

MINISTRY OF ENERGY, MINES AND LOW CARBON INNOVATION

BRIEFING NOTE FOR INFORMATION

PREPARED FOR: Honourable Josie Osborne, Minister of Energy, Mines and Low Carbon Innovation

ISSUE: Update on North Montney Transmission Line

KEY MESSAGES/SUMMARY:

- There is currently no transmission infrastructure to electrify the significant development arising from natural gas reserves in the North Montney region of northeastern British Columbia (BC).
 - Development on the proposed 100 km – 230 kilovolt transmission line was paused following the June 2021 *Yahey* decision while the Province engaged with Blueberry River First Nations and other Treaty 8 Nations on the implications of the decision.
 - BC Hydro is working with prospective customers and government to coordinate infrastructure development to connect individual customers to BC Hydro's grid and then transfer the lines to BC Hydro to own and operate while enabling interconnection of future customers.
 - The goal is to reduce the cumulative effects of each customer building its own line to BC Hydro's system, as well as the time and cost to interconnect.
 - s.13; s.16
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- Next steps include working with customers and Indigenous groups to understand the effects of transmission development on recent agreements with Indigenous Nations, and to create a process to advance further customer interconnection requests.

BACKGROUND:

The North Montney region of northeastern BC has seen significant development due to its abundant natural gas reserves. However, the lack of transmission infrastructure in the region, and in turn, the cost of connecting to BC Hydro's system have been barriers to electrification. Timely construction of transmission infrastructure in the region would prevent greenhouse gas (GHG) emissions from being locked in for decades through industry decisions to power their processing facilities and pipeline compression with natural gas.

In Spring 2021, BC Hydro issued the North Montney Expression of Interest (NMEOI) to gauge industry's electricity needs and inform plans to build a shared transmission extension secured by multiple prospective customers under a new interconnection tariff. The interest in connecting to the BC Hydro system was well over 1,000 MW, presenting significant GHG reduction or avoidance potential (approximately 40% of the interest was from customers seeking to replace

existing gas-fired equipment). See Appendix A for a map of proposed customer locations and Appendix B for proposed customer demand and associated GHG reductions/avoidance.

In January 2023, an agreement was reached between the Province and the Blueberry River First Nations, and other Treaty 8 Nations.

DISCUSSION:

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While project development was paused in June 2021, following the *Yahey* decision, circumstances changed which necessitate a different approach to project development in this region. In particular:

- Individual customers have submitted requests to be served in alignment with BC Hydro's current tariff (first come – first served).
- The requests for service are of a magnitude that multiple transmission lines would be needed to provide service to all customer sites.

BC Hydro has engaged with Treaty 8 First Nations since early 2020 to introduce the concept of partial Indigenous ownership in the project. The Halfway River First Nation (HRFN) has expressed an interest in the development of the North Montney transmission line, and the potential economic benefits of an equity partnership. BC Hydro, Ministry of Energy, Mines and Low Carbon Innovation, and HRFN met recently to discuss the status of this work, potential line routes and economic opportunities. s.16; s.17

s.16; s.17

First Nations have raised concerns about the proliferation of transmission line development in the region and seek a coordinated approach to future infrastructure projects. The prospect of a 2024 Call for Power could create further demand for additional transmission lines in the region from clean energy projects as the region has an excellent wind resource. While it is not certain which projects may be successful in the Call for Power, this possibility needs to be considered when coordinating line development in the region.

BC Hydro is working with multiple customers to consider a shared transmission extension to minimize the infrastructure needed. The goal is to reduce the cumulative effects associated with each customer building its own line to BC Hydro's system and the time and cost to interconnect.

If successful this would have each customer building (or financially contributing) a segment of transmission infrastructure needed to connect to their facility, with all lines built to BC Hydro's standards and at higher voltages to support subsequent customer extensions. The segments would be turned over for BC Hydro to own and operate in accordance with the existing interconnection tariff.

- s.21

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- See Appendix A for a map that shows the potential sites and routes for customer lines.

There continues to be customer interest in electrifying projects and the associated GHG emission reductions. It is estimated that electrification of proposed customer projects in the region could reduce / avoid GHG emissions by roughly 7 million tons CO₂e¹. Approximately 40% of the anticipated emission reductions are through retrofitting of existing facilities, and 60% emission avoidance by electrification of new facilities.

BC Hydro and the province remain interested in pursuing investment partnerships in the project with Canada. Dialogue with Natural Resources Canada (NRCAN) and Canada continues as the Province explores partnership opportunities to decarbonize industry and support the acceleration of electrification efforts.

CONCLUSION:

Next steps include working with Indigenous groups and prospective customers to:

- Better understand how the agreements with the Blueberry River First Nations and Treaty 8 Nations affect development in the region;
- s.16; s.17
- Advance the respective customer-specific interconnection studies and carry out an area study to guide the ultimate build-out of transmission infrastructure in the region Including potential generation areas/projects);
- s.16

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APPENDICES:

A: Prospective Project Locations, Transmission Lines, and Areas under Indigenous Agreements

B: s.21

DRAFTED BY:

Lee Johnson, A/Dir., TIB

APPROVED BY:

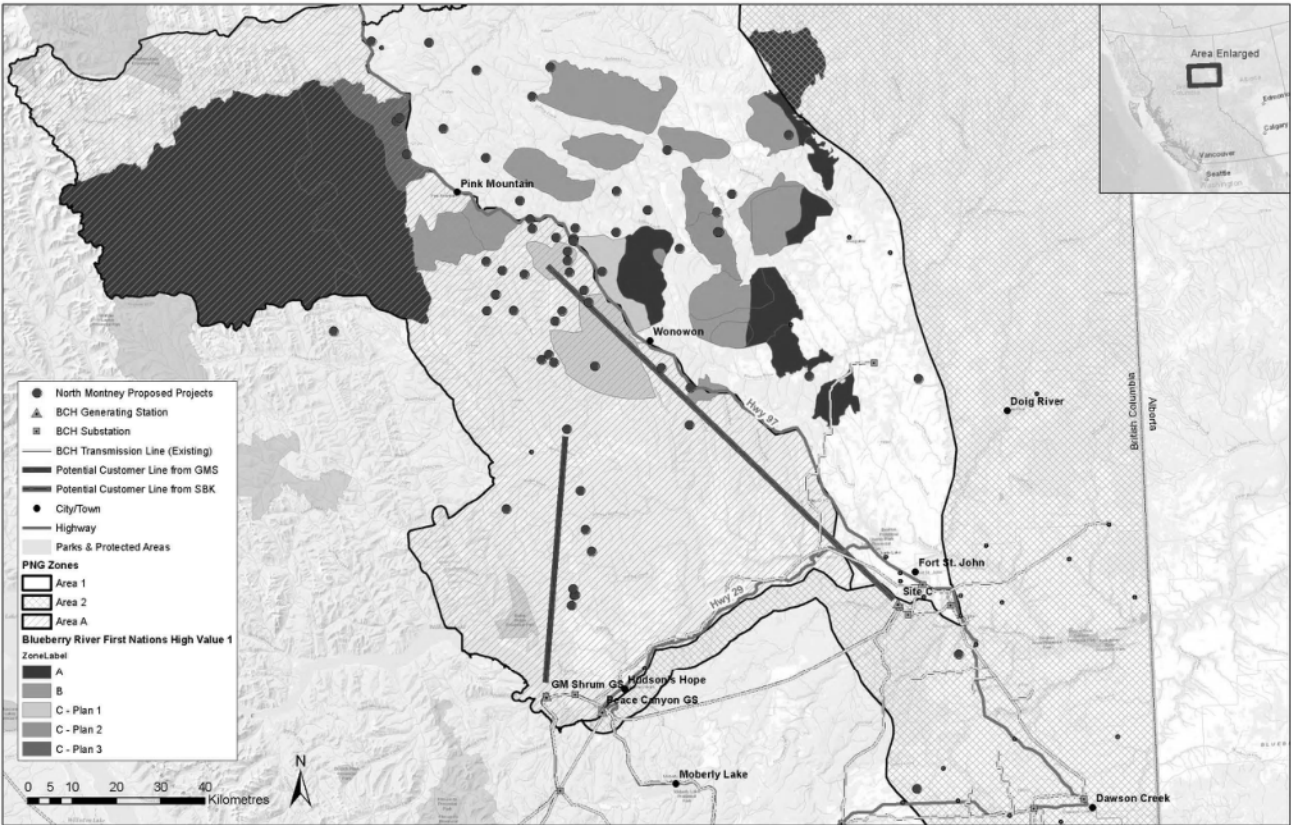
Chris Gilmore, ED, EPB ✓

Les MacLaren, ADM, EURD ✓

Shannon Baskerville, DM, EMLI ✓

¹ See Appendix B for greenhouse gas reduction estimates.

APPENDIX A: Prospective Project Locations, Transmission Line, and Designated Areas under Indigenous Agreements



Appendix B: s.21

s.21

ID: 9473, Title: BN for Minister - North Montney Transmission Line

Full Name:

Approval Route: DMO-EURD-DMO-MO

Assigned To: Nguyen, Anh Rush: No Briefing Note - Information Note Signature: Deputy Minister

Branch: EURD ADMO Other Number: 119022

Link: N/A

Due Date: 7/4/2023 Date Completed: N/A Date Initiated: 6/16/2023 N/A

Item History

7/11/2023 11:53 AM

Schmidt, Cathy A EMPR:EX [Assignee] forwarded an eApprovals item to Nguyen, Anh for action

Returning to close per the usual process.

7/11/2023 11:16 AM

McCann, Meghan [Assignee] forwarded an eApprovals item to Schmidt, Cathy A EMPR:EX for action

DM approved. Shared with MO. Ok to save final and close logs.

6/30/2023 11:51 AM

McCann, Meghan [Assignee] added a comment

Uploaded to DM SP for approval.

6/30/2023 11:40 AM

Janes, Darci [Assignee] forwarded an eApprovals item to McCann, Meghan for action

For DM approval.

6/30/2023 11:18 AM

MacLaren, Les [Assignee] approved the item and forwarded it to Janes, Darci for action

Approved with untracked edits

6/29/2023 02:30 PM

Janes, Darci [Assignee] forwarded an eApprovals item to MacLaren, Les for action

For your approval.

6/29/2023 02:08 PM

Gilmore, Christopher [Assignee] approved the item and forwarded it to Janes, Darci for action

approved.

6/29/2023 12:22 PM

Nguyen, Anh [Assignee] forwarded an eApprovals item to Gilmore, Christopher for action

Reviewed/formatted - Over to ED for review/approval.

6/29/2023 10:42 AM

Johnson, Lee C [Assignee] forwarded an eApprovals item to Nguyen, Anh for action

RUSH: Hi Anh, for review then send to Chris. Thanks,

6/26/2023 12:42 PM

Cutler, Scott EMPR:EX [Assignee] forwarded an eApprovals item to Johnson, Lee C for action

6/19/2023 12:14 PM

Gilmore, Christopher [Assignee] forwarded an eApprovals item to Cutler, Scott EMPR:EX for action

another one to work with BCH on....

6/19/2023 08:54 AM

Nguyen, Anh made some changes to this item's details

6/16/2023 01:51 PM

King, Sandra M EMPR:EX [Colleague of Nguyen, Anh] forwarded an eApprovals item to Gilmore, Christopher for action

Cliff 119022 assigned, forwarding to you to assign drafter

6/16/2023 01:50 PM

King, Sandra M EMPR:EX added a document: 119022_IN_MO_EPB_North_Monteney_Transmission_Line.docx

6/16/2023 11:53 AM

Schmidt, Cathy A EMPR:EX [Assignee] forwarded an eApprovals item to Nguyen, Anh for action

Pls generate/apply cliff log and route to Lee to assign.

6/16/2023 11:42 AM

McCann, Meghan [Assignee] forwarded an eApprovals item to Schmidt, Cathy A EMPR:EX for action

Hi Cathy, please assign to staff for a BN. Due EOD July 4, thanks.

6/16/2023 11:41 AM

McCann, Meghan made some changes to this item's details

6/16/2023 11:26 AM

McCann, Meghan created this item

6/16/2023 11:26 AM

McCann, Meghan added a document: Request for BN_ North Montney Transmission Line.msg