Nicoll, Sara ENV:EX

From: Minister, ENV ENV:EX

Sent: Monday, January 13, 2014 3:36 PM **To:** Correspondence Unit ENV:EX

Subject: FW: Advance copy - Pembina infographic and op-ed on carbon pollution from LNG

Attachments: Pembina-oped-LNG-GHGs-for-sharing.docx; LNG-infographic-One-final.pdf

Follow Up Flag: Follow up Flag Status: Flagged

Categories: Ally

From: Josha MacNab [mailto:josham@pembina.org]

Sent: Friday, January 10, 2014 4:13 PM

To: Minister, ENV ENV:EX Cc: Ingram, Geoff JTST:EX

Subject: Advance copy - Pembina infographic and op-ed on carbon pollution from LNG

Dear Honourable Minister Polak,

Please find attached an advance copy of an infographic on the potential carbon pollution from B.C. LNG and an accompanying op-ed that will be published on Monday. Please treat both as embargoed until Monday morning.

We're hopeful that these two pieces can both help raise awareness about the potential scale of emissions that could accompany LNG development, and also encourage discussion about the range of options B.C. has to change that outcome.

This is the first in a three-part series we're working on. The next piece will take a more detailed look at the wells-to-waterline LNG supply chain and the various opportunities to limit emissions along the supply chain, and the third will look at LNG in an international context. I'd be happy to discuss either of these pieces with you, in addition to the work being released on Monday.

Please don't hesitate to contact me if you have any questions/comments.

Best,

Josha MacNab

Josha MacNab, BC Regional Director | Pembina Institute **T** 604-874-8558 x224 **E** josham@pembina.org **www.pembina.org**

Carbon footprint of B.C. LNG boom could rival Alberta's oilsandsBy Alison Bailie

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Alison Bailie is a senior advisor with the Pembina Institute in B.C. Photo available here: http://pubs.pembina.org/mugs/alisonb.png

The Pembina Institute's assumptions and approach to calculating carbon pollution can be found <u>here</u>.

British Columbia's

LNG BOOM:

AT WHAT COST TO THE CLIMATE?

The B.C. government is investing in and promoting extensive liquefied natural gas (LNG) exports to Asia. Production that would require over 10,000 wells pumping shale gas to B.C.'s coast.

This would significantly impact B.C.'s economy, climate, air and water.

By 2020, the carbon pollution from LNG development could be **3/4 the amount produced from the oilsands** — more than doubling B.C.'s current levels.

B.C. LNG

73

million tonnes of carbon pollution per year

Oilsands

101

million tonnes of carbon pollution per year

B.C. is required to to cut total carbon pollution to **43 million** tonnes per year by 2020.

How does LNG fit into this?

For B.C., climate change means:



Declining fisheries

from warming rivers and increasingly acidic ocean water.



Coastal communities threatened

by rising seas and more intense storms.



Vulnerable forests

from longer fire seasons and increasing pest infestations.

We have choices for LNG

Prioritize a low-carbon economy

Clean energy is poised for dramatic growth globally. B.C. can tap into emerging markets if we make it a priority. Successfully developing our low-carbon economy will mean less pressure to develop LNG.

The less we frack, the smaller the impact.

2 Only allow lowest-impact LNG projects

Not all LNG projects are created equally. Proponents decide on timelines, siting, technologies and where the shale gas comes from. These decisions determine overall carbon pollution.



Require industry to use the best equipment



Use renewable power to process and liquefy gas.

Capture the pollution and store it underground.





 $\stackrel{\#}{\mathbb{A}}$ Avoid venting and flaring.

Encourage B.C. to make responsible energy choices.

Talk to your neighbours, community and MLA.



Canada's Oil and Natural Gas Producers



March 18, 2014

Hon, Michael de Jong Minister of Finance and Government House Leader PO BOX 9048 STN PROV GOVT Victoria BC V8W9E2

Hon, Rich Coleman Deputy Premier and Minister of Natural Gas Development and Minister Responsible for Housing PO BOX 9052, STN PROV GOVT. Victoria BC V8W9E2

Dear Ministers:

British Columbia's LNG Value Chain Competiveness Re:

As you are very much aware, timely development of a new liquefied natural gas (LNG) export industry in British Columbia is one of the key determinants of the future outlook for the upstream natural gas industry in western Canada. As such, market diversification for natural gas is a key priority for the Canadian Association of Petroleum Producers (CAPP). In order to realize a successful outcome for the Canadian LNG opportunity in a very competitive global market, LNG project proponents, producers, communities, governments and First Nations need to work collaboratively in as open and transparent a manner as possible.

The B.C. government has committed to work with industry to make B.C. the most competitive jurisdiction for LNG anywhere in the world. CAPP fully supports this objective and its application across the full LNG value chain. As we have emphasized previously, we think it is extremely important to evaluate competitiveness in an integrated manner across the value chain, encompassing consideration of fiscal terms, regulatory cost burden, carbon policy, development costs from upstream to downstream, skilled labour availability, and other key parameters influencing the viability of the LNG opportunity. While some progress has been made, to date it is not apparent to CAPP and its members that a comprehensive integrated policy roadmap has been sufficiently established within government and for dialogue with industry and other interests.

As a result, it is challenging for industry to assess and respond to specific policy initiatives on a "one-off" basis. For example, we certainly acknowledge and appreciate the work your government has recently undertaken to improve the competitiveness of the upstream industry through refinements to the Deep Gas Royalty Credit program. This will enhance the competiveness of B.C.'s upstream natural gas industry in both a North American and global context. On the other side of the ledger, we continue to be very concerned about the approach being taken to carbon policy for the LNG value chain and it is very challenging to assess the impact of the LNG corporate income tax

Hon. Mike de Jong Hon. Rich Coleman

Re: British Columbia's LNG Value Chain Competiveness

without knowledge of other key elements of the value equation. We strongly encourage government to view B.C.'s LNG competitiveness through an integrated value chain lens.

To accomplish this objective and to expedite decision-making regarding these key issues, CAPP encourages the government to step up efforts to work with industry in a more open and transparent manner To be clear, CAPP fully understands the government's obligation to ensure British Columbians receive a reasonable return on their resources, and that ultimately it is for government to make final decisions. However, it is in everyone's interest to ensure those decisions are taken with the best possible information. We believe greater transparency between industry and government using a comprehensive policy roadmap will yield the desired clarity and certainty for proponents to make timely final investment decisions. This will require improved processes necessary to advance discussions and it may also require government to provide additional resources and support necessary to enable these discussions.

Over the coming weeks, we would encourage government to work more closely with LNG proponents, CAPP and BCBC to address this process and the all-in competitiveness of LNG development in B.C. As a starting point, we continue to be of the view that industry and government should utilize a common analytical framework across the full natural gas value chain, so that we can come to a shared understanding of the impact of the factors (including policy) that are influencing the competitiveness of B.C.'s emergent LNG export industry and existing upstream natural gas industry.

It is clear that we share common goal of enabling the creation of a new LNG export industry in British Columbia. It is important we get this right, because natural gas production and LNG facilities are immensely important for B.C. and Canada. They create jobs, government revenues and contribute to economic growth. LNG exports are a tremendous opportunity and we believe that working together in an integrated, open and transparent manner will contribute to ensuring this opportunity is realized.

Re: British Columbia's LNG Value Chain Competiveness

We look forward to working with you and your department in an effort to expedite resolution of a number of very challenging and important issues, and thereby enable timely investment decisions by LNG proponents.

Sincerely,

Dave Collyer

President and Chief Executive Officer

cc: Dan Doyle, Chief of Staff, Premier's Office

John Dyble, Deputy Minister to Premier and Cabinet Secretary and Head of the Public

Service

Steve Carr, Deputy Minister, Ministry of Natural Gas Development

Wes Shoemaker, Deputy Minister, Ministry of Environment

CAPP EDMS-#241407

From: <u>Josha MacNab</u>
To: <u>Minister, ENV ENV:EX</u>

Subject: Pembina polling - support for PCAP actions Date: Monday, July 21, 2014 12:41:44 PM

Attachments: 2014 PCAP polling summary - op-ed - FINAL.pdf

2014 PCAP polling results - FINAL.xls 2014 PCAP polling summary - FINAL[1].pdf

Dear Honourable Minister Polak,

I wanted to send you an advance copy of the results from our recent polling work with the Pacific Institute for Climate Solutions and Clean Energy Canada. Our polling focuses on British Columbians' opinions on the climate and energy related commitments the B.C. Government has made under the Pacific Coast Action Plan on Climate and Energy. As you'll see, the majority of British Columbians think these commitments should be priorities for the B.C. Government.

I've attached three documents:

- 1. The backgrounder on the polling results being released to media today
- 2. The excel data outlining the polling results in more detail
- 3. The op-ed that will be published tomorrow in the Tyee regarding the results

Please note that the backgrounder, results and op-ed are embargoed until tomorrow — Tuesday, July 22, 2014 at 6am PDT.

As always, we would be interested to hear your feedback and would be happy to meet to discuss these results further. We are encouraged by these results and look forward to working with you to advance these important issues.

Josha

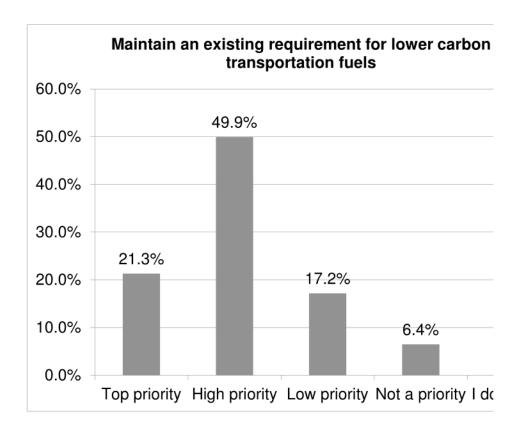
Josha MacNab

BC Director | Pembina Institute josham@pembina.org |s.22 Suite 610, 55 Water Street, Vancouver, BC, V6B 1A1 www.pembina.org

Along with Washington, Oregon and California, B.C. is a signatory broader international efforts to combat climate change. What prior

2e. Maintain an existing requirement for lower carbon transportation fue

| | | Total Sample | Male | Female | 18-34 |
|-----------------------------|----------------|--------------|--------|--------|--------|
| Weighted Count | | 802 | 392 | 410 | 220 |
| 2e. Maintain an | Top priority | 21.3% | 21.0% | 21.6% | 23.6% |
| existing requirement for | High priority | 49.9% | 44.6% | 55.0% | 52.2% |
| lower carbon | Low priority | 17.2% | 22.3% | 12.2% | 15.3% |
| transportation | Not a priority | 6.4% | 9.6% | 3.4% | 2.7% |
| fuels. | I don't know | 5.2% | 2.4% | 7.8% | 6.2% |
| Total | | 100.0% | 100.0% | 100.0% | 100.0% |



to the Pacific Coast Action Plan on Climate and Energy – an agreement intentity should the B.C. government place on each of the following commitments in

əls

| 35-54 | 55+ | GVRD | Island | Lower Mainland | North | Rural |
|--------|--------|--------|--------|----------------|--------|--------|
| 319 | 264 | 425 | 162 | 172 | 44 | 155 |
| 20.2% | 20.7% | 19.0% | 26.4% | 23.5% | 15.6% | 25.3% |
| 45.1% | 53.9% | 52.1% | 48.6% | 45.4% | 51.7% | 44.9% |
| 18.9% | 16.6% | 17.1% | 14.9% | 18.1% | 22.7% | 17.2% |
| 10.4% | 4.8% | 5.9% | 6.9% | 7.9% | 4.3% | 7.8% |
| 5.5% | 4.0% | 5.9% | 3.2% | 5.1% | 5.7% | 4.7% |
| 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |



ded to build momentum for nade in that agreement?

| Urban | Suburban | HH income <\$35K | \$35K - \$50K | \$50K - \$75K | \$75K - \$100K | HH income >\$100K |
|--------|----------|------------------|---------------|---------------|----------------|-------------------|
| 345 | 301 | 170 | 118 | 121 | 111 | 138 |
| 21.9% | 18.5% | 27.1% | 26.7% | 21.3% | 14.6% | 18.0% |
| 48.9% | 53.6% | 51.7% | 48.9% | 53.4% | 46.5% | 47.0% |
| 17.9% | 16.3% | 13.2% | 14.3% | 19.6% | 20.8% | 22.2% |
| 5.4% | 7.0% | 3.9% | 5.1% | 4.2% | 10.9% | 8.9% |
| 5.9% | 4.6% | 4.1% | 5.0% | 1.4% | 7.2% | 3.9% |
| 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |







British Columbians' views on the Pacific Coast Action Plan on Climate and Energy

By Kevin Sauvé & Matt Horne July 2014

At a glance

Copyright

http://www.pacificcoastcollaborative.org/Documents/Pacific%20Coast%20Climate%20Action%20Plan.pdf

¹ The Governments of California, British Columbia, Oregon and Washington, *Pacific Coast Action Plan on Climate and Energy* (October 28, 2013), 1.

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² Globe Advisors and The Center for Climate Strategies, *The West Coast Clean Economy: Opportunities for investment and accelerated job creation* (Pacific Coast Collaborative, 2012). http://www.pacificcoastcollaborative.org/Documents/Reports and Action ltems/WCCE_Report_WEB_FINAL.pdf

³ B.C.'s climate targets are 33 per cent below 2007 levels by 2020 and 80 per cent below by 2050. The province also has interim targets of 6 per cent below 2007 levels by 2012 and 18 per cent below by 2016.

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From: Josha MacNab
To: Minister, ENV ENV:EX

Cc: Dhanowa, Damon ENV:EX; Mitschke, Matt ENV:EX

Subject: Pembina LNG media briefing today
Date: Friday, October 3, 2014 8:53:13 AM
Attachments: LNG Briefing Backgrounder - October 3.pdf

Dear Honourable Minister Polak,

I wanted to flag the attached backgrounder on LNG development in B.C. that will form the basis of a media briefing we are presenting this morning in Vancouver. The purpose of the briefing is to help journalists better understand the context of the forthcoming LNG tax and carbon framework. It also outlines the things that Pembina will be looking for in the forthcoming announcement.

We would as always be happy to discuss this further with you at your convenience.

Sincerely,

Josha

Josha MacNab

BC Director | Pembina Institute josham@pembina.org s.22 Suite 610, 55 Water Street, Vancouver, BC, V6B 1A1 www.pembina.org



Media Briefing Backgrounder

October 2014

Liquefied natural gas and carbon pollution in British Columbia

by Matt Horne

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From: Josha MacNab

To: Minister, ENV ENV:EX

Cc: <u>Dhanowa, Damon ENV:EX; Mitschke, Matt ENV:EX</u>
Subject: UPDATE: Pembina LNG media briefing today
Date: Friday, October 3, 2014 5:05:07 PM

Dear Honorable Minster Polak,

Our briefing today was well attended, but resulted in an unfortunate and significant mis-representation of our presentation by one journalist in Business In Vancouver. In this article, there were many inaccuracies both about Pembina's position and about the carbon tax in B.C.

I would like to clarify that contrary to the headline, we did not say that that the LNG industry would require a carbon tax hike. In fact, as you saw in our briefing note, we made no policy recommendations for the forthcoming rules.

The article has now been corrected and BIV has issued a retraction. The new article can be found here: http://www.biv.com/article/2014/10/lng-industry-will-require-carbon-tax-hike-pembina/

Errors in representation of the current carbon tax and potential forthcoming LNG carbon rules have been addressed.

If you have any questions about the article or the briefing, please don't hesitate to contact me.

Josha

Josha MacNab

BC Director | Pembina Institute josham@pembina.org s.22 Suite 610, 55 Water Street, Vancouver, BC, V6B 1A1 www.pembina.org

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From: Josha MacNab < josham@pembina.org>
Date: Friday, October 3, 2014 at 8:52 AM

To: "Minister, ENV ENV:EX" < ENV.Minister@gov.bc.ca>

Cc: "damon.dhanowa@gov.bc.ca" <damon.dhanowa@gov.bc.ca>, "matt.mitschke@gov.bc.ca"

<matt.mitschke@gov.bc.ca>

Subject: Pembina LNG media briefing today

Dear Honourable Minister Polak,

I wanted to flag the attached backgrounder on LNG development in B.C. that will form the basis of a media briefing we are presenting this morning in Vancouver. The purpose of the briefing is to help journalists better understand the context of the forthcoming LNG tax and carbon framework. It also outlines the things that Pembina will be looking for in the forthcoming announcement.

We would as always be happy to discuss this further with you at your convenience.

Sincerely,

Josha

Josha MacNab

BC Director | Pembina Institute josham@pembina.org |s.22 Suite 610, 55 Water Street, Vancouver, BC, V6B 1A1 www.pembina.org From: <u>Dhanowa, Damon ENV:EX</u>

To: <u>Josha MacNab</u>; <u>Minister, ENV ENV:EX</u>

Cc: Mitschke, Matt ENV:EX

Subject: Re: UPDATE: Pembina LNG media briefing today

Date: Friday, October 3, 2014 5:10:49 PM

Appreciate the clarification.

Thanks,

:D

s.22

Sent from my BlackBerry 10 smartphone

From: Josha MacNab

Sent: Friday, October 3, 2014 5:05 PM

To: Minister, ENV ENV:EX

Cc: Dhanowa, Damon ENV:EX; Mitschke, Matt ENV:EX Subject: UPDATE: Pembina LNG media briefing today

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Date: Friday, October 3, 2014 at 8:52 AM

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Cc: "damon.dhanowa@gov.bc.ca" <damon.dhanowa@gov.bc.ca>, "matt.mitschke@gov.bc.ca"

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October 12, 2014

Her Worship Joanne Monaghan Mayor, Kitimat 270 City Centre Kitimat, BC V8C 2H7 MINISTRY OF ENVIRONMENT CORRESPONDENCE UNIT

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Dear Mayor Monaghan:

It was great for me and my colleagues Minister Coleman, Minister Oakes, Minister Thomson, Minister Bond, Minister Polak, Minister Stone to meet with Councillors from Kitimat during the UBCM Convention this year. I value the briefings with local government representatives each year. They're always insightful and very helpful to me and my colleagues.

As you likely know, we had a discussion about LNG competitiveness. I want to reiterate that the Province appreciates your community's interest in the LNG opportunity for our province, and we look forward to laying out our tax structure for LNG development this Fall. Our discours around our efforts to encourage high-school students to consider the trades as a career was encouraging, and I think our exchange around First Nations accommodation and the Building Canada Fund were helpful and informative as well.

Congratulations on Kitimat receiving funding for a Pollution Control Centre Retrofit Study and the Kitimat Sewer System Capacity Assessment. I want to encourage you to keep in touch with us during the year because I believe strongly that only by knowing about local priorities, can we – together – reach our collective goal for a strong and healthy province.

I wish you and your Council all the best in the year ahead.

Premier

pc:

Honourable Coralee Oakes, Minister of Community, Sport and Cultural Development Honourable Rich Coleman, Minister of Natural Gas Development and Housing Honourable Steve Thomson, Minister of Forests, Lands & Natural Resource Operations Honourable Shirley Bond, Minister of Jobs, Tourism & Skills Training and Labour Honourable Mary Polak, Minister of Environment

Honourable Todd Stone, Minister of Transportation and Infrastructure

Office of the Premier

Mailing Address; World Trade Centro 740 - 999 Canada Piace Vancouver BC V6C 3E1 From: Matt Horne

To: Minister, ENV ENV:EX
Cc: Dhanowa, Damon ENV:EX

Subject: Pembina Institute recommendations on how to improve Bill 2

Date: Monday, October 27, 2014 12:12:16 AM

Dear Minister Polak,

This email is to share three recommendations on how Bill 2 and the accompanying regulations could be improved. In general I think Bill 2 does offers some potentially useful pieces that could add to the province's climate change policies. I also think there are some flaws in the legislation that will at best limit its potential benefit, and at worst weaken B.C.'s climate policies.

I should also be clear that these recommendations are not sufficient to enable the province to meet its climate targets. They would help to limit the increases in carbon pollution from LNG development, but they will not lead to the 33% and 80% cuts that the province has committed to for 2020 and 2050 respectively.

1 - Eliminate the potential carbon tax exemption

Section 56 gives Cabinet the ability to exempt industries regulated by Bill 2 from the carbon tax. If this exemption were activated through regulation, the net result would be weaker climate policy for the regulated industries because the \$25 per tonne (maximum) from Bill 2 would be lower than the \$30 per tonne from the carbon tax.

This problem could be fixed by changing Section 56 to repeal Section 84 (3) (n) of the Carbon Tax Act without replacing it. Based on information provided with the LNG tax legislation, the government is planning to collect carbon tax revenue from LNG terminals. As a result, there shouldn't be any need to keep the potential exemption in the legislation.

2 - Regulate upstream carbon pollution

As has been discussed in debate on Bill 2, the focus on LNG facilities does not address the carbon pollution from upstream sources such as gas processing plants in the northeast. Based on Pembina's analysis, these upstream sources would account for about 70% of the wellhead to waterline carbon pollution from LNG. In releasing Bill 2, you clearly stated your intent to deal with these sources at a later date.

Bill 2 could be modified to follow through on that commitment. For example, pipeline compressors and gas processing plants are large point sources of carbon pollution that could also be regulated by the Bill. The government could certainly commit to setting the necessary carbon pollutionlimits for major upstream sources, or potentially even include them in the near term if adequate information is already available. While other policy actions could achieve a similar outcome (e.g strengthening the carbon tax), Bill 2 gives the government a new tool.

3 – Design the legislation so that carbon pollution levels drop over time

As presented, Bill 2 and the accompanying materials will not require carbon pollution levels from LNG terminals to drop over time. This is a problem, because as confirmed by the province's 2014 climate progress report, policies will have to get stronger over time if targets are going to be met.

Given the structure of Bill 2, the objective of increasing stringency over time would need to be built into the emission limits and the technology fund prices.

- A schedule of increasingly stringent targets could be accommodated within the
 existing legislation, and could potentially be plotted out to the province's 2020 and
 2050 climate targets. For proposed LNG terminals, this would encourage proponents
 to look at a full range of design options, including those that exceed the current
 target. For any existing LNG terminals, this could result in some retrofits to lower
 carbon pollution, or at least in increasing investment in the technology fund and/or
 offsets.
- A schedule for an increasing technology fund price potentially aligned with the carbon prices modelled in the Climate Action Plan is already possible based on Section 48(2). In announcing the Bill, the province only signalled a single price of \$25 per tonne, but a revised commitment to a price that increases over timecould be accommodated without changing the Bill. An increasing technology fund price would provide a stronger incentive for LNG proponents to reduce theircarbon pollution and increase the amount money available in the technology fund.

Thank you for considering these recommendations and please feel free to share them if helpful. I have also shared the recommendations with other members of the government, the opposition and the Green Party. Please don't hesitate to contact me if you have any questions or would like to discuss any of the recommendations.

Sincerely,

Matt Horne

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Associate Director, British Columbia | Pembina Institute t: 604-874-8558 x223 S.22 610, 55 Water Street, Vancouver, BC V6B 1A1 www.pembina.org

From: Josha MacNab

To: Minister, ENV ENV:EX

Cc: Shoemaker, Wes ENV:EX; Mitschke, Matt ENV:EX; Dhanowa, Damon ENV:EX

Subject: Pembina recommendations on Bill 2
Date: Thursday, October 30, 2014 2:25:38 PM

Dear Honourable Minister Polak,

I wanted to let you know about the blog we published today with recommendations to improve and build upon Bill 2 - http://www.pembina.org/blog/three-ideas-to-improve-bcs-new-carbon-rules-for-lng.

We hope this will provide constructive input to the debate on Bill 2 and also for steps that will need to follow once it has been passed.

Please don't hesitate to contact me if you have any questions about the blog.

Josha

Josha MacNab

BC Director | Pembina Institute josham@pembina.org | s.22 Suite 610, 55 Water Street, Vancouver, BC, V6B 1A1 www.pembina.org