Date: November 19, 2018
Cliff: 105423

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

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

II ISSUE: Skeena Resources Ltd

III BACKGROUND:

Skeena Resources Ltd. (Skeena) is a junior mineral exploration company listed on the TSX Venture Exchange as SKE-X with a market cap of around $47M (November 2018). Skeena has a portfolio of properties in the "Golden Triangle" region, an area of active mineral exploration and development north of Stewart, BC and west of Dease Lake, BC. This region includes the active Brucejack and Red Chris mines, and historical high-grade gold producers Snip and Eskay Creek, located in the traditional territory of the Tahltan Nation.

Skeena has aggressively built their project portfolio in 2016, 2017 and 2018. In 2017 Skeena acquired both the historical Snip gold mine and an option to acquire the idle Eskay Creek Mine, from Barrick Gold. Skeena is also actively exploring on the Spectrum-GJ gold-copper project (near Iskut).

Skeena has an experienced executive team:

- Walter Coles Jr - President & CEO
- Andrew MacRitchie, Chief Financial Officer and Corporate Secretary
- Paul Geddes – VP, Exploration and Resource Development
- Kelly Earle – VP, Communications
- Justin Himmelright – VP, Sustainability
- Ron Nichols – Chief Geologist
- Colin Russell – Exploration Manager

Their Board of Directors includes Ron Netolitzky, an established industry figure involved in the advancement of the Snip, Eskay Creek and Brewery Creek deposits and recipient of industry recognition awards.

IV DISCUSSION:

Skeena undertook an extensive drilling program at Snip over the 2017-2018 winter and early summer, and it is understood that underground drilling at Snip will continue

through the 2018-2019 winter. s.21
s.21

Skeena undertook a metallurgical and infill drilling program at the historical Eskay Creek mine site from August to November 2018. The company released a Mineral Resource Estimate on September 18, 2018 that was derived from historical surface and underground drilling but did not include any of the data from the 2018 drill program.

Skeena acquired both Snip and Eskay Creek from Barrick, a multi-billion dollar company with significant expertise in mining and mine closure. To date, geotechnical and environmental concerns have been managed by Barrick. Having acquired Snip and the rights to acquire Eskay Creek under a set of conditions, Skeena is assuming assets with associated risks that the Ministry of Energy, Mines and Petroleum Resources (EMPR) will have to monitor carefully. There is a closed tailings storage facility at Snip. Discharge and water quality are monitored routinely at both sites.

s.21

In October 2018 Skeena optioned 60% of the Snip project to Hochschild Mining Holdings (Hochschild) which raised $6.7 million for Skeena through the sale of 7.5 million shares to Hochschild. Hochschild is an underground precious metals producer which currently operates 4 underground mines, four in Peru and one in Argentina. They are listed on the London Stock Exchange.

Skeena own the Spectrum-GJ property located on the eastern margin of the Edziza Park, west of Iskut in Tahltan territory. The park boundary was crafted to exclude the Spectrum property when the park was established. s.16
s.16 . Spectrum-GJ is an advanced exploration project with a defined resource and compensation would be significant s.21 . The Province is currently actively engaged with the Tahltan Nation and Skeena on potential options to address Tahltan's concerns.

Skeena has a positive relationship with the Tahltan Nation, and the Tahltan have not raised any substantive concerns regarding Skeena's activities during consultation.

EMPR inspectors have not, to date, had significant problems with Skeena's operations. Skeena is regarded as one of the more progressive and responsible exploration companies operating in BC. s.13
s.13

Skeena was a founding member of the Regional Mining Alliance (RMA) which is a partnership between the Province, Association for Mineral Exploration, Tahltan and Nisga'a Nations as well as industry. The RMA has almost completed its first year and the preliminary feedback has been that it has proven successful in promoting the Province as a place to invest.

Potential questions for Skeena

What are Skeena's plans with Snip Mine should they discover sufficient resources to warrant going into production? E.g. develop themselves, develop with a partner, or sell?

If significant new resources are defined at Eskay Creek, does Skeena intend to sell or seek to develop themselves or with a partner?

Has Skeena engaged appropriate experts to develop plans & procedures for safely maintaining Barrick's historical infrastructure at these mines?

V KEY MESSAGES:

- The Province would like to thank Skeena for their leadership in establishing the Regional Mining Alliance with the Nisga'a and Tahltan Nations.
- The Province is supportive of the positive dialogue that Skeena has created with the Tahltan Nation and is looking forward to hearing more positive news from the company as it further explores its assets.

PREPARED BY:
Howard Davies, Regional Director, NW Region

REVIEWED BY:
Julie Chace, ED√
Peter Robb, ADM√
Dave Nikolejsin, DM√

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

I PREPARED FOR: Honourable John Horgan, Premier of British Columbia

II ISSUE: An overview of FortisBC's current and planned activities

III BACKGROUND:

In 2004, Newfoundland-based Fortis Inc., the largest investor-owned distribution utility in Canada, acquired all the distribution, transmission and generation assets of the West Kootenay Power and Light Company and renamed it FortisBC Inc. In 2007, Fortis Inc. purchased Terasen Inc., which included the Terasen Gas group of companies, from Houston-based Kinder Morgan Inc. In July 2010, Terasen Inc. and FortisBC Inc. started sharing the same leadership team, and in March 2011, the Terasen group of companies began operating under the FortisBC brand name. Today, the natural gas and electricity businesses continue to operate as before, as separate legal entities, while sharing the name FortisBC.

The FortisBC group of companies (collectively FortisBC) provides electricity, natural gas, and thermal energy services to more than 1.1 million homes, businesses and transportation customers in 135 communities in BC. FortisBC Inc (electricity) has 7,200 kilometres (km) of electricity transmission and distribution power lines and four hydroelectric generating plants in the Okanagan and Kootenays regions. FortisBC Energy Inc. (natural gas) owns and operates 48,700 km of natural gas transmission and distribution pipelines throughout BC as well as two liquefied natural gas (LNG) storage facilities at Tilbury Island in Delta, and Mt. Hayes near Ladysmith. In addition, FortisBC Holdings Inc. and FortisBC Midstream Inc. hold additional investments in electricity and gas infrastructure within the province.

FortisBC delivers approximately 21% of the total energy consumed in BC. Although residential customers comprise 90% of its customer base, annual demand from the residential sector is only 35% of the total energy delivered. Conversely, industrial customers count for less than 1% of FortisBC's customer base but account for nearly 40% of total annual gas demand. Commercial customers represent 9% of FortisBC's customer base and consume just over a quarter of the total energy delivered.

IV DISCUSSION:

Enbridge Update

On October 9, 2018 Enbridge experienced a natural gas pipeline rupture near Prince George. When a pipeline is restricted, such as the case with Enbridge, first priority is given to those customers who hold firm service commitments. Firm service, also called uninterruptible service, is service that is intended to be available at all times. Services to homes and small businesses are usually firm. Some businesses that cannot afford interruptions, such as hospitals, also have firm service and short-term back-up fuel sources in the event of interruption.

The rupture occurred on a 36-inch natural gas transmission pipeline, causing the natural gas being transported to ignite. The fire on the pipeline was extinguished, and the line was isolated and fully depressurized. As a precaution, an adjacent 30-inch natural gas transmission pipeline owned and operated by Enbridge was also depressurized.

No FortisBC infrastructure was affected; however, these transmission pipelines are the two main lines through which gas is moved onto FortisBC's gas system and serves 70% of FortisBC customers. Without gas flowing into the system, there is a risk of loss of service to a significant number of customers south of Prince George.

On the evening of October 10, FortisBC received notification that Enbridge had National Energy Board (NEB) approval to restart its 30-inch natural gas line, and had begun the process to return it to service. Due to gas supply constraints, the entire province will be limited to 50% to 80% of normal levels. This means that the natural gas system will be challenged in times of high demand throughout the winter.

FortisBC is actively working to make more gas available including working with TransCanada to maximize output of the Southern Crossing pipeline that feeds into the Interior from Alberta.

On October 31, 2018, Enbridge announced it had completed repairs to its 36-pipeline, about two weeks ahead of schedule. The Minister and Deputy Minister of Energy, Mines and Petroleum Resources (EMPR) have written to federal Minister Sohi and Enbridge, respectively, urging safe and timely resumption of gas deliveries to avoid the public safety and economic implications of natural gas shortages over the winter months.

Climate Action – Clean Growth Pathway

FortisBC has emphasized that its natural gas utility will continue to be a critical component of a decarbonized energy system in BC. Its natural gas infrastructure is a multi-billion dollar asset that provides reliable, safe, affordable and high-quality energy services to British Columbians. This infrastructure is designed to serve difficult-to-decarbonize end-uses such as building and industrial heating and heavy-duty freight. Additionally, BC's gas infrastructure is equipped to handle decarbonization pathways that use drop-in fuels such as Renewable Natural Gas (RNG) and hydrogen, along with other key mitigation options like carbon capture and storage.

FortisBC's submission to the Clean Growth Strategy calls for four significant shifts in our energy systems by 2030 to foster market transformation:

- Making significant investments in both low and zero carbon vehicles and infrastructure in the transportation sector;
- Transitioning from higher carbon energy sources to lower carbon sources by ramping up RNG deployment;
- Positioning BC as a vital domestic and international LNG provider to lower greenhouse gas (GHG) emissions; and

- Increasing our investment in energy efficiency in the built environment and developing innovative energy projects BC's communities.

1) Investments in Transportation

i. Natural Gas in Transportation

As a natural gas service provider, FortisBC Energy is striving to align its business with evolving climate action policies, which are likely to see, among other actions, a shift away from fossil fuels toward greater use of renewables. As such, FortisBC has been developing new lines of business, including compressed natural gas (CNG) and LNG in transportation, along with RNG, as well as trying to expand its natural gas customer base in order to respond to changes in BC's marketplace.

In meeting these goals, FortisBC has been proactive in accessing initiatives under the Greenhouse Gas Reduction (Clean Energy) Regulation (GGRR). FortisBC's programs have contributed greatly to the overall accomplishments under this regulation. To date, the GGRR has resulted in commitments for more than 749 natural gas vehicles and 7 seven marine vessels. The adoption of natural gas for these vessels and vehicles is expected to result in the reduction of over 71,000 tonnes of CO2e emissions annually. In addition, FortisBC has completed construction on a total of 12 fueling stations under the GGRR: seven CNG stations; and 5 LNG stations.

ii. Electric Vehicle Charging Infrastructure Initiatives

FortisBC, in partnership with the Community Energy Association, is participating in the Accelerate Kootenays project, a two-year, $1.5 million multi-stakeholder initiative that includes the deployment of a 13 Direct Current Fast Charger (DCFC) network in the Kootenays. With access to provincial, federal and other partner funding opportunities, FortisBC plans to invest $0.2 million to construct, own and operate the five DCFC stations.

On December 22, 2017, FortisBC submitted an application to the Commission for approval of rate design and rates for electric vehicle (EV) charging which will, in part, cover the costs of the installation and ownership of five DCFC stations located along the Highway 3 corridor in Greenwood, Christina Lake, Castlegar, Salmo and Creston. On January 12, 2018, the BCUC approved an interim time-based rate of $9.00 per 30 minute period for charging at FortisBC owned DCFC stations. The BCUC deferred a decision on a permanent rate structure pending the completion of an inquiry it has initiated to explore questions around the regulation of EV charging services in BC.

s.13

iii. The BC Low Carbon Fuel Standard

The *Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act* (Act) and the Renewable and Low Carbon Fuel Requirements Regulation (Regulation) (together the BC Low Carbon Fuel Standard, or BC-LCFS), support the Province's climate action objectives by reducing BC's reliance on non-renewable fuels, reducing the environmental impact of transportation fuels, and contributing to a new low-carbon economy. Under the program, participants may supply more low carbon fuels, acquire credits through a Part 3 Agreement, and/or trade credits with other suppliers.

FortisBC is interested in earning credits for lower carbon LNG used in trans-pacific shipping under the BC-LCFS. The program does not currently apply to marine bunker fuel because it is not used in substitution for diesel. A fuel can generate credits only if it replaces diesel which is not the case for High Sulfur Fuel or Marine Gas Oil, the two most common marine fuels used in shipping. EMPR is currently consulting on approaches that would provide incentives to reduce the carbon intensity of those fuels, and therefore make additional compliance credits available to the credit market.

FortisBC has been an active participant in the consultation discussion, and EMPR will continue to work with the utility as the program evolves.

2) Transitioning to Renewable Natural Gas

FortisBC's voluntary RNG program, launched in 2011, gives customers the option of designating 5%, 10%, 25%, 50% or 100% of their natural gas use as RNG. The acquisition of RNG is a notional concept. Customers do not actually receive the RNG molecules. Instead, FortisBC injects an equivalent amount of RNG into the FortisBC distribution system to displace fossil fuel natural gas that otherwise would have been brought into the system. Customers also receive a credit on the BC carbon tax on their bill. There is no need to upgrade appliances or do anything differently because RNG has the same properties as conventional natural gas, but is GHG-neutral.

Currently, the RNG program has over 9,100 customers, a mix of both residential and commercial customers including the University of BC, Thrifty Foods and Lush Manufacturing, and demand is rising. For the average household using 90 gigajoules of natural gas every year, the cost for signing up for a 5% blended RNG is $2.63 extra per month.

BC is the only jurisdiction in North America to have a utility program for RNG. Gas utilities have a large role in supporting BC's transition to lower carbon fuels. In general terms, EMPR supports the adoption and expansion of RNG programs as part of the Province's overall efforts to reduce GHGs. Amendments to GGRR, made in 2017, have already enabled FortisBC and other natural gas utilities to establish a Renewable Portfolio Allowance. Gas utilities may acquire RNG supplies at a maximum price of $30/gigajoule (GJ), up to a total annual volume that is not to exceed 5% of the total volume of natural gas sold in 2015.

Amendments also enable FortisBC to establish programs to incent the use of RNG in the heavy-duty vehicle sector. FortisBC has initiated a Request for Expressions of Interest and received an overwhelming response from potential suppliers in BC, across Canada and from the United States.

3) Federal/Provincial/Industry Collaboration at the Port of Vancouver

The Port of Vancouver (Port) has been working on an emissions reduction strategy and has been considering natural gas for applications that have no low carbon options currently available, such as for large marine vessels. As part of its low carbon drayage study, for drayage trucks at the Port itself, it is actively promoting electric and hydrogen fuel cell options. However, the electric options will most likely come with some form of fossil fuel range extender (hybrids), of which one is the natural gas option.

There is also significant market opportunity to provide lower carbon LNG for marine bunkering services in Vancouver. It is estimated that the international marine shipping industry contributes between 2-3% of global GHG emissions each year. Shipping companies are now facing higher standards for emission controls under the International Marine Organization's (IMO's) global sulphur limit which will come into force in 2020 (the IMO is the regulatory authority for international shipping). This will significantly reduce the amount of sulphur oxides emanating from ships and should have major health and environmental benefits for populations living close to ports. It is expected that many shipping companies will convert their vessels from higher-carbon fuels to LNG to meet compliance.

There is a significant market opportunity to provide BC LNG for marine bunkering services in Vancouver. EMPR is working with the Port, colleagues across the Provincial government, the marine sector, the federal government and FortisBC to spearhead efforts to position the Port as a premier global LNG bunkering destination. The Port is ideally positioned to become one of the few LNG bunkering stations on the west coast, and FortisBC's Tilbury LNG facility is well-situated to deliver LNG to vessels in the Port. Timing is critical in capitalizing on this opportunity, as the Port of Tacoma is advancing its own plans for LNG marine bunkering.

Success will require active participation by the federal government, which has jurisdiction over the Port, as well as the legislative and regulatory framework needed to accelerate/implement LNG bunkering facilities at the Port. At a provincial level, the Ministry of Transportation and Infrastructure is the lead liaison with the federal government on all matters relating to the Port.

4) Resource Planning

<u>i. Demand Side Management</u>
FortisBC supports the effort to reduce GHG emissions and customer choice has played a prominent role in developing innovative energy offerings to provide customers with more efficient and cleaner energy options. FortisBC's Conservation and Energy Management programs for use in buildings and industry promote energy efficiency, conservation behaviour, GHG reduction, and energy education.

FortisBC has been delivering a broad portfolio of cost-effective Demand Side Management (DSM) measures that address the expectations of both natural gas and electric customers while meeting the requirements for public utilities to pursue cost-effective DSM. FortisBC's DSM programming has provided programs covering a variety of areas related to natural gas, including: residential; low income; commercial; conservation education and outreach; industrial; and innovative technologies.

In addition, FortisBC and other utilities have been actively developing low carbon thermal energy systems for nearly a decade and FortisBC's partnership with the City of Vancouver will support mutual programs, goals and objectives for reducing emissions and promoting renewable energy supply.

ii. Long Term Resource Planning

On December 14, 2017, FortisBC filed its 2017 Long Term Gas Resource Plan for acceptance by the Commission. FortisBC's 2017 Plan presents its long-term view of the demand-side and supply-side resources identified to meet expected future natural gas demand and reliability requirements taking into consideration the cost to customers over the 20-year planning horizon (2017-2036).

A wide range of factors influence the long-term analysis and planning decisions. The North American natural gas market remains in a low commodity pricing environment which is expected to continue for several years to come.

Over the past several years in North America, growth in industrial demand, specifically from the petrochemical sectors and United States gas exports to Mexico, has been increasing demand for natural gas. The market is also seeing increased natural gas demand from the power sector due to more switching from coal to natural gas electricity production, as well as from the retirement of coal plants and low commodity costs have improved the price competitiveness of using natural gas over electricity on an operating cost basis.

Investment Update

1) Eagle Mountain Pipeline to Serve Woodfibre LNG

FortisBC is meeting weekly with Woodfibre LNG and EMPR to work through a variety of issues and engineering design associated with Eagle Mountain Pipeline. Currently discussions include the variable rate structure, compressor station locations, pipeline routing and acceptance from Tsleil-Waututh Nation, Impact Benefits Agreements with First Nations, BC Hydro Right of Way access, and completion of service agreements.

Woodfibre has recently approved and is releasing funds for the next quarter's work plan, an important milestone, and both parties are on track to have the Transportation Services Agreement and Construction Security Agreement ready for execution by November 30, 2018.

2) Tilbury Pacific

The Tilbury Pacific project (also known as the WesPac Tilbury Marine Jetty) has been proposed by WesPac Midstream-Vancouver LLC and is adjacent to FortisBC's Tilbury LNG Plant. The project includes the berthing and transferring of LNG to marine barges and carriers for delivery to local fuel markets and offshore export markets. The supply of LNG will come via a pipeline from the existing FortisBC LNG plant.

The project submitted a draft of its application for an Environmental Assessment Certificate on October 16, 2018. The application is currently being reviewed by the BC Environmental Assessment Office for completeness, a process that will be concluded within 30 calendar days. Once the application meets the requirements laid out in the Application Information Requirements, it can be officially submitted for consideration.

V CONCLUSION:

The Province continues to work closely with FortisBC and appreciates their continued investments and the significant role that they play in the province's energy system.

The Province is engaged with Enbridge, the federal government and the NEB to support restoration of natural gas supply to Fortis and its customers.

EMPR staff are working with FortisBC, industry players, and other areas of Government to promote fuel switching from higher GHG intensive fossil fuels to natural gas where electrification and renewable energy are not feasible.

FortisBC is likely to request that government continue to provide regulatory certainty for its renewable natural gas program and to support its initiatives with the Port of Vancouver. The GGRR remains available as a tool for implementing policies as the new energy roadmap and clean growth strategy are developed.

Appendices:

1. Fortis meeting attendee biographies
2. Fortis Proposed agenda

DRAFTED BY:	**APPROVED BY:**
Mark Urwin, Director	Geoff Turner, ED ✓
	Ines Piccinino, ADM ✓
	Les MacLaren, ADM ✓
	Dave Nikolejsin, DM ✓

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: Meeting with Leigh Ann Shoji-Lee, President of Pacific Northern Gas Ltd., regarding the Multi-Lateral Process being undertaken to increase current capacity on their existing pipeline and its looping expansion.

II BACKGROUND:

Pacific Northern Gas Ltd. (PNG) owns and operates a natural gas transmission and distribution system in west-central B.C. and, through its subsidiary Pacific Northern Gas (N.E.) Ltd., owns and operates a natural gas distribution system and a gas processing plant in the province's northeast. This includes approximately 3,000 kilometers of distribution mains and services pipelines, and 1,200 kilometers of transmission pipelines. Appendix A provides a map of PNG's infrastructure.

The PNG transmission line was constructed in 1968 from a point 50 kilometers north of Prince George at Summit Lake on Enbridge's Westcoast Energy pipeline system west through to Prince Rupert and Kitimat. In 1982 the pipeline system was expanded for a methanol production facility constructed in Kitimat. The methanol plant (owned by Methanex) ceased operations in the mid-2000s, during high natural gas prices.

AltaGas Ltd. of Calgary acquired PNG in December 2011.

Pacific Northern Gas Looping Project

PNG commenced the Environmental Assessment process with the proposed Pacific Northern Gas Looping Project in July 2013. The proposed project would increase the capacity of PNG's transmission pipeline system by looping its existing system with the intention of serving new small-scale Liquefied Natural Gas (LNG) projects proposed for construction in Kitimat.

The project involves the construction and operation of approximately 525 kilometers of 24-inch diameter pipe between Summit Lake and Kitimat. The new pipeline will operate in parallel with the existing pipeline to increase the overall pipeline capacity of the PNG transmission system in order to meet the requirements of its existing customers and the proposed LNG facilities.

Due to market conditions the looping project was put on hold in 2017.

Letter Agreement with Triton LNG

AltaGas, PNG's parent company, has been collaborating with PNG since July 2015 to develop a business plan to utilize PNG's unutilized pipeline capacity. In March 2018, PNG submitted a Letter Agreement with Triton LNG (a joint venture partnership between AltaGas and Idemitsu Kosan Ltd.) to provide Triton with an option on firm interruptible transportation service for a proposed small modular LNG or methanol export project to be located on Ridley Island.

The option is for a minimum of 20 million cubic feet per day of firm transportation service, increasing to approximately 50 million cubic feet per day of firm transportation at Triton's election. The Letter Agreement is subject to PNG obtaining approval from the British Columbia Utilities Commission (BCUC).

In May 2018, the BCUC appointed a panel for the review of the Letter Agreement Application (Application). During the review, the proposed Western LNG project as well as British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and Tenants Resource and Advisory Centre (BCOAPO et al.) submitted their intentions to be interveners in the process.

At the end of September, PNG requested that the BCUC suspend the regulatory timetable for approval of the Letter Agreement with Triton LNG. The suspension order also directed that PNG report to the Commission on the status of its multilateral discussions with interested parties and to provide a proposal for further process by November 1, 2018.

III DISCUSSION:

s.21

On October 9, 2018, PNG also issued a public notice on the Daily Oil Bulletin seeking other interested parties to participate in the MLP and indicated that non-binding expressions of interest were to be submitted by October 26, 2018.

s.21

Pacific Northern Gas Looping Project

PNG now plans to continue consultations with the First Nations in proximity to the looping project and to file its application for an Environmental Assessment Certificate in the first quarter of 2020.

Assuming that there are no interruptions to the Environmental Assessment Application's review timeline, PNG is anticipating that the project would be issued its Environmental Assessment Certificate by the fourth quarter of 2020, with operations commencing in the third quarter of 2023.

PNG believes that the project will be subject to provincial jurisdiction and certain regulatory approvals, including permits from the Oil and Gas Commission and a certificate of public convenience and necessity from the BCUC.

IV CONCLUSION:

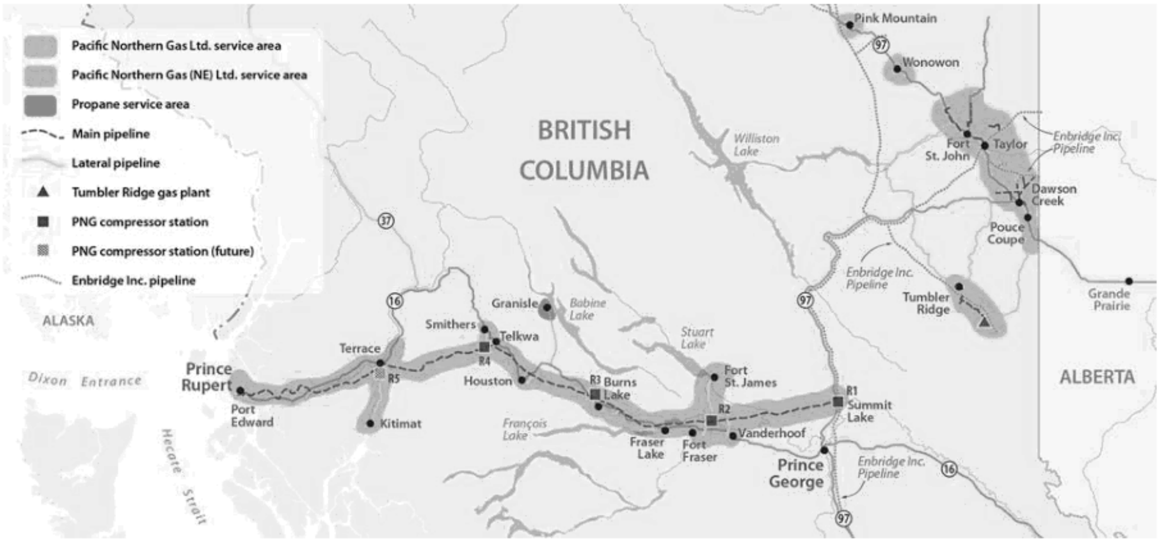
PNG has been a backbone of the energy infrastructure in British Columbia for over 50 years, and the Province appreciates the continued investments that PNG has and intends to make.

s.13

The Province will continue to work closely with PNG as the company moves forward with their application for an Environmental Assessment Certificate for their looping project.

DRAFTED BY:	APPROVED BY:	
Mark Urwin, Director	Geoff Turner, ED	✓
	Ines Piccinio, ADM	✓
	Dave Nikolejsin, DM	✓

Appendix A: Map of Pacific Northern Gas Ltd. Infrastructure



Date: November 6, 2018
CLIFF: 105510

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: Operating Performance Payments Agreement

III BACKGROUND:

In March, 2018 the Province announced a new framework for natural gas development intended to improve BC's competitiveness as an investment jurisdiction. Implementation of this framework was to be contingent on LNG Canada deciding to go ahead with their project. LNG Canada made a positive final investment decision on October 1, 2018.

The framework consisted of a set of proposed policy changes called the fiscal measures. The fiscal measures included:

- Elimination of the LNG Income Tax;
- Provision of electricity service for LNG facilities at standard industrial rates;
- Allowing LNG projects to participate in the Clean Growth Industrial Incentive announced in Budget 2018, and;
- Exemption from PST for the costs of constructing an LNG facility and an associated agreement to make a set of ongoing "Operational Performance Payments".

IV DISCUSSION:

Work is underway to implement the fiscal measures following the positive final investment decision by LNG Canada. The PST exemption and revised electricity rates were put in place on October 2, 2018. The elimination of the LNG Income Tax and the introduction of the Clean Growth Industrial Incentive are expected next year. Provincial representatives from the Ministries of Finance, Justice and Attorney General, and Energy, Mines and Petroleum Resources are working with LNG Canada to finalize the terms of the Operating Performance Payments Agreement (OPPA).

The PST exemption and OPPA are intended to work together to improve the economics of the LNG Canada project (by reducing their tax costs at a time when they have no revenue) and preserve provincial revenues (by collecting that forgone PST through payments made under the OPPA later in the project's life).

s.13,s.17

s.13,s.17

The OPPA will include commitments that fall within the authority of three separate Ministers – Energy, Mines and Petroleum Resources (electricity rates), Finance (LNG Tax and PST) and Environment and Climate Change Strategy (Clean Growth Industrial Incentive). s.13,s.14
s.13,s.14

V CONCLUSION:

s.13,s.17

s.13,s.17 The Minister of Energy Mines and Petroleum Resources will be one of three signatories to the agreement on behalf of the Province. A detailed briefing on the OPPA can be arranged for the Minister in the near future.

DRAFTED BY:	**APPROVED BY:**
Geoff Turner ED	Ines Piccinino ADM√
	Dave Nikolejsin DM√

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: Meeting request to meet with Joseph Lichon (Executive Vice President, Americas, Oil and Gas) and Sam Boutziouvis (Vice-President – Government Relations and Multilateral Institutions), SNC-Lavalin, to better understand the natural resource project management opportunities in the province.

III BACKGROUND:

Founded in 1911, SNC-Lavalin is a global fully integrated professional service and project management company and a major player in the ownership of infrastructure. SNC-Lavalin has a global footprint and prides itself on providing comprehensive end-to-end project solutions – including capital investment, consulting, design, engineering, construction management, sustaining capital and operations and maintenance – to clients across Oil and Gas, Mining and Metallurgy, Infrastructure, Clean Power, Nuclear and EDPM (engineering, design and project management).

SNC-Lavalin's Experience in the Oil and Gas Sector

SNC-Lavalin has expertise across the entire oil and gas value chain with proven capabilities ranging from feasibility studies, process engineering and complete front-end engineering packages, to the detailed execution of projects. The company also provides project financing and long-term concession agreements. They use their expertise in high-value sectors to help clients access, develop and process new deposits efficiently, cost effectively, sustainably across some key sectors including upstream production, processing and treating, liquefied natural gas (LNG), carbon capture, refining and petrochemicals and utilities and infrastructure.

Notable projects that SNC-Lavalin has been involved in include Gorgon LNG (Australia) as well as developing the operator simulator for Canaport LNG in New Brunswick.

IV DISCUSSION:

SNC-Lavalin is interested in the state of development of the LNG sector as well as other resource projects in BC.

On October 1, 2018, the LNG industry in BC took a monumental step forward when LNG Canada announced its positive Final Investment Decision (FID). An essential part of LNG Canada's FID was the British Columbia government's March 2018 fiscal framework that aims to put natural gas development on a level playing field with other industries and to support good jobs and revenues for the Province. In light of LNG

Canada's positive FID, the government intends to put these measures in place and make them available to other major projects of similar scale.

Several other LNG projects in BC continue to move forward. Woodfibre LNG, situated just outside of Squamish, recently announced that they plan to commence construction early in 2019. Other projects such as Kitimat LNG that is being developed by Chevron and Woodside and Kwispaa LNG being developed jointly by Steelhead and the Huu-ay-aht First Nation are at earlier stages. On top of that there continue to be a variety of other projects proposed along the coast of BC.

On the domestic side, the use of LNG continues to grow both within the transportation sector as well as in the marine environment. With the coming International Marine Organization restrictions on sulphur emissions (2020), it is anticipated that use LNG within the marine sector will continue to grow over the next decade.

Another interesting development currently unfolding in BC is the development of a natural gas liquids export industry. AltaGas is anticipating that their Ridley Island Propane Export Terminal will come online during 2019, and others such as Pembina and Pacific Traverse Energy have also been approved by the National Energy Board to export propane.

All of this development could result in increased exploration and production activity in the northeast part of BC as well as further expansion of natural gas processing facilities. As well, pipeline infrastructure will likely be required to support further development.

V CONCLUSION:

SNC-Lavalin has a long history and a deep understanding of the entire oil and gas value chain and is likely well situated to become involved in projects based in BC as they develop.

Since the Deputy Minister of Energy, Mines and Petroleum Resources and several other deputies met with SNC-Lavalin on November 26, 2018 there is no need for the Minister to meet with them unless she wishes to.

DRAFTED BY:	**APPROVED BY:**	
Mark Urwin, Director OGD	Geoff Turner, ED OGD	✓
	Ines Piccinino, ADM OGD	✓
	Garth Thoroughgood, A/ADM, OGD	✓
	Dave Nikolejsin, DM	✓

Date: November 21, 2018
Date of previous note: August 18, 2018
CLIFF: 105545

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: Federal *Oil Tanker Moratorium Act* on British Columbia's North Coast and current debate in the Senate on the Act

III BACKGROUND:

On May 12, 2017 the federal government introduced Bill C-48, the *Oil Tanker Moratorium Act* (Act) in Parliament that seeks to enforce a moratorium on crude oil tanker traffic along British Columbia's north coast. The proposed moratorium area extends from the Canada/US border in the north (an area called Dixon Entrance) down to the point on British Columbia's mainland adjacent to the northern tip of Vancouver Island, and also includes Haida Gwaii (see map in Appendix 1). The Act aims to provide a high level of protection for the Canadian coastline around Dixon Entrance, Hecate Strait and Queen Charlotte Sound. It would complement the existing Voluntary Tanker Exclusion Zone, which has been in place since 1985.

On May 8, 2018, the House of Commons passed Bill C-48. Bill C-48 is currently receiving the second reading in the Senate. It must pass the Senate before becoming law.

The proposed Act is a key element of the federal government's Oceans Protection Plan (OPP). The OPP involves new measures to improve marine safety and responsible shipping, protect Canada's marine environment, and create new partnerships with Indigenous and coastal communities.

The proposed Act would prohibit oil tankers carrying more than 12,500 metric tonnes of crude oil or persistent oil as cargo from stopping, loading or unloading any of these oils at ports or marine installations in northern British Columbia. The Act also prohibits vessels and persons from transporting crude oil and persistent oil between oil tankers and those ports or marine installations for the purpose of aiding the oil tanker to circumvent the prohibitions on oil tankers. The Act contains an allowance for vessels carrying less than 12,500 tonnes of crude oil or persistent oil products as cargo, to accommodate the resupply of northern communities with these products.

Finally, the Act establishes an administration and enforcement regime that includes requirements to provide information and to follow directions and that provides for penalties of up to a maximum of five million dollars.

IV DISCUSSION:

Crude oil is defined in the Act as any liquid hydrocarbon mixture occurring naturally in the earth whether or not treated to render it suitable for transportation. Persistent oils are defined in the Act as oil products that, when spilled, break up and dissipate slowly. A complete list of the persistent oils included in the proposed moratorium is outlined in the schedule to the proposed Act (see Appendix 2). The list includes condensate, but does not include propane or liquefied natural gas.

The proposed Act enables the federal Cabinet to amend the list of persistent oils. The federal government has indicated that amendments could be considered following a regulatory review to assess the latest developments in science and evidence on the fate and behavior of a petroleum product when spilled, and the state of clean up technology and oil spill response capacity. Environmental safety is expected to be the main consideration for any additions or deletions to list of persistent oils.

s.13,s.16

V CONCLUSION:

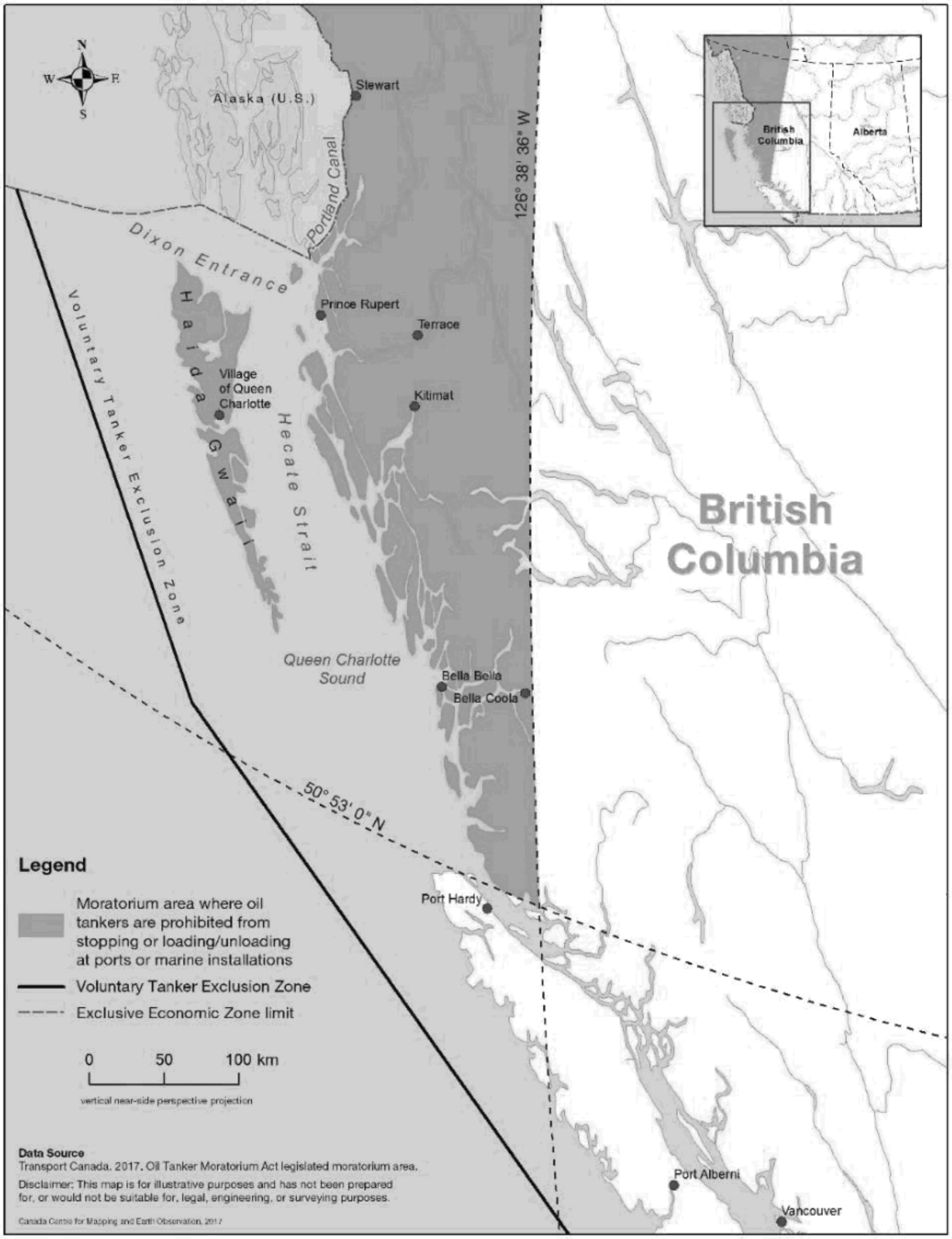
The proposed Federal *Oil Tanker Moratorium Act* will not impact proposed LNG projects nor projects for most natural gas liquids (except condensate, which is included in the list of banned ‘persistent oils’ and ‘light oil’).

In the recent sittings at the Senate’s second reading, several senators voiced oppositions to the proposed Act, citing their main concerns on potential lost economic opportunities and access to export markets through British Columbia coast, especially if TMX is not approved.

DRAFTED BY:
Cathy Mou, OGD

APPROVED BY:
Curtis Kitchen, Dir✓
Geoff Turner, ED✓
Ines Piccinino, ADM✓
Dave Nikolejsin, DM✓

Appendix 1
Area of Effect for Proposed Moratorium in Northern British Columbia



Appendix 2

LIST OF PERSISTENT OILS

Item	Persistent Oils
1	No. 4 fuel oils
2	No. 5 fuel oils
3	No. 6 fuel oils, including marine diesel oil and bunker C fuel oil
4	Synthetic crude oils
5	Slack wax
6	Lubricating oils
7	Partially upgraded bitumen
8	Gas oils obtained by vacuum distillation
9	Vacuum residue
10	Heavy blended fuel oils
11	Feedstock oil for cracking processes
12	Bituminous and fuel oil emulsions
13	Petroleum pitch
14	Condensate, if less than 50% of it, by volume, distills at a temperature of 340°C and if less than 95% of it, by volume, distills at a temperature of 370°C, when tested in accordance with the American Society for Testing and Materials ASTM D86 method entitled *Standard Test Method for Distillation of Petroleum Products and Liquid Fuels at Atmospheric Pressure*, as amended from time to time.

MINISTRY OF ENERGY, MINES, AND PETROLEUM RESOURCES
BRIEFING NOTE FOR DECISION

PREPARED FOR: Honourable Michelle Mungall, Ministry of Energy, Mines and Petroleum Resources (EMPR)

ISSUE: Funding the First Nations LNG Alliance (FNLNGA) to support a conference in 2019

BACKGROUND:

FNLNGA has approached the Provincial and the Federal governments with a proposal for a conference convening all First Nations impacted by liquefied natural gas (LNG) projects to discuss matters of importance to their communities. The proposal suggests a one-and-a-half-day event which would include the following topics:

- economic climate for LNG,
- employment and training,
- procurement,
- environmental impacts,
- social impacts, and
- enterprise matters.

Invitees would be representatives from 78 First Nations impacted by LNG projects, as well as staff from FNLNGA, the Provincial and Federal governments, and a number of presenters.

FNLNGA have provided a budget estimate of $170,850 and are requesting funding from the Provincial and Federal governments to cover the cost of the conference. Appendix A provides a more detailed budget and agenda.

FNLNGA has requested that Minister Mungall be a key speaker at the conference.

DISCUSSION:

This conference aligns with the Province's LNG Framework, and its priority to ensure LNG development respects and makes partners of First Nations. Therefore it is a positive opportunity for the Minister to continue dialogue with First Nations around sustainable energy development and positive opportunities for economic reconciliation. By contributing funding, the Province will be on the conference planning committee and will be able to ensure the Provincial interests are represented in the agenda. There may be opportunities for other Ministers or key Provincial staff to participate as well.

Currently the Province has an existing contract with FNLNGA which has already been allocated from 2018/19's Indigenous Funding Envelope. Within this contract, $53,000 is unspent and can be repurposed to support the conference. EMPR is proposing to provide an additional $45,000 from operational budget funds. This would be a total contribution of $98,000 which is 58% of the proposed budget. FNLGNA is targeting Federal funding to cover the remaining cost of the conference, in addition to possibly approaching industry for meal sponsorship.

OPTIONS:

Option 1: Fund $45,000 to the FNLNGA conference and coordinate Minister Mungall's attendance at the conference

Pros:

- Cost efficiencies will be realized by repurposing $53,000 of previously spent funds
- $45,000 is available in SIAD's operational budgets
- EMPR would be able to further its priority of working with First Nations on LNG development
- EMPR would participate in the conference planning committee, thereby ensuring shared interests inform the agenda and opportunities for other Ministers or Provincial staff to participate

Cons:

- EMPR would be required to spend $45,000

Option 2: Do not provide funding to FNLNGA

Pros:

- EMPR would not need to spend any additional funds

Cons:

- EMPR would lose this opportunity to engage with First Nations on LNG development
- Cost efficiencies will not be realized for repurposing previously spent $53,000

RECOMMENDATION:

Option 1: Minister Mungall approve Option 1

		November 26, 2018
Approved / Not Approved	Signature [Michelle Mungall, Minister, EMPR]	Date

Attachments:

Contact:
ADM: Simon Coley
Div: Strategic and Indigenous Affairs Division
Phone: 778-689-7176

Alternate Contact:
Name: Emmy Humber
Div/Region/Branch: Strategic and Indigenous Affairs Division
Phone: 250-216-0874

Prepared by:
Name: Katie Neale
Branch/Region: Strategic and Indigenous Affairs Division
Phone: 778 698-3721

Reviewed by	Initials	Date
DM	DN	November 21, 2018
DMO	MC	
ADM	SC	November 19, 2018
PRGM Dir./Mgr.	EH	November 14, 2018

Appendix A: Draft FN LNG Conference Proposal

Purpose:
The purposed of a FN LNG conference is to convene all First Nations that will be impacted by LNG projects to discuss matters important to their communities. We should consider a registration process to finalize budget. This proposal is based on having a day and a half session.

Participants:

Group	Details	Estimated amount (1 rep per First Nation)
FN's impacted by LNG Canada project	First Nations with agreements and hereditary leaders	48
First Nations impacted by Woodfibre	Lower Mainland First Nations	6
First Nations impacted by Steelhead	Along possible pipeline corridors and Nuchanulth trips	24
FNLNGA	Board and staff	8
Government Staff	Federal and Provincial	4
Presenters		15
Total		

Budget:

Item	#	Fees	Flight/mileage	taxi	Hotel Room	Total
Attendees	100		500 per person	50 per person	280 per person (2 nights)	83,000
Speakers BC		2,000	2000	200	900	5,100
Speakers National		2,000	1000	50	280	3,320
Speaker - International		15,000	1,000	100	280	16,380
Venue and rentals		1,600				1,600
Catering (80)	100		177 per person			17,700
Booklet	200	12,000				12,000
MC		8,000	400	50	280	7,750
Project Coordination		10,000				10,000
Report		4,000				4,000
Recording		10,000				10,000
						170,850

Assumptions – flight prices were checked from Vancouver Island, Terrace, Vancouver and Fort St. John and all the prices came in around 400 return. A 100 dollar budget is to allow for mileage to and from airport or the total for people driving.
*hotel rooms and catering are based at the Coast because of most competitive prices
* rentals is an estimate for 3rd party sound (awaiting quote)

Catering breakdown per person:

Meal	# 100	Cost per person	Total
breakfast	continental	17	1,700.00
Break	Health	18	1,800.00
Lunch	Working lunch buffet	23	2,300.00
Break	matinee	15	1,500.00
Dinner		36-50 (40)	4,000.00
Breakfast day 2	Northern Pride for 80	23 per person	2,300.00
Break	First Nation Break	18	1,800.00
Lunch?	Open face	23	12,300.00
Total		177	17,700.00

Conference Topics:

- The economic climate for LNG in BC
- employment and training
- procurement
- environmental impacts (upstream, midstream and downstream)
- social impacts (i.e. man camps)
- enterprise matters (corporate structuring)

Potential Speakers:

- Ken Coates on his report as a keynote
- Kevin Hannah (UBC EA expert) on the FNLNGA fact sheets
- LNG 101 by Mark Podlasly
- The" Science guy" (handles LNG)
- Brenda Ireland
- Premier John Horgan
- Minister Michelle Mungall
- LNG Canada – Mr. Andy Calitz – President CEO
- Woodfibre – Mr. David Keane
- Haisla – Chief Crystal Smith
- Squamish/Tseil-Waututh/Musqueam Chiefs from these Nations
- TransCanada
- Fluor – President/CEO
- Ledcor – President/CEO
- Seaspan/Smit Marine - President/CEO
- Environmentalist
- OW

Date: November 21, 2018
Cliff: 105614

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

I PREPARED FOR: Honourable Scott Fraser, Minister of Indigenous Relations and Reconciliation

II ISSUE: Meeting with Tla-o-qui-aht Nation regarding Mining in their Territory

III BACKGROUND:

Mining activity in Tla-o-qui-aht Territory is limited. Historic mining activity includes three small sand and gravel and quarry operations – mostly now closed or inactive, and approximately 25 mineral exploration sites from the 1980s to the 2000s, most of them from the 1990s. Mineral claims in Tla-o-qui-aht Territory are fairly limited in area, they are primarily located around the Fandora exploration project and east and north-east of Kennedy Lake. Portions of the territory are also covered by parks and mineral and placer No-Registration Reserves. Fandora is the only currently active exploration project in the territory.

1) Fandora Project: Fandora (located NE of Tofino, mineral claims are within both Ahousaht and Tlaoquiaht Territories) was permitted in 2013 to Selkirk Metals Corporation, a subsidiary of Imperial Metals and had a two-year deemed authorization extension in 2018. Only geochemical sampling has occurred since 2013. Fandora has been explored since the 1930s and is a past producer (underground gold mine). They plan to drill exploration holes with the 2 year deemed authorization.
2) Catface Project: Is an Imperial Metals exploration project, and is nearby but within the Ahousaht First Nation Territory.

IV DISCUSSION:

The main issues being raised by Tla-o-qui-aht related to the Fandora project include impacts to their Spiritual/Cultural Use of Bathing Pools, and Fishing, Hunting, and Gathering rights. Other concerns include how a potential future mine would not align with Tla-o-qui-aht's land use vision for Tranquil Inlet. The Tla-o-qui-aht maintains its opposition to the exploration permit and to any mining activities in the Tranquil Creek watershed.

The Ministry will consult with the Tla-o-qui-aht First Nation on any mining applications and is open to maintaining a dialogue with the Tla-o-qui-aht First Nation on mining in the area.

V CONCLUSION:

- There are active mineral claims within the Tla-o-qui-aht First Nation Territory and one mineral exploration site that is currently active. Exploration activity was more active in the area in the 1990s. The Tla-o-qui-aht maintain their opposition to the exploration permit.
- There is one inactive rock quarry within the territory and two sand and gravel pits that are now closed.

PREPARED BY:
David Caughill
(778) 698-7258

REVIEWED BY:
Julie Chace, ED√
Peter Robb, ADM√
Dave Nikolejsin, DM√

Date: November 26, 2018
Cliff No.: 105628

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: British Columbia Utilities Commission Inquiry into EV Charging Services - Phase 1 Report Release

III BACKGROUND:

Currently in British Columbia, parties providing electric vehicle (EV) charging services for compensation are considered public utilities, and subject to full regulation by the BC Utilities Commission (BCUC) under the *Utilities Commission Act* (UCA).

In January 2018, the BCUC announced that it would be undertaking a general inquiry to explore the potential regulatory issues in the EV charging stations market that may have broader stakeholder impacts (the Inquiry). The BCUC has completed Phase 1 of the Inquiry and publicly released a report of its findings on November 26, 2018 (the Report). The Ministry of Energy, Mines and Petroleum Resources (EMPR) participated in the Inquiry as an intervener and submitted written arguments.

The BCUC made the following findings and recommendations in the Report:

1) The EV charging market is not a monopoly because there is more than one service provider, and the public EV charging market does not exhibit monopoly characteristics.
2) The EV charging market in rental and strata buildings sector does not exhibit monopoly characteristics.
3) A person providing EV charging services for compensation is a public utility. The broad definition of "compensation" in the UCA encompasses many forms of direct and indirect compensation.
4) The regulation of all EV charging services, to the extent that the provider is not already considered to be a public utility under the UCA, is either not required or not within the BCUC's jurisdiction. The BCUC recommends that the Minister of Energy, Mines and Petroleum Resources (the Minister) issue an exemption, with respect to EV charging services, from Part 3 of the UCA, with the exception of sections 25 and 38, with respect to safety only for those EV charging service providers that are not already a public utility under the UCA.
5) A landlord or a strata corporation that is otherwise a public utility, be granted an exemption, on the same terms and conditions as the exemption laid out above, pertaining to owning and/or operating an EV charging service.

In the Report, the BCUC also laid out the issues it wishes to canvass in Phase 2 of the Inquiry. Those issues largely focus on the regulation of entities that are otherwise public utilities (such as BC Hydro and FortisBC) participating in the EV charging market.

IV DISCUSSION:

EMPR supports a significant expansion of public EV charging infrastructure in BC, which will be required in order for the Province to meet provincial, national and international commitments on climate change, reduce transportation-related GHG emissions, and increase the number of zero-emission vehicles on the roads in BC.

The BCUC's findings will support this expansion by significantly reducing the regulatory burden associated with the provision of EV charging services. The findings are also consistent with Inquiry submissions made by EMPR, which argued that EV charging services are not a monopoly, and therefore advocated for limited BCUC oversight of EV charging service providers.

The Minister has the authority under section 22 of the UCA to grant an exemption from provisions of the UCA to a public utility in respect of any service of the public utility. The BCUC recommends that the Minister use this authority to grant an exemption from all but sections 25 and 38 of the UCA to entities that are not otherwise public utilities that provide EV charging services for compensation, including landlords and strata corporations. Section 25 of the UCA allows the BCUC to order improved service if it finds that the service of a public utility is unreasonable, unsafe, inadequate or unreasonably discriminatory. Section 38 requires a public utility to provide service to the public that the BCUC considers adequate, safe, efficient, just and reasonable.

The BCUC further recommends that the exemption limit the application of those two sections to matters of safety only. In support of this recommendation, the BCUC indicates that the issue of safety oversight of EV charging stations remains unresolved and will be a subject of consideration in Phase 2 of the Inquiry.

The lack of clarity regarding safety oversight of EV charging stations results from the language of the Electrical Safety Regulation under the *Safety Standards Act*, which governs the installation, operation and maintenance of electrical equipment in BC. Technical Safety BC and eight local governments administer the *Safety Standards Act* and Electrical Safety Regulation. Section 3 of the Electrical Safety Regulation states that the regulation "does not apply to a public utility as defined in the UCA in the exercise of its function as a utility with respect to the generation, transmission and distribution of electrical energy". Technical Safety BC has advised EMPR that it considers EV charging stations to fall outside of a public utility's generation, transmission and distribution system and therefore the requirements of the Electrical Safety Regulation always apply to the installation and operation of an EV charging station. Technical Safety BC also advises that delegated local governments share this interpretation.

In EMPR's view, Technical Safety BC and delegated local governments are better positioned to provide safety oversight of EV charging stations than the BCUC. Before further considering the recommended exemption, EMPR will consult with Technical Safety BC and the Office of Housing and Constructions Standards within the Ministry of Municipal Affairs and Housing to seek further clarity on the respective roles and responsibilities of Technical Safety BC and the BCUC with respect to safety oversight of EV charging stations.

EMPR will also consider whether the recommended Minister's exemption is the best approach for implementing the Report's findings. Other options, including a BCUC order under section 88 of the UCA, or an amendment to the definition of a "public utility" under the UCA, may be more effective or appropriate ways for implementing the BCUC's Phase 1 findings.

V CONCLUSION:

- EMPR welcomes the findings from Phase 1 of the Inquiry and looks forward to participating further in Phase 2.
- EMPR supports the findings from the Report. EMPR supports the reduction of undue regulatory burden and costs on owners and operators that provide EV charging services in BC so long as the interests of ratepayers and consumers are protected and safety considerations are adequately addressed.
- EMPR will consult further with Technical Safety BC and the Ministry of Municipal Affairs and Housing to determine whether the recommended Ministerial exemption is the most appropriate and effective method for implementing the Report's findings.
- Guidance will be sought on whether a legislative amendment is more appropriate than a ministerial order.

DRAFTED BY:	**APPROVED BY:**
Shannon Craig	Paul Wieringa, ED, EPB √
778-698-7016	Les MacLaren, ADM, EAED √
	Dave Nikolejsin, DM √

Date: November 27, 2018
Cliff No.: 105642

MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

BRIEFING NOTE FOR INFORMATION

I PREPARED FOR: Honourable Katrine Conroy, Minister of Children and Family Development, Honourable Michelle Mungall, Minister of Energy Mines and Petroleum Resources, and Honourable Carole James, Minister of Finance

s.21

Page 36 to/à Page 39

Withheld pursuant to/removed as

s.21

Date: November 16, 2018
Cliff No.: 105653

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: Re-allocation of funds from an expired Remote Community Implementation Agreement with Gitga'at First Nation

III BACKGROUND:

The Gitga'at First Nation (the Nation) community of Hartley Bay has experienced ongoing challenges, both internal and external, with its efforts to reduce or eliminate the use of diesel-generated electricity. Between 2011 and 2015, the Ministry provided financial and staff support for a proposed Gabion River Hydro Power Project (the Project), being pursued by the community. s.13,s.16,s.17
s.13,s.16,s.17

s.13,s.16,s.17 Consequently, Ministry staff are proposing that funds provided to the FBC for the Project be re-allocated to other, more readily viable remote community clean energy projects.

In 2003, following nearly two decades of community interest in reducing reliance on diesel-generated electricity, the community of Hartley Bay completed a Community Energy Plan (CEP) with the support of the Pembina Institute. The CEP outlined the Nation's vision, goals and values regarding conservation and electricity supply. Key guidelines reached by consensus through the 2003 CEP process concluded that any clean energy system implemented by the community should:

- support economic development and the local employment interests of the community;
- provide a reliable supply of electricity and heating and sufficient redundancy;
- minimize impacts on fish;
- aim to minimize impacts on the global climate by minimizing greenhouse gas emissions; and
- aim to minimize local air emissions that could have an impact on community members' health.

The 2003 CEP identified the 900 kilowatt (kW) Project as one of the most promising clean generation opportunities for the community.

Under the 2007 BC Energy Plan, the Province and BC Hydro introduced a Remote Community Electrification (RCE) Program, which created an agreement between the federal government, BC

Hydro and the Ministry to coordinate efforts to provide reliable electricity to British Columbia's remote communities. Through the program and the 2008 Remote Communities Regulation, BC Hydro assumed responsibility for providing electricity to a number of remote communities, resulting in a total of 14 remote diesel generating stations being owned and operated by BC Hydro. This included diesel generation of electricity in Hartley Bay.

Through the RCE program, in 2011, BC Hydro completed another CEP with the community of Hartley Bay. BC Hydro concluded that the Project, with diesel backup, would produce reliable, clean electricity, replacing roughly 90 percent of diesel generation, for a projected cost of $19.4 million. While the CEP noted that this was a high financial cost for 900 kW of hydroelectric capacity, the community was committed to the project and to undertaking concurrent energy efficiency measures. BC Hydro concluded that micro hydro with diesel backup was the most viable alternative for the community.

To further support implementation of remote community projects, in 2009 the Ministry launched the Remote Community Implementation (RCI) program with $1.65 million granted to the FBC as the external delivery agent for the fund. s.13,s.16,s.17

s.13,s.16,s.17

In 2014, the Project had substantial momentum, and other funders had made commitments to support the project, including the former Ministry of Aboriginal Relations and Reconciliation (MARR), Western Economic Development (WD), Aboriginal Affairs and Northern Development Canada (AANDC), Natural Resources Canada and the Coast Opportunity Trust Fund. s.13,s.

s.13,s.16,s.17

In February 2014, the Nation entered into an Energy Purchase Agreement with BC Hydro for electricity that would be produced by the Project, and later that year a term sheet was reached with the First Nations Financing Authority to finance the funding shortfall.

s.16

Other alternatives were explored with consultants, including a micro-hydro project at Chute Lake, proposed by the Nation in May 2015, which would require significant transmission infrastructure to bring the power to Hartley Bay.

The period 2015 to 2017 saw the Project languish, and funders began withdrawing their commitments, s.13,s.16,s.17 Further funds were requested from the Ministry of Energy, Mines and Petroleum Resources (EMPR) in 2015, but were declined. s.13,s.16,s.17

s.13,s.16,s.17

In 2017, the Ministry of Indigenous Relations and Reconciliation (MIRR) agreed to allow $30,000 of its previously committed $250,000 (under a First Nations Clean Energy Business Fund Equity Agreement) to be used for an updated business and feasibility plan, undertaken by the Barkley Group Project Ltd (Barkley Group), for the Project.

s.13,s.16

s.13,s.16 The Province responded that no further action would be taken until the updated Project business case was reviewed by EMPR and MIRR. The draft updated business case report from the Barkley Group was provided to MIRR in Spring 2018, s.13,s.16

IV DISCUSSION:

The results of the Barkley Group's 2017 feasibility study have rendered the Project not viable from a cost perspective.

s.13,s.17

Page 43

Withheld pursuant to/removed as

s.13;s.17

VI RECOMMENDATION: Option 1

November 28, 2018

Honourable Michelle Mungall
Minister of Energy, Mines and
Petroleum Resources

Date

DRAFTED BY:
Chris Frye A/Dir
778-698-7255

APPROVED BY:
Dan Green, Exec. Dir., AE ✓
Les MacLaren, ADM, EAED ✓
Dave Nikolejsin, DM ✓