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July 8, 2019

EMAIL

British Columbia Environmental Assessment Office
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PO Box 9426 Stn Prov Govt
Victoria BC V8W 9V1

Attention: Nathan Braun, Executive Project Director
Oil, Gas and Industrials – Northeast and Skeena Regions

Dear Mr. Braun:

**Re: Kitimat Liquefied Natural Gas Terminal Project (KLNG Project)
Initiation of Environmental Assessment Certificate (EAC) E06-01 Amendment #3
for Proposed Project Changes**

Chevron Canada Limited (**Chevron**), on behalf of KM LNG Operating General Partnership (**KM LNG**), is pleased to submit this request for an amendment to EAC E06-01, to authorize proposed changes to the KLNG Project.

Background: The KLNG Project and previous Environmental Assessment

As you are aware, KMLNG is developing the Kitimat LNG Project (**KLNG Project**) at Bish Cove within the District of Kitimat, BC, and on Haisla Nation reserve land. The KLNG Project involves the development of a liquefied natural gas (LNG) plant and export facility and the use of existing shipping routes in BC coastal waters. The KLNG Project includes the production, storage, and loading of LNG for marine transportation to overseas markets.

On June 1, 2006, Kitimat LNG Inc. (the former Proponent) received EAC E06-01 for the KLNG Project following a Harmonized Federal-Provincial Environmental Assessment (**EA**) Review which concluded that the KLNG Project was not likely to result in significant adverse effects.

In 2008, the KLNG Project was revised to include either natural gas “regasification or liquefaction” processing facilities to allow for either import or export of LNG. EAC E06-01 was amended on January 8, 2009 to reflect this change.

By late 2010 the KLNG Project was redesigned to include two LNG Trains of 5 MTPA each, still within Bees IR No. 6, for a total production capacity of 10 MTPA, and the applicable federal authorities were apprised. After the *Canadian Environmental Assessment Act* (CEAA) 2012 came into force, the Canadian Environmental Assessment Agency (**Agency**) determined that no additional federal EA was required under CEAA 2012 for the 10 MTPA project.

The KLNG Project was determined by the BC Environmental Assessment Office (EAO) to have been substantially started in September 2015.

Kitimat LNG Expansion Project

The current configuration of the KLNG Project consists of two (2) phases:

1. KLNG Foundation Project (Compact E-drive Design); and
2. Third LNG Train Expansion.

Together, these comprise the KLNG Expansion Project which requires an amendment to EAC E06-01.

KLNG Foundation Project – the Compact E-drive Design

The KLNG Foundation Project development is a two LNG Train facility. Over the last several years, various optimizations have been considered. KM LNG is now proposing an optimized design that increases the total output capacity of the two LNG Train facility from 10 MTPA to 12 MTPA (the **Compact E-drive Design**). The Compact E-drive Design features an advanced compact module design, with lower LNG storage requirements, an all-electric plant powered by clean, renewable hydroelectricity from BC Hydro, and an optimized design of the marine terminal as a Land Backed Wharf (**LBW**).

Third LNG Train Expansion

In addition, KM LNG is proposing an expansion to allow the future addition of a third LNG train as well as additional plant utility systems within the existing site footprint on Bees IR No. 6, which would increase the total production capacity to 18 MTPA (the **KLNG Foundation Project Expansion**). The Third LNG Train Expansion also includes the addition of a full containment tank (within the previously approved storage capacity and within the site footprint), a second LNG loading berth on the LBW, and additional LNG carrier marine traffic.

As you know, KM LNG have been consulting with the Agency regarding the federal EA requirements applicable to the proposed changes to the KLNG Project. The Agency has now advised that a federal screening under CEAA 2012 is required for the expansion to 18 MTPA, as this would result in a 50% or greater increase in LNG production capacity, although the Compact E-drive design allows this increase in capacity without the corresponding significant increase in emissions of a “traditional” LNG facility. Accordingly, KM LNG is submitting to the Agency a

Project Description under CEAA 2012, and expect that the federal screening will commence very shortly.

Request for Amendment to EAC E06-01

KM LNG hereby request an amendment to EAC E06-01 to authorize the proposed KLNG Expansion Project. We have enclosed a copy of the above-mentioned Project Description (Attachment 1) in support of this request, and would like to discuss with the EAO the procedural and information requirements for amending EAC E06-01 in accordance with section 19(1) of the BC *Environmental Assessment Act*. We are also interested in exploring with the EAO the opportunity to modernize EAC E06-01 through Amendment #3 by replacing the current Schedule A (Key Documentation and Correspondence) and Schedule B (Compendium of Proponent Commitment) with a Certified Project Description and a more concise and measurable Table of Conditions which could form the basis for future compliance monitoring and enforcement activities.

We look forward to meeting with you to discuss the amendment process for EAC E06-01 in more detail.

Yours very truly,



Darcy Janko,
Regulatory and Compliance Manager

Encl. Attachment 1: Project Description
cc. Regina Wright, Regional Director, Pacific and Yukon Region, Canadian Environmental Assessment Agency