

Kennedy Halvorson
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November 16, 2023

**RE: CST CANADA COAL LIMITED – APPLICATION NO. 1948872
STATEMENT OF CONCERN FILE NO 32408
RESPONSE TO ALBERTA WILDERNESS ASSOCIATION**

Dear Ms. Halvorson:

CST Canada Coal Limited (CST Coal) respectfully submits a response to the Statement of Concern (SOC) received by CST Coal and the Alberta Energy Regulator (AER) on November 9, 2023, regarding CST Coal's Application No. 1948872.

The following provides CST Coal's responses to the SOC File No 32408.

Statement of Concern

Concern 1: History of environmental incidents

In the last year, three incidents (Reference #'s: 20230069; 20230529; and 20231550) involving the release of waste into the environment have occurred at CST Canada's coal mining operations. The company attributes the latest incident on June 19, 2023, to heavy precipitation and regional flooding, weather events that will only become more common, severe, and unpredictable under future climate predictions. The incidents prior, where over 100,000 litres of coal wash water were released on December 29, 2022, and another 1.1 million litres of coal fines were discharged into the Smoky River on March 4, 2023, occurred during regular operations. Coal wastewater is known to have detrimental effects on fish and aquatic ecosystems within affected waterbodies. Selenium is a common pollutant from coal mining, and if present, can potentially cause deformities and reproductive failure for fish. Pollutants from coal mining can also interrupt seasonal migrations and lead to extirpation of species in affected watersheds.

The frequency of incidents occurring at CST Canada's mine sites at their current capacity necessitate AER interrogate whether expanding their Mine License is consistent with AER's mandate under the Responsible Energy Development Act (REDA). REDA states the regulator must "provide for the efficient, safe, orderly and environmentally responsible development of energy resources and mineral resources in Alberta through the Regulator's regulatory activities" and "monitor and enforce safe and efficient practices in the exploration for and the recovery, storing, processing and transporting of energy resources and mineral resources" (Sections

2(1)(a)), and (2)(f)). It is not environmentally responsible to approve further development of the No.8 Mine until AER can enforce safe and efficient practices at CST Canada Coal Limited. CST must demonstrate they have new standard operating procedures in place that address the root cause of these incidents and prevent their occurrence in the future.

CST Coal Response

CST Coal takes matters such as these very seriously, however, CST Coal cannot comment on this matter, as the investigation by the Alberta Energy Regulator into the alleged contraventions of its Environmental Protection and Enhancement Act Approval 00155804-01-00, is ongoing. CST Coal is fully cooperating with the Alberta Energy Regulator during this process.

Application 1948872 and the contents therein are currently not associated with incidents No. 20230069, No. 20230529 or No. 20231550.

Concern 2: Ongoing investigations of CST are not yet resolved

Two ongoing investigations (reference #'s: 2023-002; 2023-018), in which CST allegedly failed to immediately report a release of a substance and did not comply with a term or condition of an approval still need to be resolved by AER and disciplinary action taken if necessary.

CST Coal Response

CST Coal cannot comment on this matter, as the investigation by the Alberta Energy Regulator into the alleged contraventions of its Environmental Protection and Enhancement Act Approval 00155804-01-00, is ongoing. CST Coal is fully cooperating with the Alberta Energy Regulator during this process.

Application 1948872 and the contents therein are currently not associated with incidents No. 2023-002 or No. 2023-018.

Concern 3: New coal exploration and development contravenes the CCA as it is no longer in the public's best interest.

AWA urges the AER to also consider whether approving any new coal exploration and development applications is aligned with the wants and desires of Albertans. Under the Coal Conservation Act (CCA), it is the responsibility of the regulator “to ensure orderly, efficient and economic development of Alberta’s coal resources in the public interest,” and “to assist the Government to control pollution and ensure environment conservation in the development of the coal resources of Alberta” (Sections 4(c), and (e)). Coal mining is no longer in the public’s best interest, and current management and mitigation efforts to control their pollution and ensure environmental conservation are inadequate to meet the environmental goals and emissions

targets adopted by government to mitigate the worst effects of climate change. This is evidenced by the findings of the Coal Policy Committee in 2021-22 and by current literature on the state of coal in the global economy (1,2,3,4).

The Committee was established by the provincial government for the explicit purpose of gauging Albertan's perspectives on the future of coal in the province (1). During the early engagement stages, nearly 25,000 people participated in a government survey where an overwhelming 90% agreed coal development should be restricted from the Eastern Slopes, with the majority citing environmental impacts as the most important issue informing their opinion. The committee's final report found that Albertan's "care about the effects of possible coal development" and are "very concerned about their waters and place a high value on the Eastern Slope Region", and worried "about the regulatory process for coal activities", and "that coal policies can be easily overridden when many thought that these policies were legally binding". The "engagement process confirmed the desire of Albertans to be meaningfully consulted about matters associated with resource development, especially with values associated with the preservation of the resources of the Eastern Slopes Region, including its waters" (1).

The Coal Policy Committee emphasized that the government must work on "restoring trust throughout Alberta's regulatory system for coal, including material new efforts to convince Albertans that the public interest is respected" (1). This is an opportunity for AER to show that the coal engagement was meaningful, that Albertan's opinions were heard and considered, and that the regulator can effectively and reliably ensure projects will not be given approval if they are not in the public's best interests.

CST Coal Response

CST Coal cannot comment on this matter, as Application 1948872 and the contents therein, do not pertain to political and/or policy matters of the Alberta Government.

Concern 4: New coal exploration and development is a liability to the public and contravenes REDA

Coal industry forecasts are declining as the global economy transitions towards renewables and a net-zero future (2,3,4). While metallurgical coal is used in the process of making steel, the industry itself has acknowledged their large contribution to global emissions (4). The World Steel Association has committed to reducing emissions through improving efficiencies and technological changes, like recycling steel with electric arc furnaces and substituting coal for hydrogen in the process, which produces water rather than carbon dioxide as a byproduct⁴. With the first commercial hydrogen steel plant already operating in Europe, permitting the extension of CST's No.8 Mine and further extraction on the landscape contravenes AER's mandate under REDA.

The overall economic costs to Albertans of more coal mining also dwarf any benefits (2). At best, current mining operations are projected to just break-even for private investors and create only marginal tax revenues and nominal opportunities by way of employment for local people in the region. As put in a cost-benefit analysis of current coal mines in Alberta,

“Given any individual mine’s small size relative to Alberta’s overall economy, there is unlikely to be any material increase in economic activity relative to the absence of mine development. In contrast, costs to Alberta are likely to be significant. These costs come from displacing other economic activity (primarily ranching and tourism); significant and adverse environmental impacts on water, wildlife, vegetation, and air; a non-zero probability the province will be responsible for reclamation liabilities; negative social impacts on nearby communities; and interference with Indigenous Peoples’ interests and rights” (2).

CST Coal Response

CST Coal cannot comment on this matter, as Application 1948872 and the contents therein, do not pertain to political and/or policy matters of the Alberta/Federal Governments, nor include statements regarding the global economy.

Respectfully submitted,



R. Mitch Clegg, R.T.Biol., EP.
Superintendent, Resource Management

CC: U.Renk, D. Rutland – CST Coal