



March 19, 2014

Mr. Bruce McLennan, Chair
Yukon Utilities Board
Box 31728
Whitehorse, Yukon Y1A 6L3

Dear Mr. McLennan:

Re: Yukon Energy Application for an Energy Project Certificate and Energy Operation Certificate regarding the Proposed Whitehorse Diesel – Natural Gas Conversion Project – Notice of Motion for an order removing from the record the evidence filed by Donald Roberts (“DR”) as being out of scope

On March 6, 2014, Donald Roberts (“DR”) delivered a copy of a power point presentation to the Yukon Utilities Board (“YUB” or “the Board”) via email, noting in the cover email that it was a “50 minute science based power point presentation on hydraulic fracturing” that was intended to challenge “YEC in their application to convert backup diesel generators to LNG,” and that “the main purpose for YEC proposing this change is to eventually seek LNG from Yukon shale deposits”, “unconventional drilling in shale will have devastating consequences on Yukon water, health and environment”, and Yukon Energy “is setting up a market that is not sustainable”.

On March 11, 2014, Yukon Energy applied to the Board for an order removing from the record the evidence filed by DR as being out of scope. The Board issued correspondence inviting interveners to comment on the motion by March 17, 2014 and indicating YEC may reply to comments by March 19, 2014.

Intervenor Comments

On March 17, 2014, comments were received from two intervenors: Yukon Conservation Society and Leading Edge (“YCS/LE”) and DR.

YCS/LE assert that the DR presentation is “within the scope of this proceeding because it speaks to issues of prudence, cost risks and reasonable alternatives”. Specifically, YCS/LE notes the DR presentation “covers several issues around natural gas extraction and demonstrates that tying the Yukon’s electricity grid to natural gas is not prudent at this time”, hydraulic fracturing “exacerbates climate change, wastes and pollutes water, and causes widespread industrialization of landscapes and communities”, is “gaining increasing backlash from the public” and “the lack and loss of social

licence and regulatory approvals of this extraction activity could have serious cost risks to Yukon ratepayers.”

DR asserts that “the proposal by YEC for converting back-up generators from diesel to LNG is directly related to the process of fracking for fossil fuels in the Yukon,” and claims to substantiate his claim based on statements from various individuals. DR also alleges that the presentation submitted “outlines that this conversion to LNG by YEC is a back door approach to introduce fracking in the Yukon” and “in the Yukon the use of LNG in any capacity is directly related to fracking.”

Yukon Energy Reply

DR has repeatedly indicated that its submission is focused on the consequences of hydraulic fracturing in Yukon, based on its unfounded assertion that “this conversion to LNG by YEC is a back door approach to introduce fracking in the Yukon.”

LNG from Yukon shale deposits is not identified as a supply source in Yukon Energy’s Part 3 Application (or in its Project Proposal to the Yukon Environmental and Socio-economic Assessment Board [“YESAB”]). Neither YCS/LE nor DR have been able to reference any evidence to refute this basic point.

Further, in correspondence to the Yukon Conservation Society (dated December 9, 2013) YESAB noted that the possibility of hydraulic fracturing as an activity connected-to this Project is simply too remote and speculative for the Executive Committee to include it in its assessment” as “there is currently a moratorium on hydraulic fracturing in Yukon, and thus, no possibility of sourcing the proposed facility with LNG from a Yukon location¹.” In short, this evidence has already been ruled by YESAB (the assessor mandated to review and consider and make recommendations regarding potential environmental and socio-economic effects of proposed activities in Yukon²) to not be relevant to its screening of the Project - and no basis has been provided to support any different finding as regards the Part 3 Application.

In summary, given that the stated purpose of the DR presentation is to address an activity not included in the Application or scope-of-Project activities, this presentation is clearly not relevant to the assessment of the Project under the Terms of Reference provided by the Minister and is therefore out of scope.

As such, Yukon Energy requests that the Yukon Utilities Board have the material filed by DR be removed from the record.

¹ December 9, 2013 letter from YESAB to Ann Middler, YCS Energy Coordinator responding to request to include fracking and upstream impacts of natural gas in the Project scope.

² YESAB is an independent arms-length body, responsible for implementation of the assessment responsibilities under the Yukon Environmental and Socio-economic Assessment Act (YESAA) legislation and regulations. Its role is to administer YESAA. YESAA legislation mandates assessors to look at the potential environmental and socio-economic effects of proposed activities and to recommend whether the activities should proceed, proceed with terms and conditions, or not proceed.

If you have any questions regarding the above please contact the undersigned.

Yours truly,

A handwritten signature in black ink, appearing to read "Ed Mollard". The signature is fluid and cursive, with the first letter of each word being capitalized and prominent.

Ed Mollard, CGA
Chief Financial Officer