Northern Gateway:

Building a Better Project

Letter to Communities





May 2016



DEAR COMMUNITIES:

Northern Gateway is changing. First Nations and Métis people and communities are playing an important leadership role as owners, together with the other Project proponents.

We believe that resource projects like ours should be built with First Nations and Métis environmental stewardship, ownership, support and shared control. From the beginning, Northern Gateway should have done a better job of building relationships with First Nations and Métis communities, particularly on the west coast of British Columbia. While we had the right intentions, we could have done a better job listening and fostering these critical relationships.

Today, we are committed to the process we have followed over the last two years to build trust, engage in respectful dialogues and build meaningful partnerships with First Nations and Métis communities, stakeholders, and communities along the Project route rather than be driven by a construction schedule.

We recently filed a request with the National Energy Board for a three-year extension to the sunset clause (a condition on the Project that stipulates when construction must begin) to allow us the time needed to receive legal clarity and to continue our important discussions.

We believe this is the right course of action for Northern Gateway and the right thing to do as Canadians. We know that this process requires time - and we are committed to getting this right.

Together with First Nations and Métis communities, we have been reviewing and improving key aspects of the Project to address their concerns, notably regarding environmental protection and long-term economic prosperity for generations of First Nations and Métis people.

The Aboriginal Equity Partners and Project proponents are fully committed to building this critical infrastructure at a time when Canada needs it most.

We remain open to change and to working with federal and provincial governments, First Nations, Métis and stakeholders.

We are starting to see the impact of low energy prices in all of Canada – such impact is felt federally, provincially and regionally, but more directly, it is felt by many Canadian families.

With this serious decline in the Canadian economy, there is growing momentum for increased international market access for our natural resources and new energy infrastructure is critical. Northern Gateway provides a long-term and tangible opportunity for British Columbians and Albertans by creating short and long-term jobs.

On behalf of Northern Gateway, thank you for your continued interest in the Project. More information can be found at our website www.gatewayfacts.ca.



John Carruthers
President, Northern Gateway

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DEAR COMMUNITIES:

The Aboriginal Equity Partners (AEP) are the First Nations and Métis communities who own Northern Gateway. We support Northern Gateway's sunset extension request and have jointly signed the formal request to the National Energy Board. This extension is necessary so that we can continue building important relationships and making important improvements to the Project.

Our ownership and involvement has led to significant changes in the Northern Gateway Project. As the Stewards for the Aboriginal Equity Partners, we are focused on ensuring our communities benefit from this Project and are actively involved in Northern Gateway's decision making so that we can protect both the environment and our traditional way of life.

There is a misconception that there is no First Nations and Métis support for Northern Gateway. This is not true. In fact, support for our Project has grown from 26 to 31 communities over the past two years and is continuing to grow.

Our communities need the economic and business benefits that Northern Gateway can bring. This Project provides hope for the future and will ensure long-term benefits for our communities. Collectively, our communities will receive more than \$2 billion in long-term generational ownership, economic and educational benefits from the Project.

Our hope is that Northern Gateway will help our young people to have a future where they stay in their communities with training and work opportunities.

The Northern Gateway Project can make a real difference to the prosperity of all Canadians now and in the future. Northern Gateway can be a win-win for everyone.

We remain committed to moving the Project forward and the opportunities and responsibilities that come with our ownership. We invite you to visit our website www.AEPowners.ca or join us on Facebook to learn more about our work and how this Project will benefit First Nations and Métis communities.





Chief Elmer Derrick
AEP Steward



David MacPheeAEP Steward

W. When Place

Bruce Dumont
AEP Steward

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Elmer Ghostkeeper AEP Steward

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CONDITION #2 OF 209 FOR THE NORTHERN GATEWAY PROJECT STATES:

"Unless the [National Energy Board] otherwise directs prior to 31 December 2016, the certificate will expire on 31 December 2016 unless construction of the pipeline or the Kitimat Terminal has commenced by that date."

We have requested that the National Energy Board extend the time for commencement of construction from December 31, 2016 to December 31, 2019.

WHAT IS A SUNSET CLAUSE?

A sunset clause is a condition that is placed on most regulated major projects in Canada. It identifies a date when construction is required to start by to ensure that the facts presented during the regulatory proceedings remain current and relevant. If the project does not start by such date, the "sun will set" on the certificate and the project will no longer be able to proceed unless an extension is granted.



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Our priority is to work closely with First Nations and Métis communities to protect the lands, water and territories that sustain their traditional way of life while ensuring long-term economic benefits and jobs from the Project.



WHY ARE WE APPLYING TO EXTEND THE SUNSET CLAUSE?



There are outstanding court decisions

Due to a recent court decision. Northern Gateway must now receive an Environmental Assessment Certificate from British Columbia before commencing construction. In addition, the Project approval from the federal government has been challenged in the Federal Court of Appeal. These challenges were heard last October, and we are currently waiting for a decision from the Court. Once the decision is released, one or more of the parties may appeal to the Supreme Court of Canada. If that happens, these legal challenges will not be resolved until after the expiration of the sunset clause. We are committed to keeping you informed as this progresses.

Market uncertainty remains

The companies who will use the Northern Gateway pipeline to ship their products to tidewater need to know the outcome of these legal challenges before making final commercial commitments. We are also continuing to work closely with our Aboriginal Equity Partners to achieve final certainty regarding the benefits available to their communities, businesses and people.

We want to take the time to do it right

Since we received approval, our primary focus has been to build trust, engage in respectful dialogues and build meaningful partnerships with First Nations and Métis communities. We have made considerable progress over the past two years but we have further work to do. Going forward, Northern Gateway, in conjunction with our Aboriginal Equity Partners and other First Nations and Métis communities, will continue to work in a collaborative manner regarding environmental stewardship and to significantly increase First Nations and Métis ownership and benefits.

HOW NORTHERN GATEWAY WILL BOOST CANADA'S ECONOMY:

The recent dramatic drop in oil prices coupled with the lack of pipeline infrastructure is not only affecting future production but jeopardizing existing Canadian oil production.

The significant decrease in oil prices has negatively impacted levels of investment and employment across the country, particularly here in Western Canada. Once the commercial and legal uncertainties are addressed, Northern Gateway will provide a badly needed multibillion dollar private infrastructure investment in Canada's future.

Northern Gateway will:

- Create over 4,000 construction jobs and 1,000 long-term jobs
- Spend \$2 billion in local communities with at least \$1 billion going to First Nations and Métis owned businesses
- Contribute \$98 billion in total tax revenue to local, provincial and federal governments over the 30 year economic life of the Project that can be directed to education, environment, health, infrastructure and other community needs



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When we spend and hire locally, the outcomes are mutually rewarding and beneficial – which is why we are actioning plans to ensure we meet or exceed our First Nations, Métis and local contracting and procurement commitments.



WORKING CLOSELY WITH ALL COMMUNITIES:

Northern Gateway is changing. Over the past year, we have been working closely with our Aboriginal Equity Partners and Community Advisory Boards, listening and working jointly with communities to renew this Project.

We will continue to collaborate with local communities along the Project route on several of the 209 conditions attached to the Project's certificates of approval as well as working to address British Columbia's five conditions. For example, together with First Nations, Métis and local communities, we drafted our Marine and Pipeline Environmental Effects Monitoring Programs and filed them with the National Energy Board.

Going forward we will work with you on several programs including these four:

- Traditional Land Use Investigation Plan
- Construction Environmental Protection and Management Plan
- Socio-Economic Effects Monitoring Plan
- Emergency Response Plans

To find out more, please visit www.gatewayfacts.ca.

Our ongoing discussions have resulted in changes to the Project that directly address concerns regarding environmental protection and long-term economic prosperity. The work on these changes and collaboration with communities continues.

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We are focused on what we have been told matters most - water, land, community, safety and climate change – through these sustainability pillars we are working towards inclusive and sustainable benefits for individuals and Northern communities.





MOVING FORWARD

We will use the additional time to further our engagement on increased ownership, governance, control and benefits for First Nations and Métis communities along the pipeline route and on the BC Coast.

We will continue discussions on our primary focus which is to ensure that First Nations and Métis communities secure long-term economic benefits and jobs from the Project while protecting the lands and resources that sustain their traditional way of life. By being open to change, we hope to welcome additional new Aboriginal Equity Partners in the months ahead.

We will also spend time in local communities listening, engaging and working on our conditions. Key tasks will involve developing critical environmental protection and management plans as well as continuing our engagement with the Community Advisory Boards and working to identify local business capacity to ensure local people and communities are ready to benefit from our Project. To find out more, please visit www.gatewayfacts.ca.

WHAT ARE THE NEXT STEPS FOR THE SUNSET CLAUSE EXTENSION? CAN I GET INVOLVED?

In May 2016, we requested the National Energy Board to extend the sunset clause.

The National Energy Board will take some time to review our request and then it is anticipated that the National Energy Board will set out their process for receiving comments from interested parties on the sunset clause extension request.

Northern Gateway is committed to keeping you informed throughout this process and we will send you additional communications as soon as we have more information.

If you would like to demonstrate your support for Northern Gateway's sunset extension, there are three ways to contact the National Energy Board.

Mail:

National Energy Board 517 Tenth Avenue SW Calgary, Alberta T2B 0A8 Fax:

403-292-5503

Toll-Free:

1-877-288-8803

E-Filing:

https://apps.neb-one.gc.ca/efile/ ElectronicDocumentSubmission.aspx

For the latest information, please check out our website at **gatewayfacts.ca** as well as the website for our Aboriginal Equity Partners at **aepowners.ca**

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