

**KITIMAT LIQUEFIED NATURAL GAS TERMINAL PROJECT  
(The “PROJECT”)**

**RECOMMENDATIONS OF THE EXECUTIVE DIRECTOR  
AND REASONS FOR RECOMMENDATIONS**

Pursuant to section 17 of the *Environmental Assessment Act* S.B.C. 2002, c. 43 (Act), the Executive Director of the Environmental Assessment Office (EAO) provides the following recommendations and reasons relating to the Project. In preparing this document, the following have been considered:

- Kitimat Liquefied Natural Gas (LNG) Terminal Project Application for an Environmental Assessment Certificate, including Appendices (Application);
- All subsequent Project review documentation identified in Schedule A to the proposed Environmental Assessment Certificate (Certificate);
- Kitimat LNG Terminal Project Assessment Report (Assessment Report);
- An agreement-in-principle reached between Kitimat LNG Inc. (Proponent) and the Haisla First Nation for siting the Project at Bish Cove; and
- A benefits agreement successfully negotiated between the Proponent and the Haisla First Nation for a Bish Cove LNG terminal.

The Executive Director recommends that an Environmental Assessment Certificate be issued for the Project at Bish Cove, for the following reasons:

1. The environmental assessment of the Project was carried out in accordance with the scope, procedures and methods identified in the order issued by EAO under section 11 of the Act, on March 30, 2005, and as amended under section 13 of the Act on June 14, 2005 and on December 30, 2005.
2. The environmental assessment of the Project addressed the effects identified in the section 11 and 13 orders, including First Nations' interests and the potential effects of the Project on its environmental, social, economic, heritage and health setting if located at either Emsley Cove, or at the adjacent Bish Cove.
3. Measures relating to the distribution of information to the public about the Project, at both Emsley Cove and Bish Cove, have been carried out by the Proponent in accordance with the section 11 and section 13 orders, and have included public open houses and meetings with local government councils, interest groups and the general public.

4. Measures relating to the distribution of information about the Project, at both Emsley Cove and Bish Cove, to First Nations have been carried out by the Proponent in accordance with the section 11 and section 13 orders. The single affected First Nation is the Haisla First Nation (Haisla), as represented by the Kitamaat Village Council, whose asserted traditional territory includes the Project location. Measures included community meetings, several field tours and a required community meeting for comments on the Project Application, as well as other events related to economic opportunities associated with the Project.
5. Opportunities have been provided by EAO for Haisla consultation in the assessment process and for opportunities for discussion and resolution of aboriginal interests related to the Project at both Emsley Cove and Bish Cove. These included the review of draft terms of reference for the Application, review of the draft section 11 order, review of the Application, participation in the Project Working Group, and regular consultation through formal government-to-government meetings with federal and provincial agencies. The EAO provided funding for Haisla participation, with partial assistance from the Ministry of Economic Development.
6. Opportunities have been provided by EAO for federal, provincial and local government agencies to participate in the environmental assessment (EA) process, along with the Haisla, as members of the Project Working Group, co-chaired by EAO and the Canadian Environmental Assessment Agency (CEA Agency). This Working Group engaged in preliminary scoping of the Project, and all subsequent stages of the assessment process. Since the Project triggered a federal comprehensive study under the *Canadian Environmental Assessment Act* (CEAA), the assessment process has been designed to harmonize federal and provincial reviews, and has resulted in a joint provincial Assessment Report/ federal Comprehensive Study Report.
7. Resources have been provided, and measures have been taken by the Proponent to secure First Nations support for the Project. This has included the major source of funds for Haisla participation in the EA review, as well as for independent traditional use studies, an agreement-in-principle to relocate the Project to Bish Cove subject to a favourable outcome of the EA review, and for negotiation of business arrangements to address any potential infringement of asserted aboriginal rights.

8. An impacts and benefits agreement has been successfully negotiated between the Proponent and the Haisla and includes procurement opportunities, employment, training, environmental stewardship, community/social contributions and equity participation in the Project. The Haisla provided a letter to the EAO on April 13, 2006, indicating that they have been adequately consulted in the EA process and that accommodation of aboriginal interests is adequate, provided a decision is made to approve the project at Bish Cove. Adequate accommodation assumes the involvement of the Haisla in review of the post-EA permits and authorizations required for a Bish Cove terminal.
9. Issues identified by the public, Haisla, and provincial, federal and local government agencies that fall within the scope of assessment of the Project at both Emsley Cove and Bish Cove have been considered, and the Assessment Report identifies these issues and documents practical means to prevent or reduce to an acceptable level any potential significant adverse effects of the Project as proposed for either Emsley Cove or Bish Cove.
10. Forty-four written submissions were received during the formal 45-day public comment period on the Application that was originally made for an Emsley Cove location. Almost all comments made were favourable and supportive of the Project. The 30-day public review and associated public meeting subsequently held for the Bish Cove site also confirmed public support for the Project if located at Bish Cove. The few expressions of public concern, primarily verbal concerns at the open houses, were focused on possible impacts on: public recreation and access; public safety; noise and air quality; Marbled Murrelets; and marine traffic. The Proponent has satisfactorily responded to the public on the issues raised.
11. Haisla issues raised during the assessment process are reflected in the list of issues documented during the public review periods (#10 above). In addition, the Haisla raised issues related to rights and title, effects on traditional and current aboriginal activities in the Project area, archaeological site impacts, and Haisla employment and business opportunities from the Project. The majority of issues raised by the Haisla were associated with the Project as proposed for Emsley Cove and the Emsley Watershed. The Proponent has satisfactorily responded to the issues raised by the Haisla through Project design changes, an agreement-in-principle with the Haisla to relocate the LNG terminal to IR No. 6 in Bish Cove, and an impacts and benefits agreement with the Haisla for a Bish Cove terminal. The Haisla have provided a letter to the EAO indicating satisfaction with the conclusions of the Assessment Report.

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The province made a commitment to the Haisla to form a government team to work with the Haisla on coordination of post-EA permit referrals, as well as to negotiate any potential mitigation and, where appropriate, accommodation for infringements of aboriginal rights associated with the post-EA permits from provincial agencies. Discussions are also underway to include federal agency authorizations and permits as part of this post-EA initiative.

12. Provincial, federal and local government issues were identified and addressed through Working Group meetings, and meetings between the Proponent and individual agencies throughout the process. The key issues that required more extensive review and resolution were associated with potential effects on: eelgrass and the marine environment; marine mammals and fisheries; erosion and freshwater fishery habitat; avifauna, migratory birds and habitat; species at risk; wildlife habitat loss; archaeological sites; water management; public safety and health; public access; tax benefits, zoning and servicing requirements; and the nature of job creation and economic benefits. The Proponent has satisfactorily responded to the issues raised by provincial, federal and local government agencies for both Emsley Cove and Bish Cove Project locations.
13. The EA associated with the Project has satisfactorily addressed the effects identified in the Application Terms of Reference, issued for the Project on April 13, 2005, and as identified in the section 13 order of December 30, 2005 requiring further information on the assessment of the Project at Bish Cove.
14. All potential significant adverse effects of the Project at Emsley Cove and Bish Cove locations are considered by EAO to be manageable to an acceptable level through:
  - the implementation of the Proponent's design and mitigation measures identified in its Application;
  - compliance with and implementation of the commitments and conditions specified in the EA Certificate; and,
  - compliance with subsequent statutory permits, licences and approvals, or any authority required under any other enactment.
15. The potential effects of the Project on First Nations' interests are considered by EAO to have been adequately addressed through measures that include those referred to in #8, #11 and #14 above. Certification of the Project at a Bish Cove location will eliminate or minimize any further requirements for mitigation and, where appropriate, accommodation of potential infringements of asserted rights and title, as compared to certification of the Project at the Emsley Cove location.

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16. Federal responsible authorities have collaborated in the preparation of the Assessment Report and are supportive of its conclusions. The Assessment Report is intended to be used as the Comprehensive Study Report required under CEAA. Confirmation of the federal agency support will be by the federal Minister of the Environment after receipt of a report on the required public review of the Comprehensive Study Report.
  
17. The Project is anticipated to create approximately 700 jobs during construction and 50 permanent jobs during operations. Capital costs of the Project are estimated as \$700 million. Construction is expected to take 30-36 months and be completed by April 2009.

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Joan Hesketh  
Executive Director and Associate Deputy Minister  
Environmental Assessment Office

Dated: \_\_\_\_\_