

**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 Pipeline Ltd.
(Proponent)**

for the

**Coastal GasLink Pipeline Project
(Project)**

Reasons for Ministers' Decision

On October 23, 2014, pursuant to Section 17(3)(c) of the *Act*, we, the Minister of Environment and the Minister of Natural Gas Development (Ministers), issued an Environmental Assessment (EA) Certificate for the Project for the reasons set out in this document.

1. NATURE AND SCOPE OF THE DECISION

Section 17(3) of the *Act* sets out the parameters for our decision. We:

- Were required to consider Environmental Assessment Office's (EAO) *Coastal GasLink Pipeline Project Assessment Report* (Assessment Report) and accompanying Recommendations of the Executive Director; and
- Considered other matters we thought relevant to the public interest in making our decision on the Application.

We also needed to be satisfied that the Province had met its duty to consult, and if appropriate, accommodate Aboriginal Groups with respect to potential impacts of the Project on Aboriginal Interests¹.

2. MINISTERS' CONSIDERATIONS

2.1. Assessment Report and Proposed Design and Mitigation Conditions

EAO, with advice from an advisory Working Group, reviewed the Application and described its findings in the Assessment Report. Throughout the Environmental Assessment process, EAO worked closely with other provincial ministries and agencies to identify and manage cross project issues, such as timber use, social and economic effects, and impacts to caribou and grizzly bear, as well as the conditions proposed to us which are a result of this collaboration.

EAO advised us that it was satisfied that the proposed certificate conditions and Project design would prevent or reduce potential negative environmental, social, economic, heritage or health impacts of the Project such that no significant adverse effects are expected, except with respect to caribou and greenhouse gas emissions. We concur with this view.

EAO advised that they were satisfied that the Crown's duty to appropriately consult and accommodate Aboriginal Groups had been discharged for the Project. We concur with this view.

2.2. Recommendations of the Executive Director

The Executive Director considered the Assessment Report as well as the design and mitigation conditions set out in the proposed Environmental Assessment Certificate. He recommended that an Environmental Assessment Certificate be issued for the Project

¹ asserted or established Aboriginal rights including title, or treaty rights

2.3. Key Considerations

Mitigation through Project Design

The Proponent considered a number of factors when evaluating the pipeline route, such as following previously cleared areas as a result of forest harvesting or other linear developments, avoiding disturbance to parks and protected areas, minimizing the number of watercourse crossings and length of disturbance to wetlands and sensitive areas.

The Project also underwent a number of route changes in order to address concerns from Aboriginal Groups, stakeholders and the public, such as: avoiding critical habitat for white sturgeon, avoiding disturbance on lands within the Pine Creek Covenant, avoiding multiple crossings of Tchesinkut Creek, and allowing for flexibility during construction to avoid marbled murrelet habitat.

Socio-Economic Effects

The main construction camps for the Project will be located near several northern communities, although the Proponent has not finalized the exact location of each camp. We understand that several concerns were raised by local governments, regional districts, and health authorities that the Project could result in increased demands on community utilities and services, health care, waste management facilities, housing and accommodation, and social services.

We are satisfied that the condition for the development of a Socio-Economic Effects Management Plan (SEEMP), which will include monitoring activities to inform management of potential cumulative socio-economic effects relating to pipeline construction and other projects will suffice to manage those concerns. EAO worked closely with the Ministry of Community, Sport and Cultural Development (CSCD) in developing this condition and CSCD will take a lead coordinating role in the implementation for government.

Effects to Caribou

EAO predicted that the Project will 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, as the Project will 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 the Project is likely to negatively impact caribou recovery objectives. EAO, with support from Ministry of Forests, Lands, and Natural Resource Operations (FLNR), has proposed conditions for the development of a caribou mitigation and monitoring plan, and \$1.5M to fund caribou and predator monitoring. We are of the view that this level of mitigation was warranted under the circumstances.

Greenhouse Gas Emissions (GHGs)

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, the Project will contribute to a 6% increase in provincial GHG emissions from 2012 levels, although we acknowledge that build out will occur over time and that emissions of the initial phase will be approximately 1% of provincial emissions. The primary source of GHG emissions will be combustion at compressor stations. EAO, with support from the Climate Action Secretariat and the Ministry of Natural Gas Development, has proposed a condition for the management of GHG emissions.

We are satisfied that the condition for the development of a GHG Management Plan and adherence to *Best Available Techniques Economically Achievable*, as well as the regulatory requirements to report on GHG emissions, will suffice. In addition, we note that the carbon tax is an additional mitigation.

Aboriginal Consultation

EAO consulted with 31 Aboriginal Groups during the Environmental Assessment. Part C of EAO's Assessment Report assessed whether the Project can be reasonably expected to have adverse effects on Aboriginal Interests and as appropriate, made recommendations to prevent or mitigate those effects.

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. In addition, the case set out considerations for government when consulting Aboriginal Groups regarding potential impacts on asserted Aboriginal title claims. EAO was originally scheduled to provide the assessment report to Ministers on September 8, 2014. As a result of the *Tsilhqot'in* decision, EAO extended the Environmental Assessment review period until October 8, 2014 to examine the decision implications on the Project, which involved re-assessing the strength of claim of Aboriginal Groups. We understand that Aboriginal Groups who were assessed as potentially having strong Aboriginal title claims were already being consulted at the deeper end of the *Haida* consultation spectrum throughout the Environmental Assessment.

We are aware that a number of Aboriginal Groups were highly engaged in the Environmental Assessment process, working in a collaborative manner with EAO to address potential impacts from the Project and to develop additional mitigation and conditions. We are also aware that a number of the conditions were proposed as a result of EAO's consideration of comments from Aboriginal Groups, including:

- Maintaining access during Project operations for Aboriginal Groups to carry out traditional use activities;
- Continued engagement with Aboriginal Groups regarding construction planning and project design, as well as the development on environmental management plans;
- Opportunities to participate in construction monitoring;
- A requirement for the Proponent to consider Traditional Use Studies submitted; and
- A requirement to provide plans for aquatic or riparian offsets, if requested, to Aboriginal Groups.

In addition to the Assessment Report, proposed design and mitigation conditions, and Recommendations of the Executive Director we also considered the letters and submissions sent to us from Blueberry River First Nations, Carrier Sekani Tribal Council, the Office of the Wet'suwet'en, Saik'uz First Nation, Doig River First Nation, West Moberly First Nations, Saulteau First Nations, and a joint letter from Treaty 8 First Nations. We considered concerns that were raised in these submissions, which included concerns about Environmental Assessment methodology and timelines, cumulative effects within asserted territories, impacts to traditional use activities, and rights and title.

We are satisfied that the Province has fulfilled its obligations for consultation and accommodation to Aboriginal Groups. Furthermore, we are aware that there are significant additional commitments being made by the Province to respond to concerns relating to this Project in particular and to LNG development in general. To respond to environmental concerns, the Province is developing an LNG Environmental Stewardship Initiative with Aboriginal Groups, including those affected by the Project, to bring Aboriginal Groups, industry and governments together to monitor, assess, research, maintain and restore important values on the land. The Province is engaging Aboriginal Groups affected by the Project to supplement community-related skills training requirements such that they will be positioned to economically benefit directly from Project employment. Finally, we are aware that Aboriginal Groups have been presented with financial benefit sharing offers by the Province that include benefits over the life of this Project, and potentially from other projects. While these commitments remain under early and active stages of negotiation with the same Aboriginal Groups that have been consulted on this Project, these economic benefits are in addition to any economic

benefit arrangements between the Proponent and each Aboriginal Group. These are substantial commitments made by the Province to Aboriginal Groups.

Permitting

We recognize that the details of plans and monitoring programs set out in conditions will be considered in greater depth during permitting with the BC Oil and Gas Commission (OGC), the primary operational regulator of oil and gas activities in BC. The Proponent is currently in the permitting process.

2.4. Economic Benefits

We are aware of the importance of the Project to the local, regional, and provincial economy. The Project will have an estimated capital cost of \$4.7 billion for the 3 - 4 year construction period, with \$2 billion spent in BC. Annual operating expenditures will be \$26.3 million per year, 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. Direct labour income for Project construction will be \$1.1 billion over the construction period, with two thirds going to BC jobs.

3. CONCLUSION

After consideration of the findings of the Assessment Report, Project design aspects and recommended conditions of the proposed Environmental Assessment Certificate, Recommendations of the Executive Director, the key considerations as outlined in section 2 of these Reasons for Ministers' Decision, and having regard to our responsibilities under the *Act*, we have issued an Environmental Assessment Certificate for the Project. The Environmental Assessment Certificate includes legally enforceable conditions which gives us confidence to conclude that the Project will be constructed, operated and decommissioned in a way that no significant adverse effects are likely to occur, except with respect to caribou and greenhouse gas emissions. We note that the Project will be subject to applicable permits and authorizations before the Project can proceed.



Honourable Mary Polak
Minister of Environment



Honourable Rich Coleman
Minister of Natural Gas Development

Signed this 23rd day of October, 2014