

BACKGROUND INFORMATION
for the
INITIAL FEDERAL PUBLIC COMMENT PERIOD
on the
Comprehensive Study pursuant to the
Canadian Environmental Assessment Act

**Kingsvale – Oliver Natural Gas
Reinforcement Project**

Proposed by:
FortisBC Energy Inc.

Prepared by:
Canadian Environmental Assessment Agency

Canadian Environmental Assessment Registry Reference Number:
12-03-64738

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List of Abbreviations

Act	<i>Canadian Environmental Assessment Act</i>
Agency	Canadian Environmental Assessment Agency
BCEAO	British Columbia Environmental Assessment Office
CSR	Comprehensive Study Report
EIS	Environmental Impact Statement

1.0 INTRODUCTION AND PURPOSE

The Canadian Environmental Assessment Agency (the Agency) has received the Project Description for the Kingsvale - Oliver Reinforcement Project (the Project). The project involves the *looping* (expanded in parallel) on an existing natural gas transmission pipeline system between Kingsvale B.C. and Oliver B.C.

Following a review of the Project Description, the Agency determined that the Project will likely require an environmental assessment under Section 5 of the *Canadian Environmental Assessment Act* (the Act). An environmental assessment is required when the Government of Canada issues certain permits, licences or approvals or takes certain actions for the purpose of enabling a project to be carried out. The Project may require the following authorizations, licences and/or permits:

- an authorization under the *Fisheries Act* for the harmful alteration, disruption or destruction of fish habitat,
- a permit under the *Navigable Waters Protection Act* related to the installation of physical structures affecting navigable waterways.
- a permit under the *Indian Act* for a *right-of-way* through an Indian Reserve.

The Agency has determined that the Project is within the thresholds described in the *Comprehensive Study List Regulations* relating to the construction of an oil or gas pipeline. A comprehensive study type environmental assessment will therefore be undertaken.

In accordance with the *Cabinet Directive on Improving the Performance of the Regulatory System for Major Resource Projects*, the Project has also been identified as a “major resource project” and will be subject to the Major Projects Management Office procedures. Additional information on the Major Resource Projects initiative is available at www.mpmo-bggp.gc.ca.

The primary objective of the federal environmental assessment process is to incorporate environmental factors into federal decision making and minimize or avoid the adverse environmental effects of a project before they occur. It aims to promote sustainable development and, thereby, achieve or maintain a healthy environment and economy. The environmental assessment process also promotes communication and cooperation among federal and provincial agencies and Aboriginal groups, and provides opportunities for timely and meaningful public participation.

The purpose of this document is to provide the public with an opportunity to comment on the Project and the conduct of the comprehensive study. Additional opportunities for public participation will be provided during the environmental assessment process.

A notice of this public comment opportunity has been posted on the Canadian Environmental Assessment Registry accessed through the Agency’s website at www.ceaa-acee.gc.ca. Comments will be accepted until Monday March 12, 2012.

Additional details on this comment period are also included in Section 7.1 of this document.

2.0 PROJECT SUMMARY

The Project consists of looping an existing natural gas transmission pipeline system between Kingsvale, B.C. and Oliver, B.C. over a length of approximately 161 km. The proposed route will generally parallel the existing pipeline right of way but may not be contiguous with the existing right-of-way at constrained locations. An approximately 61 km long segment between Princeton and the Similkameen Valley will require an entirely new right-of-way. A short extension of the Southern Crossing Pipeline in the vicinity of Yahk B.C. is also included in the Project.

The project will also include construction of new compressor stations near Yahk B.C. and in the vicinity of Trail, B.C. Additional compression capability will also be added adjacent to the existing Kingsvale Compressor Station.

2.1 Project Components

The Project will include the following components:

- a new 161 km long, 24 inch (610 mm) diameter natural gas transmission pipeline generally alongside the existing FortisBC pipeline between the existing Kingsvale Compressor Station connection to the Spectra pipeline near Merritt and the existing Oliver Y Control Station;
- a new compressor station near the existing SCP-Foothills pipeline connection near Yahk, B.C., including a 1km long extension of the existing FortisBC Southern Crossing Pipeline (SCP);
- additional compressor capability adjacent to the Kingsvale Compressor Station;
- a new compressor station on the SCP system in the vicinity of Trail, B.C.;
- new odorant facilities within the existing FortisBC property at the Oliver Y Control Station;
- isolation valves along the pipeline;
- a Supervisory Control and Data Acquisition (SCADA) System linking pipeline and compressor facilities to the FortisBC Control Centre in Surrey, B.C.;
- communication links and power supply to service compressor stations, meter stations, and other pipeline facilities;
- various temporary construction access roads, potential work camps, offices, pipe and material storage areas, and equipment laydown areas; and
- pipeline operations and maintenance and vegetation management along rights-of-way.

3.0 REQUIREMENT FOR A FEDERAL ENVIRONMENTAL ASSESSMENT

3.1 The *Canadian Environmental Assessment Act*

Under section 5 of the Act, a federal environmental assessment may be required when, in respect of a project, a federal authority:

- is the proponent;
- makes or authorizes payment or any other form of financial assistance to the proponent;
- sells, leases, or otherwise disposes of lands; or
- issues a permit, license, or other form of approval pursuant to a statutory or regulatory provision referred to in the *Law List Regulations* or by a provision of a prescribed Act of Parliament or any instrument made under an Act of Parliament.

Based on a review of the Project description and discussion with federal authorities, the Agency has concluded that an environmental assessment under the Act is required because certain components of the Project are likely to require action under a regulatory provision listed on the Law List Regulations as follows:

- Fisheries and Oceans Canada may issue an authorization pursuant to subsection 35(2) of the *Fisheries Act* for the harmful alteration, disruption or destruction of fish habitat;
- Transport Canada may grant an approval under paragraph 5(1)(a) and /or 6(4) of the *Navigable Waters Protection Act* related to the installation of physical structures affecting navigable waterways; and
- Aboriginal Affairs and Northern Development Canada may issue section 28(2) right-of-way permits under the *Indian Act*.

As such, Fisheries and Oceans Canada, Transport Canada and Aboriginal and Northern Development Canada are identified as likely responsible authorities under the Act.

3.2 Comprehensive Study List Regulations

The Project is subject to a comprehensive study type environmental assessment pursuant to Subsection 16(c) of the *Comprehensive Study List Regulations of the Act* which lists:

“The proposed construction of...an oil and gas pipeline more than 75 km in length on a new right of way”

3.3 Role of Federal Authorities

A federal authority that is required to ensure that an environmental assessment of a proposed project is conducted as per the requirements of the Act is referred to as a responsible authority. Fisheries and Oceans Canada, Transport Canada, and Aboriginal Affairs and Northern Development Canada are responsible authorities for the Project.

Along with the responsible authorities, other federal authorities may provide additional specialist or expert advice on the potential environmental effects of a project as they relate to their respective mandates. Health Canada and Environment Canada may be expert federal authorities for this environmental assessment.

For a comprehensive study, the Act specifies that the Agency shall exercise the powers and perform the duties and functions of a responsible authority until the comprehensive study report is submitted to the Minister of the Environment. The Agency will also act as the Federal Environmental Assessment Coordinator and coordinate the participation of federal authorities in the environmental assessment process. Further, the Agency will undertake the duties of the Crown Consultation Coordinator for the purposes of Aboriginal consultation and will exercise the powers and perform the duties and functions of a responsible authority under subsection 79(1) and 79(2) of the *Species at Risk Act*.

3.4 Role of the Minister of the Environment

The Minister of the Environment will make a decision under Section 23 of the Act based on an evaluation of the likelihood of significant adverse environmental effects as presented in the Comprehensive Study Report (CSR). The Minister will also consider any comments submitted on the CSR by the public. The Minister may request additional information or require that public concerns be further investigated before issuing an environmental assessment decision statement.

4.0 COOPERATIVE CANADA–BRITISH COLUMBIA ENVIRONMENTAL ASSESSMENT PROCESS

The Project is also subject to an environmental assessment under the British Columbia *Environmental Assessment Act*. The Agency and the British Columbia Environmental Assessment Office (BCEAO) will work cooperatively to ensure that a coordinated assessment meets the needs of both the federal and provincial processes.

Further details on the provincial environmental assessment process is available from the BCEAO website at: <http://www.eao.gov.bc.ca/>

5.0 OVERVIEW OF THE COMPREHENSIVE STUDY ENVIRONMENTAL ASSESSMENT PROCESS

A Notice of Commencement of the environmental assessment of the Kingsvale Oliver Reinforcement Project was posted to the Canadian Environmental Assessment Registry on February 9th, 2012.

Following the submission of the Environmental Impact Statement (EIS) by the proponent, the Agency will prepare the comprehensive study report (CSR). The CSR will summarize the outcome of the environmental assessment and will also be made available to the public for a 30 day comment period. The Minister of the Environment will consider the conclusions of the CSR along with any public comments when making a decision on the significance of the environmental effects of the Project in accordance with the requirements of the Act.

The environmental assessment decision statement announces the Minister's opinion as to whether the Project is, or is not, likely to cause significant adverse environmental effects, taking into account the implementation of any mitigation measures and follow-up programs that the Minister considers appropriate. Once the Minister has issued the environmental assessment decision statement, the Project will be referred back to the responsible authorities to take a course of action decision on whether to permit the Project to proceed (e.g. issue an authorization under the *Fisheries Act*).

6.0 FACTORS AND SCOPE OF FACTORS TO BE CONSIDERED IN THE COMPREHENSIVE STUDY

6.1 Factors to be Considered in a Comprehensive Study

According to Subsections 16(1) and 16(2) of the Act, the following factors must be considered in every comprehensive study:

- environmental effects of the project, including those of malfunctions or accidents and any cumulative effects that are likely to result from the project;
- significance of the effects described above;
- comments from the public that are received in accordance with the Act and its regulations;
- mitigation measures that are technically and economically feasible;
- purpose of the project;
- alternative means of carrying out the project that are technically and economically feasible and their potential environmental effects;
- need for, and the requirements of, any follow-up program;
- capacity of renewable resources that are likely to be significantly affected by the Project to meet the needs of the present and those of the future; and
- any other matter relevant to the comprehensive study, such as the need for, and alternatives to the project.

For greater clarity, according to the Act, “environmental effect” means, in respect of a project,

- a) any change that the project may cause in the environment, including any change it may cause to a listed wildlife species, its critical habitat or the residences of individuals of that species, as those terms are defined in subsection 2(1) of the Species at Risk Act,
- b) any effect of any change referred to in paragraph (a) on
 - i) health and socio-economic conditions,
 - ii) physical and cultural heritage,
 - iii) the current use of lands and resources for traditional purposes by aboriginal persons, or
 - iv) any structure, site or thing that is of historical, archaeological, paleontological or architectural significance, or
- c) any change to the project that may be caused by the environment, whether any such change or effect occurs within or outside Canada.

6.2 Scope of the Factors

Scoping establishes the boundaries of the environmental assessment and focuses it on relevant issues and concerns. By defining the spatial and temporal boundaries, a frame of reference for identifying and assessing the environmental effects associated with the project will be established. The scope of factors must therefore include:

- a determination of valued ecosystem components (VECs);
- spatial boundaries; and
- temporal boundaries.

Although the factors and the proposed scope of those factors could evolve as the comprehensive study progresses, after taking into consideration the Project and the factors described in section 6.1 above, the Agency currently proposes that the following environmental components be considered in the comprehensive study of the Project.

Table 1 Scope of Factors

Environmental Components	Valued Ecosystem Component
Terrestrial Environment	<ul style="list-style-type: none"> • Air quality • Terrain, soils and geology • Natural hazards • Light and Noise Emissions • Vegetation and plant communities • Wetlands • Wildlife and wildlife habitat (including Migratory birds and their habitats) • Ecologically sensitive or significant areas, species of conservation concern, including species at risk and their habitats
Aquatic Environment	<ul style="list-style-type: none"> • Hydrology • Hydrogeology • Water quality • Fish and fish habitat • Ecologically sensitive or significant areas, species of conservation concern, including species at risk and their habitats
Human Environment (i.e. indirect effects resulting from a direct change in the environment)	<ul style="list-style-type: none"> • Current use of lands and resources for traditional purposes by Aboriginal persons • Navigable waters/ Navigation • Human health (e.g. noise, drinking water quality, country foods, air quality) • Physical and cultural heritage • Structures/sites of historical, archaeological, paleontological, or architectural significance • Light and Noise Emissions • Social and economic issues

6.3 Spatial and Temporal Boundaries of Valued Ecosystem Components

The spatial boundary of each VEC will reflect the range of geographic areas and seasonal/annual fluctuations within which effects may be experienced, specific to each VEC. These will be based on the zone of influence of the Project beyond which the effects of the Project are expected to be insubstantial.

The temporal boundaries will encompass the entire lifespan of the Project and include any remaining waste management facilities.

6.4 Additional Matters to be Considered

As outlined in section 6.1 above, the factors and the proposed scope of those factors that must be considered in the environmental assessment of the Project also includes the following:

- a) **Need for and Purpose of the Project**
“Need for” the Project is defined as the problem or opportunity that the Project is intending to solve or satisfy. The “purpose of” the Project is defined as what is to be achieved by carrying out the Project. The “need for” and “purpose of” the Project will be established from the perspective of the proponent.
- b) **Alternative Means of Carrying out the Project**
Alternative means of carrying out the Project that are technically and economically feasible, the environmental effects of any such alternative means, and a rationale for the preferred alternative are to be included.
- c) **Potential Accidents and Malfunctions**
Potential accidents, malfunctions and unplanned events that could occur in any phase of the Project, the likelihood and circumstances under which these events could occur, and the environmental effects that may result from such events, should contingency plans not be fully effective will be considered.
- d) **Cumulative Environmental Effects**
The evaluation of potential cumulative environmental effects will focus on the interaction between the residual environmental effects of the Project, after mitigation measures are applied, and the environmental effects of other past, present or reasonably foreseeable future projects or activities. The cumulative environmental effects assessment will include, but not be limited to: existing industrial projects, other proposed developments, other land and resource use activities (forestry, hunting, trapping, fishing), tourism and recreation activities.
- e) **Effects of the Environment on the Project**
Changes to the Project that may arise as a result of the environment will also be considered. This analysis will include consideration of natural hazards such as: extreme weather events (lightning, extreme precipitation, flooding, wind, avalanches and icing); seismic events; fire; slope stability; and climate change. Proposed mitigation, including design strategies, will be considered in the evaluation of the effects of the environment on the project and the determination of their significance.
- f) **Comments from the Public**
Comments from the public will be considered by the responsible authorities and the Minister of the Environment. A record of how comments have been considered and incorporated into the environmental assessment will be prepared.

g) Mitigation Measures

In the context of the Act, mitigation means elimination, reduction or control of adverse environmental effects of the Project. The environmental assessment will be used to identify mitigation measures that are technically and economically feasible and would mitigate identified adverse environmental effects arising from the Project. Compensation may be considered as a form of mitigation for the purposes of the environmental assessment.

h) Significance of Adverse Environmental Effects

An evaluation of the nature and extent of the residual adverse environmental effects after applying mitigation and whether the residual adverse environmental effects are likely to be significant will be conducted.

i) Follow-up Program

The environmental assessment will describe the follow-up program and its associated monitoring requirements. The purpose of a follow-up program is to verify the accuracy of the environmental assessment and determine the effectiveness of mitigation measures.

j) Sustainability of Renewable Resources

A consideration of the capacity of renewable resources that are likely to be significantly affected by the Project to meet the needs of the present and those of the future will also be included.

7.0 PUBLIC PARTICIPATION

The public will be provided with at least three opportunities to participate in the federal comprehensive study process:

i) Initial Public Comment Period:

Public comments are being sought on the Project and the conduct of the comprehensive study (i.e. this document).

ii) Additional Public Participation Opportunity:

The public will be provided an opportunity to participate in the comprehensive study by reviewing, analyzing and commenting on the Environmental Impact Statement (EIS).

iii) Comprehensive Study Report Comment Period:

The CSR, which describes the conclusions of the environmental assessment and the recommendations of the federal government, will also be made available for public comment. Public comments received during this period will be forwarded

to the Minister of the Environment along with the CSR for consideration in making a final determination.

7.1 Submission of Public Comments at this Time

At this time, the Agency is seeking comments from the public on the Project and the conduct of the comprehensive study as described in this document. Persons wishing to submit comments may do so in writing to the following address:

KOR Project
Canadian Environmental Assessment Agency
410-701 West Georgia Street
Vancouver BC V7Y 1C6
Telephone: 604-666-2431
Fax: 604-666-6990
Email: KORP@ceaa-acee.gc.ca

Comments must be received by the close of business day on Monday March 12th, 2012.

Please clearly reference the KORProject and the Canadian Environmental Assessment Registry file number 12-03-64738 in your submission. Also note that all comments received are considered public and will become part of the public registry.

7.2 Participant Funding

The Government of Canada provides funding to support public participation in the review of comprehensive studies. Information on the participant funding program, including the Participant Funding Program Guide and the application form are available at: www.ceaa-acee.gc.ca.

To receive funding, applicants must demonstrate that they will participate in the environmental assessment by reviewing and commenting on documents, preparing technical analyses, attending meetings and/or contributing by other means.

Notices regarding the availability of participant funding will be posted on the Canadian Environmental Assessment Registry internet site at www.ceaa-acee.gc.ca under reference number 12-03-64738.

7.3 Canadian Environmental Assessment Registry

Pursuant to section 55 of the Act, the Canadian Environmental Assessment Registry has been established to provide public notice of environmental assessments and to facilitate public access to records related to these environmental assessments. The public registry consists of a project file and an internet site. The internet component of the Canadian Environmental Assessment Registry can be accessed at www.ceaa-acee.gc.ca under reference number 12-03-64738. The project file consists of all records used in reaching the determination on significance and can be accessed through a public registry request to the following address:

KOR Project
Canadian Environmental Assessment Agency
410-701 West Georgia Street
Vancouver BC V7Y 1C6
Telephone: 604-666-2431
Fax: 604-666-6990
Email: KORP@ceaa-acee.gc.ca

8.0 ABORIGINAL CONSULTATION

The federal Crown has a legal duty to consult with, and where appropriate, accommodate Aboriginal groups' concerns when the Crown contemplates conduct that might adversely impact potential or established Aboriginal or treaty rights. Aboriginal consultation that occurs during the environmental assessment process will be used to assist the federal Crown in identifying Aboriginal groups' concerns and, where appropriate, address these concerns. Through consultation, the Crown seeks to strengthen relationships and partnerships with Aboriginal peoples and thereby achieve reconciliation objectives.

The Agency is the federal Crown Consultation Coordinator for this comprehensive study environmental assessment. The Agency will work closely with federal authorities, FortisBC Energy Inc. and potentially affected Aboriginal groups to coordinate consultation activities for the purposes of the federal environmental assessment.

9.0 FURTHER INFORMATION

Additional information on the Project is available in the Project Description prepared by FortisBC. The document can be viewed through the following link www.mpmo-bggp.gc.ca.