

BC Business Council Energy Conference
Vancouver Convention Centre West
Thursday, June 21 – 11:30am
Length: 20 minutes

Event: What is it?

- Invitation to provide remarks at the BC Business Council Energy conference and participate in a Premier's Panel discussion to close the Conference.
- The Premier would provide introductory remarks to the panel followed by a moderated Q&A session (questions provided in advance).

Audience: Who are they?

- Approx 250 people: Business, government and energy sector leaders from across Western Canada
- Peter Tertzakian, Chief Energy Economist and Managing Director at ARC Financial Corporation (Keynote speaker)
- Jim Prentice, Senior Executive Vice President and Vice Chairman, CIBC (Guest Speaker)
- Reps from Mitsubishi, Encana and BC Hydro will be present
- Local government reps
- Ellis Ross, Haisla First Nation
- Media invited

Key messages:

Our government understands that B.C.'s energy future will drive our economic future. That's why we're focused on creating a brand new

industry in B.C. in Liquid Natural Gas, reducing the backlog of mining permit applications and opening new doors to trade with Asia.

Introduction

I am pleased to be here today to address people who are of such vital importance to families across British Columbia.

Among you are the leaders who will make the new Liquefied Natural Gas industry a reality for our province.

You are the experts in this industry.

You understand the highly competitive nature of our race to succeed.

You understand what I mean when I say Canada starts here.

And you are part of a partnership, with us in government, with First Nations, and with those who care deeply about the environment.

Each of us is doing all we can to see this new industry realized, and by working together we will help BC thrive.

I have been reflecting on a debate that has been raging here for the past several months.

It is a debate about pipelines.

It is a debate about resource extraction.

And it is a debate about exports.

Ultimately, it is a debate about our future – the future of British Columbia, the future of Canada, and our future place in the world.

I have been an aggressive promoter of LNG development, and my government is working to ensure we clear the way for your investment. But it's not just about getting out of your way. It's also about supporting you, by creating the right policies and physical infrastructure, so that your investment can be put to work.

My government's record on LNG development is the proof in the pudding.

Back in September, I launched our BC Jobs Plan with the goal of accelerating growth by capitalizing on our natural advantages.

Our mining, forestry and transportation sectors represent some of BC's incredible strengths.

These industries are the historic backbone of our province. They are our inheritance. They've sustained us for over a hundred years and they will sustain us for a hundred more.

And now we can add Natural Gas and Liquefied Natural Gas to that list. Two singular advantages we have here in BC.

We have set an ambitious target for Liquefied Natural Gas plants in British Columbia.

And you know what I promised. At least three new plants.

We are a government in a rush – we know that the window for this opportunity won't necessarily be open for long.

Our Jobs Plan committed the government to working with natural gas export proponents to bring at least one LNG pipeline and terminal online by 2015, and to have three in operation by 2020, assuming all have passed their environmental reviews.

In February, our government released strategies for Natural Gas and for Liquified Natural Gas development in B.C.

For LNG, the strategy is guided by three basic principles:

- Keeping B.C. competitive in the global natural gas market.
- Maintaining B.C.'s leadership on climate change and clean energy.
- And keeping energy rates affordable for families, communities and industry.

These principles require a delicate balance.

Since February, we have been negotiating electricity rates and infrastructure contributions with LNG proponents.

We have created a group that works across government ministries and crowns. They are working together on labour, permitting, regulatory matters and First Nations engagement, developing workplans for each project.

Very importantly, we are working with First Nations partners, and I am delighted to see that Ellis Ross participated in a panel here this morning on national Aboriginal day.

All of this collaboration is about working together to develop an incredible new industry for BC.

Natural gas is nothing less than the opportunity of our lifetime.

It's an opportunity that can generate \$600 billion dollars of economic activity over the next 30 years. And that's just the downstream benefits.

The upstream benefits could be another \$500 billion.

Add it together. A trillion dollars worth of direct economic impacts.

It's an industry that can spur job creation in every corner of the province, force us to think about how to better train skilled workers to meet the needs of our economy, and it will promote innovation in technology – specifically clean technology.

When I released our Jobs Plan, I was criticized. I'm not afraid to tell you that.

We committed to 17 new and expanded mines. Some people said it was too ambitious, that it wasn't possible.

Others said we shouldn't really be doing any more mining.

Well I'm happy to say that based on the progress we've made so far, our goal is starting to sound modest!

We made a commitment to eliminate mining permitting backlogs, and within 6 months we had reduced the original backlog by 83%.

In the last year alone, we have permitted five new mines:

- Mt. Milligan
- New Afton
- Bonanza Ledge
- Red Chris
- Treasure Mountain

We've also permitted five expansions already.

This is the biggest expansion of mining in the modern era of British Columbia.

It's quite a change from 2001, when only one mine was actively moving through the environmental approvals process.

I'm telling you this to prove that when we make a commitment, we get it done.

We are delivering on mining and we will deliver on LNG.

Two LNG projects have already received export licences from the National Energy Board – BC LNG Douglas Channel and Kitimat LNG.

Four projects are in various stages of due diligence, including preparing themselves for applications:

1. LNG Canada, which is the partnership of Shell, Korea Gas, Mitsubishi and Petro-China.
2. The Progress/PETRONAS joint venture.
3. The Nexen/INPEX joint venture.
4. And a potential British Gas Group project in Prince Rupert.

We have also engaged with other companies from around the world on other projects that are on the drawing board.

These are projects that represent huge revenues for our province.

This is how we pay for health care, education and the other social services that are so vital to our quality of life.

We pay for our social services with money we collect from BC citizens.

And when more families are working, when more businesses are prospering, the less we have to take from each of them, and the less we have to take from all of you.

When I look out into this audience and I see representatives from Shell, EnCana, Apache, Spectra, and other companies, I see paycheques in the pockets of men and women across this province, I see kids who don't go to school hungry. I see strong families, and I see us building a better province and a better country together.

But we cannot create this great society without you.

As I said earlier, LNG represents a trillion dollar industry over the next 30 years.

Just to put that in context, that is five times as large as BC's current annual GDP.

It is bigger than the annual GDP of Quebec and Ontario combined.

It's a brand new industry that can provide huge revenues that we can use to improve services for future generations, and help the families that need it most.

Construction of LNG facilities and pipelines are anticipated to generate up to 60,000 person years of employment over a decade, and create spin-off jobs in sectors like technology throughout the province.

Just think what that would mean to W.A.C. Bennett, who also created a new industry here. He had a vision that opened up our province for resource development and he

was the one whose vision really set us on the road to prosperity.

With full development of LNG in British Columbia, we could see more than 1500 kilometers of pipeline. And our exports could grow up to roughly 2 Trillion Cubic Feet per year by 2022.

I love these numbers.

They represent years of health care spending, years of funding for our schools, our kids, our parents, our families.

They represent an opportunity for us to strengthen families in every corner of BC, an opportunity to make our children's dreams come true, an opportunity for us to look after our most vulnerable citizens, and an opportunity for us to create prosperity for regional economies in BC that have been suffering through tough times.

And better yet, I know that with the review processes we have in place, this development is balanced with the

highest standards of environmental protection, to ensure that our kids and their kids will be able to enjoy all the clean air, clean water and other spectacular natural gifts that make life better for every British Columbian.

I'm sure this sounds like good news to all of you.

And it is certainly something that I celebrate.

But make no mistake.

There is opposition to this development in British Columbia and there are many who are not celebrating with us.

We all know – and this is abundantly clear in the work BC Hydro is doing now in their consultations on the Integrated Resource Plan – that our future power needs in British Columbia are significant.

But we will encounter strong resistance in British Columbia to our plans to increase our use of hydro power to process

natural gas. Our opponents oppose Site C, because they say we don't need the energy.

They demand also a moratorium on new independent renewable energy sources.

But liquefied natural gas development is an opportunity that we can't miss out on, and new energy sources are a crucial part of our plan.

By fighting our efforts to develop new renewable energy resources for our plants, the opposition could squander this incredible opportunity for BC.

Natural gas is the cleanest burning fossil fuel on the planet, one that will help us protect clean air and clean water the world over. So why wouldn't we want to go that extra step and use renewable energy to process it as well?

Not only would it protect our environment, we would be the first in the world to produce it with clean energy.

We must expand our capacity for power generation in British Columbia.

If we refuse to develop our own new, clean power sources, the effect would be to raise electricity rates for BC families, and expose us to the uncertainty of the global energy market.

Not building Site C and a moratorium on independent power would put us in a position where we become net importers of energy, losing all control over how clean our power is.

And in addition to the economic benefits that will flow from this new industry, it will also help BC be even more of a leader in the fight against climate change.

We can do well by doing good.

By helping Asian countries move from coal-fired generation to the cleanest burning fossil fuel, we will be helping advance a global solution to a global problem.

However, the power from Site C and new independent renewable power will still not be enough to allow us to achieve that delicate balance between keeping rates low, remaining competitive and protecting our environment.

To make sure BC can win in the global marketplace while doing our part for the environment, we will be announcing a new regulation that will define natural gas as clean energy under certain circumstances.

Our regulation will have two key components:

- First, this definition will apply only to natural gas that is being used to support LNG development in the north. We will not change the definition for power use in the rest of the province.
- Second, this regulation will only apply to power generation that meets world leading environmental standards on emissions.

This is consistent with our comprehensive natural gas strategy and also consistent with our efforts to use renewable energy. We continue to be committed to the use of local renewable energy. Our Liquefied Natural Gas industry will use the cleanest power of any LNG industry in the world.

But even beyond the question of power, if our opposition had their way, we wouldn't be able to attract investment to this incredible opportunity – in the last six months alone they have recommitted themselves to raising royalties.

But I know that jacking up taxes and royalties means investors will flee.

They say they support natural gas development, but they don't support the infrastructure the industry needs. That's like saying you want to win the Stanley Cup, without ever lacing up a pair of skates.

BC is a safe harbour. We have a triple A credit rating that has proven to be a magnet for international investment.

We have that triple A rating because we have controlled government spending and we are balancing our budget.

We've done that because we simply can't let once in a lifetime opportunities like this be undermined by reckless and risky economic policies.

Our competitiveness is vital to each of you and your families. When you make the pitch for B.C. in your international boardrooms, I want you to win.

Because when you win, B.C. wins.

My government has moved fast.

We recognized immediately that the demand/supply gap for global LNG is expected to close somewhere between 2018 and 2020.

Some of our competitors have been on track for some time. Others are just joining the race along with us.

When our first three projects come to fruition, B.C. could be exporting close to 25 million tonnes per annum by 2020, putting Canada in the top five LNG exporters in the world.

Some of you may have heard about my government's agenda this spring. Again, some called it too ambitious. I think they just didn't like the heavy lifting.

I said, bring it on.

I said bring on new legislation that allows British Columbia to enter into agreements with Canada and First Nations, to administer provincial laws on First Nations lands.

Like on a Haisla Nation reserve near Kitimat.

I said bring on changes to our self-sufficiency policy to mitigate rate increases. That means B.C. Hydro treating every year like we're experiencing average water

conditions, instead of assuming each year will have historically low water inflow conditions.

I said bring on the Labour Market Partnership to create a natural gas workforce strategy and action plan.

Government has doubled the number of apprentices in the system since 2004, but 32,000 apprentices still isn't enough. We must do more.

That's why we have policy changes underway that not only include rethinking our post-secondary education system, but also secondary education in BC. There are still students not graduating from high school, so we need to be able to offer them a secondary school education that captures their interest and keeps them in school.

For many, that could be a trades focused curriculum that leaves them better prepared to enter the work force as they graduate.

Where we have jobs, we want British Columbians trained to fill them.

We will ensure that the over \$500 million we provide annually for labour market and training programs is targeted to meet regional and industry labour demands, including those of the LNG market.

And we have undertaken engagement with local communities on concerns about water use, exposure to sour gas and emergency response.

We initiated work with industries and local communities to establish an airshed monitoring association for the Peace.

Simply put, we are paving the way to take advantage of growing global demand for LNG.

Japan is the main market, followed by South Korea. I visited both of those countries in May to pitch the BC opportunity.

China's demand is forecast to increase over 500% in the next 8 years.

India's demand is also expected to grow dramatically, by over 300% in the same period.

That's why I visited China and India last November.

My government is committed to building and maintaining the confidence of the international investment community, so that we can draw those dollars to British Columbia.

Lately we've heard some national and provincial political leaders say that investment, wealth generation and well-paying jobs in B.C. and Alberta are undermining the well being of the rest of the country.

I disagree. Resource development and extraction is an essential part of who we are. Lumber, coal, copper, gold, and natural gas.

We need to stand up for our province and fight for BC families. That means working to develop policies that will

benefit BC's economy, and ultimately Quebec and Ontario's too.

Developing resources and selling them is not a disease. It's healthy. Good for BC, good for the West, and good for Canada.

We are facing tough issues, maybe the most difficult of the public policy questions we must grapple with.

And that takes character and stamina. You can't walk away because it's hard work. You can't shrink away from criticism.

My commitment to British Columbia and to Canada is a simple one.

I am fair and open-minded, and I am always – ALWAYS – weighing what is in the best interests of our province.

That requires a cooperative, common sense approach with our federal government. But that's easier said than done.

They have a budget to balance, just like we do.

They are immersed in tough public policy questions, just like we are.

They are committed to economic development that will improve the prospects of Canadians, just like we are.

I consider the federal government a partner.

We work together when we agree. And we work together when we disagree.

And I know that in every good partnership, you have to start with good faith.

I want to work with Ottawa's national leadership on development questions, while always keeping BC's interests in mind. And that's also my approach with my fellow premiers.

Because I truly believe that Canada does start here.

This is a unique moment in our history – the stars have aligned for our province.

We can do more than our fair share for the rest of Canada ... and we can grasp BC's potential to build the future of our country.

But I need your help to do it.

Working together, we can continue to make BC an energy powerhouse, and we can drive our province's economy and the country's economy forward.

We can realize our potential and we can create the future we dream of.

I spoke to you earlier about W.A.C. Bennett's historic vision for BC. About how he opened up resource development, kick-started our economy and helped create jobs that supported thousands of families across B.C.

W.A.C. Bennett saw a bright future for BC, and he made it

a reality.

W.A.C. Bennett got a lot done. But he was also Premier for almost 20 years. Well, I see a bright future too, and believe me, I'm just getting started.

Thank you.

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