

## **MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES**

### **BRIEFING NOTE FOR INFORMATION**

**I PREPARED FOR:** The Honourable John Horgan, Premier of British Columbia, Honourable Michelle Mungall, Minister of Energy, Mines and Petroleum Resources, and the Honourable Carole James, Minister of Finance and Deputy Premier

**II ISSUE:** Meeting with Andy Calitz, Chief Executive Officer CEO of LNG Canada.

### **III BACKGROUND:**

- Andy Calitz last met with the former Minister of Natural Gas Development in May 2016.

#### **Project Overview**

- LNG Canada is a proposed two-phase, four-train (6.5 million tonnes per annum per train) liquefied natural gas (LNG) development located on the former Methanex site at the Port of Kitimat.
- The project is being developed by LNG Canada Development Inc., an incorporated joint venture owned by Shell (50%), PetroChina (20%), Mitsubishi (15%) and KOGAS (15%).
- It has received environmental approval from both the provincial and federal government and is fully permitted – including the first LNG Facility Permit issued by the BC Oil and Gas Commission.
- The project is estimated to have a capital expenditure of \$25-\$40 billion, and employ between 4,500 – 7,500 at the height of construction.
- The project has invested close to \$2.3 million in local communities in BC since 2012 and has strong community support, particularly from the Haisla First Nation.
- Market conditions have changed significantly since the proponents began to develop the project. On July 11, 2016, LNG Canada announced that its joint venture partners had decided to delay a Final Investment Decision (FID) on the project to focus on reducing capital costs.
- In December of 2016, LNG Canada announced that it would use this delay to undertake a new competitive process to identify a preferred prime contractor to build their facility and related infrastructure. This process is expected to be completed before the end of this year.

#### **Upstream**

- The project is expected to source its natural gas primarily from the Montney basin, where all of the partners have an upstream position. Each of the plant owners will be responsible for securing their own equity gas or bringing in third-party gas to the facility.

## **Midstream**

- In May 2012, TransCanada was selected by the project to build the Coastal GasLink pipeline that will deliver natural gas to the proposed LNG plant at Kitimat.
- This pipeline has been issued an environmental assessment certificate and has received all required permits from the BC Oil and Gas Commission.

## **Facility**

- On November 4, 2014, BC Hydro and LNG Canada signed a power agreement to allow for LNG Canada to use electricity from BC Hydro for a portion of the power needed for its proposed export facility. This was the first power agreement signed in BC with an LNG proponent.
- The agreement covers a portion of the electricity supply that will be required to power the commissioning and operation of LNG Canada's proposed facility – all auxiliary power needs.
- Each of the project partners is responsible for LNG offtake according to their equity interest. As a result, no additional sales contracts would be required prior to an FID.

## **Recent developments**

- KOGAS has for some time expressed interest in selling down a portion of their ownership in this project. Reports by the Globe and Mail (August 23) suggest that PETRONAS could be looking to acquire the 15 % stake currently held by KOGAS.
- Andy Calitz, CEO of LNG Canada, was quoted (August 3) saying that the project intends to make an FID and commence construction in 2018.
- The project announced that Servco Industrial Contractors Ltd in partnership with Haisla First Nation will begin work on demolishing and removing the former methanol terminal infrastructure. Work is set to wrap up by the end of 2017.
- On August 25, Minister Mungall sent a letter to Mr. Calitz requesting LNG Canada's participation in a consultation and review of BC's cost competitiveness and fiscal policies relating to LNG project development.
- s.13;s.21
- On September 22, Andy Calitz told Business in Vancouver that he believes there should be a tax on carbon, but they need an indication as to where it will go, as well as a look at the fiscal competitiveness of Canada for an LNG project, specifically the impacts of the LNG Income Tax.
- Since the first meeting, s.13;s.21

s.13;s.21

- s.13;s.21

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s.12;s.13

#### **IV CONCLUSION:**

- The Premier may want to request an update from LNG Canada on the process of selecting an Engineering, Construction and Procurement contractor.
- The Ministry has commenced a competitiveness review with LNG Canada. The Premier may wish to thank LNG Canada for its engagement in this project and their continued support in the development of the natural gas industry in BC.
- Mr. Calitz may raise the issue of what they view as a “discriminatory” approach re the electricity tariff for LNG projects. s.13;s.21  
s.13;s.21

**Appendices:** Appendix 1 – Biography - Andy Calitz, CEO of LNG Canada  
Appendix 2 – LNG Canada Project Fact Sheet

**DRAFTED BY:**

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## Appendix 1 - Biography

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**Andy Calitz** – Chief Executive Officer (CEO) of LNG Canada

Andy Calitz is CEO of LNG Canada (a Shell-PetroChina-Kogas-Mitsubishi Joint Venture). During his 18-year career with Shell, Mr. Calitz has been responsible for new business development in upstream projects and strategic investments in Russia, China, Australia, India, the Middle East and Africa.

He has held directorship of Sakhalin Energy (Russia), Gorgon LNG (Australia) and Brunei LNG. Prior to that, he worked in electricity generation, transmission, marketing and pricing.

Mr. Calitz studied at the Harvard Business School and holds three degrees from universities in South Africa. Mr. Calitz resides in Vancouver, BC.



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# LNG Project Fact Sheet

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**LNG CANADA**

August 2017

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Contact: [LNG Task Force](#)

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**Subject:** Confidential - Updated Wet'suwet'en materials  
**Date:** Friday, August 24, 2018 12:30:54 PM  
**Attachments:** [Key considerations and KMs Aug 21.docx](#)  
[ATT00001.htm](#)  
[Map of Wetsuweten Houses along CGL labelled.png](#)  
[ATT00002.htm](#)  
[Map of Wetsuweten Houses along CGL with Bands.PNG](#)  
[ATT00003.htm](#)  
[Wetsuweten\\_Org\\_-23Aug2018.pdf](#)  
[ATT00004.htm](#)  
[Wetsuweten Hereditary Chiefs Chart Notes Aug 23.docx](#)  
[ATT00005.htm](#)  
[LNG Benefits Framework Aug 23 2018.pptx](#)  
[ATT00006.htm](#)  
[2018-08-23\\_Wet'suwet'en Engagement Deck updated.pptx](#)  
[ATT00007.htm](#)

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Good afternoon.

Sending this updated package with updates to the original materials as a media release from 2016 that encourages government to be inclusive.

Please let me know if you have any questions or wish to have a briefing prior to the briefing for the Premier.

Thanks.

Laurel Nash

Assistant Deputy Minister

Strategic Initiatives and Partnerships Division

Ministry of Indigenous Relations and Reconciliation

250 953 4004

250 508 1670

Sent from my iPhone

Begin forwarded message:

Updated package consists of:

1. Key Considerations and KMs (same version you already provided)
2. Updated Map of Wet'suwet'en Houses along CGL (to correct one House name)
3. New map of Wet'suwet'en houses showing three band territorial assertions
4. Updated Chart of Wet'suwet'en leadership ("Wetsuweten\_org"),s.16;s.22  
s.16
5. New ("Wetsuweten Hereditary Chiefs Chart Notes Aug 23") - offers more detailed information relating to all hereditary and elected Wet'suwet'en leadership
6. Updated LNG Benefits Framework presentation (updates to Slide 16 Key

Issues - Unist'ot'en references changed to "camp" and 2 gates)

7. Updated Wet'suwet'en Engagement Deck (minor spelling/grammar corrections made throughout)
8. Following is a hyperlink to a media release distributed by OW in 2016, in response to Premier visiting territory. Quote below reiterates the importance of respecting protocol and supports advice for inclusive approach to broader hereditary leadership. Also calls for Reconciliation Agreement with hereditary chiefs:
  - [http://www.wetsuweten.com/files/Media\\_Release\\_November\\_23\\_2016.pdf](http://www.wetsuweten.com/files/Media_Release_November_23_2016.pdf)

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Cory Waters

A/Chief Negotiator, North

Negotiations and Regional Operations Division

Ministry of Indigenous Relations and Reconciliation

W: 778.678.9295 C: <sup>s.17</sup>

**PREMIER JOHN HORGAN WET'SUWET'EN VISIT:  
KEY CONSIDERATIONS**

**RECOMMENDED PURPOSES OF MEETING:**

- To initiate a relationship re-set and government commitment to pursue new reconciliation initiatives with the Wet'suwet'en Nation;
- Recognition of hereditary governance system and offer resources to support unification; and
- To open up senior level lines of dialogue about the Unistot'en camp and to enable options to enable access for the Coastal GasLink pipeline

**KEY CONSIDERATIONS:**

- A Wet'suwet'en Engagement Strategy should further advance interests expressed by many hereditary and elected Wet'suwet'en chiefs in nation-building and promoting inclusion of all Wet'suwet'en leadership. It is critical to exhibit inclusivity from the beginning. An inclusive approach seeks to avoid ongoing criticism, and division, among leaderships. s.13;s.16
- It is recommended that invitations to meet the Premier be extended to all hereditary and elected Wet'suwet'en leadership. If a private meeting is required, an alternative is to pursue other meetings with leadership that same day. See Appendix 1 for list of recommended invitees.
- On July 11, 2018, Ministers reviewed a s.13;s.16 Wet'suwet'en Engagement Strategy. s.13;s.16

s.13;s.16

s.16

- Unist'ot'en have created alliances with non-Indigenous camp occupants. They also have the support of Indigenous groups and individuals. The camp is emerging as a strong symbol of the continued use and occupation of the land by Wet'suwet'en members.s.13;s.16
  - In the past, engagement by the Province or TransCanada with OW s.13;s.16
    - at the height of the proponent's extensive field work in 2014 and 2015, frequent negative incidents that varied in severity;
    - significant government, law enforcement, and legal counsel resources to manage the 2014, 2015, and 2016 field seasons.
  - Since the camp was created, the Province, through multiple ministries, has made extensive efforts to work with Wet'suwet'en leaders including Hereditary Chiefs to seek resolution. Proposals ranged from social, community wellness, children and families, conservation, environment and economic opportunities.
  - Should a resolution not be possible, and access prohibited, TransCanada Pipelines will require a civil injunction in order to proceed with their permitted activity.
- s.13;s.16
- TransCanada is keen to seek a negotiated resolution and access through the gated road without a legal conflict. However, if an injunction is necessary, s.13;s.16
    - s.13;s.16 . An injunction could further galvanize the protest camp and increase media attention.

DRAFT

**Suggested Key messages for the Premier/Wet'suwet'en Leadership Meeting include:****1. Reconciliation and Nation Building**

- The Province is committed to reconciliation, including the implementation of United Nations Declaration on the Rights of Indigenous Peoples, the Truth and Reconciliation Commission's Calls to Action, and court rulings such as the Tsilhqot'in decision.
- Reconciliation is an opportunity to explore significant changes in the way the Province interacts with indigenous peoples. Reconciliation requires an open mind and open heart. It is hard work.
- It includes respectful and open discussions to help us define and achieve a collective vision for how our governments can work together.
- We are interested in having these discussions with the Wet'suwet'en to re-set relations and explore new opportunities in the region.
- Over the years, we have heard from Wet'suwe'ten leadership on their interests, including: Wet'suwet'en unity; the importance of the Province recognizing the roles of hereditary chiefs and supporting Wet'suwet'en people in Nation-building endeavors; building hereditary and elected governance systems; improving communications and relations between the Province and Wetsuweten; establishing deeper government-to-government relationships.
- I propose that we come together in the fall with the goal of enhancing provincial and Wet'suwet'en government relations and increasing the prospects of new economic, social, cultural, and environmental opportunities.
- I propose key ministers meet with elected and hereditary Wet'suwet'en leadership at a meeting in September or October to build an agenda together for how we could advance reconciliation.
- Ministers and chiefs could then task senior staff to meet and build together the issues to work on and identify what new mandates may be needed to advance reconciliation.
- It is my hope that this meeting will set the stage for ongoing government-to-government negotiations on these topics.

**2. LNG and CGL**

- Our government is also committed to responsible resource development projects that can provide significant economic benefits to all British Columbians, and fund important initiatives for First Nations across the province, including the Wet'suwet'en.

s.13;s.16

## BACKGROUND

“Wet’suwet’en Nation”, named to represent the whole of Wet’suwet’en peoples, is comprised of multiple traditional, legal and political entities that seek to represent some, or all, of the Nation or their members. A proud and long-standing commitment to the traditional hereditary structure is held by Wet’suwet’en and evidenced in the *Delgamuukw/Gisdaywa* Supreme Court of Canada case.<sup>s.13;s.16</sup>

The Wet’suwet’en Nation organizes themselves into five clans (“*didikhni*”) and thirteen houses (“*yikh*”). The clans are largely made up of several families who work together on the land. They share a common ancestor and history. Smaller family groups are organized into houses within the clan. Each house is led by a House Chief who is advised by Wing Chiefs. Clans are represented by their House Chiefs, one of which is considered the Head Chief. Hereditary Chiefs have been administratively supported by the Office of the Wet’suwet’en (OW)<sup>s.13;s.16</sup>

At present, OW appears to consistently represent between 6 or 7 hereditary chiefs. A newly emerged collective of six hereditary chiefs – organized as the Wet’suwet’en Matrilineal Coalition – has indicated that the OW no longer represents their interests.

There are six *Indian Act* bands that derive from Wet’suwet’en lineage. They include Wit’set Band (formerly Moricetown Band), Hagwilget Village, Skin Tyee Nation, Nee-Tahi-Buhn Band, Wet’suwet’en First Nation and Ts’il Kaz Koh First Nation (Burns Lake Band). Of these six Bands, four independently assert Aboriginal rights and title within what they have identified as their traditional territory (Skin Tyee, Nee Tahi Buhn, Wet’suwet’en Band and Ts’il Kaz Koh). Ts’il Kaz Koh is politically affiliated with Carrier Sekani, and is involved in comprehensive reconciliation negotiations with the province being led by Carrier Sekani Tribal Council.

Historically, the Unist’ot’en are “the people of the headwaters”, associated with the Morice River headwaters (“*Wedzin Kwah*”) and areas around Ootsa Lake (“*Utsewh Bin*”) and Nanika River and Lake (“*Nenikekh*”). Unist’ot’en identify as the original peoples in the area, predating the existence of current Wet’suwet’en clans, and pride themselves as being the “*toughest of the Wet’suwet’en as their territories were not only abundant, but the terrain was known to be very treacherous*”. Part of the Big Frog Clan, Unist’ot’en is affiliated with, or replacing, Dark House.

Unist’ot’en has supported a protest group that has built a camp occupied by non-Indigenous protesters and a group of people within the Wet’suwet’en Nation. The camp has the support of Indigenous groups and individuals, and Unist’ot’en have proven adept at creating alliances with non-Indigenous camp occupants. The camp is emerging as a strong symbol of the continued use and occupation of the land by Wet’suwet’en members.<sup>s.13;s.16</sup>

s.13;s.16



**APPENDIX 1:****Invitation distribution list - All hereditary and elected leadership of the Wet'suwet'en Nation**

Office of the Wet'suwet'en on behalf of Wet'suwet'en Hereditary Chiefs, including:

- John Ridsdale
- Jeff Brown
- Herb Naziel
- Alphonse Gagnon
- Henry Alfred
- Ron Mitchell

Hereditary Chiefs not represented by the OW:

- Warner William
- Theresa Tait Day
- Darline Glaim
- Gloria George
- Bill Naziel

Elected Chiefs:

- Chief Victor Jim, Witset First Nation
- Chief Vivian Tom, Wet'suwet'en First Nation
- Chief Dora Wilson, Hagwilget Village Council
- Chief Rene Skin, Skin Tyee Nation
- Chief Raymond Morris, Nee-Tahi-Buhn Indian Band (aka Burns Lake Band)

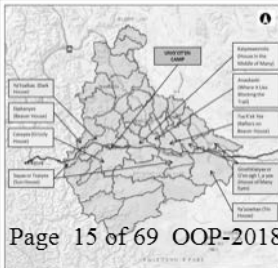
**First Nations LNG Alliance**- FN organization supporting LNG with representatives from up, mid and downstream ( **BOLD names** also have connections to existing or previous **Wet'suwet'en Leadership**):

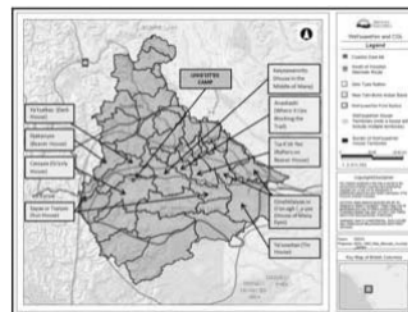
- **Dan George, FN LNG Alliance Chair, Chief: Ts'il Kaz Koh First Nation (Burns Lake Band)**
- **Erwin Tom, Councillor: Wet'suwet'en First Nation**
- **Adele Gooding, GM: Skin Tyee Nation**
- Crystal Smith, Chief Councillor: Haisla Nation
- Amy Ann Gauthier, Councillor: Sauteau First Nations
- Robert J. Dennis Sr., Chief Councillor: Huu-ay-aht First Nations
- **Karen Ogen-Toews, First Nations LNG Alliance CEO and former Chief, Wet'suwet'en First Nation**

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# Wet'suwet'en and Unist'ot'en

## Update and Next Steps

Briefing for Premier John Horgan

August, 2018

Confidential - For Internal BC Government Use Only - Disclosure Prejudicial to First Nations Relationships

# Overview

- Wet'suwet'en Nation
- Wet'suwet'en / BC Relations – Current Status
- Coastal Gas Link - Current Status
- Unist'ot'en Camp
- Proposed Engagement Streams

s.13;s.16

- Next Steps

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## Wet'suwet'en Nation

- Wet'suwet'en territory = 22,000 km<sup>2</sup>
- Five Wet'suwet'en *Indian Act* Bands with a population of **3,421** registered members
- Wet'suwet'en comprised of 5 clans and 13 houses (38 house territories, 13 house chiefs)
- Wet'suwet'en Hereditary Chiefs (HC) co-plaintiffs with Gitksan in Delgamuukw/Gisdaywa - strong claim for rights and title throughout much of the territory
- The Office of the Wet'suwet'en (OW) became administrative arm for the HCs for treaty purposes and currently not representing all HCs (~7 of 13)

s.13;s.16

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# Wet'suwet'en / BC Relations – Current Status

- Relationship status
    - Province regularly engages with elected Bands and Hereditary Chiefs through OW on consultation and accommodation-related agreements
- s.13;s.16
- Recent progress and opportunities
    - 2017 agreement between MCFD and OW, Hagwilget and Moricetown regarding the transition of administration of child welfare programs
    - Excellent ongoing work in partnership with Bands and OW on environmental/conservation activities
    - Contact between MMM and OW and Elected Chiefs
    - Initial meeting between Hereditary Chief and MSF on April 13<sup>th</sup> at the Recognition of Rights Forum, which resulted in an invitation to the territory
    - MSF attended a meeting with seven Hereditary Chiefs in the Wet'suwet'en territory on May 24<sup>th</sup>, and committed to:
      - explore reconciliation
      - support unity efforts
      - follow up on OW interests of language, acquisition of a school, etc.

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## Coastal Gas Link – Current Status

- TransCanada pipeline and LNG Canada facility are worth \$6.5B and \$22B respectively
- Final Investment Decision (FID) by LNG Canada is expected October 2018.
- Province has fully permitted CGL right-of-way and fulfilled consultation obligations

s.13;s.16

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## Coastal Gas Link – Current Status

- TransCanada Agreements
  - 19 First Nations signed Project Agreements providing consent to CGL
  - TransCanada sees their Project Agreements with First Nations as completed

s.16;s.21

- Provincial Agreements
  - 17 of 20 First Nations have signed benefits agreements with the Province;

s.16

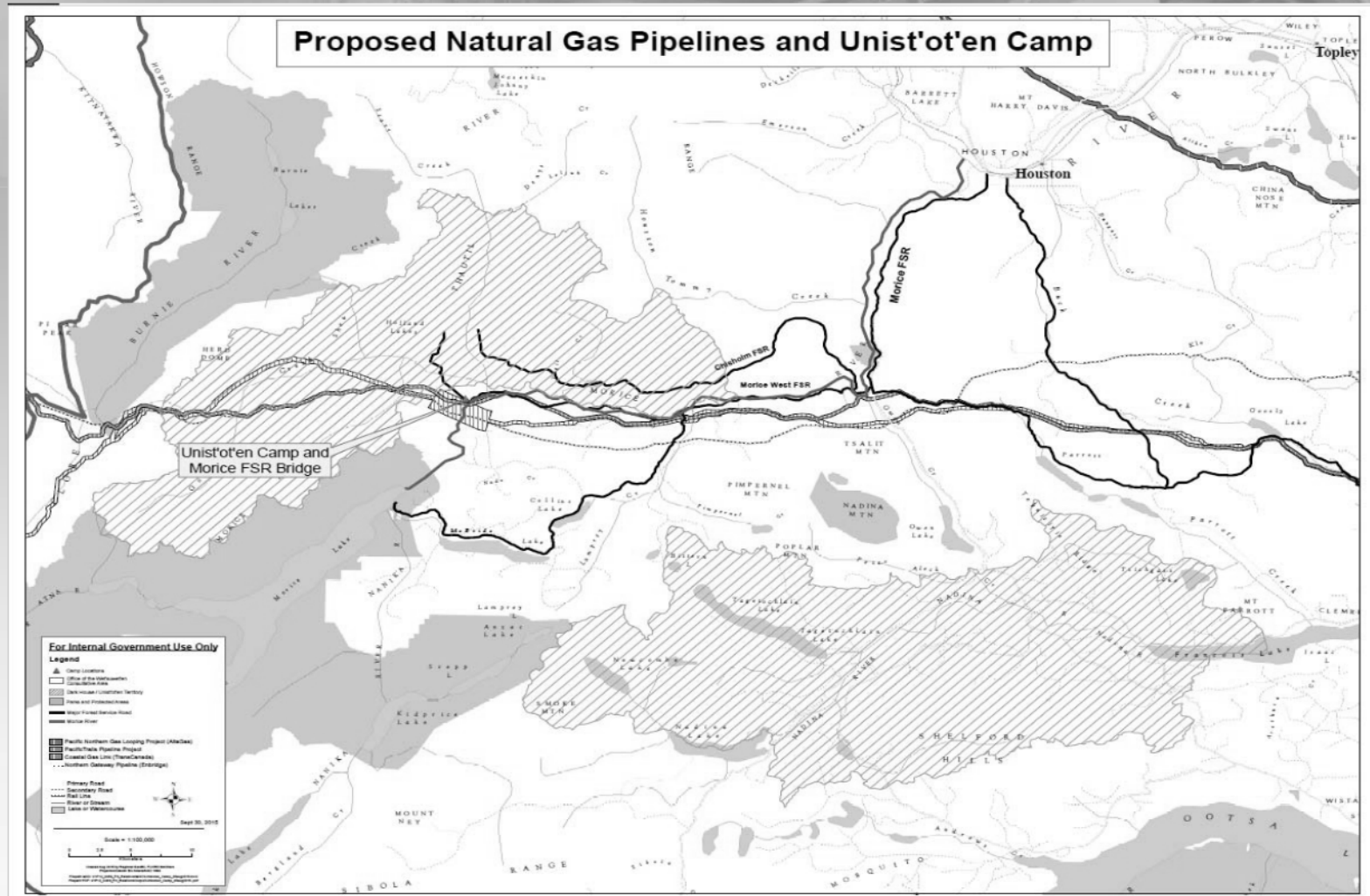
- 4 of 5 Wet'suwet'en *Indian Act* Bands have signed pipeline agreements

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# Unist'ot'en Camp

s.13;s.16

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# Ministry Accountabilities

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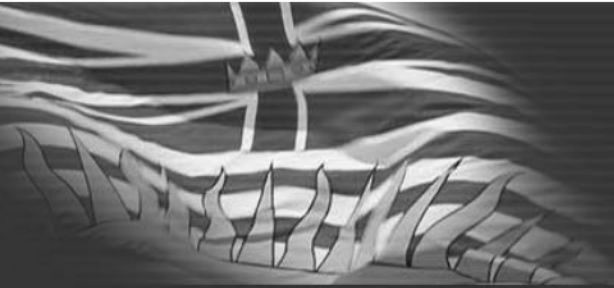
BRITISH  
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# First Nations LNG Benefits Framework

Confidential Advice  
to Cabinet

1



# Introduction

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1. Provincial Benefits Framework
2. Overview of Projects
3. Provincial Negotiations
  - Provincial Financial Benefits Agreements with First Nations Approach
  - Upstream
  - Midstream
  - Downstream – Prince Rupert and Kitimat
4. Related Initiatives
  - Environmental Stewardship Initiative
  - Indigenous Skills Training Development Fund
  - Industrial Camps and Indigenous Communities
5. Outstanding Issues
6. Conclusion



# Benefits Framework

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**Provincial LNG Benefits Framework was designed so that local First Nations would directly benefit from LNG projects in their territories.**

**Three pillars:**

- Financial benefit agreements
- Environmental stewardship opportunities
- Skills and Training opportunities

**Objectives:**

- Provide provincial payment to affected First Nations, in addition to those provided by LNG proponents, linked to stages of LNG development;
- Address broader environmental interests in First Nations territories by collaborating on new environmental stewardship projects (e.g. cumulative effects assessments); and
- Enhance opportunities for Indigenous people to upgrade skills and to ensure readiness for jobs and businesses associated with LNG development.

# Projects Overview

## LNG Proponents

- Coastal GasLink (CGL) / LNG Canada (Kitimat) – FID expected in October
- Pacific Trails Pipeline (PTP) / Kitimat LNG (Kitimat) – may proceed; however, it will not make a FID this fiscal
- Woodfibre / Eagle Mountain (Squamish) – FID made and is proceeding
- Kwispa (Vancouver Island) – expected to enter the Environmental Assessment process this fiscal
- Prince Rupert Gas Transmission (PRGT) / PNW LNG (Prince Rupert) – Facility not proceeding
- West Coast Connector Gas Transition (WCGT) / PR LNG (Prince Rupert)- Facility not proceeding
- Aurora LNG facility – Facility not proceeding

### Focus:

- LNG Canada is the largest LNG facility planned for BC and has been the focus of much of the benefits negotiations.



## LNG Canada

### Artist's rendering of project site – southwest view

Copyright

### Artist's rendering of project site – aerial view

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- **LNG Canada** is a proposed four-train, 26 million tonne per annum liquefaction project to be located near Kitimat
- The focus is on the first phase, which consists of two trains totalling 13 million tonnes per annum of capacity
- The project is being developed by experienced partners including Shell, PetroChina, Mitsubishi, KOGAS, and Petronas
- LNG Canada will use shale gas from Western Canadian
- Gas will be transported to Kitimat via TransCanada's proposed **Coastal GasLink** pipeline, which has been permitted by the OGC
- LNG Canada received its 40 year export license in May, 2016 and received environmental approval from both the provincial and federal governments in June 2015 (provincial approval amended in August 2015).
- LNG Canada is fully permitted – including the first LNG Facility Permit issued by the BC Oil and Gas Commission in January, 2016
- **LNG Canada's estimated capital cost is \$22.6-\$36.1 billion with up to 7500 people working during peak construction.**

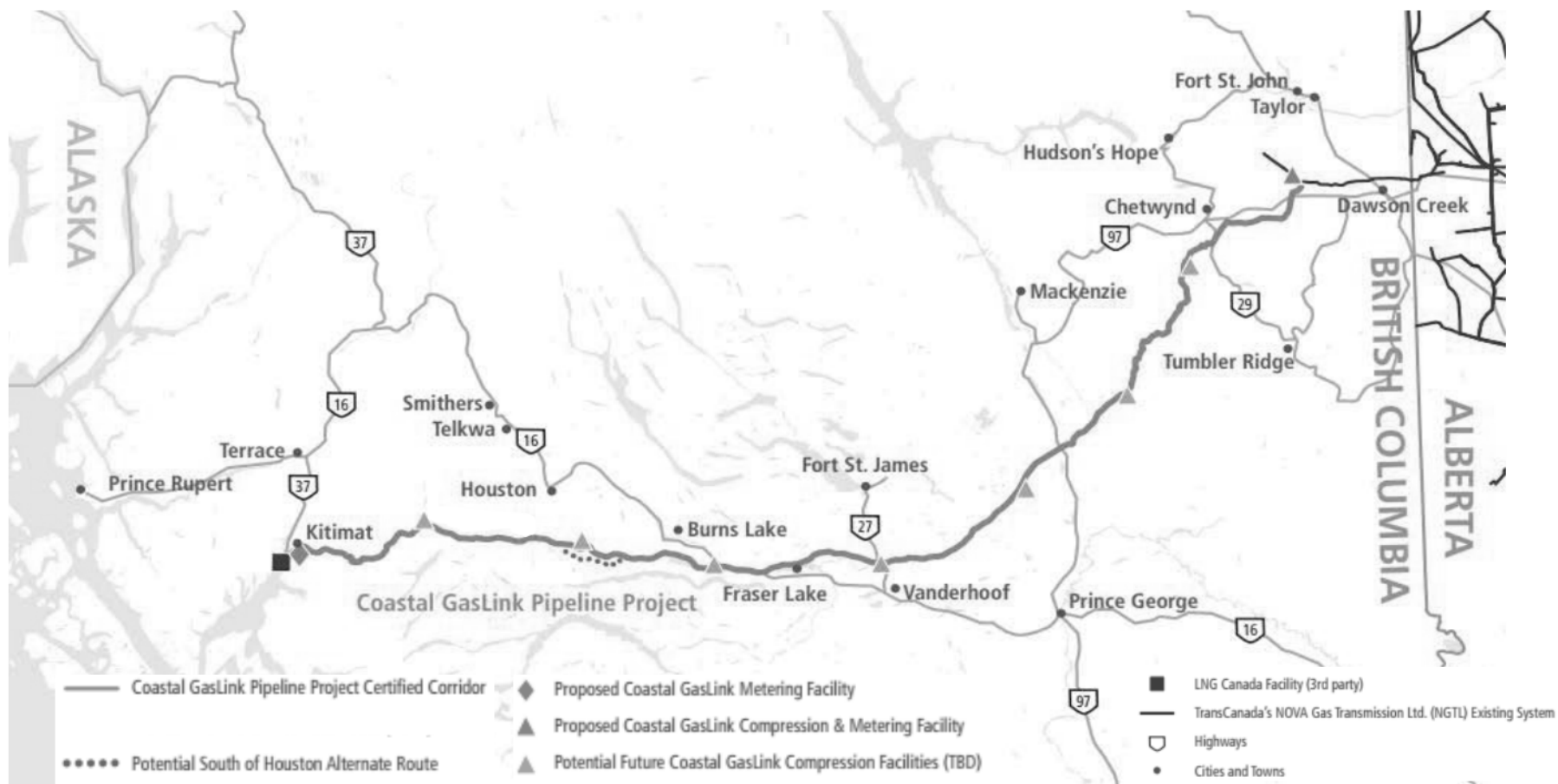
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t o   C a b i n e t



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## Coastal GasLink Pipeline Project



Confidential Advice to Cabinet



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## Coastal GasLink Pipeline Project

### Summary Table

<b>Ownership/Operator:</b>	TransCanada (100%)
<b>Size:</b>	48 inches
<b>Location/Length:</b>	Groundbirch to Kitimat (670 km)
<b>Associated facility:</b>	LNG Canada

### Major Permits and Authorizations

<b>Provincial EA:</b>	EAC issued October, 2014*
<b>OGC Permits:</b>	All major pipeline and facility permits approved

s.17; s.21

### Economic benefits

**Estimated Jobs:** Peak Construction: 2,000 - 2,500 jobs  
Operation: 16 to 35 jobs

#### \*Environmental Assessment Amendment

In May 2018 an amendment was approved for the South of Houston Alternate route in response to Wet'suwet'en concerns

### Project Agreements between CGL and First Nations

<b>Number signed:</b>	19
<b>What it does:</b>	Provide financial benefits, construction monitors, and contracting opportunities to FNs

C o n f i d e n t i a l   A d v i c e   t o   C a b i n e t

## Proponent's Negotiations

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- Coastal Gas Link and LNG Canada have completed their Environmental Assessments and Oil and Gas Commission permitting, and there are no outstanding legal actions related to the projects.
- Significant engagement has taken place by the companies with First Nations affected by the project<sup>s.13;s.16</sup>
- Project agreements between the companies vary but contain relationship-related commitments (e.g. First Nation- Company forum), environmental commitments, short term and ongoing financial benefits, skill training opportunities, and employment and contracting opportunities.

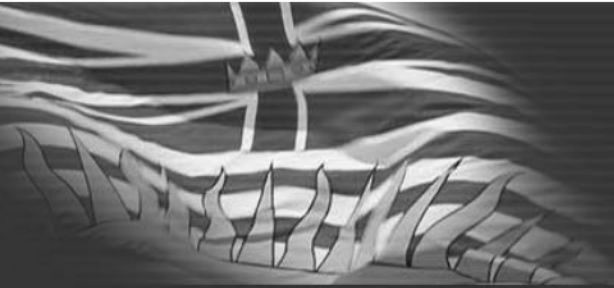


# Province's Negotiations

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## **Provincial Financial Benefits Agreements with First Nations**

- Upstream: Economic Benefits Agreements (EBAs) and Government to Government Agreements (G2G) provide benefits to Treaty 8 First Nations related to oil and gas production, and provide other opportunities (e.g. land measures)
- Midstream: Pipeline Benefits Agreements (PBAs): Provide financial benefits for new LNG export pipelines in northern BC
- Downstream: LNG Benefits Agreements and Coastal Fund Agreements provide financial benefits related to the construction and operation of LNG Facilities, and shipping impacts



## Financial Benefit Agreements – Upstream (Treaty 8 Area)

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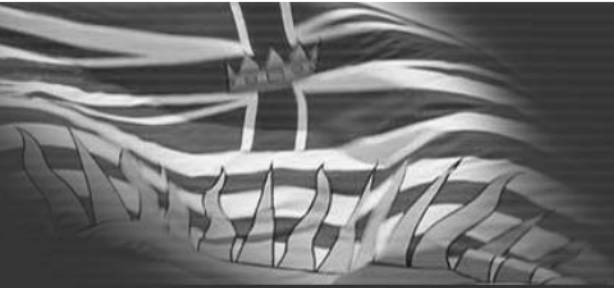
- Revenue-sharing on oil and gas royalties with Treaty 8 First Nations through Economic Benefit Agreements (EBAs) and other G2G agreements. These address strategic priorities, including unique land management issues related to “significant areas” for treaty rights.

s.13;s.16;s.17

- Oil and Gas Consultation Protocol Agreements (CPAs)— consultation capacity funding
- Pipeline Benefit Agreements for LNG pipelines
- All Treaty 8 FNs (except FNFN) are parties to the Regional Strategic Environmental Assessment – they are co-designing a cumulative effects assessment project and developing management recommendations through the provincial Environmental Stewardship Initiative

■ Complete, Announced ■ Complete, Not Announced ■ Negotiations Progress  
■ Significant Negotiation Barrier ■ Not Applicable DE = Deferred Effective Date (Pipelines Only)

C o n f i d e n t i a l   A d v i c e  
t o   C a b i n e t



s.13;s.16

## Pipeline Benefit Agreements – Midstream

- Pipeline Benefit Agreements (PBAs) provide financial benefits from the Province to First Nations for certain milestones in exchange for certainty regarding Provincial decisions and authorisations' for a project
- Payments for PBAs are associated with:
  - Bringing agreement into effect
  - Construction milestones
  - Ongoing payments associated with the operation of a pipeline
- BC has signed 63 PBAs to date.
- In addition to PBAs, proponents also have signed Project Agreements with many Indigenous communities. These provide financial benefits, relationship commitments (e.g. construction monitoring and dispute resolution), employment , and contracting opportunities to communities
- CGL has signed 19 Project Agreements,<sup>s.13;s.16</sup>  
s.13;s.16



## Financial Benefit Agreements – Downstream

s.13;s.16

- Government signed agreements with First Nations providing benefits related to a number of potential LNG facilities.
- Facility benefits include: cash payments and land transfers linked to potential final investment decisions (FID) or commencement of construction; some cash and land up front (before FID); and, some housing investments for off-reserve social housing projects
- Ongoing Coastal Benefit payments include an annual base amount, plus an amount based on actual LNG facility production.



## Financial Benefit Agreements – Summary

- Government has signed agreements with vast majority of First Nations that may be impacted by LNG – although some have not been brought into effect by the Nations at this time.
- If LNG Canada proceeds, the Province will spend \$12.1 million cash on facility-related payments, \$129.7 million over 25 years via the Coastal Fund, and transfer 1,343 ha of land
- For pipeline-related payments, the Province will spent \$46 million on construction-related payments and \$10 million/year for ongoing benefits for a total of \$452 million over the life of the project (40 years)

## Related Initiatives

Copyright

Copyright

### **Indigenous Skills and Training Development Fund:**

- \$30M in skills training funding over three years (2015/16 – 2017/18) to assist Indigenous communities benefiting from emerging LNG sector
- All projects are proposed by and delivered in conjunction with First Nations
- Haisla members are receiving training related to venture development and scaffolding
- Tsimshian First Nations, including Gitga'at and Kitselas are benefitting from courses ranging from drivers' training and essential skills upgrading to environmental monitoring, trades training and job-related education programs delivered close to home.

### **Environmental Stewardship Initiative:**

- \$30 million for collaboration on new environmental projects with 29 FNs in northern BC
- ESI projects include activities such as:
  - Cumulative Effects Assessments
  - Riparian Habitat Restoration projects
  - Environmental Monitoring projects on moose, wetlands, medicinal plants, grizzly bear and fish/fish habitat
- Given the success of the initiative, the project enabling agreements have been extended until 2021

C o n f i d e n t i a l   A d v i c e  
t o   C a b i n e t

## Related Initiatives (cont'd)

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### **Industrial Camps and Indigenous Communities**

- During PBA negotiations in 2015, Lake Babine Nation and Nak'azdli Whut'en raised concerns about negative social and health impacts of camps on Indigenous women and children. The nations engaged the Firelight Group to conduct work on their behalf. This led to Firelight publishing a report in 2017.
- In March 2017, a Cross Ministry Working Group was formed to identify potential actions and develop a provincial response. The Working Group includes representatives from Lake Babine and Nak'azdli Whut'en First Nations.
- Targeted engagement occurred between June 2017 to the January 2018 with over 50 stakeholders and organizations and was used to develop a discussion paper highlighting challenges in the current provincial approach.
- In July 2018, MIRR and MEMPR started to build case studies with proponents (TransCanada and LNG Canada) to identify industry best practices and potential regulatory gaps.
- Results and next steps will be presented in February 2019.



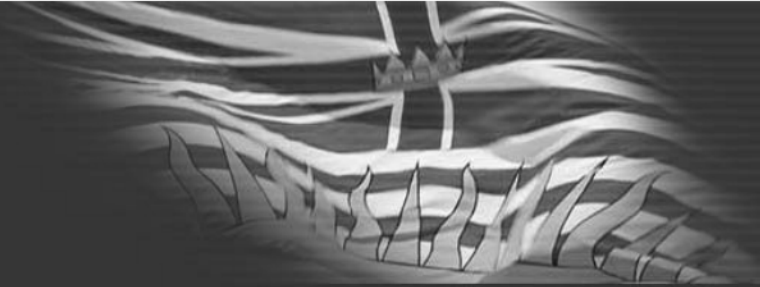
BRITISH  
COLUMBIA



## Key Issues

s.13;s.16





## Conclusion

---

- The Province has developed and implemented a comprehensive framework to secure consent from the vast majority of First Nations across the LNG value chain for all major LNG projects in northern BC.
- These benefits have included financial benefits but have also provided funding for environmental stewardship projects and skills and training to help prepare communities for a FID.
- In the event of a FID, First Nations will receive significant benefits from the Province and from proponents.

s.13;s.16

August 23, 2018: CAVEAT – Table reflects best available information and is to be revised on ongoing basis as new information becomes available. Inaccuracies and incompleteness may persist with current information and nature of sources.

1. WET’SUWET’EN HOUSES AND HEREDITARY CHIEFS NOTES PAGE

s.13;s.16;s.17;s.22

Wet’suwet’en Houses and Hereditary Chiefs (not along CGL)

CONFIDENTIAL – For Internal Government Discussion Only – Disclosure may Prejudice First Nation Negotiations and will be likely redacted from release to any FOI request on these grounds and others

August 23, 2018: CAVEAT – Table reflects best available information and is to be revised on ongoing basis as new information becomes available. Inaccuracies and incompleteness may persist with current information and nature of sources.

s.13;s.16;s.17;s.22

## 2. UNIST'OT'TEN KEY PLAYERS NOTES PAGE

s.13;s.16;s.17;s.22

August 23, 2018: CAVEAT – Table reflects best available information and is to be revised on ongoing basis as new information becomes available. Inaccuracies and incompleteness may persist with current information and nature of sources.

### 3. OFFICE OF THE WET'SUWET'EN (KEY STAFF) NOTES PAGE

s.13;s.16;s.22

CONFIDENTIAL

August 23, 2018: CAVEAT – Table reflects best available information and is to be revised on ongoing basis as new information becomes available. Inaccuracies and incompleteness may persist with current information and nature of sources.

#### 4. WET'SUWET'EN BANDS AND COMMUNITIES NOTES PAGE

s.13;s.16;s.22

August 23, 2018: CAVEAT – Table reflects best available information and is to be revised on ongoing basis as new information becomes available. Inaccuracies and incompleteness may persist with current information and nature of sources.

s.13;s.16;s.22

CONFIDENTIAL

August 23, 2018: CAVEAT – Table reflects best available information and is to be revised on ongoing basis as new information becomes available. Inaccuracies and incompleteness may persist with current information and nature of sources.

5. OTHER WET'SUWET'EN ORGANIZATIONS NOTES PAGE

s.13;s.16;s.22

CONFIDENTIAL

**MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES**

**BRIEFING NOTE FOR INFORMATION**

**I PREPARED FOR:** Honourable John Horgan, Premier

**II ISSUE:** Update on LNG Canada Competitiveness Review

**III BACKGROUND:**

LNG Canada is a proposed four-train, 26 million tonnes per annum liquefaction project to be located near Kitimat. The current focus of the project is on the first phase, which consists of two trains totaling 13 million tonnes per annum of capacity.

The project has received environmental approval from both the provincial and federal government and is fully permitted – including the first LNG Facility Permit issued by the BC Oil and Gas Commission.

On July 11, 2016, LNG Canada announced that its joint venture partners had decided to delay a Final Investment Decision (FID) on the project to focus on reducing capital costs, as international markets shifted considerably since the project's inception. In 2017, the LNG Canada CEO Andy Calitz announced that the project is now "extremely active" and the consortium intends on taking a FID in the second half of 2018.

On February 2<sup>nd</sup> 2018, LNG Canada announced it has short-listed two major international engineering and construction consortiums for the design, procurement and construction for an LNG plant in Kitimat: TechnipFMC plc-KBR, Inc. and JGC Corp.-Fluor Corp.

Competitiveness challenges remain for the project when compared to competing proposals in the US Gulf Coast. s.13;s.21

s.13;s.21

**IV DISCUSSION:**

On February 28<sup>th</sup>, Provincial representatives from the Ministries of Energy, Mines and Petroleum Resources and Finances. s.13;s.21

s.13;s.21



Page 55 of 69

Withheld pursuant to/removed as

s.13 ; s.16 ; s.17 ; s.21

**From:** [Farmer, Susan PREM:EX](#)  
**To:** [Meggs, Geoff PREM:EX](#); [Wright, Don J. PREM:EX](#)  
**Cc:** [Rochon, Jake PREM:EX](#); [Wong, Tamarra PREM:EX](#); [Higgins, Keira PREM:EX](#)  
**Subject:** REVISED Draft for consideration  
**Date:** Friday, March 16, 2018 2:54:26 PM  
**Attachments:** [2018-03-16 LNG Canada.docx](#)

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Hi Geoff & Don – please see the attached letter that includes minor revisions from what was referred to you yesterday.

Please note that the cc's suggested by EMPR have now been added (MMM, MCJ & MGH).

As well, there is an additional sentence provided by DM Nikolejsin that's been added on page 2 of the letter. The additional text is in brackets at the end of the paragraph that follows the italicized quote.

**Susan Farmer**

Managing Director | Correspondence Branch | Office of the Premier  
P: 250-387-3570 E: [susan.farmer@gov.bc.ca](mailto:susan.farmer@gov.bc.ca)



March 16, 2018

Mr. Andy Calitz  
Chief Executive Officer  
LNG Canada  
400 4<sup>th</sup> Avenue SW  
Calgary AB T2P 2H5

Dear Mr. Calitz:

**Re: LNG Canada (being a joint venture of Shell Canada, PetroChina Company Limited, Korea Gas Corporation, and Mitsubishi Corporation) Liquefied Natural Gas (LNG) Project**

I write further to the ongoing discussions between Government of British Columbia (Province) officials, and representatives of First Nations, LNG Canada and federal government (Canada) officials relating to LNG Canada's proposed natural gas liquefaction and export facility located in the area of Kitimat, British Columbia (the "LNG Facility").

Based on those discussions the Province believes that this project, if it proceeds, presents a very significant opportunity for the people of British Columbia, LNG Canada and its joint venture partners.

As you know I've identified four key conditions to ensure British Columbia benefits from any proposed liquefied natural gas (LNG) development:

1. Proposals must include express guarantees of jobs and training opportunities for British Columbians;
2. Proposals must provide a fair return for our resource;
3. Proposals must respect and make partners of First Nations; and
4. Proposals must protect our air, land, water, including living up to our climate commitments.

Regarding First Nations partners, all provincial Cabinet ministers have in their mandate letters of July 18, 2017 the following direction:

*“As part of our commitment to true, lasting reconciliation with First Nations in British Columbia our government will be fully adopting and implementing the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), and the Calls to Action of the Truth and Reconciliation Commission.”*

LNG Canada has worked very constructively to satisfy all four conditions and we expect that you will continue to advance the project in that spirit. We acknowledge LNG Canada’s efforts to achieve global leadership in low-emissions technology and operations. This is important as the above-mentioned conditions include a commitment on our part to put in place a climate-action strategy that will meet British Columbia’s greenhouse-gas reduction targets. (For greater clarity, our campaign commitment was to reduce BC’s greenhouse gas emissions by 40 percent below 2007 levels by 2030, and by 80 percent by 2050.)

LNG Canada and the Province have jointly undertaken financial analysis of LNG Canada’s proposed project in British Columbia by developing an operational and financial model that has, in part, formed the basis of a mutual understanding upon which the Province is prepared to make commitments to initiatives as outlined in this letter.

While the specifics of these initiatives continue to be developed, it is intended that they will contribute to achieving a cost reduction outcome that is beneficial to LNG Canada’s project and industry as a whole. However, as the Province is relying on information and assumptions provided by LNG Canada, and LNG Canada ultimately controls the evolution of the project, its costs and its assumptions, the Province cannot represent, warrant or guarantee that a specific production cost reduction estimated during the joint financial analysis will be achieved.

Nonetheless, the Province is prepared, subject to the conditions below, to take actions that, if applied to the joint model described in Attachment 1, would help achieve outcomes described in the attached summary of assumptions and potential project cost reductions that was jointly prepared by officials of LNG Canada and the Province as of March 12, 2018 (Attachment 1).

Accordingly, if I am satisfied that LNG Canada has conclusively decided on or before November 30, 2018 to proceed with the construction of the LNG Facility and associated investments, I am prepared to work with my cabinet colleagues to direct responsible officials to prepare orders, regulations or Legislation as necessary for consideration by the provincial Minister of Finance, Treasury Board, Cabinet or to be introduced into the Legislative Assembly, as necessary, to establish measures (the Measures) to reduce LNG Canada’s LNG production costs in BC that are associated with the LNG Facility. I will do so, on or before November 30, 2018, once I am satisfied that LNG Canada has by that date conclusively decided to proceed with the construction of the LNG Facility and associated investments.

The Measures, which are further described in Attachment 1, which would be applicable to other industries in similar circumstances in British Columbia include:

- 1) Enabling an LNG facility to receive transmission voltage service from the British Columbia Hydro and Power Authority (BC Hydro) under rate schedule 1823 and pursuant to the terms and conditions of BC Hydro's Electric Tariff Supplements 5 and 6 with respect to electricity provided by BC Hydro to the LNG Facility for ancillary power. As part of this, the Province would work with BC Hydro to address LNG Canada's reliability concerns in recognition of operational safety issues that may result from unplanned supply interruptions in the production of LNG at the LNG Facility.
- 2) Provide an exemption from the Provincial Sales Tax (PST) on construction of the LNG Canada facility conditional on LNG Canada entering into an agreement with the province to make a series of LNG Operating Performance Payments totalling \$596 million. This exemption would apply to all goods and services directly related to the construction of the LNG Facility, and would be implemented based on the existing exemption for manufacturing and processing facilities. The exemption would be valid for the first seven years of construction or until the first two production trains at the LNG Facility reach a point of substantial completion, whichever comes first. The LNG Operating Performance Payments would be payable upon the occurrence of specific events (e.g. a final investment decision, and every year or part thereof that the facility produces and ships LNG). The term of the agreement would be 20 years, commencing when the LNG Canada facility begins operations, with an initial payment due upon the LNG Canada making a positive final investment decision.
- 3) Allow for LNG facilities to participate in the proposed Industrial Incentive under the Clean Growth Incentive program outlined in *BC Budget 2018*. The Industrial Incentive will be sensitive to level of carbon pricing around the world and could represent 100 percent of the carbon tax paid beyond \$30 per tonne based on facility emissions intensity and sector benchmarks; and
- 4) Removal of the provincial LNG Income Tax (provincial Natural Gas Tax credit to remain).

Based on operational and financial information, estimates and assumptions provided by LNG Canada, including assumptions in relation to British Columbia's current and expected taxation and royalty framework, the referenced joint financial analysis and model appear to indicate that the summation of the Measures noted above could be expected to reduce LNG Canada's projected costs of LNG production at the LNG Facility by an amount equivalent to approximately USD \$0.13 USD/MMBtu. This estimate assumes a 10 percent discount rate applied to project costs over a term of 40 years.

Nothing in this letter can be construed as placing any limit on the discretion of the British Columbia Lieutenant Governor in Council or any other person in the exercise of a power provided to them under an enactment, or providing any limit on, or relief from, any obligation of the Government of British Columbia regarding upholding or fulfilling the honour of the Crown.

Of course, the ultimate decision as to whether regulations or legislation will be enacted is up to the Lieutenant Governor in Council and the Legislature, respectively, and I therefore cannot provide assurance with respect to that outcome.

With respect to other matters that may arise in connection with the subject matter of this letter, my officials would be pleased to discuss them with you.

The Measures outlined in this letter represent the actions the Province is prepared to take to facilitate LNG Canada in making a positive final investment decision in relation to this project. I encourage LNG Canada to continue conversations with the Federal government on federal actions required to help LNG Canada in reaching a positive final investment decision.

I trust this letter will assist LNG Canada in deciding to proceed with development of the LNG Facility.

Sincerely,

John Horgan  
Premier

cc: Honourable Michelle Mungall  
Minister of Energy, Mines and Petroleum Resources

Honourable Carole James  
Minister of Finance

Honourable George Heyman  
Minister of Environment and Climate Change

## **Attachment 1: Evaluation and Implementation of British Columbia Measures**

### **Joint Model**

Under the terms of a non-disclosure agreement, LNG Canada and the British Columbia provincial government with its consultant contractor (the Province), have jointly undertaken financial analysis of phase 1 of LNG Canada's proposed project to construct and operate a LNG Facility in British Columbia by developing an operational and financial model – the “Joint Model”.

The Joint Model has formed the basis for a mutual understanding between LNG Canada and the Province of:

- LNG Canada's costs to construct, supply with natural gas, and operate the LNG Facility;
- potential Measures on the part of the governments of British Columbia and Canada that could reduce those costs; and,
- the likely impact of those Measures on LNG Canada, its partners and suppliers.

The Joint Model was created using information provided by LNG Canada, and the Province. On February 28, 2018, representatives of the Province met with LNG Canada to review a range of the assumptions that were used in the Joint Model. During this meeting, LNG Canada demonstrated that a number of the most significant assumptions used in the Joint Model were generally in line with materials that LNG Canada had used to inform its joint venture participants.

Costs and revenues were modeled over the five years during which the LNG Facility would be constructed and over the 40 years of its planned operational life. To allow for consistency and comparability, costs and revenues were unitized to US dollars per million British Thermal Units (\$/MMBtu) and calculated on a net present value basis using a 10 percent discount rate. An exchange rate of \$1.30 Canadian dollars per US dollar was used for currency conversion and a 2 percent rate of inflation was assumed over the term of the model. Each stage of the project's value chain (from upstream production, to pipeline transportation, to liquefaction, followed by shipping) was assumed to earn a 10 percent rate of return on equity (the holder of title to the natural gas in Canada was modeled as receiving a 2% markup on cost).

On March 12 2018, the Province shared a version of the Joint Model with LNG Canada titled “20180309 LNGC Financial Model CONFIDENTIAL (Shared).xlsm”. The valuations used in this letter and attachment for the Measures are based on this version of the Joint Model.

.../2

## British Columbia Measures

The Joint Model has been used by the Province and LNG Canada to estimate the potential impact of the Measures on the cost of LNG production at the LNG Facility. Table 1 summarizes the cost impact of each of the Measures estimated using the Joint Model. The estimated cost impact is dependent on the assumptions used in the Joint Model. The Province cannot represent, warrant or guarantee that a specific production cost reduction estimated during the joint financial analysis will be achieved.

**Table 1: Joint Model Estimated Cost Impacts of the Measures**

Provincial Measure	Estimated Cost Reduction Impact USD / MMBtu (March 12, 2018 Joint Model)
Electricity Rates	-0.019
Provincial Sales Tax	-0.040
Clean Growth Incentive Program Industrial Incentive	-0.024
LNG Income Tax	-0.048
Total	-0.131

### *Measure 1) Electricity Rates*

Modeled Impact: USD \$0.019 per MMBtu of LNG Canada production cost

#### Key Elements:

- The Province would rescind the Domestic Long-Term Sales Contracts Regulation issued under the Clean Energy Act to eliminate the LNG energy charge and would provide direction to the BC Utilities Commission, if necessary, to require it to approve the amendment of BC Hydro's Electric Tariff to remove the restriction on service of LNG customers under rate schedule 1823.
- This Measure would allow LNG Canada to receive service in accordance with BC Hydro's regulated rates and tariffs for transmission voltage interconnection and supply. The rate for electricity supply pursuant to Tariff Supplement 5 and Rate Schedule 1823 is lower than the rate that would be currently available to the LNG Facility.
- The cost of required upgrades and reinforcements to the BC Hydro transmission system would be treated in accordance with Tariff Supplement 6. This means that certain costs for which LNG Canada was directly responsible for under the LNG rate schedule, and which are considered system reinforcement under Tariff Supplement 6, would be paid for by BC Hydro.

.../3



***Measure 2) Provincial Sales Tax***

Modeled Impact: USD \$0.040 per MMBtu of LNG Canada production cost

Key Elements:

- LNG Canada and the Province would negotiate an agreement whereby LNG Canada would make LNG Operating Performance Payments to the Province (the Agreement).
- The Province intends to structure payments under the Agreement to be operating in nature under Canadian Generally Accepted Accounting Principles.
- Upon execution of the Agreement, Province would introduce legislation or regulations to exempt from PST all goods and services directly related to the construction of the LNG Facility, in a manner similar to the existing exemption for manufacturing and processing facilities.
- The exemption would be valid for the first 7 years of construction or until the first two production trains at the LNG Facility reach a point of substantial completion, whichever comes first.
- Under the Agreement, LNG Operating Performance Payments would be payable upon specific events (e.g. at LNG Canada's final investment decision and for every year or part thereof that the LNG Facility produces and ships LNG).
- The term of the Agreement would be 20 years, commencing when the LNG Facility begins operations, with an initial payment due upon the LNG Canada reaching a positive final investment decision;
- The schedule of payments the Province proposes for the Agreement is set out in Table 2 below. Payments would total CAD\$596 million.

**Table 2**

<b>Event</b>	<b>Annual LNG Operating Performance Payment (\$ Canadian)</b>
Final Investment Decision	\$42 million
First production and shipment of LNG Years 1 – 18 of operation	\$1 million
First production and shipment of LNG Years 19 and 20 of operation	\$268 million

.../4

### ***Measure 3) Clean Growth Incentive Program Industrial Incentive***

Modeled Impact: USD \$0.024 per MMBtu of LNG Canada production cost

Key Elements:

- Legislation would be introduced to enable the Clean Growth Incentive Program announced in *Budget 2018*
- A benchmark for world leading production would be established for the purposes of establishing eligibility for an incentive payment. This will replace the existing LNG benchmark (which requires a LNG facility to be in compliance with the limit on an annual basis) under the *Greenhouse Gas Industrial Reporting and Control Act* (GGIRCA).
- The existing LNG emissions limit under GGIRCA is 0.16 tonnes of CO<sub>2</sub>e per tonne of LNG produced. Based on the information provided by LNG Canada, it is our understanding that the LNG Facility will have an emissions factor of 0.15 tonnes of CO<sub>2</sub>e per tonne of LNG produced.
- Based on the Province's previous reviews to establish the facility emission intensity limit, LNG Canada is expected to exceed the benchmark for world leading production and would, when it enters service, be eligible for a refund of 100% of carbon tax paid above \$30 per tonne, if no comparable facilities with lower emissions intensities are in service at that time.
- The benchmark may become more stringent over time if comparable facilities with lower emissions intensities come into operation globally.
- The Province does not anticipate that any greenhouse gas emissions associated with the supply of electricity by BC Hydro to support ancillary loads at the LNG Facility would impact LNG Canada's qualification for the Industrial Incentive when the project enters service.

### ***Measure 4) LNG Income Tax***

Modeled Impact: USD \$0.048 per MMBtu of LNG Canada production cost

Key Elements:

- The LNG income tax would be repealed.
- The corporate income tax credit related to the cost of gas supplied to LNG facilities would be retained.

**From:** [Meggs, Geoff PREM:EX](#)  
**To:** [McConnell, Sheena PREM:EX](#)  
**Subject:** Re: Recent Comments on LNG Canada and CO2 emissions  
**Date:** Wednesday, January 24, 2018 4:04:28 PM

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No but thanks -s.22

G

Sent from my iPhone

On Jan 25, 2018, at 7:31 AM, McConnell, Sheena PREM:EX  
<[Sheena.McConnell@gov.bc.ca](mailto:Sheena.McConnell@gov.bc.ca)> wrote:

Did you get this from Susannah?

Sent from my iPhone

Begin forwarded message:

**From:** <[Susannah.Pierce@lngcanada.ca](mailto:Susannah.Pierce@lngcanada.ca)>  
**Date:** January 25, 2018 at 7:23:28 AM GMT+8  
**To:** <[Susannah.Pierce@lngcanada.ca](mailto:Susannah.Pierce@lngcanada.ca)>  
**Subject:** Recent Comments on LNG Canada and CO2 emissions

Green Party leader Andrew Weaver was recently interviewed on BNN (Business News Network) and the information he provided about the LNG industry in general, and our project specifically, had a number of factual errors. As an important stakeholder, we wanted to provide you with the correct information should anyone comment on his interview or query you about the data he presented.

Mr. Weaver continues to oppose the development of an LNG industry in BC, despite evidence that BC's natural gas is needed to replace the use of coal for power generation in countries like China. With the highest environmental standards, we believe global natural gas demands should be met by LNG from British Columbia. In terms of CO2 emissions, Mr. Weaver stated that our project would emit 9.1 million tonnes per annum. As we haven't been able to discuss this with Mr. Weaver, we can't comment on where his figures are coming from. For our project, each train of the LNG plant will emit approximately one million tonnes of CO2 per year with phase one of our project consisting of two LNG trains, followed by another two trains to reach full

build out.

We recognize that any single new project emitting CO<sub>2</sub> may be perceived as too much in a world where we must reduce CO<sub>2</sub> emissions. However, we believe the policy makers that established the original greenhouse gas framework were not envisioning a province in which no new development would take place. Instead, each new development would need to be judged on its own merits considering the broader benefits to society, as well as measures to further reduce the CO<sub>2</sub> footprint. In LNG Canada's case, the broader benefits both to indigenous, community and the provincial and national economies balance the incremental CO<sub>2</sub> emissions. As well, we believe these incremental emissions can be offset using part of the carbon tax collected from LNG Canada for the purchase of B.C. developed carbon offsets or invested in green technology funds to assist in meeting provincial reduction targets. In fact, LNG Canada has commissioned work to look at how using CO<sub>2</sub> tax dollars to purchase offsets in the province can create a thriving new offset and technology sector.

Given climate change is a global issue, it is also important to look at greenhouse gas emissions on a global scale – production of natural gas to consumption. Our own greenhouse gas life cycle analysis shows that one year's supply of LNG from LNG Canada, if used to generate electricity in Asia instead of using coal would reduce global greenhouse gas emissions by a net 60 to 90 million tonnes (BC's annual emissions in 2015 were 61.6 million tonnes). LNG Canada designed our project to have the lowest carbon intensity of any large-scale LNG export facility in the world (0.15 tonnes CO<sub>2</sub>/tonne of LNG). This outcome is a result of our choice to use BC Hydro renewable electricity for auxiliary power – approximately 200 MW per year at full build out (four LNG trains) and General Electric LMS 100 gas turbines. While Mr. Weaver claimed in his interview that Site C is being built to support our project, this is not the case. This decision was not dependent on Site C as our electricity needs can be met with the existing B.C. Hydro power production portfolio.

LNG Canada supports the federal and provincial government's commitments to reduce greenhouse gas emissions to meet our international commitment to Paris COP. We look forward to working collaboratively with governments, other sectors and our stakeholders

to develop policy and new technologies to meet our  
commitment to limit global warming to below 2C.  
If you have any questions or comments on any of the  
above, please don't hesitate to share with me.  
Kind regards,

Susannah

**From:** [Susannah.Pierce@lngcanada.ca](mailto:Susannah.Pierce@lngcanada.ca)  
**To:** [Susannah.Pierce@lngcanada.ca](mailto:Susannah.Pierce@lngcanada.ca)  
**Subject:** Recent Comments on LNG Canada and CO2 emissions  
**Date:** Wednesday, January 24, 2018 3:24:10 PM

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Green Party leader Andrew Weaver was recently interviewed on BNN (Business News Network) and the information he provided about the LNG industry in general, and our project specifically, had a number of factual errors. As an important stakeholder, we wanted to provide you with the correct information should anyone comment on his interview or query you about the data he presented.

Mr. Weaver continues to oppose the development of an LNG industry in BC, despite evidence that BC's natural gas is needed to replace the use of coal for power generation in countries like China. With the highest environmental standards, we believe global natural gas demands should be met by LNG from British Columbia.

In terms of CO2 emissions, Mr. Weaver stated that our project would emit 9.1 million tonnes per annum. As we haven't been able to discuss this with Mr. Weaver, we can't comment on where his figures are coming from. For our project, each train of the LNG plant will emit approximately one million tonnes of CO2 per year with phase one of our project consisting of two LNG trains, followed by another two trains to reach full build out.

We recognize that any single new project emitting CO2 may be perceived as too much in a world where we must reduce CO2 emissions. However, we believe the policy makers that established the original greenhouse gas framework were not envisioning a province in which no new development would take place. Instead, each new development would need to be judged on its own merits considering the broader benefits to society, as well as measures to further reduce the CO2 footprint. In LNG Canada's case, the broader benefits both to indigenous, community and the provincial and national economies balance the incremental CO2 emissions. As well, we believe these incremental emissions can be offset using part of the carbon tax collected from LNG Canada for the purchase of B.C. developed carbon offsets or invested in green technology funds to assist in meeting provincial reduction targets. In fact, LNG Canada has commissioned work to look at how using CO2 tax dollars to purchase offsets in the province can create a thriving new offset and technology sector.

Given climate change is a global issue, it is also important to look at greenhouse gas emissions on a global scale – production of natural gas to consumption. Our own greenhouse gas life cycle analysis shows that one year's supply of LNG from LNG Canada, if used to generate electricity in Asia instead of using coal would reduce global greenhouse gas emissions by a net 60 to 90 million tonnes (BC's annual emissions in 2015 were 61.6 million tonnes).

LNG Canada designed our project to have the lowest carbon intensity of any large-scale LNG export facility in the world (0.15 tonnes CO2/tonne of LNG). This outcome is a result of our choice to use BC Hydro renewable

electricity for auxiliary power – approximately 200 MW per year at full build out (four LNG trains) and General Electric LMS 100 gas turbines. While Mr. Weaver claimed in his interview that Site C is being built to support our project, this is not the case. This decision was not dependent on Site C as our electricity needs can be met with the existing B.C. Hydro power production portfolio.

LNG Canada supports the federal and provincial government's commitments to reduce greenhouse gas emissions to meet our international commitment to Paris COP. We look forward to working collaboratively with governments, other sectors and our stakeholders to develop policy and new technologies to meet our commitment to limit global warming to below 2C.

If you have any questions or comments on any of the above, please don't hesitate to share with me.

Kind regards,

Susannah

**Meggs, Geoff PREM:EX**

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**From:** Sanderson, Melissa EMPR:EX  
**Sent:** Wednesday, May 2, 2018 9:29 PM  
**To:** Meggs, Geoff PREM:EX  
**Subject:** Re: Trains and LNG Canada

*Commented to  
Answer Hee*  
*LNG*

According to Dave N the correspondence does not reference the number of trains or phase 1 vs phase 2. However it does reference a "model" that we jointly used to model effects for things like how much pst the project would attract, how much revenue would be generated, how many jobs they would create, etc. and that model relies on the full buildout to reach the max numbers we have quoted.


A lot of the info going back to the EA says it will be a 4 train. However, there is no guarantee there will be a phase 2 or if there is what technology they will use.

Sent from my iPhone

On May 2, 2018, at 8:37 PM, Meggs, Geoff PREM:EX <[Geoff.Meggs@gov.bc.ca](mailto:Geoff.Meggs@gov.bc.ca)> wrote:

Thanks, Melissa. I assume our correspondence reflects this phase and not possible future ones, correct?

Geoff



---

**From:** Sanderson, Melissa EMPR:EX  
**Sent:** Wednesday, May 02, 2018 4:19 PM  
**To:** Meggs, Geoff PREM:EX  
**Subject:** Trains and LNG Canada

Hi Geoff,

As requested. Happy to discuss.

Melissa

---

**From:** Nikolejsin, Dave EMPR:EX  
**Sent:** Wednesday, May 2, 2018 3:58 PM  
**To:** Sanderson, Melissa EMPR:EX  
**Subject:** Fwd: LNG Canada Decision Support Package for Final Investment Decision



Per your request.

Dave Nikolejsin

Deputy Minister

Energy, Mines and Petroleum Resources

Begin forwarded message:

**From:** <[Susannah.Pierce@lngcanada.ca](mailto:Susannah.Pierce@lngcanada.ca)>  
**Date:** May 2, 2018 at 3:09:32 PM PDT  
**To:** <[dave.nikolejsin@gov.bc.ca](mailto:dave.nikolejsin@gov.bc.ca)>  
**Cc:** <[Robert.Klager@shell.com](mailto:Robert.Klager@shell.com)>  
**Subject:** LNG Canada Decision Support Package for Final Investment Decision

Dear Mr. Nikolejsin,

I am writing to confirm LNG Canada's intent to issue a Decision Support Package to its Joint Venture Participants (JVPs) to support a Final Investment Decision on Phase 1 of the LNG Canada Project this year. LNG Canada is a project consisting of an LNG export facility in Kitimat, British Columbia. Phase 1 of the project will comprise 2 LNG trains and supporting services. The second phase of the project is comprised of an additional 2 trains and will be subject to a future Final Investment Decision by JVPs in the years following.

Kind regards,

Susannah

**Susannah Pierce**  
**External Affairs Director**

LNG Canada

Phone +1-604-648-7401

Email: [susannah.pierce@lngcanada.ca](mailto:susannah.pierce@lngcanada.ca)

Web: [LNGCanada.ca](http://LNGCanada.ca)

3113 - 595 Burrard Street

PO Box 49162, Bentall 3

Vancouver, BC V7X 1J1

Canada

## Wensink, Alison PREM:EX

---

**From:** Nash, Amber PREM:EX  
**Sent:** Friday, October 20, 2017 3:18 PM  
**To:** Loubert, Danny PREM:EX; Tello, Romeo PREM:EX  
**Cc:** Wong, Tamarra PREM:EX  
**Subject:** Binder for Kitimat/Terrace/Prince Rupert Weekend  
**Attachments:** 17Oct19 PO Tour draft.docx; Bios for Oct 21 Premier Visit to Kitimat Ver 2.docx; 102267 BN FOR BN FOR MINISTER-LNG CANADA.DOCX; 102265 MINISTER - ALTA GAS.DOCX; 102266 BN FOR MINISTER-CHEVRON KITIMAT LNG PROJECT.DOCX; Oct 21 - Premier's itinerary.docx; Oct 22 -Prince Rupert itinerary.docx

Hi Both,

Here are some of the materials for the Premier's binder for his travels this weekend. I am checking with Sage for Speaking notes/Q&A and any news releases. Will forward as soon as I can. Also this is the newest draft of the itins for each day – a final draft will be coming shortly. Just wanted you to have the most up to date info in case it does not arrive before this briefing begins.

Thanks again both.

A

**Amber Nash**

Executive Coordinator | Office of the Premier | Tel: 250 – 356-0210 | Cell: 778-584-3330 | E: [amber.nash@gov.bc.ca](mailto:amber.nash@gov.bc.ca)

## BULLETS

**DATE:** October 19, 2017  
**PREPARED FOR:** Honourable John Horgan, Premier  
**REGARDING:** Premier's Tour Oct 21 – 22, 2017  
**SUMMARY:**

### Haisla:

- Crystal Smith was confirmed as Chief Councillor in the Haisla election in July 2017.
- Haisla is a strong supporter of LNG development in the Province and is an active LNG proponent.
- Haisla has agreements with most of the LNG proponents including Coastal Gas Link.
- MIRR negotiators met with Haisla on May 31<sup>st</sup>, 2017 to discuss an agreement for potential LNG projects in the Kitimat area (within asserted Haisla Territory- Statement of Intent boundary) including LNG Canada, Kitimat LNG facilities, pipelines and shipping. Haisla and MIRR negotiators will be re-engaging in negotiations in the coming months.
- s.16
- Haisla is firmly opposed to the shipment of bitumen from the Douglas Channel, and was firmly opposed to the Enbridge Northern Gateway Project (NGP). s.16  
s.16
- s.13;s.14;s.16
- Haisla is an active participant in the Environmental Stewardship Initiative for the North Coast region, and is participating in the North Coast Ecosystem Restoration Demonstration Project.
- Haisla met with Geoff Meggs, Laurel Nash (MIRR), and Minister Mungall at the First Nations Leaders Gathering (FNLG)

### Lax Kw'alaams

- The LNG Benefits Agreement was extended Sept 29 for one year.
- The FCRSA (Forestry Consultation and Revenue Sharing Agreement) recently expired and Lax Kw'alaams has declined to conclude a new FCRSA s.16;s.21  
s.16;s.21

- Lax Kw'alaams is not engaged in the BC Treaty process<sup>s.16</sup>
- s.16 . Don Wesley's claim to represent Lax Kw'alaams interests was dismissed by the Federal Court of Canada.
- Lax Kw'alaams met with the Premier, Minister Mungall and Minister Fraser at FNLG.

#### Metlakatla

- Metlakatla has a LNG Benefits Agreement in place and initial land transfers on south Kaien Island and in Port Edward are in process.
- Metlakatla is in treaty negotiations and is in the advanced AiP stage.
- The Parties had identified the goal of concluding AiP by the end of the current calendar year (2017), but have recently agreed that this will not be achieved.
- Metlakatla, as a member of Coastal First Nations, is engaged in further negotiations with the Province in the context of the Coastal First Nations Reconciliation Protocol. The Protocol was originally negotiated in 2009.

#### Gitxaala

- s.16
- 
- 
- The Province and Gitxaala are currently engaged in discussions to identify an appropriate context to negotiate short term arrangements related to major project development on the North Coast leading to comprehensive reconciliation through treaty or other means.
- s.16
- Gitxaala met with Minister Mungall and Minister Fraser at FNLG.

#### Kitsumkalum and Kitselas

- Both are Tsimshian First Nations and claim interests in the Prince Rupert Area.
- s.16
- Both Kitsumkalum and Kitselas are in advanced BC Treaty final agreement negotiations.
- The Province concluded an LNG benefits negotiation with Kitselas and an agreement is in place. An agreement was not concluded with Kitsumkalum but Kitsumkalum continues to be interested in continuing discussions on the matter.

- Kitselas met with Minister Fraser at FNLG.
- Kitsumkalum met with Geoff Meggs, Deputy Minister Doug Caul and Minister Mungall at FNLG.

#### Cheslatta

- The B.C. government is looking at ways to redress the flooding issues in Cheslatta lands and measures to improve their economic prospects and quality of life.
- Negotiations between B.C. and Cheslatta are progressing well. Key milestones toward a Reconciliation and Settlement Agreement have been reached.
- In January 2017, a confidential term sheet was signed by B.C. and Cheslatta with respect to working towards a reconciliation and settlement agreement.
- s.13;s.16;s.21
- Cheslatta met with the Premier and Minister Fraser at FNLG.

#### BACKGROUND INFO:

- The Province is applying a three-pillar approach to ensure First Nation communities can participate and benefit from B.C.'s LNG opportunity: providing financial benefits that encourage financial growth in First Nation communities; enhancing environmental stewardship opportunities and land management; and, offering skills training so First Nation members can access employment and training opportunities.
- The Province is working collaboratively with the following Nations on environmental stewardship in the Prince Rupert Area: Gitxaala First Nation, Gitga'at First Nation, Kitselas First Nation, Kitsumkalum Indian Band, and Metlakatla First Nation.
- The Province is working collaboratively with Haisla Nation on environmental stewardship in the Kitimat Areas – in particular restoration projects.
- Through the Indigenous Skills Training Development Fund, skills training opportunities have been delivered to all of the Prince Rupert Area First Nations as well as Haisla in Kitimat.
- Through this funding from the Province, 300 members from Tsimshian First Nations are benefiting from courses ranging from essential skills to environmental monitoring, trades training and job-related education programs.
- Additionally the Province has provided a \$3 million contribution which supports the Tsimshian Unified Plan – a holistic approach to employment, training and education as well as improvement of the socio-economic well-being of Tsimshian members.
- Through funding from the Province, 36 members from the Haisla Nation receiving graduated driver's licence training. Another 14 participants will have access to education upgrading courses with a focus on literacy. Training is being delivered by the Kitimat Valley Institute in both Kitimat and Kitamat Village.
- We continue to support the efforts of companies like LNG Canada and TransCanada as they work closely with First Nations to ensure indigenous communities are partners in natural resource proposals and benefit from potential resource development opportunities.

- We want to acknowledge the efforts of indigenous peoples in working with proponents to balance economic growth with environmental sustainability in their traditional territory.

## **MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES**

### **BRIEFING NOTE FOR INFORMATION**

**I PREPARED FOR:** Honorable John Horgan, Premier of British Columbia,  
Honourable Michelle Mungall, Minister of Energy, Mines  
and Petroleum Resources

**II ISSUE:** Background on Ridley Island Propane Export Terminal

### **III BACKGROUND:**

AltaGas Ltd. (AltaGas) is constructing the Ridley Island Propane Export Terminal (Terminal) on a site sub-leased from Ridley Terminals Inc. located at 2110 Ridley Road, Prince Rupert, BC. The Terminal will be designed for propane and include the capability to handle butane in the future.

The Terminal will receive liquid propane from BC and Alberta via the Canadian National Railway (CN) existing rail line, which will be transferred to intermediate pressurized storage bullets on the project site. The propane will then be cooled so that it can be stored and shipped at atmospheric pressure.

On January 3, 2017 AltaGas announced a final investment decision on the Terminal following approval from federal regulators. Site preparation and pre-construction activities are underway. The Terminal is expected to be in service by the first quarter of 2019.

On May 5, 2017 AltaGas announced the signing of a joint venture partnership with Royal Vopak, a leading independent tank storage company with a global network of terminals, for a 30 percent interest in the Terminal. AltaGas will provide construction and operating services to the joint venture.

In August 2017, AltaGas and Astomos Energy took part in a signing ceremony for a sales and purchase agreement of propane from the Terminal. The agreement has Astomos purchasing 50 percent of the 1.2 million tonnes of propane shipped from the terminal annually.

### **IV DISCUSSION:**

In accordance with the requirements of Section 67 of the *Canadian Environmental Assessment Act*, the federal government determined that the Terminal is not likely to have any significant environmental effects. Also, the Terminal does not trigger a provincial environmental assessment as it is located on federal port lands. The Ministry is not aware of any major outstanding provincial permitting issues at this time.



## **V CONCLUSION:**

The AltaGas Riddley Island Propane Export Terminal Project is a great opportunity for the Province as it provides a new outlet for our abundant natural gas liquids resources and a cleaner fuel for international buyers.

### **Appendix 1: Ridley Island Propane Export Terminal Project Fact Sheet**

**DRAFTED BY:**

Stefan Colantonio, Economic Analyst  
250-361-3829

**APPROVED BY:**

Jennifer Wray, A/Executive Director✓  
Suzanne Manahan, A/ADM✓  
Ines Piccinino, A/DM✓

## Project Fact Sheet

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# RIDLEY ISLAND PROPANE EXPORT TERMINAL

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September 2017

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Contact: [LNG Task Force](#)

**MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES**

**BRIEFING NOTE FOR INFORMATION**

**I PREPARED FOR:** Honourable John Horgan, Premier of British Columbia,  
Honourable Michelle Mungall, Minister of Energy,  
Mines and Petroleum Resources

**II ISSUE:** Kitimat LNG Project Update

**III BACKGROUND:**

**Company Profiles**

**Chevron Corporation**

- Chevron Corporation (Chevron) is an American multinational energy corporation. The company is active in over 180 countries, covering every aspect of exploring, developing, producing, and marketing oil, gas, and geothermal energy.
- In Canada, Chevron operates through Chevron Canada Resources and Chevron Canada Ltd. (Chevron Canada) operating for more than 80 years in Newfoundland and Labrador, Northwest Territories, Alberta, and BC.
- Headquartered in Vancouver, Chevron Canada's downstream office is considered one of the major oil companies operating on the west coast, employing over 350 people.
- Chevron Canada and Australia's Woodside Petroleum Ltd. (Woodside) are co-venture partners in the proposed Kitimat LNG (KLNG) project in northeastern BC with each partner holding 50 percent of the project.

**Woodside Petroleum Ltd.**

- Woodside is Australia's largest petroleum exploration and production company involved in both Australian and international liquefied natural gas (LNG) projects.
- In addition to KLNG, Woodside is a 100 percent owner in proposed Grassy Point LNG project near Prince Rupert.

**Proposed Export Project – KLNG**

- KLNG is proposing to build an LNG facility and marine terminal at Bish Cove near Kitimat. During the first phase, the facility is expected to export around 13 million tonnes per annum (MTPA) and increase to around 20 million MTPA at full build (confidential).
- On April 10, 2015, Woodside successfully completed the acquisition of Apache's portion of the KLNG project for a purchase price of US\$854 million.
- KLNG received its Environmental Certificate from the province in 2006 and obtained a 20-year export license from the National Energy Board in 2011.

- The project will source gas from the Horn River and Liard shale basin in northeastern BC. After extraction, natural gas will be transported to the facility via a third party pipeline and the proposed Pacific Trail Pipeline (PTP).
- 16 First Nations located along the proposed PTP have joined together through the First Nations Limited Partnership to support the development of the natural gas pipeline for the KLNG project.
- At peak construction, Chevron Canada and Woodside expect to create nearly 3,000 jobs in BC.
- In January 2014, Chevron awarded an engineering, procurement and construction contract to a joint venture between JGC and Fluor, a part of which includes the completion of the front end engineering design (FEED) work started in 2011.
- Since 2014, KLNG has moved backwards on their timeline in order to work on driving costs down. A new FEED decision is expected by the end of 2018.
- Technical progress was made to reduce both upstream and downstream costs. KLNG is currently assessing the use of e-drives versus gas turbines and other measure to improve efficiencies and greenhouse gas emissions.

#### **IV DISCUSSION:**

- Although the project has made significant progress in reducing unit costs, further reduction in unit cost are needed to be competitive with “best in class” global LNG projects and in order to reach a positive final investment decision.
- The Province has engaged with KLNG as part of the Competitive Consultation process and is currently discussing fiscal policy levers to continue to drive costs down to a competitive level. The Province is working closely with KLNG on the project economics and technology decisions.
- KLNG has also met with Canada to discuss the project’s competitiveness issues and has entered into a three-way non-disclosure agreement between the proponents, the province, and Canada to ensure transparency and collaboration in fiscal policy development.
- Representatives from KLNG made a presentation to Kitimat council where they stated that construction could begin by 2020 and the project would require between four and five years to build.

#### **V CONCLUSION:**

- KLNG achieved cost reductions to-date and is moving forward to update their concept design.
- KLNG continues to work with the Province on the competitiveness study. Their analysis and recommendations are an important part of the work being completed by the Ministry.

**DRAFTED BY:**  
Shauna Sundher, Senior  
Project and Policy Analyst

**APPROVED BY:**  
Suzanne Manahan, A/ADM✓  
Ines Piccinino, A/DM✓

## Appendix A: Kitimat LNG Project Fact Sheet

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# LNG Project Fact Sheet

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**KITIMAT LNG**

October 2017

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Contact: [LNG Task Force](#)

## **MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES**

### **BRIEFING NOTE FOR INFORMATION**

**I PREPARED FOR:** Honourable John Horgan, Premier of British Columbia,  
Minister Michelle Mungall, Minister of Energy, Mines  
and Petroleum Resources

**II ISSUE:** LNG Canada Project Update

### **III BACKGROUND:**

- Premier Horgan and Minister Mungall met with Andy Calitz, Chief Executive Officer, on Tuesday, October 17.

#### **Proposed Export Project Overview**

- LNG Canada is a proposed two-phase, four-train (6.5 million tonnes per annum per train) liquefied natural gas (LNG) development located on the former Methanex site at the Port of Kitimat.
- The project is being developed by LNG Canada Development Inc., an incorporated joint venture owned by Shell (50%), PetroChina (20%), Mitsubishi (15%) and KOGAS (15%).
- It has received environmental approval from both the provincial and federal government and is fully permitted – including the first LNG Facility Permit issued by the BC Oil and Gas Commission.
- The project is estimated to have a capital expenditure of \$25-\$40 billion, and employ between 4,500 - 7,500 at the height of construction.
- The project has invested close to \$2.3 million in local communities in BC since 2012 and has strong community support, particularly from the Haisla First Nation.
- Market conditions have changed significantly since the proponents began to develop the project. On July 11, 2016, LNG Canada announced that its joint venture partners had decided to delay a Final Investment Decision (FID) on the project to focus on reducing capital costs.
- In December of 2016, LNG Canada announced that it would use this delay to undertake a new competitive process to identify a preferred prime contractor to build their facility and related infrastructure. This process is expected to be completed before the end of this year.
- The project is expected to source its natural gas primarily from the Montney basin, where all of the partners have an upstream position. Each of the plant owners will be responsible for securing their own equity gas or bringing in third-party gas to the facility.

- In May 2012, TransCanada was selected by the project to build the Coastal GasLink pipeline that will deliver natural gas to the proposed LNG plant at Kitimat.
- This pipeline has been issued an environmental assessment certificate and has received all required permits from the BC Oil and Gas Commission.
- On November 4, 2014, BC Hydro and LNG Canada signed a power agreement to allow for LNG Canada to use electricity from BC Hydro for a portion of the power needed for its proposed export facility. This was the first power agreement signed in BC with an LNG proponent.
- The agreement covers a portion of the electricity supply that will be required to power the commissioning and operation of LNG Canada's proposed facility – all auxiliary power needs.
- Each of the project partners is responsible for LNG offtake according to their equity interest. As a result, no additional sales contracts would be required prior to an FID.

## Recent developments

- The project announced that Servco Industrial Contractors Ltd in partnership with the Haisla First Nation will begin work on demolishing and removing the former methanol terminal infrastructure. Work is set to wrap up by the end of 2017.
- On August 25, Minister Mungall sent a letter to Mr. Calitz requesting LNG Canada's participation in a consultation and review of BC's cost competitiveness and fiscal policies relating to LNG project development.

s.13;s.21

- On September 22, Andy Calitz told Business in Vancouver that he believes there should be a tax on carbon, but they need an indication as to where it will go, as well as a look at the fiscal competitiveness of Canada for an LNG project, specifically the impacts of the LNG Income Tax.

- The Province continues to engage with LNG Canada as part of the Competitive Consultation process and is currently s.13;s.21

s.13:s.21

- s.13;s.21

●

s.12;s.13

#### **IV CONCLUSION:**

- The Minister may wish to thank LNG Canada for its engagement in this project and their continued support in the development of the natural gas industry in BC.
- The Minister may also wish to thank LNG Canada for their continued work with the Province on the competitiveness study. Their analysis and recommendations are an important part of the work being completed by the Ministry.

**Appendices:** Appendix 1 - LNG Canada Project Fact Sheet

**DRAFTED BY:**

Mark Urwin, Senior Economist

**APPROVED BY:**

Jennifer Wray, A/Executive  
Director✓

Suzanne Manahan, A/ADM✓

Ines Piccinino, A/DM✓



## **Appendix 1**

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# LNG Project Fact Sheet

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**LNG CANADA**

**August 2017**

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Contact: [LNG Task Force](#)

Page 17 of 39 to/à Page 19 of 39

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**Saturday, Oct 21**

**Theme: Good Jobs in BC**

**Day Overview**

Location: Kitimat, BC

Events: Rio Tinto Alcan Smelter Tour & Community Celebration  
Meeting with Unifor workers  
LNG Canada Tour  
Kitimat LNG Meeting

Agenda:	8:50am-10:26am	Fly Vancouver to Terrace
	11:30am-1:45pm	Rio Tinto Alcan Smelter Tour
	2:00pm-3:00pm	Rio Tinto Alcan Community Celebration
	3:15pm-3:45pm	Meeting with Unifor workers
	4:00pm-6:00pm	LNG Canada Tour
	6:15pm-7:00pm	Kitimat LNG Meeting

Overnight: Prince Rupert

**Weather**

3C – Snow/sleet

**Suggested attire**

Pants, jacket, no tie

**Venues**

Rio Tinto Alcan Tour	Rio Tinto BC Works	Kitimat
Unifor Meeting	Union Hall	235 Enterprise Ave, Kitimat
LNG Canada Tour	LNG Canada Community Office	176 Ocelot Rd, Kitimat
Kitimat LNG Meeting	TBD	
Prince Rupert Hotel	s.15	s.22 Prince Rupert

**Contacts**

Rick Devereux	Director, Event Services	Cell:s.17
Joleen Badger	Manager, Event Services	Cell:
Marlene Behrens	On site Event Coordinator	Cell:

Geoff Meggs Premier's Chief of Staff  
 Sheena McConnell Premier's Press Secretary  
 Stephen Hargreaves Photographer/Videographer  
 s.15;s.22 s.17

Richard Prokopanko Rio Tinto  
 James McNish MA s.17

## AGENDA

Time	Event	Notes
8:50 am	Wheels up Vancouver  <b>Delegation:</b> Premier Horgan Sheena McConnell Geoff Meggs	NOTE: Minister Mungall and staff to travel separately, meet Premier at Rio Tinto  NOTE: Stephen Hargreaves (photo/video) – travelling separately, will be along for the whole weekend
10:26 am	Wheels down Terrace	
10:45 am	Drive to Kitimat	
11:30 am	Arrive at BC Works <i>Exact drop spot tbc after advance</i> <i>Greeted by Marlene and Richard Prokopanko from Rio Tinto</i> s.17	
11:31am	Walk to TBD location for safety induction	
11:40 am	Change into PPE (as pictured below. Smaller suits are blue) s.22	
11:50 am	Smelter Tour  <b>CLOSED TO MEDIA</b>	NOTE: some areas will be off limits to filming. TBD will inform Stephen of any areas

	<p><b>Attendees:</b>  Alf Barrios, Chief Executive  Gareth Manderson, General Manager  Premier Horgan  Sheena McConnell  Geoff Meggs  Minister Michelle Mungall  James McNish  Stephen Hargreaves</p> <p><b>Agenda:</b>  11:50 Depart for tour  12:05 Arrive at Reduction area  12:15 Take FIVE safety awareness  12:25 Reduction area tour  12:50 Depart for Casting area  1:00 Arrive at Casting area  1:05 Take FIVE safety awareness  1:15 Casting area tour  1:35 Tour ends; leave for Community office</p> <p><i>Event shots: Premier interacting with employees, Premier touring facility, Premier participating in activity.</i></p>	that cannot be filmed/photographed
1:45 pm	<p>Arrive at Community office  Remove PPE, freshen up, Lunch</p> <p><i>Option to change for Community celebration – suit jacket</i></p>	
2:00 pm	<p>Leave for building 272</p> <p><i>Transportation method TBD</i></p>	
2:05 pm	<p>Rio Tinto BC Works Community Celebration</p> <p><b>OPEN TO MEDIA</b></p> <p>Attendees include representatives from:  Kitimat City Council, Mayor  Terrace City Council, Mayor  MLA Ellis  Haisla Nation Council  Kitimat Chamber of Commerce  Terrace and District Chamber of Commerce  KPAC  Kitimat Valley Institute  Cheslatta Nation  Rio Tinto Staff</p>	

	<p>UNIFOR 2301 <i>See Appendix A for full list</i></p> <p>Setup: TBD</p> <p>Agenda:  2:20 Gareth Manderson (MC) Welcome  2:20 Unveiling of Totem Pole- Sammy Robinson, Alf Barrios  2:25 Sammy Robinson blesses Totem Pole  2:30 Haisla Spirit of the Kitlope Dancers  2:40 Gareth Manderson introduces Alf Barrios  2:41 Chief Executive Aluminium Alf Barrios speaks  2:45 Alf Barrios introduces Premier  2:46 Premier speaks  2:55 Gareth Manderson closes celebration  3:00 Photos and Exchange of Commemorative Gifts</p> <p><i>Gift will be a commemorative photo and plaque.</i></p> <p><i>Event shot: Premier greeting guests, Premier speaking, Premier and guests at Totem Pole.</i></p>	
3:00 pm	Depart BC Works	NOTE: Minister Mungall and staff to travel separately
3:00 pm	Drive to Unifor 2301 Hall <i>235 Enterprise Ave, Kitimat</i>	
3:10 pm	Arrive at Union Hall <i>Greeted by TBD (likely to be local president, Sean O'Driscoll)</i>	
3:15 pm	Meeting with UNIFOR	
3:45 pm	Meeting ends, Premier departs	
3:50 pm	Travel to LNG Canada Information Center <i>176 Ocelot Rd, Kitimat</i>	NOTE: Minister Mungall and staff to travel separately.
4:00 pm	Arrive at LNG Canada Information Center <i>Greeted by Marlene and TBC from LNG Canada</i>	
4:05 pm	Welcome and Safety Brief  <i>Personal Protective Equipment</i> <i>Project site model overview</i>	
4:30 pm	LNG Canada Tour begins  <b>CLOSED TO MEDIA</b>  <i>Event shot: TBD</i>	

5:30 pm	LNG Canada Tour ends <i>Site model debrief</i> <i>Coffee and snacks</i>	
5:55 pm	Depart for Kitimat LNG/Chevron Canada Meeting <i>TBD</i>	
6:00 pm	Arrive at <i>TBD</i>  <i>Greeted by Marlene and TBC from Kitimat LNG</i>	
6:00 pm	Meeting with Kitimat LNG/Chevron Canada Meeting  <b>Agenda:</b> Welcome Site Brief Viewing of 600 bed camp	
7:00 pm	Meeting ends Depart for Prince Rupert	
7:05 pm	Drive to Prince Rupert Hotel s.15	
9:15 pm	Arrive at s.15	
<b>9:20 pm</b>	<b>TOUR DOWN</b>	

#### Appendix 1: Rio Tinto Celebration Guest List

##### **Kitimat Mayor and Council**

Warren Waycheshen, CAO

Mayor Philip Germuth

Additional Council member

##### **Terrace Mayor and Council**

Heather Avison

Carol Leclerc- Mayor

Additional Council member

##### **Haisla Nation Council**

Chief Councillor, Crystal Smith

Deputy Chief, Brenda Duncan



Additional Council member

**Kitimat Chamber of Commerce**

Trish Parsons- Manager

Wendy Kraft- Chair

**Terrace and District Chamber of Commerce 2017-2018**

Michelle Taylor, Executive Director

Loralie Thomson, President

**KPAC**

Lucy McCrae

Ken Maitland

Rob Goffinet

Peter Ponter

Brian Kean

Terry Brown

**Kitimat Valley Institute**

Sherrie Little, President

Ellis Ross

**Cheslatta Nation**

Chief

Councillor

Staff

**Rio Tinto Staff**

Gareth Manderson

Andrew Czornohalan

Patrice Bergeron

Trent Rowsell

Graeme Kaberry

Ann Audy

Pei Kai Goh

Louw Durand

Stephane Imbeault

Alain Bouchard

DA Tremblay

Rob Stephens

Jerome Dozel

Eve Normandin

Jennifer Campeau

Katherine Voigt

Dwight Magee

Richard Prokopanko

Claudine Gagnon

Blair Dickerson

**UNIFOR 2301**

Sean O'driscoll

Union Executive

Sammy Robinson

Rose Robinson

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**Sunday, Oct 22**

**Theme: Good Jobs in BC**

**Day Overview**

Location: Prince Rupert, BC

Events: Meet & Greet with AltaGas and ILWU  
 Tour of AltaGas construction site

Agenda: 10:00am-10:30am Meet & Greet with AltaGas and ILWU  
 11:00am-11:30am Tour AltaGas Construction site  
 11:40am-12:00pm Remarks and media availability at AltaGas  
 12:15pm-12:45pm Lunch  
 3:30pm-6:30pm Fly Terrace to Victoria

**Weather**

8C – Rain

**Venues**

AltaGas/ILWU Meet & Greet s.15  
 AltaGas Construction site Ridley Island Export Terminal Ridley Road, Prince Rupert, BC

**Contacts**

Rick Devereux	Director, Event Services	Cell:s.17
Joleen Badger	Manager, Event Services	Cell:
Marlene Behrens	Event Coordinator	Cell:
Sheena McConnell	Premier's Press Secretary	Cell:
James McNish	MA	Cell:
Richard Prokopanko	Rio Tinto	Cell:
David Markham	AltaGas	Cell:s.17

**AGENDA**

Time	Event	Notes
9:45am	Travel to Crest hotel meeting room	
10:00 am	Meet & Greet with AltaGas, ILWU and FN leadership s.15 <i>Prince Rupert</i>  <b>CLOSED TO MEDIA</b>	NOTE: Minister Mungall and Jen Rice to attend

	<p><b>Setup:</b>          -large boardroom table with chairs          -Poster boards displayed in the room</p> <p><b>Attendees:</b></p> <p>Rob Ashton, President ILWU Canada          Regan Fletcher, President ILWU Local 523          Glenn Edwards, President ILWU Local 505          David Harris, AltaGas President and Chief Executive Officer          Randy Toone, AltaGas Executive Vice President - Commercial and Business Development          Dan Woznow, AltaGas Vice President - Energy Exports          David Markham, AltaGas Director - Stakeholder Relations          Jennifer Osmar, AltaGas Senior Stakeholder Relations Advisor          Lax Kw'alaams Band Mayor John Helin          Metlakatla First Nation Chief Harold Leighton</p> <p><b>Agenda:</b></p> <p>10:00am      Introductions, handshakes, meeting participants take their seats.</p> <p>10:05am      David Harris (AltaGas) discusses AltaGas assets and operations in B.C. a.m. discusses outlook for energy exports from an AltaGas perspective.</p> <p>10:10am      Dan Woznow (AltaGas) provides overview of Ridley Island Propane Export Terminal Project and AltaGas work with First Nations and proposed training program.</p> <p>10:17am      Rob Ashton (ILWU) discussed union's involvement in project.</p> <p>10:22am      Q&amp;A's</p> <p>10:30am      Participants depart for site tour</p>	
10:30 am	Travel to AltaGas construction site	
10:50 am	<p>Arrive at site</p> <p><i>Exact drop location tbc</i>  <i>Greeted by Marlene and David Markham §.22</i></p>	NOTE: Minister Mungall and Jen Rice attending

10:52am	Put on safety equipment (Hard hats, reflective vests, glasses)  Additional guests joining onsite: Mayor Lee Brain, City of Prince Rupert Mayor Dave McDonald, District of Port Edward Marc Dulude, President, Ridley Terminals Inc. (note, the project site is located on land leased by AltaGas from Ridley Terminals) Joe Rektor, Interim CEO, Prince Rupert Port Authority Shaun Stevenson, Vice President Trade Development and Public Affairs, Prince Rupert Port Authority	
11:00 am	Tour of site, led by David Harris, AltaGas President and CEO  Details of tour – what will be seen, etc <i>TBC after advance</i>  Event shot: Premier surveying progress on construction	
11:30 am	Tour ends Premier moves to welding tent for photo opp	
11:35 am	Photo with Premier, ILWU, AltaGas  Setup: <i>TBC after advance</i>  <i>Event shot: taken from inside welding tent, with construction site in background</i>	
11:40 am	Remarks by Premier	
11:42 am	Remarks by David Harris, AltaGas	
11:44 am	Remarks by Rob Ashton, ILWU	
11:46 am	Media Q&A	
12:00 pm	Event ends. Premier departs.	
12:15 pm	Lunch <i>Location tbc</i>	
12:45 pm	Depart for Terrace airport	
2:30 pm	Arrive at airport	
3:30 pm	Wheels up Terrace	
5:00 pm	Wheels down Vancouver <i>Layover</i>	
6:00pm	Wheels up Vancouver	
6:30pm	Wheels Down Victoria	
6:40pm	Travel home	

**Wensink, Alison PREM:EX**

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**From:** Nash, Amber PREM:EX  
**Sent:** Thursday, March 1, 2018 10:39 AM  
**To:** Wong, Tamarra PREM:EX; Higgins, Keira PREM:EX  
**Cc:** Bain, Don PREM:EX  
**Subject:** FW: BN for dinner meeting  
**Attachments:** LNG Canada - update Feb 28.docx

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**From:** McCann, Meghan EMPR:EX  
**Sent:** Thursday, March 1, 2018 9:57 AM  
**To:** Nash, Amber PREM:EX  
**Subject:** RE: BN for tomorrow

As requested Amber, thanks.

***Meghan McCann***

*Senior Executive Assistant to Deputy Minister Dave Nikolejsin*

*Deputy Minister's Office | Ministry of Energy, Mines, and Petroleum Resources*

**Direct:** [250 952-0504](tel:250-952-0504)

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Withheld pursuant to/removed as

DUPLICATE

**From:** McConnell, Sheena PREM:EX  
**Sent:** Wednesday, January 24, 2018 3:32 PM  
**To:** Meggs, Geoff PREM:EX  
**Subject:** Fwd: Recent Comments on LNG Canada and CO2 emissions

Did you get this from Susannah?

Sent from my iPhone

Begin forwarded message:

**From:** <[Susannah.Pierce@lngcanada.ca](mailto:Susannah.Pierce@lngcanada.ca)>  
**Date:** January 25, 2018 at 7:23:28 AM GMT+8  
**To:** <[Susannah.Pierce@lngcanada.ca](mailto:Susannah.Pierce@lngcanada.ca)>  
**Subject: Recent Comments on LNG Canada and CO2 emissions**

Green Party leader Andrew Weaver was recently interviewed on BNN (Business News Network) and the information he provided about the LNG industry in general, and our project specifically, had a number of factual errors. As an important stakeholder, we wanted to provide you with the correct information should anyone comment on his interview or query you about the data he presented.

Mr. Weaver continues to oppose the development of an LNG industry in BC, despite evidence that BC's natural gas is needed to replace the use of coal for power generation in countries like China. With the highest environmental standards, we believe global natural gas demands should be met by LNG from British Columbia.

In terms of CO2 emissions, Mr. Weaver stated that our project would emit 9.1 million tonnes per annum. As we haven't been able to discuss this with Mr. Weaver, we can't comment on where his figures are coming from. For our project, each train of the LNG plant will emit approximately one million tonnes of CO2 per year with phase one of our project consisting of two LNG trains, followed by another two trains to reach full build out.

We recognize that any single new project emitting CO2 may be perceived as too much in a world where we must reduce CO2 emissions. However, we believe the policy makers that established the original greenhouse gas framework were not envisioning a province in which no new development would take place. Instead, each new development would need to be judged on its own merits considering the broader benefits to society, as well as measures to further reduce the CO2 footprint. In LNG Canada's case, the broader benefits both to indigenous, community and the provincial and national economies balance the incremental CO2 emissions. As well, we believe these incremental emissions can be offset using part of the carbon tax collected from LNG Canada for the purchase of B.C. developed carbon offsets or invested in green technology funds to assist in meeting provincial



reduction targets. In fact, LNG Canada has commissioned work to look at how using CO2 tax dollars to purchase offsets in the province can create a thriving new offset and technology sector.

Given climate change is a global issue, it is also important to look at greenhouse gas emissions on a global scale – production of natural gas to consumption. Our own greenhouse gas life cycle analysis shows that one year's supply of LNG from LNG Canada, if used to generate electricity in Asia instead of using coal would reduce global greenhouse gas emissions by a net 60 to 90 million tonnes (BC's annual emissions in 2015 were 61.6 million tonnes).

LNG Canada designed our project to have the lowest carbon intensity of any large-scale LNG export facility in the world (0.15 tonnes CO2/tonne of LNG). This outcome is a result of our choice to use BC Hydro renewable electricity for auxiliary power – approximately 200 MW per year at full build out (four LNG trains) and General Electric LMS 100 gas turbines. While Mr. Weaver claimed in his interview that Site C is being built to support our project, this is not the case. This decision was not dependent on Site C as our electricity needs can be met with the existing B.C. Hydro power production portfolio. LNG Canada supports the federal and provincial government's commitments to reduce greenhouse gas emissions to meet our international commitment to Paris COP. We look forward to working collaboratively with governments, other sectors and our stakeholders to develop policy and new technologies to meet our commitment to limit global warming to below 2C.

If you have any questions or comments on any of the above, please don't hesitate to share with me.

Kind regards,

Susannah

**Wensink, Alison PREM:EX**

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**From:** Mihlar, Fazil JTT:EX  
**Sent:** Tuesday, February 13, 2018 4:17 PM  
**To:** Meggs, Geoff PREM:EX  
**Subject:** LNG Canada Jobs BN  
**Attachments:** LNG Canada Labour.docx; ATT00001.txt

Hi Geoff: As promised, a more precise estimate and details. Fazil

## **MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES**

### **BRIEFING NOTE FOR INFORMATION**

**I PREPARED FOR:** Don Wright, Deputy Minister to the Premier

**II ISSUE:** *Employment benefits of the LNG Canada project during construction and operations*

### **III BACKGROUND:**

LNG Canada is a proposed four-train, 26 million tonnes per annum liquefaction project to be located near Kitimat. The current focus of the project is on the first phase, which consists of two trains totaling 13 million tonnes per annum of capacity. It has received environmental approval from both the provincial and federal government and is fully permitted – including the first LNG Facility Permit issued by the BC Oil and Gas Commission.

The project was one of the earlier liquefied natural gas (LNG) projects proposed in British Columbia with pre-development activities starting in 2011 (the project was officially launched in May 2012). It is being developed by Shell (50%, operator), PetroChina (20%), Mitsubishi (15%) and KOGAS (15%).

### **IV DISCUSSION:**

If the LNG Canada project proceeds, construction and commissioning work would be undertaken by a consortium of contractors and sub-contractors. The contractor is expected to employ up to 4,500 construction workers at Kitimat site during the peak of construction activities. These numbers do not include the construction of the associated Costal GasLink pipeline which would be undertaken by TransCanada Corporation.

In 2015, the Ministry of Advanced Education's Labour Market and Information Division made detailed estimates of the potential employment during the construction of a "generic" two train LNG facility of similar size to the LNG Canada project. These estimates (appendix 1 below) were broken down by specific occupation and cover the LNG facility itself, along with a 700 Km supply pipeline. These "generic" construction numbers add to more than 12,000 jobs at the peak of construction.

LNG Canada itself will employ about 50 people in Kitimat from its final investment decision onwards and then slowly build towards 350 jobs during operations. Job types during project operations include:

- Operations (engineers, superintendents, supervisors, panel operators, marine loading masters);

- Engineering & Maintenance (planners, technicians, engineers, supervisors, inspectors, project engineers for all disciplines);
- Technology (engineers all disciplines); and,
- Corporate (Health, Safety, Security, Environment, Commercial, Finance, Contracting & Procurement, HR, Legal etc.)

LNG Canada has undertaken significant work to prepare the labour market in Canada to support the construction of its project. This work includes investments in building capacity and skillsets of the local workforce and analyses of the domestic labour supply and demand situation in Canada. LNG Canada does anticipate making use of some Temporary Foreign Workers during the construction phase and has requested a service standard from the Canadian and BC governments to ensure timely access to labour.

s.13;s.21

## **V CONCLUSION:**

If the LNG Canada project proceeds it would have a substantial impact on the BC labour market during construction and would provide a sizable number of high quality jobs in the Kitimat region during its operational life. The Project has taken steps to develop a pool of workers in Canada but does anticipate relying to some extent on Temporary Foreign Workers during construction.

**DRAFTED BY:**  
Geoff Turner

**APPROVED BY:**  
Ines Piccinino

## Appendix 1: Detailed Occupations Summary

Estimated Peak Demand for Construction Occupations for a 2-Train, 15Mt, LNG facility and 700 km pipeline

Construction Occupations	Peak Demand
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s.13;s.21

Estimated Peak Demand for Engineering & Management Occupations for a 2-Train, 15Mt, LNG facility and 700 km pipeline

Engineering and Management Occupations	Peak Demand
s.13;s.21	