

**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

**Prince Rupert Gas Transmission Ltd.
(Proponent)**

for the

**proposed Prince Rupert Gas Transmission Project
(PRGT)**

November 12, 2014

Recommendations of the Executive Director

A. ISSUE

Decision by Ministers on the application for an Environmental Assessment Certificate (EA Certificate) by the Proponent for PRGT.

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.

PRGT would have an initial pipeline capacity of approximately 2 billion cubic feet per day (bcf/d), with the potential for expansion up to 3.6 bcf/d.¹ PRGT would include a 48-inch diameter, up to 780 km long land-based sweet natural gas pipeline from near the District of Hudson's Hope in northeastern BC to the proposed Pacific NorthWest (PNW) LNG export facility on Lelu Island, within the District of Port Edward, BC (Figure 1).

PRGT consists of both land and marine based sections of pipeline, with up to 120 km of two 36-inch diameter marine-based pipelines proposed. In addition, PRGT would include up to eight new compressor stations, one meter station, and ancillary sites such as construction camps, temporary access roads and bridges, and storage areas.

The Proponent is proposing to begin construction in early 2015, with operations starting by late 2018. PRGT would be in operations for at least 40 years.

Environmental Assessment Process

Environmental Assessment Office (EAO) determined that PRGT 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.

PRGT entered the British Columbia (BC) environmental assessment (EA) process on June 6, 2013. In October 2013, the Canadian Environmental Assessment Agency amended its Regulations Designating Physical Activities, removing non-National Energy Board-regulated pipelines. Therefore, a federal EA was not required.

The Application Review Stage of the EA started on May 16, 2014 and ended November 12, 2014.

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

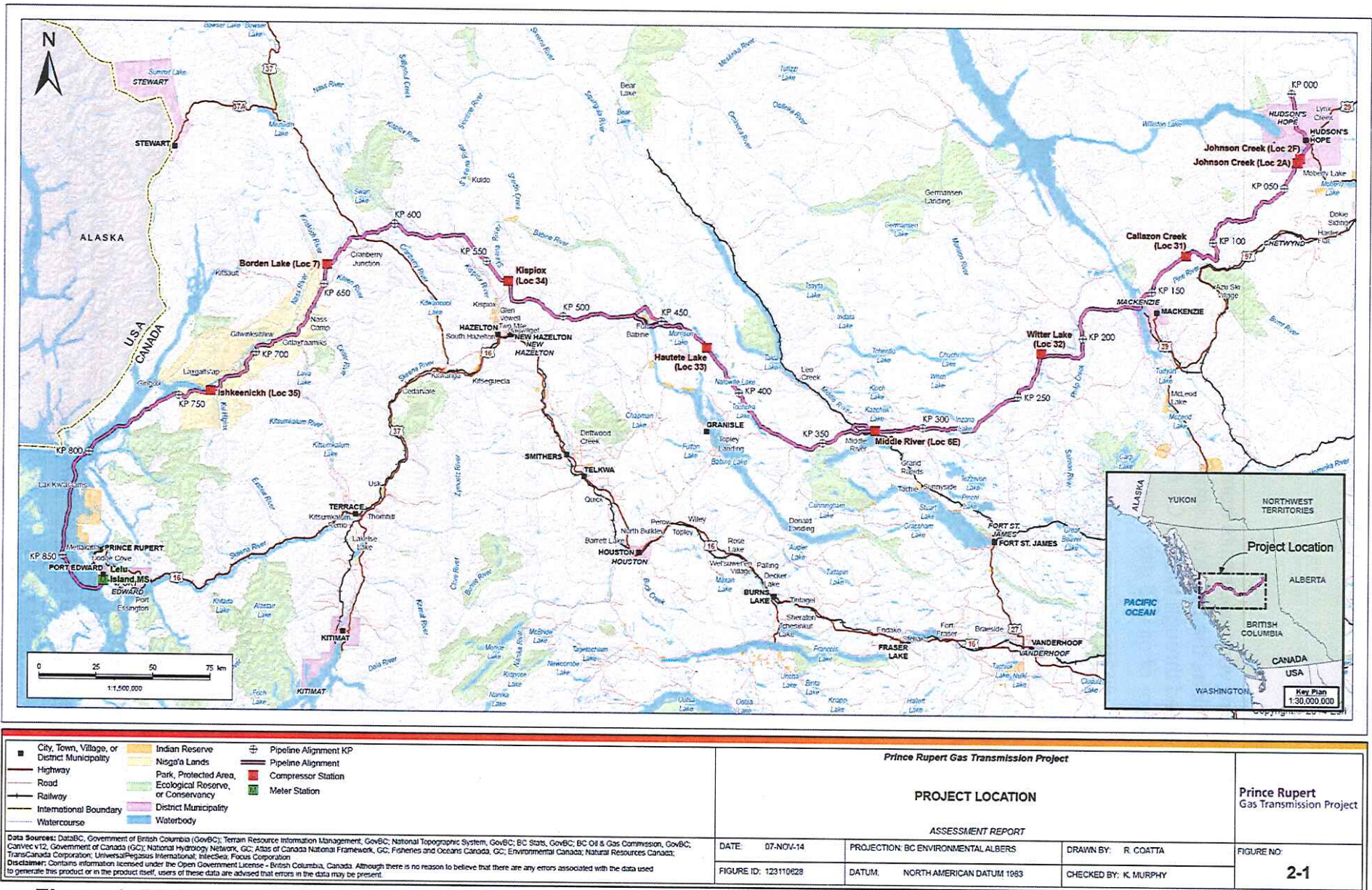


Figure 1. PRGT Location

Other Approvals

PRGT would require various permits from federal, provincial and local government jurisdictions, as well as the Nisga'a Lisims Government. 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 has applied for synchronous permitting with the OGC and, if an EA Certificate is granted is targeting decisions on permits in early 2015. Other types of permits or authorizations that may be required are Section 35(2) – authorizations for serious harm to fish (Fisheries and Oceans Canada (DFO)), 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 14 proposed LNG-related projects in EA with 4-6 additional projects anticipated in 2014.

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

- Creation of multiple pipeline routes instead of a single energy corridor;
- High volume and pace of work associated with the consultation and review of multiple LNG projects;
- Potential conversion of natural gas pipelines to carry oil;
- Increased shale gas extraction through hydraulic fracturing;
- 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; and
- Potential strain on local government infrastructure and services.

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, Sport and Cultural Development (CSCD) to develop a Social and 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, moose); 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.

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

- Reassessed the strength of claimed Aboriginal title overlapping PRGT 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 considered a number of provincial initiatives that are intended to help address the impacts of LNG-related development, including PRGT, 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 PRGT. 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 PRGT 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 a regulation change 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 PRGT, and is organized around the following valued components:

<p>Environmental Effects</p> <ul style="list-style-type: none"> • Acoustics • Air Quality • GHG Emissions • Soils and Terrain • Freshwater Fish and Fish Habitat • Water • Vegetation and Wetlands • Wildlife and Wildlife Habitat • Marine Resources <p>Economic Effects</p> <ul style="list-style-type: none"> • Economy (Labour Force) 	<p>Social Effects</p> <ul style="list-style-type: none"> • Community infrastructure and Services • Transportation • Land and Resource Use • Visual Quality <p>Heritage Effects</p> <ul style="list-style-type: none"> • Heritage Resources <p>Health Effects</p> <ul style="list-style-type: none"> • Human 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 the residual effects to GHG emissions and caribou 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.

GHG 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, PRGT would contribute to a 3.2% increase in annual provincial GHG emissions from 2012 levels. The primary ongoing 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 requiring the Proponent to develop a GHG Management Plan that requires PRGT 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.

Wildlife

EAO has predicted that PRGT 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, grizzly bear, and moose.

Caribou

EAO found significant residual adverse effects to caribou herds that would be affected by PRGT. PRGT would directly affect the Moberly/Klinse-Za, Kennedy-Siding, Scott herds, which are managed by the Province as South Peace Northern Caribou, as well as the Takla herd. PRGT would impact some areas of known caribou presence and would potentially displace caribou from habitat as a result of sensory disturbance, as caribou have very low resilience to disturbance. The effect is considered significant because the success of the proposed mitigation is uncertain.

EAO, with support from FLNR, has proposed two conditions to address impacts on caribou. The conditions would require the Proponent to develop a caribou mitigation and monitoring plan that also includes a contribution of \$2 million to support a provincial caribou monitoring and management program.

Grizzly Bear

PRGT 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.

EAO, with support from FLNR, has proposed two conditions to address impacts on grizzly bear. The conditions would require the Proponent to develop a Grizzly Bear Mitigation and Monitoring Plan that also includes a contribution of \$750,000 to support a provincial regional grizzly bear monitoring program.

Moose

EAO concluded that PRGT would not have significant residual adverse effect on moose due to increased mortality risk. While moose populations in BC are generally considered healthy, populations in the Nass have been closed to resident hunting and the Province has initiated a Nass Moose Recovery Plan. Populations in the Northeast are believed to be stable, while recent declines in the central Omineca and Bulkley Valley have raised concerns among Aboriginal Groups, resident hunters and guide outfitters.

EAO proposes two conditions, to address impacts to moose: the first is to develop a Moose Monitoring Plan for the Nass; and the second is to include a monitoring program to assess the effectiveness of the mitigation for moose populations outside the Nass.

Nisga'a Memorial Lava Bed Park

PRGT would cross approximately 12 km of Nisga'a Memorial Lava Bed Park. Development of the Nasoga route across Lava Bed Memorial Park would require a Park Boundary Adjustment from the Minister of Environment, as well as legislative amendments from the BC Government and the Wilp Si'ayuukhl Nisga'a (the Nisga'a legislature). On October 29, 2014, Wilp Si'ayuukhl Nisga'a (the Nisga'a legislature), by resolution, consented to the amendment to the boundary of the Nisga'a Memorial Lava Bed Park. On October 30, 2014, the Province announced Bill 8-2014 – the *Protected Areas of British Columbia Amendment Act (No. 2)*, 2014, which, if passed and brought into force by regulation, would amend the boundaries of the Park.

Marine Impacts

Pipeline construction activities in the marine environment would result in changes to seabed habitat and the creation of underwater noise. Some changes in seabed habitat are expected to be positive. The concrete-coated pipe would create hard seabed habitat in areas of soft sediments, similar to an artificial reef, which would be colonized by marine invertebrates and fish.

However, the offshore pipelines would lay directly on the seabed along most of the marine route, which would potentially create a barrier to movement of some marine species, particularly Dungeness crab, and which could impact seasonal crab migrations and important crab fisheries. These impacts are of particular concern in the Iceberg Bay, Nass Bay, and Chatham Sound areas. EAO proposes a condition that would require the Proponent to develop and implement a Crab Movement Mitigation and Monitoring Plan to ensure that crab movement is not materially impaired.

The proposed pipeline route near Lelu Island was designed to avoid direct impacts to Flora Bank and its ecologically important eelgrass habitat, including indirect effects due to sedimentation. EAO proposes a Marine Sediment Management and Monitoring Plan to help ensure the sediment is controlled and monitored. EAO concludes that the specified mitigation measures, there would be little indirect impact during construction trenching activities. In addition, EAO proposes a condition to help ensure that the pipeline is constructed in a way that minimizes pipeline scour risk to Flora Bank.

There was some concern related to potential noise disturbance to marine mammals, particularly whales, during both construction and operations. Serious construction noise effects can largely be mitigated and operational noise is expected to be minimal. EAO proposes a condition requiring marine mammal monitoring during construction and monitoring of noise levels during operations.

Mining

PRGT has potential interactions with three proposed or developing mine sites: the Decar Mine (Cliffs Natural Resources Exploration Canada Inc. and First Point Minerals Corp), the Mt. Milligan Mine (Thompson Creek Metals), and Morrison Mine (Pacific Booker Minerals Inc.). The Proponent has indicated that continued communication with

tenure holders would occur seeking to minimize potential disruptions to future mine development.

If an EA Certificate is issued, it would not convey rights to the land base. As such, potential interactions with mineral tenure holders would be reconciled through the permitting process. In the event that reconciliation could not be achieved through permitting, PRGT would be required to apply for an amendment to the EA Certificate, if issued.

Forestry

In light of future reductions in timber supply caused by Mountain Pine Beetle, concern was 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.

Mitigation through Project Design

The key aspect of mitigating effects for linear projects rests in the project design and routing. PRGT identified a number of factors that were considered when evaluating the pipeline route that was presented in their Application; for example:

- Following previously cleared areas that are the result of forest harvesting or other linear developments;
- Minimizing disturbance to existing and future land and marine uses, including land ownership, land tenures, Indian Reserves, and treaty lands;
- Minimizing the number of watercourse crossings;
- Avoiding disturbance to Parks and protected areas, where practical;
- Selecting a marine route along a smooth sea bottom where possible, with low side slopes and an absence geohazards;
- Minimizing disturbance to sensitive habitats;
- Ensuring compatibility with existing land use (including traditional land use);
- Avoidance of visually sensitive areas; and,
- Avoiding heritage and archaeological resources.

In addition, PRGT proposed a number of important route changes during the EA based on feedback and input from Aboriginal Groups and the Working Group during the EA. Some of the key changes included:

Pre-application:

- Peace River Crossing Alternatives – addresses geotechnical issues and incorporates input from West Moberly First Nations and Saulneau First Nations;
- South Central Alternative – avoids crossing Lake Babine, Lake Babine Indian Reserve, and Rainbow Alley Provincial Park; avoids Wolverine caribou herd;

- Gitanyow Alternative – in response to input from Gitanyow Hereditary Chiefs; and
- Nisga'a Highway Lava Bed Alternative – parallels the Nisga'a Highway ROW to avoid potential effects to culturally important historic villages and spiritual sites, community watersheds, wetlands and key fish spawning habitats.

Application Review:

- Mackenzie Reroute – Locates further from the Gantahaz subdivision in response to concerns raised by residents;
- Nation River and Sasklo Dome Reroutes – Decreases impacts to Nak'azdli First Nation habitation and sacred area interests in response to concerns raised by Nak'azdli First Nation;
- Middle River Reroute – Avoids traditionally important fisheries, archaeological and cultural areas, in response to concerns raised by the Tl'azt'en Nation, and decreases overlap with mineral tenures;
- Middle River Compressor Station Relocation – Avoids traditionally important fisheries, as a result of concerns raised by Tl'azt'en Nation, and decreases the overlap with guide outfitter tenures, trapline tenures, and timber cut blocks;
- Nilkitkwa Lake and Morrison Headwaters Alternatives – Decreases impacts to Lake Babine Nation's identified Critical Cultural Zones and impacts to Lake Babine Nation's Aboriginal Interests, as a result of consultation with Lake Babine Nation; and
- Johnson Creek Compressor Station Alternative – Decreases impacts to the exercise of Treaty 8 Rights, the proximity of the site to local wildlife habitat, and the visual impact from the Johnson Creek forest service road, as a result of concerns raised by West Moberly First Nations and Saulneau First Nations.

Development of Common Certificate Conditions

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

EAO has also proposed conditions for PRGT in consideration of other proposed LNG projects where applicable. As a result, the conditions proposed for PRGT include a number of stewardship initiatives that are very similar to the Coastal GasLink Project, the proposed Westcoast Connector Gas Transmission Project, and are likely to be emulated in other projects. This will enable the management of the potential cumulative effects to timber, wildlife (caribou, grizzly bear, moose), and old growth forests.

E. ABORIGINAL CONSULTATION

EAO examined potential impacts of PRGT on treaty rights and asserted Aboriginal rights and title (Aboriginal Interests). Throughout the EA, EAO consulted with 24 Aboriginal Groups (including two Aboriginal associations) and the Nisga'a Lisims Government.

Given the linear nature of PRGT, at the early stages of the EA, EAO relied primarily on the proximity of PRGT 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 PRGT were provided consultation opportunities at the deeper level of the consultation spectrum. Those Aboriginal Groups located within 30 km of PRGT were provided consultation opportunities at the lower level of the consultation spectrum.

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

EAO consulted the following Aboriginal Groups, listed below by cultural affiliation and/or tribal council or association:

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
- Sauteau First Nations
- West Moberly First Nations
- Treaty 8 Tribal Association

Carrier Sekani First Nations

- Lake Babine Nation Nak'azdli Band
- Takla Lake First Nation
- Tsay Keh Dene First Nation
- Tl'azt'en Nation
- Yekooche First Nation
- Carrier Sekani Tribal Council

Wet'suwet'en

- Office of the Wet'suwet'en

Gitanyow

- Wilp Gamlakyeltxw (as represented for the purposes of consultation by the Gitanyow Hereditary Chiefs' Office)
- Wilp Malii (as represented for the purposes of consultation by the Gitanyow Hereditary Chiefs' Office)
- Wilp Gwaas Hla'am (as represented for the purposes of consultation by the Gitanyow Hereditary Chiefs' Office)
- Wilp Watakhayetsxw (as represented

Tsimshian

- Gitxaala Nation
- Kitselas First Nation
- Kitsumkalum First Nation
- Lax Kw'alaams Band
- Metlakatla First Nation

Gitxsan (*huwilp*)

- Antguulibisxw
- Delgamuukw
- Gaxsbgaba
- Geel
- Gitludahl
- Gitgwinuxw
- Gwii Yeehl
- Gwis Gyen
- Gyetm Galdoo
- Hanamux
- Haiwaas
- Kliiyeem Lax Ha
- Kyooluugyat
- Luus
- Luutkudziiwus
- Mauus
- Miluulak
- Nii Kyap
- Nikateen
- Sakum Higookxw
- Spookw
- Ts'ogashlee
- Wii Eelast
- Wii Gyet

<p>for the purposes of consultation by the Gitanyow Hereditary Chiefs' Office)</p> <ul style="list-style-type: none">• Wilp Luux Hon	<ul style="list-style-type: none">• Wiigyat• Wii Mugulxw• Wosimlaxha• xGwoimtxw• Yagosip
--	--

Aboriginal Groups expressed many concerns regarding the potential impacts of PRGT and the adequacy of EAO's assessment, including:

- Capacity to participate in multiple EAs;
- Adequacy of the effects assessment, including valued component (VC) selection and baseline study methodology;
- Cumulative effects including upstream development;
- Conversion of a natural gas pipeline to an oil pipeline;
- OGC permitting of ancillary facilities;
- Air quality and GHG emissions;
- Accidents and malfunctions;
- Effects to hunting, fishing, trapping, gathering, and cultural heritage interests; and,
- Proposed Project-related employment opportunities and economic benefits.

Each of these issues and EAO's responses are set out in detail in EAO's Assessment Report.

EAO heard extensive concerns expressed by almost all of the Aboriginal Groups regarding the volume and pace of work associated with the consultation and review of multiple LNG projects. 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 PRGT on Aboriginal Interests. Examples of the potential impacts include the following:

- Potential disruption of subsistence activities during construction, including hunting, trapping, fishing, and plant gathering, in both the terrestrial and marine environments;

- 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;
- Associated infrastructure including access roads and temporary construction camps may impact use of these areas, as well as trails, including marine travel navigability or travelways, resource harvesting and areas associated with home sites in the short term; 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 proposed 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 PRGT.

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

- Importance of PRGT to the local, regional, and provincial economy;
- Resources or values that may no longer be available for future generations; and
- Benefits of PRGT 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 PRGT, which could result in changes to harvesting locations, in both terrestrial and marine environments, 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

PRGT proposes a number of initiatives 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 and to optimize employment and contracting opportunities;
- Supporting workforce readiness programs with post-secondary institutions and 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; and
- The Crown has fulfilled its obligations for consultation and accommodation to Aboriginal Groups relating to the issuance of an EA Certificate for PRGT.

F. NISGA'A NATION CONSULTATION

PRGT would pass through Nisga'a Lands, the Nass Wildlife Area and the Nass Area, as established under the *Nisga'a Final Agreement*.

On July 31, 2014, the Province and Nisga'a Lisims Government entered into an Agreement to establish a process for collaboration in EAs to strive to reach consensus at key decision points. EAO and Nisga'a Lisims Government have been working collaboratively throughout the PRGT EA, and there are no outstanding substantive concerns.

EAO completed an assessment of the obligations under the *Nisga'a Final Agreement*. EAO concluded that PRGT is not reasonably expected to have adverse environmental

effects on residents of Nisga'a Lands, Nisga'a Lands or Nisga'a interests set out in the *Nisga'a Final Agreement* under Chapter 10, paragraph 8(e). EAO is satisfied that the obligations under paragraph 8(f) of Chapter 10 of the *Nisga'a Final Agreement* regarding an assessment of the effects of PRGT on the existing and future economic, social, and cultural well-being of Nisga'a citizens who may be affected by PRGT have been met.

G. 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 Taylor
City of Dawson Creek
District of Hudson's Hope
Village of Pouce Coupe
District of Chetwynd
District of Mackenzie
District of Tumbler Ridge
City of Prince George
District of Fort St James
District of Vanderhoof
Village of Fraser Lake
Village of Burns Lake
District of Houston
Village of Granisle
Town of Smithers
District of New Hazelton
Village of Hazelton
District of Stewart
City of Terrace
City of Prince Rupert
District of Port Edward
District of Kitimat

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.

The main construction camps for PRGT are proposed to be located near the communities of Moberly Lake, Chetwynd, Mackenzie, Fort Babine, Kispiox, north of Cranberry Junction, and Nisga'a villages in addition to camps in remote areas, although the Proponent has not finalized the exact location of each camp.

To address these issues, EAO, working closely with the CSCD, has proposed a condition for the development of a Social and Economic Effects Management Plan, 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.

H. PUBLIC CONSULTATION

The Proponent carried out a program of public consultation in local communities, including Nisga'a villages, which met the requirements of EAO. EAO held public comment periods and hosted open houses during Pre-Application and Application Review stages. In addition to the concerns discussed in section C above, some key themes of the public comments were regarding:

- Interest in employment and training opportunities;
- Potential effects on wildlife and wildlife habitat;
- Potential effects to salmon habitat in the Skeena Estuary, Lelu Island, and fishing sites at the northern end of Lake Babine;
- Potential effects on water quality and quantity;
- Concerns about noise from compressor stations;
- Potential cumulative effects of multiple proposed projects;
- Pipeline safety; and
- Concerns about impacts to Nisga'a Memorial Lava Bed Park,

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

I. ADDITIONAL CONSIDERATIONS

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

Economic Benefits

PRGT would have an estimated capital cost of \$5 billion over the three to four year construction period. This would include \$3.5 billion of direct capital expenditures in Canada, of which \$1.5 billion would be spent in BC.

Government revenues from taxes are expected to be \$978 million over the construction period, with \$442 million in BC tax revenues. During operations, government revenue would be \$105.8 million per year, with \$69.6 million in revenue to BC. At full build out, carbon taxes are estimated to be \$51 million per year.

Contribution to Community Development

Annual municipal/regional revenues are estimated to be \$37 million per year during construction and \$24.5 million per year during operations. Direct labour income from PRGT construction is estimated to be \$1.1 billion, of which \$407 million would be earned in BC.

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 BC 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.

J. RECOMMENDATION:

Based on the findings in the Assessment Report and the matters identified in section I above, PRGT should receive an EA Certificate, for the following reasons:

- The costs of PRGT 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 PRGT 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 40 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 to Prince Rupert Gas Transmission Ltd. in connection with its Application for the proposed Prince Rupert Gas Transmission Project on terms and conditions that require the Prince Rupert Gas Transmission Ltd. to comply with the Schedules of the proposed Certificate.

Submitted by:



Doug Caul
Associate Deputy Minister and Executive Director
Environmental Assessment Office