



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

International & Tribal Affairs

President David McGovern
Impact Assessment Agency of Canada
160 Elgin Street
Ottawa, Ontario K1A 0H3

Re: Input on the Proposed Castle Project

Dear President McGovern:

The U.S. EPA received information from the B.C. Environmental Assessment Office (EAO) related to Teck's proposed Castle Project (April 9, 2020 letter from Todd Goodsell, EAO to Gregory Sopkin, EPA), including notification of the Early Engagement phase of the provincial environmental assessment for the project. This letter is to request that you exercise your discretionary authority under subsection 9(1) of the Impact Assessment Act and designate the Castle Project, thereby requiring the completion of a federal impact assessment prior to project approval and construction. We believe that this project is exceptional for the reasons described below and therefore warrants a federal assessment. In developing this request, we are following the process recommendations for designation requests found in the Impact Assessment Agency of Canada (IAAC) *Operational Guide for Designating a Project under the Impact Assessment Act (the Operational Guide)*.

According to the Castle Initial Project Description, April 2020 (IPD), the purpose of the Castle Project is to extend the life of Teck's Fording River Operations, near Elkford B.C., by many decades. The project includes new open pit mines, waste rock disposal sites, and water management and treatment facilities. The proposed project disturbance area would cover 4,100 ha, in addition to the currently active areas of the Fording River Operations. Teck proposes that the project commence construction in 2023 and operations in 2026, with a coal production rate of up to 10 million metric tonnes of coal/year. Drainages and discharges from the project would be to the Fording River, or tributaries of the Fording River, which flows into the Elk River. The Elk River discharges to transboundary Koochanusa Reservoir approximately 100 km downstream.

EPA has reviewed the request for designation from the Confederated Salish and Kootenai Tribal Chairwoman and the Kootenai Tribe of Idaho Chairman and the letter from Director of the Montana Department of Environmental Quality. Both the Tribes and the state of Montana raised concerns with the project in light of existing impacts and requested that a federal assessment be completed. Given the scope of the proposed Castle Project and potential for downstream water quality impacts, EPA shares many of the state and tribal concerns regarding the potential impact of the project. We discussed our concerns you, EPA Region 10 Regional Administrator, Chris Hladick, EPA Region 8 Regional Administrator, Greg Sopkin, and myself on June 11, 2020.

EPA believes that the Castle Project may cause adverse effects and should be subject to federal impact assessment based on the following factors (as outlined by the guiding questions in the *Operational Guide*).

- The project is near a threshold set in the Project List. Under the *Physical Activities* regulations, an expansion of an existing coal mine would become a designated project under the Impact Assessment Act if the expansion would result in an increase in the area of mining operations of 50% or more and the total coal production capacity would be 5000 t/day or more after the expansion. The Castle Project could result in 27,400 t/day of coal, which is significantly greater than the 5000 t/day threshold

We note that three other proposed coal projects in the Elk Valley (Bingay, Michael Coal, and Crown Mountain) are undergoing concurrent federal and provincial environmental assessments. The EPA is participating in these assessments. These projects are much smaller in scale and production rate as compared to the Castle Project. Disturbance areas for these projects range from 1157 ha to 2588 ha and coal production rates from 5400 t/day to 11,000 t/day.

- The project involves a new technology. According to the IPD, Teck has not committed to a water treatment technology for the Castle Project and is considering implementing saturated rockfill technology (SRF) to treat contact water that is predicted to be contaminated with selenium and nitrates resulting from mining and waste rock disposal operations. Teck has proposed SRF technology at some of its existing coal mines in the Elk Valley but has not yet implemented SRF on full scale over multiple years to demonstrate that it would be successful. EPA has concerns with the unproven implementability and effectiveness of SRF at full scale over the long time periods (decades of operation and post-closure) that would be required. We have expressed concerns with this technology and requested information from B.C. related to SRF technology. While we hope that this technology will prove effective, it has not been demonstrated that it will achieve selenium water quality objectives and standards.
- The project has the potential to cause adverse effects, including impacts to the environment both inside and outside of Canada. The proposed Castle Project is located approximately 100 km upstream of Lake Koocanusa. Direct and cumulative impacts from coal mining in the Elk Valley have resulted in documented impacts to Lake Koocanusa and the Kootenai River water quality, fish, and fish habitat in the U.S. EPA is concerned that new projects will increase pollutant loading to Lake Koocanusa and the Kootenai River. ECCC and IAAC are aware of these concerns through our ongoing conversations and input from EPA during our reviews of other proposed coal mines in the Elk Valley, including the projects noted above. EPA is also concerned about impacts to aquatic resources in B.C that are under federal jurisdiction and could extend to downstream Lake Koocanusa resources, including the recent declines in cutthroat trout populations in the Fording River near the proposed mine site, previous fish kills in Line Creek, and ongoing Canadian federal investigations related to impacts to aquatic life in the Elk River valley.

In summary, EPA believes that a federal impact assessment is warranted for the Castle project because the project: (1) is near the Physical Activities threshold; (2) involves a new technology that is unproven at the proposed project scale; (3) has the potential to impact aquatic resources under Canadian federal jurisdiction; and, (4) has the potential to cause adverse direct and cumulative impacts on U.S. waters and aquatic resources given the proximity to the border and ongoing pollution from existing and historic coal mines in the Elk Valley. We respectfully request that you designate the Castle Project accordingly. In

addition, we respectfully request that EPA and other affected U.S. stakeholders (including tribes) be afforded the opportunity to comment at appropriate points during the federal impact assessment process. Thank you for your consideration of this request.

Our point of contact for this request is Ayn Schmit (Region 8) at 303-312-6220 or Schmit.Ayn@epa.gov and Patty McGrath (Region 10) at 206-553-6113 or Mcgrath.Patricia@epa.gov. Please feel free to contact Greg Sopkin with any questions or concerns regarding our request.

Sincerely,
<Original signed by>

W.C. McIntosh
Assistant Administrator
International and Tribal Affairs

Cc:

Shaun McGrath, Director, MT DEQ

Shelly Fyant, Chairwoman, Confederated Salish and Kootenai Tribes

Gary Aitken, Jr. Chairman, Kootenai Tribe of Idaho

Laura Lockman, US Department of State

Courtney Hoover, US Department of Interior

Scott Bailey, B.C. Environmental Assessment Office