

Natural Resources Investor Confidence

Highlights:

- The opposition has alleged that the new government has hurt confidence in the natural resource sector.

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Solution:

- I've been working closely with the resource sector in BC and I can tell you that they are excited about the opportunities in our province.
- In November, Mining Journal ranked BC at the top of the world for investment.

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- Our government travelled to Asia to strengthen international markets for BC resources.
- We will continue to work with the industry and with all stakeholders to create sustainable jobs for British Columbians. \

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Background:

- A Fraser Institute report in November suggested that BC was the least attractive Canadian jurisdiction for oil and gas investment but the old government had criticized their previous reports.
- In November, the respected Mining Journal's "World Risk Report" ranked BC as the least risky jurisdiction in the world to invest in a mining project and gave the province a AAA rating.
- The Premier visited the company in Japan that is purchasing a large share of propane shipped from the new Altagas facility at Prince Rupert.

LNG – Market Conditions

Highlights:

- Woodside Energy announced it is no longer pursuing an LNG plant at Grassy Point in order to focus energy on their proposed Kitimat LNG project.

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- I understand Woodside Energy has decided to direct their focus on their proposed Kitimat LNG project.
- Our government supports LNG development as long as projects meet four conditions to ensure British Columbians benefit:
 - Projects must offer jobs and training for British Columbians
 - The people of BC must get a fair return for our resources.
 - Projects must secure full partnerships with local First Nations.
 - Proposals must protect our air, land and water, including living up to our climate commitments.
- We've met with industry representatives to review competitiveness issues and also to talk about the importance of meeting these conditions.
- We will continue to work with the industry and with all stakeholders to create sustainable jobs for British Columbians.

But Aurora LNG and Pacific Northwest also cancelled projects...

- Both companies were very clear that their decisions were based on global market conditions and prevailing low natural gas prices.
- The global downturn in energy markets has created economic challenges for the LNG industry – both in BC and abroad.

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Quote:

“I would never in my lifetime ever vote NDP, but I am also pragmatic enough to know that people aren’t cancelling projects because of them” – Dirk Lever, head of institutional equity research at AltaCorp Capital Inc., Sep 14, 2017

Background:

- Woodside Energy Ltd has confirmed they decided not to renew the Sold Proponent Agreement for their proposed Grassy Point LNG project on January 15, 2018.
- Woodside has indicated they plan to focus on their Kitimat LNG proposal in which they have a 50% stake with Chevron Canada Ltd.
- LNG Canada is considering a Final Investment Decision for a proposed LNG terminal at Kitimat which has already received regulatory approvals.
- Woodfibre LNG also has regulatory approvals and is working towards a smaller LNG facility.
- On July 25th, Pacific Northwest LNG announced they would not proceed with their project at Prince Rupert. The project had already received federal and provincial approvals.
- On Sept 14th, Aurora LNG announced they would not be proceeding with their proposed \$28 billion Prince Rupert project due to global market conditions.
- Aurora's parent company Nexen and Pacific Northwest's majority-owner Petronas both maintain significant upstream natural gas operations.
- Global LNG prices have fallen sharply in 2014-2015 due to a glut in global supply and decreased demand.
- The average Japanese import price dropped more than \$6 per million BTUs throughout 2015, or 43%.
- Four new projects adding over 25 Million Metric Tonnes per annum of combined capacity began operations in 2016, including three in Australia and one in the US.
- The majority of near to medium-term increases in global supply will come from capacity already under construction in Australia and the U.S. which account for 75% of projects under construction worldwide.

LNG and Climate

Highlights:

- Andrew Weaver has said that LNG development would add 10 Mt of emissions and is incompatible with meeting the province's greenhouse gas emissions reductions targets.

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Solution:

- We are working to turn things around.
- We are phasing in the federally mandated carbon price while providing climate action rebate cheques for low and middle income families.
- We struck a new Climate Solutions Council to inform a climate action strategy that will get BC back on track to hitting our climate targets, and supports good sustainable jobs.
- When it comes to LNG, our government has been clear that four conditions must be met, which includes that proposals must protect our air, land and water, and live up to our climate commitments.
- Our government is committed to get BC back on track to live up to our climate commitments.

Background:

- The Greenhouse Gas Reduction Targets Act sets out legislated targets for reducing emissions. Under the Act, BC's GHG emissions are to be reduced by 33% below 2007 levels by 2020 and 80% below 2007 levels by 2050.
- BC reached its first greenhouse gas emissions reduction target of 6% below 2007 levels by 2012 as set out in the Province's Climate Action Plan.
- In December, the 2015 Provincial Inventory of Greenhouse Gas Emissions was released which showed total emissions increased 1.6% to 63.3 Mt in 2015, up from 62,308 Mt in 2014.
- The 2016 interim target was for BC to be 18% below 2007 levels, and the 2015 result was only 4% below.

Site C

Highlights:

- The government decided not to stop construction of Site C because it would have forced British Columbians to pay off \$4 billion with nothing to show for it.
- Opponents of the dam have criticized the government's decision and claimed that the cancellation and remediation costs could have been dealt with.

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Solution:

- We were forced to make a decision looking forward, not back, and to act in the best interests of British Columbians.
- Site C is not a project we would have started.
- But we will not ask British Columbians to take on \$4 billion in debt with nothing in return for the people of this province
- And, even worse, with massive cuts to the services they count on.
- We will not put at risk our ability to deliver on housing, child care, schools and hospitals for people.

- We are committed to a Site C turnaround plan to ensure stronger oversight and add more benefits for people and communities.
- A new Project Assurance Board will provide enhanced oversight of the budget, environmental integrity and quality assurance.
- A new BC Food Security Fund will support farming and enhancing agricultural innovation and productivity in our province.
- And Community Benefit Agreements will ensure local communities benefit and increase the number of apprentices and First Nations workers on the project.

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Background:

- On December 12, the government announced that it would proceed with construction of Site C.
- Based on advice of independent consultants EY BC Hydro has revised their estimated budget to \$10.7 billion including an increased risk contingency fund.
- The government also announced measures to contain costs while adding tangible benefits:
 - A new Project Assurance Board to provide enhanced oversight to future contract procurement and management, project deliverables, environmental integrity, and quality assurance.
 - Establishing new Community Benefits Programs to ensure the project benefits local communities and increasing the number of apprentices and First Nations workers.
 - A new BC Food Security Fund – based on Site C revenues – dedicated to supporting farming and enhancing agricultural innovation and productivity throughout the province.
 - Ensure the Peace River Legacy Fund implements solutions to longer-term environmental, social and economic issues.
 - Activate the \$20 million agricultural compensation fund to offset lost sale and stimulate long-term productivity enhancements in Peace Valley agriculture.
- Ministers Mungall and Fraser met with Treaty 8 First Nations on Nov 14th.
- The West Moberly and Prophet River First Nations have launched a lawsuit alleging infringement of their rights without adequate compensation from the WAC Bennett, Peace Canyon, and Site C Dams.
- On January 31st, the West Moberly FN also filed for an injunction to halt construction on the project until their lawsuit is addressed.
- Media reported on a temporary stoppage of clearing activity along the transmission corridor at the request of West Moberly FN.
- BC Hydro committed to suspending work until October 1, 2018 or a decision of the court on the injunction application, whichever is earlier.

Site C Accounting

Highlights:

- The government decided not to stop construction of Site C because it would have forced British Columbians to pay off \$4 billion with nothing to show for it.
- Opponents of the dam have claimed the government could have written off the \$4 billion over a longer period of time and that it was already financed.

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BC Hydro Rates

Highlights:

- The government directed BC Hydro to amend its request to the BCUC in order to request a 0% rate increase for April 2018.
- The BCUC announced that it has rejected the request and set a 3% increase – as requested under the previous government.

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Solution:

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- We are committed to making life more affordable for British Columbians.
- That is why I've announced:
 - We will create a lifeline rate to help those most in need.
 - A new grant program to help people facing emergencies pay their bills.

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- We are conducting a full review of BC Hydro to identify savings and keep rates low.
- We will make BC Hydro work for people again.

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Was this because of the costs of the Site C dam?

- No.

Background:

- The BCUC denied the request for a rate freeze and instead implemented the 3% increase for April 1, 2018 that was included in the previous government's plan.
- The government responded by saying it will introduce a lifeline rate to improve affordability for low income individuals and establish new emergency grants.
- In their decision, the BCUC notes that the high costs of Independent Power Producer contracts signed by the previous government are a key concern.
- The Commission also expressed concern about the significant amounts built up in deferral accounts.
- The Commission also noted that while they acknowledge the issue of affordability, "the current legislative [...] framework does not allow them to consider the economic circumstances of individual ratepayers."
- The government had directed BC Hydro to amend its Revenue Requirement Application to the BCUC in order to request a 0% rate increase next year.
- The BCUC extended the hearing schedule to hear arguments related to comments made by the Premier at a scrum on January 16, 2018 regarding rate freezes and targeted relief such as a lifeline rate.
- The government has committed to a full review of BC Hydro to identify cost savings and keep rates low while ensuring BC Hydro has the resources required to continue delivering electricity.
- Details on the scope and process of the review are being developed now that the decision on Site C has been made.

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