

April 15, 2014

Ms. Lynn Kriwoken
Director, Water Protection & Sustainability
BC Ministry of Environment
PO Box 9362 Stn Prov Govt
Victoria British Columbia V8W 9M1

Dear Ms. Kriwoken:

Re: Water Pricing under Bill 18 - BC Water Sustainability Act

Thank you for the opportunity to provide feedback on the British Columbia Ministry of Environment's (B.C. MoE) Pricing B.C.'s Water paper and Bill 18 – Water Sustainability Act. Generally, Encana is supportive of the input provided by CAPP; however there are some areas that we feel deserve highlighting and further reinforcement. We recognize that subsequent regulations may further define groundwater (e.g. saline or unusable groundwater) and would like to take this opportunity to re-iterate the recommendation for a proposed saline groundwater definition:

Encana maintains a recommendation that groundwater be differentiated based on usability (usable vs. otherwise unusable), where general guidance for usable groundwater thresholds would be depths less than 300 metres and total dissolved solids (TDS) concentrations consistent with Canadian water quality standards for water usage. In the alternative, we recommend a saline groundwater definition based on a quality threshold of 4,000mg/L TDS that will align with other jurisdictions in Canada.

As mentioned, Encana is **supportive** of the development of a revised fee structure that is consistent with the following Pricing B.C.'s Water principles:

- Simplicity
- Implications for Water Users: "enabling business competitiveness"
- Cost recovery; particularly recovery that supports administrative application fees
- Efficiency: "pricing that incents the use of non-potable water"
- Food security and public health

Encana submits the two principles outlined below inherently contradict other principles that Encana supports above:

1. Fairness and equity: "surface and groundwater being treated as one resource and subject to the same pricing structure".

Encana believes that surface water and groundwater should not be subject to the same pricing structure. This seems to contradict the principles that "incent the use of non-potable water" and "enables business competitiveness". There are inherent increased costs associated with the exploration and use of groundwater resources that must be recognized.

Encana recommends that in order to significantly incent the use of non-potable water, these otherwise unusable/saline groundwater resources be exempt from rental fees.



2. Impact on Water Resources: "water that is consumed and removed from the watershed should be assessed differently than non-consumptive uses".

Encana acknowledges that Oil and Gas is a consumptive use and believes the fee structure amongst consumptive users should be the same. This wording seems to indicate that water that is consumed and removed may be treated differently than water that is consumed and returned, though both still consumptive uses. This principle contradicts water pricing that "enables business competitiveness" by subjecting certain sectors to different pricing. To date, we feel there has been no rationale presented to support this principle.

Encana recommends that all consumptive users should be treated equally (whether water is removed or not) and the current relative rate difference between consumptive and non-consumptive uses remains.

We recognize the significant time and effort that has gone into modernizing the Water Act and again thank you for the opportunity to provide feedback and participate in British Columbia's vision for sustainable water stewardship.

Sincerely,

A handwritten signature in blue ink, appearing to read "Richard Dunn".

Richard Dunn
Vice President, Government Relations
EnCana Corporation

Cc: Mark Zacharias, ADM, Environmental Sustainability and Strategic Policy, BC Ministry of Environment
Ines Piccinino, ADM, Upstream Development Division, BC Ministry of Natural Gas Development