



March 24, 2020

Environmental Assessment Office

PO Box 946 Stn Prov Govt
Victoria, BC V8W 9V1

Attention: Michael Shepard, Executive Project Director, Oil & Gas Sector

RE: Extension to Woodfibre LNG Limited's Environmental Assessment Certificate (#E15-02)

Dear Mr. Shepard,

Reference is made to Environmental Assessment Certificate #E15-02 issued to Woodfibre LNG Limited (Woodfibre LNG) on 26 October 2015 pursuant to the Environmental Assessment Act 2002, c. 43 (former Act) as amended (EAC) for the Woodfibre LNG Project (the Project). As stipulated in EAC Condition 8, the deadline for substantial start of the Project is five years from the date of the EAC (i.e. 26 October 2020). Pursuant to subsection 31(2) of the revitalized Environmental Assessment Act, SBC 2018, c 51 (EAA), Woodfibre LNG hereby requests an extension to the duration of the EAC to 26 October 2025.

1. Supporting Rationale

Woodfibre LNG acknowledges that while the revitalized EAA has come into force, there remain policies and regulations under development, including that which will inform an updated Certificate Extension Policy, that are not yet publicly available. For this reason, this request for extension has been developed in accordance with available guidance¹ published by the Environmental Assessment Office (EAO) and gives due consideration to the information requirements laid out therein to provide the rationale to justify an extension of an Environmental Assessment Certificate for a project that has not yet seen a substantial start of construction. The process described in this guidance identifies four questions that must be answered in order for an extension request to be accepted by EAO. Accordingly, sections 1.1 to 1.4 in this request have been structured to answer these four questions.

1.1 Why is the Project development delayed and why do you wish to extend the certificate?

It is of utmost importance to affirm that Woodfibre LNG is fully committed to constructing and operating the Project and is therefore requesting to extend the EAC to allow Project construction to start after the current EAC expiry date of 26 October 2020, due to the reasons outlined in this letter.

Since the EAC was issued in October 2015, Woodfibre LNG has invested significant time, effort, and resources towards advancing the Project's pre-construction requirements. Despite these efforts, there has been considerable technical, administrative and external challenges that have hindered

¹ British Columbia Environmental Assessment Office (BCEAO). 2016. *Requesting a Certificate Extension*. Retrieved from <https://www2.gov.bc.ca/assets/gov/environment/natural-resource-stewardship/environmental-assessments/guidance-documents/eao-guidance-certificate-holder-requesting-certificate-extension.pdf>



Woodfibre LNG's ability to progress the Project into construction and hence, we are revising our construction timelines.

Among such challenges are those associated with the requirements to clean up and remediate the historic pulp mill infrastructure at the Project site. Not only has the scope of this work been greater and more time consuming than originally anticipated, progress was slowed in 2018/2019 when an EAC amendment was required to clarify that site clean up and remediation works did not constitute construction of the Project. Further details on the implications of these works on advancing the Project are described in section 1.2.

Further, Woodfibre LNG has invested significant effort in pursuit of EAC amendments to fulfill its commitments to Indigenous Nations and to make this the best project for the local community in which it intends to conduct business long term. These important amendments continue to divert internal resources away from advancing pre-construction requirements. Further details on the impact of pursuing these amendments on Project timelines are described in section 1.2.

It is also important to acknowledge recently emerged external factors, out of our control, that are influencing our progress. In particular, external factors causing complications in commercial negotiations regarding an Engineering, Procurement and Construction (EPC) contract and COVID-19 have impacted our schedule.

Last fall, Woodfibre LNG was nearing finalization of an EPC contract and announcement of a Final Investment Decision when our preferred contractor for engineering, procurement and module fabrication, encountered financial challenges. In January 2020, our preferred contractor filed for Chapter 11 in the United States and is now undergoing proceedings which are expected to continue at least until July 2020. While this filing has no relationship to Woodfibre LNG, it significantly slows progress on finalizing the contract and hinders our ability to advance engineering of pre-construction requirements. Woodfibre LNG is confident that our preferred contractor will emerge from the process in a strong position to advance critical engineering and procurement to support our construction effort. As our preferred partner, we have developed a strong relationship and a mutual understanding of our Project and we are continuing to work with them as they go through this process.

Woodfibre LNG is not exempt from the effects of COVID-19, the recently emerged global pandemic. At present, COVID-19 is a rapidly evolving health crisis that we are monitoring closely, consistent with our safety policy and commitments to employees, contractors and host communities. As other Canadian companies are doing, in developing business continuity plans, we are attempting to adjust timelines as the effects of COVID-19 unfold. While it is clear that COVID-19 has had implications for our vendor's manufacturing facilities and fabrication yards in China, the schedule implications due to the delayed manufacturing of specialized equipment and fabrication of modules, related to the construction of our Project, remains unclear at this time. In addition, COVID-19 is causing serious economic implications around the world, creating widespread bank and financial market uncertainty. While we do not yet know the precise implications on our Project, this could lead to

complications in Project financing arrangements and commercial negotiations regarding the EPC contract.

1.2 What works have you done to advance the Project?

We refer to the recent EAO publication “Guide to Substantially Started Determinations”,² which describes a series of important factors that decision makers should consider as guidelines when forming a substantial start determination. These factors include:

- An assessment of the time, effort and resources invested to physically develop one or more main project elements;
- Whether or not any activities completed are recognized as a critical path component (or considered as secondary or ancillary); and
- Whether or not the activity would have occurred regardless of a project.

After reviewing all activities completed to advance the Project, Woodfibre LNG is confident that regardless of the significant investment of time, effort, and resources that have been expended, none of these activities may be attributed to the physical development of main Project elements. Further, Woodfibre LNG maintains that no physical activities described in the Project’s CPD (as amended July 2019) have been undertaken and thus no categorization of activities (i.e., critical path or secondary) has occurred. To date, all works completed to advance the Project are related to clean up and remediation of the historic pulp mill site and related infrastructure and/or are administrative in nature.

It is important however to acknowledge the efforts Woodfibre LNG has taken to clean up and remediate the Project site in order to advance the Project. To date, Woodfibre LNG has spent \$13 million on clean up and remediation activities including but not limited to the removal of historic marine infrastructure (wharfs and other pile-supported structures), removal of greater than 4000 creosote piles from the marine environment and the ongoing removal and recycling of historic concrete slab foundations. These works are being completed pursuant to the Squamish Nation Environmental Assessment Agreement (SNEAA), Certificate of Compliance (COC) issued by the BC Ministry of Environment (BC MoE), and/or Lease Agreement with the Ministry of Forests, Lands, and Natural Resource Operation and Rural Development (MFLNRORD) and are a substantial undertaking. As is often the case for historic industrial and contaminated sites, unreported and thus unanticipated hazards have increased the scope of previously anticipated works and are taking longer than anticipated to complete. Therefore, although site clean up and remediation are not yet complete, advancing these works are a key step in progressing the Project towards construction.

Woodfibre LNG also references EAC Amendment No.1 (Air Cooling Technology) which Woodfibre LNG initiated in accordance with the SNEAA issued in October 2015. More specifically, Condition 1(a) of the SNEAA requires Woodfibre LNG to compare the environmental effects associated with alternative and varying cooling technologies. On 19 October 2016, after careful consideration and discussion of the alternatives, the Squamish Nation required Woodfibre LNG to employ air cooling

² British Columbia Environmental Assessment Office (BCEAO). 2019. *Substantial Start Determination Process*. Retrieved from <https://www2.gov.bc.ca/assets/gov/environment/natural-resource-stewardship/environmental-assessments/guidance-documents/eao-guidance-certificate-holder-substantially-started-determinations.pdf>



technology as opposed to the originally proposed sea-water cooling technology. On 27 January 2017, Woodfibre LNG submitted an application to amend the EAC to include air cooling technology to lessen potential long-term impacts on the local environment. On 12 July 2017, twenty-one months after receiving the SNEAA, Woodfibre LNG received Amendment No. 1 for Air Cooling Technology.

While completing this amendment was essential in advancing the Project, throughout the amendment period, the ability to progress many of the pre-construction conditions described in the Project EAC was limited. This was largely due to the requirement to include the potential changes to LNG cooling technology into both the Front End Engineering and Design (FEED) scope of work, and the proposed contract language for a potential EPC contractor.

With reference to EAC amendment No.2, Woodfibre LNG would like to acknowledge administrative challenges which delayed progress on completing site clean up and remediation works. This amendment application was initiated following direction received from the EAO on 30 November 2018, following a routine site inspection with representatives of the Impact Assessment Agency of Canada (IAAC) during which removal of creosote piles from the marine environment was observed. Woodfibre LNG maintained that the works observed during the inspection fell outside the purview of the CPD and were contemplated as part of an independent scope of work for the clean up and remediation of the historic industrial site. Woodfibre LNG was required to complete this work in accordance with the purchase of the historic pulp mill site and to honour those commitments made pursuant to its Squamish Nation Environmental Assessment Agreement (SNEAA) entered into with Squamish Nation in October 2015. Woodfibre LNG therefore pursued EAC amendment No.2 to clarify the breadth of the Project Construction phase through the use of more direct language that clearly delineated jurisdiction of the CPD. Subsequent upland activities that would have occurred under the clean up and remediation scope at the start of 2019 were left on hold until the EAC amendment was received. The approved application for amendment was received from EAO in July of 2019, eight months after the inspection that triggered it. Despite this pause in progress of the clean up and

remediation work, obtaining this amendment enabled these works to resume and advance the Project towards construction.

In response to public feedback regarding additional accommodation options to support Project construction, Woodfibre LNG submitted to the EAO a third application to amend the EAC. The proposed Amendment No.3 includes the mobilization and operation of a floating hotel (or “Floatel”) and supporting infrastructure, and is expected to result in additional Project benefits such as:

- Reduced effect on at-market housing within the Squamish-Lillooet Regional District and Vancouver;
- Reduced pressure on community infrastructure and services; and
- Reduced vehicle traffic on the Sea to Sky Highway (Highway 99).

Woodfibre LNG recognizes the effect the availability of sound and reliable worker accommodation will have not only on the Project but also on the local community. Woodfibre LNG intends to fully incorporate this scope of work into the necessary Project management systems, processes, and tools as appropriate (i.e., Environmental Management Plans (EMPs) required by the EAC prior to the start of construction). Woodfibre LNG anticipates receipt of amendment No. 3 in Q3, 2020, at which time it will be able to focus on completing detailed planning for the start of construction with the confidence that activities can be completed without unforeseen impact.

In addition to the EA amendments previously described, Woodfibre LNG has advanced engineering design, permitting and Indigenous engagement in order to achieve the following key Project milestones:

- Invested greater than \$40 million to date on FEED and detailed engineering;
- Procured candidate vessels for use as Floating Storage Tanks in 2014;
- Initiated TERMPOL review process through submission to Transport Canada in 2015;
- Obtained National Energy Board export licence to export LNG for 40 years in June 2017;
- Obtained British Columbia Oil and Gas Commission Facilities Permit in July 2019;
- Ordered the main cryogenic heat exchanger in August 2019, critical to the liquefaction of natural gas and part of a procurement process to de-risk the Project schedule by purchasing long lead items;
- Signed Impact Benefit Agreement (IBA) with the Squamish Nation in February 2019; and,
- Progressed IBA discussions with Tsleil-Waututh Nation.

Further, Woodfibre LNG has invested substantial effort towards advancing pre-construction commitments in the EAC. While completion of pre-construction commitments is still pending and subject to approval from EAO, efforts have included:

- Development of draft EMPs required by the EAC and initiation of associated consultation with regulatory agencies and Indigenous groups;
- Conducted numerous meetings with relevant federal, provincial and municipal agencies and community groups on EAC conditions and Project permitting;
- Developed and maintained a dedicated Project website to keep external parties informed of Project activities consistent with EAC Condition 25. This website is currently undergoing renovation and updating, with a relaunch planned for Q2 2020; and

- Conducted consultation meetings with forest tenure holders, consistent with EAC Condition 19.

1.3 What plans, including timelines, do you have for advancing the Project if the certificate is extended?

It is important to acknowledge that the Project's construction schedule is constrained by least risk timing windows, consistent with mitigation measures identified in the EA application and conditions of the EAC. Examples include Fisheries and Oceans Canada (DFO) least risk timing window for the protection of marine fish and fish habitat in Howe Sound from August 16 – January 31 and the Environment and Climate Change Canada (ECCC) guidance for avoiding certain works during regional nesting periods from late March to Mid August. Woodfibre LNG's target to start construction is within the first year of extension of the EAC and within the least risk windows for marine fish and avoiding regional nesting periods. However, Woodfibre LNG recognises that unpredictable implications of external factors including the outcome of our preferred contractor's Chapter 11 proceedings and the COVID-19 pandemic will effect Project timelines.

Between now and substantial start of construction, Woodfibre LNG plans to continue site clean up and remediation activities, and will remain focused on completing pre-construction requirements identified in our environmental assessment approvals and advancing permitting for the construction phase.

A key component of the current pre-construction phase is an assurance that commitments made through consultation with Indigenous Nations, engagement with the local community, and the regulatory review process are carried forward into the Project design and construction implementation processes. Woodfibre LNG will continue conducting consultation on the required pre-construction EMPs with identified Indigenous Nations, government agencies and stakeholders. Woodfibre LNG is targeting advancement of these EMPs by the end of 2020, pending completion of the EAC amendment #3.

An EAC extension will support Woodfibre LNG's efforts in continuing to champion the principles of the Truth and Reconciliation Committee's (TRC) Calls to Action and implement the spirit of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) as incorporated into British Columbia law through the Declaration on the Rights of Indigenous Peoples Act (DRIPA). Woodfibre LNG acknowledges the importance of free, prior and informed consent for Indigenous Peoples and their right to self-determination regarding development projects and activities that could impact their traditional lands. Woodfibre LNG respects that this consent must relate not only to environmental and economic issues, but also to social, gender, community health and cultural considerations as well.

The Squamish Nation have recognized rights and title to traditional lands that include the Certified Project Area. The Squamish Nation, through the Woodfibre Environmental Working Group (WEWG), provides us with a lens of traditional knowledge to field activities and for consideration during design and construction planning. Woodfibre LNG currently remains, and will continue to remain, actively engaged in advancing Project discussions through the WEWG.

In the spirit of the new legislation (DRIPA and EAA) and the Truth and Reconciliation Calls to Action, Woodfibre LNG is also committed to working with Indigenous nations including the Tsleil-Waututh

Nation. More recently, Woodfibre LNG has increased collaborative work with the Tsleil-Waututh Nation with a view to developing a more robust relationship through Tsleil-Waututh Nations Treaty, Lands, and Resources Department. Woodfibre LNG is working with Tsleil-Waututh Nation towards alignment on a common process. An EAC extension will enable Woodfibre LNG to respect community driven deliberations and seek mutually acceptable solutions.

In addition to pre-construction requirements of our environmental assessment approvals, Woodfibre LNG plans to advance the more than 100 permits required for construction and operation of the Project. The key focus between now and substantial start of construction is on preparing and submitting applications for permits required to enable the Project to start construction.

1.4 Has new information come to light since the original certificate was granted that could impact the conclusions reached in the certificate?

As described in section 1.2, since the original certificate was issued, significant discussion has occurred regarding worker accommodation for the construction phase of the Project. Based on feedback from the community and stakeholders, Woodfibre LNG has submitted an application in October 2019 for EAC amendment No. 3 to propose a floating worker accommodation at the site. Woodfibre LNG remains committed to completing the amendment process to ensure Project impacts on at-market housing, community infrastructure and services, and vehicle traffic on Sea to Sky Highway are minimized.

In addition, Woodfibre LNG acknowledges required changes to the Project site have resulted from the pre-construction clean up and remediation activities that may have affected the current site condition as characterised during the original EAC application and review. For example, the removal of historic marine infrastructure, including more than 4000 creosote piles, has changed the physical marine habitat, which could influence related environmental parameters. As such, Woodfibre LNG is committed, through existing EAC conditions and in meeting permit application requirements, to supplementing the existing multi-year baseline datasets, where required, to support monitoring of Project effects and effectiveness of mitigation measures.

Woodfibre LNG also acknowledges that procedural changes in the newly incorporated and revitalized EAA will play a significant role in the Chief Executive Assessment Officer's decision with respect to this request for extension, under Section 31(4)(a) of the EAA. These new legislative measures empower Indigenous Nations to seek opportunities to build consensus amongst their potentially project-affected community members, and seek consent at key points in the assessment process.

Of importance to Woodfibre LNG is an understanding of the newly legislated requirements for consultation and engagement embedded in the recently revitalized EAA. Woodfibre LNG welcomes greater opportunities to consult and strengthen our relationships with Indigenous groups and stakeholders. An EAC extension will allow us the time required to address any potential implications of these changes while ensuring ongoing compliance with the EAA.

2. Closing

Woodfibre LNG submits that this request for extension of EAC #E15-02 has been completed in line with the guidance provided by EAO. This request considers the current state of Project activities in



its determination that a substantial start of construction has not yet been achieved which, as a result, allows for an EAC extension request to be carried forward and considered by the office of the Chief Executive Assessment Officer. The rationale included as part of this request considers the circumstances which have resulted in the adjusted timing of start of construction activities yet also provides context to understand the activities that have occurred or are planned to occur on site. A timeframe for a reasonable start of construction has also been offered for information and consideration during the review of this request.

If you have any questions, please contact James Wilkinson, Senior Regulatory Manager at (604)620-7883 or james_wilkinson@wlng.ca.

Sincerely,

A handwritten signature in black ink that reads "David Keane".

Woodfibre LNG Limited

David Keane
President