

Market Access Proceedings
PNWER Annual Summit – Big Sky, Montana
July 13, 2015

Co-chair Rep. Gael Tarleton, Washington State Legislature
Co-chair Wendy Hutchinson, Lighthouse Resources
Co-chair Joe Ritzman, SSA Marine

Speakers:

Joe Ritzman, SSA Marine
Wendy Hutchinson, Lighthouse Resources
Del Laverdure, Crow Tribe
Scott Rudderham, Canpotex

Discussion Topics

Terminal Operators - Joe Ritzman, Wendy Hutchinson

Joe Ritzman began by discussing the future for the ports of Seattle and Tacoma. They must adjust to the shifts in the global maritime industry because they are facing fierce competition from other North American ports. There appears to be a negative long-term outlook for container business recovery for WA and OR seaports. The expansion of the Panama Canal means that larger vessels with east coast cargo can by-pass the west coast all together. To finance the trade deficit that they are undergoing, the U.S. has to borrow from the rest of the world or sell American assets. In order to mitigate this, the US can ship goods that they can compete with. These goods mostly include agricultural, forestry and energy products. Joe also spent some time discussing the importance of rail to WA. In terms of contribution to the Gross Domestic Product (GDP), freight intensive industries provided about 42 percent of the state's total GDP in 2012, or about \$106 billion. There continues to be an Asian demand for coal that needs to be filled. Asia's coal imports projected to increase from 814 million mt/yr in 2011 to 1,356 million tons in 2040.

Wendy Hutchinson stressed the importance of creating infrastructure so that the product that states are looking to export can reach the market. It is also important to utilize Asian markets, specifically the coal market. Asia will not be using more coal if we sell to them; they are just seeking to buy the cheapest product. We must also follow the Canadian model of Market Access.

Tribal - Del Laverdure

Del Laverdure began with an overview of federal Indian policy and the impact it has made on market access. Crow's abundant coal resources can be monetized through a coal export project, with committed partners, in an environmentally responsible

manner. This can be done through projects such as the Big Metal Project, and infrastructure and partners like Cloud Peak, BNSF, SSA Marine.

Exporters - Scott Rudderham

Scott Rudderham began by discussing the Prince Rupert development timeline for Canpotex. Construction will be beginning in 2017 and looks to be completed by 2021. There are a number of major project development considerations that should be considered. These include:

- Evaluation of Strategic Alternatives
- First Nations Consultation
- Feasibility Engineering, including Capital Cost Estimate
- Environmental Permitting Process
- Local Community, Provincial and Federal Government Engagement
- Supporting Infrastructure Review (rail track, berth, utilities, roads)
- Tax Review (property, construction)
- Commercial Agreements with Port Authorities, Railways
- Final Investment Decision

Action Items

1	Hold session on community engagement, the permit process and impacts of expanding the environmental processes.
2	Develop backgrounder on the successful market techniques seen in the Canadian provinces
3	Explore and share best practices for expanding trade of energy resources, with untapped regions like Asia