

MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

BRIEFING NOTE FOR DECISION

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

ISSUE: BC Hydro Impact Benefit Agreement-related Energy Purchase Agreements

BACKGROUND:

As part of legal obligations flowing from section 35 of the *Constitution Act of 1982*, BC Hydro, as a Crown agency, consults with Indigenous Nations on the potential impacts its capital projects may have on Aboriginal rights and title. Where appropriate, BC Hydro enters into Impact Benefit Agreements (IBAs) with Indigenous Nations to address adverse impacts that cannot be avoided, mitigated or otherwise accommodated.

In 2011, BC Hydro signed an IBA with the Nlaka'pamux Nation Tribal Council (NNTC) and another IBA jointly with the Okanagan Nation Alliance (ONA) and the Upper Nicola Band (UNB). Both IBAs relate to the construction of the Interior to Lower Mainland (ILM) transmission line, which was completed in 2015, and extends from Merritt to Coquitlam. In each of the IBAs, BC Hydro committed to negotiating a bilateral Energy Purchase Agreement (EPA) for future clean energy projects to be developed by the NNTC and the ONA/UNB. s.13; s.16; s.17

s.13; s.16; s.17

s.13; s.16; s.17

BC Hydro has subsequently completed negotiations with the NNTC for an EPA to acquire electricity from a 15 megawatt (MW) solar facility that the NNTC will be developing (in partnership with BluEarth Renewables) on the Teck Highland Valley copper mine site near Logan Lake. s.13; s.16; s.17

s.13; s.16; s.17

s.13; s.16; s.17

Assuming the proposed solar project supplies 27 gigawatt hours per year (GWh/year), the cost to ratepayers would be approximately s.13; s.16; s.17 per year (net of surplus sales).

BC Hydro has not completed negotiations with the ONA/UNB, but the ONA/UNB have confirmed that the project they would like to develop (in partnership with FortisBC) is a 15 MW solar facility located at the UNB Indian Reserve #1 at Nicola Lake. Negotiations are currently on hold pending the resolution of outstanding issues between the ONA/UNB and could restart at any time. s.13; s.16; s.17

s.13; s.16; s.17

These two projects are not part of the SOP and were not included within the five proposed Indigenous-related projects announced by BC Hydro in March 2018 at the outset of Phase 1 of the Comprehensive Review of BC Hydro (Phase 1).

Unless alternate actions are taken by Government, BC Hydro is required to seek BCUC approval of these EPAs under section 71 of the *Utilities Commission Act* (UCA). The BCUC must then consider whether the EPAs are in the public interest based on a variety of factors, including the interests of ratepayers, the contract price, and the need for the energy.

s.13; s.16; s.17

As an outcome of Phase 1, Government implemented a new framework for BCUC oversight of BC Hydro. Under this new framework, the BCUC will make most go-forward decisions, including on BC Hydro's rate increases, deferral accounts and capital projects. However, to minimize the impacts of past policy decisions on ratepayers and the Province's fiscal plan, and to advance social, economic, environmental, and reconciliation priorities, Government has signaled that, on occasion, it will need to provide direction to the BCUC to guide decision making in proceedings that have implications for Government policy.

DISCUSSION:

a) In the absence of Government direction, it is unclear if the BCUC will approve the EPA(s), and/or allow BC Hydro to recover the costs in rates.

BC Hydro is projected to have an energy surplus until the mid-2030s, and does not need the electricity that will be generated by the NNTC and ONA/UNB's projects. s.13; s.16; s.17
s.13; s.16; s.17

As a result, there is a strong likelihood that the BCUC, without Government direction, may determine that the two EPAs are not in the public interest. Alternatively, the BCUC could allow BC Hydro to enter into the agreements, but in a future Revenue Requirements Application (RRA) proceeding, the BCUC could disallow BC Hydro from recovering some or all of the costs from ratepayers. In this case, there could be a net impact of about s.13; s.16; s.17 o both BC Hydro's net income, and the Province's Fiscal Plan.

s.13; s.14

EPA, nor did it include the EPA costs in the ILM project costs. Further, the EPA that is contemplated by the IBA was to have been under development by 2016. If BC Hydro can say that it was constitutionally or otherwise obligated to agree to an extension to 2019 or later that may not be an insurmountable problem. If it can't make that case, the argument that the EPA is a necessary accommodation is undermined.

b) s.13; s.16; s.17

s.13; s.16; s.17

s.13; s.16; s.17

s.13; s.16; s.17

s.13; s.16; s.17

s.13; s.16; s.17

c) Alternatives to a direction to the BCUC under section 3 of the UCA

There are several alternatives available to the Province, although none would fully eliminate the risk of an adverse decision from the BCUC. The Province could participate as either an intervener or commenter in the BCUC proceedings on the EPAs and provide support for BC Hydro's position. BC Hydro advises that Government support is unlikely to add anything substantive to BC Hydro evidence and argument and is unlikely to be given much if any weight given the regulatory scheme.

The Minister of Energy, Mines and Petroleum Resources could also make a regulation under section 22 of the UCA that would exempt BC Hydro and the Indigenous Nations from having to file the EPAs for the BCUC's acceptance. While this would ensure that the EPAs could proceed, and be a signal of Government's policy intent, such an exemption would not prevent the BCUC from considering whether the costs of the EPAs should be recovered from ratepayers in future RRA proceedings.

OPTIONS:

s.13; s.16

Option 2 (Recommended): Request staff to prepare an exemption from BCUC oversight for the NNTC EPA under section 22 of the UCA, for Ministerial approval.

s.13; s.16; s.17

s.13; s.16; s.17

s.13; s.16

☒ Approved / ☐ Not Approved

s.22

Honourable Michelle Mungall
Minister of Energy, Mines and
Petroleum Resources

September 16, 2019
Date

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

Date: August 9, 2019
CLIFF: 107291

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

ISSUE: First Nations Energy and Mining Council's Engagement Strategy for the *Mineral Tenure Act*

BACKGROUND:

Over the past two and a half years, the Ministry of Energy, Mines and Petroleum Resources (EMPR) has been engaging with the First Nations Energy and Mining Council (FNEMC) and more recently directly with Indigenous Nations regarding concerns with respect to the *Mineral Tenure Act* (MTA). s.16; s.17
s.16; s.17

Throughout 2018, EMPR worked collaboratively with FNEMC to draft a jurisdictional scan and a concept paper identifying concerns with the MTA. The original intent of these documents was to provide the basis for further engagement with Indigenous Nations; however, EMPR and FNEMC did not reach consensus in the finalization of these documents.

FNEMC expressed concern with EMPR's engagement approach, as FNEMC was not leading discussions with Indigenous Nations. Furthermore, Indigenous Nations and FNEMC have been clear that FNEMC is an advocacy organization and does not represent Nations' interests. In order to address these concerns, EMPR began direct engagement with Indigenous Nations to understand their concerns. EMPR held four engagement forums from February to June 2019, with Indigenous Nations across the province (Vancouver, Kamloops, Prince George, and Richmond). Collectively, these forums were attended by 124 Indigenous representatives from 41 Nations.

DISCUSSION:

The first three forums focused on 'ground-truthing' the concepts discussed with FNEMC and establishing key areas of concern with the MTA - primarily the automatic issuance of mineral rights without consultation with Indigenous Nations. Based on participant feedback from these first three forums, EMPR prepared two *What We Heard Reports*, summarizing the forum discussions.

The last forum was used by EMPR to hear participants' feedback on the engagement process and opportunities for future engagement. Overall, there was support for continuing direct engagement on the MTA with Indigenous Nations, and continuing the existing forum structure.
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s.16

In June 2019, FNEMC submitted a letter to the Minister outlining their proposal to lead future engagement forums with Indigenous Nations and develop the supporting material, including completion of a concept paper. This proposal largely mimicked the approach that was taken for Environmental Assessment (EA) Revitalization. s.16
s.16

s.13

s.16

This is similar to the EA Revitalization process.

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NEXT STEPS:

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- Advise FNEMC of EMPR's engagement strategy and indicate that EMPR will continue to be the lead on engagement efforts; and

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Attachments:

- Attachment 1 – EMPR Proposed Engagement Strategy
- Attachment 2 – FNEMC Proposed Engagement Strategy
- Attachment 3 – 2019/2020 FNEMC Contribution Agreement

DRAFTED BY:

Chris Minchuk
s.17

APPROVED BY:

Jennifer Anthony, Director ✓
Chris Trumpy, Executive Director ✓
Julie Chace A/ADM ✓
Dave Nikolejsin, DM ✓

Attachment 1: EMPR Proposed Engagement Strategy

Pre-Engagement (COMPLETE)	
EMPR & FNEMC	
Timing:	<ul style="list-style-type: none"> January 2018 – January 2019.
Activities/ Outcomes:	<ul style="list-style-type: none"> Developed a Jurisdictional Scan, analyzing mineral tenure systems across Canada and Western Australia. Developed a Concept Paper, outlining proposed changes to the <i>Mineral Tenure Act</i> (MTA).
Engagement with Indigenous Nations	
Timing:	<ul style="list-style-type: none"> Forum 1: Vancouver – February 28, 2019; Forum 2 & 3: Kamloops – April 16, 2019 and Prince George – April 17, 2019; and Forum 4: Richmond – June 25, 2019.
Activities/Outcomes:	<ul style="list-style-type: none"> EMPR engaged directly with Indigenous representatives. EMPR developed two What We Heard Reports.
Engagement with Industry	
Timing:	<ul style="list-style-type: none"> Victoria – February 27, 2019 and April 29, 2019; and Vancouver – March 18 – 19th, May 13, 2019, and June 10, 2019.
Activities/Outcomes:	<ul style="list-style-type: none"> EMPR bi-weekly call with AME and MABC. EMPR developed PowerPoint presentation. EMPR developed Tenure Comparison Table

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1764-1959 Marine Drive
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Telephone: 604 924 3844

June 5, 2019

Minister Michelle Mungall
Minister of Energy, Mines and Petroleum Resources
PO Box 9060, STN PROV GOVT
Victoria, BC V8W 9E2

Dear Minister Mungall,

Thank you for the meeting on Thursday, May 16, 2019. We appreciated the frank and open conversation and look forward to continued dialogue. We welcome the initiative to reform BC's *Mineral Tenure Act*, and again emphasize that for any reforms to be successful, the process must have the support of BC First Nations and be underpinned by a robust and collaborative process.

When we met, you requested additional information on the First Nations Leadership Council's experience with Environmental Assessment Revitalization. As you know, the new *Environmental Assessment Act* has set a new standard for the provincial Crown's approach to the development of legislation. It is important that this standard be continued as a means of advancing reconciliation with Indigenous peoples in BC.

We are attaching three documents to this letter:

1. Our briefing note on the Environmental Assessment Revitalization process, which highlights key elements of both the process and the outcomes.
2. Our process proposal for *Mineral Tenure Act* reforms that builds on the success of the Environmental Assessment Revitalization process. It is important that *Mineral Tenure Act* reform process be conducted in partnership with Indigenous peoples, particularly given that the claims issued under *Mineral Tenure Act* directly affect our title and rights. Our communities have been concerned for years about the fact that staking often and inexorably leads to mine development, which often occurs without the consent of our communities.

3. A briefing note on the outstanding issues that we look forward to engaging you and your Ministry on in the future. Among the concerns of our leadership are: Minerals on Reserve; the review of the *Health, Safety and Reclamation Code for Mines in British Columbia*; Imperial Metals – both Mount Polley and the Giant Copper proposal; placer mining reforms; and implementation of the Mining Jobs Task Force report.

We would appreciate an opportunity to meet and discuss these matters further, and, as discussed, we can be available to meet with you in your constituency. The First Nations Energy and Mining Council proposes either July 4 or 5 for a meeting, or, FNEMC staff will work with your office to find a suitable time.

We look forward to hearing from you.

Yours truly,
First Nations Energy and Mining Council

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Robert Phillips, First Nations Energy and Mining Council Board Member

Encls: 3 attachments

Cc: First Nations Summit
Union of BC Indian Chiefs
BC Assembly of First Nations

Attachment #1: Environmental Assessment Revitalization Briefing Note

A. Key Components

The Environmental Assessment Revitalization was significant both in terms of process and outcomes. Key components of the success from the perspective of the First Nations Leadership Council were:

1. Co-governance. The process was jointly administered by Indigenous leadership and the Crown. This equivalency was an important component of the recognition that is essential for reconciliation.
2. Process design was inclusive of Indigenous and Crown perspectives. The process recognized and provided capacity support for technical contributions by the First Nations Leadership Council team. All papers were co-developed and advisory committees were jointly coordinated.
3. Regional and Province-wide workshops. The role of community workshops to both share information and gather perspectives on environmental assessment was critical to Indigenous peoples understanding the proposed reforms and ensuring they were reflective of Indigenous concerns. Working with the First Nations Energy and Mining Council to plan the agendas and deliver the workshops, and not a Ministry retained consultancy, was important.
4. s.12; s.13; s.16
5. Inclusion of substantive mechanisms that envision consent. The purpose of the *Environmental Assessment Act* supports the implementation of the United Nations Declaration on the Rights of Indigenous Peoples and “seeks to achieve consensus”, which is a significant advancement in terms of Crown resource legislation.
6. Adequate resourcing. That the resourcing was sufficient for the First Nations Leadership Council and First Nations Energy and Mining Council to fully engage and was not supported on a piecemeal basis tied to Crown-determined deliverables, enabled our team to determine how best to engage on behalf of our communities.

B. Process Summary

Under the direction of the First Nations Leadership Council, the First Nations Energy and Mining Council worked with the BC Environmental Assessment Office to establish a table to revitalize BC's environmental assessment process^{s.16; s.17}

2015-16 EAO-FNEMC commenced discussions to jointly develop a "Concept Paper" to reform the EA process

Regional workshops were jointly coordinated

Joint EAO-FNEMC working group established

2017 EAO-FNEMC co-hosted four regional workshops and received input on proposed reforms

EAO-FNEMC complete discussions and finalized co-drafted a Joint Recommendations Report, which incorporated Indigenous community feedback

FNLC developed an EA issues paper and shared it with First Nations

2018 EAO-FNEMC Joint Technical working group formalize EA revitalization process plan

Consultations with industry stakeholders were undertaken by FNEMC and BCEAO

EAO-FNEMC co-drafted terms of reference for EA Advisory Committee, candidates, and process of engagement

EAO-FNEMC co-hosted 3 regional and 2 province-wide workshops on proposed reforms, which also considered the report of the Environmental Assessment Advisory Committee

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FNEMC and BCEAO co-presented the solutions to the All Chiefs-BC Cabinet meeting in November.

Environmental Assessment Act passed in November 2018

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Withheld pursuant to/removed as

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Attachment #3: Additional Mining Related Issues

1. Minerals on Reserve

Issue:

- BC First Nations with reserves near producing mines, or located in mineral producing fairways, have expressed the desire to exploit their mineral potential.
- Administration of minerals on Indian reserves are governed by the *British Columbia Indian Reserves Mineral Resources Act* and the reciprocal BC statute, *Indian Reserve Mineral Resource Act*, both enacted in 1943.
- The statutes are an impediment to First Nations who wish to derive economic benefits from the mineral resources on their reserves.
- The previous Minister stated this issue is a “slam dunk” and he would go to Ottawa with First Nations leadership to fix the problem.
- This is a win-win-win situation where all parties benefit – BC, Canada and First Nations.

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2. Review of the Health, Safety and Reclamation Code

Issue:

- There have been 25 years of *ad hoc* amendments to the *Health, Safety and Reclamation Code for Mines in British Columbia* (“Code”).
- FNEMC led the push with industry and labour, and importantly with the support of the Code Review Secretariat and Chief Inspector of Mines, to recommend establishment of a permanent, standing Code Review Committee under the *Mines Act*.
- EMPR announced in 2018 that it was overhauling the Code. Despite repeated inquiries and questions no definitive answers were provided by the Chief Inspector of Mines to questions on the terms of reference and the structure and format of the Code review. As a result, the First Nations Leadership Council and FNEMC have had no involvement in the review process.

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3. Mt. Polley and the Mining Dialogue

Issue:

- Due to the Mt. Polley disaster a Letter of Understanding was signed on August 18, 2014 between EMPR and Williams Lake and Xatsúll First Nations and the First Nations Leadership Council. The LOU set the stage for a progressive, robust and forward thinking dialogue with First Nations on mining laws and policies in BC.
- A political oversight committee included the Ministers of Energy and Mines, Environment, and Aboriginal Relations, the First Nations Leadership Council and the Chiefs from Xatsull First Nation and Williams Lake First Nation.
- A senior working group was struck which included ADMs from each of the three provincial ministries, the FNEMC senior staff, and staff from Xatsull and Williams Lake First Nations.
- Technical working groups were struck on fisheries, environmental and engineering issues.
- The lack of independent regulation of the BC mining sector was highlighted by the Auditor General in 2016.
- The findings in the 2016 report of the Union of BC Indian Chiefs on the financial assurance regime for mining in the event of another tailings dam failure have not been adequately responded to by the BC government. This includes resources for disaster response, clean-up and long term health and environment remediation.
- Almost 5 years after the Mt. Polley disaster the only action to determine responsibility for the disaster is by the Association of Professional Engineers and Geoscientists of BC ("APEGBC"). APEGBC is expected to schedule disciplinary hearings in the fall of 2019 involving three professional engineers for allegations of unprofessional conduct.
- The last remaining body with investigatory powers is the government of Canada (through federal ministries responsible for environment and for fisheries and oceans).

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4. Placer Mining Issues – Sector Regulation

Issue:

- The placer mining sector is lightly regulated in BC.
- The destruction of pristine land, contamination of water and obliteration of salmon runs as the quid pro quo for the Crown collecting tax revenue of less than \$100,000 per year is telling.
- Placer operations have been a continuing concern for First Nations in almost

every watershed in BC. The Crown's lack of monitoring, compliance and enforcement of placer operations has resulted in significant, irreversible damages to riparian habitat throughout the heart of the province, from Atlin in the northwest to the Fraser River watershed in central BC to the Salmo River in the West Kootenays.

- Placer exploration and development are exempt from almost all provisions in the *Health, Safety and Reclamation Code for Mines in British Columbia* ("Code"). Placer mines, for all intents and purposes are excluded from *Reviewable Projects Regulation* of the *Environmental Assessment Act* due to strangely high threshold criteria.
- Jade, platinum and other placer mineral exploration and mining is equally lightly regulated.

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5. Placer Mining Issues - Royalties

Issue:

- In May 2018, FNEMC agreed with EMPR to jointly examine development of a potential placer mining royalty regime.
- FNEMC only discovered later in 2018 that there was apparent, rampant tax evasion of placer miners from paying the BC government tax on gold production.
- FNEMC observed in a November 2018 report to EMPR the appearance of deliberate evasion of placer miners paying taxes on their gold production. Underreporting by placer miners indicates a systemic breakdown of the government of BC enforcing its own taxation laws. There is no way to estimate how much in royalties the Crown loses annually due to such evasion.

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6. BC Mining Jobs Task Force

Issue:

- The report of the BC Mining Jobs Task Force was notable for a large number of action items involving First Nations, due in large measure to the participation of

First Nations task force representatives.

- The report takes a positive view of the Initiative for Responsible Mining Assurance (“IRMA”).
- The report states the recommended actions will “boost the mining sector and create good jobs and a strong, sustainable economy”, a laudable goal for many First Nations. But the report is short on specifics on
 - enabling the recommended actions,
 - resourcing (funding), and
 - the delayed timelines for consideration, implementation and fulfillment of many of the recommended actions (into 2020/21 fiscal year in some cases).
- One task force recommendation was fulfilled soon after the release of the report. The 2019 BC government budget included \$11 million to “provide a budget lift for EMPR to ... enhance regulatory excellence, boosting its position as a world-leading regulator” with “more boots on the ground”.

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Natural Resource Ministries

GOVERNMENT TRANSFER – SHARED COST ARRANGEMENT

Agreement #: CA20MAN0024

Project Title: DIALOGUE ON MINING – FIRST NATIONS ENERGY & MINING SOCIETY (FNEMC)

THIS AGREEMENT ("Agreement") dated for reference the 1st day of APRIL, 2019.

BETWEEN

**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF
BRITISH COLUMBIA, represented by the Minister of ENERGY, MINES
AND PETROLEUM RESOURCES**

(the "Province")

AND

First Nations Energy & Mining Society

(the "Recipient")

The parties to this Agreement (the "Parties") agree as follows:

SECTION 1 – DEFINITIONS

1. Where used in this Agreement

- (a) "Business Day" means a day, other than a Saturday or Sunday, on which Provincial government offices are open for normal business in British Columbia;
- (b) "Financial Contribution" means the total aggregate value stipulated in Schedule B;
- (c) "Material" means all findings, data, reports, documents, records and material, (both printed and electronic, including but not limited to, hard disk or diskettes), whether complete or otherwise, that have been produced, received, compiled or acquired by, or provided by or on behalf of the Province to, the Recipient as a direct result of this Agreement, but does not include:
 - i. Client case files or Personal Information as defined in the Freedom of Information and Protection of Privacy Act; or
 - ii. Property owned by the Recipient.
- (d) "Project" means the activities described in Schedule A;
- (e) "Refund" means any refund or remission of federal or provincial tax or duty available with respect to any items that the Province has paid for or agreed to pay for under this Agreement.
- (f) "Services" means the services described in Schedule A;
- (g) "Term" means the duration of the Agreement stipulated in Schedule A.

SECTION 2 – APPOINTMENT

The Recipient must carry out and complete the Project described in Schedule A and may use the Financial Contribution solely for the purpose of defraying eligible costs incurred by the Recipient in carrying out and completing the Project as specified in Schedule A to this Agreement.

SECTION 3 – PAYMENT OF FINANCIAL CONTRIBUTION

Subject to the provisions of this Agreement, the Province will pay the Recipient in the amount, and at the times set out in Schedule B.

The Province has no obligation to make the Financial Contribution unless the Recipient has complied with the criteria set out in Schedule A.

Notwithstanding any other provision of this Agreement the payment of the Financial Contribution by the Province to the Recipient pursuant to this Agreement is subject to:

- (a) there being sufficient monies available in an appropriation, as defined in the *Financial Administration Act* ("FAA"), to enable the Province, in any fiscal year when any payment of money by the Province to the Recipient falls due pursuant to this Agreement, to make that payment; and
- (b) Treasury Board, as defined in the FAA, not having controlled or limited, pursuant to the FAA, expenditure under any appropriation referred to in subparagraph (a) of this paragraph.

The previous paragraph continues in force indefinitely, even after this Agreement expires or is terminated.

The Recipient is responsible for any Provincial Sales Tax (PST) and Goods and Services Tax (GST) and any other charges for which the Province has not expressly agreed to accept responsibility under the terms of this Agreement.

The Recipient must declare any amounts owing to the government under legislation or an agreement. Amounts due to the Recipient under this Agreement may be set-off against amounts owing to the government.

SECTION 4 – REPRESENTATIONS AND WARRANTIES

The Recipient represents and warrants to the Province, with the intent that the Province rely on it in entering into this Agreement, that

- (a) all information, statements, documents and reports furnished or submitted by the Recipient to the Province in connection with this Agreement are true and correct;
- (b) the Recipient has no knowledge of any fact that materially adversely affects, or so far as it can foresee, might materially adversely affect, the Recipient's properties, assets, condition (financial or otherwise), business or operations or its ability to fulfill its obligations under this Agreement; and
- (c) the Recipient is not in breach of, or in default under, any law of Canada or of the Province of British Columbia applicable to or binding on it.

All statements contained in any certificate, application, proposal or other document delivered by or on behalf of the Recipient to the Province under this Agreement or in connection with any of the transactions contemplated by it are deemed to be representations and warranties by the Recipient under this Agreement.

All representations, warranties, covenants and agreements made in this Agreement and all certificates, applications or other documents delivered by or on behalf of the Recipient are material, have been relied on by the Province, and continue in effect during the continuation of this Agreement.

SECTION 5 – INDEPENDENT RELATIONSHIP

No partnership, joint venture, agency or other legal entity will be created by or will be deemed to be created by this Agreement or by any actions of the Parties pursuant to this Agreement.

The Recipient will be an independent, and neither the Recipient nor its servants, agents or employees will be the servant, employee, or agent of the Province.

The Recipient will not, in any manner whatsoever, commit or purport to commit the Province to the payment of money to any person, firm, or corporation.

The Province may, from time to time, give instructions to the Recipient in relation to the carrying out of the Services, and the Recipient will comply with those instructions but will not be subject to the control of the Province regarding the manner in which those instructions are carried out except as specified in this Agreement.

SECTION 6 – RECIPIENT'S OBLIGATIONS

The Recipient will:

- (a) carry out the Services in accordance with the terms of this Agreement during the Term stated in Schedule A;
- (b) comply with the payment requirements set out in Schedule B, including all requirements concerning the use, application and expenditure of the payments provided under this Agreement;
- (c) comply with all applicable laws;
- (d) unless agreed otherwise, supply, at its own cost, all labour, materials and approvals necessary to carry out the Services;
- (e) unless agreed otherwise, retain ownership to all assets acquired or intangible property created in the process of carrying out this Agreement; and
- (f) co-operate with the Province in making public announcements regarding the Services and the details of this Agreement that the Province requests.

SECTION 7 – RECORDS

The Recipient will:

- (a) establish and maintain accounting and administrative records in form and content satisfactory of the Province, to be used as the basis for the calculation of amounts owing;
- (b) establish and maintain books of account, invoices, receipts and vouchers for all expenses incurred in form and content satisfactory to the Province;

- (c) undertake accounting methods that accord to generally accepted accounting principles in Canada, and will grant the Province, for monitoring and audit purposes, reasonable access to the facilities of the Recipient to review financial records that relate to the delivery of Services under this Agreement.

The Parties agree that the Province does not have control, for the purpose of the *Freedom of Information and Protection of Privacy Act*, of the records held by the Recipient.

SECTION 8 – NON EXPENDED FINANCIAL CONTRIBUTION

At the sole option of the Province, any portion of the Financial Contribution provided to the Recipient under this Agreement and not expended at the end of the Term shall be:

- (a) returned by the Recipient to the Minister of Finance; or
- (b) retained by the Recipient as supplemental funding provided for under an amendment to this Agreement; or
- (c) deducted by the Province from any future funding requests submitted by the Recipient and approved by the Province.

SECTION 9 – CONFLICT OF INTEREST

The Recipient will ensure its servants, agents or employees engaged in fulfilling the Services for this Project are not in conflict of interest between the obligations of the Recipient to the Province under this Agreement and the obligations of the Recipient to another person or entity.

SECTION 10 – CONFIDENTIALITY

The Recipient will treat as confidential all information and material supplied to or obtained by the Recipient, or any third party, as a result of this Agreement and will not, without the prior written consent of the Province, except as required by applicable law, permit its disclosure except to the extent that such disclosure is necessary to enable the Recipient to fulfill its obligations under this Agreement.

For the purposes of this Agreement, the Recipient will not collect Personal Information as defined in the *Freedom of Information and Protection of Privacy Act*.

SECTION 11 – DEFAULT

Any of the following events will constitute an Event of Default:

- (a) the Recipient fails to comply with any provision of this Agreement;
- (b) any representation or warranty made by the Recipient in accepting this Agreement is untrue or incorrect;

- (c) any information, statement, certificate, report or other document furnished or submitted by or on behalf of the Recipient pursuant to or as a result of this Agreement is untrue or incorrect;
- (d) the Recipient ceases, in the opinion of the Province, to operate;
- (e) a change occurs with respect to any one or more, including all, of the condition (financial or otherwise), business or operations of the Recipient which, in the opinion of the Province, materially adversely affects the ability of the Recipient to fulfill its obligations under this Agreement;
- (f) an order is made or a resolution is passed or a petition is filed for the liquidation or winding up of the Recipient;
- (g) the Recipient becomes insolvent or commits an act of bankruptcy or makes an assignment for the benefit of its creditors or otherwise acknowledges its insolvency;
- (h) a bankruptcy petition is filed or presented against, or a proposal under *the Bankruptcy and Insolvency Act* (Canada) is made by, the Recipient; or
- (i) a receiver or receiver-manager of any property of the Recipient is appointed.

SECTION 12 – RESULTS OF AN EVENT OF DEFAULT

Upon the occurrence of any Event of Default and at any time thereafter that the Province may, despite any other provision of this Agreement, at its option, elect to do any one or more of the following:

- (a) terminate this Agreement, in which case the payment of the amount required under the last paragraph of Section 12 of this Agreement will discharge the Province of all liability to the Recipient under this Agreement;
- (b) require the Event of Default be remedied within a time period specified by the Province;
- (c) suspend any installment of the Financial Contribution or any amount that is due to the Recipient while the Event of Default continues;
- (d) waive the Event of Default;
- (e) require repayment of any portion of the Financial Contribution not spent in accordance with this Agreement;
- (f) pursue any other remedy available at law or in equity.

Where this Agreement is terminated before 100% completion of the Project, the Province will pay to the Recipient that portion of the Financial Contribution which is equal to the portion of the Project completed to the satisfaction of the Province prior to termination.

SECTION 13 – TERMINATION

The Province may, at its option, either:

- (a) terminate this Agreement on 30 days written notice, without cause; or
- (b) terminate this Agreement immediately if the Province determines that the Recipient's failure to comply places the health or safety of any person at immediate risk;

and in either case, the payment of the amount required under the last paragraph of Section 13 of this Agreement will discharge the Province of all liability to the Recipient under this Agreement.

Where this Agreement is terminated before 100% completion of the Project, the Province will pay to the Recipient that portion of the Financial Contribution which is equal to the portion of the Project completed to the satisfaction of the Province prior to termination.

SECTION 14 – DISPUTE RESOLUTION

Dispute resolution process:

In the event of any dispute between the Parties arising out of or in connection with this Agreement, the following dispute resolution process will apply unless the Parties otherwise agree in writing:

- (a) the Parties must initially attempt to resolve the dispute through collaborative negotiation;
- (b) if the dispute is not resolved through collaborative negotiation within 15 Business Days of the dispute arising, the Parties must then attempt to resolve the dispute through mediation under the rules of the British Columbia Mediator Roster Society; and
- (c) if the dispute is not resolved through mediation within 30 Business Days of the commencement of mediation, the dispute must be referred to and finally resolved by arbitration under the *Commercial Arbitration Act*.

Location of arbitration or mediation:

Unless the Parties otherwise agree in writing, an arbitration or mediation under the aforementioned dispute resolution process will be held in Victoria, British Columbia.

Unless the Parties otherwise agree in writing or, in the case of an arbitration, the arbitrator otherwise orders, the Parties must share equally the costs of a mediation or arbitration under the aforementioned dispute resolution process other than those costs relating to the production of expert evidence or representation by counsel.

SECTION 15 – INSURANCE AND INDEMNITY

Insurance:

During the Term of this Agreement, the Recipient will obtain and maintain insurance which it is required to have by law and insurance which an organization conducting similar operations would obtain and maintain to cover the risks it has assumed or may encounter as a result of entering into this Agreement or providing the Services during the Term.

Without limiting the provisions of subparagraph (c) of Section 6, the Recipient will comply with the Workers' Compensation Legislation for the Province of British Columbia.

The Recipient must indemnify and save harmless the Province, its employees and agents, from and against any and all losses, claims, damages, actions, causes of action, cost and expenses that the Province may sustain, incur, suffer or be put to at any time either before or after the expiration or termination of this Agreement, where the same or any of them are based upon, arise out of or occur, directly or indirectly, by reason of any act or omission of the Recipient, or of any agent, employee, officer, director or sub-contractor of the Recipient pursuant to this Agreement, excepting always liability arising out of the independent negligent acts of the Province.

SECTION 16 – ASSIGNMENT AND SUB-CONTRACTING

The Recipient will not, without the prior, written consent of the Province:

- (a) assign, either directly or indirectly, this Agreement or any right of the Recipient under this Agreement; or
- (b) sub-contract any obligation of the Recipient under this Agreement.

No sub-contract entered into by the Recipient will relieve the Recipient from any of its obligations, including Section 6, under this Agreement or impose upon the Province any obligation or liability arising from any such sub-contract.

This Agreement will be binding upon the Province and its assigns and the Recipient, the Recipient's successors and permitted assigns.

SECTION 17 – REPAYMENT OR REDUCTIONS

Any amount paid by the Province to the Recipient in excess of the Financial Contribution, and to which the Recipient is not entitled according to the terms of this Agreement is repayable to the Province and until repaid constitutes a debt due to the Province.

The written waiver by the Province of any breach by the Recipient of any term or condition of this Agreement will not be deemed to be a waiver of any other provision of any subsequent breach of the same or any other provision of this Agreement.

SECTION 21 – ENTIRE AGREEMENT

The Schedules to this Agreement (including any appendices or other documents attached to, or incorporated by reference into, those Schedules) are part of this Agreement.

SECTION 22 - MISCELLANEOUS

All of the provisions of this Agreement in favour of the Province and all of the rights and remedies of the Province, either at law or in equity, will survive any expiration or sooner termination of this Agreement.

SECTION 23 – EXECUTION AND DELIVERY OF AGREEMENT

This Agreement may be entered into by a separate copy of this Agreement being executed by, or on behalf of, each Party and that executed copy being delivered to the other Party by a method provided for in Section 19 or any other method agreed to by the Parties.

The Parties have executed this Agreement as follows:

SIGNED AND DELIVERED on behalf of the Recipient

s.22

Signature or Recipient's Signing Authority

Date

May 10, 2019

Dave Porter, Chief Executive Officer

Printed Name & Title of Recipient's Signing Authority

s.22

the Province,

Signature of Province's Signing Authority

Date

May 3/2019

Peter Robb, Assistant Deputy Minister

Printed Name & Title of Province's Signing Authority

SECTION 18 – OTHER FUNDING

If the Recipient receives funding for or in respect of the Services from any other government or governmental body, then the Recipient will immediately provide the Province with full and complete details thereof.

SECTION 19 – NOTICES

Where in this Agreement any notice or other communication is required to be given by any of the Parties, it will be made in writing. It will be effectively given:

- (a) by delivery, to the address of the Party set out below, on the date of delivery;
- (b) by pre-paid registered mail, to the address of the Party set out below, on the fifth business day after mailing;
- (c) by facsimile, to the facsimile number of the Party mentioned in this Agreement, on the date the facsimile is sent; or
- (d) by e-mail, to the e-mail address of the Party mentioned in this Agreement, on the date the e-mail is sent.

Representatives of the Parties for all matters arising from and in relation to this Agreement are:

Province: Chris Trumpy, Executive Director, Policy and Competitiveness Branch,
Mines Competitiveness and Authorizations Division, Ministry of Energy,
Mines and Petroleum Resources
6th Floor – 1810 Blanshard Street, Victoria BC V8T 4J1
Mailing Address: PO Box 9320 Stn Prod Govt, Victoria BC V8W 9N3
Chris.Trumpy@gov.bc.ca Phone: 778-698-7295 Fax: 250-952-0491

Recipient: Dave Porter, Chief Executive Officer
First Nations Energy & Mining Society
1764-1959 Marine Drive, Vancouver BC V7P 3G1
Dave.Porter@fnemc.ca Phone: 604-924-3844 Fax: 604-924-3867

The address, phone number, facsimile number, or email set out above may be changed by notice in the manner set out in this provision.

SECTION 20 - NON-WAIVER

No term or condition of this Agreement and no breach by the Recipient of any term or condition will be deemed to have been waived unless such waiver is in writing signed by the Province and the Recipient.

SCHEDULE A – SERVICES

The Project

TERM

Notwithstanding the date of execution of this Agreement, the Term of this Agreement is from April 1, 2019 to March 31, 2020.

PURPOSE & EXPECTED RESULTS

The purpose of this Agreement is to allow the Province and FNEMC to engage in a dialogue on matters pertaining to the regulation of exploration and mining activities in British Columbia, with a focus on three priority areas: mineral tenure, placer mining, and mineral titles on reserve lands.

As indicated in Minister Mungall's mandate letter, the Province has committed to fully adopting and implementing the United Nations Declaration on the Rights of Indigenous Peoples ("UNDRIP") and the Calls to Action of the Truth and Reconciliation Commission (the "Calls to Action"). UNDRIP and the Calls to Action will serve as a foundation for all aspects of this Agreement.

Upon successful completion of the Project, the Parties agree to enter into discussions regarding further funding to continue to work towards the Outcomes of this Agreement.

OUTCOMES

The Province and the Recipient are working collaboratively to engage in the Mining Dialogue, including the identification and management of issues that may emerge throughout the Mining Dialogue in the 2019/20 Fiscal Year. Through the delivery of the Services in this Schedule A, the Province wishes to realize the following outcomes and, without limiting the obligation of the Recipient to comply with other provisions of this Schedule A, the Recipient must use commercially reasonable efforts to achieve them:

- FNEMC will provide a First Nations perspective and input into the Mining Dialogue, with a focus on mineral tenure, placer mining, and minerals on reserve.

The Parties acknowledge that the Recipient does not warrant that these outcomes will be achieved.

DELIVERABLES

The funding provided under this Agreement is intended to defray costs incurred by the Recipient in carrying out the following activities, which are to be completed by March 31, 2020:

Mineral Tenure Act

1. Provide input into an Intentions Paper for public and stakeholder engagement, outlining intended amendments to the *Mineral Tenure Act* (MTA).
s.13; s.16
- 2.
3. Participate in MTA forums, as hosted by the Province, with timely input into the engagement format, including development of agendas, and any subsequent materials for the forums.

Placer

4. FNEMC to provide input into the What We Heard Report and provide feedback on the Province's initiatives with respect to placer.

Minerals on Reserve

5. FNEMC to lead engagement with the Province and the Federal Government regarding the 1943 Agreement and identifying appropriate options to address First Nations' interests with respect to minerals on reserve.

Other

6. Ongoing engagement with the Province on other mining related matters, potentially including, but not limited to, compliance oversight, the Health, Safety and Reclamation Code review and implementation of the Mining Jobs Task Force.

Financial Reporting

7. Prior to March 31, 2020, a financial report for all monies paid through this Agreement.

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Withheld pursuant to/removed as

s.16; s.17

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

Date: August 6, 2019

Date of previous note:

November 18, 2018

CLIFF:107303

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

ISSUE: Transportation Safety Board Letter – Initial Findings on the Enbridge Pipeline October 2018 Rupture

BACKGROUND:

The Enbridge Transmission System commenced operations in 1957 and currently transports natural gas produced in the Western Canadian Sedimentary Basin to consumers in British Columbia and, through interconnecting pipelines, to other Canadian provinces and the United States.

On October 9, 2018, an Enbridge pipeline ruptured on the Westcoast T-South system that supplies the majority of FortisBC's natural gas. The rupture occurred about 13 kilometres northeast of Prince George near Shelley, BC, on the 36-inch natural gas transmission pipeline, causing the natural gas being transported to ignite. The fire on the pipeline was extinguished, and the line was isolated and fully depressurized. As a precaution, an adjacent 30-inch natural gas transmission pipeline owned and operated by Enbridge was also depressurized. There were no injuries caused by the incident.

The Transportation Safety Board (TSB) is investigating the rupture and made public an initial safety advisory letter (dated June 26, 2019) on July 23, 2019. The letter states that the rupture to the pipeline was caused by stress corrosion cracking (SCC). These cracks were on the outside surface of the pipe. SCC is generally caused by a combination of factors, which include the use of polyethylene tape-coating that has separated from the exterior metal of the pipeline. The separation creates a cavity for moisture to come into direct contact with the pipe, leading to SCC. The TSB letter notes that prior to the occurrence, the pipeline was operating within its maximum operating pressure approved by the National Energy Board.

DISCUSSION:

The TSB safety advisory letter points to work the National Energy Board (NEB) has done based on CSA Z662 on preventing pipe SCC including a dedicated report (1996), issuing recommendations, and putting in place requirements for risk and integrity management systems and programs. The letter concludes with recommending Enbridge "review its SCC management practices, including in-line inspection intervals, to ensure that the risks associated with

polyethylene tape-coated pipe are mitigated” given the discovery that the October 2018 rupture was the result of SCC.

According to the TSB letter, Enbridge has approximately 500 kilometres of pipe coated with polyethylene tape in the Westcoast transmission network alone. In the company’s response, it states that as a result of the rupture they began a system-wide pipe inspection program. The program looks at many aspects of pipe integrity including potential problems like SCC.

s.13

DRAFTED BY:
Genevieve St. Denis

APPROVED BY:
Stephen Pal, A/ED
May Mah-Paulson, ADM
Les MacLaren, ADM
Dave Nikolejsin, DM

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√
√
√

MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

BRIEFING NOTE FOR INFORMATION

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

ISSUE: Implications of a Gas Supply Disruption in Winter 2019/20

BACKGROUND:

On October 9, 2018, an Enbridge pipeline ruptured on the Westcoast T-South system that supplies the majority of FortisBC's natural gas. The rupture occurred on a 36-inch natural gas transmission pipeline, causing the natural gas being transported to ignite. The fire on the pipeline was extinguished, and the line was isolated and fully depressurized. As a precaution, an adjacent 30-inch natural gas transmission pipeline owned and operated by Enbridge was also depressurized.

The pipeline rupture was a significant event in terms of its size, interruption to supply, graveness of investigation, and preliminary findings pertaining to the serious risk to pipeline integrity posed by stress corrosion cracks. As the regulator of the pipeline, the National Energy Board (NEB) works with the Transportation Safety Board (TSB), an independent agency, to investigate occurrences in the air, marine, pipeline and rail modes of transportation. The TSB is investigating the rupture and has classified this investigation as Class 3, which relates to safety, and sets a timeline of 450 days for completion. Criminal activity is not suspected.

The TSB posted an initial safety advisory letter on July 23, 2019, that stated that the rupture to the pipeline was caused by stress corrosion cracking (SCC). These cracks were on the outside surface of the pipe and are generally caused by a combination of factors which include the use of polyethylene tape-coating that has separated from the exterior metal of the pipeline. The separation creates a cavity for moisture to come into direct contact with the pipeline, leading to SCC.

According to the TSB letter, Enbridge has approximately 500 kilometres of pipeline coated with polyethylene tape in the Westcoast transmission network alone. Enbridge has stated that, as a result of the rupture, it has already begun a system-wide pipe inspection program. It is expected that the final TSB report on the incident will provide insight into whether further actions by Enbridge or the NEB are required to prevent incidents of this nature from occurring again. The mandate of Enbridge's Maximum Operating Pressure (MOP) Restoration Plan is to safely restore the Westcoast Pipeline System to 100 percent (%) MOP by November 1, 2019, inclusive of both the T-North and T-South systems, in time for the winter peak demand period.

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In October and November 2018, FortisBC received approval from the British Columbia Utilities Commission (Commission) for permission to acquire additional supply to serve core customers in order to keep the system stable and as a backstop for large gas customers. These volumes were required to maintain service and system stability while Enbridge operated its T-South pipeline at limited capacity for the rest of the winter. s.13

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EMBC is the province's lead coordinating agency for all emergency management activities, including planning, training, testing and exercising. This work is done in collaboration with local governments, First Nations, federal departments, industry, non-government organizations and volunteers. s.13

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DISCUSSION:

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On February 5, 2019, the Commission issued a letter to the three large public utilities (BC Hydro, FortisBC (gas and electric) and PNG) regarding response plans for emergency events, such as supply disruptions caused by the Enbridge incident. Events such as this can significantly restrict utilities' ability to provide safe and reliable energy services to customers, potentially leaving millions of British Columbians without access to essential energy for extended periods of time.

The Commission asked the utilities to provide information about a number of emergency related matters including emergency response plans and other relevant contingency-type plans to facilitate or coordinate operations, restore service or secure assets in the event of a significant risk to its infrastructure and an inventory of assets and other tools that can be used by the utility to reduce risk, such as gas storage assets, and policies describing their management. s.13

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Page 39 of 83

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s.13

CONCLUSION:

s.13

DRAFTED BY:

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778-698-7292

APPROVED BY:

Michelle Schwabe, A/ED, OGD ✓
Les MacLaren, ADM, EAED ✓
Dave Nikolejsin, DM ✓

MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

BRIEFING NOTE FOR DECISION

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

ISSUE: Government Response to the British Columbia Utilities Commission's Report from Phase 2 of the Electric Vehicle Charging Service Inquiry

BACKGROUND:

There are over 20,000 zero-emission vehicles (ZEVs) on British Columbia (BC) roads today. To meet the targets set out in the *Zero-Emission Vehicles Act* (ZEV Act), the Ministry of Energy, Mines and Petroleum Resources (EMPR) expects, at a minimum, 120,000 ZEVs on BC roads by 2025, 350,000 by 2030, and over 1.6 million by 2040.

Analyses performed in other jurisdictions show that investments in electric vehicle (EV) charging infrastructure have a direct and positive impact on ZEV sales. At the end of June 2019, there were 292 public direct current (DC) fast-charging stations at 139 locations in the province. Tesla owns and operates approximately one-half of the current DC fast-charging stations (136 at 14 locations), which are reserved for Tesla vehicles. Sixty-nine of the remaining stations are owned and/or operated by BC Hydro and FortisBC. EMPR anticipates that a minimum of 300 new DC fast-charging stations will be required along primary and secondary highways and major roads to allow British Columbians to travel throughout the province in their EVs. In the long-term, significantly more DC fast-chargers will be necessary.

The lack of a positive business case has limited private investment in DC fast-charging infrastructure. Installation of a DC fast-charging station costs a minimum of \$100,000. Rates for DC fast-charging are generally \$9 per half hour or \$0.35 per kilowatt/hour. At this rate and current EV ownership levels, revenue obtained from station users would not be sufficient to cover the costs associated with installing, operating and maintaining a DC fast-charging station at most sites within the province. BC Hydro and FortisBC have both received third-party funding - largely from Natural Resources Canada (NRCan) and the Province's Clean Energy Vehicle Program - to offset their DC fast-charging station installation costs.

Individuals or businesses providing EV charging services (EVCS) for compensation are public utilities under the *Utilities Commission Act* (UCA) and subject to BC Utilities Commission (BCUC) oversight. After receiving a rate design application from FortisBC related to its Accelerate Kootenays DC fast-charging project, the BCUC announced in January 2018 that it would be undertaking a general inquiry to explore the potential regulatory issues in the EVCS market that may have broader stakeholder impacts (the Inquiry).

The BCUC completed Phase 1 of the Inquiry and publicly released a report of its findings on November 26, 2018. Following the release of that report, the Minister approved a BCUC

order that exempts landlords, strata corporations, and individuals who are not otherwise public utilities (collectively, “exempt utilities”) from parts of the UCA with respect to the delivery of EVCS.

Phase 2 of the Inquiry focused on the role of “traditional” public utilities, such as BC Hydro and FortisBC (collectively, “non-exempt utilities”), in the delivery of EVCS. These non-exempt utilities were not captured in the exemption order arising from Phase 1 of the Inquiry and are therefore still subject to full BCUC oversight with respect to their investments in EVCS. The BCUC released its report from Phase 2 of the Inquiry on June 24, 2019 (Phase 2 report). With the release of the Phase 2 report, the Inquiry is now complete.

DISCUSSION:

a. Summary of Phase 2 Findings

EMPR actively participated in the Inquiry as an intervener and submitted written evidence and arguments to inform the BCUC’s deliberations. Throughout both phases of the Inquiry, EMPR consistently expressed its belief that, without additional investment in EV charging infrastructure from non-exempt utilities, provincial greenhouse gas (GHG) reduction targets for the transportation sector, and the ZEV sales targets set out in the CleanBC plan and ZEV Act, would not be met. **Other jurisdictions with aggressive ZEV adoption targets, including California and Quebec, have concluded that public utility involvement is critical to ensuring adequate EV charging infrastructure.** MEMPR also consistently expressed its position that recovery of some or all of the costs of EVCS investments from ratepayers may be appropriate because all ratepayers benefit from increased load and GHG reductions associated with increased EV adoption.

In the Phase 2 report, the BCUC agreed with EMPR that there are opportunities for the participation of non-exempt utilities in the EVCS market. The BCUC also found that there may be circumstances that justify non-exempt utility ratepayers bearing the risk of EVCS investments; however, the BCUC indicated that careful consideration should be given to any non-exempt utility EVCS investments because of the potential for unfair impacts on exempt utilities and undue risk to ratepayers.

The Phase 2 report outlined two possible approaches to regulation of non-exempt utility involvement in the EVCS market. Both approaches involve some form of Government direction to the BCUC, either via legislation or regulation. The BCUC did not make recommendations to Government on which approach to adopt, but did make recommendations regarding how each approach could be implemented.

The first option identified by the BCUC is a “non-prescriptive” approach to regulation. Under this approach, the BCUC would continue to review and approve all non-exempt utility investments in EVCS, but would be guided in this review by any broad or high-level policy direction that Government may wish to provide (e.g., direction to prioritize the need for electrification of transportation infrastructure when considering non-exempt utility proposals for EVCS investments). To be binding on the BCUC, any broad policy direction would need to be enshrined in legislation or regulation.

The BCUC recommended a series of actions to implement the non-prescriptive approach, including:

- Non-exempt utilities must develop EVCS Resource Plans, which would need to be reviewed and approved by the BCUC before EVCS investments are made. The BCUC would develop filing guidelines for the contents of EVCS Resource Plans.
- Non-exempt utilities must develop separate rates and tariffs for users of DC fast-charging stations, which must be reviewed and approved by the BCUC.
- Non-exempt utilities must also develop specific tariffs for the provision of electricity to operators of DC fast-charging stations. These new tariffs must also be reviewed and approved by the BCUC.

The second option the BCUC identified is a more prescriptive approach to regulation, which would either eliminate or significantly reduce the BCUC's powers to review and approve non-exempt utility EVCS investments. Under this approach, Government could direct the BCUC to allow cost-recovery in rates of either a particular non-exempt utility EVCS investment, or a class of EVCS investments that meet a common set of criteria. This approach could be implemented via direction to the BCUC under section 3 of the UCA, or an amendment to the Greenhouse Gas Reduction (Clean Energy) Regulation (GGRR) under the *Clean Energy Act*.

The GGRR allows utilities to implement prescribed undertakings for a specified time period without seeking the prior approval of the BCUC for programs that lead to GHG reductions. If Government chooses to adopt this approach, the BCUC recommends that non-exempt utilities be limited to EVCS investments in areas where exempt utilities are not likely to invest and that the quantum of allowed investment is limited to ensure that exempt utilities are not unfairly impacted and that non-exempt utility ratepayers are not at undue risk.

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c. Consultation

Under either approach, EMPR staff will need to consult further with interested stakeholders before bringing forward any legislative or regulatory changes for Government consideration. Thirty-nine interveners participated in the Inquiry and this group may expect, and would likely welcome, the opportunity to provide feedback to EMPR as it develops the details of any proposed legislative or regulatory changes. To focus the engagement and maximize its value, stakeholders could be asked to comment on specific aspects of proposed legislation or regulations (e.g., cost-recovery criteria). Alternatively, EMPR could limit its consultation to discussions with BC Hydro and FortisBC, which are the two non-exempt public utilities with EVCS investment plans who will be most impacted by Government's response to the Phase 2 Report.

OPTIONS:

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RECOMMENDATION:

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September 11, 2019

Honourable Michelle Mungall
Minister of Energy, Mines and Petroleum Resources

DRAFTED BY:

Shannon Craig
Electricity Policy Analyst
778-698-7016

APPROVED BY:

Paul Wieringa, ED, EAED ✓
Dan Green, A/ADM, EAED ✓
Peter Robb A/DM ✓

Appendix A – Draft Consultation Plan (CLIFF 107325)

Background:

- After receiving a rate design application from FortisBC related to its Accelerate Kootenays DC fast-charging project, the British Columbia Utilities Commission (BCUC) announced in January 2018 that it would be undertaking a general inquiry to explore the potential regulatory issues in the electric vehicle (EV) charging services (EVCS) market that may have broader stakeholder impacts (the Inquiry).
- Phase 2 of the Inquiry focused on the role of “traditional” public utilities, such as BC Hydro and FortisBC (collectively, “non-exempt utilities”), in the delivery of EVCS. The BCUC released its report from Phase 2 of the Inquiry on June 24, 2019 (Phase 2 report).
- In the Phase 2 report, the BCUC agreed with MEMPR that there are opportunities for the participation of non-exempt utilities in the EVCS market.
- The Phase 2 report outlined two possible approaches to regulation of non-exempt utility involvement in the EVCS market. The BCUC did not make recommendations to Government on which approach to adopt, but did make recommendations regarding how each approach could be implemented.
- Government proposes to implement a “prescriptive” approach to regulation of non-exempt public utility involvement in the EVCS market, which would include direction to the BCUC in relation to:
 - cost-recovery of EVCS investments; and
 - approval of BC Hydro DC fast-charging rates.

Goals/Objectives:

- To seek input from the 39 registered BCUC EV inquiry interveners on implementation of the prescriptive approach to regulation of non-exempt public utilities providing EVCS services.
- To update interveners on Government’s response to the Phase 2 Report.
- To reduce potential for criticism from exempt public utilities and other stakeholders by providing an opportunity for input before Government’s response is finalized.

Potential Challenges:

- Any regulatory changes need to be in place by the end of 2019 in order to avoid delays to non-exempt public utility investments in EVCS. This means that only a limited time period can be allowed for intervener input.
- Other stakeholders with an interest in EV charging may wish to provide input. Although there will be no restriction against input from other stakeholders, only interveners will be directly invited to provide input.

Key Messages:

- We thank the BCUC for its timely and thorough inquiry into the regulation of EVCSs as more and more people make the switch to EVs to save money and reduce emissions.
- The BCUC's findings and recommendations have been considered by Government as we take the next steps to define a legislative and/or regulatory framework that will support the expansion and improvement of charging services.
- Based on the experience in other jurisdictions, additional investment in EV charging infrastructure from public utilities will be required if we are going to achieve the EV sales targets mandated in our new *Zero-Emission Vehicle Act*.
- All ratepayers will benefit from a reduction in greenhouse gas emissions, from increased electricity sales and revenues, and from increased economic opportunities and development associated with public utility investment in EV charging infrastructure.
- Public utilities, including BC Hydro and FortisBC, plan to make EV charging infrastructure investments over the next two years, supported by funding from the Province and Natural Resources Canada.
- In order to avoid any delay in these investment plans, Government favours a prescriptive approach to regulation. The prescriptive approach would provide public utilities with the certainty to proceed with these investments, while continuing to protect the interests of ratepayers and exempt public utilities.
- As an intervener in the BCUC's EV inquiry, your input will be valuable as Government considers how best to implement the prescriptive approach.

Implementation Strategy:

	Task	Completion Date
1.	Cover letter and questionnaire developed by EAED	September 6
2.	Cover letter and questionnaire reviewed by GCPE	September 11
3.	Cover letter and questionnaire distributed by EAED via email to interveners (return deadline of October 4)	September 13
4.	EAED develops and submits drafting instructions to Legislative Counsel	September 13
5.	EAED reviews intervener feedback and submits any additional drafting instructions to Legislative Counsel based on intervener feedback	October 11
6.	EAED works with Legislative Counsel and MAG to finalize proposed regulations	October 18

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

Date: August 15, 2019
CLIFF: 107361

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

ISSUE: Meeting Request from West Coast Olefins

BACKGROUND:

West Coast Olefins (WCO) is a Calgary-based newly formed company proposing to build a petrochemical facility in Prince George that would extract one million tonnes of ethane per year from the Enbridge pipeline to produce ethylene and polyethylene. Natural gas liquids (NGLs which include propane, butane and ethane) are used as a feedstock in the petrochemical industry.

WCO's facility would involve a type of facility called a straddle plant to extract NGLs from the pipeline that supplies natural gas to southern British Columbia. According to WCO, any propane or butane extracted would be sold to the marketplace while the ethane extracted would be transported to an ethane cracker plant to manufacture one million tonnes per year of polymer-grade ethylene. This ethylene could then be used in a polyethylene plant to produce plastic pellets for shipment to Asia. The anticipated capital expenditure is about \$6 billion. The proposed complex would be capable of recovering up to 5,500 cubic metres per day of NGL products from 2.1 billion cubic feet per day of pipeline gas.

On July 23, 2019, WCO announced they had secured a 300-acre site within the City of Prince George to develop their project. They are preparing to enter the formal regulatory approval process and have initiated conversations with the British Columbia Environmental Assessment Office. The project is targeting a final investment decision (FID) by the end of 2020 with operations to commence by 2023. WCO anticipates that the project will create 1,000 direct operational jobs and 5,000 construction jobs.

DISCUSSION:

WCO would likely plan to raise several topics when meeting with the Minister.

s.13; s.21

Economic Benefits

NGLs (propane, butane and ethane) are generally more valuable than the methane that is the primary component of natural gas supplied in British Columbia. It can cost more to recover NGLs in the upstream than they can be sold for meaning that there is currently a significant NGL component in the natural gas that flows down the pipeline to southern British Columbia. When burned as part of natural gas, they are a lost opportunity for the Province. The WCO proposal offers an opportunity to recover the majority of the NGLs currently being sent to the metro Vancouver area. The large demand source that the WCO project would create would improve the economics of NGL recovery and would ultimately benefit natural gas producers and the Crown (as the resource owner).

Green House Gas (GHG) Benefits

Recovery of NGLs from the pipeline system also offers emission benefits. When burned, NGLs emit more carbon dioxide than “lean” natural gas. Using the design capacity of the WCO NGL Extraction plant as a basis, the amount of CO₂ reduced by eliminating NGLs from gas supplied in the Westcoast pipeline would be 1.0 Mt/a. This is more than the total GHG emissions estimated from the combined NGL Recovery Plant and Ethylene Plant.

Additionally, the project proposes to use hydro-electricity to power compression in the NGL Extraction Plant, which would reduce air emissions by another 0.33 Mt/a of CO₂. WCO also argues that their project could result in the displacement of high GHG intensity production of ethylene in China that uses “coal to methanol to olefins” technology.

s.13; s.21

CONCLUSION:

The WCO project represents an opportunity to add value to Crown resources and to spur economic development in the central interior.^{s.13}

s.13

Appendix: Appendix A: WCO Biographies

DRAFTED BY:

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APPROVED BY:

Alisha Chicoine, A/Director√

Geoff Turner, ED√

May Mah-Paulson, ADM√

Dave Nikolejsin, DM√

APPENDIX A: WCO BIOGRAPHIES

Leo de Bever, Chairman

Leo de Bever serves as Chairman of West Coast Olefins (WCO) and Nauticol Energy and has more than 30 years of experience through financial, government, and investment sectors. Through strong advisory and guidance in the corporate environment, Mr. de Bever has led executive leadership with financial institutions based in Canada, the U.S, Japan and Australia, including the Bank of Canada, Ontario Teachers' Pension Plan, and Alberta Investment Management Corporation (AIMCo).

Mr. de Bever has advised on Norway's Pension Plan and served on the Investment Committee of Dutch pension fund A **Prince George** in addition to leading numerous government economic panels. He earned his B.A. in Economics from the University of Oregon, and a Ph.D. in Economics from the University of Wisconsin. Mr. de Bever has been Chairman since 2018.

Ken James, President & CEO

Ken James is the President & CEO of West Coast Olefins Ltd. and former CEO of Nauticol Energy, a company developing methanol and fertilizer projects in Quebec and Alberta, and former President & CEO of KemeX Ltd., an international oil & gas and petrochemical consulting firm.

With more than 30 years' experience, Mr. James has consulted on numerous international petrochemical projects and has gained significant experience in senior project development and management. He is a global leader in the petrochemical sector and his deep domain expertise and engineering innovation leadership in modular design principals is the commercial pillar for WCO's go to market strategy. A professional engineer and APEGA member, Mr. James earned his degree in Chemical Engineering from the University of Waterloo.

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

Date: August 16, 2019
CLIFF: 107431

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

ISSUE: Parkland Refinery

BACKGROUND:

In 2017 the Alberta-based Parkland Fuel Corporation (Parkland) entered into an agreement with Chevron Canada Limited (CCL) to acquire CCL's Burnaby Refinery which has been in operation since the mid-1930s. At the time of its sale the refinery had a workforce of about 430 people.

The Parkland Refinery is a relatively small 55,000 barrels per day (bbl/d) facility which accounts for roughly 82 percent of the total refining capacity in the Province. The facility refines light sweet crude and synthetic oil (facility does not run heavy crude or dilbit) into gasoline, diesel, and jet fuel for local consumption:

- 25 percent of transportation fuel in British Columbia;
- 40 percent of YVR jet fuel; and
- 33 percent of the gasoline for the Greater Vancouver Area¹.

Oil feedstock for the Parkland Refinery is delivered via the Trans Mountain Pipeline (TMPL), with an average of 52,000 bbl/d delivered in 2016. With a capacity of 300,000 bbl/d, the TMPL transports crude oil, semi-refined and refined products in a series in the same pipeline - a process known as "batching", where one product follows another product through the pipeline during a specific time period. In 2018 TMPL's² delivery of crude oil and refined products to a distribution terminal or local refinery at the Burnaby Terminal accounted for 24 percent of TMPL's total 2018 capacity, down from 33% in 2017. On June 18, 2019 the Government of Canada approved the Trans Mountain Expansion Project, which will essentially twin the existing pipeline between Edmonton and Burnaby. The expansion will increase capacity from 300,000 bbl/d to 890,000 bbl/d.

Since 2015, the Parkland Refinery has received compliance credits under the low carbon fuel requirements for testing various renewable oils for mixing with crude oil to create fuels that are partly renewable. The latest tests using waste cooking oil and animal tallow have been very successful, and Parkland intends to locate a reliable source of renewable feedstock to create up to 10 percent renewable content in their fuels by 2020.

DISCUSSION:

¹ http://www.chevroncap.com/wp/wp-content/uploads/2018/03/Attachment-One_CAP-meeting_21Feb2018.pdf

² <https://www.transmountain.com/product-destination>

Parkland should be congratulated for their significant and successful efforts to commercialize the co-processing of renewable feedstocks, and should be encouraged to continue to increase the renewable content in support of the CleanBC goal of producing 650 million litres of renewable fuel in BC by 2030.

DRAFTED BY:

Giacomo Casanova, Economist

APPROVED BY:

Mark Urwin, Director✓
Geoff Turner, A/ADM✓
Dave Nikolejsin, DM✓

³ <https://www.neb-one.gc.ca/bts/nws/nr/archive/2013/nr20-eng.html>

MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

BRIEFING NOTE FOR INFORMATION

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

ISSUE: *Mines Act* Amendments Intentions Paper

BACKGROUND:

The Ministry of Energy, Mines and Petroleum Resources (EMPR) is developing potential amendments to the *Mines Act* for the Spring 2020 legislative session. EMPR has developed the attached Intentions Paper to invite Indigenous Nations, stakeholder and public comment on the proposed changes.

DISCUSSION:

The Intentions Paper seeks input on proposed *Mines Act* amendments to implement the Budget 2019 decision to formally separate the regulatory functions for mining, including:

1. Separating statutory decision-making authorities (e.g., permitting and enforcement);
2. Formally establishing the Mine Audits and Effectiveness Unit (i.e., the independent oversight unit); and
3. Improving certain compliance and enforcement provisions.

Once approved, the Intentions Paper will be made available for public review and comment for a 45-day comment period.

Throughout 2019, EMPR has engaged with the Mining Association of British Columbia (MABC) and Association of Mineral Exploration of British Columbia (AME) on the proposed amendments and have highlighted the potential *Mines Act* changes associated with the Budget 2019 announcement during engagement with Indigenous Nations that were focused on the *Mineral Tenure Act* (MTA).

To date, concerns raised during engagement on proposed *Mines Act* changes include:

- Clarity on new auditing function and rationale;
- Clarity on new inspections authorities, including the authority for inspectors to invite others to accompany inspectors where needed (e.g., required technical expertise or Indigenous Nations' representatives); and
- Legislative changes to the *Mines Act* should be broader in scope.

As a follow-up to the MTA sessions, participant Indigenous Nations (Appendix A) will receive a letter informing them of EMPR's next steps with respect to engagement on proposed legislative changes to the MTA based on feedback received during pre-engagement. The letter will speak to ongoing engagement on the MTA, the finalization of two 'What We Heard' reports and identify the opportunity to provide feedback on the *Mines Act* Intentions Paper. No broader engagement

on the Intentions Paper is planned; however, should direct engagement be requested by an Indigenous Nation on the proposed *Mines Act* changes, EMPR will engage directly with that Nation.

Given the proposed *Mines Act* changes are implementing the Budget decision, it is anticipated that the breadth of comments is likely to cover broader topics related to mining oversight in the province. The Intentions Paper highlights other initiatives currently underway including the Code Review, reclamation security policy review and continued engagement on the *Mineral Tenure Act* reform.

NEXT STEPS:

s.16

- Post on govTogetherBC for 45-day public comment period
- s.12; s.13; s.16

Attachments: Intentions Paper
Appendix A-Indigenous Nations' Participants

DRAFTED BY:

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Jennifer Anthony, Director, MCAD✓
Nathaniel Amann-Blake
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Intentions Paper

**Regulatory Excellence and Continuous Improvement
in the Mining Sector**

Mines Act

Proposal for Legislative Changes

Introduction

The *Mines Act* regulates all mining activities in British Columbia – from early exploration to production, reclamation, closure, and post-closure. Under this legislation, mining activities include precious and base metal mines, coal mines, industrial mineral mines (e.g. silica, limestone), rock quarries, sand and gravel operations, and placer mines.

The *Mines Act* covers the issuance of permits, inspections and investigations, and compliance and enforcement actions. It is supported by specific requirements found in the Health, Safety and Reclamation Code for Mines in B.C. (the Code).

We are proposing targeted updates to the *Mines Act* to formalize recent organizational changes within the Ministry of Energy, Mines and Petroleum Resources (EMPR) and modernize compliance and enforcement provisions. We want your input and feedback on these proposed changes.

Background

Budget 2019 provided EMPR with \$20 million over the next three years to fulfill government's commitments to improve permitting and increase industry safety by establishing an independent oversight unit.

Using this funding, EMPR has separated its regulatory authorities through the creation of a new Mines Health, Safety and Enforcement Division (MHSED), separate and independent from the new Mines Competitiveness and Authorizations Division (MCAD). While the MCAD is focused on mine permitting and attracting increased investment in B.C.'s mining sector, the MHSED's priorities are focused on health, safety, compliance management, and enforcement activities. Together, these two divisions work to achieve regulatory excellence.

With the *Budget 2019* investment, EMPR has also created the Mine Audits and Effectiveness Unit (Audit Unit), which will be EMPR's independent oversight unit. The Audit Unit is mandated with conducting audits to assess the effectiveness of EMPR's regulatory regime in ensuring the protection of workers, the public, and the environment. Each audit will generate a public report with practical recommendations for continuous improvement in regulatory oversight that will result in on-the-ground improvements to how mining is done in B.C.

These structural changes respond to and were informed by lessons learned from the Mount Polley mine disaster, recommendations made by the Office of the Auditor General for BC, and from the unanimous report from the Mining Jobs Task Force (MJTF) comprised of representatives from Indigenous communities, industry, municipal government, an environmental non-governmental organization, labour, post-secondary/training and the financial sector. These changes are also aligned with other provincial regulators with permitting responsibilities separated from enforcement under different Assistant Deputy Ministers.

Proposed Changes

To support the changes announced in *Budget 2019* and strengthen mining compliance and enforcement, EMPR is proposing the following amendments to the *Mines Act*:

Formalize structural separation between regulatory functions

It is important that statutory decision-making under the *Mines Act* reflects EMPR's new organizational structure. Under the *Mines Act*, the Chief Inspector of Mines is currently responsible for mine permitting, as well as health, safety, and enforcement. The proposed amendments would enhance the separation between EMPR's regulatory functions by establishing a new statutory decision-maker for permitting, distinct from the health, safety, and enforcement functions, which would remain with the Chief Inspector of Mines.

Formally establish an independent oversight function

The proposed amendments would formally establish the authority and mandate for the new Audit Unit. The changes would also establish an independent statutory decision-maker to oversee the audit function, including making recommendations for improved regulatory effectiveness and providing specific powers to auditors (separate from inspectors).

Enhance compliance and enforcement

Certain provisions of the *Mines Act* need to be modernized to enhance government's ability to hold mines accountable for ensuring human health and safety and protecting the environment.

The proposed amendments would align the *Mines Act*'s investigative provisions with other regulators. They would also provide inspectors and auditors with the authority to bring equipment or people required to conduct their work on to mine sites. This may include individuals with specialized technical expertise or representatives from Indigenous communities.

Other Regulatory Reform Initiatives

While this intentions paper is focused on proposed amendments to the *Mines Act*, there are also other significant regulatory initiatives underway for the mining sector in B.C.

Following a recommendation from the MJTF earlier this year, government has created a Standing Code Review Committee (SCRC) to conduct a continuous, comprehensive review of the Code, with equal representation from Indigenous communities, labour, and industry. The SCRC will ensure that mining continues to be one of the safest heavy industries in British Columbia and that provincial regulations keep pace with rapid industry changes.

The Province recognizes the need to ensure that the people of British Columbia are protected if a mining company fails to meet its reclamation requirements. The Province continues to engage

with Indigenous communities, environmental organizations, and industry to formalize an updated policy for mine reclamation securities. We expect to release this updated policy later this year.

Throughout 2018 and 2019, EMPR has also conducted pre-engagement efforts with Indigenous communities, industry, and non-governmental organizations regarding the *Mineral Tenure Act* (MTA). The Province heard that the MTA is a foundational piece of legislation and that more time is needed to consider possible changes. As a result, amendments to the MTA are not being proposed at this time to allow the Province to continue engagement with interested parties.

Providing Input

We are seeking your input regarding the proposed amendments to the *Mines Act*. Comments and suggested improvements to ensure mining regulatory excellence that are beyond the scope of these amendments are also welcome and may inform future legislative, regulatory, and policy changes.

- Email written submissions to: [email]
- This intentions paper will be available for comment until [date].
- Written submissions will be posted publicly.

**We encourage everyone to take part in these and upcoming engagement opportunities.
Visit EngageBC to learn more.**

Appendix A:Indigenous Nations Engaged on the *Mineral Tenure Act*

4Evergreen Resources Adams Lake BC FNEMC Bonaparte Burns Lake Native Dev. Corporation Dease River Dena Kayeh Institute Doig River Gitanyow Haisla Halfway River First Nation Kaska Dene Council Ktunaxa Lake Babine Nation Lhtako Dene Nation Little Shuswap Lower Nicola Indian Band McLeod Lake Indian Band Metlakatla Stewardship Society Nak'azdli Whut'en Nazko Nisga'a Lisims Government Saikuz First Nation Saulteau First Nations Shackan	Skeetchestn Indian Band Stk'emlupsemc Te Secwepeme Nation (SSN) Sto:Lo Nation T'it'q'et Tahltan Central Government Takla Lake First Nation Taku River Tlingit First Nation T'it'q'et First Nation Tk'emlups Te Secwepemc Tsal'alh Tsay Key Dene Ts'elxwéyeqw Tribe Management Limited (TTML) Upper Similkameen Indian Band (USIB) Williams Lake Xat'sull Yale
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**MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES
BRIEFING NOTE FOR INFORMATION**

Date: August 7, 2019
Cliff No.: 107036

PREPARED FOR: Dave Nikolejsin, Deputy Minister, Ministry of Energy, Mines and Petroleum Resources

ISSUE: Meeting with First Nations LNG Alliance: Chair Chief Dan George (Ts'il Kaz Koh First Nation/Burns Lake Band), Alliance CEO Karen Ogen-Toews (Wet'suwet'en Nation), Chief Councillor Crystal Smith (Haisla Nation), Adele Gooding, general manager, Skin Tyee Nation and Kim Baird, consultant and former Chief Councillor of the Tsawwassen First Nation

BACKGROUND:

The First Nations LNG Alliance (the "Alliance") is a collective of First Nations who are participating in, and supportive of, sustainable and responsible LNG development in BC.

Since 2016, the Province has provided annual operational and initiative funding to the Alliance. In 2018/2019, the Alliance received \$250,000 from the Province and \$319,000 from Canada (total \$569,000).

In May, 2019, the Alliance submitted its 2019/20 initiatives and funding proposal for the amount of \$800,980. While Canada responded positively to this proposal, they advised the funding could not be considered until August 2019, which was the next funding submission intake window.

s.13; s.16

That proposal provided the Alliance \$100,000¹ in funding for the period April 1 to August 31, 2019 to allow it to perform basic operational functions and to work with Canada and BC on new funding proposal for the period September, 1, 2019 to March 31, 2020 (the "New Proposal").

Page 1 of 3

¹ The \$100,000 was from IFE. The Alliance has received \$80,000, with the remaining \$20,000 (the holdback) flowing upon the Provincial acceptance of the Subsequent Proposal.

s.13; s.16

BC's funding commitment to the Alliance ends on August 31, 2019. The last payment to the Alliance will be \$20,000 in holdback and flowed upon acceptance by the Province of the New Proposal submitted by the Alliance. The release of the holdback does not require a further funding decision but only acceptance of the New Proposal.

s.13; s.16

CONCLUSION:

s.13; s.16

DRAFTED BY:

Lloyd Roberts, D✓

APPROVED BY:

Simon Coley, ADM ✓

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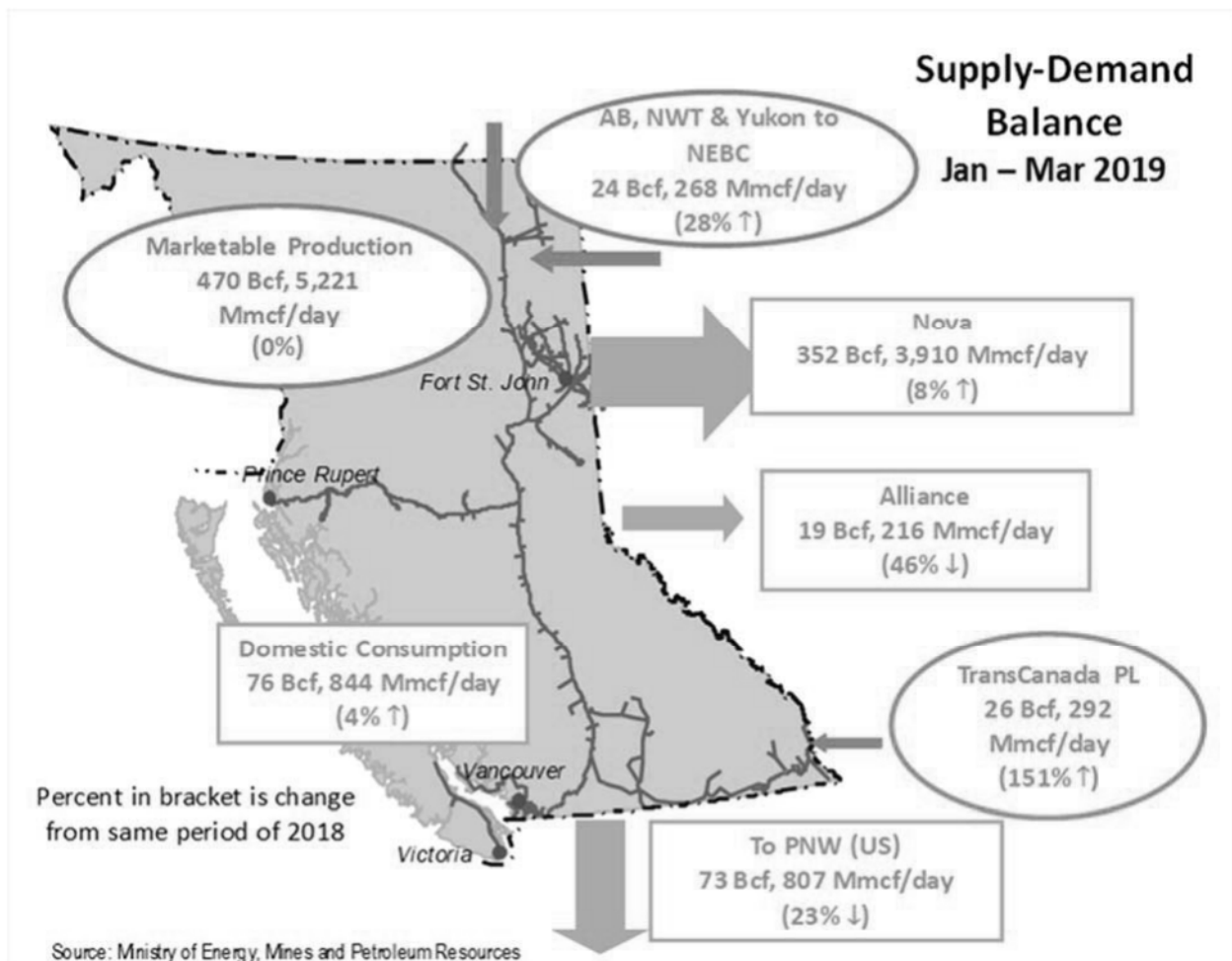
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Attachment 1

Figure 1 BC Natural Gas Supply- Demand Balance



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s.13; s.16

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