

MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

BRIEFING NOTE FOR INFORMATION

- I PREPARED FOR:** Honourable Michelle Mungall, Minister of Energy, Mines and Petroleum Resources
- II ISSUE:** A coalition of nine Clean Energy Producers is seeking a meeting with the Minister to discuss the status of BC Hydro's Standing Offer Program
- III BACKGROUND:**

Based on current demand, BC Hydro does not anticipate a need for new electricity resources until the late 2020's, or early 2030's. In 2016, as BC Hydro entered electricity surplus, the Province, BC Hydro and Clean Energy BC began a review of the Standing Offer Program (SOP), with a view to adjusting the price and/or annual volumes of energy to be procured under that program. This review has not been completed, and in August 2017, BC Hydro announced it was suspending the acceptance of applications for the SOP.

On March 14, 2018, BC Hydro announced it was awarding Energy Purchase Agreements (EPA's) to five SOP projects because they are either part of Impact Benefit Agreements with BC Hydro, or have significant First Nations involvement or ownership and are well advanced in the process. The announcement also noted that BC Hydro would not issue any additional EPAs until the comprehensive review of BC Hydro (the BC Hydro Review) is completed. The BC Hydro Review includes an examination of BC Hydro's energy procurement to ensure it provides the best value for its customers. The results of the BC Hydro Review, and Government's response to it, are expected to be released in fall 2018.

On June 8, 2018, Martin Mullany, Director and CEO of Bridge Power Holdings Ltd., and Chair of Clean Energy BC, requested that the Minister meet with him and representatives from eight other companies that have submitted projects under the SOP (Appendix 1). This coalition of clean energy producers would like to discuss their concerns about the economic repercussions suspension of the SOP could have for their organizations, their First Nations partners, and/or the communities near which their projects would be located.

IV DISCUSSION:

Energy acquisition costs are one of BC Hydro's biggest cost drivers. Clean Energy Producers supply 25% of BC Hydro's electricity supply. The costs of these agreements is around \$53 billion over the remaining life of the existing EPAs, accounting for about 31% of BC Hydro's total costs. s.13,s.17

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At the same time, indefinite suspension or cancellation of the SOP will be contentious, particularly with clean energy producers and First Nations. Currently, 22 projects have submitted applications into the SOP. Of these:

- 11 projects, representing an energy supply of 300 gigawatt hours per year (GWh/yr) had been accepted into the program and been allocated volumes of energy to be delivered before 2020; 2 of these projects have been deemed ready for an EPA.
- 4 projects met the requirements of the program to be accepted, but were placed in a queue for 2020 volume and beyond.
- 7 projects applied but did not meet the minimum requirements to be accepted (further details on the 22 projects are included in Appendix 2).

Some of the 22 projects in the SOP that have submitted applications involve partnerships between clean energy developers and First Nations, ranging from revenue sharing or other financial agreements, to First Nations equity ownership in the company. The tables below provide the status of the projects being developed by nine clean energy producers that are seeking to meet with the Minister. All have been allocated volume prior to 2020:

Projects Ready for an EPA:

These projects have met all pre-EPA requirements, including permitting, interconnections studies and First Nations risk assessments.

Project Name	Company	First Nation Involvement	Size (MW)	Location	Energy (GWh/year)
McKay Creek Hydro Project	McKay Creek Power Ltd.	No	s.13,s.17	Revelstoke	s.13,s.17
Newcastle Creek Hydroelectric Project	Synex Energy Resources Ltd.	No		Sayward	

Projects with reserved target volume but not yet ready for an EPA:

These projects have registered CODs and met the key requirements but still need to meet the remaining pre-EPA requirements.

Project Name	Developer	First Nation Involvement	Size (MW)	Location	Energy (GWh/year)
Little Nitinat River Hydropower Project	Ditidaht River Green General Partner Inc. (Ditidaht First Nation)	Yes - Led by Ditidaht First Nation	s.13,s.17	Port Alberni	s.13,s.17
Nahwitti Wind Project	7779615 Canada Ltd (Bridge Power)	May have (details unavailable)		Port Hardy	
Wartenbe Wind Energy Project	Wartenbe Wind Project Limited Partnership (3D FEN/Avro Wind Energy)	May have (details unavailable)		Chetwynd	
Canoe Pass Tidal Commercialization Project	Canoe Pass Tidal Energy Corp.	Unknown		Campbell River	
East Hill Solar	Rocky Mountain Solar Ltd.	Unknown		Cranbrook	
English Creek Hydro	English Creek Hydro Power Limited Partnership (Sammons Renewable Energy/Sorgent.e)	Unknown		Revelstoke	
Fosthall Creek Power	Fosthall Creek Power Ltd. (Sammons Renewable Energy/Sorgent.e)	Unknown		Nakusp	

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While opportunities to obtain EPA's with BC Hydro are expected to be limited for the foreseeable future, BC Hydro and the Ministry are working with Clean Energy BC on other options. Since the appointment of its new CEO, Jae Mather, in spring 2018, Clean Energy BC has shifted its focus to advocating for electrification of many parts of the economy as a means of reaching British Columbia's greenhouse gas emissions targets, and increasing BC Hydro's load. In May 2018, Les MacLaren, ADM, and Rohan Soulsby, BC Hydro's Director of Energy Acquisitions, participated in an electrification visioning session with Martin Mullany, Jae Mather and other Clean Energy BC representatives; a discussion that has provided useful input for consideration in development of the Province's new clean growth strategy and energy roadmap. Clean Energy BC is also playing a role in stimulating discussion among stakeholders around electrification, including hosting a Global Electrification Summit in Vancouver on June 14, 2018. The Ministry and BC Hydro would welcome additional opportunities to work with Clean Energy BC to advance electrification of BC's economy.

V RECOMMENDED RESPONSES:

- The SOP, along with other energy procurement initiatives, is being examined as part of the comprehensive review of BC Hydro, which is currently underway. The SOP will remain on hold until that review is complete.
- At this point, I cannot speculate on the outcomes of the review, including any decision on the future of the SOP.
- We acknowledge that you made substantial investments in your projects to date. Spending funds to advance a project in light of the existing SOP and Micro-SOP uncertainty is entirely at the applicant's own risk in accordance with SOP Rule 7.1. Further, BC Hydro has communicated to proponents on numerous occasions that spending money and moving a project forward at a time of uncertainty is at the developer's own risk, and is a commercial decision that developers need to evaluate for their own projects.
- At the same time, the Province shares Clean Energy BC's vision for electrifying BC's economy, meeting our greenhouse gas emission targets and providing jobs and economic opportunities through a new green economy.
- We welcome the opportunity to work with clean energy producers, and Clean Energy BC, to build demand for BC's clean and renewable electricity supplies as quickly as possible.

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MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

BRIEFING NOTE FOR DECISION

I PREPARED FOR: Honourable Michelle Mungall, Minister of Energy, Mines and Petroleum Resources

II ISSUE: Clean Energy Vehicle Program – High Participation Rates and Accelerated Budget Depletion

III BACKGROUND:

The goal of the Clean Energy Vehicle (CEV) Program is that, by 2020, 5 of every 100 new light-duty vehicle purchases in British Columbia (BC) will be CEV's. By definition, light-duty vehicles include all vehicles less than 4,500 kilograms, commonly described as passenger vehicles, sport-utility vehicles, and light trucks.

The Province has committed more than \$72 million to the CEV Program since 2011, including the current \$40 million program budget. These funds support a suite of offerings, but in particular include: 1) incentives for the purchase of qualifying plug-in electric or hydrogen fuel cell vehicles; and 2) support for the deployment of charging infrastructure and hydrogen fueling infrastructure. To date, the CEV Program has helped support the purchase of over 6,000 electric vehicles, and the deployment of over 1,300 charging stations. With regard to the CEV program target, this equates to about 1.4% of new light duty vehicle purchases in 2017. It has also resulted in 360,000 tonnes of direct GHG emissions reductions.

The CEV Program has been highly successful with the result that accelerating consumer uptake is depleting purchase incentives and charging station incentives earlier than forecast. The two program budgets, \$27 million and \$1.85 million respectively, were targeted to be in market until March 2020. However, rapidly increasing rates of CEV purchases have resulted in the projection that both program budgets will be depleted by early fall 2018.

Program demand has been assessed to be significantly higher than forecast due to several factors including: successful provincial government and industry efforts in promoting CEV's and charging infrastructure programs; a general sectoral increase in consumer awareness; and consumer reaction to higher trending transportation fuel costs.

In 2014, there was a significant drop in sales of CEV's after the purchase incentive program was temporarily depleted of funds. Market stability has been found to be essential to maintaining the transformation momentum stimulated by government policy and the associated incentive mechanisms. Similarly, results from the 2015-2017 CEV Program multi-unit residential building (MURBS) charging incentives offer indicated that charging infrastructure deployment rates in MURBS and work places will significantly slow if there is no incentive program in market.

Page 06 to/à Page 08

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**MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES, AND
MINISTRY OF ENVIRONMENT AND CLIMATE CHANGE STRATEGY**

INFORMATION NOTE

PREPARED FOR:

- Honourable Michelle Mungall, Minister of Energy, Mines and Petroleum Resources (EMPR)
- Honourable George Heyman, Minister of Environment and Climate Change Strategy (ENV)
- Honourable Doug Donaldson, Minister of Forests, Lands, Natural Resource Operations and Rural Development (FLNR)

ISSUE:

Summer 2018 engagement with affected First Nations and stakeholders on process to rescind Section 3(c)(i) of the Placer Mining Waste Control Regulation with the goal of establishing consistent regulation across the province for placer mine operations.

BACKGROUND:

The Placer Mining Waste Control Regulation (Regulation) under the *Environmental Management Act* was enacted in 1989 to broadly authorize effluent discharges associated with placer mining operations. The Regulation exempts discharges for hand panning, testing minerals and mining production where neither mercury nor chemicals are used and tailings are discharged to tailings ponds (settling ponds) from placer mines.

Section 3(c)(i) of the Regulation also specifically exempts placer mines located on the specific streams in the northwest corner of BC from requiring any necessary works before discharging into surface water. Based on consultation with EMPR and FLNR, ENV is proposing to rescind section 3(c)(i) of the Regulation to re-establish consistent provincial regulatory requirements for all placer mines across the province, and to address First Nation and stakeholder concerns in the area in question. The negative perception of placer mining with First Nations and the public has the potential to impact the greater exploration and mining sector.

DISCUSSION:

Throughout summer 2018, EMPR will lead engagement (with ENV support) with affected First Nations and stakeholders on the process to rescind the regulation. This will give First Nations and stakeholders the opportunity to share their views on the proposal to rescind the exemption, and give government the opportunity to educate First Nations and stakeholders on the changes to the regulation and what steps will be necessary for industry to operate in compliance.

Presently, scheduled engagement includes:

Taku River Tlingit First Nation	July 10/11
Atlin Placer Mining Association	July 12
Atlin Area Placer Miners	July 12
Tahltan Central Government	July 17/18
Kaska Dene Council	TBD
Community of Atlin	August 28

KEY MESSAGES:

- Removal of this exemption is one component of a larger strategy being developed by EMPR and ENV to promote a well-regulated, environmentally sound placer mining sector that ensures public confidence in mining.
- The three First Nations impacted by this exemption (Taku River Tlingit, Tahltan and Kaska) support and encourage the province to rescind Section 3(c)(i) of the Placer Mining Waste Control Regulation.
- Government would like to see a level regulatory playing field for all placer mines in the province.
- The current proposal for removal of the exemption and transition into compliance will allow existing operators to finish their permitted works under the existing regulation in recognition of the financial investments operators have made under existing regulations.
- This approach is designed to allow industry to adapt to the changes and complete existing work, while addressing the concerns of First Nations and stakeholders.
- By 2023, all placer mines across the province will be subject to the same requirements for waste discharges.
- The Ministry of Environment and Climate Change Strategy is gathering information from affected placer mines about the nature of their operations to better understand the extent of their discharges. The information gathered will inform future decisions.

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**MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES
BRIEFING NOTE FOR INFORMATION**

I PREPARED FOR: Honourable Bruce Ralston, Acting Minister of Energy, Mines and Petroleum Resources

II ISSUE: Myra Falls Restart and Permit Amendment Process

III BACKGROUND:

Nyrstar Myra Falls Inc. (Nyrstar) wishes to restart operations at the Myra Falls Mine, located within Strathcona-Westmin Provincial Park on Vancouver Island. Underground mining for zinc, copper and lead began at Myra Falls in 1966; the mine was transitioned into care and maintenance in 2014. Once restarted, Nyrstar estimates that it will operate for 10 more years, and employ approximately 375 people.

Nyrstar submitted amendment applications for their *Mines Act* and *Environmental Management Act* (EMA) permits on August 31, 2017 to support the restart of operations at the Lynx area of the mine. The Major Mines Permitting Office (MMPO) convened a Mine Review Committee (MRC) to review the applications, including local and provincial government representatives, First Nations, and local non-governmental organizations. The permit amendments were approved on July 5, 2018.

Nyrstar submitted a second *Mines Act* permit amendment application in March 2018 for expansion in the Price area of the mine, which is now under review by the MRC. This amendment would also update the reclamation, closure and financial security components of the permit for the entire Myra Falls Mine. Referral of this permit amendment to the statutory decision-maker is expected to occur in August 2018.

Nyrstar has submitted an additional *Mines Act* permit amendment application in June 2018 to expand the clean rock quarry and raise the tailings management facility dam at the Lynx area. These are now being considered by the Chief Inspector's Office.

MMPO collaborated with the Ministry of Energy, Mines and Petroleum Resources' Compliance and Enforcement (C&E) Branch to ensure clear, consistent communication to Nyrstar about the relationship between permitting and compliance requirements.

C&E reviewed past inspection reports and worked with Nyrstar to develop a plan for addressing 28 outstanding inspection Orders prior to restarting operations at Myra Falls. Key issues to be addressed included ventilation in the mill and underground workings, workers' contaminant exposure, and remediating the hoist, shaft and other infrastructure to ensure compliance with the Health, Safety and Reclamation Code.

IV DISCUSSION:

The Campbell River Environmental Committee raised concerns during the MRC process about the Myra Falls' tailings disposal facility, climate change, waste management, and reclamation. Nyrstar has responded in writing to these concerns.

Myra Falls is located within the consultation boundaries of the Mowachacht/Muchalaht, We Wai Kai, Wei Wai Kum, and K'omoks First Nations. The Mowachacht/Muchalaht First Nation has concerns regarding potential impacts to fish and wildlife, C&E, and BC's initial strength of claim assessment. The Province met with Mowachacht/Muchalaht First Nation twice to discuss their concerns, and to propose accommodation measures. The Wei Wai Kum, We Wai Kai, and K'omoks First Nations have stated that they do not have any concerns with the Myra Falls Mine.

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Nyrstar has now resolved 21 of the 28 outstanding compliance issues identified in inspection Orders, and has provided a schedule for completing the remaining seven items by August 2018. C&E continues to advise Nyrstar that development and production cannot begin until compliance requirements have been addressed, and is conducting regular inspections to ensure robust oversight. These inspections have resulted in three stop work Orders to correct efforts by Nyrstar to start work prior to authorization.

V CONCLUSION:

Amendments to the *Mines Act* and EMA permits to enable mine restart were approved on July 5, 2018. Further amendments to the *Mines Act* permit for the Price Mine area will be provided to the Chief Inspector for consideration in late summer 2018.

Nyrstar currently has a total of seven outstanding inspection Orders and three stop-work Orders to address prior to recommencing mining and production.

A public announcement that the Mine has restarted could be considered once Nyrstar has resolved outstanding compliance matters and has identified its strategy and timing for reporting the restart as a material change to its financial position on relevant markets.

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**MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES
INFORMATION NOTE**

- I PREPARED FOR:** Honourable Scott Fraser, Minister of Indigenous Relations and Reconciliation
- II ISSUE:** Overview of Stó:lō consultation related to the Trans Mountain Expansion Project for a meeting with the S'ólh Téméxw Stewardship Alliance

III BACKGROUND:

- S'ólh Téméxw Stewardship Alliance (STSA)¹ is the political body and representative leadership that guides all engagement and consultation process, on behalf of their membership. The People of the River Referrals Office (PRRO) is the operational wing of the STSA responsible for receiving and processing all development applications.
- The PRRO² was formed June 12, 2012 and is a virtual office of technical staff from Stó:lō Nation (Stó:lō Research and Resource Management Centre), Stó:lō Tribal Council, and the Ts'elxweyeqw Tribe. The PRRO provides administrative, research, and technical support throughout the referrals review process to several Stó:lō Communities and is the group responsible for permitting related to the Trans Mountain Expansion Project (Project).

National Energy Board:

- At the request of the Stó:lō, the Crown revised its approach and aggregated its preliminary strength of claim on the Stó:lō Collective³ (Stó:lō) rather than individual bands. The Project runs through approximately 195 km of the Stó:lō asserted traditional territory. About 14.5 km of the marine shipping route is within the Stó:lō's asserted traditional territory. Crown's assessment of strength of claim ranges from weak to strong.⁴
 - For the Project segment running east from an area near Vedder Canal to the east side of Chilliwack and from Agassiz up to Hope, the Crown's assessment ranges from moderate to strong *prima facie* claim for title.
 - For the project running along the west base of Sumas Mountain in and around Vedder Canal, the Crown's assessment is a moderate-to-strong *prima facie* claim.
 - For the shipping route there is a weaker case given a lack of information.
- Given the nature and location of the Project, and the potential impacts of the Project on Stó:lō Aboriginal Interests, the duty to consult lies at the deeper end of the Haida consultation spectrum. Stó:lō was placed on Schedule B of the Section 11 Order issued by the B.C. Environmental Assessment Office (EAO) which afforded Stó:lō opportunities to be consulted at a deeper level.

¹ http://eareview-examinee.ca/wp-content/uploads/uploaded_files/solh-temexw-stewardship-alliance-land-use-consultation-and-decision-making-policy-approved-january-2015.pdf

² <http://www.srrmcentre.com/referrals>

³ Stó:lō Collective represents 13 closely related Aboriginal Groups: Aitchelitz First Nation; Kwaw-kwaw-aplit First Nation; Leq'á:mel First Nation; Scowlitz First Nation; Shxwhá:y Village; Skowkale First Nation; Skwah First Nation; Skawahlook First Nation; Soowahlie Indian Band; Squiala First Nation; Sumas First Nation; Tzeachten First Nation; Yakwekwioose First Nation.

⁴ Appendix C-19 <http://www.llbc.leg.bc.ca/public/pubdocs/bcdocs2017/604551/index.htm>

- The Stó:lō participated as an intervenor in the National Energy Board (NEB) process and submitted a significant amount of information describing Stó:lō rights and concerns. Stó:lō chose not to participate in the NEB Oral Traditional Knowledge hearings as they objected to the process which they felt unfairly restricted the kind of information Aboriginal presenters could share and limited the extent to which community representatives could describe potential impacts on community interests and rights.
- A key Stó:lō technical submission is their Integrated Cultural Assessment and their Cultural Heritage Overview Assessment which depicts Stó:lō worldview, values and the inter-connected relations between people, places and things (See Appendix 1).
- NEB Condition #77 specifically addresses the archaeology and cultural heritage of Lightning Rock, a transformer rock sacred to Sumas First Nation.
- Stó:lō participant funding for NEB hearings and crown consultations:
 - Signed contribution agreement with NEB for \$550,000;
 - Signed contribution agreements with the Major Project Management Office for a total of \$129,962.92 in allocated funding for participation in the initial round or Crown consultations following the close of the NEB hearing record and to support participation in consultations following the release of the NEB Recommendation Report; and
 - EAO issued \$20,000 in capacity funding to participate in consultation with the Crown.

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Page 15

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Appendix 1

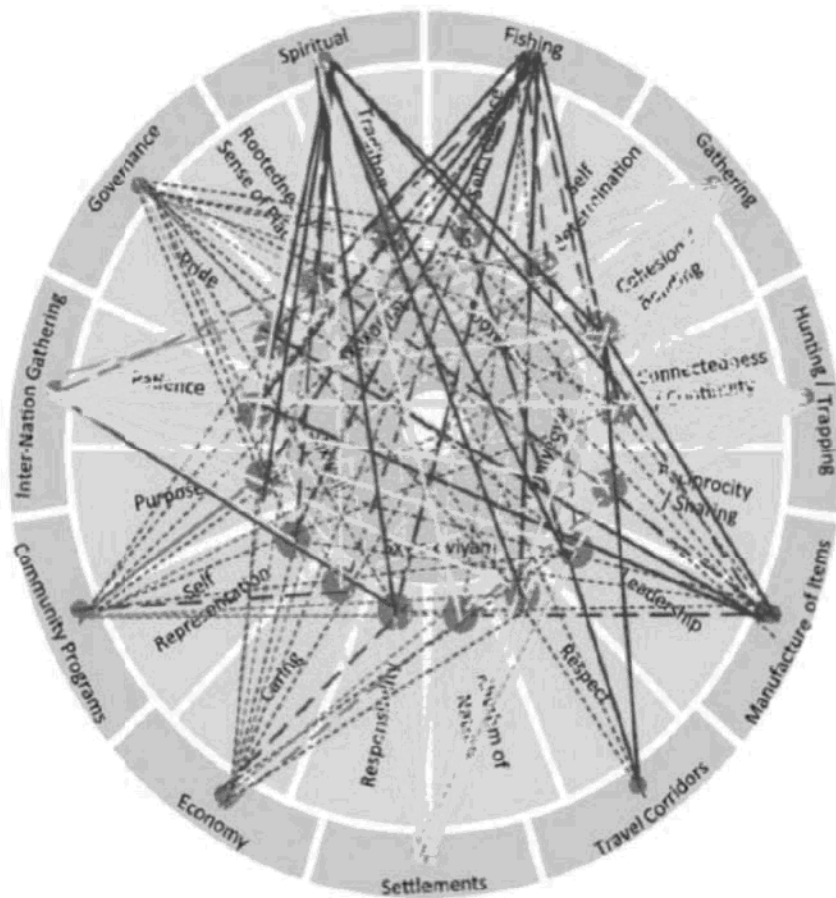


Figure 1: Stó:lō Cultural Model, showing threats to interlinked aspects of Stó:lō Cultural Integrity, without implementation of mitigation measures proposed to Trans Mountain by the Stó:lō Collective.

Source: Joint Federal/Provincial Consultation and Accommodation Report: Appendix C-19 - Stó:lō Collective, (November 2016)
<http://www.llbc.leg.bc.ca/public/pubdocs/bcdocs2017/604551/index.htm>

Page 18 to/à Page 21

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MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

BRIEFING NOTE FOR DECISION

I PREPARED FOR: Honourable Michelle Mungall, Minister of Energy, Mines and Petroleum Resources

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Page 23 to/à Page 25

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