

Justesen, Josh T FIN:EX

From: MacLaren, Les EMPR:EX
Sent: April 3, 2018 7:05 AM
To: Foster, Doug FIN:EX
Subject: LNG Competitiveness Question

Hi Doug:

s.12;s.13;s.17

Ines suggested that you would be a good person for Marvin to contact to have a conceptual discussion on provincial revenues and how they are calculated. Would you be open to that?

Les MacLaren

Assistant Deputy Minister
Electricity and Alternative Energy Division
BC Ministry of Energy, Mines and Petroleum Resources
NOTE NEW OFFICE PHONE NUMBER: 778-698-7183
Cell: 250-889-3479

Energizing BC—clean, sustainable and productive

Justesen, Josh T FIN:EX

From: Foster, Doug FIN:EX
Sent: April 6, 2018 9:41 AM
To: Nelson, Aaron FIN:EX; Flanagan, Paul FIN:EX
Subject: RE: Sproule Price Forecast update now available for March 31, 2018

thx

From: Nelson, Aaron FIN:EX
Sent: Friday, April 6, 2018 9:37 AM
To: Foster, Doug FIN:EX; Flanagan, Paul FIN:EX
Subject: FW: Sproule Price Forecast update now available for March 31, 2018

Sproule latest commodity price forecast.

- WTI and Brent unchanged
- Lowered Henry Hub forecast
- Widened AECO/Henry Hub differential in the near term
- Significantly lower AECO forecast as a result

Canadian LNG looking more attractive

From: Sproule [<mailto:info=sroule.com@mail237.atl171.mcdlv.net>] **On Behalf Of** Sproule
Sent: Friday, April 6, 2018 8:01 AM
To: Nelson, Aaron FIN:EX
Subject: Sproule Price Forecast update now available for March 31, 2018

Copyright

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Justesen, Josh T FIN:EX

From: Foster, Doug FIN:EX
Sent: April 9, 2018 4:39 PM
To: Wanamaker, Lori FIN:EX
Cc: Flanagan, Paul FIN:EX
Subject: FW: Wood Mac & LNG Canada
Attachments: shell_british_columbia (1).pdf

Interesting their take of the value of our assistance.
d.

From: Nelson, Aaron FIN:EX
Sent: Monday, April 9, 2018 3:20 PM
To: Foster, Doug FIN:EX; Flanagan, Paul FIN:EX
Subject: Wood Mac & LNG Canada

s.12;s.13;s.17

I've also attached their latest view (last week) of the Shell Montney assets. Note the high remaining NPV on pg 11, even with very low AECO pricing.

s.12;s.13;s.17

Page 006 of 223 to/à Page 020 of 223

Withheld pursuant to/removed as

s.21

Justesen, Josh T FIN:EX

From: Turner, Geoff J EMPR:EX
Sent: April 16, 2018 3:53 PM
To: Flanagan, Paul FIN:EX; Nelson, Aaron FIN:EX; Foster, Doug FIN:EX
Subject: RE: For Review: Short Piece on LNG Implementation

s.12; s.13; s.17

From: Flanagan, Paul FIN:EX
Sent: Monday, April 16, 2018 3:52 PM
To: Turner, Geoff J EMPR:EX; Nelson, Aaron FIN:EX; Foster, Doug FIN:EX
Subject: RE: For Review: Short Piece on LNG Implementation

s.12; s.13; s.17

From: Turner, Geoff J EMPR:EX
Sent: Monday, April 16, 2018 3:16 PM
To: Nelson, Aaron FIN:EX; Foster, Doug FIN:EX; Flanagan, Paul FIN:EX
Subject: RE: For Review: Short Piece on LNG Implementation

s.12; s.13; s.17

From: Nelson, Aaron FIN:EX
Sent: Monday, April 16, 2018 3:13 PM
To: Turner, Geoff J EMPR:EX; Foster, Doug FIN:EX; Flanagan, Paul FIN:EX
Subject: RE: For Review: Short Piece on LNG Implementation

s.12; s.13; s.17

From: Turner, Geoff J EMPR:EX
Sent: Monday, April 16, 2018 3:09 PM
To: Foster, Doug FIN:EX; Flanagan, Paul FIN:EX; Nelson, Aaron FIN:EX
Subject: RE: For Review: Short Piece on LNG Implementation

Thanks all. An updated version is attached for your reference. I'll be sending this along to Dave later today.

s.12; s.13; s.17

Cheers,
Geoff

From: Foster, Doug FIN:EX
Sent: Monday, April 16, 2018 3:04 PM
To: Flanagan, Paul FIN:EX; Nelson, Aaron FIN:EX; Turner, Geoff J EMPR:EX
Subject: RE: For Review: Short Piece on LNG Implementation

I agree with all of this. d.

From: Flanagan, Paul FIN:EX
Sent: Monday, April 16, 2018 2:34 PM
To: Nelson, Aaron FIN:EX; Foster, Doug FIN:EX; Turner, Geoff J EMPR:EX
Subject: RE: For Review: Short Piece on LNG Implementation

s.12; s.13; s.17

From: Nelson, Aaron FIN:EX
Sent: Monday, April 16, 2018 2:24 PM
To: Foster, Doug FIN:EX; Turner, Geoff J EMPR:EX; Flanagan, Paul FIN:EX
Subject: RE: For Review: Short Piece on LNG Implementation

s.12; s.13; s.17

From: Foster, Doug FIN:EX
Sent: Monday, April 16, 2018 2:10 PM
To: Turner, Geoff J EMPR:EX; Flanagan, Paul FIN:EX; Nelson, Aaron FIN:EX
Subject: RE: For Review: Short Piece on LNG Implementation

thanks.

I have made some suggestions.

paul/aaron will likely have other comments.

while I agree this can and should be shared internally with ministers, s.12; s.13; s.17

s.12; s.13; s.17

d.

From: Turner, Geoff J EMPR:EX
Sent: Monday, April 16, 2018 1:31 PM
To: Foster, Doug FIN:EX; Flanagan, Paul FIN:EX; Nelson, Aaron FIN:EX
Subject: For Review: Short Piece on LNG Implementation
Importance: High

Good afternoon fellows,

Dave N has requested a "1 pager" on implementation of the LNG competitiveness announcement to use for briefing our Minister s.12; s.13; s.17

I've pulled together the attached based on the language we've circulated previously. Could you give it a quick look over and let me know if it needs any adjustments on the Finance related pieces (highlighted in the doc)? A key point I've flagged that I'm unclear on is lead agency on s.12; s.13; s.17

s.12;

Dave has asked for this by end of the day. The intent is to circulate through your DMO/MO before its used.

Any questions, feel free to give me a call. My apologies for the tight turnaround.

Thanks

Geoff

Geoff Turner

Executive Director

Economics and Market Development Branch

Oil and Gas Division

Ministry of Energy, Mines and Petroleum Resources

778 698 3700

Justesen, Josh T FIN:EX

From: Foster, Doug FIN:EX
Sent: April 17, 2018 12:32 PM
To: Wanamaker, Lori FIN:EX; Flanagan, Paul FIN:EX
Subject: RE: Contact to start discussing Operational Payment with LNG Canada

probably agree with paul.

s.12; s.13; s.17

d

From: Wanamaker, Lori FIN:EX
Sent: Tuesday, April 17, 2018 12:05 PM
To: Flanagan, Paul FIN:EX
Cc: Foster, Doug FIN:EX
Subject: Re: Contact to start discussing Operational Payment with LNG Canada

What is an operational payment?

On Apr 17, 2018, at 11:57 AM, Flanagan, Paul FIN:EX <Paul.Flanagan@gov.bc.ca> wrote:

s.13

From: Piccinino, Ines EMPR:EX
Sent: Monday, April 16, 2018 4:52 PM
To: Foster, Doug FIN:EX; Flanagan, Paul FIN:EX
Cc: Turner, Geoff J EMPR:EX
Subject: Contact to start discussing Operational Payment with LNG Canada

LNG Canada would like to get FIN point person to start discussions on Operational Payments.
Could you please let me know at your earliest convenience?

Thanks!

Ines

Justesen, Josh T FIN:EX

From: Foster, Doug FIN:EX
Sent: April 17, 2018 2:56 PM
To: Wanamaker, Lori FIN:EX
Cc: Flanagan, Paul FIN:EX; Nelson, Aaron FIN:EX
Subject: FW: One - Pager
Attachments: Competitiveness Measures Implementation.docx

im good. we're done. d

From: Flanagan, Paul FIN:EX
Sent: Tuesday, April 17, 2018 2:46 PM
To: Foster, Doug FIN:EX; Nelson, Aaron FIN:EX
Cc: Wanamaker, Lori FIN:EX
Subject: RE: One - Pager

My edits

From: Foster, Doug FIN:EX
Sent: Tuesday, April 17, 2018 2:26 PM
To: Flanagan, Paul FIN:EX; Nelson, Aaron FIN:EX
Cc: Wanamaker, Lori FIN:EX
Subject: FW: One - Pager

take a quick final look.
we three already had a go at this before.
I only made nit changes here.
d

From: Wanamaker, Lori FIN:EX
Sent: Tuesday, April 17, 2018 1:53 PM
To: Foster, Doug FIN:EX
Cc: Gillezeau, Rob FIN:EX
Subject: Fwd: One - Pager

Can you look at this ASAP?

Begin forwarded message:

From: "Gillezeau, Rob FIN:EX" <Rob.Gillezeau@gov.bc.ca>
Date: April 17, 2018 at 1:50:58 PM PDT
To: "Wanamaker, Lori FIN:EX" <Lori.Wanamaker@gov.bc.ca>
Cc: "Spilker, Robyn FIN:EX" <Robyn.Spilker@gov.bc.ca>
Subject: FW: One - Pager

Hi Lori,

Geoff needs this document by 4pm and I wanted to ensure we had eyes on it for accuracy. Can you or someone else over there take a look?

Thanks,
Rob

Rob Gillezeau

Senior Ministerial Assistant
Minister of Finance and Deputy Premier
250-413-7048

From: Sanderson, Melissa EMPR:EX
Sent: Tuesday, April 17, 2018 12:19 PM
To: Gillezeau, Rob FIN:EX
Subject: FW: One - Pager

Please take a look.

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Withheld pursuant to/removed as

s.12; s.13; s.17

Justesen, Josh T FIN:EX

From: Turner, Geoff J EMPR:EX
Sent: April 18, 2018 8:28 AM
To: Foster, Doug FIN:EX; Piccinino, Ines EMPR:EX
Cc: Flanagan, Paul FIN:EX
Subject: RE: Contact to start discussing Operational Payment with LNG Canada

Works for me.

Thanks
Geoff

From: Foster, Doug FIN:EX
Sent: Wednesday, April 18, 2018 7:48 AM
To: Piccinino, Ines EMPR:EX
Cc: Turner, Geoff J EMPR:EX; Flanagan, Paul FIN:EX
Subject: RE: Contact to start discussing Operational Payment with LNG Canada

Suggest Geoff on.
d

From: Piccinino, Ines EMPR:EX
Sent: Wednesday, April 18, 2018 7:42 AM
To: Foster, Doug FIN:EX
Cc: Turner, Geoff J EMPR:EX; Flanagan, Paul FIN:EX
Subject: RE: Contact to start discussing Operational Payment with LNG Canada

Thanks Doug! I've passed both your names to Dave N now. Given potential modelling and overall implementation timing of package needs, we'd like to have somebody from my team participate – I will let Geoff decide who that person will be.

Cheers!

Ines

From: Foster, Doug FIN:EX
Sent: Wednesday, April 18, 2018 6:21 AM
To: Piccinino, Ines EMPR:EX
Cc: Turner, Geoff J EMPR:EX; Flanagan, Paul FIN:EX
Subject: RE: Contact to start discussing Operational Payment with LNG Canada

if its just names, then both paul and me as contacts.
s.13

d.

From: Piccinino, Ines EMPR:EX
Sent: Tuesday, April 17, 2018 2:42 PM
To: Foster, Doug FIN:EX; Flanagan, Paul FIN:EX

Cc: Turner, Geoff J EMPR:EX

Subject: RE: Contact to start discussing Operational Payment with LNG Canada

Hi Doug and Paul,

Did you have a chance to consider my question below? DM needs to get back to LNG Canada and we need a point person. Thanks!

Ines

From: Piccinino, Ines EMPR:EX

Sent: Monday, April 16, 2018 4:52 PM

To: Foster, Doug FIN:EX; Flanagan, Paul FIN:EX

Cc: Turner, Geoff J EMPR:EX

Subject: Contact to start discussing Operational Payment with LNG Canada

LNG Canada would like to get FIN point person to start discussions on Operational Payments. Could you please let me know at your earliest convenience?

Thanks!

Ines

Justesen, Josh T FIN:EX

From: Piccinino, Ines EMPR:EX
Sent: April 22, 2018 7:03 PM
To: F.H.Grootendorst@Ingcana.ca
Cc: Foster, Doug FIN:EX; Flanagan, Paul FIN:EX; Turner, Geoff J EMPR:EX; Nikolejsin, Dave EMPR:EX
Subject: Operational Payments Agreement

Hi, Frederik,

Dave Nikolejsin asked me to contact you regarding the team from FIN to start discussions on the Operational Payments Agreement. Doug Foster and Paul Flanagan will be your contacts. Geoff Turner will be MEMPR's representative at the table (all copied here).

It is my understanding Doug and Paul will be preparing a list of questions to prepare for a first session. They'll be in touch soon.

Let me know please, if any questions.

Regards,

Ines

Ines Piccinino

Assistant Deputy Minister, Oil and Gas Division
Ministry of Energy, Mines and Petroleum Resources, British Columbia
Phone: 778-698-3673
Cell: 250-360-7494
email: ines.piccinino@gov.bc.ca

Justesen, Josh T FIN:EX

From: Foster, Doug FIN:EX
Sent: May 1, 2018 6:44 AM
To: Flanagan, Paul FIN:EX
Cc: Wanamaker, Lori FIN:EX
Subject: FW: IHS
Attachments: BC LNGA Update (rev 04-24 v2).pptx

s.12;s.13;s.17

d.

From: Nikolejsin, Dave EMPR:EX
Sent: Monday, April 30, 2018 7:42 PM
To: Piccinino, Ines EMPR:EX; Turner, Geoff J EMPR:EX; Foster, Doug FIN:EX; Andre Powell (apowell@deetken.com)
Subject: FW: IHS

Fyi, this was supplied in confidence so please so not distribute further.

From: David Keane [mailto:david.keane@BCLNGA.CA]
Sent: April 30, 2018 3:25 PM
To: Nikolejsin, Dave EMPR:EX
Subject: IHS

David,

Here is the model update completed by IHS.

David

David Keane
President and CEO, British Columbia LNG Alliance

BC LNG Alliance
625 Howe Street, Suite 615
Vancouver, BC V6C 2T6
Office (778) 379-7644
www.bclnga.ca

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Withheld pursuant to/removed as

s.12; s.13; s.17; s.21

Justesen, Josh T FIN:EX

From: Andre Powell <apowell@deetken.com>
Sent: May 1, 2018 8:02 AM
To: Nikolejsin, Dave EMPR:EX
Cc: Foster, Doug FIN:EX; Piccinino, Ines EMPR:EX; Turner, Geoff J EMPR:EX
Subject: Re: IHS

Categories: Red Category

s.12; s.13; s.17

On Tue, May 1, 2018, 07:55 Nikolejsin, Dave EMPR:EX <Dave.Nikolejsin@gov.bc.ca> wrote:
s.12; s.13; s.17

Dave Nikolejsin
Deputy Minister
Energy, Mines and Petroleum Resources

On May 1, 2018, at 7:46 AM, Andre Powell <apowell@deetken.com<<mailto:apowell@deetken.com>>> wrote:

If we have the IHS model parameters, should be straight forward.

s.12; s.13; s.17; s.21

On Tue, May 1, 2018, 06:44 Foster, Doug FIN:EX <Doug.Foster@gov.bc.ca<<mailto:Doug.Foster@gov.bc.ca>>> wrote:
s.12; s.13; s.17

d

From: Nikolejsin, Dave EMPR:EX
Sent: Monday, April 30, 2018 7:42 PM
To: Piccinino, Ines EMPR:EX; Turner, Geoff J EMPR:EX; Foster, Doug FIN:EX; Andre Powell
(apowell@deetken.com<<mailto:apowell@deetken.com>>)
Subject: FW: IHS

Fyi, this was supplied in confidence so please so not distribute further.

From: David Keane [<mailto:david.keane@BCLNGA.CA><<mailto:david.keane@BCLNGA.CA>>]
Sent: April 30, 2018 3:25 PM
To: Nikolejsin, Dave EMPR:EX <Dave.Nikolejsin@gov.bc.ca<<mailto:Dave.Nikolejsin@gov.bc.ca>>>
Subject: IHS

David,

Here is the model update completed by IHS.

David

<[https://maps.google.com/?q=625+Howe+Street,+Suite+615+%0D%0A+Vancouver,+BC+V6C+2T6+%0D%0A+Office+\(778&entry=gmail&source=g](https://maps.google.com/?q=625+Howe+Street,+Suite+615+%0D%0A+Vancouver,+BC+V6C+2T6+%0D%0A+Office+(778&entry=gmail&source=g)>

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David Keane

President and CEO, British Columbia LNG Alliance

BC LNG Alliance

625 Howe Street, Suite

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Office

(778<[https://maps.google.com/?q=625+Howe+Street,+Suite+615+%0D%0A+Vancouver,+BC+V6C+2T6+%0D%0A+Office+\(778&entry=gmail&source=g](https://maps.google.com/?q=625+Howe+Street,+Suite+615+%0D%0A+Vancouver,+BC+V6C+2T6+%0D%0A+Office+(778&entry=gmail&source=g)>) 379-7644

www.bclnga.ca<<http://www.bclnga.ca>>

Justesen, Josh T FIN:EX

From: Piccinino, Ines EMPR:EX
Sent: May 1, 2018 4:40 PM
To: Turner, Geoff J EMPR:EX; Foster, Doug FIN:EX
Cc: Flanagan, Paul FIN:EX
Subject: RE: Petronas and LNG Canada

s.12; s.13; s.17

From: Turner, Geoff J EMPR:EX
Sent: Tuesday, May 1, 2018 4:38 PM
To: Foster, Doug FIN:EX
Cc: Piccinino, Ines EMPR:EX; Flanagan, Paul FIN:EX
Subject: Re: Petronas and LNG Canada

s.12; s.13; s.17

On May 1, 2018, at 4:28 PM, Foster, Doug FIN:EX <Doug.Foster@gov.bc.ca> wrote:

s.12; s.13; s.17

d.

From: Flanagan, Paul FIN:EX
Sent: Tuesday, May 1, 2018 4:27 PM
To: Wanamaker, Lori FIN:EX; Foster, Doug FIN:EX
Subject: Fwd: Petronas and LNG Canada

<https://biv.com/article/2018/05/petronas-taking-stake-lng-canada-energy-minister>

Justesen, Josh T FIN:EX

From: Goss, Jordan T FIN:EX
Sent: May 8, 2018 5:04 PM
To: Foster, Doug FIN:EX; Flanagan, Paul FIN:EX
Subject: Fwd: Info on s.12;s.13;s.17

FYI - some thoughts on what would be needed to s.12;s.13;s.17

Jordan Goss
Ministry of Finance
250 387-0665

Begin forwarded message:

From: "Scott, Bob FIN:EX" <Bob.Scott@gov.bc.ca>
Date: May 8, 2018 at 4:12:58 PM PDT
To: "Perhar, Satish FIN:EX" <Satish.Perhar@gov.bc.ca>, "Sherman, Samantha FIN:EX" <Samantha.Sherman@gov.bc.ca>, "Goss, Jordan T FIN:EX" <Jordan.Goss@gov.bc.ca>
Subject: RE: Info on s.12;s.13;s.17

Hi all,
s.12;s.13;s.17

s.12;s.13;s.17

Thanks.
Bob

From: Goss, Jordan T FIN:EX
Sent: Tuesday, May 8, 2018 10:48 AM
To: Perhar, Satish FIN:EX; Sherman, Samantha FIN:EX; Scott, Bob FIN:EX
Subject: Info on s.12;s.13;s.17
Importance: High
s.12;s.13;s.17

Jordan Goss
*Assistant Deputy Minister,
Revenue Division, Ministry of Finance
250 387-0665*

Justesen, Josh T FIN:EX

From: Foster, Doug FIN:EX
Sent: May 10, 2018 8:04 AM
To: Turner, Geoff J EMPR:EX
Cc: Flanagan, Paul FIN:EX; Piccinino, Ines EMPR:EX
Subject: RE: Operating Performance Payment Discussion

Sorry for delay Geoff.

We have consulted with our tax administration group.
Here are some preliminary findings.

s.12; s.13; s.17

Hope this is helpful.
d.

From: Turner, Geoff J EMPR:EX
Sent: Tuesday, May 8, 2018 5:10 PM
To: Foster, Doug FIN:EX
Cc: Flanagan, Paul FIN:EX
Subject: Re: Operating Performance Payment Discussion

Any thoughts on this?

On May 5, 2018, at 8:47 AM, Foster, Doug FIN:EX <Doug.Foster@gov.bc.ca> wrote:

Paul and I will connect with you Monday.
d

From: Turner, Geoff J EMPR:EX
Sent: Wednesday, May 2, 2018 2:40 PM
To: Foster, Doug FIN:EX; Flanagan, Paul FIN:EX
Subject: Re: Operating Performance Payment Discussion

Any thoughts on this? I'd like to get back to Frederik today.

Thanks
Geoff

On May 1, 2018, at 3:42 PM, Turner, Geoff J EMPR:EX <Geoff.Turner@gov.bc.ca> wrote:

Hi Doug and Paul,

Frederik reached out to me today wanting to start some discussions around the operating performance payment agreement. He suggested Wednesday or Thursday next week for a preliminary meeting. Given our discussions on this the week before last
s.12; s.13; s.17

s.22 both those days and could meet with him the morning of the 10th (either on my own or with one or both of you on the phone). I've got some time later this week to strategize on this if you're free for a discussion.

Let me know what you think.

Thanks
Geoff

Justesen, Josh T FIN:EX

From: Nelson, Aaron FIN:EX
Sent: May 11, 2018 2:02 PM
To: Foster, Doug FIN:EX; Flanagan, Paul FIN:EX
Subject: FW: Oil and Gas Quarterly Report - Q1 2018
Attachments: Oil and Gas Quarterly Report - Q1 2018.pdf

Here's MEM's quarterly oil and gas report. A couple of items of note:

s.12;s.13;s.17

From: Boyd, Joe EMPR:EX
Sent: Friday, May 11, 2018 11:45 AM
To: Beaupre, Darren GCPE:EX; EMPR OIG ALL STAFF; EMPR Oil and Gas Division; Griffiths, Gordon OGC:IN; Hamer, Sherra FIN:EX; Hewitt, Jeremy IGRS:EX; Jeakins, Paul OGC:IN; Lee, Seow Chia (Grace) AEST:EX; Lucas, Jennifer GCPE:EX; Marshall, Fraser EMPR:EX; Nair, Anita A FIN:EX; Nelson, Aaron FIN:EX; Ren, Feng AEST:EX; Riley, Dave FIN:EX; Ritonja, Andrew A FIN:EX; Trumpy, Chris EMPR:EX
Subject: Oil and Gas Quarterly Report - Q1 2018

Please find attached the *Oil and Gas Quarterly Report* for Q12018.

Feel free to contact me if you have any questions or comments.

Joe Boyd
Project Development Officer, Oil and Gas Division
Ministry of Energy, Mines and Petroleum Resources
Phone: 778-698-3708

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Withheld pursuant to/removed as

s.12; s.13

Justesen, Josh T FIN:EX

From: Amber Griffith <agriffith@globalpublic.com>
Sent: May 15, 2018 9:24 AM
To: Richard.Dunn@encana.com; Jonathan.stringham@capp.ca; Yasmin.Rahemtulla@gov.ab.ca; Ben.Brunnen@capp.ca; judith.hamel@canada.ca; paul.wagner@gov.sk.ca; cullen.stewart@gov.sk.ca; Kitchen, Curtis EMPR:EX; deborah.gray@canada.ca; Dancey, Evelyn (FIN); Bryan.remillard@capp.ca; dylan.gejdos@gov.sk.ca; Piccinino, Ines EMPR:EX;s.22 Nadeau, Jean-François (FIN); jeffery.schmidtke@canada.ca; Nadia.Monaghan@encana.com; jeff.skrundz@capp.ca; nelson.paterson@canada.ca; Lucas, Nicholas; XT:Siminowski, Christine ENV:IN; Mochnacz, Amy; Douglas.Lammie@gov.ab.ca; nick.macaluso@canada.ca; Foster, Doug FIN:EX; warren.goodlet@canada.ca; douglas.heath@canada.ca; Steve.Bresee@capp.ca; matthew.foss@gov.ab.ca; matthew.watkinson@canada.ca; Evelyn.Dancey@fin.gc.ca; lyle.thorsen@megenergy.com; Rolfe, Robert
Subject: Material for Modelling Secretariat Meeting (May 15)
Attachments: JWGModelling Sec-May 15 2018 final full back-up.ppt; JWGModelling Sec-May 15 2018 final with appendix.pdf; CAPP_EDMS-#319424-v1-18_05_15_-_OS_JWG_Presentation.pdf

Hi all,

Please find attached the material for this afternoon's Modelling Secretariat meeting.

Any questions, let me know.

Thanks,

Amber Griffith

Consultant, Natural Resources and Environment
Global Public Affairs
1000 – 633 6th Ave SW
Calgary, AB T2P 2Y5
Direct: 403-776-3601
Mobile: 403-827-6425
www.globalpublicaffairs.ca



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Withheld pursuant to/removed as

s.12; s.13

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s.12; s.13; s.17

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Withheld pursuant to/removed as

s.12; s.13

Page 074 of 223 to/à Page 079 of 223

Withheld pursuant to/removed as

s.12; s.13; s.17

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Withheld pursuant to/removed as

s.13; s.17; s.12

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Withheld pursuant to/removed as

s.12; s.13; s.17

Page 101 of 223

Withheld pursuant to/removed as

s.17; s.12; s.13

Page 102 of 223

Withheld pursuant to/removed as

s.13; s.17; s.12

Page 103 of 223 to/à Page 109 of 223

Withheld pursuant to/removed as

s.12; s.13; s.17

Page 110 of 223

Withheld pursuant to/removed as

s.13; s.17; s.12

Page 111 of 223 to/à Page 127 of 223

Withheld pursuant to/removed as

s.12; s.13; s.17

Page 128 of 223

Withheld pursuant to/removed as

s.13; s.17; s.12

Page 129 of 223 to/à Page 148 of 223

Withheld pursuant to/removed as

s.12; s.13; s.17

Justesen, Josh T FIN:EX

From: Turner, Geoff J EMPR:EX
Sent: May 15, 2018 4:32 PM
To: 'F.H.Grootendorst@lngcanada.ca'
Cc: Foster, Doug FIN:EX; Flanagan, Paul FIN:EX
Subject: s.12; s.13; s.17

Hi Frederik,

My colleagues at the ministry of Finance have put together a few pieces of information that we hope will help to
s.12; s.13; s.17

If you have any questions on this, please let me know.

Thanks
Geoff

Geoff Turner
Executive Director
Economics and Market Development Branch
Oil and Gas Division
Ministry of Energy, Mines and Petroleum Resources

778 698 3700

s.12; s.13; s.17; s.21

Justesen, Josh T FIN:EX

From: Foster, Doug FIN:EX
Sent: May 25, 2018 6:16 AM
To: Flanagan, Paul FIN:EX
Subject: FW:s.12; s.13; s.17
Attachments: 33_HO20170145-064 Att 15-1 Rev 1.pdf; s.12; s.13; s.17

Can we send this onto or discuss further with Jordan and her folks?
d.

s.12; s.13; s.17; s.21

From: Turner, Geoff J EMPR:EX [mailto:Geoff.Turner@gov.bc.ca]
Sent: May 15, 2018 5:32 PM
To: Grootendorst, Frederik H SCAN-IGD/C/M
Cc: Foster, Doug FIN:EX ; Flanagan, Paul FIN:EX
Subject:s.12; s.13; s.17

Hi Frederik,

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s.12; s.13; s.17

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Thanks

Geoff

Geoff Turner

Executive Director

Economics and Market Development Branch

Oil and Gas Division

Ministry of Energy, Mines and Petroleum Resources

778 698 3700

s.12; s.13; s.17; s.21

Page 152 of 223 to/à Page 154 of 223

Withheld pursuant to/removed as

s.12; s.13; s.17; s.21

Justesen, Josh T FIN:EX

From: Flanagan, Paul FIN:EX
Sent: May 25, 2018 2:31 PM
To: Foster, Doug FIN:EX
Subject: RE:s.12; s.13; s.17

I sent it to her.

From: Foster, Doug FIN:EX
Sent: Friday, May 25, 2018 2:24 PM
To: Flanagan, Paul FIN:EX
Subject: FW:s.12; s.13; s.17

were you and me going to connect with Jordan on freddy's earlier email?
d

s.12; s.13; s.17; s.21

From: Turner, Geoff J EMPR:EX [mailto:Geoff.Turner@gov.bc.ca]
Sent: May 15, 2018 5:32 PM
To: Grootendorst, Frederik H SCAN-IGD/C/M
Cc: Foster, Doug FIN:EX ; Flanagan, Paul FIN:EX
Subject:s.12; s.13; s.17

Hi Frederik,

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s.12; s.13; s.17

If you have any questions on this, please let me know.

Thanks
Geoff

Geoff Turner
Executive Director
Economics and Market Development Branch
Oil and Gas Division
Ministry of Energy, Mines and Petroleum Resources

778 698 3700

s.12; s.13; s.17

Justesen, Josh T FIN:EX

From: Flanagan, Paul FIN:EX
Sent: May 31, 2018 3:48 PM
To: Turner, Geoff J EMPR:EX; Foster, Doug FIN:EX
Subject: RE: s.12; s.13; s.17

s.12; s.13; s.17

Paul

From: Turner, Geoff J EMPR:EX
Sent: Thursday, May 31, 2018 1:52 PM
To: Foster, Doug FIN:EX; Flanagan, Paul FIN:EX
Subject: RE:s.12; s.13; s.17

Ok – thanks Doug. Thursday PM? Or are you in transit at that point....

From: Foster, Doug FIN:EX
Sent: Thursday, May 31, 2018 1:51 PM
To: Turner, Geoff J EMPR:EX; Flanagan, Paul FIN:EX
Subject: Re:s.12; s.13; s.17

Not avail next Friday or following monday.s.22

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Turner, Geoff J EMPR:EX
Sent: Thursday, May 31, 2018 1:42 PM
To: Foster, Doug FIN:EX; Flanagan, Paul FIN:EX
Subject: RE:s.12; s.13; s.17

Hi Doug and Paul,

Following up on our discussion from Tuesday, I've spoken to Frederik about arranging a meeting between ourselves late next week. At this point I've suggested in Victoria on Friday morning (expecting we'll likely run for a half a day given the amount of ground we need to cover). If that doesn't work, Thursday afternoon may be an alternative option.

Could you let me know if that will work for you and who else you'd like from Finance in attendance?

s.13

I've got time tomorrow or Monday to discuss if you'd like a quick call.

Thanks
Geoff

From: Turner, Geoff J EMPR:EX [mailto:Geoff.Turner@gov.bc.ca]
Sent: May 15, 2018 5:32 PM
To: Grootendorst, Frederik H SCAN-IGD/C/M
Cc: Foster, Doug FIN:EX ; Flanagan, Paul FIN:EX
Subject: s.12; s.13; s.17

Hi Frederik,

My colleagues at the ministry of Finance have put together a few pieces of information that we hope will help to
s.12; s.13; s.17

If you have any questions on this, please let me know.

Thanks
Geoff

Geoff Turner
Executive Director
Economics and Market Development Branch
Oil and Gas Division
Ministry of Energy, Mines and Petroleum Resources

778 698 3700

s.12; s.13; s.17

Justesen, Josh T FIN:EX

From: Foster, Doug FIN:EX
Sent: June 1, 2018 6:38 AM
To: Flanagan, Paul FIN:EX
Cc: Turner, Geoff J EMPR:EX
Subject: s.12; s.13;
Attachments: FW: FW:s.12; s.13; s.17

s.12; s.13; s.17

d.

Justesen, Josh T FIN:EX

From: Turner, Geoff J EMPR:EX
Sent: March 14, 2018 10:41 AM
To: Foster, Doug FIN:EX
Subject: FW: FW:s.12; s.13; s.17
Attachments: 2018.03.14 PST summary.xlsx

Hi Doug,

Has the s.13; s.21
generated and I'd like to understand what we've said in the past before getting back to them.

Thanks
Geoff

From: Elise Lepine [mailto:elepine@deetken.com]
Sent: Wednesday, March 14, 2018 10:20 AM
To: Turner, Geoff J MNGD:EX
Subject: Re: FW:s.12; s.13; s.17

Hi Geoff,

I've made an Excel sheet to make clear all of the PST calculations done to date.
s.13; s.21

Please give me a call if you have any questions or concerns.

Regards,

Elise

On Wed, Mar 14, 2018 at 10:02 AM, Turner, Geoff J MNGD:EX <Geoff.Turner@gov.bc.ca> wrote:

Hi Elise,

Can you give me some background on the s.13; s.21

Thanks

Geoff

From: F.H.Grootendorst@lngcanada.ca [mailto:F.H.Grootendorst@lngcanada.ca]
Sent: Wednesday, March 14, 2018 9:43 AM
To: Turner, Geoff J MNGD:EX
Cc: elepine@deetken.com
Subject: RE:s.12; s.13; s.17

Geoff,

s.13; s.21

Regards,

Frederik

From: Turner, Geoff J MNGD:EX [mailto:Geoff.Turner@gov.bc.ca]
Sent: March 14, 2018 10:20 AM
To: Grootendorst, Frederik H SCAN-IGD/C/M <F.H.Grootendorst@lngcanada.ca>
Subject: s.12; s.13; s.17

Good Morning Frederik

We identified an error due to transposition of digits in the letter last night with regards to the number identified for the value of the LNG Operating Performance Payments. s.13; s.21

s.13; s.21

s.21

Page 164 of 223 to/à Page 165 of 223

Withheld pursuant to/removed as

s.12; s.13; s.17; s.21

s.21

Justesen, Josh T FIN:EX

From: Foster, Doug FIN:EX
Sent: June 5, 2018 4:15 PM
To: Turner, Geoff J EMPR:EX
Cc: Flanagan, Paul FIN:EX
Subject: FW:s.12; s.13; s.17

Geoff, in our response please include these elements:

s.12; s.13; s.17

d.

s.12; s.13; s.17; s.21

From: Foster, Doug FIN:EX [mailto:Doug.Foster@gov.bc.ca]
Sent: June 2, 2018 8:48 AM
To: Grootendorst, Frederik H SCAN-IGD/C/M
Cc: Turner, Geoff J EMPR:EX ; Piccinino, Ines EMPR:EX ; Flanagan, Paul FIN:EX
Subject: RE:s.12; s.13; s.17

Thanks Frederik. Will get back to you on this.

s.12; s.13; s.17; s.21

s.12; s.13; s.17; s.21

d.

s.12; s.13; s.17; s.21

From: Turner, Geoff J EMPR:EX [<mailto:Geoff.Turner@gov.bc.ca>]

Sent: May 15, 2018 5:32 PM

To: Grootendorst, Frederik H SCAN-IGD/C/M <F.H.Grootendorst@Ingcanada.ca>

Cc: Foster, Doug FIN:EX <Doug.Foster@gov.bc.ca>; Flanagan, Paul FIN:EX <Paul.Flanagan@gov.bc.ca>

Subject: s.12; s.13; s.17

Hi Frederik,

My colleagues at the ministry of Finance have put together a few pieces of information that we hope will help to
s.12; s.13; s.17

If you have any questions on this, please let me know.

Thanks
Geoff

Geoff Turner

Executive Director
Economics and Market Development Branch
Oil and Gas Division
Ministry of Energy, Mines and Petroleum Resources

778 698 3700

s.12; s.13; s.17; s.21

Justesen, Josh T FIN:EX

From: Turner, Geoff J EMPR:EX
Sent: June 6, 2018 10:10 AM
To: Foster, Doug FIN:EX
Cc: Flanagan, Paul FIN:EX
Subject: Fwd: Request: Signed LNG Canada Letter from March 22nd
Attachments: Scan_20180319.pdf; ATT00001.htm

Here you go...

Begin forwarded message:

From: "Piccinino, Ines EMPR:EX" <Ines.Piccinino@gov.bc.ca>
Date: June 6, 2018 at 9:54:14 AM PDT
To: "Turner, Geoff J EMPR:EX" <Geoff.Turner@gov.bc.ca>
Subject: FW: Request: Signed LNG Canada Letter from March 22nd

Got it!!

From: Cochrane, Marlene EMPR:EX
Sent: Wednesday, June 6, 2018 9:52 AM
To: Piccinino, Ines EMPR:EX
Subject: FW: Request: Signed LNG Canada Letter from March 22nd
As requested. Thanks.
Marlene Cochrane
Executive Coordinator | Deputy Minister's Office
Ministry of Energy, Mines and Petroleum Resources
Victoria | British Columbia
Phone (778) 698 7254



March 16, 2018

Mr. Andy Calitz
Chief Executive Officer
LNG Canada
400 4th Avenue SW
Calgary AB T2P 2H5

Dear Mr. Calitz:

Re: LNG Canada (being a joint venture of Shell Canada, PetroChina Company Limited, Korea Gas Corporation, and Mitsubishi Corporation) Liquefied Natural Gas (LNG) Project

I write further to the ongoing discussions between Government of British Columbia (Province) officials, and representatives of First Nations, LNG Canada and federal government (Canada) officials relating to LNG Canada's proposed natural gas liquefaction and export facility located in the area of Kitimat, British Columbia (the "LNG Facility").

Based on those discussions the Province believes that this project, if it proceeds, presents a very significant opportunity for the people of British Columbia, LNG Canada and its joint venture partners.

As you know I've identified four key conditions to ensure British Columbia benefits from any proposed liquefied natural gas (LNG) development:

1. Proposals must include express guarantees of jobs and training opportunities for British Columbians;
2. Proposals must provide a fair return for our resource;
3. Proposals must respect and make partners of First Nations; and
4. Proposals must protect our air, land, water, including living up to our climate commitments.

.../2

Regarding First Nations partners, all provincial Cabinet ministers have in their mandate letters of July 18, 2017 the following direction:

"As part of our commitment to true, lasting reconciliation with First Nations in British Columbia our government will be fully adopting and implementing the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), and the Calls to Action of the Truth and Reconciliation Commission."

LNG Canada has worked very constructively to satisfy all four conditions and we expect that you will continue to advance the project in that spirit. We acknowledge LNG Canada's efforts to achieve global leadership in low-emissions technology and operations. This is important as the above-mentioned conditions include a commitment on our part to put in place a climate-action strategy that will meet British Columbia's greenhouse-gas reduction targets. (For greater clarity, our campaign commitment was to reduce BC's greenhouse gas emissions by 40 percent below 2007 levels by 2030, and by 80 percent by 2050.)

LNG Canada and the Province have jointly undertaken financial analysis of LNG Canada's proposed project in British Columbia by developing an operational and financial model that has, in part, formed the basis of a mutual understanding upon which the Province is prepared to make commitments to initiatives as outlined in this letter.

While the specifics of these initiatives continue to be developed, it is intended that they will contribute to achieving a cost reduction outcome that is beneficial to LNG Canada's project and industry as a whole. However, as the Province is relying on information and assumptions provided by LNG Canada, and LNG Canada ultimately controls the evolution of the project, its costs and its assumptions, the Province cannot represent, warrant or guarantee that a specific production cost reduction estimated during the joint financial analysis will be achieved.

Nonetheless, the Province is prepared, subject to the conditions below, to take actions that, if applied to the joint model described in Attachment 1, would help achieve outcomes described in the attached summary of assumptions and potential project cost reductions that was jointly prepared by officials of LNG Canada and the Province as of March 12, 2018 (Attachment 1).

Accordingly, if I am satisfied that LNG Canada has conclusively decided on or before November 30, 2018 to proceed with the construction of the LNG Facility and associated investments, I am prepared to work with my cabinet colleagues to direct responsible officials to prepare orders, regulations or Legislation as necessary for consideration by the provincial Minister of Finance, Treasury Board, Cabinet or to be introduced into the Legislative Assembly, as necessary, to establish measures (the Measures) to reduce LNG Canada's LNG production costs in BC that are associated with the LNG Facility. I will do so, on or before November 30, 2018, once I am satisfied that LNG Canada has by that date conclusively decided to proceed with the construction of the LNG Facility and associated investments.

.../3

The Measures, which are further described in Attachment 1, which would be applicable to other industries in similar circumstances in British Columbia include:

- 1) Enabling an LNG facility to receive transmission voltage service from the British Columbia Hydro and Power Authority (BC Hydro) under rate schedule 1823 and pursuant to the terms and conditions of BC Hydro's Electric Tariff Supplements 5 and 6 with respect to electricity provided by BC Hydro to the LNG Facility for ancillary power. As part of this, the Province would work with BC Hydro to address LNG Canada's reliability concerns in recognition of operational safety issues that may result from unplanned supply interruptions in the production of LNG at the LNG Facility.
- 2) Provide an exemption from the Provincial Sales Tax (PST) on construction of the LNG Canada facility conditional on LNG Canada entering into an agreement with the province to make a series of LNG Operating Performance Payments totalling \$596 million. This exemption would apply to all goods and services directly related to the construction of the LNG Facility, and would be implemented based on the existing exemption for manufacturing and processing facilities. The exemption would be valid for the first seven years of construction or until the first two production trains at the LNG Facility reach a point of substantial completion, whichever comes first. The LNG Operating Performance Payments would be payable upon the occurrence of specific events (e.g. a final investment decision, and every year or part thereof that the facility produces and ships LNG). The term of the agreement would be 20 years, commencing when the LNG Canada facility begins operations, with an initial payment due upon the LNG Canada making a positive final investment decision.
- 3) Allow for LNG facilities to participate in the proposed Industrial Incentive under the Clean Growth Incentive program outlined in *BC Budget 2018*. The Industrial Incentive will be sensitive to level of carbon pricing around the world and could represent 100 percent of the carbon tax paid beyond \$30 per tonne based on facility emissions intensity and sector benchmarks; and
- 4) Removal of the provincial LNG Income Tax (provincial Natural Gas Tax credit to remain).

Based on operational and financial information, estimates and assumptions provided by LNG Canada, including assumptions in relation to British Columbia's current and expected taxation and royalty framework, the referenced joint financial analysis and model appear to indicate that the summation of the Measures noted above could be expected to reduce LNG Canada's projected costs of LNG production at the LNG Facility by an amount equivalent to approximately USD \$0.13 USD/MMBtu. This estimate assumes a 10 percent discount rate applied to project costs over a term of 40 years.

.../4

Nothing in this letter can be construed as placing any limit on the discretion of the British Columbia Lieutenant Governor in Council or any other person in the exercise of a power provided to them under an enactment, or providing any limit on, or relief from, any obligation of the Government of British Columbia regarding upholding or fulfilling the honour of the Crown.

Of course, the ultimate decision as to whether regulations or legislation will be enacted is up to the Lieutenant Governor in Council and the Legislature, respectively, and I therefore cannot provide assurance with respect to that outcome.

With respect to other matters that may arise in connection with the subject matter of this letter, my officials would be pleased to discuss them with you.

The Measures outlined in this letter represent the actions the Province is prepared to take to facilitate LNG Canada in making a positive final investment decision in relation to this project. I encourage LNG Canada to continue conversations with the Federal government on federal actions required to help LNG Canada in reaching a positive final investment decision.

I trust this letter will assist LNG Canada in deciding to proceed with development of the LNG Facility.

Sincerely,



John Horgan
Premier

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

Honourable Carole James
Minister of Finance

Honourable George Heyman
Minister of Environment and Climate Change

Attachment 1: Evaluation and Implementation of British Columbia Measures

Joint Model

Under the terms of a non-disclosure agreement, LNG Canada and the British Columbia provincial government with its consultant contractor (the Province), have jointly undertaken financial analysis of phase 1 of LNG Canada's proposed project to construct and operate a LNG Facility in British Columbia by developing an operational and financial model – the “Joint Model”.

The Joint Model has formed the basis for a mutual understanding between LNG Canada and the Province of:

- LNG Canada's costs to construct, supply with natural gas, and operate the LNG Facility;
- potential Measures on the part of the governments of British Columbia and Canada that could reduce those costs; and,
- the likely impact of those Measures on LNG Canada, its partners and suppliers.

The Joint Model was created using information provided by LNG Canada, and the Province. On February 28, 2018, representatives of the Province met with LNG Canada to review a range of the assumptions that were used in the Joint Model. During this meeting, LNG Canada demonstrated that a number of the most significant assumptions used in the Joint Model were generally in line with materials that LNG Canada had used to inform its joint venture participants.

Costs and revenues were modeled over the five years during which the LNG Facility would be constructed and over the 40 years of its planned operational life. To allow for consistency and comparability, costs and revenues were unitized to US dollars per million British Thermal Units (\$/MMBtu) and calculated on a net present value basis using a 10 percent discount rate. An exchange rate of \$1.30 Canadian dollars per US dollar was used for currency conversion and a 2 percent rate of inflation was assumed over the term of the model. Each stage of the project's value chain (from upstream production, to pipeline transportation, to liquefaction, followed by shipping) was assumed to earn a 10 percent rate of return on equity (the holder of title to the natural gas in Canada was modeled as receiving a 2% markup on cost).

On March 12 2018, the Province shared a version of the Joint Model with LNG Canada titled “20180309 LNGC Financial Model CONFIDENTIAL (Shared).xslm”. The valuations used in this letter and attachment for the Measures are based on this version of the Joint Model.

.../2

British Columbia Measures

The Joint Model has been used by the Province and LNG Canada to estimate the potential impact of the Measures on the cost of LNG production at the LNG Facility. Table 1 summarizes the cost impact of each of the Measures estimated using the Joint Model. The estimated cost impact is dependent on the assumptions used in the Joint Model. The Province cannot represent, warrant or guarantee that a specific production cost reduction estimated during the joint financial analysis will be achieved.

Table 1: Joint Model Estimated Cost Impacts of the Measures

Provincial Measure	Estimated Cost Reduction Impact USD / MMBtu (March 12, 2018 Joint Model)
Electricity Rates	-0.019
Provincial Sales Tax	-0.040
Clean Growth Incentive Program Industrial Incentive	-0.024
LNG Income Tax	-0.048
Total	-0.131

Measure 1) Electricity Rates

Modeled Impact: USD \$0.019 per MMBtu of LNG Canada production cost

Key Elements:

- The Province would rescind the Domestic Long-Term Sales Contracts Regulation issued under the Clean Energy Act to eliminate the LNG energy charge and would provide direction to the BC Utilities Commission, if necessary, to require it to approve the amendment of BC Hydro's Electric Tariff to remove the restriction on service of LNG customers under rate schedule 1823.
- This Measure would allow LNG Canada to receive service in accordance with BC Hydro's regulated rates and tariffs for transmission voltage interconnection and supply. The rate for electricity supply pursuant to Tariff Supplement 5 and Rate Schedule 1823 is lower than the rate that would be currently available to the LNG Facility.
- The cost of required upgrades and reinforcements to the BC Hydro transmission system would be treated in accordance with Tariff Supplement 6. This means that certain costs for which LNG Canada was directly responsible for under the LNG rate schedule, and which are considered system reinforcement under Tariff Supplement 6, would be paid for by BC Hydro.

.../3

Measure 2) Provincial Sales Tax

Modeled Impact: USD \$0.040 per MMBtu of LNG Canada production cost

Key Elements:

- LNG Canada and the Province would negotiate an agreement whereby LNG Canada would make LNG Operating Performance Payments to the Province (the Agreement).
- The Province intends to structure payments under the Agreement to be operating in nature under Canadian Generally Accepted Accounting Principles.
- Upon execution of the Agreement, Province would introduce legislation or regulations to exempt from PST all goods and services directly related to the construction of the LNG Facility, in a manner similar to the existing exemption for manufacturing and processing facilities.
- The exemption would be valid for the first 7 years of construction or until the first two production trains at the LNG Facility reach a point of substantial completion, whichever comes first.
- Under the Agreement, LNG Operating Performance Payments would be payable upon specific events (e.g. at LNG Canada's final investment decision and for every year or part thereof that the LNG Facility produces and ships LNG).
- The term of the Agreement would be 20 years, commencing when the LNG Facility begins operations, with an initial payment due upon the LNG Canada reaching a positive final investment decision;
- The schedule of payments the Province proposes for the Agreement is set out in Table 2 below. Payments would total CAD\$596 million.

Table 2

Event	Annual LNG Operating Performance Payment (\$ Canadian)
Final Investment Decision	\$42 million
First production and shipment of LNG Years 1 – 18 of operation	\$1 million
First production and shipment of LNG Years 19 and 20 of operation	\$268 million

Measure 3) Clean Growth Incentive Program Industrial Incentive

Modeled Impact: USD \$0.024 per MMBtu of LNG Canada production cost

Key Elements:

- Legislation would be introduced to enable the Clean Growth Incentive Program announced in *Budget 2018*
- A benchmark for world leading production would be established for the purposes of establishing eligibility for an incentive payment. This will replace the existing LNG benchmark (which requires a LNG facility to be in compliance with the limit on an annual basis) under the *Greenhouse Gas Industrial Reporting and Control Act* (GGIRCA).
- The existing LNG emissions limit under GGIRCA is 0.16 tonnes of CO₂e per tonne of LNG produced. Based on the information provided by LNG Canada, it is our understanding that the LNG Facility will have an emissions factor of 0.15 tonnes of CO₂e per tonne of LNG produced.
- Based on the Province's previous reviews to establish the facility emission intensity limit, LNG Canada is expected to exceed the benchmark for world leading production and would, when it enters service, be eligible for a refund of 100% of carbon tax paid above \$30 per tonne, if no comparable facilities with lower emissions intensities are in service at that time.
- The benchmark may become more stringent over time if comparable facilities with lower emissions intensities come into operation globally.
- The Province does not anticipate that any greenhouse gas emissions associated with the supply of electricity by BC Hydro to support ancillary loads at the LNG Facility would impact LNG Canada's qualification for the Industrial Incentive when the project enters service.

Measure 4) LNG Income Tax

Modeled Impact: USD \$0.048 per MMBtu of LNG Canada production cost

Key Elements:

- The LNG income tax would be repealed.
- The corporate income tax credit related to the cost of gas supplied to LNG facilities would be retained.

Page 179 of 223 to/à Page 183 of 223

Withheld pursuant to/removed as

s.12; s.13; s.14; s.17; s.21

Justesen, Josh T FIN:EX

From: Flanagan, Paul FIN:EX
Sent: June 6, 2018 3:41 PM
To: Foster, Doug FIN:EX; Turner, Geoff J EMPR:EX
Subject: RE: Key points from conversation today

Looks good except this one:

s.12; s.13; s.17

From: Foster, Doug FIN:EX
Sent: Wednesday, June 6, 2018 3:11 PM
To: Turner, Geoff J EMPR:EX; Flanagan, Paul FIN:EX
Subject: FW: Key points from conversation today

s.12; s.13; s.17

d

Thanks Frederik.

s.12; s.13; s.14; s.17

d.

s.21

Justesen, Josh T FIN:EX

From: Turner, Geoff J EMPR:EX
Sent: June 7, 2018 8:46 AM
To: Foster, Doug FIN:EX
Cc: Flanagan, Paul FIN:EX
Subject: FW: Electricity letter
Attachments: Letter from Deputy Minister Dave Nikolejsin to Mr. Andy Calitz

Here's the electricity letter.

Thanks
Geoff

From: Piccinino, Ines EMPR:EX
Sent: Wednesday, June 6, 2018 9:23 AM
To: Turner, Geoff J EMPR:EX
Subject: Electricity letter

The quest for the other one continues...

Justesen, Josh T FIN:EX

From: DMO EMPR Correspondence EMPR:EX
Sent: May 31, 2018 9:09 AM
To: 'Andy.Calitz@lngcanada.ca'
Cc: 'Chris.ORiley@bchydro.com'
Subject: Letter from Deputy Minister Dave Nikolejsin to Mr. Andy Calitz
Attachments: 104552 FINAL May 31, 2018.pdf

Ref.: 104552

Good Morning,

Please see the attached letter from Deputy Minister Dave Nikolejsin to Mr. Andy Calitz, Chief Executive Officer, LNG Canada.

Regards,

Melissa Westaff
A/Team Lead, Correspondence
Corporate Initiatives Branch
Ministry of Energy, Mines and Petroleum Resources

Justesen, Josh T FIN:EX

From: Stringham, Jonathan <Jonathan.Stringham@capp.ca>
Sent: June 7, 2018 1:02 PM
To: Stringham, Jonathan; Yasmin.Rahemtulla@gov.ab.ca; Brunnen, Ben; judith.hamel@canada.ca; paul.wagner@gov.sk.ca; cullen.stewart@gov.sk.ca; Kitchen, Curtis EMPR:EX; deborah.gray@canada.ca; Evelyn.Dancey@fin.gc.ca; Remillard, Bryan; dylan.gejdos@gov.sk.ca; Piccinino, Ines EMPR:EX; s.22 jean-francois.nadeau@canada.ca; jeffery.schmidtke@canada.ca; Nadia.Monaghan@encana.com; Skrundz, Jeff; nelson.paterson@canada.ca; XT:Siminowski, Christine ENV:IN; Mochnacz, Amy; Douglas.Lammie@gov.ab.ca; nick.macaluso@canada.ca; Foster, Doug FIN:EX; warren.goodlet@canada.ca; douglas.heath@canada.ca; Bresee, Steve; matthew.foss@gov.ab.ca; matthew.watkinson@canada.ca; Evelyn.Dancey@fin.gc.ca; lyle.thorsen@megenergy.com; Rolfe, Robert; s.22
Cc: Stringham, Jonathan; Nadia.Monaghan@encana.com
Subject: Modelling Secretariat PPT
Attachments: Modelling update (LRNG) 2018-06-07 final.pdf

All,

Please find attached the presentation we will be going through today in the modelling secretariat meeting.

Cheers,

Jonathan Stringham | Manager, Fiscal & Economic Policy



D: 403.267.1132 | M: 403.461.1957 | Email: jonathan.stringham@capp.ca | Website: www.capp.ca



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s.12; s.13; s.17

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Withheld pursuant to/removed as

s.13; s.12; s.17

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Withheld pursuant to/removed as

s.12; s.13; s.17

Justesen, Josh T FIN:EX

From: Nelson, Aaron FIN:EX
Sent: June 8, 2018 9:43 AM
To: Foster, Doug FIN:EX; Flanagan, Paul FIN:EX
Subject: RE: Modelling Secretariat PPT

s.12; s.13; s.17

From: Foster, Doug FIN:EX
Sent: Friday, June 8, 2018 8:46 AM
To: Nelson, Aaron FIN:EX; Flanagan, Paul FIN:EX
Subject: FW: Modelling Secretariat PPT

Fyi and comments.
d

From: Stringham, Jonathan [mailto:Jonathan.Stringham@capp.ca]
Sent: Thursday, June 7, 2018 1:02 PM
To: Stringham, Jonathan; Yasmin.Rahemtulla@gov.ab.ca; Brunnen, Ben; judith.hamel@canada.ca; paul.wagner@gov.sk.ca; cullen.stewart@gov.sk.ca; Kitchen, Curtis EMPR:EX; deborah.gray@canada.ca; Evelyn.Dancey@fin.gc.ca; Remillard, Bryan; dylan.gejdos@gov.sk.ca; Piccinino, Ines EMPR:EX; s.22 jean-francois.nadeau@canada.ca; jeffery.schmidtke@canada.ca; Nadia.Monaghan@encana.com; Skrundz, Jeff; nelson.paterson@canada.ca; XT:Siminowski, Christine ENV:IN; Mochnacz, Amy; Douglas.Lammie@gov.ab.ca; nick.macaluso@canada.ca; Foster, Doug FIN:EX; warren.goodlet@canada.ca; douglas.heath@canada.ca; Bresee, Steve; matthew.foss@gov.ab.ca; matthew.watkinson@canada.ca; Evelyn.Dancey@fin.gc.ca; lyle.thorsen@megenergy.com; Rolfe, Robert; s.22
Cc: Stringham, Jonathan; Nadia.Monaghan@encana.com
Subject: Modelling Secretariat PPT

All,

Please find attached the presentation we will be going through today in the modelling secretariat meeting.

Cheers,

Jonathan Stringham | Manager, Fiscal & Economic Policy



D: 403.267.1132 | M: 403.461.1957 | Email: jonathan.stringham@capp.ca | Website: www.capp.ca



Justesen, Josh T FIN:EX

From: Turner, Geoff J EMPR:EX
Sent: June 11, 2018 1:03 PM
To: Foster, Doug FIN:EX; Flanagan, Paul FIN:EX
Subject: RE: PME Bulletin

Thanks Doug and Paul – I agree also.

s.12; s.13; s.17

Geoff

From: Foster, Doug FIN:EX
Sent: Monday, June 11, 2018 12:19 PM
To: Flanagan, Paul FIN:EX; Turner, Geoff J EMPR:EX
Subject: Re: PME Bulletin

s.12; s.13; s.17

D.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Flanagan, Paul FIN:EX
Sent: Monday, June 11, 2018 12:10 PM
To: Turner, Geoff J EMPR:EX; Foster, Doug FIN:EX
Subject: FW: PME Bulletin

s.12; s.13; s.17

What do you think?

From: Scott, Bob FIN:EX
Sent: Friday, June 8, 2018 11:29 AM
To: Flanagan, Paul FIN:EX
Subject: PME Bulletin

Hi Paul,

As discussed, here are links to our production machinery and equipment (PME) bulletins:

This is our generic PME bulletin and sets out the basic rules: <https://www2.gov.bc.ca/assets/gov/taxes/sales-taxes/publications/pst-110-production-machinery-equipment-exemption.pdf>

We have three specific PME bulletins for the oil and gas industry:

- One for producers and processors: <https://www2.gov.bc.ca/assets/gov/taxes/sales-taxes/publications/pst-113-oil-gas-industry-producers-processors.pdf>
- One for exploration and development: <https://www2.gov.bc.ca/assets/gov/taxes/sales-taxes/publications/pst-114-oil-gas-industry-exploration-discovery-development.pdf>
- One for service providers: <https://www2.gov.bc.ca/assets/gov/taxes/sales-taxes/publications/pst-115-oil-gas-industry-service-providers.pdf>

Thanks.

Bob

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Withheld pursuant to/removed as

s.12; s.13; s.17; s.21

s.12; s.13; s.17; s.21

From: Foster, Doug FIN:EX [mailto:Doug.Foster@gov.bc.ca]
Sent: June 6, 2018 4:56 PM
To: Grootendorst, Frederik H SCAN-IGD/C/M
Cc: Turner, Geoff J EMPR:EX ; Flanagan, Paul FIN:EX
Subject: FW: Key points from conversation today

s.12; s.13; s.17; s.21

s.12; s.13; s.17; s.21

d.

s.12; s.13; s.17; s.21

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s.12; s.13; s.17; s.21

Justesen, Josh T FIN:EX

From: Piccinino, Ines EMPR:EX
Sent: June 20, 2018 4:36 PM
To: Coley, Simon J EMPR:EX; MacLaren, Les EMPR:EX; Turner, Geoff J EMPR:EX; Grieve, Richard IRR:EX; 'Dave Tulk'; 'Greg Stringham'; Kriese, Kevin FLNR:EX; Waters, Cory IRR:EX; 'Garry Wouters'; 'marvshaffer@gmail.com'; Lesiuk, Tim JTT:EX; Bailey, Scott EAO:EX; Schwabe, Michelle EMPR:EX; Wieringa, Paul EMPR:EX; Foster, Doug FIN:EX; 'chris.heminsley@bchydro.com'
Subject: Heads up: invitation to meeting on July 3rd - calendar invite to follow

Good afternoon all,

s.12; s.13; s.17

You will be receiving an invitation shortly from me for a three hour meeting (10 am to 1 pm) on July 3rd in Victoria, as you've been identified as a key partner to help us define and refine the opportunity. Conference call/Lync/Skype information will be included.

If you have any questions or would like to connect ahead of the meeting, don't hesitate in calling or emailing me anytime.

Please be aware some of our key expert consultants are also receiving this email.

Ines (on behalf of Les MacLaren, Simon Coley and my own)

Ines Piccinino

ADM, Oil and Gas Division

Ministry of Energy, Mines and Petroleum Resources

Phone: 778-698-3679

Email: ines.piccinino@gov.bc.ca

