



## CCCJ: Energy Roundup Recent Developments in BC LNG



**Bull Housser & Tupper LLP (Vancouver, BC)**

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1. LNG Tax

2. GHG and Power Regulations

3. Environmental Assessment

# 1. British Columbia LNG Tax



- Tier 1
  - 1.5% of net “proceeds”
  - deductible from Tier 2
- Tier 2
  - 3.5%, 5% in 2037 (< earlier 7% cap)
  - after depletion of “capital investment account”
  - Capital investment account contains LNG construction costs
- New BC income tax credit (head office...)

## 2(a) New BC LNG GHG Regulations

- “Emissions intensity” approach for LNG/coal:
  - Defined baseline of 0.16, relative to 0.18-0.27
  - Compliance via \$25 carbon fund credit or offsets
  - Offsets *not* BC-only
  - *Should* avoid paying carbon tax

Forthcoming:

- Extra incentives to use offsets and not fund
- Offset protocols
- Potential changes to similar Alberta/federal regimes

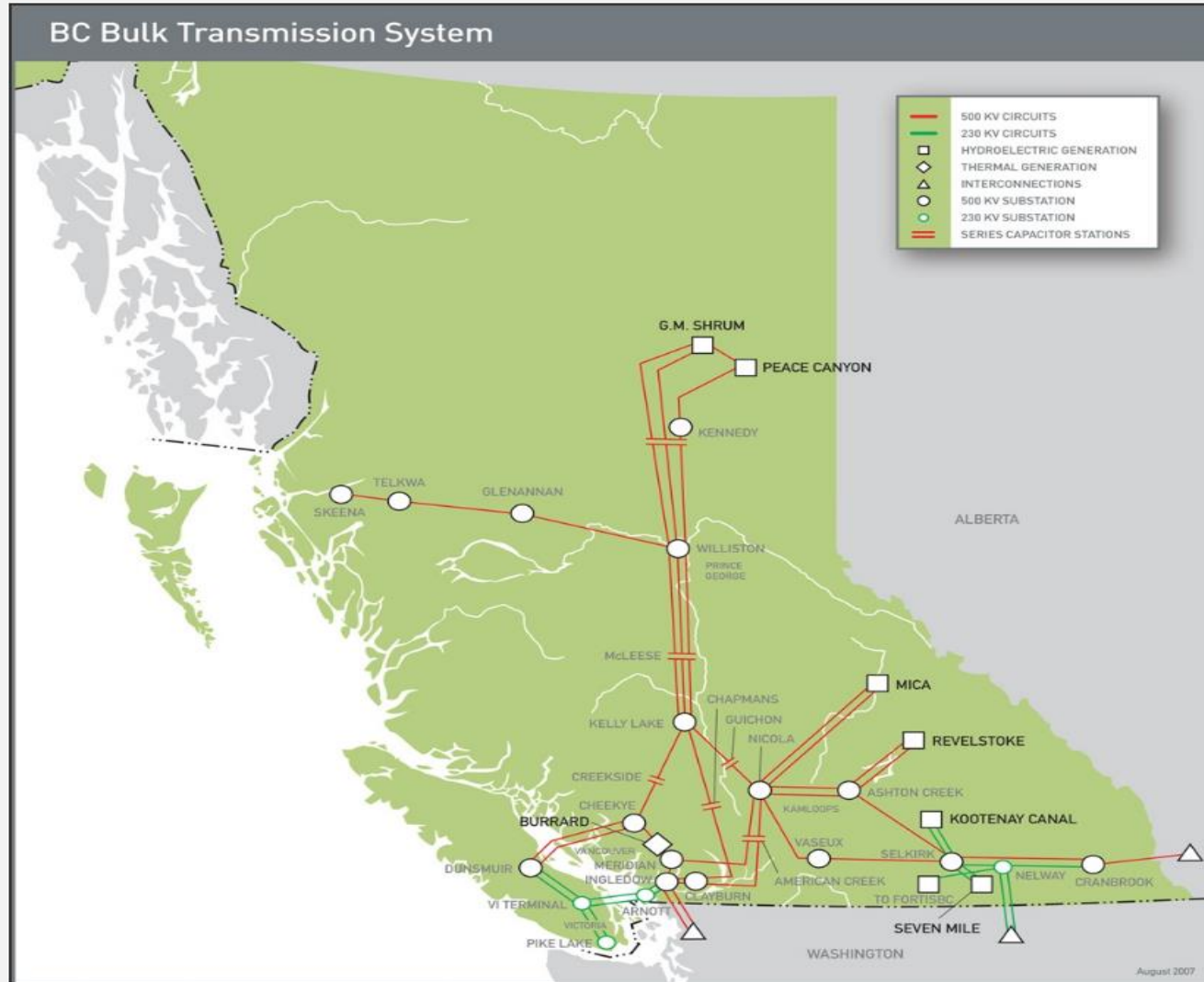


## 2(b) New LNG Power Regulation



- BC Hydro must offer long-term LNG contracts
- LNG plants treated differently than other industrial customers
  - Must pay for new transmission infrastructure
  - Must pay *greater* of existing industrial rate and a fixed price curve (~50% more currently)
- Avoids pushing other customers' rates up
- Still able to use direct drive or self-generate

# Power Generation and Transmission



# 3. Environmental Assessment

– Division of Powers



## Federal (Canada)

- Inter-provincial and international (export)
- Marine transportation



## Provincial (British Columbia)

- Activities within the province
- Owns the natural resources – gas and minerals

# 3. Environmental Assessment – General

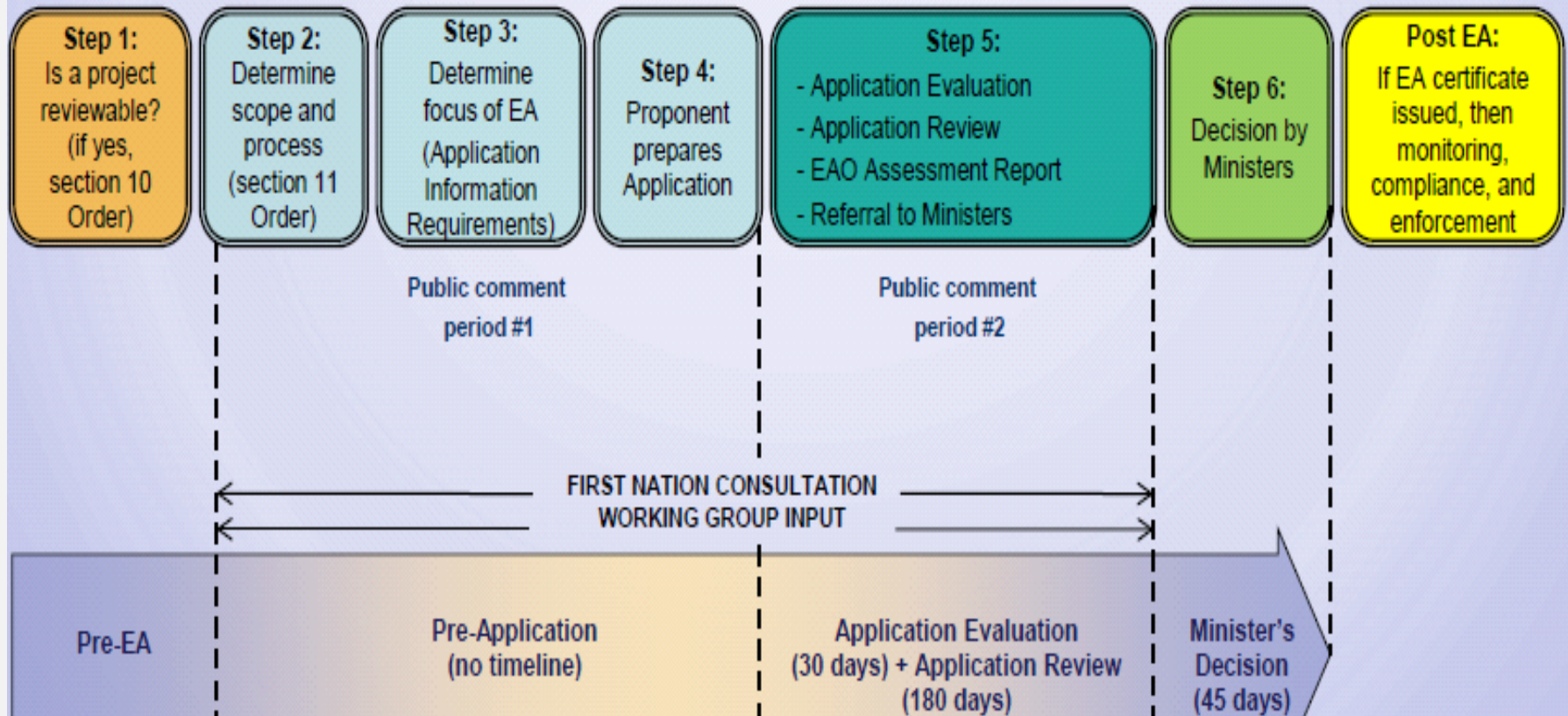
## Environmental Assessment

- Federal and provincial regimes
  - B.C. regime leads
  - harmonize federal regime
- Legislated timelines
- In practice – planning and review 3 to 5 years
- BC reviewing its EA process to improve efficiency



# 3. Environmental Assessment – BC Process

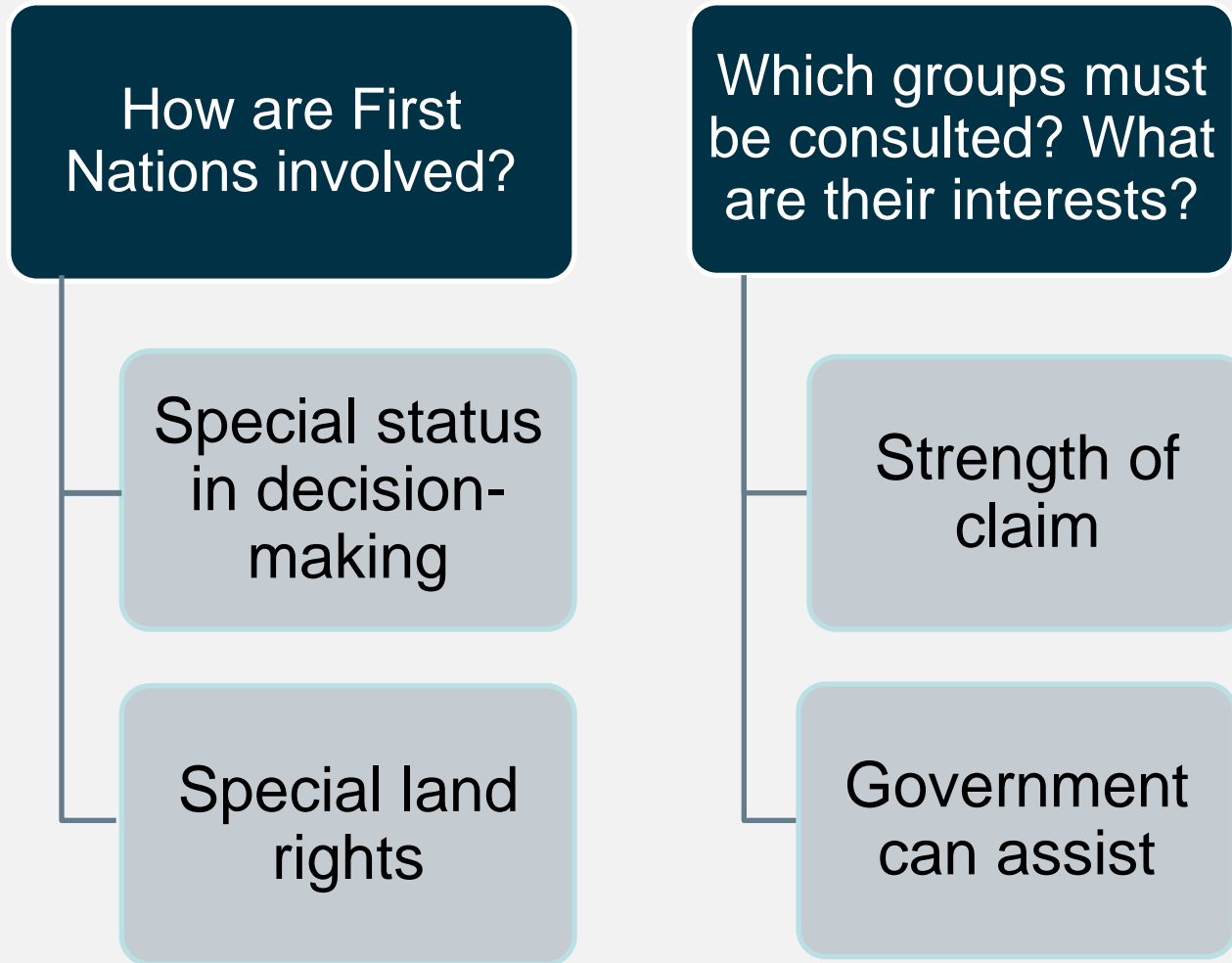
## Environmental Assessment Process



# Coastal First Nations



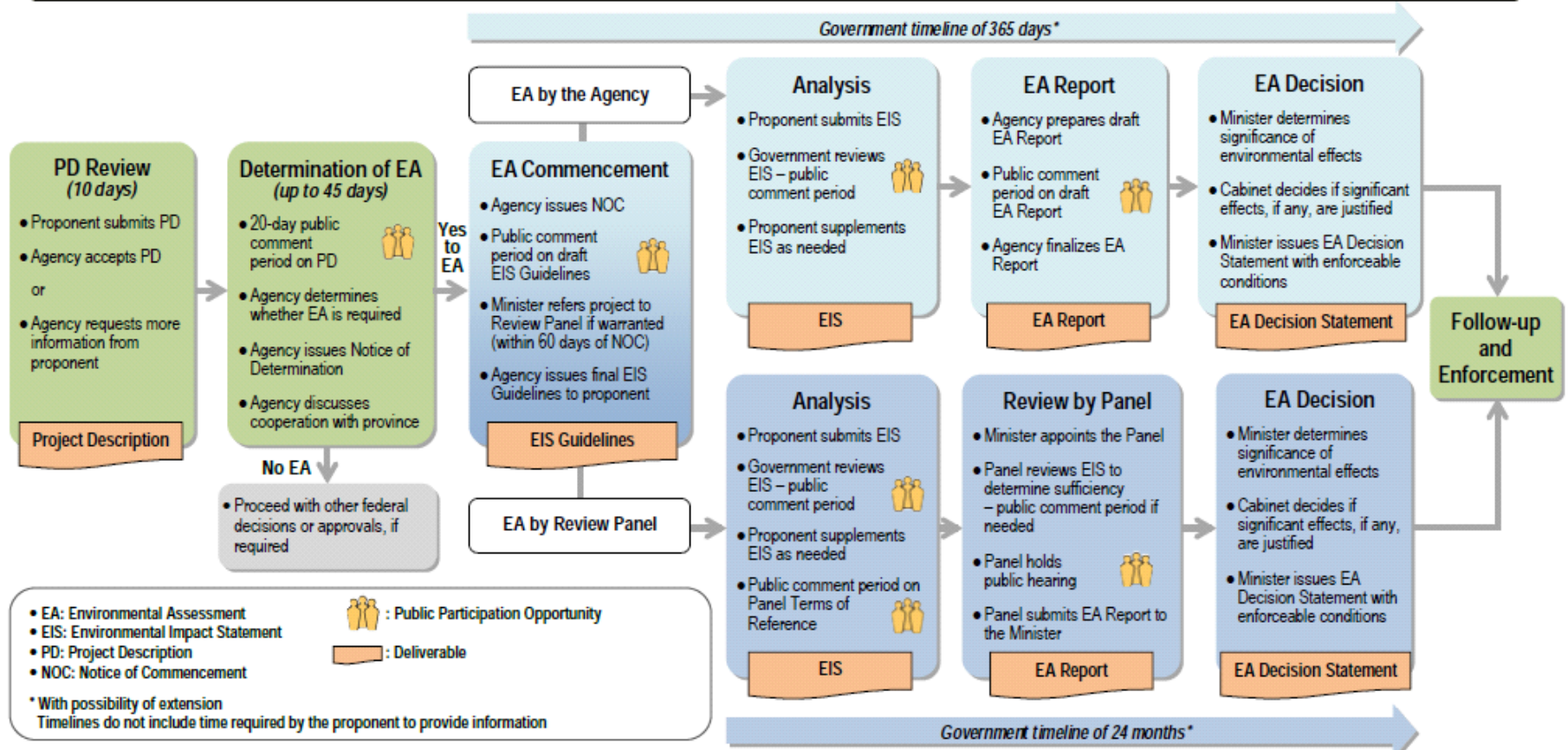
# Consultation with First Nations



# 3. Environmental Assessment – Federal Process

## ENVIRONMENTAL ASSESSMENT PROCESS MANAGED BY THE AGENCY

Aboriginal consultation is integrated into the EA to the extent possible





**MATTHEW KEEN**



**JAY LEMOINE**

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