Now you're thinking

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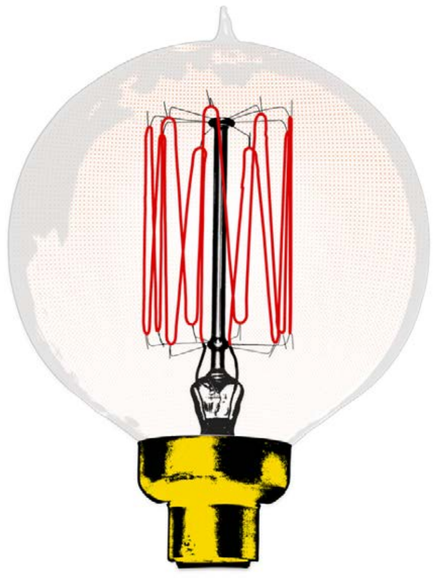


LNG and Canada's Energy Ambition

Chapter II. The State of Environmental Assessments and Permitting Process

Canada's first West Coast LNG shipment marks a long-awaited milestone, but scaling the industry is hampered by regulatory and policy overlap. This five-part Now You're Thinking *miniseries draws on expert insights across the supply chain, highlighting both challenges and opportunities — from Indigenous partnership models to global competitiveness and broad economic benefits.*

Summary

- This second in a five-part miniseries provides a look into some of the identified issues surrounding the environmental review and permitting process and what must be resolved to advance Canada's LNG ambition.
- British Columbia's environmental assessment process has improved over the last decade, but projects still face overlapping federal-provincial requirements and exposure to political risk.
- The implementation of UNDRIP principles through DRIPA strengthens Indigenous participation but also introduces opportunities for pauses and delays in the environmental assessment process.
- BC's LNG Canada Secretariat demonstrated how an empowered, provincially led, "one-window" approach can help proponents successfully navigate projects to smooth the way and get them built.

Fast Tracking Canada's LNG Future

Studio.Energy interviewed 11 experts spanning Canada's LNG supply chain — upstream producers, LNG project proponents, policy specialists, legal advisors, and regulators — under strict confidentiality. This chapter in a five-part miniseries explores the state of environmental assessments and permitting, highlighting progress, persistent risks, and what Canada must tackle to realize our energy ambitions.

For Canada to attract greater investment, major projects must move from concept to operation at a faster pace than the 12 years it took for LNG Canada Phase 1. At the same time, the experts acknowledge that development must balance environmental protection and respect for Indigenous rights. In this sense, environmental assessments and regulatory permitting are critical gatekeepers for upping Canada's LNG ambition.

In recent years, reforms have helped modernize and streamline parts of the environmental assessment process. However, the status quo approach is still perceived to bear risks that act as a barrier to investment in a world of competitive capital.

"Death by one thousand cuts".

Prime Minister Carney has acknowledged this challenge, with Bill C-5 aiming to fast-track project approvals within a two-year window. A press release from the Prime Minister's Office on August 29, 2025, suggested: "For too long, the construction of major infrastructure has been stalled by arduous, inefficient approval processes, leaving enormous investments on the table. Canada's new government is moving with urgency and determination to change this process, so that Canada can build the infrastructure that will transform our economy to become the strongest in the

Streamlining Project Approvals

Most Canadians, particularly those in the natural resource sector, see the long, arduous, and uncertain environmental review process as the biggest barrier to getting major projects built. That is because historically rejected major oil and gas projects such as

[1] Prime Minister Carney Launches New Major Projects Office to Fast-Track Nation-Building Projects; Prime Minister of Canada; August 29, 2025

Northern Gateway, Pacific Northwest LNG, and Teck's Frontier oil sands mine spent between four and eight years in the environmental review process before ultimately being cancelled. Companies were forced to write off investments ranging from C$500 million to C$1 billion. These examples illustrate the risk of Indigenous misalignment, commercial challenges, political risk, and long assessment timelines that lead to project termination.

At the federal level, the environmental review process is governed by the Impact Assessment Act of Canada. Reflecting the frustration of some project proponents and stakeholders, some in the industry and even a few politicians go so far as to call it the "no pipelines Bill C-69." Provinces often also run parallel reviews, which can cause duplication and longer timelines for proponents.

But the examples listed above are nearly a decade old, and the experts point out that there have been improvements, specifically to the environmental and regulatory review process.

The process in BC is more streamlined since the province instituted a formal substitution agreement in place with the federal government. This substitution allows for the provincial environmental assessment review process to be equivalent to the federal one, with some exceptions, where federal oversight and requirements remain. As such, today, the Environmental Assessment Office in BC leads most LNG facilities and pipeline project assessments in determining whether a project should proceed, with the final decision subject to provincial ministerial oversight. The British Columbia Energy Regulator (BCER) participates in the environmental assessment process in a coordinated fashion by providing technical reviews and regulatory oversight and allowing for more informed, expedited permitting decisions after the Environmental Assessment Certificate is issued. Once projects are in operation, oversight depends on jurisdiction. The BCER regulates provincial upstream, midstream, and downstream projects, while the Canada Energy Regulator is responsible for federally regulated pipelines that cross borders, as well as export permits.

Experts widely agreed the federal-provincial equivalency process works well and that provincially led assessments are functioning more efficiently overall with improvements made through the modernization of BC's Environmental Assessment Act, which now offers clearer rules and creates more certainty in the review and permitting process. Currently, the estimated time to complete an environmental assessment in BC is around three years, although there are exceptions on a project-by-project basis. The experts noted that some challenges remain in making the process fully streamlined and timely. In particular, certain federal requirements still apply alongside provincial ones, creating ongoing, unnecessary areas of overlap and duplication for project developers. Specific concerns were also raised regarding the integration of the Declaration on the Rights of Indigenous Peoples Act (DRIPA) within

How DRIPA and UNDRIP Are Shaping Project Approvals in BC

In 2019, BC passed DRIPA, becoming the first province to adopt the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) into law. These principles are now embedded in BC's environmental assessment process, allowing Indigenous Peoples to signal their interest in participating environmental reviews, including LNG infrastructure projects.

The experts interviewed acknowledged that while this framework is inclusive, it has introduced additional complexity. For example, there are now four opportunities for dispute resolution phases in the environmental assessment process.[2] According to one expert's experiences, each phase can take up to 90 days, which can get extended further by an incremental 30 days. To put this in context, if all four

[2] Environmental Assessment Act: Dispute Resolution Regulation Discussion Paper, British Columbia Environmental Assessment Office, May 2023

dispute resolution phases are triggered, the project timeline could be extended by a year or more, with cascading delays to other regulatory processes.

Experts unanimously recognize the importance of First Nations engagement throughout the review process, but many noted that the current framework can create untimely delays and opportunities for pauses. They believe some of these project delay risks can be managed through meaningful, proactive Indigenous consultation. New partnership models are emerging as well, including equity participation. However, the challenge lies in balancing inclusivity and predictability throughout the process — particularly within the context of meeting the federal government's Bill C-5 target to reduce the approval timeline for projects of national interest to a maximum of two years and work with provinces to achieve a "one project, one review, one decision" approach.[3]

This issue is explored further in Chapter IV — Navigating Changing Indigenous Rights in BC Resource Development.

Political Risk at the Finish Line

Across the board, the 11 experts identified political risk as a major risk for companies wanting to materially expand or build a major project in Canada. The final decision, or "green light," in the environmental assessment process — whether provincial or federal — is given by one or more politicians. Within BC, this power rests with both the Minister of Environment and Parks and the Minister of Energy and Climate Solutions for energy projects. Federally, the Minister of Environment and Climate Change or the Cabinet have the authority to overrule and make the final call.

Experts highlight that project cancellations in the past — for example, Northern Gateway — have been influenced by political calculus, underscoring this risk. The inclusion of LNG Canada Phase 2 on the list of nation-building projects under Bill C-5 signals constructive political support for LNG. This may help attract greater investment in the sector by reducing the political risk inherent in the current process.

It's worth noting that the Government of British Columbia introduced two pieces of fast-track project legislation in 2025, including Bill 15, the Infrastructure Projects Act. However, at this stage, the province has commented that this legislation is not intended to apply to LNG terminals and pipelines.[4] As such, this policy is not addressed in detail in this miniseries. The government also introduced Bill 14, the Renewable Energy Projects (Streamlined Permitting) Act. While primarily focused on renewable power projects and power transmission lines, and therefore less relevant to this miniseries, Bill 14 illustrates the government's efforts to streamline and regulate project reviews and approvals under a single authority, with accountabilities shifting to the BCER.

A One-Window Approach with Real Authority

One of the most significant barriers raised by the project proponent experts is the overwhelming number of government approvals and permits required through the regulatory process — what one LNG proponent expert described as "death by one thousand cuts".

Beyond the Environmental Assessment Certificate, which provides only the initial project approval, proponents must secure dozens of approvals for permits throughout the construction period. Federally, and in some provinces, navigating these approvals spans multiple government departments, often resulting in conflicting requirements that add delay and cost. Several LNG proponent experts noted that the most challenging stage of the process begins after the project approval is received, when proponents must secure the numerous permits required to move from construction through to operations.

These LNG developer experts pointed to several examples highlighting this challenge, including

[3] Prime Minister Carney Announces First Projects to Be Reviewed by the New Major Projects Office; Prime Minister of Canada; September 11, 2025

[4] The Need for Speed: BC's Permit Streamlining Legislation; McCarthy Tetrault; June 6, 2025

departments that have conflicting requirements, such as differing setback distances for blasting or species at risk. The same experts noted that some of these conditions go well beyond what is reasonably needed to protect the environment and add significant costs.

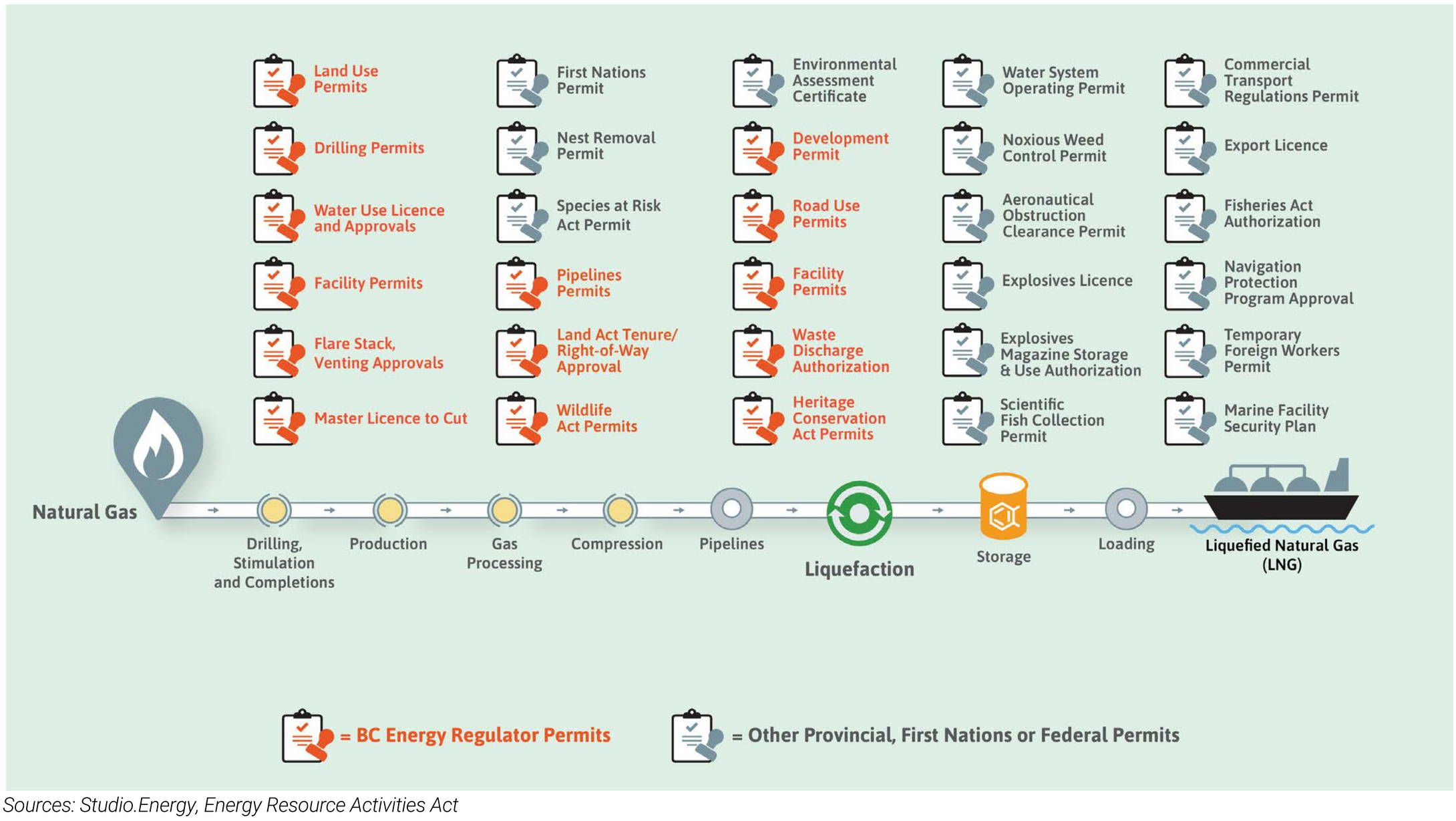
Delays in decision-making by federal officials were also highlighted, with this challenge being especially pronounced for projects involving Indigenous equity partners. One industry expert who works closely with First Nations on LNG development noted that some communities view bureaucratic delays as inappropriate when federal authorities in Ottawa dictate how their local lands and waters should be managed.

Fisheries and Oceans Canada was singled out as challenging by a few LNG developer experts, with slow permitting and approval processes described as frustrating, time-consuming, and burdensome. Their experience is that some federal regulators hold disproportionate influence, operate with limited accountability, and do not adequately weigh environmental objectives against economic considerations and the need for reasonable timelines to advance projects in parallel with all critical path items.

For the areas under provincial oversight, BC has tried to address this challenge by empowering the BCER as a one-window regulator, authorized to make decisions and issue most permits required for energy projects. For example, under the Energy Resource Activities Act, the BCER can issue multiple permits from a single application that would otherwise fall under different government departments. This streamlined approach also reduces the number of overlapping consultations with First Nations.

To fully appreciate the number of permits affecting a project, look at the figure below. This is the Studio's RoadAtlas visual of the route from natural gas to LNG you saw in Chapter I, now overlaid with a subset of permits and approvals required at different points in the value chain.

Sample Permits Required Across the Natural Gas to LNG Value Chain



Sources: Studio.Energy, Energy Resource Activities Act

Even this partial subset highlights the stringent standards established for the industry, along with the scale of regulatory complexity that project proponents — from upstream developers or pipeline and LNG proponents — must secure to get to the point of operation. The permitting and approvals density also highlights the value of establishing a one-window regulator to help proponents navigate the permissions process more efficiently. This is especially relevant for projects like LNG Canada Phase 2, which secured its Environmental Assessment Certificate in 2015 but still needed to obtain numerous permits on its path from pre-final investment decision to construction and operations.

Similarly, in mid-September 2025, following environmental approval of the Ksi Lisims project, the Impact Assessment Agency of Canada and BC's Environmental Assessment Office issued a Joint Permitting and Regulatory Coordination Plan outlining the key federal, provincial, and Nisga'a Nation regulatory instruments that may be required for the project, including permits, licences, and authorizations.[5] In total, more than 40 unique permits and authorizations are required from federal, provincial, and First Nations authorities for this project to proceed to operations.

As Prime Minister Carney's new federal Major Projects Office gears up and creates business development teams for each project, there are lessons from BC that can be applied more broadly for nation-building projects. Experts interviewed are broadly favourable to allowing more provincial substitution and federal equivalency processes to take place more frequently. Furthermore, extending such processes beyond BC, as well as establishing empowered, one-window regulators, is seen as desirable to reducing regulatory and permitting drag.

In addition, experts credited BC's LNG Canada Secretariat, established in 2018 for advancing LNG Canada Phase 1, as an effective agency to help address and overcome permitting inefficiencies and other barriers that project proponents often face. While the regulatory authority remained with the BCER and other accountable agencies, this role served as a single point of contact for LNG Canada, local governments, and First Nations and helped identify issues and navigate blockages for project implementation.

While LNG Canada Phase 1 was advancing, the Secretariat had a reputation for getting things done and led a diverse team of 12 government staff, including senior and technical experts, as well as project management and communication specialists. The role reported directly to empowered deputies at the highest provincial level, and these highly engaged executives dedicated substantial time and attention to the file. Experts widely agreed that this kind of model is essential for Canada today, and it can be replicated and even enhanced by establishing a single regulatory window in the Major Projects Office.

Some experts cautioned that similar "one-window shops" have been announced in the past, citing their downfall was that they often lacked the authority, leadership, expertise, or right resources to deliver results. For a one-window office to succeed, the consensus view is that it must be empowered to coordinate across regulators, make decisions, and have the authority to resolve contentious issues. In other words, the success of a one-window shop requires strong leadership, deep-domain knowledge, and the capacity to navigate projects through the complex regulatory process.

The general view is that the Major Projects Office is starting on solid ground. Prime Minister Carney has appointed Dawn Farrell as its CEO — an experienced energy executive — and the Office plans to create business development teams that work with private-sector proponents, provinces, and Indigenous Peoples. Studio.Energy highlights that there are other

[5] Joint Permitting / Regulatory Coordination Plan; BC Environmental Assessment Office; April 8, 2025

considerations to replicate the success of the BC LNG Secretariat model and build a one-window regulatory shop. For example, with multiple nation-building projects advancing in parallel, a strong commitment to delivering results will be essential for every nation-building project. Each business development team should be equipped with the right resources and coordination authority to cut through red tape, tackle barriers, and fast-track approvals.

The Studio estimates that the LNG Canada–specific office had annual expenditures in the range of $C2 million.[6] Therefore, for every 10 nation-building projects, the cumulative expense could be in the range of $C20 million annually. Beyond funding, experts agree that each office and project team should be staffed with the best people and strongest leaders. These leaders must also have direct access to the Major Projects Office CEO and the prime minister to ensure results are delivered and projects get built.

The next issue in this miniseries will explore experts' views on the state of Canada's energy policies and regulations. In particular, they highlight how climate policies send conflicting investment signals for future LNG export development.

About this Miniseries

Studio.Energy is examining what practical conditions — beyond Bill C-5 — are needed for Canada's western natural gas–producing provinces to expand their LNG ambition and accelerate projects in the development queue. To inform this analysis, 11 experts spanning upstream producers, LNG proponents, policy specialists, legal advisors, and regulators were interviewed on a confidential basis to capture candid insights on barriers to investment. The findings are presented across five chapters in this miniseries:

- Chapter I — Introduction to the Issues
- Chapter II — The State of Environmental Assessments and Permitting Process
- Chapter III — The State of Climate Policies and Regulations: Signals for Future LNG Export Development
- Chapter IV — Navigating Indigenous Rights in BC Resource Development
- Chapter V — A Review of Fiscal Terms in the Context of Global Competitiveness

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[6] The BC LNG Canada Secretariat had 12 full-time-equivalent people (FTE). While its costs were not published, the Clean Energy and Major Projects Office (formed in May 2023) has a similar mandate with 24 FTEs and an operating budget of $C4.5 million.