**Project Description**

Construction and operation of a 667km natural gas pipeline in British Columbia

**Project Sponsors**

TransCanada PipeLines Limited (TCPL), KKR & Co. & Alberta Investment Management Corporation

**Country**

Canada

**Project Category**

A

**Canadian Exporter(s)**

TC Energy Corporation (TCE)

**Description of capital goods and/or services**

Natural gas pipeline

**EDC Product**

Project Finance

**Date of publication on EDC’s website (dd/mm/yy)**

27/01/2020

**Date of Signing (dd/mm/yy)**

28/04/2020

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**Project Categorization**

The Project is for the construction, operation and maintenance of a 670km natural gas pipeline and ancillary facilities. The Project will be from an area near Groundbirch, British Columbia to the LNG Canada Development Inc. liquefied natural gas export facility in Kitimat, British Columbia. TCPL, as one of the owners of Coastal GasLink Pipeline Limited Partnership (CGL), will lead design, operation and maintenance of the Project. The Project has an anticipated lifespan of 30 years and will have a capacity of approximately 1.8 billion cubic feet per day. The Project was classified as Category A since it is large in scale and has the potential for significant adverse environmental and social impacts. Category definitions can be found here.

**Summary of EDC’s Review**

EDC reviewed the Project in accordance with our Environmental and Social Review Directive (ESRD) and the Equator Principles (EPs) and has determined that the Project has been designed in compliance with applicable host country environmental and social requirements, and with the Equator Principles. The Project is located entirely within the jurisdiction of the Province of British Columbia and as determined by the Federal National Energy Board, was not subject to an environmental assessment under the federal process.

EDC reviewed the Project Environmental and Social Impact Assessment (ESIA), consultation reports, independent due diligence reports, and project management plans. EDC also reviewed the 32 legally binding conditions as part of the Project’s regulatory approval. A site visit was completed by EDC in Kitimat, BC, which included a discussion with representatives from Haisla Nation (one of the 20 First Nation elected governments who have provided consent for the Project).

**Summary of Key Environmental and Social Risks and Mitigants**

EDC due diligence determined that TCPL have demonstrated a strong capacity to manage their environmental and social risks and have suitably avoided and minimized impacts per the mitigation hierarchy. The following
The table summarizes key risks identified for the Project along with the most pertinent mitigations that were applied for each.

<table>
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<th>Key Risk</th>
<th>Key Mitigants</th>
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| **Effects to Caribou** - specifically the Hart, Quintette and Telkwa ranges. These herds belong to the Southern Mountain population of woodland caribou, which are designated as threatened on Schedule 1 of the Species at Risk Act. According to the Project EA, the Project is predicted to affect approximately 608 hectares of caribou herd range. | • Project regulatory approval included two legally binding conditions: 1) to develop and implement a Caribou Mitigation and Monitoring Plan (CMMP); and 2) to provide support to a provincial caribou recovery, conservation, and management program.  
• CMMP follows the mitigation hierarchy of avoid, minimize, restore on-site and offset. Effectiveness monitoring will be undertaken during construction and operation, to ensure that mitigation strategies are successful.  
• BC regulatory authority will review the results of the effectiveness monitoring and determine if the mitigation has achieved its objectives. Where not achieved, offsetting will be required. |
| **Greenhouse Gases** - As verified by the IESC, operations scope 1 GHG emissions for Phase 1 are estimated to be 326 kt CO₂E per year. The amount would increase total provincial emissions by approximately 0.6% and national emissions by 0.05% annually. | • Best Available Technology Economically Achievable principles were used in the design of the Project, which are intended to minimize Project GHG emissions.  
• TCE has made public commitments to manage and reduce their GHGs, and discloses their GHG emissions in public forms.  
• Project will monitor and disclose in public forms their scope 1 and scope 2 GHGs. |
| **First Nation Relations**: Project crosses or is within 30km of the traditional territory boundaries of multiple First Nations. The project has the potential to impact the rights and title of these First Nations, and as such the Provincial Crown has a duty to consult and where required accommodate impacted First Nations. Project continues to receive opposition from a group of Hereditary Chiefs of Wet’suwet’en First Nation (HCWFN), who claim to be the rightful decision makers of the Wet’suwet’en Nation and claim that they have not been adequately consulted nor have they provided their consent to the Project. | • During the Project ESIA, provincial Crown facilitated an informed and participatory process that included working groups, government-to-government consultation, and First Nation Regional Workshops. Capacity funding was also provided.  
• Crown consultation has included the Office of Wet’suwet’en, which is governed by a number of the Wet’suwet’en Hereditary Chiefs.  
• ESIA demonstrates how First Nation objectives were collected, an analysis of impacts to First Nation interests, justification for and against accommodation; and benefits of the Project to First Nations. |
Since the start of the Project, TCPL has demonstrated that they have facilitated multiple forms of informed and participatory dialogue with First Nations along the pipeline right-of-way (ROW), including with the Office of Wet’suwet’en and Dark House (one of 13 Wet’suwet’en houses).

- Project agreements have been reached with all 20 elected First Nation governments along the Project ROW.
- According to TCPL, the agreements provide dispute resolution mechanisms.
- Committees with representatives from TCPL and the 20 elected First Nation governments have been established to ensure informed participation continues throughout the life of the Project. The committees meet semi-annually, or more frequently as necessary, to discuss the Project.

**Biodiversity:** Project has the potential to effect wetlands, wildlife and plant species.

- Legally binding conditions of Project regulatory approval require the development and implementation of multiple management plans to mitigate these risks.
- TCPL has a strong management capacity to ensure successful implementation of the management plans.
- Project operates within a strong regulatory environment that will provide monitoring and oversight specific to these risks.

**Documentation Reviewed:**

The following is an illustrative list of key documentation that was reviewed as part of the current confirmation of the ESRD.

1. Coastal Gaslink Pipeline Project Assessment Report, Prepared by Environmental Assessment Office, Dated October 2014 [includes Appendix 2 – Working Group Issue Response Tracking Table, including Aboriginal Groups].

2. Aboriginal Consultation Plan, Prepared by TransCanada Pipelines Limited, Dated April 26 2013


14. EAO Coastal GasLink Pipeline Project, online: January 2020.