

## 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 the BC LNG Alliance

#### **III BACKGROUND:**

The BC LNG Alliance (BCLNGA) was initially comprised of four companies in British Columbia's liquefied natural gas (LNG) industry and at its height expanded to include Exxon Mobil, Kitimat LNG, LNG Canada, Woodfibre LNG Limited, Pacific North West LNG, Triton LNG, Woodside Energy Limited and FortisBC.

The BCLNGA's purpose is to support the efficient and responsible development of a globally competitive and clean LNG industry in British Columbia.

In February 2019 the Board of Directors of the BCLNGA appointed Bryan Cox as president and CEO of the alliance. Prior to this appointment, Mr. Cox was President and CEO of the Mining Association of British Columbia (MABC).

The Board recently requested a meeting to update the Minister on the status of the LNG industry in British Columbia and discuss potential contributions of the industry to the British Columbia's Clean Growth Strategy.

#### **IV DISCUSSION:**

##### **CleanBC Program**

The BCLNGA is interested in the implications of the emission reduction requirements within CleanBC for the LNG industry. More specifically, it will be seeking to engage with government to better understand how the Province's emission reduction targets could affect the prospects for additional LNG projects in British Columbia.

While government has been clear that LNG development must fit within the CleanBC plan, further work is required between the Ministry of Energy, Mines and Petroleum Resources and the Climate Action Secretariat to identify the full range of tools that can be deployed to bring British Columbia's low carbon natural gas resources to global markets.

The BCLNGA has made several recommendations to the Climate Action Secretariat related to the implementation of the CleanBC Industrial Incentive Program (CGIP). The BCLNGA recognizes that LNG facilities that meet British Columbia's performance requirements will be the cleanest in the world from greenhouse gas (GHG) emission perspective, producing, for example, 30 percent fewer emissions than the US Gulf Coast facilities. Furthermore, the LNG sector will provide thousands of new jobs, including

new opportunities for enhancement of indigenous economic participation, as well as a fair return for British Columbia’s natural resources through development of new markets.

### **Fiscal Competitiveness**

The BCLNGA has also raised questions about how the fiscal and policy incentives currently being implemented as part of in Natural Gas Framework would be available to other LNG players in the province. Specifically, the BCLNGA will be interested in what criteria will be used to determine whether a project will qualify for a PST exemption and associated Operating Performance Payments Agreement, and what the requirements will be for qualification of the recently passed Natural Gas Tax Credit under the *Income Tax Act*.

The Ministry of Energy, Mines and Petroleum Resources is working with the Ministry of Finance to develop the criteria that will be applied in determining qualification for the fiscal incentives under the Natural Gas Framework. These tools are specifically designed to support major investments in projects that satisfy Government’s four conditions for LNG development.

### **V CONCLUSION:**

The BCLNGA supports development of a globally competitive and clean LNG industry in British Columbia, and believes that the CleanBC Program should be applied equitably across all industries.

The BCLNGA also notes that the emergence of an LNG industry in British Columbia is among the most important contributions the Province can make to reduce global GHG emissions. Hence, it encourages the Province to ensure that the CleanBC Program and the Natural Gas Framework supports continued expansion of BC’s LNG sector.

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**APPROVED BY:**

Mark Urwin, Director	✓
Geoff Turner, ED	✓
Garth Thoroughgood, A/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 Kirk Johnson, President ConocoPhillips Canada

### **III BACKGROUND:**

ConocoPhillips Canada Resources Corp. (ConocoPhillips) is the Canadian division of ConocoPhillips Company, the world's largest independent oil and gas exploration and production company based on production and proven reserves. It is a Fortune 500 company created through the merger of Conoco Inc. and Phillips Petroleum Co. in 2002.

ConocoPhillips is based in Calgary. Its operations are focused on liquids-rich Montney unconventional resource play in Northeast British Columbia. ConocoPhillips currently has a registered interest in 179 petroleum and natural gas tenures in the Montney play covering an area of 66,370 net hectares. It ranks 27th out of 297 tenure holders in terms of net hectares held in the province. The company is currently planning for investment in new infrastructure for production growth in the Montney play.

ConocoPhillips has been participating in a Regional Strategic Environmental Assessment (RSEA) project in Northeast British Columbia. The RSEA project is an agreement on collaboration between provincial government agencies, First Nations and industry to determine how management recommendations may balance the development interests of the parties with the ability for First Nations to exercise their Treaty rights. The RSEA project is one of four Environmental Stewardship Initiatives currently implemented across British Columbia.

### **IV DISCUSSION:**

In 2018 ConocoPhillips was the 36<sup>th</sup> largest producer of marketable natural gas in British Columbia, producing 11.7 million cubic feet per day of natural gas, and representing about 0.3 percent of provincial production. ConocoPhillips was the 26<sup>th</sup> largest oil producer in British Columbia in 2018, producing about 31 barrels per day. The company had 27 wells reporting production in December 2018.

In 2016 ConocoPhillips sold most of its oil sands assets in Alberta and focused its Canadian operations on the Montney play. The company drilled, completed, and flow tested two Montney wells in 2017, which showed larger than 50 percent liquids content in its gas stream - double the average rate of its competitors in the area. While large

production volumes in the Montney play by ConocoPhillips are not expected over the next two years, the company is accelerating its appraisal activities, including plans for a new 14-well pad in 2019 to test well spacing and stacking. s.21  
s.21

As part of the RSEA project, First Nations identified concerns with regards to the current level of natural resource extraction activity impacting the ability to accurately collect the baseline data required to assess the current state of the area as it relates to their practice of Treaty rights. In July 2018 an Interim Measures Agreement (Agreement) was signed between the Blueberry River First Nation (BRFN) and the Province which applies to defined areas within the BRFN traditional territory.

The Agreement is designed to address immediate concerns with respect to petroleum and natural gas development activities in BRFN's critical areas while supporting the access and development of resources in specific areas identified by the parties. The critical areas are pre-determined areas where existing surface disturbances will be limited or new surface disturbances will require offsets. Those critical areas are rich in subsurface oil and gas reserves which are important to British Columbia's economic development and positive Liquefied Natural Gas final investment decisions.

ConocoPhillips holds the rights to subsurface petroleum and natural gas within the critical areas identified in the Agreement. s.21  
s.21

The interim measures are intended to be in place until final recommendations are made following the completion of the RSEA process by 2020.

## **V CONCLUSION:**

The Interim Measures Agreement between BRFN and the Province as part of the RSEA project was implemented on July 16, 2018. s.14; s.16  
s.14; s.16

s.16

s.16 . We appreciate ConocoPhillips' approach to responsible and efficient development of British Columbia's oil and gas resources.

The company is considering at this stage how and where to invest in new infrastructure for planned production growth in the Montney Play. The Province welcomes ConocoPhillips's investment in British Columbia and we are happy to have the company here.

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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:** Blackwater Mine Environmental Assessment Referral

**III BACKGROUND:**

New Gold Inc. (New Gold) is proposing to develop the Blackwater Gold Project (Project), an open pit gold-silver deposit. Blackwater is located in central BC approximately 110 km southwest of Vanderhoof and 160 km southwest of Prince George (Appendix A).

The Project has an estimated capital cost of \$1.8 billion and is expected to employ 1,500 people during construction and 500 during operations. The Project would require two years for construction and is designed to operate for 17 years at a milling rate of 60,000 t/d (22 Mty). The mine site would occupy approximately 4,400 hectares (Appendix B). A freshwater supply system pumping water from Tatelkuz Lake to the mine site and Davidson Creek would be required to operate for about 42 years and water treatment at the mine site is expected to be required for over 300 years. Reclamation activities at the mine site would begin during mining operations, continue for 24 years after ore processing ends, then be completed after water treatment infrastructure is no longer needed.

The proposed mine site is located within the asserted traditional territories of Lhoosk'uz Dene Nation, Ulkatcho First Nation, Skin Tyee Nation and Tsilhqot'in Nation. Other components of Blackwater, including the existing access road (Kluskus FSR) and the proposed transmission line, cross the asserted traditional territories of Nadleh Whut'en First Nation, Saik'uz First Nation, Stellat'en First Nation, Nazko First Nation, Nee Tahi Buhn Band, Cheslatta Carrier Nation, and Yekooche First Nation.<sup>s.16</sup>

s.16

The Environmental Assessment Office (EAO) and the Canadian Environmental Assessment Agency (Agency) conducted a coordinated environmental assessment (EA) of the Project. The EA review of the Project started on January 12, 2016 and was suspended twice to allow EAO and aboriginal groups to review changes to the Project design. The deciding provincial Ministers for Blackwater are the Minister of Environment and Climate Change Strategy and the Minister of Energy, Mines and Petroleum Resources. EAO is intending to refer the Project Application and supporting assessment materials to Ministers on April 17, 2019.

#### **IV DISCUSSION:**

The Project would require multiple provincial authorizations to initiate construction and operation which may include: *Mines Act, Environmental Management Act, Forest Act, Health Act, Drinking Water Protection Act, Heritage Conservation Act, Land Act, Water Sustainability Act, Transportation Act, and Wildlife Act*. The Ministry of Energy, Mines and Petroleum Resources (EMPR) Major Mines Office (MMO) will coordinate the permit review for the Project, including public consultation. MMO has worked with New Gold and Provincial agencies on a permitting strategy that would enable submission and review of early construction permit applications ahead of the main mine development applications.

EAO, EMPR, Ministry of Environment and Climate Change Strategies and the Ministry of Forests, Lands, Natural Resource Operations and Rural Development are working with Lhoozk'uz Dene Nation, Ulkatcho First Nation and Carrier Sekani First Nations to develop agreements to support continued collaboration through initial permitting and over the life of mine should permits be issued and the Project be developed. Permitting agencies have identified concerns with making commitments that would create future process uncertainty and inability to resource agreements. To bridge the additional time required to resolve the concerns and reach agreement, EMPR and EAO are providing letters of commitment to the Nations outlining the intentions of each agreement and a timeline for advancing these.

s.16

The Blackwater transmission line was re-routed during the EA Review<sup>s.16</sup>  
s.16

#### **V CONCLUSION:**

EMPR is leading efforts to support continued collaboration with Lhoozk'uz Dene Nation, Ulkatcho First Nation and Carrier Sekani First Nations through permitting and over the life of the mine should the Project proceed.

EAO anticipates referring the Blackwater Project EA to Ministers on April 17, 2019. EAO has worked with the provincial and federal government agencies, Indigenous groups and the Proponent to develop mitigation measures to address key EA issues. Background and assessment materials to support decision making on Blackwater will be provided by EAO.

**DRAFTED BY:**

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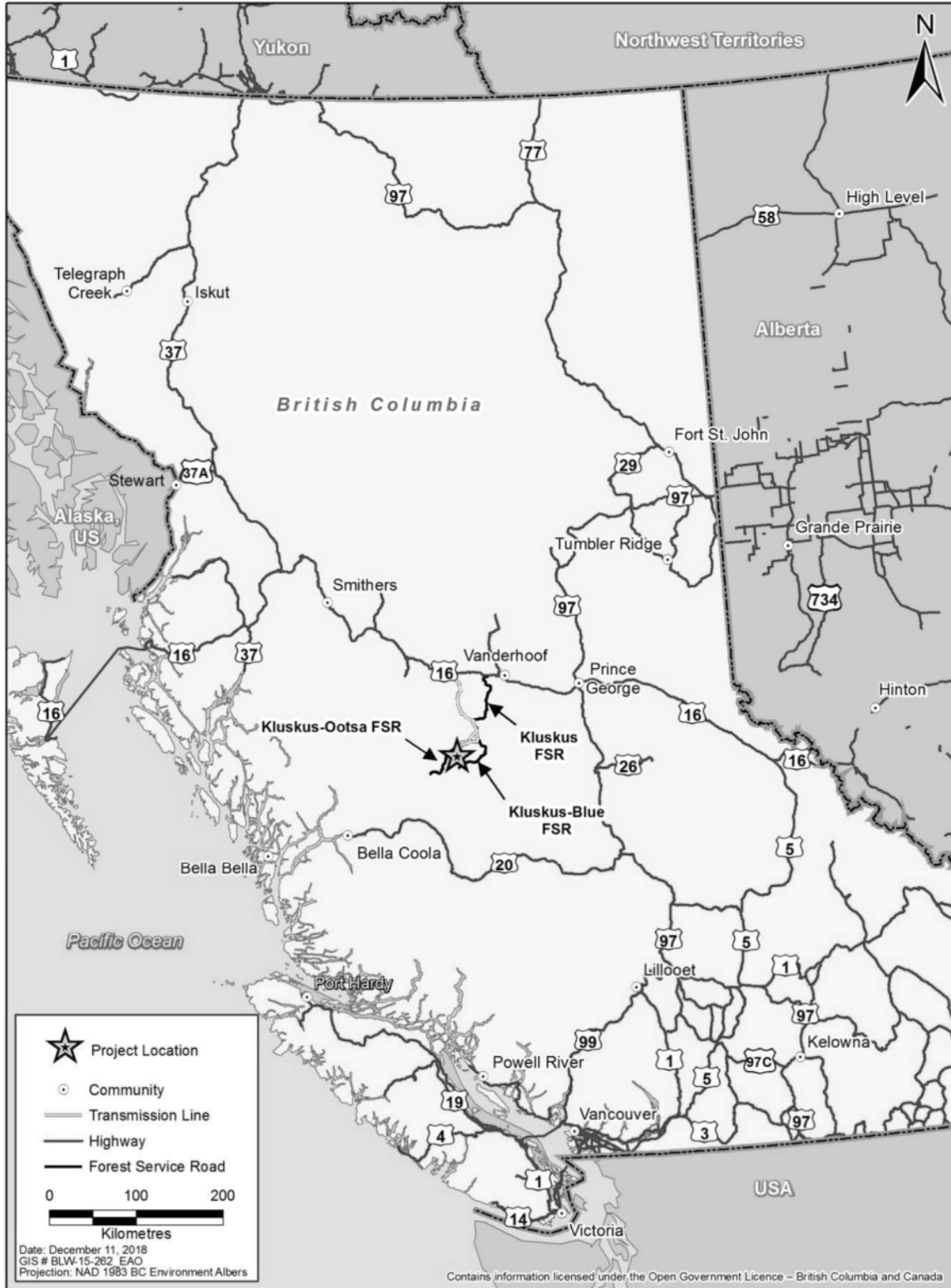
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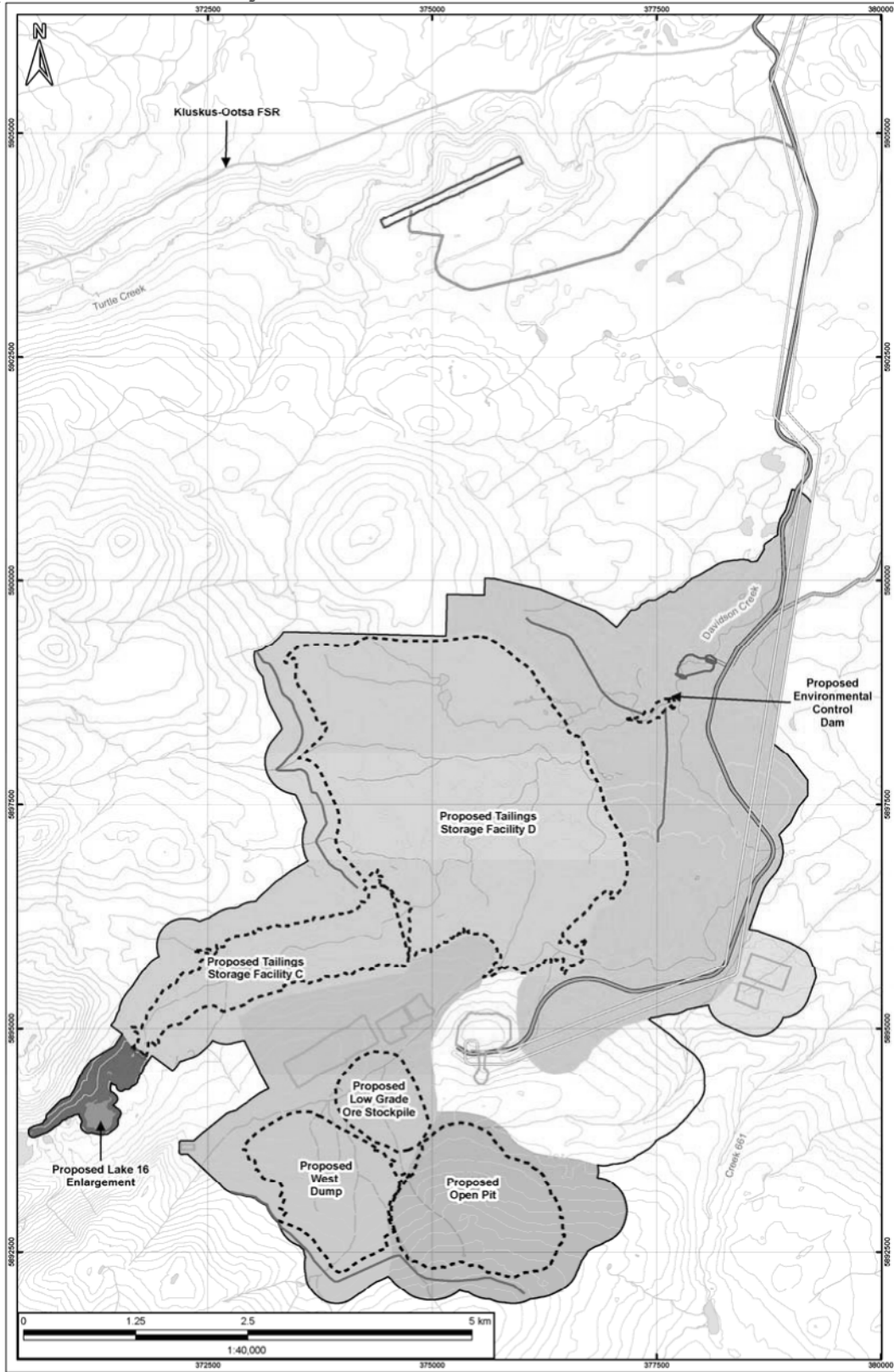
Appendix A: Project Location  
Appendix B: Mine Site Layout



Appendix A: Project Location



# Appendix B: Mine Site Layout



<ul style="list-style-type: none"> <li>— Proposed Water Management Infrastructure</li> <li>— Proposed Airstrip Access Road</li> <li>— Proposed Mine Access Road</li> <li>— Proposed Freshwater Supply Pipeline</li> <li>— Proposed Transmission Line Corridor</li> <li>— Proposed Airstrip</li> <li>— Other Infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>■ Lake 16 Enlargement Area</li> <li>■ Main Construction and Operations Camp Area</li> <li>■ Open Pit Area</li> <li>■ Tailings Storage Facility Area</li> <li>■ TSF Seepage Collection System Area</li> <li>■ Waste Rock and Low Grade Ore Area</li> </ul>	<b>Blackwater Gold Project</b> <b>MINE SITE LAYOUT</b>	Date: January 14, 2019 GIS No.: BWH-14-144 Produced By: ERM	Projection: Transverse Mercator Datum: North American 1983
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**MINISTRY OF ENERGY AND MINES  
BRIEFING NOTE FOR INFORMATION**

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

**II ISSUE:** Meeting with Resource Municipalities Coalition to discuss its White Paper on British Columbia's Energy Roadmap

**III BACKGROUND:**

The Resource Municipalities Coalition (RMC) is an organization made up of the municipalities of Fort St. John, Taylor, Tumbler Ridge, and Mackenzie and the Chambers of Commerce of Fort St. John, Tumbler Ridge, Mackenzie, and Chetwynd. It includes the Independent Contractors and Business Association, Northern BC Truck Loggers Association, and Alvin Stedel as associate members and Senator Richard Neufeld as an honorary member. According to their website, "Members... plan to advance common interests through education, research and analysis and monitoring industrial development and associate impacts to municipalities."

RMC's White Paper (White Paper (attached)) summarizes the results of a February 28, 2018, energy symposium in Fort St. John intended to provide input into "Developing British Columbia's Energy Roadmap." 120 participants discussed ten topics, and the White Paper organizes the results of those discussions along four themes:

1. **"Engagement"**: opportunities for improved engagement with First Nations, industry, stakeholders, local governments, and the general public.
2. **"Developing Metrics & Measuring Changes"**: a call for clearly defined targets for policy objectives, and metrics for whether these targets are being met.
3. **"Spheres of Consideration"**: including the need for information on British Columbia's energy mix, and a recognition that demand for energy varies by region, with higher requirements for heating, lighting, and transportation in northern regions.
4. **"Incentives to Innovation"**: which identifies a need to develop incentives and foster a culture that embraces and supports innovation.

The White Paper closes with six recommendations:

1. Determine target(s) for greenhouse gas (GHG) emission reductions for the Energy Roadmap and develop a Roadmap that strives towards achieving those targets. Consider whether those targets align with Canada's targets and/or British Columbia's current targets. If they differ, clearly communicate why.
2. Ensure that our First Nations neighbours are involved in the development of British Columbia's Energy Roadmap from initial inception through to finalization and implementation.
3. Provide a clear, credible and consistent source for data that can be used to establish baseline data, support marketing efforts and share information.

4. Determine British Columbia's current energy mix and desired energy mix in the future. This work should view conservation as a form of energy. It should also recognize that no forms of energy will be eliminated in the future energy mix, but that the distribution of where our energy comes from will shift.
5. Identify the fraction of global energy impacts for which British Columbia is responsible, along with the manner in which the province fits into global greenhouse gas reduction efforts.
6. Determine what proportion of energy is used for various purposes – building, heating, industrial processing, goods manufacturing, transportation and other major uses. Once determined, ensure that data is updated and made available.

#### **IV DISCUSSION:**

The White Paper is extremely high-level, and focuses on promoting consultation, metrics, and data availability rather than concrete recommendations for policy actions that would develop the energy industry or reduce greenhouse gas emissions. s.13;s.16

s.13;s.16

Much of what the White Paper suggests is consistent with Government's approach. While Government is not currently moving forward on a distinct energy roadmap, this concept, along with the economic development strategy and climate action plan were merged into the CleanBC plan, which government consulted on. The CleanBC plan sets clear targets and has outlined a plan to meet a majority of those targets. Government's conditions surrounding liquefied natural gas (LNG) development, including conditions that it respect and make partners of Indigenous Nations, and that it protects air, land, water, and supports climate solutions, are also consistent with discussion in the White Paper around Indigenous Nations and about finding a balance between resource development and environmental impacts.

Much of the information requested by the RMC is already available from utilities and the provincial and federal governments. In particular, British Columbia's energy mix is described by several Statistics Canada and National Energy Board data sets and energy use by major end-use is described by Natural Resources Canada's Office of Energy Efficiency. The Ministry of Environment and Climate Change Strategy publishes a provincial GHG emission inventory showing GHG emissions by sector that can be compared to federal and international data sources.

One issue that the RMC has raised in their White Paper is the way energy needs differ between northern and lower mainland communities. BC Hydro and the Ministry consider differing needs across the province when developing programs. Examples include:

- The Better Buildings program, which is an integrated offer of financial incentives, information and support to help households and businesses save energy and reduce GHG emissions by switching to high efficiency heating equipment and making building envelope improvements, is available across British Columbia.
- BC Hydro and FortisBC have a range of incentives available to their customers across the province. Pacific Northern Gas (PNG), which serves many homes and businesses in RMC communities currently has an application before the

BC Utilities Commission to expand its residential program offering. s.13  
s.13

- In 2016, the Ministry supported a Pacific Institute for Climate Solutions Co-op student in the production of a report that would increase the understanding of these challenges and outline a strategy that will allow the Ministry to support the adoption of Clean Energy Vehicles in Northern British Columbia, and in summer 2018 an analysis of Direct Current Fast Chargers sites was completed jointly by the Ministry and the Ministry of Transportation and Infrastructure. These studies are supporting charging infrastructure deployment efforts in the region by BC Hydro and the Community Energy Association.

## V KEY MESSAGES:

s.13

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Attachment: British Columbia's Energy Road Map: A White Paper

## 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:** BC's ability under Article 6 of the Paris Climate Accord to enter into agreements with other jurisdictions to share emission reductions.

#### **III BACKGROUND:**

There are a variety of policy mechanisms to reduce Greenhouse Gas (GHG) emissions associated with energy project developments, which are being analyzed further by the Ministry of Energy, Mines and Petroleum Resources (EMPR) and the Ministry of Environment and Climate Change Strategy. Those mechanisms include electrification policies, new emission offset policies and international agreements for sharing emission reductions. This note highlights key issues with the latter approach involving international agreements.

The Paris Climate Accord was signed by Canada and 194 other countries in December 2015, and provides a framework of commitments through which State parties (Canada) will work to keep the increase in global temperatures to less than two degrees above pre-industrial levels.

Internationally Transferred Mitigation Outcomes (ITMOs) are described in Article 6, Paragraph 2 of the Paris Climate Accord with respect to cooperative approaches towards Nationally Determined Contributions (NDC). These cooperative approaches allow parties to make emission reducing investments in each other's jurisdictions, and to trade emission reducing products and services. Additionally, it allows countries to enter voluntary agreements on what share of the reductions to NDCs achieved would "belong" to which jurisdiction.

Non-parties (including sub-national governments such as provinces) may utilize Article 6 and engage in ITMOs when authorized by a state (Canada) signatory. ITMOs are a mechanism to mitigate BC GHG emissions from industrial development, recognizing the net benefit from a global perspective.

The Rulebook that gives substance to the Paris Climate Agreement was intended to be finalized at the Conference of the Parties (COP24) in Poland in December 2018. That decision was postponed. Discussions will continue at COP25 in December 2019, and it is unlikely that international rules will be established before 2020.

#### **IV DISCUSSION:**

BC's liquefied natural gas (LNG) export interests are naturally aligned in the Asia Pacific region, and the Province has an opportunity to advance and establish an LNG export industry with

respective countries such as Korea or Japan. Japan is the world's largest LNG importer and ranks in the top four countries for the highest coal imports.

BC's natural gas has much lower carbon intensity than similar products from other jurisdictions due to high regulatory standards and the availability of renewable, clean electricity. Reducing GHG emissions by displacing coal and higher carbon intensity products with BC LNG brings an opportunity to leverage the Paris Agreement with respect to the use of ITMOs.

s.13;s.16

BC has been vocal with Canada in respect to ITMOs and has advocated for a robust but accessible institutional architecture within Canada so that provinces, territories and businesses can obtain authorization from Canada to engage in ITMOs in a timely manner. s.13;s.16  
s.13;s.16

## **V CONCLUSION:**

s.13;s.16

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## MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

### BRIEFING NOTE FOR INFORMATION

- I PREPARED FOR:** Honourable Michelle Mungall, Minister, Energy, Mines and Petroleum Resources
- II ISSUE:** Decarbonization of the Marine, Aviation, Rail, and Long-distance Trucking Sectors

### III BACKGROUND:

Leading up to CleanBC, the Ministry of Energy, Mines and Petroleum Resources (Ministry) has been investigating ways to decarbonize modes of transport other than short-distance transport. Currently, the Clean Energy Vehicle program provides motivation for decarbonization in light duty, short-distance transport through vehicle electrification, while the British Columbia Low Carbon Fuel Standard (BC-LCFS) mandates decarbonization within short-distance and some long-distance transport, including light rail and long-distance trucking.

The BC Sustainable Marine, Aviation, Rail and Trucking (BC-SMART) initiative, supported through the Ministry's Innovative Clean Energy Fund, seeks to identify the most feasible methods for decarbonizing long-distance transport and to determine the industrial support for such initiatives. Led by the University of British Columbia, BC-SMART began with a focus on the aviation industry, and with the association of the Ministry and priorities of CleanBC, has expanded its efforts to include all long-distance sectors. Members include academia, government, and industry stakeholders along the supply chain within each of these sectors (see Appendix A for membership list). The BC-SMART initiative has culminated in a BC-SMART Roadmap report, which was recently submitted to the Ministry (see Appendix B), and formalization of a government/industry commitment to work together in pursuit of CleanBC objectives.

### IV DISCUSSION:

Transportation can be decarbonized in several ways. First, it can be decarbonized by mode switching (i.e. using more efficient modes of transport). Second, decarbonization can occur from efficiency improvements in transport operations, in vehicle fuel use, or in fueling infrastructure. And third, decarbonization in transport can occur from the use of low carbon fuels.

The Ministry of Transportation and Infrastructure has undertaken an initiative called the Clean Transportation Corridors Advisory Council. Its working groups are focused on exploring mode shifting and vehicle efficiency improvements, while low carbon and renewable fuels are the purview of the Ministry of Energy, Mines and Petroleum Resources, in part through BC-SMART.

Of the three decarbonization methods, the BC-SMART Roadmap identified that low carbon fuels, especially drop-in fuels, have the greatest potential to reduce greenhouse gas emissions in long-distance transportation within the next few decades. Low carbon, drop-in fuels are produced from biomass but are functionally-equivalent to fossil-based fuels. As a result, these



low carbon fuels can utilize existing engines, fueling infrastructure and conveyance without extensive capital retrofits or operational changes.

The BC-SMART Roadmap suggests that the most feasible method of producing drop-in fuels in BC involves co-processing within existing refineries. This is supported by co-processing data from trials using lipids (i.e., fats, oils and greases) performed by the Parkland refinery under BC-LCFS Part 3 Agreement support.

In addition to recommendations to perform co-processing research with additional feedstocks (e.g., agricultural waste, forest residue, municipal sewage, synthetic distillate), the BC-SMART Roadmap makes several policy recommendations. The Ministry is already considering the first three recommendations, below, as part of the forthcoming amendments to the BC-LCFS and regular operations:

- Expand the BC-LCFS to include jet and marine fuel classes;
- Continue to support Parkland co-processing trials through BC-LCFS Part 3 Agreements;
- Determine how to model and attribute a carbon intensity to the renewable drop-in fuels produced via co-processing; and
- Change the *Forest Act*, and related legislation, to encourage the sustainable collection and use of forest residues.

The BC-SMART Roadmap also recommends the development of a BC-SMART Fuel Consortium to implement the Roadmap recommendations. The initial co-chairs will be the Ministry's Assistant Deputy Minister, Les MacLaren and the Senior Vice President of Supply, Trading & Refining of Parkland Fuel Corporation, Ryan Krogmeir. The implementation of the BC-SMART Roadmap recommendations is expected to contribute to the 650 million litre/year renewable transportation fuel production target within Phase I of CleanBC and may facilitate expansion and plan development that can contribute to Phase II.

## V CONCLUSION:

BC-SMART has already demonstrated that British Columbia's low carbon fuels policy and direct collaboration with industry stakeholders is critical to motivate innovation towards low carbon fuel production across the transportation sectors. Ministry staff are working on many of the recommendations made by the BC-SMART Roadmap and recommend ongoing support for the BC-SMART Fuel Consortium to provide oversight for the development and commercialization of low carbon drop-in fuels. Collaboration with the Ministry of Transportation and Infrastructure will continue to ensure alignment of Government's goals for long-distance transport and facilitate the development of a broader decarbonization strategy.

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**Approved by:**

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Dan Green, ED, EAED ✓  
Les MacLaren, ADM, EAED ✓  
Dave Nikolejsin, DM ✓

Attachments: Appendix A-BC-SMART Initiative Membership  
Appendix B- BC-SMART Roadmap Report

## 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:** Coastal GasLink Pipeline Jurisdictional Challenge

#### **III BACKGROUND:**

The Coastal GasLink pipeline is an approximately 650km long natural gas pipeline from near the community of Groundbirch (40km west of Dawson Creek) in northeast British Columbia to the LNG Canada export facility near Kitimat. The project received an Environmental Assessment Certificate from the Environmental Assessment Office in 2014.

In April 2018, an individual, Michael Sawyer, applied to the National Energy Board (NEB) for a federal review of the Coastal GasLink Pipeline Ltd.'s project.

In October 2018, the NEB determined that Mr. Sawyer had made an arguable case and would conduct a hearing to determine if the pipeline falls under its jurisdiction. The Province, through the Attorney General (AG), registered as an intervenor in the NEB review of the jurisdictional challenge.<sup>s.14</sup>

Through the NEB review process parties were provided the opportunity to provide written evidence. CGL has submitted its written argument, and other parties have the opportunity to provide written argument on April 16. The final step in the process is for oral arguments during the week of April 29, 2019. A final determination would be expected later this year.

The Province has filed notice that it will participate in the oral argument process.

#### **IV DISCUSSION:**

On April 2, 2019 Coastal GasLink Ltd. submitted their final argument with regards to their position on the pipeline falling under provincial jurisdiction. <sup>s.14</sup>

A brief summary of facts include:

- While there is a corporate relationship between CGL and the NOVA Gas system (NGTL), which is federally regulated, there is currently no physical link between CGL and NGTL or any other federally regulated pipeline.
- While a connection to NGTL is likely in the future, CGL would continue to operate for the sole purpose of providing gas to the LNG facility, and all of the capacity on CGL would be held by the participants in the LNG joint venture (“Participants”).
- NGTL and CGL perform very different functions: the former serves a gathering and transmission function within the Western Canada Sedimentary Basin (WCSB) and delivers gas at over 1000 delivery points within the WCSB and to interconnecting points with various pipelines transporting gas to downstream markets.
- By contrast, CGL is a merchant single-purpose pipeline transporting gas from the Groundbirch area to the LNG Canada LNG facility.
- Shippers on the NGTL system who are not Participants cannot nominate to the LNG Canada LNG facility or any other point along CGL.
- There are no plans for CGL to be bi-directional.
- Even if a connection between CGL and NGTL were established, the operation of CGL and NGTL would remain separate. The nomination process for transportation on CGL would remain separate and governed by the transportation service agreements applicable to the operation of CGL.

s.14; s.16

s.14; s.16

s.14; s.16

The

argument is required to be submitted on April 16, 2019 and will be approved by Dave Nikolejsin, Deputy Minister, on April 15, 2019.

s.14; s.16

**DRAFTED BY:**

Garth Thoroughgood, A/ADM

**APPROVED BY:**

Garth Thoroughgood, A/ADM, OGD

Dave Nikolejsin, DM, EMPR

✓

✓

**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:** Committee membership for the Standing Code Review

**III BACKGROUND:**

The Health, Safety and Reclamation Code for Mines in BC (Code) provides the detailed regulation and standards for mining in BC. With the exception of the changes made to regulate tailings storage facilities and limited health and safety sections completed in the previous review, the Code has not been updated in most sections.

To review the Code, the Minister appoints members to the Code Review Committee (Committee) under section 34 of the *Mines Act*. The Chief Inspector of Mines, or designate, chairs the Committee and is responsible for making recommendations to the Minister. It is the Minister's decision to bring any suggested amendments of the Code to Cabinet for consideration of an Order in Council.

In past Code reviews, the Committee has been comprised of an equal number of representatives of mine operations' management (2 representatives) and mine labour unions (2 representatives). In 2016 Indigenous peoples were first included as full partners in the review process bringing the membership up to six members.

**IV DISCUSSION:**

**Standing Committee structure and recruitment:**

Ministry of Energy, Mines and Petroleum Resources (EMPR) is proposing the Standing Code Committee to be made up of four representatives each from Indigenous peoples, labour and industry for a total of 12 members. The increase in membership from the previous reviews is to provide for wider representation from all parties.

Recruitment for membership to the Code Review Committee started in fall 2018 with letters sent out to interested parties asking for nominations. The package contained information on the Standing Committee, expectations for time requirement and qualifications needed in order to adequately participate on the Committee.

Thirty letters were sent directly to Indigenous nations with mining within their traditional territories along with a direct request to the First Nations Energy and Mining Council (FNEMC). Letters were also sent to labour unions with locals involved in mining and industry associations

including the Mining Association of BC, the Association of Mineral Exploration and the BC Stone, Sand and Gravel Association.

Submissions were received in late fall 2018 from industry, labour and the Citxw Nlaka'pamux Assembly. FNEMC were invited several times (by letter, email and phone) to submit candidates for consideration. EMPR received no formal response from FNEMC other than a brief in-person discussion at a placer mining forum where FNEMC representatives indicated they would likely not be nominating a candidate. In that discussion, FNEMC representatives indicated support for Nalaine Morin who had been already nominated by the Citxw Nlaka'pamux Assembly.

### **Standing Committee commencement of work:**

Once the Code Review Committee membership has been approved, initial meetings will be scheduled to further define structure and process and set a priority schedule for the review. Each member is appointed to the Committee for a three-year term.

As the Code is technical in nature and broad in scope, the Committee will rely on the advice and technical expertise provided by sub-committees. These sub-committees will be struck to address a specific focus once the priority topic review schedule has been determined by the Code Review Committee. Membership for these sub-committees will be determined through the Chair of the Code Review Committee with assistance and recommendations from Committee members as appropriate.

It is anticipated that sub-committee may include, for example:

- Workplace Hazardous Materials Information System and threshold limit values for asbestos and diesel
- Autonomous mining
- Blasting

Budget 2019 provides \$500,000 annually for the standing Code Review. This amount covers staff in the Code Review secretariat, research contracts, as well as travel and facility rentals when required. The recommended committee membership is attached (1) as well as the Terms of Reference for the Committee (2).

## **I OPTIONS:**

### **Option 1: Approve committee membership and Terms of Reference**

#### **Pros:**

- The Code Review Committee is able to be convened and start work on its review during Mining Month (May 2019).

**Option 2: Revise the proposed membership and/or Terms of Reference prior to appointing the committee**

**Pros:**

- Ensures any changes or required clarifications are made

**Cons:**

- Code Committee may not be convened during Mining Month if there is a substantial delay in appointments

**V RECOMMENDATION: Option 1**

**Approve committee membership and Terms of Reference**

Approved/Not Approved

---

Honourable Michelle Mungall,  
Minister of Energy, Mines and Petroleum Resources

**DRAFTED BY:**

Michelle Hynes  
778 698-7149

**APPROVED BY:**

Al Hoffman, Executive Director ✓  
Nathaniel Amann-Blake, ADM ✓  
Dave Nikolejsin, DM ✓

Attachment 1: Committee members and bios

Attachment 2: Terms of Reference

Attachment 1: Committee members and bios

**Overview:**

	<b>Candidate Name, organization</b>
<b>Labour</b>	Steve Hunt, United Steelworkers Union
	Dean Lott, United Steelworkers Union
	Brett Chapman, Union of Operating Engineers
	Dave Williams, UniFor, Myra Falls
<b>First Nations</b>	Nalaine Morin, Arrowblade Consulting
	Jennifer Swarbrick, Highland Valley Copper
	Kyle Penner, BCIT mining engineering student
	Charlie Allison, Upper Similkameen Indian Band Councillor and Copper Mountain Mine
<b>Exploration</b>	Rob Stevens, Association for Mineral Exploration
<b>Sand and Gravel</b>	Dani Miller, Mainland Construction
<b>Major Mines</b>	Richard Tremblay, Gibraltar Mine
	Ian Anderson, Fording River Coal

**Bios:**

**Steve Hunt, United Steelworkers Union, Director, District 3 – Western Canada**

Stephen Hunt was named Director of USW District 3 in April 2004, succeeding Ken Neumann when he became USW National Director for Canada. A miner and union member his entire working life, Hunt became a Steelworker in 1973 and was appointed as a staff representative in 1984. In 1995, he became District 3 Education, Health, Safety and Environment Coordinator.

**Dean Lott, United Steelworkers Union, Staff Representative**

Dean Lott is a Union Staff Representative serving USW members for services Fording River and Elkview Coal mines as well as Locals 480 and 9705 at Trail.

**Brett Chapman, Senior Business Representative, Union of Operating Engineers**

Brett Chapman is the Senior Business Representative for Local 115 that looks after Peace River Coal and has been since 2012. He has worked very closely with Peace River Coal's management team and the Joint Occupational Health and Safety Committee as well as providing guidance to other Business Representatives for Line Creek.

**Dave Williams, Unifor, Myra Falls Mine**

Dave Williams is the staff representative for Unifor Local 3019 in Campbell River. Dave is currently the full-time union safety officer at Nystar Mine Myra Falls and is a long-term employee at the mine and within the mining industry.

**Nalaine Morin, Principal, Arrowblade Consulting**

Nalaine Morin is nationally recognized for her work in environmental assessment. She has led and managed the environmental review of several large resource development projects on behalf of First Nations. Her deep technical background in both mining and environmental assessment processes combined with being of Tahltan descent has enabled her to understand and to identify methods for the connection and support of both First Nation traditional knowledge and western science together in a way that bridges cultural understanding on both sides. Nalaine provides services in technical review, regulatory support, negotiations, community consultation and environmental resource management. Nalaine was nominated to sit on the Code Review Committee by the Citxw Nlaka'pamux Assembly.

**Jennifer Swarbrick, Operations Supervisor, Highland Valley Copper**

Jennifer Swarbrick is Red River Métis and was born and raised in Kamloops, BC. With her family having a history in mining, Jennifer has a deep interest in the trades, having completed the Women in Trades Program at Thompson River University. This led to her successfully completing the First Nations Women in mining internship program at Highland Valley Copper where she has graduated to a full-time mines supervisor with her mines blasting certification and is studying to complete the Shiftboss certification.

**Kyle Penner, BCIT mineral resource and mining engineering program student**

Kyle Penner is of Tahltan descent and has more than 10 years' experience in the mining industry. His background includes experience in many different areas of a mine site – from blasting and drilling to mine support systems and operating heavy equipment. With his background in underground operations and underground blasting he is moving towards obtaining his professional accreditation in mining engineering.

**Charles Allison, Councillor, Upper Similkameen Indian Band and Copper Mountain Mine**

Charles Allison has been a councillor for the Upper Similkameen Indian Band for the past year applying his passion for care of the water, land, culture and traditions to the Similkameen Valley. He started as a contractor five years ago working at the Copper Mountain Mine and has worked his way up through many different aspects of the mine; in the mill, in pit operations, and working on the tailings storage facility. He is now a second-year apprentice heavy duty mechanic in the mine maintenance department.



**Dr. Rob Stevens, Vice President Regulatory and Technical Policy, Association for Mineral Exploration**

Rob Stevens leads the review and analysis of policies that have potential to impact mineral exploration and development in BC. Rob is a professional geologist who has more than 25 years' experience in the mineral exploration and mining sector including time as an exploration geologist, a faculty member with BCIT's Mineral Exploration and Mining program and international work with developing country governments in which he supported the development of mining policies and technical capacity. Rob has been involved with AME for over 16 years as a Board member and Chair of the Association. He was also a Board member of the BC Aboriginal Mine Training Association and is the author of the well-regarded book 'Mineral Exploration and Mining Essentials'.

**Dani Miller, Compliance Manager, Mainland Construction Materials**

Dani Miller is an environment and safety professional with more than 20 years of experience in heavy industry and regulatory/compliance positions. Currently, Dani is the Compliance Manager for Mainland Construction Materials where she is responsible for non-financial risk management, environment, prospecting, permitting and design of infrastructure upgrade projects. Since being in the role, Dani led her team to achieving a Chief Inspector's Award in 2013 with improved safety at the workplace and a reduction of insurance premiums by over 30%.

**Richard Tremblay, Vice President and General Manager, Gibraltar Mine**

Richard is an experienced senior level executive with over 26 years in the mining industry. He has a strong operations background in Open Pit Coal Mining and Processing. He has managed sites with over \$500 million in annual spending and over 1200 employees. He has been responsible for all mine permitting activities from regulatory submission, stakeholder engagement and First Nations consultation.

**Ian Anderson, General Manager, Fording River Coal**

Ian Anderson has extensive knowledge of the BC mining industry which has been achieved through progressive roles within Teck and has experience with wide range of industry stakeholders. He holds more than 15 years of experience within the BC mining regulatory framework and is well versed in current mining technologies, occupational health, personal safety, mine design, exploration and reclamation/closure.



# **DRAFT Terms of Reference**

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**Health, Safety and Reclamation Code for Mines in  
British Columbia**

**Code Review Committee**

DRAFT – April 16, 2019

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## 1. Background

The Health, Safety and Reclamation Code for Mines in British Columbia regulates the mining industry and provides the foundation for the daily operational activities such as inspections, compliance and enforcement for the Ministry of Energy, Mines and Petroleum Resources (EMPR).

Previous reviews of the Health, Safety and Reclamation Code for Mines in BC (Code) were completed in 1996, 2003, 2008 and 2016/2017. Recent reviews were to address specific and limited sections within the Code in response to events.

In order to review the Code, the Minister appoints members of the Code Review Committee (CRC) under section 34 of the *Mines Act*. The Chief Inspector of Mines, or designate, chairs the committee and is responsible for making recommendations to the Minister. It is the Minister's decision to bring any recommended amendments to the Code to Cabinet for consideration.

In past Code reviews, the CRC members have been comprised of an equal number of representatives of mine operations' management and mine labour unions. It was in 2016 that Indigenous Nations were first included as full partners in the review.

The previous Code Review Committee members from labour, industry and Indigenous Nations and the Mining Jobs Task Force made recommendations that the Code Review continue as a regular function of EMPR. This will ensure that the mining industry remains relevant and is able to address the changing needs of the industry, the environment, Indigenous Nations and all British Columbians.

## 2. Scope

The Code requires an ongoing review to bring all sections up to current standards and introduce new sections as determined. Initial scoping will occur with Indigenous Nations/industry/labour representatives to establish priorities and specific topics to be reviewed. Work planning will occur on an annual basis with the CRC members and then appropriate technical sub-committees will be appointed to provide support and review, including obtaining the necessary research and data.

In establishing priorities for review, the CRC will consider the Professional Reliance Review Report's recommendations 103, 104 and 105 which are specifically related to the Code.

### Consultation

Each year, shortly before the end of each fiscal the Secretariat will canvass each of the members of the Code Review Committee to work with their stakeholders to provide a list of review items to ensure BC's mining sector's regulations are kept relevant and timely. This consultation process along with input from EMPR's inspectorate will form a proposal that outlines the regulatory work to be completed over the coming year.

A slate of code review topics for three years should be reviewed and added to a schedule to ensure the appropriate on-site research is being completed so that data can be brought forward for the technical sub-committees and Code Review Committee to process.

The three-year scheduled slate of review topics should be reviewed and updated annually, to ensure continuity and availability of data to support regulatory conclusions for the development of the Order in Council to enact the proposed amendments. It is expected that members of the CRC consult with their stakeholder and partners to determine areas of interest and review to bring forward for the CRC for consideration and inclusion in the schedule. Once determined, a slate of topics for review for three years will be brought forward for approval, and, where possible, a consensus decision by the CRC is encouraged. Should there be no consensus achievable for the review schedule the Chair will have final decision based on urgency, and the outstanding review topics will be scheduled for the next year.

In undertaking the review the CRC may choose to hold a 60 day public comment period depending on the topic material being reviewed. These periods may be chosen by the CRC and submissions will be reviewed for consideration for inclusion in the Code and will be made publically available on the Code Review website.

### **3. Committee Structure**

The *Mines Act* speaks to appointing a Code committee to prepare a code dealing with all aspects of health, safety and reclamation in the operation of a mine. In practice, this singular committee relies on the advice and technical expertise provided by sub-committees or working groups.

An ongoing review will be better able to address outstanding review topics from previous Code Reviews and ensure that industry is provided guidance for the changing needs of the mining industry, worker safety and environmental protection.

#### **3.1 Membership of Code Review Committee**

Members must be suitably qualified to consider and make recommendations on technical matters related to the operation of a mine. Members will apply their professional knowledge, experience and judgment in considering the need for and justification of proposed changes to the Code. Each member is appointed for a three-year term.

The Code Review Committee is comprised of the following:

Chair: Al Hoffman, Deputy Chief Inspector, Executive Director Code Review, EMPR

Industry Labour Representatives:

- Steve Hunt, United Steelworkers Union
- Dean Lott, United Steelworkers Union
- Brett Chapman, Union of Operating Engineers
- Dave Williams, Unifor

Indigenous Nations Representatives:

- Nalaine Morin, Principal, Arrowblade Consulting
- Jennifer Swarbrick, Operations Supervisor, Highland Valley Copper
- Kyle Penner, BCIT mineral resource and mining engineering program student
- Charles Allison, Councillor, Upper Similkameen Indian Band and Copper Mountain Mine

Major Mines Representatives:

- Richard Tremblay, Gibraltar Mines
- Ian Anderson, Fording River, Teck

Exploration Representative:

- Rob Stevens, Association for Mineral Exploration

Sand and Gravel Representative:

- Dani Miller, Mainland Construction

The CRC membership may be reviewed from time to time and no later than every three years as requested by the Chair, Minister or as membership requires. Members may be nominated from unions, industry, or Indigenous Nations through an invitation process.

## **3.2 Roles and Responsibilities**

### **3.2.1 Chair**

The Chair is responsible to ensure the effective functioning of the CRC to fulfil its review mandate as outlined in these Terms of Reference (ToR). Through the Secretariat, the Chair will arrange and chair all meetings and will facilitate dialogue to reach consensus wherever possible. The Chair will guide the CRC to determine the recommendations to be made to the Minister and will ensure that proper records of the CRC's activities are kept and maintained. Should the Chair be unavailable for a meeting, he/she will designate an appropriate alternate.

The Chair is ultimately responsible for making any recommendations for changes to the Code and will note details of dissenting opinions, if any. The Chair will provide rationale and justification of support for his recommendations based on ensuring the health and safety of workers, the environment and the public.

### 3.2.2 Secretariat

A Secretariat will be provided by the Ministry to act as recording secretary, liaison and legislative manager for the CRC and/or sub-committees to ensure the appropriate work is being completed. The secretariat will coordinate and manage meetings, ensure effective information dissemination, develop agendas in coordination with the Code Review Standing Committee Chair and will ensure that the committees are kept on task, and minutes and a formal record of the proposed Code revisions are kept and coordinated with Legislative Counsel and appropriate Ministry executive members.

The Secretariat will be supported by an administrative support and researcher who will take minutes, coordinate logistics, travel and meeting spaces, and perform research tasks as determined by the scheduled slate of review topics.

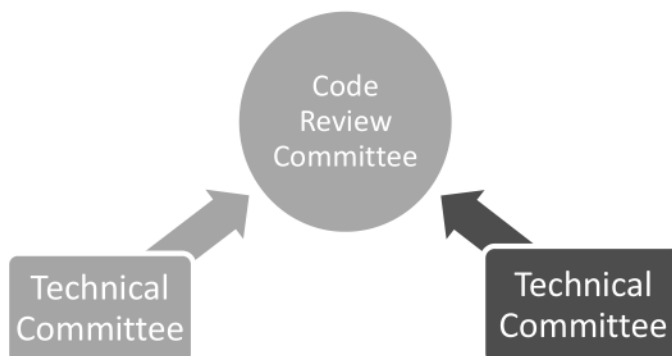
### 3.2.3 Members

Each member will attend all meetings of the CRC as arranged by the Chair. Members will apply their professional knowledge, experience and judgment in considering the need for and justification of proposed changes to the Code.

## 4. Sub-Committees

Sub-committees or working groups with specific focuses will be formed to review the technical aspects of the proposed Code revision or the adoption of technical standards. The role and purpose of sub-committees is to conduct in-depth and more detailed technical study of specific areas requiring potential change to the Code and to bring recommendations back to the CRC together with supporting rationale justifying the change.

Sub-committee roles and responsibilities will generally mirror that of the main CRC. The Chair of each sub-committee will be responsible for bringing and proposing recommendations to the CRC. Membership of each of the sub-committees is technical in nature and will be determined by the Chair in consultation with the relevant sub-committee chair, once appointed.



## **5. Procedures**

### **5.1 Meetings**

#### **5.1.1 Frequency and Quorum of Meetings**

The CRC will confirm meeting dates to accomplish their mandate in the desired time frame as outlined. It is expected that this will require meetings on a monthly basis as necessary. Each meeting must have attendance from all members, should a member unable to attend, an alternate must be designated and approved by the Chair prior to the meeting. Meetings will only proceed as long as there is at least one representative available from industry, Indigenous nations and labour; should this not be achievable the meeting will proceed at the Chair's discretion.

A typical agenda will include: introductions, confirm agenda, review actions from previous meeting, reports from sub-committees, discussion of specific clauses of the Code, any other business, and the date of the next meeting.

#### **5.1.2 Record of Meetings**

The Secretariat will coordinate a recording secretary and/or a technical advisor as needed for the Committee(s) who shall ensure that an agreed written record of each of the meetings is made and presented for acceptance at the next meeting. In addition they will ensure that the outcome of all discussions on proposed changes to the Code is recorded.

#### **5.1.3 Attendance**

The Chair is required to attend all meetings of the CRC. Other members are also expected to attend all meetings; however, if they are unable to attend they will be represented by their designated Alternate to ensure minimal absence (which would only be justified in unusual circumstances, such as illness).

### **5.2 Resources**

Unless otherwise arranged, attendance at the committee and subcommittees will be on an in-kind basis with no compensation paid for members' time spent on Code Review business or related expenses. The Ministry will supply meeting rooms and refreshments, as required.

### **5.3 Amendments**

These Terms of Reference may be amended at the Minister's discretion.

## **6. Schedule**

It is expected the Standing Code Review will take place such that priority revisions to the Health, Safety and Reclamation Code for Mines in BC may be put forward on an annual basis. In order to achieve this, specific and focused work by each of the appointed sub-committees will be required in order to determine appropriate changes to put forward. Recommendations will then be provided to the Code Committee for consideration.



## MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

### BRIEFING NOTE FOR INFORMATION

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

**II ISSUE:** Woodfibre LNG: Project updates s.12; s.13  
s.12; s.13

### III BACKGROUND:

Woodfibre LNG Limited (Woodfibre) is proposing a 2.1 million tonnes per annum facility on privately owned land in Howe Sound. Woodfibre LNG is owned and operated by Woodfibre LNG Limited, a privately held Canadian company headquartered in Vancouver, a subsidiary of Pacific Oil and Gas Limited which is part of the Singapore-based Royal Golden Eagle group of companies. In November 2016, Woodfibre announced the project received board approval to proceed. Woodfibre has communicated its intentions to issue a Notice to Proceed (Final Investment Decision) and commence constructions by June 2019.

Woodfibre LNG will create an estimated 650 direct jobs during the construction phase and up to 100 full time jobs during full-capacity operations. Additional employment opportunities will be created in the construction period for the FortisBC Eagle Mountain pipeline that will be servicing the facility. s.12; s.17; s.21

s.12; s.17; s.21

Woodfibre has achieved significant milestones in working towards a Notice to Proceed:

- Received environmental approvals from the BC Environmental Assessment Office, Canadian Environmental Assessment Agency, and a Squamish Nation Environmental Assessment Agreement;
- Fully permitted on major Federal permits, permit plan in place for the issuance of supporting provincial and federal permits;
- s.13
- s.16
- Woodfibre commercial offtake agreements have the projects LNG capacity fully committed;
- Concluded decommissioning, pre-construction work onsite and,
- Draft facilities permit from the BC Oil and Gas Commission is in its consultation period prior to issuance.

#### **IV DISCUSSION:**

##### **Woodfibre LNG Project Update**

Woodfibre is in the final stages of concluding its Engineering, Procurement and Construction contract which would initiate the issuance of the projects Notice to Proceed in Q2, 2019. The Project has achieved significant regulatory milestones and completed its onsite decommissioning program. Significant commercial agreements have concluded and the projects offtake is fully committed.

##### **LNG 2019 in Shanghai, China**

The Ministry of Energy, Mines and Petroleum Resources (EMPR) in conjunction with Natural Resources Canada secured and organized a space on the exhibition floor for a global LNG conference in Shanghai, China, LNG 2019. Several Canadian LNG proponents, including Woodfibre LNG, attended and utilized the exhibition space at LNG 2019. Unfortunately, provincial government staffs were unable to attend the conference and an event that preceded the conference in Beijing.

s.12;s.13

s.12;s.13;s.21

s.13;s.16

s.13;s.16

## V CONCLUSION:

Woodfibre LNG is set to play an integral role in British Columbia's energy system and would represent one of the single largest private sector investments in the greater Vancouver area. EMPR will continue to work closely with Woodfibre LNG and their parent company Royal Golden Eagle as the project moves into the construction phase.

s.13

s.13;s.16;s.21

**DRAFTED BY:**

Alisha Chicoine, Senior Economist

**APPROVED BY:**

Mark Urwin, Director

Geoff Turner, ED

Garth Thoroughgood, A/ADM

Dave Nikolejsin, DM

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✓

## MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

### BRIEFING NOTE FOR INFORMATION

- I PREPARED FOR:** Honourable John Horgan, Premier of British Columbia
- II ISSUE:** Meeting with the Honourable Amarjeet Sohi, Minister of Natural Resources and Senior Executives from PETRONAS including Datuk Ahmad Nizam Salleh – Group Chairman of the Board, Tan Sri Wan Zulkiflee Wan Ariffin – President and Group CEO, Datuk Mohd Anuar Taib – Executive Vice-President, CEO Group Upstream, Ym Tengku Muhammad Taufik Tengku Aziz – Executive Vice-President and Group CFO and Mark Fitzgerald – President and CEO of PETRONAS Canada

### III BACKGROUND:

#### LNG Canada

Since LNG Canada's Final Investment Decision announcement in October 2018, construction has commenced on the LNG Canada facility and associated Coastal GasLink pipeline projects. Site clearing activities are underway and are expected to last until April 2019. Pre-construction activities for the Coastal Gas Link pipeline are underway and include surveying, road-clearing and camp preparation. The Ministry of Energy, Mines and Petroleum Resources has established a dedicated team for the implementation of the LNG Canada and the Coastal GasLink (CGL) projects. This team is working collaboratively with other Ministries and the BC Oil and Gas Commission to ensure permitting remains on schedule and any issues pertaining to the provincial government are identified and addressed.

#### PETRONAS Energy Canada Ltd and North Montney Joint Venture

On November 23, 2018 Progress Energy Canada Limited changed its name to PETRONAS Energy Canada Ltd. PETRONAS Energy Canada is a wholly owned subsidiary of PETRONAS. Together with its North Montney Joint Venture partners, Japan Petroleum Exploration Company (JAPEX), PetroleumBRUNEI, IndianOil Corporation, and Sinopec-China Huadian, PETRONAS Energy Canada is the largest natural gas reserves owner in Canada with approximately 800,000 acres of largely contiguous mineral rights in the North Montney and over 52 trillion cubic feet worth of reserves. PETRONAS Energy Canada is the operator of the joint venture, which has more than 15,000 identified potential drilling locations.

While a portion of PETRONAS Energy Canada's natural gas production will be directed towards LNG Canada, the company has plans to grow its natural gas production substantially to supply the North American market as well, and is seeking other opportunities to realize additional value from its gas resources. To support the growth of access to the North American market PETRONAS has entered into long-term arrangements to secure pipeline capacity.

## **IV DISCUSSION:**

PETRONAS is seeking assurance from the provincial and federal government that support for investment in LNG in Canada remains a priority. They are looking to protect their current assets as well as any further investments in British Columbia.

### **Fiscal Framework for LNG**

The Province and LNG Canada have executed an Operating Performance Payments Agreement (OPPA). This agreement commits British Columbia to implement the four natural gas competitiveness measures announced in March 2018 by June 30, 2019 (with an extension possible by mutual agreement), and to leave the measures in place for at least 20 years after the LNG Canada project begins commercial operations. In exchange for this, LNG Canada agrees to make a series of payments totaling \$596 million over the first 20 years of project operations.

Two of the four measures (a PST exemption for construction of the project and changes to electricity rates) were implemented on October 2, 2018. Recently legislation was passed to repeal the *LNG Income Tax Act* and retain the Natural Gas Tax Credit which is expected to satisfy the Province's obligations under the OPPA for fiscal changes related to income tax. To support the legislature's debate on this legislation, the OPPA was publicly released after the legislation is tabled.

The remaining measure, the CleanBC Industrial Incentive will be met through a combination of policy currently under development by the Ministry of Environment and Climate Change, s.12; s.13; s.17

s.12; s.13; s.17

The Natural Gas Tax Credit will allow companies involved in the LNG industry to earn a credit based on the value of the natural gas supplied to their facility. They will be able to use this credit to reduce their corporate income tax burden by up to three percent below the prevailing rate (from 12 percent to 9 percent currently). This will provide companies active in the British Columbia LNG industry access to the lowest provincial corporate income tax rate in the country (not counting small business rates).

The Government's objective with its LNG Investment Fiscal Framework is to encourage companies to develop British Columbia's natural gas and to ideally pay British Columbia corporate income tax. To the extent that LNG Canada's Joint Venture entities may want to independently participate in the further development of British Columbia's natural gas industry, there may be a good business case that certain of those entities could locate their Canadian head office in British Columbia.

### **Update on Coastal GasLink**

Coastal GasLink (CGL) is involved in two legal processes:

On July 30, 2018, the National Energy Board (NEB) received an application from Mr. Michael Sawyer requesting the consideration of whether the CGL project is properly within the federal jurisdiction for regulation. The NEB panel that is considering the CGL jurisdiction application will hear oral summary arguments on May 2 and 3 in Calgary;

however, a final decision date is not yet scheduled. British Columbia will be arguing for the pipeline to be regulated provincially during these proceedings.

On December 14, 2018, the Supreme Court of British Columbia granted CGL an interim injunction against members of the Unist'ot'en camp where a gate is restricting access across the Morice River Bridge. There is an enforcement order in place providing direction to the RCMP to enforce the terms of the injunction. The enforcement of the temporary injunction order has resulted in an increase in public action opposing the CGL project and LNG development in general. On April 15, 2019 charges were dropped against the 14 protesters that were arrested during the enforcement of the temporary injunction.

s.21

## V CONCLUSION:

The Province remains committed to the LNG Canada project and will continue to collaborate with LNG Canada and CGL to implement effective approaches to issues as they arise.

We are committed to fully implementing the natural gas competitiveness framework that was announced a year ago on the timelines committed to in the recently signed OPPA.

There is an opportunity for PETRONAS or other participants of the LNG Canada joint venture to locate their Canadian headquarters in British Columbia to take advantage of the favorable corporate income tax rate enabled by the Natural Gas Tax Credit.

During these times, it is important that companies continue to work with First Nations, including the Office of the Wet'suwet'en, to meet their requirements and commitments.

### Appendix: Appendix A - Company Profile

**DRAFTED BY:**

Alisha Chicoine, Senior Economist

**APPROVED BY:**

Mark Urwin, Director ✓

Geoff Turner, ED ✓

Garth Thoroughgood, A/ADM ✓

Dave Nikolejsin, DM ✓

### CORPORATE OVERVIEW

- PETRONAS is a Malaysian oil and gas company wholly owned by the Government of Malaysia, the corporation is vested with the entire oil and gas resources in Malaysia and is entrusted with the responsibility of developing and adding value to these resources.
- Since its incorporation, PETRONAS has grown to be an integrated oil and gas company with business interest in 35 countries.
- The company engaged is a wide spectrum of petroleum activities, including upstream exploration and production of oil and gas to downstream oil refining; marketing and distribution of petroleum products; trading; gas processing and liquefaction; gas transmission pipeline network operations; marketing of LNG; petrochemical manufacturing and marketing; shipping; automotive engineering; and property investment.

### FINANCIAL OVERVIEW

Table 1: Select Financials (In Billions, USD)

	2017	2016	2015
<b>Income Statement</b>			
Revenue	55.1	47.1	57.7
Gross Profit	20.6	13.3	16.5
Net Income	11.2	5.4	4.9
<b>Balance Sheet</b>			
Total Assets	147.8	138.8	137.9
Total Liabilities	41.2	41.3	41.0
<b>Cashflow</b>			
CAPEX	11.0	11.6	15.1

### LNG STRATEGY

- One of PETRONAS' primary objectives is to secure supply for the Malaysian market, given its role as the country's NOC. The country's gas supply-demand balance became increasingly complicated with demand centres in Peninsular Malaysia requiring more gas as legacy production areas in the country declined.

### LNG STRATEGY CONT'D

- PETRONAS completed two liquefaction projects in 2017, making it the third largest supplier in the global LNG market.
- However, the company is tasked with placing its growing supply of uncontracted cargoes, both from new projects and expiring contracts at legacy MLNG plants at a time when competitive LNG supply in the global market is expanding.
- As such, PETRONAS has moved to offer more flexible contract terms and for shorter durations in order to shore up off-takers and attempt to expand to new markets.
- Beyond Malaysia, PETRONAS expanded its portfolio internationally over the last fifteen years in order to ensure supply security for its offtake obligations, part of its initial strategy of aggressively building up its LNG portfolio.

### LNG PROJECTS

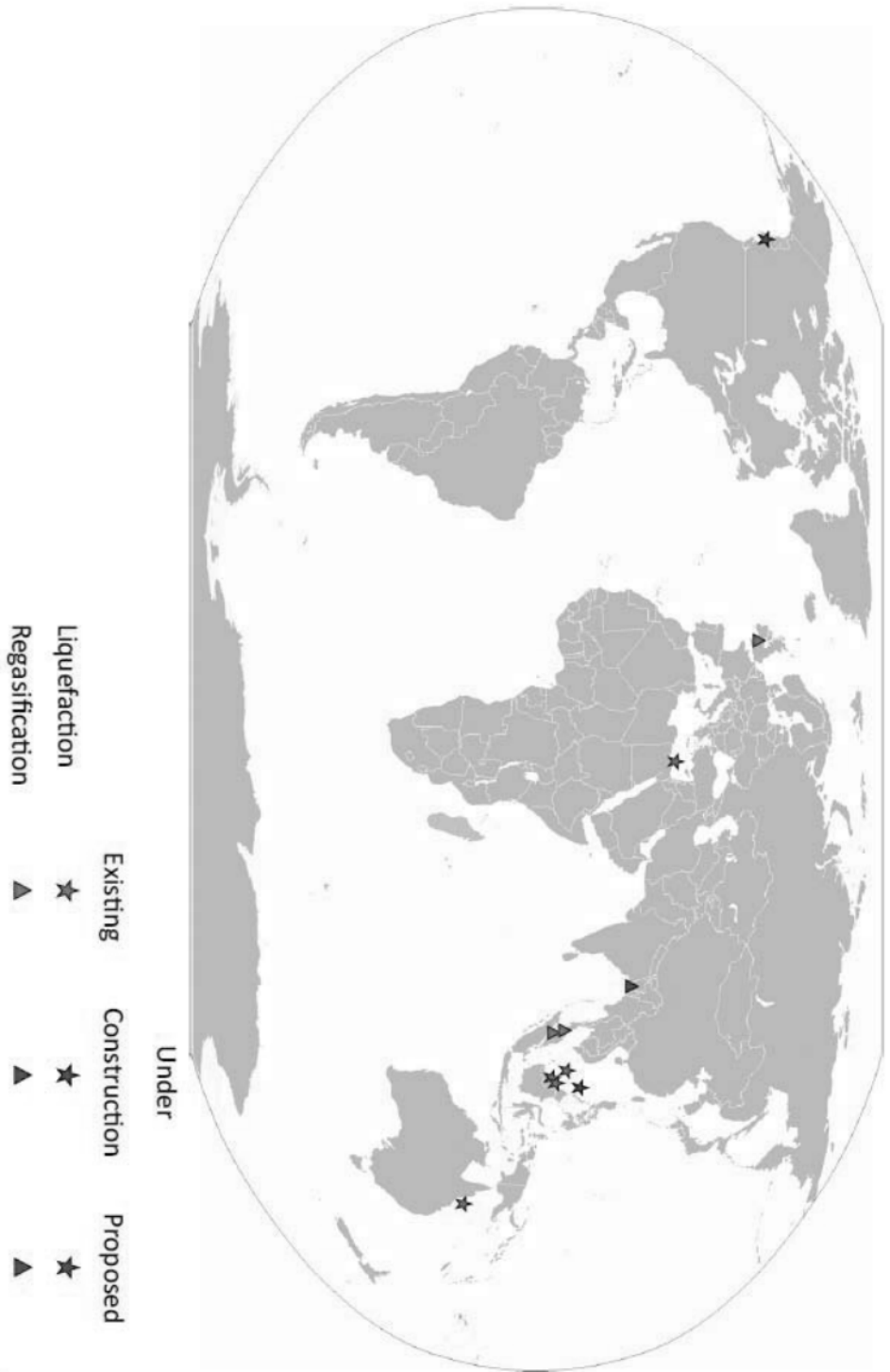
#### Liquefaction Facilities

Project	Country	Start Date	Equity Stake
<b>Operational</b>			
MLNG Satu T1-3	Malaysia	1983	90%
MLNG Dua T1-3	Malaysia	1995	80%
MLNG Tiga T1-2	Malaysia	2003	60%
ELNG T1-2	Egypt	2005	36% T1 38% T2
GLNG T1-2	Australia	2016	28%
MLNG T9	Malaysia	2017	70%
PFLNG Satu	Malaysia	2017	100%
<b>Under Construction</b>			
PFLNG Dua	Malaysia	2020	100%
LNG Canada	Canada	2023	25%

#### Regasification Facilities

Project	Country	Start Date	Equity Stake
<b>Operational</b>			
Dragon	UK	2009	50%
Sungai Udang	Malaysia	2013	100%
RGT2 (Pengerang)	Malaysia	2017	65%
<b>Proposed</b>			
Kutubdia LNG	Bangladesh	2019	25%

# Global LNG Infrastructure





**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 – Design and Delivery for Fiscal Year 2019

**III BACKGROUND:**

There are six main barriers to increased zero-emission vehicle (ZEV) adoption: lack of vehicle supply (both availability and variety); higher up-front costs for consumers; lack of charging / refuelling infrastructure; lack of public awareness; and technological advancement and specialized skills training. The Ministry is applying a market transformation approach to transition the transportation sector to ZEVs, starting first with measures and investments to address market barriers and develop a solid consumer base, and following with regulatory standards to manage fiscal impacts and prevent a return to lower-quality technologies.

British Columbia (BC) currently has the highest rate of CEV adoption in Canada, at over 4 per cent (%) of new light-duty vehicle sales, and one of the largest charging and hydrogen fuelling infrastructure networks, despite making much lower incentive investments than Quebec's and Ontario's (now ended) similar programs. Consumer awareness of ZEVs in BC is higher than the rest of Canada, and customer uptake in both the vehicle and infrastructure incentive programs regularly exceeds projections.

s.12;s.13

**Federal Budget 2019**

The 2019 Federal Budget committed to a two-year, cross-Canada, point-of-sale vehicle incentive program. Program details announced April 17, 2019 indicate vehicles with battery

capacities over 15 kWh will receive a \$5,000 incentive, while vehicles with a battery capacity below 15 kWh will receive a \$2,500 incentive. This aligns with BC's current incentive design. The Manufacturer Suggested Retail Price (MSRP) Federal vehicle eligibility thresholds will be set as follows: for vehicles with six seats or less, base level MSRP limits of \$45,000 up to a maximum trim-level MSRP of \$55,000; and for vehicles with more than six seats, base level MSRP limits of \$55,000 up to a maximum trim-level MSRP of \$60,000.

Purchases made after May 1, 2019 will be eligible for incentives. <sup>s.13; s.16</sup>  
s.13; s.16

Until the third-party system is established, customers will still have access to the incentive at the point-of-sale, but dealers will be required to submit applications for the incentive to the federal government directly for reimbursement.

The federal government is also proposing to deliver a public Level 2 charging station program. <sup>s.13; s.16</sup>

#### **IV DISCUSSION:**

The new ZEV targets set by the Province in legislation, along with the expanded ZEV program commitments in CleanBC, require taking the program and outreach efforts to the next level. There is a significant need to streamline the customer experience, while ensuring all relevant stakeholders (automakers, dealers, utilities, infrastructure providers, local governments, and ZEV interest groups) are working together to achieve the ambitious targets. There is also a need to consider the level and scope of provincial vehicle incentives in the context of the new federal vehicle incentives.

There are five key decisions required to finalize the CleanBC ZEV program design for fiscal year 2019/2020:

1. Delivery model;
2. Marketing funds;
3. Vehicle price eligibility for provincial incentives;
4. Base vehicle incentive levels; and
5. Affordability incentive mechanism.

The design of the current CEV Program is detailed below in the context of the above-noted five decision areas.

#### **Current CEV Program (Status Quo)**

##### **1. Delivery Model**

The CEV Program offerings are delivered on behalf of the Province by numerous delivery agents to reduce internal administration costs and extend program reach, by leveraging their administration systems, existing public and business relationships, and in-kind contributions.

Customer experience for receiving the light-duty vehicle incentives is streamlined at the point-of-sale by working directly with the BC New Car Dealers Association (NCDA). These are marketed as Government of BC CEVforBC incentives. Home and workplace infrastructure incentives are delivered through a separate application process post-installation, resulting in a less streamlined experience for consumers than the vehicle incentives. These are marketed as Government of BC incentives delivered by Plug-In BC.

Public fast charging and hydrogen fuelling investments are marketed as Government of BC investments, but delivered by Natural Resources Canada and the Canadian Hydrogen Fuel Cell Association, respectively, to allow for a streamlined process for proponents accessing provincial and federal funding. The medium- and heavy-duty vehicle incentives are offered as mail-in rebates for consumers and marketed as Government of BC Specialty Use Vehicle incentives delivered by Plug-In BC.

While the [www.gov.bc.ca/cleanenergyvehicleprogram](http://www.gov.bc.ca/cleanenergyvehicleprogram) site provides one online platform for consumers to find information on all CEV Program offerings, it is not a marketing site, and largely re-directs customers to a variety of other sub-program websites, namely: CEVforBC; Plug-In BC; the Advanced Research and Commercialization Program of BC; and the Canadian Hydrogen and Fuel Cell Association. The result is a disjointed experience for consumers on ZEVs and what programs might be available in BC.

## 2. Marketing funds

Overall marketing funding from the Province to-date for the suite of CEV Program offerings has been quite limited at approximately \$300,000 per year across all sub-programs, and not well coordinated across the various sub-programs in terms of look and feel. Approximately \$100,000 per year is allocated to marketing of the CEVforBC vehicle incentives and delivering consumer ride-and-drive events around the province. Approximately \$200,000 per year is allocated to the development and dissemination via partners of public awareness information and materials on ZEVs, and to support public outreach activities and ride-and-drives led by local governments and community organizations.

For targeted public education and outreach, the Province has an existing agreement with the Fraser Basin Council, with funds already allocated, that runs until March 31, 2021, for the Emotive outreach program. Emotive is a partnership program, borne out of a need to help grass-roots-level ZEV outreach activities have consistent messaging and strategies without being tied to one organization. Through Emotive, the Province develops consistent ZEV outreach materials on behalf of local governments and community organizations to support their public outreach on ZEVs including events and ride-and-drives. The Emotive program also provides financial support and guidance to community-run ZEV events. s.13; s.16

s.13; s.16

## 3. Vehicle price eligibility threshold

Vehicle incentives are only available on ZEVs with a base model Manufacturer Suggested Retail Price (MSRP) below \$77,000. The CleanBC Transportation Budget 2019 submission committed to reduce the vehicle MSRP eligibility threshold from \$77,000 to \$65,000.

4. Base vehicle incentive levels

Hydrogen fuel cell vehicles receive a \$6,000 incentive, battery-electric and plug-in hybrid electric vehicles with batteries over 15 kWh receive a \$5,000 incentive, while those with batteries below 15 kWh receive a \$2,500 incentive.

s.12; s.13

**V OPTIONS:**

Options for the CleanBC ZEV program design for fiscal year 2019/2020 are detailed below.

s.12;s.13

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Withheld pursuant to/removed as

s.12; s.13

## **VI RECOMMENDATIONS:**

CleanBC ZEV program design for fiscal year 2019/2020:

s.12;s.13

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Honourable Michelle Mungall  
Minister of Energy, Mines, and Petroleum Resources

**DRAFTED BY:**

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**APPROVED BY:**

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Appendices:

Appendix A Budget 2019 ZEV Program  
Appendix B BC Hydro EV Partnership Proposal

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

**I PREPARED FOR:** Honourable George Chow, Minister of State for Trade

**II ISSUE:** Jade Mining in British Columbia

**III BACKGROUND:**

Jade is British Columbia's Provincial Stone and it has both a healthy domestic and international market for wholesale and retail. Nephrite Jade is an important stone used traditionally by Indigenous communities in the northwest and traded widely throughout the Province and is also highly valued by the Chinese community.

Jade (in bedrock or placer in transported sediments) is mined mainly in the remote Turnagain region of Northwest BC which is accessed via an unauthorized road. There are also jade tenures and small operations in Omineca and near Hope. There are approximately 40 jade permits in the province, with 33 of the permits in the northwest (6 of which are currently operating). In 2016, royalties for jade mining were approximately \$18,000 and to date, no placer jade operations have been subject to a permit fee.

Attention to jade mining practices in Northwest (NW) British Columbia has increased in recent years due to the Discovery Channel television show 'Jade Fever' which documents jade placer mining in the Turnagain. Tahltan and Kaska First Nation communities have expressed concerns with placer jade mining in the Turnagain, including extensive disturbance, cumulative effects, lack of revenue sharing, poor operating practices and poaching of wildlife. The Turnagain area is a sensitive semi-alpine wilderness environment with slower vegetation growth rates.

The perception of poor operating standards and extensive disturbance relates to the nature of jade placer mining as it mainly involves extensive mechanized surface disturbance to look for jade boulders. The majority of proponents strive to be responsible in their exploration activities and comply with authorizations.

s.13;s.16;s.17

**IV DISCUSSION:**

To respond to the concerns, the province has already increased focus on regulatory oversight and enforcement. In 2017, the NW office initiated the first Ministry of Energy, Mines and Petroleum Resources (EMPR) Land Guardian joint monitoring pilot program with the Kaska to specifically address concerns with jade placer mining. Two inspection trips and six site inspections occurred. In 2018, three inspection trips and sixteen site inspections occurred. Additional follow-up trips were conducted by the local

Conservation Officer at EMPR's request. In 2019, two inspection weeks are planned for the Cassiar and Turnagain areas. This will include organized participation by land guardians from the Talhtan and Kaska Nations and coordination with Mineral Titles Office and other agencies. In late April 2019, the NW office hosted a workshop for the land guardians to deliver training and develop standardized tools for collection and sharing of data in the field. The workshop will ensure that guardians have the skills and knowledge to attend inspections with EMPR staff and to observe, record and report any concerns they observe when they are travelling through their territories.

The NW office is also establishing a working group for the unauthorized Jade Boulder Road involving First Nations, proponents and government Ministries in order to bring regulatory control over the access road for the proponents.

Due to the ongoing concerns of non-compliance with some placer jade operations, the Ministry has also taken enforcement actions, including:

- *Mines Act* charges approved following investigation into a 2015 fatality at a jade property. This matter is now before the courts.
- March 2019 decision by the Chief Gold Commissioner to suspend the Free Miner's Certificate of Canadian Rockies International Investment Group Ltd. for two years for non-compliance with provisions of the *Mineral Tenure Act*.  
s.13; s.15
- Multiple Inspection Orders in 2018 as part of ongoing compliance verification activities.

## V CONCLUSION:

s.13;s.16

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The remoteness of the Turnagain region makes comprehensive compliance and enforcement activities resource intensive and demonstrates the need for close collaboration with the First Nations in monitoring and enforcement.

The low return and impacts to the landbase from this activity is currently under review.

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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:** Exemption request from the British Columbia Utilities Commission for the Greater Vancouver Sewerage and Drainage District

### III BACKGROUND:

In circumstances where there is no need for close British Columbia Utilities Commission (BCUC) regulation, section 88(3) of the *Utilities Commission Act* (UCA) gives the BCUC the power to issue an order exempting a person from provisions of that Act, with the advance approval of the Minister of Energy, Mines and Petroleum Resources.

On June 14, 2017, the BCUC received an application from the Greater Vancouver Sewerage and Drainage District (GVSD) for an exemption from Part 3 (excluding section 22) of the UCA. GVSD is seeking the exemption to allow it to construct and operate a thermal energy centre at its new North Shore Wastewater Treatment Plant and sell the generated heat energy exclusively to the Lonsdale Energy Corporation (LEC), a municipal district energy system that is wholly owned by the City of North Vancouver. The sale of the generated heat energy would be governed by the terms and conditions of a Thermal Energy Sale and Purchase Agreement that has been approved by both parties.

If it proceeds with these plans, the GVSD would meet the definition of a public utility under the UCA and would be subject to full BCUC regulatory oversight in respect of the thermal energy centre. Existing exceptions and exemptions (including those for municipally-owned utilities and thermal energy systems) would not apply. This would mean that the GVSD would need to obtain a Certificate of Public Convenience and Necessity from the BCUC for the construction of the thermal energy centre and would also need BCUC approval of its rates.

The BCUC initiated a proceeding to consider the application on February 14, 2018. After providing an opportunity for letters of comment and also holding a public hearing, the BCUC has determined that the GVSD's request for an exemption is warranted. The BCUC seeks the advance approval of the Minister of Energy, Mines and Petroleum Resources to issue an order that would put the requested exemption in place. The request from the BCUC is appended to this note as Appendix A.

### IV DISCUSSION:

The BCUC determined that full regulatory oversight of the GVSD is unnecessary with respect to the construction, operation and sale of energy from the proposed thermal energy centre, because there is no need for regulation to prevent the abuse of monopoly power. This conclusion appears to be a reasonable one based on the evidence presented during the proceeding and is consistent with principles established by the BCUC in previous proceedings.

In 2012, the BCUC completed an Inquiry into the Offering of Products and Services in Alternative Energy Solutions and Other New Initiatives for regulated public utilities who provide products and services outside traditional utility activities. That inquiry established several principles that the BCUC applied in making its decision on the GVSDD application, including that the BCUC would only regulate where necessary, and that regulation should not impede competitive markets.

The BCUC found that the LEC and the GVSDD are two sophisticated parties that have negotiated a mutually-acceptable contract for the provision of heat energy. The LEC will also be under no compulsion to obtain its heat energy from the GVSDD because the thermal energy centre will be only one of several energy sources used by the LEC. The LEC already has an established network of seven mini-plants providing service to its network.

## **V RECOMMENDATION:**

Staff have no concerns with the BCUC's request. It is recommended that the Minister approve the requested exemption. If the Minister approves, a Ministerial Order for signature will follow.

Approved / Not Approved

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Honourable Michelle Mungall  
Minister of Energy, Mines and Petroleum Resources

May 6, 2019

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Date

**DRAFTED BY:**

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Electricity Policy Analyst  
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**APPROVED BY:**

Paul Wieringa, ED, EPB ✓  
Les MacLaren, ADM, EAED ✓  
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## NATURAL RESOURCE SECTOR – JOINT MINISTRY DECISION NOTE

Date: April 26, 2019

Date of previous note: n/a

File: 280-20

CLIFF: 343702

**PREPARED FOR:** Honourable George Heyman, Minister of Environment and Climate Change Strategy  
Honourable Michelle Mungall, Minister of Energy, Mines and Petroleum Resources  
Honourable Bruce Ralston, Minister of Jobs, Trade and Technology

**ISSUE:** CleanBC Industry Fund Program Design: Three Decisions Requested

### **BACKGROUND:**

The objective of the CleanBC Industry Fund (Fund) is to support industry investments to implement projects that reduce emissions. It is funded by a portion of the incremental carbon tax revenue (over \$30/tonne) paid by large industrial operations reporting emissions under the *Greenhouse Gas Industrial Reporting and Control Act*.

The Fund has been developing internal processes for evaluating project proposals, governance, and decision-making. Fund staff have drawn on lessons learned from other government funding programs and engaged with Corporate Services for the Natural Resources sector (CSNR) in developing a process that aligns with accounting practices, as assessed by the Office of the Comptroller General. The Fund is a transfer of monetary assets and basic principles governing transfers apply. These include accountability, openness and transparency, value for money, lawfulness, fairness, and integrity.

Lessons have been drawn from the Auditor General's report *An Audit of Community Gaming Grants*. Recommendations relevant to the design of the Fund include:

- Regularly reassessing whether the program is designed to achieve the objectives and maintain the integrity of the program;
- Reviewing and updating program guidelines, including clear eligibility criteria;
- Ensuring the authority for decision-making is clear; and
- A process that ensures grants are awarded to applicants in a fair and consistent manner.

The Fund intends to review and update design to evolve as project opportunities, technologies, or Fund objectives change over time. The process for reviewing and determining any changes to the design of the Fund is expected to occur next year (i.e. before 2020/21) and every 2-3 years thereafter.

### **DISCUSSION:**

s.13

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s.13

**RECOMMENDATIONS:**

s.13



April 30, 2019

Approved /  Not Approved

Signature  
Honourable George Heyman  
Minister, Environment and Climate Change  
Strategy

Date

May 13, 2019

Approved /  Not Approved

Signature  
Honourable Michelle Mungall  
Minister, Energy, Mines and Petroleum  
Resources

Date



May 03, 2019

Approved /  Not Approved

Signature  
Honourable Bruce Ralston  
Minister, Jobs, Trade and Technology

Date

**Attachments:** s.13

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Reviewed by	Initials	Date
DM	MZ	April 30, 2019
DMO	KK	April 30, 2019
ADM	JH	April 30, 2019
a/ED	AF	April 29, 2019
PRGM Dir./Mgr.	MZ	April 26, 2019