

30 May 2007

Mr. Tom Young, Co-Chair  
Mr. John Walkley, Co-Chair  
Maplewood Community Association

Via Email: [maplewoodca@shaw.ca](mailto:maplewoodca@shaw.ca)

Dear Messrs. Young and Walkley:

**Re: Canexus Chemicals LLP Technology Conversion Project Application**

I am writing to advise you that the Vancouver Port Authority (VPA), on the recommendation of the Project Review Committee, has approved the application by Canexus Chemicals LLP for a Project Permit to undertake a membrane technology conversion project at its North Vancouver plant.

On behalf of the VPA, I would like to express thanks to the Maplewood Community Association for its participation in the project review and consultation process. I realize the Association does not support the Canexus Project. However, I would like to share with you the ways in which the VPA has taken community concerns into consideration in the terms of the Project Permit and Land Lease.

As evidenced by the letters we received during the consultation process, community apprehension is primarily associated with safety relating to the production, storage and transportation of liquid chlorine. In response to this, the ongoing production, storage and distribution of liquid chlorine by Canexus will cease by July 1, 2030 under a new lease with the VPA. This is the first time the VPA has incorporated the cessation of a portion of a tenant's operation into a lease. In addition, the attached document outlines how the District's specific March 5, 2007 Council Resolution recommendations have been addressed, including fixed tank storage, limitation of risk, term and conditions of lease, emergency preparedness, societal risk, emergency operating procedures, and rail safety.

The Canexus technology conversion project incorporates safe and environmentally sustainable technology into the chemical manufacturing process. The conversion project will result in a decrease in the plant's risk profile to the community and the ability of the District of North Vancouver to initiate much of its Maplewood Community Plan. It will also eliminate asbestos from the production process and the plant's solid waste stream and allow Canexus to realize an overall 80% reduction of greenhouse gases, as hydrogen generated from the chemical process will replace natural gas for power generation.

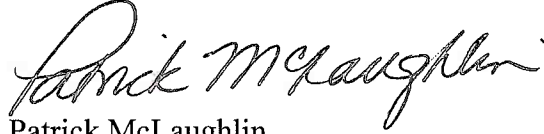
...2.

Due to the community's sensitivity surrounding this project, the VPA and Canexus would be pleased to attend a meeting of the Maplewood Community Association to deliver a presentation on the technology conversion project and to answer questions your members may have. Please contact me at your convenience to arrange this presentation. I can be reached at either 604-665-9044 or [patrick.mclaughlin@portvancouver.com](mailto:patrick.mclaughlin@portvancouver.com). I would be pleased if you would also share this letter with your members.

I am confident that the VPA has integrated the concerns of the community into the Project Permit and Land Lease to the maximum extent possible. Once again, thank you for participating in the consultation process for this project.

Sincerely,

**VANCOUVER PORT AUTHORITY**

A handwritten signature in black ink that reads "Patrick McLaughlin". The signature is written in a cursive, flowing style.

Patrick McLaughlin  
Director, Planning & Development

*Attachment* – Project Approval Briefing



## Project Approval Briefing

### Canexus Chemicals LLP Membrane Technology Conversion Project

#### Background

Canexus Chemicals Canada Ltd. Partnership (Canexus) has been operating at its current site in North Vancouver for 50 years in October 2007 and is a long-time corporate citizen in good standing in the community.

Canexus submitted an application to undertake a Technology Conversion Project (TCP) involving a capital investment of approximately \$180 million in October 2006. The VPA approved the project permit on May 29, 2007.

The TCP involves installing new membrane processing equipment at the North Vancouver plant. This will require some new construction and the eventual demolition of part of the old plant. The conversion project will result in:

- A decrease in the plant's risk profile to the community.
- The ability of the District of North Vancouver to initiate much of its Maplewood Community Plan.
- The elimination of asbestos from the production process and the plant's solid waste stream.
- An overall 80% reduction of greenhouse gases, as hydrogen generated from the chemical process will replace natural gas for power generation.
- Reduced energy consumption.
- A reduction in on-site, fixed tank chlorine storage from 300 tonnes to 60 tonnes.
- An increase of one railcar per day carrying chlorine (from 4.5 to 5.5 per day).
- An increase in Canexus' chlorine production capacity by approximately 25%, from 154,000 tonnes/annum to 197,000 tonnes/annum.

#### What public consultation was undertaken in approving the project?

The Canexus project was reviewed through VPA's Project Review Process, requiring public consultation and referrals to the Tsleil-Waututh and Squamish First Nations, the District of North Vancouver and the City of Burnaby. Specific consultation activities included:

- VPA Planning & Development and Canexus representatives held project briefings with each of the municipalities and First Nations to outline VPA's project review and consultation process, provide an overview of the Canexus project and answer questions.
- Project information was posted on VPA's website for public viewing, including the full application and supporting consultant studies, a VPA Public Consultation Summary, and a link to Canexus' project website that includes answers to frequently asked questions about the project.
- Canexus held a public open house on November 23, 2006.
- VPA representatives attended Maplewood Community Association and Canexus-ERCO-Dow Community Advisory Panel meetings to address public questions about the proposal.
- VPA responded to comments received from the public, the Maplewood Community Association and others.



## Project Approval Briefing

**The District of North Vancouver Council passed a resolution opposing the project on March 5, 2007. However, the resolution included recommendations for VPA to address in the event the project does proceed. How has the Vancouver Port Authority responded to these conditions now that the project has been approved?**

The District of North Vancouver Resolution included conditions to be met in the event the TCP proceeds. The VPA Project Permit and VPA Lease include provisions to address the District's Council resolution items. The conditions have been addressed as follows:

### ***On-Site Fixed Tank Storage of Liquid Chlorine***

After the Technology Conversion Project (TCP) is complete on-site, fixed tank chlorine storage will be reduced from a current capacity of 300 tonnes to a new capacity of 60 tonnes. The Quantitative Risk Assessment (QRA) confirmed that the reduction of fixed tank storage would be a major contributor to the overall reduction in plant operating risk. The VPA's Project Permit and Lease will limit fixed tank chlorine storage to 60 tonnes.

### ***Limitation of Risk***

Based on discussion with Canexus, the VPA understands that the use of the annual average number of loaded railcars reflects the TCP QRA assumptions and is the most effective means to limit risk. Canexus' Project Permit will limit the annual average number of loaded railcars on site, as presented in the QRA.

### ***Ongoing Risk Review and QRA***

Canexus already undergoes a variety of ongoing risk reviews and will cover all compliance review items in a consolidated annual report card, reporting on safety, risk and environmental items, and community outreach. This report will cover everything that has emerged through the project review process, including: on-site chlorine storage; rail car compliance; ongoing risk reviews; peer review QRA recommendations; relevant Council resolutions; and, community outreach (i.e., Community Advisory Panel, CanAlert, work with local fire department, HAZMAT work). Canexus will contract a third party auditor to conduct the reporting. The VPA Project Permit shall reference the annual report card.

The VPA Project Permit and Lease will reference the QRA. The QRA update will be required only if there is a change to Canexus' operations and/or technology at some future date, or if it were needed to demonstrate continuous improvement at some future date.

### ***Term and Conditions of the Lease***

Canexus is located within a port planning area designated to accommodate a mixture of port industrial, recreational and conservation uses. This planning area supports the ongoing operation of Canexus.

Canexus' current lease with the VPA expires on July 1, 2018. The VPA has agreed to enter into a new lease with Canexus, from July 1, 2007 to June 30, 2032. Included in the new lease is language that will require the production, storage and distribution of liquid chlorine to cease by July 1, 2030. This does not imply that Canexus will cease operations in the District of North Vancouver. It simply means Canexus will no longer produce, store or distribute liquid chlorine at the District of North Vancouver plant.



## Project Approval Briefing

### ***Improved Community Emergency Preparedness***

Canexus is currently involved in a number of emergency preparedness initiatives and is actively involved in the CanAlert line, coordination of live drills and provision of HAZMAT resources and training. Canexus is following up with the District to more specifically address this item and, as a Canexus initiative, will not be referenced in the VPA Project Permit or Lease.

### ***Societal Risk Assessment***

The District of North Vancouver has requested that Canexus prepare a societal risk assessment for District approval on parcels A and D of the Maplewood Local Plan. This is a District of North Vancouver land use item and is not included as a VPA Permit or Lease condition.

### ***Emergency Operating Procedures and Fixed Foam Protection***

The inventory transfer procedure and fixed foam protection will be included in the consolidated annual report card. The VPA Permit and Lease will reference the recommendations in the VPA QRA peer review.

### ***Rail Safety***

As part of the VPA Project Review Application, Canexus provided a Transportation Risk Assessment (TRA) to assess the risks of rail transportation of products from Canexus. The peer review completed by VPA's consultant included a review of the TRA and concluded that Canexus meets the Responsible Care® criteria for ongoing transportation risk assessment and reduction.

VPA's consultant also provided rail transportation data specific to dangerous goods incidents. The data shows that in Canada, the incidence of rail accidents where dangerous goods have been released is very low and equals  $0.07 \times 10^{-6}$  for a 5-year average per one million train miles with no fatalities or injuries reported. Based on this, VPA's consultant considers the risk associated with the movement of chlorine railcars as low and acceptable.

In addition to Canexus' qualitative risk management process used to evaluate routes for risk reduction opportunities, the following risk management program is in place:

- Canexus has undertaken extensive outreach to emergency responders in populated areas along the rail routing to ensure that they have the methods, equipment, knowledge, and training to respond to a Hazardous Materials (HAZMAT) incident in the unlikely event of an occurrence.
- Canexus has a highly trained emergency response team that is on call 24 hours per day and prepared for immediate dispatch to a HAZMAT situation. In addition to the Canexus emergency response team, they also have service agreements with major emergency response contractors throughout Canada and the United States.
- Railcar security is maintained at the Canexus site; at the customer site; and while in transit, the rail carriers maintain the security of the railcars and integrity of the rail system. Within the transfer/switch areas of the CN Lower Mainland operation, railcar speed is limited to 15 miles per hour (24 kilometers per hour) and therefore the risk of a release from a railcar incident is greatly reduced.



## Project Approval Briefing

Also included in Canexus' Project Review Application is information regarding CN Rail's Emergency Response Plan and an extensive overview of the CN Rail safety process and risk management system. As noted in the Application, CN considers the increase in shipments resulting from the TCP project to be minimal. The additional four to five railcars per day (one of which is chlorine) will be handled in the same manner as the existing safety practice. CN does not see this as a material increase and does not feel it will be necessary to alter their existing Emergency Response Plan. Recommendations to further inspect rail cars for damages and malfunctions prior to loading (by Procor), following loading (by Canexus) and prior to transport (by CN) were made by VPA's consultant. DNV staff support these additional measures being taken. These recommendations are reflected in the VPA Project Permit.

### ***Property Tax Cap***

The District of North Vancouver asked that Canexus provide payment-in-lieu to the District should there be a property tax cap. This is outside of VPA jurisdiction and is not included as a VPA Project Permit or Lease condition.

### ***Indemnity***

The District of North Vancouver asked that prior to finalizing any renegotiation or renewal of the lease between the VPA and Canexus, the District of North Vancouver be indemnified against any damages that may result from the release of chlorine. This is outside of VPA jurisdiction and is not included as a VPA Project Permit or Lease condition.