Carbon Market Compliance and Strategy

A Market Participants Perspective

ENBRIDGE®

November 13, 2024

About us

Enbridge is a first-choice energy provider.

Liquids pipelines

- World's longest, most complex transportation system
- 29,104 km/18,085 mi. of pipe
- Moving ~5.8 million barrels/day

Transports **~30%** of crude oil produced in North America

Natural gas pipelines

- 116,761* km/72,552* mi. of pipe
- Moving 24.6 Bcf/day
- Enough natural gas for >170M people

Delivers **~20%** of the natural gas consumed in the U.S.

Natural gas utilities

- 178,002 km/110,606 mi. of pipe
- Delivering energy for 175 years
- Over 7,000 valued employees

Delivering to **7 million** customers in Canada and the U.S.

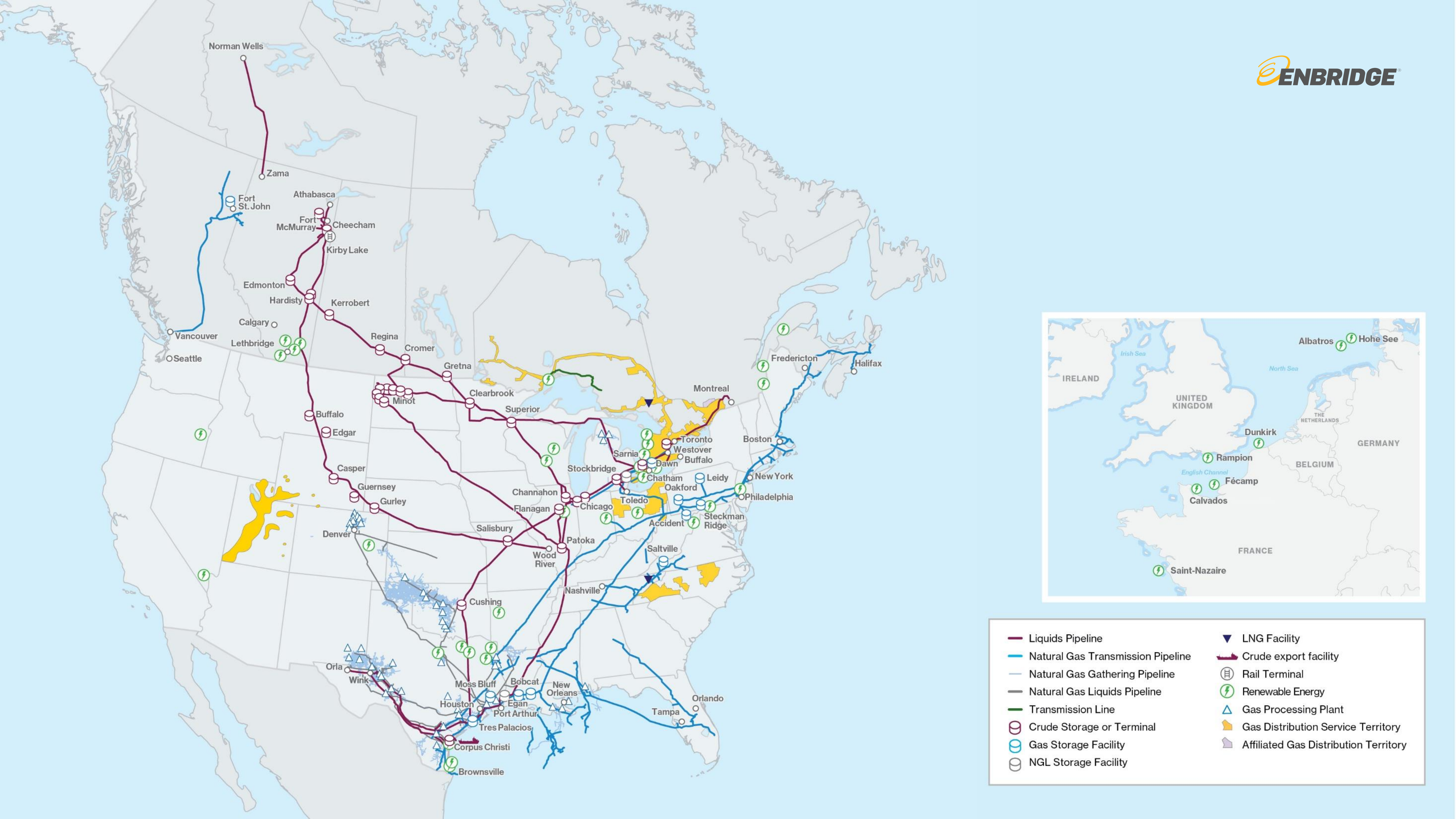
Renewable power

- 39 renewable power facilities
- 5,261 MW generating capacity
- Committed more than US$7 billion (C$10 billion) since 2002

1,137,227** homes powered by our assets

*Includes DCP Midstream assets

**Estimated numbers of households powered calculated using regional energy consumption data: Energy Consumption – U.S. homes and Energy Consumption – Canadian homes.


ENBRIDGE
Norman Wells
Zama
Fort St. John
Athabasca
Fort McMurray
Cheecham
Kirby Lake
Edmonton
Hardisty
Kerrobert
Calgary
Vancouver
Seattle
Lethbridge
Regina
Cromer
Gretna
Clearbrook
Minot
Superior
Buffalo
Edgar
Casper
Guernsey
Gurley
Denver
Salisbury
Flanagan
Channahon
Chicago
Stockbridge
Patoka
Wood River
Cushing
Sarnia
Dawn
Chatham
Toronto
Westover
Buffalo
Oakford
Leidy
Toledo
Accident
Steckman Ridge
Montreal
Fredericton
Halifax
Boston
New York
Philadelphia
Saltville
Nashville
Orla
Wink
Moss Bluff
Bobcat
Houston
Egan
Port Arthur
Tres Palacios
Corpus Christi
Brownsville
New Orleans
Tampa
Orlando
IRELAND
Irish Sea
UNITED KINGDOM
North Sea
THE NETHERLANDS
GERMANY
BELGIUM
FRANCE
English Channel
Albatros
Hohe See
Dunkirk
Rampion
Fécamp
Calvados
Saint-Nazaire
Liquids Pipeline
Natural Gas Transmission Pipeline
Natural Gas Gathering Pipeline
Natural Gas Liquids Pipeline
Transmission Line
Crude Storage or Terminal
Gas Storage Facility
NGL Storage Facility
LNG Facility
Crude export facility
Rail Terminal
Renewable Energy
Gas Processing Plant
Gas Distribution Service Territory
Affiliated Gas Distribution Territory

How We're Regulated


Consumer-Based Tax



Output-Based Pricing System



Cap-and-Trade



Methane Regulations

Leveraging Carbon Markets

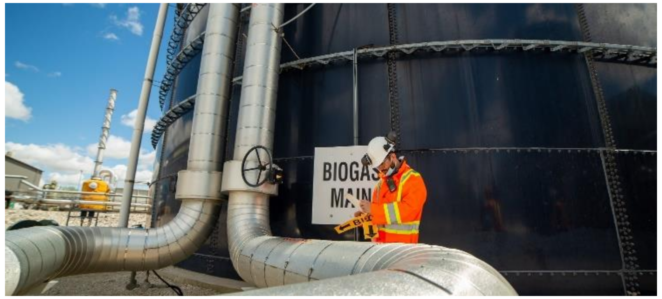
Alberta Solar One

- 10.5-MW facility co-developed with Morgan Solar
- TIER credits remitted for Edmonton Power Generation Facility (20-MW)

NRGreen Heat Recovery Facilities

- Waste heat units built at Alliance Pipeline compressor stations (AB/SK)
- TIER credits remitted for natural-gas fired compressor stations

NOTE: Enbridge’s 50% ownership in Alliance sold to Pembina Pipelines on April 1, 2024.



Renewable Natural Gas (RNG)

- RNG combusted by natural gas-fired compressors can reduce emissions below performance threshold
- Ontario Environmental Performance Units (EPU) would be generated

Leveraging Carbon Markets

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Tailwinds

- Regulatory-based market-mechanisms provide compliance optionality
- Facilitate mobilization of capital into clean technology and innovation
- Carbon credits can be remitted, banked or sold

- Enbridge Gas generates Clean Fuel Regulation credits by displacing diesel with compressed natural gas in heavy-duty transport
- Established a network of refueling stations along Hwy 401 and looking to expand to supply hydrogen and RNG

Headwinds

- Lack of regulatory certainty and policy durability (stringency and pricing)
- Inability to forecast carbon credit supply and demand
- Lack of fungibility between markets

- **Proposed Open Access Wabamun Carbon Hub** requires stable regulatory environment to maintain robust supply/demand dynamics for TIER credits along with a predictable carbon price.

Supporting Industrial Decarbonization

Enbridge is a diversified energy company which provides us with unique expertise on developing and operating projects to support decarbonization including:

- Fuel switching (to natural gas)
- Carbon Capture, Sequestration and Storage
- Clean Hydrogen
- Renewable Natural Gas
- Renewable Electricity (Solar, Wind)

Hydrogen Electrolyzer (Markham)

- Power to Gas Unit produces green hydrogen
- Established in 2018 with Cummins
- H2 blended with conventional natural gas for ~3,000 customers (pilot project)
- Reduces Scope 1 GHG emissions
- Provides energy storage

Carbon Competitiveness

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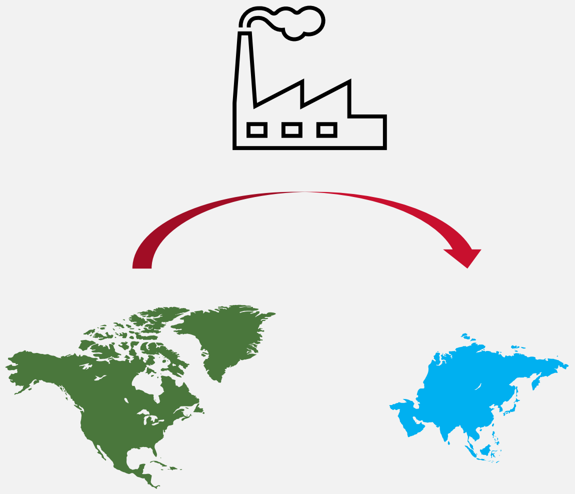
- As a single bloc, North America's competitive advantage is based on:
  - Low-cost energy supply;
  - Deeply integrated supply chains and labour markets; and,
  - Technology to reduce global greenhouse gas (GHG) emissions.
- Emerging focus on lifecycle GHG emissions
- European Union (EU) **Carbon Border Adjustment Mechanism (CBAM)** targeting highly carbon-intensive products including cement, steel and aluminum
- United States – multiple bills have been introduced to establish a Border Carbon Adjustment mechanism

Carbon Leakage



Summary

- Navigating Canada's multiple carbon markets present both challenges and opportunities.
- Investment in decarbonization rely on regulatory certainty and policy durability are essential for:
  - Cost-Benefit Analysis
  - Making Final Investment Decisions
  - Long-Term economic feasibility
- Increased linkage of carbon markets across Canada (and more broadly) will enhance fungibility and create stability for marginal cost of carbon
- Focus on North American Competitiveness