

**Minutes of Community Information Forum (CIF) Meeting
Prestige Prince Rupert Hotel
Wednesday, February 24, 2016
5:00 p.m. – 6:30 p.m.**

Members present

Brian Musgrave
Don Scott
Sebastien Pacquet
Luanne Roth
Peter Freeman
Mike Slubowski
Bill Mounce
Richard Mellis

PRPA staff Present

Ken Veldman
Krista Ediger
Charlene Hamilton

Regrets

Ross Wilson
Henry Clifton
Nancy Wilson
Bob Blain
Ken Shaw
Michal Sluka
Sheila Gordon-Payne
Dan Harris
Ken Lippett
Bob Payette
Harry Young

1. Call to Order

Ken Veldman called the meeting to order at 5:00 PM.

2. Guest Presentation: RTI/AltaGas LPG Project

- AltaGas staff present:
 - Jennifer Osmar, Advisor Stakeholder Relations
 - David Markham, Manager Stakeholder Relations
 - Tobin Seagel, Senior Environmental Lead
 - Sandra Semple, Senior Communications Advisor
- RTI staff present:
 - Michelle Bryant-Grevelle,
- AltaGas is a leading N. American energy infrastructure company, diversified through processing, moving and delivering natural gas (including Pacific Northern Gas in the NW), and generating power in multiple fuel types (including renewables).
- AltaGas is committed to engaging with local communities and First Nations during the project development period and through operations, with a long track record of working collaboratively and ensuring sustainable development plans are in place.
- With regards to the RTI LPG project, the company is currently focused on gathering information, soliciting feedback, and sharing information on the project and the forthcoming regulatory process.
- Propane is a common fuel used primarily in domestic use, but also in industry, transportation and agriculture. It is a cleaner burning fuel (i.e. lower GHG production per BTU) than many carbon-based fuels.
- 5.5 million tonnes of propane are produced annually in Canada, and exports have traditionally been exported to US. Increase in US supply has led to increased focus on Asian markets (primarily Japan).
- RTI project would ship propane by rail from BC and Alberta, where it would be offloaded and refrigerated for storage, and would be shipped by two ships/month to international markets (1.2 million tonnes per year). Vessels would be roughly the same size as bulk vessels current shipping coal.
- Relatively minimal new infrastructure is required given the existing rail and port infrastructure. The RTI coal jetty would be modified to facilitate propane movement, but new marine infrastructure is not required.
- AltaGas is subleasing a 24 acre site from RTI (SW corner) on previously cleared land for offloading, cooling and storage facilities (i.e. previous site of liquid Sulphur development which was never commissioned).
- Project will provide W. Canadian propane producers with access to new markets to maximize product value.
- Locally, the project expects to lead to approximately 200-250 construction jobs and 40-50 permanent job opportunities. In addition to a diversification from a port perspective, it also provides stability to the existing RTI workforce during periods of low coal volume. The project will also provide skills training and employment opportunities for local First Nations in particular.
- A detailed job 'mix' is forthcoming, but there will be both highly skilled gas processing jobs as well as product handling jobs that will be similar to existing terminal skillsets. Existing RTI labour force will be utilized in specific aspects of the operation.

- CEAA has determined the project will be assessed as a ‘non-designated’ process under S. 67 of the Act because it is smaller. The environmental review will be administered differently than a larger CEAA-lead project, but it will be similar in its application. It will still require the involvement of relevant federal authorities (e.g. Environment Canada, Fisheries & Oceans, PRPA) to review biophysical and socio-economic environmental effects, and incorporate specific requirements for aboriginal and public consultation. The project will still be subject to existing regulations and permitting processes.
 - The key difference will be its administrative leadership under Ridley Terminals Inc. (a federal crown corporation), which can only issue a sublease if the project is found unlikely to cause significant adverse effects. If significant adverse effects are likely, it must be referred to Governor-In-Council (i.e. federal Cabinet) for approval.
 - The environmental review process will commence when AltaGas submits its formal ‘Project Description’ document, which is expected to occur over the next couple of months.
 - AltaGas currently operates a similar (although larger) propane export facility in Ferndale, Washington (since 2013).
 - RTI estimates that the propane facility would have an RTI operational and capacity impact of replacing 2 MT of coal for every 1MT of propane. (i.e. if operating at full capacity, it would have the impact of 2.5 MT of coal).
- *QUESTIONS and ANSWERS:*
- How many rail cars would be required, and what form is the propane in on rail?
 - Average would be 50-60 rail cars per day, with propane being transferred as a liquid under pressure (in purpose-built cars). At the facility, the propane would be cooled to -42 degrees Celsius, which requires no pressure.
 - Will trains be dedicated (unit trains) or as part of mixed cargoes (manifest trains)?
 - Initially it is expected that several batches of cars will arrive per day on manifest trains (from different production locations). In time, there could be unit trains if quantities could find aggregation opportunities.
 - Are existing exports to USA done by rail or pipe?
 - The majority is transported by rail, including a small volume of existing cargoes (about 20 cars per week) on the CN north line that are transported to Alaska panhandle markets via Aquabarge. There are examples of pipeline operations in North America.
 - What is AltaGas’ safety record in terms of shipping by rail to existing markets?
 - The team is not aware of any incidents involving AltaGas product in North America, but more information could be found
 - Could the existing PNG infrastructure be used instead of rail?
 - That infrastructure is built for, and dedicated to, natural gas (not LPG or propane), so it hasn’t been contemplated for this project. The limited volumes would not lend itself to a separate pipeline development.

- Does the project allow for future expansion?
 - The footprint of the sublease will not allow for any significant expansion beyond the capacity being proposed in this project.
- Why is demand for propane in Japan so high?
 - Many uses for propane that aren't typical in other countries (e.g. home heating), and the common delivery infrastructure has been developed for that in Japan. That certainty in market use allows for long-term supply agreements to be put in place.
- How is propane derived from natural gas?
 - Propane is not drilled for separately, but is a derivative from natural gas. Natural gas extracted from wells, and are shipped to processing facilities that will separate the liquids from the natural gas (especially from 'wet' or 'liquids rich' NG sources such as northeast BC), of which propane is one. The process is known as 'stripping'. If the liquids cannot be marketed, they would be flared off.
- Who decides whether a project is designated/non-designated under s. 67 of CEAA 2012?
 - CEAA makes that determination based on specific criteria. In the case of this project, the storage capacity was deemed under the threshold required for a CEAA review. (In spite of this, CEAA still has the opportunity to opt in and directly review a project if it desires, but chose not to in this case.)
- What timeframe is expected for the environmental review to be completed?
 - This is difficult to determine because there is no legislated timeline, and will depend on multiple factors, including the modelling that may be required or the feedback received from consultative processes.
- Is there a place to expand this facility if the operations proves successful and the market supports an expansion?
 - AltaGas does not have any plan to expand the facility, and are limited both by supply and AltaGas' upstream supply. Veldman noted that while this location is limited in its capacity, in the medium to long-term there could be other Ridley Island locations that might support the development of a separate facility for propane or LPG export. The limiting factor in a separate greenfield development would be the volumes required to justify a much larger investment that would likely require its own marine infrastructure.
- How does this terminal's projected capacity relate to AltaGas' upstream supply of propane?
 - It is estimated that the terminal's capacity could handle about 50% of the propane AltaGas produces.
- What would be the impact of LNG development be on the propane terminal?

- The development of the terminal is not dependent on any expectation of increased natural gas production (and corresponding increased propane production) that would be caused by LNG development. The project economics are based on existing production volumes.
- Does the footprint of the project impact on the settling ponds currently being used by RTI operations?
 - Yes. RTI is currently investigating alternatives for the ponds (e.g. relocation, water treatment system, etc.) and that alternative would require an amendment to existing BC Ministry of Environment permits.
- How long has AltaGas been investigating this opportunity in Prince Rupert?
 - AltaGas has been investigating the west coast export opportunity generally for a few years, but the RTI opportunity distilled from that investigative process more recently.
- Has AltaGas' purchase of property in Port Edward been related to this project?
 - The land purchase is not related to this project.
- What would the construction time frame look like after an environmental review is completed?
 - Optimally, AltaGas hopes to be in a position to make a final investment decision by the end of 2016. If that occurs, it is hoped operations would be in place by the end of 2018 or early 2019?
- Within the capital cost estimate of \$4-500 Million, what components would be considered the largest portions of the investment?
 - Major cost items would be related to the refrigeration process and storage tank requirements.
- How would the facility be powered?
 - BC Hydro would be the primary power source for the project.
- Is AltaGas considering a 'Propane 101' education campaign, because LNG still suffers from significant misunderstandings of the what the product actually is.
 - Good feedback and will incorporate.

3. Last Meeting

- **Minutes**

The January 27, 2016 minutes were circulated and accepted.

- **Business arising from the minutes**

- PNW LNG/Lelu Island: CEEA's draft report has been issued and is available for public comment during a 30-day period. Veldman noted that the report finds that significant adverse environmental impact would be expected as it relates to greenhouse gas emissions and harbour porpoise populations, although it does not expect significant adverse impact as it relates to Flora Bank or marine habitat (although it carries conditions for mitigation and compensation processes). The finding requires that approval cannot be given by the Minister of Environment independently, but must instead be a decision by Governor-In-Council (i.e. Cabinet).

A question was raised regarding the Port's role in implementing federal policy regarding wetland compensation. Veldman agreed to provide further information.

Locally, the site investigation activity has been completed, although monthly fish survey work continues on an ongoing basis.

- Port development processes: Clarification was asked regarding Project Development Agreements and confidentiality. Veldman confirmed that the wording in the January 27, 2016 minutes is an accurate description of the process:

"... a PDA does not necessarily mean that a project has been fully defined, or is ready to enter the EA process—as such it doesn't automatically mean it is ready to be disclosed to the public. For example, the certainty of a PDA may enable the proponent to develop the business case further, which requires commercial confidentiality in order to do so. While most projects become publicly visible well before an environmental assessment process begins, EAs provide the ultimate deadline for public visibility of and engagement in a project before it is approved."

4. Roundtable

- **Local Business Climate**

It was noted that the local business climate appeared to very slow at the moment, and slower than much of the underlying local economic fundamentals would suggest they should be. The Port was encouraged to actively communicate economic good news from existing projects and operations that might improve business and consumer confidence.

Veldman noted that with the exception of coal, and the uncertainty tied to LNG approval processes, the Port's existing lines of business continue to do well. In particular, intermodal business has seen a significant increase in shipping line services, and while capacity restraints will limit total container volume growth this year, Fairview is well positioned for new capacity coming on stream.

Veldman also provided a brief overview of potential intermodal export opportunities in agri-food and chilled meat/seafood products.

- **Ship Anchorages**

It was reported that that local shrimpers were experiencing some issues as it relates to ships anchoring in proximity to shrimping grounds during the winter. It was suggested that a conversation with the shrimp trawl fleet might be beneficial to all involved. Veldman agreed to follow up.

- **New Members**

It was noted that four members have been absent on a continuous basis, and the Port will be active in contacting them about continuing membership, and potentially adding new members.

5. Next Meeting

- a) **Next meeting date** - Wednesday, March 30, 2015 at the PRESTIGE PRINCE RUPERT HOTEL.

Meeting adjourned at 6:35 pm.