

**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

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

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***Reasons for Ministers' Decision***

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On November 25, 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 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 the Environmental Assessment Office's (EAO) *Prince Rupert Gas Transmission 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 Interests.<sup>1</sup>

## 2. MINISTERS' CONSIDERATIONS

### 2.1. EAO's Assessment

EAO, with advice from an advisory Working Group, reviewed the Application and described its findings in the Assessment Report. EAO advised us that it was satisfied that the 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.

### 2.3. Key Considerations

#### *Strategic and Coordinated Approach*

EAO undertook a number of initiatives designed to ensure consistency and efficiency of the environmental assessments and support future permitting and regulatory activities. This approach was based on collaboration and information sharing and led to some important results:

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<sup>1</sup> Asserted or established Aboriginal rights including title, or treaty rights.

- Early identification of key project effects and cumulative effects, and a multi-agency response to those effects;
- Development of Environmental Assessment Certificate conditions, in partnership with regulatory agencies, to ensure effects are fully managed by the right agency;
- Coordinated, meaningful consultation with Aboriginal Groups, across projects and with other provincial and federal agencies; and
- A lead role in supporting the transition to permitting and post-Certificate project management.

Overall, this has created the foundation for the seamless regulatory oversight of the project, from the environmental assessment through to subsequent permitting. This approach also strengthens the continuing role of EAO and provincial agencies in the implementation of Certificate conditions.

#### *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, avoiding or mitigating for other marine environmental resources, and 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: addressing geotechnical issues and input from West Moberly First Nations and Saulneau First Nations; avoiding key areas of concern for Lake Babine Nation; rerouting to decrease impacts to Nak'azdli Band habitation and sacred area interests; proposing the Johnson Creek Compressor Station alternative to decrease impacts to the exercise of Treaty 8 rights.

#### *Greenhouse Gas (GHG) Emissions*

In consideration of the role of GHG emissions in contribution to global climate change and the Project's 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 3.2% 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 1.4% of provincial emissions.

Government remains committed to reducing GHG emissions. The recently announced *Greenhouse Gas Industrial Reporting and Control Act* will create additional opportunities for investments, such as offsets and a technology fund, to support the reduction in GHG emissions in the natural gas sector. We also note that the carbon tax is an incentive for the on-going reduction 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 reporting requirements, will effectively manage GHG emissions.

#### *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, grizzly bear, and moose.

EAO found significant residual adverse effects to caribou. While EAO recognized the Proponent's efforts to identify and avoid important caribou habitat along the route, the habitat and sensory disturbance would still result in increased mortality risk to caribou herds. The success of mitigation is somewhat uncertain. EAO worked closely with the Ministry of Forests, Lands, and Natural Resource Operations to develop conditions for the development of a Caribou Mitigation and Monitoring Plan and a contribution of up to \$2.0 million to fund caribou and predator management and monitoring. We are of the view that this level of mitigation was warranted under the circumstances.

Although the impacts to other wildlife are not significant, EAO has developed a number of very important conditions, including the development of a Grizzly Bear Mitigation and Monitoring Plan and a contribution of up to \$750,000 to fund a provincial grizzly bear management program.

#### *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. EAO identified concerns raised by local governments, regional districts, Aboriginal Groups 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.

EAO worked closely with the Ministry of Community, Sport and Cultural Development and other government agencies to develop a condition requiring a Social and Economic Effects Management Plan, which will include monitoring activities to inform management of potential cumulative socio-economic effects relating to pipeline construction and other projects. We are of the view that this condition and approach will manage those concerns.

#### *Aboriginal Consultation*

EAO consulted with 24 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. As a result, EAO reassessed the strength of claimed Aboriginal title overlapping the Project. 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. A number of the legally binding conditions are a result of EAO's consideration of comments from Aboriginal Groups, including:

- 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.

#### *Nisga'a Nation Consultation*

EAO consulted with Nisga'a Lisims Government and met its obligations under the *Nisga'a Final Agreement*. Part D of EAO's Assessment Report assessed whether the Project can be 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* and as appropriate, made recommendations to prevent or mitigate those effects. EAO also assessed the effects of the Project on the existing and future economic, social and cultural well-being of Nisga'a citizens who may be affected by the Project.

EAO and the Nisga'a Lisims Government have been working collaboratively throughout the environmental assessment, and we understand that the Nisga'a Lisims Government have no objections with EAO's assessment. We concur with the Part D findings.

#### *Other Considerations*

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 Doig River First Nation, West Moberly First Nations, McLeod Lake Indian Band and Sauteau First Nations, and individual submissions from Doig River First Nation, Metlakatla First Nation, Carrier Sekani Tribal Council, Gitksan Nation, Takla Lake First Nation, Tl'azt'en Nation, Sauteau First Nations, Blueberry River First Nations, Lake Babine Nation, Gitanyow Hereditary Chiefs, Gitxaala Nation, West Moberly First Nations, and Nisga'a Lisims Government. 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.

EAO has shared information with other government agencies that was received from Aboriginal Groups during the environmental assessment, including the submissions to Ministers, to prevent duplication of effort for both Aboriginal Groups and government. EAO will continue to work with permitting agencies and the Ministry of Aboriginal Relations and Reconciliation to support the effective implementation of Certificate conditions and ensure that subsequent permitting and other initiatives are informed by the consultation with Aboriginal Groups that has already occurred.

Furthermore, we are aware that there are significant additional commitments being made by the Province to respond to concerns relating to this Project and to liquefied natural gas (LNG) development. These commitments include an Environmental Stewardship Initiative and skills training, and direct financial benefits. 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.

We are satisfied that the Province has fulfilled its obligations for consultation and accommodation to Aboriginal Groups.

#### *Post-Certificate and Permitting*

We recognize the effective collaboration of government agencies during the environmental assessment process, and note that this collaboration will continue following the issuance of the Certificate. EAO will ensure other government agencies have the information collected through consultation with Aboriginal Groups and will work with agencies and Aboriginal Groups to ensure the Proponent meets the requirements of the Certificate conditions. These will support a smooth, integrated transition through to permitting.

We recognize that additional, more detailed requirements will likely be established during permitting, including with the BC Oil and Gas Commission (OGC), the primary operational regulator of oil and gas activities in BC. The OGC is currently reviewing permit applications that were submitted during the environmental assessment 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 \$5 billion over the three to four year construction period, with \$1.5 billion spent in BC. Government revenues from taxes are expected to be \$978 million over the construction period and \$105.8 million per year during operations. In addition, carbon taxes are estimated to be up to \$51 million per year at full build-out.

Direct labour income for Project construction will be \$1.1 billion over the construction period, with \$407 million 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 have determined that the benefits from the Project outweigh the potential significant adverse effects.



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Honourable Mary Polak  
Minister of Environment



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Honourable Rich Coleman  
Minister of Natural Gas Development

Signed this 25<sup>th</sup> day of November, 2014