

## 2023/24 Estimates Note Advice to the Minister

**Ministry:** Ministry of Energy, Mines and Low Carbon Innovation  
**Minister Responsible:** Josie Osborne

**Title:** Project and Five Conditions

**Drafted** March 17, 2023

**Issue:** Five Conditions for the LNG Canada export facility and Coastal GasLink pipeline projects

**Response:**

- Government has set five conditions to ensure that LNG projects are constructed and operated in a way that benefits British Columbians and meets the Province's climate commitments.
- LNG investment in B.C. will:
  - Deliver jobs and training opportunities for British Columbians,
  - Provide a fair return for our resources,
  - Respect and make partners of First Nations,
  - Protect our clean air, water and land, and
  - Mitigate community impacts and enhance community benefits.
- The LNG Canada project has created many benefits. Government plays an active role in monitoring the projects' impacts on local communities and First Nations.

**Background/Status:**

- In 2018, the provincial government announced four conditions for LNG investment to ensure long-term benefits for British Columbians while maintaining strong environmental protections.
- In 2022, British Columbia developed a fifth condition for LNG projects to ensure that companies mitigate impacts and enhance benefits for local communities and First Nations.
- The LNG Implementation Secretariat (Secretariat) continues to monitor LNG Canada and Coastal GasLink's (CGL) progress on these five conditions:

**Jobs and Training:**

- Total construction workforce: 12,891<sup>1</sup> workers (3,910 British Columbians: 1,571 women and 979 self-identified Indigenous peoples).
- Over \$7.6 million has been spent by LNG Canada/CGL on skills training in B.C., including \$1.5 million towards LNG Canada's Trades Training Fund, resulting in 1,538 apprentices trained and an additional 120 women introduced to construction through the "Your Place" work readiness initiative.

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<sup>1</sup> Total using the most recent data from the two projects; January 2023 for LNG Canada and December 2022 for CGL.

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### Fair Return for Resources:

- \$23 billion in new government revenues over the life of the project.
- Construction of the project represents a 0.7% increase to real GDP for B.C.
- Over \$5.4 billion in subcontracts and procurements awarded by LNG Canada and Coastal GasLink to B.C. businesses.

### First Nations Partnerships:

- LNG Canada and CGL have agreements in place with all elected First Nations communities along the pipeline right of way, and facility footprint.
- Collectively, approximately \$4 billion in subcontracts and procurement has been awarded to Indigenous businesses. Over 200 Indigenous businesses have been involved with construction activities.
- Sixteen of 20 First Nations have 10% equity agreements on the GCL pipeline.
- All CGL prime contractors have signed agreements with Indigenous communities in whose territories they are operating. First Nations-led service sector companies are also employed for security, catering and other workforce lodge supports.
- LNG Canada requires employees sign a Workers Code of Conduct and complete Cultural Awareness Training. Coastal GasLink's Community Workforce Advisor program employs members from neighbouring Indigenous communities to lead cultural training programs, and the Construction Monitoring and Community Liaison Program involves Indigenous community members to participate in construction in their territory and report back to their communities.

### Environment:

- LNG Canada Phase 1 is accounted for in CleanBC.
- The LNG Canada project is expected to have the lowest GHG emission intensity of any major LNG facility currently in the world – 35% lower than the world's best performing facilities and 60% lower than the global weighted average.
- Vessels assembled by HaiSea Marine will use battery-electric power and natural gas instead of diesel, reducing CO<sub>2</sub>e emission by up to 10,000 tonnes a year (at the LNG Canada export facility).
- CGL is using a new kind of technology called Enclosed Vapour Combustors to reduce emissions across project lines.

### Community Well-Being:

- Over \$6 million has been spent by LNG Canada and CGL on local community benefits. Examples:
  - \$1.2 million to the Northwest Regional Airport Terrace-Kitimat.
  - \$500,000 provided to the City of Terrace Fire Department for a new highway rescue vehicle.

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- \$350,000 provided to Coast Mountain Children's Society to support 14 childcare spaces program in the Kitimat/Haisla area.
- \$125,000 provided to the Tamitik Status of Women to support programs and services for women and families affected by social issues.
- \$100,000 provided to Chetwynd and District Hospital.
- \$100,000 provided to Chetwynd Public Library.
- The Environmental Assessment Certificates (EACs) for the LNG Canada export facility and CGL pipeline projects each have a condition requiring the companies to develop plans to mitigate, and adaptively manage, potential socio-economic effects on community services and infrastructure in their area of construction.
  - In accordance with Condition #14 of their EAC, LNG Canada developed a Community Level Infrastructure and Services Management Plan (CLISMP).
  - In accordance with Condition #24 of their EAC, CGL developed a Socio-economic Effects Management Plan (SEEMP).
- LNG Canada's non-local workers are housed at Cedar Valley Lodge – a world class industrial accommodation to reduce community housing displacement.

**Cross Reference:** LNG Canada Project Overview  
Coastal GasLink Pipeline Overview

**Contact:**

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## 2023/24 Estimates Note Advice to the Minister

Ministry: Ministry of Energy, Mines and Low Carbon Innovation  
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**Title:** Coastal GasLink Section 7 Construction

**Drafted:** March 16, 2023

**Issue:** Milestones and challenges for Section 7 of the Coastal GasLink pipeline

**Response:**

- Section 7 of the Coastal GasLink pipeline project is showing significant progress.
- This section of the pipeline is where Coastal GasLink is micro-tunneling under the Morice River.
- The Morice River micro-tunneling work is 81% complete.
- Construction activities are guided by regulations, including permit conditions and environmental management plans.
- Provincial regulators are closely monitoring Coastal GasLink's activities.

**Background/Status:**

- Section 7 of the Coastal GasLink (CGL) project, which is 77 kilometres in length, is south of the District of Houston and north of Morice Lake.

**Construction**

- Section 7 is 100% cleared, 81.2% of grading is complete and 51.5% of piping has been installed.
- The Prime Contractor for Section 7, O.J. Pipelines, is collaborating with three Indigenous nations including Natanlii Development Corporation (Skin Tyee Nation), Yinka Dene Economic Development Limited Partnership (Wet'suwet'en First Nation) and Kyah Development Corporation (Witset First Nation).

**Water Crossings**

- CGL uses both trenched and trenchless crossing methods with an environmental and engineering assessment conducted to determine which method is best.
- CGL is micro-tunneling under the Morice River using a trenchless crossing method. The tunnel is being constructed 11 meters underneath the river without affecting the flow of the river.
- Tunnel boring work under the Morice River is around 81% complete.
- The Clore River, a tributary of the Skeena River in the area, was recently subject to scrutiny by the David Suzuki Foundation. Provincial inspections found no instances of non-compliance; the work on the Clore River is now complete.
- CGL's construction activities, including water crossings, are guided by regulations including permit conditions and environmental management plans.

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### Injunction/Direct Action

- Construction activities in Section 7 have been subject to direct action activities in the past.
- The Supreme Court granted CGL with an interlocutory injunction on December 31, 2019.
- Direct action activities have diminished over the past calendar year, with the most recent example being anonymous claims made online that multiple pieces of pipeline infrastructure had been damaged before it was put in the ground.
- CGL is conducting a quality review and the RCMP have opened a formal investigation; to date no damages have been found.

**Cross Reference:** Coastal GasLink Pipeline Project Profile

### **Contact:**

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**Title:** Coastal GasLink Pipeline Project Profile

**Drafted** March 16, 2023

**Issue:** Coastal GasLink Project Overview

**Response:**

- The Coastal GasLink project remains on schedule to support LNG Canada's in-service target date around mid-decade.
- The pipeline project is over 84% complete.
- Thousands of people are working on the project. The workforce as of December 2022 was just over 7,000 people.
- Economic benefits continue to increase. Over \$1.5 billion has been awarded to B.C. businesses to date. Of this total, over \$1.22 billion has been awarded to Indigenous businesses.
- Provincial regulators oversee Coastal GasLink's work to ensure it remains in compliance with their permits and provisions under legislation.

**Background/Status:**

- The Coastal GasLink (CGL) project is a 670-kilometre pipeline that will deliver natural gas from northeastern B.C. to the LNG Canada facility in Kitimat. Once complete, the pipeline will have a capacity of 2.1 billion cubic feet per day (bcf/d). The project is being developed by TC Energy and 65% equity holders, KKR and the Alberta Investment Management Corporation.
- The project received its B.C. Environmental Assessment Certificate (EAC) in October 2014. The EAC covers a Phase 2 pipeline capacity expansion of up to 5 bcf/d, which would require up to seven additional compressor stations. This expansion is dependent on LNG Canada's decision to increase capacity at its export facility in Kitimat. LNG Canada's EAC also covers this expansion, but LNG Canada has not made a final investment decision for Phase 2.
- The CGL project has created thousands of construction jobs and is projected to create up to 35 permanent field positions during operation and maintenance. Should Phase 2 of the LNG Canada project proceed, further permanent field positions will be required.

**Construction Update:**

- Preliminary work commenced in early 2019, with mechanical completion targeted for the end of 2023.
- The pipeline project is over 84% complete, with the construction progress at 81% complete.



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- Based on the most recent data from February 2023, there were 7,063 workers across the project at the end of December 2022.

### First Nations:

- To date, over \$1.5 billion has been awarded to local B.C. businesses by CGL. Of this total, over \$1.22 billion has been awarded to Indigenous-owned businesses or their joint venture partnerships.
- CGL has signed community and project agreements with all 20 elected First Nations along the pipeline right-of-way.
- Option agreements to purchase an equity stake in the Coastal GasLink Pipeline Limited Partnership have been formally signed by 16 of 20 First Nations communities.
- The Province has signed pipeline benefits agreements (PBAs) with 17 of the 20 First Nations along the pipeline right-of-way. Each mutually exclusive provincial agreement provides Nations with financial support to address their priorities, such as training and education, contracting and employment.

### Government Oversight:

- The BC Energy Regulator (BCER) and the Environmental Assessment Office (EAO) have been working closely to oversee compliance and enforcement of the CGL project's construction activities<sup>1</sup>. The BCER has conducted over 400 inspections<sup>2</sup> of CGL to date; the EAO has conducted 68 inspections<sup>3</sup> since construction started in 2019.
- As part of the escalating enforcement action in 2022, the EAO signed a compliance agreement with CGL requiring the project to take more stringent measures to protect waterways from erosion and sediment in areas of new construction. The EAO has issued several warnings and orders since construction started, predominantly related to sediment and erosion control, as well as three fines (\$170,100 in May 2022, \$72,500 in February 2022 and \$213,600 in January 2023).
- The EAC also requires CGL to have plans to manage socio-economic effects directly associated with the project. CGL has had five administrative and two field-based EAO inspections in regards to their Socio-economic Effects Management Plan, and was found fully compliant in all cases.

**Cross Reference:** LNG Canada Project Overview

### **Contact:**

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<sup>1</sup> Other agencies include the Ministry of Forest, Federal Department of Fisheries and Oceans, and Environment and Climate Change Canada.

<sup>2</sup> Resulting in two orders, a dozen tickets, cited 49 deficiencies, plus three warning letters.

<sup>3</sup> Resulting in 52 warnings, 17 orders to cease/prevent/remedy, and three administrative penalties.

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