

Ministers' Reasons for Decision

Cedar LNG Project

Proposed by Cedar LNG Partners LP

On March 13, 2023, pursuant to Section 17(3)(c) of the *Environmental Assessment Act* (2002), we, the Minister of Environment and Climate Change Strategy and the Minister of Energy, Mines and Low Carbon Innovation, issued an Environmental Assessment Certificate for the Project. This document sets out the reasons for this decision.



1.0 NATURE AND SCOPE OF THE DECISION

Cedar LNG Partners LP (Cedar), a Haisla Nation majority-owned partnership, is proposing to construct, operate and decommission the Cedar LNG Project (Cedar LNG), a floating liquefied natural gas (LNG) export facility and marine terminal, in Kitimat, British Columbia (B.C.). The Environmental Assessment Office (EAO) conducted an environmental assessment (EA) of Cedar LNG, which began in 2019 and concluded November 16, 2022 and included the establishment of an advisory Working Group, consultation with Indigenous groups and engagement with the public.

Cedar LNG was subject to an EA under B.C.'s *Environmental Assessment Act* (2002) [the Act (2002)] and Canada's *Impact Assessment Act* (IAA). On January 24, 2020, the federal Minister of Environment and Climate Change approved the substitution of the federal EA process to the Province of B.C. The substituted process administered by the B.C. EAO met the requirements of the IAA. In keeping with the Impact Assessment Cooperation Agreement between Canada and British Columbia (2019), the EAO considered the factors set out in subsection 22(1) of the IAA, provided opportunities for the public to meaningfully participate in the EA, conducted consultation with Indigenous peoples that may be affected by Cedar LNG, provided opportunities for the Impact Assessment Agency of Canada (Agency) to participate in consultation, and provided an Assessment Report to the federal Minister that included the findings and conclusions of the EA with respect to these factors. The EAO's Assessment Report will inform separate provincial and federal decisions.

On November 16, 2022, the EAO referred Cedar's application for an EA Certificate (Application) to us for a decision. Section 17(3) of the Act (2002) requires that ministers consider the Assessment Report, and any recommendations accompanying it, and may consider any other matters that they consider relevant to the public interest in making their decision on an application. Ministers must decide whether to: issue an EA Certificate with any conditions they consider necessary, to refuse to issue an EA Certificate, or to order that further assessment be carried out.

We considered the documents provided by the EAO including the Assessment Report and Summary Assessment Report, the Recommendations of the Chief Executive Assessment Officer (CEAO), the proposed Project Description and EA Certificate conditions, and the separate submissions provided to us by Indigenous nations.

2.0 MINISTERS' CONSIDERATIONS

2.1 THE EAO'S ASSESSMENT

The EAO reviewed Cedar's Application, provided its detailed findings in the Assessment Report and summarized its findings in the Summary Assessment Report. As described in the Assessment Report and Summary Assessment Report, the EAO worked closely with Indigenous nations, the Working Group, federal and provincial agencies, and local governments to identify issues and seek ways to address issues and concerns, including proposing EA Certificate conditions for our consideration.

The EAO advised us that it was satisfied that the proposed EA Certificate conditions and the project design requirements set out in the proposed Project Description would prevent or reduce potential adverse environmental, economic, social, heritage or health impacts from Cedar LNG, such that no significant effects are expected. We agree with the EAO's conclusion.

2.2 RECOMMENDATIONS OF THE CHIEF EXECUTIVE ASSESSMENT OFFICER

The EAO's CEO considered the Summary Assessment Report, the Assessment Report, the proposed EA Certificate conditions, and the project design requirements set out in the proposed EA Certificate. She recommended that an EA Certificate be issued for Cedar LNG. The EAO's CEO further advised that she was satisfied that the Crown's duty to appropriately consult and accommodate Indigenous nations had been discharged for Cedar LNG.

2.3 INDIGENOUS ENGAGEMENT AND VIEWS

We have considered the EAO's consultation with Indigenous nations for Cedar LNG and the submission provided by Indigenous nations directly to us.

Potential effects from Cedar LNG would occur in the traditional territories of the following Indigenous nations (listed alphabetically), with whom the EAO consulted deeply throughout the EA:

- Gitga'at First Nation;
- Gitxaala Nation;
- Haisla Nation;
- Kitselas First Nation;
- Kitsumkalum First Nation;
- Lax Kw'alaams Band; and,
- Metlakatla First Nation.

In addition, the EAO consulted with Haida Nation, represented by the Council of the Haida Nation (CHN), and Métis Nation British Columbia on behalf of the Agency, as part of the substituted assessment. The EAO engaged CHN on aspects of Cedar LNG related to marine shipping and engaged Métis Nation British Columbia at the lower end of the consultation spectrum.

Submissions were also provided directly to us from Gitga'at First Nation, Gitxaala Nation, Haisla Nation, Kitselas First Nation, Kitsumkalum First Nation, and Lax Kw'alaams Band. We have read and carefully considered these submissions. We noted that Haisla Nation, Kitselas First Nation and Gitxaala Nation expressed support for the project. Haisla Nation has expressed that the advancement of Cedar LNG in its territory would advance reconciliation and would have positive effects for Haisla Nation by supporting self-governance and self-determination for Haisla Nation as the majority owner of Cedar LNG.

We noted that Gitga'at First Nation and Kitsumkalum First Nation did not object to the issuance of an EA Certificate for the Project. We noted that Lax Kw'alaams Band did not consent due to needing more time to work with Cedar and requested a delay in decision until Lax Kw'alaams Band provided their consent. We extended our decision making and we understand that Cedar continues to work with Lax Kw'alaams Band to discuss concerns. We understand that, while Haida Nation did not provide a formal submission to us, during the EA they expressed their opposition to any increase in LNG shipping traffic through Haida Nation Territories. We also understand that the EAO engaged with the CHN during the EA to understand its concerns regarding potential effects of the Project to Haida Nation's interests and endeavored to address the concerns raised.

We note the general support and/or lack of opposition voiced by Indigenous nations to the Project. While Cedar LNG was assessed under the Act (2002), it was also conducted in the spirit of the *Environmental Assessment Act* (2018) [the Act (2018)]. We have considered that a purpose of the Act (2018) is to support reconciliation with Indigenous

peoples in B.C. by supporting the implementation of the United Nations Declaration on the Rights of Indigenous Peoples (UN Declaration) and that B.C. has committed to implement the UN Declaration and passed the *Declaration of the Rights of Indigenous Peoples Act*. We are of the view that the EAO has engaged in meaningful consultation with Indigenous nations to attempt to achieve consensus on issues of concern and that the EA process undertaken was consistent with the UN Declaration.

We are aware that while Gitga'at First Nation, Gitxaala Nation and Kitsumkalum did not object to Cedar LNG, they continued to voice strong concerns regarding cumulative effects of marine shipping and noted that aspects of the existing regulatory framework are inadequate. Given marine shipping is primarily within federal jurisdiction, the EAO expects the federal government will continue to work with Indigenous nations to discuss and address their concerns regarding marine shipping, and we will strongly encourage the federal government to do so. The provincial Crown will also continue to have government to government conversations with these Indigenous nations regarding provincial initiatives relevant to cumulative effects in the marine environment including the Environmental Stewardship Initiative, the Marine Plan Partnership, the development of a Coastal Marine Strategy, and the federal Reconciliation Framework Agreement for Bioregional Oceans Management and Protection to which the Province became a recent signatory.

We are of the view that consultation has been carried out in good faith and that the process of seeking to understand and address outstanding issues and project impacts was reasonable. We are also of the view that the potential for adverse effects on asserted or established Aboriginal rights, including title (Indigenous Interests) of Indigenous groups has been appropriately avoided, minimized or otherwise accommodated.

2.4 ADVERSE EFFECTS AND MITIGATION MEASURES

We noted that Cedar LNG will be an electrified small floating LNG facility with a production capacity of approximately 3 million tonnes of LNG per year and many of the key issues in the EA related to the incremental contribution of Cedar LNG to cumulative effects. We considered that Cedar has made design decisions for Cedar LNG to minimize environmental effects, which was an important value to Haisla Nation. This included the use of a floating LNG design that is constructed overseas to reduce terrestrial disturbance and the size of the construction workforce, electrification during operations to reduce greenhouse gas (GHG) emissions, and air cooling to reduce environmental effects. The EAO reported these design decisions also have the effect of reducing Cedar LNG's contribution to cumulative effects.

The EAO examined whether Cedar would have adverse environmental, economic, social, heritage or health effects to a wide range of valued components. Residual effects from Project activities to air quality, marine use, infrastructure and services, risk of accidents or malfunctions, and GHGs were the key themes of the EA due to their complexity and the level of attention given by Indigenous nations, the Working Group and the public. These topics are described further in the sections that follow. The EAO proposed 16 EA Certificate conditions, which we closely reviewed. We also note that the EAO recommended 65 federal Mitigation Measures and 9 Follow-up Programs under the IAA. The EAO has also provided information on the provincial and federal permits and regulatory requirements that Cedar would be subject to. After considering the proposed EA Certificate conditions, which would become legally binding as parts of the EA Certificate; the federal Mitigation Measures, which directly informed the draft federal conditions; and the permitting and other regulatory requirements that Cedar LNG would be subject to, the EAO determined that all residual adverse effects would not be significant.

Having considered the suite of mitigation measures that address the wide range of effects, we concur that the conditions proposed by the EAO are comprehensive and appropriate for Cedar LNG. While we are satisfied that the project would not have significant residual effects, we gave substantial consideration to the GHG emissions of the

Project and its implications for B.C.'s climate targets. Our considerations on this topic follow, as well as on other topics of high importance to the Working Group, Indigenous nations and the public.

2.4.1 AIR QUALITY

Activities associated with the construction, operation and decommissioning of Cedar LNG could result in impacts to air quality through the emission of criteria air contaminants. Members of the Working Group, Indigenous nations and the public raised concerns regarding predicted air emissions from Cedar LNG, cumulative effects in the Kitimat airshed, and emissions from shipping. To address concerns, we have imposed conditions requiring: a construction environmental management plan, including air quality management measures; a community feedback process requiring Cedar to develop a mechanism for members of the community to submit feedback and concerns about Cedar LNG, including comments related to air quality; a marine transportation communication report, including mechanisms for Indigenous nations and marine users to report on any concerns related to LNG carriers; and a regional cumulative effects initiatives condition, requiring Cedar to participate in regional cumulative effects initiatives related to air quality. We also note that the EAO recommended a Follow-up Program for air quality under the IAA and that, as part of the permitting process for Cedar LNG, the B.C. Energy Regulator would require a detailed project design with updated emissions modelling, and an air quality management plan and monitoring program. We agree with the EAO's conclusions that Cedar LNG would not have significant adverse residual effects on air quality and are satisfied that the EA Certificate conditions, and existing and future regulatory requirements will effectively manage project effects.

2.4.2 MARINE USE

Construction, operation and decommissioning of Cedar LNG has the potential to cause a change in marine navigation, changes in marine fisheries, effects to recreation and tourism, and effects to aesthetic conditions. Members of the Working Group, Indigenous nations and the public raised several concerns related to potential effects on marine use and cumulative effects, including related to Indigenous marine cultural practices and uses, marine fisheries, and wake effects. We have imposed the following conditions to address these concerns: a community feedback process, marine transportation communication report, and a regional cumulative effects initiatives condition. We also noted that the EAO described a suite of federal measures including recommended federal Mitigation Measures and existing regulatory requirements and initiatives targeting marine use and cumulative effects including the establishment of Indigenous nation-specific plans for monitoring marine shipping effects on Indigenous marine use, and harvesting, and access to important sites. We agree with the EAO's conclusions that Cedar LNG would not have significant adverse residual effects on marine use and are satisfied that the EA Certificate conditions, and regulatory requirements will effectively manage project effects.

As noted above, we are aware that Indigenous nations had outstanding concerns regarding marine use cumulative effects, and we are committed to ongoing dialogue regarding these concerns that go beyond Cedar LNG.

2.4.3 INFRASTRUCTURE AND SERVICES

Cedar LNG has the potential to increase local population size and affect local and regional housing as well as infrastructure and services. Members of the Working Group, Indigenous nations and the public raised concerns related to demands on infrastructure (particularly health services and accommodation) and cumulative effects. We have imposed the following conditions to address these concerns:

- A construction environmental management plan, including a waste management plan to reduce usage of landfills in the Local Assessment Area;
- A community feedback process, to receive and address community concerns and complaints about Cedar LNG, including those related to infrastructure and services;
- A health and medical services plan, that would address: communicable disease, requirements for the provision of on-site first aid, emergency management at the work site, measures to minimize impacts to local non-urgent care services, communication between Cedar and health care providers, and reporting on health care use by workers;
- A socioeconomic management plan that would require Cedar to prioritize local hiring and procurement to reduce the increase in population associated with Cedar LNG workforce, as well as an accommodation policy that includes measures to prioritize accommodation for non-local contractor construction personnel within existing work camps or other temporary accommodations, rather than in local housing; and
- A regional cumulative effects initiative, requiring Cedar to participate in a regional social and economic management and monitoring committee, if such a committee (or its equivalent) is created by the provincial or local government, to address regional socioeconomic issues.

We agree with the EAO's conclusions that Cedar LNG would not have significant adverse residual effects on infrastructure and services and are satisfied that the EA Certificate conditions will effectively manage project effects.

2.4.4 RISK OF MALFUNCTIONS AND ACCIDENTS

During construction, operation and decommissioning of Cedar LNG, unplanned malfunctions or accidents associated with Cedar LNG activities or processes could arise, resulting in potential effects to environmental, economic, social, heritage or health values. During the EA, the Working Group, Indigenous nations, and the public raised several concerns related to emergency response and health services capacity at the floating LNG site; as well as the effects, mitigation and emergency response respecting marine shipping malfunctions or accidents. In response to these issues, we are imposing the following conditions: a construction environmental management plan, which would include spill response measures; a community feedback process; and a marine transportation communication report. We note that the EAO recommended federal Mitigation Measures that also target malfunctions and accidents including: a marine transportation management plan and programs to address site safety and unplanned accidents; the development of an operations phase emergency response program and shipping-related spill response plans; and information sharing requirements related to malfunctions and accidents with Indigenous nations. We note that there are existing provincial requirements regulating natural gas facilities and federal requirements regulating marine shipping, both of which are designed to reduce the risk of and ensure appropriate response to malfunctions and accidents. We agree with the EAO's conclusions that the potential malfunctions and accidents associated with Cedar LNG have been adequately identified, assessed and mitigated for the purposes of the Cedar LNG EA.

2.4.5 GREENHOUSE GAS EMISSIONS

Following the referral of this Project to us, we also further considered the implications of the Project on B.C.'s sectoral and overall GHG reduction targets, the CleanBC Roadmap to 2030 and government's climate policies. We note that the 2022 Climate Change Accountability Report,¹ was issued November 23, 2022, following the referral of

¹ Available from https://www2.gov.bc.ca/assets/gov/environment/climate-change/action/cleanbc/2022-ccar/2022_climate_change_accountability_report.pdf

Cedar LNG to us on November 16, 2022. This report identifies that, while B.C. is on track to meet its oil and gas sector target by 2030, new large industrial projects with significant emissions not accounted for in Roadmap emissions forecasts and without planned measures to mitigate emissions could impact that forecast. For this reason, Cedar's proposed GHG mitigation plan for the Project is of utmost importance.

Cedar LNG would generate direct and indirect emissions during all phases of the Project. The GHG emissions intensity associated with Cedar LNG would be 0.08 tonnes of carbon dioxide equivalents (CO₂e) per tonne of LNG produced, which is among the lowest in the world. During the EA, concerns were raised by the Working Group, Indigenous nations and the public related to Cedar LNG's impacts on climate change.

In consideration of the EAO's, and our, analysis, we have imposed a condition requiring the development of a GHG reduction plan; including an estimation of GHG emissions, consideration of provincial emissions reduction targets and schedules, an analysis of best achievable technologies to minimize GHG emissions, and an explanation for technologies and measures to be and not be implemented. This plan would work in tandem with legislation governing GHG emissions, including the *Greenhouse Gas Industrial Reporting and Control Act*, the *Climate Change Accountability Act*, which sets GHG emission reduction targets for the oil and gas sector combined with regulations under development by government with regard to oil and gas sector emissions, and the CleanBC Roadmap to 2030, which sets out a series of actions for B.C. to meet the 2030 emissions reduction target. A recommended federal Mitigation Measure under the IAA would require Cedar to meet the federal requirement for net-zero emissions by January 1, 2050, as required by the Strategic Assessment of Climate Change.

We understand that Cedar has taken all steps possible at this time to minimize effects on the environment and reduce the emissions profile of the Project. We have considered the GHG emissions of Cedar LNG in the context of the CleanBC Roadmap to 2030 and government policy and are of the view that the Province's climate legislation, regulations and policies, and the implementation of Cedar's GHG reduction plan, would ensure that Cedar LNG aligns with B.C.'s GHG emission targets. We place a very high importance on reducing GHG emissions in the province to meet reduction targets and while concerned about the potential for Cedar LNG to affect B.C.'s 2030 oil and gas sector targets, we are of the view there is a path forward to meeting provincial targets that includes Cedar LNG. In addition, in our role as decision makers we have considered the benefits of economic reconciliation with Haisla Nation.

2.5 PUBLIC CONSULTATION

We are aware of the opportunities for the public to submit comments during the three public comment periods held during the EA. In total, over the course of the three public comment periods and three virtual information sessions, the public had 113 days of direct consultation to review the materials and submit comments, resulting in 209 written comments. We note that the comments and Cedar and the EAO's responses, were appropriately considered during the EA as reflected in the EAO's Assessment Report and EA Certificate conditions.

2.6 BENEFITS TO THE PROVINCE, LOCAL COMMUNITY AND HAISLA NATION

We are aware that Cedar LNG would provide benefits to the province, the local community and to Haisla Nation. Cedar is a partnership of Haisla Nation and Pembina Pipeline Corporation and, if approved and built, the Project would be one of the largest majority Indigenous nation-owned infrastructure projects in Canada. We understand Cedar LNG is a key element of Haisla Nation's economic and social development strategy and it would create jobs, contracting and other economic opportunities for Haisla Nation, the local community, Indigenous nations, and the northwest region of B.C. Haisla Nation has expressed to us that it sees the advancement of Cedar LNG in its territory

as further advancing reconciliation. We are of the view that Cedar LNG would have positive effects for Haisla Nation by supporting self-governance and self-determination for Haisla as the majority owner of Cedar LNG.

Cedar LNG would also generate broader economic benefits for the province. Project spending is estimated to result in \$257 million in Gross Domestic Product (GDP) contributions over the four-year construction phase, with \$107 million of this estimate in direct effects (100 percent occurring in B.C.), \$94 million in indirect effects (63.8 percent occurring in B.C.) and \$56 million in induced effects (67.9 percent occurring in B.C.). During the operations phase of Cedar LNG, the annual GDP contributions are estimated at \$85 million, comprised of \$24 million in direct effects (100 percent occurring in B.C.) and \$22 million in induced effects (68.2 percent occurring in B.C.).

Cedar LNG would also create jobs with a peak workforce of up to 500 full-time equivalent workers (FTEs) during construction, 100 FTEs over the 40-year life of the facility during operations, and up to 100 to 150 workers during decommissioning. We note that we have imposed a condition requiring Cedar to develop a socioeconomic management plan, which would include hiring and training measures that prioritize regional hiring and procurement; provide on the job training and apprenticeship; and work with regional employment agencies to increase opportunities for Indigenous and regional community members to obtain training required for Project participation. With Cedar's emphasis on local and Indigenous employment and procurement, Cedar LNG has the potential to provide employment and economic benefits to other nations in addition to Haisla Nation.

We have heard in the submissions and communications from Gitga'at First Nation, Gitxaala Nation, Kitselas First Nation, Kitsumkalum First Nation, Lax Kw'alaams Band, and Metlakatla that Cedar is working with Indigenous nations to draft agreements in respect of mitigations and accommodations for the Project. We understand that these discussions are ongoing and Indigenous nations are optimistic about concluding mutually beneficial agreements.

Considering the EA Certificate conditions, we agree with the EAO that the benefits of Cedar LNG have been enhanced to the extent possible.

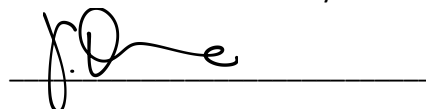
3.0 CONCLUSION

Having regard to our responsibilities under the Act (2002) and the Crown obligations to consult and accommodate Indigenous nations, we have issued an EA Certificate for Cedar LNG. We are of the view that the benefits of the Project, particularly regarding economic reconciliation, outweigh the costs and it is in the public interest.

The EA Certificate includes conditions and specifies design parameters that the Certificate Holder must abide by. These and the legislative and regulatory measures that will apply to the project give us the confidence to conclude that Cedar LNG will be carried out such that no significant adverse effects are likely to occur.



Honourable George Heyman
Minister of Environment and Climate Change
Strategy



Honourable Josie Osborne
Minister of Energy, Mines and Low Carbon
Innovation

Signed this 13th day of March 2023