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s.13 ; s.14

From: Anderson, Keith
To: MacLaren, Les EMPR:EX
Cc: Fraser, Janet
Subject: LNGC - BCH risk if regulatory changes are not made
Date: May 29, 2018 10:26:58 PM

Les,

Per our discussion earlier this evening, s.13

s.13

Please let me know if you would like to discuss further.

Thanks,

Keith Anderson | Vice President, Customer Service

BC Hydro

333 Dunsmuir St, 4th floor

Vancouver, BC V6B 5R3

P 604 699-9097

M 604 649-7177

E keith.anderson@bchydro.com

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Smart about power in all we do.

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s.13 ; s.14

From: MacLaren, Les EMPR:EX
To: rohan.soulsby@bchydro.com; "Bell, Warren"
Cc: Wieringa, Paul EMPR:EX; Cutler, Scott EMPR:EX
Subject: LNG Framework
Date: April 4, 2018 10:30:28 AM

Premier on Voice of BC

Palmer: The other instant reaction today to this announcement, and obviously there's much more to come on understanding it, was from the Canadian Centre for Policy Alternatives. Seth Klein put out a tweet on social media, saying that he'd been very, very critical of the giveaways, what he regarded them as, to the LNG industry under the Liberals. And he said on first reading of the relief that the New Democrats are offering here to the LNG industry, it is a worse deal. He says you're giving away more than the Liberals did.

Horgan: I disagree respectfully with Seth's opinion on that. What we announced today was that we were going to apply the same industrial rate for electricity to LNG that we would to a mining company, a forestry company, an advanced manufacturing company. There are three tariffs that BC Hydro provides to customers. There's the residential rate that you and I and your viewers pay. There's a commercial rate for dry-cleaners and others. If you go to the mall, the people there pay a commercial rate for their electricity. And then there's the industrial rate. What the Liberals did was they created a fourth level of tariff on LNG. We said, well, let's do away with that. That's unnecessary. It's cumbersome for government to administer. They're an industry just like any other. They should pay the industrial rate. So that's the first component.

The second piece was on relief for provincial sales tax on the development of the plant. Many industries get relief if they're building a manufacturing facility in BC. Already that's happened for a number of years. What we proposed is that we would give relief to LNG, to LNG Canada, for the period of construction, but they would be obliged to pay us the provincial sales tax over the lifetime of the plant. We're allowing them to build the facility, get a stream of revenue, and then pay the tax once that starts. It's not a giveaway at all. They would still be required to pay the tax.

The third element is what we call energy intensive trade exposed industries. The cement industry, the mining, some advanced manufacturing requires a carbon intensity that we are trying to reduce. We give them a concession, a break on their carbon pricing so that they are not adversely affected in the marketplace, because they have to compete with jurisdictions that have no carbon pricing. That's what we're proposing in this case.

I disagree with Seth. None of these initiatives will come into place unless the company agrees to a final investment decision. We're not going to pass any bills. We're not going to provide any concessions until such time as they make the investment decision, and I think that's reasonable. I think most British Columbians would agree with that.

Don Wright's technical briefing for media (slide 33):

- Government has advised LNG Canada that – if it makes a positive Final Investment Decision by November 2018 – B.C. will:
 - Provide a PST exemption on construction costs of the LNG facility, as would apply to any manufacturing facility
 - However, the government will recapture foregone revenues once the

project is up and running

- Carbon tax treatment consistent with that provided to all large industry
- Supply electricity at the standard industrial rate
- Repeal the LNG income tax

Les MacLaren

Assistant Deputy Minister

Electricity and Alternative Energy Division

BC Ministry of Energy, Mines and Petroleum Resources

NOTE NEW OFFICE PHONE NUMBER: 778-698-7183

Cell: **S.17**

Energizing BC—clean, sustainable and productive

From: [MacLaren, Les EMLI:EX](#)
To: [De Champlain, Rhonda EMLI:EX](#)
Cc: [Wieringa, Paul EMLI:EX](#); [Sopinka, Amy EMLI:EX](#); [Craig, Shannon EMLI:EX](#)
Subject: LNG OIC Package
Date: August 7, 2018 5:12:34 PM

Hi Rhonda:

At the link below you will find another OIC package related to the natural gas competitiveness strategy and ensuring that LNG customers get access to the same electricity rates as other industrial customers.^{s.13}

s.13

The entire package can be found at: [G:\Electricity Branch\BC Hydro\BCH LNG Regulatory Support\2018\Electricity rates](#)

Please let us know if you have any questions or concerns.

Les

From: Anderson, Keith
To: MacLaren, Les EMPR:EX
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Subject: LNGC - BCH risk if regulatory changes are not made
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s.12 ; s.13 ; s.14

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From: [Craig, Shannon EMPR:EX](#)
To: [MacLaren, Les EMPR:EX](#)
Cc: [Wieringa, Paul EMPR:EX](#); [Rowe, Katherine EMPR:EX](#); [Cutler, Scott EMPR:EX](#); [Sopinka, Amy EMPR:EX](#)
Subject: RE: LNGC
Date: May 10, 2018 10:22:54 AM

Hi Les, I am going to assist with this work and just wanted to confirm the pieces we are moving on now:

s.13

Thanks,
Shannon

-----Original Message-----

From: MacLaren, Les EMPR:EX
Sent: Tuesday, May 8, 2018 4:33 PM
To: Rohan D. Soulsby; Keith Anderson; Amanda.Ward@bchydro.com
Cc: Wieringa, Paul EMPR:EX; Rowe, Katherine EMPR:EX
Subject: LNGC

I have spoken with Dave.s.13
s.13

Sorry, it took 3 hours.

Les

From: [MacLaren, Les EMPR:EX](#)
To: [Sopinka, Amy EMPR:EX](#)
Cc: [Cutler, Scott EMPR:EX](#); [Wieringa, Paul EMPR:EX](#)
Subject: Re: LNGC Transition to TS5/6
Date: May 2, 2018 4:36:01 PM

Issue as I understand it is s.13
s.13

Les

On May 2, 2018, at 4:01 PM, Sopinka, Amy EMPR:EX <Amy.Sopinka@gov.bc.ca> wrote:

I wonder whether it would be possible to amend the GGRR s.13
s.13

Just a thought.

A

Sent from my iPhone

On May 2, 2018, at 2:53 PM, Cutler, Scott EMPR:EX <Scott.Cutler@gov.bc.ca> wrote:

s.13

Other than this issue, things are moving along to get to TS5 and TS6 agreements.

Scott

-----Original Appointment-----

From: Roberts, Chris [<mailto:christopher.roberts@bchydro.com>]

Sent: Monday, April 23, 2018 2:40 PM

To: Roberts, Chris; Soulsby, Rohan; Jones, Samuel;
F.H.Grootendorst@lngcanada.ca; Todd.Sayers@shell.com;
luuk.wellens@lngcanada.ca; Wieringa, Paul EMPR:EX; Cutler, Scott EMPR:EX;
Daphne.Yew@lngcanada.ca

Cc: Kwan, Herman

Subject: LNGC Transition to TS5/6

When: Wednesday, May 2, 2018 1:00 PM-2:30 PM (UTC-08:00) Pacific Time (US & Canada).

Where: KAM MFG Conf Call; DUN04, Mtg Rm 4

I'm delaying the meeting start time 30 minutes to 1:00PM PDT instead of 12:30.

Follow-up discussion to our April 23 meeting.

The meeting summary/action items Todd will distribute shortly will form the agenda of this meeting.

Start time is 12:30 PDT

Digits to dial are: are 604-899-2339 or 1-877-385-4099 Toll Free (Canada & USA)

Participant password = s.15

Chairperson password = s.15

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From: [MacLaren, Les EMPR:EX](#)
To: [Craig, Shannon EMPR:EX](#)
Cc: [Wieringa, Paul EMPR:EX](#); [Rowe, Katherine EMPR:EX](#); [Cutler, Scott EMPR:EX](#); [Sopinka, Amy EMPR:EX](#)
Subject: RE: LNGC
Date: May 10, 2018 11:46:40 AM

Still need to get both drafted with supporting BN material for MMM. s.13
s.13

Les

-----Original Message-----

From: Craig, Shannon EMPR:EX
Sent: Thursday, May 10, 2018 10:23 AM
To: MacLaren, Les EMPR:EX <Les.MacLaren@gov.bc.ca>
Cc: Wieringa, Paul EMPR:EX <Paul.Wieringa@gov.bc.ca>; Rowe, Katherine EMPR:EX <Katherine.Rowe@gov.bc.ca>; Cutler, Scott EMPR:EX <Scott.Cutler@gov.bc.ca>; Sopinka, Amy EMPR:EX <Amy.Sopinka@gov.bc.ca>
Subject: RE: LNGC

Hi Les, I am going to assist with this work and just wanted to confirm the pieces we are moving on now:

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Shannon

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Subject: LNGC

I have spoken with Dave. s.13
s.13

Sorry, it took 3 hours.

Les

From: [Schmidt, Cathy A EMPR:EX](#)
To: [MacLaren, Les EMPR:EX](#)
Cc: [McCann, Meghan EMPR:EX](#)
Subject: RE: Status of Letter
Date: June 1, 2018 8:49:06 AM
Attachments: [2018 May 31 DM Ltr to LNG Canada Andy Calitz CEO.pdf](#)

Attached letter sent yesterday, May 31, 2018.

Cathy Schmidt
Executive Coordinator
Electricity and Alternative Energy Division
Ministry of Energy, Mines and Petroleum Resources
PO Box 9314 Stn Prov Govt
4th Floor, 1810 Blanshard Street
Victoria, BC V8W 9N1
250-952-0673

From: MacLaren, Les EMPR:EX
Sent: Thursday, May 31, 2018 11:33 PM
To: Schmidt, Cathy A EMPR:EX
Cc: McCann, Meghan EMPR:EX
Subject: FW: Status of Letter
Importance: High

Sorry I missed this earlier. This went from DMO to CU on Wednesday. Critical that a PDF of signed version gets sent June 1.

Les

From: Anderson, Keith [<mailto:Keith.Anderson@bchydro.com>]
Sent: Thursday, May 31, 2018 12:05 PM
To: MacLaren, Les EMPR:EX <Les.MacLaren@gov.bc.ca>
Subject: Status of Letter

Hi Les,
Frederik from LNG Canada was asking if the government letter would come today or tomorrow.
Do you have an update on status I could share?
Thanks,
Keith

Sent from my iPhone

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May 31, 2018

Ref.: 104552

Andy Calitz
Chief Executive Officer
LNG Canada

Email: Andy.Calitz@lngcanada.ca

cc: Chris.ORiley@bchydro.com

Dear Mr. Calitz:

I write with respect to the regulatory support that the Province is planning to provide to enable the successful commencement of Phase 1 of LNG Canada's project, should LNG Canada take a positive final investment decision (FID) on or before November 30, 2018.

In accordance with Government direction, BC Hydro is working towards the transition of LNG Canada from the current Load Interconnection Agreement and Electricity Supply Agreement to tariff-based agreements. This transition will be effected once LNG Canada takes FID. In the interim, Ministry staff have been directed to:

(i) prepare an amendment to the existing exemption regulation to ensure that BC Hydro can put in place the system upgrades required for Phase 1 of the LNG Canada project without the need for any public process by the BC Utilities Commission, which amendment is anticipated to be taken forward to the Minister of Energy, Mines and Petroleum Resources by the end of July 2018; and (ii) to take those actions necessary to allow for the timely repeal, once FID is taken, of both the Direction Respecting Liquefied Natural Gas Customers and Domestic Long Term Sales Contract Regulation, which currently govern service to LNG customers.

Please contact me if you have any questions or concerns.

Sincerely,

Dave Nikolejsin
Deputy Minister

**Ministry of
Energy, Mines and
Petroleum Resources**

Office of the
Deputy Minister

Mailing Address:
PO Box 9319, Stn Prov Govt
Victoria, BC V8W 9N3

Telephone: 250 952-0504
Facsimile: 250 952-0269

Location:
8th Floor, 1810 Blanshard Street
Victoria

Website: www.em.gov.bc.ca/

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