

Gulsen, Gul PREM:EX

From: Cadario, Michele PREM:EX
Sent: Friday, January 6, 2017 10:23 AM
To: Gulsen, Gul PREM:EX
Subject: Fwd: KM drafts
Attachments: nr_5 conditions assessment_Jan 5.docx; ATT00001.htm; QA_5 conditions_Jan 5.docx; ATT00002.htm

Pls print

Sent from my iPhone

Begin forwarded message:

From: "Gordon, Matt GCPE:EX" <Matt.Gordon@gov.bc.ca>
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Subject: KM drafts

Latest DRAFT products.....

At this point roll out would be:

- EAO Info Bulletin (as per normal) approx. 1pm
- POTENTIAL - MMP/MRC statement on EAO decision immediately thereafter | approx.. 1:30
- 3pm PCC avail in Press Gallery (with dial-in to listen)

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NEWS RELEASE

For Immediate Release
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January 11, 2017

Office of the Premier

5 conditions achieve world leading environmental protection; benefits for all British Columbians

VANCOUVER – Following the Trudeau government's approval of Kinder Morgan's Trans Mountain Pipeline Project, the Province's clear, consistent and principled position on its five conditions has resulted in tangible and significant investments that will protect British Columbia's environmental and economic interests.

"The five conditions were meant to be challenging," said Premier Christy Clark. "We set the bar high for a reason because we needed assurance B.C.'s concerns around the environment, First Nations participation and overall economic benefit were taken seriously".

With respect to the second condition related to marine response, British Columbia's principled position has helped secure the federal government's Oceans Protection Plan; a world-leading marine safety system with new prevention and response measures. It is estimated approximately ^{s.13} the lion's share of the federal government's Oceans Protection Plan, will be directed to B.C. in new equipment, vessels and staffing to ensure a truly world leading marine response regime.

With respect to the fifth condition related to a fair share of fiscal and economic benefits, an agreement that has British Columbians first in line for jobs will result in over 75 thousand person-years of employment for B.C. As well the project will boost B.C.'s GDP by \$19.1 billion during construction and operations over 20 years, and there will be over \$4 billion in tax revenue for provincial and local governments.

As well the Oceans Protection Plan, once passed, will ensure there is unlimited funds available for clean-up and compensation, and dollars will get quickly into the hands of first responders and those affected by oil spills.

In addition B.C. will receive significant fiscal benefit direct from Kinder Morgan worth up to \$XX billion. The company will pay the province between \$XX million and \$XX million annually for 20 years. These revenues will be dedicated to environmental protection initiatives. This is unprecedented. For the first time in B.C. a company will share revenue from a large industrial project directly with the province.

The first condition requiring environmental approval has been met at both the federal and provincial levels. B.C.'s EA certificate added another 37 conditions to further protect wetlands, wildlife habitat and caribou and grizzly populations.

The third condition requiring world leading, land based spill response is addressed through provincial legislation passed last year, which will establish a world-leading spill preparedness and response regime.

The fourth condition requiring opportunities for First Nations as well as addressing legal and treaty rights has been met by the federal government as well as the company.

“Our clear and principled approach to stand up for our province has paid off, added Premier Christy Clark. “ With respect to Kinder Morgan’s Trans Mountain pipeline project, the conditions we have stood by for 4 ½ years have delivered world leading spill prevention, response and recovery for both land and water, real and tangible benefits for First Nations, and economic benefits for all British Columbians”.

Approving interprovincial pipelines is a federal responsibility. In May 2016 the National Energy Board recommended approval of the Trans Mountain project with 157 conditions. In November the Trudeau government gave federal approval for the project.

3 backgrounders follow.

BACKGROUNDER1

What British Columbia's 5 Conditions have achieved

Condition 1: Successful completion of the environmental review process.

- On May 19, 2017 the National Energy Board (NEB) recommended to the federal government that the project be approved, subject to 157 conditions.
- On November 29th the Trudeau government announced its approval of the Trans Mountain Expansion Project.
- The provincial environmental assessment process began nine months ago. Aboriginal consultation efforts have been conducted jointly with the federal government.
- After careful review, the Province has issued an EA certificate for Kinder Morgan's Trans Mountain Expansion Project with 37 specific conditions attached.
- These conditions are based on the NEB's report, the consideration of additional information and Aboriginal consultation to date.
- The conditions attached to this decision are legally binding and must be completed to ensure Aboriginal interests are accommodated and the Province is satisfied.

Condition 2: World-leading marine oil spill response, prevention and recovery systems for B.C.'s coastline and ocean to manage and mitigate the risks and costs of heavy oil pipelines and shipments.

- The federal government's Oceans Protection Plan is a world-leading marine safety system with new preventive and response measures. It is estimated approximately ^{s.13} the lion's share of the federal government's Oceans Protection Plan, will be directed to B.C. ensuring a truly world leading marine response regime.

Condition 3: World-leading practices for land oil spill prevention, response and recovery systems to manage and mitigate the risks and costs of heavy oil pipelines.

- In February, 2016 amendments to the Environmental Management Act (EMA), were introduced and provide the legal foundation to establish a new, world-leading spill preparedness and response regime to address environmental emergencies in B.C.
- The proposed spills regime will ensure effective preparedness, response and recovery measures are in place for hazardous substance spills, from any source.
- They reflect over three years of engagement with industry, First Nations and local government. This legislation will:
 - Establish new requirements for spill preparedness, response and recovery
 - Create new offences and penalties
 - Enable the certification of a Preparedness and Response Organization.
- Once fully implemented, these amendments will ensure a world-leading spill preparedness and response regime.

- Trans Mountain's commitments to safety include:
 - Enhanced Emergency Management Program with increased requirements such as a greater focus on geographic response planning and response equipment, and funding inland geographic response planning development in B.C.
 - Minimum of 12 exercises along the pipeline; more than what is currently required.
 - Continual assessment and improvement including annually updated Emergency Management Plans, regular review of geographic response plans, a robust training and exercise program and an emergency management after incident/exercise review process.

Condition 4: Legal requirements regarding Aboriginal and treaty rights are addressed, and First Nations are provided with the opportunities, information and resources necessary to participate in and benefit from a heavy-oil project.

- Kinder Morgan has had over 30,000 points of contact with B.C. First Nations throughout their engagement process.
- Prime Minister Trudeau has confirmed the substantial progress that's been made on consultation and accommodation, including a First Nations monitoring and advisory committee with a \$64 million funding envelope.
- Kinder Morgan has signed 41 Mutual Benefit Agreements with First Nations in B.C. worth more than \$382 million, and the company has also provided \$13 million in capacity funding to assist First Nations in carrying out their due diligence.
- There will be continued engagement with First Nations in the case of this pipeline as with many other projects.

Condition 5: British Columbia receives a fair share of the fiscal and economic benefits of a proposed heavy oil project that reflects the level, degree and nature of the risk borne by the province, the environment and taxpayers.

- The economic benefits B.C. is receiving as a result of government's consistent and principled position includes
 - 75,110 person-years of employment for B.C. throughout construction and operation.
 - \$3.8 billion in GDP to B.C. in construction and \$15.3 billion (over 20 years) during operation for a total of \$19.1 billion.
 - Approximately ^{s.13} in provincial tax revenue, including construction and operation benefits.
 - Estimated \$512 million in property taxes to municipalities in B.C. over 20 years of operation.
- In addition B.C. will receive significant fiscal benefits direct from Kinder Morgan worth up to \$XX billion.

BACKGROUND2

Elements of world leading marine protection and response

- New, modern radar and navigation systems as well as improved weather services to allow for proactively managing vessel routing.
 - Improved emergency training and capacity building for First Nations and others so they can more effectively act as B.C.'s first responders on the coast.
 - Upgrades to Canadian Coast Guard (CCG) facilities along the coast (Prince Rupert to Bella Bella to Powell River), including improvements to equipment, personnel and infrastructure.
 - s.13
 - New, dedicated Emergency Response teams created under the Canadian Coast Guard.
 - Response equipment staged in urban centres, so the coast guard can ensure quick deployment.
 - Establishment of a 24-7 emergency operations centre in Port Hardy.
 - Improvement to the Polluter Pays regime, where funds will be more immediately available to deal with response and clean up.
- Trans Mountain's commitments will further contribute to enhancing marine protection:
 - Requiring all tankers calling at the Westridge Marine Terminal meet strict, internationally accepted construction and operation standards;
 - Only double hulled tankers will be allowed and they must go through rigid pre-screening and physical inspection;
 - Two expert local pilots will be on board loaded tankers from Westridge Marine Terminal to Victoria.
 - Tug escort regime will be extended to cover the entire tanker route;
 - Prescribing minimum tug capabilities for outbound vessels for the Strait of Georgia including Juan de Fuca Strait.
 - More than \$150 million invested in Western Canada Marine Response Corporation, an industry funded, Transport Canada certified response organization, to create new response bases, fund new equipment and create 100 new jobs. Investment will double existing spill response capabilities and cut mandated response times in half.
 - Enforcing a Tanker Acceptance Standard that provides a dedicated loading master with the authority to stop or abort cargo transfer operations should a marine risk or noncompliance occur.

BACKGROUND3

Benefits agreement between Kinder Morgan and the Province of British Columbia.

In an unprecedented agreement between the Province of British Columbia and a private company, B.C. will receive significant fiscal benefits direct from Kinder Morgan worth up to \$XX billion. The company will pay the province between \$XX million and \$XX million annually for 20 years. The actual amount paid to the province each year will depend whether the expanded pipeline is operating at full capacity on its spot market contracts. To view the benefits agreement please visit www.weblink

Revenues from the Trans Mountain expansion will be dedicated to the new BC Clean Communities program, a source of funding for projects that protect the environment and benefit communities. The BC Clean Communities program will launch once revenues to the province from Kinder Morgan commence.

When the BC Clean Communities program is fully in place, it will be based on the following principles:

- A grant application process will be established, similar to the current gaming grant application process.
- Revenues will be dispersed as grants for grassroots, community-led environmental protection or enhancement initiatives.
- Grants can be combined with other funding sources that require matching funds, however BC Clean Communities grants will not require matching funds by applicants.
- B.C.'s polluter pay principle will remain paramount. Funds from BC Clean Communities will not be allowed to replace a polluter's requirement to pay for clean-up and compensation.

Examples of potential projects eligible for funding under the BC Clean Communities program include, but are not limited to:

- Purchasing land for parks.
- Restoring historic sites
- Cleaning up orphaned sites or spills where the polluter is unknown.
- Restoring habitat
- Controlling invasive species
- Cleaning up beaches, rivers or public waterfront property
- Establishing and promoting recycling programs in small, rural communities.

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KEY MESSAGES | QUESTIONS AND ANSWERS

5 Conditions assessment
Ministry of Environment | *January 2017*

Key Messages

- Our government's position has always been clear and consistent. We will only support new heavy-oil pipelines in British Columbia if our five conditions can be met.
- These conditions include the successful completion of the environmental review process, ensuring world-leading marine and land-based spill response, prevention and recovery systems are in place, ensuring legal requirements regarding Aboriginal and treaty rights are addressed and First Nations are provided with the opportunities to participate in and benefit from a heavy-oil project, and, finally, that British Columbia receives a fair share of the fiscal and economic benefits from any proposed heavy-oil projects.
- Meeting all five conditions was meant to be challenging. We set the bar high for a reason; we need to ensure B.C.'s concerns around the environment, First Nations participation and overall economic benefit are taken seriously.
- Our clear and principled approach to stand up for our province has paid off. With respect to Kinder Morgan's Trans Mountain pipeline project our 5 conditions have delivered:
 - A new Oceans Protection Plan from the federal government that is world leading.
 - Trans Mountain's voluntary commitments for marine protection including more than \$150 million investment in enhancing Western Canada Marine Response Corporation (WCMRC)
 - Provincial legislation that will establish a new, world-leading spill preparedness and response regime to address environmental emergencies in B.C.
 - First Nations having a direct say in the project, including new jobs and economic opportunities. We're told Kinder Morgan has signed 41 Mutual Benefit Agreements with First Nations in B.C. worth more than \$382 million and that the company has also provided \$13 million in capacity funding to assist First Nations in carrying out their due diligence.
- We have consistently said there is no 5th condition until the first four are met. The benefits B.C. is receiving as a result of our consistent and principled position includes a world-leading marine safety system with new preventive and response measures:
 - It is estimated approximately s.13 the lion's share, of the federal government's Oceans Protection Plan will be directed to B.C. giving us a truly world leading marine response regime:

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KEY MESSAGES | QUESTIONS AND ANSWERS

- New, modern radar and navigation systems as well as improved weather services to allow for proactively managing vessel routing;
 - Improved emergency training and capacity building for First Nations and others so they can more effectively act as B.C.'s first responders on the coast;
 - Upgrades to Canadian Coast Guard (CCG) facilities along the coast (Prince Rupert to Bella Bella to Powell River), including improvements to equipment, personnel and infrastructure;
 - s.13
 - New, dedicated Emergency Response teams created under the Canadian Coast Guard;
 - Response equipment staged in urban centers, so the coast guard can ensure quick deployment;
 - Establishment of a 24-7 emergency operations center in Port Hardy.
 - Improvement to the Polluter Pays regime, where funds will be more immediately available to deal with response and clean up.
- TMP's commitments include:
 - Requiring all tankers calling at the Westridge Marine Terminal meet strict, internationally accepted construction and operation standards;
 - Only double hulled tankers will be allowed and they must go through rigid pre-screening and physical inspection;
 - Two expert local pilots will be on board loaded tankers from Westridge Marine Terminal to Victoria.
 - Tug escort regime will be extended to cover the entire tanker route;
 - Prescribing minimum tug capabilities for outbound vessels for the Strait of Georgia including Juan de Fuca Strait;
 - More than \$150 million invested in WCMRC to create new response bases, fund new equipment and create 100 new jobs. Investment will double existing spill response capabilities and cut mandated response times in half;
 - Enforcing a Tanker Acceptance Standard that provides a dedicated loading master with the authority to stop or abort cargo transfer operations should a marine risk or noncompliance occur.
 - In addition B.C. will receive significant fiscal benefit direct from Kinder Morgan [subject to negotiation] worth up to \$XX billion dollars. This is unprecedented. For the first time in B.C. a company will share revenue from a large industrial project directly with the province.
 - The company will pay the province between \$XX million and \$XX million annually for 20 years. These revenues will be dedicated to environmental protection initiatives.
 - This is above and beyond the numerous other economic benefits the province will receive in terms of tax revenue, and jobs and economic benefits for First Nations and communities.

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KEY MESSAGES | QUESTIONS AND ANSWERS

- 75,110 person-years of employment for B.C. throughout construction and operation
 - \$3.8 billion in GDP to B.C. in construction and \$15.3 billion (over 20 years) during operation for a total of \$19.1 billion.
 - Estimated \$2.2 billion in provincial tax revenue, including construction and operation benefits.
 - Estimated \$512 million in property taxes to municipalities in B.C. over 20 years of operation.
-

Questions and Answers

1. What are the 5 conditions and how were they met?

1. Successful completion of the environmental review process.
 - On May 19th of this year the National Energy Board recommended to the federal government that the project be approved, subject to 157 conditions.
 - On November 29th the federal government announced its approval of the Trans Mountain Expansion Project.
 - The provincial environmental assessment process began nine months ago. Aboriginal consultation efforts have been conducted jointly with the federal government.
 - After careful review, the Province has issued an EA certificate for Kinder Morgan's Trans Mountain Expansion Project with specific conditions attached.
 - These conditions are based on the NEB's report, the consideration of additional information and Aboriginal consultation to date.
 - The conditions attached to this decision are legally binding and must be completed to ensure Aboriginal interests are accommodated and the Province is satisfied.
2. World-leading marine oil spill response, prevention and recovery systems for B.C.'s coastline and ocean to manage and mitigate the risks and costs of heavy oil pipelines and shipments.
 - The federal government's Oceans Protection Plan is a world-leading marine safety system with new preventive and response measures:
 - It is estimated approximately s.13 the lion's share, of the federal government's Oceans Protection Plan will be directed to B.C. giving us a truly world leading marine response regime:
 - New, modern radar and navigation systems as well as improved weather services to allow for proactively managing vessel routing;
 - Improved emergency training and capacity building for First Nations and others so they can more effectively act as B.C.'s first responders on the coast;

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- Upgrades to Canadian Coast Guard (CCG) facilities along the coast (Prince Rupert to Bella Bella to Powell River), including improvements to equipment, personnel and infrastructure;
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 - New, dedicated Emergency Response teams created under the Canadian Coast Guard;
 - Response equipment staged in urban centres, so the coast guard can ensure quick deployment;
 - Establishment of a 24-7 emergency operations centre in Port Hardy.
 - Improvement to the Polluter Pays regime, where funds will be more immediately available to deal with response and clean up.
- Trans Mountain's commitments will contribute to enhancing marine protection:
 - Requiring all tankers calling at the Westridge Marine Terminal meet strict, internationally accepted construction and operation standards;
 - Only double hulled tankers will be allowed and they must go through rigid pre-screening and physical inspection;
 - Two expert local pilots will be on board loaded tankers from Westridge Marine Terminal to Victoria.
 - Tug escort regime will be extended to cover the entire tanker route;
 - Prescribing minimum tug capabilities for outbound vessels for the Strait of Georgia including Juan de Fuca Strait;
 - More than \$150 million invested in WCMRC to create new response bases, fund new equipment and create 100 new jobs. Investment will double existing spill response capabilities and cut mandated response times in half;
 - Enforcing a Tanker Acceptance Standard that provides a dedicated loading master with the authority to stop or abort cargo transfer operations should a marine risk or noncompliance occur.
3. World-leading practices for land oil spill prevention, response and recovery systems to manage and mitigate the risks and costs of heavy oil pipelines.
- In February, 2016 amendments to the *Environmental Management Act* (EMA), were introduced and provide the legal foundation to establish a new, world-leading spill preparedness and response regime to address environmental emergencies in B.C.
 - The proposed spills regime will ensure effective preparedness, response and recovery measures are in place for hazardous substance spills, from any source.
 - They reflect over three years of engagement with industry, First Nations and local government. This legislation will:
 - Establish new requirements for spill preparedness, response and recovery
 - Create new offences and penalties
 - Enable the certification of a Preparedness and Response Organization.

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- Once fully implemented, these amendments will ensure a world-leading spill preparedness and response regime.
 - Trans Mountain's commitments to safety including:
 - Enhanced Emergency Management Program with increased requirements such as a greater focus on geographic response planning and response equipment, and funding inland geographic response planning development in B.C.;
 - Minimum of 12 exercises along the pipeline- more than what is currently required;
 - Continual assessment and improvement including annually updated Emergency Management Plans, regular review of geographic response plans, a robust training and exercise program and an emergency management after incident/exercise review process.
4. Legal requirements regarding Aboriginal and treaty rights are addressed, and First Nations are provided with the opportunities, information and resources necessary to participate in and benefit from a heavy-oil project.
- We have been informed that Kinder Morgan has had over 30,000 points of contact with B.C. First Nations throughout their engagement process. Prime Minister Trudeau has confirmed the substantial progress that's been made on consultation and accommodation, including a First Nations monitoring and advisory committee with a \$64 million funding envelope.
 - Specifically, we're told Kinder Morgan has signed 41 Mutual Benefit Agreements with First Nations in B.C. worth more than \$382 million and that the company has also provided \$13 million in capacity funding to assist First Nations in carrying out their due diligence. And there will be continued engagement with First Nations in the case of this pipeline as with many other projects.
5. British Columbia receives a fair share of the fiscal and economic benefits of a proposed heavy oil project that reflects the level, degree and nature of the risk borne by the province, the environment and taxpayers.
- The economic benefits B.C. is receiving as a result of government's consistent and principled position includes
 - 75,110 person-years of employment for B.C. throughout construction and operation.
 - \$3.8 billion in GDP to B.C. in construction and \$15.3 billion (over 20 years) during operation for a total of \$19.1 billion.
 - Estimated \$2.2 billion in provincial tax revenue, including construction and operation benefits.

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KEY MESSAGES | QUESTIONS AND ANSWERS

- Estimated \$512 million in property taxes to municipalities in B.C. over 20 years of operation.
 - In addition B.C. will receive significant fiscal benefit direct from Kinder Morgan worth up to **\$XX billion dollars**. This is unprecedented. For the first time in B.C. a company will share revenue from a large industrial project directly with the province.
 - The company will pay the province between **\$XX million and \$XX million annually** for 20 years. These revenues will be dedicated to environmental protection initiatives.
- 2. The province maintained that the first 4 conditions were to be met before the 5th could be discussed. So, how can you engage in talks on the 5th condition with Kinder Morgan before your environmental assessment process had concluded?**
- Our main focus all along was on the first four conditions, but it is perfectly legitimate to carry out work on 5th condition concurrently with the caveat that the first four conditions must be achieved before that side work on Condition 5 has any relevance.
 - The simple fact of the matter is that without the first four conditions being met there would be no 5th condition.
- 3. What determines the actual annual payment the Province will receive from Kinder Morgan?**
- The company will pay the province between \$XX million and \$XX million annually for 20 years.
 - The actual amount paid to the province each year will depend whether the expanded pipeline is operating at full capacity on its spot market contracts.
- 4. What are the 37 binding conditions attached to the provincial EA certificate, to achieve the first condition?**
{EAO to supply details/information}
- 5. Industry considers 10-15 per cent of oil recovered to be a success. How can you claim “world-leading” if 85 to 90 per cent of the oil won’t be recovered in the marine environment?**
- While shipping and navigation on coastal marine waters are federal jurisdiction, British Columbia takes a very active interest in the protection of our coast line. B.C. has consistently advocated for a comprehensive world leading marine spill response system from successive federal governments.
 - B.C. welcomed the federal government’s recently announced Oceans Protection Plan.
 - While the federal government remains responsible for the coastal environment, we look forward to continuing to work with our federal partners on the details of the plan,

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KEY MESSAGES | QUESTIONS AND ANSWERS

because our primary concern is to first ensure the risk of a spill is minimized and then a world leading marine spill response is in place along our entire coastline.

6. How can you say a world leading marine prevention, response and recovery system will be in place when diluted bitumen can't be recovered if spilled in the marine environment?

- By insisting on world leading marine oil spill response, prevention and recovery systems for B.C.'s coastline and ocean we have greatly reduced the risk of spill as well as the impact of a potential spill.
- The Trudeau government is conducting wide-ranging research into the behaviour and potential impacts of a diluted bitumen spill in a marine environment. There is a wide range of federal science that will inform safe and effective spill cleanup plans.
- Additional funding for research through the federal government's Oceans Protection Plan will support further research in this area to help spill responders better understand and predict the behaviour of diluted bitumen and improve ways to clean-up oil spills.
- Trans Mountain and industry are also committed to further study effective response to a dilbit spill.

7. The regulations for a world-leading provincial spill regime are going to be introduced gradually over several years – how can you consider this condition met when all the details may not be in place for years?

- World-leading means we will be continuously improving and evolving over time to ensure our spills regime is a leading example of spill preparedness, response and recovery. We've put legislation in place that sets the groundwork for a world-leading regime and we will be putting regulations in place incrementally, starting this spring, to meet that goal.
- Trans Mountain has also contributed \$200,000 towards initiatives aimed at advancing leak detection.

8. You've said the federal government's Oceans Protection Plan is considered world-leading for today's marine traffic, but how can you check this condition off when it may not be world-leading when the pipeline is built considering there will be a significant increase in tanker traffic and a greater spill risk?

- Much like our provincial spill regime, we expect this plan to evolve over time. The important thing is the federal government has stepped up to the plate and committed to a world-leading marine spill regime.

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KEY MESSAGES | QUESTIONS AND ANSWERS

- The pipeline won't be built overnight and we will continue to work with our federal counterparts in the coming years to ensure what we have in place will meet the demands of increasing marine traffic.
 - Trans Mountain must also meet its marine commitments to the NEB.
- 9. Trans Mountain says they will cover the costs of a pipeline spill but not a tanker spill, which it says is the responsibility of tanker companies. I've heard that compensation is capped at about \$1.3 billion – well below potential damage costs. Who would bear the cost of a tanker spill? B.C. taxpayers? Alberta? The federal government?**
- Both the federal and provincial government operate under the polluter-pay model which puts the onus on the spiller. For marine spills, the federal government is currently in the process of strengthening their Ship-Source Oil Pollution Fund as part of their Oceans Protection Plan.
 - The Oceans Protection Plan, once passed, will ensure there is unlimited funds available for clean-up and compensation, and dollars will get quickly into the hands of first responders and those affected by oil spills.
- 10. Even though condition 4 is technically met, how can you support this project when some First Nations remain strongly opposed?**
- I am confident in the consultation and engagement that has been done by the Trudeau government and through the Province's work on the new provincial spills regime. In fact, there is support from many First Nations that will have portions of the pipeline cross over their traditional lands.
 - Much like the Prime Minister has said, I respect people's rights to disagree and to have a peaceful protest that respects the law.
- 11. The Ministerial Panel report describes a "boil-over" scenario, in which a fire at the Burnaby tank farm would force the evacuation of 35,000 people, including at Simon Fraser University. What are your thoughts on this?**
- While this scenario is unlikely, the City of Burnaby needs to work with the proponent to be prepared in order to ensure the safety of its residents. Trans Mountain has repeatedly invited the City of Burnaby to the exercises.
 - As part of NEB's 157 conditions, Trans Mountain is required to implement appropriate emergency management, response and preparedness plans. These conditions all involve consultation with appropriate government authorities, first responders and potentially affected Indigenous groups followed by separate regulatory decisions by the NEB.
 - As well, In February, 2016, amendments to the Environmental Management Act (EMA), were introduced and provide the legal foundation to establish a new, world-leading spill preparedness and response regime to address environmental emergencies in B.C.

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- The proposed spills regime will ensure effective preparedness, response and recovery measures are in place for hazardous substance spills, from any source.

12. If the end result was simply to get to yes, why the pretense of the 5 conditions?

- The five conditions provided a pathway to 'yes' that protects the interests of British Columbia.
- Our government's position has always been clear and consistent. We will only support new heavy-oil pipelines in British Columbia if our five conditions can be met
- Meeting all five conditions was meant to be challenging. We set the bar high for a reason; we need to ensure B.C.'s concerns around the environment, First Nations participation and overall economic benefit are taken seriously.
- Our clear and principled approach to stand up for our province has paid off. With respect to Kinder Morgan's Trans Mountain pipeline project our 5 conditions have delivered:
 - A new Oceans Protection Plan from the federal government that is world leading.
 - Trans Mountains pro-active approach to marine protection and terrestrial spillage regime.
 - Provincial legislation that will establish a new, world-leading spill preparedness and response regime to address environmental emergencies in B.C.
 - First Nations having a direct say in the project, including new jobs and economic opportunities. We're told Kinder Morgan has signed 41 Mutual Benefit Agreements with First Nations in B.C. worth more than \$382 million and that the company has also provided \$13 million in capacity funding to assist First Nations in carrying out their due diligence.
 - Benefits for B.C. that reflect the degree of risk we bear for the project.

13. There is huge opposition to this project in Vancouver, including from mayors and several Indigenous groups. How can you possibly square your decision with this opposition?

- This decision to approve the project was made by the Trudeau government because interprovincial pipelines are federal jurisdiction. To that end the Prime Minister has said the project is in the national interest.
- Our responsibility is to make sure B.C. interests are protected, and that is why we have been clear, consistent with our principled stand that our five conditions must be met before we would support this project.

14. Are you concerned about worker safety, given the intense opposition to the project by some?

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- Certainly it is our job to ensure a safe work environment for all workers in B.C.
- Much like the Prime Minister has said, I respect people's rights to disagree and to have a peaceful protest that respects the law.

15. How does this project fit within the B.C. government's targets on GHG emissions?

- The vast majority of emissions are from crude oil production in Alberta, and so are not relevant to B.C.'s GHG reduction targets.
- The NEB has imposed a condition that Kinder Morgan must a plan for providing offsets for all direct GHG emissions generated from Project construction. This has been strengthened by a Provincial condition to quantify and report emissions in a manner that is consistent with B.C.'s *GHG Industrial Reporting and Control Act* and its regulations.

16. How can we possibly meet climate commitments made in Paris if projects such as this go ahead?

- Since 2007, our climate actions have been successful in controlling GHG emissions while maintaining a strong economy.
- Due to the Province's successful climate policy, B.C.'s GHG emissions per capita is among the lowest in Canada.
- As part of the COP 21 agreement the federal government committed to a national emissions reduction target. As the regulator of inter-provincial pipelines it is the federal government's responsibility to ensure emissions are managed so that federal commitments are achieved.

17. Given the financial implications of a spill, not just in clean-up but also in lost economic opportunity such as tourism, how can you justify BC taking such a huge risk by supporting this?

- The Prime Minister has clearly stated he believes this project is in the national interest and while B.C. is assuming the lion's share of the risk associated, the five conditions were put in place for just this reason.
- By satisfying our five principled conditions, I feel B.C. is now in a much better spot in terms of environmental protection, overall First Nations support and economic benefits

18. How can you justify the risks of this project to southern resident killer whales coast?

- This is an issue that will require the Federal government to work closely with marine shipping industry.
- The Federal government has recently announced that they have earmarked a portion of the Oceans Protection Plan for whale protection, including the southern resident killer whale pods.

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KEY MESSAGES | QUESTIONS AND ANSWERS

19. How can you justify the risks of this project to the Southern Mountain Caribou?

- Caribou management plans are broad undertaking that will require the cooperation of all levels of government and various industries and proponents
- The NEB has recommended conditions for Kinder-Morgan to mitigate the effects of the Project on Southern Mountain Caribou. The federal government will work with the NEB to assist the proponent in meeting the conditions.

20. Have you insisted on jobs going to B.C. workers?

- Yes. B.C. workers will be at the front of the line for jobs in our province.

21. What is involved in this project?

- The project will increase capacity from 300,000 barrels of oil per day to 890,000 by twinning the existing Trans Mountain pipeline that currently transports oil from Edmonton to Burnaby, BC.
- The project would also expand the Westridge Marine Terminal to allow it to increase the number of tankers per month it can receive from 5 to 34.
- The pipeline will follow existing rights-of-way for 89 percent of the route, and adds two berths to an existing marine terminal.

22. What are the expected economic benefits of the project for B.C.?

- The economic benefits the province will receive in terms of tax revenues, and jobs and economic benefits for First Nations and communities are extensive:
 - 75,110 person-years of employment for B.C. throughout construction and operation
 - \$3.8 billion in GDP to B.C. in construction and \$15.3 billion (over 20 years) during operation for a total of \$19.1 billion.
 - Estimated \$2.2 billion in provincial tax revenue, including construction and operation benefits.
 - Estimated \$512 million in property taxes to municipalities in B.C. over 20 years of operation.

23. What are the next steps for the proponent to build the project?

- Kinder Morgan needs to confirm its Financial Investment Decision.
- There are a number of major steps that must occur before construction can begin, including permits and authorizations in B.C. and Alberta. The timing of construction will depend on how the proponent proceeds. TMP plans to begin construction in September 2017.

FOR INTERNAL USE ONLY
KEY MESSAGES | QUESTIONS AND ANSWERS

- The Province of British Columbia will be responsible for issuing investigative permits and authorizations under several different pieces of legislation (the Forest Act, Forest and Range Practices Act, Forest Practices Code of British Columbia Act, Weed Control Act, Land Act, Agricultural Land Commission Act, Fisheries Act, Fisheries Protection Act, Water Act, Environmental Management Act, Wildlife Act, Heritage Conservation Act, Transportation Act, and Industrial Roads Act).

24. How will the two new super tugs be deployed? Where will they be based? Do they stay moored until requested to respond to an incident or do they do regular patrols?

- The Coast Guard will lease two multi-purpose tow-capable vessels to augment its towing capability in British Columbia. One will operate off the southwest coast of Vancouver Island in and around the Strait of Juan de Fuca, and the other will operate on the north coast of the province.
- These vessels will provide an additional layer of marine safety for shipping on the west coast by being available if required to assist disabled vessels that commercial salvors and tug operators cannot reach fast enough to avoid disaster.
- While being equipped, trained, and prepared to render emergency towing assistance, these vessels will conduct the full range of Coast Guard programming on a day-to-day basis. This includes search and rescue, environmental response, maintenance of aids to navigation, training of Coast Guard crews and other mariners such as Indigenous seafarers.

25. What is the breakdown of the OPP? How much is earmarked for B.C. but where is the remainder going?

- After accounting for administration costs it is estimated approximately \$1.3 billion, the lion's share of the \$1.5 billion OPP will be directed to B.C.
- That means Newfoundland, Nova Scotia, Quebec and New Brunswick on the Atlantic and two territories and Nunavut on the Arctic Coast will share the rest.

26. If there are additional benefits from Kinder Morgan that would go to environmental initiatives as has been publicly stated, can you provide examples of what kinds of initiatives that would include?

Examples of potential projects eligible for funding under the BC Clean Communities program include, but are not limited to:

- Purchasing land for parks.
- Restoring historic sites
- Cleaning up orphaned sites or spills where the polluter is unknown.
- Restoring habitat
- Controlling invasive species
- Cleaning up beaches, rivers or public waterfront property
 - Establishing and promoting recycling programs in small, rural communities.

Wharf, Sandy PREM:EX

From: Henderson, Kim N PREM:EX
Sent: Monday, December 5, 2016 8:42 PM
To: MacMillan, Elizabeth PREM:EX
Subject: Re: s.12,s.13

Thanks that makes sense

On Dec 5, 2016, at 6:41 PM, MacMillan, Elizabeth PREM:EX <Elizabeth.MacMillan@gov.bc.ca> wrote:

Hi Kim — s.12,s.13
s.12,s.13

Thanks
E

From: Finkel, Paul PREM:EX
Sent: Monday, December 5, 2016 5:18 PM
To: MacMillan, Elizabeth PREM:EX
Cc: Powell, Charlotte PREM:EX
Subject: s.12,s.13

Elizabeth, here are full details from ENV. s.12,s.13
s.12,s.13

From: Morrison, Ken ENV:EX
Sent: Monday, December 5, 2016 5:07 PM
To: Standen, Jim ENV:EX
Cc: Ranson, David ENV:EX
Subject: Trans Mountain Expansion Project

s.12,s.13

s.12,s.13

Ken Morrison
Manager, Planning and Land Administration
BC Parks | Provincial Services Branch | Ministry of Environment
(250) 356.5298
4th Floor - 2975 Jutland Rd | Victoria, BC | V8W 9M9

Wharf, Sandy PREM:EX

From: Mihlar, Fazil ENV:EX
Sent: Monday, November 28, 2016 5:02 PM
To: Henderson, Kim N PREM:EX; Sweeney, Neil PREM:EX; Nikolejsin, Dave MNGD:EX; Mentzelopoulos, Athana FIN:EX
Cc: Carr, Steve PREM:EX; Cadario, Michele PREM:EX; Chin, Ben PREM:EX
Subject: s.13,s.16
Attachments:

Hi all: Enclosed is the s.13,s.16

s.13,s.16

Thx ... Fazil

P.S: The list of additional BC requests re; s.13,s.16 will come your way first thing tomorrow morning as well as the new timelines for KM.

Page 23 to/à Page 34

Withheld pursuant to/removed as

s.16;s.13

Page 35 to/à Page 36

Withheld pursuant to/removed as

s.12;s.16;s.13

Wharf, Sandy PREM:EX

From: Mihlar, Fazil ENV:EX
Sent: Friday, November 25, 2016 4:57 PM
To: Henderson, Kim N PREM:EX; Sweeney, Neil PREM:EX; Nikolejsin, Dave MNGD:EX; Carr, Steve PREM:EX; Cadario, Michele PREM:EX; Chin, Ben PREM:EX; Bhullar, Barinder PREM:EX
Subject: s.12,s.13
Attachments:

Hi all:

s.12,s.13

Will have it to you tonight. Cheers! Fazil

Page 38 to/à Page 40

Withheld pursuant to/removed as

s.12;s.13

Page 41 to/à Page 42

Withheld pursuant to/removed as

s.12

Wharf, Sandy PREM:EX

From: Mihlar, Fazil ENV:EX
Sent: Tuesday, November 22, 2016 6:38 PM
To: Henderson, Kim N PREM:EX; Nikolejsin, Dave MNGD:EX; Sweeney, Neil PREM:EX; Mentzelopoulos, Athana FIN:EX
Cc: Carr, Steve PREM:EX; Cadario, Michele PREM:EX; Chin, Ben PREM:EX
Subject: s.12
Attachments:

Hi Kim: As discussed, I have enclosed the^{s.12} for review and comments. I would like to have your comments/suggested changes by Friday if possible or by next Monday the latest. This timing would allow us to meet cab ops timing guidelines. I am still working to meet Dec 14 timeline. I can fill you all in on the latest news re; KM and marine initiatives on Wed morning. Thx. Fazil

Wharf, Sandy PREM:EX

From: Mihlar, Fazil ENV:EX
Sent: Tuesday, November 8, 2016 12:16 PM
To: Henderson, Kim N PREM:EX; Sweeney, Neil PREM:EX; Cadario, Michele PREM:EX; Carr, Steve PREM:EX; Chin, Ben PREM:EX; Polak, Mary ENV:EX; Shoemaker, Wes ENV:EX; Nikolejsin, Dave MNGD:EX
Cc: Kapac de Frias, Martina E ENV:EX
Subject: s.12
Attachments:

Hi all: Our overnight cut (analysis) of the s.12 Will be revised as we get more details in the coming days.
Thx. Fazil

Page 02

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s.12;s.16;s.13

Page 03

Withheld pursuant to/removed as

s.12;s.13

Page 04 to/à Page 05

Withheld pursuant to/removed as

s.12;s.16;s.13

Page 06

Withheld pursuant to/removed as

s.12;s.13

Page 07

Withheld pursuant to/removed as

s.12;s.16;s.13

Page 08

Withheld pursuant to/removed as

s.12;s.13

Page 09 to/à Page 11

Withheld pursuant to/removed as

s.12;s.16;s.13

Page 12

Withheld pursuant to/removed as

s.12;s.13

Page 13 to/à Page 14

Withheld pursuant to/removed as

s.12;s.16;s.13

Wharf, Sandy PREM:EX

From: Mihlar, Fazil ENV:EX
Sent: Monday, November 7, 2016 7:39 AM
To: Henderson, Kim N PREM:EX
Subject: Marine Gaps
Attachments: Marine Response Summary.docx

Importance: High

Good morning Kim: FYI... Fazil

Federal Gaps in World-Leading Marine Spill Preparedness and Response in British Columbia

As British Columbia (B.C.) pursues a world-leading marine spill preparedness and response regime, the Province recognizes that the Federal Government plays a lead role in regulating marine safety in B.C.'s ports and waters. From a review of existing regulations, standards and initiatives, the Province has compiled the following list of gaps in marine safety which the Federal Government must address in order to ensure world-leading marine spill preparedness and response in B.C.:

1. B.C. requires federal regulation to enforce mandatory escort tugs for all tankers calling in B.C. ports, for the purposes of emergency rescue and salvage. The Federal Government should also analyse the need for 3 salvage tugs in southern (2) and northern areas (1), and if it is deemed necessary, provide the capital expenditure for the construction of salvage tugs in B.C. Not only are salvage tugs required for the shipping lanes into Port Metro Vancouver, but the Haida Gwaii, Prince Rupert and Kitimat areas also require salvage tug support to address spills in extreme weather conditions and achieve a 99% incident response rate.

Cost Estimates: s.17

2. Canada should continually adopt state of the art (world-leading) monitoring systems to manage port traffic and to uphold high standards for vessels coming into port based on historical inspection data.

Cost Estimates: s.13

s.13

3. B.C.'s marine training institutions require adequate funding to ensure that B.C. provides a center for excellence in marine training on Canada's west coast. Additional resources are required to update simulator training to world-leading standards, and to ensure that seating in required courses is expanded to meet the need. Consideration should be given to a dedicated labour force, with an emphasis on First Nations training.

Cost Estimates:

- s.17

-

4. Canada must ensure that the Canadian Coast Guard (CCG) adequately services the entirety of B.C.'s coast. This necessitates a center in the northwest to ensure an appropriate CCG presence along B.C.'s north coast.

¹ Based on consultation with Kinder Morgan

² Based on estimates from British Columbia Coast Pilots and British Columbia Institute of Technology

³ Based on estimates from British Columbia Coast Pilots and British Columbia Institute of Technology

Cost Estimates: s.17

s.17

5. Canada must provide clarification on the proposed northern BC moratorium around shipping lanes and what kinds of vessels that it would encompass.
6. Canada must work with the United States (U.S.) to establish response regulation for spills crossing international borders. The *United States Wreckers Act* specifically allows for U.S. vessels to assist in salvage in Canadian waters which are contiguous with the U.S. without necessary approval. Should the U.S. require support, Canada's west coast assistance is limited.
7. Federal requirements for response standards must incorporate spill characteristics beyond size of spill. Risk assessments for spills should apply equally to all marine vessels, not just tankers. B.C. recommends updating the existing minimum response standards.
8. Canada should consider lifting its ban on the use of alternative spill response measures, including dispersants and in situ burning. A plan for the appropriate usage of alternative response measures in B.C. should be developed collaboratively between Canada, the Province, and Western Canada Marine Response Corporation (WCMRC).
9. Canada must ensure that resources are in place to ensure that necessary emergency and security services are available along the entirety of B.C.'s coast. Currently there is a need for resources including emergency health services, firefighting services and border security.

Cost Estimates:

s.17

⁴ CBC News – "Kits Coast Guard loses out to N.L. base." Feb. 21, 2013.

⁵ Vancouver Sun: Darah Hansen and Brian Morton – "Federal government closes Vancouver's Kitsilano coast guard station." Feb. 20, 2013

⁶ Ministry of Community, Sport and Cultural Development – "Infrastructure and Service Growth Needs in Northwest B.C. – DRAFT." (Confidential)

⁷ Ibid.

s.17

10. Canada should undertake risk-based Area Response Planning for the entirety of B.C.'s coast. Southern B.C. will be analysed as part of the announced Area Response Planning pilot. This level of analysis should extend to the entirety of B.C.'s waters as part of a world-leading spill preparedness and response system.

s.13,s.17

11. Federal funds for reimbursement of costs incurred in response and clean-up must be more readily available to the Province, and must be provided in a more timely manner. A lack of immediate access to funds creates delays in response, as was witnessed during the *Simushir* incident in 2014. Canada should have upfront funds available which can be recouped from the Responsible Party after the incident.

⁸ Globe and Mail: Renata d'Alieso – "Long-promised helipad for Fort McMurray hospital mired in delays." Aug. 17, 2015.

Wharf, Sandy PREM:EX

From: Henderson, Kim N PREM:EX
Sent: Monday, November 7, 2016 7:50 AM
To: Carr, Steve PREM:EX; Cadario, Michele PREM:EX
Cc: Sweeney, Neil PREM:EX
Subject: FW: UBCIC News Release: Consent

From: Caul, Doug D ABR:EX
Sent: Sunday, November 6, 2016 9:38 PM
To: Henderson, Kim N PREM:EX; Fyfe, Richard J JAG:EX; Moyse, Geoff JAG:EX; Wanamaker, Lori MCF:EX
Cc: MacMillan, Elizabeth PREM:EX
Subject: Fwd: UBCIC News Release: Consent

s.12

Doug Caul
Deputy Minister
Ministry of Aboriginal Relations and Reconciliation

Begin forwarded message:

From: "Leslie, Lisa GCPE:EX" <Lisa.Leslie@gov.bc.ca>
Date: November 6, 2016 at 5:27:12 PM PST
To: "Caul, Doug D ABR:EX" <Doug.Caul@gov.bc.ca>, "Mayhew, Neilane ABR:EX" <Neilane.Mayhew@gov.bc.ca>
Subject: Fwd: UBCIC News Release: Consent

FYI

Begin forwarded message:

From: "Leslie, Lisa GCPE:EX" <Lisa.Leslie@gov.bc.ca>
Date: November 6, 2016 at 5:24:16 PM PST
To: "Ehl, Cameron ABR:EX" <Cameron.Ehl@gov.bc.ca>
Cc: "Sem, Edward ABR:EX" <Edward.Sem@gov.bc.ca>, "Ritchie, Leanne GCPE:EX" <Leanne.Ritchie@gov.bc.ca>
Subject: Fwd: UBCIC News Release: Consent

Lisa Leslie
250 213-7724

Begin forwarded message:

From: Union of British Columbia Indian Chiefs
<ubcic@ubcic.bc.ca>
Date: November 6, 2016 at 5:07:09 PM PST
To: Lisa Leslie <lisa.leslie@gov.bc.ca>
Subject: UBCIC News Release: Consent



Good evening Lisa

It is becoming clear, the Trudeau Government's notion of implementing the United Nations Declaration on the Rights of Indigenous Peoples is just that, a notion. For your review, reference and/or further distribution please see the following news release sent out today.

--

NEWS RELEASE
November 6, 2016

Consent

(Coast Salish Territory / Vancouver, B.C. – November 6, 2016) The Union of BC Indian Chiefs completely rejects and repudiates the federal Minister of Natural Resources Carr's recent asinine statement that Canada only needs to consult and accommodate concerns, interests and rights of First Nations regarding the approval of proposed resource development projects such as Kinder Morgan's Trans Mountain Expansion project or Enbridge's Northern Gateway Pipelines project.

Grand Chief Stewart Phillip, President of the UBCIC firmly stated "First Nations' free, prior and informed consent is an integral and fundamental element of the UN Declaration on the Rights of Indigenous Peoples. Further, the legal and practical need to secure First Nations consent is featured in Delgamuukw, Haida and the Tsilhqot'in Supreme Court decisions. Consent is part of Canadian law."

Grand Chief Phillip concluded "Any ill-advised, clumsy or barbaric efforts to deliberately circumvent our inherent Indigenous land rights and violate our Indigenous laws will result in Standing Rock a la Trudeau!"

Media inquiries:

Grand Chief Stewart Phillip, Union of BC Indian Chiefs: (604) 684-0231

Tweet, post or link online at <http://www.ubcic.bc.ca/consent>

--==--

Union of British Columbia Indian Chiefs · 342 Water St, 500, Vancouver, BC V6B-1B6, Ca

You are a supporter of the UBCIC.

This email was sent to lisa.leslie@gov.bc.ca. To stop receiving emails, [click here](#).

Our releases are online at www.ubcic.bc.ca/news. The UBCIC newsfeed is on [Twitter](#) and [Facebook](#).

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UBCIC is a NGO in Special Consultative Status with the Economic and Social Council of the United Nations.

Wharf, Sandy PREM:EX

From: Jardine, Kevin EAO:EX
Sent: Wednesday, September 21, 2016 9:21 AM
To: Henderson, Kim N PREM:EX; Carr, Steve PREM:EX; Cadario, Michele PREM:EX; Caul, Doug D ABR:EX; Nikolejsin, Dave MNGD:EX; Sweeney, Neil PREM:EX; Mentzelopoulos, Athana FIN:EX
Subject: TMX Consultations

Current TMX consultation schedule extends to October 14, followed by two week review of materials by FNs & then compilation of final report by MMPO. Final report – 300pg main body and at least 800 pgs of FN submissions in appendices – will be referred to Minister Carr by Nov 19th. This has been the public messaging to FNs throughout the process (consultations have largely been jointly EAO/MMPO in an effort to increase the efficiency of the provincial EA process).

A decision by GIC would presumably then occur sometime between the Nov 19th and Dec 19th.

s.13,s.16

K.

Kevin Jardine
Associate Deputy Minister
Environmental Assessment Office
Ministry of Environment
Government of British Columbia
TEL: 250-356-7478
MOB & TXT: 250-361-6753



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consu

Wharf, Sandy PREM:EX

From: Olson, Alisha PREM:EX
Sent: Friday, September 9, 2016 6:13 PM
To: Henderson, Kim N PREM:EX
Subject: Fwd: BN PO OSID Trans Mountain Expansion Project Update-Challenges (3).docx
Attachments: BN PO OSID Trans Mountain Expansion Project Update-Challenges (3).docx

Will print Monday for you but wanted to send in case you are waiting on this.

Sent from my Samsung Galaxy smartphone.

----- Original message -----

From: "Cochrane, Marlene MEM:EX" <Marlene.Cochrane@gov.bc.ca>
Date: 2016-09-09 4:46 PM (GMT-08:00)
To: "Olson, Alisha PREM:EX" <Alisha.Olson@gov.bc.ca>
Subject: BN PO OSID Trans Mountain Expansion Project Update-Challenges (3).docx

Hi Alisha. Please find attached a BN that I was asked to send to Kim via Fazil Mihlar. Thanks.

Marlene Cochrane
A/Executive Coordinator | Deputy Minister's Office
Ministry of Energy and Mines |
Ministry of Natural Gas Development
and Minister Responsible for Housing |
Victoria | British Columbia
Phone (250) 952-0683

MINISTRY OF NATURAL GAS DEVELOPMENT

BRIEFING NOTE FOR INFORMATION

I PREPARED FOR: Kim Henderson, Deputy Minister to the Premier

II ISSUE: Trans Mountain Expansion Project Update and Challenges

III BACKGROUND:

Trans Mountain is a wholly-owned subsidiary of Kinder Morgan Energy Partners, L.P. (Kinder Morgan). Kinder Morgan is the largest midstream and the fourth largest energy company in North America.

Trans Mountain filed its regulatory Application with the National Energy Board (NEB) December 2013 for approval to proceed with the \$5.4 billion twinning of the existing 1,150 kilometer pipeline within the existing right-of-way, where possible, from Edmonton to Vancouver. The proposed expansion would increase the current pipeline capacity of 300,000 barrels per day (bbl/d) to two continuous pipelines with a sustainable capacity of 890,000 bbl/d.

The NEB conducted a review and a public hearing process of the proposed Trans Mountain Expansion Project (Project) in which the Province participated as an intervenor. The Province submitted its final written argument on January 11, 2016 stating it could not support the project at this time based on the current information filed with the NEB by Kinder Morgan. In particular, the Province stated that Kinder Morgan had not spelled out plans on how it would deal with oil spills on land and on water.

The NEB issued its recommendations report to the Governor in Council (GIC) on May 19, 2016 recommending approval subject to 157 conditions. The GIC's final decision is expected no later than December 20, 2016.

s.12,s.13

The January 2016 B.C. Supreme Court (B.C. Court) decision on the validity of the Equivalency Agreement entered into by the B.C. Environmental Assessments Office and the NEB for the Northern Gateway Pipelines Project will also apply to the Project. The B.C. Court found that while Provincial Ministers can rely on the environmental assessment (EA) conducted by the NEB, they must render a decision on whether to issue a Certificate for the NGP and by extension to the Project. Trans Mountain applied to the B.C. Environmental Assessment Office (EAO) in May 2016, but must receive Governor in Council (GIC) approval before EAO can issue an EA Certificate.

CABINET CONFIDENTIAL

IV DISCUSSION:

While the Project has received conditional approval from the NEB, there remain a number of challenges which may delay the final decision. These challenges can be broadly characterized as follows:

s.12,s.13,s.16

s.12,s.13

s.12,s.13,s.16

s.12,s.13

CABINET CONFIDENTIAL

s.12,s.13,s.16

V CONCLUSION:

s.13

APPROVED BY:

Fazil Mihlar, DM, MOE

Dave Nikolejsin, DM, MNGD

Wharf, Sandy PREM:EX

From: Mihlar, Fazil ENV:EX
Sent: Wednesday, September 7, 2016 4:08 PM
To: Sweeney, Neil PREM:EX; Nikolejsin, Dave MNGD:EX; Carr, Steve PREM:EX; Henderson, Kim N PREM:EX
Subject: Fwd: Federal Court of Canada releases important decision impacting TMEP

FYI. Fazil

From: Forrester, Peter [mailto:Peter_Forrester@kindermorgan.com]
Sent: Wednesday, September 7, 2016 2:16 PM
To: Beltrano, Linda MNGD:EX
Subject: Federal Court of Canada releases important decision impacting TMEP

Linda,

We wanted to update you on important decision impacting TMEP to keep you up to date.

Yesterday, September 6, 2016, the Federal Court of Canada released its decision in the Tslweil-Waututh Nation (TWN) case filed against the National Energy Board (NEB), Canada and Trans Mountain. The Court dismissed TWN's claim in its entirety, and made a cost award in our favor.

TWN appealed three orders of the NEB:

- (1) The NEB Order of completeness, in which the NEB held that the Project Description was sufficiently complete thereby allowing the TMEP hearing to proceed.
- (2) The scope of the issues to be decided under the *Canadian Environmental Assessment Act (CEAA)*, on the basis it did not include upstream or downstream issues, namely those related to increased marine traffic.
- (3) That the NEB failed to fulfill the duty to consult in relation to the Hearing Order by not first consulting with TWN regarding the framework of the consultation and procedural steps in relation to the Hearing Order.

s.13

Page 28

Withheld pursuant to/removed as

s.16;s.13

s.13,s.16

Peter J. Forrester | Senior Director, Aboriginal & Legal

Kinder Morgan Group of Companies | 2700, 300 – 5th Avenue SW | Calgary, AB, T2P 5J2

P. 403-514-6643 | s.22

| peter_forrester@kindermorgan.com

Leamy, Michelle T PREM:EX

From: Kapac de Frias, Martina E ENV:EX
Sent: Wednesday, November 30, 2016 8:44 AM
To: Cadario, Michele PREM:EX; Mihlar, Fazil ENV:EX; Polak, Mary ENV:EX
Subject: Letter
Attachments: Federal OPP Letter.pdf; ATT00001.txt

Hi all. Letter attached.



Honourable Jim Carr
Minister of Natural Resources
580 Booth Street, 21st Floor, Room: C7-1
Ottawa, Ontario K1A 0E4

Honourable Marc Garneau
Minister of Transportation
330 Sparks Street
Ottawa, Ontario K1A 0N5

Honourable Catherine McKenna
Minister of Environment and Climate Change
200 Sacre-Coeur, 2nd Floor
Gatineau, Quebec K1A 0H3

Dear Honourable Ministers Jim Carr, Marc Garneau, and Catherine McKenna:

The Province of British Columbia welcomes the recently announced national Oceans Protection Plan. While shipping, navigation and the protection of our coastal marine waters are federal jurisdiction they are also of critical importance to British Columbia's (BC) environment and economy.

We were pleased to see the Prime Minister in BC for your recent marine protection announcement and hear him commit to a world leading marine regime.

As you are aware, the protection and enhancement of BC's coast is crucial to a way of life on the west coast, whether it's a thriving fisheries or tourism. This is especially the case for BC's First Nations, Indigenous and coastal communities.

BC ports are vital to Canada's economy with nearly \$45 billion worth of trade passing through in 2015. In 2014, we had 4207 ships move in and out of BC ports, carrying goods and services that fuel Canada's economy and support jobs. The decision by Canada to provide Transmountain Pipeline Expansion a certificate to proceed means there will be an increase in vessel traffic and associated risks to BC's coast. It is essential that it is done safely and that our coast is appropriately protected in case of any type of incident.

The volume of forest products, grain, containers, oil, coal, metals and minerals, potash and LNG going through BC ports is expected to increase by 2020, in some cases by over 300%.

...2

As you know, BC has long advocated for a world leading marine spill response system from successive federal governments. We have invested in research and analysis to review response systems in other jurisdictions and have shared that with you. We are now interested to learn more details of your marine response plan and specifically how it addresses the following gaps we identified:

1. Need for salvage tugs in southern and northern areas;
2. Adoption of world-leading monitoring systems to manage port traffic;
3. Additional funding for BC's marine training institutions to update simulator training, expanded seating, and consideration to a dedicated labour force, including First Nations;
4. Ensure that Canadian Coast Guard (CCG) adequately services the entirety of BC's coast;
5. Provide clarification of proposed northern BC moratorium around shipping lanes and types of vessels;
6. Work with U.S. to establish response regulation for spills crossing international borders;
7. Update Federal requirements for minimum response standards that apply to all marine vessels and incorporate spill characteristics beyond size of spill;
8. Consider lifting ban on the use of alternative spill response measures, including dispersants and in situ burning;
9. Undertake risk-based Area Response Planning for the entirety of BC's coast; and
10. Federal funds for reimbursement of cost incurred in response and clean-up must be more readily available to the Province, and provided in a timely manner.

We appreciate your shared interest in making the investments necessary to establish a world leading marine regime on BC's coast and look forward to working with you on this initiative that is so critical for our environment and economy.

Sincerely yours,



Mary Polak
Minister of Environment

Leamy, Michelle T PREM:EX

From: Cadario, Michele PREM:EX
Sent: Tuesday, November 29, 2016 1:36 PM
To: Crebo, David GCPE:EX; Chin, Ben PREM:EX
Cc: Fraser, John Paul GCPE:EX; Gordon, Matt GCPE:EX; Mills, Shane PREM:EX; Smart, Stephen PREM:EX; Merrifield, Katy PREM:EX; Carr, Steve PREM:EX; Kapac de Frias, Martina E ENV:EX
Subject: RE: fed announcemnt

I'm with MMP – she reviewed and would just like “conditions of certificate” to be changed to “certificate conditions”

She wants to make sure Kevin Jardine has reviewed as well.

Michele

*Michele Cadario
Deputy Chief of Staff to Premier Christy Clark*

From: Crebo, David GCPE:EX
Sent: Tuesday, November 29, 2016 1:23 PM
To: Chin, Ben PREM:EX
Cc: Fraser, John Paul GCPE:EX; Gordon, Matt GCPE:EX; Mills, Shane PREM:EX; Smart, Stephen PREM:EX; Merrifield, Katy PREM:EX; Carr, Steve PREM:EX; Cadario, Michele PREM:EX; Kapac de Frias, Martina E ENV:EX
Subject: RE: fed announcemnt

Have confirmed with EAO the prov EA has been underway for 7 months (April 8, 2016.)

From: Chin, Ben PREM:EX
Sent: Tuesday, November 29, 2016 1:22 PM
To: Crebo, David GCPE:EX
Cc: Fraser, John Paul GCPE:EX; Gordon, Matt GCPE:EX; Mills, Shane PREM:EX; Smart, Stephen PREM:EX; Merrifield, Katy PREM:EX; Carr, Steve PREM:EX; Cadario, Michele PREM:EX; Kapac de Frias, Martina E ENV:EX
Subject: RE: fed announcemnt

Proposed Statement from MMP:

Today, the Federal Government has approved the Kinder Morgan Transmountain Project with XXX conditions. We will take the time necessary to assess those conditions of certificate.

In anticipation of a federal approval, BC has been consistent from the beginning that our 5 Conditions must be met in order for British Columbia to support any new or expanded heavy-oil pipeline. That remains the case today.

Because we took that clear and principled approach to stand up for our province we have seen the proponent and the federal government take actions, including recently, Ottawa's Ocean Protection Plan to address world-leading marine spill prevention and response.

We will soon complete BC's Environmental Assessment, which has been underway for 7 months. We will monitor the project to ensure that all of BC's conditions of certificate, as well as federal conditions are met.

BC's Five Conditions are:

- Successful completion of the environmental review process.
- World-leading marine oil spill response, prevention and recovery systems for B.C.'s coastline and ocean to manage and mitigate the risks and costs of heavy oil pipelines and shipments;
- World-leading practices for land oil spill prevention, response and recovery systems to manage and mitigate the risks and costs of heavy oil pipelines;
- Legal requirements regarding Aboriginal and treaty rights are addressed, and First Nations are provided with the opportunities, information and resources necessary to participate in and benefit from a heavy-oil project; and
- British Columbia receives a fair share of the fiscal and economic benefits of a proposed heavy oil project that reflects the level, degree and nature of the risk borne by the province, the environment and taxpayers.

Leamy, Michelle T PREM:EX

From: Cadario, Michele PREM:EX
Sent: Tuesday, January 10, 2017 11:53 AM
To: Gulsen, Gul PREM:EX
Subject: Fwd: Revised docs
Attachments: NR_5 conditions assessment_Jan 10_11am.docx; ATT00001.htm; MA - 5 Conditions - Jan 11 3pm.docx; ATT00002.htm; KMs QA_5 conditions_ Jan 10_11am.docx; ATT00003.htm

Pls print for me

Sent from my iPhone

Begin forwarded message:

From: "Gordon, Matt GCPE:EX" <Matt.Gordon@gov.bc.ca>
Date: January 10, 2017 at 11:47:31 AM PST
To: "Chin, Ben PREM:EX" <Ben.Chin@gov.bc.ca>, "Cadario, Michele PREM:EX" <Michele.Cadario@gov.bc.ca>, "Carr, Steve PREM:EX" <Steve.Carr@gov.bc.ca>, "Sweeney, Neil PREM:EX" <Neil.Sweeney@gov.bc.ca>
Cc: "Fraser, John Paul GCPE:EX" <JohnPaul.Fraser@gov.bc.ca>, "Crebo, David GCPE:EX" <David.Crebo@gov.bc.ca>, "Mihlar, Fazil ENV:EX" <Fazil.Mihlar@gov.bc.ca>
Subject: FW: Revised docs

Here they are based on today's discussion. Statement by MMP based on EAO materials still to come.

Matt Gordon
Assistant Deputy Minister
Corporate Priorities & Communications Operations
4th Floor, 617 Government Street
Victoria, BC
250.896.4923

NEWS RELEASE

For Immediate Release
[release number]
January 11, 2017

Office of the Premier

5 conditions achieve coastal protection and economic benefits for all British Columbians

VANCOUVER – Following the Trudeau government's approval of Kinder Morgan's Trans Mountain Pipeline Project, the Province's clear, consistent and principled position on its five conditions has resulted in tangible and significant investments that will protect British Columbia's environmental and economic interests.

"The five conditions is an articulation of the way we do business in British Columbia," said Premier Christy Clark. "We set the bar high and stood up for B.C. to ensure our environmental protections, First Nations participation and overall economic benefits were taken seriously".

Protecting B.C.'s Coast

The Trudeau government has responded to B.C.'s second condition related to marine spill prevention, response and recovery with a \$1.5-billion Oceans Protection Plan and a further commitment to a world leading response plan with continued improvements and investments as required. Remaining a world-leader in spill response is an on-going commitment and B.C. will work closely with Canada to continually assess our response capability. This includes a reassessment in 2019 to ensure we remain world-leading prior to Trans Mountain commencing operations in December of that year.

The lion's share of the Plan will be directed to B.C. in new equipment and staff including two new salvage tugs capable of rescuing and towing large vessels. Trans Mountain has also enhanced its marine protection plan as a result of B.C.'s second condition, including the requirement for two local expert pilots on loaded tankers and an increased escort tug regime for the Juan De Fuca Strait.

The Oceans Protection Plan insures B.C. against any cost associated with a potential spill by providing a guarantee of unlimited funds available for clean-up and compensation, allowing dollars to get quickly into the hands of first responders and those affected by oil spills.

B.C.'s Fair Share

British Columbia's fifth condition related to a fair share of fiscal and economic benefits has resulted in an agreement that:

- has British Columbians first in line for jobs of the more than 75 thousand person-years of employment;
- will boost B.C.'s GDP by \$19.1 billion during construction and operations over 20 years; and
- generates over \$2.2 billion in tax revenue for provincial and local governments.

In addition, B.C. has achieved an unprecedented agreement with Kinder Morgan to receive a significant investment worth up to **\$XX billion**. The company will pay the Province between **\$XX million and \$XX million annually for 20 years**. This is the first time in B.C. that a company will share revenue from a large industrial project directly with the Province.

All of these revenues will be dedicated to a new BC Clean Communities Program. Under this new program, communities across B.C. will be able to apply annually for grants to invest in protecting and enhancing B.C.'s environment (more details in Background 3).

Conditions 1, 3 & 4

The remaining conditions have either been, or are being met. The first condition requiring environmental approval has been met at both the federal and provincial levels. B.C.'s EA certificate added another 37 conditions to further protect wetlands, wildlife habitat and caribou and grizzly populations.

The third condition requiring world-leading, land-based spill response is addressed through provincial legislation passed last year, which will establish a world-leading spill preparedness and response regime. Regulations will be enacted in 2017.

The fourth condition requiring opportunities for First Nations as well as addressing legal and treaty rights is being addressed by both the federal government and the company.

Approving interprovincial pipelines is a federal responsibility. In May 2016, the National Energy Board recommended approval of the Trans Mountain project with 157 conditions. In November, the Trudeau government gave federal approval for the project.

3 backgrounders follow.

BACKGROUND 1

What British Columbia's 5 Conditions have achieved

Condition 1: Successful completion of the environmental review process.

- On May 19, 2016 the National Energy Board (NEB) recommended to the federal government that the project be approved, subject to 157 conditions.
- On November 29, 2016 the Trudeau government announced its approval of the Trans Mountain Expansion Project.
- The provincial environmental assessment process began nine months ago. Aboriginal consultation efforts have been conducted jointly with the federal government.
- After careful review, the Province has issued an EA certificate for Kinder Morgan's Trans Mountain Expansion Project with 37 specific conditions attached.
- These conditions are based on the NEB's report, the consideration of additional information and Aboriginal consultation to date.
- The conditions attached to this decision are legally binding and must be completed to ensure Aboriginal interests are accommodated and the Province is satisfied.

Condition 2: World-leading marine oil spill response, prevention and recovery systems for B.C.'s coastline and ocean to manage and mitigate the risks and costs of heavy oil pipelines and shipments.

- The federal government's \$1.5-billion Oceans Protection Plan is a world-leading marine safety system with new preventive and response measures. The lion's share of the federal government's Oceans Protection Plan will be directed to B.C. ensuring a truly world leading marine response regime.

Condition 3: World-leading practices for land oil spill prevention, response and recovery systems to manage and mitigate the risks and costs of heavy oil pipelines.

- In May, 2016, amendments to the Environmental Management Act (EMA) were passed which provide the legal foundation to establish a new, world-leading spill preparedness and response regime to address environmental emergencies in B.C.
- The new legislated requirements for a provincial spills regime were the result of over three years of engagement with industry, First Nations, local government and other key stakeholders.
- The legislation includes the following:
 - Establishes new requirements for spill preparedness, response and recovery.
 - Creates new offences and penalties.
 - Enables the certification of a Preparedness and Response Organization.
 - Increases transparency, participation and accountability.
- The provincial regime is intended to address all types of spills that cause pollution or threaten public safety regardless of their source.
- Trans Mountain's commitments to safety include:
 - Enhanced Emergency Management Program with increased requirements such as a greater focus on geographic response planning and response

equipment, and funding inland geographic response planning development in B.C.

- Minimum of 12 exercises along the pipeline; more than what is currently required.
- Continual assessment and improvement including annually updated Emergency Management Plans, regular review of geographic response plans, a robust training and exercise program and an emergency management after incident/exercise reporting process.

Condition 4: Legal requirements regarding Aboriginal and treaty rights are addressed, and First Nations are provided with the opportunities, information and resources necessary to participate in and benefit from a heavy-oil project.

- Kinder Morgan has had over 30,000 points of contact with First Nations throughout their engagement process.
- Prime Minister Trudeau has confirmed the substantial progress that's been made on consultation and accommodation, including a First Nations monitoring and advisory committee with a \$64 million funding envelope.
- Kinder Morgan has signed 41 Mutual Benefit Agreements with First Nations in B.C. worth more than \$382 million, and the company has also provided \$13 million in capacity funding to assist First Nations in carrying out their due diligence.
- There will be continued engagement with First Nations in the case of this pipeline as with many other projects.

Condition 5: British Columbia receives a fair share of the fiscal and economic benefits of a proposed heavy oil project that reflects the level, degree and nature of the risk borne by the Province, the environment and taxpayers.

- The economic benefits B.C. is receiving as a result of government's consistent and principled position includes (updated economic numbers from the 2012 submission to the National Energy board):
 - 75,110 person-years of employment for B.C. throughout construction and operation.
 - \$3.8 billion in GDP to B.C. in construction and \$15.3 billion (over 20 years) during operation for a total of \$19.1 billion.
 - Approximately \$2.2 billion in provincial tax revenue, including construction and operation benefits.
 - Estimated \$512 million in property taxes to municipalities in B.C. over 20 years of operation.
- In addition B.C. will receive significant fiscal benefits direct from Kinder Morgan worth up to **\$XX billion**.

BACKGROUND 2

Elements of world leading marine protection and response

- New, modern radar and navigation systems as well as improved weather services to allow for proactively managing vessel routing.
 - Improved emergency training and capacity building for First Nations and others so they can more effectively act as B.C.'s first responders on the coast.
 - Upgrades to Canadian Coast Guard (CCG) facilities along the coast (Prince Rupert to Bella Bella to Powell River), including improvements to equipment, personnel and infrastructure.
 - Two multi-purpose tow-capable vessels to augment CCG's towing capability in B.C.
 - New, dedicated Emergency Response teams created under the Canadian Coast Guard.
 - Response equipment staged in urban centres, so the coast guard can ensure quick deployment.
 - Establishment of a 24-7 emergency operations centre in Port Hardy.
 - Improvement to the Polluter Pays regime, where funds will be more immediately available to deal with response and clean-up.
- Trans Mountain's commitments will further contribute to enhancing marine protection:
 - Requiring all tankers calling at the Westridge Marine Terminal meet strict, internationally accepted construction and operation standards;
 - Only double hulled tankers will be allowed and they must go through rigid pre-screening and physical inspection;
 - Two expert local pilots will be on board loaded tankers from Westridge Marine Terminal to Victoria.
 - Tug escort regime will be extended to cover the tanker route up to Buoy Juliet ("J Buoy"), located at the entrance to Juan de Fuca Strait.
 - Prescribing minimum tug requirement for outbound vessels for the Strait of Georgia including Juan de Fuca Strait.
 - More than \$150 million invested in Western Canada Marine Response Corporation, an industry funded, Transport Canada certified response organization, to create new response bases, fund new equipment and create 100 new jobs. Investment will double existing spill response capabilities and cut realized response times in half.
 - Enforcing a Tanker Acceptance Standard that provides a dedicated loading master with the authority to stop or abort cargo transfer operations should a marine risk or noncompliance occur.

BACKGROUNDER3

Benefits agreement between Kinder Morgan and the Province of British Columbia.

In an unprecedented agreement between the Province of British Columbia and a private company, B.C. will receive significant fiscal benefits direct from Kinder Morgan worth up to \$XX billion. The company will pay the Province between \$XX million and \$XX million annually for 20 years. The actual amount paid to the Province each year will depend whether the expanded pipeline is operating at full capacity on its spot market contracts. To view the benefits agreement please visit www.weblink

Revenues from the Trans Mountain expansion will be dedicated to the new BC Clean Communities program, a source of funding for projects that protect the environment and benefit communities. The BC Clean Communities program will launch once revenues to the Province from Kinder Morgan commence.

When the BC Clean Communities program is fully in place, it will be based on the following principles:

- A grant application process will be established, similar to the current gaming grant application process.
- Revenues will be dispersed as grants for grassroots, community-led environmental protection or enhancement initiatives.
- Grants can be combined with other funding sources that require matching funds, however BC Clean Communities grants will not require matching funds by applicants.
- B.C.'s polluter pay principle will remain paramount. Funds from BC Clean Communities will not be allowed to replace a polluter's requirement to pay for clean-up and compensation.

Examples of potential projects eligible for funding under the BC Clean Communities program include, but are not limited to:

- Securing land for conservation
- Protecting and restoring cultural and historic sites
- Cleaning up polluted sites or illegal dumping where the polluter is unknown.
- Restoring habitat
- Controlling invasive species
- Cleaning up beaches, rivers or lakes.
- Establishing programs to reduce and reuse waste.
- Marine conservation and monitoring

Jan. 11, 2017

Office of the Premier

MEDIA ADVISORY

VICTORIA – Media are invited to join Premier Christy Clark and Environment Minister Mary Polak as they provide an update on B.C.'s five conditions for considering support of new or expanded heavy-oil pipelines through British Columbia.

Event Date: Wednesday, January 11th

Time: 3:00p.m.

Location: Press Theatre, Legislature Building.

Reporters who are outside of Victoria or unable to attend can call in and listen to the announcement.

Teleconference Instructions:

Dial In #:

Access Code:

Media Contact:

Stephen Smart
Press Secretary
Office of the Premier
778 389-6202

Media Relations
Ministry of Environment
250 953-3834

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KEY MESSAGES | QUESTIONS AND ANSWERS

5 Conditions assessment
Ministry of Environment | *January 2017*

Key Messages

Top Lines

- The Province's clear, consistent and principled position on its five conditions has resulted in tangible and significant investments that will protect British Columbia's environmental and economic interests.
- The five conditions is an articulation of the way we do business in British Columbia – we set the bar high and stood up for B.C. to ensure our environmental protection, First Nations participation and overall economic benefits were taken seriously.

Environmental Protection

- The Trudeau government responded with a \$1.5-billion Oceans Protection Plan and a further commitment to a world leading response plan with continued improvements and investments as needed.
- The lion's share of the Plan will be invested in B.C. in the form of new equipment and staff including two new salvage tugs capable of rescuing and towing large vessels.
- Trans Mountain has also enhanced their marine protection plan including the requirement for two local expert pilots on loaded tankers and an increased escort tug regime for the Juan De Fuca Strait.
- The Plan also insures B.C. against any cost associated with a potential spill by providing a guarantee of unlimited funds available for clean-up and compensation, allowing dollars to get quickly into the hands of first responders and those affected by oil spills.
- Remaining a world-leader in spill response is an on-going commitment that British Columbians expect – to ensure the Plan stays world-leading, B.C. will work closely with Canada to continually assess our response capability.
- This will include a reassessment in 2019 to ensure we remain world-leading prior to Trans Mountain commencing operations in December of that year.

Fair Share

- British Columbia's fifth condition related to a fair share of fiscal and economic benefits has resulted in an agreement that:
 - has British Columbians first in line for jobs of the more than 75 thousand person-years of employment;
 - will boost B.C.'s GDP by \$19.1 billion during construction and operations over 20 years; and
 - generates over \$2.2 billion in tax revenue for provincial and local governments.
- These revenues will be dedicated to a new BC Clean Communities Program.
- Under this new program, communities across B.C. will be able to apply annually for grants to invest in protecting and enhancing B.C.'s environment.

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KEY MESSAGES | QUESTIONS AND ANSWERS

Meeting Commitments 1,3 & 4

- The remaining conditions have either been, or are being met.
- The first condition requiring environmental approval has been met at both the federal and provincial levels.
- B.C.'s EA certificate added another 37 conditions to further protect wetlands, wildlife habitat and caribou and grizzly populations.
- The third condition requiring world-leading, land-based spill response is addressed through provincial legislation passed last year, which will establish a world-leading spill preparedness and response regime.
- The fourth condition requiring opportunities for First Nations as well as addressing legal and treaty rights is being addressed by both the federal government and the company.
- First Nations having a direct say in the project, including new jobs and economic opportunities.
- We're told Kinder Morgan has signed 41 Mutual Benefit Agreements with First Nations in B.C. worth more than \$382 million and that the company has also provided \$13 million in capacity funding to assist First Nations in carrying out their due diligence.

Questions and Answers

1. Have the 5 conditions been met?

- We have been clear that it is up to the Trudeau government to approve, support and explain why this project is in the national interest.
- B.C. supports economic development that is done the right way - our job was to stand up British Columbians and ensure the highest environmental standards were met and B.C. received its fair share of benefits and this has been achieved.

2. What are the 5 conditions?

1. Successful completion of the environmental review process.
 - On May 19, 2016 the National Energy Board recommended to the federal government that the project be approved, subject to 157 conditions.
 - On November 29, 2016 the Trudeau government announced its approval of the Trans Mountain Expansion Project.
 - The provincial environmental assessment process began nine months ago. Aboriginal consultation efforts have been conducted jointly with the federal government.
 - After careful review, the Province has issued an EA certificate for Kinder Morgan's Trans Mountain Expansion Project with specific conditions attached.
 - These conditions are based on the NEB's report, the consideration of additional information and Aboriginal consultation to date.

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KEY MESSAGES | QUESTIONS AND ANSWERS

- The conditions attached to this decision are legally binding and must be completed to ensure Aboriginal interests are accommodated and the Province is satisfied.
2. World-leading marine oil spill response, prevention and recovery systems for B.C.'s coastline and ocean to manage and mitigate the risks and costs of heavy oil pipelines and shipments.
- The federal government's Oceans Protection Plan is a world-leading marine safety system with new preventive and response measures:
 - The lion's share of the federal government's Oceans Protection Plan will be directed to B.C. giving us a truly world leading marine response regime:
 - New, modern radar and navigation systems as well as improved weather services to allow for proactively managing vessel routing;
 - Improved emergency training and capacity building for First Nations and others so they can more effectively act as B.C.'s first responders on the coast;
 - Upgrades to Canadian Coast Guard (CCG) facilities along the coast (Prince Rupert to Bella Bella to Powell River), including improvements to equipment, personnel and infrastructure;
 - Two multi-purpose tow-capable vessels to augment CCG's towing capability in B.C.
 - New, dedicated Emergency Response teams created under the Canadian Coast Guard;
 - Response equipment staged in urban centres, so the coast guard can ensure quick deployment;
 - Establishment of a 24-7 emergency operations centre in Port Hardy.
 - Improvement to the Polluter Pays regime, where funds will be more immediately available to deal with response and clean up.
 - Trans Mountain's commitments will contribute to enhancing marine protection:
 - Requiring all tankers calling at the Westridge Marine Terminal meet strict, internationally accepted construction and operation standards;
 - Only double hulled tankers will be allowed and they must go through rigid pre-screening and physical inspection;
 - Two expert local pilots will be on board loaded tankers from Westridge Marine Terminal to Victoria.
 - Tug escort regime will be extended to cover the tanker route up to Buoy Juliet ("J Buoy"), located at the entrance to Juan de Fuca Strait.
 - Prescribing minimum tug requirement for outbound vessels for the Strait of Georgia including Juan de Fuca Strait;
 - More than \$150 million invested in WCMRC to create new response bases, fund new equipment and create 100 new jobs. Investment will double existing spill response capabilities and cut realized response times in half;

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KEY MESSAGES | QUESTIONS AND ANSWERS

- Enforcing a Tanker Acceptance Standard that provides a dedicated loading master with the authority to stop or abort cargo transfer operations should a marine risk or noncompliance occur.
3. World-leading practices for land oil spill prevention, response and recovery systems to manage and mitigate the risks and costs of heavy oil pipelines.
- In May, 2016, amendments to the Environmental Management Act (EMA) were passed which provide the legal foundation to establish a new, world-leading spill preparedness and response regime to address environmental emergencies in B.C.
 - The new legislated requirements for a provincial spills regime were the result of over three years of engagement with industry, First Nations, local government and other key stakeholders.
 - The legislation includes the following:
 - Establishes new requirements for spill preparedness, response and recovery.
 - Creates new offences and penalties.
 - Enables the certification of a Preparedness and Response Organization.
 - Increases transparency, participation and accountability.
 - The provincial regime is intended to address all types of spills that cause pollution or threaten public safety regardless of their source.
 - Once fully implemented, these amendments will ensure a world-leading spill preparedness and response regime.
 - Trans Mountain's commitments to safety including:
 - Enhanced Emergency Management Program with increased requirements such as a greater focus on geographic response planning and response equipment, and funding inland geographic response planning development in B.C.;
 - Minimum of 12 exercises along the pipeline- more than what is currently required;
 - Continual assessment and improvement including annually updated Emergency Management Plans, regular review of geographic response plans, a robust training and exercise program and an emergency management after incident/exercise reporting process.
4. Legal requirements regarding Aboriginal and treaty rights are addressed, and First Nations are provided with the opportunities, information and resources necessary to participate in and benefit from a heavy-oil project.
- We have been informed that Kinder Morgan has had over 30,000 points of contact with First Nations throughout their engagement process. Prime Minister Trudeau has confirmed the substantial progress that's been made on consultation and

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KEY MESSAGES | QUESTIONS AND ANSWERS

accommodation, including a First Nations monitoring and advisory committee with a \$64 million funding envelope.

- Specifically, we're told Kinder Morgan has signed 41 Mutual Benefit Agreements with First Nations in B.C. worth more than \$382 million and that the company has also provided \$13 million in capacity funding to assist First Nations in carrying out their due diligence. And there will be continued engagement with First Nations in the case of this pipeline as with many other projects.
5. British Columbia receives a fair share of the fiscal and economic benefits of a proposed heavy oil project that reflects the level, degree and nature of the risk borne by the province, the environment and taxpayers.
- The economic benefits B.C. is receiving as a result of government's consistent and principled position includes
 - 75,110 person-years of employment for B.C. throughout construction and operation.
 - \$3.8 billion in GDP to B.C. in construction and \$15.3 billion (over 20 years) during operation for a total of \$19.1 billion.
 - Estimated \$2.2 billion in provincial tax revenue, including construction and operation benefits.
 - Estimated \$512 million in property taxes to municipalities in B.C. over 20 years of operation.
 - In addition B.C. will receive significant fiscal benefit direct from Kinder Morgan worth up to **\$XX billion dollars**. This is unprecedented. For the first time in B.C. a company will share revenue from a large industrial project directly with the province.
 - The company will pay the province between **\$XX million and \$XX million annually** for 20 years. These revenues will be dedicated to environmental protection initiatives.

If pressed on what "lion's share" of Oceans Protection Plan funding means

- *Addressing the gaps we identified will mean more than \$600 million.*

3. The province maintained that the first 4 conditions were to be met before the 5th could be discussed. So, how can you engage in talks on the 5th condition with Kinder Morgan before your environmental assessment process had concluded?

- Our main focus all along was on the first four conditions, but it is perfectly legitimate to carry out work on 5th condition concurrently with the caveat that the first four conditions must be achieved before that side work on Condition 5 has any relevance.
- The simple fact of the matter is that without the first four conditions being met there would be no 5th condition.

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KEY MESSAGES | QUESTIONS AND ANSWERS

4. What determines the actual annual payment the Province will receive from Kinder Morgan?

- The company will pay the province between \$XX million and \$XX million annually for 20 years.
- The actual amount paid to the province each year will depend whether the expanded pipeline is operating at full capacity on its spot market contracts.

5. What are the binding conditions attached to the provincial EA certificate, to achieve the first condition?

- There are 37 conditions attached to the environmental assessment certificate that, together with the design aspects specified in the Certified Project Description, will mitigate the impacts of the project.
- Each of the conditions and the Certified Project Description are legally-binding requirements that Trans Mountain must meet to be in compliance with the project's certificate.
- Key conditions require Trans Mountain to:
 - Consult with Aboriginal groups and provincial agencies when developing and implementing relevant plans and programs required by the National Energy Board and the provincial environmental assessment certificate;
 - Develop wildlife species-at-risk offset plans and a grizzly bear mitigation and monitoring plans for all impacted Grizzly Bear Population Units;
 - Prepare and implement access management plans to avoid or mitigate disruption to access by members of Aboriginal groups carrying out traditional use activities and by provincially authorized trappers and guide outfitters;
 - Prepare and implement a worker accommodation strategy that describes the potential environmental and social-economic impacts of construction camps on Aboriginal groups and includes a plan to provide medical and health services for employees and contractors using the construction camps;
 - Prepare offset plans for any provincial parks, protected areas and recreation areas that would be impacted by the Project;
 - Report GHG emissions consistent with BC's Greenhouse Gas Industrial Reporting and Control Act and offset the GHG emissions from project construction in British Columbia through the BC Carbon Registry;
 - Conduct a research program regarding the behaviour and clean-up of heavy oils spilled in freshwater and marine aquatic environments to provide Trans Mountain and spill responders with improved information on how to effectively respond to spills;
 - Develop emergency response plans that include guidelines for incident notification and communications; oiled wildlife care; volunteer management; environmental sampling and monitoring and describe how Trans Mountain would coordinate emergency response participation of first responders, agencies, municipalities and regional districts, and Aboriginal Groups;

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KEY MESSAGES | QUESTIONS AND ANSWERS

- Increase Trans Mountain's emergency preparedness and response exercise and training program to include full scale exercises or deployments of emergency equipment for certain pipeline rupture and tank fire scenarios before operations begin;
- Implement an Aboriginal marine outreach program along the marine shipping route to address the impacts of increased Project-related tanker traffic in the Salish Sea.
- Provide opportunities for Aboriginal Groups to participate in construction and post-construction monitoring, including training for Aboriginal monitors.

6. Industry considers 10-15 per cent of oil recovered to be a success. How can you claim "world-leading" if 85 to 90 per cent of the oil won't be recovered in the marine environment?

- While shipping and navigation on coastal marine waters are federal jurisdiction, British Columbia takes a very active interest in the protection of our coast line. B.C. has consistently advocated for a comprehensive world leading marine spill response system from successive federal governments.
- B.C. welcomed the federal government's recently announced Oceans Protection Plan.
- While the federal government remains responsible for the coastal environment, we look forward to continuing to work with our federal partners on the details of the plan, because our primary concern is to first ensure the risk of a spill is minimized and then a world leading marine spill response is in place along our entire coastline.

7. How can you say a world leading marine prevention, response and recovery system will be in place when diluted bitumen can't be recovered if spilled in the marine environment?

- By insisting on world leading marine oil spill response, prevention and recovery systems for B.C.'s coastline and ocean we have greatly reduced the risk of spill as well as the impact of a potential spill.
- The Trudeau government is conducting wide-ranging research into the behaviour and potential impacts of a diluted bitumen spill in a marine environment. There is a wide range of federal science that will inform safe and effective spill cleanup plans.
- Additional funding for research through the federal government's Oceans Protection Plan will support further research in this area to help spill responders better understand and predict the behaviour of diluted bitumen and improve ways to clean-up oil spills.
- Trans Mountain and industry are also committed to further study effective response to a dilbit spill.

8. The regulations for a world-leading provincial spill regime are going to be introduced gradually over several years – how can you consider this condition met when all the details may not be in place for years?

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KEY MESSAGES | QUESTIONS AND ANSWERS

- World-leading means we will be continuously improving and evolving over time to ensure our spills regime is a leading example of spill preparedness, response and recovery. We've put legislation in place that sets the groundwork for a world-leading regime and we will be putting regulations in place incrementally, starting this spring, to meet that goal.
 - For example, we intend to introduce regulations this spring related to:
 - Defining regulated persons
 - Spill contingency plans
 - Drills and exercises
 - Record-keeping for spill preparedness and response
 - Spill reporting
 - Spill cost recovery
 - Recovery of areas affected by the spill
 - The Province will also support the spills regime through \$1.5 million in funding this fiscal year and \$2.5 million next fiscal.
 - This includes new ministry staff to help implement the regime, including four new Environmental Emergency Response Officers starting this April, along with new vehicles and spill response equipment.
 - Funding will also be earmarked for First Nations training, a geographic response plan for Coastal First Nations and a First Nations Advisory Council on spills and environmental emergencies.
 - Trans Mountain has also contributed \$200,000 towards initiatives aimed at advancing leak detection.
- 9. You've said the federal government's Oceans Protection Plan is considered world-leading for today's marine traffic, but how can you check this condition off when it may not be world-leading when the pipeline is built considering there will be a significant increase in tanker traffic and a greater spill risk?**
- Much like our provincial spill regime, we expect this plan to evolve over time. The important thing is the federal government has stepped up to the plate and committed to a world-leading marine spill regime.
 - The pipeline won't be built overnight and we will continue to work with our federal counterparts in the coming years to ensure what we have in place will meet the demands of increasing marine traffic.
 - Trans Mountain must also meet its marine commitments to the NEB.
- 10. Trans Mountain says they will cover the costs of a pipeline spill but not a tanker spill, which it says is the responsibility of tanker companies. I've heard that compensation is capped at about \$1.3 billion – well below potential damage costs. Who would bear the cost of a tanker spill? B.C. taxpayers? Alberta? The federal government?**

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KEY MESSAGES | QUESTIONS AND ANSWERS

- Both the federal and provincial government operate under the polluter-pay model which puts the onus on the spiller. For marine spills, the federal government is currently in the process of strengthening their Ship-Source Oil Pollution Fund as part of their Oceans Protection Plan.
- The Oceans Protection Plan, once passed, will ensure there is unlimited liability available for clean-up and compensation, and dollars will get quickly into the hands of first responders and those affected by oil spills.

11. Even though condition 4 is technically met, how can you support this project when some First Nations remain strongly opposed?

- I am confident in the consultation and engagement that has been done by the Trudeau government and through the Province's work on the new provincial spills regime. In fact, there is support from many First Nations that will have portions of the pipeline cross over their traditional lands.
- Much like the Prime Minister has said, I respect people's rights to disagree and to have a peaceful protest that respects the law.

12. The Ministerial Panel report describes a "boil-over" scenario, in which a fire at the Burnaby tank farm would force the evacuation of 35,000 people, including at Simon Fraser University. What are your thoughts on this?

- While this scenario is unlikely, the City of Burnaby needs to work with the proponent to be prepared in order to ensure the safety of its residents. Trans Mountain has repeatedly invited the City of Burnaby to the exercises.
- As part of NEB's 157 conditions, Trans Mountain is required to implement appropriate emergency management, response and preparedness plans. These conditions all involve consultation with appropriate government authorities, first responders and potentially affected Indigenous groups followed by separate regulatory decisions by the NEB.
- As well, In February, 2016, amendments to the Environmental Management Act (EMA), were introduced and provide the legal foundation to establish a new, world-leading spill preparedness and response regime to address environmental emergencies in B.C.
- The proposed spills regime will ensure effective preparedness, response and recovery measures are in place for hazardous substance spills, from any source.

13. If the end result was simply to get to yes, why the pretense of the 5 conditions?

- The five conditions provided a pathway to 'yes' that protects the interests of British Columbia.
- Our government's position has always been clear and consistent. We will only support new heavy-oil pipelines in British Columbia if our five conditions can be met

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- Meeting all five conditions was meant to be challenging. We set the bar high for a reason; we need to ensure B.C.'s concerns around the environment, First Nations participation and overall economic benefit are taken seriously.
- Our clear and principled approach to stand up for our province has paid off. With respect to Kinder Morgan's Trans Mountain pipeline project our 5 conditions have delivered:
 - A new Oceans Protection Plan from the federal government that is world leading.
 - Trans Mountain's proactive approach to marine protection and terrestrial spillage regime.
 - Provincial legislation that will establish a new, world-leading spill preparedness and response regime to address environmental emergencies in B.C.
 - First Nations having a direct say in the project, including new jobs and economic opportunities. We're told Kinder Morgan has signed 41 Mutual Benefit Agreements with First Nations in B.C. worth more than \$382 million and that the company has also provided \$13 million in capacity funding to assist First Nations in carrying out their due diligence.
 - Benefits for B.C. that reflect the degree of risk we bear for the project.

14. There is huge opposition to this project in Vancouver, including from mayors and several Indigenous groups. How can you possibly square your decision with this opposition?

- This decision to approve the project was made by the Trudeau government because interprovincial pipelines are federal jurisdiction. To that end the Prime Minister has said the project is in the national interest.
- Our responsibility is to make sure B.C. interests are protected, and that is why we have been clear, consistent with our principled stand that our five conditions must be met before we would support this project.

15. Are you concerned about worker safety, given the intense opposition to the project by some?

- Certainly it is our job to ensure a safe work environment for all workers in B.C.
- Much like the Prime Minister has said, I respect people's rights to disagree and to have a peaceful protest that respects the law.

16. How does this project fit within the B.C. government's targets on GHG emissions?

- The vast majority of emissions are from crude oil production in Alberta, and so are not relevant to B.C.'s GHG reduction targets.
- The NEB has imposed a condition that Kinder Morgan must a plan for providing offsets for all direct GHG emissions generated from Project construction. This has been strengthened by a Provincial condition to quantify and report emissions in a manner that is consistent with B.C.'s *GHG Industrial Reporting and Control Act* and its regulations.

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17. How can we possibly meet climate commitments made in Paris if projects such as this go ahead?

- Since 2007, our climate actions have been successful in controlling GHG emissions while maintaining a strong economy.
- Due to the Province's successful climate policy, B.C.'s GHG emissions per capita is among the lowest in Canada.
- As part of the COP 21 agreement the federal government committed to a national emissions reduction target. As the regulator of inter-provincial pipelines it is the federal government's responsibility to ensure emissions are managed so that federal commitments are achieved.

18. The Pan Canadian Framework on Clean Growth and Climate Change says Alberta is working with BC and Ottawa on new and enhanced interties, to increase electricity imports from B.C. Is B.C. receiving any direct financing to support these projects? Is this part of the 5th condition; B.C. getting its fair share of economic benefits from the Trans Mountain Pipeline Project?

- Interties will help Alberta reduce its GHG emissions by moving from coal powered electricity to a clean supply, and managing the variability of intermittent wind and solar projects using clean and reliable hydroelectric power from B.C.
- This is consistent with Canada's GHG reduction strategy, and the type of infrastructure Canada has indicated it wants to invest in.
- B.C. looks forward to further discussions with Alberta and the federal government.

19. Given the financial implications of a spill, not just in clean-up but also in lost economic opportunity such as tourism, how can you justify BC taking such a huge risk by supporting this?

- The Prime Minister has clearly stated he believes this project is in the national interest and while B.C. is assuming the lion's share of the risk associated, the five conditions were put in place for just this reason.
- By satisfying our five principled conditions, I feel B.C. is now in a much better spot in terms of environmental protection, overall First Nations support and economic benefits

20. How can you justify the risks of this project to southern resident killer whales?

- This is an issue that will require the Federal government to work closely with the marine shipping industry.
- The Federal government has recently announced that they have earmarked a portion of the Oceans Protection Plan for whale protection, including the southern resident killer whale pods.

21. How can you justify the risks of this project to the Southern Mountain Caribou?

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KEY MESSAGES | QUESTIONS AND ANSWERS

- Caribou management plans are broad undertaking that will require the cooperation of all levels of government and various industries and proponents
- The NEB has recommended conditions for Kinder-Morgan to mitigate the effects of the Project on Southern Mountain Caribou. The federal government will work with the NEB to assist the proponent in meeting the conditions.

22. Have you insisted on jobs going to B.C. workers?

- Yes. B.C. workers will be at the front of the line for jobs in our province.

23. What is involved in this project?

- The project will increase capacity from 300,000 barrels of oil per day to 890,000 by twinning the existing Trans Mountain pipeline that currently transports oil from Edmonton to Burnaby, BC.
- The project would also expand the Westridge Marine Terminal to allow it to increase the number of tankers per month it can receive from 5 to 34.
- The pipeline will follow existing rights-of-way for 89 percent of the route, and adds two berths to an existing marine terminal.

24. What are the expected economic benefits of the project for B.C.?

- The economic benefits the province will receive in terms of tax revenues, and jobs and economic benefits for First Nations and communities are extensive:
 - 75,110 person-years of employment for B.C. throughout construction and operation
 - \$3.8 billion in GDP to B.C. in construction and \$15.3 billion (over 20 years) during operation for a total of \$19.1 billion.
 - Estimated \$2.2 billion in provincial tax revenue, including construction and operation benefits.
 - Estimated \$512 million in property taxes to municipalities in B.C. over 20 years of operation.

25. What are the next steps for the proponent to build the project?

- Kinder Morgan needs to confirm its Financial Investment Decision.
- There are a number of major steps that must occur before construction can begin, including permits and authorizations in B.C. and Alberta. The timing of construction will depend on how the proponent proceeds. TMP plans to begin construction in September 2017.
- The Province of British Columbia will be responsible for issuing investigative permits and authorizations under several different pieces of legislation (the Forest Act, Forest and Range Practices Act, Forest Practices Code of British Columbia Act, Weed Control Act, Land Act, Agricultural Land Commission Act, Fisheries Act, Fisheries Protection Act,

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Water Act, Environmental Management Act, Wildlife Act, Heritage Conservation Act, Transportation Act, and Industrial Roads Act).

26. How will the two new multi-purpose tow-capable vessels be deployed? Where will they be based? Do they stay moored until requested to respond to an incident or do they do regular patrols?

- The Coast Guard will lease two multi-purpose tow-capable vessels to augment its towing capability in British Columbia. One will operate off the southwest coast of Vancouver Island in and around the Strait of Juan de Fuca, and the other will operate on the north coast of the province.
- These vessels will provide an additional layer of marine safety for shipping on the west coast by being available if required to assist disabled vessels that commercial salvage and tug operators cannot reach fast enough to avoid disaster.
- While being equipped, trained, and prepared to render emergency towing assistance, these vessels will conduct the full range of Coast Guard programming on a day-to-day basis. This includes search and rescue, environmental response, maintenance of aids to navigation, training of Coast Guard crews and other mariners such as Indigenous seafarers.

27. What is the breakdown of the OPP? How much is earmarked for B.C. but where is the remainder going?

- After accounting for administration costs the lion's share of the \$1.5 billion OPP will be directed to B.C.
- That means Newfoundland, Nova Scotia, Quebec and New Brunswick on the Atlantic and two territories and Nunavut on the Arctic Coast will share the rest.

28. If there are additional benefits from Kinder Morgan that would go to environmental initiatives as has been publicly stated, can you provide examples of what kinds of initiatives that would include?

- Examples of potential projects eligible for funding under the BC Clean Communities program include, but are not limited to:
 - Securing land for conservation
 - Protecting and restoring cultural and historic sites
 - Cleaning up polluted sites or illegal dumping where the polluter is unknown.
 - Restoring habitat
 - Controlling invasive species
 - Cleaning up beaches, rivers or lakes.
 - Establishing programs to reduce and reuse waste.
 - Marine conservation and monitoring.

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Carr, Steve PREM:EX

From: Carr, Steve PREM:EX
Sent: Thursday, November 24, 2016 9:18 AM
To: Phillips, Julia P PREM:EX
Subject: Fwd: BN MOE DM OSID Trans Mountain Expansion Project (Cabinet Advice)
Attachments: BN MOE DM OSID Trans Mountain Expansion Project Fazil Mihlar (2).docx; ATT00001.htm

Please print

Steve Carr
Premiers Office

Begin forwarded message:

From: "Mihlar, Fazil ENV:EX" <Fazil.Mihlar@gov.bc.ca>
Date: November 21, 2016 at 8:43:02 PM PST
To: "Carr, Steve PREM:EX" <Steve.Carr@gov.bc.ca>
Subject: Fwd: BN MOE DM OSID Trans Mountain Expansion Project (Cabinet Advice)

Hi Steve: See you in the morning and I will walk you through this note and add colour. The rest of your asks underway. Have a good evening. Fazil

MINISTRY OF NATURAL GAS DEVELOPMENT

BRIEFING NOTE FOR INFORMATION

I PREPARED FOR: Fazil Mihlar, Deputy Minister, Ministry of Environment

II ISSUE: Trans Mountain Pipeline Expansion Project Update

III BACKGROUND:

Trans Mountain (TMP) filed its regulatory Application with the National Energy Board (NEB) December 2013 for approval to proceed with the \$6.8 billion twinning of the existing 1,150 kilometer pipeline within the existing right-of-way, where possible, from Edmonton to Vancouver. The proposed expansion would increase the current pipeline capacity of 300,000 barrels per day (bbl/d) to two continuous pipelines with a sustainable capacity of 890,000 bbl/d.

The NEB conducted a review and a public hearing process of the proposed Trans Mountain Pipeline Expansion Project (Project) in which the Province participated as an intervenor. The Province submitted its final written argument on January 11, 2016 stating it could not support the Project at this time based on the current information filed with the NEB by TMP. In particular, the Province stated that TMP had not spelled out plans on how it would deal with oil spills on land and on water.

The NEB issued its recommendations report to the Governor in Council (GIC) on May 19, 2016 recommending approval subject to 157 conditions. The Governor in Council final decision is expected November 29, 2016.

The January 2016 B.C. Supreme Court (Court) decision on the validity of the Equivalency Agreement entered into by the B.C. Environmental Assessments Office (EAO) and the NEB for the Northern Gateway Pipelines Project (NGP). The Court found that while Provincial Ministers can rely on the environmental assessment (EA) conducted by the NEB, they must render a decision on whether to issue a Certificate for the NGP and by extension to the TMP Project. TMP applied to the EAO in May 2016.

On January 27, 2016, the Federal Minister of Environment and Climate Change and Minister of Natural Resources Canada announced an interim approach that included a Ministerial Panel, Phase IV First Nations Consultation, an assessment of upstream greenhouse gas emissions, and an extension to the legislative time limit for the GIC decision .

s.12,s.13

.../2

Confidential – Prepared for Advice to Cabinet

s.12,s.13

IV DISCUSSION:

s.12,s.13

.../3

Confidential – Prepared for Advice to Cabinet

Page 31

Withheld pursuant to/removed as

s.12;s.13

s.12,s.13

s.12,s.13,s.16

V CONCLUSION:

s.12,s.13

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KEY MESSAGES | QUESTIONS AND ANSWERS

5 Conditions assessment
Ministry of Environment | *January 2017*

Key Messages

Top Lines

- The Province's clear, consistent and principled position on its five conditions has resulted in tangible and significant investments that will protect British Columbia's environmental and economic interests.
- The five conditions is an articulation of the way we do business in British Columbia – we set the bar high and stood up for B.C. to ensure our environmental protection, First Nations participation and overall economic benefits were taken seriously.

Environmental Protection

- The Trudeau government responded with a \$1.5-billion Oceans Protection Plan and a further commitment to a world leading response plan with continued improvements and investments as needed.
- The largest share of the Plan will be invested in B.C. in the form of new equipment and staff including two new salvage tugs capable of rescuing and towing large vessels.
- Trans Mountain has also enhanced their marine protection plan including the requirement for two local expert pilots on loaded tankers and an increased escort tug regime for the Juan De Fuca Strait.
- The Plan also insures B.C. against any cost associated with a potential spill by providing a guarantee of unlimited funds available for clean-up and compensation, allowing dollars to get quickly into the hands of first responders and those affected by oil spills.
- Remaining a world-leader in spill response is an on-going commitment that British Columbians expect – to ensure the Plan stays world-leading, B.C. will work closely with Canada to continually assess our response capability.
- This will include a reassessment in 2019 to ensure a world-leading Ocean protection system has been achieved prior to Trans Mountain commencing operations in December of that year.

Fair Share

- British Columbia's fifth condition related to a fair share of fiscal and economic benefits has resulted in an agreement that:
 - has British Columbians first in line for jobs of the more than 75 thousand person-years of employment;
 - will boost B.C.'s GDP by \$19.1 billion during construction and operations over 20 years; and
 - generates over \$2.2 billion in tax revenue for provincial and local governments.

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KEY MESSAGES | QUESTIONS AND ANSWERS

- BC has reached an unprecedented revenue-sharing agreement with Kinder Morgan for up to XX over 20 years, or up to XX per year. These revenues will be dedicated to a new BC Clean Communities Program.
- Under this new program, communities across B.C. will be able to apply annually for grants to invest in protecting and enhancing B.C.'s environment.

Meeting Commitments 1,3 & 4

- The remaining conditions have either been, or are being satisfied.
- The first condition requiring environmental approval has been met at both the federal and provincial levels.
- B.C.'s EA certificate added another 37 conditions to further protect wetlands, wildlife habitat and caribou and grizzly populations.
- The third condition requiring world-leading, land-based spill response is addressed through provincial legislation passed last year, which will establish a world-leading spill preparedness and response regime.
- The fourth condition requiring opportunities for First Nations as well as addressing legal and treaty rights is being addressed by both the federal government and the company.
- First Nations having a direct say in the project, including new jobs and economic opportunities.
- We're told Kinder Morgan has signed 41 Mutual Benefit Agreements with First Nations in B.C. worth more than \$350 million and that the company has also provided \$13 million in capacity funding to assist First Nations in carrying out their due diligence.

Questions and Answers

1. Have the 5 conditions been met?

- We have been clear that it is up to the Trudeau government to approve, support and explain why this project is in the national interest.
- Our job is to stand up for B.C. to make sure economic development is done the right way : ensuring the highest environmental standards are met to protect our coast and our land, First Nations' treaty rights are addressed and opportunities for participation are created and B.C. receives a fair share of the benefits.

2. What are the 5 conditions?

1. Successful completion of the environmental review process.
 - On May 19, 2016 the National Energy Board recommended to the federal government that the project be approved, subject to 157 conditions.
 - On November 29, 2016 the Trudeau government announced its approval of the Trans Mountain Expansion Project.

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- The provincial environmental assessment process began nine months ago. Aboriginal consultation efforts have been conducted jointly with the federal government.
 - After careful review, the Province has issued an EA certificate for Kinder Morgan's Trans Mountain Expansion Project with specific conditions attached.
 - These conditions are based on the NEB's report, the consideration of additional information and Aboriginal consultation to date.
 - The conditions attached to this decision are legally binding and must be completed to ensure Aboriginal interests are accommodated and the Province is satisfied.
2. World-leading marine oil spill response, prevention and recovery systems for B.C.'s coastline and ocean to manage and mitigate the risks and costs of heavy oil pipelines and shipments.
- The federal government's Oceans Protection Plan is a world-leading marine safety system with new preventive and response measures:
 - The lion's share of the federal government's Oceans Protection Plan will be directed to B.C. giving us a truly world leading marine response regime:
 - New, modern radar and navigation systems as well as improved weather services to allow for proactively managing vessel routing;
 - Improved emergency training and capacity building for First Nations and others so they can more effectively act as B.C.'s first responders on the coast;
 - Upgrades to Canadian Coast Guard (CCG) facilities along the coast (Prince Rupert to Bella Bella to Powell River), including improvements to equipment, personnel and infrastructure;
 - Two multi-purpose tow-capable vessels to augment CCG's towing capability in B.C.
 - New, dedicated Emergency Response teams created under the Canadian Coast Guard;
 - Response equipment staged in urban centres, so the coast guard can ensure quick deployment;
 - Establishment of a 24-7 emergency operations centre in Port Hardy.
 - Improvement to the Polluter Pays regime, where funds will be more immediately available to deal with response and clean up.
 - Trans Mountain's commitments will contribute to enhancing marine protection:
 - Requiring all tankers calling at the Westridge Marine Terminal meet strict, internationally accepted construction and operation standards;
 - Only double hulled tankers will be allowed and they must go through rigid pre-screening and physical inspection;
 - Two expert local pilots will be on board loaded tankers from Westridge Marine Terminal to Victoria.

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- Tug escort regime will be extended to cover the tanker route up to Buoy Juliet ("J Buoy"), located at the entrance to Juan de Fuca Strait.
 - Prescribing minimum tug requirement for outbound vessels for the Strait of Georgia including Juan de Fuca Strait;
 - More than \$150 million invested in WCMRC to create new response bases, fund new equipment and create 100 new jobs. Investment will double existing spill response capabilities and cut realized response times in half;
 - Enforcing a Tanker Acceptance Standard that provides a dedicated loading master with the authority to stop or abort cargo transfer operations should a marine risk or noncompliance occur.
3. World-leading practices for land oil spill prevention, response and recovery systems to manage and mitigate the risks and costs of heavy oil pipelines.
- In May, 2016, amendments to the Environmental Management Act (EMA) were passed which provide the legal foundation to establish a new, world-leading spill preparedness and response regime to address environmental emergencies in B.C.
 - The new legislated requirements for a provincial spills regime were the result of over three years of engagement with industry, First Nations, local government and other key stakeholders.
 - The legislation includes the following:
 - Establishes new requirements for spill preparedness, response and recovery.
 - Creates new offences and penalties.
 - Enables the certification of a Preparedness and Response Organization.
 - Increases transparency, participation and accountability.
 - The provincial regime is intended to address all types of spills that cause pollution or threaten public safety regardless of their source.
 - Once fully implemented, these amendments will ensure a world-leading spill preparedness and response regime.
 - Trans Mountain's commitments to safety including:
 - Enhanced Emergency Management Program with increased requirements such as a greater focus on geographic response planning and response equipment, and funding inland geographic response planning development in B.C.;
 - Minimum of 12 exercises along the pipeline- more than what is currently required;
 - Continual assessment and improvement including annually updated Emergency Management Plans, regular review of geographic response plans, a robust training and exercise program and an emergency management after incident/exercise reporting process.

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4. Legal requirements regarding Aboriginal and treaty rights are addressed, and First Nations are provided with the opportunities, information and resources necessary to participate in and benefit from a heavy-oil project.
 - We have been informed that Kinder Morgan has had over 30,000 points of contact with First Nations throughout their engagement process. Prime Minister Trudeau has confirmed the substantial progress that's been made on consultation and accommodation, including a First Nations monitoring and advisory committee with a \$64 million funding envelope.
 - Specifically, we're told Kinder Morgan has signed 41 Mutual Benefit Agreements with First Nations in B.C. worth more than \$350 million and that the company has also provided \$13 million in capacity funding to assist First Nations in carrying out their due diligence. And there will be continued engagement with First Nations in the case of this pipeline as with many other projects.
5. British Columbia receives a fair share of the fiscal and economic benefits of a proposed heavy oil project that reflects the level, degree and nature of the risk borne by the province, the environment and taxpayers.
 - The economic benefits B.C. is receiving as a result of government's consistent and principled position includes
 - 75,110 person-years of employment for B.C. throughout construction and operation.
 - \$3.8 billion in GDP to B.C. in construction and \$15.3 billion (over 20 years) during operation for a total of \$19.1 billion.
 - Estimated \$2.2 billion in provincial tax revenue, including construction and operation benefits.
 - Estimated \$512 million in property taxes to municipalities in B.C. over 20 years of operation.
 - In addition B.C. will receive significant fiscal benefit direct from Kinder Morgan worth up to **\$XX billion dollars**. This is unprecedented. For the first time in B.C. a company will share revenue from a large industrial project directly with the province.
 - The company will pay the province between **\$XX million and \$XX million annually** for 20 years. These revenues will be dedicated to environmental protection initiatives.

If pressed on what "lion's share" of Oceans Protection Plan funding means

- *Addressing the gaps we identified will mean more than \$600 million.*

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3. The province maintained that the first 4 conditions were to be met before the 5th could be discussed. So, how can you engage in talks on the 5th condition with Kinder Morgan before your environmental assessment process had concluded?

- Our main focus all along was on the first four conditions, but it is perfectly legitimate to carry out work on 5th condition concurrently with the caveat that the first four conditions must be achieved before that side work on Condition 5 has any relevance.
- The simple fact of the matter is that without the first four conditions being met there would be no 5th condition.

4. What determines the actual annual payment the Province will receive from Kinder Morgan?

- The company will pay the province between \$XX million and \$XX million annually for 20 years.
- The actual amount paid to the province each year will depend whether the expanded pipeline is operating at full capacity on its spot market contracts.

5. What are the binding conditions attached to the provincial EA certificate, to achieve the first condition?

- There are 37 conditions attached to the environmental assessment certificate that, together with the design aspects specified in the Certified Project Description, will mitigate the impacts of the project.
- Each of the conditions and the Certified Project Description are legally-binding requirements that Trans Mountain must meet to be in compliance with the project's certificate.
- Key conditions require Trans Mountain to:
 - Consult with Aboriginal groups and provincial agencies when developing and implementing relevant plans and programs required by the National Energy Board and the provincial environmental assessment certificate;
 - Develop wildlife species-at-risk offset plans and a grizzly bear mitigation and monitoring plans for all impacted Grizzly Bear Population Units;
 - Prepare and implement access management plans to avoid or mitigate disruption to access by members of Aboriginal groups carrying out traditional use activities and by provincially authorized trappers and guide outfitters;
 - Prepare and implement a worker accommodation strategy that describes the potential environmental and social-economic impacts of construction camps on Aboriginal groups and includes a plan to provide medical and health services for employees and contractors using the construction camps;
 - Prepare offset plans for any provincial parks, protected areas and recreation areas that would be impacted by the Project;
 - Report GHG emissions consistent with BC's Greenhouse Gas Industrial Reporting and Control Act and offset the GHG emissions from project construction in British Columbia through the BC Carbon Registry;

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KEY MESSAGES | QUESTIONS AND ANSWERS

- Conduct a research program regarding the behaviour and clean-up of heavy oils spilled in freshwater and marine aquatic environments to provide Trans Mountain and spill responders with improved information on how to effectively respond to spills;
- Develop emergency response plans that include guidelines for incident notification and communications; oiled wildlife care; volunteer management; environmental sampling and monitoring and describe how Trans Mountain would coordinate emergency response participation of first responders, agencies, municipalities and regional districts, and Aboriginal Groups;
- Increase Trans Mountain's emergency preparedness and response exercise and training program to include full scale exercises or deployments of emergency equipment for certain pipeline rupture and tank fire scenarios before operations begin;
- Implement an Aboriginal marine outreach program along the marine shipping route to address the impacts of increased Project-related tanker traffic in the Salish Sea.
- Provide opportunities for Aboriginal Groups to participate in construction and post-construction monitoring, including training for Aboriginal monitors.

6. Industry considers 10-15 per cent of oil recovered to be a success. How can you claim "world-leading" if 85 to 90 per cent of the oil won't be recovered in the marine environment?

- While shipping and navigation on coastal marine waters are federal jurisdiction, British Columbia takes a very active interest in the protection of our coast line. B.C. has consistently advocated for a comprehensive world leading marine spill response system from successive federal governments.
- B.C. welcomed the federal government's recently announced Oceans Protection Plan.
- While the federal government remains responsible for the coastal environment, we look forward to continuing to work with our federal partners on the details of the plan, because our primary concern is to first ensure the risk of a spill is minimized and then a world leading marine spill response is in place along our entire coastline.

7. How can you say a world leading marine prevention, response and recovery system will be in place when diluted bitumen can't be recovered if spilled in the marine environment?

- By insisting on world leading marine oil spill response, prevention and recovery systems for B.C.'s coastline and ocean we have greatly reduced the risk of spill as well as the impact of a potential spill.
- The Trudeau government is conducting wide-ranging research into the behaviour and potential impacts of a diluted bitumen spill in a marine environment. There is a wide range of federal science that will inform safe and effective spill cleanup plans.

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KEY MESSAGES | QUESTIONS AND ANSWERS

- Additional funding for research through the federal government's Oceans Protection Plan will support further research in this area to help spill responders better understand and predict the behaviour of diluted bitumen and improve ways to clean-up oil spills.
 - Trans Mountain and industry are also committed to further study effective response to a dilbit spill.
- 8. The regulations for a world-leading provincial spill regime are going to be introduced gradually over several years – how can you consider this condition met when all the details may not be in place for years?**
- World-leading means we will be continuously improving and evolving over time to ensure our spills regime is a leading example of spill preparedness, response and recovery. We've put legislation in place that sets the groundwork for a world-leading regime and we will be putting regulations in place incrementally, starting this spring, to meet that goal.
 - For example, we intend to introduce regulations this spring related to:
 - Defining regulated persons
 - Spill contingency plans
 - Drills and exercises
 - Record-keeping for spill preparedness and response
 - Spill reporting
 - Spill cost recovery
 - Recovery of areas affected by the spill
 - The Province will also support the spills regime through \$1.5 million in funding this fiscal year and \$2.5 million next fiscal.
 - This includes new ministry staff to help implement the regime, including four new Environmental Emergency Response Officers starting this April, along with new vehicles and spill response equipment.
 - Funding will also be earmarked for First Nations training, a geographic response plan for Coastal First Nations and a First Nations Advisory Council on spills and environmental emergencies.
 - Trans Mountain has also contributed \$200,000 towards initiatives aimed at advancing leak detection.
- 9. You've said the federal government's Oceans Protection Plan is considered world-leading for today's marine traffic, but how can you check this condition off when it may not be world-leading when the pipeline is built considering there will be a significant increase in tanker traffic and a greater spill risk?**
- Much like our provincial spill regime, we expect this plan to evolve over time. The important thing is the federal government has stepped up to the plate and committed to a world-leading marine spill regime.

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KEY MESSAGES | QUESTIONS AND ANSWERS

- The pipeline won't be built overnight and we will continue to work with our federal counterparts in the coming years to ensure what we have in place will meet the demands of increasing marine traffic.
- Trans Mountain must also meet its marine commitments to the NEB.

10. Trans Mountain says they will cover the costs of a pipeline spill but not a tanker spill, which it says is the responsibility of tanker companies. I've heard that compensation is capped at about \$1.3 billion – well below potential damage costs. Who would bear the cost of a tanker spill? B.C. taxpayers? Alberta? The federal government?

- Both the federal and provincial government operate under the polluter-pay model which puts the onus on the spiller. For marine spills, the federal government is currently in the process of strengthening their Ship-Source Oil Pollution Fund as part of their Oceans Protection Plan.
- The Oceans Protection Plan, once passed, will ensure there is unlimited liability available for clean-up and compensation, and dollars will get quickly into the hands of first responders and those affected by oil spills.

11. Even though condition 4 is technically met, how can you support this project when some First Nations remain strongly opposed?

- I am confident in the consultation and engagement that has been done by the Trudeau government and through the Province's work on the new provincial spills regime. In fact, there is support from many First Nations that will have portions of the pipeline cross over their traditional lands.
- Much like the Prime Minister has said, I respect people's rights to disagree and to have a peaceful protest that respects the law.

12. The Ministerial Panel report describes a "boil-over" scenario, in which a fire at the Burnaby tank farm would force the evacuation of 35,000 people, including at Simon Fraser University. What are your thoughts on this?

- While this scenario is unlikely, the City of Burnaby needs to work with the proponent to be prepared in order to ensure the safety of its residents. Trans Mountain has repeatedly invited the City of Burnaby to the exercises.
- As part of NEB's 157 conditions, Trans Mountain is required to implement appropriate emergency management, response and preparedness plans. These conditions all involve consultation with appropriate government authorities, first responders and potentially affected Indigenous groups followed by separate regulatory decisions by the NEB.
- As well, In February, 2016, amendments to the Environmental Management Act (EMA), were introduced and provide the legal foundation to establish a new, world-leading spill preparedness and response regime to address environmental emergencies in B.C.

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- The proposed spills regime will ensure effective preparedness, response and recovery measures are in place for hazardous substance spills, from any source.

13. If the end result was simply to get to yes, why the pretense of the 5 conditions?

- The five conditions provided a pathway to 'yes' that protects the interests of British Columbia.
- Our government's position has always been clear and consistent. We will only support new heavy-oil pipelines in British Columbia if our five conditions can be met
- Meeting all five conditions was meant to be challenging. We set the bar high for a reason; we need to ensure B.C.'s concerns around the environment, First Nations participation and overall economic benefit are taken seriously.
- Our clear and principled approach to stand up for our province has paid off. With respect to Kinder Morgan's Trans Mountain pipeline project our 5 conditions have delivered:
 - A new Oceans Protection Plan from the federal government that is world leading.
 - Trans Mountain's proactive approach to marine protection and terrestrial spillage regime.
 - Provincial legislation that will establish a new, world-leading spill preparedness and response regime to address environmental emergencies in B.C.
 - First Nations having a direct say in the project, including new jobs and economic opportunities. We're told Kinder Morgan has signed 41 Mutual Benefit Agreements with First Nations in B.C. worth more than \$350 million and that the company has also provided \$13 million in capacity funding to assist First Nations in carrying out their due diligence.
 - Benefits for B.C. that reflect the degree of risk we bear for the project.

14. There is huge opposition to this project in Vancouver, including from mayors and several Indigenous groups. How can you possibly square your decision with this opposition?

- This decision to approve the project was made by the Trudeau government because interprovincial pipelines are federal jurisdiction. To that end the Prime Minister has said the project is in the national interest.
- Our responsibility is to make sure B.C. interests are protected, and that is why we have been clear, consistent with our principled stand that our five conditions must be met before we would support this project.

15. Are you concerned about worker safety, given the intense opposition to the project by some?

- Certainly it is our job to ensure a safe work environment for all workers in B.C.
- Much like the Prime Minister has said, I respect people's rights to disagree and to have a peaceful protest that respects the law.

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KEY MESSAGES | QUESTIONS AND ANSWERS

16. How does this project fit within the B.C. government's targets on GHG emissions?

- The vast majority of emissions are from crude oil production in Alberta, and so are not relevant to B.C.'s GHG reduction targets.
- The NEB has imposed a condition that Kinder Morgan must a plan for providing offsets for all direct GHG emissions generated from Project construction. This has been strengthened by a Provincial condition to quantify and report emissions in a manner that is consistent with B.C.'s *GHG Industrial Reporting and Control Act* and its regulations.

17. How can we possibly meet climate commitments made in Paris if projects such as this go ahead?

- Since 2007, our climate actions have been successful in controlling GHG emissions while maintaining a strong economy.
- Due to the Province's successful climate policy, B.C.'s GHG emissions per capita is among the lowest in Canada.
- As part of the COP 21 agreement the federal government committed to a national emissions reduction target. As the regulator of inter-provincial pipelines it is the federal government's responsibility to ensure emissions are managed so that federal commitments are achieved.

18. The Pan Canadian Framework on Clean Growth and Climate Change says Alberta is working with BC and Ottawa on new and enhanced interties, to increase electricity imports from B.C. Is B.C. receiving any direct financing to support these projects? Is this part of the 5th condition; B.C. getting its fair share of economic benefits from the Trans Mountain Pipeline Project?

- Interties will help Alberta reduce its GHG emissions by moving from coal powered electricity to a clean supply, and managing the variability of intermittent wind and solar projects using clean and reliable hydroelectric power from B.C.
- This is consistent with Canada's GHG reduction strategy, and the type of infrastructure Canada has indicated it wants to invest in.
- B.C. looks forward to further discussions with Alberta and the federal government.

19. Given the financial implications of a spill, not just in clean-up but also in lost economic opportunity such as tourism, how can you justify BC taking such a huge risk by supporting this?

- The Prime Minister has clearly stated he believes this project is in the national interest and while B.C. is assuming the lion's share of the risk associated, the five conditions were put in place for just this reason.
- By satisfying our five principled conditions, I feel B.C. is now in a much better spot in terms of environmental protection, overall First Nations support and economic benefits

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KEY MESSAGES | QUESTIONS AND ANSWERS

20. How can you justify the risks of this project to southern resident killer whales?

- This is an issue that will require the Federal government to work closely with the marine shipping industry.
- The Federal government has recently announced that they have earmarked a portion of the Oceans Protection Plan for whale protection, including the southern resident killer whale pods.

21. How can you justify the risks of this project to the Southern Mountain Caribou?

- Caribou management plans are broad undertaking that will require the cooperation of all levels of government and various industries and proponents
- The NEB has recommended conditions for Kinder-Morgan to mitigate the effects of the Project on Southern Mountain Caribou. The federal government will work with the NEB to assist the proponent in meeting the conditions.

22. Have you insisted on jobs going to B.C. workers?

- Yes. B.C. workers will be at the front of the line for jobs in our province.

23. What is involved in this project?

- The project will increase capacity from 300,000 barrels of oil per day to 890,000 by twinning the existing Trans Mountain pipeline that currently transports oil from Edmonton to Burnaby, BC.
- The project would also expand the Westridge Marine Terminal to allow it to increase the number of tankers per month it can receive from 5 to 34.
- The pipeline will follow existing rights-of-way for 89 percent of the route, and adds two berths to an existing marine terminal.

24. What are the expected economic benefits of the project for B.C.?

- The economic benefits the province will receive in terms of tax revenues, and jobs and economic benefits for First Nations and communities are extensive:
 - 75,110 person-years of employment for B.C. throughout construction and operation
 - \$3.8 billion in GDP to B.C. in construction and \$15.3 billion (over 20 years) during operation for a total of \$19.1 billion.
 - Estimated \$2.2 billion in provincial tax revenue, including construction and operation benefits.
 - Estimated \$512 million in property taxes to municipalities in B.C. over 20 years of operation.

25. What are the next steps for the proponent to build the project?

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- Kinder Morgan needs to confirm its Financial Investment Decision.
- There are a number of major steps that must occur before construction can begin, including permits and authorizations in B.C. and Alberta. The timing of construction will depend on how the proponent proceeds. TMP plans to begin construction in September 2017.
- The Province of British Columbia will be responsible for issuing investigative permits and authorizations under several different pieces of legislation (the Forest Act, Forest and Range Practices Act, Forest Practices Code of British Columbia Act, Weed Control Act, Land Act, Agricultural Land Commission Act, Fisheries Act, Fisheries Protection Act, Water Act, Environmental Management Act, Wildlife Act, Heritage Conservation Act, Transportation Act, and Industrial Roads Act).

26. How will the two new multi-purpose tow-capable vessels be deployed? Where will they be based? Do they stay moored until requested to respond to an incident or do they do regular patrols?

- The Coast Guard will lease two multi-purpose tow-capable vessels to augment its towing capability in British Columbia. One will operate off the southwest coast of Vancouver Island in and around the Strait of Juan de Fuca, and the other will operate on the north coast of the province.
- These vessels will provide an additional layer of marine safety for shipping on the west coast by being available if required to assist disabled vessels that commercial salvage and tug operators cannot reach fast enough to avoid disaster.
- While being equipped, trained, and prepared to render emergency towing assistance, these vessels will conduct the full range of Coast Guard programming on a day-to-day basis. This includes search and rescue, environmental response, maintenance of aids to navigation, training of Coast Guard crews and other mariners such as Indigenous seafarers.

27. What is the breakdown of the OPP? How much is earmarked for B.C. but where is the remainder going?

- After accounting for administration costs the lion's share of the \$1.5 billion OPP will be directed to B.C.
- That means Newfoundland, Nova Scotia, Quebec and New Brunswick on the Atlantic and two territories and Nunavut on the Arctic Coast will share the rest.

28. If there are additional benefits from Kinder Morgan that would go to environmental initiatives as has been publicly stated, can you provide examples of what kinds of initiatives that would include?

- Examples of potential projects eligible for funding under the BC Clean Communities program include, but are not limited to:
 - Purchasing land for parks.

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- Restoring historic sites
- Cleaning up orphaned sites or spills where the polluter is unknown.
- Restoring habitat
- Controlling invasive species
- Cleaning up beaches, rivers or public waterfront property
- Establishing and promoting recycling programs in small, rural communities.
- Marine conservation and monitoring.

NEWS RELEASE

For Immediate Release
[release number]
January 11, 2017

Office of the Premier

5 conditions achieve coastal protection and economic benefits for all British Columbians

VANCOUVER – Following the Trudeau government's approval of Kinder Morgan's Trans Mountain Pipeline Project, the Province's clear, consistent and principled position on its five conditions has resulted in tangible and significant investments that will protect British Columbia's environmental and economic interests.

"The five conditions is an articulation of the way we do business in British Columbia," said Premier Christy Clark. "We set the bar high to stand up for B.C. to protect our coast and environment, ensure opportunities for First Nations participation and secure a fair share of economic benefits for all British Columbians."

Protecting B.C.'s Coast

The Trudeau government has taken action on B.C.'s second condition related to world-leading marine spill prevention, response and recovery with a \$1.5-billion Oceans Protection Plan. A commitment to a world leading system is an ongoing commitment for continuous improvement with additional investments as required in the future. B.C. will work closely with Canada to confirm we have a world-leading system in place on our coast prior to Trans Mountain commencing operations, as early as December 2019.

B.C. has identified 10 areas where action is required on our coast to achieve a world-leading system. The Federal Government's commitment to taking action on all 10 areas through the Ocean Protection Plan means the largest share of the \$1.5 billion investment would be made on the British Columbia coast. That includes First Nations and community training, new technology, staff and equipment including two new salvage tugs capable of rescuing and towing large vessels.

Additionally, Trans Mountain has committed to significant enhancements consistent with B.C.'s condition 2. These include a commitment that tankers will be escorted by a tug for the entire transit up to Race Rocks, and a \$150 million investment that will result in a doubling of spill response capacity and halving response times along the Salish Sea.

The Oceans Protection Plan insures B.C. against any cost associated with a potential spill by providing a guarantee of unlimited funds available for clean-up and compensation, allowing dollars to get quickly into the hands of first responders and those affected by oil spills. This backstops B.C.'s polluter-pay principle, which ensures those who are responsible for spills are also responsible for cleaning them up.

B.C.'s Fair Share

British Columbia's fifth condition related to a fair share of fiscal and economic benefits has resulted in an agreement that:

- has British Columbians first in line for jobs of the more than 75 thousand person-years of employment;
- will boost B.C.'s GDP by \$19.1 billion during construction and operations over 20 years; and
- generates over \$2.2 billion in tax revenue for provincial and local governments.

In addition, B.C. has achieved an unprecedented agreement with Kinder Morgan to receive a significant investment worth up to **\$XX billion**. The company will pay the Province between **\$XX million and \$XX million annually for 20 years**. This is the first time in B.C. that a company will share revenue from a large industrial project directly with the Province.

All of these revenues will be dedicated to a new BC Clean Communities Program. Under this new program, community groups across B.C. will be able to apply annually for grants to invest in protecting and enhancing B.C.'s environment (more details in Backgrounder 3).

Conditions 1, 3 & 4

The remaining conditions have either been, or are being satisfied. The first condition requiring environmental approval has been met at both the federal and provincial levels. B.C.'s EA certificate added another 37 conditions to further protect wetlands, wildlife habitat and caribou and grizzly populations.

The third condition requiring world-leading, land-based spill response is addressed through provincial legislation passed last year, which will establish a world-leading spill preparedness and response regime. Regulations will be enacted in 2017.

The fourth condition requiring opportunities for First Nations as well as addressing legal and treaty rights is being addressed by both the federal government and the company.

Approving interprovincial pipelines is a federal responsibility. In May 2016, the National Energy Board recommended approval of the Trans Mountain project with 157 conditions. In November, the Trudeau government gave federal approval for the project.

3 backgrounders follow.

BACKGROUNDER 1

What British Columbia's 5 Conditions have achieved

Condition 1: Successful completion of the environmental review process.

- On May 19, 2016 the National Energy Board (NEB) recommended to the federal government that the project be approved, subject to 157 conditions.
- On November 29, 2016 the Trudeau government announced its approval of the Trans Mountain Expansion Project.
- The provincial environmental assessment process began nine months ago. Aboriginal consultation efforts have been conducted jointly with the federal government.
- After careful review, the Province has issued an EA certificate for Kinder Morgan's Trans Mountain Expansion Project with 37 specific conditions attached.
- These conditions are based on the NEB's report, the consideration of additional information and Aboriginal consultation to date.
- The conditions attached to this decision are legally binding and must be completed to ensure Aboriginal interests are accommodated and the Province is satisfied.

Condition 2: World-leading marine oil spill response, prevention and recovery systems for B.C.'s coastline and ocean to manage and mitigate the risks and costs of heavy oil pipelines and shipments.

- The federal government's \$1.5-billion Oceans Protection Plan is a world-leading marine safety system with new preventive and response measures. The lion's share of the federal government's Oceans Protection Plan will be directed to B.C. ensuring a truly world leading marine response regime.
- Trans Mountain has committed to significant enhancements consistent with B.C.'s condition 2. These include a commitment that tankers will be escorted by a tug for the entire transit up to Race Rocks, and \$150 million investment that will result in a doubling of spill response capacity and halving response times along the Salish Sea.

Condition 3: World-leading practices for land oil spill prevention, response and recovery systems to manage and mitigate the risks and costs of heavy oil pipelines.

- In May, 2016, amendments to the Environmental Management Act (EMA) were passed which provide the legal foundation to establish a new, world-leading spill preparedness and response regime to address environmental emergencies in B.C.
- The new legislated requirements for a provincial spills regime were the result of over three years of engagement with industry, First Nations, local government and other key stakeholders.
- The legislation includes the following:
 - Establishes new requirements for spill preparedness, response and recovery.
 - Creates new offences and penalties.
 - Enables the certification of a Preparedness and Response Organization.
 - Increases transparency, participation and accountability.

- The provincial regime is intended to address all types of spills that cause pollution or threaten public safety regardless of their source.
- Trans Mountain's commitments to safety include:
 - Enhanced Emergency Management Program with increased requirements such as a greater focus on geographic response planning and response equipment, and funding inland geographic response planning development in B.C.
 - Minimum of 12 exercises along the pipeline; more than what is currently required.
 - Continual assessment and improvement including annually updated Emergency Management Plans, regular review of geographic response plans, a robust training and exercise program and an emergency management after incident/exercise reporting process.

Condition 4: Legal requirements regarding Aboriginal and treaty rights are addressed, and First Nations are provided with the opportunities, information and resources necessary to participate in and benefit from a heavy-oil project.

- Kinder Morgan has had over 30,000 points of contact with First Nations throughout their engagement process.
- Prime Minister Trudeau has confirmed the substantial progress that's been made on consultation and accommodation, including a First Nations monitoring and advisory committee with a \$64 million funding envelope.
- Kinder Morgan has signed 41 Mutual Benefit Agreements with First Nations in B.C. worth more than \$350 million, and the company has also provided \$13 million in capacity funding to assist First Nations in carrying out their due diligence.
- There will be continued engagement with First Nations in the case of this pipeline as with many other projects.

Condition 5: British Columbia receives a fair share of the fiscal and economic benefits of a proposed heavy oil project that reflects the level, degree and nature of the risk borne by the Province, the environment and taxpayers.

- The economic benefits B.C. is receiving as a result of government's consistent and principled position includes (updated economic numbers from the 2012 submission to the National Energy board):
 - 75,110 person-years of employment for B.C. throughout construction and operation.
 - \$3.8 billion in GDP to B.C. in construction and \$15.3 billion (over 20 years) during operation for a total of \$19.1 billion.
 - Approximately \$2.2 billion in provincial tax revenue, including construction and operation benefits.
 - Estimated \$512 million in property taxes to municipalities in B.C. over 20 years of operation.
- In addition B.C. will receive significant fiscal benefits direct from Kinder Morgan worth up to \$XX billion.

BACKGROUNDER2

Elements of world leading marine protection and response

- New, modern radar and navigation systems as well as improved weather services to allow for proactively managing vessel routing.
 - Improved emergency training and capacity building for First Nations and others so they can more effectively act as B.C.'s first responders on the coast.
 - Upgrades to Canadian Coast Guard (CCG) facilities along the coast (Prince Rupert to Bella Bella to Powell River), including improvements to equipment, personnel and infrastructure.
 - Two multi-purpose tow-capable vessels to augment CCG's towing capability in B.C.
 - New, dedicated Emergency Response teams created under the Canadian Coast Guard.
 - Response equipment staged in urban centres, so the coast guard can ensure quick deployment.
 - Establishment of a 24-7 emergency operations centre in Port Hardy.
 - Improvement to the Polluter Pays regime, where funds will be more immediately available to deal with response and clean-up.
- Trans Mountain's commitments will further contribute to enhancing marine protection:
 - Requiring all tankers calling at the Westridge Marine Terminal meet strict, internationally accepted construction and operation standards;
 - Only double hulled tankers will be allowed and they must go through rigid pre-screening and physical inspection;
 - Two expert local pilots will be on board loaded tankers from Westridge Marine Terminal to Victoria.
 - Tug escort regime will be extended to cover the tanker route up to Buoy Juliet ("J Buoy"), located at the entrance to Juan de Fuca Strait.
 - Prescribing minimum tug requirement for outbound vessels for the Strait of Georgia including Juan de Fuca Strait.
 - More than \$150 million invested in Western Canada Marine Response Corporation, an industry funded, Transport Canada certified response organization, to create new response bases, fund new equipment and create 100 new jobs. Investment will double existing spill response capabilities and cut realized response times in half.
 - Enforcing a Tanker Acceptance Standard that provides a dedicated loading master with the authority to stop or abort cargo transfer operations should a marine risk or noncompliance occur.

BACKGROUNDER 3

Benefits agreement between Kinder Morgan and the Province of British Columbia.

In an unprecedented agreement between the Province of British Columbia and a private company, B.C. will receive significant fiscal benefits direct from Kinder Morgan worth up to \$XX billion. The company will pay the Province between \$XX million and \$XX million annually for 20 years. The actual amount paid to the Province each year will depend whether the expanded pipeline is operating at full capacity on its spot market contracts. To view the benefits agreement please visit www.weblink

Revenues from the Trans Mountain expansion will be dedicated to the new BC Clean Communities program, a source of funding for projects that protect the environment and benefit communities. The BC Clean Communities program will launch once revenues to the Province from Kinder Morgan commence.

When the BC Clean Communities program is fully in place, it will be based on the following principles:

- A grant application process will be established, similar to the current gaming grant application process.
- Revenues will be dispersed as grants for grassroots, community-led environmental protection or enhancement initiatives.
- Grants can be combined with other funding sources that require matching funds, however BC Clean Communities grants will not require matching funds by applicants.
- B.C.'s polluter pay principle will remain paramount. Funds from BC Clean Communities will not be allowed to replace a polluter's requirement to pay for clean-up and compensation.

Examples of potential projects eligible for funding under the BC Clean Communities program include, but are not limited to:

- Purchasing land for parks.
- Restoring historic sites
- Cleaning up orphaned sites or spills where the polluter is unknown.
- Restoring habitat
- Controlling invasive species
- Cleaning up beaches, rivers or public waterfront property
- Establishing and promoting recycling programs in small, rural communities.
- Marine conservation and monitoring

Wharf, Sandy PREM:EX

From: Mihlar, Fazil ENV:EX
Sent: Friday, November 25, 2016 7:25 PM
To: Henderson, Kim N PREM:EX; Nikolejsin, Dave MNGD:EX; Sweeney, Neil PREM:EX
Cc: Carr, Steve PREM:EX; Chin, Ben PREM:EX; Cadario, Michele PREM:EX
Subject: s.12
Attachments:

Hi all: Enclosed is

s.12

Have a good weekend. Fazil

Page 02 to/à Page 20

Withheld pursuant to/removed as

s.12;s.13

ATT00001

Sent from my iPhone

Page 22 to/à Page 40

Withheld pursuant to/removed as

s.12;s.13