Introduction to our Application for an Environmental Assessment Certificate

Coastal GasLink Pipeline Ltd. (Coastal GasLink) is proposing to develop an approximately 650-kilometre pipeline to deliver natural gas from near Dawson Creek, B.C. to the LNG Canada gas liquefaction facility, proposed to be developed near Kitimat, B.C. Coastal GasLink is a wholly-owned subsidiary of TransCanada PipeLines Limited. LNG Canada is a joint venture of Shell Canada and three partner companies.

In order to proceed with the pipeline, Coastal GasLink will need regulatory approvals based on two separate applications – one to the BC Environmental Assessment Office (EAO), and the other to the BC Oil and Gas Commission (OGC).

Our application for an Environmental Assessment Certificate from the EAO was submitted on January 29, 2014, and accepted for review in February. In preparing the application, Coastal GasLink conducted over 100,000 hours of environmental field work on or near the proposed pipeline route studying; aquatic habitat, wildlife, terrain, soils, vegetation and wetlands, atmospheric environment, hydrology, archaeological resources, traditional ecological knowledge and timber. Coastal GasLink also gathered information about current and traditional land use, social and economic conditions and community priorities in the project area.

This document offers a brief overview of our application to the EAO.

Later in 2014, Coastal GasLink will submit a technical application to the OGC, specifying the technical features of the proposed pipeline and related facilities such as compressor and meter stations. This second application will include detailed engineering information as informed by the results of our 2013 engineering field studies.

Pending approval from regulatory authorities, project construction is scheduled to begin in 2015.

Coastal GasLink
Pipeline Project

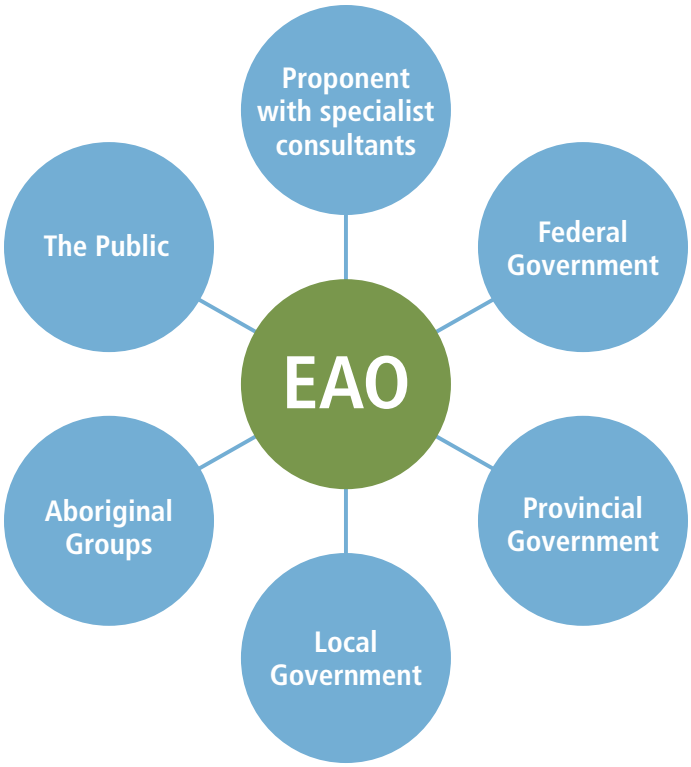
The Review Process

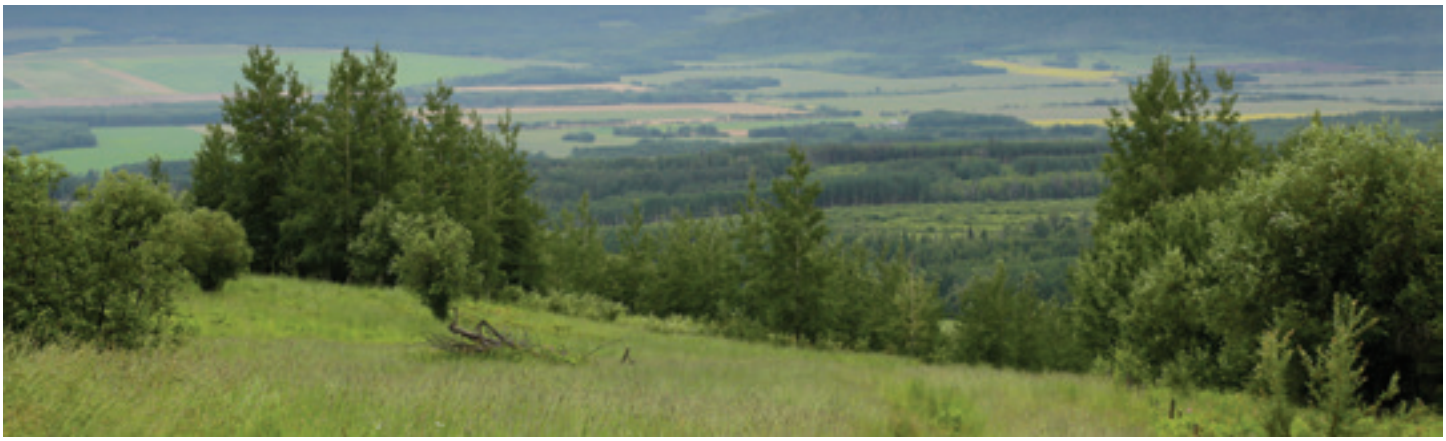
For this proposed project, the process of environmental application and review is governed by the B.C. *Environmental Assessment Act*.

The Coastal GasLink Pipeline Project application to the EAO consists of 7,200 pages of text, maps and tables. The structure of the application was developed in 2013, through a public process that generated a preliminary document, approximately 130 pages long, called the Application Information Requirements (AIR). The AIR process included a public comment period, open houses, and input from an EAO working group made up of federal, provincial, First Nations and local government representatives.

The application was submitted to the EAO on January 29, 2014, to be subjected to a completeness review by the EAO working group. The completeness review ensures that the application meets all the Application Information Requirements.

The review period for the contents of the application began on March 3, 2014, and is scheduled to continue for 180 days. The EAO working group provides further input during this review. The application is also posted on the EAO website and distributed to public libraries in the project area. A public comment period has been announced to run from March 21, 2014 to May 5, 2014. The EAO will draw up a report based on its internal review of the application, input from the working group, as well as comments received from the public, and submit recommendations on the proposed project to the Government of B.C.





Scope of the Application to the EAO

The EAO set out the scope of the Coastal GasLink environmental assessment in an Order issued in 2012 under Section 11 of the B.C. Environmental Assessment Act. Under this Order, the environmental assessment was required to consider the following factors:

- the potential environmental, economic, social, heritage and health effects during the planning, construction, operation, decommissioning and abandonment of the project
- the potential cumulative effects that are likely to result from the combination of the proposed project with other existing and reasonably foreseeable projects and activities
- the significance of the above effects
- measures that are technically and economically feasible that would mitigate any significant adverse environmental, economic, social, heritage or health effects
- the potential for adverse effects on Aboriginal Interests or Treaty Rights
- measures or accommodations to mitigate the above effects

The assessment also considers:

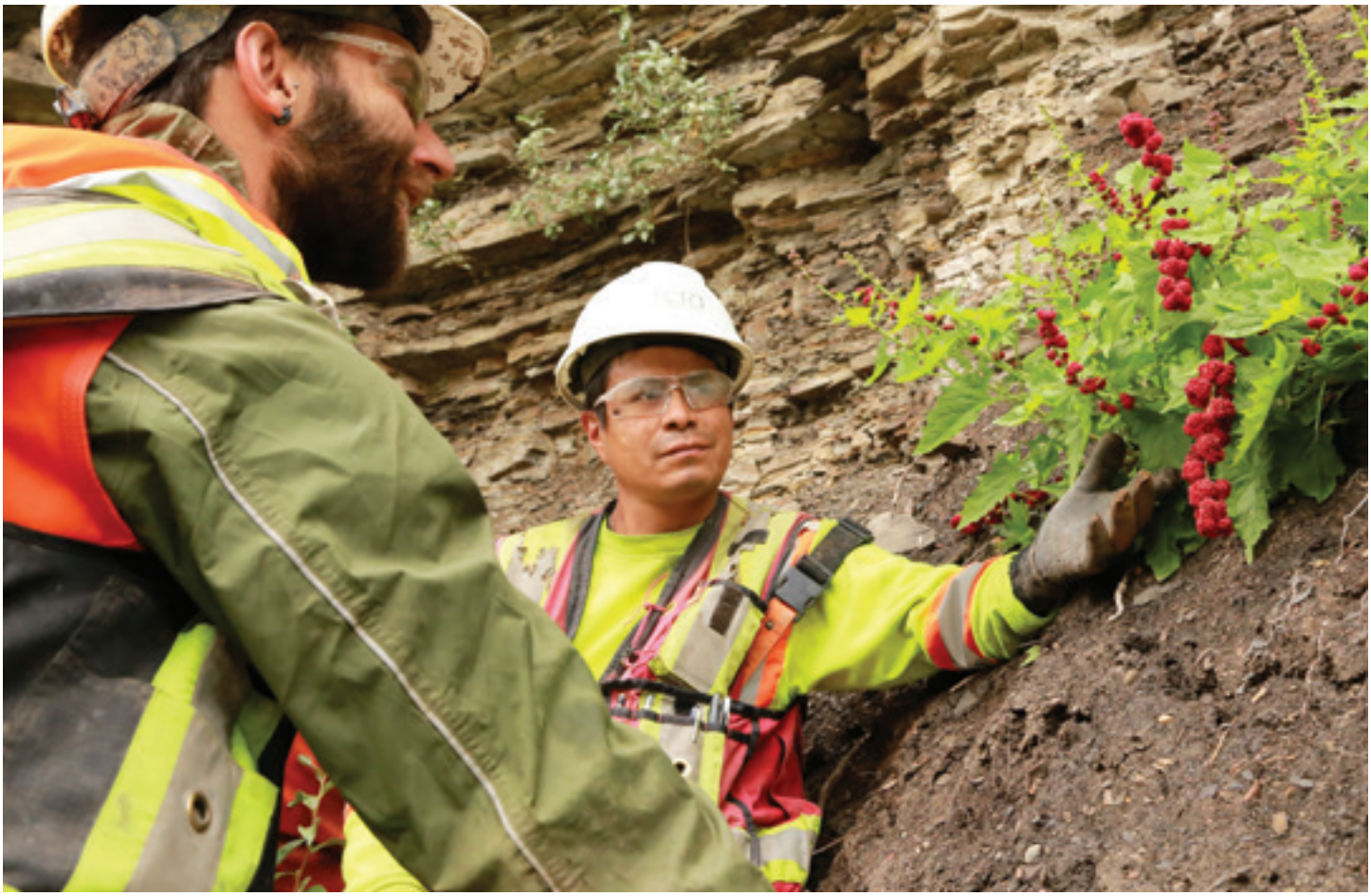
- the potential effects of accidents or malfunctions
- the potential effects of the environment on the proposed project

Valued Components

To ensure that the assessment deals with the key issues and concerns associated with the proposed project, "valued components" were selected and finalized in 2013 through the EAO's Application Information Requirements process.

Valued components are classified under the five "pillars" of assessment: environment, economy, social, heritage and health. The following valued components have been assessed for the purposes of the Coastal GasLink application to the EAO.

- Soil capability
- Terrain integrity
- Acid rock drainage
- Acoustic environment
- Air quality
- Greenhouse gas emissions
- Protection of recreationally, commercially and/or culturally important fish and fish habitat
- Species of conservation concern (aquatic)
- Surface water
- Groundwater
- Ecological communities of concern
- Species of concern (vegetation)
- Wetland function
- Wildlife and wildlife habitat
- Economy
- Employment and labour force
- Current use of land and resources
- Domestic water supply
- Community utilities and services
- Transportation infrastructure and services
- Community quality of life
- Current use of land and resources for traditional purposes
- Cultural sites
- Archeological sites
- Historic sites
- Paleontological sites
- Architectural sites
- Human health
- Ecological health



Assessment of Potential Effects and Mitigation

Part B of Volume 1 of the application presents the results of the effects assessment. Part B reports on the analytical process for determining interactions between the project and the five identified pillars of assessment. It provides details on potential environmental effects based on Coastal GasLink's understanding of existing conditions; proposals for mitigation and environmental management strategies to avoid or reduce potential effects; and consideration of residual and cumulative effects, and evaluation of their significance. Part B of Volume 1 is organized as follows:

- Section 3 – Value Components, Assessment Boundaries and Methods
- Sections 4-10 – Environmental Effects Assessment
- Sections 11-12 – Economic Effects Assessment
- Section 13-16 – Social Effects Assessment
- Section 17-18 – Heritage Effects Assessment
- Section 19-20 – Health Effects Assessment
- Section 21 – Accidents and Malfunctions
- Section 22 – Effects of the Environment on the Project

The results of the Aboriginal Consultation Program and the Public Consultation Program are presented in sections 23 and 24 of Part B of Volume 1. Public input on key Aboriginal and regional issues gathered through these two programs has informed many aspects of the assessment described above, while supporting the development of relationships that will continue through the life of the project.

The proposed mitigation measures are often related to construction techniques, for example:

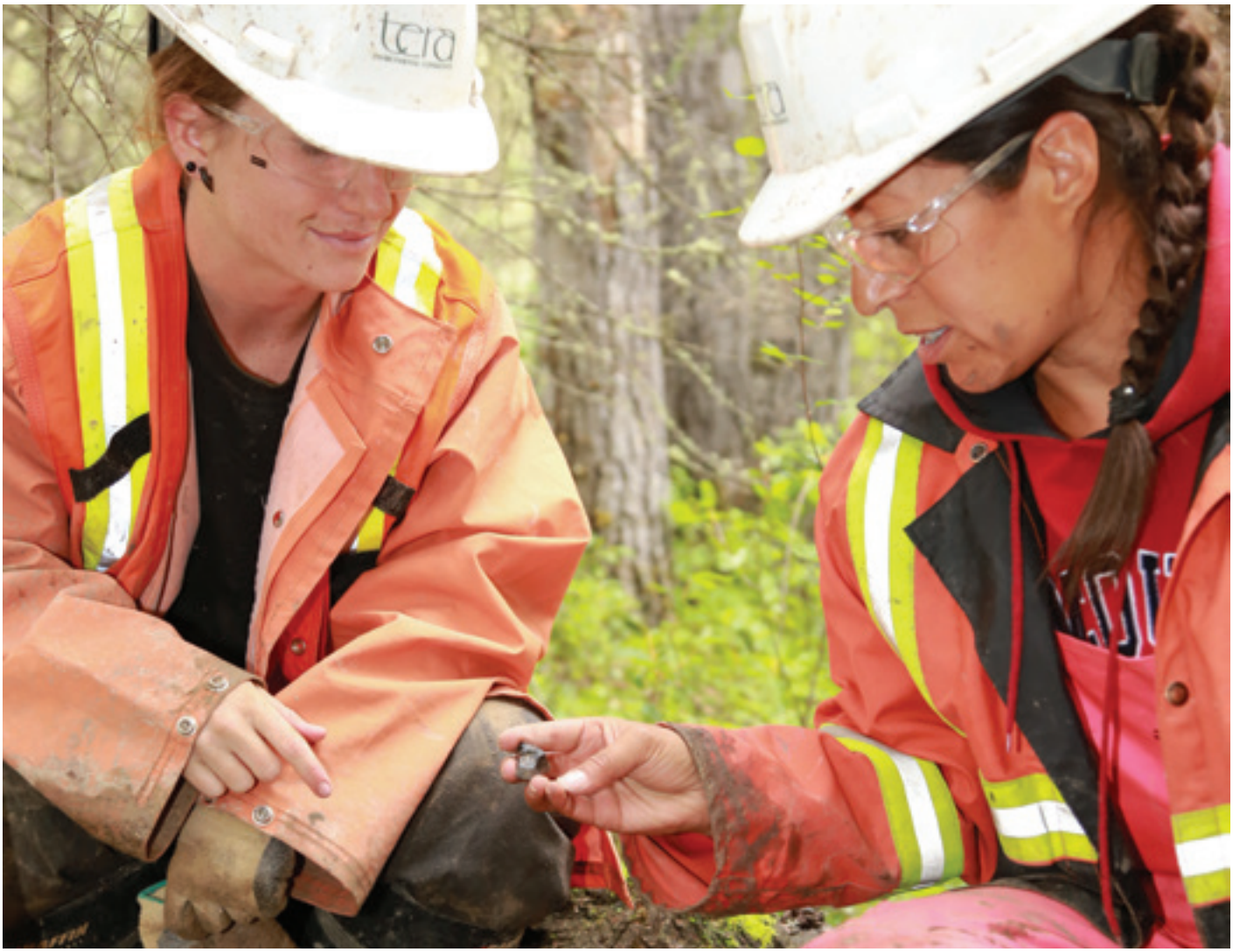
- site-specific design of pipeline installation at water crossings to avoid or lessen potential adverse effects on fish, fish habitat, water and adjacent riparian areas
- seasonal construction to minimize potential adverse effects on mammal, bird and fish populations

Baseline Studies

Information to support the analysis of the potential effects of the project on the environment, economy, social, heritage and health pillars of the assessment was acquired from many sources, including published reports and government documents, results of other project studies, and the results of engagement with Aboriginal groups, governments and other stakeholders.

Where more detailed or site specific information was required to support the assessment, Coastal GasLink undertook technical field studies in the project area. Volume 2 of the application contains baseline information reports, including the results of field studies, as a set of appendices. The baseline studies are:

- Environmental Management Plan
- Terrain Technical Data Report
- Soils Technical Data Report
- Noise Technical Data Report
- Air Quality Technical Data Report
- Greenhouse Gas Emissions Technical Data Report
- Fish and Fish Habitat Technical Data Reports
- Hydrology Technical Data Report
- Vegetation Technical Report
- Wetlands Technical Report
- Wildlife and Wildlife Habitat Technical Report
- Social Technical Report
- Economic Technical Report



Conclusions

Based on the results of the analysis presented in its application to the EAO, Coastal GasLink concludes that the proposed project is not likely to cause significant adverse environmental, economic, social, heritage or health effects, taking into account the implementation of appropriate effect management measures, as identified in the Summary of Mitigation Measures (Volume 1, Part C, Section 26.4).

The effects of the proposed project, as described in this application, have been assessed using methods that reflect current best practice of environmental and socio-economic practitioners. After consideration of the potential residual effects and taking into account the site selection, engineering design and identified mitigation measures, Coastal GasLink and its assessment team believe that the proposed project can be constructed, operated and decommissioned without significant adverse effects.

In addition, measures have been identified to create a range of positive effects associated with the proposed project. The application document concludes that the overall effect of the proposed project will be positive and substantial both locally and provincially.

Volume 1, Part C, Section 26 of the application provides a final summary and conclusions. It also provides:

- a complete map set
- a summary of the assessment of potential project related residual effects
- a summary of the assessment of cumulative effects
- a table of proposed mitigation measures to address potential direct, residual and cumulative effects

Key Findings

Environment **Committed to environmental stewardship**	• The assessment considered potential adverse effects on air, terrain, soil, fish and streams, water, plants, wetlands, wildlife, and species at risk. • For the majority of valued components, the assessment concluded that there would not be significant adverse effects. The assessment relied heavily on industry-accepted best practices developed over many years and in different regions – practices that have been found to be effective in mitigating adverse effects. • To reduce adverse effects on greenhouse gas emissions and species at risk, including caribou, grizzly bear, white sturgeon and white-bark pine, additional mitigation, such as compensation or offsets, may be required.
Social **Respecting the communities within which we operate**	• The assessment considered potential adverse effects on current and planned uses of the land, as well as effects on communities and their infrastructure, and on traditional land and resource use. • The project crosses a landscape that has seen a lot of resource development activity and is likely to see more in the future. Our assessment found that communities have concerns about adding to that activity level. • Proposed mitigation includes the communication of detailed construction information, the use of techniques to reduce land disturbance, and a construction planning process that reflects available traditional land use information. • Support for and expansion of education and training programs was identified as a prime pathway to reduce adverse effects. • Coastal GasLink expects to work with a variety of agencies and programs to manage the potential for long term adverse effects.
Economy **Promoting lasting economic benefits for B.C. and Canada**	• The assessment considered potential effects on government revenue, contracts and procurement expenditures, and on employment and the labour force. • Overall, this project is expected to have a positive effect on the economy, with total construction spending expected to exceed $4 billion, and federal, provincial and property tax revenues in excess of $700 million. • The project expects to create an equivalent of over 37,200 person-years of employment and $1.4 billion in labour income in B.C. There may be a challenge in managing the expected strain on available labour resources.
Heritage **Preserving our history**	• The assessment has advanced the knowledge and understanding of heritage resources in the project area, including archaeological, historic, architectural and paleontological sites. Coastal GasLink expects this to continue through 'on the ground' monitoring during construction. • Because the project activities include disturbance of land, it has the potential to affect heritage resources. Through route selection and archaeological assessments, knowledge shared by Aboriginal groups, as well as implementation of a Heritage Resource Discovery Contingency Plan, the potential for adverse effects on heritage resources is reduced.
Health **Protecting human and ecological health**	• The assessment considered the potential adverse effects on air quality, soil, water as well as noise levels, and how these may affect the health of people and the environment. Typical mitigation and industry-accepted best practices are expected to avoid or reduce the potential adverse effects.

Accidents or malfunctions

Accidents or malfunctions are unplanned events that rarely occur. Through a 60-year history of construction and operations, TransCanada has developed advanced integrity management and emergency response plans that take advantage of the latest technology, and reduce the frequency and severity of accidents or malfunctions. With the implementation of appropriate measures, none of the potential adverse effects associated with accidents or malfunctions are considered to be of high risk.

Effects of the environment on the project

The environment has the potential to adversely affect the proposed Project through events such as earthquakes, landslides and flooding. The project has been designed to minimize exposure to these events. To further reduce the risk of environmental effects on the construction or operations of the project, contingency plans for specific events will be developed. There are no potential residual adverse effects that are considered to be of high risk.

Contact Us

We invite you to contact us with any questions regarding the proposed project.

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