

Decision to approve Pacific Northwest LNG facility a boost to industry

SEPTEMBER 28, 2016 4 MIN READ

Related Expertise

- [Energy](#)
- [Environmental](#)
- [Mining and Natural Resources](#)
- [Regulatory, Indigenous and Environmental](#)

Authors: Thomas McNerney, Terri-Lee Oleniuk, Jeremy Barreto

The Liberal government's decision to approve the Pacific Northwest LNG Project (Project) demonstrates that the federal government is prepared to make decisions on proposed resource development projects to get Canada's resources to market. The September 27, 2016, [Decision Statement \[PDF\]](#) approving the Project signals to industry, investors and the public that Canada's natural resources can, and will, be developed in a responsible and sustainable manner. The decision was announced at a joint press conference in British Columbia held by three federal ministers (Environment and Climate Change Minister Catherine McKenna, Natural Resources Minister Jim Carr and Fisheries Minister Dominic LeBlanc) and B.C. Premier Christy Clark.

The Project proposes to convert natural gas to liquefied natural gas (LNG) for export to Pacific Rim markets in Asia. This decision — after multi-year federal and provincial environmental assessments—could spark significant economic development across the natural gas industry in B.C.. If the Project receives investment approval, it will enable one of Canada's largest resource development projects, with [up to \\$36 billion](#) of new terminal facilities, pipeline infrastructure and upstream development.

The Environmental assessment process and approval

The Project underwent a provincial environmental review under B.C.'s *Environmental Assessment Act*, SBC 2002, c 43 and a federal environmental assessment under the *Canadian Environmental Assessment Act, 2012*, SC 2012, c 19, s 52 (CEAA 2012). While the federal and provincial governments collaborated during the review, the Project received an Environmental Assessment Certificate from the province almost two years ago in November 2014.

Commencing in April 2013, the Canadian Environmental Assessment Agency (Agency) conducted an environmental assessment and released its report in February 2016. Based on this report, Minister McKenna determined that the Project is likely to cause significant adverse environmental effects on the harbour porpoise and as a result of greenhouse gas emissions. As required in the legislation, the Minister referred to the Governor in Council (GiC) the issue of whether the significant adverse environmental effects were justified in the circumstances and the GiC ultimately determined that it was.

In approving the Project, which is subject to over 190 conditions, the federal government made significant changes to the draft conditions released by the Agency in its report. Notably, condition No. 3 dealing with air quality and greenhouse gas emissions has been significantly strengthened. It imposes what the government claims is the first ever maximum annual cap on Project-related greenhouse gas emissions as well as intensity-based limits. At

full build-out, the greenhouse gas emissions from the Project will be capped at 4.3 million tonnes of equivalent carbon dioxide per year, which is 900,000 tonnes less than what had initially been proposed by the proponent.

With respect to environmental monitoring, condition No. 12 is another first in that it requires the proponent to retain an independent environmental monitor to co-ordinate monitoring activities, subject to the approval of the Lax Kw'alaams Band, the Metlakatla First Nation, the B.C. Environmental Assessment Office and the Agency. If, after taking reasonable efforts, the proponent cannot obtain approval from the parties to obtain the independent environmental monitor, the Agency may approve the proposed independent environmental monitor. Notably, the independent environmental monitor shall have the authority to stop any Project activities that do not comply with the conditions set out in the Decision Statement. The conditions also provide for increased, and more rigorous, monitoring including the requirement to monitor and mitigate underwater noise that may affect marine mammals including humpback and killer whales.

Impacts for resource development

The Project's federal approval could have a ripple effect across the natural gas industry in B.C.. For example, Pacific Northwest LNG will receive natural gas via TransCanada's proposed 900-kilometre Prince Rupert Gas Transmission pipeline from the North Montney region of northeast B.C.. The National Energy Board and B.C. Oil and Gas Commission have estimated [PDF] that the North Montney region's marketable unconventional gas resource is one of the largest in the world. The Project has enormous potential to boost the upstream development in the resource-rich North Montney basin and create associated economic benefits for B.C. and Canada.

The Government of Canada stated that the Project is an example of the successful application of the Interim Principles for environmental assessments, which included an assessment of upstream greenhouse gas emissions associated with the Project. These principles were announced in January 2016 for significant projects that were currently under review and were "designed to restore confidence of Canadians in the process." Premier Clark said that her government will "work with the proponent, the federal government, First Nations, and other stakeholders to ensure Pacific NorthWest LNG has the opportunity to deliver on its full potential." Pacific NorthWest LNG said that it will conduct a total review of the proposed Project prior to tabling it to the project's shareholders for a final investment decision.