

POLICY DISCUSSION FRAMEWORK

FIRST NATIONS CLIMATE INITIATIVE

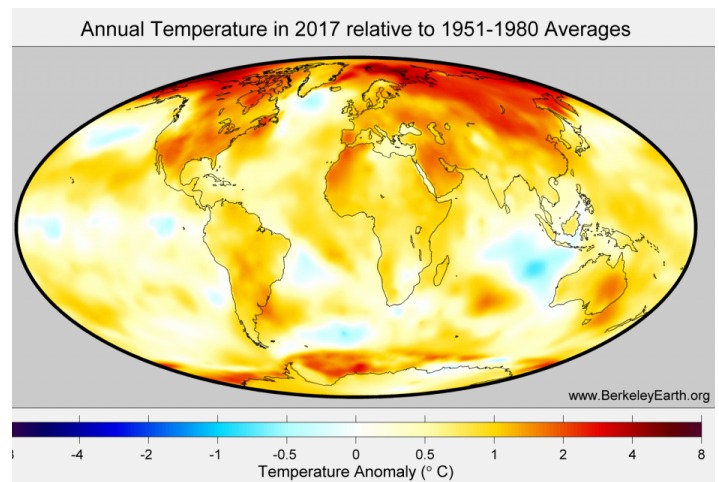
Haisla Nation, Lax Kw'alaams Band, Nisga'a Nation and Metlakatla First Nation
2020



First Nations Climate Initiative Policy Discussion Framework

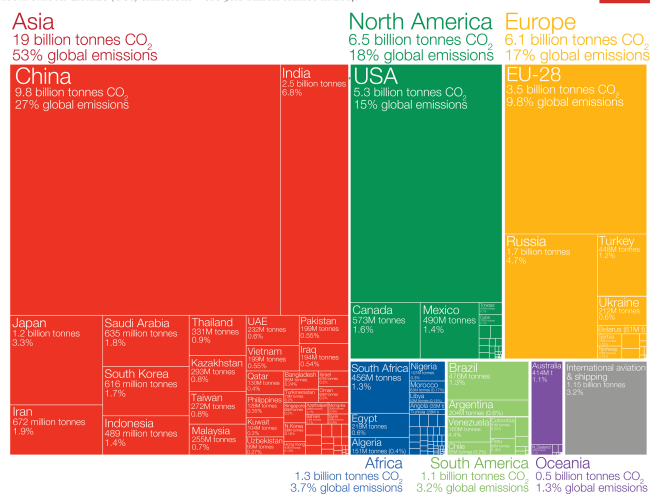
Introduction

The Haisla Nation, Lax Kw'alaams Band, Nisga'a Nation and Metlakatla First Nation (FNCI Nations) are calling upon the Provincial, Federal and other First Nations Governments as well as the private sector and civil society organizations to join them in bold new action to mitigate climate change and alleviate poverty within their and other First Nation communities, transforming them into cornerstones of the regional economy of the future. They believe that coordinated policy development and public and private sector investment will not only help recover the economy from the COVID-19 crisis but will set the stage for a low carbon future where First Nations take their rightful place in the economy as critical actors. After six months of engagement with international and local experts, they have determined how to make the production and export of natural gas into a pivot point in the creation of a globally competitive low carbon economy while making a meaningful contribution to the implementation of international strategies that achieve the goal of the Paris Agreement – to limit global warming to 1.5 to 2 degrees Celsius. BC can produce LNG that has a net zero or even positive impact on BC and Canadian climate objectives. This net-zero LNG will be exported to places like China, South Korea, and Japan where it will displace more GHG intensive fuels including coal fired generation – the greatest contributor to global warming. This cleaner form of energy will result in reductions in GHG emissions worldwide that dwarf our domestic targets while lowering local air pollution. BC net zero LNG can transform the economy and build the infrastructure for our low carbon future; provide the capital to help restore destroyed ecosystems in the Northeast and across BC as carbon sinks; and support the BC and Canadian governments in delivering on their commitments to reconciliation with Indigenous peoples.



Who emits the most CO₂?

Global carbon dioxide (CO₂) emissions were 36.2 billion tonnes in 2017.



Shown are national production-based emissions in 2017. Production-based emissions measure CO₂ produced domestically from fossil fuel combustion and cement, and do not adjust for emissions embedded in trade (i.e. consumption-based).
 Figures for the 28 countries in the European Union have been grouped as the 'EU-28' since international targets and negotiations are typically set as a collaborative target between EU countries. Values may not sum to 100% due to rounding.
 Data source: Global Carbon Project (GCP).
 This is a visualization from OurWorldInData.org, where you find data and research on how the world is changing. Licensed under CC-BY by the author Hannah Ritchie.

The FNCI Nations recognize and support the provincial CleanBC Plan and the Pan Canadian Framework and offer proposals to adjust and enhance these policies to increase their effectiveness. They are also reaching out to the Province of Alberta; inviting them to participate together with BC and Canada and non-government stakeholders in a western Canadian strategy to mitigate climate change, alleviate First Nations poverty and create a vibrant low carbon economy out of the economic devastation COVID-19 has precipitated.

The policy development proposals outlined in this discussion framework and the investment plan that follows

it are aimed at achieving this vision. The proposals are expected to continue to evolve as other levels of Government, other First Nations, and non-government actors join in this initiative to turn words into immediate and meaningful action.

Policy Discussion Framework

Policy Element	FNCI Development Scenario Components	Preliminary Policy Options to facilitate Net Zero LNG and other natural gas product development in BC
Net Zero LNG Strategic Direction	<p>Additional LNG production in Kitimat, Skeena, Nass, Prince Rupert areas</p> <p>GHG and electrification estimates based on 51.5 Mta total produced by new facilities near Kitimat and between the Skeena and the Nass near Prince Rupert. The scenario is scalable and 51.5 Mta was used for analytical purposes.</p>	<p>HIGH LEVEL POLICY GOALS</p> <ul style="list-style-type: none"> FNCI First Nations to provide leadership on achieving the policies and objectives set out in this framework document in a manner that is consistent with BC and Canada’s commitments on climate change, First Nations poverty alleviation, and natural gas infrastructure development and ownership that will benefit their communities, British Columbia and Canada. Establish cost competitive LNG and other natural gas products in the international marketplace. Public and Private sector investment in renewable energy generation and transmission infrastructure and nature-based solutions to reduce GHG emissions from new and existing developments. All new LNG and other gas product development projects achieve net zero within this new policy

		<p>framework on the basis of approved plans and within time frames that align with limiting global warming to 1.5-2.0 C.</p> <ul style="list-style-type: none"> • Promote technological innovation along the LNG supply chain that can be exported to the rest of the world to burn cleaner gas and reduce emissions. • Establish protocols for domestic offsets and enable these offsets to count against carbon tax liabilities and the net zero objectives provided that proponents have an approved plan to achieve net zero as soon as possible while maintaining project viability. • Promote Net Zero LNG and other natural gas product development as a transition step that finances construction of the infrastructure that will electrify the low carbon economy of the future while supporting First Nations economic self-determination and restoration of traditional territories. • Proactively position First Nations who are interested in taking an equity position in project infrastructure, including through loan guarantees and direct grants from Canada, British Columbia and Alberta.
<p>Electrification - Transmission</p>	<p>Upgraded and new Transmission infrastructure to Kitimat and Skeena/Nass/Prince Rupert</p>	<ul style="list-style-type: none"> • Substantial Federal and Provincial investment in building transmission infrastructure to meet near and long-term electrification needs for the FNCI scenario. This requires a shift away from demand driven to a more proactive approach that supports new low carbon industrial development E.g. expand the Canada BC MOU on green power development to publicly finance upgrades of transmission infrastructure to Kitimat and the Skeena/Nass area (could be a combination of HVDC and HVAC transmission lines). • Work with FNCI and other coastal First Nations to support First Nations-led Independent Power Project developments that could have purchase agreements with LNG producers and associated pipelines, possibly as an option to supplying through BC Hydro grid. • Enable proponents to purchase electricity directly from Independent Power Producers. (Allow IPPs to transmit power through the BC Hydro transmission system to enable electrification of

		infrastructure for LNG and other gas product export. In addition, or alternatively, establish an LNG electricity price to incentivize and increase competitiveness of electrified LNG production and stimulate renewable IPP sector).
Electrification - Generation	20000 GWh new renewable resources are needed to electrify this amount of LNG production – Offshore and onshore and upstream Wind, Geothermal, Hydro, Storage Hydro are all available for development	<ul style="list-style-type: none"> • Provide financial support and policy incentives that gives preference to First Nations-led development of offshore, onshore and upstream wind, geothermal, hydro, and Biofuel electricity generation projects linked to a new standing offer program to provide cost competitive electricity to LNG and other natural gas product development initiatives.
Carbon Capture and Storage	Remove Co2 from natural gas and store in saline aquifers in sedimentary basins where natural gas originates or using ultramafic deposits associated with mining activities	<ul style="list-style-type: none"> • Develop an offset protocol that enables trading of reductions in Co2 emissions from CCS projects. • Federal and provincial investments in research and design in anticipation of negative emission requirements in the future.
Nature Based Projects and ecosystem restoration	Ecosystem rehab and nature-based projects across the north to absorb carbon from the atmosphere and contribute to the restoration of First Nations territories	<ul style="list-style-type: none"> • Further develop offset protocols and related regulations that facilitate trading of reductions in Co2 emissions from nature-based projects – e.g. forest, wetland, and marine ecosystem protocols and supporting policies. • Provide provincial and federal support for First Nations development of forest ecosystem and other offsets across the north with priority given to those Nations who have agreed to allow the natural gas pipelines to traverse their territories to the coast. • Provide provincial and federal investment in forest ecosystem restoration in Treaty 8 in order to eliminate the legacy of disturbance from past oil and gas development with a priority placed on the conservation zones identified by those Nations whose communities overlap the Montney Play (Blueberry River FN, Doig River FN, Halfway River FN, Prophet River FN).
Methane	Emissions reductions above 45%	<ul style="list-style-type: none"> • Import Alberta methane protocol to enable trading of carbon credits for reductions in Methane emissions above regulatory requirements which are currently 45%.

Competitiveness		<ul style="list-style-type: none"> • Provide LNG and other gas product infrastructure proponents with carbon tax protection for the period of time that it takes them to achieve net zero provided they have approved plans for doing so. • Provide Provincial Sales Tax relief for LNG and other gas product proponents that are committed to producing net zero gas products on the basis of approved plans. Explore the potential to replace PST with a value-added tax. • Public sector investment in renewable energy transmission and generation infrastructure and nature-based solutions to reduce GHG emissions from new and existing developments. • Enable Net Zero gas product proponents to write off 100% of their capital investments in the first year of operations. • Time frame for proponents to achieve net zero is determined within approved plans to support BC GHG targets. • Regulatory efficiency and certainty. Provide resources for FNCI to expand the coalition of First Nations and stakeholder groups that support net zero development of LNG and other gas products as climate change and poverty alleviation strategies. This would include an information campaign to increase public awareness of the near and long-term benefits of this strategy. Recognize that the current policy framework's restrictions are forcing LNG development into other jurisdictions that produce much more intensive GHGs – the most recent example of this is a proposed facility in Alaska. The perverse implication of this, is by limiting LNG production in BC, we are increasing the GHGs of LNG globally.
First Nations Equity Option	Proactively enable First Nations investment in equity positions in all the new infrastructure	<ul style="list-style-type: none"> • Provide loan guarantees and direct loans (where First Nations are interested) to support equity positions in electricity transmission, generation, pipeline, and LNG facility infrastructure.
Environmental Assessment		<ul style="list-style-type: none"> • Environmental Assessment (EA) could be led or co-led by FNCI First Nations as per the Declaration on the Rights of Indigenous Peoples Act (DRIPA), BC EA Act and Nisga'a Final Agreement.

		<ul style="list-style-type: none"> • Ensure EAs for terminals and generation are coordinated with electricity and/or natural gas transmission infrastructure EAs. • Initiate transmission infrastructure EA processes now so permitting is in place in a timely manner. • Undertake a government-funded regional assessment of an FNCI scenario or similar for more integrated and expedited project-specific approvals. • EAs to be well scoped to facilitate a rigorous and predictable process.
Global Greenhouse (GHG) Emissions	Up to 250 million tons of net GHG reduction per year globally if net zero LNG produced in this scenario displaces thermal coal.	<ul style="list-style-type: none"> • Initiate a Pilot Project with a willing customer in Asia to secure commitments to displace GHG intensive fuels like thermal coal with net zero LNG and other gas products from BC. • Identify options in addition to outright purchase of Internationally Transferred Mitigation Outcomes (ITMOs) to incentivize exchange of GHG emission reduction credits (ITMOs). E.g.: <ul style="list-style-type: none"> • Chinese government agencies like CASH are interested in investing in gas development projects in western Canada (B.C. and Alberta). They may be able to facilitate ITMO transactions. • ITMO exchange could be part of broader trade agreements Canada is negotiating.
Building the Low Carbon Economy	Construction of renewable electricity infrastructure that will become the energy source for a low carbon economy in the north including the Port of Prince Rupert	<ul style="list-style-type: none"> • Natural gas is a feedstock/source of hydrogen for hydrogen fuel which can be utilized domestically and exported once the market matures. • Carbon is captured and utilized for various products or stored. • Northern transportation systems, including the Port of Prince Rupert become instrumental to the low carbon economy with First Nations as major equity stakeholders. • Reset the development paradigm - BC Northern First Nations lead industrial economies and plans into a low carbon future where global climate targets are achieved through the policies identified above. This is reconciliation in action.

First Nations Climate Initiative Investment Plan

Investment Plan

As Canada looks to stimulate the economy in the aftermath of COVID-19, and slogans like “build back better” permeate the dialogue, the pandemic has created a new opportunity that will likely be unprecedented in our lifetimes. Billions of dollars of public cash will be committed in the next few months that will either maintain the status quo or be put to work to achieve a vision for a future that sees an end to First Nations poverty, stops climate warming, and designs a low-carbon economy in British Columbia.

The key elements of an Investment Plan that are supported by the policy development proposals herein include:

- Transmission Infrastructure
 - Invest in the electricity transmission system to ensure NW BC has a robust, reliable supply of renewable low GHG electricity building from the BC Hydro transmission backbone in Prince George.
 - Consider parallel development of an HVDC transmission line alongside the new pipeline to Prince Rupert to supplement electricity supply in a timely manner. Partner with the private sector to develop this part of the transmission system.
- First Nations Renewable Generation Facilities
 - Invest in renewables in NW BC to provide flexibility to ensure reliable, low cost, low carbon supply for LNG terminal and pipelines.
- Ecosystem Restoration
 - Invest in First Nations-led nature-based projects that restore the legacy disturbance footprint in Treaty No 8 territory and across the north to absorb CO₂ from the atmosphere and create immediate contracting and employment opportunities while addressing an important reconciliation issue.
- Loan Guarantees
 - Support First Nations investment in immediate development plans that contribute to FNCI Scenario implementation.

These key elements will be fleshed out in a forthcoming investment proposal FNCI will collaboratively develop with all parties that are prepared to engage. Become part of building a better future: www.FNCIonline.com.