada, they seek to have the voices of low and moderate income families heard. Locally, one of their key campaigns is Surrey Healthy Homes while one of their national campaigns is Affordable Liveable Housing.

Key Contact

John Anderson – Head Organizer BC
Phone 778-385-4385
<http://www.acorncanada.org/metro-vancouver>

June 2013

*The Ministry of Natural Gas Development Information Binder***Homeowner Protection Office (HPO) – Intergovernmental Stakeholder**

This agency was established in response to leaky condos (now part of BC Housing, the crown corporation, as of April 2010). The HPO is responsible for licensing residential builder and building envelope renovators province-wide, mandatory new home warranty insurance, and education and research into residential construction for the benefit of the residential construction industry and consumers.

Key Contacts

Shayne Ramsay - Chief Executive Officer

Phone (general) 604-646-7056 Email: sramsay@hpo.bc.ca

Wendy Acheson - Vice President and Registrar Email:

wacheson@hpo.bc.ca

Local Government Managers Association (LGMA)

LGMA is a caucus that represents about 20 large urban local governments. It is dedicated to promoting professional management and leadership excellence in local government in BC.

Key Contacts

[Alberto De Feo](#) - President

Phone (general) 250-766-0116 Email: adefeo@lakecountry.bc.ca

Tom MacDonald - Executive Director

(250) 383-7032 Ext. 223 Email: tmacdonald@lgma.ca

BC Construction Association (BCCA)

The BC Construction Association (BCCA) serves as the voice for those in BC's construction industry. Its mission is to provide leadership and excellence in the representation of and service to British Columbia's construction industry. BCCA represents approximately 2,000 companies in an industry that employs 140,000 British Columbians and represents 15% of the provincial GDP. Membership is distributed across four regional associations and includes general contractors, manufacturers, suppliers and allied services, who are primarily involved in the institutional, commercial and industrial sectors.

Key Contacts

Manley McLachlan – President Email: manleym@bccassn.com

Abigail Fulton - VP, Government Relations Email: abigailf@bccassn.com

June 2013

*The Ministry of Natural Gas Development Information Binder***Canadian Homebuilders Association of BC (CHBABC)**

The Canadian Home Builders' Association of British Columbia is the voice of the residential construction industry in B.C., representing over 1,200 builders, renovators, contractors, suppliers and trades- people across the province. The association is a voluntary membership made up of building professionals who are committed to building excellence. Its mandate is to foster a housing environment in which the industry operates effectively and professionally while maintaining affordability and profitability. CHBA members come from every area housing industry - new home builders, renovators, land developers, trade contractors, product and material manufacturers, building product suppliers, lending institutions, insurance providers, service professionals and others.

Key Contacts**Nathan Stone** - CHBA BC PresidentPhone (general) 250-372-5516 Email: doug@dwbuilders.ca

Cam Hayward - Victoria Chapter Representative

Ph: (250) 883-9419 Email: cam.hayward@shaw.ca**(Ms) MJ Whitmarsh – CEO**

Phone (604) 432-7112

<http://www.chbabc.org/>**Independent Contractors and Business Association of BC (ICBABC)**

ICBABC is the voice of the Open Shop construction industry in BC. The ICBABC represents over 1000 member companies in the open shop construction industry in BC which collectively employs several thousand workers in all trades and capacities. ICBA monitors and lobbies all levels of government to ensure current and future legislation reflects the needs and wishes of the open-shop sector and its employees.

Key ContactsPhilip Hochstein – President Email: philip@icba.bc.ca

Donald Chu - Vice President

Jason Keenan - Communications Director Email: jason@icba.ca**Building Owners and Managers Association of British Columbia (BOMA BC)**

The Building Owners and Managers Association of British Columbia (BOMA BC) represents over 300 members that own or manage over 80 million square feet in Vancouver alone, with an estimated value of over \$8 billion. Founded in 1911, BOMA BC is the largest commercial real estate industry association in British Columbia. BOMA BC is affiliated with both BOMA Canada and BOMA International. Membership with BOMA BC is open to firms and individuals that own, manage, plan, develop, market or lease office buildings, institutions, government agencies, facilities, retail centres and industrial parks. Membership is also available for suppliers and professional service companies that cater to the building industry. A

June 2013

The Ministry of Natural Gas Development Information Binder

Victoria Chapter was created by BOMA BC in 1998, with its own Board of Directors, membership and events, to provide a presence for the Vancouver Island commercial real estate industry.

Key Contacts

Derek Page - BOMA BC President Email: dpage@oxfordproperties.com

Rob Kavanagh - Vice President Email: rob.kavanagh@gwlr.com

Susan Dodsworth - Vice President & Treasurer

Email Susan.Dodsworth@snclavalinom.com

Building Officials Association of BC (BOABC)

BOABC is an association of about 700 local government Building Officials and others involved in building design, construction, testing and research. Its mission is to serve the public interest in building safety, health, and welfare by advancing high, consistent standards of building official practice through the professional competence of its members. BOABC members inspect and monitor compliance to the BC Building Code. BOABC members serve on many provincial committees that review building regulatory issues in BC. BOABC's mandate includes fostering cooperation in the establishment of uniform regulations relating to the fire protection and structural adequacy of buildings and the health and safety of occupants, and promoting uniform interpretation of those regulations and their companion documents. The BOABC is a Corporation established under the *Building Officials' Association Act (1997)*. Building inspectors are not required to be members in order to practice.

Key Contacts

Manjit S. Sohi - President

Phone (general) 604-514-2816 Email: msohi@langleycity.ca

Richard Bushey - Executive Director

Phone (general) 604- 270-9516 Email: richard@boabc.org

Fire Chief's Association of BC (FCABC)

The FCABC is a non-profit organization which provides a forum for the exchange of ideas and educational information relative to the Fire Service of BC. The FCABC strives to improve fire and life safety in BC and reduce the loss of life and property from fire. Its mission is to be a source of information and education to its members and uphold their rights through active interface with both government and the public on issues relating to the Fire Service BC.

Key Contacts

Len Garis - President

Phone (general) 604-543-6701 Email: lwgaris@surrey.ca

Tim Pley - 1st Vice President

Phone (general) 250-724-1351 Email: timothy_pley@portalberni.ca

Ann Hancock - Administrative Contractor

Phone (general) 250-862-2388 fcabc@shaw.ca

June 2013

*The Ministry of Natural Gas Development Information Binder***Fire Prevention Officers' Association of BC (FPOABC)**

The FPOABC consists of public officials engaged primarily in the prevention of fire or the investigation of fire, or both. Members discuss and exchange information concerning laws, codes, regulations, inspections and education related to the cause, prevention and spread of fire and to the escape from fire. The ministry recently gave FPOABC a grant to assist with BC Fire Code training initiatives. The association promotes and develops ways and means for improving all matters concerning the preservation of life and the protection of property from fire, as well as the high professional standing of its members.

Key Contacts

Doug Bell -President Nanaimo Fire-Rescue Dept

Phone (general) 250-755-4562

Email: dbell@fpoa.bc.ca

Mark Smitton - Vice President

Phone (general) 604-476-3053

Email: msmitton@fpoa.bc.ca

Diane Dunbar - Admin Assistant

Email: ddunbar@fpoa.bc.ca

Union of BC Municipalities (UBCM)

UBCM represents the interests of all local governments in BC and serves as the main forum for local government policy-making by bringing together local governments of all sizes. UBCM brings forward the positions and concerns of local government to the provincial and federal government, as it is involved in intergovernmental committees and regular meetings with Ministers. UBCM serves as an important link between local governments and other orders of government.

Key Contacts

Mayor Mary Sjostrom – President

Phone (general) 604-270-8226, ext. 105

Email: msjostrom@quesnel.ca

Urban Development Institute (UDI)

The Urban Development Institute is a national non-profit association (with international affiliations) of the development industry and its related professions that is non-partisan in its activities. With over 600 corporate members, UDI Pacific represents thousands of individuals involved in all facets of land development and planning, including: developers, property managers, financial lenders, lawyers, engineers, planners, architects, appraisers, real estate professionals, local governments and government agencies.

Key Contact

Ann McMullin – President and CEO

Phone (general) 604-669-9585

Maureen B. Enser - Executive Director,

Email: menser@udi.org

<http://udi.bc.ca>

June 2013

Ministry of Natural Gas Development Information Binder

BC Real Estate Association (BCREA)

The British Columbia Real Estate Association represents 11 member real estate boards and their approximately 18,000 REALTORS® on all provincial issues, providing an extensive communications network, standard forms, economic research and analysis, government relations, applied practice courses and continuing professional education.

Key Contact

Jim McCaughan – President

Phone: 604.683.7702

Robert Laing - CEO

Phone : 604-742-2787

<http://www.bcrea.bc.ca/>**Architectural Institute of BC (AIBC)**

AIBC is a self-governing body for architects and is also focussed on excellence in the profession of architecture for the benefit of its membership, the environment and society. Its mission is to foster the appreciation of architecture and the built environment in British Columbia.

Key Contacts

David N.M. Yustin - President

Phone (general) 778-318-7282

Email: davidyustin@gmail.com

Michael Ernest – Executive Director

Phone (general) 604-683-8588, ext. 304

Email: mernest@aibc.ca**Association of Professional Engineers and Geoscientists of BC (APEG BC)**

APEG BC regulates and governs over 19,000 professionals in many disciplines, under the authority of the *Engineers and Geoscientists Act*. Its mission is to serve the public interest through the regulation of the practices of engineering and geoscience in British Columbia and, where consistent with this duty, promote the professions and protect the interests of members. The association sets and maintains academic, experience and professional practice standards for all members. Individuals licensed by APEGBC are the only persons permitted by law to undertake, and assume responsibility for, engineering and geoscience projects in BC. APEG BC participates in the development of government policy to facilitate industry representation in many areas such as seismic mitigation, water management and forestry.

Key Contacts

Jeff Holm – President

Phone (general) 604-430-8035

Email: president@apeg.bc.caDerek Doyle – **Chief Executive Director & Registrar**

Phone (general) 604-412-4850

Email: ddoyle@apeg.bc.ca

Tony Chong - Chief Regulatory Officer & Deputy Registrar

Phone (general) 604-430-8035

Email: tchong@apeg.bc.ca

June 2013

Ministry of Natural Gas Development Information Binder

Applied Science Technologist and Technicians & Technologists of British Columbia, including Building Design Institute (ASTT – BDI)

ASTTBC represents some 9500 technicians and technologists who work in the broad field of applied science technology relating to engineering, architecture, building design, construction safety, fire protection, Property Inspection, Public Works inspection, site improvements surveys, steel detailing and Timber Cruising. Its mission is to serve the public by regulating and supporting Technology Professional's commitment to safe, healthy, and sustainable society and environment. Its mandate is to advance the profession of Applied Science Technology and the professional recognition and career development of Applied Science Technologists and Certified Technicians and other members in a manner that serves and protects the public interest. Building Design Institute members design the majority of single detached houses in BC. ASTTBC is established under the Applied Science Technologists and Technicians Act (ASTT Act), which provides for the professional certification of technicians and technologists. Technicians and technologists are not required to be members in order to practice.

Key Contacts

John Leech – Executive Director

Phone (general) 604-585-2788, ext 228

Email: jleech@asttbc.org

Charles Joyner – Registrar

Phone (general) 604-585-2788, ext 235

Email: cjoyner@asttbc.org

Planning Institute of British Columbia (PIBC)

The Planning Institute of British Columbia is the professional association of planners in British Columbia and the Yukon. Professional members of PIBC work in both the public and private sectors, in many different fields of planning – including land-use and development, municipal and regional planning, resource and environmental management, policy planning and law, heritage conservation, transportation planning, economic development, and urban design.

Key Contact

Joan Chess-Woollacott– President

Phone 604.696.5031

June 2013

The Ministry of Natural Gas Development Information Binder

Calendar of Ministry Events June 2013 to May 2014

Week of: (Monday to Sunday)	Event/ Activity <i>What, where, who (is organizing/sponsoring/etc), when, role - the Ministry's role and whether it is a potential Minister's event and or speaking opportunity.</i>
June 2013	
3-9	
10-16	Residential Tenancy Branch Quarterly Stakeholders Meeting - Date TBA. Every three months RTB meets with the key external stakeholders: BC Apartment Owners and Managers Association (BCAOMA), Rental Owners and Managers Society of BC (ROMS BC) and Tenant Resource Advisory Centre. Attended by RTB Directors and the Executive Director.
	Western Premiers' Conference, Winnipeg, Manitoba, June 16-17
TBD	Provincial Territorial Meeting of Ministers Responsible for Housing, Toronto.
17-23	Seventh Annual Unconventional Gas Technical Forum Victoria, BC June 17-18. This EMNG hosted technical forum provides an opportunity for industry and the geological community to come together to discuss developments in the unconventional oil and gas technology. Technical presentations will focus on LNG, hydraulic fracturing, and the Montney and Horn River gas plays in northeastern BC.
	BC Tenure Working Group Meeting, Victoria, BC, June 19. The BC Tenure Working Group brings together representatives from government (Oil and Gas Division and Oil and Gas Commission) and industry (associations and most major companies active in BC) to discuss issues related to petroleum and natural gas tenure administration and management in BC. Agenda items for working group meetings are reviewed by the ADM of the Oil and Gas Division and where possible the ADM addresses meetings to provide a strategic update on the Ministry.
24-30	<i>Monthly Petroleum and Natural Gas Rights Sale news release or info bulletin for Minister's approval June 26.</i>
July 2013	
1-7	Canadian Institute of Planners Annual Conference, Vancouver, BC, June 6-9.
	<i>BC Ministries' Annual Reports tabled and published on government website</i>
8-14	Pacific Northwest Economic Region (PNWER) Annual Summit, Anchorage, Alaska, July 14-19.
15-21	
22-28	Council of the Federation, Niagara-on-the-Lake, Ontario, July 24-26.
	<i>Monthly Petroleum and Natural Gas Rights Sale news release or info bulletin for Minister's approval July 24.</i>
29-Aug 4	

June 2013

The Ministry of Natural Gas Development Information Binder

Calendar of Ministry Events June 2013 to May 2014

August 2013	
5-11	
12-18	
19-25	Energy and Mines Minister's Conference, Yellowknife, NWT, August 24-27. Minister and DM usually attend.
	<i>Monthly Petroleum and Natural Gas Rights Sale news release or info bulletin for Minister's approval August 21.</i>
26-Sept 1	<i>Residential Tenancy Branch posts the annual rent increase amount for residential rental units. The amount is posted on the website as well as in each of the RTB offices. Rent increases are determined by the formula set out in the Residential Tenancy Regulation. No news release; Minister's announcement not necessary.</i>
September 2013	
2-8	<i>Infrastructure Royalty Credit Program 2013/14 Approved Projects Announced</i>
9-15	Residential Tenancy Branch Quarterly Stakeholders Meeting – Date TBA. Every three months RTB meets with the key external stakeholders: BC Apartment Owners and Managers Association (BCAOMA), Rental Owners and Managers Society of BC (ROMS BC) and Tenant Resource Advisory Centre. Attended by RTB Directors and the Executive Director.
16-22	UBCM – Vancouver Convention Centre, September 16-20. Minister meets with municipalities and participates in Resource Panel. Minister may speak at any EMNG clinics/workshops. Residential Tenancy Branch, in partnership with Housing Policy Branch will contribute to a workshop on standards of maintenance in strata and secondary suites.
	2013 Canadian Association of Petroleum Landmen Conference, Sept 15-17. To be attended by representatives of Petroleum and Natural Gas Titles Branch of the Oil and Gas Division (pending required travel/conference approvals). The inter-provincial tenure working group meeting is also held at the same time and location.
	<i>Monthly Petroleum and Natural Gas Rights Sale news release or info bulletin for Minister's approval September 18.</i>
23-29	Manufactured Home Park Owners Association of BC – Annual General Meeting, Richmond, September 28. RTB will likely send a senior staff member to deliver a presentation. President Jay Gaudreau indicated he will be asking the Minister to speak.
	<i>BC Council of Administrative Tribunals Annual Conference (RTB). No date set for 2013. Normally held in Richmond, BC. RTB Executive Director will likely attend this conference.</i>
30-Oct 6	

June 2013

The Ministry of Natural Gas Development Information Binder

Calendar of Ministry Events June 2013 to May 2014

October 2013	
7-13	<p>Canadian Society for Unconventional Resources (CSUR) 15th Annual Unconventional Resources Conference, Calgary, AB, October 9-11. An annual technical conference focused on unconventional resources. The Oil and Gas Division will provide one or two presentations.</p> <p><i>Provincial Training Conference for Legal Advocates, Richmond, BC (RTB). The Exec. Director will make a presentation. Possible opportunity for Minister to speak.</i></p>
13-17	World Energy Congress, Daegu, South Korea
14-20	<p>BC Apartment Owners and Managers Association - Semi-annual General Meeting, Date TBD. This one day meeting is normally held in Burnaby, during the second week of October. It is likely that a senior staff member will present at this meeting and an additional staff member will maintain an information booth. Possible opportunity for Minister to speak.</p> <p>Manufactured Housing Association of British Columbia Annual Meeting, Summerland, BC. Minister may be invited.</p> <p><i>Monthly Petroleum and Natural Gas Rights Sale news release or info bulletin for Minister's approval October 16.</i></p>
21-27	<p>Architectural Institute of B.C. Annual Conference, Vancouver, October 23-26.</p> <p>Professional Engineers and Geoscientists AGM and Annual Conference, Whistler, October 24-26.</p> <p><i>Petroleum and Natural Gas Titles Branch (PNGTB) two day instructional course for industry in Calgary on petroleum and natural gas tenure disposal and management in BC. One day for each of the Canadian Association of Petroleum Landmen, and the Canadian Association of Petroleum Land Administrators.</i></p>
28-Nov 3	
November 2013	
4-10	<p>Asia-Pacific Trade and Investment Trip Mission, TBD. Potential Minister's mission to establish trade relationships and market BC's energy and mineral wealth and investment potential to existing partners (Japan and Korea) and emerging powers (China and India). Centered around attendance at China Mining Forum in early November, destinations include Tianjin, Beijing, Shanghai and Tokyo. ADM or DM, and technical staff have attended in the past.</p> <p>National Housing Research Committee Meeting, Ottawa, Ontario, Nov. 4 - 6</p>
11-17	<i>Monthly Petroleum and Natural Gas Rights Sale news release or info bulletin for Minister's approval November 13.</i>
17-20	

June 2013

The Ministry of Natural Gas Development Information Binder

Calendar of Ministry Events June 2013 to May 2014

18-24	BC Non-profit Housing Association Annual Conference – Richmond, BC, November 18-20. The Policy Director of the RTB will attend one day of this conference and will present a session in partnership with BC Housing. Minister Responsible for Housing usually provides opening remarks.
	Rental Owners and Managers of BC – Provincial Housing Conference and Annual General Meeting. (RTB). Normally held the third week of November. Location and date TBA. A senior staff member will attend and present. Possible opportunity for the Minister to speak.
25-Dec 1	Building Officials Association of B.C. Fall Education Conference, Richmond, BC.
December 2013	
2-8	<i>Monthly Petroleum and Natural Gas Rights Sale news release or info bulletin for Minister's approval December 4.</i>
9-15	
16-22	Residential Tenancy Branch Quarterly Stakeholders Meeting – Date TBA. Every three months RTB meets with the key external stakeholders: BC Apartment Owners and Managers Association (BCAOMA), Rental Owners and Managers Society of BC (ROMS BC) and Tenant Resource Advisory Centre. Attended by RTB Directors and the Executive Director.
23-29	
30-Jan 5	Residential Tenancy Branch posting of annual interest rate amount for interest payable on residential security deposits and pet damage deposits. The rate is set according to the Residential Tenancy Regulation and posted on the RTB website during the first week of January.
January 2014	
6-12	
13-19	<i>Monthly Petroleum and Natural Gas Rights Sale news release or info bulletin for Minister's approval (date TBD).</i>
20-26	22nd Canadian Home Builders of BC Annual Georgie Awards, Vancouver, late January. Minister may be invited.
27-30	
27-Feb 2	
February 2014	
3-9	
10-16	<i>Monthly Petroleum and Natural Gas Rights Sale news release or info bulletin for Minister's approval (date TBD).</i>
17-23	Buildex, Vancouver, February, 19-20. Minister may be invited.
	<i>Infrastructure Royalty Credit Program 2014/15 Request for Applications issued – speaking opportunity for Minister</i>

June 2013

The Ministry of Natural Gas Development Information Binder

Calendar of Ministry Events June 2013 to May 2014

24-Mar 2	International LNG in BC Conference, Vancouver, BC, February 25-26, Organized by the BC LNG Task Force.
	<i>Infrastructure Royalty Credit Program Request for Applications issued.</i>
March 2014	
3-9	
10-16	Housing Affordability Symposium, hosted by CHBA, Vancouver BC, Minister Responsible for Housing has provided remarks previously.
	<i>Monthly Petroleum and Natural Gas Rights Sale news release or info bulletin – for Minister's approval March (date TBD).</i>
17-23	
24-30	
31-Apr 6	Canadian Homebuilders Association National Conference, Whistler. Minister may be invited.
April 2014	
7-13	Residential Tenancy Branch Quarterly Stakeholders Meeting – Date TBA. Every three months RTB meets with the key external stakeholders: BC Apartment Owners and Managers Association (BCAOMA), Rental Owners and Managers Society of BC (ROMS BC) and Tenant Resource Advisory Centre. Attended by RTB Directors and the Executive Director.
14-20	<i>Infrastructure Royalty Credit Program 2014/15 Request for Applications closes.</i>
	<i>Monthly Petroleum and Natural Gas Rights Sale news release or info bulletin for Minister's approval (date TBD).</i>
21-27	BC Apartment Owners and Managers Association – Annual Spring Meeting (RTB). This one day meeting is normally held in Burnaby, during the third week of April. It is likely that a senior staff member will present at this meeting and an additional staff member will maintain an information booth. Possible opportunity for the Minister to speak.
28-May 3	
May 2014	
5-11	Canada Housing and Renewal Association Annual Congress, (TBD)
	Building Officials of B.C. Annual Conference and AGM, (TBD)
12-18	<i>Monthly Petroleum and Natural Gas Rights Sale news release or info bulletin for Minister's approval (date TBD).</i>
19-25	
26-Jun 1	

Legislation – Natural Gas Development

***Coalbed Gas Act* (brought into force April 2003)**

The *Coalbed Gas Act* declares that coalbed gas, which includes coalbed methane gas, is a natural gas and owned by the natural gas owner. The Act is retroactive in nature and applies to Crown and private lands.

***Fort Nelson Indian Reserve Minerals Revenue Sharing Act* (brought into force October 1980) (potentially shared with Ministry of Energy and Mines)**

The *Fort Nelson Indian Reserve Minerals Revenue Sharing Act* gives force and effect to a revenue sharing agreement with Canada over minerals, including coal, petroleum and natural gas, taken from the Fort Nelson Indian Reserve. Under the agreement, the Province collects revenues arising from exploration and development of the resources. The Province shares these revenues 50/50 with Canada, on behalf of the Fort Nelson First Nation. This Act mirrors federal legislation related to the agreement, and is linked to the *Indian Reserve Mineral Resource Act*.

***Gas Utility Act* (brought into force April 1955)**

The *Gas Utility Act* defines the permitted activities, rights and powers of a gas utility falling under the jurisdiction of the British Columbia Utilities Commission.

***Geothermal Resources Act* (brought into force June 1982)**

The *Geothermal Resources Act* vests geothermal resources in the Crown and governs the management of the resources. The Act defines geothermal resources, provides for awarding and administration of geothermal tenures, provides for a royalty mechanism and sets the framework for exploration and production of the resources.

***Ministry of Energy and Mines Act* (brought into force November 1983) (shared with Ministry of Energy and Mines)**

The *Ministry of Energy and Mines Act* defines the duties, powers and functions of the Minister in relation to energy, mineral and petroleum resources that are assigned to the Minister and that are not assigned to another Minister, ministry, branch or agency of the government. The Act enables the Minister to approve the funding of infrastructure development to facilitate exploration and development of energy, mineral and petroleum resources.

June 2013

The Ministry of Natural Gas Development Information Binder

Natural Gas Price Act (brought into force August 1990)

The *Natural Gas Price Act* gives the Minister the authority to acquire natural gas on behalf of the government, set the price for acquisition and make findings of producer support for sales on behalf of producers by natural gas aggregators. The Act also empowers the Lieutenant Governor in Council to set a levy for administrative purposes.

Oil and Gas Activities Act (brought into force October 2010)

The *Oil and Gas Activities Act* continues the Oil and Gas Commission (OGC) as the regulator of oil and gas activities in the province and establishes a regulatory framework for oil and gas activities. Under the Act, the OGC continues to be responsible for the single-window administration and regulation of the industry, and has decision making authority for provisions of the *Forest Act*, *Heritage Conservation Act*, *Land Act*, *Environmental Management Act* and the *Water Act*. The Act establishes regulatory requirements and compliance and enforcement tools for oil and gas activities in BC. The Act also creates the Oil and Gas Appeal Tribunal to hear appeals to regulatory decisions of the OGC. The Oil and Gas Appeal Tribunal is administered by the Ministry of Justice.

Petroleum and Natural Gas Act (brought into force May 1965)

The *Petroleum and Natural Gas Act* governs the management and regulation of Crown petroleum and natural gas (P&NG) rights. The Act establishes the processes by which P&NG tenure is issued and administered. The Act continues the Surface Rights Board to assist in the resolution of disputes between private land owners and holders of Crown P&NG tenure. The Act also sets the royalty and freehold production tax payable to the Crown on the production of petroleum and natural gas. The collection of these payments is administered by the Ministry of Finance.

Petroleum and Natural Gas (Vancouver Island Railway Lands) Act (brought into force June 1986)

The *Petroleum and Natural Gas (Vancouver Island Railway Lands) Act* applies to the railway belt on Vancouver Island transferred to the Esquimalt and Nanaimo (E&N) Railway in the 1880's. Under the Act, the Lieutenant Governor in Council has the power to vest all petroleum and natural gas in these lands in the Crown. If a vesting order is made, individuals have one year to establish that they held a prior interest to the petroleum and natural gas, in order to be entitled to compensation under the Act. The Act was established to create a mechanism to clarify rights of the Crown to P&NG in the E&N railway belt when the ownership is not clear.

*June 2013**The Ministry of Natural Gas Development Information Binder****Vancouver Island Natural Gas Pipeline Act (brought into force November 1989)***

The *Vancouver Island Natural Gas Pipeline Act* relates to the construction and operation of the pipeline and mainland facilities supplying natural gas to Vancouver Island. The Act allows the Minister to enter into agreements with specified parties with respect to the funding, construction and operation of the pipeline, the granting of service area and any other matter relating to the Act.

June 2013

The Ministry of Natural Gas Development Information Binder

Legislation - Housing and Construction Standards

***Assistance to Shelter Act* (brought into force November 2009)**

The *Assistance to Shelter Act* enables police officers to take a person who is at risk of harm due to extreme weather to an emergency shelter to ensure their safety.

***Building Officials' Association Act* (brought into force July 1997)**

The *Building Officials' Association Act* continues the Building Officials' Association of BC (BOABC), a self-governing association that represents a large majority of local government building officials, as a corporation, and gives it the power and capacity of a natural person. The BOABC currently offers a voluntary certification program to its members, with three levels of certification based on the complexity and type of building construction. The Act establishes objectives for the association and rules about membership.

***Commercial Tenancy Act* (brought into force before 1979)**

The *Commercial Tenancy Act* establishes the legal framework for landlords and tenants of commercial tenancies. Disputes arising out of the *Commercial Tenancy Act* are settled in court.

***Fire Services Act* (Ss. 47 (2) (g) & (h) [BC Fire Code]) (brought into force before 1979)**

Ss. 47(2) (g) and (h) of the *Fire Services Act* empowers the minister to establish the BC Fire Code. The Building and Safety Standards Branch, in conjunction with the Office of the Fire Commissioner (OFC), provides policy advice on matters that are addressed by the Fire Code. The OFC remains the key contact point for the interpretation and application of the BC Fire Code.

***Homeowner Protection Act* (brought into force July 1998)**

The *Homeowner Protection Act* establishes a mandatory new home warranty program with coverage from defects in materials and labour for 2 years, the building envelope for 5 years and structure for 10 years. It establishes a requirement for residential builder licensing including authority for residential builder qualifications. It also provides for research and education into residential construction. An Industry and Consumer Advisory Council is established by the Act. The Homeowner Protection Office, a branch of BC Housing, administers the *Homeowner Protection Act*.

Local Government Act (Ss. 692 & 693 [BC Building Code & Building Code Appeal Board]) (brought into force June 2000)

S. 692 of the *Local Government Act* gives the Minister authority to establish a provincial building code, as well as regulations for other building construction matters. The BC Building Code is a set of minimum requirements related to a building's health and safety standards, its accessibility for people with disabilities, and its energy and water efficiency. The code applies throughout the Province, with the exception of the City of Vancouver. S. 692 also enables Regional Districts to administer and enforce provincial building regulations, including the code, similar to municipalities.

S. 693 of the *Local Government Act* continues the Building Code Appeal Board, which answers questions about interpretation and application of the Building Code.

Manufactured Home Park Tenancy Act (brought into force January 2004)

The *Manufactured Home Park Tenancy Act* establishes the legal framework for landlords and tenants of manufactured home sites. It addresses the beginning, middle and end of a tenancy, and establishes a dispute resolution process.

Ministry of Lands, Parks and Housing Act (Sections 5(c), 8.1 & 10) (brought into force before 1979)

S. 5(c) of the *Ministry of Lands, Parks and Housing Act* establishes the authority to implement general programs relating to the provision of housing in British Columbia.

S. 8.1 of the Act establishes mechanisms to provide affordable housing assistance and the securing of affordable housing agreements against the title to property. These mechanisms can take the form of agreements between government and individuals, affordable housing developments, direct financial assistance to individuals, and "affordable housing purposes" as defined by regulation.

S. 10 of the Act establishes the British Columbia Housing Management Commission and the Provincial Rental Housing Corporation as agents of the government, and establishes the power to make regulations governing the structure and activities of the Housing Management Commission.

Rent Distress Act (brought into force before 1979)

The *Rent Distress Act* is a tool for commercial landlords to get partial relief when a tenant does not pay rent. It confirms the tenancy and allows the landlord to seize and sell a commercial tenant's assets to recover commercial rental arrears. It does not apply to residential tenancies.

June 2013

The Ministry of Natural Gas Development Information Binder

***Residential Tenancy Act* (brought into force January 2004)**

The *Residential Tenancy Act* establishes the legal framework for landlords and tenants of conventional residential tenancies, such as houses, townhouses, apartments and secondary suites. It addresses the beginning, middle and end of a tenancy, and establishes a dispute resolution process.

***Safety Authority Act* (brought into force April 2004)**

The *Safety Authority Act* establishes the British Columbia Safety Authority as a not for profit corporation to carry on activities in and outside of British Columbia that foster safety in the design, manufacture, disposal, construction, installation, operation, maintenance and use of technical products, equipment, systems and railways. The Act establishes that the Province may appoint up to 3 members to a 15 member Board of Directors. It establishes that the Safety Authority is not an agent of government.

***Safety Standards Act* (brought into force April 2004)**

The *Safety Standards Act* establishes a provincial governance model for the safety of a range of regulated products including boilers and pressure vessels, elevating devices, amusement rides, electrical and gas equipment and systems, ski lifts and passenger ropeways. The Act establishes the Safety Standards Appeal Board and provides authority to the Minister to establish codes and standards for regulated products and work. The Act also provides the Minister, upon entering into an administrative agreement with a person, the power to delegate the administration and enforcement of the Act and its regulations to that person.

***Shelter Aid for Elderly Renters Act* (brought into force before 1979)**

The *Shelter Aid for Elderly Renters Act* establishes the eligibility criteria and governs the administration of the Shelter Aid for Elderly Renters Program, which provides rent subsidies for seniors living in private rental housing.

***Special Accounts Appropriation and Control Act* (s.9.3 [Housing Endowment Fund] (brought into force April 2007)**

Section 9.3 of the *Special Accounts Appropriation and Control Act* establishes the Housing Endowment Fund special account, earnings from which may be used to fund the provision, development and management of affordable, social and supportive housing.

***Strata Property Act* (brought into force July 2000)**

The *Strata Property Act* provides the legal framework under which strata corporations must operate in British Columbia and make decisions based on democratic principles.

**Ministry of
Energy, Mines and Natural Gas and
Minister Responsible for Housing**

**2013/14 – 2015/16
SERVICE PLAN**



For more information on the British Columbia

Ministry of Energy, Mines and Natural Gas and Minister Responsible for Housing
see Ministry Contact Information on page 38 or contact:

Deputy Minister's Office
PO BOX 9319
STN PROV GOVT
VICTORIA, BC
V8W 9N3

or visit our website at
<http://www.gov.bc.ca/ener/>

Published by the Ministry of Energy, Mines and Natural Gas and Minister Responsible for Housing

**Message from the Minister and
Accountability Statement**

Since its early days as a province, British Columbia has relied on natural resources to power its economy. Strategies for natural gas, liquefied natural gas, and for mineral exploration and mining, released in 2012, aim at boosting this traditional advantage, to the benefit of all British Columbians.

British Columbia's Natural Gas Strategy and *Liquefied Natural Gas: A Strategy for B.C.'s Newest Industry* were launched February 3, 2012. Liquefied natural gas projects on British Columbia's northwest coast could add more than \$1 trillion to the province's Gross Domestic Product over the next 30 years.

Between 2013 and 2022, tens of billions of dollars are projected to be invested in liquefied natural gas projects in British Columbia, requiring significant numbers of skilled workers during construction and to support ongoing operations. The liquefied natural gas strategy aims for three operating facilities by 2020. These projects will diversify B.C.'s markets in natural gas, as well as take advantage of much higher natural gas prices in the Asian markets than in North America. Major global and domestic industrial interests are partnering on projects of such magnitude that British Columbia's emerging liquefied natural gas industry has the potential to be the game changer that can transform our economy and generate a lasting legacy.

This diversification into markets with higher returns is particularly important in light of historically low North American natural gas prices over the last year, causing government revenue to fall significantly. British Columbia's developing ability to sell this important resource to new, more lucrative markets will add long-term stability to the provincial economy. In the fall of 2012 the Government announced a new installment of the infrastructure royalty credit program to support the capital needs of the province's upstream natural gas industry. Development of the 21 projects in northeast British Columbia resulting from the \$120 million program will generate more than \$260 million in new capital spending and create 1,600 construction jobs.

Mineral exploration and mining form another critical part of British Columbia's natural resources heritage, and these activities continue to make strong contributions both to government revenues and the provincial economy. More than half of Canada's mineral exploration companies are based in Vancouver, and 2011 was a record year in terms of the production value of the B.C. mining industry. To build on this success, on May 16, 2012, the government released *British Columbia's Mineral Exploration and Mining Strategy*. The strategy outlines six key steps to increase investment, expand job creation, develop new economic opportunities, protect the environment and build a better quality of life for future generations. By developing eight new mines and expanding nine existing ones by 2015, British Columbia will create 5,000 new direct and indirect jobs. These new and expanded mines will bring in more than \$150 million annually in government revenue. *Canada Starts Here: The BC Jobs Plan*, released in 2011, committed to reducing the backlog of mineral exploration permits, and the Ministry is well ahead of its target.

Liquefied natural gas facilities and mines require considerable amounts of power. An amendment to the *Clean Energy Act* approved by the legislature in the Spring of 2012 allows for the greater use of gas-fired electricity by liquefied natural gas projects. New electricity transmission infrastructure in the northwest region will help meet that commitment.

Ministry of Energy, Mines and Natural Gas and Minister Responsible for Housing

The Northwest Transmission Line will open new areas to mining, while allowing northwest communities currently relying on diesel generators to switch to cleaner electricity. When completed in 2014, it will also provide a secure interconnection point for clean generation projects. The Dawson Creek/Chetwynd Area Transmission Project, also expected to be finished in 2014, will serve the South Peace region, benefitting the regional economy by making clean power available to natural gas and other industrial customers, as well as residents.

The Ministry plays a major role in housing British Columbians. The Residential Tenancy Branch supports successful tenancies by providing information to landlords and tenants about their rights and responsibilities and provides a dispute resolution process that balances the needs of both groups. In 2012 a new Building Code, Plumbing Code and Fire Code were released, which describe standards for health, safety, accessibility and the fire and structural protection of buildings in British Columbia.

Providing housing and supports to those in greatest need are key priorities of the provincial housing strategy, *Housing Matters BC*. Almost 100,000 B.C. residents benefit from provincial housing programs. Through strong partnerships with local governments and community organizations, the Ministry continues to help increase the available housing options.

The Ministry remains committed to managing the liquor and gaming industries to protect the public interest and ensure public safety. It continues to enforce the requirement that liquor licensees and staff do not serve or sell liquor to minors. The Ministry is also working with the gaming industry to prevent criminal attempts to legitimize illegal proceeds of crime in gaming facilities in the province.

The Ministry of Energy, Mines and Natural Gas and Minister Responsible for Housing's 2013/14 - 2015/16 Service Plan was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. I am accountable for the basis on which the plan has been prepared.

Honourable Rich Coleman

Minister of Energy, Mines and Natural Gas and Minister Responsible for Housing
February 7, 2013

Table of Contents

Message from the Minister and Accountability Statement	3
Purpose of the Ministry	6
Strategic Context	8
Goals, Objectives, Strategies and Performance Measures	18
Resource Summary	36
Appendices.....	38
Ministry Contact Information	38
Hyperlinks to Additional Information	40

Purpose of the Ministry

The Ministry of Energy, Mines and Natural Gas is the key provincial ministry responsible for British Columbia's energy and mining sectors, which comprise public and private interests that explore for, develop and use oil and gas, electricity, clean or renewable energy (biomass, biogas, geothermal, hydro, solar, ocean, wind or any other alternative energy resource), coal, minerals, and renewable and low carbon fuels. Through teamwork and positive working relationships with its clients, the Ministry facilitates B.C.'s thriving, safe, environmentally responsible and competitive energy and mining sectors to create jobs and economic growth in communities. In developing energy and mining sector policies, legislation and guidelines, the Ministry consults with other ministries and levels of government, energy and mining companies, First Nations, communities, environmental and industry organizations, and the public.

A key component of the Ministry's mandate is to develop tenure, royalty and regulatory policy for British Columbia's oil and gas industry, thereby promoting the effective and environmentally responsible management of the province's oil and gas resources. The Ministry provides a range of oil and gas related services, including the issuance of Crown subsurface resource rights, royalty programs, public geoscience and policies to address potential future resource opportunities, such as unconventional oil and gas resource development. The Ministry has created a Liquefied Natural Gas Task Force which is leading an inter-agency team to support the development of a new liquefied natural gas industry in British Columbia.

Working with its stakeholders, the Ministry develops policies, programs and legislation to maintain B.C.'s mining sector competitiveness and encourage investment in mineral exploration and mining in the province. The Ministry develops and delivers geoscience databases and surveys, and provides funding to other organizations to collect and publish geoscience information. The Ministry is responsible for permitting and inspecting major mining projects, promoting mineral exploration and providing assistance and advice to advance and support continued development of the sector.

The Ministry develops and oversees British Columbia's policies with regard to electrical power generation and transmission. It is responsible for initiatives that promote new energy technologies, energy efficiency and conservation, and alternative energy resources, including renewable and low carbon transportation fuels. The *Clean Energy Act* builds upon B.C.'s unique wealth of clean, renewable energy resources and sets the foundation for significant investments in clean, renewable energy across the province while keeping electricity rates affordable for British Columbians. Through the Innovative Clean Energy Fund, the Ministry is helping to invest in new technologies to respond to global energy and environmental challenges.

The Ministry strives to ensure that British Columbians have access to safe, affordable and appropriate housing through market and non-market housing policy and programs, building and safety policy and the development of technical codes and standards, and services for landlords and tenants. With regard to housing issues, the Ministry's stakeholders are the citizens of British Columbia and their representatives at all levels of government, First Nations, community groups, non-profit societies, schools, service organizations, businesses and industry associations. Key to the Ministry's success is its ability to maintain strong, collaborative relationships with stakeholders, partner agencies and other levels of government.



Camas Gardens, a supportive housing building near downtown Victoria, was constructed to high sustainability standards. The building's 44 units provide self-contained bachelor and one-bedroom apartments for individuals who are homeless or at risk of homelessness, including those who may be facing mental health or addiction challenges. The building is managed by Pacifica Housing, funded in part by BC Housing. Camas Gardens won the 2012 Canadian Wood Council BC Wood Design Award in the multi-family category.

The Ministry works with its stakeholders and partners on liquor licensing, enforcement and distribution, as well as gaming policy, regulation and enforcement, problem gambling programs, licensing of charitable gaming, and oversight of horse racing.

The Ministry is responsible for administering all or parts of 44 statutes pertaining to the energy, mining, gaming, liquor distribution and housing sectors, and has policy responsibilities under the *Utilities Commission Act*. The Ministry is responsible for the following six Crown Corporations: the British Columbia Hydro and Power Authority (BC Hydro), the Columbia Power Corporation, the Oil and Gas Commission, the British Columbia Housing Management Commission (BC Housing), BC Pavilion Corporation (PavCo) and the British Columbia Lottery Corporation. The Ministry also has responsibility for the Liquor Distribution Branch.

Strategic Context

British Columbia is in the fortunate position of having abundant energy and mineral resources as well as innovative, growing energy and mining sectors. B.C. also has robust buildings in which our citizens live, learn and work, supported by a vibrant construction and housing sector.

People, resources and technology combine to provide the energy and mineral products and services required by British Columbians and our export customers, create business and investment opportunities, and develop and market new products and technologies for energy production, use and conservation. The energy and mining sectors help to meet the daily needs of families and businesses, provide important inputs to industrial and manufacturing processes, and generate new jobs, investment and government revenue. The Ministry is committed to working with natural resource sector agencies, communities, First Nations, industry and environmental organizations to ensure that the continued growth, exploration and development of our energy and mining sectors and resources are socially and environmentally responsible.

The Economic Forecast Council estimates that British Columbia's real Gross Domestic Product (GDP) grew by 2.1 per cent in 2012 and projects that the rate of real GDP growth will remain at 2.1 per cent in 2013, before increasing to 2.5 per cent in 2014. Risks to British Columbia's economic outlook include a return to recession in the US; the European sovereign debt crisis threatening the stability of global financial markets; slower than anticipated economic growth in Asia dampening demand for BC exports; and a weakening of the US dollar disrupting the financial markets and raising the cost of BC exports abroad.

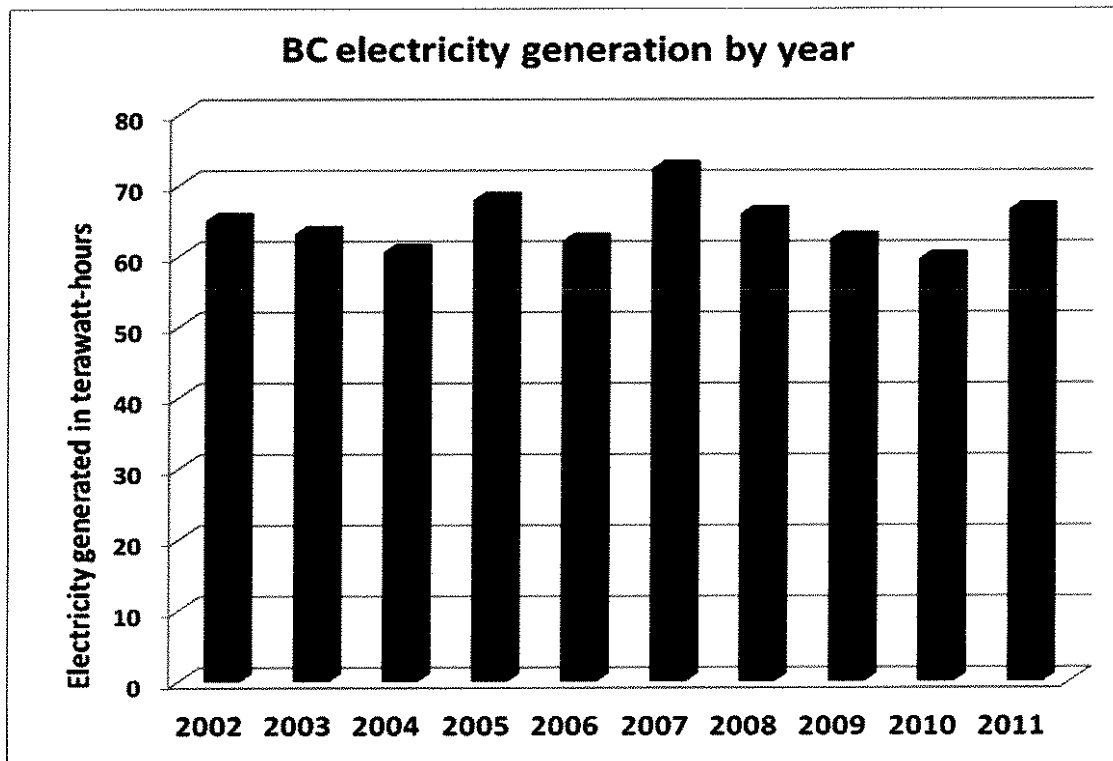
Keeping British Columbia's electricity prices affordable is a government priority. BC Hydro has provided relatively low-cost power to the citizens of B.C. for over 50 years, thanks to the Province's heritage assets, which include historic electricity facilities such as the major dams on the Peace and Columbia Rivers. The establishment of the Heritage Contract ensures that B.C. ratepayers continue to benefit from the low-cost electricity generated by these assets. The British Columbia Utilities Commission sets domestic rates based on costs.

Increasing demand for electricity, changing patterns of use and an aging infrastructure require attention. BC Hydro is planning a \$6 billion capital program including:

- The Interior to Lower Mainland transmission expansion project—a 250 km 500 kV transmission line along the existing right-of-way between Merritt and Coquitlam. This \$700 million project is the largest transmission project in the last 30 years.
- The \$222 million Dawson Creek/Chetwynd Area Transmission Project will provide reliable power to the South Peace region, which has a greater demand for electricity than any other region of the province.
- Smart Transmission Grid and Meters will improve reliability, outage detection and reduce electricity use, while delivering net benefits to ratepayers. The \$900 million project is underway and nearing completion.
- The Ruskin Dam and Powerhouse \$700 million upgrade is underway and is expected to be completed by 2018. The 80-year-old facility is in need of a major upgrade.

- Operating since 1947, the John Hart dam needs to be replaced. Construction of this \$1.1 billion project is expected to begin in 2013 and will address seismic, reliability, and both fish and fish habitat concerns.
- The installation of two additional turbines in existing turbine bays at Mica Generating Station is underway. The \$700 million project will provide 1,000 MW of capacity. The target in-service date for the 5th turbine is October 2014; the 6th turbine the following year.

The 2010 *Clean Energy Act* set the policy framework for the future of electricity self-sufficiency, job creation and reduced greenhouse gas emissions in B.C. In 2012, the Province's electricity self-sufficiency definition was changed by: (i) an amendment to the *Electricity Self-Sufficiency Regulation* under the *Clean Energy Act*, to reflect average water levels rather than critical water levels; and (ii) repealing the requirement in the *Clean Energy Act* for BC Hydro to provide, by 2020, 3,000 gigawatt hours of "insurance" electricity. This approach protects B.C. ratepayers and ensures the development of sufficient new power to meet our needs, while avoiding overbuilding to supply a U.S. market which currently does not require the power.

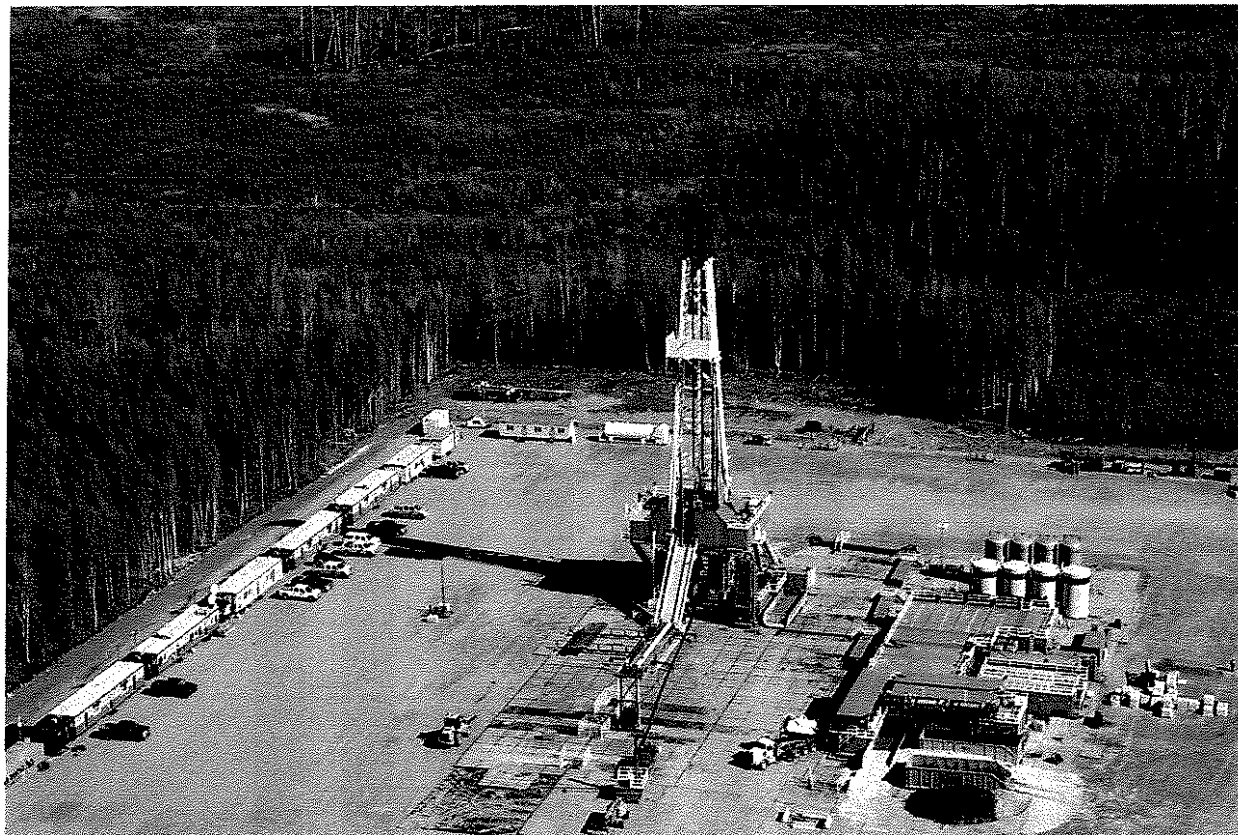


Data Source: Ministry of Energy, Mines and Natural Gas, using data from *Selected Economic Statistics*, June 2012, BC Stats. Note: 1 terawatt-hour = 1,000 gigawatt-hours. Generation is by calendar year.

Due to the heightened awareness of the need to address climate change, consumers continue to focus on reducing their energy consumption, improving energy efficiency, and supporting cleaner energy supply options. By reducing their consumption and choosing cleaner fuels, British Columbians can reduce their greenhouse gas emissions. B.C. has the opportunity to harness its significant renewable energy resources and become a clean-energy powerhouse. Both electricity and natural gas have the potential to help people in B.C. and other jurisdictions reduce their carbon emissions.

The Ministry's three sector strategies, for natural gas, liquefied natural gas, and mineral exploration and mining, all directly support *Canada Starts Here: The BC Jobs Plan (BC Jobs Plan)*.

The challenges and opportunities in B.C.'s natural gas industry and the Province's initiatives to address them are outlined in *British Columbia's Natural Gas Strategy* released in February 2012. B.C.'s estimated natural gas resources are substantial. Despite relatively low North American natural gas prices, production levels have been maintained in the B.C. portion of the Western Canadian Sedimentary Basin. Future growth is expected to come from significant investment to develop the Province's large shale and tight gas deposits, such as in the Montney and Horn River areas of Northeast B.C.



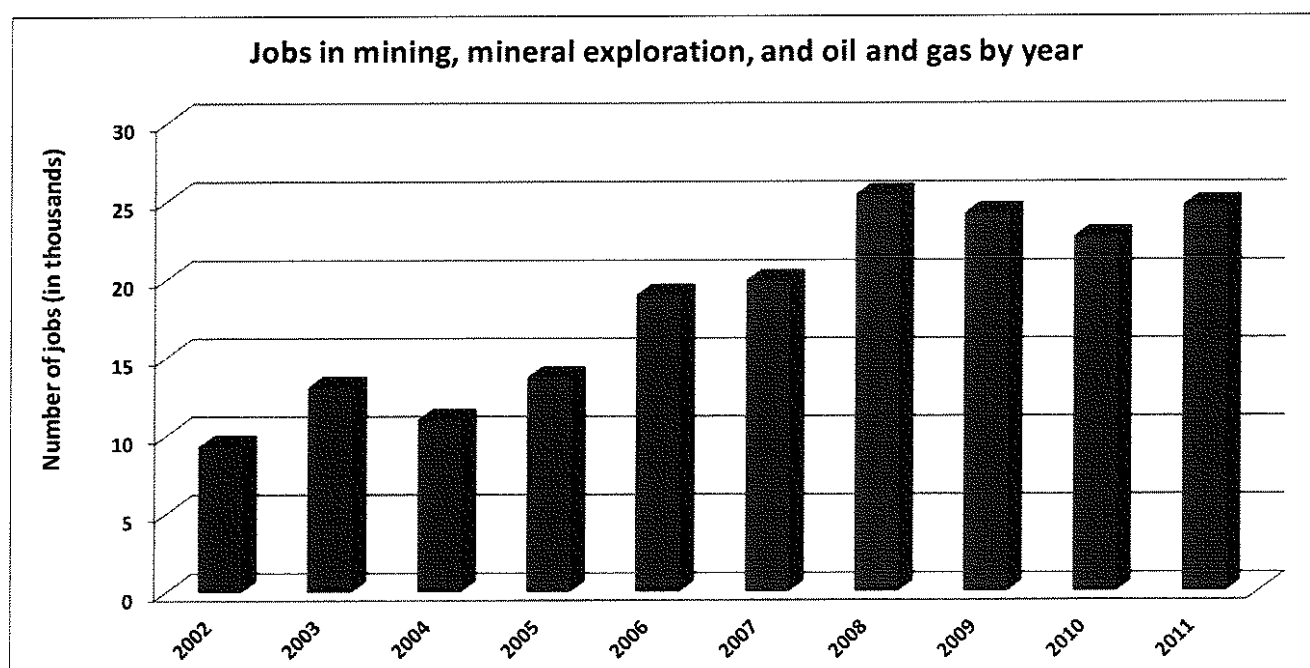
An exploration rig drilling a shale gas well in the Kiwigana area of the Horn River Basin, in northeast B.C. This rig is powered by natural gas, an example of industry efforts to reduce emissions and the overall footprint of development.

As described in *Liquefied Natural Gas: A Strategy for B.C.'s Newest Industry*, the development of liquefied natural gas export capacity in B.C. to access stronger markets in Asia is critical to sustaining the growth of B.C.'s natural gas industry. This is a unique opportunity for B.C. and timing is critical, with more than 100 proposed liquefied natural gas export projects competing globally. British Columbia's strong competitive position has attracted investment interest from around the globe, including international energy companies such as: Shell and partners PetroChina, Korea Gas and Mitsubishi (LNG Canada partnership); CNOOC and the Nexen/Inpex partnership; BG Group and its pipeline partner Spectra Energy; Apache Canada and partner Chevron Canada (Kitimat LNG); the LNG Partners and Haisla Nation; and the PETRONAS/Progress Energy Resources initiative (Pacific Northwest LNG). In addition there are several industrial interests from the Asia Pacific region and from Canada. Liquefied natural gas provides an abundant, lower carbon fuel than coal or oil for

electricity generation and transportation. Also, British Columbia's liquefied natural gas can have lower lifecycle greenhouse gas emissions than anywhere else in the world with the potential to use B.C.'s clean electricity to power liquefied natural gas plants.

Since the BC Jobs Plan was launched in September 2011, two liquefied natural gas proponents have received 20-year export licences from the National Energy Board. In February, 2013, the National Energy Board granted a third export license for 25 years to the LNG Canada partnership for their large export proposal. The economic prospects of this proposed facility are significant and will create thousands of jobs for British Columbians. The Coastal Gas Link Project will develop approximately 700 kilometres of pipeline to link Montney Basin, near Dawson Creek, to Kitimat.

The Government, BC Hydro and several liquefied natural gas proponents are negotiating power supply arrangements. The requirement for 93 per cent clean or renewable electricity supply was amended by regulation July 24, 2012, in order to exempt gas-fired electricity used to liquefy natural gas and create a more competitively-priced power portfolio. Since electricity supply agreements could have a material impact on B.C.'s future power needs, BC Hydro is now required to submit its Integrated Resource Plan¹ in August 2013.



Data Source: Ministry of Energy, Mines and Natural Gas, using data from BC Stats. The jobs are in oil and gas extraction; mining and mix mining; and support activities for mining, oil and gas extraction. The numbers of jobs are annual averages, and data is for calendar years.

British Columbia is Canada's largest producer of copper and its largest exporter of metallurgical coal. B.C.'s mining sector is a key economic driver: the value of commodities produced by B.C. mines grew to approximately \$8.6 billion in 2011, a 20 per cent increase from the previous year. There are currently ten coal mines in operation, nine metal mines, 30 industrial mineral mines, and more than 50 construction aggregate mines. Together, they directly employ 12,500 British Columbians. Due to

¹ The Integrated Resource Plan specifies BC Hydro's plan for conservation and for acquiring sufficient generation and transmission facilities to meet customers' anticipated future electricity needs, reliably and cost-effectively.

increased demand for B.C.-produced minerals and coal on world markets, both mining company revenues and provincial mineral tax revenues are expected to continue to increase.

The *BC Jobs Plan* committed to the opening of eight new mines and the expansion of nine existing mines by 2015. In 2012, one mine began production and four were under construction. Five mine expansions have been permitted since the *BC Jobs Plan* was released. The increased mining activity provides jobs and economic opportunities in B.C.'s rural communities.

The Copper Mountain Mine outside Princeton is now fully operational, employing 270 people full time. The New Afton Mine near Kamloops opened in September 2012 and employs over 400 people, including more than 100 BC Aboriginal Mine Training Association candidates. New Afton is expected to yield an average of 85,000 ounces of gold and 75 million pounds of copper annually over its 12-year life. At the Mount Milligan mine site, northwest of Prince George, 1,000 jobs were created at the peak of construction in the summer of 2012, and once it is fully operational, the mine will provide 400 full-time jobs over its 15-year expected life. Smaller mines are also planned or under construction, such as the Treasure Mountain silver, lead and zinc mine, which received its *Mines Act* permit in May 2012. While mine developments result in significant numbers of high-paying jobs and substantial, long-term capital investments, mining uses less than one half of one per cent of the provincial land base, and over 20,700 hectares of former mines have been reclaimed.

The Government is playing a key role in facilitating investment in B.C. mines, mineral exploration, oil and gas, and liquefied natural gas projects through trade and investment missions to Asian countries such as Japan, Korea, China and India. The Ministry produces publications and is committed to leading-edge technologies in support of these efforts. British Columbia, in particular Vancouver, is the centre of one of the world's largest pools of international expertise in geology, mine engineering, project financing, and environmental sustainability.

The British Columbia government regulates and monitors the liquor industry to protect the public from the harm that may be caused by illegally making and selling liquor or products that contain alcohol. Through the *Liquor Control and Licensing Act* and its regulations, and by requiring anyone who holds a liquor licence to meet strict terms and conditions, the government works to prevent under-age drinking, the over-consumption of liquor, overcrowding or unsafe conditions in restaurants, bars and pubs, the misuse of non-beverage products containing alcohol, and to minimize the potentially negative impact of liquor sales on neighbourhoods and communities.

The housing needs of the vast majority of British Columbians are served through the private market. Recognizing the importance of the planning and land use tools they have, local governments are increasingly innovative and involved in affordable housing, looking for greater diversity in housing type and form. The Ministry is working with local government and other key stakeholders to develop initiatives to increase the supply of small, low-cost housing. With approximately one million British Columbians now living in strata properties, and with stratas making up more than half of new residential construction, the need to ensure effective strata regulation and self-governance is increasingly essential.

Ministry continues housing support programs

Providing housing and supports to those in greatest need are key priorities of the provincial housing strategy, Housing Matters BC. Since 2006, the B.C. government has doubled the number of provincially subsidized apartments and shelter spaces available for the homeless and those at risk of homelessness. There are 1,600 year-round emergency shelter spaces available, extreme-weather shelters that open during the cold winter months and more than 2,200 new supportive housing units being built through partnerships with local governments.

"Since the release of our housing strategy in 2006, we've been able to provide thousands of people with chances to stabilize and rebuild their lives. This would not have been possible without the help of numerous partners who share our commitment for providing new opportunities and hope when it's needed most."— Rich Coleman, Minister Responsible for Housing

About 98,900 households throughout B.C. are likely to receive subsidized housing assistance in 2013/14. This accounts for approximately six per cent of all housing in the province and includes 26,870 low-income households receiving rental assistance in the private market. In 2010, the building construction sector in B.C. accounted for approximately 2.9 per cent of Gross Domestic Product and 4.7 per cent of employment in the province. Inconsistent application of building codes and standards increases the cost of construction, reducing housing affordability.

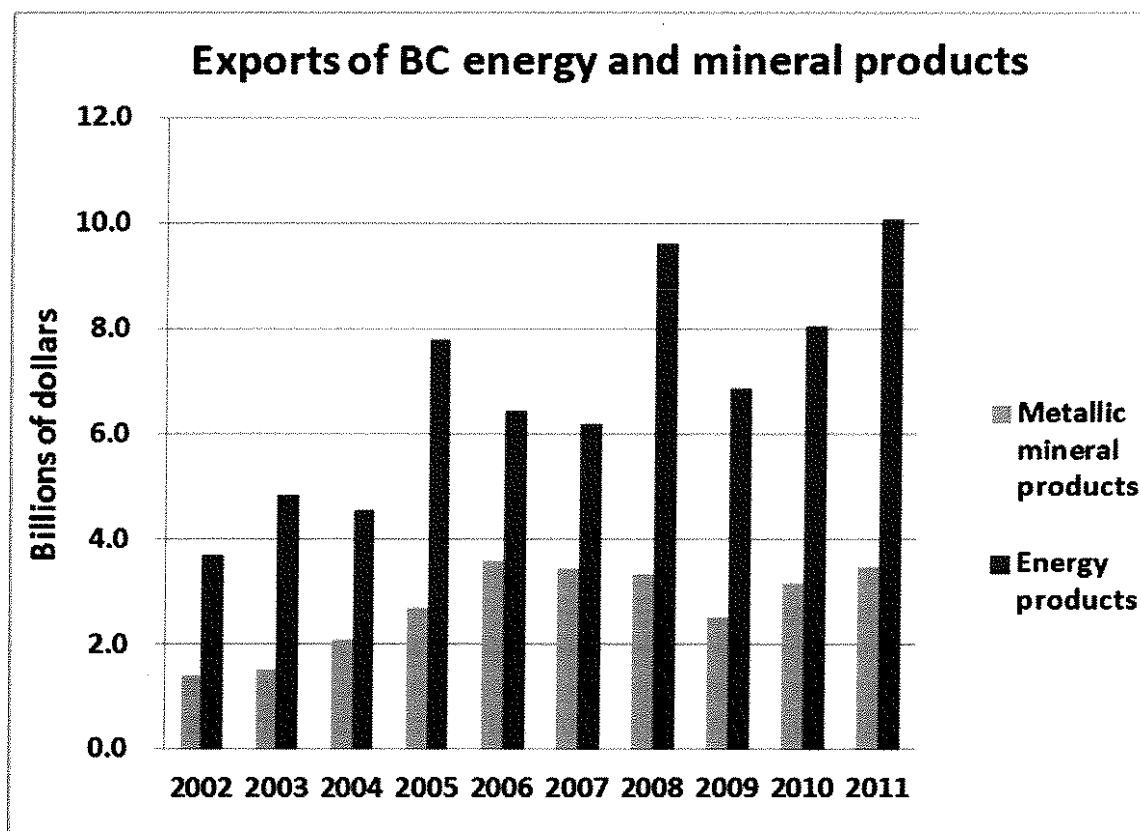
The Ministry annually assesses external factors and the risks and opportunities associated with the factors described above as part of its strategic planning process. As risks and opportunities are identified, they are managed and/or mitigated by the Ministry through a range of strategies so that the Ministry's goals and objectives can be achieved. The following paragraphs discuss external factors that may affect the Ministry's operations in the coming year and how these are being managed.

Competitiveness - Investment dollars move readily around the globe to the jurisdictions that provide the highest net return for given levels of risk. The Ministry monitors changes in British Columbia's competitiveness as compared to other jurisdictions and implements strategies to maintain its competitive position and investment attractiveness. The Ministry continues to streamline and update legislative and policy frameworks to minimize the regulatory burden while maintaining environmental protection. Public geoscience data, maps and other studies, generated by the Ministry and Geoscience BC, provide key information that allows natural gas and mineral exploration companies and prospectors to target areas for investment in B.C.

Skilled Workers - In the last decade, the rapid expansion of B.C.'s energy and mining sectors has resulted in a growing number of permanent, high-income employment opportunities for British Columbians. The mining sector alone is expected to have 10,000 job openings by 2020, including those in key occupations such as machinery and transportation equipment mechanics, primary production workers and vehicle drivers. One of the challenges facing resource-based industries today is attracting young people into their workforces as the average age of the workforce increases. The *BC Jobs Plan*, *British Columbia's Natural Gas Strategy* and *British Columbia's Mineral Exploration and Mining Strategy* outline approaches to skills training and labour which focus on attracting,

developing, retaining, and educating individuals for employment opportunities in the province's resource sectors. As building construction becomes increasingly complex, there is a need to train and retrain the workforce to keep pace with innovation, new technologies and new building code requirements.

Energy and Mineral Commodity Markets - British Columbia sells large and growing volumes of energy and mineral products in global commodity markets, which are subject to price and demand fluctuations. In 2011, the province exported a total of \$13.6 billion worth of energy and metallic mineral products, which amounts to 41 per cent of all B.C. exports. These exports boost the provincial economy, bringing additional jobs, investment and government revenue. British Columbia will remain a significant supplier of natural gas to North American markets and is directly supporting expansion of its market access to Asia through the development of a liquefied natural gas industry. The Ministry faces a timing risk to bring liquefied natural gas projects on line by 2020, as 2015 – 2020 is a critical window for development to meet Asian demand. The Ministry continues to promote exploration and development of shale and tight gas resources that are the feedstock for both domestic and export natural gas supplies.



Data Source: Ministry of Energy, Mines and Natural Gas, using data from BC Stats. Data is by calendar year. **Notes:**

(i) Metallic mineral products include: copper and molybdenum ores and concentrates; and unwrought aluminum and zinc. It does not include fabricated metal products or coal. (ii) Energy products include natural gas, coal, electricity and petroleum products.

First Nations in Energy and Mining - Increased collaboration between First Nations and mineral exploration, mining, oil and gas, and energy companies is resulting in benefits for all parties. For First Nations there are jobs, contracts and resource revenue-sharing opportunities. The new First

Nations Clean Energy Business Fund provides resource revenue sharing for impacted First Nations from new private clean and renewable electricity projects, as well as capacity and equity funding.

New arrangements with First Nations continue to be pursued, to enable opportunities in Aboriginal communities and to provide regulatory certainty for proponents. A recent example is the agreement reached in 2012 among Canada, B.C. and the Haisla First Nation for the Kitimat LNG project, to be located on a Haisla reserve at Bish Cove in the Douglas Channel. The agreement and accompanying regulation under the federal *First Nations Commercial and Industrial Development Act* enables clear application of provincial law to apply on the Haisla reserve so that the LNG facility may be regulated, primarily by the provincial Oil and Gas Commission, in a similar way to other projects in B.C. Northwest B.C. First Nations are generally supportive of the development of a liquefied natural gas export industry in B.C., which holds significant economic development opportunities for First Nations. Fifteen First Nations have endorsed an economic agreement with the province in support of the Pacific Trails Pipeline that will transport natural gas to the Kitimat LNG project.

In addition, the Province has signed economic and community development agreements with both the McLeod Lake Indian Band and the Nak'azdli First Nation for the Mount Milligan mine (located between Mackenzie and Fort St. James), and with the Skeetchestn (Skeet-che-sen) Indian Band and the Tk'emlups (Kamloops) Indian Band (which together compose the Stk'emlúpsceme of the Secwepemc Nation) for the New Afton mine near Kamloops. The Province is currently in discussion with a number of other First Nations about possible economic and community development agreement opportunities.

Project Assessments - In July 2012, the federal government amended the *Canadian Environmental Assessment Act* in a number of important ways. These amendments include: new “start-to-finish” timelines; the introduction of new compliance functions; and a requirement that the federal government issue a federal “decision statement” at the conclusion of each environmental assessment. British Columbia is actively pursuing the goal of “one project, one environmental assessment” with the federal government, with the aim of reducing duplication and overlap while increasing certainty and predictability, and maintaining rigorous environmental standards. In addition, the Ministry is developing an agreement with Canada that will address any regulatory overlaps that pertain to liquefied natural gas plant operations on federal port lands in Prince Rupert. The goal is to have regulatory and environmental assessment certainty for liquefied natural gas proponents, government agencies and the public.

Housing Affordability - B.C. has the least affordable housing in Canada. Rental accommodation and home ownership present particular challenges for low to moderate income families with children. Historically, high demand and a lack of purpose-built rental accommodation have contributed to low vacancy rates and high rents in B.C. Recently, however, rental vacancy rates have increased as a result of individuals moving from apartments in purpose-built rental buildings to other forms of housing, including homeownership, investor-owned condominiums and secondary suites.

Demographic Shifts - Innovative forms of housing are required to meet population changes including the aging population (accessibility and support service requirements/aging safely); declining average household size; the growth of immigrant populations; and a rapidly growing Aboriginal population.

Aboriginal Housing - The Provincial Government recognizes the continued need for appropriate off-reserve Aboriginal housing. A disproportionate number of Aboriginal households are in need of safe, well constructed housing. Aboriginal persons continue to be overrepresented in the homeless population, and underrepresented among British Columbian homeowners. The Province acknowledges the importance of working in partnership and meets regularly with federal and First Nations partners.

Growing Importance of Condominiums - Due to the scarcity and high cost of developable land and the increasing number of smaller households, more than half of newly built housing in B.C. is strata titled. Multifamily construction also supports higher urban densities and more viable public transit systems.

Construction Sector Innovation - The building regulatory system needs to be more flexible and responsive to the rapid pace of construction innovation and the emergence of new products and technologies. This will increase productivity in the construction sector, leading to improved standards and housing affordability, while enhancing provincial objectives relating to health, safety and energy efficiency.

Modernizing Liquor Regulations

The B.C. government is modernizing liquor regulations – providing industry with additional flexibility while ensuring measures remain in place to keep public safety a priority. Changes made during the 2012/13 fiscal year include:

Liquor in Theatres - Movie theatres and live-event theatres in B.C. can now apply for a licence to serve alcohol during the screening of a film when no minors are present.

Corkage – Bring Your Own Bottle - Restaurant patrons wanting to bring their own wine into a licensed dining establishment may now do so at participating restaurants, giving the restaurant industry more flexibility in terms of the services it can offer its customers.

Licensing Caterers - New legislation will allow dedicated catering businesses and existing licensed establishments – such as restaurants, hotels and conference centres – to apply for a licence to serve liquor at catered events. This expansion of services will make it easier for clients to have liquor service at catered events, which will not only help support the hospitality industry, but also strengthen B.C.'s tourism appeal.

Importing Canadian Wine - BC residents are now allowed to have an unlimited amount of 100 per cent Canadian wine for their personal use shipped directly to their homes from a recognized winery in another province. Also, BC residents returning from another Canadian province can bring back on-their-person up to nine litres of wine of any origin, three litres of spirits, and a combined total of 25.6 litres of beer, cider or coolers for personal consumption.

Gaming - The increasing complexity of gaming poses new regulatory and enforcement challenges. For example, the introduction of casino-style games offered over the Internet, as well as gaming on mobile devices, mark a significant milestone in the evolution of the gaming industry, requiring regulatory and enforcement practices to evolve along with the industry.

Resource Management Coordination

When Government's structure to manage Crown land and natural resources was reconfigured in the spring of 2011, it created an improved arena for coordination and integration. The ministries involved included: Aboriginal Relations and Reconciliation; Agriculture; Energy, Mines and Natural Gas; Environment; Forests, Lands, and Natural Resource Operations; and Jobs, Tourism and Skill Training. Under the direction of the Natural Resource Board, these ministries are making bold changes to service delivery in the natural resource sector. This sectoral approach promotes streamlined authorization processes and enhanced access to public services across the province. The reconfiguration facilitates more consistent engagement and consultation with industry, stakeholders, partners and clients. It also enhances inclusion of Aboriginal, economic and environmental considerations into decision making. The ministries are working together to make these improvements and meet the commitments of the *BC Jobs Plan*.

Ministry Commitment to Lean Processes

As of May 2012, Lean is the process improvement method used by all British Columbia ministries and agencies to improve customer service, build internal capacity and eliminate waste in the form of unnecessary rules, processes and non-essential activities. To implement a Lean culture of innovation, customer focus and continuous improvement, in 2012/13 the Ministry piloted three Lean projects to improve the business processes for natural gas royalty pricing, coal tenure application and residential tenancy dispute resolution. Lean information sessions and ongoing staff training will be offered in the coming years. The Ministry and its staff, with the help of the BC Public Service Agency, will continue to make Lean culture an integral part of the work environment.

Expenditure Restraint Measures

In support of Government's commitment to balance the budget by 2013/14, the Ministry has initiated expenditure restraint measures, including adhering to government-wide Managed Hiring Guidelines, travel restrictions, and other office and operating cost management measures to achieve efficiencies and savings. The Ministry is committed to meeting its approved budget without negatively impacting service levels.

Goals, Objectives, Strategies and Performance Measures

A wide range of Ministry strategies are being implemented to facilitate job creation, economic development and the well-being of communities throughout B.C. These strategies include Ministry initiatives in support of the *BC Jobs Plan*, as well as three strategies released in 2012: *British Columbia's Mineral Exploration and Mining Strategy*, *British Columbia's Natural Gas Strategy* and *Liquefied Natural Gas: A Strategy for B.C.'s Newest Industry*. The Ministry also continues implementation of the *Clean Energy Act*, and the *BC Energy Plan*. The Ministry's performance measures and targets are designed to support our goals.

The Ministry promotes the reliable and environmentally responsible exploration, development and production of oil and gas in B.C. Oil and gas industry investment in B.C. has a strong, positive economic impact, creating significant business and job opportunities in northern communities, and generating revenues to government that support health, education and other services for British Columbians. The Ministry is committed to ensuring B.C. maintains a competitive business environment to attract oil and gas industry investment by providing a modern regulatory framework, improvements to public and private infrastructure, and targeted royalty programs.

The Ministry regularly reviews the legislative, regulatory and policy frameworks associated with oil and gas, mining and alternative energy. As part of this, improving the effectiveness and timeliness of multi-agency federal and provincial reviews of proposed energy and mining projects is a high priority for British Columbia. For oil and gas, changes to the regulatory framework introduced new requirements that ensure exploration and development activities throughout the oil and gas sector are both planned and implemented in a manner that safeguards environmental values. For mineral exploration and mines, the Ministry maintains effective and efficient regulation of the sites through health, safety and environmental best practices.

The *BC Jobs Plan* highlights the importance of the mining sector to the B.C. economy and targets eight new mines to be in operation by 2015, and the expansion of at least nine existing mines. Investments such as the Northwest Transmission Line will facilitate the opening of new areas to mining by providing cleaner, affordable electricity in places where communities currently rely on diesel generators. With its vast reserves of coal, and both metallic and non-metallic minerals, and with the world's largest concentration of mining and exploration companies, B.C. is well positioned to benefit from the surging global demand for mined commodities.

The natural gas and liquefied natural gas strategies highlight the opportunity to develop the significant shale gas deposits in northeast B.C. for both North American and offshore markets. The Ministry is committed to working with First Nations and communities to reach the Province's goals of new investment, job creation, revenue generation and other economic opportunities.

The Ministry promotes development and use of alternative energy technology and energy efficiency measures to minimize waste, increase productivity and lower operating costs, while delivering a healthier living and work environment for British Columbians. The *BC Energy Plan* together with the *Clean Energy Act* foster the development of new, sustainable energy and technology industries. This will ensure more comprehensive and proactive approaches to energy issues in British Columbia for

the next 20 years, and support the delivery of a secure, reliable supply of affordable electricity that is produced in an environmentally responsible way.

There have been several changes in the performance measures for the *2013/14 – 2015/16 Service Plan*. One performance measure has been dropped: “Annual investment in electricity facilities.” The measure does not directly reflect performance for current government policies and programs, following the changes to the definition of electricity self-sufficiency.

Another performance measure, “Total energy savings achieved through electric utility and provincial conservation policies, programs and regulations,” has been replaced with an improved version, “Cumulative energy savings achieved each year through energy utility and provincial conservation policies, programs and regulations since 2007/08.” By reporting the cumulative energy savings each year rather than energy savings resulting exclusively from new initiatives, the measure more accurately reflects the impact of government policies, programs and regulations on the consumer and ratepayer. For more details, see the discussion section under the performance measure 7 heading.

Two other performance measures have been changed in name only. The name of performance measure 2 has been changed from “Number of operating mines with upgrades or expansions” to “Number of expansions to existing mines,” in order to better reflect the language of the *BC Jobs Plan*. The name of performance measure 6 has been changed from “Short term injury rate at B.C. mines” to “WorkSafeBC injury rate at B.C. mines,” in order to better reflect the data source.

Goal 1: Internationally competitive energy, mining and natural gas sectors that contribute to jobs and the economy

Objective 1.1: New energy and mineral resource projects that support the creation of family-supporting jobs in B.C.

Strategies

- Work with proponents of liquefied natural gas projects and other ministries to have at least three terminals and associated pipelines in operation by 2020.
- Work with First Nations, communities and Canada to ensure best practices are in place to guide marine traffic and the safe shipment of liquefied natural gas to export markets.
- Support the development of pipelines, roads and electricity infrastructure required for new mines, mine expansions and liquefied natural gas facilities. including the development of industrial land use plans for the Douglas Channel, Kitimat and Prince Rupert areas.
- Work with BC Hydro to ensure an adequate supply of clean electricity is available to support new investments in liquefied natural gas, upstream oil and gas, and mines.
- Continue to develop a coordinated, transparent permitting and approval process with clear timelines for all industrial projects, including natural resource development projects.

- Continuously improve geological and resource assessments for natural gas, geothermal, storage reservoirs, coal, minerals and aggregate through collaboration with industry, industry associations, and academic and research institutes.
- Work closely with the Ministry of Jobs, Tourism and Skills Training to ensure that skills gaps in the workforces of the oil and gas, and mineral exploration and mining sectors are identified and filled.

Performance Measures 1 and 2: Number of new and expanded mines

Performance Measure	2012/13 Forecast	2013/14 Target	2014/15 Target	2015/16 Target
Number of new mines in operation	2	3	2	2
Number of expansions to existing mines	2	4	2	2

Data Source: Ministry of Energy, Mines and Natural Gas

Discussion

The annual targets support commitments in the BC Jobs Plan to have a total of eight new mines in operation and nine expansions to existing mines in place by 2015. The target for total 'Number of expansions to existing mines' remains at six for the two years 2012/13 and 2013/14; however, the year in which the expansions are forecast to occur has been adjusted. These changes are the result of the challenges in predicting the actual timing of mine expansions which are determined by various factors, including market conditions.

The responsibility for meeting the performance targets is shared jointly with the Ministry of Forests, Lands and Natural Resource Operations.

Objective 1.2: B.C. is positioned as an attractive jurisdiction for investment in the energy and mining sectors and related businesses

Strategies

- Contribute to trade missions and marketing initiatives led by the Ministry of Jobs, Tourism and Skills Training to attract investment in B.C. energy and mineral projects and business opportunities.
- Further establish B.C. as a recognized centre of excellence for energy and mining expertise, innovation and technology in collaboration with industry, post-secondary institutions, the federal government and provincial agency partners.
- Improve the competitiveness of B.C.'s energy and mining sectors by providing leadership, information, investing in infrastructure, and developing new policies, regulations and programs.
- Maintain B.C.'s competitiveness for investment in upstream natural gas development, and related liquefied natural gas export opportunities, by modernizing petroleum and natural gas tenure legislation, ensuring royalty programs remain highly competitive, supporting infrastructure development and facilitating efficient and timely regulatory review of proposed developments.

- Conduct energy and mining related geoscience research and technical assessments to promote industry investment.
- Work with the Ministry of Forests, Lands and Natural Resource Operations towards an average 60-day turnaround time for processing Notice of Work permit applications for mineral and coal exploration activities.
- The Province will continue to work with the federal government to develop a single, effective environmental review process, maintaining the highest standards while eliminating costly and time-consuming duplication.

Performance Measures 3 and 4: Annual investment in the oil and gas sector, and the mineral exploration and mining sector

Performance Measure	2012/13 Forecast	2013/14 Target	2014/15 Target	2015/16 Target
Annual investment in oil and gas exploration and development ¹	\$4.0 billion	\$4.8 billion	\$5.3 billion	\$7.2 billion
Annual investment in mineral exploration and mines ²	\$2.2 billion	\$2.8 billion	\$2.4 billion	\$2.6 billion

¹ Data Source: Ministry of Energy, Mines and Natural Gas based on Canadian Association of Petroleum Producers data for previous years. Estimates provided by calendar year.

² Data Source: Ministry of Energy, Mines and Natural Gas based on calendar year survey results from Natural Resources Canada, Statistics Canada and PriceWaterhouseCoopers.

Discussion

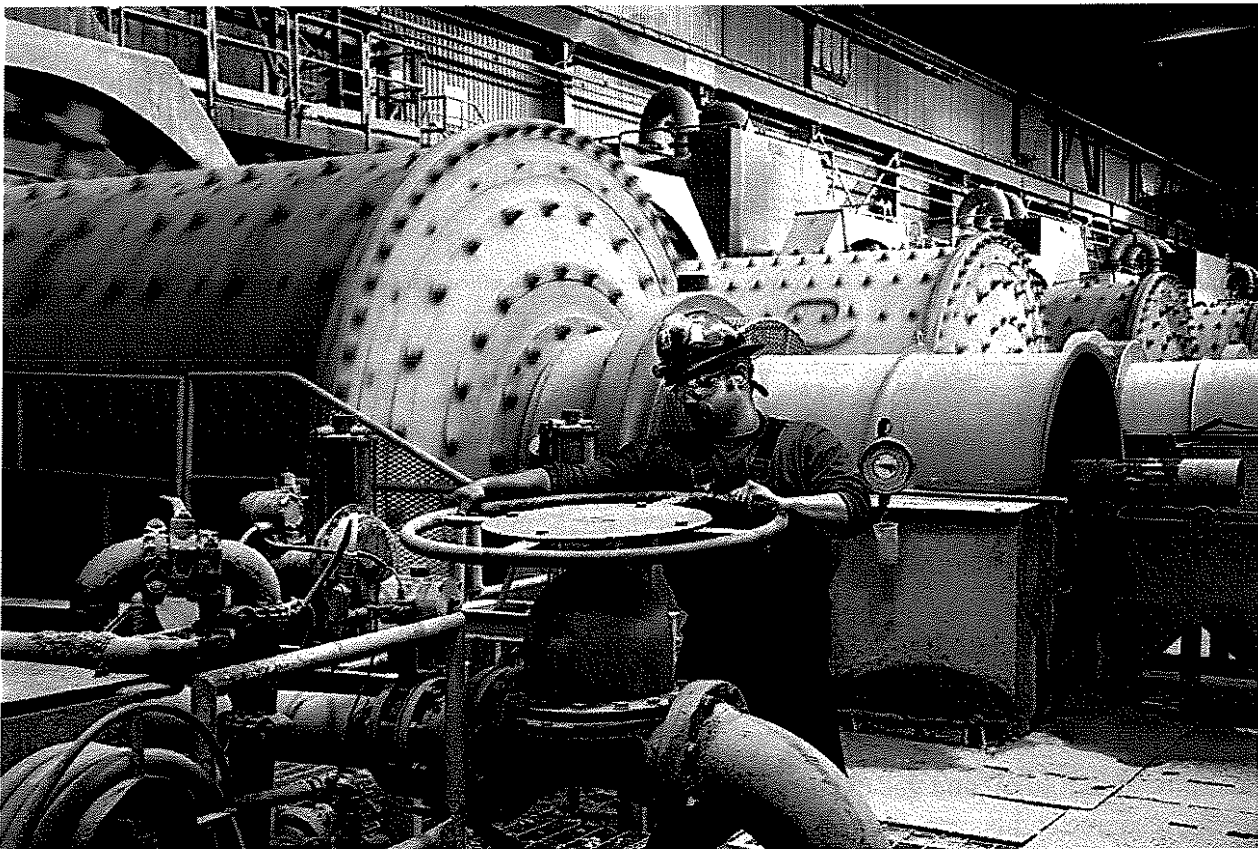
Through its strategies to improve B.C.'s competitiveness, the Ministry continuously strives to attract long term investment in B.C.'s energy and mining sectors and related service industries. Such investment creates jobs and business opportunities throughout the province, which in turn contribute to the stability and well-being of B.C. communities. A key challenge to achieving investment targets is that the markets for energy and mineral commodities can be cyclical, as can the levels of investment in these sectors. Financial markets and currency fluctuations also affect investment levels. Streamlined processes for energy and mine project permitting and environmental assessment, along with the timely review of tenure applications, help to reduce risk and sustain investment levels.

Annual investment in oil and gas exploration and development consists of industry investment in acquiring resource rights, geophysical and geological surveys, exploration and production wells, pipelines, development roads and processing plants. Investment in natural gas exploration and production is critical to supporting the creation of a liquefied natural gas export industry in B.C. Within North America, natural gas is shipped by pipeline for use in homes for heating and cooking purposes, and for a wide range of commercial and industrial uses. Natural gas can help reduce carbon dioxide emissions when it is substituted for coal or oil, and is the cleanest burning fossil fuel.

Annual mineral and coal exploration investment includes expenditures on prospecting, geological surveys, mapping, mineral valuation, drilling and rock work. Annual investment in mines includes mine planning, permitting, environmental assessment, construction, operation and reclamation.

The 2012/13 forecast for Performance Measure 3, the annual investment in oil and gas exploration and development, is \$4.0 billion, or approximately 22 per cent less than the \$5.1 billion 2012/13 target provided in the Ministry's *2012/13 – 2014/15 Service Plan*. While investment in British Columbia's natural gas sector remains strong relative to other North American jurisdictions, the industry has suffered from unexpectedly low natural gas prices and declining production volumes. As indicated in the B.C. Government's *First Quarterly Report* dated September 13, 2012, these impacts are the result of weak demand and increased supply in North America.

The 2012/13 forecast for Performance Measure 4, the annual investment in mineral exploration and mines, is \$2.2 billion—double the \$1.1 billion 2012/13 target provided in the Ministry's *2012/13 – 2014/15 Service Plan*. This is primarily the result of continuing strong demand for mining products. Increased demand has driven mineral exploration, which in turn has resulted in more new mine development and mine expansion projects.



Inside the mill at Endako Mines, northwest of Prince George. An expansion of the mill was commissioned in the summer of 2012, and along with other upgrades to the molybdenum mine, will nearly double the ore processing capacity to 55,000 tonnes daily. The mine employs 420 skilled and professional workers.

Objective 1.3: Optimal revenue from the development of B.C.'s energy and mineral resources

Strategies

- Provide the government services needed to respond to increasing economic activity, in particular delivering sound, timely decisions on mining, oil and gas, liquefied natural gas, and related water, Crown land and other permits, authorizations and tenures.
- Monitor and evaluate the performance of B.C.'s energy and mining policies and programs to fully maximize the financial benefit of resource development and use for British Columbians.
- Implement revenue collection mechanisms to address B.C.'s specific challenges that might otherwise slow or hinder the development of oil, gas, coal and mineral resources.
- Continue to hold 12 monthly Crown oil and gas rights sales per year.

Royalty Program Supports New Infrastructure Projects in Northeast B.C.

In the fall of 2012, the Province approved infrastructure royalty credits that will lead to the construction of 21 new infrastructure projects in northeast B.C., creating more than 1,650 construction jobs. The 2012 program supports the commitments of the *BC Jobs Plan* by expediting project development needed to support growth in the province's natural gas sector.

The 2012 program involves \$120 million in royalty credits, which are expected to generate approximately \$300 million in new net incremental royalties over the first five years. Industry will fund the entire cost of each project, but companies can then recover up to 50 per cent of an approved projects's cost through deductions from royalties which they must later pay to the government. Since the infrastructure royalty credit program began in 2004, it has led to the development of 81 new resource roads and 115 new pipeline projects.

The program—which is unique in North America—promotes B.C.'s competitiveness relative to other North American jurisdictions in attracting new investment for oil and gas development.

Performance Measure 5: Direct government revenue derived from mining and oil and gas

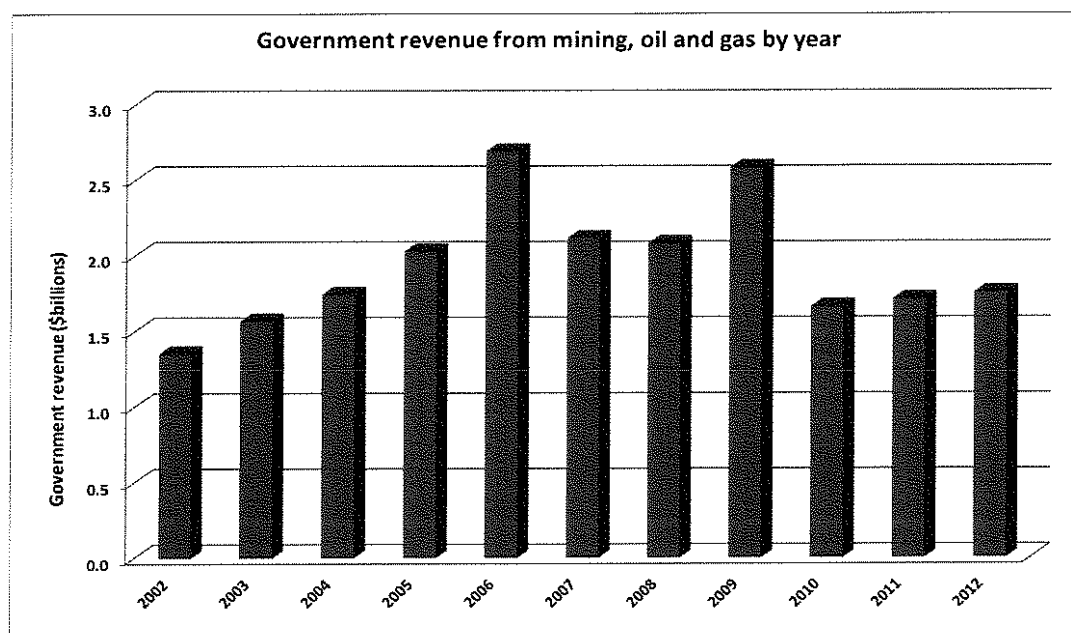
Performance Measure	2012/13 Forecast	2013/14 Target	2014/15 Target	2015/16 Target
Direct government revenue from mining, and oil and gas	\$1.348 billion	\$1.550 billion	\$1.530 billion	\$1.524 billion

Data Source: Ministry of Energy, Mines and Natural Gas.

Discussion

Revenue derived from mineral exploration and mining, and oil and gas operations and tenure dispositions contributes to government programs such as education and social services. Optimal revenue is defined as the fairest and best return that can be collected by the Crown for the use of publicly owned resources under prevailing economic, environmental and social conditions.

This indicator shows the forecast of mining, oil and gas revenues expected to be collected from industry and paid into the Province's consolidated revenue fund, based on data provided by Ministry program staff. B.C.'s oil and gas, coal and mineral producers are subject to demand and price fluctuations in world commodity markets where their products are sold. The Ministry implements resource revenue collection mechanisms, such as oil and gas royalties and mineral tax, that are market-based to share the market and investment risk, and manage resource development. As a result, government revenues are also subject to market fluctuations and financial conditions.



Data Source: Ministry of Energy, Mines and Natural Gas, using data from BC Public Accounts, 2002 – 2012. Data is for fiscal years, ending March 31 of the year listed. The figures are reported after adjustments for various royalty credit programs, and after disbursements for the Oil and Gas Commission.

Objective 1.4: A secure, reliable supply of energy for the long term benefit of all British Columbians

Strategies

- Work with BC Hydro to upgrade the Province's heritage generation, transmission and distribution assets to meet future demand.
- Develop and implement policies to keep electricity rates affordable for B.C. families and respond to B.C.'s other energy objectives.
- Ensure reliable electricity supply through innovative, aggressive conservation, ongoing competitive power procurement programs, and BC Hydro funded projects.

- Expand the use of natural gas as a transportation fuel.
- Conduct regional studies and resource assessments to enhance understanding of the geological framework that hosts B.C.'s oil and gas resources, improve the province's resource estimates, and encourage exploration.



Photo: Courtesy BC Hydro

One of BC Hydro's oldest facilities, the 65-year-old John Hart generating station near Campbell River is due to be replaced by 2018. The replacement, generating 835 gigawatt-hours of electricity annually, will be much more earthquake resistant, more reliable, and—thanks to a new water bypass facility—will improve the habitat for fish. A contract is expected to be signed in the summer of 2013, creating about 400 jobs for the five-year construction period.

Objective 1.5: Efficient and effective energy and mining policy, legislation and regulation in the public interest of British Columbians

Strategies

- In cooperation with other levels of government, continue to review legislation and regulations to ensure B.C. remains competitive, while enhancing the integrity of environmental, health and safety standards.
- Modernize the Ministry's oil and gas tenure administration processes.
- Complete the development of a Carbon Capture and Storage Regulatory Framework.
- Manage the review of the Columbia River Treaty to ensure benefits for British Columbia continue to be realized.

- In consultation with other ministries and stakeholders, develop and implement new acts and regulations that support the responsible development and use of energy and mineral resources.

Goal 2: Safe and environmentally responsible energy and mineral resource development and use

Objective 2.1: Standards that protect the public and the environment

Strategies

- Work with industry and other natural resource sector agencies to improve environmental and safety regulation compliance at mine sites through inspections and audits.
- Collaborate with other government ministries on the Ministry of Health's study into the potential human health effects of the oil and gas industry.
- Work with industry to identify disposal zones for carbon dioxide sequestration projects and opportunities for carbon dioxide use in enhanced oil recovery.
- Continue to support the annual British Columbia Mine Reclamation Awards to recognize outstanding achievements in mine reclamation in this province.
- Support mine rescue competitions and the annual Mines Safety Awards.

Performance Measure 6: WorkSafe BC injury rate at B.C. mines

Performance Measure	2012/13 Forecast	2013/14 Target	2014/15 Target	2015/16 Target
WorkSafeBC injury rate at B.C. mines	1.8	1.8	1.8	1.8

Data Source: Ministry of Energy, Mines and Natural Gas and WorkSafe BC. **Note:** This measure, formerly known as "Short term injury rate at B.C. mines" has been renamed to reflect the data source. In all other respects, the measure is unchanged.

Discussion

Operations at mines, electricity generating stations and transmission facilities and oil and gas exploration, pipeline and processing sites can be hazardous and if not properly managed, can affect the environment. Safeguarding the public and the environment contributes to environmentally responsible development and use of these resources. The threat of accidents, leakages and spills is always present, so ongoing policy development and education are necessary to ensure risk is minimized.

The targets reflect the anticipated average number of accident claims per year at B.C. mines, including open pit coal and metal mines, quarries and underground mines per 100 person years. B.C.'s mining workforce is constantly evolving and is expected to have a number of workers over the next ten years who are new to mining operations. Enhanced health and safety training and inspections

are required to ensure mining remains one of B.C.'s safest heavy industries. To provide context for this measure, using 2009 estimates, a 0.1 per cent decrease in the WorkSafeBC injury rate would result in approximately 10 fewer claims or an 8.6 per cent decrease in the number of claims. The claims cost for the three major mines subsectors (i.e., open-pit coal, open-pit metal and underground mines) was estimated at \$3.34 million in 2009. Therefore, an 8.6 per cent decrease in the number of claims would result in an estimated \$288,000 savings in cost. While the measure remains unchanged for the current year, it has been renamed from "Short term injury rate at B.C. mines" to "WorkSafeBC injury rate at B.C. mines," in order to reflect the source of the data.

Objective 2.2: Clean energy resources, fuels and related technologies complemented by energy efficiency and conservation efforts across all sectors of the economy.

Strategies

- Support energy utilities with the implementation of cost effective demand side management measures.
- Participate in and support long-term clean energy planning initiatives at the regional and provincial level, including the Western Renewable Energy Zones initiative and BC Hydro's *Integrated Resource Plan*.
- Work with the Climate Action Secretariat (Ministry of Environment), other government ministries and agencies, Crown corporations, the public, electricity producers and utilities across B.C. to implement a coordinated approach to energy conservation and efficiency measures and support the deployment of alternative energy options to meet the province's energy needs.
- Continue to support energy efficiency in homes and buildings by monitoring on-bill financing pilots for British Columbians to inform the evolution of the successful LiveSmart BC: Energy Efficiency Program.
- Ensure the procurement of clean and renewable electricity continues to account for at least 93 per cent of total generation, excluding power required for liquefied natural gas projects.
- Continue to implement the *BC Bioenergy Strategy* to take advantage of B.C.'s abundant sources of Mountain Pine Beetle timber, wood wastes and agricultural residues.
- Through the Innovative Clean Energy Fund, support projects that solve real, everyday energy and environmental issues and create economic benefits for all British Columbians.
- Reduce the carbon intensity of the energy used by British Columbians by implementing a low carbon fuel requirement and increasing the supply of clean electricity for transportation.

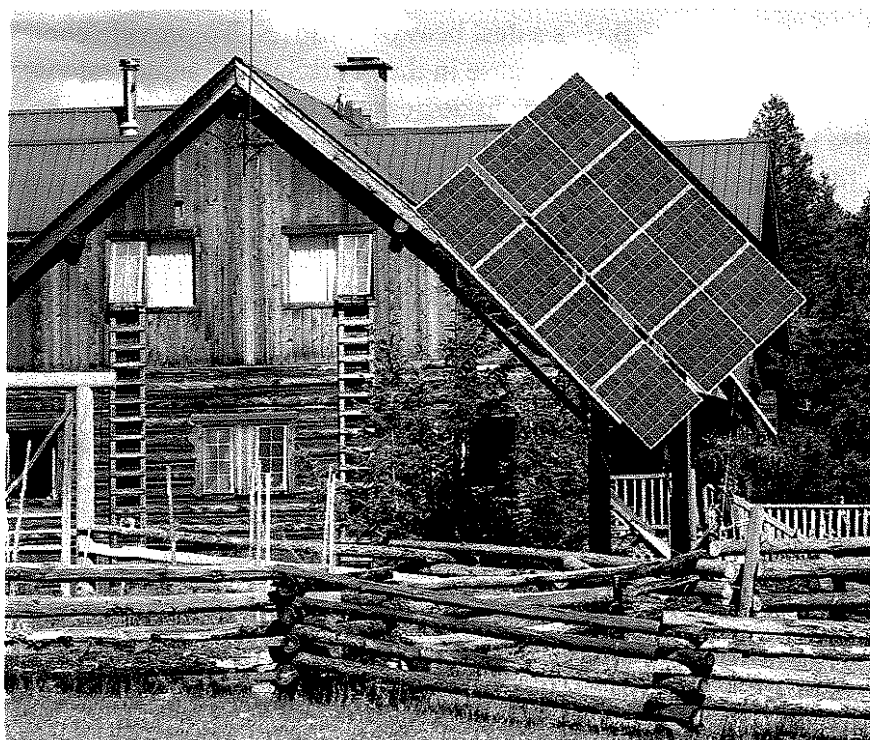


Photo: Courtesy of Siwash Lake Ranch

Located in the remote Cariboo region, the off-grid Siwash Lake Ranch, with funding from the Ministry's ICE Fund, runs partially on solar power.

Promoting the deployment of alternative energy technology contributes to environmentally responsible energy development and use. The Government plays a key role in providing information to the public about practical conservation initiatives, establishing new standards through the B.C. Building Code and *Energy Efficiency Act*, and encouraging the private sector to develop alternative energy sources.

B.C. has a number of alternative energy options such as solar, tidal, biomass, wave, geothermal and wind power. These sources of alternative energy are renewable and can complement existing electricity generating facilities and heating and transportation fuels.

Performance Measure 7: Total energy savings achieved each year through utility and provincial conservation policies, programs, and regulations

Performance Measure	2012/13 Forecast	2013/14 Target	2014/15 Target	2015/16 Target
Cumulative energy savings achieved each year through energy utility and provincial conservation policies, programs, and regulations since 2007/08 ¹	20,591,460 GJ	24,724,511 GJ	33,548,401 GJ	39,500,343 GJ

Data Source: Ministry of Energy, Mines and Natural Gas.

¹Measured in Gigajoules to include both gas and electricity savings. The savings from energy utilities are from BC Hydro, FortisBC Electric and FortisBC Gas. Data on conservation rates is from BC Hydro and FortisBC Electric.

Discussion

This new measure reports cumulative energy savings achieved each year through the LiveSmart BC energy efficiency incentive program, utility demand-side management programs, conservation rates, and regulated codes and standards since 2007/08.² The measure replaces the previous measure, “Total energy savings achieved through electric utility and provincial conservation policies, programs and regulations.” The new measure is driven by energy efficiency and conservation policies of *The BC Energy Plan* of 2007, as well as British Columbia's *Clean Energy Act* objectives for BC Hydro. These objectives are for BC Hydro to reduce expected increases in demand for electricity by 66 per cent by 2020, and to ensure BC Hydro rates remain among the most competitive for North American public utilities. In 2012/13 alone, British Columbia will save energy equivalent to the annual energy consumption of 228,034 households.

The previous measure, “Total energy savings achieved through electric utility and provincial conservation policies, programs and regulations,” reported new, or incremental, annual energy savings, while the new measure reports the cumulative energy savings each year. This provides a better account of the performance of energy efficiency and conservation initiatives. For instance, upgrading to a high efficiency appliance reduces energy consumption each year over the effective life of the appliance, rather than for just the year it was purchased. The cumulative measure also harmonizes with the way that BC Hydro reports energy savings. Finally, the new measure has been broadened to include natural gas savings resulting from FortisBC Gas efficiency and conservation initiatives.

BC Hydro's energy savings are drawn from its 2012/13 – 2013/14 demand side management expenditure application, which has been approved by the British Columbia Utilities Commission. BC Hydro is required to seek the approval of the Commission for demand side management expenditures beyond 2013/14, and BC Hydro will align its future demand side management targets with its Integrated Resource Plan, due to be submitted to the Government in August 2013. As expenditures for the FortisBC Gas demand side management plan are approved by the British Columbia Utilities Commission only through 2013, targets for subsequent years assume incremental annual energy savings equivalent to those projected by the utility for 2013. Projected savings from the LiveSmart BC program for 2013/14 and beyond reflect cumulative energy savings from previous measures being carried forward with no new incremental energy savings after April 1, 2013, as funding for the program is not confirmed beyond the 2012/13 fiscal year.

² The energy savings in this measure reflect energy efficiency and conservation initiatives undertaken since *The BC Energy Plan* of 2007.

Objective 2.3: The Ministry, stakeholders, First Nations and industry are engaged and working cooperatively for the responsible development and use of B.C.'s energy and mineral resources

Strategies

- Develop and implement an effective community and stakeholder engagement model to respond to increased unconventional gas exploration and development in Northeast B.C.
- Seek support for the Farmers Advocacy Office in Dawson Creek to assist land owners in engaging the oil and gas sector.
- Foster working relationships among industry, the public, First Nations and landowners by clarifying and simplifying resource exploration and development management processes, enhancing dispute resolution methods, and offering more support and information.
- Continue to collaborate with other ministries, agencies and Crown corporations to provide information to promote greater public understanding of the exploration and development of resources.
- Support the development and continuous improvement of Strategic Engagement Agreements with First Nations to make consultation processes more predictable.
- Support the development of Revenue Sharing Agreements that provide First Nations communities with economic benefits based on energy and mining activities in their traditional territories.
- Continue to work with the Ministry of Aboriginal Relations and Reconciliation to build effective business development relationships with First Nations.
- Continue to support the annual Mining and Sustainability Award to recognize the diverse companies, communities, First Nations, non-governmental organizations, government agencies and individuals committed to advancing and promoting sustainable development in B.C. mining.
- Continue to support the Remote Community Energy Network (BC Hydro, Aboriginal Affairs and Northern Development Canada, the First Nations Technology Council and the Ministry) including energy education and training, community energy planning, utility service provision, clean energy development, energy efficiency and energy monitoring.

If the public, First Nations, landowners and non-governmental organizations are informed and participate in responsible resource exploration and development, they will have an opportunity to help identify and contribute constructively to the resolution of issues. They also become more aware of the benefits that resource development can provide to a community, such as regular employment for citizens and expanded infrastructure.

There are close to 70 remote communities in B.C. that are not connected to the major natural gas or electricity grids. These communities have challenges and opportunities in their energy systems that are very different than grid connected communities. The Ministry's community energy solutions support in these communities is tailored to these unique situations.

Goal 3: Safe and sustainable homes for all British Columbians

Objective 3.1: Access to safe and stable housing

Strategies

- Provide provincial policy leadership for the housing sector through the renewal of the provincial housing strategy, *Housing Matters BC*, to express government priorities and strategies including a focus on families and market housing affordability.
- Work with BC Housing to enhance the integrity of program delivery and administration and to ensure that government's strategic priorities are addressed.
- Work collaboratively with other ministries, agencies and Crown corporations to ensure the integrated delivery of the continuum of housing programs and services for vulnerable British Columbians. These programs and services include: homeless outreach, emergency shelters, supportive housing, transition houses, assisted living and subsidized housing.
- Preserve and increase the supply of affordable market rental and homeownership units by working with local governments and other partners to address local housing challenges and improve the economic viability in the development of affordable units.
- Support the one million strata owners and residents in B.C. with an improved strata governance system, including financial accountability, new dispute resolution mechanisms and prudent management of common assets.
- Continue to work collaboratively with other ministries, agencies and stakeholders to identify and resolve emerging strata issues and to provide educational materials to strata owners, strata councils, strata property managers and developers.
- Assist landlords and tenants to resolve disputes earlier by: improving the spectrum of Residential Tenancy Branch services to make it easier for tenants and landlords to access information and rely less on formal arbitration; implementing a strategic public education plan that includes working with partners to enhance information outreach; and achieving service delivery efficiencies to ensure public inquiries and requests are appropriately addressed.

Performance Measure 8: Priority groups in subsidized housing

Performance Measure	2012/13 Forecast	2013/14 Target	2014/15 Target	2015/16 Target
Percentage of clients belonging to priority groups in subsidized housing	88	85 or higher	85 or higher	85 or higher

Data Source: The measure is calculated by taking the current inventory of subsidized housing and determining the percentage of units that are available for each of the designated priority groups

Discussion

This measure is an indicator of performance in ensuring that those in greatest need receive priority assistance for housing. For the purposes of the measure, the groups considered to be among those in greatest housing need include: low income or frail seniors; people with physical or mental disabilities; people with mental illness; women and children who have experienced domestic violence; individuals facing alcohol and drug addiction challenges; Aboriginal individuals and families; and, people who are homeless or at risk of homelessness.³

The targets are set to reflect the number of social housing households that fall into one of the designated priority groups, as well as the anticipated number of new and acquired housing units, all of which are targeted to priority groups, during the service plan period.

Performance Measure 9: Residential tenancy dispute resolution requests

Performance Measure	2012/13 Forecast	2013/14 Target	2014/15 Target	2015/16 Target
Number of residential tenancy dispute resolution requests per 1,000 British Columbia adult population (over age 19)	6.0	6.0	5.9	5.8

Data Source: Results for this measure are derived from records of dispute resolution requests to the Ministry's Residential Tenancy Branch and British Columbia Statistics population data. The measure includes only those British Columbians age 20 and older because of the population data age categories used by British Columbia Statistics.

Discussion

Modernizing and streamlining the spectrum of Residential Tenancy Branch services will contribute to a reduction in the number of requests to help resolve tenancy disputes. Improvements will make it easier for tenants and landlords to access information, ensure that enquiries and requests are addressed, and resolve disputes earlier.

About one third of all B.C. households are rental households. As the B.C. population increases every year, so does the number of tenancies. Tying the number of dispute resolution requests to the adult population provides a comparable measure across fiscal years.

Objective 3.2 A modern building regulatory system that supports safety and innovation in the design and construction of buildings

Strategies

- Establish provincial leadership in a modern, streamlined and efficient building regulatory system with a uniform building code as a key element.

³ A more detailed discussion of the methodology for this performance measure is included in the *BC Housing Service Plan 2013/14 – 2015/16*.

- Continue to engage stakeholders in the development of the 2012 editions of the BC Building, Fire and Plumbing Codes, including improvements in energy and water efficiency.
- Work with the BC Safety Authority to continuously improve technical product safety and support technical innovation through timely adoption of safety codes and standards.

Goal 4: Responsible regulation of gaming opportunities and the sale and use of liquor

Objective 4.1 British Columbians continue to have confidence in the management of gaming and liquor

Strategies

- Ensure that all gaming in the province, including gaming conducted over the Internet, is subject to a high level of rigour and scrutiny. This includes ensuring appropriate people and companies are involved in the gaming industry, conducting regular audits of all commercial gaming venues, and investigating allegations of wrongdoing to ensure the integrity of gaming and use of proceeds.
- As part of a broader enforcement strategy, work with the British Columbia Lottery Corporation and the gaming industry to move away from cash-based play in order to prevent money laundering activity at casinos.
- Target liquor regulation resources on high-risk licensed establishments and focus inspections and investigations primarily on service to minors, over-service, overcrowding and illicit alcohol. This includes the ongoing use of a 'minors as agents' program which employs underage youth to assess whether licensees or staff serve or sell liquor to minors. Minors hired for this purpose are under supervision and not allowed to consume alcohol. Preventing minors from accessing liquor is a major public safety initiative aimed at protecting families and the public from the harms associated with underage consumption of liquor.
- Continue to develop a public safety strategy for special occasion liquor licences. To date this has included directing resources toward events with a higher risk of over-service, service to minors, and over-crowding. Key areas for these efforts were applicant screening, host education, event security planning and inspection and compliance efforts, and continuing efforts to improve public safety at these events are currently underway.
- Improve public safety at large public events to ensure that they are safe and enjoyable for families. In response to the Stanley Cup riot in 2011, an integrated strategy for managing large public events review response was developed with other agencies and levels of government. Building on this success, the Liquor Control and Licensing Branch also developed an integrated Grey Cup strategy which will be used as a model for future management of large public events.

Ministry Program Reduces Liquor Sales to Minors

With heavy drinking among youth aged 15 to 24 years approximately three times higher than for adults 25 years or older, reducing minors' access to liquor is an important safety measure. When minors drink, they face significant increases in the risks of being involved in a vehicle crash, a sexual assault, or a physical altercation.

The Minors as Agents Program, which hires minors to test alcohol sales, has resulted in a reduction of illicit sales to youth. In the first year of the program, 87 per cent of more than 400 private and government stores tested complied with the law.

The liquor stores found selling alcohol to minors were levied \$7,500 fines. Restricting access to liquor by minors remains a key public safety priority for the Ministry's Liquor Control and Licensing Branch.

- Improve education and awareness of responsible alcohol consumption to assist in citizen engagement on responsible drinking. The Liquor Control and Licensing Branch will be continuing to develop the new social responsibility section on the Branch website, which has links to educational programs and resources. The Branch will continue to produce a biannual newsletter to communicate with licensees about policy changes, social responsibility, and other new and topical issues. The Liquor Control and Licensing Branch will continue its work on social responsibility, leveraging the partnerships developed during the development of a high school Dry Grad party planner, and an anti-binge drinking social marketing campaign. Development of resources for parents of minors is currently underway.

Performance Measure 10: Enhanced access to funds in gaming facilities

Performance Measure	2011/12 Baseline	2012/13 Target	2013/14 Target	2014/15 Target	2015/16 Target
Enhance access to funds in gaming facilities	Two options	Introduce three new options	Introduce three new options	Introduce one new option	Introduce one new option

Data Source: Ministry of Energy, Mines and Natural Gas

Discussion

This new measure tracks the strategy of providing a suite of options to access funds in gaming facilities. The strategy is part of the Gaming Policy and Enforcement Branch's continuing diligence concerning money laundering in B.C. casinos. Developing options that result in the increased use of electronic methods to access funds in casinos, enables an increased vigilance of large cash amounts carried into casinos.

Transition from cash transactions to electronic methods to access funds in casinos supports the goal of moving the gaming industry away from its current state as a cash dependent industry. It diminishes

opportunities for criminal attempts to legitimize illegal proceeds of crime in gaming facilities in the province.

Casino patrons currently have the option of using the Patron Gaming Fund or an Automated Teller Machine to access funds. In 2012/13, the Gaming Policy and Enforcement Branch will add three new strategies, namely: the ability to access debit at the cash cage; use a cheque hold process; and use pre-approved cheques. In 2013/14, casino patrons will be able to access funds inside a casino through internet transfer, U.S. funds transfer and foreign funds transfer.

Performance Measure 11: Liquor Licensee Compliance Rate

Performance Measure	2011/12 Baseline	2012/13 Forecast	2013/14 Target	2014/15 Target	2015/16 Target
Percentage of inspected/investigated liquor licensees in compliance	96	95	95	95	95

Data Source: Ministry of Energy, Mines and Natural Gas.

Discussion

The Ministry tracks the percentage of inspected or investigated liquor licensees that are found to be in compliance with provincial liquor licensing regulations. Over 12,000 inspections are conducted annually of almost 10,000 licensees across all regions of the province. The Ministry focuses resources on high-risk establishments, so some establishments may be visited more than once in a given year, while others may not be visited during that year.

The level of voluntary compliance indicates the degree to which licensees understand and are willing to cooperate with the liquor regulatory framework. A high level of voluntary compliance in areas such as over-service and prevention of service to minors may also indicate a corresponding low level of liquor misuse.

The Ministry's targeted approach of focusing resources on public safety contraventions, and high-risk or problem establishments, means there is a greater degree of certainty of enforcement consequences for non-compliant licensees. In the short term, this leads to a higher degree of voluntary compliance. Over the long term, however, the compliance rate may be seen to decrease due to the focus on high-risk, chronically non-compliant licensees.

Ministry of Energy, Mines and Natural Gas and Minister Responsible for Housing

Resource Summary

Core Business Area	2012/13 Restated Estimates ¹	2013/14 Estimates	2014/15 Plan	20145/16 Plan
Operating Expenses (\$000)				
Oil and Gas	14,768	13,872	13,872	13,872
Mines and Mineral Resources	11,171	11,056	11,056	11,056
Electricity and Alternative Energy	17,980	2,949	2,949	2,949
British Columbia Pavilion Corporation	9,142	8,977	8,992	8,972
Executive and Support Services ..	7,199	7,138	7,138	7,138
Housing	346,242	343,866	346,291	350,259
Liquor Control and Licensing	1	1	1	1
Gaming Policy and Enforcement	18,145	19,587	19,587	19,587
Housing Endowment Fund	10,000	12,000	18,000	20,000
Innovative Clean Energy Fund	14,947	5,030	2,300	2,300
Total	449,595	424,476	430,186	436,134
Ministry Capital Expenditures (Consolidated Revenue Fund) (\$000)				
Executive and Support Services ..	28,168	27,369	4,297	233
Housing Capital Fund ²	44,506	33,144	22,927	6,357
Total	72,674	60,513	27,224	6,590

Ministry of Energy, Mines and Natural Gas and Minister Responsible for Housing

	2012/13 Restated Estimates ¹	2013/14 Estimates Plan	2014/15 Plan	20145/16 Plan
Other Financing Transactions (\$000)				
Oil and Gas Commission Receipts	31,157	28,083	30,938	31,808
Oil and Gas Commission Disbursements	(31,157)	(28,083)	(30,938)	(31,808)
Total Net Cash Source (Requirements)	0	0	0	0
Northwest Transmission Line Receipts	60,000	57,000	13,000	0
Northwest Transmission Line Disbursements	(60,000)	(57,000)	(13,000)	0
Total Net Cash Source (Requirements)	0	0	0	0

¹ Amounts have been restated, for comparative purposes only, to be consistent with Schedule A of the 2013/14 Estimates.

² The grant for Housing Capital Funding meets the British Columbia Housing Management Commission's objective to increase the supply of housing for those at risk of homelessness and to fund infrastructure projects to increase the supply of provincially owned housing for seniors and persons with disabilities.

Appendices

Ministry Contact Information

Deputy Minister's Office

Eighth Floor, 1810 Blanshard Street

PO Box 9319 Stn Prov Govt

Victoria, B.C. V8W 9N3

Phone: 250-952-0241

website: www.gov.bc.ca/empr**Mines and Minerals Resources Regional Offices****Northwest**

PO Box 5000

Second Floor, 3726 Alfred Avenue

Smithers, B.C. V0J 2N0

Phone: 250-847-7383

email: MMD-Smithers@gov.bc.ca**Central/Northeast**

350 - 1011 – 4th Avenue

Prince George, B.C. V2L 3H9

Phone: 250-565-4240

email: MMD-PrinceGeorge@gov.bc.ca**South Central**2nd Floor, 441 Columbia Street

Kamloops, B.C. V2C 2T3

Phone: 250-371-3912 Phone: 250-420-2161

email: MMD-Kamloops@gov.bc.ca**Southeast**

1902 Theatre Road

Cranbrook, B.C. V1C 7G1

email: MMD-Cranbrook@gov.bc.ca**Southwest**

PO Box 9320 Stn Prov Govt

Sixth Floor, 1810 Blanshard Street

Victoria, B.C. V8W 9N3

Phone: 250-387-4825

email: SouthwestMinesDivision@gov.bc.ca**Mineral Titles Branch**

303-865 Hornby Street

Vancouver BC V6Z 2G3

Phone: 1-866-616-4999

Mineral Claims Inspectors**Kamloops**2nd Floor, 441 Columbia Street

Kamloops B.C. V2C 2T3

Phone: 250-371-3786

Smithers

PO Box 1389

Houston B.C. V0J 1Z0

Phone: 250-845-3584

Residential Tenancy Branch Regional Offices**Victoria**

Suite 101 – 3350 Douglas St, Victoria BC V8Z 3L1
PO Box 9298 Stn Prov Govt, Victoria BC V8W 9J8

Burnaby

#400 – 5021 Kingsway, Burnaby BC V5H 4A5

Kelowna

#305 – 478 Bernard Ave, Kelowna BC V1Y 6N7

Liquor Control and Licensing

PO Box 9292 Stn Prov Govt, Victoria BC V8W 9J8
Ph (in Victoria): 250-952-5787
Ph (outside Victoria): 1-866-209-2111
Fax: 250-952-7066

Gaming Policy and Enforcement**Victoria – Head Office**

3rd Fl, 910 Government Street
Victoria B.C.
Ph: 250-387-5311
Fax: 250-356-8149

Burnaby – Audit, Investigation and Racing

Audit: #220 - 4370 Dominion Street
Burnaby, B.C.

Investigations and Racing: #408 - 4603 Kingsway Avenue, Burnaby, B.C.

Ph: 604 660-0245 Fax: 604 660-2030

Kelowna – Regional Office

#200 - 1517 Water Street, Kelowna, B.C.
Ph: 250 861-7363
Fax: 250-861-7362

Prince George – Regional Office

#211 - 1577 7th Avenue, Prince George, B.C.
Ph: 250-612-4122
Fax: 250-612-4130

Hyperlinks to Additional Information

A list of Legislation administered by the Ministry can be found at:

www.empr.gov.bc.ca/Titles/legislation/Pages/default.aspx

A list of Crowns, Agencies, Boards and Commissions reporting to the Minister, can be found at:

http://www.empr.gov.bc.ca/Titles/legislation/Pages/Major_Agencies_Boards_and_Commissins.aspx

Canada Starts Here: The B.C. Jobs Plan can be found at:

http://www.bcjobsplan.ca/wp-content/uploads/2011/09/CSH_BCJobsPlan_web.pdf

Energy and Mines Information

The *BC Energy Plan* can be found at: www.energyplan.gov.bc.ca/

The *Clean Energy Act* and a complete set of backgrounders and factsheets can be found at:

www.mediaroom.gov.bc.ca/DisplayEventDetails.aspx?eventId=490

British Columbia's Mineral Exploration and Mining Strategy can be found at:

<http://www.empr.gov.bc.ca/Mining/Documents/MiningStrategy2012.pdf>

British Columbia's Natural Gas Strategy can be found at:

http://www.gov.bc.ca/ener/popt/down/natural_gas_strategy.pdf

Liquefied Natural Gas: A Strategy for B.C.'s Newest Industry can be found at:

http://www.gov.bc.ca/ener/popt/down/liquefied_natural_gas_strategy.pdf

The Frac Focus BC website can be found at: <http://fracfocus.ca/>

Housing Policy and Building and Safety Standards

Contact and other information about Housing Policy and Building and Safety Standards can be found at: www.housing.gov.bc.ca

Information about Aboriginal Housing Initiatives can be found at:

<http://www.bchousing.org/Initiatives/Creating/AHI>

The Provincial Housing Strategy, *Housing Matters BC*, can be found at:

www.housingmattersbc.ca

Information about the British Columbia Housing Management Commission (BC Housing) can be found at: www.bchousing.org

Residential Tenancy

Contact and other information about Residential Tenancy can be found at: www.rto.gov.bc.ca

Problem Gambling Help Line

For help in recognizing the warning signs of problem gambling - and to get information on free programs, services and resources available to assist problem gamblers and their families:

Call 1-888-795-6111

or visit www.bcreponsiblegambling.ca

Confidential ♦ Free ♦ 24 hours/7 days ♦ Multiple Languages

Gaming Policy and Enforcement

www.pssg.gov.bc.ca/gaming

Liquor Control and Licensing

www.pssg.gov.bc.ca/lclb

Ministry of Energy and Mines and
Minister Responsible for Housing

2011/12
Annual Service Plan Report



Ministry of Energy and Mines and Minister Responsible for Housing

For more information on how to contact the British Columbia
Ministry of Energy and Mines
see Ministry Contact Information on Page XX or contact:

Ministry of Energy and Mines

PO BOX 9319
STN PROV GOVT
VICTORIA B.C.
V8W 9N3

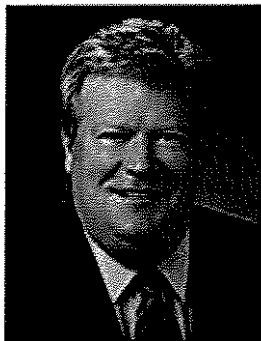
or visit our website at

www.gov.bc.ca/ener/

Published by the Ministry of Energy and Mines

Ministry of Energy and Mines and Minister Responsible for Housing

Message from the Minister and Accountability Statement



Our province was built on its natural resources and today natural gas, minerals, water, wind and biomass continue to fuel British Columbia's economy. In support of this, the BC Jobs Plan, released in September 2011, leverages our competitive advantages to benefit all British Columbians. By opening new markets for export and strengthening our infrastructure to get goods to market, we can grow our economy and create jobs in every region.

The Jobs Plan specifies clear targets for liquefied natural gas (LNG) plants and infrastructure, and the natural gas and LNG strategies establish a plan to achieve these. Our vision is for British Columbia to be a global leader in secure, sustainable natural gas investment, development and export. B.C. is ideally positioned to export natural gas in the form of LNG to growing markets in Asia. By exporting LNG, world-wide emissions will be lowered as B.C.'s natural gas increasingly displaces the use of more carbon intensive fuels such as coal and diesel.

Our support for industry growth and diversification, such as our Infrastructure Royalty Credit Program, continues to fuel natural gas development in British Columbia. Revenues from the sector, including \$287 million in petroleum and natural gas rights sales in 2011/12, sustain important government programs and services like health care and education.

The BC Jobs Plan sets targets for the number of new and expanded mines in British Columbia. Our mining strategy outlines how B.C. can grow our mining industry and reach out to fast-growing Asian markets – where B.C. coal, copper and other mined commodities are supporting the world's largest-ever urbanization. This growth is expected to generate revenue estimated at \$1.6 billion per year once the projects are fully operational, creating approximately 1,800 new jobs, and sustaining more than 5,000 direct-mining jobs in the province.

B.C. is blessed with deposits of coal, copper, gold, molybdenum, silver, lead and zinc. By responsibly mining these, we can reach our investment goals and create new jobs and economic opportunities—while protecting the environment and building a better quality of life for future generations.

British Columbia is a national leader in mining and mineral production, with gross revenues estimated at \$8.6 billion in 2011/12, of which the Province received more than \$357 million in direct revenue. Mineral exploration spending exceeded \$460 million in 2011, an increase from \$374 million in 2010—and 1,300 per cent more than a decade ago.

We are ensuring that BC Hydro rates remain among the lowest in North America, while making unprecedented investments in our electricity system. One of these investments is the Northwest Transmission Line, which has the potential to attract \$15 billion in investment and create more than 10,000 jobs over the next few decades. Another is the proposed Site C dam and hydroelectric generating station on the Peace River, which would be a source of clean, reliable

Ministry of Energy and Mines and Minister Responsible for Housing

and cost-effective electricity for more than 100 years. It would provide enough electricity to power the equivalent of 450,000 homes in B.C., and create an estimated 7,000 person-years of direct construction employment and up to 35,000 direct and indirect jobs through all stages of development and construction. These investments, along with competitive power procurement from clean and renewable sources, as well as an expanded commitment to energy efficiency and conservation, will help B.C. to continue to provide reliable, cost-effective and clean electricity to meet growing demand.

The Government supports energy efficiency, and introduced the new *Energy and Water Efficiency Act*, which will lower consumers' energy bills by improving energy efficiency standards for products ranging from windows to digital cable boxes. The LiveSmart BC residential and small businesses programs continue to provide incentives to help families save energy and money.

The Office of Housing and Construction Standards has an important role in the housing market and construction sector. Working with industry and local governments, we continue to explore ways to modernize the building regulatory system and establish a uniform building code that will encourage innovation and improve housing affordability. We have introduced improved regulations governing strata corporations to help more than half a million strata owners in the province. The Residential Tenancy Branch helps protect landlords and tenants through information, education and a dispute resolution process that balances the rights and responsibilities of all parties in a tenancy agreement. Through Housing Matters BC, our comprehensive housing strategy, we continue to improve the lives of British Columbians by providing safe, affordable housing options - from supportive housing for those who are homeless to affordable rentals for individuals, seniors and families with lower incomes. More than 97,000 B.C. residents benefit from provincial housing programs and our strong partnerships with local governments and community organizations continue to help increase the available housing options in B.C.

The Ministry remains committed to managing the liquor and gaming industries to protect public interests and ensure public safety. It is working to better ensure that liquor licensees and staff do not serve or sell liquor to minors, and that minors are prevented from entering age-restricted gaming facilities. We are providing more flexibility for movie and live-event theatres, by allowing them to apply for a licence to serve alcohol during the screening of a film, and by permitting caterers to acquire a liquor licence. The Ministry is also part of efforts to prevent and deter money-laundering in gaming facilities in the province.

The Ministry of Energy and Mines and Minister Responsible for Housing 2011/12 Annual Service Plan Report compares the actual results to the expected results identified in the *Ministry's 2011/12 - 2013/14 Service Plan*. I am accountable for those results as reported.

Honourable Rich Coleman
Minister of Energy and Mines and Minister Responsible for Housing
May 31, 2012

Table of Contents

Message from the Minister and Accountability Statement	3
Highlights of the Year	6
Purpose of Ministry	9
Strategic Context	11
Report on Performance	13
Performance Plan Summary Table	14
Goals, Objectives, Strategies and Performance Results	16
Report on Resources	35
Resource Summary Table	35
Annual Service Plan Report Appendices	37
Ministry Contact Information	37
Hyperlinks to additional information.....	40

Highlights of the Year

As part of *Canada Starts Here: The BC Jobs Plan*, in February 2012 the British Columbia Government launched two complementary strategies: the natural gas strategy and the liquefied natural gas (LNG) strategy. Global trade in LNG is expected to grow by 50 per cent by 2020, and the Ministry has been working hard to build a whole new industry aimed at exporting LNG, especially to Asia. By exporting LNG, world-wide greenhouse gas emissions will be lowered as B.C.'s natural gas increasingly displaces the use of other higher emission power sources, such as coal and diesel. Establishing a liquefied natural gas industry in British Columbia moved a major step closer to reality on October 13, 2011 when the National Energy Board approved a 20-year export licence for the Kitimat LNG facility – the first licence of its kind in Canada. The Kitimat LNG facility will create approximately 1,500 person-years of work during its construction phase and 120-140 permanent positions once the terminal is in operation. Development of LNG is expected to produce approximately \$20 billion in new private sector investment, for upstream natural gas exploration and development, pipelines and plants in the province. In February 2012, Mitsubishi Corporation of Japan announced it was investing \$2.9 billion in the Montney natural gas plays in northeast British Columbia.

In February 2012, the Province amended its self-sufficiency policy to require BC Hydro to meet customer demand on an average water year, instead of historically low water levels. This change ensures that BC Hydro customers will continue to pay some of the lowest prices for electricity in North America as economic growth under the *BC Jobs Plan* spurs greater electricity demand.

On July 21, 2011, the Energy Efficiency Standards Regulation was amended, setting new energy efficiency requirements for televisions manufactured on or after January 1, 2012, and for compact audio and video products manufactured on or after January 1, 2013. The new requirements are expected to reduce electricity demand in B.C. by 390 gigawatt-hours in 2020. This is equivalent to the total energy demand (including heating) of 22,000 households. On January 1, 2011, new lighting efficiency standards took effect for 75 and 100 watt equivalent light bulbs. In March 2012, the regulation was amended to harmonize BC's efficiency standards for 40 and 60 watt equivalent light bulbs with the federal government's December 31, 2014 effective date.

The LiveSmart BC: Efficiency Incentive program offers homeowners partial cost coverage of a baseline energy efficiency evaluation of their home and incentives for energy efficiency upgrades. On April 1, 2011, program incentive levels for the next two years were announced. The new incentives put more emphasis on building envelope upgrades (insulation, windows, doors and air sealing) and encourage homeowners to use certified installers, improving the quality and value of the work done. In 2011/12 the program invested \$16.9 million for over 27,500 energy assessments and over 18,000 incentives. It is estimated that these participants will reduce their CO₂ emissions by over 47,000 tonnes annually.

Ministry of Energy and Mines and Minister Responsible for Housing

The Infrastructure Royalty Credit Program continued in 2011, its tenth year of operation. This program supported development of 30 new and upgraded road and new pipeline projects in northeast B.C. – creating more year-round jobs and business opportunities for B.C. families in the province's petroleum and natural gas sector.

In January 2012 the Oil and Gas Commission launched FracFocus.ca, an online registry – accessible to everyone – that allows visitors to search locations of shale gas developments, and the additives used during hydraulic fracturing of oil and gas deposits. This initiative supports the Province's commitment to open and transparent government. It also builds upon the pledge to British Columbians that water is protected by strict regulations and containment procedures. B.C. has never had an incident of water contamination resulting from hydraulic fracturing, and the Ministry is taking steps to prevent this from happening.

In 2011/12, the auction of Crown subsurface petroleum and natural gas rights realized Government revenues totalling \$286.6 million, at an average price of \$1,322 per hectare. In July 2011, the Province received approximately \$220,000 from the sale of subsurface geothermal rights. In addition, the Province received hundreds of millions of dollars in oil and gas royalties. Revenue from royalties and from the sale of subsurface rights supports important programs such as health and education.

Mining exploration spending in B.C. grew for the second consecutive year in 2011, to an estimated \$463 million, an increase of 35 per cent from 2010. In the same period, the total sales value of minerals produced in the province grew to an estimated \$8.6 billion, an increase of more than 20 per cent.

On August 18, 2011, Copper Mountain Mine, near Princeton, celebrated its grand opening, and is expected to produce more than two billion kilograms of copper over its 17-year life. On December 8, 2011, the Ministry announced the awarding of a *Mines Act* permit to the Barkerville Gold Mine, outside Wells. On December 30, 2011, the Ministry approved a *Mines Act* permit for a large expansion to the Huckleberry copper and molybdenum mine in west central B.C.

In 2011, B.C. exported approximately \$5.8 billion worth of coal, much of which was metallurgical (steel-making) coal destined for Asian markets. In November 2011, Chinese companies announced plans to invest a total of \$1.36 billion in coal mine developments in northeastern B.C., setting the stage for additional economic opportunities and thousands of new direct and indirect jobs. The Ministry actively participated in the Premier's November 2011 trade mission to Asia and works closely with the Ministry of Jobs, Tourism and Innovation to market B.C. mineral exploration and mining abroad. Many of B.C.'s mined products are exported to Asia Pacific countries, including China and Japan, and with rapid growth continuing to take place in Asia, demand in that region is expected to remain high.

In March 2012, the Residential Tenancy Branch levied its first administrative penalty of \$115,000 against a landlord for failing to comply with an order of a dispute resolution officer under the *Residential Tenancy Act*.

Ministry of Energy and Mines and Minister Responsible for Housing

In December 2011, the Ministry introduced regulations requiring depreciation reports for strata corporations. The new regulations were developed in consultation with the strata community, including: condominium owners' associations, strata owners, strata council members, legal experts, professionals and the public. The depreciation reports will help strata corporations plan for future repair and maintenance costs. They have been described by stakeholders as the most significant change to the strata sector since the *Strata Property Act* was introduced.

About 97,000 households throughout B.C. were assisted through subsidized housing in 2011/12. This accounts for almost six per cent of all housing in the province and includes approximately 26,500 low-income households receiving rental assistance in the private market.

On August 24, 2011, the Gaming Policy and Enforcement Branch announced a comprehensive anti-money laundering strategy by moving away from a cash basis as quickly as possible, and by scrutinizing the remaining cash for appropriate action.

The Liquor Control and Licensing Branch continues to use the Minors as Agents Program to monitor compliance with the legislative prohibition against selling liquor to minors. Initial results of the program have shown that it has been very successful in decreasing sales to minors in liquor retail stores.

Green jobs for First Nations

First Nations interested in developing clean energy projects can now get assistance from B.C.'s First Nations Clean Energy Business Fund, announced in April 2011. The fund was created as part of the Clean Energy Act. "More than 125 First Nations are engaged in energy projects", said Rich Coleman, Minister of Energy and Mines. "This fund will encourage more First Nations to become part of B.C.'s energy future and drive investment in clean, renewable energy projects."

Ministry of Energy and Mines and Minister Responsible for Housing

Purpose of Ministry

The Ministry of Energy and Mines (Ministry) is the key provincial ministry responsible for British Columbia's energy and mining sectors. These sectors cover both public and private interests that explore for, develop and use oil and gas, electricity, clean or renewable energy (biomass, biogas, geothermal, hydro, solar, ocean, wind or any other prescribed alternative energy resource), coal, minerals, and renewable and low carbon fuels. Through teamwork and positive working relationships with its clients, the Ministry facilitates B.C.'s thriving, safe, environmentally responsible and competitive energy and mining sectors to create jobs and economic growth in communities. In developing energy and mining sector policies, legislation and guidelines, the Ministry consults with other ministries and levels of government, energy and mining companies, First Nations, communities, environmental and industry organizations and the public.

A key component of the Ministry's mandate is to develop tenure, royalty and regulatory policy for British Columbia's oil and gas industry, thereby ensuring the effective and environmentally responsible management of the province's oil and gas resources. The Ministry provides a range of oil and gas related services, including the issuance of Crown subsurface resource rights, royalty programs, public geoscience and policies to address potential future resource opportunities, such as unconventional oil and gas resource development.

Working with its stakeholders, the Ministry develops policies, programs and legislation to maintain B.C.'s mining sector competitiveness and encourage investment in mineral exploration and mining in the province. The Ministry develops and maintains geoscience databases and surveys, and provides funding to other organizations to collect and publish geoscience information. The Ministry is responsible for permitting and inspecting major mining projects, promoting mineral exploration and providing assistance and advice to promote and support continued development of the sector.

The Ministry develops and oversees British Columbia's policies with regard to electrical power generation and transmission. The Ministry is responsible for initiatives that promote new energy technologies, energy efficiency and conservation, and alternative energy resources. The *Clean Energy Act* builds upon B.C.'s unique wealth of clean, renewable energy resources and sets the foundation for significant investments in clean, renewable energy across the province while keeping electricity rates affordable for British Columbians. Through the Innovative Clean Energy Fund, the Ministry is helping to invest in new technologies to respond to British Columbia's energy and environmental challenges.

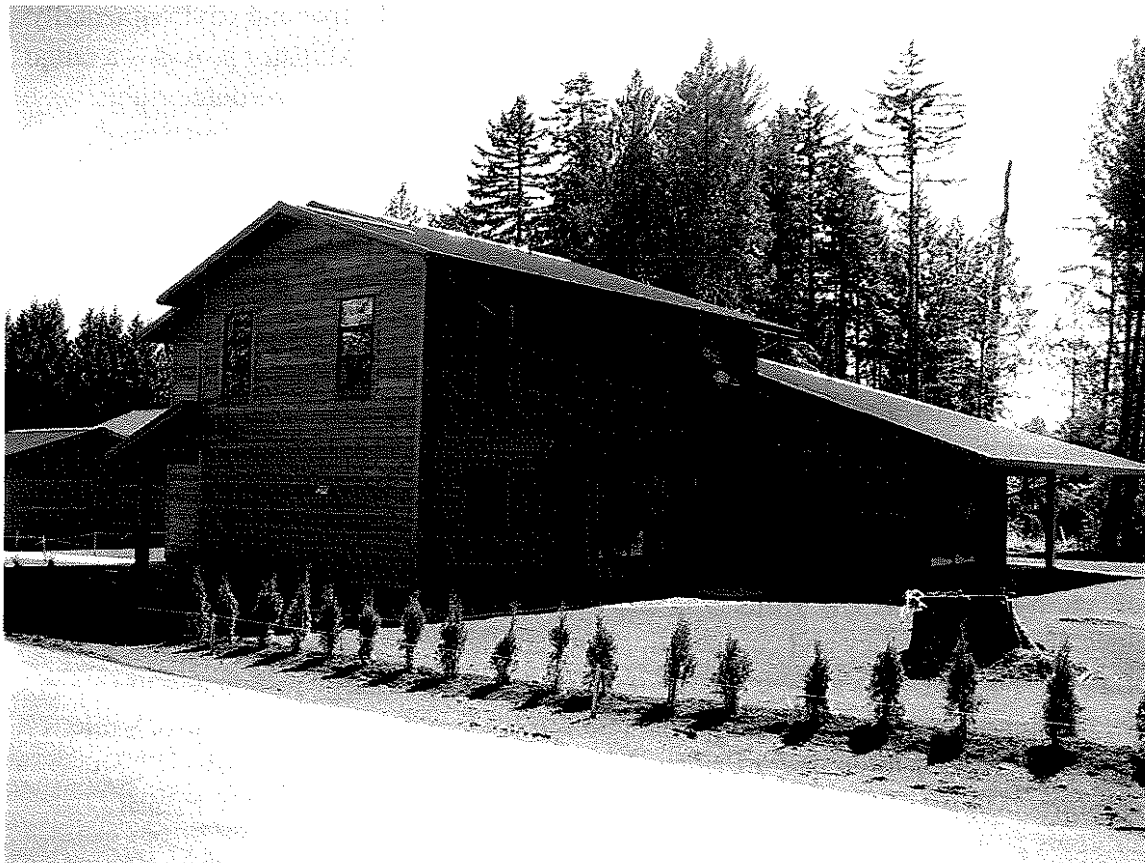
The Ministry strives to ensure that British Columbians have access to safe, affordable and appropriate housing through market and non-market housing policy and programs, building and safety policy and the development of technical codes and standards, and services for landlords and tenants. With regard to housing issues, the Ministry's stakeholders are the citizens of British Columbia and their representatives at all levels of government, First Nations, community groups,

Ministry of Energy and Mines and Minister Responsible for Housing

non-profit societies, schools, service organizations, businesses and industry associations. Key to the Ministry's success is its ability to maintain strong, collaborative relationships with stakeholders, partner agencies and other levels of government.

The Ministry works with its stakeholders and partners on liquor licensing, enforcement and distribution as well as gaming policy, regulation and enforcement, problem gambling programs, licensing of charitable gaming, and oversight of horse racing.

The Ministry is responsible for administering all or parts of 42 statutes pertaining to the energy, mining, gaming, liquor distribution, and housing and construction sectors, and has policy responsibilities under the *Utilities Commission Act*. The Minister is responsible for the following five Crown Corporations: the British Columbia Hydro and Power Authority (BC Hydro), the Columbia Power Corporation, the Oil and Gas Commission, the British Columbia Housing Management Commission (BC Housing), and the British Columbia Lottery Corporation. The Minister also has responsibility for the Liquor Distribution Branch, and the Gaming Policy and Enforcement Branch.



An energy efficient Hupacaseth First Nation new home in Port Alberni, designed by the community.

Strategic Context

British Columbia's real GDP increased by 2.9 per cent in 2011 (according to preliminary GDP by industry data from Statistics Canada), following growth of 3.0 per cent in 2010. Overall in 2011, most indicators of British Columbia's economic performance showed improvement compared to the previous year. Gains in the domestic economy were observed in employment and consumer spending, while external gains were made in exports and shipments of manufactured goods. However, several risks to British Columbia's economy remain, including the European sovereign debt crisis, ongoing weakness in the US economy, exchange rate volatility, and slower than anticipated Asian demand for BC products.

British Columbia has abundant energy and mineral resources and innovative, growing energy and mining sectors. B.C. also has robust buildings in which our citizens live, learn and work, supported by a vibrant housing and construction sector.

The energy and mining sectors featured prominently in *Canada Starts Here: The BC Jobs Plan*, released by the Premier in September 2011. During 2011/12, the Ministry worked with natural resource sector agencies, communities, First Nations, industry and environmental organizations to ensure that the continued growth, exploration and development of our energy and mining sectors and resources are socially and environmentally responsible.

Clean hydroelectric power, along with other renewable sources such as wind power and biomass, meets over 93 per cent of British Columbia's electricity needs. British Columbia is also offsetting two-thirds of its electricity demand growth through efficiency and conservation measures. BC Hydro has provided relatively low-cost power to the citizens of B.C. for more than 50 years, thanks to the Province's heritage assets, which include historic electricity facilities such as the major dams on the Peace and Columbia Rivers. The establishment of the Heritage Contract ensures that B.C. ratepayers continue to benefit from the low-cost electricity generated by these assets.

During 2011/12, the price of natural gas fell 53 per cent. On April 1, 2011, the spot price for natural gas was \$4.31 per million British Thermal Units (BTUs). By March 31, 2012 it had fallen to \$2.02 per million BTUs. The Province has significant shale and tight gas deposits—such as in the Horn River and Montney areas of Northeast B.C.—and the Government is stimulating the demand for B.C.'s natural gas by promoting the export of liquefied natural gas (LNG) to Asia. LNG provides an abundant, lower carbon fuel for electricity generation and transportation, and can displace coal and oil, which have higher emissions. LNG development in B.C. can have lower lifecycle greenhouse gas emissions than anywhere else in the world by promoting the use of clean electricity to power LNG plants and drive the liquefaction process. British Columbia has many strategic advantages fostering the development of an LNG industry, but must ensure its competitiveness with other natural gas producing jurisdictions that are also working to attract LNG export investments. As described in "Liquefied Natural Gas: A Strategy for B.C.'s Newest

Ministry of Energy and Mines and Minister Responsible for Housing

Industry,” the development of liquefied natural gas export capacity in B.C. to access stronger markets in Asia is critical to sustaining the growth of B.C.’s natural gas industry.

In 2011, B.C.’s mining sector had a production value of \$8.6 billion. In 2011, more than 29,000 people in more than 50 communities throughout the province were employed in mineral exploration, mining, smelting, refining and mineral processing. The B.C. mining sector invested more than \$2 billion in 2011, an increase of \$700 million from the previous year, to upgrade capital equipment, expand existing operations and develop new mines. In addition, preliminary estimates indicate that mineral exploration spending topped \$460 million in 2011. All of this speaks to the strength of the province’s exploration and mining industry. Gold prices continued to climb in the first part of the year, reaching an all-time high of \$1,895 per troy ounce in August 2011; however prices have fallen since January 2012.

In 2011/12, Government played a key role in facilitating investment in B.C. mines, mineral exploration, and oil and gas projects through trade and investment missions to Asian countries such as Japan, Korea, China and India. British Columbia, in particular Vancouver, is the centre of one of the world’s largest pools of international expertise in geology, mine engineering, project financing, and environmental sustainability.

The private market serves the housing needs of the vast majority of British Columbians. During 2011/12, the Ministry continued to work with local government and other key stakeholders to increase the supply of small, low-cost housing. With approximately one million British Columbians now living in strata properties, and with stratas making up more than half of new residential construction, the need to ensure effective strata regulation and self-governance is increasingly important.

The increasing complexity of gaming continued to pose new regulatory and enforcement challenges. The introduction of new internet gaming components such as eBingo and gaming on mobile devices, marked significant milestones in the evolution of the gaming industry, requiring regulatory and enforcement practices to evolve along with the industry. The Ministry also focussed on balancing the competing interests of manufacturers, licensees and the majority of the population who consume liquor responsibly with the need to protect the public from the costs and harms of the minority who cause alcohol related harm. The Stanley Cup riot in June 2011 and the subsequent recommendations of the independent riot review report marked a significant milestone in the evolution of liquor regulation, requiring the development of a cross agency response to ensure the safe enjoyment of public celebrations.

Live event venues get more flexibility for liquor licences

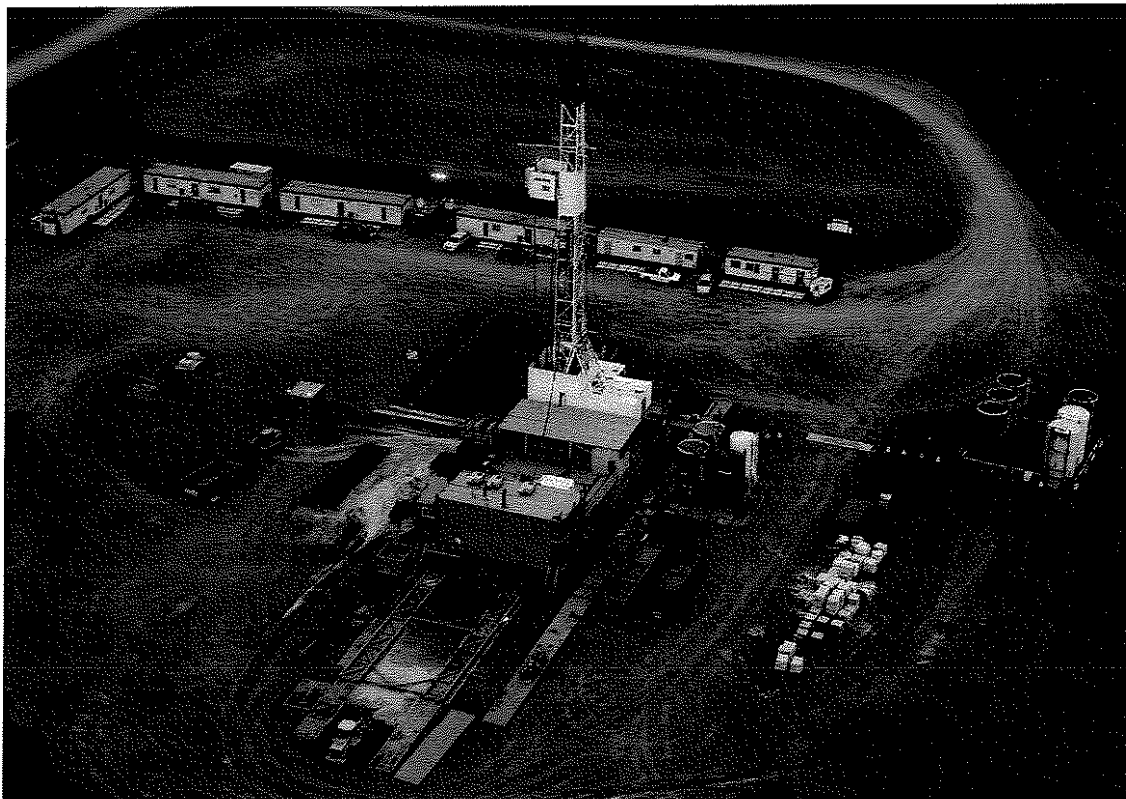
“The Province made liquor licences more flexible for venues that host live events”, Rich Coleman, Minister of Mines and Energy announced in February 2012. “The change allows licence holders to screen films and broadcast pay-per-view programs outside the hours described in their liquor licences. As a result, licence holders throughout British Columbia have greater flexibility in the types of entertainment they can offer.”

Report on Performance

The Ministry has a strong commitment to continuous improvement. Several performance measures from the 2010/11 Service Plan have been modified in order to provide more meaningful data to track Ministry progress.

Several performance measures in the Ministry's *Revised 2011/12 Service Plan* published in May 2011 were added to or changed from those of the Ministry's 2010/11 Service Plan released in February 2010. One of the housing measures was changed from "Percentage of homeless individuals accessing housing who remain housed six months after placement" to "Percentage of clients belonging to priority groups in subsidized housing." The measure from the 2010/11 Service Plan "Annual investment in mineral exploration and mines" has been replaced by three new measures: "Sales value of products sold from mines, pits and quarries;" "B.C. share of Canada's exploration spending;" and "Direct government revenue from mining." On February 8, 2012, responsibility for gaming and for liquor control and licensing was transferred to the Ministry. As a result, two measures, the "Gaming policy and enforcement service score percentage," and the "Percentage of inspected/investigated liquor licensees in compliance," are added to the 2011/12 Annual Service Plan Report.

The remaining performance measures were carried forward from the Ministry's 2010/11 Service Plan, in an effort to preserve the year-on-year stability of performance tracking and reporting.



A natural gas drilling rig in northeast B.C.

Report on Performance

Performance Results Summary Table

Goal 1: Thriving and competitive energy and mining sectors		2011/12 Target	2011/12 Actual
For greater detail see pages 16 to 22			
1.1 Increased energy sector investment, revenue generation and job creation for the long term benefit of all British Columbians			
Annual Investment in Petroleum and Natural Gas Exploration and Development	\$5.0 BILLION	\$6.1 BILLION (ESTIMATE)	EXCEEDED
Annual Investment in Electricity Facilities	\$2.5 BILLION	\$2.5 BILLION (ESTIMATE)	ACHIEVED
1.2 Increase mineral exploration and mining activities in B.C.			
Sales value of products sold from mines, pits and quarries	\$6.1 BILLION	\$8.6 BILLION	EXCEEDED
B.C. share of Canada's exploration spending	12.6%	15.5%	EXCEEDED
Direct government revenue from mining (\$ millions)	\$493 MILLION	\$357.7 MILLION	NOT ACHIEVED
1.3 An increasingly secure, reliable supply of energy for the long term benefit of all British Columbians			
1.4 Efficient and effective fiscal, legislative and regulatory frameworks and services that reflect the public interest, and enhanced social and economic benefits for all British Columbians			
1.5 Greater public awareness of the benefits of energy exports			
Goal 2: Safe and environmentally responsible energy and mineral resource development and use		2011/12 Target	2011/12 Actual
For greater detail see pages 23 to 28			
2.1 Practices that protect the public and the environment			
Number of new or existing mine sites adopting (TSM) sustainable measures	10	DATA NOT AVAILABLE	
Short term injury rate at B.C. mines	1.8	1.8 (ESTIMATE)	ACHIEVED

Ministry of Energy and Mines and Minister Responsible for Housing

2.2 Increased energy conservation and use of alternative, clean energy and fuels, and efficient technologies		
Investment leverage ratio	3:1	4:1 EXCEEDED
Energy saved by LiveSmart participants	27%	25% SUBSTANTIALLY ACHIEVED
Total energy savings achieved each year through electric utility and provincial conservation policies, programs and regulations	4,729,427 GJ	5,207,256 GJ EXCEEDED
Goal 3: The Ministry, stakeholders, First Nations and industry working cooperatively for the responsible development and use of British Columbia's energy and mineral resources		
For greater detail see pages 28 to 29	2011/12 Target	2011/12 Actual
3.1 A continued strong commitment to environmentally and socially responsible development through appropriate and timely engagement of First Nations, the public and stakeholders in energy and mineral resource development		
3.2 Enhanced stakeholder awareness of resource opportunities and the benefits of their responsible development and use		
Goal 4: Safe and sustainable homes for all British Columbians		
For greater detail see pages 29 to 31	2011/12 Target	2011/12 Actual
4.1 Access to safe and stable housing		
Percentage of clients belonging to priority groups in subsidized housing	84	88 EXCEEDED
Number of residential tenancy dispute resolution requests per 1,000 British Columbia adult population (over age 19)	6.0	5.9 EXCEEDED
4.2 Safety and environmental sustainability in the design, construction and occupancy of buildings		
Goal 5: Sound regulatory measures to promote responsible liquor licensing and gaming, consumer protection and fair business practices in British Columbia		
For greater detail see pages 32 to 34	2011/12 Target	2011/12 Actual
5.1 Comprehensive and responsible gaming regulatory framework and programs		
Gaming policy and enforcement service score percentage	84	90 EXCEEDED
5.2 Effective licensing and inspection of liquor licensees		
Percentage of inspected/investigated liquor licensees in compliance	95	96 EXCEEDED

Goals, Objectives, Strategies and Performance Results

Goal 1: Thriving and competitive energy and mining sectors

Objective 1.1: Increased energy sector investment, revenue generation and job creation for the long-term benefit of all British Columbians

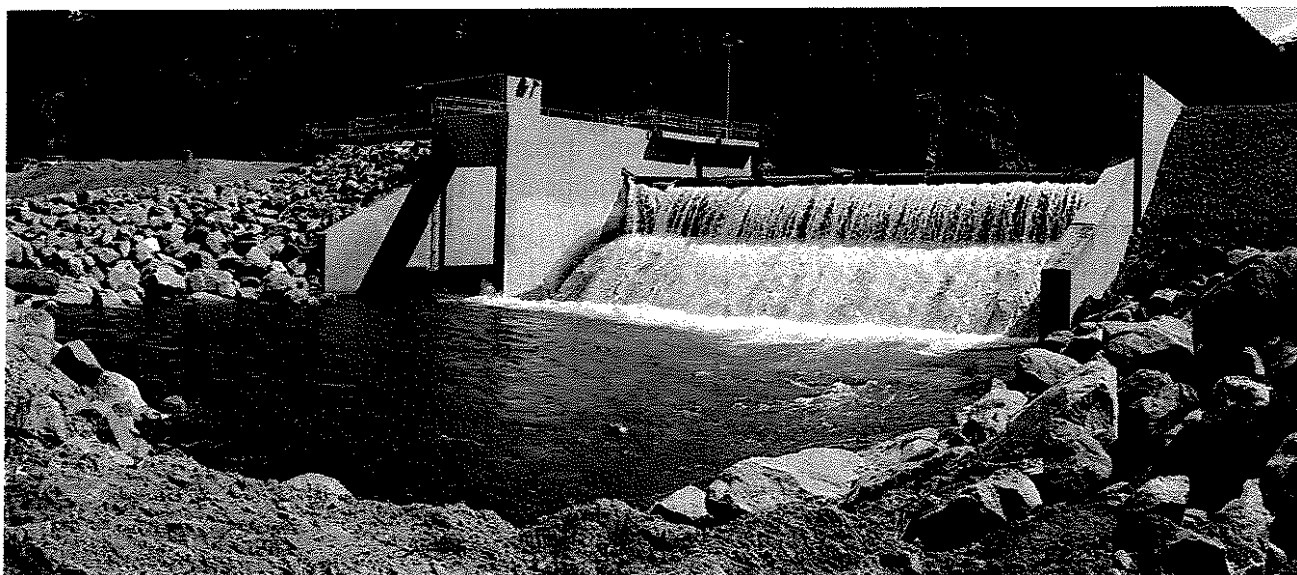
Long term investment in the energy sector contributes to stability and predictability, allowing the industries to grow and prosper.

A challenge to achieving this objective is that demand for energy can be cyclical, affecting the price of electricity, natural gas and other energy resources, and thus the level of investment in the sector. Financial costs and currency fluctuations also impact investment levels.

Strategies

- Attract investment by continuing to work with industry to develop and implement focused marketing and investment programs to showcase British Columbia as a centre of excellence for energy resource and technology development.
- Further establish British Columbia as a recognized centre for energy innovation and technology research, education and demonstration, in collaboration with industry, post-secondary institutions, the federal government and provincial agency partners.
- Improve the competitiveness of British Columbia's energy sector by providing leadership, information, investing in infrastructure, and developing new policies, regulations and programs.
- Support unconventional petroleum and natural gas development and exploration by modernizing the petroleum and natural gas rights disposition processes.
- Conduct energy related geoscience research and technical assessments to promote and support the petroleum and natural gas energy and geothermal industries in B.C. while also contributing baseline data to support the protection of environmental values.

Ministry of Energy and Mines and Minister Responsible for Housing



The intake for the award-winning East Toba hydro project, constructed by an Independent Power Producer in partnership with the Klahoose First Nation. The facility delivers 715,000 megawatt hours per year of clean power.

Performance Measures 1 and 2: Annual investment in the energy sector

Performance Measure	2009/10 Actual	2010/11 Actual	2011/12 Target	2011/12 Actual
Annual Investment in Petroleum and Gas Exploration and Development ¹	\$5.2 BILLION	\$7.1 BILLION	\$5.0 BILLION	\$6.1 BILLION (ESTIMATE) EXCEEDED
Annual Investment in Electricity Facilities ²	\$2.8 BILLION	\$2.7 BILLION	\$2.5 BILLION	\$2.5 BILLION (ESTIMATE) ACHIEVED

Data Sources:

¹ Data analysis by Ministry of Energy and Mines based on Canadian Association of Petroleum Producers data for previous years. Estimates are for the 2011 calendar year.

² Data analysis by Ministry of Energy and Mines and B.C. public utilities. The data for 2011/12 is expected by late May, following the availability of figures from the utilities. Estimates provided by fiscal year.

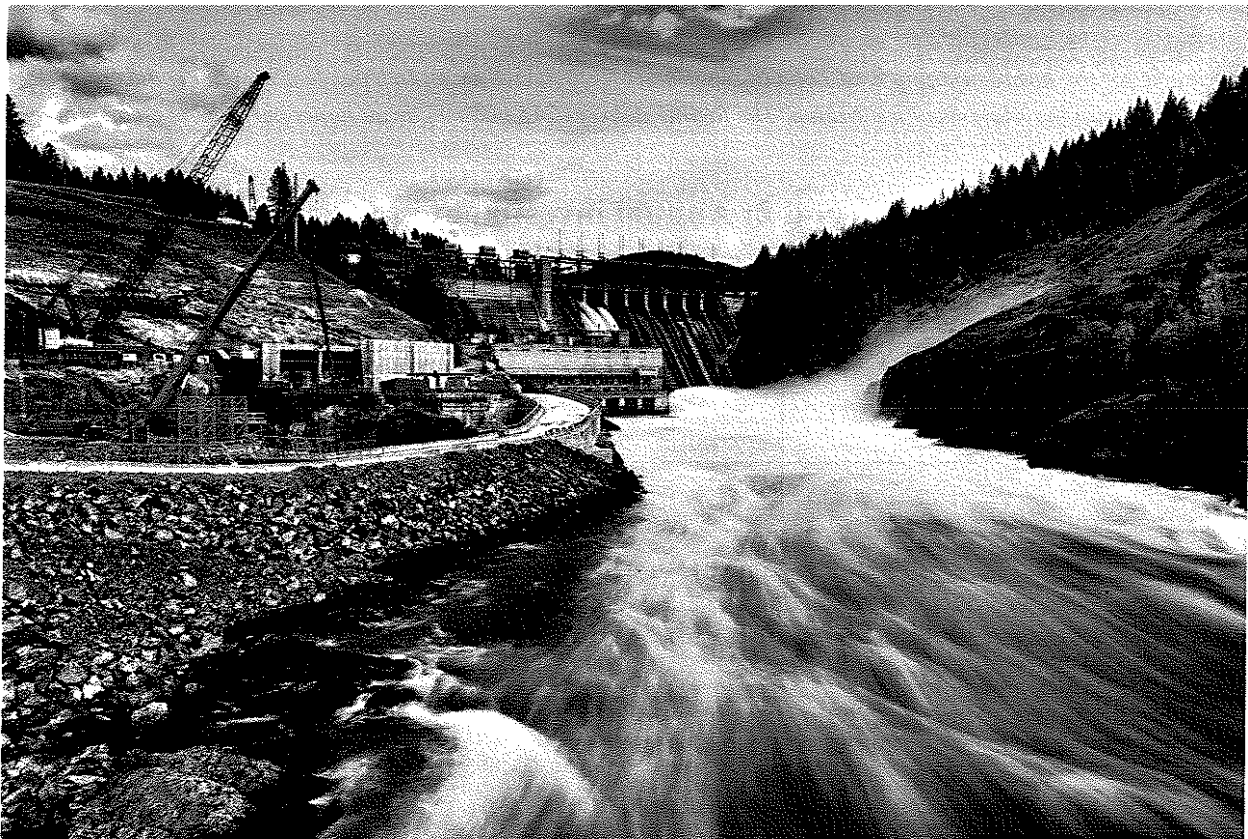
Discussion of Results

Annual investment in oil and gas exploration and development is comprised of industry investment in geophysical and geological surveys, exploratory and production wells, pipelines and processing plants owned by producers. Used domestically for heating and cooking purposes, natural gas also has a wide range of commercial and industrial uses. Increased investment is an indicator of increased production, which expands the supply of gas to residential, commercial and industrial consumers. In addition, oil and gas activities provide jobs for British Columbians, build provincial infrastructure, and provide significant revenue to the Province which supports social programs such as education and healthcare. This measure has been used in past years and continues in the 2012/13 Ministry Service Plan, where it has been revised in name only to annual

Ministry of Energy and Mines and Minister Responsible for Housing

investment in petroleum and natural gas exploration and development. The target for 2011/12 is estimated to have been significantly exceeded.

Annual investment in electricity generation and transmission facilities tracks total investment in the electricity sector in British Columbia, including improvement and replacement to existing infrastructure by the major provincial electrical utilities — BC Hydro and Fortis BC — and Independent Power Producers which supply electricity to the utilities. Capital expenditures in the energy sector help ensure a safe and reliable electricity system to meet household, commercial and industrial needs. The electricity sector employs many British Columbians, and the dividends from electricity Crown corporations, and tax, water rental and other revenues from all electricity market participants contribute to important social programs. The measure continues in the *2012/13 Ministry Service Plan*.



Construction continues on the Waneta expansion project, a partnership between Columbia Power Corporation, Fortis Inc. and the Columbia Basin Trust. The new facility is expected to be operational by the spring of 2015.

Ministry of Energy and Mines and Minister Responsible for Housing

Objective 1.2: Increase mineral exploration and mining activities in B.C.**Strategies**

- Identify issues and opportunities facing the mineral exploration and mining industry in British Columbia and update the 2005 mining plan to address them.
- Gather and utilize information for informed decision making (e.g. Geoscience).
- Encourage mineral exploration.
- Remove barriers to mining investment and create the conditions that encourage investment and development of mineral resources.
- Support the implementation of initiatives that contribute to a globally competitive and sustainable sector.

Performance Measures 3, 4 and 5: Mining sales, exploration spending and government revenue

Performance Measure	2009/10 Actual	2010/11 Actual	2011/12 Target	2011/12 Estimate
Sales value of products sold from mines, pits and quarries ¹	\$5.77 BILLION	\$7.1 BILLION	\$6.1BILLION	\$8.6 BILLION EXCEEDED
B.C. share of Canada's exploration spending ²	11.7%	13%	12.6%	15.5% EXCEEDED
Direct government revenue from mining ³	\$291.5 MILLION	\$363.9 MILLION	\$493 MILLION	\$357.7 MILLION NOT ACHIEVED

Data Sources: ¹ Natural Resources Canada and Statistics Canada

² Natural Resources Canada Data analysis by the Ministry of Energy and Mines based on calendar year survey results from Natural Resources Canada, Statistics Canada and PriceWaterhouseCoopers

³ Ministry of Energy and Mines. Forecast and target are based on the January, 2011 Blue Book Budget Estimates Forecast. Mining revenue figures are comprised of free miner certificate fees, mineral title and coal tenure revenues, health and safety inspection fees, and mineral taxes which are collected by the Ministry of Finance.

Discussion of Results

These three performance measures were new for 2011/12. The total value of mineral sales in B.C. indicates the economic impact of mining on the provincial economy. It is measured through surveys conducted by Statistics Canada and Natural Resources Canada and includes the total value of all minerals sold including metals, coal, industrial minerals and construction aggregates. In 2011/12, the estimated result was significantly greater than the target.

Exploration to identify mineral reserves is critical to sustaining the level of mining activity and production. The data sourced from Natural Resources Canada's Survey of exploration spending across all Canadian jurisdictions. This performance measure tracks exploration spending in B.C.

Ministry of Energy and Mines and Minister Responsible for Housing

by mining exploration companies and prospectors. Annual spending in B.C. compared to overall spending across Canada as a “per cent share measure” is a reflection of B.C.’s competitiveness in attracting exploration spending to the province. The estimated result for 2011/12 exceeded the target.

Direct government revenue from mining is the revenue collected from mining fees, charges and resource taxes and deposited in the Provincial consolidated revenue fund. Forecasts of revenue and setting of targets are based on analysis of mining and mineral exploration activity under prevailing and forecast economic conditions. The estimated results for 2011/12 did not achieve the target. This is likely the result of several factors, including the downturn in some mineral prices during the second half of the year, higher capital expenditures and higher than expected operating costs.

Objective 1.3: An increasingly secure, reliable supply of energy for the long term benefit of all British Columbians.

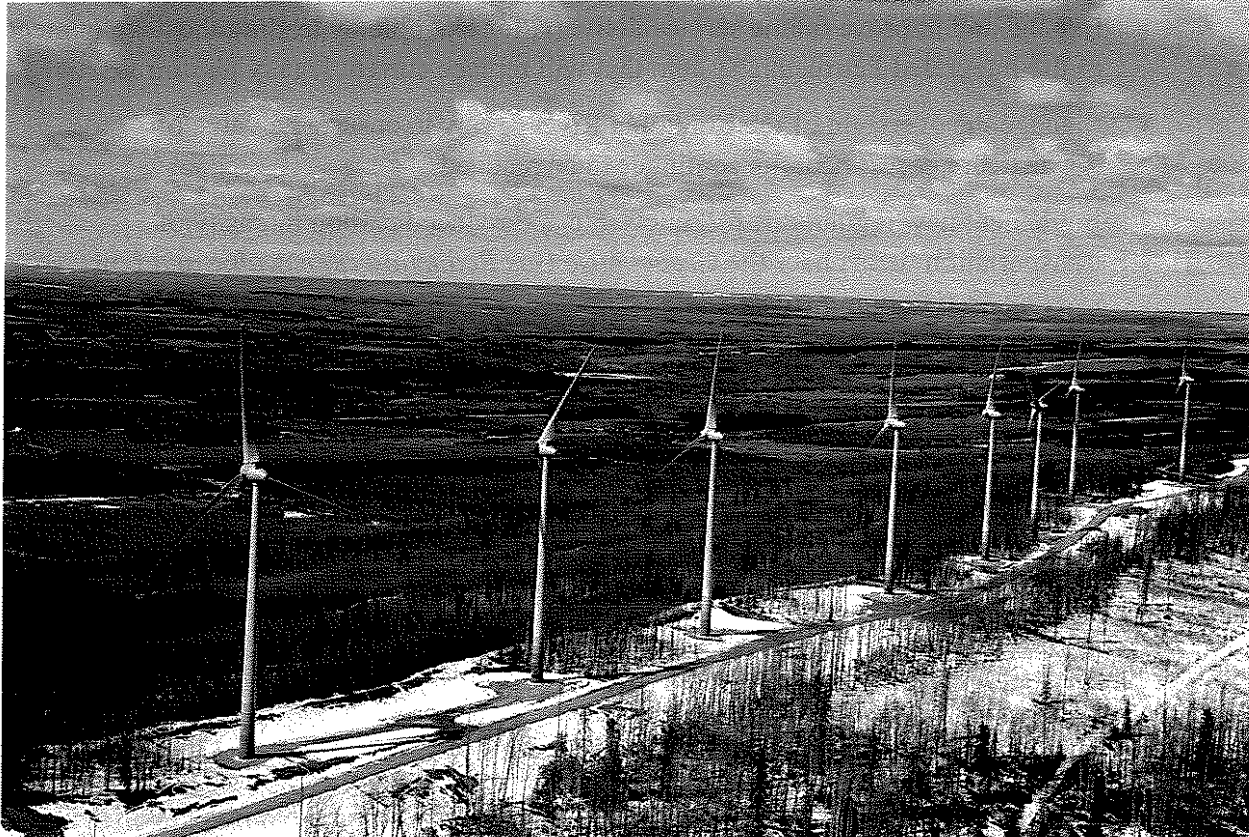
A secure and reliable supply of energy contributes to economic growth and stability for British Columbians.

Energy supply is influenced by a number of factors outside the Province's control, including world economic growth cycles, regional and global market demand, supply and prices, interest rates, and exchange rates.

Strategies

- Work with BC Hydro to upgrade the Province's Heritage generation, transmission and distribution assets.
- Ensure electricity self-sufficiency through innovative, aggressive conservation, competitive power procurement programs, and BC Hydro's own projects.
- Diversify and reduce the carbon intensity of British Columbia's energy supply, including the use of biofuels, the implementation of a low carbon fuel requirement, expanded natural gas use, and increased supply of clean electricity from projects such as the 335 megawatt Waneta hydroelectric expansion project.
- Work with BC Hydro to advance electricity self sufficiency and respond to British Columbia's other energy objectives through the development of its Integrated Resource Plan.

Ministry of Energy and Mines and Minister Responsible for Housing



The 102 megawatt Bear Mountain Wind Park, near Dawson Creek, which includes 34 windmill towers, has been operational since 2009.

Objective 1.4: Efficient and effective fiscal, legislative and regulatory frameworks and services that reflect the public interest, and enhanced social and economic benefits for all British Columbians.

An efficient and effective royalty and policy framework for the energy and mining sectors enhances competition and encourages the investment necessary to prosper.

Competition with other jurisdictions for investment requires ongoing monitoring and progress in regulatory reform, fee and licence reviews, and policy development.

Maintaining the balance between the interests of local residents and resource developers is a shared objective of residents, regulators, provincial ministries and industry.

Strategies

- In cooperation with other levels of government, continue to review regulations to ensure British Columbia remains competitive, while maintaining the integrity of environmental, health and safety standards.

Ministry of Energy and Mines and Minister Responsible for Housing

- Expand and improve online service delivery, for example by leading the development of the Integrated Petroleum System that will replace current legacy platforms.
- Manage the oversight of the Columbia River Treaty to ensure the value of downstream power benefits continues to be realized.
- Implement new regulations for renewable and reduced carbon intensity of transportation fuels under the *Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act*.
- Consult with the Oil and Gas Commission, the Ministry of Forests, Lands and Natural Resource Operations, other government agencies, industry, First Nations and stakeholders to identify and resolve any issues arising from the implementation of the *Oil and Gas Activities Act*.
- Facilitate the efficient and effective implementation of the *Clean Energy Act* by developing and implementing appropriate regulations.

Objective 1.5: Greater public awareness of the benefits of energy exports.

Increased awareness of the benefits derived from energy exports is one element that contributes to public acceptance of the energy sector and its role in a competitive, global economy. The energy sector contributes significant revenues to the government which are used to fund public services such as healthcare and education.

Strategies

- Provide information to, and foster engagement with, the public, stakeholders, industry and other government partners about the benefits of environmentally and socially responsible resource development and exploration, and opportunities for energy conservation.
- Work cooperatively with other ministries and partners to increase provincial awareness of energy development and exploration as well as export opportunities.
- Pursue financial and cooperative renewable energy partnerships with industry, such as those with clean and renewable electricity producers, the public and other levels of government.

Goal 2: Safe and environmentally responsible energy and mineral resource development and use.

Objective 2.1: Practices that protect the public and the environment.

Operations at major mines, electricity generating stations and transmission facilities and petroleum and natural gas exploration, pipeline and processing sites can be hazardous, and can have an impact on the environment if not properly managed. Practices that safeguard the public and the environment contribute to environmentally responsible development and use of these resources.

The threat of accidents, leakages and spills is always present, so ongoing policy development and education are necessary to ensure these are minimized.

Strategies

- Explore further opportunities to expand environmentally responsible energy and mineral resource development and exploration, in partnership with industry and other government organizations.
- In cooperation with industry, enhance collaboration to improve environmental and safety regulation compliance through inspections and audits.

Performance Measures 6 and 7: Mine sustainability and safety

Performance Measure	2009/10 Actual	2010/11 Actual	2011/12 Target	2011/12 Actual
Number of new or existing mines sites adopting (TSM) sustainable measures ¹	DATA NOT AVAILABLE ²	5	10	DATA NOT AVAILABLE ³
Short term injury rate at B.C. Mines ⁴	1.28	1.14	1.8	1.8 (ESTIMATE) ACHIEVED

¹ Data source: Mining Association of B.C.

² This measure was new for the 2011/12 Service Plan.

³ The actual results are expected in the Fall 2012. This measure has been suspended for the 12/13 Service Plan.

⁴ Data source: Ministry of Energy and Mines staff analysis of WorkSafeBC data for previous years. The forecast and targets are calculated by dividing the number of accident claims (as reported by WorkSafeBC) by 100 person years to result in the rate of short term injury per year. A person year is the amount of time an employee works in one year — using 2,000 hours as the average number of hours. Forecasts and targets are expressed by calendar year and are based on the calculation of a 10 year rolling average. The use of a 10 year rolling average smooths out statistical anomalies caused by significant single events. The measure captures open pit coal and metal mines, quarries and underground mines. As a result, the measure and targets are an accurate representation of the accident rate for the sector.

Discussion of Results

The number of new or existing mines adopting “Towards Sustainable Mining” (TSM) measures was new for 2011/12. The Mining Association of B.C. (MABC) adopted—and is encouraging its

Ministry of Energy and Mines and Minister Responsible for Housing

member mining companies to adopt—the provincially developed TSM check list. The list has multiple levels of “sustainable activities” at mine sites. This measure counts the number of mine sites which have adopted TSM at any level and reported their results to MABC. TSM provides a way of finding common ground with communities of interest in order to build a better mining industry. TSM is based on a set of guiding principles that are in turn supported by performance elements and indicators that include operational, environmental and corporate sustainability.

The short term injury rate at B.C. mines target reflects the anticipated average number of accident claims per year at B.C. mines, including open pit coal mines, open pit metal mines and underground mines, per 100 person years. As new mines open in the province, the mining workforce will be larger and have a greater percentage of workers who are new to mining operations. Enhanced health and safety training and inspections will be required to maintain mining as one of B.C.'s safest heavy industries. The measure continues in the 2012/13 Ministry Service Plan. Preliminary estimates indicate that the short-term injury rate target of 1.8 for 2011/12 was achieved, but the actual statistics from WorkSafeBC will not be available until July 2012.



A team competes in the 56th Annual Mine Rescue and First Aid competition, held in Revelstoke in June 2011

Objective 2.2: Increased energy conservation and use of alternative, clean energy and efficient technologies

Retrofitting or constructing new energy efficient buildings, and promoting the deployment of alternative energy technology, contributes to environmentally responsible energy development and use. The Government plays a key role in providing information to the public about practical conservation initiatives, establishing new standards through the BC Building Code and *Energy Efficiency Act* and encouraging the private sector to develop alternative energy sources.

The up-front expense of retrofitting existing homes and buildings to conserve energy, as well as the expense of material and equipment for energy efficient new buildings, will be fully recovered over time through lower energy bills.

British Columbia has a number of alternative energy options such as solar, tidal, biomass, wave, geothermal and wind power. These sources of alternative energy are renewable and can complement existing electricity generating facilities and heating and transportation fuels.

Strategies:

- Support energy utilities with the implementation of cost effective demand side management measures.
- Participate in and support long-term clean energy planning initiatives at the regional and provincial level, including the Western Renewable Energy Zones initiative and BC Hydro's Integrated Resource Plan.
- Work with the Climate Action Secretariat, other government ministries and agencies, Crown Corporations, the public, electricity producers and utilities across British Columbia to implement a coordinated and focused approach to energy conservation and efficiency measures and support deployment of alternative energy options to meet the province's energy needs.
- Continue to support energy efficiency in homes and buildings through the LiveSmart BC: Energy Efficiency Program which provides one-stop access to provincial and utility programs.
- Introduce a new LiveSmart Small Business program to reach more than 4,000 small businesses with energy assessments, direct installation and incentives.
- Continue to implement the Energy Efficient Buildings Strategy: More Action, Less Energy which has among the most aggressive energy efficiency targets in Canada.
- Position natural gas as an abundant, clean-burning alternative to diesel and other hydro-carbon fuels, as natural gas has fewer pollutants and lower carbon dioxide emissions.
- Ensure the procurement of clean and renewable electricity continues to account for at least 93 per cent of total generation.

Ministry of Energy and Mines and Minister Responsible for Housing

- Continue to advance the development of a hydrogen economy by promoting the hydrogen fuel cell industry and other technology that supports alternative energy.
- Continue to implement the BC Bioenergy Strategy to take advantage of B.C.'s abundant sources of beetle-killed timber, wood wastes and agricultural residues.
- Improve energy efficiency in homes, buildings and industry by implementing new standards under the *Energy Efficiency Act* to increase the minimum performance levels for manufactured building components and equipment.
- Work with industry to identify disposal zones for CO₂ sequestration.
- Work with industry and BC Hydro to promote greater use of electricity to power natural gas processing facilities in northeast B.C.
- Through the Innovative Clean Energy Fund (ICE Fund), accelerate the development of new energy technologies with the potential to solve real, everyday energy and environmental issues and create economic benefits for all British Columbians.

Performance Measure 8: Investment ratio

Performance Measure	2008/09 Benchmark	2010/11 Actual	2011/12 Target	2011/12 Actual
Investment leverage ratio	2:1	3:1	3:1	4:1 ¹ EXCEEDED

Data Source: Ministry of Energy and Mines Staff analysis.

¹Value based on data from First, Second, Third Call and Liquid Biofuels projects.

Discussion of Results

The Innovative Clean Energy (ICE) Fund accelerates the development of new energy technologies that have the potential to solve real, everyday energy and environmental issues and create socio-economic benefits for all British Columbians. The ongoing target is to optimize government's investment in clean energy technologies by encouraging project proponents to use the ICE Fund to leverage other sources of public and private-sector funding. The measure is calculated in a way that is consistent with the leveraging calculation methodology applied by other funding programs: (Total Project Value minus Total ICE Funding) / Total ICE Funding. This methodology is also applied to forecasts and performance targets. The target was exceeded.

Ministry of Energy and Mines and Minister Responsible for Housing

Performance Measures 9 and 10: Energy savings

Performance Measure	2009/10 Actual	2010/11 Actual	2011/12 Target	2011/12 Actual
Energy saved by LiveSmart participants	N/A ¹	25%	27%	25% SUBSTANTIALLY ACHIEVED
Total energy savings achieved each year through utility and provincial conservation policies, programs, and regulations ¹	3,805,448 GIGAJOULES	3,640,252 GIGAJOULES	4,729,427 GIGAJOULES	5,207,256 GIGAJOULES EXCEEDED

Data Sources: BC Hydro, Ministry of Energy and Mines Survey.

¹This measure was new for the 2011/12 Service Plan.

²Measured in gigajoules to include both gas and electricity savings. Excludes savings from Fortis BC gas.

Discussion of Results

The LiveSmart BC: Efficiency Incentive Program provides financial support to households for energy assessments and energy efficiency building retrofits. Tens of thousands of British Columbians have displayed their commitment to home energy efficiency through their participation in the program. This performance measure forecasts the average percentage energy savings for program participants resulting from energy efficiency upgrades to their homes. Program participants have their homes assessed by federally-certified energy advisors both before and after efficiency upgrades are undertaken. Examples of eligible home improvements include space heating, water heating, and wall and attic insulation.

These measures are driven by the first nine policy actions of the BC Energy Plan. Targets represent energy savings from the LiveSmart BC: Efficiency Incentive Program, regulated standards under the *Energy Efficiency Act*, green building code changes, and BC Hydro's Power Smart and Fortis BC's PowerSense demand side management programs and conservation/stepped rate participants. Both of these utilities design and direct their energy efficiency programs to three main market sectors — residential, commercial and industrial.

The target for the percentage of energy saved by LiveSmart participants was increased from 2010/11 to 2011/12 because it was projected that improvements to the incentive structure would result in increased energy savings. This improved incentive structure did not result in increased savings, likely because the reintroduction of federal incentives reduced the time period of participation for many participants. However, the percentage of energy savings for LiveSmart participants was equal to that of the previous year, at 25 per cent.

The performance measure for energy savings in gigajoules has been improved by including natural gas savings to the extent possible, rather than only the electricity savings reported in previous years. In order to add two different forms of energy savings, the measure is now in

Ministry of Energy and Mines and Minister Responsible for Housing

gigajoules rather than gigawatt hours. By reporting both natural gas and electricity savings, this measure provides a more complete indicator of the performance of the total energy demand side management effort by Government and utilities and their customers. FortisBC Gas is commencing an expanded demand side management program, and its results will be incorporated into future reporting. The measure continues in the 2012/13 Ministry Service Plan. The target was significantly exceeded, mainly due to increased energy savings by several Power Smart Partner Programs.

Goal 3: The Ministry, stakeholders, First Nations and industry working cooperatively for the responsible development and use of British Columbia's energy and mineral resources.

Objective 3.1: A continued strong commitment to environmentally and socially responsible development through appropriate and timely engagement of First Nations, the public and stakeholders in energy and mineral resource development.

If the public, First Nations, landowners and non-governmental organizations are informed and participate in responsible resource exploration and development, they will have an opportunity to help identify and contribute constructively to the resolution of issues and become more aware of the benefits that resource development can provide to a community, such as regular employment for citizens.

Strategies

- Foster working relationships between industry, the public, First Nations and landowners by clarifying and simplifying resource exploration and development management processes, enhancing dispute resolution methods, and offering more support and information.
- Continually examine tenure policies and legislation, and, with the engagement of stakeholders and other ministries, develop new regulations in response to technological and societal changes.
- Work with industry, the Oil and Gas Commission and the public to manage the development of the Horn River Basin and other shale gas plays in a manner that establishes leading North American standards for unconventional gas resources.
- Exchange information with industry regarding Crown petroleum and natural gas rights disposition matters, resolve overlapping requests or parcels that are too large, and negotiate parcel configurations.

Ministry of Energy and Mines and Minister Responsible for Housing

Objective 3.2: Enhanced stakeholder awareness of resource opportunities and the benefits of their responsible development and use.

Increased stakeholder awareness of the employment and business opportunities that result from responsible resource exploration and development can enhance cooperation among industry, the public and the Ministry.

The Ministry seeks to reach stakeholders and the public in key energy and mineral producing regions.

Strategies

- Continue to collaborate with other ministries, agencies and Crown corporations to provide information and engage stakeholders to promote awareness and greater understanding of the exploration and development of resources.
- Continue to improve the referral process for Crown petroleum and natural gas rights dispositions to be more responsive to industry, First Nations and community interests.
- Continue support for the annual B.C. Mining and Sustainability Award (implemented in 2006) to recognize the achievements of communities, industry, organizations and individuals.

Goal 4: Safe and sustainable homes for all British Columbians**Objective 4.1: Access to safe and stable housing****Strategies**

- Provide policy and funding support for a continuum of social housing, including emergency shelters, subsidized units and private market rental assistance. The support needs of vulnerable citizens are further addressed through the Homeless Outreach Program, supportive housing, transition homes and assisted living.
- Work with local governments and other partners to address local housing challenges and increase the supply of affordable market rental and homeownership units.
- Provide policy development to ensure an effective strata regulatory system, including supporting strata residents with improved dispute resolution mechanisms and financial accountability requirements.
- Provide policy and funding support for transition house and safe house services for women and children who are fleeing domestic violence, as well as for a longer term enhanced continuum of safe housing options, such as second stage housing.

Ministry of Energy and Mines and Minister Responsible for Housing

- Assist landlords and tenants to resolve disputes earlier in the resolution process by: increasing public education; working with partner agencies and organizations to expand the availability of consistent information regarding tenancies; and, expanding the triage process and scheduling to ensure landlords' and tenants' enquiries and requests are appropriately addressed.

Performance Measure 11: Priority clients in subsidized housing

Performance Measure	2009/10 Actual	2010/11 Actual	2011/12 Target	2011/12 Actual
Percentage of clients belonging to priority groups in subsidized housing	N/A	N/A	84	88 EXCEEDED

Data Source: This measure is calculated by taking the current inventory of subsidized housing and determining the percentage of units that are available for each of the designated priority groups

Note: This measure was new for the 2011/12 Service Plan.

Discussion of Results

Tracking the percentage of individuals belonging to priority access groups in subsidized housing allows the Ministry to assess how well it is meeting the goal of improving access to housing and support services for homeless British Columbians.

This performance measure was new in the Ministry's 2011/12 Revised Service Plan. This measure will continue to be monitored as part of the BC Housing Service Plan and Annual Report. The target was exceeded.

As of March 31, 2011, 88 per cent of all households receiving housing assistance were within one of the identified priority groups, exceeding the target of 84 per cent. This increase from 86 per cent from the previous year reflects the creation of new subsidized housing as well as an increase in the number of existing units adapted for higher priority needs.

The actual figures for 2009/10 and 2010/11 show an "N/A" because this performance measure was a replacement for a previous one (percentage of homeless individuals accessing housing who remain housed six months after placement.)

Ministry of Energy and Mines and Minister Responsible for Housing

Performance Measure 12: Residential dispute resolution

Performance Measure	2008/09 Baseline	2009/10 Actual	2010/11 Actual	2011/12 Target	2011/12 Actual
Number of residential dispute resolution requests per 1,000 British Columbia adult population (over age 19)	7.04	5.8	6.1	6.0	5.9 EXCEEDED

Data Source: Ministry of Energy and Mines, Residential Tenancy Branch – Records of dispute resolution requests; Statistics Canada, Catalogue no. 91-215-X, Table 2.1-11

Note: The Actual figure for 2010/11 has changed (from 6.77). This is the result of the difference between population forecasts and the current population estimates.

Discussion of Results

The Ministry provides information about legislation and regulations as well as dispute resolution services to landlords and tenants. Increased accessibility to this information means landlords and tenants are developing more successful tenancies, and have sought formal dispute resolution less often over the past three years. This outcome is reflected in the performance measure.

The Ministry cannot determine the precise number of tenancies in the province, though it is estimated to be approximately one third of the adult population. Tying the number of dispute resolutions to adult population provides a comparable measure across fiscal years, as the number of tenancies increases with population increase. The Ministry influences the performance results by implementing the strategies listed above.

The actual number of requests for dispute resolution per 1,000 British Columbia adults was slightly lower than the target of 6.0. Improvements to public education, along with improved delivery of information by information officers may have resulted in fewer unnecessary applications. The Ministry will continue to emphasize public education and information delivery.

Objective 4.2: Safety and environmental sustainability in the design, construction and occupancy of buildings

Strategies

- Increase the effectiveness of the building regulatory system through consistent application and enforcement of a uniform Building Code.
- Continue to engage stakeholders in the development of the next edition of the BC Building Code, and continue to develop projects for Greening the Code to support improvements in energy and water efficiency.
- Engage Ministry partners and stakeholders in discussions leading to a new vision for the built environment, including ways to streamline processes within the building regulatory system, and explore how technology could be used to increase efficiency.

Ministry of Energy and Mines and Minister Responsible for Housing

Goal 5: Sound regulatory measures to promote responsible liquor licensing and gaming, consumer protection and fair business practices in British Columbia

Objective 5.1: Comprehensive and responsible gaming regulatory framework and programs

Strategies

- Ensure all gaming in the province, including gaming conducted over the Internet, is subject to a high level of rigour and scrutiny. In the case of online gaming, this includes certifying and monitoring the online platform, systems upgrades, and all games to ensure technical standards are met.
- Certify all companies, people and equipment involved in gaming and horse racing.
- Conduct regular audits of all commercial gaming venues and investigate all allegations of wrongdoing, to ensure the integrity of gaming and use of proceeds.
- Oversee the regulation and operation of horse racing in the province, including implementing the BC Horse Racing Industry Revitalization Initiative.
- Provide gaming grants to support social programs, community services, local economic development initiatives, local governments and the horse racing industry.²
- Continue to develop and enhance the Province's Responsible Gambling Strategy for online players and for those who visit more traditional gaming facilities.
- Implement, evaluate and report on recommendations concerning the lottery retail network made by the Office of the Ombudsperson and the independent auditing firm, Deloitte and Touche LLP.

² Responsibility for gaming grants was transferred to the Ministry of Community, Sport and Cultural Development on April 1, 2011.

Ministry of Energy and Mines and Minister Responsible for Housing

Performance Measure 13: Gaming policy and enforcement

Performance Measure	2009/10 Actual	2010/11 Actual	2011/12 Target	2011/12 Actual
Gaming policy and enforcement service score	N/A	81	84	90 EXCEEDED

Data Source: Ministry of Energy and Mines—Gaming Policy and Enforcement Branch

Note: This measure is a score based on the timeliness of response to public applications, communications, and requests, and was new for the 2011/12 Service Plan.

Discussion

The service score was developed as a measure of the ability of the Ministry's Gaming Policy and Enforcement Branch to meet pre-determined standards of timeliness of service to the public.

The score is an average result calculated across the five program areas that have appropriate, measured service standards: audit; licensing and grants; registration; policy; and, problem gambling. Examples of service standards include the percentage of complete applications for lottery retail registration processed within five business days, and the percentage of draft reports of commercial gaming audits issued within 30 days.³ The service score is a percentage, but it is unlikely that a score of 100 per cent will be achieved due to some measures being impacted by factors outside of the Ministry's control, such as an incomplete application for a gaming event licence. The target was exceeded in 2011/12.

Objective 5.2: Effective licensing and inspection of liquor licensees**Strategies**

- Target resources on high-risk establishments and focus inspections and investigations primarily on service to minors, over-service, overcrowding and illicit alcohol.
- Strengthen integrated partnerships with stakeholders, such as local government staff and officials, police and industry members.
- Increase voluntary compliance through expanded provision of education and information to licensees.
- Ensure that only qualified applicants hold liquor licenses and establishment locations are appropriate.
- Ensure regulations, policies and resources are directed at protecting public safety and public interests.

³ A detailed breakdown of the service score is included in the *Gaming Policy and Enforcement Branch 2011/12 Business Plan*, available at: www.pssg.gov.bc.ca/gaming/reports.

Ministry of Energy and Mines and Minister Responsible for Housing

Performance Measure 14: Liquor licensee inspection and investigation

Performance Measure	2009/10 Actual	2010/11 Actual	2011/12 Target	2011/12 Actual
Percentage of inspected/investigated liquor licensees in compliance	N/A ⁴	95	95	96 EXCEEDED

Data Source: Liquor Control and Licensing Branch

Note: This measure was new for the 2011/12 Service Plan.

Discussion

The Ministry tracks the percentage of inspected or investigated liquor licensees who are found to be in compliance with provincial liquor licensing regulations. More than 9,000 inspections are conducted annually of almost 10,000 licensees across all regions of the province. The Ministry focuses resources on high-risk establishments, so some establishments may be visited more than once in a given year, while others may not be visited during that year.

Increased voluntary compliance indicates the level at which licensees understand and are willing to cooperate with the liquor regulatory framework. An increase in voluntary compliance in areas such as over-service and prevention of service to minors may also indicate that liquor misuse is decreasing, thereby increasing public safety.

The Ministry's targeted approach of focusing resources on public safety contraventions and high-risk or problem establishments means there is a greater degree of certainty of enforcement consequences for non-compliant licensees. In the short term, this leads to a higher degree of voluntary compliance. Over the long term, however, the compliance rate may be seen to decrease due to the focus on high-risk, chronically non-compliant licensees. The target was exceeded in 2011/12.

Ministry of Energy and Mines and Minister Responsible for Housing

Report on Resources

	Estimated	Other Authorizations ¹	Total Estimated	Actual	Variance
Operating Expenses (\$000)					
Oil and Gas	12,042	27	12,069	6,872	(5,197)
Mines and Mineral Resources	10,084	0	10,084	11,475	1,391
Titles and Corporate Relations	3,753	95	3,848	3,721	(127)
Electricity and Alternative Energy	18,048	8,900	26,948	29,169	2,221
Executive and Support Services	3,999	0	3,999	5,711	1,712
Housing	345,444	794	346,238	346,238	0
Housing Endowment Fund Special Account	10,000	0	10,000	5,716	(4,284)
Innovative Clean Energy Fund Special Account	14,947	0	14,947	9,614	(5,333)
Liquor Control and Licensing	0	1	1	1	0
Gaming Policy and Enforcement	0	33,849	33,849	33,849	0
Executive and Support Services	0	362	362	362	0
Sub-total	418,317	44,028	462,345	452,728	(9,617)
Prior Year Accrual Reversals	0	0	0	(5,836)	(5,836)
Total	418,317	44,028	462,345	446,892	(15,453)
Ministry Capital Expenditures (Consolidated Revenue Fund) (\$000)					
Executive and Support Services	64,250	0	64,250	5,192	(59,058)
Liquor and Gaming Administration	0	885	885	216	(669)
Total	64,250	885	65,135	5,408	(59,727)
Capital Plan (\$000)²					
Housing	161,262	0	161,262	119,698	(41,564)
Total	161,262	0,000	161,262	119,698	(41,564)

Ministry of Energy and Mines and Minister Responsible for Housing

Other Financing Transactions (\$000) ³					
Oil and Gas Commission					
Receipts	40,750	0,000	40,750	29,968	(10,782)
Oil and Gas Commission					
Disbursements	(40,750)	0,000	(40,750)	(29,968)	10,782
Net Cash Source					
(Requirements)	0,000	0,000	0,000	0,000	0,000
Northwest Transmission Line					
Receipts	61,000	0,000	61,000	0,000	(61,000)
Northwest Transmission Line					
Disbursements	(61,000)	0,000	(61,000)	0,000	61,000
Net Cash Source					
(Requirements)	0,000	0,000	0,000	0,000	0,000

¹ "Other Authorizations" includes Contingencies and the Liquor and Gaming programs newly transferred in the February 2012 reorganization. Amounts in this column are not related to the "estimated amount" under sections 5(1) and 6(1) of the *Balanced Budget and Ministerial Accountability Act* for ministerial accountability for operating expenses under the Act.

Annual Service Plan Report Appendices

Appendix A: Ministry Contact Information

Deputy Minister's Office

Eighth Floor, 1810 Blanshard Street
PO Box 9319 Stn Prov Govt
Victoria, B.C. V8W 9N3
Phone: 250-952-0241
website: www.gov.bc.ca/empr

Mines and Minerals Resources Regional Offices

Northwest

PO Box 5000
Second Floor, 3726 Alfred Avenue
Smithers, B.C. V0J 2N0
Phone: 250-847-7383
email: MMD-Smithers@gov.bc.ca

Central/Northeast

350 - 1011 – 4th Avenue
Prince George, B.C. V2L 3H9
Phone: 250-565-4240
email: MMD-PrinceGeorge@gov.bc.ca

South Central

2nd Floor, 441 Columbia Street
Kamloops, B.C. V2C 2T3
Phone: 250-371-3912
email: MMD-Kamloops@gov.bc.ca

Southeast

1902 Theatre Road
Cranbrook, B.C. V1C 7G1
Phone: 250-420-2161
email: MMD-Cranbrook@gov.bc.ca

Ministry of Energy and Mines and Minister Responsible for Housing

Southwest

PO Box 9320 Stn Prov Govt
Sixth Floor, 1810 Blanshard Street
Victoria, B.C. V8W 9N3
Phone: 250-387-4825
email: SouthwestMinesDivision@gov.bc.ca

Mineral Titles Branch

303-865 Hornby Street
Vancouver BC V6Z 2G3
Phone: 1-866-616-4999

Mineral Claims Inspectors**Kamloops**

2nd Floor, 441 Columbia Street
Kamloops B.C. V2C 2T3
Phone: 250-371-3786

Smithers

PO Box 1389 Houston B.C. V0J 1Z0
Phone: 250-845-3584

Residential Tenancy Branch Regional Offices**Victoria**

Suite 101 – 3350 Douglas St, Victoria BC V8Z 3L1
PO Box 9298 Stn Prov Govt, Victoria BC V8W 9J8

Burnaby

#400 – 5021 Kingsway, Burnaby BC V5H 4A5

Kelowna

#305 – 478 Bernard Ave, Kelowna BC V1Y 6N7

Liquor Control and Licensing

PO Box 9292 Stn Prov Govt, Victoria BC V8W 9J8
Ph (in Victoria): 250-952-5787

Ministry of Energy and Mines and Minister Responsible for Housing

Ph (outside Victoria): 1-866-209-2111
Fax: 250-952-7066

Gaming Policy and Enforcement

Victoria – Head Office

3rd Fl, 910 Government Street
Victoria B.C.
Ph: 250-387-5311
Fax: 250-356-8149

Burnaby – Audit, Investigation and Racing

Audit: #220 - 4370 Dominion Street
Burnaby, B.C.

Investigations and Racing: #408 - 4603 Kingsway Avenue, Burnaby, B.C.
Ph: 604 660-0245 Fax: 604 660-2030

Kelowna – Regional Office

#200 - 1517 Water Street, Kelowna, B.C.

Ph: 250 861-7363
Fax: 250-861-7362

Prince George – Regional Office

#211 - 1577 7th Avenue, Prince George, B.C.
Ph: 250-612-4122
Fax: 250-612-4130

Ministry of Energy and Mines and Minister Responsible for Housing

Appendix B: Hyperlinks to Additional Information

A list of legislation administered by the Ministry can be found at:

www.empr.gov.bc.ca/Titles/legislation/Pages/default.aspx

A list of Crowns, Agencies, Boards and Commissions reporting to the Minister, can be found at:

www.empr.gov.bc.ca/Titles/legislation/Pages/Major_Agencies_Boards_and_Commissins.aspx

The BC Energy Plan can be found at: www.energyplan.gov.bc.ca/

The Green Energy Advisory Task Force report can be found at:

<http://www.empr.gov.bc.ca/EAED/Documents/GreenEnergyAdvisoryTaskForce.pdf>

The Clean Energy Act and a complete set of backgrounders and factsheets can be found at:

www.mediaroom.gov.bc.ca/DisplayEventDetails.aspx?eventId=490

The Natural Gas Strategy can be found at:

http://www.gov.bc.ca/ener/popt/down/natural_gas_strategy.pdf

The LNG Strategy can be found at:

http://www.gov.bc.ca/ener/popt/down/liquefied_natural_gas_strategy.pdf

The Frac Focus BC website can be found at:

<http://fracfocus.ca/>

Office of Housing and Construction Standards

Contact and other information about the Office of Housing and Construction Standards can be found at: www.housing.gov.bc.ca

For information about Aboriginal Housing Initiatives, visit the website at:

www.housing.gov.bc.ca/housing/AboriginalHousing

The Provincial Housing Strategy, Housing Matters BC, can be found at:

www.housingmattersbc.ca

Residential Tenancy

Contact and other information about Residential Tenancy can be found at:

www.rto.gov.bc.ca

Gaming Policy and Enforcement

Contact and other information about Gaming Policy and Enforcement can be found at:

www.pssg.gov.bc.ca/gaming

Ministry of Energy and Mines and Minister Responsible for Housing

Liquor Control and Licensing

Contact and other information about Liquor Control and Licensing can be found at:

www.pssg.gov.bc.ca/lclb