

**ENVIRONMENTAL ASSESSMENT OFFICE
DECISION NOTE**

Date: April 4, 2012
Date of previous note: NA
File: 30050-25/KSLL-19
CLIFF/tracking #:101392

PREPARED FOR: Derek Sturko, Associate Deputy Minister & Executive Director

ISSUE: Decision to amend the Kitimat-Summit Lake Pipeline Looping Project's Environmental Assessment Certificate for a change in pipe diameter

BACKGROUND:

On June 26, 2008, Pacific Trail Pipelines Limited Partnership (the Proponent) was issued Environmental Assessment (EA) Certificate (Certificate) #E08-01 to construct an approximately 463 km, 914 mm diameter natural gas pipeline between Summit Lake and Kitimat.

On December 19, 2011, the Proponent requested an amendment under section 19 (1) of the *Environmental Assessment Act*, to install 1066.8 mm diameter pipes instead of the 914 mm diameter pipes approved by the Certificate.

Pipe installation operations will be maintained within the Certificate-approved temporary construction corridor. The final pipeline right of way will continue to be 18 m, as approved in the Certificate. The Proponent has indicated to EAO that the purpose of the larger diameter pipe is not to increase the flow of gas, but to decrease friction of gas movement and therefore energy usage and operational costs.

The proposed amendment does not trigger a federal assessment.

The Proponent has also applied for a Certificate amendment for changes to the pipeline route alignment, the addition of two new stockpile sites, and a change the compressor station and its location ("the route amendment"). The route amendment is undergoing a separate EA process.

DISCUSSION:

After receiving the Proponent's amendment request, the EAO shared information on the amendment and review process with First Nations and the BC Oil and Gas Commission (OGC). EAO's initial review determined that a broader review was not required given the nature of the requested change. However, a few concerns were brought forward by some agencies during a working group meeting on the route amendment.

Provincial Agency Comments

OGC has indicated that they have no concerns with the proposed amendment, and that a detailed review will be conducted when they receive the Proponent's permit applications.

The Ministries of Forests, Lands and Natural Resource Operations (MFLNRO) and Transportation and Infrastructure (MOTI) raised the following concerns related to handling larger diameter pipes:

- Possible temporary traffic impacts during construction (MOTI); and
- Potential increased risk for drilling under watercourses (MFLNRO).

EAO held several meetings with the Ministries, OGC, and the Proponent to discuss their concerns on both amendments. The Ministries are satisfied with the information and responses that the Proponent has provided.

EAO's conclusion is that the existing Certificate conditions are sufficient to address incremental traffic impacts and risk to drilling under watercourses. Furthermore, as confirmed by OGC, detailed plans and risk associated with watercourse crossings will be evaluated during permitting.

First Nation Consultation and Comments

All First Nation groups consulted in the original EA of the Project were notified of the diameter amendment application on January 3, 2012, and comments on the proposed amendment and review process were requested by January 31, 2012. The First Nations contacted were Carrier Sekani Tribal Council, Dark House, Haisla, Halfway River, Kitselas, Lax Kw'alaams, Lheidli-T'enneh, McLeod Lake, Metlakatla, Nak'azdli, Nee Tahi Buhn, Office of the Wet'suwet'en, Skin Tyee, and West Moberly.

Haisla provided written questions on February 29, 2012. The Proponent responded on March 20, 2012, and Haisla provided follow-up comments on April 2, 2012 (see attached). The questions and comments specific to the diameter amendment were generally in relation to the potential increase in space required and impacts on watercourse crossings. EAO is satisfied with the current resolution of the issues and that all outstanding questions are not associated with EAO's assessment of the effects of the amendment. Haisla's remaining questions are either appropriately addressed during permitting or outside the scope of the amendment application. The correspondence has been provided to OGC for their consideration. The proposed amendment would not impact Haisla First Nation's asserted aboriginal rights.

Office of the Wet'suwet'en identified concerns with the past decision to issue an EA Certificate and monitoring of compliance during face-to-face meetings on February 8, 2012 and March 1, 2012. Just prior to the EA Certificate decision, Office of the Wet'suwet'en wrote to Ministers expressing strong concern over alleged impacts to their rights. During the current consultation, Office of the Wet'suwet'en raised concerns regarding increased noise and water withdrawals associated with hydrostatic testing. EAO is satisfied that these concerns are

addressed in the existing Certificate commitments and through the OGC permitting process. Office of the Wet'suwet'en have, in response to an offer from EAO, submitted the attached letter for the consideration of the Executive Director.

West Moberly First Nations have provided emails to EAO indicating concerns that the project will now be exporting gas, that the project's cumulative effects have not been adequately taken into consideration, and that the two amendments are significant, and effectively equate to a "new project". West Moberly First Nations feel that the parameters of the original EA Certificate have changed so much that a complete review of the EA Certificate is required. EAO has made offers to meet with West Moberly First Nations regarding the proposed amendment, but did not receive a response. West Moberly First Nations have met with the Proponent.

No other First Nations provided comments on the proposed diameter amendment.

Conclusion

Minor and temporary traffic and storage impacts, incremental to those identified in the original EA application, may result from handling larger-diameter pipes. EAO is satisfied that the change in diameter does not hold the potential for significant adverse effects. EAO's assessment is that the amendment will not impact asserted Aboriginal rights or treaty rights.

OPTIONS:

Option 1: Approve the request to increase the pipe diameter to 1066.8 mm.

Implications:

- No identified potential for incremental significant adverse effects.
- No impact on asserted Aboriginal rights or treaty rights.
- Potential for minor increase in traffic during pipe transportation.
- Possible slight increase in employment for transportation and installation.
- West Moberly and Office of the Wet'suwet'en have outstanding concerns about the overall project, including the diameter amendment.

Option 2: Do not approve the request to increase the pipe diameter to 1066.8 mm.

Implications:

- May adversely affect the economics of transporting and exporting natural gas for the project and Kitimat LNG Terminal.

RECOMMENDATION:

Option 1: Approve the request to increase the pipe diameter to 1066.8 mm.

Option: 1 / **DECISION & SIGNATURE**

Derek Sturko

Associate Deputy Minister and Executive Director

12/04/10
DATE SIGNED**ATTACHMENTS:**

- Application letter
- Certificate amendment
- Letter from Haisla Nation Council (April 2, 2012)
- Letter from Office of the Wet'suwet'en (April 4, 2012)

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Reviewed by	Initials	Date
<i>Executive Director</i>		
<i>EPAD (if required):</i>	JM	2012/04/04
<i>Project Lead or Director:</i>	NHB	2012/04/02