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Pacific NorthWest LNG Project
Canadian Environmental Assessment Agency (CEAA)
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Prime Minister Trudeau & Cabinet Ministers
Government of Canada
Parliament Buildings
111 Wellington Street
Ottawa, Ontario

Dear Prime Minister Trudeau & Honourable Members, Ladies & Gentlemen,

RE: PACIFIC NORTHWEST LNG PROJECT (“PNW PROJECT”) – CANADIAN ENVIRONMENT ASSESSMENT AGENCY (“CEAA”) - INVITATION FOR PUBLIC COMMENT

Pursuant to the CEAA invitation for public comment with respect to the PNW Project, I am pleased to offer this letter for your consideration.

For your reference, over the last 40 years, I practiced law in the province of Alberta (with a national and international reach); currently serve, and have served, on the board of directors on numerous Canadian public and private companies. As well, I served as the Vice-Chairman Canada, Investment Banking, for a global bank. Further, I have been involved in Canadian public policy over the years including, being on the board and/or executive of the Public Policy Institute of Canada, the Institute of Development and Research of Canada and the Canada West Foundation.

I respectfully and strongly support for the development of the Canadian LNG export industry generally, and the PNW Project, in particular, for numerous reasons including:

1. LNG IS ENVIRONMENTALLY FRIENDLY (FOR CANADA & THE WORLD)

As you well know:

- a) LNG is odorless and non-toxic and non-corrosive. It leaves no residue on water or in soil. If “spilled” there is 100% evaporation.

b) Natural gas is the cleanest burning fossil fuel by a very substantial margin. Its use to replace coal as a fuel has very, very significant and immediate benefits, in reducing global greenhouse gas emissions (“GHG”). Indeed:

- every ton of LNG that is shipped to Asia, reduces the use of, and need for building more, coal fired power plants, which coal plants produce 70 – 100% more GHG emissions than a natural gas fired plant.

- replacing just one 500 megawatt coal fired power plant with a natural gas fired power plant equates, to taking 557,000 cars off the roads every year.

2. CANADA IS BEING LEFT BEHIND IN PROVIDING LNG

The world market place, (suppliers and users), have recognized and have moved aggressively to capitalize on the environmental and economic benefits of LNG, by approving and building a myriad of contracted LNG plants. Numerous more plants are forthcoming. On the other hand, Canada’s protracted “process” has not seen one, of the many proposed LNG projects get full approval. Canada is missing out – if not missed out.

The reality is that:

a) The USA has moved boldly:

- The amount of the USA’s increase in shale gas production in the past 5 – 10 years has been transformational. As a result, it is now a large gas LNG exporter. Canada’s long history in shipping gas to the USA is effectively over.

This market reality was underscored in the US Secretary of Energy’s recent (Feb. 24, 2016) statement “that the USA is on its way to being among the very biggest exporters of natural gas in the world” (ie. through its LNG facilities at Sabine Pass, Cameron, Freeport, Cove Pointe, Boston and others coming). Such includes LNG plants in the state of Oregon, which is an environmental “poster-child”:

b) Australia has moved, even more boldly, than the USA.

As early as 2002, the federal government of Australia (with industry producers), signed a 25 year deal to supply 3 million tons of LNG each year to China. Subsequently, many long term and multibillion dollar contracts have been signed to supply Australian LNG mainly to South Korea and Petro China. In 2011, the International Energy Agency estimated that Australia should be the world largest LNG exporter by 2020. This month, the Australian Minister of Energy, Josh Fryden, proudly stated that this #1 status, will be achieved.

c) Other countries have also built, or are building several LNG facilities.

This includes: Qatar, Russia, Nigeria, Iran, Saudi Arabia, Yemen, Central Asia, Trinidad, Algeria, Chile, Peru etc.

3. HUGE NATURAL GAS IS STRANDED IN CANADA

In 2013 the NEB estimated that Canada’s natural gas reserves to be 991 Tcf (ie. conventional 291 Tcf; unconventional 700 Tcf). Canada, itself, only consumes about 3 Tcf annually. So without export market access to Asia and Asian gas prices, Canada faces a major supply problem with very severe economic consequences for the industry and the country, (as recently quantified in the February 2016 report of the Conference Board of Canada). It is also a

great loss of opportunity for Canada to assist the world (together with other gas producers) in the significant and very laudable transfer from coal fired to gas fired power plants.

4. TIME IS AGAINST CANADA AS THE LNG MARKET IS BEING TAKEN UP

The LNG importer market is being absorbed by exporter countries entering into long term supply contracts, each day. No doubt, that Canada's delay is costing us timely opportunity, was very evident, in Alta Gas Ltd. recent announcement on February 25th, 2016 that it is "shelving" its proposed Douglas Channel LNG plant as it was unable to find customers. Also, its Triton LNG plant has been placed "on the back burner". In addition, Shell Canada has stated that it is "postponing" its LNG project proposal at Kitimat.

5. THE PNW PROJECT IS IMPERATIVE FOR CANADA; IT MUST BE FULLY APPROVED IMMEDIATELY

Full approval of this major (\$63 billion) project, assuming that Petronas is still willing and able to proceed, at this late date, is vital for Canada. It would signal to the capital markets that Canada is open for LNG business. At the same time, Canada should expressly provide assurance to other project proposers that its approval process, can be, and will be, more efficient in the future. Otherwise, as we have seen, capital will continue to make its large LNG investments elsewhere.

6. THE CANADIAN ECONOMIC "LIFT" OF MAJOR PROJECT AT THIS TIME OF INCREASING "CHALLENGE" IS PARTICULARLY IMPORTANT

While the government speaks of the need for public expenditures to stimulate our economy, it is noted that this \$63 billion project and others like it, are all privately funded. Moreover, the positive impact, by the approval announcement itself, on economic activity and business psychology would be substantial.

All of which is respectfully submitted.

Thank you.

Yours truly,

Brian Felesky

CC:

Prime Minister Trudeau (justin.trudeau@parl.gc.ca)

Minister of Environment and Climate Change, Catherine McKenna (ec.ministre-minister.ec@canada.ca)

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