

Citizen's Oil & Gas Council
PO Box 1175
Nanton, Alberta, Canada
T0L 1R0

May 2, 2024

VIA EMAIL

Summit Lake PG LNG Project
Impact Assessment Agency of Canada
210A - 757 West Hastings Street
Vancouver, British Columbia, V6C 3M2

**Re: JX LNG Canada Ltd. proposed Summit Lake PG LNG Project
IAAC Reference Number 87307
Comments of the Citizen's Oil & Gas Council**

Dear Sirs/Madams

These are the comments of the Citizen's Oil & Gas Council (hereafter "the COGC") with respect to Initial Project Description (hereafter "the Project Description") prepared by JX LNG Canada Ltd. (hereafter "the Proponent") with respect to its proposed Summit Lake PG LNG Project (hereafter "the Project").

The COGC comments will focus on the Project purpose and rationale, climate change implications of the Project, implications of rail transportation of produced LNG to Prince Rupert, LNG storage in Prince Rupert, Cumulative effects of the Project and the need for the Project. These comments are not intended to be exhaustive but instead are designed to highlight what in the COGC opinion are the most significant failings in the Proponent's Project Description. Each of these failings will be addressed below.

1. Project Purpose and Rationale

1.1. The Project Description states that the main purpose of the Project would be:

"...Demand for LNG is increasing across the globe as governments are looking to phase out coal use while still supplying the growing demand for energy. According to the Canadian Association of Petroleum Producers (2018), natural gas releases approximately 40% fewer greenhouse gases than coal when utilized for generating electricity. By replacing higher-emitting fuel sources in overseas markets, the Project will contribute to global decarbonization and help countries achieve their objectives regarding GHG emissions reductions."

1.2. The COGC submits that this statement is inaccurate and intentionally misleading. Recent studies have shown that while natural gas, and therefore LNG, may have lower burner tip emissions, that on a full life-cycle basis LNG produced from natural gas sourced in NEBC, shipped to Asia and then burnt to produce electricity has significantly higher GHG emissions than locally produced Asian coal.

- 1.3. If reducing GHG emissions is a primary purpose of the Project it ought to fail on this point alone. On this basis alone it is the COGC submission there is no need for the Project or the environmental assessment of the Project.
- 1.4. Additionally, the Proponent currently does not have an export licence as per the requirements of the *Canadian Energy Regulator Act* and has not made an application for that required licence to the Canadian Energy Regulator.

2. Climate Change Implications

- 2.1. The Project Description states that the Proponent plans to he plan to “achieve net-zero emissions through the operation of the Project includes a potential credit calculation from the displacement of coal used in other domestic and international markets.” As mentioned in paragraph 1.2 above, there is no rational basis to accept that the Proponent will receive the stated credits or that the Project will achieve Net-Zero emissions for the Project.
- 2.2. The COGC submits that the Proponent’s broad assertions are unsupportable and inadequate to properly assess the climate change implications of the Project.
- 2.3. Additionally, as will be discussed below in Section 5 of this submission, there are a number of activities that are necessary for the Project to proceed as described by the Proponent including upstream natural gas production, transmission of natural gas to the Project location including any necessary expansions of existing natural gas transmission infrastructure in order to accommodate the natural gas demand created by the Project LNG, construction of interconnect with BC Hydro’s distribution system, shipping produced LNG to Prince Rupert by rail, storage of LNG in Prince Rupert and shipping of containerized LNG by vessel to Asia. All of these necessary components for the Project to proceed produce GHG emissions and COGC submits that these emissions ought to be included in the scope of the assessment of the Project.
- 2.4. The Proponent assumes that an interconnect with BC Hydro is possible and that BC Hydro can provide that incremental demand but does not include the GHG emissions associate with that interconnect and or supply of electricity to support the Project.
- 2.5. The COGC submits that the scope of the environmental assessment must include an assessment of the environmental, social and economic costs of expanding BC Hydro’s capacity in order that it might supply electricity to the Project.

3. Rail Transportation to Prince Rupert

- 3.1. The basis of the Project is that transporting produced LNG to the west coast by rail as an alternative to construction pipeline capacity. In the Project Description the Proponent indicates that between approximately 5,600 and 11,000 railcars will be required to transport the produced LNG to Prince Rupert per month. This represents a significant increase over existing rail freight traffic between the Project site and Prince Rupert.
- 3.2. The COGC submits that the scope of the environmental assessment must include an assessment of the environmental, social and economic costs of the use of the CNR railway to transport the produced LNG to Prince Rupert.

4. LNG Storage in Prince Rupert

4.1. The Project Description states that:

“The Project will be developed in two identical phases. Phase 1 will produce up to 1.35 million tonnes per annum (MTPA) and Phase 2 will produce an additional 1.35 MTPA for a total of 2.70 MTPA of LNG.”¹

4.2. The Project Description further states that:

“It is expected that the LNG Product stored near the cargo ship port would not exceed the LNG storage capacity limit of 136,000 m³ to trigger an IA under the IAA nor a BC environmental assessment (EA) under the BCEAA. For these reasons this portion of the Project is considered out of boundaries for the EA and IA process.”

4.3. The Project Description goes on to state that at the proposed LNG plant site it will develop “LNG storage tanks with an initial total storage capacity of 100,000 m³ for Phase 1; and a cumulative total storage capacity of 200,000 m³ in Phase 2”²

4.4. Converting 2.70 MTPA of LNG to cubic meters is 3,942 million m³ per annum or 10.8 million m³ per day. The Project Description states that daily production capacity of the proposed is approximately 7,700 tonnes/day which converts to 10.8 million m³ per day.

4.5. Compounding this is that the Project Description states:

“The ships will be dedicated for LNG ISO containers only with an estimation of 700-1500 (1400 – 3000 TEUs) containers per shipload – depending on vessel. The plan is to lease vessels from a shipping line, for the 700-capacity vessel (estimated 7-8 vessels will be required per month).”

4.6. Using these numbers the COGC estimates that there will be a ship loaded and departing from Prince Rupert every 4.3 days.

4.7. If an LNG carrier is departing Price Rupert every 4.3 days and the proposed LNG plant is producing 10.8 million m³ per day it would mean that the Prince Rupert loading facility would require 45.2 million m³ of storage capacity.

4.8. The Proponent states that:

“The Project’s LNG storage capacity in Phase 2 is expected to be approximately 200,000 m³, exceeding the threshold of 136,000 m³.”³

4.9. The COGC submits that if the storage capacity of the LNG production facility exceeds the 136,000 m³ threshold that it can be reasonably expected that the storage requirements at Prince Rupert will also exceed that threshold.

4.10. These storage requirements are far in excess of the triggers set in both the BC *Environmental Assessment Act* and in the Canadian *Impact Assessment Act* and as a result the storage of

¹ JX LNG Canada Ltd., February 12, 2024, Initial Project Description, Page 10

² JX LNG Canada Ltd., February 12, 2024, Initial Project Description, Page 12

³ JX LNG Canada Ltd., February 12, 2024, Initial Project Description, Page 37

LNG containers in Prince Rupert should be considered within the scope of the Project's environmental assessment.

- 4.11. Additionally, these LNG storage requirements ought to trigger environmental assessments of the proposed Prince Rupert storage facilities as per the requirements of the *BC Environmental Assessment Act* and in the *Canadian Impact Assessment Act*.
- 4.12. The COGC submits that the scope of the environmental assessment must include an assessment of the environmental, social and economic costs of storage of the produced LNG in Prince Rupert while awaiting loading and shipping to Asia.

5. Cumulative Effects

- 5.1. The Project requires, as a necessary condition, a number of other activities that will contribute to the cumulative environmental, social and economic effects of the Project. These include the following.
- 5.2. Expansion of upstream exploration, drilling, fracking, processing to produce the natural gas to supply the Project;
- 5.3. The COGC submits that the cumulative effects of the Project in consideration of the required and/or induced upstream natural gas production activities that are required for the Project to proceed ought to be within the scope of the environmental assessment of the Project.
- 5.4. Expansion of the BC Hydro system to meet the anticipated electrical demand of the Project is likely given BC Hydro's supply capacity and its projected demands.
- 5.5. The COGC submits that the cumulative effects of the Project in consideration of the required and/or induced expansion of BC Hydro infrastructure that are required for the Project to proceed ought to be within the scope of the environmental assessment of the Project.
- 5.6. Enbridge has announced its Sunrise Expansion Program⁴ and will be filling an application with the Canadian Energy Regulator in the near future for that project. The required addition capacity required for the Project is not currently included in the Enbridge application to the CER and will be incremental to the Sunrise Expansion Program.
- 5.7. The COGC submits that the cumulative effects of the Project in consideration of the proposed Enbridge Sunrise Expansion Program ought to be within the scope of the environmental assessment of the Project. This includes any looping that Enbridge might need to undertake to accommodate the extra demand on gas supply that the Project requires.
- 5.8. The Project will necessarily result in increased rail traffic along the CNR mainline between the Project site and Prince Rupert (see above in Section 3).
- 5.9. Rail traffic is projected to increase by between 5,600 to 11,200 rail cars per month on a section of railway that goes through multiple cities and towns, for example Prince George, Vanderhoof, Fraser Lake, Burns Lake, Telkwa, Smithers, Morricetown, New Hazelton, Terrace, Prince Rupert and others. These cities and towns have a combined population in excess of 200,000 people.

⁴ <https://www.enbridge.com/projects-and-infrastructure/projects/sunrise-expansion-program>

- 5.10. Canadian National Railways has a history of accidents and derailment along this stretch of track, all of which increase the risks of environmental and social effects directly attributable to the Project.
- 5.11. In addition to public safety concerns, the much of the CN mainline between the Project site and Prince Rupert is immediately adjacent to important rivers, including the Bulkley and Skeena Rivers, that support culturally important and ecologically sensitive stocks of all five Pacific salmon species as well as Steelhead. These stocks are already threatened by multiple cumulative effects including climate change and are in general decline.
- 5.12. The COGC submits that consideration of the cumulative effects of the Project on public safety and health and on threatened salmon stocks as a result of increased rail traffic ought to be included in the scope of the environmental assessment of the Project.
- 5.13. The preceding list of cumulative effects is not exhaustive; there will be other cumulative effects that ought to be considered.

In summary, the Proponent's Project Description intentionally ignores many very significant environmental, social and economic effects of the Project, mostly by arbitrarily parsing necessary and related Project components (ie Enbridge expansion, CPR rail traffic) out of the scope of the Environmental Assessment of the Project. In the COGC's considered opinion, failure to require a proper consideration of the full environmental effects of the Project, which can only be achieved by correcting the scoping errors demonstrated by the Proponent in its Project Description, would render the environmental assessment of the Project at best meaningless and more likely unlawful.

The COGC submits that the Proponent's flawed scope of the assessment be ought to be replaced with a scope of assessment that would allow a fulsome assessment of the environmental, social and economic effects of the Project and a determination of whether the project is in the Public Interest or not.

If you would like to discuss this submission, you can reach me directly by telephone at 250-877-8678 or via email at <email address removed>

Respectfully

CITIZEN'S OIL AND GAS COUNCIL

<Original signed by>

Michael D. Sawyer, MEdes.
Executive Director

cc. Kelly Wintemute, Executive Project Director, BCEAO
Terence Hubbard, President, Impact Assessment Agency of Canada
Binyou Dai – COO, JX LNG Canada Ltd.