

MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

BRIEFING NOTE FOR INFORMATION

I PREPARED FOR: Honourable John Horgan, Premier of British Columbia

II ISSUE: Meeting with AltaGas and Idemitsu

III BACKGROUND:

AltaGas Limited

- AltaGas Limited (AltaGas) is a diversified energy company headquartered in Calgary, with multiple business lines including natural gas extraction, gathering, processing and transmission; distribution and storage; energy services; and (renewable) power generation.
- In the area of oil and gas, AltaGas is a mid-streamer offering natural gas processing and liquids extraction (propane, butane, ethane and pentanes).
- Pacific Northern Gas – which owns and operates a natural gas transmission and distribution system in west-central BC as well as distribution systems and a gas processing plant in the province's northeast – is a wholly owned subsidiary of AltaGas. Pacific Northern Gas is regulated by the BC Utilities Commission.
- AltaGas is currently developing the Ridley Island Propane Export Terminal which it anticipates will commence operations in 2019.

Idemitsu Kosan Co. Ltd.

- Idemitsu Kosan Co. (Idemitsu) Ltd. is headquartered in Tokyo with 115 affiliated companies and almost 8300 employees worldwide. It is one of the largest energy corporations in Japan.
- The pillars of the company's businesses include core businesses, resource businesses and functional material businesses:
 - The core businesses are related to crude oil shipping, land/marine transport, refining, basic chemicals, engineering, stockpiling, renewable energy, and fuel products sales.
 - The resource businesses are involved in the research, exploration, development and sale of oil and natural gas resources, coal, uranium, and geothermal resources.
 - The functional materials businesses are engaged in agricultural biotechnology, performance chemicals, electronic materials, and lubricants.

- Idemitsu plans to expand its gas business in North America to adapt to structural changes in energy supply and demand around the globe. The company is considering a wide value chain from upstream to downstream. Liquefied Natural Gas (LNG) development in BC is a crucial part of Idemitsu's expansion plan.

Douglas Channel LNG

- Douglas Channel was a 0.55 million ton per annum proposed floating liquefaction project that would have docked on the Douglas Channel, near Kitimat. In early 2016, the partners halted development and pulled out of the project, citing adverse market conditions and an inability to secure an offtaker.
- The ownership consisted of a joint venture limited partnership between AltaGas and Idemitsu (AIJVLP), EDF Trading, and EXMAR.

Triton LNG

- Triton LNG, a separate project by AIJVLP, is a proposed floating LNG project that holds an export license for 2.3 million tons of LNG per annum. According to the export license application the project would be located in either Kitimat or Prince Rupert.
- In February 2016, AltaGas announced that the Triton LNG project will be placed on hold as the company evaluates market conditions in the next few years.

IV DISCUSSION:

- Since halting the development of both Douglas Channel LNG and Triton LNG in 2016 the partnership has remained interested in pursuing LNG development in BC.
- Following the release of the Natural Gas Development Framework, AltaGas has re-engaged with the Province regarding development of an LNG facility.
- AltaGas is planning to apply to the BC Utilities Commission for a study into the potential cost of expansion (looping) of the Pacific Northern Gas pipeline.

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V CONCLUSION:

- The Province understands the LNG industry's competitiveness and was pleased to bring forward its Natural Gas Development Framework that provides fair returns to both British Columbians and investors.
- AltaGas plays an integral role in British Columbia's energy system, safely and reliably delivering energy throughout the northern part of the province and the investments it has and continues to make are appreciated.

- The Ministry of Energy Mines and Petroleum Resources will continue to work closely with AltaGas and their joint venture partner Idemitsu as they continue to develop s.13,s.16,s.17
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Dave Nikolejsin, DM✓

MINISTRY OF LABOUR
INFORMATION NOTE

Cliff #: 55636

Date: June 12, 2018

PREPARED FOR: Honourable John Horgan, Premier

ISSUE: Premier Horgan is scheduled to attend the International Union of Operating Engineers, Local 115 (IUOE 115) Training Association Open House. The event takes place in Maple Ridge on Saturday, June 16, 2018 from 10:00 a.m. to 3:00 p.m.

BACKGROUND:

IUOE Local 115 has operated in British Columbia since 1931. Today, the union has over 11,000 members who work in a number of industries including crane and heavy equipment operation, road building, aerial firefighting, in addition to hydro-electric dam building and maintenance.

Operating Engineers have worked on the majority of BC's power-creating dams, including the recently completed Waneta Dam Expansion. Other projects Operating Engineers have built include the Port Mann Bridge, South Fraser River Perimeter Road, the Evergreen Line, and many more. Operating Engineers also help to protect BC's communities—they are the Aerial Firefighters who risk their lives extinguishing wildfires throughout the province.

IUOE Local 115 also has a long history of advocating for worker rights, contesting unfair labour practices, promoting fair wages and equitable treatment of both IUOE members and the provincial workforce as a whole.

DISCUSSION:

The IUOE Training Centre open house is an annual family-oriented event that showcases the training activities – including a heavy equipment simulator – at the 40 acre training facility.

It is expected that approximately 1,000 individuals will attend. It is also expected that the Minister of National Defence, the Honourable Harjit Singh Sajjan will be in attendance to make a federal funding announcement.

IUOE 115 is a strong advocate for the use of “community benefit agreements” in the development of major infrastructure projects. IUOE 115 is particularly supportive of government's commitment to use community benefit agreements for the investments in Highway 1 expansion and the Patullo bridge replacement. The union argues that such agreements bring government, contractors, labour and communities together to ensure cost stability on projects and opportunity for B.C. workers.

CONCLUSION:

The event will provide an opportunity for attendees to meet some of the students and families directly benefitting from the province's investment in skills training.

In training equipment operators, the IUOE 115 is a major contributor to ensuring the safety of BC workers. Ensuring that BC is the safest jurisdiction in Canada, in terms of workplace safety, is the top priority for the Minister of Labour. Accordingly the Minister regrets being unable to attend this event which showcases the important work of the IUOE 115, but is pleased that the Premier will be able to attend.

Prepared by: Jake Ayers, Senior Policy Advisor
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Reviewed by			
Dir: Michael Tanner	ED: John Blakely	DM: Trevor Hughes	Min:

CONFIDENTIAL

To: Dave Nikolejsin, Deputy Minister, B.C. Ministry of Energy, Mines and Petroleum Resources

From: Dan Woznow, VP Energy Exports, AltaGas

Date: June 27, 2018

Re: Briefing Note for AltaGas and Idemitsu Kosan Meeting with Premier Horgan

OVERVIEW

AltaGas and Idemitsu Kosan requested a meeting with Premier Horgan which is set to take place July 4, 2018 at 2:15 pm at the B.C. Legislature. The purpose of the meeting is to provide visiting Idemitsu Kosan senior representatives from Japan and AltaGas representatives from Calgary and Vancouver an opportunity to provide an overview of their individual companies, the AltaGas Idemitsu Joint Venture Partnership (AIJV), and current AIJV initiatives in British Columbia.

MEETING AGENDA

TIME	TOPIC	PRESENTER	DURATION
2:15 - 2:20	Greeting / Introduction	everyone	5 mins
2:20 - 2:25	Idemitsu Overview	Mr. Homma	5 mins
2:25 - 2:30	AltaGas Overview	Mr. Woznow	5 mins
2:30 - 2:40	Overview of AIJV, s.13,s.16,s.17 *presentation will be provided	Mr. Woznow	10 mins
2:40 - 2:45	Questions & Answers	everyone	5 mins
			Total: 30 mins

ALTAGAS IDEMITSU JOINT VENTURE PARTNERSHIP (AIJV)

- AltaGas Idemitsu Joint Venture Partnership (AIJVP) was formed in 2013 to pursue energy export opportunities from Canada to Asia.
- AIJV has been actively engaged in LNG development on BC's West coast including the Douglas Channel LNG Project at Kitimat, shelved in 2016 due to adverse economic conditions.

- Idemitsu Kosan is 51% owner of Astomos Energy Corporation who, in 2017, signed a sale and purchase agreement with AltaGas for 50% of the 1.2 million tonnes of propane shipped from RIPET each year.

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KEY POINTS - s.13,s.16,s.17

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**MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES
BRIEFING NOTE FOR INFORMATION**

- I PREPARED FOR:** Honourable John Horgan, Premier of British Columbia
- II ISSUE:** Information on Mount Milligan, Kemess Underground, and Endako Projects to support Premier Horgan and Minister Fraser's tour of Northern BC

III BACKGROUND:

Centerra Gold Inc. (Centerra) is a Canadian-based gold mining and exploration company engaged in the operation, exploration, development and acquisition of gold properties in North America, Asia and other markets. Centerra has recently made large investments in BC with the acquisition of Thompson Creek Metals (owners of Mount Milligan and Endako mines) in 2016 and acquisition of AuRico Metals, owners of the Kemess Underground Project (Kemess), in January, 2017. Mount Milligan, Endako and Kemess are located in north-central BC within the 78,000 square km traditional territories of Carrier Sekani First Nations with whom the Province and Centerra have signed or are negotiating various agreements (Appendix A).

Mount Milligan is a copper and gold mine which began production in February 2014, employs 530 people, and is located 90 km northeast of Fort St. James within the traditional territories of Takla Lake (Takla), Nak'azdli Whut'en (Nak'azdli), McLeod Lake Indian Band (McLeod), West Moberly, Halfway River and Yekooche First Nations. Consultation with the Takla is recent as new information was brought forward to support their strength of claim.

Endako is a molybdenum mine which has been in semi-continuous operation from 1965 until July 2015 when it was placed into care and maintenance. Endako is located near Fraser Lake 160 km west of Prince George within the traditional territory of Nadleh Whut'en First Nation (Nadleh) and Stellat'en (Stellat'en) First Nation.

Kemess is a proposed underground gold-copper mine which is located 250 km north of Smithers within the territories of the Kwadacha, Takla and Tsay Keh Dene Nations which form an alliance called Tse Keh Nay (TKN). Kemess received an Environmental Assessment Certificate in March 2017 and is currently pursuing required permits scheduled to be referred to Statutory Decision Makers (SDM's) in June 2018.

IV DISCUSSION:

The Mount Milligan mine has been experiencing a shortage of water necessary to support ongoing mine operations for the past year. This shortage became acute on December 24, 2017, when Centerra temporarily suspended mill operations due to cold temperatures exacerbating the already low water supplies on site. Amendments to the Mount Milligan Environmental Assessment Certificate, *Mines Act* and *Water*

Sustainability Act permits were issued in January 2018 to allow the mine to access new water sources and restart mill operations.

Subsequent analysis of the mine site water balance indicates that the water sources approved in early 2018 will not be adequate to meet operational water requirement through the remainder of 2018. As a result, Centerra is working to better understand their short, medium and long-term water needs to identify sources of water to continue operations at Mount Milligan and avoid another mill shut down.

The Major Mines Permitting Office (MMPO) and the Environmental Assessment Office (EAO) are working closely with Centerra and all First Nations to ensure the mine's operational water needs are understood and the required provincial authorizations are identified as soon as possible. Once Centerra is able to bring forward a plan with prioritized water sources, the Province will be able to initiate review processes to deliver the required authorizations as quickly as possible. While every effort will be made to avoid a future shut down, the extent of water shortages on site and the natural availability of water in the Mount Milligan area may make future shut downs unavoidable. Every effort will be made to minimize this risk.

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Kemess

The permitting process for Kemess is nearing an end, with the referral of decision packages to provincial SDM's expected by the end of June 2018. The Province has reached substantial consensus with TKN on the permit decisions, with only a few minor points left to discuss collaboratively with the Nations. TKN is generally supportive of the project and is keen to see the project move ahead with construction.

Endako

Centerra has submitted a mining lease extension application, however, the review has been extended to ensure First Nations consultation is complete (Appendix C).

V KEY MESSAGES:

- The Ministry of Energy, Mines and Petroleum Resources (EMPR) recognizes the investment that Centerra has made in BC and is committed to providing a safe, competitive and sustainable mining jurisdiction with fair and responsive regulatory processes.
- MMPO and EAO will work collaboratively with Centerra, First Nations and Provincial agencies to expedite the Mount Milligan regulatory processes to ensure operational impacts resulting from water shortages are minimized as best as possible.

- EMPR encourages Centerra to make best efforts to meaningfully engage with all three First Nations (McLeod Lake, Nak'azdli and Takla Lake) in an effort to understand and address their interests and concerns regarding future Mount Milligan amendment applications.
- The Province recognizes that complexity may be introduced when regulatory processes occur simultaneous to negotiation processes and is committed to working collaboratively with Proponents and Aboriginal groups in these instances.
- Government and First Nations have been working collaboratively to try and address the full scope of interests and obligations at hand, while avoiding any further impacts to ongoing operations.

VI ATTACHMENTS:

Appendix A: Summary of Signed Agreements or Negotiations with CSFNs

Appendix B: Letter from Nak'azdli to Province, December 18, 2017

Appendix C: Letter from Minister Fraser to Nad'leh and Stellat'en, December 6, 2017

PREPARED BY:

Andrew Rollo, A/ED

REVIEWED BY:

Peter Robb, ADM

Dave Nikolejsin, DM

INFORMATION NOTE

Cliff #: 141510

Date: June 12, 2018

PREPARED FOR: Honourable John Horgan, Premier of British Columbia

DATE AND TIME OF MEETING: Wednesday, July 4, 2018 | Time TBC

ATTENDEES:

Idemitsu Kosan Co., Ltd.

1. Mr. Kiyoshi Homma, Director, Overseas Petroleum & Gas
2. Mr. Hirofumi Maki, General Manager, Gas Business Devt
3. Mr. Toshiyuki Shirakawa, Assistant to General Manager, Gas Business Devt
4. Mr. Koji Matsukawa, Senior Manager, Gas Business Devt

AltaGas Ltd.

1. Mr. David W. Cornhill, Chairman of Board & Founder
2. Mr. Dan Woznow, Vice President & General Manager of Energy Exports
3. Ms. Jennifer Osmar, Senior Advisor, Stakeholder Relations

ISSUE: Meeting with Idemitsu Kosan Co., Ltd.

BACKGROUND: Idemitsu Kosan Co., Ltd. is a Japanese petroleum company and the second largest petroleum refiner in Japan, after JXTG Nippon Oil. The company is involved in sales and manufacturing of oil and petrochemicals, and resource exploration, development and extraction. Idemitsu owns four refineries and operates 5,250 service stations across Japan. Idemitsu is also involved in other energy sources such as mining (e.g. coal in Australia, Indonesia), geothermal, and biofuel. The company has over 9,100 employees.

In January 2013, Idemitsu and AltaGas signed an agreement to form the AltaGas Idemitsu Joint Venture Limited Partnership (AIJV) to pursue opportunities involving exports of liquified petroleum gas (LPG) and liquefied natural gas (LNG) from Canada to Asia. In 2013, the AIJV acquired 67 percent ownership of Petrogas Energy Corporation (Calgary-based) which owns the Ferndale LPG terminal in Washington state.

Idemitsu does not currently have oil and gas upstream investments in BC. Previously, Idemitsu and AltaGas ceased plans for the following LNG projects: Douglas Channel LNG (ceased February 2016) and Triton LNG (halted May 2016). Idemitsu has, however, continued with investigating potential natural gas-related opportunities in BC.

In August 2017, Altgas and Astomos Energy Corporation concluded a sale and purchase agreement for LPG from the Ridley Island Propane Export Terminal (RIPET). Astomos was established from a merger of the LPG divisions of Idemitsu (51%) and

Mitsubishi Corporation (49%). Beginning in 2019, Astomos has committed to receiving 1.2 million tonnes of propane annually (50% of the total production of the facility).

In January 2018, Premier met with Idemitsu at the BC Partnerships Luncheon (Tokyo) during the mission to Asia, and on the following day, met with Astomos Energy Corporation and toured their LPG receiving facility in Chiba, Japan. Following their BC stop, Idemitsu will be travelling onto Calgary to meet with AltaGas Ltd. and Petrogas Energy Corporation on July 5th, 2018.

DISCUSSION:

The meeting will be essentially an opportunity to have a further discussion on Idemitsu Kosan, AltaGas and also the Altagas-Idemitsu Joint Venture Limited Partnership (AIJV). It is anticipated that there will not be any asks to the Premier during the meeting.

Aside from an introduction and background on the companies, AltaGas will also provide an update on the RIPET project in Prince Rupert, and s.13,s.17

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This meeting will be an opportunity for the Premier to acknowledge Idemitsu's past and continued interest in BC's natural gas industry, and to convey appreciation for their current activities in the RIPET project s.13,s.17

Idemitsu and AltaGas are keen to understand the level of commitment and confidence that the provincial government has in responsible resource development in the natural gas industry. Staff from the Ministry of Energy, Mines and Petroleum Resources have advised that the Province has completed a competitiveness review that modelled the cost structure of LNG projects in the province and identified potential levers to address competitiveness issues. This review included consultation with industry, associations, First Nations and communities. LNG Canada is the most advanced project and if it makes a positive Final Investment Decision by November 2018, then government would proceed to seek necessary authorities for a set of fiscal and policy changes to improve cost competitiveness of the BC LNG industry. While the policy changes are contingent on LNG Canada proceeding, they would be available to anyone in BC developing a LNG project.

ATTACHMENTS:

Attachment I: Biographies – Idemitsu Kosan and Altagas attendees

Attachment II: Additional messaging from EMPR

Contact: Jennifer Horsman, Senior Manager, Japan, Int'l Bus Dev Division
Telephone: 778-968-2561

Reviewed by				
Dir:	ED:	ADM:	DM:	MIN:

Attachment I - Biographies

Idemitsu Kosan Co., Ltd.

Name: Kiyoshi Homma
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Name: Mr. Hirofumi Maki
s.22

Name: Mr. Toshiyuki Shirakawa
s.22

Name: Mr. Koji Matsukawa
s.22

AltasGas Ltd.



David W. Cornhill

Mr. Cornhill is currently the chairman of the board and founder of AltaGas Ltd., which was founded on April 1, 1994. Mr. Cornhill served as chairman of the board and chief executive officer until April 2016. He has over 35 years of experience with leading energy and energy infrastructure companies, and more than 25 years in C-suite positions. Prior to founding AltaGas, from 1987 to 1994 Mr. Cornhill was with Alberta and Southern Gas Co. Ltd. in various leadership roles including President and Chief Operating Officer and Vice President, Finance and Administration and Treasurer. From 1980 to 1987, he held various roles at Gulf Canada. At present, Mr. Cornhill is also a director on the board of Imperial Oil Limited, as well as a member of Western University's Board of Governors.

Mr. Cornhill is an experienced leader in the business community and is a strong supporter of communities and community collaboration, investment and enhancement. Over the years he has been actively involved in creating opportunities for shared value through mutually beneficial partnerships with community organizations and educational initiatives, including the establishment of several scholarships.

Mr. Cornhill holds a Bachelor of Science (Hons.) degree and a Master of Business Administration degree, both from Western University and was awarded an honorary Doctor of Laws degree by the University in 2015. He is also a member of the Ivey Advisory Board.

Mr. Cornhill is the recipient of the Calgary Ivey Leadership Award (2010), the Ivey Distinguished Service Award (2010) and the Ernst and Young Entrepreneur of the Year Award (2000). In February 2017 he was recognized as Chairperson of the Year by Alberta Oil Magazine in their annual C-Suite Energy Executive Awards.



Dan Woznow

Dan Woznow has been working in the energy and resource sectors for over 25 years. He joined AltaGas in August 2008, where he has been leading the development of several large projects including the Northwest Hydroelectric Facilities, the companies LNG initiatives, as well as the development of the proposed Ridley Island Propane Export Terminal.

Dan has extensive experience in project planning, assessment, management and community engagement. He has been involved in projects from the conceptual stage through to the feasibility design, financing, construction and operation, and brings this experience to project development initiatives in Prince Rupert. Dan also has a strong commercial background. He holds a BSc in Geological Engineering from University of British Columbia and a Diploma in Environmental Studies from Northern Alberta Institute of Technology.



Jennifer Osmar

Jennifer Osmar has been working in the stakeholder relations field in British Columbia for over a decade. She joined AltaGas in January 2014, where her focus has been on the policy, government, Aboriginal and community relations strategies for AltaGas' energy portfolio including the NW Hydroelectric Projects, the Ridley Island Propane Export Terminal and new energy export development initiatives. She represents AltaGas on the BCLNG Alliance Policy Committee.

Jennifer has hands-on experience working with Aboriginal communities and provincial and federal funding agencies collaborating on innovative training and employment initiatives, supporting community resilience through long term, skills-based employment and participation in energy projects.

ATTACHMENT II – Potential other topics of discussion

Idemitsu had sent through some general topic areas for potential discussion in advance of the more targeted format noted in the “Discussion” section of this note. We have included the messaging from EMPR below to address these previously noted items.

General views about the business environment and markets of oil and gas in Canada and Japan

- Provincial natural gas royalty revenues have declined alongside commodity prices.
- Despite challenged commodity pricing, provincial production of natural gas has been growing due to sustained activity and impressive well production.
- British Columbia has a vast supply of low carbon- intensive natural gas resources in places like the Montney Basin, and has been developing them for decades.
- While B.C. has been exporting natural gas to U.S. markets for decades, it has an opportunity to export the same fuel to other jurisdictions.
- To that end, government will introduce a fiscal framework that will provide fair returns to both British Columbians and investors.

BC policies toward oil & gas development – especially energy exports

- The Province is supportive of the development of liquefied natural gas and will ensure that British Columbians benefit from LNG projects by requiring that proposals meet our four stated conditions.
- The stated conditions should be viewed as a road map for successfully developing an LNG project in British Columbia and in no way should be viewed as a road block.
- Many of the leading LNG projects have worked very constructively to satisfy all four conditions and we expect that they will continue to advance their projects in that spirit.

ADVICE TO MINISTER

CONFIDENTIAL ISSUE NOTE

Ministry: Energy, Mines and Petroleum
Resources

Date: June 26, 2018 Update

Minister Responsible: Hon. Michelle Mungall

Taseko New Prosperity – federal court challenge

ADVICE AND RECOMMENDED RESPONSE:

- On Dec. 5, 2017 the Federal Court of Canada dismissed Taseko's two judicial review applications challenging the federal government's rejection of the New Prosperity proposal.
- In dismissing Taseko's applications, the Federal Court of Canada determined that there had been no breach of procedural fairness and that the findings of a panel tasked with evaluating the impacts on the environment of tailings were "reasonable."
- I understand that Taseko has since submitted notices to appeal the Federal Court's findings.
- The New Prosperity project cannot be built at this time, as it does not have federal approval.
- As this matter is before the courts, it would not be appropriate for government to comment.

June 22 BC Supreme Court decision:

- Although the BC Supreme Court ruled on this matter and found that the drilling program does not violate Section 6 of the CEAA, there is still another, related matter currently before the court.
- A judicial review of the Notice of Work decision is underway this week, which started on June 25, 2018.
- Until that matter is ruled on and we have had time to review the judgment, we are not able to comment or speculate on the implications of the June 22 decision.

ADVICE TO MINISTER

KEY FACTS REGARDING THE ISSUE:

On Dec. 5, 2017 the Federal Court of Canada dismissed Taseko's two judicial review applications challenging the federal government's rejection of the New Prosperity proposal.

In dismissing Taseko's applications, the Federal Court of Canada determined that there had been no breach of procedural fairness and that the findings of a panel tasked with evaluating the impacts on the environment of tailings were "reasonable."

Taseko had challenged the federal panel report and process, as well as the federal decision.

On January 3, 2018 Taseko submitted notices to appeal the Federal Court's findings.

Amendments to Notice of Work permit:

In July 2016, Taseko began preparations for an exploration program to collect data for permitting under the provincial Mines Act, and for potential redesigns of New Prosperity. Taseko applied under the Mines Act for permits, including an amendment to an existing permit, MX-3-131, and a licence under the Forest Act.

In July 2017, the Ministry of Energy and Mines issued an amendment to permit MX-3-131 to Taseko for the New Prosperity Site Investigation Program. The CEAA then wrote to Taseko, asking if the permit work included anything connected to New Prosperity, and also asked whether any of the activities were designated activities under CEAA 2012.

Taseko responded that the work was not connected to New Prosperity.

The CEAA took the position that the activities proposed were contrary to s. 6 of the CEAA 2012 and therefore those activities would constitute a federal offence. Taseko responded, disputing the view that the activities were unlawful.

In August 2017, the federal government filed an injunction petition enjoining Taseko from carrying out the work outlined in Permit MX-3-131. The following month, Taseko filed its own petition, maintaining that Section 6 of CEAA 2012 doesn't apply to the activities that Taseko has been provincially authorized to perform pursuant to Permit MX-3-131 issued under the Mines Act.

On June 22, 2018, the BC Supreme Court ruled on that the drilling program does not violate Section 6 of the CEAA; however, on June 25, a judicial review of the Notice of Work decision began, scheduled to be heard over four days.

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ADVICE TO MINISTER

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BACKGROUND:

The original Prosperity project received a provincial environmental assessment (EA) certificate in 2010; however, the federal government rejected it following a federal panel review. In 2011, Taseko Mines Ltd., proposed changes to the project (now called “New Prosperity”) that it said would address the significant adverse effects found by the original federal review. These changes required both a new federal panel review and a proposal to amend the provincial EA certificate.

The federal panel report was released on Oct. 31, 2013. The panel found that New Prosperity would result in several significant adverse effects. On Feb. 26, 2014, the federal Minister of the Environment issued a decision on New Prosperity, concluding that the project “is likely to cause significant adverse environmental effects that cannot be mitigated. The Governor in Council also determined that those effects are not justified in the circumstances; therefore, the project may not proceed”. Taseko challenged the federal panel’s findings and the federal government’s decision in federal court.

On June 11, 2014, Taseko wrote to the Executive Director of the B.C. Environmental Assessment Office requesting a five-year extension to the EA certificate for the Prosperity project, which was set to expire in January 2015. On Jan. 13, 2015, B.C. then Environment Minister Mary Polak granted a one-time five-year extension to this certificate, which means that Taseko now has until Jan. 14, 2020 to substantially start the project.

In May 2016, Taseko wrote to the Premier and asked that EAO complete its review of the proposed amendment. EAO discussed the request and its understanding of EAO’s obligations with TNG. TNG raised significant concerns about the potential for EAO to advance the review of the amendment and believed EAO could decline to review the amendment at this time in light of the federal rejection and the Taseko’s ongoing court challenge at that time. EAO considered TNG’s view, but determined that it was obligated to continue the review of the Taseko’s amendment application, as requested. EAO responded to both TNG and Taseko on June 30, 2016.

On Dec. 5, 2017, the Federal Court of Canada dismissed Taseko’s two judicial review applications challenging the federal government’s rejection of the New Prosperity proposal.

On January 3, 2018, Taseko submitted notices to appeal the Federal Court’s findings.

First Nations, including the TNG and Canoe Creek Band, continue to oppose the development of the New Prosperity mine.

ADVICE TO MINISTER

New Prosperity, a proposed conventional open-pit mining project with a 20-year operating life and a production capacity of 70,000 tonnes of mineral ore per day, is 125 km southwest of Williams Lake. The mine would be located outside of the declared title area of the Tsilhqot'in Nation, but within an area where the Tsilhqot'in Nation has established Aboriginal rights. The Tsilhqot'in National Government has recently declared Dasiqox Tribal Park area, which includes the area where the mine would be built. The most recent capital cost estimate is \$1 billion, with annual operating costs of \$200 million.

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	Rick Adams	250 828-4583
File Created:	Feb. 2, 2017	
File Updated:	June 26, 2018	

INTERGOVERNMENTAL RELATIONS SECRETARIAT

MEETING NOTE

PREPARED FOR: Premier John Horgan

MEETING WITH: Premier Scott Moe, Saskatchewan (by telephone)

DATE AND TIME: Friday, June 15, 2018 / 4:30 pm

OVERVIEW

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Premier Moe has made several strong statements in the legislature and in the media about his desire for changes in the equalization formula. He has linked his concern with equalization to several other national issues, including the proposed federal carbon tax, the Trans Mountain pipeline expansion project, and rail backlogs, all of which, according to Premier Moe, compromise the economy's ability to support equalization. The equalization formula's inclusion of non-renewable resource revenues in the calculation of provincial fiscal capacities is at the core of his request for changes. Premier Moe has been quoted as saying that he has "much simpler" ideas for reform which he thinks will be "palatable" across the country. He has not announced specific proposals to that effect.

SUGGESTED APPROACH

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BACKGROUND

Recent Statements by Premier Moe on Equalization

- “And we have enjoyed being a net contributor through equalization to the nation of Canada, Mr. Speaker. We’re having challenges with getting our product to markets, Mr. Speaker, through pipelines. We have rail backlogs, Mr. Speaker, affecting the economy in the province of Saskatchewan. And it is now time, Mr. Speaker, for us in this province to talk about the half a billion dollars that we send through equalization to be a net contributor to the nation of Canada, Mr. Speaker. And I am going to lead that discussion on behalf of the industry, the people, and the jobs in this province, Mr. Speaker. I’ll be leading that discussion, Mr. Speaker, on the reform of equalization in here and the nation of Canada.” (May 15, Saskatchewan legislature).
- “The reason that we need to lead this discussion on behalf of the people of this province is precisely this: We’re challenged with getting our products to market.”
- “Saskatchewan taxpayers contribute about \$580 million a year to the equalization program, and we receive zero from equalization. It’s time to fix the flawed program.”
- “Even though oil prices are recovering, SK’s economy is still being hit hard by a rail backlog and lack of pipelines, all of which is the federal government’s responsibility. But there is still one thing the federal government is good at shipping out of SK ... equalization dollars.”

Equalization

Equalization is a federal program funded from the General Revenue Fund (GRF). No provincial or territorial government pays into the program, although every Canadian taxpayer contributes to the GRF. All provinces have received equalization payments at some point in their history. The only provinces that currently do not receive equalization payments are B.C., Alberta, Saskatchewan, and Newfoundland and Labrador.

Payments to recipient provinces under equalization total \$19.0 billion in 2018/19. The growth rate of equalization is tied to a rolling three-year average of nominal GDP growth, and is expected to average about 3.7%. The allocation among recipient provinces is formula-driven based on provinces’ fiscal capacities. Provinces and territories do not technically have any say in the equalization formula, though there is a tradition of federal-provincial discussion prior to each renewal of the formula.

COF Summer Meeting

This will be Premier Moe’s first COF meeting. Officials are currently working to draft an agenda for Premiers’ approval. As the agenda currently stands, s.16

ATTACHMENTS

- Attachment 1: Biography of Premier Moe
- Attachment 2: Other potential topics for discussion

ATTACHMENT 1: BIOGRAPHY

**Premier Scott Moe
Saskatchewan**



Scott Moe was first elected to the Saskatchewan legislature in the 2011 provincial election. He was re-elected in 2016. He was then elected Leader of the Saskatchewan Party on January 27, 2018 and sworn in as Premier of Saskatchewan on February 2, 2018.

Premier Moe was born and raised in the constituency on a grain farm between Shellbrook and Parkside. He and his wife Krista live in Shellbrook with their two children. As a family, they enjoy many outdoor activities in what he describes as the irreplaceable landscape of Saskatchewan.

Premier Moe was educated at the University of Saskatchewan where he received his Bachelor of Science in Agriculture. He has been active in the community through his work with the Economic Development Corporation, the Shellbrook and District Health Services Project Inc., and the Shellbrook and District Physician Recruitment Committee. He has also volunteered his time to work with local hockey and softball associations.

Premier Moe served as a member of the legislature's Standing Committee on Crown and Central Agencies and was deputy chair of the legislature's Standing Committee on Public Accounts.

Premier Moe has previously served as Minister of Environment, Minister of Advanced Education, Minister responsible for Saskatchewan Water Corporation, and Minister responsible for Saskatchewan Water Security Agency.

ATTACHMENT 2: OTHER POTENTIAL TOPICS FOR DISCUSSION

Trip to D.C.

s.13,s.16

Western Governors' Association

s.13,s.16

Rail Transportation

s.13,s.16

s.13,s.16

Environmental Assessment

s.13,s.16

Carbon Tax

s.13,s.16

Trans Mountain Expansion

s.13,s.16

Summary of Carrier Sekanki First Nations Agreements and Negotiations (With Province and Centerra) - January 8, 2018

Agreement	CSFN Party	Effective	End Date	Description
Signed Provincial Agreements				
Collaboration Agreement	Carrier Sekani Tribal Council (CSTC)	2015	March 2, 2018	Establishes a framework for reconciliation, G2G agreement negotiation and collaborative relationship including collaborative decision making on major projects
Environmental and Socio-Cultural Initiatives Agreement	CSTC	2015	April 2, 2025	Address intent to collaborate to resolve environmental and socio-cultural issues within scope of Natural Gas Pipeline development.
Whubats'ut'en Nus Whetee (Interim Pathway Forward) Agreement	Nadleh Whut'en, Nak'azdli Whut'en, Saik'uz, Stellat'en, Takla Lake, Tl'azt'en, Burns Lake (Ts'il Kaz Koh) First Nations and CSTC	2017	March 31, 2018	Increases the CSFNs' participation in the forest economy, while setting the stage to advance reconciliation.
Interim Forestry Revenue Sharing Agreement	Nadleh Whut'en, Nak'azdli Whut'en, Saik'uz, Stellat'en, Takla Lake, Tl'azt'en, Burns Lake (Ts'il Kaz Koh) First Nations and CSTC	2017	March 31, 2018 or once forestry agreement in place to supersede (if sooner)	Provide interim forestry revenue sharing while negotiation of forestry agreement ongoing and confirm engagement process for forestry activities in CSFNs territory.
Environmental Stewardship Initiative - CSFN Omineca Demonstration Project Amending Agreement	Nadleh Whut'en, Nak'azdli Whut'en, Saik'uz, Stellat'en, Takla Lake, Tl'azt'en, Burns Lake (Ts'il Kaz Koh) First Nations and CSTC	2017	March 31, 2018	Develop a new, collaborative approach to establishing environmental legacies and to generate high quality, accessible and trusted environmental information.
Mount Milligan Economic and Community Development Agreements (ECDA)	Nak'azdli Whut'en	2012	N/A	Revenue sharing
Kemess Underground ECDAs	Takla Lake (other TKN nations also have ECDAs)	2017	N/A	Revenue sharing
Kemess Permitting Collaboration Plan	Takla Lake (and other TKN nations)	2017	At the conclusion of permitting	Establish framework for collaboration during coordinated authorizations permitting.
Signed Centerra Agreements				
Mount Milligan Impact Benefit	Nak'azdli Whut'en	Est. 2010	N/A	N/A

Summary of Carrier Sekanki First Nations Agreements and Negotiations (With Province and Centerra) - January 8, 2018

Agreements (IBA)	(McLeod Lake also has IBA)			
Kemess Underground IBAs	Takla Lake (and other TKN nations have IBA)	2017	N/A	N/A

s.16



Ref. 42635

December 6, 2017

Chief Larry Nooski
Nadleh Whut'en First Nation
Lnooski@nadleh.ca

Chief Archie Patrick
Stellat'en First Nation
chiefpatrick@stellatenfirstnation.ca

Dear Chief Larry Nooski and Chief Archie Patrick:

Thank you for your September 29, 2017, letter addressed to me and my colleagues the Honourable Michelle Mungall, Minister of Energy, Mines, and Petroleum Resources, and the Honourable Doug Donaldson, Minister of Forests, Lands, Natural Resource Operations and Rural Development.

In your letter you express concerns about the proposed renewal of the term of the mining lease for the Endako Mine (the Mine) and request the establishment of a government-to-government table with the Province.

I appreciated the opportunity to meet with you, Chief Nooski, on October 13, 2017 in Prince George to discuss Nadleh Whut'en First Nation and Stellat'en First Nation's request to negotiate a revenue sharing agreement for the mine in the next 6 months. The mandate for a potential Economic and Community Development Agreement (ECDA) is still in place, and Provincial negotiators are ready to engage with you.

I also understand that the Ministry of Energy, Mines, and Petroleum Resources has been engaging with you and will be following up with your team to discuss the mining lease term renewal application.

If you have any questions or require additional information regarding the ECDA negotiations, please contact Bruce Low, Regional Manager, Ministry of Indigenous Relations and Reconciliation at (250) 565-6419, or by email at Bruce.Low@gov.bc.ca.

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If you have any questions about the mining lease term extension application, please contact Torbjørn Rive, Advisor, First Nations Relations, Skeena Region, Ministry of Forests, Lands, Natural Resource Operations and Rural Development at (250) 847-7318, or by email at Torbjorn.Rive@gov.bc.ca.

Again, thank you for writing.

Sincerely,

A handwritten signature in black ink, appearing to be 'S Fraser', written over a horizontal line.

Scott Fraser
Minister

pc: The Honourable John Horgan
Premier

Honourable Michelle Mungall
Minister of Energy, Mines and Petroleum Resources

Honourable Doug Donaldson
Minister of Forests, Lands, Natural Resource Operations and Rural Development

Torbjørn Rive
Ministry of Forests, Lands, Natural Resource Operations and Rural Development

Peter Robb
Ministry of Energy, Mines and Petroleum Resources

Tom McCarthy
Ministry of Indigenous Relations and Reconciliation

Geoff Recknell
Ministry of Indigenous Relations and Reconciliation

Lloyd Roberts
Ministry of Indigenous Relations and Reconciliation

Bruce Low
Ministry of Indigenous Relations and Reconciliation