



## SAFETY STANDARDS APPEAL BOARD

January 13, 2016

Honourable Rich Coleman  
Minister of Natural Gas Development  
Minister Responsible for Housing and Deputy Premier  
PO Box 9052 Stn Prov Govt  
Victoria BC V8W 9E2

Dear Minister Coleman:

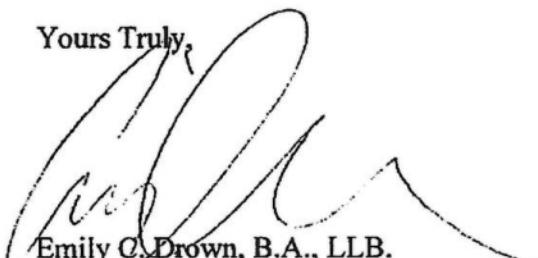
The Safety Standards Appeal Board (the "Board") currently has a total of six members. The Chair, Vice-Chair and one member have expertise in administrative law while three other members have technical expertise in the fields of engineering, construction, pressure vessel operation, gas and electrical work. Appeals before the Board are heard by single members of the Board or panels of three to five members. Ideally, if an appeal centres on a technical question under either the *Safety Standards Act* or the *Homeowner Protection Act* of British Columbia the Appeal is assigned to member(s) with technical expertise in the subject matter of the appeal.

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Section 6 (1) of the *Administrative Tribunals Act* allows the Chair, after consultation with the minister, to appoint a qualified individual as a member of the board for up to six months at a time when additional assistance is required. Such temporary appointment will not result in additional costs to the Board since the members receive a per diem for work performed on behalf of the board.

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Yours Truly,



Emily C. Drown, B.A., LLB.  
Chair, Safety Standards Appeal Board

cc: Jeff Vasey, Assistant Deputy Minister

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Safety Standards Appeal Board

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# OFFICE OF HOUSING AND CONSTRUCTION STANDARDS DECISION NOTE

**DATE:** January 14, 2016

**PREPARED FOR:** Honourable Rich Coleman, Minister

**ISSUE:** Consultation on Safety Standards Appeal Board Appointment

## **BACKGROUND:**

- The Safety Standards Appeal Board (SSAB) currently has six members with expertise in a range of matters. Ideally, appeals are heard by a member or members of the Board with expertise in the subject matter of the appeal.
- If additional expertise is required to hear an appeal, the *Administrative Tribunals Act* empowers the Board Chair to temporarily appoint additional members, in consultation with the Minister of Housing. Otherwise, an existing board member must become a technical expert in the subject matter of the appeal.

## **DISCUSSION:**

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- s.13

## **OPTIONS:**

**Option 1:** s.13  
s.13

**Pros:**

- s.13

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## OFFICE OF HOUSING AND CONSTRUCTION STANDARDS DECISION NOTE

Cons: s.13

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**Option 2:** s.13

Pros: s.13

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Cons: s.13

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### **RECOMMENDATION:**

**Option 2.** s.13

### **Enclosures/Attachments**

*Letter to Minister Coleman from Ms. Emily Drown, SSAB Chair*

Approved/Not Approved

\_\_\_\_\_  
Honourable Rich Coleman  
Minister

\_\_\_\_\_  
Date

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**Initial**

**Date:**

JV

Jan 13, 2016

Dave Nikolejsin  
Deputy Minister  
Ministry of Natural Gas  
Development

IP

Feb 9, 2016

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## **MINISTRY OF NATURAL GAS DEVELOPMENT**

### **BRIEFING NOTE FOR INFORMATION**

**I PREPARED FOR:** Honourable Rich Coleman, Minister of Natural Gas Development

**II ISSUE:** Meeting with Simon Nish, VP of Sustainability and Lead Representative for BG Canada. Mr. Nish would like to provide Minister Coleman with an update on the Prince Rupert LNG Project and initiatives BG Group has been supporting in the Prince Rupert area, as well as hear the Minister's perspective on any issues facing LNG.

**III BACKGROUND:**

- **Prince Rupert LNG Project (BG Group) overview** – see Appendix 2

**Project Progress – Prince Rupert LNG Project (BG Group)**

BG Group is proposing the Prince Rupert LNG terminal on Ridley Island, which is Federal Crown land administered by the Prince Rupert Port Authority. In December 2013, the project was issued an export licence from the National Energy Board for 21 million tonnes per annum for 25 years. In spring 2013, the project entered the federal and provincial Environmental Assessment (EA) processes. Currently, it is in the application preparation stage of the EA, which is expected to be completed in spring 2016, or possibly later.

Spectra and BG Group plan a 50/50 joint venture partnership for a twinned pipeline, the Westcoast Connector Project, to provide natural gas to Prince Rupert LNG. At full capacity, the twinned pipelines could provide up to 8.4 billion cubic feet of natural gas daily. The pipeline project received its BC Environmental Assessment Certificate (EAC) in November, 2014.

In early 2014, BG Group publicly stated that they may be targeting a final investment decision in 2017, with commercial operations starting in 2022. At the end of October 2014, BG Group announced that it was pushing back its timeline for the Prince Rupert LNG project into the next decade due to shifting market conditions.

**Shell's Acquisition of BG Group**

On April 8, 2015, Royal Dutch Shell announced that it had made a cash and share offer of \$88 billion for BG Group. Shell is required to clear antitrust approvals to buy BG Group. In December 2015, Shell won Chinese antitrust approval to buy BG Group, which was the fifth and final precondition to the deal to buy BG.

Shell and BG shareholders will vote on January 27 and 28, 2016 on the acquisition of BG. The impact of this offer on the LNG Canada and Prince Rupert LNG projects has not been announced.

#### **BG's Involvement with Social and Environmental Initiatives – Prince Rupert Area**

BG Group is involved and or has initiated a number of economic and social projects in the Prince Rupert area to support local communities and First Nations.

Pathways to Success is a skill and job placement program to help facilitate Coast Tsimshian people find jobs. It is the first employment and training program with multiple proponents, (BG Group, LNG Canada, Pacific North West LNG) government and First Nations collaborating together.

In April 2015, the Province announced it would be providing \$600,000 of the \$1.2 million the industry partners had committed to the program. As of November 17, 2015, 115 First Nations members have secured employment through the program.

BG Group has also supported entrepreneurship through the Tribal Resources Investment Corporation's (TRICORP) Northwest Aboriginal Canadian Entrepreneurs (NW ACE) Program and ThriveNorth. TRICORP's NW ACE Program helps provide aboriginal entrepreneurs with the skills needed to start their own business and ThriveNorth provides entrepreneurship opportunities in Northern British Columbia.

BG Group has also been actively involved on the Management committee in the Skeena Area Marine Research Collaboration (SAMRC). SAMRC (the Collaboration) is a multi-party, consensus-based, and collaborative project with an overall mission to collect information on the marine environment in the Skeena area.

BG Group provided initial seed funding of \$350,000 to the Vancouver Aquarium, through its Coastal Oceans Research Institute, which acts as an independent Secretariat for SAMRC. The first project that has been funded is a Skeena eulachon study, based on the interest and importance to First Nations.

#### **IV DISCUSSION:**

##### **LNG Development – Prince Rupert Area**

There are currently five proposed LNG exports projects within the Prince Rupert area that have either received a Provincial environmental assessment certificate or are in the environmental assessment (EA) process. Three of these projects are undergoing a substituted EA.

Issues have been raised by the Lax Kw'alaams and a number of other the First Nations in the Prince Rupert area. The Lax Kw'alaams is not satisfied with the EA consultation approach, or their level of influence in the process.

In response, the EAO is identifying ways to consider concerns raised by Lax Kw'alaams in a coordinated manner across all EAs in the Prince Rupert area. The EAO is exploring opportunities for collaborative approaches with Lax Kw'alaams and Metlakatla, in coordination with a dedicated interagency team comprised of the Ministries of Natural Gas Development; Aboriginal Relations and Reconciliation; Environment; Forest, Lands and

Natural Resource Operations; Transportation and Infrastructure; Justice and Attorney General and the Oil and Gas Commission on this issue. The progress of these discussions has not advanced since the change in LaxKw'alaams leadership in November 2015. BC's short term priority has been to engage directly with the new LaxKw'alaams leadership.

## **V CONCLUSION:**

The Province is committed to continuing to work with BG Group in the planning process for an LNG export project in BC.

We will be interested to learn more, subject to the requisite shareholder approvals, about the status of the BG project post the Shell acquisition.

The Province is very pleased to hear of BG Group's extensive social and economic investment and success with northern communities and First Nations, as well as their participation as a bronze sponsor at the 2015 LNG in BC Conference.

**Appendix:** 1 – Biography Simon Nish, Vice-President of Sustainability, BG Group  
2 – Prince Rupert LNG Project Overview

### **REVIEWED BY:**

Brian Hansen, ADM

### **APPROVED BY:**

Dave Nikolejsin, DM ✓

## **Appendix 1: Biography of Simon Nish**



Simon Nish is the Vice-President of Sustainability at BG Group. Recently, along with Matt Sullivan, he has taken on the responsibilities of the departing President of PR LNG.

Simon leads on social performance for the PR LNG project, a major component of this being engagement and agreement making with First Nations — an area in which Simon has extensive experience.

Simon previously worked for Rio Tinto, where he led some of the key Indigenous agreement making work for Rio Tinto in Australia. As part of the corporate Rio Tinto Communities and Social Performance team, Simon developed the Rio Tinto guidance note on Community Agreements. Most recently, Simon was the Director of Communities, Communications and External Relations at the Rio Tinto Eagle Mine, Northern Michigan, USA.

## Appendix 2: Prince Rupert LNG Project Overview

### Project Summary Table

Project Name:	Prince Rupert LNG
Location:	Prince Rupert
Partners:	BG (100%)
Project Status:	FEED
Plant Type / Operation:	Greenfield plant; Integrated Project
Development Concept:	2 x 7 mmtpa trains (expandable up to 3 trains)
Output Capacity:	14 mmtpa (expandable up to 21 mmtpa)
Feedstock Gas:	N/A
Related Pipeline:	Westcoast Connector Gas Transmission
Storage:	Two full containment 180,000 m <sup>3</sup> storage tanks (potential for 3)
CAPEX Estimate:	\$11 billion (first phase) and \$5 billion (second phase)
Jobs Estimate:	Anticipated that 9,000 person-years of employment will be created during first phase and 3,500 person-years during second phase  Expected to employ 250 people directly during operations after phase 2 completion
FID Date:	
Announced Start Date:	2021
LNG Output Sales:	BG Group currently has a number of off-take agreements but none specifically tied to Prince Rupert LNG
Export License:	25 year license issued for 21 mmtpa (plus 15% variance)
Environmental Assessment:	Coordinated Environmental Assessment Pre-Application Submitted Project Description May 2013



## **MINISTRY OF NATURAL GAS DEVELOPMENT**

### **BRIEFING NOTE FOR INFORMATION**

- I PREPARED FOR:** Honourable Rich Coleman, Minister of Natural Gas Development
- II ISSUE:** Meeting with Trevor Haynes, Chief Executive Officer, Black Diamond Group and Wayne Carson, Partner, of the Kilmer Group would like to receive a general update on B.C.'s LNG initiative, and discuss LNG-related work that these companies will be bidding on.

### **III BACKGROUND:**

#### **Black Diamond Group**

The Black Diamond Group, based in Calgary, Alberta is a supplier of remote workforce accommodation (camps), including modular offices and workspaces, as well as oilfield equipment and services. Black Diamond has built major camps in B.C. and Alberta, Horn River (over 100,000 square feet), Sunday Creek (over 1,000 beds) and Pelican Lake.

#### **Kilmer Group**

The Kilmer Group is a diversified Canadian conglomerate based in Toronto, Ontario. It has holdings, in some cases with partners, in:

- sports and media (including Toronto Argonauts of the Canadian Football League, Maple Leaf Sports and Entertainment – owner of the Toronto Raptors, Toronto FC and the Air Canada Centre);
- infrastructure and real estate (including Quickload Customs Examination Facility (CEF), which also provides trans-loading, container stuffing, warehousing and break bulk services to import and export businesses in the Port of Prince Rupert; and,
- private equity (shorter-term investments in a variety of medium-sized businesses in Canada and the United States).

#### **Update on B.C.'s LNG Initiative**

International interest in B.C.'s LNG opportunity is strong, with 20 LNG export facilities proposed as of January 1<sup>st</sup>, 2016. Eighteen of these export facilities have export licenses from the National Energy Board, and four export facilities, along with four natural gas pipelines, have provincial Environmental Assessment Certificates. One major proposal – Pacific NorthWest LNG – has made a conditional Final Investment Decision, now subject to receiving their federal environmental assessment decision.

## Advantages

This international interest is driven by B.C.'s competitive advantages as a location for LNG investment:

- short transport times to growing Asian markets;
- lower operating costs for liquefaction, due to B.C.'s cool coastal climate;
- vast natural gas resources; and,
- a stable jurisdiction with a strong regulatory regime.

## Legislation and Regulatory

B.C. has taken a number of significant steps to increase certainty for potential LNG investors:

- the *Greenhouse Gas Industrial Reporting and Control Act* establishes a world-leading benchmark for Greenhouse Gas (GHG) emissions from LNG facilities, and is accompanied by an Environmental Incentive Program to encourage proponents to achieve the benchmark;
- the *Liquefied Natural Gas Income Tax Act* assures that B.C. taxpayers will benefit from LNG development while respecting the needs of proponents for a competitive fiscal environment;
- the *Federal Port Development Act* (B.C. legislation) helps create regulatory clarity for LNG projects on federal land at the Port of Prince Rupert;
- Long-Term Royalty Agreements that give proponents and B.C. certainty as to natural gas royalty payments for a time frame consistent with the life of an LNG project;
- the *Liquefied Natural Gas Projects Agreements Act* allows B.C. to enter into agreements with proponents that create stability and certainty for them with respect to certain taxation measures and GHG emissions benchmarks;
- established a single-window regulator – the BC Oil and Gas Commission; and,
- entered into agreement with Canada on a streamlined environmental assessment process.

## First Nations

B.C. is building strong relationship with First Nations to garner their support for LNG development through measures such as:

- a \$30 million commitment to Aboriginal Skills Training;
- a separate \$30 million commitment to the Environmental Stewardship Initiative to develop new monitoring and environmental research program jointly with First Nations; and,
- agreements with First Nations with respect to all stages of LNG development (upstream, midstream, and downstream) that will share the economic benefits of these activities with impacted First Nations.

## **Training and Employment**

Steps taken to ensure B.C. residents are prepared for employment opportunities associated with LNG development include:

- launching the Skills for Jobs Blueprint to ensure education and training are aligned with future labour needs;
- a \$6.8 million investment in more trades training seats in B.C. public post-secondary institutions; and,
- establishing the Premier's LNG Working Group to facilitate cooperation between industry, labour and government on training matters related to LNG development.

## **IV DISCUSSION:**

As Black Diamond rents and sells portable workforce accommodation and space rental solutions to businesses, it is likely that they will be looking to work with LNG companies in northern B.C. It is not apparent whether they have engaged with any LNG companies to date. However, a number of projects (facilities and pipelines) are in the preparation phase and for building their camps. For example, LNG Canada has a good portion of their regulatory approvals and plans to begin construction of their camp area late 2016/early 2017.

Pacific NorthWest LNG is the most advanced of the LNG projects in the Prince Rupert Area. The Kilmer Group's connection to B.C.'s LNG industry may be through its holding in Quickload CEF in Prince Rupert, the likely service hub for many of B.C.'s currently-proposed LNG facilities.

## **V CONCLUSION:**

These two companies' interest in providing services to one or more proposed LNG projects in B.C. is appreciated. Development of LNG in B.C. will create work for companies all over B.C. and across Canada.

The Black Diamond Group and Kilmer Group may wish to register with the Buy BC Program to connect with procurement opportunities.

### **REVIEWED BY:**

Brian Hansen, ADM ✓

### **APPROVED BY:**

Dave Nikolejsin, DM ✓