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

FortisBC Energy Inc.
(Proponent)

for the

Eagle Mountain – Woodfibre Gas Pipeline Project
(Project)

Reasons for Ministers' Decision

On August 9, 2016 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 Certificate for the Project. This document sets out the reasons for that decision.

1 NATURE AND SCOPE OF THE DECISION

Section 17(3) of the Act sets out the parameters for our decision. We considered the Environmental Assessment Office's (EAO) assessment and recommendations, including whether the Province had met its duty to consult and, as appropriate, accommodate Aboriginal groups with respect to potential impacts of the Project on asserted or established Aboriginal rights including title ("Aboriginal Interests"). We considered other matters we thought relevant to the public interest in making our decision on the Application.

2 MINISTERS' CONSIDERATIONS

2.1 EAO's Assessment

EAO, with advice from an advisory Working Group, reviewed the Proponent's Application, summarized its findings in the Assessment Report, and provided its detailed findings in the supporting Technical Report. As described in the Assessment Report and Technical Report, throughout the environmental assessment (EA) process, EAO worked closely with provincial and federal ministries and agencies, local governments and Aboriginal groups to identify issues and seek ways to address these issues, including proposing 30 Certificate conditions for our consideration.

EAO advised us that it was satisfied that the proposed EA conditions and Project design would prevent or reduce potential adverse environmental, social, economic, heritage or health impacts of the Project such that no significant adverse effects are expected. We concur with this conclusion.

EAO advised that it was satisfied that the Crown's duty to appropriately consult and accommodate Aboriginal groups had been discharged for the Project. We concur with this conclusion.

2.2 Recommendations of the Executive Director

EAO's Executive Director considered the Assessment Report, as well as the Project design and the mitigation conditions set out in the proposed EA Certificate, and recommended that an EA Certificate be issued for the Project.

2.3 Key Considerations

EAO examined whether the Project would have adverse environmental, economic, social, heritage and health effects to a wide range of valued components, as well as the potential effects on valued components from accidents and malfunctions and changes to the environment. EAO identified few residual effects to valued components that are expected after the implementation of mitigation measures. An important reason for this is the ways in which the Proponent designed the Project to avoid or reduce adverse effects. These included:

- Paralleling existing linear disturbance for approximately 50% of the entire route;
- Committing to a trenchless crossing method across the Squamish River estuary to avoid disturbance to the Wildlife Management Area;
- Proposing an alternate location for the compressor station outside of the urban area of Squamish and proposing an electric-drive design at the Eagle Mountain compressor station expansion to minimize noise and air quality impacts;
- Optimizing the compression capacity to reduce air pollution and greenhouse gas emissions;
- Primarily constructing during least-risk timing windows for fish and wildlife;
- Requesting an expanded certified corridor within the Indian River Watershed to allow the Project to avoid or minimize impacts to high value areas for Aboriginal groups based on ongoing engagement with Aboriginal groups regarding detailed routing.

In addition, the EA Certificate conditions we have included will ensure that the adverse effects identified in the assessment, including during Aboriginal consultation, would be adequately mitigated. Some of the key conditions include mitigation measures that address the following:

- Adhering to least-risk timing windows for fish and wildlife, and developing additional mitigation measures for activities outside these windows;
- Monitoring and mitigating impacts to on-site water quality;
- Developing an access management plan to reduce increased access and mitigate impacts to wildlife;
- Avoiding or minimizing impacts to red and blue listed vegetation and old growth, including replacing any impacted designated old growth areas;
- Developing a grizzly bear mitigation and monitoring plan and providing a financial contribution toward the monitoring and study of regional grizzly bear populations;
- Avoiding construction within the Skwelwil'em Squamish Estuary Wildlife Management Area;
- Develop a plan to mitigate impacts to wetlands, and to compensate for any permanent loss of wetlands;

- Developing plans to mitigate and monitor impacts to community services and infrastructure and to transportation during construction;
- Develop an Indian River Watershed mitigation and management plan to address Tsleil-Waututh Nation's site-specific concerns and interests;
- Develop a plan to manage and mitigate impacts to archaeological resources, including chance finds;
- Continue to consult with Aboriginal groups through the life of the project, including during the development of management plans, and provide opportunities for Aboriginal groups to participate in environmental monitoring activities; and
- Continue to consult the public through construction and operations, and report to EAO on this consultation.

Squamish Compressor Station

We note that concerns were raised by the public and Aboriginal groups with the location of an electrical-powered compressor station in Squamish, as proposed in the original Application. During the EA, the Proponent responded to these concerns by proposing an alternate location for the compressor station at Mt. Mulligan, outside of Squamish.

EAO required additional public consultation on the new proposed compressor station. We note the concerns of the public related to noise and air quality effects, and greenhouse gas emissions associated with the Mt. Mulligan compressor station.

We note that in response to the concerns raised by the public during the EA, FortisBC conducted further engagement with residents, as well as additional visual and acoustic testing, to verify the predicted findings.

We recognize EAO's conclusions that any noise levels generated by the station would not cause changes to the existing baseline sound levels and that increases in air emissions would be localized and well below the BC Ambient Air Quality Objectives.

We are satisfied that the EA Certificate conditions, Certified Project Description, and existing regulatory requirements will effectively manage the Project impacts.

Impacts to Grizzly Bear

EAO identified that the Project would overlap two Grizzly Bear Population Units that are provincially considered to be threatened and that the core grizzly bear habitat remaining for both units are currently well below the recommended minimum target levels. We note that during the EA, the Ministry of Forests, Lands and Natural Resource Operations (FLNRO) identified that any impact to the reproductive potential of breeding females could

significantly affect the ability for recovery of grizzly bears in the area. We note that FLNRO and other Working Group members advised EAO on the Project's impacts to grizzly bears and the appropriate mitigation, particularly in consideration of the existing and reasonably foreseeable future cumulative effects to grizzly bear populations.

We recognize EAO's conclusions that while the Project's effects would not be significant there is an existing significant cumulative effect to the grizzly bear populations in the area.

EAO acknowledges some uncertainty associated with their conclusions, and we understand that this is primarily due to the context of an existing vulnerable population. The Province is moving forward with a Cumulative Effects Framework to improve the assessment and management of cumulative effects to key values, including grizzly bear, and we confirm the importance of advancing this work.

The EA Certificate includes conditions requiring the development of a grizzly bear mitigation and monitoring plan, with respect to the Project's impacts to grizzly bear, and a one-time financial contribution of $250,000 to FLNRO to support the monitoring and study of regional grizzly bear populations.

Aboriginal Consultation

EAO consulted at a deeper level with Kwikwetlem First Nation, Squamish Nation and Tsleil-Waututh Nation. This deeper consultation included extensive opportunities to meet, discuss, and seek to resolve issues with EAO, including through EAO's working group process and individual consultation meetings. EAO also consulted with Musqueam Nation at the lower-to-moderate depth and also provided opportunities to meet, discuss, and seek to resolve issues.

EAO assessed the potential adverse effects of the Project on the Aboriginal Interests of each Aboriginal group and, as appropriate, made recommendations in proposed conditions to mitigate or accommodate those effects.

We considered the July 15, 2016 submissions provided by Squamish Nation, Tsleil-Waututh Nation, and Musqueam Nation, along with letters which Musqueam Nation included in its submission, and correspondence from EAO in response to those letters from Musqueam Nation. We also considered the Proponent's responses to the submissions from Tsleil-Waututh Nation and Musqueam Nation.

The concerns raised in Tsleil-Waututh Nation's submission included: impacts to values within the Indian River Watershed, pipeline routing and potential impacts to Tsleil-Waututh Nation's specified work avoidance zones, timelines of the EA, baseline information, impacts to fish and fish habitat, and lack of revisions to conditions. We note the Proponent's

commitment and the requirement to continue to engage and consult Tsleil-Waututh Nation on pipeline routing in the Indian River Watershed prior to finalizing the pipeline route during permitting and we acknowledge the Proponent's efforts to advance these issues during the EA, including by conducting routing feasibility studies in collaboration with Tsleil-Waututh Nation. We also note EAO's consultation efforts with Tsleil-Waututh Nation, which included the development of a specific Certificate condition to address concerns in the Indian River Watershed.

We note that the Proponent and Squamish Nation entered into an agreement that set out a separate process between the parties and that the Proponent actively consulted with Squamish Nation throughout the EA to seek to identify, understand, and resolve concerns. We are aware that as a result of Squamish Nation's separate process, Squamish Nation identified a number of environmental issues of concern that may potentially affect their Aboriginal Interests. During the EA, Squamish Nation outlined nine conditions that apply to the Project that it indicated must be met before the Project could be approved by Squamish Nation. Some of the key concerns identified by Squamish Nation through their proposed conditions included: avoiding impacts to the Skwelwil'em Squamish Estuary Wildlife Management Area, no barges to be located in the Wildlife Management Area, relocating the proposed Squamish compressor station, no future expansion of the pipeline without Squamish Nation approval, and ensuring mitigation measures proposed in the EA Application are legally binding. We are aware that the Proponent made substantial design changes and commitments in response to Squamish Nation's concerns and that the Proponent is aware that Squamish Nation announced Council's decision to approve their EA Agreement with the Proponent in June 2016, in support of the Project, subject to their conditions.

We considered the concern raised in Squamish Nation's submission regarding consultation with the Province and that an Agreement with the Province has not yet been reached. We note that EAO has considered Squamish Nation's conditions during the EA and in the development of proposed Certificate conditions, and has ensured that Squamish Nation has been meaningfully consulted and accommodated on the potential effects of the Project.

While Kwikwetlem First Nation did not provide a separate submission, we note that it did participate in the EA, was provided consultation opportunities at a deeper level, and the impacts to Kwikwetlem First Nation's Aboriginal Interests were discussed in EAO's Assessment Report and Technical Report.

The concerns raised in Musqueam Nation's submission included: depth of consultation, lack of project-specific traditional use information assessment of Musqueam-specific values, cumulative effects, disagreement with EAO's methodology, baseline information, impacts to fishing, and a lack of response to requests for revisions to conditions. We are

satisfied that the EAO's approach to consultation with Musqueam Nation, including the depth of consultation, was appropriate and responsive to issues and concerns raised by Musqueam Nation. We are of the view that the issues raised in Musqueam Nation's submission were adequately considered and addressed in EAO's response letters and Technical Report, and that the Certificate conditions require that Musqueam Nation will continue to be consulted on the Project. The Proponent has also meaningfully engaged with Musqueam Nation throughout the course of the EA and has committed to ongoing engagement with Musqueam Nation. Musqeaum Nation's submission also raises the ongoing government-to-government discussions with the Province, which include discussions related to the EAs of major projects, and we note our support for the timely progression of these discussions.

Overall, we are of the view that all issues raised in the submissions from Aboriginal groups were appropriately considered by EAO in the EA, as discussed in EAO's Assessment Report and Technical Report. We are of the view that EAO meaningfully and reasonably considered and sought to address concerns raised by all Aboriginal groups in the assessment of the Project and development of proposed conditions, including requiring further Proponent consultation with Aboriginal groups in many of the proposed conditions and several conditions specific to Aboriginal groups. We have concluded that for the EA, the Crown's duty to consult and accommodate has been met, and recognize that the Crown further commits to working with Aboriginal groups through implementing the conditions of the Certificate and through subsequent permitting processes.

Public Consultation

We are aware that many issues were raised by the public through the submitted public comments during pre-Application and Application Review and that these comments and the Proponent's responses were considered and discussed further during the EA. We note that key issues raised by the public helped inform design changes proposed by the Proponent (e.g. moving the Squamish compressor station, avoiding impacts to the Skwelwil'em Squamish Estuary Wildlife Management Area) and EAO's assessment of the Project, including requests for supplemental technical information and as reflected in EAO's Assessment Report, Technical Report and proposed EA Certificate conditions.

2.4 Provincial and Community Benefits

We are aware that the Project would provide local, regional, and provincial benefits. The Proponent provided estimates that the total capital cost would be approximately $520 million and that total direct spending on labour in Canada from construction would be

$76 million, $53 million of which would be spent in BC. Annual operational expenditures in BC would be approximately $3.7 million.

Annual provincial tax revenue directly associated with the Project operations would be approximately $520,000 and annual federal tax revenue would be approximately $350,000.

During construction the Project is estimated to support 832 person years of direct employment. During operations, the Project would directly support 10 full-time equivalent employees.

3 CONCLUSION

After consideration of EAO's assessment findings, the proposed Project design and recommended conditions of the proposed EA Certificate, the Recommendations of the Executive Director, and having regard to our responsibilities under the Act and Crown obligations to consult and accommodate Aboriginal groups, we have issued an EA Certificate for the Project. The EA Certificate includes enforceable conditions and specifies the Project design parameters. These give us confidence to conclude that the Project will be constructed and operated such that no significant adverse effects are likely to occur.



Honourable Mary Polak
Minister of Environment



Honourable Rich Coleman
Minister of Natural Gas Development

Signed this August 5, 2016