

**CONFIDENTIAL
ISSUES NOTE**

Environmental Assessment Office

Updated: February 11, 2014

Minister Responsible: Mary Polak

**Coastal Gaslink
Greenhouse Gas
Emissions**

ADVICE AND RECOMMENDED RESPONSE:

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KEY FACTS REGARDING THE ISSUE:

TransCanada Pipelines predicts that pipeline operation at full build out (5 billion cubic feet/day) will result in the following increases to GHG emissions from the current baseline:

- 0.012% increase in global GHG emissions;
- 0.5% increase to national GHG emissions; and
- 6% increase to provincial GHG emissions.

Most of the emissions are associated with the eight compressor station sites along the route (approximately 3.3 million tons of carbon dioxide equivalent).

Natural gas used to fuel the compressor stations are subject to the carbon tax.

Background:

Coastal Gaslink, a wholly-owned subsidiary of TransCanada Pipelines Ltd., is the first natural gas pipeline project to come into the Environmental Assessment Office (EAO) for application evaluation.

The proposed pipeline will transmit natural gas from northeastern BC to the proposed LNG Canada export facility near Kitimat. LNG Canada is a joint venture comprised of Shell Canada Ltd., Korea Gas Corp. (KOGAS), Mitsubishi Corp. and PetroChina Company Ltd.

Evaluation of the application began on January 29, 2014 and EAO has until February 28, 2014 to determine whether the application is acceptable.

If it is accepted, EAO will initiate the application review period of 180 days. EAO will determine whether there are any significant adverse effects associated with the proposed project and provide an assessment to the Ministers of Environment and Natural Gas Development for decision on whether to issue an environmental assessment certificate.

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**ENVIRONMENTAL ASSESSMENT OFFICE
INFORMATION NOTE**

Date: July 22, 2014
Date of previous note:
File: 30050-20/CGLT-05
CLIFF/tracking #: 104404

PREPARED FOR: Honourable Mary Polak, Minister of Environment

ISSUE: Release of the Environmental Assessment Office (EAO) draft Aboriginal Consultation Report for the proposed Coastal GasLink Project in light of *Tsilhqot'in Nation v. British Columbia* decision.

BACKGROUND:

The proposed Coastal GasLink pipeline Project (proposed Project) is scheduled for referral to Ministers for decision on September 8, 2014. Preliminary strength of claim assessments undertaken for CGL and other Liquid Natural Gas (LNG) projects were developed prior to the *Tsilhqot'in Nation V. British Columbia*, 2014 SCC decision (*Tsilhqot'in*). In conveying the initial strength of claim analysis to potentially impacted First Nations, EAO indicated that the analysis would be revisited should new case law arise. The Crown must share this assessment with the First Nation during the consultation process and provide reasonable opportunity to respond.

Consultation during application review culminates in the provision of a draft Aboriginal Consultation Report to potentially impacted First Nations. The draft Aboriginal Consultation Report summarizes EAO's understanding of the potential project impacts to First Nations, First Nations' concerns, efforts to accommodate (avoid or mitigate) impacts to aboriginal rights including title, and concludes on the adequacy of consultation including accommodation.

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DISCUSSION:

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First Nations involved in LNG-related environmental assessments (EA) are adamant that EAs are proceeding too quickly in the face of multiple projects.

s.13, s.16

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OPTIONS:

Option 1: Delay CGL Assessment report by three weeks, and extend referral to Ministers to October 30, 2014 (recommended)

Implications:

- Enable inclusion of the reassessment of strong aboriginal title by EAO and project implications to participating First Nations and provide reasonable response opportunity to September 12, 2014.
- Demonstrate measured respect and reasonable extension for First Nations to consider and respond to the proposed Project draft Aboriginal Consultation Report and determine whether additional accommodation is needed, by October 17, 2014 while not considerably affecting project decision timelines.

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- More closely aligns with subsequent two pipeline referrals scheduled in November 2014.

Option 2: Status quo – proceed with current proposed Project consultation and timelines for referral to Ministers with incomplete assessment of *Tsilhqot'in* title

Implications:

- Proceed with planned timeline including release of draft Aboriginal Consultation Report immediately and provide three-week review period.
- Rely on adequacy of MARR benefit sharing offers to accommodate economic component of title claims, and other initiatives MARR has initiated (Ecosystem Stewardship Initiative and jobs and training).

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RECOMMENDATION:

Option 1: Delay the proposed Project's Assessment report by three weeks, and extend referral to Ministers to October 30, 2014

ATTACHMENTS:

s.13, s.14, s.16

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Associate DM:		

Pages 6 through 11 redacted for the following reasons:

s.13, s.14, s.16

GREENHOUSE GAS EMISSIONS FROM PROPOSED LNG PIPELINE PROJECTS

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Background:

- The Environmental Assessment Office (EAO) has reviewing applications for environmental assessment (EA) certificates for three LNG pipeline projects:
- Coastal GasLink (TransCanada):
 - The EAO is scheduled to refer the project to ministers in October 2014.
 - The proposed project is a 670 km, 48-inch diameter natural gas transmission pipeline and would include up to eight compressor stations and up to three metering stations. Coastal GasLink would have a capacity of 2 to 3 billion cubic feet per day (bcf/d), with the potential for expansion up to 5 bcf/d at full build out.
 - Coastal GasLink's application indicated the possibility of GHG emissions of up to 3.5 million tonnes of CO₂e annually at full build out and running at 100% capacity. That is equal to 0.012% of global emissions, 0.5% of national emissions and 6% of provincial emissions.

Not Responsive

Not Responsive

- Proponents commonly use maximum emissions levels when forecasting for permitting purposes to ensure they have the room in their permits for all reasonable operating conditions. For instance, Coastal GasLink's application assumes that the facility will always operate at temperatures equal to the hottest day of the year, when the turbines run less efficiently. As a result, GHG emissions forecasted in EA applications are often higher than what actually results from a pipeline's operations. Total emissions at full build out represent a worst case scenario and likely will be lower when pipelines become operational.
- As the amount of natural gas going through a pipeline increases, more compressor stations are required to move the higher volume of gas. Since most pipeline compressor stations are powered by natural gas, the pipeline's GHG emissions would increase with each new compressor.
- The EAO has yet to make a determination on significance of GHG emissions for the three projects.

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Environmental Assessment Office, October 24, 2014

**COASTAL GASLINK PIPELINE – ENVIRONMENTAL
ASSESSMENT CERTIFICATE ISSUED**

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Background:

- There are 32 conditions required as part of the environmental assessment (EA) certificate. Design restrictions are specified in the Certified Project Description. The conditions and Certified Project Description are legally-binding requirements that Coastal GasLink Pipeline Ltd. must meet to be in compliance with the certificate.
- The certificate conditions were developed following consultation and input from Aboriginal groups, government agencies, communities and the public. Coastal GasLink must:
 - develop a greenhouse gas management plan that includes adherence to the Ministry of Natural Gas Development's guidance on *Best Available Techniques Economically Achievable*, regulatory requirements to report on greenhouse gas emissions and site-specific mitigations;
 - mitigate effects on caribou by avoiding sensitive caribou habitat wherever possible, avoiding increased impacts from predators and providing up to \$1.5 million to fund caribou and predator monitoring work;
 - prevent mortality risks to grizzly bears from displacement and disturbance and contribute up to \$0.5 million to support the conservation and management of regional grizzly bear populations;
 - identify areas of old growth forest for new protection to replace currently-protected old growth forest affected by the project at final route selection;
 - ensure that marketable timber is salvaged for commercial use;
 - continue to consult with Aboriginal groups on the project, including opportunities to participate in monitoring programs during project construction; and
 - develop and implement a social and economic effects management plan to ensure engagement with local governments to minimize effects on community infrastructure and services.
- The Environmental Assessment Office (EAO) consulted with over 30 Aboriginal groups during the EA. The EAO developed responses to the issues and accommodation measures that addressed Aboriginal concerns to the extent practicable. EAO is satisfied that: the process of consultation with Aboriginal groups was carried out in good faith, and that the process was appropriate and reasonable in the circumstances; and that the Crown has fulfilled its obligations for consultation and accommodation to Aboriginal groups relating to the issuance of an EA certificate.
- Coastal GasLink would require various federal, provincial and local government permits. The majority of provincial permits are provided through the BC Oil & Gas Commission (OGC); the primary operational regulator of oil and gas activities in BC. Coastal GasLink is currently in the permitting process, targeting decisions on OGC permits before the end of fiscal 2014/15.
- The EAO will monitor progress on the project to ensure that it is satisfied that the certificate conditions are met.
- Coastal GasLink Pipeline Ltd is a wholly-owned subsidiary of TransCanada Pipelines Ltd. The company proposes to construct and operate an 675 km-long natural gas pipeline from near Dawson Creek to Kitimat to supply the proposed LNG Canada (Shell) export facility.
- The project required review under the BC *Environmental Assessment Act*, as it has an anticipated diameter of greater than 323.9 mm and length greater than 40 km. The EAO initiated the EA on December 11, 2012.
- The proposed project did not require a federal EA as it did not trigger the federal regulation that sets out what projects require a federal assessment.

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