

## *HEAVY OIL PIPELINE PROPOSALS IN BRITISH COLUMBIA – QUESTIONS AND ANSWERS*

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### CURRENT STATUS OF BC POSITION:

**1. Why are you changing your position on Enbridge?**

We have said consistently that the Joint Review Panel – the environmental assessment – should be allowed to proceed to conclusion. Government has a responsibility to uphold and to respect due process that is available and underscored by laws and regulations. Business should be able to make their proposals for economic development in BC and anywhere in Canada. In Canada we have laws, regulations and process for the determination of whether such development can be undertaken in a way that is environmentally sustainable.

Our government has consistently underlined a number of core questions and concerns related to the Enbridge proposal. Key among them is the imbalance between the overall benefits of the project, the benefits to BC, and the balance of risk. If the project were to proceed, it is clear that BC would assume virtually all of the risk and relatively little of the benefit.

We prepared technical analysis as the beginning of our work to address those questions. We have always said we need to see all the facts related to this project. The environmental assessment will provide that information, and our principles outline the minimum requirements for us to consider support.

**2. What's new about the proposal that has been presented today?**

We have developed five minimum requirements that must be met in order for our government to consider providing provincial support to the proposals from Enbridge for the Northern Gateway Pipeline, from Kinder Morgan for expansion of its Trans Mountain Pipeline, and from any other proponent for a heavy oil pipeline.

First, as always, we are awaiting the results of the Joint Review Panel. For our government to consider support for a heavy oil pipeline, environmental assessment approval is a first principle.

We have developed discussion papers to support our objective of making Canada a world leader in marine spill prevention, preparedness and response, and in terrestrial spill prevention, preparedness and response.

We have established a set of principles related to First Nations opportunities, information and resources that would have to be addressed in order for our government to support the Northern Gateway project proposal.

And we have analyzed the anticipated revenues to both governments and individuals of the Enbridge proposal, and developed a position whereby BC would realize fiscal benefits for its citizens in proportion to the environmental risks the province would assume if the project is approved.

**3. Why are you making this announcement today?**

There are a number of decisions and events that have come together to make this the appropriate time to identify our minimum requirements.

We have been preparing technical analysis of the NGP proposal as we have been reviewing the evidence before the JRP.

The NTSB report on the Kalamazoo spill was released last week.

It was time to make the decision whether to cross-examine Enbridge.

And, Premier Clark will be attending Council of the Federation this week in Halifax, where discussions about energy will be part of the agenda.

**4. Has your position only changed now that the NTSB has submitted its report on Enbridge's disaster in Michigan. Are you feeling the pressure?**

Our government has signalled since we established our Intervenor status that we are taking an active role in this JRP. The NTSB report was an important consideration, but just one of several.

**5. Why the decision to get involved now, after more than a year of sitting on the fence?**

Throughout the JRP to date, our government has addressed process decision points in an informed and deliberate way. We have looked not only at the immediate impacts of each decision, but also at the longer-term consequences.

For example, we made an informed decision about assuming Intervenor rather than Government Participant role – among other things, this is an advantage in the final hearings,

when intervenors can question any party, without leave of the Panel. We anticipated from our close monitoring of the JRP that they would call for parties to indicate their intent to cross-examine Enbridge, and that is why we communicated our position when we did.

Our government will continue its close monitoring of the JRP process and careful examination of submissions and evidence, and conduct ourselves according to the principles we have established.

Fundamentally, it is inconsistent and sends a poor message to investors around the world when politicians decide to pick and choose which projects should be allowed to undergo environmental assessment and which should not. Access is a fundamental principle, and business must be allowed to make their case about how they can engage in economic development while protecting the environment. Environmental assessment is the process for judging the case they make.

**6. Why has there been no mention of this possibility (cross examination) before?**

Joint Review Panels always have cross-examination opportunities. We were aware from officials monitoring the JRP that the deadline for decision on whether to cross-examine Enbridge was approaching. We considered the options and decided to cross-examine.

**7. When might the cross examination occur and by whom?**

The final hearings commence on September 4, 2012. The actual date for cross examination by the province will be determined in the hearing process. Cross-examination would be conducted by counsel of the Ministry of Justice.

**8. Premier Redford has said that Premier Clark is under pressure to take a position, and she cited recent newspaper columns to that effect. Is the government finally succumbing to the pressure?**

Premier Clark met with Premier Redford to discuss the position that we are outlining today.

Obviously there are elements of this position that are uncomfortable to the government of Alberta – particularly the discussion about fair share of benefits. We are committed to respectful discussions about this and the other requirements we have outlined, and we believe in a no-surprises environment when it comes to our intergovernmental partners.

**9. But Premier Redford told reporters that Premier Clark only talked about three issues – consultations with First Nations and making sure Enbridge had stringent protocols to protect water and land from spills. No mention of fair share?**

The Premiers had a private meeting. I can't comment on Premier Redford's take on the meeting, I can only say there should be nothing in today's announcement that will be a surprise to the government of Alberta.



**10. Why did the Premier have secret and un-scheduled meetings with Premier Redford and Premier Wall?**

Premiers have private meetings and conversations all the time. They were scheduled meetings, and Premier Clark travelled to Saskatchewan and Alberta specifically to meet with her colleagues.

Our government has been monitoring the JRP and evaluating the Enbridge proposal, in the context of the realistic expectation that there will be more proposals for heavy oil pipelines.

Given the upcoming opportunity to cross-examine Enbridge, and the culmination of focused technical analysis of risks and benefits, the time is right to identify the five requirements that will have to be in place before we will consider provincial support for a heavy oil pipeline. The Premier travelled to Saskatchewan and Alberta to ensure her colleagues were not surprised by our announcement, and to begin discussions based on the fact that, for these proposals, the majority of the risk but a minority of the benefits accrue to British Columbia.

**11. Minister Lake just met with his federal colleague, Minister Kent, last week. Did they discuss this issue?**

It was obvious from Minister Kent's comments that the NGP proposal was top of mind for both of them.

**12. The government's position on Enbridge has evolved in the past few months. In the past few months, the Premier has hired people who were previously employed by Enbridge. Any connection?**

Our government has laid out a detailed, principled approach based on significant technical and policy work undertaken over the past few months.

In a significant respect, our position remains fundamentally the same – the project proposal must pass the environmental review process.

We have also completed work to support our five requirements – that there will have to be a commitment by the company and affected governments to Canada being a world leader in marine and terrestrial spill response and mitigation; that revenue sharing must be more reflective of the balance of risk; and that there must be opportunities for First Nations participation in these projects.

We have also made the decision to exercise our Intervenor status to cross-examine Enbridge/Northern Gateway.

**13. If the JRP approves the project, how can your government ensure your other four principles are met?**

We have commenced discussions with the governments of Alberta and Canada and made our position clear. Given the jurisdictional authorities related to and the approvals required for completion of the project proposal, we are confident that we have sufficient authority to require these principles be addressed. All of this will be the subject of ongoing discussions between our government and Alberta and Canada.

We have made our bottom line clear, but we do not intend to negotiate in public.

**14. How will you enforce your principles in the event the JRP approves the project as is or without them?**

At the moment, we are beginning engagement with Alberta and Ottawa on the minimum requirements for the province to consider support for the project. We have a long process ahead of us, both in our political engagement and at the JRP. It is premature to speculate on what-ifs.

However, BC has considerable statutory authority for permitting along the length of the proposed pipeline in this province. There will be over 60 different permits required, and there are a range of discretionary authorities at play in those statutes, including the authority to consider socio-economic benefits. These will all be relevant as our discussions with Alberta and Ottawa proceed.

Further, the project proponents will have to work with BC Hydro to acquire the electricity to power the compressors that pump the bitumen through the pipeline.

**15. Are you submitting these technical papers to the JRP? Haven't you missed the deadline for submission of evidence?**

The JRP process will continue and the facts related to this project will continue to emerge. Very significant volumes of information are already available, and our government has dedicated capacity to assess it and monitor the hearings. As everyone knows, Enbridge brought forward new information about pipeline safety just last week.

As for the discussion papers we are releasing today, they represent the starting point of needed dialogue and negotiations between levels of government. Our government has done significant work to identify the minimum requirements that will be required for us to consider provincial support. These papers outline those requirements and will be the basis for a political, intergovernmental approach.

- 16. Your discussion papers acknowledge that you are still lacking information required to assess whether the environmental and social risks outweigh the economic benefits provided by the Northern Gateway project. How can you develop these principles in the absence of this full information, and why after two years are you still lacking such critical information?**

Our government has consistently pointed out that the JRP process is an iterative one, where evidence continues to be provided both by the proponent and by Intervenor and Government Participants. There are many details about this project that are still forthcoming, and will be determined as it unfolds.

Even the Enbridge proposal does not go into specific detail on everything. The final detailed pipeline route would be finalized within the 1-kilometre wide project pipeline corridor during detailed engineering. The detailed route will incorporate detailed engineering, construction, and operations considerations, further site-specific constraint mapping, results of Aboriginal Traditional Knowledge studies and further field investigations and input from participating Aboriginal groups and communities, landowners, the public, other interested parties and government agencies. Just last week, we received information from Enbridge about pipeline safety.

The province can match its technical detail to the levels of details that have been provided. It can also point to areas where it feels more detail is required

- 17. If the Enbridge proposal is not approved by the JRP, what happens to your principles?**

Our government's first principle is that the project will have to achieve JRP approval as a condition of provincial government support. We have been clear that our principles apply to any proposal for a heavy oil pipeline in British Columbia.

Environmental assessment approvals would be the trigger for the additional provincial requirements for leadership in marine and land spill management, appropriate sharing of benefits, and opportunities for First Nations participation.

These are our minimum requirements before the province will consider support for any pipeline proposal for heavy oil.

- 18. It is clear that many or even most British Columbians oppose the Northern Gateway Project. Why have you not consulted with British Columbians in establishing your position?**

Our government is taking a leadership position with respect to these major project proposals in British Columbia. We believe British Columbians will be supportive of a position that connects provincial support for these projects with a requirement for world leadership in marine and terrestrial spill management, fair sharing of benefits, and opportunities for First Nations participation. The projects will also have to pass the environmental assessment process, which includes public hearings throughout the province.



**19. You've released a set of principles related to First Nations engagement. Can we take it that you are speaking on their behalf?**

Our government is not speaking on behalf of First Nations. Rather, we have laid out a position that, as a condition for the government to consider support, aboriginal and treaty rights must be addressed and First Nations should have the opportunity to benefit from heavy oil pipeline project proposals.

**20. You have set a very high bar for approval of these projects, perhaps an impossible standard. Aren't you just trying to appropriate the position of the NDP – aren't you really just saying "no."**

It's interesting that some commentators have already called this a no dressed up as a yes, and others have called it a yes dressed up as a no.

We have five principles that must be met for our government to consider supporting the project.

Our government supports economic development in British Columbia and we do not view resource development as a disease, which is the position of the NDP.

Our government believes we can achieve both economic development and environmental protection, and we believe that projects of these proportions present an opportunity for BC and Canada to make significant advancement in our marine and terrestrial spill management regimes.

We are also insisting on a fair share of the benefits from these projects. The NDP have categorically rejected the possibility of fair share.

**21. The leader of the opposition says that the Northern Gateway fails the test of: net benefit to British Columbians that balances environmental, social and economic objectives. Are you responding to their challenge?**

The NDP have categorically rejected Northern Gateway. And although they say they want to maintain a moratorium on oil tanker traffic (a moratorium that does not exist), they have suggested they support the Kinder Morgan proposal.

Our government has been consistent. We expect proposals to go through the appropriate environmental review, and we support their access to this due process.

For the provincial government to support these projects, should they pass environmental review, we are requiring the federal government to work as partners with us in establishing BC and Canada as global leaders in marine and terrestrial spill management. We expect a fair share of the benefits from the projects. And we will need to see First Nations support. So in fact, we want them to pass the test of net benefit and we are being clear about what's required to do so.

**22. The leader of the opposition has suggested that the Premier is “contradictory” in her stance on Enbridge and that really, she just wants the project to proceed without ever having to admit it. Is this just subterfuge?**

Our government is transparent and consistent in our approach to these major projects. Our first principle is that they will have to pass environmental reviews. Should they do so, we have four other principles that must be addressed.

These four principles involve the federal government, the government of Alberta, First Nations and Enbridge.

We’ve been clear since the beginning that we do not oppose pipeline construction in British Columbia. There are different pipelines for different resources, and there are different levels of associated risk. The challenge is to ensure the right balance between risk and spill management, and between risk and benefit.

**23. What are the impacts of changes to the Federal Fisheries Act on this project proposal and on your support for it?**

At this stage it is too early to tell what impact the Federal Fisheries Act changes could have on this, or any project. Working with staff at the Department of Fisheries and Oceans, we are seeking to better understand these recent changes and by extension, any impact that they may have on fisheries management in BC.

**24. The government supports the Prosperity Mine proposal, and yet you say for Northern Gateway that it must meet environmental reviews. Why the contradiction?**

There is no contradiction.

Prosperity mine decisions by both federal and provincial governments were based on comprehensive environmental and socio-economic assessments. Our government is committed to these assessment processes, and to the integrity of the statutory decision-makers who do their job in an impartial manner when considering such projects.

**25. You have said you will cross-examine Enbridge/Northern Gateway. But the leader of the opposition pointed out in estimates debate that you can only cross-examine based on evidence submitted. And you have not submitted evidence. On what basis will you cross-examine?**

Cross-examination of Enbridge will be on the evidence it has filed, including its application and responses to information requests that have been filed through the proceeding.



**26. The Premier has said that the province will shoulder all of the risks of the project. If you know this, why have you not submitted it as evidence?**

There is voluminous evidence before the JRP now on this matter. There is nothing the government could add to that evidence in terms of the project detail, its scale, or the risks associated with it.

**27. Has the provincial government analyzed the implications of expanded oil tanker traffic that would flow from northern gateway? And if so, why has such evidence not been submitted to the JRP?**

The province has considered the implications of expanded oil tanker traffic. We know that Enbridge tankers would have to co-exist with current and future traffic volumes, and that there are implications as that volume increases. Our analysis suggests there are already significant risks associated with the current tanker traffic.

Regulating tankers and risk assessments of tanker traffic is led by the federal government. This does not mean the province doesn't have a stake in safe tanker traffic. As such, we are recommending that the federal government work with us to review industry requirements, and mandate geographic response plans that assess the risk – from tanker traffic, but also things like narrowness and depth of passages, weather, tug availability, route, historical factors, and environmental sensitivity.

The number of tankers operating along BC's coast is not a standard number. It changes from one year to the next, depending on market demand, infrastructure availability and resource development. The province continues to monitor tanker traffic – in conjunction with all other marine traffic – to assess what it means to provincial interests.

Today, tankers operate via ports near Vancouver and Kitimat. Kinder Morgan's Port Vancouver Terminal loaded 69 oil tankers in 2010. Port Vancouver also handled 111 jet fuel and gasoline tankers in 2010. Kitimat receives approximately 60 tankers carrying petrochemicals in a year. Tankers arriving at and departing from US ports also impact BC's current tanker count. In 2010, there were approximately 700 oil tanker trips between Alaska and Washington State. Tankers are loaded in Alaska and unloaded in Washington State; they then make a return trip to Alaska.

The route passes the entire length of BC's outer coastline and runs through the Salish Sea. While these tankers do comply with a voluntary tanker exclusion zone that keeps them outside of BC's northern coastal waters and inside passage, they are close enough that they impact BC. Between 1996 and 2003, there was an average of 410,301 vessel movements in a year. In the last seven years, there has been a 15 per cent increase over the annual average of the 1996 – 2003 period.

- 28. Some commentators have suggested that projects much less contentious than Northern Gateway never survived the approvals process in BC – Kemano Completion Project and Windy Craggy, for example. How can you reasonably expect Northern Gateway would be approved, given that history?**

Our government has not prejudged the environmental assessment process. Northern Gateway may or may not meet the standards required to pass approval. Part of what contributes to the success of a project in the environmental assessment process is the ability and willingness of proponents to adjust their projects to address concerns identified through the assessment. Should it pass, our government has identified four further principles that will have to be met in order to secure provincial support. We have now clearly communicated what will be required.

**TECHNICAL REPORT ON PROJECT**

- 29. Recent media stories as well as intervention before the JRP have revealed that BC has prepared a technical report about the project and you refuse to release it. Why won't you release the technical report?**

The preliminary report, coordinated by the BC Environmental Assessment Office, is not a public document. Furthermore, the report is protected by litigation privilege as it was prepared following the commencement of the NEB proceeding for the purpose of providing confidential advice to Cabinet and legal advice to the Province with respect to the JRP process.

Our government's intervention in the JRP is the subject of ongoing Cabinet consideration. The technical report informs that and as such remains a Cabinet confidence. However, I can advise that the most substantive issues identified in that report have been reflected in the principles BC has identified as essential for BC to even consider support for the project.

- 30. But Terry Lake has said it will eventually be made public. When, and why not now?**

It is important to differentiate among the volume of work the government has prepared as we have continued our analysis of the project and monitored the JRP process.

The technical report – which has been requested for example by the Coastal First Nations, is not a public document. We may consider eventually releasing it, but at this time it continues to inform ongoing deliberations of Cabinet and is therefore considered confidential. That technical report has also informed the four technical reports that we have released publicly, and that support the Principles we have developed to support our position on heavy oil pipelines.

- 31. Why have you refused the request of the Coastal First Nations, submitted to the JRP, to release the technical report. Are you not unnecessarily antagonizing First Nations?**

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Our government's intervention in the JRP is the subject of ongoing Cabinet consideration. The technical report informs that and as such remains a Cabinet confidence.

- 32. Your discussion paper on marine spills acknowledges that limits of liability in Canada mean that a spiller may not have to spend more than approximately \$1.3 billion cleaning up a spill. Exxon has paid \$3.4 billion towards cleanup in Alaska. Are you concerned about these limits?**  
This question cuts right to the heart of what we will achieve if our principles are addressed. We want to position BC and Canada as a global leader in spill prevention, preparedness and response. In fact, we are requiring these actions as a condition of provincial support for Northern Gateway.

#### TANKER TRAFFIC / SPILL RESPONSE

- 33. So you would lift the moratorium on oil tanker traffic?**

Setting aside the fact that there is no moratorium to lift, it is important to recognize that there is significant oil tanker traffic now.

The number of tankers operating within BC is variable from one year to the next, depending on market demand, infrastructure availability, and resource development.

Today, tankers operate via ports near Vancouver and Kitimat. Kinder Morgan's Port Vancouver Terminal loaded 69 oil tankers in 2010. Port Vancouver also handled 111 jet fuel and gasoline tankers in 2010. Kitimat receives approximately 60 tankers carrying petrochemicals in a year. Tankers arriving at and departing from US ports also impact BC's current tanker count. In 2010, there were approximately 700 oil tanker trips between Alaska and Washington State. Tankers are loaded in Alaska and unloaded in Washington State; they then make a return trip to Alaska.

The route passes the entire length of BC's outer coastline and runs through the Salish Sea. While these tankers do comply with a voluntary tanker exclusion zone that keeps them outside of BC's northern coastal waters and inside passage, they are close enough that they impact BC. Between 1996 and 2003, there was an average of 410,301 vessel movements in a year. In the last seven years, there has been a 15 per cent increase over the annual average of the 1996 – 2003 time period. Vessel traffic of all types has increased, and is expected to continue to increase over the next decade as BC and Canada's economy is geared towards Pacific partners.

- 34. But wouldn't the Northern Gateway increase tanker traffic beyond a sustainable level?**

There are a number of proposed projects that would increase tanker traffic along BC's coastline – increases that would amount to more than double the number of tankers arriving and departing from BC coastal waters and port each year.



The project proposal for heavy oil pipelines would increase traffic and do present a degree of incremental risk. They are the reason why we have identified our five principles that are required to be met for the province to consider supporting the projects.

**35. Is the government concerned that double the tanker traffic means double the possibility of a spill?**

Over the years, advances in technology, best practices and national and international regulations have contributed to a much safer industry.

Keep in mind that globally, the data are clear – the rate of worldwide large spills (5,000 barrels or more) has consistently decreased since the 1970s. This major decrease has occurred as tanker traffic has continued to increase.

**36. Your government has been relatively mute in the fight to keep Kits Coast Guard Station open. Doesn't that undermine your position about being a global leader in marine spill management?**

Our government has been active with the federal government with our concerns at Kits.

In the Pacific region, the Coast Guard maintains three Response Centres, located at the Coast Guard bases in Victoria, Prince Rupert and Sea Island in Richmond. The Response Organization – Western Canada Marine Response Corporation – maintains operational personnel and equipment capacity on the South Coast, Vancouver Island and North Coast. Our discussion paper on marine spill management emphasizes the need for that operational personnel and equipment capacity to be strengthened and located in strategic locations along BC's coast. This is where the focus has to be.

**37. What is the polluter-pays principle?**

The polluter-pays principle dictates that the responsible party – the spiller – is required to pay all costs associated with the response and cleanup. When the system is working as it should, the spiller and its contractors implement a plan that fully restores the environment to its original condition while the Ministry of Environment verifies cleanup to ensure provincial interests are protected.

**38. What is the difference between federal and provincial terrestrial jurisdiction?**

There are areas of overlapping jurisdiction, particularly around fish, fish habitat and the coastline. The federal government has responsibility for spills on federal lands as well as jurisdiction over migratory birds and fish and their habitats. Additionally, the federal Species at Risk Act mandates the protection of identified species at risk; species which could be affected by a terrestrial spill. For a spill to land under provincial jurisdiction, Environment Canada and Fisheries and Oceans Canada would be expected to provide professional advice and guidance to spill responders in relation to those species and habitats under their jurisdiction.

The provincial government's spill response program protects human health and the environmental quality of the province's water, land and air resources by: 1) monitoring, augmenting or taking over a response to spills; and 2) developing tools to prevent, prepare for and respond to spills. It works closely with other provincial and federal agencies, industry, local government and stakeholders.

**39. Does BC have sufficient programming and funding to respond to a catastrophic spill right now?**

Just about every government in the world would be challenged by a catastrophic spill. BC is no exception.

One of the conditions of our considering support for the projects is establishing BC and Canada as world leaders in spill management. This would include designing and implementing a polluter pays system that ensures that the extent of spill response capacity available in BC is directly linked to the extent of the risk present. As resource development occurs spill response capacity would increase.

**40. How you can establish these principles at the same time that you acknowledge, in your discussion papers, that "much of the technical detail required to bring it to fruition are not complete at this time, in large measure because they need to be developed in consultation with industry"?**

Our principles set out both a starting point and a bottom line for provincial support for these projects. Our officials have been undertaking significant work to study marine and terrestrial response around the globe – including Norway and Scandinavia – in order to set out the requirements for BC and Canada to become an international leader. Much further work will be undertaken, along with discussions with Canada and Alberta.

**41. What are the elements that characterize global leadership in spill response? Marine? Terrestrial?**

Our government's initial views on what is needed to achieve global leadership in spill response is detailed in the technical discussion paper that we have released. In general, what we would be looking to achieve would be:

For Marine:

- Strengthened federal requirements on industry for the provision and placement of marine response equipment and infrastructure. This would include such things as rescue tugs, equipment caches, trained responders and mandatory response time and capacity to address non-traditional spills.
- Limits to liability that ensure sufficient financial resources to properly address any spills.
- Increased federal response capacity.
- Full adoption of the United Command model to ensure effective coordination of resources.

For Terrestrial:

- An industry-funded terrestrial (land-based) spill cooperative with sufficient human and technical capacity to manage spill risk from pipelines and other land-based sources.
- Increased capacity within the Provincial emergency response program to ensure adequate oversight of industry.
- Natural Resources Damages Assessment process that provides certainty that a responsible party will address all costs associated with a spill.

**42. Don't the events at Pine River in 2000 speak to the ongoing lack of coordination between governments in spill management? What have you done to address this confusion?**

A lot has changed related to spill response since 2000 and more will have to change if the Province is to support the Northern Gateway proposal. Regular joint exercises and ongoing communication between BC and Canada has greatly improved collaboration. Going forward, it is essential that the Canadian Coast Guard agree to implement the Unified Command Model employed by BC and all other North American jurisdictions. Doing so will lead to even greater coordination of response resources.

**SCOPE OF NORTHERN GATEWAY PROPOSAL**

**43. What is the Northern Gateway proposal?**

Enbridge has proposed a 1172-km long twinned pipeline to export bitumen from the Alberta oil sands to Asian markets. About 670 kilometres of the proposed pipeline would be in BC. Built in the same right-of-way, one pipeline would flow westward and move 525,000 barrels per day of condensate-diluted oil out of Alberta's oil sands to tankers in Kitimat, BC and another would flow eastward and move 193,000 barrels per day of imported condensate, used to thin heavier oil products for pipeline transport, from tankers in Kitimat to Alberta.

The proposed project also includes ten associated pump stations, seven of which would be situated in BC, and a marine terminal at Kitimat with two ship berths and 14 tankers for storage of oil and condensate.

**44. Is it true that Enbridge has established a consortium for this project in order to avoid liability?**

That is a question that is best put to the company itself.

The position of our government is clear – for us to consider provincial support for this project, it will have to pass environmental approvals, we will have to be in a position of global leadership for spill management, see a demonstration of First Nations support, and we require a fair share of the benefits. Global leadership in spill management obviously has implications for any company that would want to propose a project in British Columbia, regardless of how they choose to organize themselves legally or corporately.



## STATUS OF INVOLVEMENT BEFORE JOINT REVIEW PANEL

### **45. What is British Columbia's status before the Joint Review Panel?**

On June 29, 2011, the Province of BC registered with the JRP for Intervenor Status.

### **46. What is the difference between Intervenor and Government Participant?**

There are two options to participate in the review process – as an intervenor or as a Government Participant.

At this point in the process and given that BC has made a decision not to submit evidence to the JRP, both Intervenors and Government Participants can:

- Be questioned by the panel, on their evidence.;
- Submit motions and make submissions on other participants' motions; and,
- Make final arguments during final hearings.

### **47. What are the advantages of being an Intervenor?**

Intervenors can ask written information requests of Northern Gateway and all other participants and can question them at the final hearing. With the Panel's approval, Intervenors can also ask questions of Government Participants at the final hearing. Government Participants require leave to ask information requests of other intervenors or Government Participants, and also require leave to question other intervenors orally at the public hearing.

### **48. Can BC change its status?**

Participants may withdraw at any time, and can make a request to the Panel to change their status at any time throughout the process.

### **49. Are you suggesting that Intervenor is better than Government Participant?**

Both categories are considered Parties.

Our government studied this matter closely and reflected on what we would ultimately want out of the JRP process.

In key ways, Intervenor status has greater flexibility than Government Participant. For example, when submitting written questions, Intervenors can do so to any Party, without prior approval of the Panel. Government Participants, on the other hand, may submit information requests to Northern Gateway, but it is only with prior permission of the Panel that they may submit Information Requests to Parties other than Northern Gateway.

Similarly, for the Final Hearings, Intervenors have the ability to question any other Party, while Government Participants may question Northern Gateway, but it is only with the prior approval of the Panel that they may question Parties other than Northern Gateway.

**50. If that's true, then why have you been criticized so vigorously for your choice of Party status?**

In key ways, Intervenor status allows for important flexibility. Status as Intervenor allows for submission of written evidence and it was a deliberate decision of our government not to exercise that option. However, we do have the opportunity to seek leave of the Panel should we decide there is a reason to submit evidence. To date, we have continued to conclude there is no benefit to submitting evidence.

Although only a curiosity, it is interesting to point out that the Opposition at one time was encouraging government to apply for Intervenor Status. Doug Donaldson said in Estimates debate in May 2011, "...would the Minister commit today that he will have the province apply to become an intervenor status so that we can have our good public servants with their good knowledge of the B.C. land base actually inform this process on behalf of B.C. citizens?"

**51. Isn't it true that you chose intervenor status simply to avoid being cross-examined?**

No. As Intervenors, we have flexibility to question any party. Furthermore, we have submitted information requests to Enbridge, and we have now signalled our intent to cross-examine the company.

**52. Critics have suggested that B.C. has either chosen, missed deadlines or simply missed out on the opportunity to produce or analyze evidence. Is that true?**

No.

Our government made a deliberate decision not to submit written evidence, a decision that could be re-visited if we decided there was reason to do so and the Panel concurred. As for analysis of evidence, this is also an area that may have been misunderstood by critics. Our government made a deliberate decision not to apply to cross-examine the federal government.

We have now made a deliberate decision to cross-examine Enbridge/Northern Gateway. Our approach to this Panel has been under consideration by Government for some time, and at every key milestone we have considered our options and made strategic decisions. It is important to note – and frequently overlooked – that our government has submitted written questions.

**53. Why did your government miss the deadline to cross-examine the Federal government?**

Governments don't generally cross-examine each other – they work collaboratively.

Our government has been closely considering our status before the JRP and our appropriate role since the process began. We have continued to work on a technical review of the project, we monitor the hearings and analyze submissions, and we consider at each step the appropriate decision of government related to JRP milestones.

Our government made an informed decision not to cross-examine the Federal government. On reflection, we have decided we will cross-examine Enbridge. We made that decision when it was time, as we knew from monitoring the JRP that they would be asking for those submissions.

We have now provided to the governments of Alberta and Canada – and released publicly – the principles we require to be met in order for our government to support the project.

**54. Does the opposition have official status before the JRP?**

On April 30, 2012 the NDP caucus submitted a letter to the JRP stating that the risks of the proposed Project outweigh its benefits, that it will cause significant adverse economic and environmental effects, and it is not in the public interest. You would have to ask the opposition about their rationale and status.

**55. Is it true that British Columbia has ceded its authority to the federal government for review of this project?**

Our government is committed to one project, one process for major project development.

The proposed project meets the criteria for review under the provincial Reviewable Projects Regulation of the British Columbia Environmental Assessment Act. The EAO and the NEB have signed an Environmental Assessment Equivalency Agreement specifying that, where a proposed Project requires both a BC EA Certificate under BC's Environmental Assessment Act and an approval under the National Energy Board Act, the assessment completed by the NEB is considered equivalent to a BC EA process. As a result, a provincial environmental assessment of the proposed Project is not required.

However, if the proposed Project is approved by the federal government, a number of provincial permits and authorizations would still be required prior to construction and operation.

**56. Can the agreement be rescinded?**

There are termination provisions in the agreement.

However, it is important to underline that that the agreement only pertains to the environmental assessment of projects covered by it. Other provincial approvals are not affected by it.

The process our government is taking with this review is consistent with the Province's recommendations to the federal Standing Committee's review of CEEA:  
BC acknowledged that there are certain circumstances, such as matters of national significance, where the federal government would have a strong interest in conducting federal environmental assessments. In such cases, BC would continue to support the federal environmental assessment process by providing technical input and administering subsequent provincial permits.



- 57. A recent study by the University of Victoria's Environmental Law Centre suggested there is growing concern about an "imbalance" of evidence. Are you not concerned that by sitting out this process you are allowing proponents to gain an upper hand?**

There has been a fair degree of misunderstanding about the official position of British Columbia in the Panel process. BC is an Intervenor and we have anticipated and are now acting on our ability to cross-examine Northern Gateway. We have submitted written questions to the Panel, and we have now prepared a policy position on the Project that will be the basis for discussion between ourselves and the governments of Alberta and Canada.

The notion that there is an imbalance of evidence is curious. Many parties opposed to the pipeline have adduced evidence. Also, the Northern Gateway evidence will be tested and carefully considered by the Panel.

- 58. UVic's Environmental Law Centre suggested there is "no comparable evidence that chronicles the overall costs and impacts of the project from the perspective of B.C." Is that of concern to your government?**

This can only be characterized as a vague assertion of the study's authors, and it is important to point out that it was made without any direct reference to evidence that has been submitted to the Panel.

- 59. Has the province of Alberta submitted evidence? If yes, what is your analysis of it?**

The Province of Alberta has registered with the NEB as a Government Participant. To date, Alberta's evidence has focused exclusively on the economic considerations which argue in support of additional pipeline capacity. They have not submitted evidence with respect to environmental issues or other issues of concern to BC.

- 60. Will you cross-examine the government of Alberta?**

No. But as we've indicated clearly today, we have commenced discussions with them on the basis of the principles that we have outlined publicly. We are looking for a better balance of BC's risks and benefits.

#### **REGULATORY APPROVAL PROCESS**

- 61. Who has regulatory authority for this project?**

The proposed Project falls under federal regulatory jurisdiction because it crosses inter-provincial borders (British Columbia/Alberta).

However, BC also has a number of regulatory approvals in the form of permits which must be considered and, if appropriate, issued if the project receives approval by the NEB.

**62. What is the review process for this project?**

The National Energy Board is regulating the review process for the Enbridge Northern Gateway Pipeline project. This process includes consideration of requirements under the *Canadian Environmental Assessment Act (CEAA)* and is identified as a Joint Review Panel.

**63. What is the mandate of the Joint Review Panel?**

The Joint Review Panel (JRP) for the Enbridge Northern Gateway Project is an independent body, mandated by the Minister of the Environment and the National Energy Board. The Panel will assess the environmental effects of the proposed project and review the application under both the *Canadian Environmental Assessment Act (CEAA)* and the *National Energy Board Act*.

The Panel's mandate is described in the Joint Review Panel Agreement. The Agreement includes the terms of reference for the panel and procedures for conducting the joint review process.

Under the Agreement, the Panel will, among other things:

- conduct an examination of the environmental effects of the proposed project and the significance of those effects;
- consider measures that are technically and economically feasible to mitigate any adverse environmental effects, the need for and the requirements of any follow-up programs with respect to the project;
- consider comments from the public and Aboriginal peoples that are received during the review;
- conduct public hearings to receive relevant information about the project;
- provide various ways in which interested organizations and people including members of the public and Aboriginal groups may participate in the hearing process;
- submit to the federal government an environmental assessment report with recommendations about the project; and
- issue its Reasons for Decision on the application for a certificate of public convenience and necessity pursuant to the National Energy Board Act.

**64. Is the Joint Review Panel process affected by recent changes to CEAA?**

Not all of the impacts of the impact of the recent changes to CEAA are clear at this time. However, there will be changes to the Panel's terms of reference. For example, the time limit by which the Panel will be required to submit its report will be established.

The BC Minister of Environment is working closely with his federal colleague to identify and understand the impacts.

**65. What is the difference between federal and provincial offshore jurisdiction?**

The federal government has constitutional authority for navigation and shipping, whereas both the province and federal government have shared authority over the environment. The province has authority for the management of provincial lands and natural resources.

While federal agencies are the recognized leaders for spills in the marine environment, the BC Ministry of Environment has a critical role. In the event of a marine spill, the Ministry's Environmental Emergency Program is the lead provincial agency, responsible for ensuring the protection of provincial interests, such as those related to health and environment, and social and economic values.

Provincial jurisdiction technically extends over all land between the high and low water mark (inter-tidal zone), as well as the seabed of the Strait of Georgia, Juan de Fuca and Queen Charlotte Sound-Johnstone Strait, and the coastal seabed between many major headlands along the outer coast.

Both the provincial and federal governments have legislation that points to responsibilities for marine spill management, including legislation related to: the discharge of pollutants; protection of wildlife; environmental emergency management; and, industry responsibilities related to response and cleanup.

The federal government has jurisdiction over the entire marine environment, including responsibility for regulating those entities – in particular vessels – that may pollute or spill into it. By comparison, the provincial jurisdiction in the marine environment does not extend into the open sea and generally overlapped by federal jurisdiction.

#### **CURRENT BENEFITS/FAIR SHARE**

**66. What are the anticipated benefits to BC if the project were to proceed?**

According to a research report by Wright Mansell, a Calgary-based firm, the Pipeline is likely to generate \$81 billion in incremental income through provincial and federal government taxation over a 30-year period between 2016 and 2046.

Of the \$81 billion, a full \$36 billion is accrued by the Federal government. The \$36 billion is anticipated to be distributed across the country on a per capita basis because the revenues are considered general, not dedicated revenues. However, there is no guarantee any of these revenues would be distributed in that manner.

The remaining \$45 billion in provincial revenues are split with \$32 billion to Alberta, \$6.7 billion to British Columbia, \$4 billion to Saskatchewan, and the remaining \$2 billion split among the rest of the provinces.

British Columbia's share is 8.2 per cent.

British Columbia's share of the \$270 billion generated in GDP over the 30 years is about 17 per cent.



**67. The Premier has been criticized for saying that BC would get the same benefits as Nova Scotia from the Northern Gateway project. Is that assessment correct?**

A key concern for our government – and one we have underlined almost from the beginning – is that BC appears to be taking the majority of the risks associated with the transportation of Alberta bitumen to the coast by pipeline and export by tanker while receiving limited socio-economic benefits.

The reference to Nova Scotia is meant as illustrative of the fact that B.C. would get very little relative return for this project, despite shouldering 100 per cent of the risk in the marine environment and a good share of the risk on the land. Additionally, provinces that receive equalization payments – like Nova Scotia – receive, on a per capita basis, relatively more dollars from Ottawa than those that contribute to equalization.

A recent study by Wright Mansell, a Calgary-based firm, indicates that of the \$270 billion GDP benefit over 30 years, only 17 per cent goes to British Columbia in exchange for the majority of the risk.

**68. You say you want a “fair share” of the benefits from NGP. How do you define fair share?**

Fundamentally this will be a government-to-government negotiation, and our government is not inclined to negotiate in public.

In general, there are obviously at least two metrics that will guide discussions.

The first is around risk. Our province would shoulder 100 per cent of the risk in the marine environment, and a good share of the risk on the land.

The second is around the incremental value that comes from shipping product to Asia, rather than to the United States.

**69. If you are successful in your pitch for a fair share, how do you intend to use the money?**

Let’s not put the cart before the horse.

We have a tough negotiation ahead of us.

Fundamentally, we will not consider provincial support without sufficient benefits to and jobs for British Columbia, or without satisfying our requirements for global leadership in spill management, and a demonstration of First Nations support. The project must also pass all environmental assessments. Anything else is hypothetical.

It's good to remember that taxes and royalties pay for health care, education, social services. They pay for infrastructure. If we don't have that income, it is very difficult to pay for the things that give us such a high standard of living in British Columbia.

#### **FIRST NATIONS PARTICIPATION**

**70. How many First Nations are affected by the NGP proposal?**

It is difficult to specify a precise number of First Nations, given large, overlapping land claims. Also, we understand most coastal groups have said they would be impacted by shipping and its potential effects. We can only say there are a large number of First Nations along the pipeline route and along the coast who have indicated they would be impacted.

**71. How many British Columbia First Nations have participated in the Joint Review Panel?**

By our count, from January 10 to May 25, 180 First Nations speakers presented at the JRP.

**72. Can you tell us more about which First Nations support and oppose the project?**

In our ongoing monitoring of the JRP hearings, and analysis of the submissions, our analysis indicates that approximately 97 per cent (or 174) of the First Nations speakers that made presentation by May 25 expressed opposition to the project. Of the remainder, five made procedural arguments and one did not state a position.

#### **OPPOSITION POSITION**

**73. The leader of the opposition is opposed to this project. He says that one of the reasons for his opposition is that it would force BC or Canada to lift the moratorium on oil tanker traffic on the coast. Are you concerned about lifting the moratorium on tanker traffic?**

There is frequent commentary on this issue that suggests there is a moratorium on oil tanker traffic, but this is another area of misinformation.

An extensive historical analysis undertaken by a scientific review panel commissioned by the BC government in 2002 concluded that the "present moratoria on exploration for or development of hydrocarbon resources offshore BC currently exists as a legacy of a variety of announcements going back four decades." And, for the federal 1972 tanker traffic ban, the same panel was unable to find a single document of legal consequence, such as an order-in-council, that gave effect to the ban. The panel noted that "extensive searching, apparently by many people, has not turned up any 1972 Order-in-Council, despite the fact that its existence is asserted in authoritative journals (but with citation only to secondary sources which themselves cite no sources.)"

A "ban" or "moratorium" would require a statute or other binding legal instrument. None exists.

**74. The opposition has said they oppose Northern Gateway. They also say they have “serious questions to ask about Kinder Morgan,” but we should, “let them apply, see their proposal.” What is your position on Kinder Morgan?**

Our government has been consistent and predictable in terms of our position on the environmental reviews of these major projects. Companies who want to invest and create jobs in British Columbia have a right to due process that determines whether they can do so in a way that balances economic development with environmental protection.

The principles we are presenting apply to both Kinder Morgan and Enbridge. And in both cases, the first principle is that our support is contingent upon the companies’ achieving certification through the environmental assessment process.

**75. The leader of the opposition has called any effort to increase BC benefits from this project simply a “cap-in-hand” approach. Isn’t this approach just making beggars of BC?**

Our government is a leader in climate change, and now we are positioning the province for international leadership in both marine and terrestrial spill management. If the leader of the opposition wishes to belittle an approach that would make BC a global leader, that is his choice.

Our government is laying out clear principles that will have to be met before we consider approval of the Northern Gateway and the Kinder Morgan project proposals. Our approach demands that the companies improve their environmental bottom line, but it also requires that Alberta and Canada assess the benefits of these projects and bring balance to how they are shared.

**76. The Opposition has said the BC government missed deadline to submit evidence and missed evidence to cross-examine the federal government. Why did you miss those deadlines?**

The opposition has obviously sought to characterize our decisions in the most politically expedient way. That their statements are factually incorrect appears to be irrelevant.

Our government has made considered and deliberate decisions about our status at the JRP and about our actions there. Intervenor status provides for considerable flexibility before the JRP – it allows us to question evidence that has been submitted by other parties. We looked at the options for Party status at the JRP and even the NDP suggested, in 2011, that Intervenor status was preferable. We happened to agree with them.

The NDP has said, among many other things, that the government “can’t present evidence in the closing stages of the argument and they may not even be able to adequately cross-examine others.” In fact, as Intervenors we may submit question to any party and we can question any Party in the Final Hearings.



## GENERAL QUESTIONS

### **77. What is bitumen?**

Heavy oil, or bitumen, is a highly viscous form of hydrocarbons that cannot be transported via pipeline. Diluted bitumen (dilbit) is bitumen blended with diluents, usually natural gas condensate, in order to meet pipeline viscosity and density specifications.

### **78. Where does bitumen come from?**

Currently, the major natural bitumen operations occur in the Alberta Oil Sands and the Orinoco Belt in Venezuela. Alberta's oil sands produce 1.6 million barrels per day and Orinoco produces 1.158 million barrels per day, together accounting for approximately 3.1 per cent of the total world oil production.

### **79. How is bitumen different from natural gas?**

There are several distinguishing physical properties, arguably the most significant of which is that natural gas will dissipate into the air in the event of a "spill," while bitumen is heavy and sinks into water or clumps on the ground.

From a resource development point of view, there are a number of important distinguishing features. There are currently five big proposals for a liquefied natural gas industry in British Columbia – proposals that would create thousands of permanent jobs, make BC Canada's emerging energy powerhouse, and imply up to four trillion cub feet per year of natural gas exports by 2020.

In BC, we are in a race for Asian markets and we are not alone. Our government is focused like a laser beam on attracting investment to the province through both public policy innovations and commitment to environmental sustainability. A lot is at stake – five big LNG export plants could imply a capital investment of \$278 billion by 2020 in terminals, pipelines and upstream. The full impact on BC's GDP is expected to add \$1.5 trillion by 2046, requiring 100,000 persons/year in construction jobs and about 2,700 full time jobs once in operation.

The increase in activity would create unprecedented opportunities for regional economies, First Nations and Canada as a whole, and increase Canadian exports of natural gas to replace more polluting and emission-intense coal generation in Asia.

## **TRADE IMPLICATIONS**

S13, S16

**Foster, Bruce GCPE:EX**

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**From:** Stagg, Linda R GCPE:EX  
**Sent:** Friday, July 27, 2012 12:42 PM  
**To:** Platts, Robin GCPE:EX  
**Cc:** Crebo, David GCPE:EX; Johnston, Karen GCPE:EX; Woolley, Paul GCPE:EX  
**Subject:** FW: Change made to BG3 - British Columbia outlines requirements for heavy oil pipeline consideration - News Release Item for 2012ENV0047-001074  
**Attachments:** 2012ENV0047-001074.docx; 2012ENV0047-001074.pdf; 2012ENV0047-001074.txt

As requested by Robin –

Please be sure the edit ‘took hold’.

Meanwhile, I’ll get the GCPE Newsroom to make theirs match.

*Linda Stagg*

Direct: 250 387-4534 Mobile: S17

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**From:** Stagg, Linda R PAB:EX [mailto:Linda.Stagg@gov.bc.ca]  
**Sent:** Friday, July 27, 2012 12:38 PM  
**To:** Stagg, Linda R GCPE:EX  
**Subject:** News Release Item for 2012ENV0047-001074

Please refer to the files attached to this email. The following is the summary of the News Release

Document Name: 2012ENV0047-001074.docx  
NR Number: 2012ENV0047-001074  
NR Type: News Release  
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Lead Organization: Environment  
Headline: British Columbia outlines requirements for heavy oil pipeline consideration  
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**NEWS RELEASE**

For Immediate Release

2012ENV0047-001074

July 23, 2012 Ministry of Environment

British Columbia outlines requirements for heavy oil pipeline consideration

Updated July 24, 2012 - to add link to Technical Analysis

VANCOUVER - As part of ongoing work to participate in and monitor the Joint Review Panel on the Northern

Gateway Project, the government of British Columbia today outlined five minimum requirements that must be met for the province to consider the construction and operation of heavy oil pipelines within its borders.

"Our government is committed to economic development that is balanced with environmental protection," said Premier Christy Clark. "In light of the ongoing environmental review by the Joint Review Panel on the Enbridge pipeline project proposal, our government has identified and developed minimum requirements that must be met before we will consider support for any heavy oil pipeline projects in our province. We need to combine environmental safety with our fair share of fiscal and economic benefits."

As set out in our government's heavy oil policy paper, Requirements for British Columbia to Consider Support for Heavy Oil Pipelines, the following requirements must be established:

- \* Successful completion of the environmental review process. In the case of Enbridge, that would mean a recommendation by the National Energy Board Joint Review Panel that the project proceed;
- \* World-leading marine oil spill response, prevention and recovery systems for B.C.'s coastline and ocean to manage and mitigate the risks and costs of heavy oil pipelines and shipments;
- \* World-leading practices for land oil spill prevention, response and recovery systems to manage and mitigate the risks and costs of heavy oil pipelines;
- \* 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; and
- \* British Columbia 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.

The first of government's requirements is that any project proposal must be approved through appropriate environmental assessment (EA) processes. EA processes are led by statutory decision-makers, require a considerable level of project detail, frequently require public hearings and are designed to bring transparency and engagement to project review.

The government of British Columbia has been consistent in its support for environmental assessment, as a reflection of its commitment both to environmental protection and sustainability, and to predictability, transparency and access.

Led by B.C.'s Minister of the Environment, work has now been completed to assess what would be required to establish British Columbia and Canada as world leaders in marine oil spill response. British Columbia is proposing a joint plan of action with the federal government that would include the following elements:

- \* Limits to liability that ensure sufficient financial resources to properly address any spills;
- \* increased federal response capacity;
- \* Full adoption of the Unified Command model;
- \* Strengthened federal requirements on industry for the provision and placement of marine response equipment and infrastructure;
- \* Industry-funded terrestrial (land-based) spill co-operative with sufficient human and technical capacity to manage spill risk from pipelines and other land-based sources;
- \* Increased capacity within the provincial emergency response program to ensure adequate oversight of industry; and
- \* A Natural Resources Damage Assessment process to provide certainty that a responsible party will address all costs associated with a spill.

"When we consider the prospect of a heavy oil pipeline, and of the increased oil tanker traffic that would result, it is clear that our spill prevention and response plans will require significant improvements. Our government has already initiated discussions with the federal government on improving our response plans and resources," said Environment Minister Terry Lake. "This represents an opportunity for British Columbia and Canada to



develop world-leading environmental protection regimes."

The fourth requirement for the B.C. government to consider support for heavy oil pipeline proposals is First Nations participation. Governments in Canada have a duty to consult and accommodate First Nations, and British Columbia is committed to meeting this test. British Columbia has developed a set of tools to help First Nations to partner with industry and participate in economic development. These agreements help to create certainty for development that benefits all British Columbians. British Columbia remains committed to this approach.

"We believe the benefits to First Nations from major pipeline proposals must be clearly identified, along with the measures that will help protect against environmental impacts," said Aboriginal Relations and Reconciliation Minister Mary Polak. "As recently as last week, such an approach was endorsed by the Canadian Council of CEOs in their report on Aboriginal participation."

Lastly, British Columbia must receive a fair share of the fiscal and economic benefits of any proposed heavy oil project. B.C. will shoulder 100 per cent of the risk in the marine environment and a significant proportion of the risk on the land should a spill event ever occur. Current heavy oil project proposals do not balance the risks and benefits for British Columbia.

"We have identified aggressive environmental requirements and principles for First Nations engagement, and we have clearly stated we expect a fair share of the fiscal and economic benefits for our province," said Premier Clark. "British Columbians are fair and reasonable. We know we need resource and economic development, but we also expect that risks are managed, environmental protection is uncompromised and that generations will benefit from the decisions we make today."

For 'Technical Analysis: Requirements for British Columbia to Consider Support for Heavy Oil Pipelines', visit:

[http://www.env.gov.bc.ca/main/docs/2012/TechnicalAnalysis-HeavyOilPipeline\\_120723.pdf](http://www.env.gov.bc.ca/main/docs/2012/TechnicalAnalysis-HeavyOilPipeline_120723.pdf)

Four backgrounders follow.

Media Contact:

Suntanu Dalal

Communications

Ministry of Environment

250 580-0759

Connect with the Province of B.C. at: [www.gov.bc.ca/connect](http://www.gov.bc.ca/connect)

BACKGROUNDER 1

For Immediate Release

2012ENV0047-001074

July 23, 2012 Ministry of Environment

World-leading marine spill preparedness and response systems for British Columbia

Protecting the province's environment is a priority for its citizens and the B.C. government. While B.C. is not the government lead in terms of responding to a marine spill, advocating for world-class protection measures

and procedures is a B.C. priority. Guided by an analysis of international marine response plans and procedures, the B.C. government is moving forward with 11 recommendations to the federal government aimed at improving Ottawa's marine spill management. Chief among those recommendations are:

Encourage the federal government to strengthen requirements for certified marine spill response organizations. Current response times and planning capacity are less stringent than other jurisdictions like Alaska and Norway. For example, for the types of tankers being proposed for Canada's west coast, Alaska requires planning for 300,000 barrels. In Canada, response organizations are only required to maintain response plans for spills up to approximately 70,000 barrels (10,000 tonnes).

Further, Alaska allows responders 72 hours to reach the spill site, while Canada allows 72 hours plus travel time, which can sometimes add days to the response.

Encourage the federal government to enhance tanker requirements and available response capacity. In shared bodies of water, the United States' requirements exceed Canada's. For example, the United States requires escort tugs for laden tankers and mandates industry pay for designated and strategically placed emergency response tugs. Canada does not have any similar requirements.

Ensure the Canadian Coast Guard adopts a unified command/incident command structure. The Canadian Coast Guard has a unique response system which is only used in B.C. The United States, companies and governments worldwide use a unified command/incident command response structure for a range of emergency responses, including marine spills. By bringing the Coast Guard under this system, an effective, co-ordinated response is better ensured while reducing layers of approvals that can delay critical, prompt decision-making.

Current limits of liability rules strengthened to reduce government and public exposure to financial risk. The federal government should review its rules and requirements to ensure industry-funded response funds are sustainable and adequate to fully cover a major response without requiring public money. Currently, the total amount of ship owner insurance and industry funding available for spill response is \$1.3 billion. By comparison, the U.S. federal government maintains a spill fund that is forecast to grow to nearly \$4 billion by 2016.

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BACKGROUND 2

For Immediate Release

2012ENV0047-001074

July 23, 2012 Ministry of Environment

World-Leading on-land spill preparedness and response system for British Columbia

Land-based spill response is an area where the province has significant management responsibilities. The safe transportation and use of hazardous materials - including oil and natural gas - is critical to British Columbia's economy and way of life. While land-based spills can be mitigated, they cannot be completely avoided; they are a consequence of a modern economy.

Major resource developments in the province's northeast, coupled with proposals to open new, and expand existing, transportation corridors for petrochemicals, makes it timely for the province to consider its spill management capacity.

B.C. government's proposed policy:

A provincial policy review has confirmed support for the "polluter pays" principle. In other words, those sectors (i.e. the oil and gas industry) that pose the risk must be responsible for all related mitigation and response costs.

Ministry of Environment staff are in the process of reviewing options to implement industry-funded and enhanced spill-management for land-based operations. It has three central elements:

- \* An industry-funded terrestrial spill response organization.
- \* An enhanced provincial Environment Emergency Program.
- \* Natural resources damages assessment.

These changes would address some key issues facing B.C.'s land-based spill response practice, including new requirements for:

- \* industry to have tested and government-approved geographic response plans; and
- \* provincial response capacity that matches the known risk, including staff and resources to address spills.

The proposed policy would strengthen the province's oversight role and facilitate the verification of industry capacity. Further, it would ensure that a stable source of funding is available to ensure the program continues to have a strong presence on-scene when a spill occurs. This role for government is critical to protecting the provincial economic, social and environmental interests that can be impacted when a spill takes place.

Next steps:

- \* Immediately strike a terrestrial spill response working group.
- \* Engagement with key industry associations and federal agencies.
- \* Complete in-depth technical analysis of policy and options.
- \* Public consultation on policy intentions paper.
- \* Draft legislation based on the chosen policy direction.

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Communications

Ministry of Environment

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BACKGROUND 3

For Immediate Release

2012ENV0047-001074

July 23, 2012 Ministry of Environment

Consultation and partnerships with First Nations

In British Columbia, case law requires the B.C. government to consult with First Nations on any decision that may infringe on their treaty or Aboriginal rights. Where government makes a decision that will infringe on rights, there is a legal duty called "accommodation," which can include mitigation measures, or even economic compensation. These legal requirements impact resource development and government decision-making.

Consultation is not only a legal obligation, it is part of good governance, and the B.C. government takes consultation and the courts' direction on consultation very seriously.

B.C.'s approach is to work in partnership to give First Nations a meaningful role in land and resource management. B.C. is also the first province to share resource development revenue with First Nations, creating opportunities that flow benefits directly back into Aboriginal communities. B.C. has reached a suite of strategic



agreements that create certainty for First Nations and industry by making it easier for business and First Nations to work together.

\* B.C. has achieved nine Reconciliation and Strategic Engagement Agreements with First Nations. These agreements provide First Nations with a defined role in the management of lands and resources and often include tools to allow for increased First Nation participation in local economies.

\* B.C. has 189 active forestry agreements with First Nations. Since 2003, B.C. has provided approximately \$323 million and access to 63.9 million cubic metres of timber to First Nations.

\* B.C. signed mine revenue-sharing agreements with Nak'azdli First Nation and McLeod Lake Indian Band for the Mount Milligan Mine and the Tk'emlúps and Skeetchestn Indian bands for the New Afton Mine. Further agreements are being negotiated.

\* Economic Benefit Agreements with five Treaty 8 First Nations have provided \$52 million to date in First Nation benefits from gas and other development in northeast B.C.

\* The First Nations Clean Energy Business Fund provides capacity, equity and revenue-sharing funding for First Nation participation in this sector. Since 2010, the fund has provided nearly \$2.5 million to 53 First Nations.

The B.C. government has collaborated with the Business Council of British Columbia to develop the best practices to increase general understanding of industry's role. Increasingly, companies recognize that building relationships with First Nations makes good business sense, and are taking steps to form effective relationships that result in mutual benefits.

B.C. expects proponents to build strong, enduring relationships with First Nations potentially affected by development projects. Through those relationships, there should be discussion of possible impacts on Aboriginal interests, measures in place that would mitigate those impacts and a development of impact management and benefit agreements.

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BACKGROUNDER 4

For Immediate Release

2012ENV0047-001074

July 23, 2012 Ministry of Environment

Fiscal benefits imbalance: Northern Gateway Pipeline

The Northern Gateway Pipeline is forecast to provide significant benefits to governments, communities and individuals through taxation and royalty revenues, employment and indirect and induced jobs.

According to a research report by Wright Mansell Research Ltd., the pipeline is likely to generate an incremental \$81 billion in provincial and federal government taxation over a 30 year period between 2016 and 2046. Of the \$81 billion, a full \$36 billion is accrued by the federal government.

The remaining \$45 billion in provincial revenues are split with \$32 billion to Alberta, \$6.7 billion to British Columbia and the remaining \$6 billion split among the remaining provinces, with Saskatchewan appearing to benefit by nearly \$4 billion. Thus, of the \$81 billion in incremental taxation revenue, British Columbia stands to receive approximately only 8.2 per cent.

The \$36 billion to the federal government is anticipated to be distributed across the country on a per capita basis as these revenues would be considered to be general and not dedicated revenues. There is no guarantee

these revenues would be distributed in this manner.

In addition, with the creation of a new market for Alberta oil in Asia, prices are forecast to rise such that over the same 2016-46 period, there would be a price lift of \$107 billion, split \$103 billion to Alberta and \$4 billion to Saskatchewan, which has begun to exploit its heavy oil and bitumen resources. This lift arises from an all increased value of all oil products that are being exported out of Canada with the elimination of the discount paid for Canadian oil.

Given the risk to British Columbia from land-based and coastal bitumen spills, British Columbia does not believe an equitable distribution exists for fiscal benefits. This imbalance must be addressed prior to British Columbia considering provincial support.

Charts for this information:

Economic Benefits: <http://flic.kr/p/cChx2d>

Environmental Risks: <http://flic.kr/p/cBRaT1>

Media Contact:

Sandra Steilo

Communications

Ministry of Energy and Mines

250 952-0617

Connect with the Province of B.C. at: [www.gov.bc.ca/connect](http://www.gov.bc.ca/connect)

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## NEWS RELEASE

For Immediate Release  
2012ENV0047-001074  
July 23, 2012

Ministry of Environment

### **British Columbia outlines requirements for heavy oil pipeline consideration Updated July 24, 2012 - to add link to Technical Analysis**

VANCOUVER – As part of ongoing work to participate in and monitor the Joint Review Panel on the Northern Gateway Project, the government of British Columbia today outlined five minimum requirements that must be met for the province to consider the construction and operation of heavy oil pipelines within its borders.

“Our government is committed to economic development that is balanced with environmental protection,” said Premier Christy Clark. “In light of the ongoing environmental review by the Joint Review Panel on the Enbridge pipeline project proposal, our government has identified and developed minimum requirements that must be met before we will consider support for any heavy oil pipeline projects in our province. We need to combine environmental safety with our fair share of fiscal and economic benefits.”

As set out in our government’s heavy oil policy paper, Requirements for British Columbia to Consider Support for Heavy Oil Pipelines, the following requirements must be established:

- Successful completion of the environmental review process. In the case of Enbridge, that would mean a recommendation by the National Energy Board Joint Review Panel that the project proceed;
- World-leading marine oil spill response, prevention and recovery systems for B.C.’s coastline and ocean to manage and mitigate the risks and costs of heavy oil pipelines and shipments;
- World-leading practices for land oil spill prevention, response and recovery systems to manage and mitigate the risks and costs of heavy oil pipelines;
- 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; and
- British Columbia 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.

The first of government’s requirements is that any project proposal must be approved through appropriate environmental assessment (EA) processes. EA processes are led by statutory decision-makers, require a considerable level of project detail, frequently require public hearings and are designed to bring transparency and engagement to project review.



The government of British Columbia has been consistent in its support for environmental assessment, as a reflection of its commitment both to environmental protection and sustainability, and to predictability, transparency and access.

Led by B.C.'s Minister of the Environment, work has now been completed to assess what would be required to establish British Columbia and Canada as world leaders in marine oil spill response. British Columbia is proposing a joint plan of action with the federal government that would include the following elements:

- Limits to liability that ensure sufficient financial resources to properly address any spills;
- increased federal response capacity;
- Full adoption of the Unified Command model;
- Strengthened federal requirements on industry for the provision and placement of marine response equipment and infrastructure;
- Industry-funded terrestrial (land-based) spill co-operative with sufficient human and technical capacity to manage spill risk from pipelines and other land-based sources;
- Increased capacity within the provincial emergency response program to ensure adequate oversight of industry; and
- A Natural Resources Damage Assessment process to provide certainty that a responsible party will address all costs associated with a spill.

"When we consider the prospect of a heavy oil pipeline, and of the increased oil tanker traffic that would result, it is clear that our spill prevention and response plans will require significant improvements. Our government has already initiated discussions with the federal government on improving our response plans and resources," said Environment Minister Terry Lake. "This represents an opportunity for British Columbia and Canada to develop world-leading environmental protection regimes."

The fourth requirement for the B.C. government to consider support for heavy oil pipeline proposals is First Nations participation. Governments in Canada have a duty to consult and accommodate First Nations, and British Columbia is committed to meeting this test. British Columbia has developed a set of tools to help First Nations to partner with industry and participate in economic development. These agreements help to create certainty for development that benefits all British Columbians. British Columbia remains committed to this approach.

"We believe the benefits to First Nations from major pipeline proposals must be clearly identified, along with the measures that will help protect against environmental impacts," said Aboriginal Relations and Reconciliation Minister Mary Polak. "As recently as last week, such an approach was endorsed by the Canadian Council of CEOs in their report on Aboriginal participation."

Lastly, British Columbia must receive a fair share of the fiscal and economic benefits of any proposed heavy oil project. B.C. will shoulder 100 per cent of the risk in the marine environment and a significant proportion of the risk on the land should a spill event ever occur. Current heavy oil project proposals do not balance the risks and benefits for British Columbia.

"We have identified aggressive environmental requirements and principles for First Nations engagement, and we have clearly stated we expect a fair share of the fiscal and economic benefits for our province," said Premier Clark. "British Columbians are fair and reasonable. We know we need resource and economic development, but we also expect that risks are managed, environmental protection is uncompromised and that generations will benefit from the decisions we make today."

For 'Technical Analysis: Requirements for British Columbia to Consider Support for Heavy Oil Pipelines', visit:

[http://www.env.gov.bc.ca/main/docs/2012/TechnicalAnalysis-HeavyOilPipeline\\_120723.pdf](http://www.env.gov.bc.ca/main/docs/2012/TechnicalAnalysis-HeavyOilPipeline_120723.pdf)

Four backgrounders follow.

Media Contact:           Suntanu Dalal  
                                  Communications  
                                  Ministry of Environment  
                                  250 580-0759

Connect with the Province of B.C. at: [www.gov.bc.ca/connect](http://www.gov.bc.ca/connect)

# BACKGROUND 1

For Immediate Release  
2012ENV0047-001074  
July 23, 2012

Ministry of Environment

## **World-leading marine spill preparedness and response systems for British Columbia**

Protecting the province's environment is a priority for its citizens and the B.C. government. While B.C. is not the government lead in terms of responding to a marine spill, advocating for world-class protection measures and procedures is a B.C. priority. Guided by an analysis of international marine response plans and procedures, the B.C. government is moving forward with 11 recommendations to the federal government aimed at improving Ottawa's marine spill management. Chief among those recommendations are:

### **Encourage the federal government to strengthen requirements for certified marine spill response organizations.**

Current response times and planning capacity are less stringent than other jurisdictions like Alaska and Norway. For example, for the types of tankers being proposed for Canada's west coast, Alaska requires planning for 300,000 barrels. In Canada, response organizations are only required to maintain response plans for spills up to approximately 70,000 barrels (10,000 tonnes).

Further, Alaska allows responders 72 hours to reach the spill site, while Canada allows 72 hours plus travel time, which can sometimes add days to the response.

### **Encourage the federal government to enhance tanker requirements and available response capacity.**

In shared bodies of water, the United States' requirements exceed Canada's. For example, the United States requires escort tugs for laden tankers and mandates industry pay for designated and strategically placed emergency response tugs. Canada does not have any similar requirements.

### **Ensure the Canadian Coast Guard adopts a unified command/incident command structure.**

The Canadian Coast Guard has a unique response system which is only used in B.C. The United States, companies and governments worldwide use a unified command/incident command response structure for a range of emergency responses, including marine spills. By bringing the Coast Guard under this system, an effective, co-ordinated response is better ensured while reducing layers of approvals that can delay critical, prompt decision-making.

### **Current limits of liability rules strengthened to reduce government and public exposure to financial risk.**

The federal government should review its rules and requirements to ensure industry-funded response funds are sustainable and adequate to fully cover a major response without requiring public money. Currently, the total amount of ship owner insurance and industry funding available for spill response is \$1.3 billion. By comparison, the U.S. federal government maintains a spill fund that is forecast to grow to nearly \$4 billion by 2016.

Media Contact:           Suntanu Dalal  
                                  Communications  
                                  Ministry of Environment  
                                  250 580-0759

Connect with the Province of B.C. at: [www.gov.bc.ca/connect](http://www.gov.bc.ca/connect)

# BACKGROUND 2

For Immediate Release  
2012ENV0047-001074  
July 23, 2012

Ministry of Environment

## **World-Leading on-land spill preparedness and response system for British Columbia**

Land-based spill response is an area where the province has significant management responsibilities. The safe transportation and use of hazardous materials – including oil and natural gas – is critical to British Columbia's economy and way of life. While land-based spills can be mitigated, they cannot be completely avoided; they are a consequence of a modern economy.

Major resource developments in the province's northeast, coupled with proposals to open new, and expand existing, transportation corridors for petrochemicals, makes it timely for the province to consider its spill management capacity.

### **B.C. government's proposed policy:**

A provincial policy review has confirmed support for the "polluter pays" principle. In other words, those sectors (i.e. the oil and gas industry) that pose the risk must be responsible for all related mitigation and response costs.

Ministry of Environment staff are in the process of reviewing options to implement industry-funded and enhanced spill-management for land-based operations. It has three central elements:

- An industry-funded terrestrial spill response organization.
- An enhanced provincial Environment Emergency Program.
- Natural resources damages assessment.

These changes would address some key issues facing B.C.'s land-based spill response practice, including new requirements for:

- industry to have tested and government-approved geographic response plans; and
- provincial response capacity that matches the known risk, including staff and resources to address spills.

The proposed policy would strengthen the province's oversight role and facilitate the verification of industry capacity. Further, it would ensure that a stable source of funding is available to ensure the program continues to have a strong presence on-scene when a spill occurs. This role for government is critical to protecting the provincial economic, social and environmental interests that can be impacted when a spill takes place.

### **Next steps:**

- Immediately strike a terrestrial spill response working group.
- Engagement with key industry associations and federal agencies.
- Complete in-depth technical analysis of policy and options.
- Public consultation on policy intentions paper.
- Draft legislation based on the chosen policy direction.

Media Contact:                   Suntanu Dalal  
  Communications  
  Ministry of Environment  
  250 580-0759

Connect with the Province of B.C. at: [www.gov.bc.ca/connect](http://www.gov.bc.ca/connect)



# BACKGROUND 3

For Immediate Release  
2012ENV0047-001074  
July 23, 2012

Ministry of Environment

## Consultation and partnerships with First Nations

In British Columbia, case law requires the B.C. government to consult with First Nations on any decision that may infringe on their treaty or Aboriginal rights. Where government makes a decision that will infringe on rights, there is a legal duty called "accommodation," which can include mitigation measures, or even economic compensation. These legal requirements impact resource development and government decision-making.

Consultation is not only a legal obligation, it is part of good governance, and the B.C. government takes consultation and the courts' direction on consultation very seriously.

B.C.'s approach is to work in partnership to give First Nations a meaningful role in land and resource management. B.C. is also the first province to share resource development revenue with First Nations, creating opportunities that flow benefits directly back into Aboriginal communities. B.C. has reached a suite of strategic agreements that create certainty for First Nations and industry by making it easier for business and First Nations to work together.

- B.C. has achieved nine Reconciliation and Strategic Engagement Agreements with First Nations. These agreements provide First Nations with a defined role in the management of lands and resources and often include tools to allow for increased First Nation participation in local economies.
- B.C. has 189 active forestry agreements with First Nations. Since 2003, B.C. has provided approximately \$323 million and access to 63.9 million cubic metres of timber to First Nations.
- B.C. signed mine revenue-sharing agreements with Nak'azdli First Nation and McLeod Lake Indian Band for the Mount Milligan Mine and the Tk'emlúps and Skeetchestn Indian bands for the New Afton Mine. Further agreements are being negotiated.
- Economic Benefit Agreements with five Treaty 8 First Nations have provided \$52 million to date in First Nation benefits from gas and other development in northeast B.C.
- The First Nations Clean Energy Business Fund provides capacity, equity and revenue-sharing funding for First Nation participation in this sector. Since 2010, the fund has provided nearly \$2.5 million to 53 First Nations.

The B.C. government has collaborated with the Business Council of British Columbia to develop the best practices to increase general understanding of industry's role. Increasingly, companies recognize that building relationships with First Nations makes good business sense, and are taking steps to form effective relationships that result in mutual benefits.

B.C. expects proponents to build strong, enduring relationships with First Nations potentially affected by development projects. Through those relationships, there should be discussion of possible impacts on Aboriginal interests, measures in place that would mitigate those impacts and a development of impact management and benefit agreements.

Media Contact: Robin Platts  
Communications Manager  
Ministry of Aboriginal Relations and Reconciliation  
250 387-1204 or 250 213-6451 (cell)

Connect with the Province of B.C. at: [www.gov.bc.ca/connect](http://www.gov.bc.ca/connect)

# BACKGROUND 4

For Immediate Release  
2012ENV0047-001074  
July 23, 2012

Ministry of Environment

## Fiscal benefits imbalance: Northern Gateway Pipeline

The Northern Gateway Pipeline is forecast to provide significant benefits to governments, communities and individuals through taxation and royalty revenues, employment and indirect and induced jobs.

According to a research report by Wright Mansell Research Ltd., the pipeline is likely to generate an incremental \$81 billion in provincial and federal government taxation over a 30 year period between 2016 and 2046. Of the \$81 billion, a full \$36 billion is accrued by the federal government.

The remaining \$45 billion in provincial revenues are split with \$32 billion to Alberta, \$6.7 billion to British Columbia and the remaining \$6 billion split among the remaining provinces, with Saskatchewan appearing to benefit by nearly \$4 billion. Thus, of the \$81 billion in incremental taxation revenue, British Columbia stands to receive approximately only 8.2 per cent.

The \$36 billion to the federal government is anticipated to be distributed across the country on a per capita basis as these revenues would be considered to be general and not dedicated revenues. There is no guarantee these revenues would be distributed in this manner.

In addition, with the creation of a new market for Alberta oil in Asia, prices are forecast to rise such that over the same 2016-46 period, there would be a price lift of \$107 billion, split \$103 billion to Alberta and \$4 billion to Saskatchewan, which has begun to exploit its heavy oil and bitumen resources. This lift arises from an all increased value of all oil products that are being exported out of Canada with the elimination of the discount paid for Canadian oil.

Given the risk to British Columbia from land-based and coastal bitumen spills, British Columbia does not believe an equitable distribution exists for fiscal benefits. This imbalance must be addressed prior to British Columbia considering provincial support.

Charts for this information:

Economic Benefits: <http://flic.kr/p/cChx2d>

Environmental Risks: <http://flic.kr/p/cBRaT1>

Media Contact: Sandra Steilo  
Communications  
Ministry of Energy and Mines  
250 952-0617

Connect with the Province of B.C. at: [www.gov.bc.ca/connect](http://www.gov.bc.ca/connect)

**Foster, Bruce GCPE:EX**

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**From:** Johnston, Karen GCPE:EX  
**Sent:** Saturday, July 21, 2012 4:59 PM  
**To:** Woolley, Paul GCPE:EX; Mentzelopoulos, Athana GCPE:EX  
**Cc:** Platts, Robin GCPE:EX; Murphy, Bernadette GCPE:EX; Loiacono, Sabrina ENV:EX  
**Subject:** NR for Monday -- nearly final - awaiting MEM

**Importance:** High



NR-Heavy Oil  
proposals\_backgro.

Robin – capped Aboriginal as requested. MTL is signed off on the attached so that leaves you Paul ☺

Karen Johnston  
Communications Director  
Ministry of Environment  
250 812 0495 (cell)

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## NEWS RELEASE

For Immediate Release  
[release number]  
[Date]

Ministry of Environment

### **British Columbia Outlines Requirements for Heavy Oil Pipeline Consideration**

VANCOUVER – As part of ongoing work to participate in and monitor the Joint Review Panel on the Northern Gateway Project, the government of British Columbia today outlined five minimum requirements that must be met for the province to consider the construction and operation of heavy oil pipelines within its borders.

“Our government is committed to economic development that is balanced with environmental protection,” said Premier Christy Clark. “In light of the ongoing environmental review by the Joint Review Panel on the Enbridge pipeline project proposal, our government has identified and developed minimum requirements that must be met before we will consider support for any heavy oil pipeline projects in our province. We need to combine environmental safety with our fair share of fiscal and economic benefits.”

As set out in our government’s heavy oil policy paper, *Requirements for British Columbia to Consider Support of Heavy Oil Pipelines*, the following requirements must be established:

1. Successful completion of the environmental review process. In the case of Enbridge that would mean a recommendation by the National Energy Board Joint Review Panel that the project 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 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;
4. Legal requirement 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; and
5. British Columbia 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.

The first of government’s requirements is that any project proposal must be approved through appropriate environmental assessment (EA) processes. EA processes are led by statutory decision-makers, require a considerable level of project detail, frequently require public hearings, and are designed to bring transparency and engagement to project review. The government of British Columbia has been consistent in its support for environmental



assessment, as a reflection of its commitment both to environmental protection and sustainability, and to predictability, transparency and access.

Led by B.C.'s Minister of the Environment, work has now been completed to assess what would be required to establish British Columbia and Canada as world leaders in marine oil spill response. British Columbia is proposing a joint plan of action with the federal government that would include the following elements:

- limits to liability that ensure sufficient financial resources to properly address any spills,
- increased federal response capacity;
- full adoption of the Unified Command model;
- strengthened federal requirements on industry for the provision and placement of marine response equipment and infrastructure;
- industry-funded terrestrial (land-based) spill cooperative with sufficient human and technical capacity to manage spill risk from pipelines and other land-based sources;
- increased capacity within the Provincial emergency response program to ensure adequate oversight of industry; and
- A Natural Resources Damage Assessment process to provide certainty that a responsible party will address all costs associated with a spill.

"When we consider the prospect of a heavy oil pipeline, and of the increased oil tanker traffic that would result, it is clear that our spill prevention and response plans will require significant improvements. Our government has already initiated discussions with the federal government on improving our response plans and resources," said Environment Minister Terry Lake. "This represents an opportunity for British Columbia and Canada to develop world leading environmental protection regimes."

A fourth requirement for the B.C. government to consider support for heavy oil pipeline proposals is First Nations participation. Governments in Canada have a duty to consult and accommodate First Nations, and British Columbia is committed to meeting this test. British Columbia has developed a set of tools to help First Nations to partner with industry and participate in economic development. These agreements help to create certainty for development that benefits all British Columbians. British Columbia remains committed to this approach.

"We believe the benefits to First Nations from major pipeline proposals must be clearly identified, along with the measures that will help protect against environmental impacts," said Aboriginal Relations and Reconciliation Minister Mary Polak. "As recently as last week, such an approach was endorsed by the Canadian Council of CEOs in their report on Aboriginal participation."

Lastly, British Columbia must receive a fair share of the fiscal and economic benefits of any proposed heavy oil project. B.C. will shoulder 100 per cent of the risk in the marine

environment and a significant proportion of the risk in the terrestrial environment should a spill event ever occur. Current heavy oil project proposals do not balance of the risks and benefits for British Columbia.

"We have identified aggressive environmental requirements, principles for First Nations engagement, and clearly stated we expect a fair share of the fiscal and economic benefits for our province," said Premier Clark. "British Columbians are fair and reasonable, we know we need resource and economic development, but we also expect that risks are managed, environmental protection is uncompromised and that generations will benefit from the decisions we make today."

Four backgrounders follow.

Media Contact:

Suntanu Dalal  
Communications  
Ministry of Environment  
250 580-0759

## BACKGROUND

### Increasing B.C.'s preparedness for hazardous marine spills

Protecting the province's environment is a priority for its citizens and the B.C. government. While B.C. is not the government lead in terms of responding to a marine spill, advocating for world-class protection measures and procedures is a B.C. priority. Guided by an analysis of international marine response plans and procedures the Province is moving forward with eleven recommendations to the federal government aimed at improving Ottawa's marine spill management. Chief among those recommendations are:

#### **Encourage the federal government to strengthen requirements for certified marine spill response organizations.**

Current response times and planning capacity are less stringent than other jurisdictions like Alaska and Norway. For example, for the types of tankers being proposed for Canada's west coast, Alaska would require planning for 300,000 barrels. In Canada, response organizations are only required to maintain response plans for spills up to approximately 70,000 barrels (10,000 tonnes).

Further, Alaska allows responders 72-hour to reach the spill site, while Canada allows a 72-hour plus travel time, which can sometimes add days to the response.

#### **Encourage the federal government to enhance tanker requirements and available response capacity.**

In shared bodies of water, US requirements exceed Canada's. Case in point, the US requires escort tugs for laden tankers and mandates industry pay for designated and strategically placed emergency response tugs. Canada doesn't have any similar requirements.

#### **Ensure the Canadian Coast Guard adopts a unified command/incident command structure.**

The Canadian Coast Guard has a unique response system which only it uses. B.C., the US, companies and governments worldwide use a unified command/incident command response structure for a range of emergency responses including marine spills. By bringing the Coast Guard under this system, an effective, coordinated response is better ensured while reducing layers of approvals that can delay critical, prompt decision making.

#### **Current limits of liability rules be strengthened to reduce government and public exposure to financial risk.**

The federal government should review its rules and requirements to ensure industry funded response funds are sustainable and adequate to fully cover a major response without requiring public money. Currently, the total amount of ship owner insurance and industry funding available for spill response is \$1.3 billion. By comparison, the US federal government maintains a spill fund that is forecast to grow to nearly \$4 billion by 2016.

End

**Media Contact:**

**Suntanu Dalal  
Communications  
Ministry of Environment  
250 580-0759**



## BACKGROUND

### Consultation and partnerships with First Nations

In British Columbia, case law requires the provincial government to consult with First Nations on any decision that may infringe their treaty or Aboriginal rights. Where government makes a decision that will infringe rights, there is a legal duty called "accommodation," which can include mitigation measures, or even economic compensation. These legal requirements impact resource development and government decision-making.

Consultation is not only a legal obligation, it is part of good governance and the B.C. government takes consultation and the courts' direction on consultation very seriously.

B.C.'s approach is to work in partnership to give First Nations a meaningful role in land and resource management. B.C. is also the first province to share resource development revenue with First Nations, creating opportunities that flow benefits directly back into Aboriginal communities. B.C. has reached a suite of strategic agreements that create certainty for First Nations and industry by making it easier for business and First Nations to work together.

- B.C. has achieved nine Reconciliation and Strategic Engagement Agreements with First Nations. These agreements provide First Nations with a defined role in the management of lands and resources and often include tools to allow for increased First Nation participation in local economies.
- B.C. has 189 active forestry revenue-sharing agreements with First Nations. Since 2003, B.C. has provided approximately \$323 million and access to 63.9 million cubic metres of timber to First Nations.
- B.C. signed mine revenue-sharing agreements with Nak'azdli First Nation and McLeod Lake Indian Band for the Mount Milligan Mine and the Tk'emlúps and Skeetchestn Indian bands for the New Afton Mine. Further agreements are being negotiated.
- Economic Benefit Agreements with five Treaty 8 First Nations have provided \$52 million to date in First Nation benefits from gas and other development in northeast B.C.
- The First Nations Clean Energy Business Fund provides capacity, equity and revenue-sharing funding for First Nation participation in this sector. Since 2010, the fund has provided nearly \$2.5 million to 53 First Nations.

The B.C. government has collaborated with the Business Council of British Columbia to develop the best practices to increase general understanding of industry's role. Increasingly, companies recognize that building relationships with First Nations makes good business sense, and are taking steps to form effective relationships that result in mutual benefits.

B.C. expects proponents to build strong, enduring relationships with First Nations potentially affected by development projects. Through those relationships, there should be discussion of possible impacts on Aboriginal interests, measures in place that would mitigate those impacts, and a development of impact management and benefit agreements.

End

**Media Contact:**

**Suntanu Dalal  
Communications  
Ministry of Environment  
250 580-0759**

## BACKGROUND

### Fiscal Benefits Imbalance Northern Gateway Pipeline

The Northern Gateway Pipeline is forecast to provide significant benefits to governments, communities and individuals through taxation and royalty revenues, employment and indirect and induced jobs.

According to a research report by Wright Mansell Research Ltd., the Pipeline is likely to generate an incremental \$81 billion in provincial and federal government taxation over a 30 year period between 2016 and 2046. Of the \$81 billion, a full \$36 billion is accrued by the Federal government.

The remaining \$45 billion in provincial revenues are split with \$32 billion to Alberta, \$6.7 billion to British Columbia and the remaining \$6 billion split among the remaining provinces, with SK appearing to benefit by nearly \$4 billion. Thus, of the \$81 billion in incremental taxation revenue, British Columbia stands to receive approximately only 8.2 percent.

The \$36 billion to the federal government is anticipated to be distributed across the country on a per capita basis as these revenues would be considered to be general and not dedicated revenues. There is no guarantee these revenues would be distributed in this manner. In addition, with the creation of a new market for Alberta oil in Asia, prices are forecast to rise such that over the same 2016-46 period, there would be price lift of \$107 billion, split \$103 billion to Alberta and \$4 billion to Saskatchewan which has begun to exploit its heavy oil and bitumen resources. This lift arises from all increased value of all oil products that are being exported out of Canada with the elimination of the discount paid for Canadian oil. Given the risk to British Columbia from terrestrial and coastal bitumen spills, British Columbia does not believe an equitable distribution exists for fiscal benefits. This inequity must be addressed prior to British Columbia considering provincial support.

End

Media Contact:

Suntanu Dalal  
Communications  
Ministry of Environment  
250 580-0759

## BACKGROUND

### The future of spill prevention and preparedness in B.C.

Land-based spill response is an area where the province has significant management responsibilities. The safe transportation and use of hazardous materials – including oil and natural gas – is critical to British Columbia's economy and way of life. While land-based spills can be mitigated, they cannot be completely avoided; they are a consequence of a modern economy.

Major resource developments in the province's northeast, coupled with proposals to open new and expand existing transportation corridors for petrochemicals, makes it timely for the province to consider its spill management capacity.

#### **B.C. Government's proposed policy:**

A provincial policy review has confirmed support for the *polluter pays* principle. In other words, those sectors (i.e., the oil and gas industry) that pose the risk must be responsible for all related mitigation and response costs.

Ministry of Environment staff are in the process of reviewing options to implement industry funded and enhanced spill management for land-based operations. It has three central elements:

1. An industry-funded terrestrial spill response organization.
2. An enhanced provincial Environment Emergency Program
3. Natural resources damages assessment

These changes would address some key issues facing B.C.'s land-based spill response practice, including new requirements for industry to have tested and government-approved geographic response plans; and, provincial response capacity that matches the known risk, including staff and resources to address spills.

The proposed policy would strengthen the province's oversight role and facilitate the verification of industry capacity. Further, it would ensure that a stable source of funding is available to ensure the program continues to have a strong presence on-scene when a spill occurs. This role for government is critical to protecting the provincial economic, social and environmental interests that can be impacted when a spill takes place.

#### **Next steps:**

1. Immediately strike a terrestrial spill response working group
2. Engagement with key industry associations and federal agencies (ongoing)
3. Complete in-depth technical analysis of policy and options (2 to 4 months)
4. Public consultation on policy intentions paper
5. Draft legislation based on the chosen policy direction (1 to 3 months)

End



**Media Contact:**

**Suntanu Dalal  
Communications  
Ministry of Environment  
250 580-0759**

## Foster, Bruce GCPE:EX

---

**From:** Murphy, Bernadette GCPE:EX  
**Sent:** Monday, July 23, 2012 9:00 AM  
**To:** Platts, Robin GCPE:EX; Dalal, Suntanu GCPE:EX  
**Subject:** RE: MEDIA ADVISORY

There's only one number

**Bernadette Murphy**  
Communications Manager, GCPE  
Ministry of Environment  
Phone: 250-356-0202  
Cell: 250-213-9590

[Bernadette.Murphy@gov.bc.ca](mailto:Bernadette.Murphy@gov.bc.ca)

---

**From:** Platts, Robin GCPE:EX  
**Sent:** Monday, July 23, 2012 8:58 AM  
**To:** Dalal, Suntanu GCPE:EX; Murphy, Bernadette GCPE:EX  
**Subject:** FW: MEDIA ADVISORY

Hi

Is there a separate number we can call into to listen to the press conference? (Or can we just call into the media dial-in?)

## Robin Platts

Communications Manager  
Government Communications and Public Engagement  
Ministry of Aboriginal Relations and Reconciliation  
250 387-1204  
250 213-6451 (cell)

---

**From:** Government of British Columbia [<mailto:GCPE.News@gov.bc.ca>]  
**Sent:** Sunday, July 22, 2012 3:30 PM  
**To:** GCPE Minis  
**Subject:** MEDIA ADVISORY

July 22, 2012

Ministry of Environment

MEDIA ADVISORY

VANCOUVER - Environment Minister Terry Lake and Aboriginal Relations and Reconciliation Minister Mary Polak will outline government's position on heavy oil pipeline proposals. Supporting technical papers will also be released followed by a technical briefing with officials from the ministries of Environment, Aboriginal Relations and Reconciliation, Energy and Mines

and B.C.'s Environmental Assessment Office.

Event date: Monday, July 23, 2012

Times:

10 a.m. news conference

10:30 a.m. release of technical papers

For media unable to attend the event, documents can be downloaded at:

[http://www.env.gov.bc.ca/main/docs/2012/mediadocuments\\_120723.html](http://www.env.gov.bc.ca/main/docs/2012/mediadocuments_120723.html)

11 a.m. technical briefing by officials

Location:

Ministry of Jobs, Tourism and Innovation

Suite 730, 999 Canada Place

Vancouver, B.C.

Dial-in numbers:

S15, S17

Participant passcode: S15, S17

Special instructions:

Phone lines will open prior to, and for the duration of, the news conference and technical briefing.

Media Contact:

Suntanu Dalal

Communications

Ministry of Environment

250 580-0759