



September 26, 2012

The Honourable Alison Redford
Premier of the Province of Alberta
Legislative Buildings
Edmonton, AB
T5K 2B6

Dear Premier Redford:

I am writing to follow up on our discussions this summer about proposed heavy oil pipelines, and the five conditions that must be satisfied before British Columbia can consider supporting any such projects in our jurisdiction. As you may know, there are a significant number of permits required for any pipeline project to proceed in British Columbia.

Prior to the Council of Federation (COF) meeting in Halifax, I took the opportunity to provide you, as well as Premier Wall, with an advance overview of British Columbia's position. At that time, I emphasized that British Columbians have made it clear that they are deeply concerned about the project proposed by Enbridge. I share that concern.

As you know, we have since released our five conditions publicly and I spoke to it at the COF meeting.

My government recently completed the first of three stages in our cross-examination of Enbridge before the Joint Review Panel hearings in Edmonton. At this stage, British Columbia focused on Enbridge's liability coverage, ownership structure and related financial matters. Our approach to the Edmonton hearings and our continuing cross-examination in Prince George and Prince Rupert later in the fall reflect the five conditions we have outlined in our position.

My government has been clear: there are significant environmental risks associated with the Northern Gateway Project (NGP) proposal, and, while there are significant economic benefits to Canada and Alberta, there are few benefits to British Columbia. My government strongly supports natural resource extraction as a tool for regional and provincial economic development. It is important to recognize that our government supports the pipeline industry, as evidenced by our support for the numerous Liquefied Natural Gas (LNG) pipelines and manufacturing plants that are proposed to ship LNG to Asia.

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New economic development and finding new ways to generate wealth for Canadians is fundamental to sustaining our future economic prosperity. To be clear, any proposal for a heavy oil pipeline in British Columbia will have to satisfy the following five requirements before my government can consider support:

1. Successful completion of the environmental review process. In the case of NGP, that would mean a recommendation by the National Energy Board Joint Review Panel that the project can proceed.
2. World-leading marine oil spill response, prevention and recovery systems for B.C.'s coastline and ocean to manage and mitigate the risks and cost 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.
4. Legal requirements regarding Aboriginal and treaty rights are addressed, and First Nations are provided with the opportunities, information and resources necessary to participate in and benefit from a heavy oil project.
5. British Columbia receives a fair share of the fiscal and economic benefits of a proposed heavy oil project that reflects the level and nature of the risk borne by the province, the environment and taxpayers.

As we have previously discussed, there are aspects of our five conditions where accountability lies with other jurisdictions. Given that the majority of the benefits – broadly defined – accrue to Alberta and Canada, it would be a discussion that must include Alberta and Canada directly. At the same time, given jurisdictional accountabilities, we will look to Canada to lead the discussion and process around establishing a world-leading marine spill response regime.

With respect to fiscal and economic benefits, it is important to note that my government has not placed any conditions on these discussions. While others may have characterized this conversation as somehow sharing Alberta's royalty payments, we have been careful to avoid discussing the source of any benefit-sharing, or indeed the very nature of any increased benefits to British Columbia. We believe that this is a discussion that rightfully takes place between our governments, and the federal government.

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I look forward to continuing a dialogue with you about opportunities to address British Columbia's five conditions. I recognize that there are significant increased benefits available to Alberta from the export of heavy oil to Asia, and that this is something your government no doubt wishes to pursue.

I expect to be in Calgary early next week should you wish to discuss this issue further.

Sincerely,

A handwritten signature in black ink, reading "Christy Clark". The signature is written in a cursive, flowing style.

Christy Clark
Premier