

## **MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES**

### **BRIEFING NOTE FOR DECISION**

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

**ISSUE:** s.13 Canadian Minerals and Metals Plan 2020 Action Plan

#### **BACKGROUND:**

At the 2019 Energy and Mines Ministers Conference; Mines Ministers approved six pan-Canadian initiatives as a next step from the Canadian Minerals and Metals Plan (CMMP). To advance these initiatives, an Action Plan has been developed through the Mines Intergovernmental Working Group (Mines IGWG), with participation from Federal/Provincial/Territorial governments (FPT).

This Action Plan is the first in a series of Action Plans that introduces pan-Canadian initiatives designed to achieve the targets indicated in the CMMP. The 2020 Action Plan includes six strategic directions, developed by FPT task teams. Ministry staff participated in or monitored the task teams to ensure alignment with BC areas of interest and initiatives.

Actions under each strategic direction have timelines detailing steps to complete their initiatives within two years, with a staged approach to their final deliverables coinciding with the Prospectors and Developers Association of Canada (PDAC) Conference 2021 and PDAC 2022. The Mines IGWG is planning to have a Deputy Minister call to seek endorsement. Ministerial endorsement will be sought by February 19, 2020. Once endorsed, the Action Plan will be launched at PDAC 2020.

#### **DISCUSSION:**

Each strategic direction includes one or two initiatives. The CMMP Action Plan 2020 (Attachment 1) describes the proposed initiatives at a high level, and no funding commitments have been made for these initiatives at this time.

#### **Economic Development and Competitiveness**

##### **A Pan-Canadian Geoscience Strategy**

- This will be a nation-wide framework that builds on current geological survey capacities, leverages new technologies and big data to enable informed land-use decisions in Canada.
- The BC Geological Survey is working through the National Geological Surveys Committee to develop this strategy.

## **Advancing the Participation of Indigenous Peoples**

### **Indigenous procurement conferences**

- A series of conferences will be held across Canada to explore opportunities for increased Indigenous procurement and business activity. The final product will be a compendium of best practices, success stories and case studies.
- The first test event was held at Roundup 2020. A full event may be held in BC in 2021 or 2022.

## **The Environment**

### **An expanded mandate for National Orphaned/Abandoned Mines Initiative (NOAMI)**

- A re-imagined NOAMI will aim to be better equipped to research, recommend and consult on solutions covering the full suite of challenges related to both active and legacy sites. These include financial securities, tailings dams, relinquishment and regulation and legislation.
- A workshop is to be scheduled in April to discuss next steps and the Ministry's abandoned mines group will look to participate.

## **Science, Technology and Innovation**

### **Innovation Prize Challenges**

- These challenges will use competition to incentivise the development of new technologies, such as water treatment, and their faster adoption into mine sites, facilitating a more innovative mining sector across Canada.
- BC has provided input to this project to align with the BC's Mining Innovation Roadmap and BC's innovation priorities.

## **Communities**

### **The Canadians of Mining campaign and a pan-Canadian minerals literacy hub.**

- This social media campaign and hub will facilitate knowledge sharing across jurisdictions and provide the ability to highlight the diversity of careers and people involved in the mineral industry across Canada.

## **Global Leadership**

### **A Canada Brand for Mining**

- A unified Canada brand collective will create a consistent voice to communicate the advantages of investing in and exporting from Canada, facilitating future opportunities for the sector.

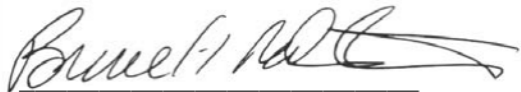
**OPTIONS:**

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**RECOMMENDATION:**

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Approved / Not Approved



Honourable Bruce Ralston, Minister  
Ministry of Energy, Mines and Petroleum Resources

February 27, 2020

Date

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

**PREPARED FOR:** Honourable Bruce Ralston, Minister of Energy, Mines and Petroleum Resources.

**ISSUE:** BC SCRAP-IT Program

**BACKGROUND:**

The BC SCRAP-IT Program (Scrap-It) is a not-for-profit society which relies on private funding, grants and contributions from industry and governments to operate. Originally, Scrap-It was designed by the (then) Ministry of Environment and launched in 1996. Initial funding for Scrap-It was provided by major energy companies in order to address environmental concerns regarding fuel vapour recovery when fuelling older vehicles. Since the Program's inception the Province has provided \$18.25M in funding. To date, Scrap-It has scrapped over 47,000 vehicles.

Scrap-It's mandate is to deliver greenhouse gas (GHG) emissions reductions via incenting the scrapping of older vehicles and the purchase or lease of new or used electric vehicles or other low carbon transportation modes such as, public transit passes, e-bikes, and car share credit.

Scrap-It utilizes a partner model in which partners also provide funds towards the rebate or discount on the option chosen by the consumer. Currently, partners include the New Car Dealers Association of BC (NCDA), BC Transit, Modo car share, Coast Car Co-op, Kootenay Carshare, and Schnitzer Steel.

Scrap-It offers rebates in the categories and amounts as detailed in the table below:

| <b>Rebate Type</b>                     | <b>Rebate Amount</b>  |
|--|---|
| New electric vehicle                   | \$6,000   |
| Used electric vehicle                  | \$3,000   |
| Cash                                   | \$200   |
| Non-qualifying vehicles                | \$100   |
| Transportation Options Program Rebates |   |
| E-bike                                 | \$850 (\$750 from Ministry, \$100 from retailer)                                  |
| Car share                              | \$750 (\$500 from Ministry, \$250 from retailer)                                  |
| Public transit pass                    | 11-month BC Transit pass (\$880 value) (\$500 from Ministry, \$380 from retailer) |

Scrap-It is receiving its funds from multiple sources. The new and used electric vehicle rebates are funded by Shell Canada Products (Shell) under a Part 3 Agreement (Agreement) authorized by the *Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act* (B.C.'s low carbon fuel standard (BC-LCFS)). The Transportation Options Program rebates are funded by the Ministry and e-bike, car share and transit companies. The cash rebates and general operations are funded by new car dealers and Shell.



The Part 3 Agreement Program is a performance-based compliance mechanism that is intended to promote innovation and diversity in the province's fuel supply, and to promote a greater uptake of lower carbon transportation fuels in order to accelerate market transformation. The six-year Agreement awards compliance credits to Shell for each vehicle scrapped by Scrap-It and replaced by a new or used electric vehicle, based on the expected emission reductions from the use of an electric vehicle instead of an older, gasoline vehicle. In turn, Shell provides funding to Scrap-It for the purchase rebates and administrative overhead.

From 2015 to 2019, Shell paid s.21 in purchase incentives for 4,243 new and used electric vehicles. In 2020, the final year of the program, it is estimated that Shell will pay s.21 to incent the purchase of 2,000 more electric vehicles, as shown in the table below. A table in the Appendix 1 details the number of new and used vehicle incentives paid out each year.

| Year         | Number of Electric Vehicles Purchased (New & Used) | Total Incentive Paid by Shell |
|--------------|--|-------------------------------|
| 2015         | 222  | s.21                          |
| 2016         | 397  |                               |
| 2017         | 874  |                               |
| 2018         | 1,250  |                               |
| 2019         | 1,500  |                               |
| 2020         | 2,000 <sup>†</sup>                                 |                               |
| <b>Total</b> | <b>6,243</b>                                       |                               |

<sup>†</sup> Estimated based on full subscription with historical purchase trends between used and new electric vehicles

Consumers can combine Scrap-It's new electric vehicle rebate with the provincial and federal vehicle rebates. This results in a total rebate of up to \$14,000 for the purchase of a new electric vehicle if an eligible vehicle is scrapped.

The Ministry's Transportation Options Program (TOP) funding for Scrap-It comes from a \$750,000 allocation in Budget 2017/18. Since 2017, the Ministry has offered the TOP rebates via a cost-share agreement with Scrap-It that leverages private sector investment in the rebates. The funding supports rebates for e-bikes, carshare credits, and BC Transit passes, in exchange for scrapping a vehicle.

## DISCUSSION:

### Scrap-It Electric Vehicle Rebates

Scrap-It electric vehicle rebates have been very popular with consumers and typically runs out of funding by mid-year. This has created an issue in the market as consumers become frustrated the program has no available rebates and will hold off purchasing a vehicle until the next calendar year when the rebate is available again.

Scrap-It rebates are distributed equally to all eligible auto dealers who have requested to participate in the program. The demand from auto dealers for rebates is approximately double the number of available rebates which has resulted in some dealers being frustrated at the limited



incentive levels will remain the same.<sup>s.17</sup>  
s.17

## **SUMMARY:**

The BC SCRAP-IT Program has been effective in reducing GHG emissions from the transportation sector and supporting the uptake of electric vehicles and other low carbon transportation options in the province.

Appendix 1: The number of new and used electric vehicles purchased under Scrap-It

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**APPENDIX 1:** The number of new and used electric vehicles purchased under Scrap-It.

|       | 2015 | 2016 | 2017 | 2018  | 2019  | Total |
|-------|------|------|------|-------|-------|-------|
| Used  | s.21 |      |      |       |       |       |
| New   |      |      |      |       |       |       |
| Total | 222  | 397  | 874  | 1,250 | 1,500 | 4,243 |

**SCRAP-IT Historical Transportation Options Program Incentive Spending**

The table below shows the spending of the Scrap-It Transportation Options Program over its lifetime. The program started with \$675,000 for incentives.

| Incentive Category | 2017     | 2018      | 2019      | Grand Total |
|--------------------|----------|-----------|-----------|-------------|
| CAR2GO             | \$43,500 | \$3,500   |           | \$47,000    |
| E-BIKE             | \$13,500 | \$72,750  | \$165,000 | \$251,250   |
| SCOOTER            | \$500    |           |           | \$500       |
| CAR SHARE          | \$28,000 | \$64,500  | \$69,500  | \$162,000   |
| TRANSIT            | \$500    | \$12,500  | \$11,000  | \$24,000    |
| Grand Total        | \$86,000 | \$153,250 | \$245,500 | \$484,750   |

## **MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES**

### **BRIEFING NOTE FOR INFORMATION**

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

**ISSUE:** Meeting with Parliamentary Secretary for Technology Rick Glumac regarding alternate uses of BC Hydro's Burrard Thermal site in Port Moody

#### **BACKGROUND:**

Burrard Thermal was a 950 megawatt natural gas-fired electricity generation plant constructed between 1958 and 1975. The facility is owned by BC Hydro and located in Port Moody, British Columbia (BC). In November 2013, the Province announced BC Hydro would stop generating electricity from Burrard Thermal, and the generation plant was officially decommissioned in 2016.

The Burrard Thermal site is a combination of BC Hydro-owned property (approximately 180 acres) as well as property that BC Hydro leases from the Federal Government from Port Metro Vancouver. Of the 180 acres owned by BC Hydro, approximately 120 acres is currently either underutilized or vacant.

The Burrard Thermal facility currently operates as a synchronous condenser providing critical voltage control to the transmission system that allows more power to flow into the Lower Mainland and through to markets in the United States. This function will continue until at least 2025. The Burrard Substation is also located on the site and will remain operational at this location regardless of future plans for the site's use as a synchronous condenser. The substation's high-voltage lines are part of the integrated transmission system.

Closure of the generation plant has been financially challenging for the City of Port Moody, as BC Hydro no longer pays an electricity generation grant in lieu of taxes to the municipality. Before it was discontinued, this annual grant payment was approximately \$1.3 million and represented approximately 2% of the municipality's total tax revenue.

#### **DISCUSSION:**

Given its industrial zoning, connection to the natural gas and electricity systems, and proximity to water, the Burrard Thermal site presents an opportunity for industrial redevelopment. BC Hydro has received a number of unsolicited inquiries from external parties focused on alternate uses of the Burrard Thermal site for either clean energy generation or recreational uses.

External parties have included:

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- A Chiyoda Corporation, Mitsui & Co. and ITM Power Consortium proposal to develop a centralized renewable hydrogen production facility in BC. The objective is to produce hydrogen from clean electricity, through electrolysis, and export the hydrogen to Japan and California. Some hydrogen would also be used in BC for low carbon energy use.

In 2018, the Province and BC Hydro worked with the Consortium to fund a feasibility study at 10 potential BC Hydro grid and private wire connected locations, including Burrard Thermal. The study highlighted a number of attractive opportunities which provide the basis for BC to leverage its vast renewable electricity generation capacity to become a world leader in the production and export of renewable electrolytic hydrogen. Completed in July 2019, the results of the study will be used by the Consortium to consider the installation of a facility in BC which has the potential to be the world's largest hydrogen production facility.

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Alternate uses of the Burrard Thermal site could provide a variety of benefits, including fostering innovative technologies, supporting CleanBC objectives and Provincial mandates, maximizing value and/or reducing costs for ratepayers, and furthering relationships with First Nations and local government.

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As part of this review,

BC Hydro will be engaging with the City of Port Moody and local Indigenous Nations to gather their views on future use of the site. The review will also be informed by BC Hydro's upcoming Integrated Resource Plan (IRP), due for completion by February 2021.

The *Clean Energy Act* currently prohibits BC Hydro from selling, leasing or otherwise disposing of its heritage assets, which include the Burrard Thermal site. Phase 2 of the Comprehensive Review of BC Hydro (Phase 2), which is currently underway, has been examining how BC Hydro can be provided with greater flexibility to consider a variety of energy procurement and asset ownership options as it develops its next IRP.<sup>s.13</sup>

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**SUGGESTED MINISTRY RESPONSE:**

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## MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

### BRIEFING NOTE FOR INFORMATION

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

**ISSUE:** Federal Court of Appeal Decision regarding Requests to Challenge the Federal Government's re-approval of the Trans Mountain Expansion Project.

#### BACKGROUND:

On August 30, 2018, as a result of the Federal Court of Appeal (FCA)<sup>1</sup> decision, the Order in Council approving the Trans Mountain Expansion Project (TMEP) was quashed rendering the Certificate of Public Convenience and Necessity (CPCN) a nullity. The FCA found that; (1) the National Energy Board, now the Canadian Energy Regulator (CER), had unjustifiably excluded the project-related marine shipping from the scope of the "designated project" reviewed under the *Canadian Environmental Assessment Act, 2012* (CEAA); and (2) the Government of Canada's Phase III Indigenous consultation was inadequate to discharge the duty to consult as agents of the Crown had not been empowered to adequately discuss accommodation measures.

The CER issued a Reconsideration Report on February 22, 2019 that found TMEP to be in the national interest and recommended that the Governor in Council (GiC) reissue approval of the project, subject to 156 conditions and 16 recommendations. Canada also committed to redoing Phase III consultation with First Nations. In late 2018, Canada had re-initiated the consultation process with Indigenous groups, with substantive consultations beginning in January 2019.

In June 2019, Canada released its Crown Consultation and Accommodation Report (CCAR) which builds on the previous *Joint Federal/Provincial Consultation and Accommodation Report for the Trans Mountain Expansion Project* released in November 2016. On June 18, 2019, the GiC issued a positive decision on TMEP and directed CER to issue a new CPCN, based on the CCAR and CER's Reconsideration Report.

Twelve parties, including Indigenous groups, the City of Vancouver, and environmental non-governmental organizations, filed motions seeking leave to judicially review the decision. On September 4, 2019, the FCA issued its decision, allowing six of the motions while dismissing the other six. The Court framed the issue to be raised in the judicial review proceedings very narrowly as to whether the Federal Crown's consultation with Indigenous peoples and First Nations was adequate.

The Tsleil-Waututh Nation, the Squamish Nation, the Raincoast Conservation Foundation and the Living Oceans Society (jointly represented by Ecojustice), and Olivier Adkin-Kaya, Nena Tran, Lena Andres and Rebecca Wolf Gage (together, the "Climate Strikers") subsequently filed applications with the Supreme Court of Canada (SCC) seeking leave to appeal the FCA's

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<sup>1</sup> *Tsleil-Waututh et al. v Attorney General of Canada et al.*, 2018 FCA 153



September 4, 2019 decision in which the FCA only allowed six of the motions and narrowly framed the issue. As of February 18, 2020 the SCC has not yet ruled if it will grant leave.

On November 4, 2019, Upper Nicola Band and the Stk'emlupsemc te Secwepemc Nation withdrew their participation in the FCA proceedings. The lead file changed to the Coldwater Indian Band and the remaining 3 groups included Squamish Nation, Tsleil-Waututh Nation, and a group of Stó:lō First Nations.

## **DISCUSSION:**

The *Coldwater* hearing occurred December 16-18, 2019; on February 4, 2020<sup>2</sup> the Court ruled in a unanimous 3-0 decision that the federal government had met its duty to consult. The applicants have 60 days from the date of the decision to apply to the SCC for leave of the FCA's decision. As of February 18, 2020, an application has not yet been filed.

In the *Coldwater* decision, the Court found that the consultation process that was designed and executed by Canada was reasonable and meaningful and that Canada substantively grappled with the concerns of Indigenous communities, brought the correct experts to the table, and provided reasoned responses where it did not agree with Indigenous proposals.

The Court found that although the parties did not resolve the concerns to the satisfaction of the Indigenous groups, this on its own did not make the decision to approve TMEP unreasonable, as consultation is not a process which provides a veto to the Indigenous participants.

The Court also outlined the importance of a reciprocal obligation on the part of Indigenous groups to engage in good faith dialogue and not frustrate the process. The Court noted that Indigenous groups cannot tactically delay the consultation process to try to obtain a de facto veto. The Court further noted that although Indigenous groups may engage in hard bargaining, if it unreasonably interferes with the consultation process, it may frustrate the Crown's good faith attempts to engage.

### FCA Decision and Provincial Permitting

The decision contains several statements that are assisting the Provincial agencies in their permitting review, specifically on guidance to clarify what is meaningful and reasonable in a consultation process.<sup>s.13; s.14</sup>

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<sup>2</sup> *Coldwater et al v. Canada (Attorney General)*, 2020 FCA 34

The recent decision by the FCA has provided clarity and guidance to the permitting agencies and has assisted the agencies in identifying a strategy moving forward to support closing consultation in a timely manner, while still ensuring the Crown's duty to consult is fully met.

## **CONCLUSION:**

Provincial Agencies are striving to move forward with the current approach with the People of the River Referrals Office and NNTC in an expeditious manner while still maintaining the honour of the Crown and ensuring adequate consultation. Engagement with STSA and NNTC has been ongoing for over two years and BC has reiterated its commitment to work in good faith and in the spirit of reconciliation.

## **Attachments:**

s.13; s.14

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## **MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES**

### **BRIEFING NOTE FOR INFORMATION**

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

**ISSUE:** Environmental Social Governance Investing in BC

#### **BACKGROUND:**

Investors are increasingly looking for companies that are both strong economic performers and meet Environment Social and Governance (ESG) criteria. ESG, also referred to as socially responsible investing, is underpinned by the United Nation's Principles for Responsible Investment. Currently over \$83 trillion of investment capital is committed by various investors who follow the principals for their investment decisions.

Much of the investment community is aware of the necessity of fossil fuels to the global economy and is pushing for a "just transition", which would manage the risks of transitioning to a low-carbon economy, while maximizing the associated opportunities. ESG investment offers a possible alternative to complete divestment of fossil fuels through rewarding those producers that are best in class operators. ESG investing provides the opportunity for BC fossil fuels to differentiate from global alternatives in order to secure capital, provide quality jobs and create informed decisions for investors.

ESG disclosures have the potential to highlight the world class environment that BC companies are operating in, as well as BC's emphasis on Indigenous involvement in resource development.  
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#### **DISCUSSION:**

To determine what steps are needed to advance informed ESG investing and what governments' role in this space could be, the Ministry of Energy, Mines and Petroleum Resources (EMPR) has engaged in interconnected workstreams. The intent is to conduct domestic (BC) research on current ESG activities and to use this information to inform the national and international discussions. The following section itemizes the key components of this work.

##### **1. Provincial Liquefied Natural Gas (LNG)**

s.13; s.16

s.13; s.16

**2. Provincial responsible metals**

Globally, consumers have a growing awareness and demand for ecologically and socially responsible products. As a result, downstream producers are increasingly seeking assurances, through mine site certification standards like Towards Sustainable Mining or the Initiative for Responsible Mining Assurance, that the raw materials they purchase are mined responsibly. In BC, the mining industry's high environmental standards, low-GHG profile globally and commitment to reconciliation with Indigenous peoples has created a growing opportunity to position the province as a global supplier of choice. This will lay the groundwork to establish a credible BC brand to access the rise in ESG investments. EMPR is organizing a forum on responsible sourcing in the minerals and metals industry in Vancouver on March 26, 2020 to bring industry, civil society, government and Indigenous leaders together to lay the foundation for BC to realize this opportunity.

**3. Federal and provincial**

s.13; s.16

**4. BC Digital Trust: Verifiable Origins**

The BC Digital Trust Service team has been involved in work over the last few years within the global open standards and open source community. As a result of this work, the team has discovered, helped design and are delivering a new means to add technical trust to data. Currently, the team has global-scale approach to sharing data safely with a degree of trust that enables decision making. Without this capability BC citizens are at risk as they work, live and play on the Internet. However, digital trust cannot be achieved by technology alone. It must work in conjunction with governance mechanisms that support the goals of the community. Based on these insights, a new global framework for digital trust is emerging called the Trust over IP stack. Based on the Trust over IP stack, the province is exploring how it can empower BC industries with trustworthy digital outcomes from the regulatory processes. This capability is called "Verifiable Origins". s.13

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## 5. National and international

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### SUMMARY:

While the ESG movement is still new and developing, the financial community, companies and governments recognize the opportunities of being involved in this movement early on and the risks of not acting. s.13

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## **MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES**

### **BRIEFING NOTE FOR INFORMATION**

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

**ISSUE:** Conference of the Parties 25 in Madrid, Internationally Transferred Mitigation Outcomes

#### **BACKGROUND:**

The Paris Climate Accord was signed in December 2015 and provides a framework of commitments through which states will work to keep the increase in global temperatures to less than two degrees above pre-industrial levels. The Rulebook that gives substance to the Paris Climate Accord is still under negotiations. Rules around Internationally Transferred Mitigation Outcomes (ITMO) were expected to be finalized at Conference of the Parties 25 (COP25) in Madrid in December 2019 but are now expected to be finalized at COP26 in Glasgow this year.

#### **DISCUSSION:**

Article 6 of the Paris Climate Accord establishes ways for parties to voluntarily cooperate in implementing their Nationally Determined Contributions (NDCs), which are countries' commitments on emission reductions over time. These cooperative approaches allow parties to make emission-reducing investments in each other's jurisdictions, and to trade emission reducing products and services, and 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 signatory. BC could engage in ITMOs when authorized to do so by Canada. However, any emission reductions resulting from these trades would count towards Canada's NDC, not BC's climate commitments. <sup>s.13</sup>

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Negotiations on Article 6 of the Paris Climate Accord Rulebook which include defining an ITMO and determining rules for the various trading mechanisms were expected to be concluded in December 2019 at COP25 in Madrid. The negotiations were focussed on two key outcomes: securing enhanced ambition, and on the rulebook to operationalize the market mechanisms outlined in Article 6 of the Paris Agreement. Overall, the negotiations were seen as a failure as the final rules for Article 6 were not agreed to, and only a weak reference to enhanced emissions targets was included in the COP25 text. Pressure for next year's negotiations at COP26 in Glasgow will mount through 2020, as national governments are expected to table updated contributions and reduction targets reflecting the call for enhanced ambition.

## NEXT STEPS:

The BC Climate Action Secretariat represents BC on a federal-provincial-territorial working group on Article 6, which is meant to determine Canada's interests at COP meetings and negotiating positions on the Paris Rulebook. s.16

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s.16 BC has pushed 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. BC will continue to engage with the federal government leading up to COP26.

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

Date: February 19, 2020  
CLIFF: 109324

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

**ISSUE:** Meeting with Tim McMillan, President and CEO, Canadian Association of Petroleum Producers

**BACKGROUND:**

The Canadian Association of Petroleum Producers (CAPP) represents companies that explore for, develop, and produce natural gas and crude oil throughout Canada. CAPP, on behalf of the Canadian upstream oil and gas industry, advocates for economic competitiveness and safe, environmentally and socially responsible performance.

CAPP's member companies produce about 80 percent of Canada's natural gas and crude oil. Its associate members provide a wide range of services for the upstream industry. CAPP's more than 60 producer members and more than 80 associate members are an important part of a national industry with approximately \$109 billion a year in revenues.

CAPP's work is carried out through a variety of specialized Policy Groups and Priority Steering Groups supported by CAPP staff, CAPP members, subject matter experts and working groups.

On September 30, 2014 Mr. Tim McMillan resigned from Saskatchewan politics after seven years of service to take the position of President of CAPP, effective October 1, 2014. Before resigning from Saskatchewan politics, Mr. McMillan served in several portfolios, including Minister Responsible for Energy and Resources.

The Ministry of Energy, Mines and Petroleum Resources (EMPR) has historically had a productive relationship with CAPP, who has provided continued support, expertise and advice through open and frank discussions and allowed EMPR participation in a number of CAPP Policy Group events.

**DISCUSSION:**

There were 19 CAPP producer members producing oil and gas in British Columbia (BC) in 2019, out of a total of 58 active producers. CAPP members accounted for 80% of total oil and gas production in BC, producing about 295.5 million barrels of oil equivalent in 2019.

Canada is the world's fifth largest producer of natural gas and BC is the second largest producer within the country. If measured independently, BC would be the 16th largest natural gas producer in the world. In October 2018, BC's natural gas industry took a monumental step



forward with the positive final investment decision of LNG Canada. This was followed in May 2019 with the commissioning of British Columbia's first marine propane export facility AltaGas on Ridley Island (Prince Rupert).

With CAPP representing such a large contingent of the BC oil and gas producers, they have been a crucial stakeholder during consultation processes involving industry. One recent and ongoing investigation relates to the deep well credit program that provides producers with a non-transferrable credit that could be applied as a deduction towards future royalties for drilling deep wells. This program has seen an accumulation of usable credits in the recent past, due to many factors including a low-priced commodity environment.

BC aims to have one of the cleanest, most environmentally responsible natural gas industries in the world and the CleanBC plan released in December 2018 puts the province on a path to a cleaner, better future. CAPP has been actively engaged with the development of policies and programs under CleanBC as they relate to the upstream industry.

CAPP has taken the position that the large number of policy initiatives undertaken by government over the last several years have added significant cost and uncertainty for their industry.

#### **SUMMARY:**

The Province appreciates the efforts CAPP has made to provide feedback and support to the development of BC's natural gas industry and the meeting of its climate targets in the CleanBC plan. The Province will continue to consult with CAPP on the development of policies and regulation to advance these goals and looks forward to continued opportunities for collaboration with CAPP.

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## MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

### BRIEFING NOTE FOR INFORMATION

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

**ISSUE:** Meeting with United States Consul General on transboundary mining issues and cooperation on critical minerals

#### BACKGROUND:

British Columbia (BC) has strong, collaborative relationships with our neighbouring States of Alaska, Washington and Montana. These relationships are formalized through the following frameworks that support the ongoing work around critical topics such as the Tulsequah Chief Mine and mining in the Elk Valley. The relationships the Province maintains on transboundary mining dialogue also includes Global Affairs Canada and the US Department of State. Key frameworks and concerns as they relate to transboundary mining are summarized below.

#### Alaska

The Memorandum of Understanding and Cooperation (MOU) between the State of Alaska and the Province of BC was signed in November 2015. A Statement of Cooperation (SoC) on the Protection of Transboundary Waters was signed by BC and Alaska in October 2016, to formalize and build upon the cooperative relationship between the two jurisdictions. Part of this commitment was the establishment of a Bilateral Working Group (BWG) in January 2016, which meets semi-annually. The membership consists of the commissioners from the Alaska Department of Environmental Conservation, Fish and Game and Natural Resources and the Deputy Ministers of Energy, Mines and Petroleum Resources (EMPR) and Environment and Climate Change Strategy (ENV).

**Key issue:** The historic Tulsequah Chief Mine requires remediation of unabated contamination currently flowing offsite into the Tulsequah River.

#### Washington

In June 2001, the Washington Department of Ecology and ENV entered into a MOU regarding Environmental Assessments. Under this MOU, the State and Province make every effort to share information, consult with one another and coordinate their work on environmental issues that have the potential to affect resources and residents in the border region. In keeping with these agreements, provincial and state regional offices are included in the distribution of environmental assessment notifications for major projects located within 100 kms. or less from the border between the two jurisdictions.

**Key issue:** Imperial Metals submitted an application for a *Mines Act* permit for exploration and development within the Silverdaisy area which is within the bounds of Manning Park. This application is still under review.

## **Montana**

The foundation of BC and Montana's collaboration on regional ecosystems and shared protection of transboundary waters is captured in the 2003 Environmental Cooperation Arrangement and underpinned by the MOU and Cooperation on Environmental Protection, Climate Action and Energy. This also provides for reciprocal opportunities for Montana to participate in BC's environmental assessment process. In recent years, BC and Montana have focused efforts on assessing and managing transboundary concerns regarding mines in the Elk Valley through the Lake Koocanusa Research and Monitoring Working Group (Working Group). The Working Group is a cross-border forum through which site-specific criteria and water quality guidelines for the Koocanusa Reservoir are discussed and recommended.

**Key issue:** Coal operations within the Elk Valley are contributing to elevated Selenium levels in transboundary waterways and Kookanusa Reservoir.

## **Critical Minerals**

Natural Resources Canada (NRCan) is leading the Government of Canada's efforts to secure the supply chain for critical minerals that are vital to the Canadian and global economy. In June 2019, Canada and the US announced their intent to develop a Joint Action Plan on Critical Minerals Collaboration. The Joint Action Plan will compliment NRCan's work on the Canadian Minerals and Metals Plan (CMMP), which BC has helped develop. Many critical minerals can be found in BC, but none are commercially produced at this time. The Province will continue to monitor and participate in NRCan-led critical minerals initiatives as the Joint Action Plan and CMMP are implemented.

## **DISCUSSION:**

### **Alaska**

The existing structures are highly effective and successful in focusing the dialogue between Alaska and BC on key issues such as water quality in the transboundary region, and remediation efforts at the Tulsequah Chief Mine. s.16

s.16

- **Tulsequah:** The Tulsequah Chief historic underground mine (Mine) is located approximately 120 kilometres south of Atlin on the Tulsequah River, in the traditional territory of the Taku River Tlingit First Nation (TRTFN). s.16

s.16

Canadian federal receivership process continues as the owner of the assets, Chieftain Metals seeks bankruptcy and insolvency protection-this process has been ongoing for over four years and continues to significantly limit the regulatory actions the Province can take on site and/or against Chieftain Metals. As a prior historic owner of the site, Teck has been participating and collaborating with the governments on the remediation and reclamation plan.

## **Washington**

BC and Washington State have enjoyed a collaborative working relationship since the creation of the Environmental Cooperation Agreement in 1992. The Environmental Cooperation Agreement and the Environmental Cooperation Council have a successful history of promoting and coordinating mutual efforts to ensure the protection, preservation and enhancement of our shared environment for the benefit of current and future generations.

- **Silverdaisy:** The *Mines Act* Statutory Decision Maker for this application is conducting a thorough and comprehensive review based on input from numerous parties and Indigenous Nations. The current Notice of Work under review proposes 0.35 hectares of disturbance. If approval is granted to Imperial Metals, it does not mean they have permission to mine the area in question. A decision on the Notice of Work is expected in the coming weeks. To mitigate some of the ongoing concerns raised by stakeholders in Washington state, ENV provided the Skagit Environmental Endowment Commission (SEEC) with a grant of \$2.4 million in 2019 to secure mineral tenures in Manning Park. SEEC has attempted to initiate conversations with Imperial Metals to investigate an approach that would include Imperial Metals selling their interests to the SEEC which would like to see the area added to the parks system.

## **Montana**

In 2014, the Working Group was established in collaboration with the Montana Department of Environmental Quality (MT DEQ). The Working Group includes representatives from US federal and state agencies, First Nations and US Tribes, stakeholders, industry, non-governmental organizations and experts. This serves as a forum for sharing research and information and through which site-specific criteria and water quality guidelines for the Koocanusa Reservoir are discussed and recommended. In the fall of 2019, the Deputy Minister of ENV and the Director of MT DEQ exchanged letters of commitment and finalized a joint workplan which confirm the shared goal of adopting aligned selenium water quality objectives and criteria for the Koocanusa Reservoir in 2020. In the Spring of 2020, ENV and MT DEQ will solicit feedback from members and observers of the Working Group about where the group should focus its efforts following the completion of work on the selenium water quality objectives and criteria.

## **SUMMARY:**

- Working collaboratively with Alaska and Montana remains a priority for the Province and we continue to support the work of both the BC/Alaska Bilateral Working Group and Lake Koocanusa Monitoring and Research Working Group.

- BC is committed to working closely with government partners, Indigenous nations, industry and non-governmental organizations to make sure we are protecting ecosystem health in Lake Koocanusa for the future.
- BC and Montana are working together to protect ecosystem health in Lake Koocanusa and adopt aligned water quality objectives and criteria for selenium in 2020.

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## MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

### BRIEFING NOTE FOR INFORMATION

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

**ISSUE:** February status update on the Mining Jobs Task Force

#### BACKGROUND:

In December 2018, the Mining Jobs Task Force (MJTF) delivered their final report to government. In January 2019, government announced it was embracing the recommended actions from the MJTF and allocated funding to support implementation.

The Ministry of Energy, Mines and Petroleum Resources (EMPR) is advancing the MJTF actions through a collaborative, staged approach. Work on MJTF actions involves agencies across government and external partners. The MJTF continues to meet monthly in a monitoring and evaluation capacity and are regularly engaged for their expertise by EMPR staff. Structural competitiveness challenges the Province faces (ore grade, distance to port) and recent commodity price declines, have highlighted the importance of implementation of MJTF actions.

#### DISCUSSION:

EMPR is overseeing the overall implementation of MJTF actions, with the involvement of other agencies and external partners where mandates overlap (see Attachment 1).

#### EMPR led actions

EMPR is leading implementation of these actions with internal capacity. However, in some cases, the decision point for implementation is with the Ministry of Finance (FIN). These activities are completed or **on-track**:

- A budget lift for EMPR to support regulatory excellence (completed)
- The creation of a standing code review committee (completed)
- Develop a coordinated geoscience strategy (independent review completed April 2019, EMPR developing strategy led by the Geological Survey Branch)
- Multi-stakeholder forum on responsible market standards (scheduled for March 2020)
- Make permanent the Electricity Cost Deferral Program (process initiated to address before program expiry)

These activities are **on-track**. Analysis to support these activities has been completed by EMPR and submitted to FIN to support a decision:

- Eliminate Provincial Sales Tax on Production Machinery and Equipment and mine infrastructure (estimated annual cost is \$17

- Make the New Mine Allowance permanent (no additional estimated cost)
- Make permanent the BC Mining Flow-Through Share program at a rate of 20 percent and increase the rate to 35 for a three-year trial period (estimated annual cost is \$1.17<sup>17</sup>)
- Make permanent the BC Mining Exploration Tax Credit at 20 percent and increase the rate to 30 percent for a three-year trial period (estimated annual cost is \$1.17<sup>17</sup>)

### **Contracted actions**

EMPR has contracted out research that will inform policy development for four MJTF actions. EMPR is managing these contracts with input from other agencies and partners. The implementation stage of these actions will involve other agencies.

- Study the potential for an Exploration Investment Fund (completed November 2019)
- Introduce an Integrated Indigenous Mine Training Program (completed January 2020, report under review by EMPR and other agencies are being engaged)
- Establish world-leading community health and well-being best practices (completed February 2020, report under review by EMPR and other agencies are being engaged)
- Action plan to attract and retain women in mining careers (on-track for mid-February 2020)

### **Actions led by other government ministries**

These actions fall within the mandate of other government ministries and are being led by them with EMPR support and participation. These actions are **on-track**:

- Support government's Low Carbon Industrial Strategy (mandate of the Ministry of Jobs, Economic Development and Competitiveness), phase 2 scheduled to be completed in Spring 2020.
- Develop a Mine Sector Training Roadmap (mandate of the Ministry of Advanced Education and Skills Training (AEST), to be delivered Fall 2020.
- Support government's plan to fund Indigenous Stewardship and Monitoring Initiatives (mandate of the Ministry of Forests, Lands, Natural Resource Operations and Rural Development), ongoing.
- Explore opportunities to support Indigenous equity ownership in major projects; enable the development of community trusts for multiple First Nations (mandate of the Ministries of Jobs, Economic Development and Competitiveness; Indigenous Relations and Reconciliation), analysis ongoing.
- Create and support an accessible worker database (mandate of AEST), on track for March 2020

Actions that fall within the mandate of other agencies that **have not made** significant progress due to broader government priorities include:

- Examine options for reducing the volatility of revenue sharing with Indigenous communities (mandate of the Ministry of Indigenous Relations and Reconciliation)

### **Actions led outside government**

EMPR is supporting outside organizations to lead the implementation of the following actions. These activities are **on-track**:

- Development of an Innovation Roadmap (led by the Mining Association of BC)
- Continuation and expansion of the Regional Mining Alliance (led by the Association for Mineral Exploration)
- Coordinated communications and education strategy (led by the Mining Association of BC and the Association for Mineral Exploration)

### **CONCLUSION:**

- Given the recent decline in commodity prices, industry has been focused on implementation of MJTF actions that will address fiscal competitiveness challenges.
- Significant progress has been made with 19 of 25 MJTF actions completed or substantially started, and an additional five scheduled for implementation by March 31, 2020.

**Attachments:** Mining Jobs Task Force Action Status February 2020

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## **MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES**

### **BRIEFING NOTE FOR INFORMATION**

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

**ISSUE:** Update on Implementation of *Fuel Price Transparency Act*

#### **BACKGROUND:**

The *Fuel Price Transparency Act* (the Act) was passed as Bill 42 during the fall 2019 legislative session and is not yet in force. The Act is structured to require submission of information on the gasoline and diesel market to an Administrator. The Administrator can be a government Ministry, the BC Utilities Commission (BCUC), or another body. During the legislative debates on Bill 42 the BCUC was identified as government's preferred Administrator.

The Administrator of the Act will have the authority to publish the information that it collects along with relevant analysis. This authority to publish information extends to commercially sensitive information where the Administrator believes that the harm to private business interests is outweighed by the potential benefits to the competitiveness of the fuel market or public confidence in the competitiveness of the market. There are two key decisions that will affect the information that is published under the Act. Government can pass a regulation requiring companies to submit specific information on a particular schedule to the Administrator. The Administrator then must determine what is ultimately published.

#### **DISCUSSION:**

The Ministry of Energy Mines and Petroleum Resources (EMPR) has been working with the BCUC to prepare for implementation of the Act since its passage.

s.12; s.13; s.16

s.12; s.13; s.17

Bringing the Act into force and naming the BCUC as Administrator is the first step in a process that is expected to take a number of months.

An Intentions Paper is being drafted and engagement process is being planned to seek input from industry and the public on what information should be collected under the Act. EMPR and the BCUC have been collaborating on this work. s.13

s.13

The responses gathered in through the intentions paper and public engagement process will inform development of a regulation later in the year to spell out the specifics of what industry will have to report and when. s.13

s.13

s.13

Given the substantial public interest that is expected on the topic of gasoline and diesel prices, the BCUC is working to develop an online information portal that can be launched shortly after they are named as Administrator of the Act. The portal would set out a range of information on the fuel market in BC (similar to the background material presented in the final report on the 2019 inquiry into the fuel market), along with publicly available data and information on the fuel market (for example posted prices at the wholesale rack). This portal and the data available on it would be expanded as further regulations on the Act are passed and more data becomes available to the BCUC. The launch of the portal is currently planned for April 1, 2020.

s.13

## **SUMMARY:**

Work is underway to bring the *Fuel Price Transparency Act* into force and to name the BCUC as Administrator. This will be followed up by a public engagement process on what information should be collected under the Act and the launch of a BCUC information portal on the fuel

industry – both planned to be underway by April 1. The full framework envisioned under the Act will take longer to implement and should be in place by the late summer/early fall.

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

**BRIEFING NOTE FOR INFORMATION**

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

**ISSUE:** Fiscal Implications of the Indigenous Partnership Pilot s.16  
s.16

**BACKGROUND:**

s.12; s.13; s.16; s.17

s.13; s.16; s.17

**DISCUSSION:**

s.12; s.13; s.16

s.12; s.13; s.16; s.17

s.13; s.16; s.17

s.12; s.13

**CONCLUSION:**

s.12; s.13; s.16; s.17

**Attachment:** Appendix 1: Summary of Other Fiscal Issues

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## MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

### BRIEFING NOTE FOR INFORMATION

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

**ISSUE:** Update on the Intergovernmental Partnership Agreement for the Conservation of the Central Group of Southern Mountain Caribou

#### BACKGROUND:

The Province has been negotiating a caribou recovery agreement for the Central Group of Southern Mountain Caribou with the federal Ministry of Environment and Climate Change Canada and two of the Treaty 8 First Nations, Saluteau First Nations (SFN) and West Moberly First Nations (WMFN), since receiving a negotiating mandate in August 2018. The initialled draft of the Intergovernmental Partnership Agreement for the Central Group of Southern Mountain Caribou (Partnership Agreement) sets out the strategy for caribou recovery efforts across northeast BC (Attachment 1).

The Partnership Agreement was initialled in March 2019 and initiated engagement with industry, local communities and the public. The engagement period ran from March 2019 until June 2019, during which time significant concerns were raised by local governments, communities, and industry. To provide more time for engagement with communities and the public and to prevent the federal government from issuing a section 80 protection order under the federal *Species at Risk Act* a two-year interim moratorium area was established through an *Environment and Land Use Act* Order. s.16

s.16

The interim moratorium temporarily protects the majority of identified high elevation, and a portion of low elevation habitat of the Central Group by preventing any new activities from occurring (Attachment 2). The interim moratorium area primarily overlaps with coal tenures that were set aside through discussions with industry and the negotiating parties for a short duration to support provincial caribou discussions. Oil and gas interests in the area are limited due to commodity prices and availability of the resource.

The Ministry of Forests, Lands, Natural Resource Operations and Rural Development (FLNR) has committed to ongoing engagement and discussion on the Partnership Agreement to address concerns raised during the initial engagement period. In January 2020, two committees were struck by FLNR and include industry and local government representation. These committees are intended to support the Partnership Agreement by developing land use objectives for different zones and to inform the socio-economic analysis that will be undertaken.

## DISCUSSION:

There are two categories of zones included within the Partnership Agreement that contemplate varying levels of protection and interim moratoriums on activities and tenures and zones where sustainable economic development is envisioned.

- Protection and conservation of habitat zones: There are 58 different mineral and coal tenure holders that overlap the zones identified for immediate conservation and protection. The estimate of potential compensation to tenure holders in the immediate conservation and protected areas is approximately <sup>s.17</sup> The Ministry of Energy, Mines and Petroleum Resources (EMPR) has ensured that any actions or measures contemplated in the Partnership Agreement would not apply to existing projects, existing pipeline applications or projects having received all material approvals.
- Sustainable economic development zones: A tripartite Caribou Recovery Committee will be established to review proposals for development and will strive to provide consensus recommendations to statutory decision makers. <sup>s.13</sup>  
s.13

The Canadian Kailuan Dehua coal licence application for the Gething project area is located within the B4 zone and includes the only coal tenures overlapped by the proposed restoration and conservation focused zone. <sup>s.16</sup>

s.16

Within the interim moratorium area there are 273 coal licenses and 83 mineral tenures where the intention is to maintain the moratorium on a biannual basis.<sup>s.13</sup>

s.13

s.13; s.16

## CONCLUSION:

s.13

**Attachments:**

- Intergovernmental Agreement on the Conservation of the Central Group of Southern Mountain Caribou – Attachment 1
- Interim Moratorium Area and Mining Interests Map – Attachment 2
- s.16

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## MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

### BRIEFING NOTE FOR INFORMATION

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

**ISSUE:** Background on the Indigenous Funding Envelope

#### BACKGROUND:

The Indigenous Funding Envelope (IFE) is a sub-contingency fund within the Province's contingencies that is managed by the Ministry of Indigenous Relations and Reconciliation (MIRR). IFE funds a variety of reconciliation initiatives focused on supporting:

- rights and title negotiations;
- accommodation;
- engagement on government priorities; and
- program initiatives for projects primarily in the natural resource sector.

For initiatives and negotiations that fall outside of IFE spending criteria, MIRR and other agencies put forward Treasury Board Submissions for those topics on a case-by-case basis.

s.12; s.13; s.16; s.17

s.12; s.13; s.16; s.17

The Ministry of Energy, Mines and Petroleum Resources (EMPR) started the current fiscal year with s.17 in funding requests but was reduced to a s.17 spending plan in Summer 2019.

At the beginning of the current fiscal year, the IFE Assistant Deputy Ministers, a sub-committee of the Assistant Deputy Ministers Committee on Natural Resources (ADMCNR), was formed to provide oversight on IFE spending within the NRS ministries.

ADMCNR manages the IFE spending plan on behalf of the Deputy Ministers Committee on Natural Resources.

#### DISCUSSION:

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.12; s.13; s.16

## **CONCLUSION:**

s.13; s.17

## **Attachments:**

s.16

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

**BRIEFING NOTE FOR INFORMATION**

**PREPARED FOR:** Honourable Bruce Ralston, Minister of Energy, Mines and Petroleum Resources.

**ISSUE:** Meeting with Ian Anderson, President and CEO Trans Mountain Corporation

**BACKGROUND:**

The Trans Mountain Expansion Project (TMEP) is an interprovincial, federally regulated pipeline project under the jurisdiction of the Canadian Energy Regulator (CER), (formerly the National Energy Board). TMEP will twin Trans Mountain Corporation's (Trans Mountain) existing 1,150 kilometre pipeline within the existing right-of way, where possible, from Edmonton to Vancouver. The existing pipeline has a sustainable capacity of 300,000 barrels per day (bbl/d) and the new pipeline will have a sustainable capacity of 590,000 bbl/d.

Canada initially approved TMEP on November 29, 2016 with 157 conditions. BC issued an Environmental Assessment Certificate (EAC) on January 10, 2017 with an additional 37 conditions. On April 6, 2017, BC signed an Agreement with Kinder Morgan that provides for revenue sharing and that BC. establish a project office and manager to work with line agencies to facilitate a timely and efficient regulatory and decision-making process for all provincial regulatory matters related to TMEP or the Mainline System (existing pipeline).

On August 30, 2018, the Federal Court of Appeal (FCA)<sup>1</sup> quashed the federal approval citing inadequate consultation by Canada with Indigenous peoples and failure by CER to fully consider marine impacts. On August 31, 2018, Trans Mountain was ordered to cease construction of TMEP. BC's EAC remained valid allowing Trans Mountain to apply for provincial permits.

On June 18, 2019, the Governor in Council (GIC) again approved TMEP noting it was in the national interest. The decision was based on the Crown Consultation and Accommodation Report and the CER's Reconsideration Report. A Certificate of Public Convenience and Necessity (CPCN) was issued on June 21, 2019.

On February 4, 2020, the FCA<sup>2</sup> dismissed the applications from four Indigenous groups who sought judicial review of the June 18, 2019 GIC decision to issue the CPCN for TMEP concluding that Canada's decision was reasonable and that federal approvals for TMEP continue to be valid. FCA further elaborated on specific consultation concerns, such as meaningful consultation, obligation of participants, and that Indigenous groups cannot tactically use the consultation process to try to obtain a *de facto* veto.

**DISCUSSION:**

TMEP is organized into 7 spreads (Attachment 1 – map). Spreads 1 and 2 are in Alberta, with Spreads 3 to 7 in BC Spreads 6 and 7 are in the Lower Mainland, and spread 7 includes the Burnaby Terminal, Burnaby Mountain Tunnel and Westridge Marine Terminal.

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<sup>1</sup> *Tsleil-Waututh et al. v Attorney General of Canada et al.*, 2018 FCA 153

<sup>2</sup> *Coldwater et al v. Canada (Attorney General)*, 2020 FCA 34

BC has an administrative obligation to review permit applications it receives based on their own merits and the permitting agencies have been and continue to make decisions for TMEP. The permitting/regulatory agencies include: Ministry of Forests, Lands, Natural Resource Operations and Rural Development; Ministry of Environment and Climate Change Strategy (including BC Parks); Ministry of Transportation and Infrastructure; the BC Oil and Gas Commission; and the Agricultural Land Commission.

As of February 12, 2020, TMEP requires 1351 provincial permits of which 519 have been issued, 581 are in review and 251 have not yet been submitted by Trans Mountain.

Trans Mountain is targeting a mechanical completion date at end of 2022; however, as a result of delays associated with regulatory processes and legal proceedings, Trans Mountain developed a revised construction schedule with extremely tight timelines. The planned construction starts include:

- Spread 3 - April 2020;
- Kingsvale Transmission Line (near Merritt BC) – all permits received and construction to start February 18, 2020; and
- Spread 4 and Spread 5A Urban Special Project in Kamloops - April 2020; and
- Mainline construction beginning in all spreads by August 2020.

The revised schedule will consist of multiple special projects in the Nlaka'pamux Nation Tribal Council (NNTC) and S'ólh Tém'Exw Stewardship Alliance (STSA) territory. Trans Mountain and BC have established working arrangements with these two Indigenous entities to deal with provincial permits on TMEP. Approximately 40 percent of the applications are in NNTC and STSA consultation areas.

s.13; s.16

A number of Stó:lō First Nations have filed a Statement of Opposition opposing the proposed detailed route for TMEP in their territory. CER has assigned a separate hearing (Phase 1) for STSA between mid-February to April 2020 with decision(s) within 12 weeks after the hearing closes. CER Phase 3 hearings will focus solely on the Lightning Rock site (CER Condition 77) which is a significant cultural/heritage Stó:lō site.

s.13; s.16

**CONCLUSION:**

BC is aware of scheduling pressures/concerns related to the TMEP and permitting agencies continue to work with Trans Mountain to address concerns and interests in a timely and expedient manner while working in good faith with First Nations in consultation and engagement.

**Attachments:** Map

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## MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

### BRIEFING NOTE FOR INFORMATION

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

**ISSUE:** Approval and signature: Equivalency Agreement with Federal Government for Regulation of Methane Emissions in British Columbia

### BACKGROUND:

Environment and Climate Change Canada (ECCC) has implemented Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds (Upstream Oil and Gas Sector) under the *Canadian Environmental Protection Act, 1999 (CEPA)*, which took effect on January 1, 2020.

Under CEPA, the federal government may order that these Federal Methane Regulations do not apply in a particular jurisdiction where equivalent Methane Regulations exist.

In April 2018, the Environmental and Land Use Committee (ELUC) approved developing provincial Methane Reduction Regulations and seeking an equivalency agreement with the federal government that would allow Provincial Regulations to apply instead of Federal Regulations. This approach was articulated in the December 2018 CleanBC plan.

Provincial Methane Emission Reduction Regulations were introduced in BC and took effect January 1, 2020. ECCC and the Province have been working together to ensure that the statutory requirements for an equivalency agreement have been met and have confirmed through ECCC modelling that the BC Methane Reduction Regulations demonstrate a 45 percent reduction by 2025. In addition, the *Oil and Gas Activities Act* was amended to enable a citizen's reporting of suspected violations of the Methane Reduction Regulations as required by ECCC to meet equivalency with Federal Regulations.

ECCC has completed its process to advance an equivalency agreement which included: publishing the draft agreement for comment in March 2019; publishing a draft Order in Council (OIC) package and a Regulatory Impact Analysis Statement for comment in June 2019; preparing a report on the comments; and finalizing the agreement with BC.

In January 2020, ECCC and provincial staff, which included the Ministry of Energy, Mines and Petroleum Resources (EMPR), BC Oil and Gas Commission (OGC) and the Ministry of Environment and Climate Change Strategy, worked together to finalize the draft equivalency agreement. The final equivalency agreement, both an English and

French language version, was reviewed by BC legal counsel. The agreement (summarized in the appendix) is now ready for approval and signing of both official language versions by the Minister of ECCC and the Minister of EMPR. Once the agreement is signed by both parties, ECCC can advance the federal OIC package for approval to stand down its regulation in BC.

The Minister of EMPR has authority to sign this agreement. OIC 071-2020 (attached) was deposited on February 18, 2020 and orders that the Minister of EMPR may enter into agreements with Canada for the purposes of section 10 of CEPA respecting equivalent provisions regarding the release of methane from the oil and gas sector in BC.

On February 18, 2020, EMPR received from ECCC the equivalency agreement, signed by the Minister of ECCC in both an English and French version, which are attached for the Minister of EMPR's review and signature.

## DISCUSSION:

BC Methane Regulations were designed to meet federal equivalency criteria and maximize emission reductions in the most cost-effective manner taking into consideration BC's unique industry characteristics. Modelling conducted by ECCC demonstrated that BC Methane Regulations will result in greater emission reductions than if the Federal Regulations were applied in BC (See Table 1 below).

**Table 1: Comparison of Cumulative Methane Emission Reductions Mt CO<sub>2</sub>e**

| Emissions Source                         | BC Regulatory Reductions | Federal Regulatory Reductions |
|--|--------------------------|-------------------------------|
| Fugitive emissions                       | 1.23                     | 1.21                          |
| Pneumatic devices                        | 1.36                     | 0.98                          |
| Compressors                              | 0.37                     | 0.54                          |
| Routine venting                          | 0.04                     | 0.05                          |
| Glycol dehydrators                       | 0.05                     | N/A                           |
| Surface casing vent flow                 | 0.04                     |                               |
| Total<br>(Jan. 1, 2020, to Jan. 1, 2025) | 3.10                     | 2.77                          |
| Total<br>(Jan. 1, 2025, to Jan. 1, 2030) | 4.97                     | 4.77                          |

(Source: Canada Gazette, Part I, Volume 153, Number 24, June 15, 2019 p. 27004)

Timelines are tight to conclude the equivalency process as industry action (registration) is required by April 30, 2020 under the Federal Methane Regulations. The federal government has been aiming for publication of the final agreement and an approved federal OIC in the Canada Gazette, Part II by March 30, 2020. This would ensure that

the Regulations are disapplied before industry requirements begin in April 2020. The federal government is awaiting receipt of the signed agreement to advance the federal OIC process.

## **CONCLUSION:**

The Minister of ECCC has signed an equivalency agreement that recognizes BC Regulations as equivalent. Once the agreement is signed by the Minister of EMPR, ECCC can advance the federal OIC package for approval to stand down its Regulation and disapply the Federal Methane Regulations in BC. This will ensure that only the provincial regulatory framework applies.

## **Attachments:**

1. Appendix: Summary Overview of the Equivalency Agreement
2. 071-2020 OIC.pdf
3. FR\_ECC & BC Methane Equivalency Agreement\_for signature.pdf
4. EN\_ECCC & BC Methane Equivalency Agreement\_for signature.pdf

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√  
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## **MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES**

### **BRIEFING NOTE FOR DECISION**

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

**ISSUE:** Approval is requested to reallocate \$568,000 of underspent 2019/20 budget from the ICE Fund Special Account in support of other proposed priority expenditures

#### **BACKGROUND:**

In November 2018, Treasury Board approved a budget of \$8.223 million over three years to 2021/22 (including administration costs of \$0.403 million per year). The appropriation for 2019/20 was \$3.236 million to support energy efficiency and conservation in the built environment, greenhouse gas (GHG) breakthrough energy technologies, and low carbon fuels for heavy-duty vehicles.

The following approved expenditure areas did not utilize the full amount of allocated funding:

- Built Environment - s.16  
s.16
- Built Environment - high-performance building research and development (\$200,000);
- Project Partnerships - breakthrough energy technologies for GHG emissions reductions (\$250,000); and
- Low Carbon Fuels – Fuels for heavy duty vehicles (\$18,000)

Consequently, the ICE Fund has \$568,000 of approved spending remaining in its 2019/20 appropriation.

#### **DISCUSSION:**

The ICE Fund is continually receiving requests for funding support from clean energy companies, not-for-profits and academic institutions. The Ministry of Energy, Mines and Petroleum Resources (Ministry) seeks to optimize expenditures from the Special Account and maintains an inventory of vetted projects, programs or initiatives that meet its legislated spending criteria and align with government's strategic energy and/or environmental priorities.

Each year, the Ministry assesses the status of its approved spending priorities and seeks either the Minister's approval to reallocate unspent funds or Treasury Board's approval to increase the appropriation to enable additional projects or programs to be advanced.

The Ministry is requesting approval to provide funding to four additional projects out of the ICE Fund in 2019/2020. The four projects utilize the existing appropriation and will contribute to meeting CleanBC emissions targets. Company and project details are provided in Appendix A.

**Table 1: Proposed Year-End Expenditures (\$ million)**

| <b>Priority Projects (Type of Expenditure)</b>            | <b>2019/20</b>          |
|---|-------------------------|
| Ekona Power (Breakthrough Energy Technology)              | \$375,000               |
| Powertech Labs (Low Carbon Fuels for Heavy-Duty Vehicles) | \$125,000               |
| Sanctuary AI (Energy Efficiency and Conservation)         | \$28,000                |
| Global Energy Horizons (Breakthrough Energy Technology)   | \$40,000                |
| <b>TOTAL</b>  | <b><u>\$568,000</u></b> |

**OPTIONS:**

**Option 1: Reallocate \$568,000 to the four proposed projects. (Recommended)**

Implications: The ICE Fund will fully expend its 2019/20 appropriation.

**Option 2: Do not reallocate the \$568,000 surplus in the 2019/20 appropriation.**

Implications: The existing 2019/20 appropriation will not be fully utilized, and the ICE Fund's project pipeline will not be optimized.

**RECOMMENDATION:**

**Option 1:** Reallocate the \$568,000 in fiscal capacity in 2019/20 appropriation to the projects being advanced by the following four companies: Ekona, Global Energy Horizons, Powertech Labs and Sanctuary AI.

**APPROVED / NOT APPROVED**



Honourable Bruce Ralston  
Minister of Energy, Mines  
and Petroleum Resources

March 3, 2020

Date

**Appendix A: Company and Project Descriptions**

**DRAFTED BY:**

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**APPROVED BY:**

Daniel Green, ED ✓  
Les MacLaren, ADM, EAED ✓  
Peter Robb, A/DM ✓

## Appendix A – Company and Project Descriptions

### 1. Ekona Power Inc.

Total Estimated Project Cost: \$6,500,000 **ICE Fund request: \$375,000**

Ekona is a Vancouver-based, clean technology start-up developing an innovative new clean energy solution to converting natural gas into hydrogen, clean power and pure carbon dioxide that can be easily stored or used. Ekona's technology uses pyrolysis to change the chemical composition of natural gas using high temperatures, separating hydrogen and a pure stream of carbon dioxide. Other methods to produce hydrogen, such as electrolysis which splits hydrogen and oxygen from water using electricity, and steam methane reforming from natural gas, are more costly to produce.

s.21

Ekona's Tri-generation Pyrolysis (TGP) process is a unique combination of two technologies – pyrolysis and direct carbon fuel cells, that can meet the requirements for producing low-cost, blue hydrogen by maximizing the energetic value of carbon and hydrogen found in natural gas feedstock. Ekona is executing a multi-stage development program to advance the TGP platform from original technology conception to commercial readiness, with initial customer field trials executed in the 2022-2023 period.

Ekona Power is privately held and backed by Evok Innovations (an innovation fund capitalized by Suncor, Cenovus Energy and the BC Cleantech CEO Alliance). Evok owns 50 percent of Ekona and has invested<sup>s.21</sup>

The multi-stage development program for the project is expected to result in initial customer field trials in the 2022-2023 period. Decarbonizing the natural gas network is a significant part of CleanBC. Ekona's technology has significant potential to contribute to meet British Columbia (B.C.)'s minimum requirement of 15 percent renewable gas by 2030 and for industrial decarbonization. The federal government is providing \$3.9 million (NRCan \$2.7 million and NRC \$1.2 million) in support of the project. Evok is anticipated to at least double its investment in Ekona. In March 2018, the Province provided financial support to Stage 2 of the multi-stage plan which de-risked the preliminary design of the TGP solution. In March 2019, additional financial support was provided to Stage Three to test and verify proof-of-concept prototype development.

Now moving into Stage 4, Ekona will conduct ongoing proof-of-concept testing to validate design assumptions, explore operational trade-offs and inform scale-up design of the prototype PMP reactor and Direct Carbon Fuel Cell (DCFC). Stage 4 prototype development will mature the PMP reactor and DCFC unit to the commercial design intent, enable continuous operational testing and provide scale-up that can support further brass-board system integration and customer field trials. Ekona will continue its collaboration with federal research labs (NRC in Vancouver, Canmet Energy in Ottawa) for design services, testing support, facilities and parallel research related to natural gas dissociation, carbon handling and DCFCs.

### 2. Powertech Labs

Total Estimated Project Cost: \$574,300 **ICE Fund request: \$125,000**

A wholly owned subsidiary of BC Hydro based in Surrey, Powertech Labs provides expertise to support electrical utilities, original equipment manufacturers, and the automotive industries. It is a leading testing and research laboratory. For example, its Gas Systems Testing group is a global leader in design, verification, performance and certification testing of high-pressure gas components and systems, primarily for the hydrogen and compressed natural gas industries.

Powertech Labs has taken its extensive knowledge of hydrogen components and developed reliable hydrogen fueling station designs. World firsts include the first 700 bar fast fill station, the first hydrogen station capable of fueling four fuel cell vehicles simultaneously, and the first retail-style dispenser. At present, there is no other testing facility available that can support high-flow pneumatic hydrogen gas cycle testing for component and fuel systems for medium/heavy-duty fuel cell electric vehicles (FCEVs). The development of a testing facility for medium and heavy-duty FCEVs, fuel systems and components will substantially advance the FCEV heavy-duty market.

In this project, Powertech Labs is proposing to “Advance Medium/Heavy-Duty Fueling for Gaseous Hydrogen Vehicles.” This project aims to remove barriers to the deployment of hydrogen refueling infrastructure, by advancing two critical technical requirements for the large-scale decarbonization of Canada’s transportation sector hydrogen fueling testing facilities and fueling infrastructure design and standards. Both project goals are aligned with the Ministry’s Hydrogen Roadmap and the current direction of the hydrogen and fuel cell industry, which is focused on increasing the pace of the rollout of hydrogen fuel systems and heavy-duty fuel cell electric trucks and buses.

The key outcomes of this project will be:

1. An upgraded testing facility designed for high-flow pneumatic hydrogen gas cycle testing, to support medium/heavy-duty FCEV testing.
2. A fully validated protocol for 350 bar medium/heavy-duty hydrogen fueling, for FCEVs with tank sizes up to 100 kilograms.
3. As part of the testing facility, a novel high-flow commercial-ready medium/heavy-duty dispenser design. This dispenser will be packaged in a temperature chamber to allow for testing over the full ambient range (-40 to +50 C) and will be capable of packaging into a commercial-style dispenser frame for use at a public fueling station.

Canadian infrastructure companies, vehicle manufacturers and operators will all benefit from the significant progress this project will achieve in facilitating commercialization of the medium/heavy-duty FCEV market. Hydrogen fueling infrastructure providers will be able to develop fueling stations based on a common fueling standard. Manufacturers of medium/heavy-duty FCEVs will be able to develop their vehicles knowing that test facilities are available for validating their components and fuel systems, and for testing fueling protocols and key criteria such as fueling times and mileage.

Project partners include Toyota Motor, New Flyer, Ballard Power Systems and Hexagon.

### 3. Sanctuary AI

Total Estimated Project Cost: \$TBD ICE Fund Request: \$28,000

Located in Vancouver, Sanctuary AI's mission is to develop artificial general intelligence (AGI). Sanctuary defines AGI as autonomous systems that can perform economically valuable work. Sanctuary proposes to quantify the energy savings and reduction in carbon emissions that will result from development of Hybrid AI systems and deployment of an electrified, autonomous workforce.

Sanctuary AI focuses on cutting edge Artificial Intelligence (AI) technology and the ethical issues that arise from creating human-like machines. Sanctuary AI's project is to quantify the energy savings and reduction in carbon emissions that can result from the development of hybrid AI systems and deployment of an electrified, autonomous workforce.

Competing AI systems (e.g. deep learning models) are doubling in power consumption requirements every 3.4 months, and one can emit nearly five times the lifetime emissions of the average American car. In contrast, Sanctuary AI mixes learning and human-like reasoning, resulting in similar or better problem-solving results, but with dramatically simpler models, less or no training data and less or no optimization, thus a potentially much lower carbon footprint.

In certain sectors, an autonomous, electrified workforce could have a dramatically lower carbon impact on a productivity basis compared to a human workforce. Potential energy savings could arise for an electrified worker as it would not have to commute, consume food/water, produce waste, require a heated building, require standard lighting and could amortize the electricity costs over a 24/7 work schedule.

Project Outcomes: This analysis will provide the foundation for an SDTC grant application in 2020 and help justify the future energy needs of future Sanctuary customers.

### 4. Global Energy Horizons Canada (GEHC)

Total Estimated Project Cost: \$100,000 ICE Fund Request: \$40,000

Global Energy Horizons Canada (GEHC), based in Victoria, acts as a catalyst for energy and natural resource companies to commercialize promising new technologies. For this project, GEHC is operating as CleanBerry. To date, work has focussed on the evaluation of the technical and economic feasibility for carbon sequestration technology in high temperature saline aquifers. The Pemberton area has; volcanic geology, access to aquifers, proximity to the population centre and market of the Lower Mainland and is directly adjacent to a natural gas pipeline. The project will assess the viability of the region to build a pilot plant to test and demonstrate CO2 sequestration technology plus hydrogen production, initially using Steam Methane Reforming technology.

Steam Methane Reforming is a process by which natural gas is reacted at high temperature with water vapour resulting in the production of hydrogen and carbon dioxide. This is referred to as "grey" hydrogen. When carbon capture is incorporated into the process, the hydrogen is called "blue". Hydrogen produced using water and clean hydroelectricity is referred to as "green". Until electrolysis technology using clean electricity decreases in cost, producing blue hydrogen is a way to commercialize this technology and speed up adoption. Partners include the University of British Columbia and University of Texas.

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

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

**ISSUE:** Meeting with Marcia Smith, Senior Vice President of Teck Resources

**BACKGROUND:**

Teck Resources (Teck) is the largest mining company operating in British Columbia (BC) and among the largest mining companies in Canada. Teck owns and operates four metallurgical coal mines in the Elk Valley and one copper mine near Kamloops. These mines employ approximately 4,900 people, representing over 50 percent of direct mining jobs in the Province, and in 2018 had a production value of over US \$5.6 billion (65 percent of total BC value of production).

The Province has a comprehensive Economic and Community Development (ECDA) Agreement with the Ktunaxa Nation Council (KNC) through which incremental mineral tax from four Elk Valley coal mines is shared. KNC and Teck have an Impact Management and Benefits Agreement for mining projects in the Elk Valley, which clarifies land and environmental stewardship and engagement.

Marcia Smith is Senior Vice President, Sustainability and External Affairs, at Teck. In her role, she is responsible for a diverse portfolio that includes health and safety, sustainability, environment, communities, government relations, corporate affairs and relationships with Indigenous Peoples.

**DISCUSSION:**

Commodity prices play a significant role in Teck's ability to continue to keep its mines operating. Coal prices have dropped 25 percent from February 2019 (US\$208/t) to February 2020 (US\$158/t), and the location of Teck's coal resources means the cost of production is higher in BC than in other jurisdictions.

Teck's Q4 financial results were worse than anticipated. Gross profit in the for Teck's coal mines was \$241M, a significant decline from Q3 2019 (\$425M) and from Q4 2018 (\$819M). With the withdrawal of the application for the Frontier oil sands project and subsequent write-downs this quarter, the current financial landscape for Teck continues to be challenging.

Teck, as well as other companies with BC assets, is choosing to deploy capital in other jurisdictions. s.21

s.21

s.21

Future potential Southeast coal projects have a total value of approximately \$50B in economic impact to the Province.

Teck currently has significant investment decisions in front of them including the Highland Valley 2040 project and continued investment in the Galore Creek mine in the Northwest (joint venture with Newmont Corp.) and in the Elk Valley coal mines, which employ over 3,600 people in the region.

s.16

s.12; s.13

In February 2018, the Mining Jobs Task Force (MJTF) was established to address BC's competitiveness challenges and Tom Syer, Head of Government Affairs for Teck, was a member. In January 2019, government announced it was embracing the recommended actions from the MJTF. s.13

Teck has expressed that they are encouraged by the language in the 2020 BC Throne Speech and the measures and language in BC Budget 2020 including:

- Amending the Provincial Sales Tax exemption for pollution control and waste management machinery and equipment.
- Extending the New Mine Allowance extended to 2025.
- Building on the government's commitment to advance MJTF actions, EMPR continues to enhance regulatory performance by:
  - Delivering more efficient and effective mine-related permitting;
  - Enhancing environmental sustainability and economic growth opportunities; and
  - Partnering with Indigenous Peoples to implement the Province's reconciliation goals.

Teck has indicated that the commitment to enhancing regulatory performance in the mining sector, as messaged in the throne speech and Budget 2020, is critical to sustain their current operations and enable potential new investment in BC. These measures are especially important given the company's recent disappointing financial results.

#### **KEY MESSAGES:**

- The Province recognizes the significant economic impact of Teck's operations and the seriousness of the challenges Teck is facing.
- The Province continues to address fiscal challenges the mining industry faces through measures in Budget 2020 and engaging with the BC Business Council on the development of a low-carbon industrial strategy and through the CleanBC Program for Industry.

- The Province is committed to enhancing regulatory performance in the mining sector with a focus on challenges facing Teck.

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Peter Robb, A/DM✓



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

**BRIEFING NOTE FOR DECISION**

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

**ISSUE:** Liquefied Natural Gas Infrastructure Development on Grassy Point South and Digby Island

**BACKGROUND:**

In November 2013 and January 2014, following a lengthy competitive process, the Province entered into Sole Proponent Agreements (SPAs) with Nexen Energy (Aurora LNG) and Woodside Energy Holdings (Grassy Point LNG). These agreements gave each proponent the exclusive right to pursue a long-term Crown land tenure over defined parcels at Grassy Point. After an initial assessment, Nexen determined that their Grassy Point Site (Grassy Point North) was not suitable for a Liquefied Natural Gas (LNG) facility, and in November 2014 the Province agreed to transfer their pre-qualified status to Digby Island.

For a substantive non-refundable fee, SPAs provided these companies the exclusive right to carry out project feasibility and planning work necessary to build LNG export infrastructure. Concurrently, the Province entered into substantive consultation, accommodation and benefit agreements with the Metlakatla, Lax Kw'alaams, and Kitselas First Nations (FNs) regarding the Sites (the "Site Agreements").

In September 2017, due to LNG market conditions and economic uncertainties, Nexen announced that it was no longer pursuing its Aurora LNG project. Shortly after that (April 2018), Woodside also announced that they would no longer be pursuing their Grassy Point LNG project and subsequently neither party renewed their respective SPAs. In addition, the Project Benefits Agreements with Metlakatla and Lax Kw'alaams expired in 2019.

In 2019, several potential LNG export facility proponents (Cheniere, Woodfibre, Northwest Innovation Works (NWIW), Pembina, etc.) have engaged the Province and local FN's (Metlakatla and Lax Kw'alaams) regarding the development of sites on Grassy Point South and Digby Island (the "Sites"). See Appendix 1 for the general location of the Sites. In addition, Metlakatla and Lax Kw'alaams have (with the Nisga'a and Haisla Nations) formed the First Nations Climate Initiative to promote CleanBC-compliant LNG development on the Sites.

s.21

s.21

s.13; s.16

s.13

## **DISCUSSION:**

EMPR's Strategic Initiatives Affairs Division has engaged Ministry subject matter experts and appropriate staff from the Ministry of Forest Lands and Natural Resource Operations and Rural Development, Ministry of Indigenous Relations and Reconciliation, and BC Oil and Gas Commission to develop the following Strategy options and recommendation.

As each Strategy option is described at a macro level, the approved option will require further build-out for mandating and implementation.

### **Option 1:** s.13; s.16

s.13; s.16

Page 55 of 69

Withheld pursuant to/removed as

s.13; s.16

s.13; s.16

**Option 2:** s.13; s.16

s.13; s.16

**RECOMMENDATION:**

s.13

Approved / Not Approved



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

February 18, 2020  
Date

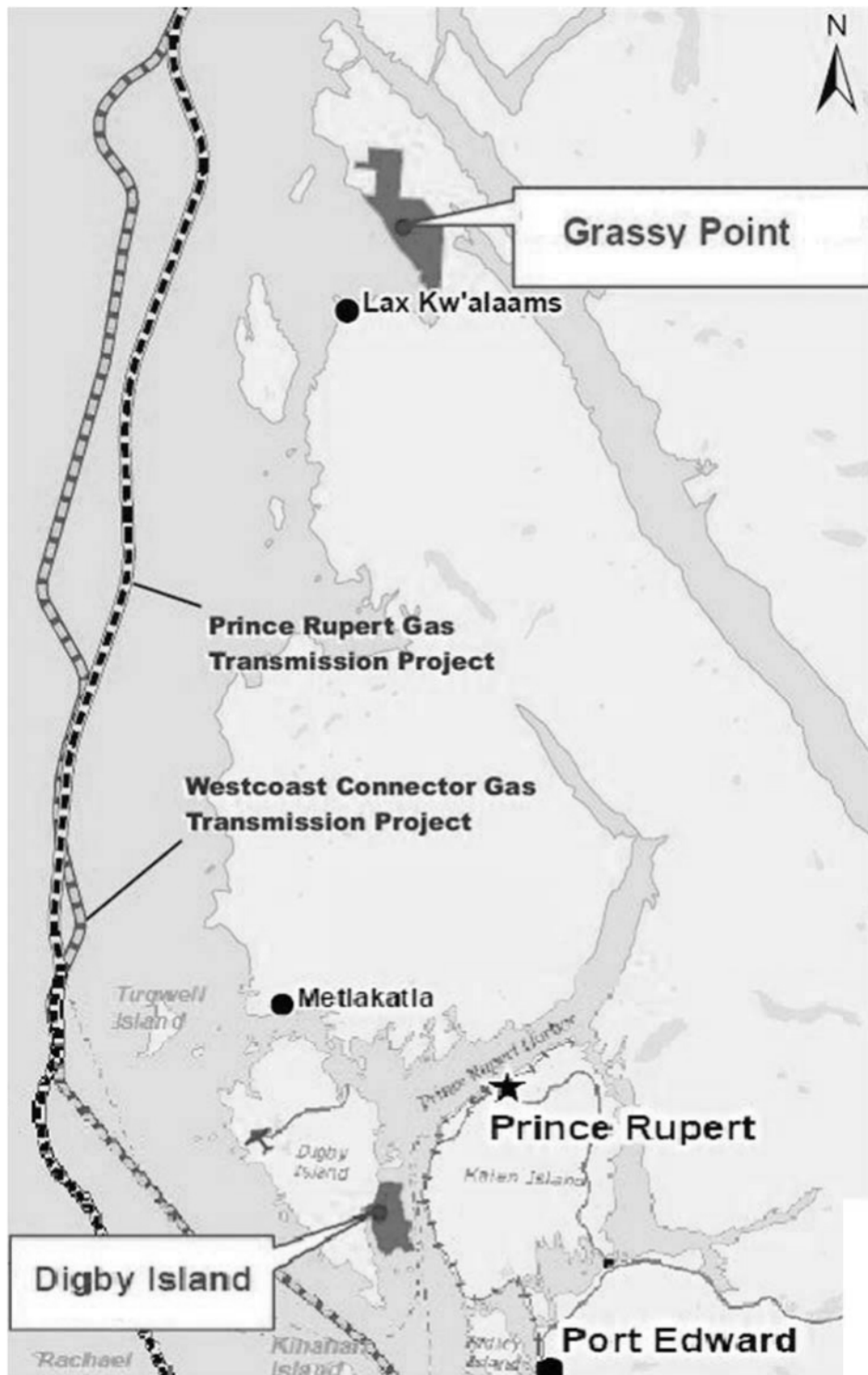
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Simon Coley, ADM, SIAD ✓

## Appendix 1 – General locations of the Grassy Point South and Digby Island Site Locations



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

**BRIEFING NOTE FOR INFORMATION**

**PREPARED FOR:** Dave Nikolejsin, Deputy Minister

**ISSUE:** Minister's Authority to Declare an Emergency and make Regulations under the  
*Ministry of Energy and Mines Act*

**BACKGROUND:**

On October 9, 2018, an Enbridge pipeline ruptured on the Westcoast T-South system near Prince George that supplies the majority of FortisBC's natural gas. The Enbridge pipeline rupture caused significant disruption to the natural gas system that serves the Pacific Northwest region and, as a result, Enbridge curtailed deliveries of natural gas to its customers, including FortisBC. The pipeline rupture was a significant emergency event in terms of its size and the scale of interruption to supply, and the actual and potential impacts to customers.

The resulting limited delivery capacity on the Westcoast T-South system made it challenging for FortisBC to meet high demand throughout the winter months in large parts of British Columbia (BC), where over 58% of households use natural gas as their primary heating source. Communities in the Lower Mainland and on Vancouver Island were at the greatest risk of losing natural gas service as they were downstream of the pipeline rupture. While most homes, offices, commercial establishments, or industrial facilities would be adversely affected by the loss of natural gas service, some are more critical than others when considering the reallocation of scarce municipal resources to respond to an incident.

Consequently, it became apparent that an outage or prolonged cold weather event could also impact economic activity to interruptible industrial and commercial customers required to reduce operations to manage their energy requirements. For example, in relation to the Enbridge incident, Catalyst Paper Corporation announced a temporary 10-day curtailment in Port Alberni and Powell River that affected approximately 140 employees at both mills, and up to 40% of greenhouse operators delayed the planting of their crops for 2019.

s.12; s.13

s.12; s.13

## **DISCUSSION:**

s.12; s.13; s.14



s.12; s.13; s.14

## **CONCLUSION:**

Although not a direct “life or limb” hazard, a natural gas supply disruption such as the 2018 Enbridge incident demonstrated how an energy supply disruption could have significant implications for vulnerable populations, for BC’s economic wellbeing and its food supply.

s.12; s.13

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

**BRIEFING NOTE FOR INFORMATION**

**PREPARED FOR:** Dave Nikolejsin, Deputy Minister, Ministry of Energy, Mines and Petroleum Resources,  
Bobbi Plecas, Deputy Minister, Intergovernmental Relations Secretariat, Office of the Premier,  
Grant Main, Deputy Minister, Ministry of Transportation and Infrastructure,  
Fazil Mihlar, Deputy Minister, Ministry of Jobs, Economic Development and Competitiveness,  
Mark Zacharias, Deputy Minister, Ministry of Environment and Climate Change Strategy,  
John Allan, Deputy Minister, Ministry of Forests, Lands, Natural Resource Operations and Rural Development  
Kevin Jardine, Associated Deputy Minister, Environmental Assessment Office

**ISSUE:** Pan-Canadian Economic Corridors Expanding to Include Trade Enabling Infrastructure

**BACKGROUND:**

At the Council of the Federation (COF) meeting on August 21, 2019 provinces and territories agreed to study and report back on the opportunities for the development of pan-Canadian economic corridors, both east-west and north-south.

A provincial and territorial (PT) working group chaired by Alberta has been coordinating the development of the report to Premiers, and recently requested all PTs list legislative and regulatory frameworks in each jurisdiction that would support multi-modal linear corridors, as well as any examples within our provinces of multi-modal corridors that already exist. The final report to Premiers is scheduled for completion by April 30, 2020.

Discussions with British Columbia's (BC) Ministry of Transportation and Infrastructure has revealed that the Ministry is actively engaged in discussions on a pan-Canadian competitive trade corridor that focuses on rail and roads with federal, provincial and territorial (FPT) counterparts. s.13; s.16

s.13; s.16

## **DISCUSSION:**

### **I. Economic Corridors**

s.13; s.16

### **II. BC Context**

Any economic corridor must consider the provincial government's commitments to quality economic growth and CleanBC, along with our legislation to implement UNDRIP. Canada and BC have forged a successful relationship of working together on electrification opportunities for the upstream sector. There is now an opportunity to focus on BC's north coast.

The electricity infrastructure in BC's north coast is insufficient to support significant new energy development. The estimated cost of electrifying the north coast to support the next tranche of energy development is likely in excess of<sup>s.17</sup> (Appendix B).

s.13

s.13 BC has undertaken preliminary modelling work to examine the scale of the revenue opportunity represented by an expanded energy industry. This work indicates that the western provinces would see substantial economic benefits from the expansion of the energy industry.

s.13; s.16

BC believes that its proposed approach to an economic corridor is not only linked with provincial and regional interests but also aligned with the direction from COF. This proposal provides a path forward by supporting alignment of regional interests (western provinces) and engaging with federal and Indigenous counterparts on corridors and economic opportunities.

**NEXT STEPS:**

s.13

**DRAFTED BY:**

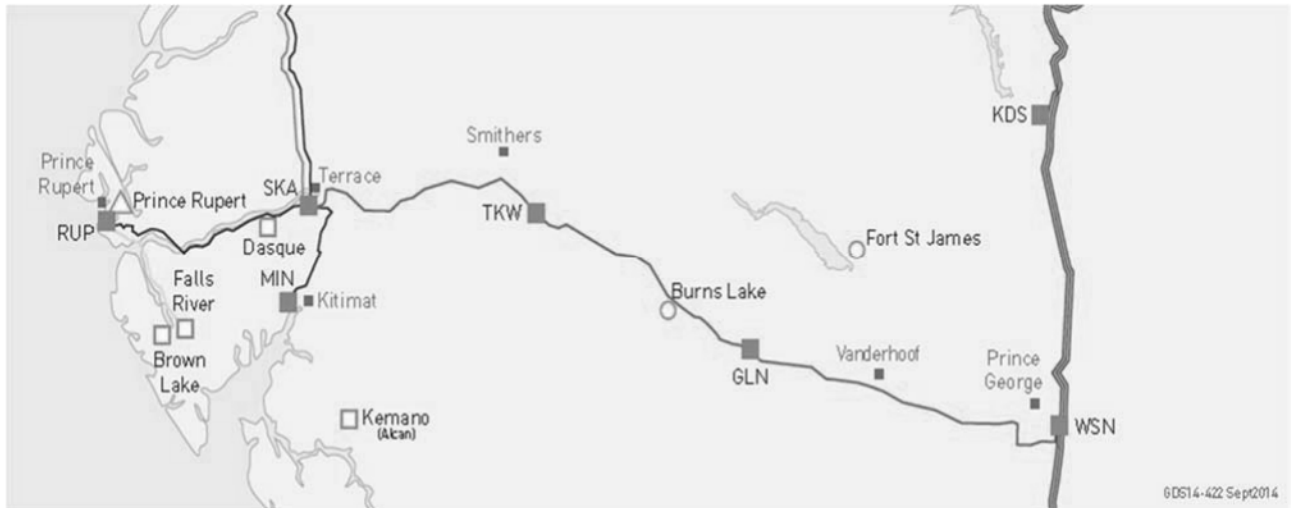
Jiya Shoaib, Senior Policy Analyst  
Chris Fleming, Director

**APPROVED BY:**

Ryan Forman, ED, SIB, A/ADM,  
SIAD ✓

## Appendix A

### The North Coast Today: Single radial arm



## Appendix B

| Infrastructure   | Capital Cost Estimate  |
|--|--|
| <b>Northeast British Columbia</b>  |  |
| Peace Region Electricity Supply ( <i>under construction</i> )                                      | BC Hydro <sup>s.17</sup> federal contribution ~s.16                            |
| Bear Mountain – Dawson Creek Voltage Conversion  | s.17   |
| North Montney Power Supply Project   |  |
| <b>Northwest British Columbia</b>  |  |
| <i>Two projects to upgrade the Prince George to Terrace 500kV transmission line</i>                |  |
| 1) Add series compensation to the Prince George to Terrace Capacitors project                      | BC Hydro <sup>s.17</sup> requested <sup>s.17</sup> from the federal government |
| 2) Twin the 500 kV transmission line from Prince George to Terrace                                 | s.17   |
| <b>Northwest British Columbia - Kitimat</b>  |  |
| <i>Two projects to increase capacity in Kitimat</i>  |  |
| 1) New 287 kV transmission lines from Skeena to Kitimat  | s.17   |
| 2) Two 287 kV transmission lines from LNG Canada to Minette substation                             |  |
| <b>BC- Alberta intertie</b>  |  |
| Restore transfer capability of the existing intertie between BC and Alberta                        | Capital cost on BC side: <sup>s.17</sup>                                       |
| <b>Additional trade-enabling infrastructure</b>  |  |
| LNG Bunkering infrastructure   | s.17   |
| Expand transmission to mid-stream (pipeline) Pipeline electrification. AC or sunken DC.            | <b>TBD</b>   |
| Prince Rupert Gas Transmission Expand pipe capacity and electrify compression.                     | <b>TBD</b>   |
| Westcoast Connector Gas Transmission (WCCGT) Expand pipe capacity and electrify line.              | <b>TBD</b>   |
| BC – Washington Clean Grid Initiative: Expand clean electricity trade from BC to Washington State. | <b>TBD</b>   |
| Funding tools for Indigenous ownership on energy infrastructure                                    | <b>TBD</b>   |
| Coastal ports Expand mineral export.   | <b>TBD</b>   |
| <b>Cost estimate</b>   | s.17   |

## **MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES**

### **BRIEFING NOTE FOR INFORMATION**

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

**ISSUE:** Pacific Regional Committee on Ocean Management Initiatives, Key Milestones and Ministry of Energy, Mines and Petroleum Resources Interests

### **BACKGROUND:**

Canada's Oceans Action Plan (OAP) was announced in 2005, as the Government of Canada's framework for sustainable development and management of Canada's oceans. Five priority large ocean management areas (LOMAs) were identified in Phase 1 of the OAP for development and implementation of integrated management. The Pacific North Coast Integrated Management Area (PNCIMA) is the priority LOMA on the Pacific Coast of Canada (see Appendix A).

In September 2004, The Government of Canada, the Province of British Columbia signed the *Memorandum of Understanding Respecting Implementation of Canada's Oceans Strategy on the Pacific Coast*. The Pacific Region Committee on Ocean Management (RCOM) is the senior executive forum for Federal and Provincial Governments to provide oversight to implementation of the Canada/BC Oceans Memorandum of Understanding and elements of Canada's Oceans Action Plan. The Oceans Coordinating Committee is an active working group of the RCOM working to address oceans management issues in the Pacific Coast of Canada from the high water mark to the outer boundary of the Exclusive Economic Zone (EEZ).

Ocean planning and conservations initiatives monitored by RCOM include:

1. Marine Protected Area (MPA) Network Planning in Northern Shelf;
2. Marine Spatial Planning (MSP) in the Salish Sea; and
3. Development of Policy and Regulations for National Marine Conservations Areas.

### **DISCUSSION:**

#### **Marine Protected Areas Network Northern Shelf Bioregion**

The Government of Canada, the Province of British Columbia, and 17 First Nations (the governance partners) are working together to develop a marine protected area (MPA) network in the Northern Shelf Bioregion, which extends from the middle of Vancouver Island (Quadra Island / Bute Inlet) and reaches north to the Canada - Alaska border.

They conducted stakeholder engagement from 2016 to 2019 and will provide a summary of engagement Spring 2020. Following, the design will be revised, and a multi-sector socio-economic assessment will follow.



### **Marine Spatial Planning in the Salish Sea**

The Government of Canada, the Province of British Columbia, and up to 30 individual Nations will be working together to develop a marine spatial plan for the Salish Sea region. This marine plan is also one of Ministry of Forests, Lands, Natural Resource Operations & Rural Development (FLNRORD) Modernized Land Use Planning (LUP) selected planning areas. The Strategic and Indigenous Affairs Division (SIAD) of the Ministry of Energy, Mines and Petroleum Resources will be working with FLNRORD through the LUP process. By 2023, there will be a framework for governance, a marine atlas outlining shared science, data and knowledge gathering, and a scoped out an approach to MSP in the Salish Sea.

### **Development of Policy and Regulations for National Marine Conservation Areas**

National Marine Conservation Areas (NMCA), are established and managed to protect and conserve representative marine areas for the benefit, education and enjoyment of the people of Canada and the world. <sup>s.16</sup>

s.16

### **SUMMARY OF MINISTRY INTERESTS:**

The Province of British Columbia ocean economy is a \$17 Billion industry. SIAD is monitoring progress of the MPA Planning network. The network will include a mix of low and high levels of protection, and restrictions on uses and activities will depend on site-level conservation objectives. SIAD is monitoring sub-initiatives led by the Ocean Coordinating Committee which include:

- Modernization of Regulatory and Oversight Framework;
- Baseline Environmental Data Collection on the Northwest Coast;
- Regional Response Planning;
- Advances Toward and Seamless Response System for all Spills in Water;
- Development of a Coastal Environmental Baseline Monitoring Program;
- Cumulative Effects of Marine Shipping;
- Mitigating Risk of Marine Shipping on the Environment; and
- Oceans Strategy: A New Governance for Canada's Oceans.

### **Attachments:**

Appendix A: Map of the Exclusive Economic Zone (EEZ)

Appendix B: National Marine Conservation Areas

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