

BACKGROUND INFORMATION
for the
INITIAL FEDERAL PUBLIC COMMENT PERIOD
on the
Comprehensive Study pursuant to the
Canadian Environmental Assessment Act

**Canpotex Potash Terminal Project
and Ridley Island Road, Rail, and Utility Corridor
on Ridley Island,
Prince Rupert, British Columbia**

Proposed by:
Canpotex Terminals Ltd.
and
Prince Rupert Port Authority

Prepared by:
Canadian Environmental Assessment Agency

Canadian Environmental Assessment Registry Reference Number: 09-03-47632

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List of Abbreviations

Act	<i>Canadian Environmental Assessment Act</i>
Agency	Canadian Environmental Assessment Agency
BCEAO	British Columbia Environmental Assessment Office
CSR	Comprehensive Study Report
EIS	Environmental Impact Statement
PRPA	Prince Rupert Port Authority

1.0 INTRODUCTION AND PURPOSE

The Canadian Environmental Assessment Agency (the Agency) has received the Project Description for the Canpotex Potash Terminal Project and the Ridley Island Road, Rail, and Utility Corridor Project on Ridley Island, Prince Rupert, British Columbia proposed by Canpotex Terminals Ltd. and the Prince Rupert Port Authority (PRPA) respectively. Since both projects are considered interdependent, a single environmental assessment is being conducted. The combined projects (hereafter referred to as “the Project”) includes the construction, operation, maintenance and decommissioning of a potash export terminal and related transportation corridor and infrastructure.

Following a review of the Project Description, the Agency determined that the Project will likely require an environmental assessment under Section 5 of the *Canadian Environmental Assessment Act* (the Act) and Section 3 of the *Canada Port Authority Environmental Assessment Regulations*. An environmental assessment is required when the Government of Canada issues certain permits, licences or approvals or takes certain actions for the purpose of enabling a project to be carried out. The Project may require the following authorizations, licences and/or permits:

- an authorization under the *Fisheries Act* for the harmful alteration, disruption or destruction of fish habitat,
- a permit under the *Navigable Waters Protection Act* related to the installation of physical structures affecting navigable waterways.
- an approval under the *Canadian Environmental Protection Act* for the disposal of dredged sediment at sea

An environmental assessment is also required under the Act due to actions that may be undertaken by the PRPA. The PRPA may issue a lease of federal lands to enable the Project to proceed. The PRPA is also the proponent for the road, rail and utility corridor portion of the Project.

In addition, Transport Canada may provide funding to enable the Project to proceed. The provision of federal funding can also require the environmental assessment of a project.

The Agency has determined that the Project is within the thresholds described in the *Comprehensive Study List Regulations*. A comprehensive study type environmental assessment will therefore be required.

In accordance with the *Cabinet Directive on Improving the Performance of the Regulatory System for Major Resource Projects*, the Project has also been identified as a “major resource project” and will be subject to the Major Projects Management Office procedures. Additional information on the Major Resource Projects initiative is available at www.mpmo-bggp.gc.ca.

The primary objective of the federal environmental assessment process is to incorporate environmental factors into federal decision making and minimize or avoid the adverse environmental effects of a project before they occur. It aims to promote sustainable development and, thereby, achieve or maintain a healthy environment and economy. The environmental assessment process also promotes communication and cooperation among federal and provincial agencies and Aboriginal groups, and provides opportunities for timely and meaningful public participation.

The purpose of this document is to provide the public with an opportunity to comment on the Project and the conduct of the comprehensive study. Additional opportunities for public participation will be provided before the environmental assessment process concludes.

A notice of this public comment opportunity has been posted on the Canadian Environmental Assessment Registry accessed through the Agency's website at www.ceaa-acee.gc.ca. Comments will be accepted until **September 30, 2011**. Additional details on this comment period are also included in Section 7.1 of this document.

2.0 PROJECT SUMMARY

The Project consists of a potash export terminal and the enabling transportation and utility infrastructure. Canpotex Terminals Ltd. is proposing the construction of the export terminal while the PRPA is proposing the construction of the road, rail and utility corridor which will also service future developments on Ridley Island. A single environmental assessment is being conducted since both projects are considered interdependent. The Project will be located on approximately 160 hectares (ha) of land and an approximately 13.5 ha water lot; the Canpotex Terminal will require approximately 21 ha of land and the PRPA road/rail corridor will require approximately 125 ha of upland area.

Figure 1 – Regional Setting for the Project (Source: Project Description – June 21, 2011)



The Canpotex Potash Export Terminal will include the following components:

- marine wharf, access trestle, causeway and all weather ship loading facility capable of receiving vessels of up to 180,000 dead weight tonne (DWT);
- 180,000 tonne potash storage building with associated conveyor and dust collection systems;
- automated railcar unloading and conveyor system, automated portal scraper and dust collection system;
- settlement pond for storm water and wash down water, marine outfalls;
- administration, personnel, maintenance, and storage buildings;
- site services including water supply, natural gas and sewage; and
- other applicable ancillary components associated with the project and located within the project area.

Once the terminal is fully operational, it will have the capacity to export up to 13 million tonnes of potash annually. This throughput will consist of approximately 500,000 tonnes of white potash on a direct hit basis (meaning the potash will move directly between the railcar and the ship), and the remainder will be red potash (either on a direct hit basis or from railcar to storage and storage to ship).

The PRPA Road, Rail and Utility Corridor will include the following components:

- rail loop (approximately 7,818 m), consisting of a railbed for up to 14 inbound and 11 outbound tracks;
- three inbound rail tracks and two outbound tracks laid for the Canpotex Terminal;
- 69 kV transmission line (approximately 3.4 km) connecting Ridley Island and the Canpotex Terminal to the BC Hydro power transmission system;
- access road with a rail overpass and underpass;
- rail land bridge and culverts; and
- infilling of foreshore marine habitat along Chatham Sound.

In addition to the components listed above, temporary structures associated with Project construction are considered as part of the Project. These include site offices, first aid stations, washrooms, equipment maintenance shops, temporary lay-down areas and barge landing sites.

3.0 REQUIREMENT FOR A FEDERAL ENVIRONMENTAL ASSESSMENT

3.1 The Canadian Environmental Assessment Act

Under section 5 of the *Act*, a federal environmental assessment may be required when, in respect of a project, a federal authority:

- is the proponent;
- makes or authorizes payment or any other form of financial assistance to the proponent;
- sells, leases, or otherwise disposes of lands; or
- issues a permit, license, or other form of approval pursuant to a statutory or regulatory provision referred to in the *Law List Regulations* or by a provision of a prescribed Act of Parliament or any instrument made under an Act of Parliament.

Based on a review of the Project description and discussion with federal authorities, the Agency has concluded that an environmental assessment under the Act is required because certain components of the Project are likely to require action under a regulatory provision listed on the Law List Regulations as follows:

- Fisheries and Oceans Canada may issue an authorization pursuant to subsection 35(2) of the *Fisheries Act* for the harmful alteration, disruption or destruction of fish habitat;
- Transport Canada may grant an approval under paragraph 5(1)(a) and /or 6(4) of the *Navigable Waters Protection Act* related to the installation of physical structures affecting navigable waterways; and
- Environment Canada may issue an approval under section 127(1) (Part 7, Division 3) of the *Canadian Environmental Protection Act* for the disposal of dredged sediment at sea.

As well, actions may be required by a federal authority under Section 5.(1) of the Canadian Environmental Assessment Act which may also result in the need for an environmental assessment. These actions are as follows:

- Transport Canada may provide financial assistance to the Prince Rupert Port Authority for the purpose of enabling the Road, Rail and Utility Corridor Project to be carried out in whole or in part;

As such, Fisheries and Oceans Canada, Environment Canada and Transport Canada are identified as responsible authorities under the Act.

Ridley Island is owned by the Government of Canada and managed by the Prince Rupert Port Authority. Since the Prince Rupert Port Authority is the proponent of the rail, road and utility corridor portion of the Project and since the Project is on Port lands, an environmental assessment is also required under Canada Port Authority Regulations pursuant to CEAA.

3.2 Comprehensive Study List Regulations

The Project is subject to a comprehensive study type environmental assessment pursuant to Section 16(c) of the *Comprehensive Study List Regulations* of the Act which lists:

“The proposed construction, decommissioning or abandonment of a marine terminal designed to handle vessels larger than 25 000 DWT unless the terminal is located on lands that are routinely and have been historically used as a marine terminal or that are designated for such use in a land-use plan that has been the subject of public consultation.”

3.3 Role of Federal Authorities

A federal authority that is required to ensure that an environmental assessment of a proposed project is conducted as per the requirements of the Act is referred to as a responsible authority. Fisheries and Oceans Canada, Transport Canada, Environment and Canada are responsible authorities for the Project.

Along with the responsible authorities, other federal authorities may provide additional specialist or expert advice on the potential environmental effects of a project as they relate to their respective mandates. Health Canada is an expert federal authority for this environmental assessment.

For a comprehensive study, the Act specifies that the Agency shall exercise the powers and perform the duties and functions of a responsible authority until the comprehensive study report is submitted to the Minister of the Environment. The Agency will also act as the Federal Environmental Assessment Coordinator and coordinate the participation of federal authorities in the environmental assessment process. Further, the Agency will undertake the duties of the Crown Consultation Coordinator for the purposes of Aboriginal consultation and will exercise the powers and perform the duties and functions of a responsible authority under subsection 79(1) and 79(2) of the Species at Risk Act (SARA).

3.4 Role of the Minister of the Environment

The Minister of the Environment will make a decision under section 23 of the Act based on an evaluation of the likelihood of significant adverse environmental effects as presented in the Comprehensive Study Report (CSR). The Minister will also consider any comments submitted on the CSR by the public. The Minister may request additional information or require that public concerns be further investigated before issuing an environmental assessment decision statement.

4.0 JOINT CANADA–BRITISH COLUMBIA ENVIRONMENTAL ASSESSMENT PROCESS

The Project may also be subject to an environmental assessment under the British Columbia *Environmental Assessment Act*. Due to the significant federal involvement and jurisdiction relating to the Project, the British Columbia Environmental Assessment Office has indicated it will be pursuing an arrangement which will accept the results of the federal environmental assessment as equivalent to the requirements of the British Columbia *Environmental Assessment Act*.

Further details on the provincial environmental assessment process is available from the BCEAO website at: <http://www.eao.gov.bc.ca/>

5.0 OVERVIEW OF THE COMPREHENSIVE STUDY ENVIRONMENTAL ASSESSMENT PROCESS

A Notice of Commencement of the environmental assessment of the Canpotex Potash Terminal Project was posted to the Canadian Environmental Assessment Registry on May 21, 2009. Shortly thereafter, Canpotex/PRPA re-examined aspects of the project that potentially affected the conduct of the environmental assessment. The federal review was suspended until the additional information was prepared by the proponent.

On July 19, 2011, the revised Project Description was accepted by the Agency that included additional information about the Project. As such, the Agency is now providing the public with the opportunity to comment on the Project and the conduct of the comprehensive study.

Following the submission of the Environmental Impact Statement (EIS) by the proponent, the Agency will prepare the comprehensive study report (CSR). The CSR will summarize the outcome of the environmental assessment and will also be made available to the public for a 30 day comment period. The Minister of the Environment will consider the conclusions of the CSR along with any public comments when making a decision on the significance of the environmental effects of the Project in accordance with the requirements of the Act.

The environmental assessment decision statement announces the Minister's opinion as to whether the Project is, or is not, likely to cause significant adverse environmental effects, taking into account the implementation of any mitigation measures and follow-up programs that the Minister considers appropriate. Once the Minister has issued the environmental assessment decision statement, the Project will be referred back to the responsible authorities to take a course of action decision on whether to permit the Project to proceed (e.g. issue an authorization under the *Fisheries Act*).

Similarly, the PRPA will consider the conclusions of the CSR and any public comments in accordance with the requirements of the Canada Port Authority Environmental Assessment Regulations.

6.0 FACTORS TO BE CONSIDERED IN THE COMPREHENSIVE STUDY

In a federal environmental assessment the term 'scope of assessment' refers to the boundaries of the environmental assessment study. It consists of the factors listed in section 16 of the Act, the scope of those factors, the scope of the Project and the scope of potential environmental effects to be included in the environmental assessment.

6.1 Factors to be Considered in a Federal Comprehensive Study

The *Canadian Environmental Assessment Act* requires the following factors be considered in a comprehensive study:

- purpose of the Project;
- alternative means of carrying out the Project that are technically and economically feasible and the environmental effects of any such alternatives;
- environmental effects (as defined below) of the Project, including the environmental effects of malfunctions or accidents that may occur in connection with the Project and any cumulative environmental effects that are likely to result from the Project in combination with other projects or activities that have been or will be carried out;
- measures that are technically and economically feasible and that would mitigate any significant adverse environmental effects of the Project;
- significance of the environmental effects;
- need for, and the requirements of, any follow-up program in respect of the Project;
- comments from the public obtained in accordance with the *Act*;
- capacity of renewable resources that are likely to be significantly affected by the Project to meet the needs of the present and those of the future; and
- any other matter relevant to the comprehensive study, such as the need for the Project and alternatives to the Project that the Agency may require to be considered.

For greater clarity, according to the *Act*, “environmental effect” means, in respect of a project,

- a) any change that the project may cause in the environment, including any change it may cause to a listed wildlife species, its critical habitat or the residences of individuals of that species, as those terms are defined in subsection 2(1) of the *Species at Risk Act*,
- b) any effect of any change referred to in paragraph (a) on
 - i) health and socio-economic conditions,
 - ii) physical and cultural heritage,
 - iii) the current use of lands and resources for traditional purposes by aboriginal persons, or
 - iv) any structure, site or thing that is of historical, archaeological, paleontological or architectural significance, or
- c) any change to the project that may be caused by the environment, whether any such change or effect occurs within or outside Canada.

6.2 Scope of the Potential Environmental Effects

The scope of potential environmental effects describes the aspects of the environment that will be considered in the environmental assessment, including terrestrial, aquatic and human environments. After taking into consideration the Project and the factors described in section 6.1 above, the Agency proposes that the following environmental components be considered in the comprehensive study review of the Project.

Table 1 Scope of Factors

Environment	Environmental Component
Terrestrial Environment	<ul style="list-style-type: none"> • Air quality • Terrain, soils and geology • Natural hazards • Light and Noise Emissions • Vegetation and plant communities • Wetlands • Wildlife and wildlife habitat (including Migratory birds and their habitats) • Ecologically sensitive or significant areas, species of conservation concern, including species at risk and their habitats
Aquatic Environment	<ul style="list-style-type: none"> • Hydrology • Hydrogeology • Water quality • Fish and fish habitat • Ecologically sensitive or significant areas, species of conservation concern, including species at risk and their habitats
Human Environment (i.e. indirect effects resulting from a direct change in the environment)	<ul style="list-style-type: none"> • Current use of lands and resources for traditional purposes by Aboriginal persons • Navigable waters/ Navigation • Human health (e.g. noise, drinking water quality, country foods, air quality) • Physical and cultural heritage • Structures/sites of historical, archaeological, paleontological, or architectural significance • Light and Noise Emissions • Social and economic issues

6.3 Spatial and Temporal Boundaries of Environmental Components

The spatial boundary of each environmental component will reflect the range of geographic areas and seasonal/annual fluctuations within which effects may be experienced, specific to each component. These will be based on the zone of influence of the Project beyond which the effects of the Project are expected to be insubstantial.

The temporal boundaries will encompass the entire lifespan of the Project and include any remaining waste management facilities.

6.4 Additional matters to be considered

As outlined in section 6.1 above, the factors and the proposed scope of those factors that must be considered in the environmental assessment of the Project also includes the following:

- a) Need for and Purpose of the Project**
“Need for” the Project is defined as the problem or opportunity that the Project is intending to solve or satisfy. The “purpose of” the Project is defined as what is to be achieved by carrying out the Project. The “need for” and “purpose of” the Project will be established from the perspective of the proponent.
- b) Alternative Means of Carrying out the Project**
Alternative means of carrying out the Project that are technically and economically feasible, the environmental effects of any such alternative means, and a rationale for the preferred alternative are to be included.
- c) Potential Accidents and Malfunctions**
Potential accidents, malfunctions and unplanned events that could occur in any phase of the Project, the likelihood and circumstances under which these events could occur, and the environmental effects that may result from such events, should contingency plans not be fully effective will be considered.
- d) Cumulative Environmental Effects**
The evaluation of potential cumulative environmental effects will focus on the interaction between the residual environmental effects of the Project, after mitigation measures are applied, and the environmental effects of other past, present or reasonably foreseeable future projects or activities. The cumulative environmental effects assessment will include, but not be limited to: existing industrial projects, other proposed developments, other land and resource use activities (forestry, hunting, trapping, fishing), tourism and recreation activities.
- e) Effects of the Environment on the Project**
Changes to the Project that may arise as a result of the environment will also be considered. This analysis will include consideration of natural hazards such as:

extreme weather events (lightning, extreme precipitation, flooding, wind, avalanches and icing); seismic events; fire; slope stability; and climate change. Proposed mitigation, including design strategies, will be considered in the evaluation of the effects of the environment on the project and the determination of their significance.

f) Comments from the Public

Comments from the public will be considered by the responsible authorities and the Minister of the Environment. A record of how comments have been considered and incorporated into the environmental assessment will be prepared.

g) Mitigation Measures

In the context of the Act, mitigation means elimination, reduction or control of adverse environmental effects of the Project. The environmental assessment will be used to identify mitigation measures that are technically and economically feasible and would mitigate identified adverse environmental effects arising from the Project. Compensation may be considered as a form of mitigation for the purposes of the environmental assessment.

h) Significance of Adverse Environmental Effects

An evaluation of the nature and extent of the residual adverse environmental effects after applying mitigation and whether the residual adverse environmental effects are likely to be significant will be conducted.

i) Follow-up Program

The environmental assessment will describe the follow-up program and its associated monitoring requirements. The purpose of a follow-up program is to verify the accuracy of the environmental assessment and determine the effectiveness of mitigation measures.

j) Sustainability of Renewable Resources

A consideration of the capacity of renewable resources that are likely to be significantly affected by the Project to meet the needs of the present and those of the future will also be included.

7.0 PUBLIC PARTICIPATION

The public will be provided with at least three opportunities to participate in the federal comprehensive study process:

i) Initial Public Comment Period:

Public comments are being sought on the Project and the conduct of the comprehensive study (i.e. this document).

ii) Additional Public Participation Opportunity:

The public will be provided an opportunity to participate in the comprehensive study by reviewing, analyzing and commenting on the Environmental Impact Statement (EIS).

iii) Comprehensive Study Report Comment Period:

The CSR, which describes the conclusions of the environmental assessment and the recommendations of the federal government, will also be made available for public comment. Public comments received during this period will be forwarded to the Minister of the Environment along with the CSR for consideration in making a final determination.

7.1 Submission of Public Comments at this Time

At this time, the Agency is seeking comments from the public on the Project and the conduct of the comprehensive study as described in this document. Persons wishing to submit comments may do so in writing to the following address:

Canpotex Potash Terminal Project
Canadian Environmental Assessment Agency
410-701 West Georgia Street
Vancouver BC V7Y 1C6
Telephone: 604-666-2431
Fax: 604-666-6990
Email: CanpotexEA@ceaa-acee.gc.ca

Comments must be received by the close of business day on **September 30, 2011**.

Please clearly reference the *Canpotex Potash Terminal Project* and the Canadian Environmental Assessment Registry file number 09-03-47632 in your submission. Also note that all comments received are considered public and will become part of the public registry.

7.2 Participant Funding

The Government of Canada provides funding to support public participation in the review of Comprehensive Studies. This funding will also be available if the environmental assessment proceeds by means of mediation or review panel. Information on the participant funding program, including the Participant Funding Program Guide and the application form are available at: www.ceaa-acee.gc.ca.

To receive funding, applicants must demonstrate that they will participate in the environmental assessment by reviewing and commenting on documents, preparing technical analyses, attending meetings and/or contributing by other means.

Notices regarding the availability of participant funding will be posted on the Canadian Environmental Assessment Registry internet site at www.ceaa-acee.gc.ca under reference number 4302-378.

7.3 Canadian Environmental Assessment Registry

Pursuant to section 55 of the Act, the Canadian Environmental Assessment Registry has been established to provide public notice of environmental assessments and to facilitate public access to records related to these environmental assessments. The public registry consists of a project file and an internet site. The internet component of the Canadian Environmental Assessment Registry can be accessed at www.ceaa-acee.gc.ca under reference number 4302-378. The project file consists of all records used in reaching the determination on significance and can be accessed through a public registry request to the following address:

Canpotex Potash Terminal Project
Canadian Environmental Assessment Agency
410-701 West Georgia Street
Vancouver BC V7Y 1C6
Telephone: 604-666-2431
Fax: 604-666-6990
Email: CanpotexEA@ceaa-acee.gc.ca

8.0 ABORIGINAL CONSULTATION

The federal Crown has a legal duty to consult with, and where appropriate, accommodate Aboriginal groups' concerns when the Crown contemplates conduct that might adversely impact potential or established Aboriginal or treaty rights. Aboriginal consultation that occurs through the environmental assessment process will be used to assist the federal Crown in identifying Aboriginal groups' concerns and, where appropriate, address these concerns. Through consultation, the Crown seeks to strengthen relationships and partnerships with Aboriginal peoples and thereby achieve reconciliation objectives.

The Agency is the federal Crown Consultation Coordinator for this comprehensive study environmental assessment. The Agency will work closely with federal authorities, Canpotex Terminals Ltd, Prince Rupert Port Authority and potentially affected Aboriginal groups to coordinate consultation activities for the purposes of the federal environmental assessment.

At this time, the following Aboriginal groups have been identified as potentially having an interest in the Project:

- Metlakatla First Nation
- Lax Kw'alaams First Nation
- Gitxaala (Kitkatla) Nation
- Kitselas First Nation
- Kitsumkalum Nation

The environmental assessment process is not intended to, and cannot resolve competing and or divergent land claims with respect to the Aboriginal groups identified. Nothing in the environmental assessment or related Aboriginal consultations should be taken to indicate Canada's final position of any rights or title disputes for the area in and around the project location.

9.0 FURTHER INFORMATION

Additional information on the Project is available in the Project Description prepared by Canpotex Terminals Ltd and Prince Rupert Port Authority. The document can be viewed through the following link:

www2.mpmo-bggp.gc.ca/MPTracker/project-projet-05.aspx?pid=127