

Via E-Mail  
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28 September 2020

Sehr geehrte Frau Botschafterin Sparwasser,

wir, die Unterzeichnenden, schreiben Ihnen um die deutsche Regierung auf die wirtschaftlichen, finanziellen, regulatorischen, Versorgungs-, Klima- und Umweltrisiken im Zusammenhang mit dem LNG Goldboro Terminal Projekt, aufmerksam zu machen.<sup>1</sup>

Wir nehmen an, dass der Investor für das Projekt, das Unternehmen Pieridae Energy, der deutschen Regierung diese Risiken vorenthalten hat.

Zum Hintergrund: Alle Unterzeichner\*innen sind aus zahlreichen Gründen gegen das LNG Terminal Goldboro und glauben, dass das Projekt nicht im öffentlichen Interesse Kanadas oder Deutschlands ist.

Laut Pieridae<sup>2</sup> hat Deutschland für den Bau des Flüssigerdgasterminals Goldboro und der damit verbundenen Erschließung zusätzlicher Erdgasquellen sowie Erdgaslieferungen eine Kreditgarantie in Höhe von 4,5 Milliarden US-Dollar "in Aussicht gestellt".

Wir gehen davon aus, dass eine Entscheidung bezüglich der Finanzkreditgarantie für Pieridae noch nicht getroffen wurde und dass die Frage des finanziellen Risikos für die deutsche Bevölkerung ein entscheidender Faktor sein wird.<sup>3</sup>

Zu den Faktoren, die Deutschland bei seiner Entscheidungsfindung berücksichtigen muss, gehören wirtschaftliche, regulatorische, finanzielle, Versorgungs-, Klima- und Umweltrisiken und auch die Beeinträchtigung von Menschenrechten (insbesondere von indigenen Völkern). Wir haben Grund zu der Annahme, dass Pieridae Deutschland keine vollständige Bewertung aller mit dem Projekt verbundenen Risiken vorgelegt hat. Vor diesem Hintergrund finden Sie in der Anlage ein von uns vorbereitetes, Briefing (auf Englisch).

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<sup>1</sup> <https://pieridaeenergy.com>

<sup>2</sup> <https://pieridaeenergy.com/highlights>

<sup>3</sup> [https://julia-verlinden.de/userspace/NS/julia-verlinden/Dokumente/Dokumente\\_News/180831\\_Antwort\\_BurReg\\_SF\\_Verlinden\\_LNG\\_Goldboro.pdf](https://julia-verlinden.de/userspace/NS/julia-verlinden/Dokumente/Dokumente_News/180831_Antwort_BurReg_SF_Verlinden_LNG_Goldboro.pdf)

Die angedachte Realisierung des LNG Goldboro Terminals birgt viele Risiken, die kumulativ zu der unvermeidlichen Schlussfolgerung führen, dass das Pieridae-Projekt mit hoher Wahrscheinlichkeit scheitern wird. Wir bitten nur darum, dass Deutschland bei seiner Entscheidungsfindung in dieser Angelegenheit mit offenen Augen vorgeht.

Angesichts der Tatsache, dass unser Briefing-Papier im Wesentlichen nur eine Zusammenfassung der Kernpunkte ist, möchten wir Deutschland - falls es die Einzelheiten des Inhalts und des Fazits erörtern möchte - ermutigen, sich mit einem der Hauptunterzeichner\*innen in Verbindung zu setzen.

Hochachtungsvoll

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Unterzeichner :

| <b>Organisation/<br/>organization</b>                               | <b>Nom/Name</b>           | <b>Titre/title</b>               | <b>Country/pays</b> |
|---|---------------------------|----------------------------------|---------------------|
| <a href="http://350.org">350.org</a>                                | Katja George              | Organizer                        | Deutschland/Germany |
| <b>Abgefrackt Bündnis Weidener<br/>Becken gegen Fracking</b>        | Hilde Lindner-<br>Hausner | Spokesperson                     | Deutschland/Germany |
| <b>Action boréale</b>   | Henri Jacob               | Président                        | Québec, Canada      |
| <b>Action Environnement Basses-<br/>Laurentides</b>                 | Lucie Massé               | Porte-parole                     | Québec, Canada      |
| <b>Aktionsbündnis No Moor Fracking</b>                              | Wibke Langhorst           | Climate Activist                 | Deutschland/Germany |
| <b>AmiEs de la Terre de Québec</b>                                  | Sandrine Louchart         | Coordonnatrice<br>aux opérations | Québec, Canada      |
| <b>Animals Are Sentient Beings, Inc</b>                             | Sarah Stewart             | President                        | USA/États-Unis      |
| <b>ARGE Umweltschutz Haseldorfer<br/>Marsch,<br/>Hetlingen e.V.</b> | Ralf Hübner               | Executive<br>Director            | Deutschland/Germany |
| <b>Asociación de Cultura Popular<br/>Alborada -Gallur</b>           | Ángel López               | presidente                       | Spain/Espagne       |
| <b>Berks Gas Truth</b>  | Karen Feridun             | Founder                          | USA/États-Unis      |
| <b>Berliner Wassertisch</b>   | Sigrun Franzen            | Spokesperson                     | Deutschland/Germany |

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|--|------------------------|--------------------------------------|---------------------|
| <b>BI "Saubere Umwelt &amp; Energie Altmark"</b>                               | Christfried Lenz       | coordinator                          | Deutschland/Germany |
| <b>BI lebenswertes Korbach</b>   | Harald Ruecker         | Spokesman                            | Deutschland/Germany |
| <b>Block Baltic Pipe</b>   | Charlotte Valloe       | coordinator                          | Denmark/Danemark    |
| <b>Buergerinitiative gegen CO2-Endlager e.V.</b>                               | Dr. Reinhard Knof      | Vorsitzender/Spo<br>kesperson        | Deutschland/Germany |
| <b>Bündnis 90 / Die Grünen - KV Wilhelmshaven</b>                              | Alex von Fintel        | Vorstandsmitglie<br>d                | Deutschland/Germany |
| <b>Bürgerinitiative FrackingFreies Hamburg</b>                                 | Werner Diedrichs       | Spokesperson                         | Deutschland/Germany |
| <b>Bürgerinitiative Gesundheit Hemslingen/Söhlingen</b>                        | Sabine Holsten         | Co - Speaker                         | Deutschland/Germany |
| <b>Campanha Linha Vermelha</b>   | João Costa             | Co-coordinator                       | Portugal            |
| <b>Canadian Association of Physicians for the Environment</b>                  | Robin Edger            | Executive Director and CEO           | Canada              |
| <b>Climate Reality Project Canada</b>  | Dean Evangeliou        | National Campaign Managaer           | Québec, Canada      |
| <b>Coalition étudiante pour un virage environnemental et social (CEVES)</b>    | Rosalie Thibault       | secrétaire exécutante externe        | Québec, Canada      |
| <b>Coalition Fjord</b>   | Adrien Guibert-Barthez | Co-porte-parole                      | Québec, Canada      |
| <b>Coalition for Responsible Energy Development in New Brunswick (CRED-NB)</b> | Paula Tippett          | Spokesperson                         | Canada              |
| <b>Coalition Verte</b>   | Maxime Arnoldi         | Membre                               | Canada              |
| <b>Collectif Causse Méjean - Gaz de Schiste NON !</b>                          | Estelle Tardy          | Member                               | France              |
| <b>Comité Vigilance Hydrocarbures Lavaltrie</b>                                | Guy Boudreau           | Coordonnateur                        | Québec, Canada      |
| <b>Concerned Citizens of Penobsquis</b>  | Beth Nixon             | Spokesperson                         | Canada              |
| <b>Conservation Council of New Brunswick</b>                                   | Lois Corbett           | Executive Director                   | Canada              |
| <b>Council of Canadians</b>  | Christina Warner       | Director of campaigns and organizing | Canada              |

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|--|------------------------------------|-------------------------------------|----------------------------|
| <b>Council of Canadians, Fredericton Chapter</b>           | Margo Sheppard                     | Chapter Representative              | Canada                     |
| <b>Council of Canadians, Saint John Chapter</b>            | Carol Ring                         | spokesperson                        | Canada                     |
| <b>Des Universitaires</b>                                  | Patrick Provost et Thierry Lefèvre | Coordonnateurs                      | Québec, Canada             |
| <b>Deutsche Umwelthilfe (Environmental Action Germany)</b> | Constantin Zerger                  | Head of Energy & Climate Protection | Deutschland/Germany        |
| <b>Doaktown Health Alliance</b>                            | Mary de La Valette                 | Spokesperson                        | Canada                     |
| <b>Earth Action, Inc.</b>                                  | Mary Gutierrez                     | Executive Director                  | USA/États-Unis             |
| <b>Eau Secours</b>   | Rébecca Pétrin                     | Executive director                  | Québec, Canada             |
| <b>Ecologistas en Acción</b>                               | Samuel Martín-Sosa                 | International Coordinator           | Spain/Espagne              |
| <b>Environment and Human Rights Advisory</b>               | Tom Kerns                          | Executive Director                  | USA/États-Unis             |
| <b>Extinction Rebellion New Brunswick</b>                  | Doug Swain                         | Coordinator                         | Canada                     |
| <b>Food &amp; Water Action Europe</b>                      | Andy Gheorghiu                     | Policy Advisor                      | Deutschland/Germany        |
| <b>Frack Free Greater Manchester</b>                       | Ali Abbas                          | Officer                             | United Kingdom/Royaume-Uni |
| <b>Fracking Free Clare</b>                                 | John Higgins                       | Administrator                       | Ireland/Irlande            |
| <b>FreshWater Accountability Project</b>                   | Lea Harper                         | Managing Director                   | USA/États-Unis             |
| <b>Friends of the Earth Canada</b>                         | Beatrice Olivastri                 | CEO                                 | Canada                     |
| <b>Friends of the Earth Ireland</b>                        | Meaghan Carmody                    | Head of Movement Building           | Ireland/Irlande            |
| <b>Friends of the Irish Environment</b>                    | Tony Lowes                         | Friends of the Irish Environment    | Ireland/Irlande            |
| <b>Gazoduq, parlons-en!</b>                                | Rodrigue Turgeon                   | co-porte-parole                     | Canada                     |
| <b>GMob</b>  | Michel Jetté                       | Co-initiateur                       | Canada                     |
| <b>Goldboro, Parlons-en!</b>                               | Alexandre Ouellet                  | Coordonnateur                       | Canada                     |

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|--|--------------------|------------------------------|---------------------|
| <b>Grassroots NB</b>   | Hafsah Ayub        | Member - designated to sign  | Canada              |
| <b>Groupe de recommandations et d'actions pour un meilleur environnement</b> | Catherine Houbart  | Directrice générale          | Québec, Canada      |
| <b>Hampton Water First</b>   | david forgie       | spokesperson                 | Canada              |
| <b>IG Schönes Lünne</b>  | Rozenn Le Calvez   | Vertreterin                  | Deutschland/Germany |
| <b>Kent County Council of Canadians</b>                                      | Denise Melanson    | Spokesperson                 | Canada              |
| <b>Kent South No Shale Gas</b>   | Richard Lachance   | Group Spokesman - Anglophone | Canada              |
| <b>Klimabündnis gegen LNG</b>  | Norbert Pralow     | Spokesperson                 | Deutschland/Germany |
| <b>L'Assomption en transition</b>  | Louise Morand      | Présidente                   | Canada              |
| <b>La planète s'invite au Parlement</b>                                      | François Geoffroy  | Porte-parole                 | Québec, Canada      |
| <b>Le danger de l'insecticide Bti sur la biodiversité</b>                    | Christiane Bernier | Porte-parole                 | Québec, Canada      |
| <b>Le regroupement des citoyens de Saraguay inc.</b>                         | Sylvia Oljemark    | President                    | Canada              |
| <b>Leap4wards</b>  | David Thompson     | Project Coordinator          | Canada              |
| <b>Lotbinière en transition</b>  | Irène Dupuis       | Présidente et porte-parole   | Québec, Canada      |
| <b>Magog Vert</b>  | Janie Gagné        | Fondatrice                   | Québec, Canada      |
| <b>Memramcook Action</b>   | Patricia Leger     | spokesperson                 | Canada              |
| <b>Mobilisation climat Trois-Rivières</b>                                    | Joyce Renaud       | Présidente                   | Québec, Canada      |
| <b>Mobilisation environnement Ahuntsic-Cartierville</b>                      | Mélanie Busby      | Membre                       | Québec, Canada      |
| <b>Mouvement d'éducation populaire et d'action communautaire du Québec</b>   | Valérie Lépine     | Coordonnatrice               | Québec, Canada      |
| <b>Mouvement écocitoyen UNEplanète</b>                                       | Carole Dupuis      | Porte-parole                 | Canada              |
| <b>New Brunswickers Against Fracking</b>                                     | Mary de La Valette | Spokesperson                 | Canada              |
| <b>No Moor Fracking</b>  | Wibke Langhorst    | Spokesperson                 | Deutschland/Germany |

|  |   |                               |                 |
|--|---|-------------------------------|-----------------|
| <b>NON à une marée noire dans le Saint-Laurent</b>                                     | Martin Poirier                          | cofondateur                   | Québec, Canada  |
| <b>Notre environnement notre choix</b>   | Dallas McQuarrie                        | <i>agent de communication</i> | Canada          |
| <b>Oil Change International</b>  | Collin Rees                             | Senior Analyst                | International   |
| <b>Penniac Anti-Shale-Gas Organization</b>   | Armand Paul                             | Spokesperson                  | Canada          |
| <b>Plataforma Ciudadana Zaragoza sin Fractura</b>                                      | Juan Carlos Gracia                      | Spokesman & Board member      | Spain/Espagne   |
| <b>Prospérité sans pétrole</b>   | Noémi Bureau-Civil                      | co-porte-parole               | Québec, Canada  |
| <b>Protect All Children's Environment</b>  | Elizabeth O'Nan                         | Director                      | USA/États-Unis  |
| <b>Regroupement vigilance hydrocarbures Québec</b>                                     | Odette Sarrazin                         | coordonnatrice régionale      | Québec, Canada  |
| <b>Regroupement Vigilance Mines Abitibi-Témiscamingue</b>                              | Marc Nantel                             | Porte-parole                  | Québec, Canada  |
| <b>Rive-Sud en transition</b>  | Marie Samson                            | Coordinator                   | Canada          |
| <b>Rural Action and Voices for the Environment (RAVEN)</b>                             | Dr. Susan O'Donnell                     | Primary investigator          | Canada          |
| <b>Safety Before LNG</b>   | John McElligott                         | Spokesperson                  | Ireland/Irlande |
| <b>Siera Club Canada Foundation-Atlantic Canada Chapter</b>                            | Julie Reimer                            | Director for Atlantic Canada  | Canada          |
| <b>Sierra Club Canada Foundation</b>   | Gretchen Fitzgerald                     | National Programs Director    | Canada          |
| <b>Sierra Club Québec (Quebec Chapter of the Sierra Club Canada Foundation)</b>        | Dimitri Roussopoulos et Isabelle Sawyer | Co-presidents                 | Canada          |
| <b>SPGQ (Syndicat de professionnelles et professionnels du gouvernement du Québec)</b> | Adi Jakupović                           | Secrétaire général            | Québec, Canada  |
| <b>Standing For Water</b>  | Robin Stanley                           | Member - designated to sign   | Canada          |
| <b>Sussex Area for a Frack Free Environment (SAFE)</b>                                 | Laura Cushnie                           | Spokesperson                  | Canada          |
| <b>Sustainable Energy Group</b>  | Sam Arnold                              | Coordinator                   | Canada          |

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|--|--------------------------------|------------------------------|--------------------------------|
| <b>Table ronde des OVEP de l'Estrie (TROVEPE)</b>            | Marilou Lépine-Gougeon         | Adjointe à la coordination   | Canada                         |
| <b>Tantramar Alliance Against Hydro-fracking</b>             | Marilyn Lerch                  | spokesperson                 | Canada                         |
| <b>Taymouth Environmental Action</b>                         | Marcy Emberger                 | designated contact           | Canada                         |
| <b>Timberwolf Conservation Society</b>                       | Mike Judd                      | Director                     | Canada                         |
| <b>Transparence</b>  | Laurel Cleugh Thompson         | Secretary-Treasurer          | Québec, Canada                 |
| <b>Transition Capitale-Nationale</b>                         | Anne Rufiange                  | Coordonnatrice               | Québec, Canada                 |
| <b>Upper Valley Affinity Group (Vermont-USA)</b>             | Geoffrey Gardner               | Communications               | USA/États-Unis                 |
| <b>urgewald</b>  | Regine Richter                 | Energy campaigner            | Deutschland/Germany            |
| <b>VOICES for Sustainable Environments &amp; Communities</b> | Rick Cheeseman                 | Spokesperson                 | Canada                         |
| <b>Wabanaki Confederacy</b>                                  | Traditional People of the Dawn | Citizens of Wabanaki Nations | Waponahkik (Indigenous Canada) |
| <b>Wampum, Voix, Talk</b>                                    | Reg Aucoin                     | Acting Chairman              | Canada                         |
| <b>Water &amp; Environmental Protection for Albert Co.</b>   | Deborah Carr                   | Spokesperson                 | Canada                         |
| <b>Wittorfer für Umwelt und Gesundheit e.V. (WUG)</b>        | Prof. Dr. Andreas König        | Vorsitzender/Spokesperson    | Deutschland/Germany            |
| <b>Wolastoqey Grand Council</b>                              | Ron Tremblay                   | Grand Chief                  | Wolastokuk (Indigenous Canada) |

Anlage:

- [Briefing Pieridae \(auf Englisch\)](#)

## **Pieridae Energy Goldboro LNG Project**

### **Briefing Note**

#### **Economic Risk**

With respect to economic risk there are two aspects that we believe warrant consideration. First is the current viability of the North American natural gas markets and how that might impart Project risks to Germany. The second consideration is the level of financial, experience and technical capability required of a proponent to successfully bring a multi-billion dollar project such as Goldboro to fruition.

Pieridae intends to feed the Goldboro LNG terminal with gas from Alberta, New Brunswick and the eastern part of Quebec. They've said that they will also examine the case of the Sable offshore field in Nova Scotia as well as the Marcellus shale in the U.S. However, they've also said they won't use or develop fracked gas to supply Germany, which is highly contestable since most of these gas supplies either don't exist or could only be developed using fracking.

The North American natural gas markets are in a period of significant disruption. The so-called shale boom, both in Canada and in the USA, has resulted in dramatic increases in natural gas supply, distortion in the supply demand balance, and historically low natural gas prices.

A recent study indicated that in order to be economically viable the delivered LNG price for exports from Eastern Canada using natural gas sourced in Western Canada would need to be \$11.17 or higher. CERI concluded that in the absence of significant government subsidies, Canadian LNG exported from Eastern Canada was not competitive with 2018 LNG spot prices. In the two years since the CERI estimate was published, spot prices for LNG have fallen to historic lows, with European LNG spot prices currently at \$1.80 as of August 20th, 84 percent less than CERI's minimum required price.

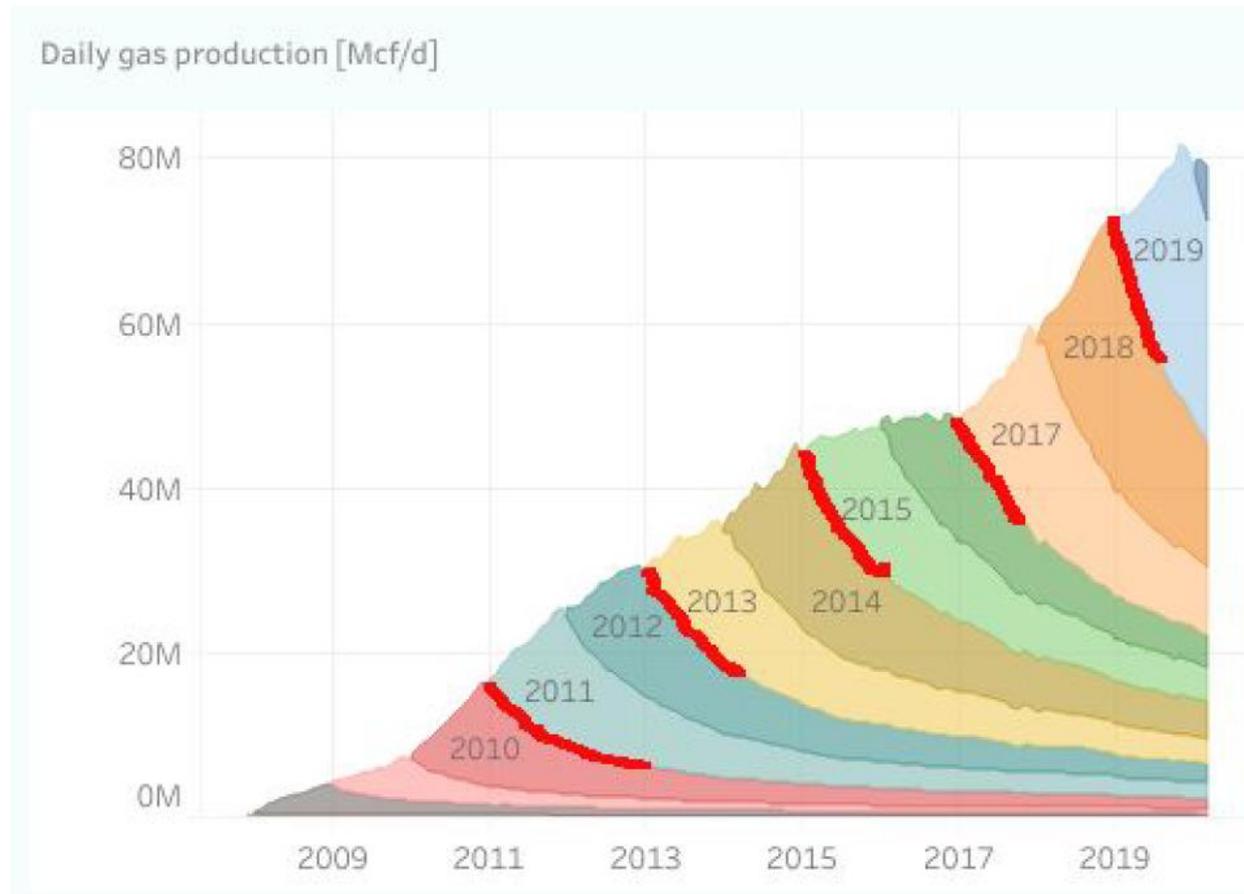
Recent disruptions to the world energy markets including the Covid 19 pandemic have further depressed energy prices putting significant financial strain on the struggling North American oil and gas producers. Over a 5 year period ending April 1<sup>st</sup>, 2020, 215 Canadian and US producers have filed for bankruptcy involving more than \$129 billion in aggregate debt. Further, an analysis of Canadian natural gas producers shows that 14 major natural gas producers who are listed on the TSX have lost ~ 75 percent of their market equity over the last 5 years and are finding it extremely challenging to attract new capital investment. Analysts are predicting many more bankruptcies in the North American oil and gas sector in the next few years.

While low natural gas prices may seem attractive to LNG buyers, if prices are so low that producers become insolvent or fail to secure new capital, any perception of value due to low natural gas prices will be offset by supply instability and the inevitable price volatility.

Pieridae suggests that it will eliminate this volatility by owning sufficient natural gas assets for the vast majority of its supply needs. That claim in turn depends on questionable drilling and development plans.

The only realistic business plan available to a financially challenged firm like Pieridae will be to purchase gas supplies from the North American continental gas market, most of which is fracked gas.

Moreover, the figure below shows the cumulative well decline in the whole U.S. Fracked Gas sector. With each passing year, the decline of previous years continues to happen. This produces increasingly steep declines of wells drilled in the first 12 months of production (as shown the red lines in the Figure). This suggests that sweet spots are nearly all drained and that soon well depletion will be almost vertical, further cascading bankruptcies in the industry.



All drilling in the U.S. Fracked Gas sector.

(Source: Enno Peter, Shale Profile Analytics, <https://shaleprofile.com/>)

In light of foreseeable market conditions and given the deep disruption currently facing the North American oil and gas sector, we believe that there is significant risk that a small, under financed and inexperienced company like Pieridae will not have the capability to successfully complete the Project.

To put the foregoing into context, Pieridae is listed on the TSX and its shares have declined in value from \$5.50 CDN two years ago to a low of \$0.12 CDN few months ago. Pieridae is currently trading at approximately \$0.37 CDN (as of August, 20th). At its most recent reported year end, December 2018, Pieridae had an operating loss of \$18.04 million CDN. In addition to its financial limitations, we believe Pieridae does not have relevant experience to bring a major capital-intensive project to fruition nor does it have experience to safely and effectively manage complex, upstream, highly sour gas supply operations. We respectfully submit that there is significant risk that Pieridae will not have the financial resources or experience to successfully complete the Project.

### **Regulatory Risk**

With respect to regulatory risk, a key component of the Pieridae scheme was to acquire sufficient upstream production capability so that it could supply its Goldboro plant from its own gas supply. To this end Pieridae announced in October 2019 that it had closed a deal with Shell Canada Energy (“Shell”) to acquire certain Shell midstream and upstream assets in southwestern Alberta. The assets included three sour gas processing plants, several hundred sour gas wells and several hundred kilometers of sour gas pipelines. Now mostly a potential environmental liability to Shell, the assets would only account for a fraction of the gas needed to supply Germany. The sale of the Shell assets to Pieridae required regulatory approval from the Alberta Energy Regulator (“AER”). In large part because of the environmental liability associated with Shell assets and concern that Pieridae did not have the financial resources to ensure that those environmental liabilities would be mitigated, the AER received over 20 Statements of Concern from directly affected persons and corporations, all opposing the transfer of the Shell assets to Pieridae and requesting a public hearing. Additionally, Shell concurrently applied to the AER for authorization to retain ownership of the known groundwater environmental liabilities at two of the three sour gas plants, the Waterton and the Jumping pound plants. Shell assuming responsibility for the known groundwater contamination at these two sour gas plants was an integral component of the Pieridae’s acquisition of the Shell assets.

On February 28, 2020 the AER denied Shell’s application and neither Shell nor Pieridae appealed that decision within the 30 day time limitation.

As of today, the AER is still deliberating and has not announced how it intends to deal with the regulatory challenges of Pieridae acquiring the Shell assets. Should the AER decide to approve the transfer of assets, it is likely that such a decision will be subject to protracted court challenges.

Pieridae’s scheme also requires additional regulatory approvals for an unprecedented number of new upstream sour gas wells. Since 1986, sour gas development in the Waterton, Jumping Pound and Caroline fields have met with fierce opposition from directly affected local residents resulting in numerous regulatory proceedings and subsequent legal challenges. We respectfully submit that it is unrealistic for Pieridae to assume that its proposed upstream sour gas developments will not meet with similar public opposition along with all of the attendant regulatory risks.

### **Environmental and Supply Risk and Negative Climate Impact**

An important component of the Pieridae scheme and a significant driver for the need to acquire the Shell assets has been Pieridae's narrative that no hydraulically fractured gas will be required for supplying the first 'production train' of the Project. This is an important consideration because Germany has a national ban on fracking in shale layers, and the German government is the only serious investor so far to make even a tentative commitment to finance the Project. The problem with Pieridae's assertion with respect to not fracking is that it is untrue.

While it is true that the Shell assets have not used modern fracking technologies, an important consideration is that the three Shell sour gas fields being acquired by Pieridae are very mature fields that are nearing the end of their productive lives. In the case of the Caroline field, Shell has publicly stated that the field is 95 percent depleted, while the Jumping Pound and Waterton fields are 65 percent and 75 percent depleted, respectively. Current production from the Shell assets is estimated to be approximately 250 million cubic feet per day; enough to provide only 35 percent of the total supply needed for Goldboro Train 1. In the absence of significant new drilling, with all of the attendant regulatory, financial and supply risk, we respectfully submit that Pieridae will not have sufficient gas within its own supply portfolio to supply the first train of the Project.

So where will Pieridae source the natural gas to supply the Project?

As mentioned earlier, Pieridae announced it would use gas from Western Canada, Eastern Québec, New Brunswick, the Sable play in Nova Scotia and the Marcellus/Utica play in the Northeastern U.S. to feed its terminal. An extensive analysis of all these potential sources demonstrates that they cannot together account for a full supply of unfracked gas to Germany. The so-called conventional reserves Pieridae acquired in Alberta would account for less than a third of Train 1 feed, the entirety of which is needed to fulfill the contractual obligation with Germany. Sable Play in Nova Scotia delivered the last of its gas in 2018, resources in New Brunswick and Québec are undeveloped but would require fracking to begin exploitation, and Marcellus and Utica plays are well known for their extensive use of hydraulic fracturing.

Moreover, in 2018, approximately 71 per cent of the natural gas produced in Canada was produced using fracking technologies. That percentage will have increased in the last two years. Canadian gas supply and demand occur within an integrated North American market where physical integration within the natural gas supply basins features extensive natural gas gathering and processing facilities along with extensive natural gas transmission lines market hubs where gas prices are formed, and market liquidity is created. As a result, natural gas can be traded as a commodity, where a supplier's gas is mixed with gas from other suppliers into an integrated pipeline system. Thus, a customer, sometimes thousands of kilometers away, cannot determine or guarantee that the delivered natural gas is not, in fact, fracked gas.

In May 2018, the German Permanent Peoples Tribunal (PPT) on Human Rights, Fracking and Climate Change heard testimony and received other evidence relating to fracking and its impact. Included were very substantial reports from four prior PPT that had gathered scientific, technical, social, cultural and experiential testimony from many community organizations, experts and individual citizens.

According to the preliminary statement of the PPT judges, “the evidence clearly demonstrates that the processes of fracking contribute substantially to anthropogenic harm, including climate change and global warming, and involve massive violations of a range of substantive and procedural human rights and the rights of nature.... The evidence also shows that governments have, in general, failed in their responsibility to regulate the industry so as to protect people, communities and nature. In addition, they have failed to act promptly and effectively to the dangers of climate change that fracking represents.” In the final Advisory Opinion, the PPT recommended that “fracking be banned” and that “the Special Rapporteur on Human Rights and the Environment be asked to investigate the violations of the rights of humans and nature by the Unconventional Oil and Gas Extraction industry.”

This finding is echoed elsewhere: In October 2018, the UN’s CESCR issued an official warning concerning fracking for shale gas in Argentina, saying that “the Committee is concerned that this hydraulic fracturing project contradicts the State party’s commitments to the Paris Agreement, with a negative impact on global warming and the enjoyment of the economic and social rights of the world population and future generations. (Article 1 (1) and 2 ((1))” In March 2019 the United Nations Committee on the Elimination of Discrimination Against Women (CEDAW) urged the British Government to “consider introducing a comprehensive and complete ban on fracking.”

Additionally, it is noteworthy that in at least one of the Shell sour gas plants, the plant remains economically viable only because it is processing gas from another Shell natural gas field where gas is currently produced using fracking.

If the Project is built, Pieridae will most likely acquire the better part of their gas supply on the open market, and most of what is available is produced using high volume hydraulic fracturing. The large available sources are located in Western Canada and the Marcellus Shale in the US when pipelines to New England have spare capacity. We respectfully submit that Pieridae will not be able to produce sufficient non-fracked gas from the acquired assets and even if they did there will be no practical way to ensure that the LNG being delivered to Germany by Pieridae is not fracked gas. If Germany is serious about its climate commitments, Pieridae’s scheme presents significant risk.

An additional concern with respect to the Pieridae scheme relates to the provisions of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) which was adopted in 2007 by a majority of 144 member states, including Germany. One of the key provisions of UNDRIP is the concept of ‘free, prior and informed consent’. In the case of Pieridae’s proposed acquisition of the Shell assets in Alberta or with respect to any developments in eastern Canada that are necessary for the Project to proceed, “free, prior and informed consent” of indigenous communities was not obtained. The signing by Pieridae of a Benefits Agreement with the Indian Act Nova Scotia Mi’kmak Chiefs does not in any way constitute compliance with the crucial UNDRIP requirement of free, prior and informed consent. Nor has Pieridae met that standard in the case of its proposed acquisition of the Shell assets in Alberta.

## **Summary**

In summary, we respectfully submit that Pieridae has proposed a massive project requiring very significant capital investment that will demand significant skill, technical expertise and business acumen if it is to succeed. Given the vagaries of the continental and international natural gas markets, even that may not be enough to guarantee success. On top of that we have identified risks associated with Pieridae's financial limitations, the regulatory risks undermining Pieridae's acquisition of the Shell Alberta sour gas assets, and the geological and regulatory risks associated with Pieridae's proposed upstream developments. With respect to environmental matters, if a condition of German investment in the Pieridae scheme is that the gas supply not be fracked, we have raised serious concerns about Pieridae's ability to satisfy that requirement. However, no matter if fracked or not, LNG coming from Canada to Germany will definitely be on a collision course with the climate obligations under the Paris Agreement - let alone given the economic lifespan of up to 50 years for such projects. Finally, we have raised the matter of UNDRIP and Pieridae's failure to receive free, prior and informed consent from indigenous communities affected by their Project.

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[1] <https://pieridaeenergy.com>

[2] <https://pieridaeenergy.com/highlights>

[3] [https://julia-verlinden.de/userspace/NS/julia-verlinden/Dokumente/Dokumente\\_News/180831\\_Antwort\\_BurReg\\_SF\\_Verlinden\\_LNG\\_Goldboro.pdf](https://julia-verlinden.de/userspace/NS/julia-verlinden/Dokumente/Dokumente_News/180831_Antwort_BurReg_SF_Verlinden_LNG_Goldboro.pdf)