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**Re: Tent Mountain Mine Redevelopment Project**

To whom it may concern,

I am writing in response to invitation to review the summary of the Initial Project Description (IPD) and to provide comments on Montem Resources' proposed Tent Mountain Mine Redevelopment Project (the Project).

The multitude of comments available on the Canadian Impact Assessment Register address the potential for serious direct and cumulative impacts on areas within federal jurisdiction and rights recognized and affirmed under s 35 of the *Constitution Act*, 1982 and highlight the level of public concern surrounding this proposed Project. These comments, which echo in large part the Minister's reasons for designation of the Project, leave little doubt that an impact assessment is warranted. The focus of my comments, however, is on the failure of the proponent to articulate in its IPD 'the purpose of and need for' the proposed Project in a carbon constrained world.

*'Purpose of and need for'*

Amongst a list of factors, section 22(d) of the *Impact Assessment Act (IAA)* states that an impact assessment must consider 'the purpose of and need for the designated project'. In the planning phase, the *IAA* requires the proponent to provide the Agency with an IPD that includes the information prescribed by regulation (s 10(1)). The *Information and Management of Time Limits Regulations*<sup>1</sup> (IMTL Regulations) uses the same language as section 22(d), requiring the initial project description to include (*inter alia*) '[a] statement of the purpose of and need for the project, including any potential benefits.'<sup>2</sup> The Government of Canada's 'Guide to Preparing an Initial Project Description and a Detailed Project Description' explains that the 'purpose of the project is what is to be achieved by carrying out the project, including any objectives the proponent has in carrying out the project'.<sup>3</sup> The need for the project, meanwhile, is described as

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<sup>1</sup> SOR/2019-283, s 3 and Sch 1, Pt A.

<sup>2</sup> Sch 1, Pt B, ss 7 and 12.

<sup>3</sup> The Government of Canada's 'Guide to Preparing an Initial Project Description and a Detailed Project Description', Annex I - Contents of an Initial Project Description, Part B, 7.

‘the opportunity that the project is intended to solve or satisfy. That is, the “need for” establishes the fundamental justification or rationale for the project.’<sup>4</sup>

In its summary of the IPD, Montem Resources states the following in relation to ‘purpose of and need for’ the proposed Project:

7. The purpose of the TMM Project is to re-open, complete and execute proper closure of the TMM. The need for the TMM Project is to provide a high-quality metallurgical coal product to the steel making industry (at page 5).

In its IPD, under the heading ‘7.0 The Purpose of and Need for the Project’ makes no reference to the ‘purpose of’ the Project. The ‘need for’ the Project, meanwhile, is described in general terms, stating that ‘[t]he world-wide demand for steelmaking coal is increasing on a year-by-year basis’ and ‘[m]etallurgical coke, made from steelmaking coal is an essential raw material for this method of steelmaking’ (IPD at p 24). The need for the Project is also articulated by reference to the high quality of Canadian steelmaking coal and commercial discussions with customers willing to purchase coal from this Project (IPD at p 24). The remainder of the discussion under this heading relates to the project being economically sustainable and creating sustainable employment opportunities in the community

The information provided is not sufficient to inform consideration of the ‘need for’ the project. The proponent points to no references to support the general assertions made. Most notably, the proponent does not refer to climate change or discuss how mitigation efforts in relation to steelmaking will affect the ‘need for’ metallurgical coal, and hence this Project. The proponent points to increasing year-to-year demand for metallurgical coal, without reference to the realities of a carbon constrained, net-zero. The recent International Energy Agency (IEA) Net Zero by 2050 special report states that beyond projects already committed as of 2021:<sup>5</sup>

No new coal mines or extensions of existing ones are needed in the [Net Zero Emissions by 2050 Scenario (NZE)] as coal demand declines precipitously. Demand for coking coal falls at a slightly slower rate than for steam coal, but existing sources of production are sufficient to cover demand through to 2050.

In relation to coking (or metallurgical) coal, the IEA pathway foreshadows replacement of coal in steel making “based largely on a major shift from coal to electricity... driven by technologies such as scrap-based electric arc furnaces (EAF), hydrogen-based direct reduced iron (DRI) facilities, iron ore electrolysis and the electrification of ancillary equipment.”<sup>6</sup> That these technologies are scaling up quickly is known to the proponent. As the Montem Resources website states:

Currently, hydrogen is used in refining and other heavy industry processes with approximately 90 million tonnes per annum being produced globally. At present, almost all hydrogen production is “grey hydrogen” which creates carbon dioxide and other

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<sup>4</sup> The Government of Canada’s ‘Guide to Preparing an Initial Project Description and a Detailed Project Description’, Annex I - Contents of an Initial Project Description, Part B, 7.

<sup>5</sup> International Energy Agency, Net Zero by 2050: A Roadmap for the Global Energy Sector, [https://iea.blob.core.windows.net/assets/405543d2-054d-4cbd-9b89-d174831643a4/NetZeroBy2050-ARoadmapfortheGlobalEnergySector\\_CORR.pdf](https://iea.blob.core.windows.net/assets/405543d2-054d-4cbd-9b89-d174831643a4/NetZeroBy2050-ARoadmapfortheGlobalEnergySector_CORR.pdf) at 103 and Figure 4.1 (hereinafter IEA).

<sup>6</sup> IEA, *ibid.* at 126.

greenhouse gases during the production process. As such, green hydrogen is quickly starting to realize its potential, resulting in the recent announcements of multiple large scale green hydrogen projects. As such, green hydrogen is quickly starting to realize its potential, resulting in the recent announcements of multiple large scale green hydrogen projects (emphasis added).<sup>7</sup>

The Canada Energy Regulator, in its 2020 Canada Energy Futures report, also recognizes that demand for Alberta's metallurgical coal will depend on changing climate policies.<sup>8</sup> Significant shifts are already occurring in the climate policies, with many countries committing to net-zero targets<sup>9</sup> and others such as the European Commission proposing Carbon Border Adjustment Mechanisms (CBAM) on emissions-intensive imports such as iron and steel.<sup>10</sup> Canada has also indicated it plans to explore this path. These policy shifts will consequentially affect the demand-side economics of metallurgical coal mining as markets and pricing mechanisms favour steel manufactured in plants using green hydrogen rather than metallurgical coal.<sup>11</sup>

That technological shifts and rapidly changing climate policy may affect the 'need for' this Project is not news to the proponent. Indeed, the proponent is itself currently said to be 'assessing the feasibility of a green hydrogen electrolyser production facility at Tent Mountain'.<sup>12</sup> While doing so will not diminish the need for this Project to be subjected to an impact assessment, the Agency must make clear that more rigour is required from the proponent in addressing the 'need for' a metallurgical coal project in a carbon constrained world when it prepares its detailed description of the proposed Project pursuant to s 15(1) of the IAA.

Thank you for your consideration,

Sharon Mascher

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<sup>7</sup> Montem Resources, The Potential of Green Hydrogen at <https://tentmountain-rex.com/project/green-hydrogen/>.

<sup>8</sup> Canada Energy Regulator, Canada's Energy Future 2020, at <https://www.cer-rec.gc.ca/en/data-analysis/canada-energy-future/index.html>

<sup>9</sup> UK, Sweden, France, Denmark, New Zealand, Hungary, Japan, South Korea, and Canada have all passed legislation with a net zero emissions reduction target on or before 2050. China has committed to net zero by 2060. On 14 July 2021, the European Commission committed to becoming a climate-neutral continent by 2050.

<sup>10</sup> Carbon Border Adjustment Mechanism: Questions and Answers, July 14, 2021, [https://ec.europa.eu/commission/presscorner/detail/en/qanda\\_21\\_3661](https://ec.europa.eu/commission/presscorner/detail/en/qanda_21_3661).

<sup>11</sup> See: Dr. Ian Urquhart, Conservation Director, The Economics of Coking Coal Production in a Climate Change Constrained World, Alberta Wilderness Assn (Submission to the Alberta Coal Policy Committee, June 9, 2021).

<sup>12</sup> Montem Resources, Tent Mountain Renewable Energy Complex at <https://montem-resources.com/projects/tent-mountain-renewable-energy-complex/>.