



**LEGISLATIVE ASSEMBLY**  
of BRITISH COLUMBIA

Mr. Andy Calitz  
CEO, LNG Canada

March 16, 2018

Dear Mr. Calitz,

We are writing regarding your ongoing discussions with the Government of British Columbia on your proposed project, LNG Canada in Kitimat, B.C.

As you know, British Columbia currently has a minority government, where the votes of our three caucus members provide confidence in Premier Horgan's NDP government. The basis of our confidence is the Confidence and Supply Agreement ("CASA") signed May 30, 2017 which binds our two caucuses to act on the principle of "good faith and no surprises." As such, the government must consult with our caucus on all matters, and it must uphold the agreed-upon policies and initiatives enshrined in it. Our caucus has been consulted on the letter sent from the government to LNG Canada. We are writing to let you know our position on the government's proposal in order to provide you with the fullest possible scope of information.

First, extending the carbon tax to fugitive emissions is a core component of CASA. We have assurances from the government that this extension is forthcoming pending a determination of the necessary technologies and regulations to measure them. To be clear, it is our expectation that the carbon tax on fugitive emissions will be extended to all sources of these emission. This will have impacts on a number of industries and future proposed projects, including yours.

Second, CASA requires government to implement a climate action strategy to meet B.C.'s legislated emissions reduction targets. Therefore, all future development must fit within our province's commitment to the Pan-Canadian Climate framework to meet our emissions reduction targets, as well as soon to be legislated targets for British Columbia specifically. As such, it is incumbent upon government to assess your project through this lens and to specifically identify how it will accomplish the emission reductions required to meet our targets of not less than 40% below 2007 levels by 2030 and 80% below 2007 level by 2050. This must be done in a way that limits harm to other existing industries that provide jobs and economic activity that British Columbians rely on.

Finally, CASA commits government to implement an increase of the carbon tax by \$5 per tonne per year beginning April 1, 2018. Our intention was to ensure that across the entire economy a clear market signal was sent that incentivized low GHG producing activity, as well as spurred innovation and investment in the new economy. We were made aware over the course of our consultations with government that the proposed measures to support Emissions Intensive Trade Exposed (EITE) industries would be extended to LNG as well. These measures would have the effect of rebating up to 100% of the carbon tax that was paid beyond the \$30 per tonne, based on how the greenhouse gas production intensity compares to the global cleanest benchmark.

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While our caucus is supportive of these measures for the many existing industries in B.C. that already provide jobs and economic activity for our province - many of whom made their investment decisions in a previous regulatory environment - our caucus does not support extending the EITE as currently conceived to a proposed LNG industry.

If such a measure goes forward without amendment we do not see how a climate action plan, as agreed to in CASA, would have any legitimate pathway forward to reach our GHG reduction targets. As such, our caucus would no longer have confidence in government, as they would not be living up to their commitments laid out in CASA.

We believe that British Columbia must make its GHG reduction targets and climate action plan the centerpiece of its economic strategy. Our focus must be on prioritizing innovation within our economy and seeing new investments that ensure we are leaving the next generation with real opportunities to prosper. We are deeply encouraged that the companies engaged in your joint venture are investing heavily in renewable energy and other clean technologies. B.C. has a highly educated workforce, world-class research institutions and a wide range of innovative companies. We would welcome the opportunity to work with you in a manner that builds on these opportunities while helping us meet B.C.'s GHG reduction targets, as committed to under the Paris Climate Accord.

We would be happy to discuss our position in detail with you.

Sincerely,



Andrew Weaver  
MLA, Oak Bay Gordon Head and Leader, B.C. Green Party



Sonia Furstenau  
MLA, Cowichan Valley and Deputy Leader, B.C. Green Party



Adam Olsen,  
MLA, Saanich North and the Islands