

Balancing Risks and Benefits of Pronteau Plateau Pipeline

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Territory Acknowledgement

We acknowledge the traditional territories of the Musqueam, Squamish, and Tsleil Waututh First Nations.



Outline

- Our Challenges
- Recommended Policy Package
- BC/Federal Context
- Kamloops Context
- Key Considerations and Options
- Implementation & Communications Strategies

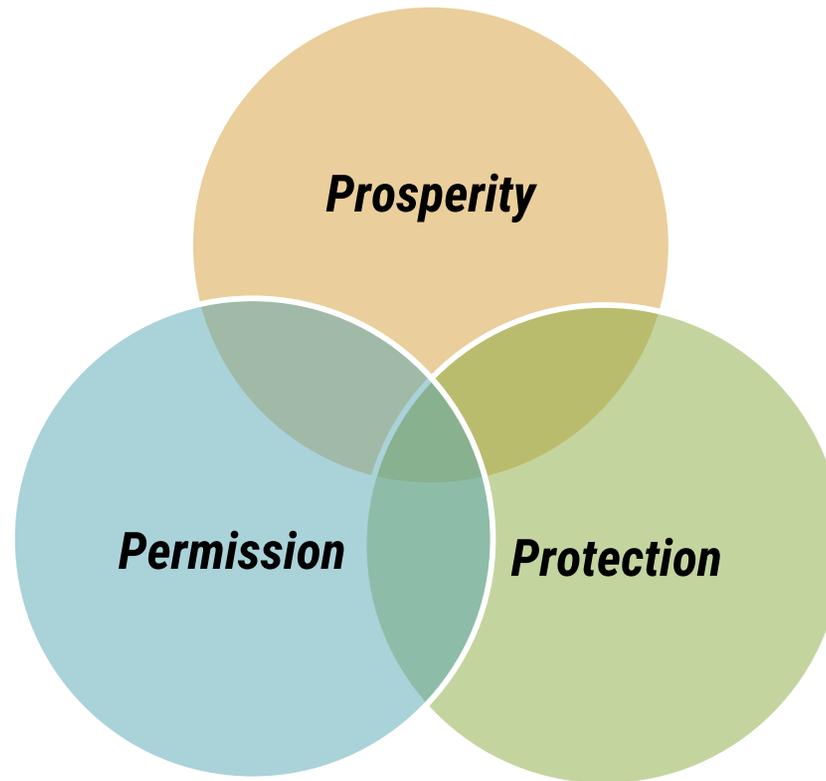


Our Challenge

The P3 project presents an imbalance of benefits and risks to communities in BC, causing costly conflicts and delays.

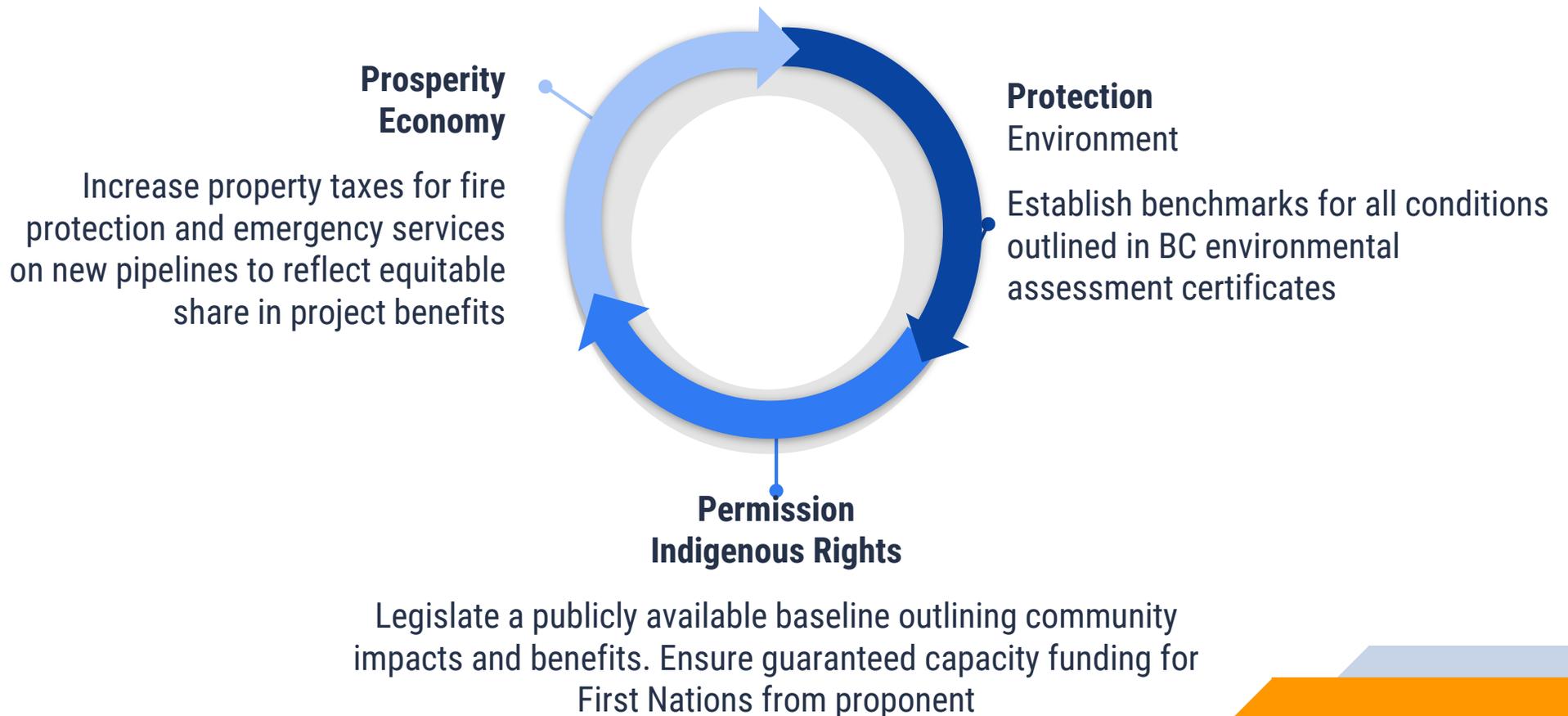


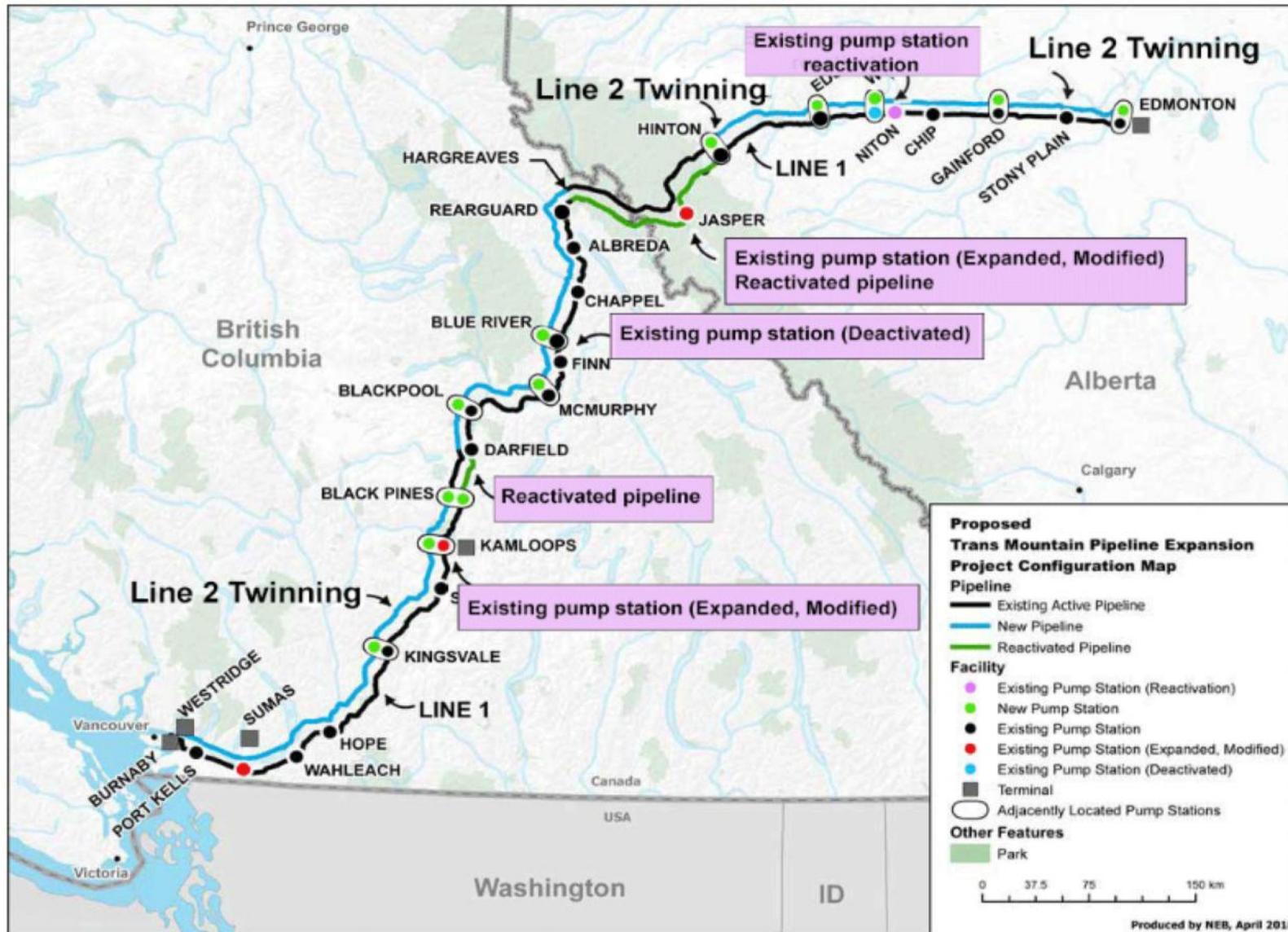
Provincial Position: Balance BC's Priorities for P3





Recommended Policy Package





Prince George

Existing pump station reactivation

Line 2 Twinning

Line 2 Twinning

EDMONTON

HINTON

LINE 1

GAINFORD

STONY PLAIN

HARGREAVES

JASPER

Existing pump station (Expanded, Modified) Reactivated pipeline

British Columbia

Alberta

REARGUARD

ALBREDA

Existing pump station (Deactivated)

CHAPPEL

BLUE RIVER

FINN

BLACKPOOL

MCMURPHY

DARFIELD

BLACK PINES

Reactivated pipeline

KAMLOOPS

Existing pump station (Expanded, Modified)

Line 2 Twinning

KINGSVALE

LINE 1

WESTRIDGE

SUMAS

Vancouver

BURNABY

PORT KELLS

HOPE

WAHLEACH

Victoria

Canada

USA

Washington

ID

Calgary



BC/Federal Context: Project History



- In 2015, BC Supreme Court rules BC EAO cannot rely on federal EA
- January 2016, BC EAO approved P3 with 37 binding conditions
- May 2016, NEB approved \$7.4 billion P3 with 157 conditions
- Twinning 1150 km P3 will increase diluted bitumen 3X and tanker traffic 7X
- Approximately 56% of proposed route has been approved by NEB

BC Public Opinion

Does BC Have the Right to Delay the P3 Pipeline?



Who has the Final Decision on Pipelines?



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BC Context: Estimates of Pipeline Contributions to B.C

Jobs

- Estimated construction jobs= 4,000
- Estimated share of BC workers < 20%
- 2-3% of spin-off jobs/year in BC
- 75 permanent operational jobs

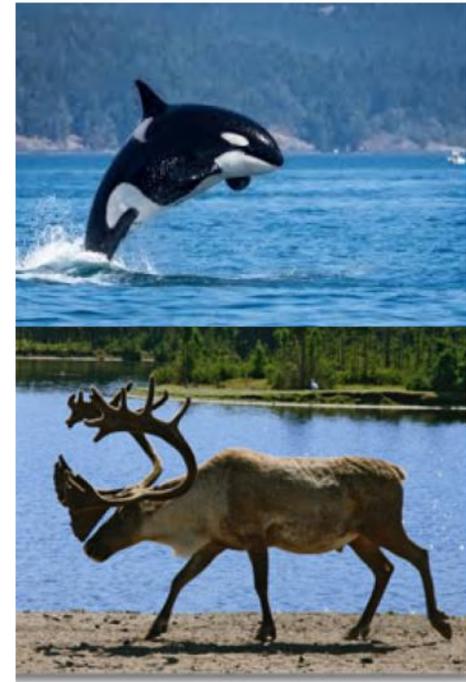
Revenue

- Estimate of provincial tax revenue:
 - \$60 M- \$131 M during construction
 - \$35 M-\$47 M/year during operation
- ≈\$25 M/year in annual property taxes along pipeline right of way



BC Context: Environment

- 82 spills since 1961, 70% of spills at terminals and pump stations
- Effective cleanup methods for marine diluted bitumen spills uncertain
- Substantial effect on 76 remaining S1 Red listed southern resident killer whales
- Woodland Caribou S1 Red listed in BC
- P3 crosses 1355 waterways; diluted bitumen transported from Burrard Inlet
- BC environment bears terrestrial and marine spill risk



BC/Federal Context: Indigenous Rights

- Indigenous rights are in a time of change
 - UNDRIP
 - Truth and Reconciliation Commission
 - Recognition and Implementation of Rights Framework announced
- Provinces and Canada have a legal obligation to ensure First Nations have been properly consulted



Risk of Status Quo

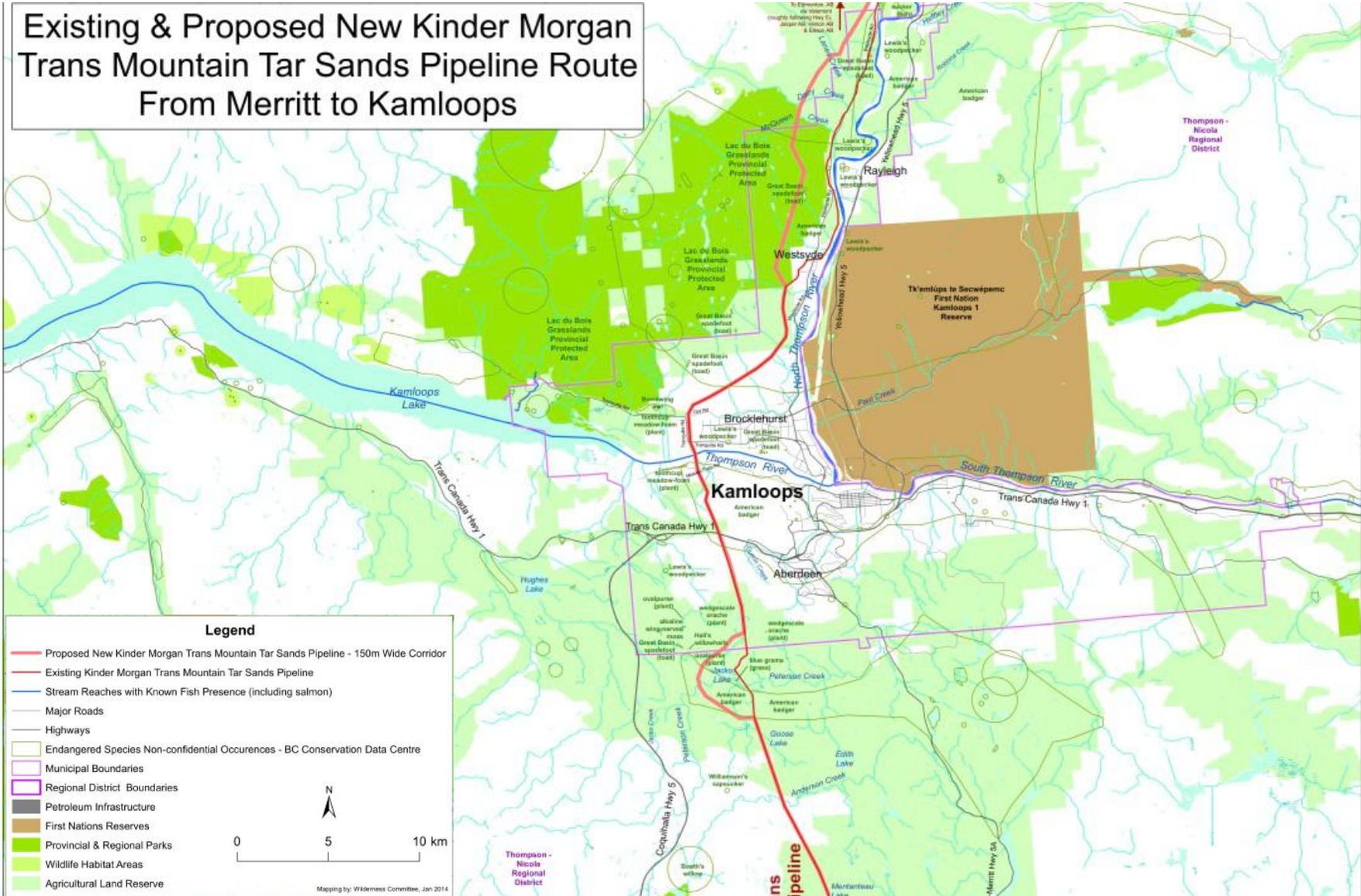
Interprovincial Trade Disputes

- January 30, 2018, BC government proposed limit on diluted bitumen
- Alberta government, enacting a ban on BC wine exports
- Alberta suspended talks with BC purchase \cong \$500 M in electricity
- Possibility of transit taxes on rail and trucking

Court Challenges

- BC Court of Appeal upheld NEB right to override Burnaby's municipal bylaws
- City of Burnaby and BC Gov't appealing
- October 2017, FN, municipalities and NGOs request Federal Court of Appeal to overturn NEB approval
 - Citing inadequate consultation and assessment of environmental impacts
- Alberta and BC government are intervenors

Existing & Proposed New Kinder Morgan Trans Mountain Tar Sands Pipeline Route From Merritt to Kamloops





Kamloops Context

Kamloops has reached an impact benefits agreement, and hearings will be taking place in April and May 2018.

Prosperity Economy

- P3 construction originally planned for September 2018
- Tourism ≈ \$377 M/ year which is at risk from bitumen spill
- Other economic development plans for the Interior:
 - SIDIT grants
 - IT Program
 - Site C

Protection Environment

- Pipeline route altered to pass through Lac du Bois Provincial Protected Area
- Great Basin spadefoot toad and burrowing owl habitat
- 10 spills on the existing pipeline since 1961

Permission Indigenous Rights

- Tk'emlùps te Secwepemc have a benefit agreement
- Many First Nations nearby have not signed a benefit agreement
 - The Coldwater FN and their aquifer at risk



Policy Option: Prosperity

Provincial government increases property taxes for fire protection and emergency services for new pipelines to reflect equitable share in project benefits

Strengths

- Under provincial jurisdiction
- 2018 BC Budget increased school tax for properties > \$3 M
- **Kamloops** current property tax from P3 project = \$25.6 M
- Increased taxes generate additional \$6.4 M for **Kamloops**
- Tax fair, risk of spill > NEB assessment

Weaknesses

- Pipeline companies likely argue tax not equitable
- Provides relatively modest compensation to **Kamloops**
- P3 opponents' views unlikely to change
- Negligible decrease in risk and consequences of a spill



Prosperity: Alternative Policies

Long term:

- Improve impact benefit agreements for communities

Also explored:

- Volume based pipeline charges
- Increasing variable municipal rates for heavy industry
- Renegotiate provincial revenue sharing agreement with Pronteau



Policy Option: Protection

Empower the Environmental Assessment Office (EAO) to establish benchmarks for all conditions on the environmental assessment certificate to assure plans and programs adequately protect British Columbia's environment

Strengths

- Fully within provincial jurisdiction
- Based on certificate required by the BC Supreme Court
- Requires compliance before and during construction and operation
- Reduces vagueness in approval process

Weaknesses

- Does not adequately address research funding for bitumen spills in ocean water
- Does not encompass upstream/downstream GHG emissions

Protection: Alternative Policies

Long term:

- Include upstream and downstream GHG emissions
- Increase P3 financial assurance plan to \$2.2 billion to reflect spill costs
- Require research investments for the environmental impacts and clean up methods for diluted bitumen marine and freshwater spills



Policy Option: Permission

Legislate a publicly available baseline of community impacts and benefits for communities without agreements and for all new projects prior to provincial approvals. Include guaranteed capacity funding for First Nations from proponent

Strengths

- Incorporates local and Indigenous knowledge
- Specific reports for each community
- Provides basis for damage assessment
- Lessens likelihood of court cases
- Builds on current approval process

Weaknesses

- Costly for all parties
 - Staffing implications
- Approval delays
- Industry backlash

Permission: Alternative Policies

Long term:

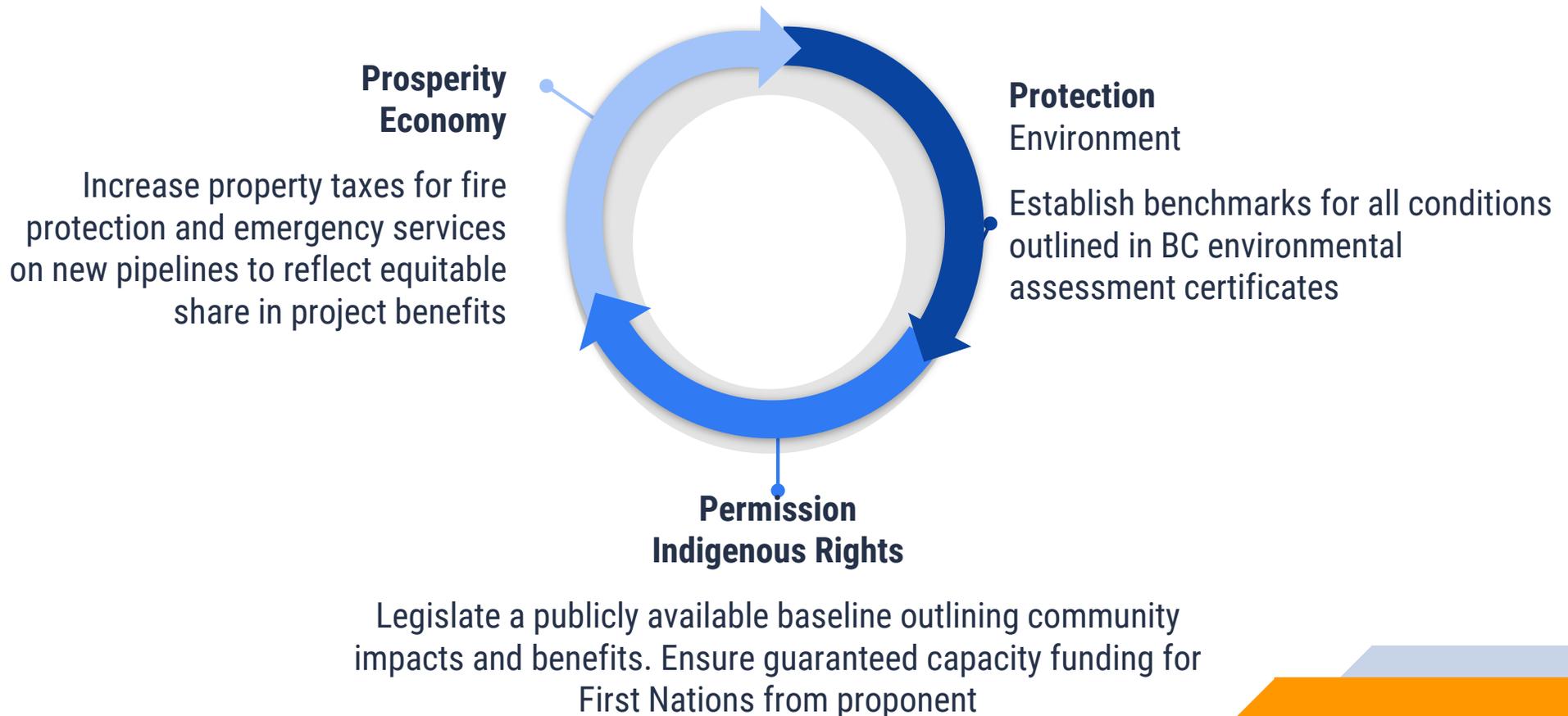
- Recognition and Implementation of Rights Framework
 - Moving towards UNDRIP, TRC

Also explored:

- Require Indigenous training for proponents



Recommended Policy Package





Implementation Timeline



Immediate

Announce intention to increase property taxes

EAO sets benchmarks and selects consultants
(Pilot Study- Kamloops)

Establish baseline



Medium term

Increase property taxes in 2019 Budget

Reporting on compliance by proponent and consultants

Ensure staffing for enforcement



Long term

In line with:

Recognition and Implementation of Rights Framework

Impact Assessment Agency of Canada

Key Communications Messages

Emphasize:

- Our challenge- an imbalance of risks and benefits resulting in costly conflicts
- Ensuring our legal obligations are met:
 - Environment
 - Indigenous rights
- A thorough process benefits everyone

Kamloops:

- Benefits include:
 - Increased revenues through property taxes
 - Increased environmental protection through enforcement
 - Reduced conflict through engagement
- Opportunity for public involvement with upcoming hearings
- Province investing in Interior's economic development



Thank you

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Appendix

Appendix: Conditions for EA certificate

1. Document Review and Implementation

Where a condition of this Certificate requires the Holder to provide a plan, program or other document, the Holder must provide the plan, program or other document to EAO in the timeframe referenced in such condition, unless otherwise approved by EAO. EAO may, within 60 days of receiving a copy of such plan, program or other document, advise that:

- a) The Holder may proceed to implement the plan, program or other document with or without revisions; or
- b) A revised plan, program, or other document must be provided for approval of EAO prior to a specified activity or milestone.

Appendix: Conditions for EA certificate

4. Compliance Reporting

The Holder must submit a report to EAO on the status of compliance with this Certificate at the following times:

- a) At least 30 days prior to the start of Construction;
- b) On or before January 31 in each year after the start of Construction;
- c) At least 30 days prior to the start of Operations; and
- d) On or before January 31 in each year after the start of Operations.

The reports must be in a form satisfactory to EAO. EAO may adjust or extend this reporting requirement by providing written notice to the Holder.

Appendix: Conditions for EA certificate

5. Compliance Verification

The Holder must provide any document, data or information requested by EAO for the purposes of compliance inspection and verification.

8. Compliance Notification

The Holder must notify EAO after the Holder determines that it has not complied with this Certificate, within the following time periods:

- a) As soon as practicable; or
- b) Within 72 hours,
whichever is less.

Appendix: Conditions for EA certificate

10. Aboriginal Consultation Reports

The Holder must develop, in consultation with Aboriginal Groups, Aboriginal consultation reports.

The Aboriginal consultation reports must:

- b) Identify the comments and information received from Aboriginal Groups during consultation;
- c) Demonstrate how any new information obtained through consultation with Aboriginal Groups, including through TLU or TMRU investigations has been considered and incorporated into the Holder's activities, plans or programs with the objective of avoiding or minimizing Project effects on Aboriginal Groups



Implementation Plan

Prosperity Economy

- Announce intention to increase property taxes at next sitting of the Legislature
- Include in 2019 budget, following framework of school tax increase for homes >\$3M per BC Budget 2018

Protection Environment

- EAO sets benchmarks
- EAO selects consultant
- Require reporting on compliance by proponent and consultants
- Ensure sufficient staffing for enforcement

Permission Indigenous Rights

- Create authority to establish baselines, under condition 10
- Ensure proponent has offered appropriate capacity funding
- Baseline created for each community that does not yet have a benefit agreement.

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