

MEMORANDUM FOR THE MINISTER

**UPDATE - KELTIC PETROCHEMICALS INC.  
PROPOSED PETROCHEMICAL  
AND LIQUEFIED NATURAL GAS FACILITIES, GOLDBORO, NOVA SCOTIA**

(Signature Required)

**SUMMARY**

- Keltic Petrochemicals Inc. proposes to construct and operate petrochemical and liquefied natural gas (LNG) facilities in Goldboro, Nova Scotia. These facilities will also include an electrical co-generation facility, and would require a highway between the development site and Antigonish, Nova Scotia.
- In accordance with the *Canadian Environmental Assessment Act (CEAA)*, Transport Canada (TC) and Fisheries and Oceans Canada (DFO) are responsible authorities to conduct federal Comprehensive Study (CS) level environmental assessments (EA) of certain components of the proposal. The federal EA will be co-ordinated, to the extent possible, with the provincial EA.
- After the EA scoping process was completed in July 2005, the proponent added a dam/impoundment for industrial water to the proposal. The proponent has been advised and has accepted that a screening level EA of the proposed dam and impoundment, separate from the CS, is in their best interest in completing a timely EA.
- Prior to the proponent's acceptance of the screening level EA approach, two ministerial correspondence were received expressing concerns about delays in the federal EA process.
- We recommend that you sign the responses to these two ministerial correspondence (attached under separate cover). These responses re-iterate the recently agreed upon screening level EA approach for the dam and impoundment area.

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## **Background**

- A co-ordinated *CEAA* assessment was officially initiated on April 29, 2005. DFO's *CEAA* trigger in the proponent's original proposal is a *Fisheries Act*, S.s 35(2) authorization for the "marginal wharf". TC's *CEAA* trigger is a *Navigable Waters Protection Act*, S.s.5 (1) (a) approval for both the marginal wharf and LNG Terminal portions. TC is also including shipping within 25 km of Country Island in its scope of project to address Environment Canada concerns about potential effects of shipping on the Roseate Tern (a species listed under the *Species at Risk Act*).
- A CS level EA is required pursuant to the *CEAA* CS List Regulations S.s. 28(c) as both the LNG Terminal and marginal wharf will be designed to handle vessels larger than 25 000 dead weight tonnes.
- From June 1, 2005, to July 3, 2005, a federal EA scoping document was released for public consultation to obtain comments on the ability of the CS to address issues related to the project.
- As late as July/August 2005, the proponent submitted new development proposal details concerning the construction of a dam/impoundment and a highway.
- On September 22, 2005, you met with representatives for the proponent, DFO and TC. The proponent expressed frustration with the *CEAA* process and concern about having a separate screening level EA of the dam/impoundment, rather than having it included in the CS. In response, DFO conducted a site visit the following week to determine information needs and advise the proponent.
- On October 14, 2005, officials from DFO, TC, and the Canadian Environmental Assessment Agency met with a representative of Keltic to explain the reason for conducting a screening of the dam/impoundment and why it was in the best interest of the proponent and a timely EA. The company subsequently indicated their acceptance for the screening level EA. It was also stressed that in order to avoid delays, the proponent must provide a complete project description.

## **Analysis / DFO Comment**

- DFO analysis concluded that conducting a screening level EA of the proposed dam/impoundment rather than linking it to the CS of the wharf under *CEAA* S.s. 15(2) reflects the Department's policy of scoping to its regulatory triggers, is in the best interest of a timely EA, and reduces the following risks:
  - pressure to include other project components between the wharf and dam/impoundment in the EA, and further delays due to public consultation that would occur if the scope of project were re-opened,
  - referral to panel. Adding or linking the proposed dam/impoundment to the CS could increase support for a panel, given that some public comments during the July 2005 public consultation asked for a panel review level EA; and

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- cancellation of the entire project if DFO determines the dam should not be authorized. By conducting a separate screening EA, any of the other three potential sources of water could be assessed by screening without jeopardizing the CS.
- Further DFO believes that the proponent's fears of having a screening of the dam referred to a panel are extremely unlikely, and that in all likelihood a screening could commence immediately and conclude before the CS, provided the necessary information is available.
- DFO Maritimes Region has recently sent a letter to the proponent indicating that the EA track decision process for the marine terminal and wharf will continue, and a screening level EA will be conducted on the dam/impoundment.
- DFO has also verbally provided the proponent with information needs required to determine regulatory requirements for the dam/impoundment, and will be following up with a letter.
- Due to the level of information presently available on the highway component, additional EA responsibilities may be identified in the future. With a view to not affecting the CS process already underway, DFO and TC have decided to continue this EA, to proceed with a screening of the dam/impoundment, and will address any additional EA responsibilities if and when they are identified.

#### **Recommendations / Next Steps**

- Prior to proponent's acceptance of the screening level EA approach, two ministerial correspondence were received expressing concerns about delays in the federal EA process.
- We recommend that you sign the attached responses to these two ministerial correspondences. These responses re-iterate the recently agreed upon screening level EA approach for the dam and impoundment area.

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Larry Murray

Stuart Dean/Bruce Hood/Ginny Flood/Richard Wex/Sue Kirby/kb



To: Larry Murray  
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Date:

Object:

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Objet:

From / Richard Wex

Via: Sue Kirby

Your Signature  
Votre signature

Information

For Comments  
Observations

Material for the Minister  
Documents pour le Ministre

Remarks:

Remarques:

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