



August 21, 2014

Office of the Wet'suwet'en  
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*Confidential*

Attention: Debbie Pierre, Executive Director  
Hereditary Chiefs of the Wet'suwet'en, as noted below

Dear Sirs/Madams:

**RE: Your Letter of June 24, 2014 Concerning the McDonnell Lake Alternate Pipeline Route for the Coastal GasLink Project**

Thank you for your letter of June 24, 2014, in which the Office of the Wet'suwet'en has identified the McDonnell Lake route (being the proposed route for the Pacific Northern Gas ("PNG") pipeline expansion project) as being the route preferred by Wet'suwet'en members for the Coastal GasLink pipeline through Wet'suwet'en House territories. A copy of that letter is attached for reference as Schedule "A" to this letter.

Your letter of June 24<sup>th</sup> was a follow-up to the meeting on May 16<sup>th</sup> between TransCanada Coastal GasLink project representatives, LNG Canada representatives and the Wet'suwet'en Hereditary Chiefs at your office in Smithers. Subsequent to your letter, a further meeting was held between TransCanada representatives and the Chiefs, on July 29, 2014. This letter is a follow-up to that meeting and a formal response to your letter of June 24<sup>th</sup>.

At the outset, I would like to thank all of the Wet'suwet'en Hereditary Chiefs for their attendance at the two meetings noted, and for the keen interest shown in our proposed Coastal GasLink pipeline project. I would also like to acknowledge the staff of the Office of the Wet'suwet'en for their continuing engagement with us on this project.

By means of the following, I look to address the issues that we see with the proposed McDonnell Lake route and to reinforce our efforts to engage with all of the Chiefs to find an acceptable route through Wet'suwet'en House territories.

### Existing Proposed Route for the Coastal GasLink Pipeline

Attached as Schedule "B" to this letter is a map which shows a number of routing alternatives for the Coastal GasLink pipeline project through Wet'suwet'en House territories. Our currently proposed route is shown on this map in red. This is the route which is included in our application for an Environmental Assessment Certificate for the project, which was filed on January 29, 2014 with the BC Environmental Assessment Office ("EAO").

As you would expect, our proposed pipeline route was subjected to rigorous analysis before reaching the stage at which it was ready to be submitted for regulatory approvals. At our July 29<sup>th</sup> meeting, I outlined 16 criteria that guide our review of potential pipeline routing alternatives. These are: access, biophysical, community input, cost, current land use, future land use plans, First Nations' input, Heritage resources, length, protected areas, safety, schedule, terrain, vegetation, water crossings and wildlife concerns. In assessing these criteria for the Coastal GasLink project, we have been in the planning stages of the pipeline routing for over 3 years.

It is important to note that during the early stages of this planning exercise we chose to follow, to the extent feasible, the east-west routing of the existing Pacific Northern Gas pipeline and the proposed Pacific Trail Pipeline project. Applying many of the routing criteria noted above often leads us to existing or proposed corridors for other linear projects, such as roads, power lines or pipelines. In doing so, the overall environmental footprint of multiple infrastructure projects is minimized.

For the purposes of our EAO application we conducted over 100,000 hours of field work on or near the proposed pipeline route. We have studied aquatic habitat, wildlife, terrain, soils, vegetation and wetlands, atmospheric environment, hydrology, archaeological resources, traditional ecological knowledge and timber. We also gathered information about current and traditional land use, social and economic conditions and community priorities in the project area.

Since we publicly announced the project on June 7, 2012, we have been actively engaging stakeholders and First Nations to gain a better understanding of their issues and values and to a great extent have been able to integrate that information into project planning. With the exception of the last few months, Coastal GasLink has not been able to secure meaningful engagement

opportunities to discuss routing issues with the Office of the Wet'suwet'en. As a result, the progress we have made with other First Nations groups along the proposed pipeline right of way far exceeds that made within Wet'suwet'en territory.

We continue to be willing to engage with the staff of the Office of the Wet'suwet'en to discuss variations to our proposed route to address specific concerns. One such variation we would like to discuss is outlined later in this letter, as the North Morice River route.

### The McDonnell Lake Route (PNG Expansion Project Route)

At our May 16<sup>th</sup> meeting with the Hereditary Chiefs, we undertook to assess and compare the proposed McDonnell Lake route to our existing proposed Coastal GasLink route through Wet'suwet'en territory. The McDonnell Lake route is shown in purple on the map attached as Schedule "B". Attached as Schedule "C" to this letter is our route comparison report that assesses the practicality of the Coastal GasLink pipeline utilizing the McDonnell Lake route.

The report summarizes the results from the work that we have completed with respect to the McDonnell Lake route over the past three months. That work included extensive aerial route reconnaissance, desktop routing reviews and assessment of available environmental data. All information was factored into an overall route assessment using the routing criteria noted earlier in this letter.

Our team has also met with PNG personnel to discuss their proposed expansion project and to review any synergies that may exist between the two projects were Coastal GasLink to align with the proposed PNG route. This would include the possibility of sharing biophysical and engineering field data collected as a part of PNG's planning process to date. Due to time and permitting constraints no direct field work was completed by us on this assessment, but the team was able to extrapolate our knowledge of similar terrain as gathered over the past 2 years of field work on our existing pipeline route.

The following summarizes and builds upon the points related to the McDonnell Lake route alternative that we presented to the Hereditary Chiefs at our July 29<sup>th</sup> meeting:

- The proposed re-route increases the overall length of the Coastal GasLink pipeline by 77 to 89 kilometers (depending on the number and magnitude of required deviations from the route proposed by PNG). Fundamentally, shorter pipeline distances are better, in terms not

only of project cost, but also environmental footprint on the land and construction-related disruption to local populations.

- Some portions of the McDonnell Lake route are not suitable for the installation of a large, 48" diameter pipeline as is proposed for the Coastal GasLink project. Our team estimates that 35% to 40% of the proposed McDonnell Lake right of way would need to be deviated from in order to safely install the Coastal GasLink pipe.
- The relevant portions of the existing PNG pipeline right of way (being also a large portion of the expansion routing) were built in the late 1960's to provide natural gas service to industrial users and local residents in Houston, Smithers, Terrace and Kitimat. By design, the route comes in close proximity to these population centers and their outlying rural residents. The Coastal GasLink pipeline is a transmission facility solely for the delivery of feedstock natural gas to the LNG Canada liquefaction facility in Kitimat. As such, avoiding population centers when there is no need to access them becomes an important and distinguishing routing factor.
- When compared to the existing Coastal GasLink route, the McDonnell Lake route crosses approximately 8 additional major rivers. While we are confident in our ability to safely construct river crossings, proper routing consideration would dictate that the additional cost and environmental impact of such crossings should be avoided when possible.
- Our best estimate at this time is that a major Coastal GasLink re-route to align with the McDonnell Lake alternative would result in a schedule delay of a year or more. The existing regulatory process would need to be suspended to allow for new stakeholder and First Nation consultation and for the collection of field data. The re-route would affect 4 additional First Nations not already in consultation with us. Introducing a project to new participants and providing a respectful amount of time for meaningful consultation is critical to the success of any project.
- Utilizing the McDonnell Lake routing alternative would substantially reduce the value of the economic benefits flowing to the Wet'suwet'en people from the Coastal GasLink project.

Correspondingly, the benefits to certain neighbouring First Nations (including the 4 new First Nations mentioned above) would substantially increase.

- Our initial estimate is that the McDonnell Lake route would result in an increase of the capital cost of the pipeline in the range of \$600 to \$800 million dollars.
- The additional capital cost and an additional year of schedule delay has a major impact on LNG Canada's ability to confidently reach a final investment decision for its liquefaction facility. The schedule delay is especially critical given the global market window for LNG supply to Asian markets. This, combined with the material increase to pipeline cost, could result in the cancellation of not only the Coastal GasLink pipeline project, but the LNG Canada project as well.
- In summary, and as detailed further in the route comparison report attached as Schedule "C", we believe that the existing proposed route for the Coastal GasLink pipeline, with the potential deviation as noted below as the North Morice River route, constitutes a superior route to the McDonnell Lake route when taking into account all of the routing criteria considered.

### North Morice River Route

As noted earlier, where possible in our routing process, we do attempt to accommodate the concerns raised by First Nations and by local residents. There are numerous examples along the Coastal GasLink route where we have done just that.

At the meeting that we had with the Hereditary Chiefs on May 16<sup>th</sup>, a concern was raised about the potential impact a pipeline might have on the hydrology of underground springs which feed the Morice River. While we believe that our construction methods safely address these issues, we have considered a route deviation to the north which places the pipeline generally at a lower elevation than our existing proposed route on the south side of the river. This route, the North Morice River route, is shown in green on the map attached as Schedule "B".

The North Morice River route would see our pipeline crossing of the Morice River moved eastward, to a point where the river begins to flow northward. The pipeline right of way itself is

also approximately 3 to 5 kilometers away from the river and the Morice River bridge cultural camp.

At those points west of where the North Morice River route re-joins the existing proposed route, we have ensured that the pipeline avoids the Burnie River Protected Area. We are also open to discussing in detail other options by which public access to our right of way may be restricted.

Aerial Review of Existing Route and North Morice River Routing

As noted at the July 29<sup>th</sup> meeting, we would be pleased to arrange for helicopter flights by which the Hereditary Chiefs may view our proposed pipeline routes from the air. Experienced Coastal GasLink routing personnel would be made available to accompany the Chiefs to explain and discuss the routing considerations which have guided our decisions. We have asked Pepita Elena from our office to follow up on this invitation to the Chiefs.

Economic Opportunities Available to the Wet'suwet'en People from Coastal GasLink

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



Based on the foregoing, we would very much like to continue our dialogue with the Wet'suwet'en Hereditary Chiefs. In so doing, we would advocate moving toward a more substantive exchange of information – both with respect to our pipeline routing and with respect to documenting the benefits to the Wet'suwet'en people, as will be realized through the negotiation of Project Agreements with Coastal GasLink.

We thank you for your continuing engagement with us in this respect.

Yours truly,

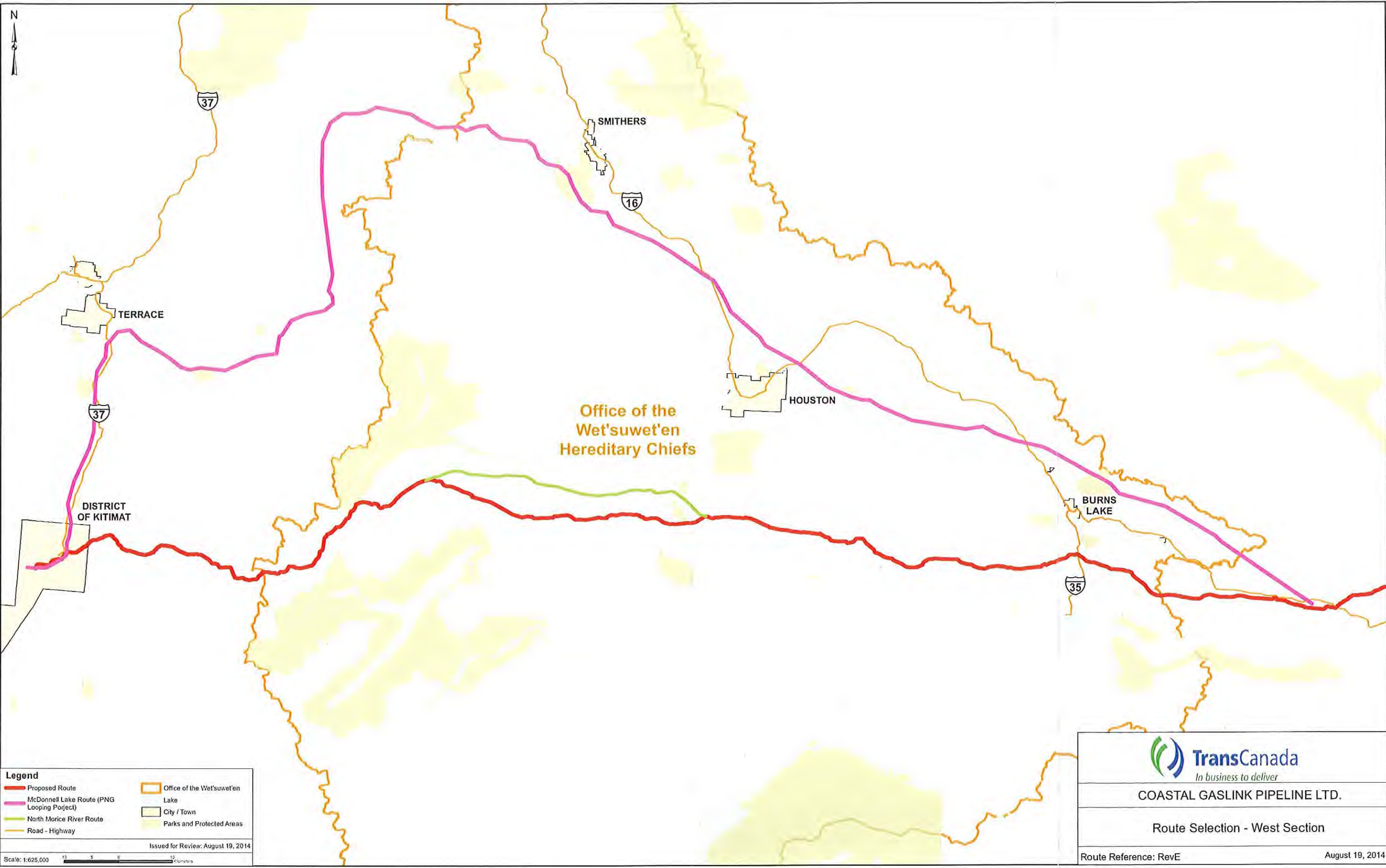


Richard N. Gateman,  
President,  
Coastal GasLink Pipeline Ltd.

Delivered also to each of the following Chiefs:

- Knedebas (Warner William)
- Wah Tah Kwets (Frank Patrick)
- Hagwilnegh (Ron A. Mitchell)
- Wah Tah K'eght (Henry Alfred)
- Goohlaht (La'oh – James Namox)
- Samoooh (Herb Naziel)
- Woos (Darlene Glaim)
- Madeek (Jeff Brown)
- Simke-yaks (Barbara Wilson)
- Smogelgem (Gloria George/Walter Joseph)
- Kweese (Mutt-Bill Naziel)
- Na'moks (John Ridsdale)
- Wigetimstachol (Dan Michell)
- Kloum Kuhn (Alphonse Gagnon)





**Legend**

- Proposed Route
- McDonnell Lake Route (PNG Looping Project)
- North Morice River Route
- Road - Highway
- Office of the Wet'suwet'en
- Lake
- City / Town
- Parks and Protected Areas

Issued for Review: August 19, 2014

Scale: 1:625,000

  
**TransCanada**  
*In business to deliver*

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**COASTAL GASLINK PIPELINE LTD.**

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Route Selection - West Section

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Route Reference: RevE August 19, 2014