



BRIEFING NOTE FOR DECISION

DATE: January 19, 2015

PREPARED FOR: Honourable John Rustad, Minister of Aboriginal Relations and Reconciliation

MEETING: Between Ministers Rustad, Bennett and Coleman and Coastal First Nations,
January 26, 2015

ISSUE: Proposed Liquefied Natural Gas Term Sheet and signing of Letter of Understanding

RECOMMENDED OPTION:

s.13; s.16

BACKGROUND:

The CFN is an alliance of First Nations on British Columbia's North and Central Coast and Haida Gwaii, which includes Wuikinuxv Nation, Heiltsuk, Kitasoo/Xaixais, Nuxalk Nation, Gitga'at, Metlakatla, Old Massett, Skidegate, and Council of the Haida Nation. The CFN Reconciliation Protocol was signed in December 2009. The Nuxalk Nation joined the protocol in December 2010. The Haida communities are included under a separate Reconciliation Protocol signed in 2009.

In August 2013, the Province and CFN signed a Regional LNG Development Framework Agreement to identify and scope regional and common issues related to the development of LNG facilities and associated infrastructure on the north coast of British Columbia. Since that time, MARR negotiators have worked with representatives of other Ministries and CFN to develop a Term Sheet, which forms the basis for the Parties to begin drafting the future agreements to amend the Protocols ("Future Agreements") and a LOU which confirms that the Province and CFN have reached an understanding on how they will work together on the environmental impacts of the proposed LNG projects in the region.

DISCUSSION:

s.13; s.16



s.13; s.16

OPTIONS:

OPTION 1:

s.13; s.16

OPTION 2

s.13; s.16



s.13; s.16

RECOMMENDATION:

s.13; s.16

APPROVED / NOT APPROVED

Honourable John Rustad
Minister

Date

Attachments (3): Joint BC—CFN Letter of Understanding
CFN LNG Term Sheet
MEM Briefing Note re: Renewable Energy

PREPARED BY:

Carina Diller, Negotiator
Negotiations & Regional Operations, Victoria
(250) 356-9351

REVIEWED BY:

Heinz Dyck, Chief Negotiator, NROD

Christian Kittleson, ADM, NROD

INITIALS:

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**MINISTRY OF ENERGY AND MINES
BRIEFING NOTE FOR INFORMATION**

- I PREPARED FOR:** Dave Nikolejsin, Deputy Minister, Ministry of Energy and Mines (MEM)
- II ISSUE:** Meeting with Mr. Art Sterritt, Coastal First Nations (CFN), Ministers Rustad and Coleman to finalize a liquefied natural gas (LNG) term sheet.
- III BACKGROUND:**

The CFN and the Province have entered into a number of agreements that reflect CFN's interest in renewable energy projects, including:

- the December 2009 Reconciliation Protocol between the Province and the CFN, which included a commitment to develop an Alternative Energy Action Plan (completed Aug 2011);
- a February 2012 MOU between MEM and the CFN, which included agreement to develop a model for renewable energy supply to LNG; and
- the August 2013 Framework Agreement on LNG between the Ministry of Aboriginal Affairs and Reconciliation and the CFN, which included agreement to engage on regional renewable energy supply opportunities to meet the power needs of LNG facilities.

The CFN and the Province are now close to finalizing a term sheet (Attachment 1) that would lead to amendments to the 2009 Reconciliation Protocol. Like earlier agreements, the term sheet includes commitments on renewable energy, including agreement to prepare a "high-level feasibility assessment of clean energy opportunities that could support the identified electricity requirements of currently proposed LNG facilities on the North Coast." The letter of understanding (Attachment 2) will be signed at a January 27, 2015 meeting with the CFN and Ministers.

IV DISCUSSION:

CFN Proposal

s.13; s.16

V KEY MESSAGES:

- The Province believes that electricity based on clean or renewable resources is an important part of the energy solution for LNG development.
- The Province is continuing to engage with the CFN on LNG power requirements.
- Uncertainty with regards to how much power will be required from BC Hydro for LNG still exists. As the amount of power needed by LNG developers becomes known, the Province is committed to working with the CFN and BC Hydro to identify cost-effective opportunities to supply that demand.
- Provincial LNG policy requires that there be no adverse impact on domestic rates as a result of LNG development, and this will be reflected in the final solutions for LNG power supply.

DRAFTED BY:

Chris Trumpy

250-952-6390

Enclosure:

APPROVED BY:

Les MacLaren, ADM, EAED ✓

Attachment 1: Term Sheet between British Columbia and the CFN – Renewable Energy is section 3.4

Attachment 2: Letter of Understanding between British Columbia and CFN



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OPTION 1:

s.13; s.16

OPTION 2:

s.13; s.16



s.13; s.16

RECOMMENDATION:**OPTION 1****APPROVED / NOT APPROVED**

Honourable John Rustad
Minister

Date

Attachments (3): 1. Joint BC—CFN Letter of Understanding
2. CFN LNG Term Sheet
3. MEM Briefing Note re: Renewable Energy (Cliff 88012)

PREPARED BY:

Carina Diller, Negotiator
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REVIEWED BY:

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NROD
Steve Munro, Deputy Minister
MARR

INITIALS:

H.D.

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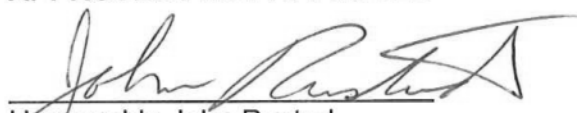
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OPTION 2:

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Honourable John Rustad
Minister

Jan. 25, 2015
Date

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January 26, 2015

RE: Term Sheet Regarding Proposed LNG Projects on the North Coast

The Province of British Columbia (the “Province”) and Coastal First Nation (“CFN”) members have successfully collaborated on a number of initiatives having to do with the management of lands and resources in the north and central coast regions of British Columbia. Central to this positive relationship are the December 2009 *Coastal First Nations Reconciliation Protocol*, (amended in 2010 and 2011), and the *Haida Reconciliation Protocol - Kunst'aa Guu – Kunst'aayah* (the “Protocols”).

In August 2013, the Province and CFN (the “Parties”) entered into a Framework Agreement to discuss regional issues related to the development of liquefied natural gas (LNG) facilities and associated infrastructure on the north coast of British Columbia.

Pursuant to that Framework Agreement, the negotiators for the Parties are pleased to announce that they have reached an understanding on how the Parties will work together on the environmental impacts of proposed LNG projects in the region, as well as the associated economic benefits for CFN members. These understandings are set out in the attached Term Sheet, dated January 26, 2015. This Term Sheet sets out the proposed major terms and elements of Agreements between CFN and the Province. The terms are intended to be incorporated within more detailed amendments (the “Future Agreements”) to the Coastal First Nations Reconciliation Protocol and the Haida Reconciliation Protocol – *Kuun'st aa guu – Kunst'aayah*.

The Parties acknowledge that CFN Member First Nations Metlakatla and Gitga'at are in separate LNG negotiations with the Province on specific matters consistent with their respective LNG Engagement Framework Agreements with the Province (October 15, 2013 - Metlakatla; July 15, 2014 - Gitga'at). Nothing in the Term Sheet is intended to limit or prejudice those negotiations.

The Term Sheet is not legally binding, nor does it create a legal obligation for the Parties to enter into or conclude the Future Agreement or other agreements. The Term Sheet does not remove, reduce or replace any provincial obligations to consult with any applicable CFN Member with respect to the potential impacts of the proposed LNG projects on that First Nation's asserted or proven aboriginal rights or title. The Parties acknowledge that

the Term Sheet contemplates that the Future Agreements will address matters related to consultation in respect of proposed LNG projects.

Further, nothing in the Term Sheet diminishes the importance of honouring and protecting the principles affirmed by the Supreme Court of Canada in its recent decision in the *Tsilhqot'in* case.

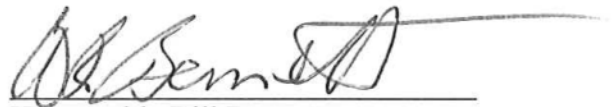
The Term Sheet is an important milestone for CFN members as they consider their responses to the potential impacts and benefits of the proposed LNG projects. Any Future Agreements will be brought to the CFN First Nations and provincial Ministers for approval.



Honourable Rich Coleman
Minister of Natural Gas Development



Art Sterritt
Executive Director
Coastal First Nations



Honourable Bill Bennett
Minister of Energy and Mines



Honourable John Rustad
Minister of Aboriginal Relations
and Reconciliation

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Minister of Natural Gas Development

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Executive Director
Coastal First Nations

Honourable Bill Bennett
Minister of Energy and Mines

Honourable John Rustad
Minister of Aboriginal Relations
and Reconciliation

Term Sheet

Proposed Agreements Regarding LNG Developments on the North Coast

Between the Coastal First Nations (“CFN”) and the Province of British Columbia (“the Province”)

This Term Sheet sets out the proposed major terms and elements of Agreements between CFN and the Province. The terms are intended to be incorporated within more detailed amendments to the Coastal First Nations Reconciliation Protocol and the Haida Reconciliation Protocol – *Kuun’st aa guu – Kunst’aayah* (the “Agreements”).

SECTION 1 GENERAL

1.1 Definitions. In this term sheet:

“**Agreements**” mean the amended Coastal First Nations Reconciliation Protocol and the Haida Reconciliation Protocol – *Kuun’st aa guu – Kunst’aayah*.

“**Associated Infrastructure**” means infrastructure projects for electricity, natural gas and transportation and other utility corridor rights of way, including related facilities, power generation facilities, plant, equipment and other infrastructure easements and right of ways that are directly related to LNG Projects.

“**CFN**” means the Coastal First Nations – Great Bear Initiative Society, a coalition that includes Gitga’at Nation, Council of Haida Nation, Old Massett Village Council, Skidegate Band Council, Heiltsuk Nation, Kitasoo/Xai’Xais Nation, Metlakatla First Nation, Nuxalk Nation and Wuikinuxv Nation.

“**CFN Member Nations**” means each of the Gitga’at Nation, Council of Haida Nation, Old Massett Village Council, Skidegate Band Council, Heiltsuk Nation, Kitasoo/Xai’Xais Nation, Metlakatla First Nation, Nuxalk Nation and Wuikinuxv Nation.

“**Government Actions**” mean any government approval, decision, process, agreement or action of any kind whatsoever, including approvals, decisions, processes, agreements or actions of a government agency or a Crown corporation, relating to the LNG Projects or Associated Infrastructure.

“**LNG Projects**” mean:

- a) those LNG projects in the Douglas Channel and Prince Rupert areas including those set out in Appendix B, as well as all Associated Infrastructure; and

- b) any other LNG projects with a liquefaction facility and maritime terminal that are located within or will have impacts in the identified area on the map attached as Appendix A (the “Map Area”) as well as all Associated Infrastructure.

SECTION 2 PARTIES AND SCOPE

2.1 Parties. The Agreements are intended to be between:

- a) Her Majesty the Queen in right of the Province of British Columbia, as represented by the Minister of Aboriginal Relations and Reconciliation;
- b) each of the CFN Member Nations; and
- c) CFN.

2.2 Scope. The Agreements are intended to apply to all LNG Projects and Associated Infrastructure in the Douglas Channel and Prince Rupert areas including those in the Map Area attached as Appendix A.

SECTION 3 ENVIRONMENTAL QUALITY

Climate change is a global issue. For years, China and other areas of Asia have relied heavily on coal for their energy needs. As a future supplier of the cleanest burning fossil fuel, British Columbia will help other markets transition to cleaner natural gas and away from coal-fired generation.

At the same time, the Province has set the goal of having the cleanest LNG industry in the world. The following terms having to do with LNG shipping, airshed impacts, greenhouse gas emissions and offsets, and renewable energy, set out the process commitments and understandings that the CFN, CFN Member Nations and British Columbia believe will enable the Parties to achieve this goal.

3.1 LNG Shipping

At the request of CFN, in September 2013 and March 2014, the Province supported two marine shipping and LNG workshops to review the current regime for LNG marine shipping, marine environmental protection and emergency response on the North Coast.

- a) The Parties have developed Terms of Reference (TOR) for a regional tri-partite (federal, provincial and North Coast First Nations) committee. Through the TOR, the Province has agreed to participate with Transport Canada to convene a series of technical dialogues on a number of topics including monitoring impacts, shipping and marine waterway management

and environmental protection, and emergency response issues in relation to LNG and other large vessel shipping in the North Coast region. The first series of Technical Dialogues will take place on December 11-12, 2014 in Vancouver. Additional sessions will occur in January and February subject to progress made at the initial meeting, with a report of outcomes to be shared at a Reference Group meeting in March 2015. The Province will, subject to the availability of resources, participate to the extent of its authorities in relation to the topics under discussion.

3.2 Airshed

The Parties recognize that part of building the cleanest LNG industry in the world includes an assessment of potential LNG airshed impacts in Kitimat and Prince Rupert and if necessary, implementation of best available monitoring, management, and mitigation measures.

In line with this goal, the Province working together with CFN, undertook a preliminary scoping study on the Kitimat airshed using a risk assessment framework from the Canadian Council of Ministers of the Environment Air Zone Management Framework. The preliminary study examined potential impacts on human health, vegetation, soil and surface water and provided recommendations on preventative management. The Province is currently engaging in a similar study in Prince Rupert and is working together with CFN in a manner similar to the work conducted for the Kitimat Study.

- a) The Province will continue to take a cautious and adaptive approach to regulatory decision making for air quality and will engage with CFN:
 - i. on the findings and recommendations of the Kitimat Airshed Assessment (KAA) and the Prince Rupert Airshed Assessment (PRAA);
 - ii. with respect to the potential establishment of any air emission guidelines and air quality working groups that may be applicable to LNG development in Kitimat and Prince Rupert and implementation of any such guidelines and working groups; and
 - iii. on how the Province will take into account the KAA and PRAA in subsequent provincial decisions.

3.3 Greenhouse Gas (GHG) Emissions and Offsets

CFN acknowledges that the Province has committed through the passage of the *GHG Industrial Reporting and Control Act* to establish:

- a benchmark on GHG emissions for LNG facilities, that includes GHG emissions that originate from the facility (combusted, vented and fugitive) as defined by regulation under the *Greenhouse Gas Industrial Reporting and Control Act*, including CO₂ entrained in natural gas delivered to the facility;
 - the use of offsets by LNG proponents to meet established benchmarks; and
 - a clean technology fund that LNG proponents may contribute to in order to meet established benchmarks.
- a) The Parties will negotiate and attempt to reach agreement on:
- i. amending the current Atmospheric Benefit Sharing Agreements (ABSAs) with CFN Member Nations and Haida to provide an increased share to 80% of tonnes of carbon as defined in those ABSAs; and
 - ii. revising the termination date of the ABSAs from 2025 to 2040.
- b) The Province and CFN will negotiate and attempt to reach agreement on a separate ABSA with CFN for up to an additional 10 percent of tonnes of carbon available in Haida Gwaii and the CFN Great Bear Rainforest (GBR) project provided that:
- i. the proceeds from the sale of the additional tonnes (the “proceeds”) will be jointly managed by the Province and CFN;
 - ii. the Province and CFN agree to an initial business plan through to 2020 that will manage all expenditures and use of proceeds. All expenditures will require the agreement of both the Province and CFN; and
 - iii. the proceeds will be shared under the Agreements from the years 2009-2020, and the ABSA will have a provision for the re-negotiation of the additional 10% sharing provision at five year intervals commencing in 2020 through 2040, including revised five year business plans as required in 3.3b.ii.. Both parties have the ability to terminate the ABSA referred to in 3.3b. at any five year renegotiation session.

- c) Should the Province and Nanwakolas First Nations (Nanwakolas) reach a similar agreement on the provision of additional tonnes of carbon as contemplated in 3.3b, CFN is prepared to engage with the Province and Nanwakolas to negotiate a tri-partite agreement regarding the expenditure and use of a joint pool of proceeds that may result from the sale of additional tonnes.
- d) In the event CFN Member Nations are unable to sell all of their total allocated tonnes in any given year under the CFN or Haida ABSAs, the Parties will attempt to reach agreement on the amount of the annual proceeds to be allocated under 3.3b.
- e) For greater certainty, any increased volume in the tonnes of potential carbon offsets that may result from the implementation of future Ecosystem-Based Management (EBM) land use zones and land use objective orders in the GBR or on Haida Gwaii will accrue to CFN Member Nations or Haida as the case may be as per the sharing percentages to be provided under 3.3a, and to the CFN under 3.3b.
- f) CFN and all CFN Member Nations will acknowledge that the increased tonnes of carbon offsets provided under sections 3.3a and 3.3b are intended to support the CFN Member Nations' collaboration and engagement with the Province in the:
 - i. ongoing implementation of strategic land use planning agreements including the outcomes of the 2014 EBM Review process in the Central and North Coast;
 - ii. continued collaborative planning and implementation of the Marine Planning Partnership; and
 - iii. other activities related to implementation of the Reconciliation Protocols as the parties agree.
- g) CFN will acknowledge that the increased tonnes of carbon offsets provided under section 3.3b will be used to support regional activities related to land use and marine use planning including the regional coordinating activities of the Marine Planning Partnership.
- h) The current ABSAs will be revised to reflect the understandings in under this section.

3.4 Renewable Energy

The Parties acknowledge that regional renewable energy can make a positive contribution to the goal of making the LNG industry on British Columbia's north coast the cleanest in the world, as well as advancing employment and economic development opportunities for First Nations in the region.

- a) The Province and CFN will work with BC Hydro to identify clean energy opportunities that may include a portion of LNG electricity requirements that will be served from the BC Hydro grid.
- b) The Province and CFN will complete a high-level feasibility assessment of clean energy opportunities that could support the identified electricity requirements of currently proposed LNG facilities on the North Coast by March 31, 2015. The assessment will build on the Clean Energy Action Plan, developed pursuant to the CFN Reconciliation Protocol Agreement. The report will be considered in light of the technology decisions made by LNG proponents and the Province's goal of developing LNG facilities that are the "cleanest in the world." The Province and BC Hydro will also review opportunities subject to applicable pricing, procurement and electricity policies and principles including that there be no adverse impact on domestic rates as a result of LNG development.
- c) The Province and CFN are prepared to meet with Canada to discuss the CFN request for a federal loan guarantee for renewable energy projects in the region, as well as other initiatives that may reduce the cost of regional renewable energy projects.

SECTION 4 FUNDING

4.1 General

- a) The Province will make payments to CFN in respect of LNG Projects as set out in this section.
- b) CFN and CFN Member Nations may use the payments received pursuant to this Section 4 for the following purposes:
 - i. community development projects and social initiatives;
 - ii. investment in green/renewable energy projects and community energy planning;
 - iii. marine emergency response initiatives, including participating in new response programs;

- iv. developing GHG offset projects and environmental offset or remediation projects;
 - v. education and skills training in particular for CFN Member Nations to participate in business or employment opportunities created by LNG related industry or regional services (may link to federal and private sector job training programs);
 - vi. provincial regulatory and permitting capacity needs of CFN Member Nations associated with permits/authorizations required of provincial agencies; and
 - vii. economic development investment that supports LNG activities.
- c) Nothing in the Agreements will prevent CFN Member Nations from participating in, or benefiting from, provincial programs for First Nations, or other provincial programs, in accordance with general criteria established for those programs from time to time.
- d) The funding amounts referred to in section 4 are based on full participation of CFN Member Nations in the Agreements and those CFN Member Nations not being in breach of the Agreements.

4.2 Base Funding

The Province will provide base funding under the Agreements to CFN on behalf of CFN Member Nations except Metlakatla and Gitga'at as follows:

- a) Initial Base Funding:
- i. payment of **\$1.5 million** within 60 days of execution of the Agreements;
 - ii. additional payments of **\$1.5 million** on April 1, 2015 and April 1, 2016 respectively; and
 - iii. these initial base funding payments will require that requisite assurances be provided by CFN and CFN Member Nations as identified in the Agreements and that these assurances are maintained by CFN and CFN Member Nations until March 31, 2017.

- b) Continued Base Funding:
 - i. in the event one or more LNG Projects obtains the necessary environmental and regulatory approvals and proceed to Final Investment (or similar) Decision whereby the LNG proponent commits to construction and operation of a LNG Project between signing of the Agreements and March 31, 2017, the Province will:
 - a. continue making annual base funding payments to CFN of **\$1.5 million** payable on April 1st of each year; and
 - b. make an additional one-time payment on April 1, 2017 of **\$750,000**.
 - ii. the Province will continue to make the base funding payments under (i) for as long as there are LNG Projects in operation.
- c) The funding payments in 4.2a) and b) are collectively the “Base Funding”.
- d) For as long as Base Funding is provided, it will be adjusted annually for inflation using the Stats Canada BC Final Domestic Demand Implicit Price Index (BC FDDIPI).

4.3 Incremental LNG Project Funding

The Province will make incremental LNG Project based payments to CFN on behalf of CFN Member Nations as follows:

- a) Once an LNG proponent has made a public announcement of a Final Investment Decision whereby the LNG proponent commits to construction and operations of a LNG Project and the LNG proponent had obtained all the necessary environmental and regulatory approvals, the Province will make an incremental LNG Project based payment to CFN for that LNG Project in accordance with the amount listed in the column “Final Investment Decision” in Appendix B.
- b) Once an LNG Project begins exporting LNG, then the Province will increase the incremental LNG Project payments to CFN for that LNG Project in accordance with the amount listed in the column “In-Service Date” in Appendix B.
- c) The payments in 4.3a) and b) are collectively the “Incremental LNG Project Funding”.
- d) For as long as Incremental LNG Project Funding is provided, it will be adjusted annually for inflation using the Stats Canada BC Final Domestic Demand Implicit Price Index (BC FDDIPI).

4.4 Bridge Funding for Reconciliation Protocol Implementation

- a) The Province will provide:
 - i. CFN with **\$620,000** per year as bridge funding to support CFN's ongoing implementation of the Coastal First Nations Reconciliation Protocol for a period of five years commencing April 1, 2015; and
 - ii. Haida Nation with **\$600,000** per year as bridge funding to support Haida Nation's ongoing implementation of the Haida Reconciliation Protocol - *Kunst'aa Guu – Kunst'aayah* for a period of five years commencing April 1, 2015.
- b) Annual joint workplans will be developed under each Reconciliation Protocol that will allocate the funding provided under 4.4a to specific implementation activities.
- c) In anticipation of receiving a revenue stream for CFN Member Nations arising from the revised ABSAs under 3.3, CFN Member Nations and Haida Nation will be responsible for bearing their own costs, beginning April 1, 2019, related to the ongoing implementation of their respective Reconciliation Protocols. The Parties will meet by September 30, 2018 to review the ABSA revenue streams, after which the Province may continue to provide some level of bridge funding for Reconciliation Protocol implementation beyond March 31, 2019.

SECTION 5 SKILLS TRAINING OPPORTUNITIES

The Province acknowledges that First Nations are a key element of the province's future workforce and is committed to working with First Nations impacted by natural gas extraction, pipelines, LNG facilities, and the marine transportation of LNG to ensure they are provided with the ability to participate in the opportunities presented by the establishment of an LNG industry. Such opportunities include sectors related to delivery of product to markets and business services and environmental protection.

- 5.1 The Province and CFN will work together to identify opportunities that support the development of a workforce training and employment approach which describes opportunities for CFN Member Nations to access government programs to support training and employment opportunities related to LNG development.
- 5.2 The Province is prepared to explore CFN taking on a coordinating role in the development of a Labour Market Partnership Agreement (LMPA) for CFN Member Nations. The goal of an LMPA is to address labour market issues through partnerships between communities, employers and educational organizations. Potential funding through an LMPA could enable the formation of a project steering committee that could bring together organizations, employers and community

members to work together to define the issues, establish priorities and develop an action plan to help meet human resource needs.

- 5.3** CFN may invite other First Nations to participate in any LMPA that may result from the Agreements.

SECTION 6 CFN SUPPORT AND ASSURANCES FOR LNG PROJECTS

The Parties will work cooperatively on the environmental agenda as laid out in this document.

6.1 LNG Assurances

The Agreements will contain a staged approach to CFN and CFN Member Nations assurances respecting LNG Projects whereby CFN and CFN Member Nations would make the following commitments:

- a) as long as Province is not in default of making the Base Funding payments as required:
 - i. support for LNG Projects and a public acknowledgement by CFN on behalf of its Member Nations of LNG Projects potentially providing environmental safeguards and economic benefits and opportunities to the region and CFN Member Nation communities, including providing written confirmation if so requested by the Province;
 - ii. to participate in federal and provincial environmental assessment and regulatory processes associated with all potential LNG Projects in the Map Area in a timely manner and to the extent applicable for those CFN Member Nations being consulted by the Province in those processes;
 - iii. not to undertake or support actions that would oppose, hinder or interfere with any LNG Project, but this does not prevent;
 - a) CFN or any CFN Member Nation from raising concerns (e.g., environmental, cultural, socio-economic or timing) about any LNG project in the above mentioned processes; or
 - b) CFN or any CFN Member Nation who are not participating in environmental or regulatory processes from raising concerns (e.g. environmental, cultural, socio-economic or timing) about any LNG project with the Province.

- iv. not to seek any other financial contributions from the Province in respect of the LNG Projects and provide acknowledgments in the Agreements that the Province has fulfilled any financial or economic obligations to the CFN Member Nations, but this does not prevent CFN Member Nations from:
 - a) participating in provincial programs generally available to First Nations; or
 - b) negotiating with the Province benefit arrangements where the Province has agreed to negotiate LNG-related benefits directly with certain CFN Member Nations more directly affected by LNG Projects.
- b) with respect to each LNG Project that has obtained the necessary environmental and regulatory approvals and announces a Final Investment (or similar) Decision publicly and, as long as the Province is not in default of making Based Funding payments, Incremental LNG Project Funding payments in relation to that LNG Project as required the following additional commitments:
 - i. not to initiate, or participate in, directly or indirectly, or publically condone or support, any legal challenge, direct action or interference, in respect of that LNG Project or any Government Actions related to that LNG Project or Associated Infrastructure by way of legal mechanisms to be detailed in the Agreements and to assist the Province if necessary in resolving the issue (including through mediation); and;
 - ii. acknowledgements and releases that the Province has fulfilled all of its obligations to the CFN and CFN Member Nations in respect of that LNG Project and any Government Actions in relation to that LNG Project and any Associated Infrastructure by way of legal mechanisms to be detailed in the Agreements. Nothing in this Term Sheet is intended to limit or prejudice the LNG-related negotiations the Province is currently undertaking with Metlakatla or Gitga'at.
- c) If a CFN Member Nation commences legal proceedings or acts contrary to the above covenants and acknowledgements set out in the Agreements, the Province may reduce any subsequent Base Funding or Incremental Payments by an amount corresponding to that CFN Member Nation's share as set out in the CFN Member Nation distribution amounts provided by CFN to the Province on entering into the Agreements. In addition, all potential, subsequent allocations of tonnes of carbon reductions provided under ABSAs described under section 3.3 for that CFN Member Nation will terminate. Further, the Province may offset monies due to it from that CFN Member Nation against any monies payable to CFN under the Agreements.

6.2 No Admissions Provisions. The Parties intend to negotiate and attempt to reach agreement on provisions that clarify that nothing in the Agreements:

- a) is an admission by the Province of the validity of the claims by any CFN Member Nation to an aboriginal or treaty right, including aboriginal title, or that the LNG Project and any related Government Actions have or will result in an unjustifiable infringement of any Aboriginal or treaty right(s), including aboriginal title, of that CFN Member Nation;
- b) is an admission by the Province that it has an obligation to provide financial or economic accommodation to any CFN Member Nation in relation to an LNG Project;
- c) is an admission by a CFN Member that the Province has fulfilled its obligations to consult, and where appropriate accommodate, that CFN Member Nation in respect of any other project;
- d) precludes a CFN Member Nation from bringing claims for breach of the Agreements or from defending a claim or raising an aboriginal or treaty right as a defence to a regulatory charge;
- e) precludes CFN Member Nations from identifying, or seeking to resolve, concerns about potential impacts of LNG Projects in applicable environmental assessment or regulatory processes to the extent applicable for those CFN Member Nations being consulted by the Province in those processes; and
- f) precludes CFN Member Nations from taking any necessary steps with respect to concerns they may have as a result of any LNG Project proponent being in breach of its obligations under any environmental or regulatory approvals.

Appendix A

“Map Area”

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Appendix B

		Annual Incremental Project Payments	
LNG Project	Proposed Plant Capacity * (MMTPA)	Final Investment Decision	In-Service Date**
Aurora LNG	24	\$540,000	\$1,440,000
Cedar LNG	Unknown	TBD	TBD
Douglas Channel Energy LNG	1.8	\$40,500	\$108,000
Kitimat LNG	10	\$225,000	\$600,000
LNG Canada	12	\$270,000	\$720,000
Pacific NorthWest LNG	18	\$405,000	\$1,080,000
Prince Rupert LNG	21	\$472,500	\$1,260,000
Triton LNG	2.3	\$51,750	\$138,000
WCC LNG	30	\$675,000	\$1,800,000
Woodside Energy	Unknown	TBD	TBD

* This column will not appear in the Agreements.

** Amounts to be finalized 60 days prior to the planned in-service date/first export.

Note: Payments will be based on the LNG plant capacity (MMTPA) at the in-service date/time of first export and not on actual volumes exported. If the plant expands its capacity, the Incremental LNG Project Funding will be increased on a pro-rated basis (e.g., if LNG Canada expands to a 24 MMTPA plant, the Incremental LNG Project Funding would increase to \$1.44 million annually at the time the expanded facility is exporting LNG). The Province will take the same approach to providing Incremental LNG Project Funding if another LNG Project, as defined under the Agreements, not listed in this Appendix is developed.