



**THE BC
JOBS PLAN**



NEWS RELEASE

For Immediate Release
2012PREM0014-000104
Feb. 3, 2012

Office of the Premier
Ministry of Energy and Mines

Natural gas fuelling new economic opportunities

VANCOUVER – Premier Christy Clark today announced British Columbia’s natural gas strategy will be established on a foundation of four priorities for long-term economic prosperity under the BC Jobs Plan.

“We are creating new and exciting opportunities by diversifying our natural gas sector, strengthening job prospects for British Columbians and opening the door to new clean energy projects. My government is positioning liquefied natural gas (LNG) as a cornerstone of British Columbia’s long-term economic success,” said Premier Clark.

The Natural Gas Strategy and a complementary strategy focusing specifically on the development of a brand-new LNG sector, were released today by Clark at BCIT. Their four priorities commit the province to:

- Greater emphasis on market diversification to increase the value of B.C.’s natural gas.
- Support job creation together with industry, educators and communities.
- Continued strong leadership on clean energy and climate change moving forward.
- A redefinition of the Province’s self-sufficiency policy to ensure B.C. is well-positioned to power expansion.

The Province’s strategy will ultimately support job creation and economic opportunity. Over the next five years, job openings are expected to increase as a result of growth in the natural gas sector and the emergence of a LNG industry.

Development of LNG is expected to produce approximately \$20 billion in new private sector investment. This investment will create 800 new long-term jobs for British Columbians working in LNG facilities and up to 9,000 more jobs during construction.

Indirectly, growth and a new LNG industry will support thousands of spin-off jobs in the fields of transportation, engineering, construction and environmental management.

“Today’s announcement is an important milestone in achieving the BC Jobs Plan goal to expand natural gas production and develop a competitive LNG industry in B.C.,” stated Jock Finlayson, executive vice president of the Business Council of British Columbia. “While the necessary commercial arrangements are still to be finalized, we are encouraged that the government is moving to establish the enabling conditions to attract major new private sector investment into LNG facilities and infrastructure. As these investments are made, British Columbians will benefit as the province gains access to new markets for our growing natural gas reserves.”

B.C. leadership on climate change and clean energy production is a fundamental aspect of the Province’s natural gas strategy. Natural gas is the world’s cleanest burning fossil fuel. By exporting LNG, British Columbia will fight climate change – an international concern – on a global scale.

“B.C.’s natural gas will help with the transition to a low-carbon global economy by displacing Asia’s current reliance on other carbon-intensive fuels like coal and diesel,” said Premier Clark. “To protect our environment here, we also plan to introduce more ambitious means of offsetting greenhouse gas emissions, such as carbon capture and storage, while balancing growth.”

British Columbia will be home to the world’s first LNG export facilities that use clean energy. BC LNG Douglas Channel and Kitimat LNG will access clean energy from the Province’s existing grid. As new infrastructure is built and the industry expands, future energy needs will be served by local, clean energy, with B.C.’s natural gas used to support energy reliability if required. Discussions are underway now with LNG proponents to assess power requirements for future projects.

“Again, B.C. is demonstrating climate leadership with the world’s first clean-energy-fuelled liquid natural gas plants,” said Minister of Environment Terry Lake. “These two LNG plants will provide Asia with a cleaner alternative for its immediate energy needs as B.C. natural gas displaces more carbon-intensive fuels like coal and diesel. Our abundant natural gas is a bridging fuel that will contribute to global reductions in greenhouse gas emissions, as we move into the future of clean, greener energy alternatives.”

Premier Clark underlined that investments in critical infrastructure to power future LNG facilities will be balanced with the need to keep rates affordable for British Columbians. To do this, proponents will be required to make capital investments towards new infrastructure needed to power LNG operations.

As well, the Province will amend its existing self-sufficiency policy to better suit today’s economic realities, and to foster growth opportunities such as LNG development. The new self-sufficiency definition will require BC Hydro to meet customer demand on an average water year, instead of historically low water levels. This change will ensure BC Hydro customers continue to pay some the lowest prices for electricity in North America, while economic growth under the BC Jobs Plan spurs greater electricity demand.

Government's actions are designed to increase the value of B.C.'s natural gas by creating new markets and greater diversification. Development of the Province's LNG export capacity will enable B.C. to dramatically expand market opportunities. LNG creates a unique opportunity to create an export market in Asia, where commodity prices for natural gas are approximately four times higher than they are in North America.

"British Columbia is in a foot race with countries such as Australia, Qatar and the United States who are interested in exporting LNG, so we are moving quickly," said Minister of Energy and Mines Rich Coleman. "Our plans are designed to ensure B.C. accelerates the pace of development so we can secure new contracts and seize investment while such lucrative opportunities are available."

In addition to diversifying market exports, the Premier indicated the Province will continue to increase domestic market opportunity by promoting the use of B.C.'s natural gas in transportation fleets such as ferries and heavy duty trucks.

British Columbia's Natural Gas Strategy: Fuelling B.C.'s Economy for the Next Decade and Beyond, as well as the Province's LNG Strategy: A Strategy for B.C.'s Newest Industry, can be found and downloaded at: http://www.gov.bc.ca/ener/natural_gas_strategy.html

For 'Canada Starts Here: The BC Jobs Plan', visit: www.bcjobsplan.ca

Two backgrounders follow.

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BACKGROUND 1

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Self-Sufficiency

- The government review of BC Hydro, released in August 2011, recommended that government adjust its electricity self-sufficiency policy to help keep rates affordable for British Columbians.
- Today, BC Hydro operates 30 hydroelectric facilities and three natural gas-fuelled thermal power plants. About 80 per cent of the Province's electricity is produced by major hydroelectric generating stations on the Columbia and Peace Rivers. BC Hydro generates between 43,000 and 54,000 gigawatt hours of electricity annually, depending on annual water inflows.
- As a result of economic growth and opportunity resulting from the BC Jobs Plan, British Columbia's appetite for electricity is forecast to increase by up to 40 per cent in the next 20 years – an equivalent of adding five cities the size of Vancouver to our electrical grid.
- Currently, BC Hydro is required to have by 2016 enough B.C.-based energy to meet customer demand even in critical water conditions; and by 2020, an extra 3,000 gigawatt hour per year of insurance energy.
- The Province will now require BC Hydro to plan for average water conditions instead of historically-low water inflow conditions. This means BC Hydro must have, by 2016, enough B.C.-based energy to meet customer demand in an average water year.
- The conditions under which the original self-sufficiency policy was developed have changed. The move to average water will result in less long-term commitments to purchasing power. In the 2011 review of BC Hydro, the panel noted that this change would reduce rate increases by up to eight per cent by 2016 and 20 per cent by 2020. Moving forward, procurement of new clean power supplies will be based on increases in demand. The Province expects a significant increase in electricity demand to meet the requirements of the BC Jobs Plan.
- The Province will also propose changes to the Clean Energy Act to eliminate the insurance requirement.
- These changes will enhance BC Hydro's ability to optimize its unique and flexible hydro-based system and transmission connections to the western electricity market, creating more opportunity to earn income through short-term trading for the benefit of ratepayers.

BACKGROUND 2

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Skills Training

- Over the next decade, there will be over one million job openings in British Columbia. There will be over 350,000 new jobs expected, and a shortage of 61,500 by 2020.
- Through the BC Jobs Plan, British Columbia is developing Regional Workforce Tables to ensure the Province is providing skills and trades training that align with specific regional needs.

Meeting the Demand

- The Province intends to deliver a three-year extension of its approximately \$31-million annual funding for the B.C. Training Tax Credit program to help employers and apprentices get the skills and training they need.
- This program provides employers with refundable tax credits in respect of salary and wages paid by employers to eligible apprentices. Apprentices registered in an eligible program are also eligible for a fully refundable personal income tax credit.
- To encourage participation in trades training in respect of First Nations individuals or persons with disabilities, individual and employer tax credits are enhanced by up to 50 per cent.
- On July 1, 2009 the basic credit was doubled for employers (to up to \$4,000 in annual credits).
- B.C. has the lowest provincial personal income taxes in Canada for individuals earning up to \$119,000 a year.
- B.C. families generally have one of the lowest overall tax burdens in Canada.
- British Columbia has reduced provincial personal income taxes for most taxpayers by 37 per cent or more since 2001.

Industry Training

- The Industry Training Authority (ITA) is the provincial Crown agency responsible for overseeing B.C.'s industry training and apprenticeship system, providing a skilled workforce for industry and career development opportunities for British Columbians.
- The Province is committing over \$100M to the ITA this year – up 39 per cent since 2004
- The number of total registered training participants has grown from approximately 14,000 in 2004 to about 36,000 total participants today.

Post-secondary Education

- Since 2001, \$21.8 billion has been invested in post-secondary education in B.C.
- This year, the Province is spending over \$1.9 billion in operating funding for post-secondary institutions in B.C.
- Since 2001 the province has added over 32,000 new full-time spaces for students at B.C.'s public universities, colleges and institutes.

- In 2011-12, B.C. provided nearly \$1.8 million for delivery of 398 foundation trades seats at nine public post-secondary institutions to address waitlists in areas of critical skills shortage. Foundation trades programs are pre-apprentice programs designed to provide a foundational skill set in a particular trade area that then greatly enhances the student's chances of proceeding to a formal apprenticeship with an employer.
- The Ministry of Advanced Education, in conjunction with the ITA, funds the northern colleges to deliver a range of trades, technology and related programs including heavy equipment operators, welding, pipefitters, oil and gas field operators, and introduction to trades. All of these positions are related to the labour market needs of the oil and gas sector including the proposed LNG projects.
- In addition, the northern colleges deliver a wide range of workforce training programs in direct partnership with industry including pipeline construction boot camps, excavator training and numerous safety and employment related certifications.
- The Province invested over \$2.1 billion in capital upgrades since 2001 for 1,000 projects on B.C. campuses.
- Over \$2.5 billion in student financial assistance has been provided by government since 2001.
- In 2010-11, the Province reduced the loans for more than 21,000 students through the loan reduction program. In addition, a further 2,000 students were supported through programs such as loan forgiveness and loan remission.

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