

**In the matter of the
ENVIRONMENTAL ASSESSMENT ACT
S.B.C. 2002, c. 43
(Act)**

and

**in the matter of an
Application
for an
Environmental Assessment Certificate
(Application)**

by

**Coastal GasLink Pipelines Ltd.
(Proponent)**

for the

**proposed Coastal GasLink Pipeline Project
(CGL)**

October 8, 2014

Recommendations of the Executive Director

In accordance with the provisions of section 17(2)(b) of the *Environmental Assessment Act*, the Executive Director of the Environmental Assessment Office makes the recommendations contained in this submission, for the reasons indicated, in connection with the application by Coastal GasLink Pipelines Ltd. for an Environmental Assessment Certificate for the proposed Coastal GasLink Pipeline Project.

A. ISSUE

Decision by Ministers on the application for an Environmental Assessment Certificate (EAC) by the Proponent for CGL.

B. BACKGROUND

Proponent and Project Overview

The Proponent is a wholly-owned subsidiary of TransCanada Pipelines Ltd. (TransCanada). TransCanada currently transports approximately 20% of the natural gas consumed in North America.

The Proponent is proposing to construct and operate a natural gas transmission pipeline that is 48 inches (1,219 mm) in diameter and up to 675 km long from Groundbirch, BC to Kitimat, BC (Figure 1).

CGL would have an initial capacity of 2 to 3 billion cubic feet per day (bcf/d), with the potential for expansion to 5 bcf/d¹. CGL would include up to eight compressor stations, three meter stations, and ancillary sites such as construction camps, temporary access roads and bridges, and storage areas.

The Proponent is proposing to begin construction in 2016, with operations starting in 2020. CGL would be in operation for at least 30 years. CGL would supply natural gas to the proposed LNG Canada Liquefied Natural Gas export facility in Kitimat, BC.

Environmental Assessment Process

Environmental Assessment Office (EAO) determined that CGL was reviewable pursuant to Part 4 of the *Reviewable Projects Regulation*, as it would be a new transmission pipeline with a diameter of greater than 323.9 mm and length greater than 40 km.

CGL entered the environmental assessment (EA) process in December 2012. The Canadian Environmental Assessment Agency (CEAA) determined that a federal EA would be required for CGL in December 2012. In October 2013, CEAA amended its *Regulations Designating Physical Activities*, removing non-National Energy Board-regulated pipelines. Therefore, CEAA terminated the federal EA.

The Application Review Stage of the EA started on March 11, 2014 and ended October 8, 2014 (211 days). EAO issued an Order under section 24(4) of the Act to provide a timeline extension of 31 days to the 180-day application review timeline.

The timeline extension was required for EAO to consider and consult with Aboriginal Groups on the implications of the *Tsilhqot'in Decision* and EAO's assessment of CGL.

¹ British Columbia's current natural gas production is approximately 4 bcf/d

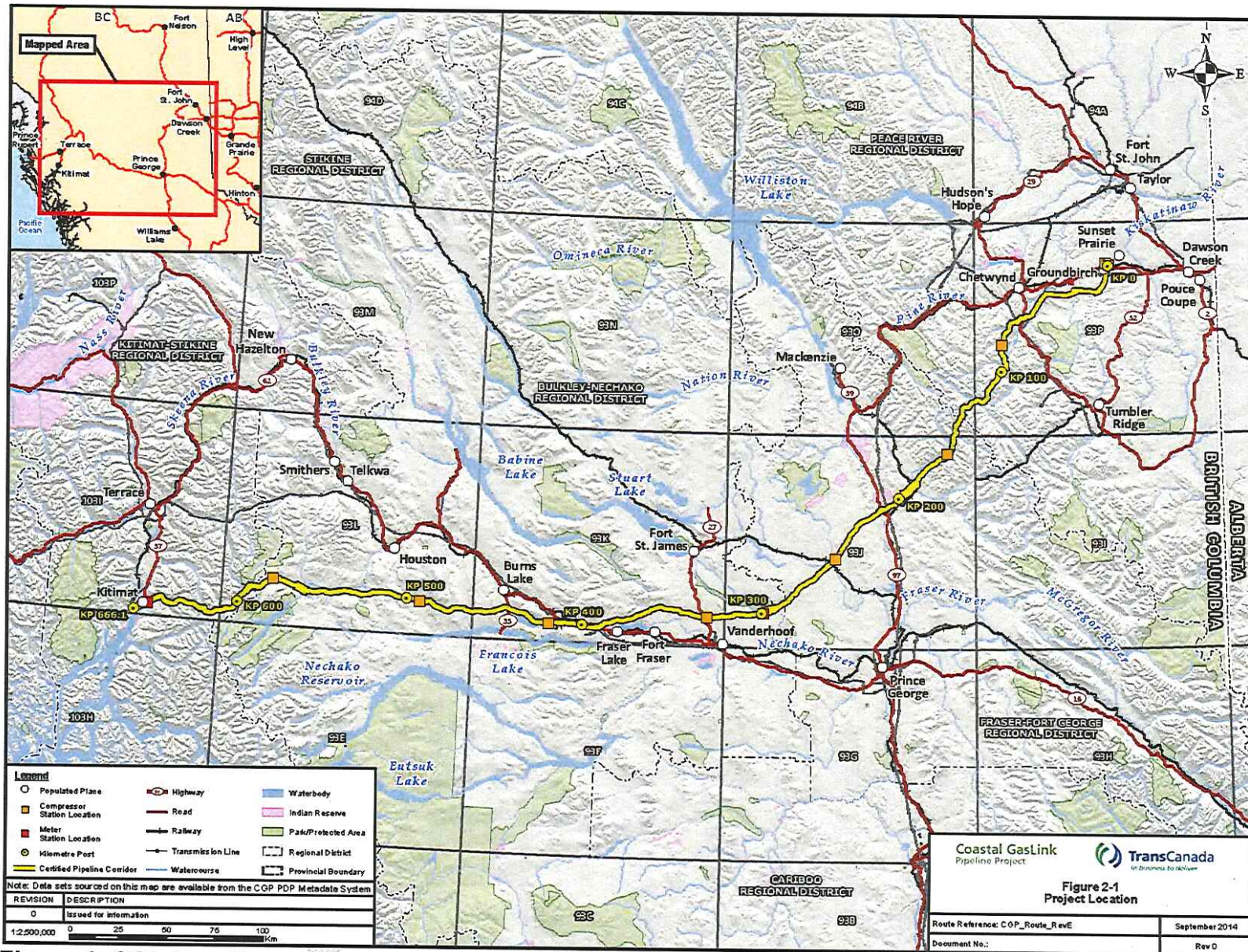


Figure 1. CGL Location

Other Approvals

CGL would require various permits from Federal, Provincial and Local government jurisdictions. The majority of provincial permits are provided through the BC Oil & Gas Commission (OGC); the primary operational regulator of oil and gas activities in BC.

The Proponent is currently in the permitting process, targeting decisions on OGC permits before the end of Fiscal 2014/15, if an EAC is granted. Other types of permits or authorizations that may be required are Section 35(2) – authorizations for serious harm to fish (Department of Fisheries and Oceans Canada), and Section 73 – authorizing activity affecting listed wildlife species, critical habitat, or the residences of its individuals (Environment Canada).

C. CONTEXT

Environmental Assessment of Liquefied Natural Gas (LNG) Projects

In February 2013, two proposed natural gas pipeline projects were in the early stages of the EA process. At present, there are 13 proposed LNG related projects in EA with 4-6 additional projects anticipated this fall.

Aboriginal Groups, special interest groups, the public and stakeholders raised a number of concerns about the multitude of LNG project reviews. Some of those concerns were:

- A strong desire to see EAO conduct a strategic environmental assessment to assess broad impacts of the LNG industry on the environment, the economy and future generations of British Columbians;
- Increased greenhouse gas emissions (GHG) associated with LNG Facilities and what those emissions would mean to the provincial GHG reduction targets, as well as the associated effects of climate change;
- Increased shale gas extraction through hydraulic fracturing;
- Potential strain on local government infrastructure and services;
- Potential conversion of natural gas pipelines to carry oil;
- Creation of multiple pipeline routes instead of a single energy corridor; and
- High volume and pace of work associated with the consultation and review of multiple LNG projects.

With those concerns in mind, and given the volume of projects being reviewed by EAO at the same time, EAO set out a strategic approach to LNG projects. This strategic approach included:

- Cross-government work for early identification and resolution of strategic and operational policy issues;
- Coordination of regional forums, open houses and Working Group meetings to improve engagement with Aboriginal Groups, stakeholders and the public; and
- A seamless approach to the regulatory regime.

To bring the strategic approach to fruition, EAO established the LNG Regulatory Working Group, a group of senior officials representing most provincial ministries, to identify

government initiatives needed to address both EA and permitting issues that were common across the multitude of proposed projects.

Examples of the results of that work are set out below.

Memorandum of Understanding (MOU) between EAO and OGC

EAO and OGC, as the two key provincial regulators of the LNG industry, established a MOU to:

- Establish a single, predictable regulatory regime for LNG projects;
- Improve engagement with Aboriginal Groups, communities, stakeholders and the public;
- Prevent unnecessary duplication between EAO and OGC;
- Provide the opportunity for proponents to conduct EA and permitting review processes at the same time for timely permit issuance (should an EA Certificate be issued); and
- Design highly effective, legally enforceable conditions, and a robust compliance and enforcement regime.

Cumulative Socio-Economic Effects Management

Local governments and service providers expressed serious concerns about the potential cumulative effects on water and waste infrastructure, as well as demands on social services programs as a result of the proposed pipelines.

To address these potential effects, EAO worked with the Ministry of Community, Sports and Cultural Development to develop a Socio-Economic Effects Management Framework to support planning, mitigation, and reporting on LNG project effects to socio-economic values, as well as engagement with impacted parties.

Environmental Stewardship

Aboriginal Groups, local governments, stakeholders and the public identified a number of issues common across the proposed pipelines that required additional guidance from the Ministry of Forests, Lands and Natural Resources Operations (FLNR), including:

- Timber Utilization;
- Access Management;
- Wildlife (e.g. grizzly bear, caribou); and
- Old Growth Forests.

As a result, EAO and FLNR identified a suite of actions to provide clarity on guidance to industry, management principles and appropriate mitigation for project effects.

Aboriginal Relations

Tsilhqot'in Decision

On June 26, 2014, the *Tsilhqot'in Nation v. British Columbia (Tsilhqot'in)* decision was released by the Supreme Court of Canada. The decision clarified the test for Aboriginal title relating to the elements of sufficient and exclusive occupation at 1846 (the time of assertion of Crown sovereignty in British Columbia). In addition, the case set out considerations for government when consulting Aboriginal Groups regarding potential impacts on asserted Aboriginal title claims.

CGL was at day 107 of the 180 day Application Review period when the *Tsilhqot'in* decision was released.

As a result of the *Tsilhqot'in* decision, EAO:

- Reassessed the strength of claimed Aboriginal title overlapping CGL on the basis of the tests set out in the *Tsilhqot'in* decision;
- Included the results of that reassessment in the Assessment Report;
- Sought Aboriginal Groups perspectives on both the preliminary assessments of strength of Aboriginal claims and seriousness of impacts, as well as proposed accommodations; and
- Considered other approaches being taken by government that may be relevant to the accommodation for potential impacts to Aboriginal Interests.

After the steps above were completed, EAO determined that the depth of consultation offered to each Aboriginal Group prior to *Tsilhqot'in* was consistent with the Crown's obligations post-*Tsilhqot'in*.

Associated Provincial Initiatives with Aboriginal Groups

EAO is aware of a number of initiatives that are intended to help address the impacts of LNG-related development, including CGL, on Aboriginal Groups.

Economic Benefits

The Province has actively pursued economic benefit arrangements with all Aboriginal Groups whose traditional territories would potentially be affected by natural gas pipelines or LNG facilities, including CGL. Aboriginal Groups have been offered capacity funding to engage in benefit-sharing discussions and have been presented with benefit sharing offers by the Province. These economic benefits are in addition to any economic benefit arrangements between the Proponent and each Aboriginal Group.

LNG Environmental Stewardship Initiative

In May 2014, the Province announced an environmental stewardship initiative (ESI) to be developed collaboratively with Aboriginal Groups affected by proposed LNG projects. The Province initiated the proposed ESI in response to the environmental priorities that Aboriginal Groups expressed. The ESI is a proposal to collaboratively develop a long-term structure that can bring Aboriginal Groups,

government, and industry together to monitor, assess, research, maintain and restore important values on the land.

Employment opportunities, training, and benefits

As economic benefit negotiations advance, the Province will be engaging Aboriginal Groups affected by CGL to supplement community-related skills training requirements.

Conversion of Natural Gas Pipelines to Oil

A number of Aboriginal Groups raised the concern regarding potential conversion of natural gas pipelines to oil. As a result, government has committed to enact legislation or regulation that prohibits the conversion of natural gas pipelines to carry oil.

D. KEY FINDINGS OF THE ENVIRONMENTAL ASSESSMENT

EAO's Assessment Report examines the potential adverse environmental, economic, social, heritage and health effects of CGL, and is organized around the following valued components:

| | |
|--|---|
| <p>Assessment of Environmental Effects:</p> <ul style="list-style-type: none">• Acoustic Environment• Air Quality• Greenhouse Gas Emissions• Soil Capability• Terrain Integrity• Fish and Fish Habitat• Surface Water• Groundwater• Wetland Function• Wildlife and Wildlife Habitat• Ecological Species of Concern• Plant Species of Concern <p>Assessment of Economic Effects:</p> <ul style="list-style-type: none">• Economy• Employment and Labour Force | <p>Assessment of Social Effects</p> <ul style="list-style-type: none">• Current Use of Land and Resources• Domestic Water Supply• Community Utilities and Services• Transportation Infrastructure and Services• Community Quality of Life• Current Use of Land and Resources for Traditional Purposes• Cultural Sites <p>Assessment of Heritage Effects</p> <ul style="list-style-type: none">• Archaeological sites• Historic Sites• Architectural Sites• Paleontological Sites <p>Assessment of Health Effects</p> <ul style="list-style-type: none">• Human Health• Ecological Health |
|--|---|

Issues and concerns raised during the assessment by Aboriginal Groups, the public, local governments, and provincial and federal agencies were all considered by EAO. The EA identified residual adverse effects associated with most of the above valued

components. In addition, EAO concluded that GHG emissions and effects on caribou (Hart and Telkwa Ranges) would be significant. EAO's analysis on each valued component is set out in detail in the Assessment Report.

Following are several topic areas reflecting key concerns expressed throughout the EA.

Greenhouse Gas Emissions

In consideration of the impact on provincial GHG targets, EAO identified GHG emissions as a significant adverse effect. The Proponent provided a conservative estimate that at full build-out, CGL would contribute to a 6% increase in provincial GHG emissions from 2012 levels. The primary source of GHG emissions would be combustion at compressor stations.

EAO, with support from Climate Action Secretariat and the Ministry of Natural Gas Development (MNGD), proposes a condition that requires the Proponent to develop a GHG Management Plan that requires CGL to adhere to MNGD's guidance on *Best Available Techniques Economically Achievable*, regulatory requirements to report on GHG emissions and a number of site specific mitigations.

Caribou – Hart and Telkwa Ranges

EAO has predicted that CGL would have a number of residual adverse effects to wildlife and wildlife habitat. The effects are generated from the pipeline corridor resulting in habitat loss and fragmentation, as well as increased access for humans and predators. These effects are particularly acute for caribou and grizzly bear.

EAO found significant residual adverse effects to caribou. CGL would directly affect federally designated Critical Habitat retention areas and provincially designated areas in the Hart and Telkwa Ranges, negatively affecting management and conservation objectives for caribou. The Hart and Telkwa Ranges both have high levels of existing disturbance and caribou have very low resilience to disturbance. The effect is considered significant because the success of proposed mitigation is uncertain and CGL is likely to negatively impact caribou recovery objectives.

EAO, with support from FLNR, proposes two conditions to address impacts on caribou. In addition to mitigation legally required through permitting, the Proponent must develop a caribou mitigation and monitoring plan that also includes \$1.5M to fund caribou and predator monitoring that would result in avoidance of increased predation.

Grizzly Bear

EAO concluded that CGL would have residual adverse effects on grizzly bear but that these effects would not be significant. CGL would likely have adverse effects to grizzly bear largely due to increased mortality risk, though EAO notes there is uncertainty regarding the magnitude of the effects.

In response, EAO with support from FLNR proposes two conditions to address impacts on grizzly bear. In addition to mitigation legally required through permitting, the Proponent must develop a Grizzly Bear Mitigation and Monitoring Plan that also includes

proponent participation in and a \$0.5M contribution to support a FLNR Regional Grizzly Bear monitoring program.

Unist'ot'en Blockade

Prior to and during the EA, the Morice River area was subject to a blockade by the Unist'ot'en, a group associated with the Wet'suwet'en.

As the area was inaccessible, EAO directed the Proponent to use available information and complete a desktop analysis of the valued components in the area. Once the area becomes accessible, EAO has proposed a condition that would require the Proponent to provide EAO with field data collection and additional mitigation if necessary.

However, work remains for the Province and the Wet'suwet'en groups to resolve this outstanding issue. In the absence of a resolution, the relationships between the Province and Wet'suwet'en groups, OGC permitting processes, and CGL Project operations, would be negatively affected.

Socio-Economic Effects

The main construction camps for CGL are proposed to be located near the communities of Chetwynd/ Hudson's Hope, Prince George, Vanderhoof, Burns Lake, Houston, Terrace and/or Kitimat, although the Proponent has not finalized the exact location of each camp.

CGL could result in increased demands on community utilities and services, health care, waste management facilities, housing and accommodation, and social services.

To address these issues, EAO, working closely with the Ministry of Community, Sport and Cultural Development (CSCD), has proposed a condition for the development of a Socio-Economic Effects Management Plan (SEEMP), which would include monitoring activities to inform management of potential cumulative socio-economic effects relating to pipeline construction and other projects. CSCD would take the lead coordinating role in this work.

Mitigation through Project Design

The key aspect of mitigating effects for linear projects rests in the project design and routing. CGL identified a number of factors considered when evaluating the pipeline route presented in the EA, for example:

- following previously cleared areas that are the result of forest harvesting or other linear developments;
- avoiding disturbance to parks and protected areas;
- minimizing the number of watercourse crossings;
- the length of disturbance in wetlands;
- disturbance to sensitive habitats; and

- compatibility with existing land use (including traditional land use).

In addition, CGL proposed a number of significant route changes during the EA based on feedback and input during the EA:

- Sukunka Pass Alternative – to reduce the corridor length within caribou ranges and the number of major river crossings;
- Revision B Nimbus Pass 2 Alternative – to avoid parks and protected areas and the number of major river crossings;
- Stuart River Crossing Alternate Corridor – to avoid critical habitat for the white sturgeon as identified in the proposed federal recovery strategy;
- Kitimat Valley Corridor Widening – consultation with stakeholders confirmed an interest in avoiding disturbance on lands within the Pine Creek Covenant and maintaining as much of the old forest west of Pine Creek as practical;
- Tchesinkut Creek Crossing Alternate Corridor – to avoid multiple crossings of Tchesinkut Creek in response to concerns from Nee-Tahi-Buhn Band;
- Marbled Murrelet Habitat Corridor widening – to allow for additional flexibility during construction planning and detailed engineering design to avoid marbled murrelet habitat; and
- Kitimat Valley Corridor Widening 2 – to provide flexibility in accommodating a request from Haisla Nation to revise the construction footprint to avoid culturally sensitive areas.

Developing Common Conditions

EAO crafted the conditions for CGL in consideration of the pipeline regulatory regime administered by the OGC; this is to avoid unnecessary duplication, and complement subsequent permits if an EA Certificate is granted.

EAO has also proposed conditions for CGL in consideration of other proposed LNG projects where applicable. As a result, EAO anticipates a high degree of consistency in conditions across projects, enabling a predictable compliance and enforcement regime.

In addition, the conditions proposed for CGL include a number of environmental stewardship initiatives that would likely be emulated in other projects. This will enable the management of the potential cumulative effects to timber, wildlife (caribou, grizzly bear) and old growth forests.

E. ABORIGINAL CONSULTATION

EAO examined potential impacts of CGL on treaty rights and asserted Aboriginal rights and title (Aboriginal Interests). Throughout the EA, EAO consulted with 29 Aboriginal Groups and two Aboriginal associations.

Given the linear nature of CGL, at the early stages of the EA, EAO relied primarily on the proximity of CGL to an Aboriginal Group's asserted traditional territory to determine which Aboriginal Groups to consult.

To that end, those Aboriginal Groups with Aboriginal Interests within 2 km of CGL were provided consultation opportunities at the deeper level of the consultation spectrum. Those Aboriginal Groups located within 30 km of CGL were provided consultation opportunities at the lower level of the consultation spectrum.

Following subsequent discussions with Aboriginal Groups regarding potential impacts of CGL on Aboriginal Interests, EAO provided several Aboriginal Groups with consultation opportunities at the deeper level of the consultation spectrum.

EAO consulted with:

Treaty 8:

- Blueberry River First Nations
- Doig River First Nation
- Fort Nelson First Nation
- Halfway River First Nation
- McLeod Lake Indian Band
- Prophet River First Nation
- Saulneau First Nations
- West Moberly First Nations
- Treaty 8 Tribal Association

Carrier First Nations:

- Carrier Sekani Tribal Council
- Cheslatta Carrier Nation
- Lake Babine First Nation
- Lheidli-T'enneh First Nation
- Nadleh Whut'en First Nation
- Nak'azdli Band
- Nazko First Nation
- Saik'uz First Nation
- Stelat'en First Nation
- Tl'azt'en Nation
- Yekooche First Nation

Wet'suwet'en:

- Dark House
- Nee-Tahi-Buhn Band
- Office of the Hereditary Chiefs of the Wet'suwet'en
- Skin Tyee Nation
- Burns Lake Band
- Wet'suwet'en First Nation

Tsimshian:

- Gitga'at First Nation
- Kitselas First Nation
- Lax Kw'alaams Nation
- Metlakatla First Nation

Independent:

- Haisla Nation

Aboriginal Groups expressed many concerns regarding the adequacy of EAO's assessment, cumulative effects, OGC permitting of ancillary facilities, watercourse crossings, fish and fish habitat, wildlife, pipeline routing, hydrostatic testing, accidents or malfunctions, effects to traditional practices, among others. Each of these issues and EAO's response are set out in detail in Part C of the Assessment Report.

EAO heard extensive concerns expressed by almost all of the Aboriginal Groups regarding the volume and pace of work. To address these concerns, EAO:

- Held regional workshops to address cross-project issues at a strategic level;
- Provided grant funding to Aboriginal Groups for multiple projects in lump sums to enable more effective use of EAO funding;
- Appointed an EAO LNG First Nations lead to support strategic and project-specific consultation;
- Coordinated consultation with OGC with the goal of reducing the consultation burden on Aboriginal Groups;
- Considered and granted, where possible, timeline extensions for participating Aboriginal Groups; and
- Sequenced EAO-led Working Group meetings and public open houses to decrease potential overlap between meetings and consultation fatigue.

The EA process examined potential impacts of CGL on Aboriginal Interests. Examples of the potential impacts include the following:

- Potential disruption of subsistence activities, including hunting, trapping, fishing, and plant gathering, during construction;
- Access for Aboriginal Groups to the proposed corridor area to hunt, trap, fish, gather or conduct other activities may be affected in the short term, during the construction phase, where access may be restricted for safety reasons;
- Disruption of use and connectivity of trails and travelways through clearing;
- Associated infrastructure including access roads and temporary construction camps may also impact use of these areas as trails, travelways, resource harvesting and areas associated with home sites; and
- Right of way clearing may disrupt use of lands including use of areas as trails, travelways, resource harvesting and areas associated with home sites.

EAO developed responses to the issues and accommodation measures that addressed Aboriginal Group concerns to the extent practicable. These accommodation measures were developed to appropriately address key concerns raised during the EA, recognizing that consultation would continue in future regulatory processes if an EA Certificate is issued.

In addition, EAO proposes a suite of conditions dedicated to addressing Aboriginal Groups' concerns about:

- Continued access to harvest medicinal and food source plants, traditional use activities and trap lines;
- Information sharing on the future regulatory requirements, construction and operations activities;
- Cultural awareness training for the Proponent's personnel;
- Opportunities to participate in construction monitoring; and
- Continued consultation obligations.

The Crown has a responsibility to weigh the potential impacts and accommodations on Aboriginal Interests with other societal interests, including the social, environmental and economic benefits of CGL.

In weighing the impacts of CGL on Aboriginal Interests, as set out in the Assessment Report and summarized above, EAO recommends that Ministers consider the following facts in the context of potential impacts on Aboriginal Interests:

- Importance of the proposed CGL Project to the local, regional, and provincial economy;
- Resources or values that may no longer be available for future generations; and
- Benefits of the proposed CGL Project to affected Aboriginal communities.

Importance to provincial and regional economy

Government has made the development of the LNG industry a key priority. Exporting BC's natural gas has been described as a pivot to BC's economic recovery and growth - set out as a priority in every throne speech since October 2011.

Resources or values available for future generations

Traditional subsistence activities would be altered as a result of construction and operations activities of CGL, which could result in changes to harvesting locations, behavioural alteration, sensory disturbance of environmental resources, or increased public access to traditional harvesting areas and pressure on environmental resources. EAO is of the view that the Proponent has made demonstrable efforts to avoid high value areas for Aboriginal Groups by following previously disturbed areas and by making several routing alterations in response to feedback from Aboriginal Groups.

Benefits to affected Aboriginal communities

CGL proposes to provide capacity-building initiatives to support employment, contracting and business development for Aboriginal groups. These initiatives include:

- Identifying economic opportunities specific to each Aboriginal Group;
- Directing procurement activities during construction;
- Inclusion of Aboriginal participation in the evaluation of the prime contractor;
- Providing capacity funding to support consultation activities;
- Providing capacity funding to optimize employment and contracting opportunities;
- Supporting workforce readiness programs with post-secondary institutions;
- Supporting education legacy programs focused on long-term capacity building;
- Partnering with organizations to enhance the quality of life in local communities; and
- Negotiation of Project Agreements with Aboriginal Groups to provide financial benefits, including consideration of education and training, contracting and employment and socio-economic partnerships.

EAO is satisfied that:

- The process of consultation with Aboriginal Groups has been carried out in good faith, and that the process was appropriate and reasonable in the circumstances;
- The Crown has fulfilled its obligations for consultation and accommodation to Aboriginal Groups relating to the issuance of an EA Certificate for CGL.

F. LOCAL GOVERNMENT CONSULTATION

The following local governments were invited to participate on EAO's Working Group:

Regional Districts:

Peace River Regional District
Regional District of Fraser Fort George
Regional District of Bulkley-Nechako
Regional District of Kitimat-Stikine
Skeena-Queen Charlotte Regional District

Municipalities:

City of Fort St John
District of Hudson's Hope
District of Chetwynd
District of Mackenzie
District of Tumbler Ridge
City of Prince George
District of Fort St James
Village of Fraser Lake
Village of Burns Lake
District of Houston
Village of Telkwa
Town of Smithers
City of Terrace
District of Kitimat

Local governments expressed a suite of concerns and support for CGL. In particular, local governments expressed concern about the potential increased demands on community utilities and services, health care, waste management facilities, housing and accommodation, and social services.

To address these issues, EAO, working closely with the Ministry of Community, Sport and Cultural Development (CSCD), has proposed a condition for the development of a Socio-Economic Effects Management Plan (SEEMP), which would include monitoring activities to inform management of potential cumulative socio-economic effects relating to pipeline construction and other projects. CSCD would take the lead coordinating role in this work.

In light of recent mill closures, serious concern was also expressed about the potential impacts on timber associated with pipeline right-of-way clearing – especially the potential for that timber to be wasted. EAO worked with FLNR, forest industry associations and BC Timber Sales to propose two conditions to address the concerns. Those conditions set out consultation requirements between the Proponent and timber tenure holders, and requirements to report on timber marketing plans and timber utilization.

G. PUBLIC CONSULTATION

The Proponent carried out a program of public consultation in local communities that met the requirements of EAO. EAO held public comment periods and hosted open houses during pre-Application and Application Review Stages. The majority of the public comments EAO heard were:

- effects of CGL on water quality and quantity;
- effects on wildlife and wildlife habitat and fish and fish habitat;
- concerns about accidents and malfunctions;
- concerns about upstream gas activities;
- concerns about the social impacts including construction effects on community infrastructure, such as housing, health services and recreation services, especially as a result of an anticipated influx of temporary workers including increased industrial traffic;
- potential long-term effects of pipeline operations on residences, farms and businesses;
- support for CGL, including the interest in local training programs and economic and employment benefits; and
- a desire to see safe, long-term monitoring, inspection, and operation of the proposed pipeline.

EAO is satisfied that issues summarized above were addressed through the Assessment Report analysis, the provision of responses from the Proponent, or proposed conditions.

H. ADDITIONAL CONSIDERATIONS

Ministers may consider other matters that they consider relevant to the public interest in making their decision on whether to grant an EAC to the Proponent. It is recommended that Ministers consider, in addition to the findings of the Assessment Report, the following matters.

Economic Benefits

CGL would have an estimated capital cost of \$4.7 billion² for the 3-4 year construction period for the initial capacity of 2 to 3 bcf/d, with \$2 billion spent in BC. Annual operating expenditures would be \$26.3 million per year³, with \$21 million in BC.

Carbon taxes are estimated to be \$8 million per year for initial capacity, and up to \$89 million per year at full build out.

² Monetary values in 2013 dollars.

³ Excluding the cost of natural gas that would be used by the compressor stations and any associated carbon taxes.

Contribution to Community Development

Annual municipal and regional revenues in BC are estimated to be \$20.9 million per year. Direct labour income for CGL construction would be \$1.1 billion over the construction period, with two thirds of that going to BC jobs.

Other Considerations

The *BC Jobs Plan (2012)* commits to job creation and economic stability by leveraging BC's industry sectors, including the natural gas and LNG sectors:

- The vision of the *BC Natural Gas Strategy (2012)* is for BC to be a global leader in secure and sustainable natural gas investment, development and export. To achieve this vision, the strategy requires B.C to: maintain current and develop new markets and ensure a reliable, abundant supply; maintain competitiveness; maximize the benefits of natural gas development; ensure environmentally responsible development; and build partnerships to promote development. The strategy also identifies natural gas as a climate solution – a transition fuel to a low carbon global economy.
- The vision of the *BC Liquefied Natural Gas Strategy (2012)* is three LNG plants in operation by 2020. Goals include developing an LNG sector that is globally competitive and to maintain BC's leadership on climate change and clean energy. It is acknowledged that BC LNG exports will affect BC's own climate action targets but are expected to have a positive overall effect by significantly lowering global GHG production. Natural gas production in BC will need to more than double from current levels to meet LNG development goals.

I. RECOMMENDATION:

Based on the findings in the Assessment Report and the matters identified in Section H above, CGL should receive an EAC, for the following reasons:

- The costs of CGL would be borne by present generations affected by the cleared corridor width during operations. Once the Proponent has reclaimed the majority of the construction footprint, the relative costs to future generations would be reduced, but not completely eliminated.
- Associated provincial initiatives with Aboriginal Groups including economic benefits, LNG environmental stewardship initiative and employment opportunities, training and skills development, are substantial commitments by the Province. EAO understands that those initiatives are at the early stages of discussion with Aboriginal Groups.
- The potential pressure on local governments and service providers for infrastructure and services provision has been mitigated to the satisfaction of EAO.
- The economic and social benefits from CGL are related to revenue, employment, and contracting opportunities, and would accrue to the present and next generations. Presently, direct benefits would flow to local governments within the

northern region and provincially for over 30 years. Benefits would also accrue to the future generation as a consequence of community development.

The Executive Director recommends that an Environmental Assessment Certificate be issued Coastal GasLink Pipelines Ltd. in connection with its Application for the proposed Coastal GasLink Pipeline Project on terms and conditions that require the Coastal GasLink Pipelines Ltd. to comply with the Schedules of the proposed Certificate.

Submitted by:



Doug Caul
Associate Deputy Minister and Executive Director
Environmental Assessment Office