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MANAGEMENT DISCUSSION SECTION

Operator: Welcome to the Enbridge Incorporated Second Quarter 2021 Financial Results Conference Call. My name is Franzi, and I will be your operator for today's call. At this time, all participants are in a listen-only mode.

Following the presentation, we will conduct a question-and-answer session for the investment community. [Operator Instructions] Please note that this conference is being recorded. I will now turn the call over to Jonathan Morgan, Vice President, Investor Relations.

Jonathan, you may begin.

Jonathan Morgan

Vice President-Investor Relations, Enbridge, Inc.

Thank you. Good morning, and welcome to our Enbridge, Inc. Second Quarter 2021 Earnings Call. Joining me this morning are Al Monaco, President and Chief Executive Officer; Colin Gruending, Executive Vice President and Chief Financial Officer; Vern Yu, Executive Vice President of Liquids Pipelines; Bill Yardley, Executive Vice President of Gas Transmission and Midstream; Cynthia Hansen, Executive Vice President of Gas Distribution and Storage; and Matthew Akman, Senior Vice President of Strategy and Power.

As per usual, this call will be webcast. And I encourage those listening on the phone to follow along with the supporting slides. A replay of the call will be available today and a transcript will be posted to the website shortly after. We'll try to keep the call to roughly an hour. And in order to answer as many questions as possible, we'll be limiting to one plus a single follow up as necessary. We'll be prioritizing calls from the investment community, so if you are a member of the media, please direct your questions to our communications team who will be happy to respond.

As always, our Investor Relations team will be available for any detailed follow ups after the call.

Onto slide 2, where I'll remind you that we'll be referring to forward-looking information on today's presentation and Q&A. By its nature, this information contains forecast assumptions, and expectations about future outcomes which are subject to the risks and uncertainties outlined here, and discussed more fully in our public disclosure filings. We'll also be referring to non-GAAP measures summarized below.

With that, I'll turn it over to Al Monaco.

Albert Monaco

President, Chief Executive Officer & Director, Enbridge, Inc.

Okay. Thanks, Jonathan. Good morning, everybody. Well, first, just to kick it off, as you see on this cover slide here, it really illustrates one of the key points we'll be speaking to today which is the strong recovery that's underway right now. I'm going to start with a mid-year recap followed by an update on the fundamentals and how our business is nicely positioned for the energy transition. Colin will take you through the numbers, and this time around our progress on sustainability.

This next slide is our 2021 priorities dashboard. Our core businesses performed very well; high utilization across liquids, gas, transmission, and the gas utility. That drove strong first, and now, second quarter numbers. So we're confirming full year EBITDA and DCF guidance as you saw in our release. The CAD 17 billion capital program is on track with CAD 10 billion scheduled for in-service this year. And that'll drive our three-year 5% to 7% DCF per share CAGR outlook.

Our balance sheet is in great shape. In fact, Moody's upgraded us to Baa1, so we're now at that level across our four agencies. And the sale of our minority stake in Noverco provides more buffer and releases great value for nonstrategic assets. While upstream investment remains disciplined, we're seeing a pickup in commercial activity around the US Gulf Coast in particular, system modernization and low-carbon opportunities. And we continue to bolster our industry-leading ESG position, MSCI reaffirmed our A rating, so we're pleased with that.

So, the message is that we're on track to deliver on the 2021 priorities we laid out at Enbridge Day last November.

Moving to slide 5. The economic recovery is gaining momentum. Global fuel demand has rebounded, but not fully back to pre-pandemic levels. Transport sectors came back with gasoline, diesel, and jet fuel all up. Petchem demand was less affected by the pandemic. So, the jump is not as pronounced here, but still up 3%.

We've seen the return of global LNG demand, and with that, strong pricing. We're still taking a cautious approach to the rebound, but it's pretty clear that recovery will drive crude and natural gas demand led by developing countries. And as you heard us say before, we're big believers that natural gas will be essential no matter what the pace of the energy transition.

Aside from the many benefits of gas, the fact is that it's also crucial in supporting renewables growth and reducing global emissions. And that's playing out more and more when you look at how gas is being built into long-term energy resource management planning that's playing out in real-time in Ontario with our announced new Community Expansions for gas and other regions looking to displace coal-fired generation.

So, the picture highlights the strong runway for conventional energy growth over the next decade. But as we've been saying, we've been evolving our business to align with the changing energy fundamentals. So, here's what that looks like for us. Any way you look at it, we're going to play a big role in the energy future. That's simply because our businesses have both conventional and low-carbon growth opportunities. And this chart illustrates how we think about this duality.

Demand for capacity on our natural gas and crude systems means more modernization and expansion in investments toward export infrastructure in particular. That's because over 80% of conventional demand comes from petrochemicals, industrial, power and heavy-duty transportation which continues to grow globally with limited alternatives at this time.

In addition, we expect our low-carbon growth opportunities to scale up. We've got a competitive renewables business with a growing European offshore portfolio and that capability has allowed us to accelerate our solar cell power strategy and lowering emissions. RNG, hydrogen, and CCUS will take time to be a bigger part of the energy mix. But we're investing in these opportunities today across our businesses.

In liquids, we're well-positioned to support our customers' emissions goals through CCUS. I'm going to come back to this one in a few minutes. The same holds true for gas businesses where we have access to saline aquifers, direct connections to customers, and utility platform. We're investing in hydrogen and RNG today. Importantly, these low-carbon investments will ensure continued utilization of our assets for a long-time while lowering the emissions intensity. So that's how we're positioned early for the transition.

On to slide 7. In the near-term, our 5% to 7% DCF per share growth through 2023 will be driven by what you see here. 1% to 2% from embedded revenue escalators, and of course that provides good inflation protection, low capital intensity optimizations, and productivity improvements, while the rest is driven by secured projects in execution right now. We've also laid out our post-2023 growth drivers and our capital allocation options.

Now, Colin is going to go through the framework and priorities, but in summary, we have an attractive organic opportunity set. But we'll be very disciplined and not chase growth where the returns or commercial underpinnings don't fit the value proposition you're used to seeing from us. So we'll evaluate those organic opportunities against other options like share buybacks.

Let's shift now to the business update starting with Liquids. We just completed a 160,000 barrel per day expansion of the Woodland system to keep up with Kearl production. And those volumes of course, support downstream throughput on the mainline. It's a good example of the low-cost opportunities we have on Liquids.

Now in Q2, customers took advantage of the shoulder season for refinery in upgrade or turnarounds resulting in lighter throughput as we forecasted. Volumes are picking up again, trending towards our full-year forecast of about 2.8 million barrels per day, and we've laid out this trajectory in the chart.

On Mainline Contracting, the hearing wrapped up last week, as you heard. Shipper support continues to be strong and noteworthy that some dissenters even, while disputing the negotiated toll, are supportive of contracting.

Onto Line 3, we received a positive decision from the Minnesota Court of Appeals which reaffirmed the PUC premise. Construction-wise, we're tracking to schedule. We're about 80% through mainline construction, slightly higher on stations. So we're moving along well and continue to work on water crossings. All that to say, we're on track for a Q4 in-service. And once we get there, Line 3 will contribute nicely to cash flow growth.

We're all focused on construction progress of course, but a couple of things to point out here. First, the project enhances the safety and reliability of our system. That's good for us. It's good for customers. But it's also positive for the rest of our stakeholders. And second, there's great support from local communities and tribes that continues and we've invested locally to ensure they benefit from this project. We're very proud of the CAD 250 million-plus in spend with Tribal businesses, their workers and communities. Lastly, on the Liquids business how we're thinking about carbon capture using Western Canada as the reference point given the opportunity to make a big impact on emissions, so that's on the next slide.

First of all, there's no doubt that CCUS will be critical to meeting society's net zero targets, I think little by little that is agreed upon by just about everyone. And it's essential to Canada's emissions goals in particular and the US as well. And it was good to see some of the new infrastructure details come out also being supportive there. The sheer investment needed is going to be massive. With current technology, it takes roughly CAD 1 billion of capital to reduce a megaton of CO_2. We're excited about this opportunity and our strategy is driven by the fundamentals. And while the technology really isn't that new, we need clarity on policy to scale up and attract capital.

So, as you know, in the US, the 45Q provides a good foundation. That's starting to make things happen at an even faster pace. In Canada, incentives are on the way as well, and we're at the table to help shape that outcome. But important to recognize that emitters and our customers will be driving the timing. We're in discussions across industries to explore how we can support them. Our strategy focuses on the full value chain from capture through to storage, which aligns well with our assets and we believe a utility-light commercial model will be most cost-effective.

These are complex projects to our scale; customer relationships in all of our businesses, execution capability and ESG focus make us a natural partner. And it will be important to work with technology and industry partners as well. As an example, we just entered into a partnership with Svante, which has developed innovative carbon capture technology. We like this because it can be used for a range of industrial applications at much lower capital cost. And that of course has attracted a lot of attention from the upstream community. We're going to keep you posted on how we're progressing on the strategy.

Moving to the next slide in Gas Transmission, where we're slated to bring in CAD 3 billion-plus of projects into service this year. Construction on T-South and Spruce Ridge in BC is progressing well. And we've put the initial phases in service in Q2. On T-South, two of the five stations and the initial segment of Spruce Ridge are operating. Both of these projects are cost of service, commercial underpinning, which ensures a solid return on CAD 1.5 billion of capital.

Great progress on our US Gulf Coast LNG strategy with construction of the Cameron Extension project, which will supply about CAD 800 million a day to the Calcasieu Pass liquefaction plant. And there, we're on track for Q4 inservice. And that's a CAD 200 million project, as a reminder. And these projects fit right in the middle of our lowrisk fairway. The same is true for our modernization program and that's on slide 12.

The criticality, as I mentioned, of natural gas to the future energy mix is going to drive investments for many years to come. Part of that will be compression, which also helps reduce emissions. And as it says here, it's about a 25% per compressor reduction in emissions as we move along. And we're working with industry partners now on how we can add carbon capture. We think modernization capital will be roughly CAD 0.5 billion to CAD 1 billion annually for which we'll earn a solid return. And related to that, we'll be initiating a Section 4 rate filing on Texas Eastern shortly. We've also received FERC approval on our [indiscernible] (00:14:29) settlements and we should hear back on East Tennessee soon. So things are moving along on the regulatory front well on gas.

Development activity, as I mentioned early, is also picking up, and our new Ridgeline Project is a good example. We're pleased to be working with the Tennessee Valley Authority, that's TVA, on an opportunity that could provide affordable, cleaner energy to the utilities' customers. [ph] Ridgeline would expand (00:14:57) our East Tennessee system which would be about CAD 1 billion assuming the combined cycle option is selected through the TVA's review process. It's a great example of how natural gas can preserve reliable and affordable energy while lowering emissions by replacing coal-fired generation. Pending TVA's [ph] Environmental Assessment and Supply Source Determination (00:15:19) project approval and the necessary permits we're projecting to be complete by 2026, and that'll support our medium-term outlook.

Onto the next slide in Gas Distribution. The utility just continues to grow and deliver solid results. We're on track to add another 45,000 customers this year, and we're very excited to be moving forward with our Community Expansion program comprised of 27 new connections including remote indigenous communities. Along with system modernization and reinforcement projects, we see investing CAD 1 billion to CAD 1.5 billion annually in this business.

And our incentive regulatory framework while generating a good return also ensures that the investments get captured in rate base. And involving in substantial long-term opportunity is lower carbon emission solutions.

Onto slide 15, our utility has been a fantastic way to develop innovative lower carbon RNG and hydrogen that will green the gas grid by leveraging our assets. On RNG, our Dufferin Project went into service this month; that makes three projects in operation. There's another three in construction with 10 to 15 in the hopper including through our partnership with Comcor and Walker Industries. Perhaps a larger opportunity is leveraging our assets for hydrogen. Our initial pilots are proving out the technology and scaling hydrogen across the system.

At our Markham, Ontario facility, we've validated the green power to gas phase. So, that's good to see. And we're now constructing Phase 2 to inject hydrogen into a closed loop system in the utility. The blending facility is about three-quarters done and on track to be in-service later this year. So, we're looking forward to that.

In Quebec, we're planning to blend up to 5% into our Gazifère utility. And that project is currently in design and engineering. So, you can see we've got a great utility platform to develop low-carbon opportunities within a lowrisk business model.

Now on to slide 16 in our Renewables business. First, good progress on the three French offshore wind projects. On Saint-Nazaire, 13 of the 80 foundations are done and turbines are being manufactured for Fécamp and Calvados. These three projects are scheduled for in-service in late 2022 through 2024, the first being SaintNazaire, so solid cash flow growth to come over this period.

Our Maple Power development team continues to build the pipeline. We've got two projects with potential for over 600 megawatts in France that have secured leases. Dunkirk [indiscernible] (00:18:20) and Provence Grand Large, which is a floater pilot obviously further offshore. And we're starting community consultations on the Rampion extension project in the UK and that's up to a 1.2 gigawatt project.

So you can see here there's a lot going on in this business. But in the bigger picture, the frothiness we're seeing in the renewable space has made our assets more valuable. And we've got an inventory of projects we started developing a while ago before things got overheated, so we can grow without getting involved in highly competitive situations.

Onto slide 17 and an update on solar self-power as there's lots happening here as well. We now have three projects in service; two in our gas system and one in liquids. We sanctioned another four liquid stations recently, which will add 40 megawatts. So it's beginning to be a meaningful part of our renewable strategy. What's exciting is the broader opportunity across our LP and GTM businesses. And you can see the dots here show the location of pump stations on the liquid system and compression on natural gas.

We see the potential to deploy up to CAD 0.5 billion over the next few years with more after that. Of course, these investments will need to clear our hurdle rates and they also reduce Scope 2 emissions. You can see here on the chart the opportunity for emissions reductions over the years.

So with that, I'm going to turn it over to Colin.

Colin K. Gruending

Chief Financial Officer & Executive Vice President, Enbridge, Inc.

Great. Thanks, Al, and good morning, everyone. I'll start with a quick overview of our CAD 17 billion capital program. As you know, it's a big growth driver for us but it's not our only one. We're making great progress on our program across the footprint and we're on track, as Al said, to deliver CAD 10 billion of projects into service this year. This well-diversified growth portfolio should generate a significant step-up in cash flows, really a conveyor belt if you like, of additional cash flows for many years. And in turn, considerable financial flexibility and investment capacity, which is clear on slide 19.

In addition to our secured growth execution, we've actively recycled capital at attractive valuations over the last few years, high-grading the portfolio and further strengthening our financial position. Our recently announced sale of our interest in Noverco at 29 times earnings multiple is a great example of this. When that transaction closes, we'll have completed over CAD 9 billion of assets sales since 2018, all while growing total cash flows. And as you know, deleveraging while growing, is not exactly an easy feat.

Today, our balance sheet is right where we want it to be. And across the board, our agencies recognize the strength currently, even now prior to executing on our 2021 capital program. We've been BBB-plus rated with three agencies for a while now and the upgrade from Moody's last month makes [ph] four for four (00:21:29). And as I mentioned, our execution will lead to even stronger metrics in 2022 towards the bottom of our target range or even below. Our preference then will be to live near the lower end of that target range to preserve maximum optionality.

Onto slide 20 and a quick overview of our capital allocation priorities. We've said this before, but it bears reemphasizing because it illustrates capital discipline. Our priorities are unchanged; financial strength, responsible dividend growth, and CAD 3 billion to CAD 4 billion per year of ratable [ph] utility-like in-court (00:22:09) or reinvestment represents our core game plan, if you like. That will leave us with about CAD 2 billion of additional annual capacity, which we'll deploy against the next best alternatives. So, as Al alluded to a couple of times, conventional growth will need to compete with share buybacks which remain attractive also.

Now, I'll walk through our quarterly financial results on slide 21. Adjusted EBITDA was CAD 3.3 billion, while DCF was CAD 1.24 per share and earnings were CAD 0.67 per share. I won't review all the details that are in our news release and 10-Q, but if I step back, there are a few key observations. First, each of our platforms is humming along nicely. Q2 last year was, of course, the trough for energy demand and it's clear that the economic recovery is now in full swing.

Second, foreign currency translation continues to provide a slight headwind. As you know, our assets are geographically diversified with about two-thirds of our businesses earning US dollar-denominated income, which we substantially hedge. The translation of our US operating results in each segment were negatively impacted by the weaker US dollar, which is partially offset by our hedging gains reported below in Eliminations and Other segment.

Third, Energy Services continues to be challenged by underutilization of some of some of our fixed contract commitments due to a confluence of unusual market conditions including [indiscernible] (00:23:48) limited blending opportunities, and market backwardation structurally. So little value in storage these days.

In contrast, you'll recall last year we benefited from significant contango conditions and related storage gains due to the pandemic. As a reminder, these relate to unused demand charges, they are not speculative trading losses.

Finally, in DCF, we're benefiting from favorable interest rates and translation of US interest expense, and we're expecting cash tax savings stemming from increased utilization of existing tax pools to offset proportionally larger US dollar taxable income. So overall, another good quarter in the books. So let's move now to the outlook for the second half of the year on slide 22.

Starting with EBITDA, operating performance for the first half of the year was a little better than planned, but that's been partially offset by a weaker US dollar as I mentioned, and negative contributions for Energy Services also. Overall, we expect first-half trends to continue through the second half of the year including strong utilization of our systems, so we're confident that we'll perform within our guidance range for EBITDA.

A few more comments on EBITDA. As I mentioned, our US dollar exposure is substantially hedged which materially protects us from a weaker dollar. Secondly, a comment on inflation. It's potentially trending up but again we're well-protected here with about 80% of our revenues having either built-in inflators contractually or periodic regulatory protections through rate proceedings. From a quarterly EBITDA profiling perspective, a reminder that seasonally Q3 is our lowest quarterly contributor. Of course, with lower heating days in the summer months affecting our utility, lower wind resources in renewables and some seasonal effects on our liquids system, probably related to maintenance.

I should also mention that Texas Eastern service is fully resumed now and sooner than expected previously. Of course, Q4 profile-wise tends to be a larger contributor with winter heating season driving good results in our Gas businesses. And Line 3 is on track to be in service, which should contribute nicely to cash flows per our original guidance.

Turning to DCF, our second half results will of course align with EBITDA, but should also benefit from continued favorable interest expense, lower rates, favorable USD translation and lower financing requirements than we originally expected due to the anticipated proceeds from the Noverco transaction close.

Finally at this point, we do expect that cash tax savings for the full year will be around CAD 100 million, relative to our original guidance for the year.

Onto slide 23 with a quick word on sustainability. We've integrated sustainable practices into our business for a long time. Each of the E, S, and G are absolutely essential to how we have been running our business and engaging with our customers and communities in which we operate. In June, we issued our 20th annual Sustainability Report, which reflects this longstanding commitment. The report highlights our good progress towards our emission-reduction targets. We've reduced Scope 1 emissions by 32% and Scope 2 emissions by 14% since 2018. And we have line of sight to execution pathways needed to meet our 2030 intensity goal and our 2050 net-zero goal.

On the S, community and stakeholder engagement is integral to both project execution and, of course, operations thereafter. A few numbers, we've spent over CAD 1 billion with indigenous groups since 2017 including direct spend and subcontracting opportunities with indigenous businesses. And in 2020, in one year, we contributed CAD 3 billion of property taxes and income taxes to various levels of government. Our continental workforce is diverse already and we're striving to enhance all elements of diversity including at the Board level to achieve our 2025 target.

On the G, our Board is highly engaged with the diversity of backgrounds, experience, and thought. And importantly, our ESG priorities are tied to enterprise-wide management compensation ensuring alignment to our performance. Our objective is to be a leader and the ESG rating agencies recognize this across the board. We continue to innovate and – in this regard, and in this quarter that mindset is reflected in our issuance of our first Sustainability-Linked Bond. A few comments on it.

We're proud to be a leader in sustainability-linked financing. Our published framework guides our thinking in this regard. And in that framework, we've selected KPIs that align with our goals and we think are critical to our longterm success. Of course, we followed up the framework with CAD 1 billion Sustainability-Linked Bond in June, which combined with our CAD 1 billion credit facility, also sustainability-linked earlier this year that now ties already CAD 2 billion in financings to our ESG performance.

We think this capital formation trend will dovetail well with how we conduct business. In particular, we see both pricing and, moreover, access benefits for sustainable financing. For example, approximately 40% of our SLB order book were ESG-type mandate investors, adding further demand to our already diverse investor following.

Before I turn things back to Al to wrap up, I'm excited to introduce and invite you to attend two events. On September 28, we'll be hosting our inaugural ESG Forum in New York. At that event, you'll hear from a diverse group of our leaders about how we've embedded leading ESG practices within our business. And we'll continue to hold our annual Investor Day on December 7. This year it will be in Toronto. This is always a great opportunity for us to share our business and corporate plans, and we look forward to connecting with many of you in person. It's been a while.

Thank you, and back to you, Al.

Albert Monaco

President, Chief Executive Officer & Director, Enbridge, Inc.

Okay. Thanks, Colin. Just before we open it up, just a few takeaways. I think 2021 is – it should be clear from that run-through, a pivotal year to delivering on the three-year outlook that we outlined at Enbridge Day last year, and we're progressing well. The businesses are running at high utilization and financial performance, as you just heard is strong.

Execution of the program is tracking to plan with that CAD 10 billion that Colin just referred to. The pace of the economic recovery gives us confidence around demand for conventional energy over the medium term. And importantly, our assets are essential to the energy transition. As you heard, we're making good progress on our low-carbon investment strategy in a number of areas. And finally, our leading position on ESG is getting stronger yet and good progress on our goals there.

So we'll begin the Q&A session now. The team is on the line here. I'll hand off as required on specific issues.

QUESTION AND ANSWER SECTION

Operator: Thank you. We will now begin the question-and-answer session. [Operator Instructions] Jeremy Tonet of JPMorgan is on the line.

Jeremy Tonet

Q

Analyst, JPMorgan Securities LLC

I just want to start off here on the RNG side really, and I just want to dive into the strategy a little bit. Just wondering what the current C&I demand for RNG that you're seeing here. Is there any differentiation by sourcing carbon attributes? Just wondering if commercial, industrial customers are interested in RNG for the negative attributes?

Albert Monaco

A

President, Chief Executive Officer & Director, Enbridge, Inc.

Okay. Jeremy, hi. Well, I think maybe Cynthia – we'll have here speak to this given she is – moving that strategy along and has good engagement with the customers there. So – and then if Bill has anything to add on the Gas Transmission front.

Cynthia L. Hansen A

Executive Vice President & President-Gas Distribution and Storage, Enbridge, Inc.

Thanks, Al. Yes, Jeremy, we're having some really strong interest from various commercial and industrial users. Of course across Ontario and parts of Québec, we have the opportunity to deliver that. And then our – we've been able to facilitate the delivery of RNG across North America because of course it trades in a fungible way. So we are seeing lots of strong interest. There is a really great opportunity to continue to build on that as we have the partnerships as Al mentioned, with Comcor and Walker Industries to really help build that out across Canada. So, it's something that we're seeing some strong interest. We've been able to facilitate some of those transactions, and we look forward to the opportunity to expand on that in the future.

[indiscernible] (00:33:55)

William T. Yardley A

Executive Vice President & President-Gas Transmission and Midstream, Enbridge, Inc.

Yeah. I'll just add a couple of things. First of all, I think on the C&I side, yes, we are seeing direct interest but in a lot of cases, Jeremy, it's the local distribution companies like Cynthia's that are as you know our major customers that are looking to work with us to bring RNG in from various sources. And they're motivated. They – their main trade association, AGA, even if it's just for residential [ph] loads of getting right from C&I (00:34:32) and saying, hey, this could be a – this could be half of our gas by the middle of the century. So, there's an awful lot to do here between Cynthia's utility and our fairly substantial transmission system.

Jeremy Tonet Q

Analyst, JPMorgan Securities LLC

Got it. So, it sounds like it could be supply diversification away from Russian LNG in the winter in the northeast...

[indiscernible] (00:34:57)

Jeremy Tonet Q

Analyst, JPMorgan Securities LLC

...I wanted to shift gears a little bit here on carbon capture. I just wanted to see how you guys think about the total addressable market here. It seems like there's been a lot of focus on the oil sands producers, but it also seems heavy industry. There's no other path to decarbonize besides CCS. And just wondering, how you think about that and the opportunity set both in Canada and I guess, the US as well?

Albert Monaco A

President, Chief Executive Officer & Director, Enbridge, Inc.

Yeah. Maybe I'll start it off then Vern can add, Jeremy. Well, first of all, you're absolutely right. And the numbers on the total addressable market vary. I mean, the bottom-line is it's a big number. It's likely in the order of CAD 2 trillion. And I go back to my comments earlier on, if you look at the sources of emissions, reductions, opportunities, I think everybody is familiar with them, but energy efficiency, certainly renewables will be a big chunk. But a very significant, and for a certain chunk, will be CCUS.

We just don't see how we meet the goals without CCUS. So the capital is going to be large. And obviously, existing infrastructure players like ourselves are going to be involved. And as I said earlier in the comments, we're thinking that the opportunity set for us really covers from the upstream capture part through, of course, to transportation and ultimately, sequestration.

And if you look at the assets for example in the utility, good storage assets there that are applicable, bills, Gas Transmissions got great storage there. And of course, if you look at the overall picture here in Canada, in the oil sands, in the future of the oil sands, it's pretty obvious that CCUS will be a big part of that.

So, it's large. As I said earlier, it's not immediately, these things will take some time to work out especially as the policy and incentive framework rolls out here over the next little while, but no doubt, a big opportunity. Vern?

Vern D. Yu A

Executive Vice President & President-Liquids Pipelines, Enbridge, Inc.

Okay. Thanks Al. Jeremy, you're absolutely right. The industrial opportunity is very substantial. As you know, cement, plastics, power generation, all kinds of other things are really critical to what we do as a society and CCUS can make a meaningful difference in emission reductions. So I think the EIA has put out stats out there that to meet global net zero goals that CCUS is anywhere between 9% and 30% of the total carbon abatement we want to see by the middle of this century.

So we're actively talking with customers, both in the oil sands as well as across heavy industry, to see what we can do to help reduce emissions. Obviously in Canada, we need a little bit more clarity on the investment tax credit. But in the US, we're also very active. So I think in our announcements today, we talked about an opportunity to work with a new technology player, Svante, and we will be focused with them looking at industrial CCUS implementation across North America.

Jeremy Tonet Q

Analyst, JPMorgan Securities LLC

Got it. That's very helpful. Thank you.

Albert Monaco A

President, Chief Executive Officer & Director, Enbridge, Inc.

Okay. Thank you.

Operator: Your next question comes from the line of Robert Kwan from RBC Capital Markets. Your line is now open.

Robert Kwan Q

Analyst, RBC Capital Markets

Great. Good morning.

Albert Monaco A

President, Chief Executive Officer & Director, Enbridge, Inc.

Hi.

Robert Kwan Q

Analyst, RBC Capital Markets

Two questions here just on capital allocation. And starting with asset monetization, your strategy has really shifted away from as-needed for funding to something more opportunistic like you've done with Noverco. So I'm just wondering, are there other material opportunities to do more that we might see in the relatively near future, and if so, how do you think about the timing of that? Is it just selling it down when it's opportunistic and deploy the capital later or is it going to be more about timing for when you got deployment opportunities?

Albert Monaco A

President, Chief Executive Officer & Director, Enbridge, Inc.

I think the main driver is the former. And really, it's driven by I guess, Robert, the constant look at the portfolio and whether or not we can monetize assets [ph] that add (00:39:40) superior value as you've seen. I mean, I think the bigger picture, we're generally happy with our asset mix. Certainly, the commercial structure that underpins them, we have very little GMP exposure now. We see ample conventional runway in those businesses.

And as I just went through, the businesses support our strategic actions to support the transition. We look at every possible opportunity to release value. I think we've proven that we'll take action. And I think over the last three years, it's been about CAD 9 billion of assets and with this latest one in Noverco as well. So, we'd certainly consider looking at other things if we received full – more than full value for them. So, it's going to be opportunistic as Colin pointed out, the balance sheet is in very good shape. So, it will be selective monetization to generate value where we can on a – I guess specific basis when we see those opportunities.

Robert Kwan Q

Analyst, RBC Capital Markets

Got it. And then if I kind of continue on capital allocation, you spent a lot of time today talking about a lot of the energy transition opportunities. And it seems like that portfolio of opportunities is getting bigger and bigger. So, I guess first, what approach do you take to ascribing value to some of the [ph] soft factors (00:41:16) around it being ESG-friendly? And I guess specifically thinking about your willingness to accept single-digit equity return to some of the solar self-powering?

And then, I guess the second part of it is as these pool of potential projects grow, if you exceed that CAD 3 billion to CAD 4 billion in capital threshold that you've set out, does that change how you approach capital allocation with respect to the pecking order or your priorities of maintaining that leverage range and your self-funding constraints?

Albert Monaco A

President, Chief Executive Officer & Director, Enbridge, Inc.

Okay. Well, Colin, go ahead.

Colin K. Gruending A

Chief Financial Officer & Executive Vice President, Enbridge, Inc.

Hey, Robert. Yeah. Thanks for that question. We've got a robust and mature investment framework that we've used with discipline for many years here. And we don't generally accept single-digit returns maybe anywhere except in Cynthia's business where there's a regulatory compact. So our return thresholds are generally higher than that. And as we think about energy transition investments, we think about it generally in the same lens. We're an infrastructure company, we want to secure a return [indiscernible] (00:42:41) our capital. And we're not thinking about energy transition investments really in an R&D bleeding edge kind of way.

So we're going to be pretty disciplined. As we mentioned, there is room for energy transition, capital investment in our financial capacity outlook within that CAD 5 billion to CAD 6 billion per year. We've got excellent line of sight to CAD 3 billion to CAD 4 billion. And everything else will kind of compete against each other including energy transition. However, there is – just to round this up, maybe this was where your question was going, we do consider ESG and have for a couple of years in our framework to either reward or penalize different investments around our hurdle rates. So that's how we're thinking about it. It's probably more of the same, Robert.

Albert Monaco A

President, Chief Executive Officer & Director, Enbridge, Inc.

It's all – I think maybe, just to round that out, the way we're thinking about the transition at 50,000 feet, it's really a parallel effort with the core conventional growth that we have. So, if you look at what Colin said about the capital capacity that we have, it's pretty clear that at least CAD 3 billion to CAD 4 billion of the CAD 5 billion to CAD 6 billion in total capacity, let's call that core conventional business, and with that, the returns that you're used to seeing from us.

So, that extra CAD 2 billion in capacity really is – projects will have to compete straight up, whether it's Matthew's Renewables business or whether it's solar self-power or other types of investments including more organic growth. And if you look at how we've prosecuted RNG and hydrogen and Cynthia's business, it's basically the same type of returns that we've seen. So, Colin's point about being disciplined I think is the key here. And although it's important to carve out some capability for the transition, we don't expect to take a significant reduction in return.

Robert Kwan Q

Analyst, RBC Capital Markets

Hey, that's great. Thank you very much.

Albert Monaco A

President, Chief Executive Officer & Director, Enbridge, Inc.

Okay. Thank you.

Operator: Your next question comes from the line of Shneur Gershuni from UBS. Your line is now open.

Shneur Z. Gershuni Q

Analyst, UBS Securities LLC

Good morning.

Albert Monaco

President, Chief Executive Officer & Director, Enbridge, Inc.

A

Hi.

Shneur Z. Gershuni

Analyst, UBS Securities LLC

Q

I was wondering if we can start off – or I guess can really continue the discussion on the [ph] CCUS side (00:45:25) since it's been topical today. You announced the MOU today that you have in place. I was wondering if we can sort of talk about the technical aspects. You made a comment in your prepared remarks; I think it was CAD 1 billion of capital equals, I think it was 1 megaton, for example. I was wondering about how we can – if you can sort of talk about utilizing your existing pipeline systems for moving carbon?

What are the technical aspects that we need to think about? Can they handle the higher pressures? Do you need thicker wall – pipeline walls? Do new systems really have to be built or can some of the more recently laid pipe actually handle? I'm just kind of wondering if you can sort of talk us through the technical aspects that we should be thinking about.

Albert Monaco

President, Chief Executive Officer & Director, Enbridge, Inc.

A

Okay. Thanks. Those are great questions. I think from a technical perspective, our view is that new pipelines are better than existing pipelines to manage carbon CO_2 precisely. They need to operate at significantly higher pressures to deal with the liquefied CO_2. So I think what we've been most focused on is that when you go ahead and execute this kind of an infrastructure, you're most mindful of kind of minimize the overall cost.

So while there's going to be a need for hubs throughout North America, the shortest pipelines you can build to those hubs will be the most cost advantageous. So from our perspective, it's really looking at the individual customer's need, the emitter, and trying to figure out what is the cheapest and most reliable system to set up for them. And I think in most circumstances, that's going to involve building new pipelines that have a very short distance to a sequestration hub.

Shneur Z. Gershuni

Analyst, UBS Securities LLC

Q

Okay. That makes perfect sense. And then maybe to continue on here, I really enjoyed this slide talking about your [indiscernible] (00:47:36) and two-thirds of the CAD 4 billion to CAD 6 billion are going to the high priority investments and so forth. And so, you kind of have this this CAD 2 billion flag. And then when I look at your CAD 17 billion of secured backlog, just trying to understand how that number is going to grow over time in context of the discussion that's been going on today.

How much capital are you looking at or how many projects in terms of dollars are you looking at that could move into the secured backlog that would be classified by most investors as energy transition-related capital? Is it something where the backlog can grow by CAD 5 billion over the next three to five years or is it something that where it grows by CAD 10 billion to CAD 20 billion?

Albert Monaco

President, Chief Executive Officer & Director, Enbridge, Inc.

A

Okay. Well, let me start off then Colin can add. I think it's – I think we've outlined certainly at Enbridge Day and in other places, if you look at the backlog in traditional terms, the way we've added it all up, there's somewhere in the order of CAD 30 billion in that. Now, we've obviously emphasized that not as much because we're continuing to focus on the efficiency of capital and minimizing large scale investments. But it's around CAD 30 billion over the next few years. And so that translates to roughly CAD 5 billion to CAD 6 billion a year, Shneur

And so, if you kind of back into each of the businesses, you're looking at Liquids roughly CAD 1 billion or CAD 2 billion a year in terms of optimizations, expansions, and extensions in what Vern's looking at. I think GTM is probably in the CAD 2 billion category, Bill's modernizations, expansions, we've got a lot of LNG to look at.

In the utility, I mentioned it's probably CAD 1 billion, CAD 1.5 billion. Again reinforcements, customer adds, the new Community Expansions that we were talking about. And then I think in Matthew's business in Renewables, it's somewhere in the order of CAD 1 billion a year. So, my point is it doesn't take too much to fill up the CAD 5 billion to CAD 6 billion a year of capacity with our – what looks to be our organic backlog.

But again, I think the CAD 3 billion to CAD 4 billion we've identified, we think that's locked. And then the [ph] other CAD 2 billion (00:50:07) we're going to be very discriminating, let's put it that way. So, I think there's a good backlog there. We're just going to be careful on how we deploy it. Anything to add, Colin?

Colin K. Gruending

Chief Financial Officer & Executive Vice President, Enbridge, Inc.

A

Well, maybe just a reminder that I think Shneur you were asking about energy transition-oriented capital. I'm not exactly sure what you've got in that bucket. Everybody's defining that a bit differently. But I think we would argue a lot of our core businesses will contribute to energy transition.

So, I think Al's answer captures that. Globally within a more refined definition of energy transition, I think Al mentioned there's not an immediate scalable investment opportunity in some of these areas other than Renewables, which I think Matthew's pretty excited about. And we can allocate CAD 1 billion to CAD 2 billion a year in that business in the immediate term. I don't know if that helps round that out, Shneur?

Shneur Z. Gershuni Q

Analyst, UBS Securities LLC

No, it perfectly does. Really appreciate the color today. And hope you guys enjoy your weekend.

Albert Monaco A

President, Chief Executive Officer & Director, Enbridge, Inc.

Okay. Thank you.

Operator: Your next question comes from the line of Rob Hope from Scotiabank. Your line is now open.

Robert Hope Q

Analyst, Scotiabank

Good morning, everyone.

Albert Monaco A

President, Chief Executive Officer & Director, Enbridge, Inc.

Hi.

Robert Hope Q

Analyst, Scotiabank

Question is on the gas modernization capital of kind of CAD 0.5 billion to CAD 1 billion a year. In your comments, you did highlight that adding new compressors or updating the compressors can significantly reduce emissions there. I just wonder is there some additional upside here adding CCUS to the compressor, [ph] or even (00:51:52) just going straight to electric drive plus adding in some additional on-site solar? Just want to get a sense of how you're thinking about kind of upside flex to that modernization level.

Albert Monaco A

President, Chief Executive Officer & Director, Enbridge, Inc.

Okay. Bill, go ahead.

William T. Yardley A

Executive Vice President & President-Gas Transmission and Midstream, Enbridge, Inc.

Yeah. So, kind of all of the above, Rob. For now, the modernization that we've done to date or that we're currently doing is gas-for-gas. So, it's a replacement of gas where we're adding – we're basically putting a new equipment that's far more efficient. But the future, including things like the TVA project that Al mentioned, electric compression looks pretty good in most circumstances. And those circumstances have to be that you've got really good reliable power going to those units.

It could be, to your point, an opportunity to site gas or to look at our existing gas and put the CCUS, a new pipeline and carbon capture onsite or very close. And I will say, Rob, there are some places where our storage – we've already proven out that there – it's good storage for carbon. So, pretty good opportunities. And I'll just go back, all of the above and with a focus on what's most economical and what reduces our emissions footprint the best.

Robert Hope Q

Analyst, Scotiabank

And then maybe as a follow up to that, if you are able to [indiscernible] (00:53:22) additional capacity just with the new compressors there, could you get customer support in terms of contract initially or do you think this would be largely related to kind of new rig cases every so often?

William T. Yardley A

Executive Vice President & President-Gas Transmission and Midstream, Enbridge, Inc.

Well, anytime we add capacity, we have to go to the FERC to put it into service. So, yeah, I mean there are some cases where you add – you put a new compressor in it and just by its nature it's more efficient than the prior unit though it has the same rated horsepower. But in order to deliver more and get certificated, you have to go back to the FERC, if that's helpful. But it makes for a very economical expansion when it does happen.

Robert Hope
Analyst, Scotiabank

Q

Thank you.

Albert Monaco
President, Chief Executive Officer & Director, Enbridge, Inc.

A

Okay. Thanks, Rob.

Operator: Your next question comes from the line of Michael Lapides from Goldman Sachs. Your line is now open.

Michael Lapides
Analyst, Goldman Sachs & Co. LLC

Q

Hey, guys. Thank you for taking my question. Real quick on the Liquids segment, and I know this is old economy stuff, but just curious, you have always kind of outlined at Investor Days or Analyst Days a myriad of potential growth projects once you got Line 3 done. Just curious how you're thinking about some of those, meaning, I don't know, the extra 100,000 barrels at Southern Access or maybe Flanagan South expansion and some of the stuff on the western part of the system as well?

William T. Yardley
Executive Vice President & President-Gas Transmission and Midstream, Enbridge, Inc.

A

Okay. Thanks. Yeah. We're – you're absolutely right. Liquids Mainline and the downstream pipelines have latent capacity expansions available to them. I think we're – the best way to describe it right now is we're in active discussions with our customers, post-line 3 to see how and when we execute those.

Michael Lapides
Analyst, Goldman Sachs & Co. LLC

Q

Got it. Okay. But do you see those as things that kind of happen not long after Line 3 come online or is this something that could take another few years and you'd need to see a ramp in either production out of Western Canada kind of reaccelerate further than kind of what the producers are talking about now before those become economic?

William T. Yardley

Executive Vice President & President-Gas Transmission and Midstream, Enbridge, Inc.

A

Well, they're low-cost, low-permitting and fairly quick to market expansions. And I do think, as we see the economy recover and as producers get confidence that the economy is humming again, we should see some good progress on this.

Michael Lapides

Analyst, Goldman Sachs & Co. LLC

Q

Got it. And last, this would impact you guys and impact all of the takeaway options. What are you all hearing about the timeline for Trans Mountain expansion coming online? And how do you think about the dynamics of a market that's been short egressed for multiple years, potentially becoming long pipeline takeaway once Trans Mountain and Line 3 are both in service?

William T. Yardley

Executive Vice President & President-Gas Transmission and Midstream, Enbridge, Inc.

A

So I'm not going to comment on Trans Mountain's [indiscernible] (00:56:22) I think it's best for them to talk about that. But we've been expecting Trans Mountain to come online and provide egress for quite some time now. So our understanding of the market here in Western Canada, is there's a significant amount of heavy crude wanting to come to market from producers that hasn't just been started up yet. That's in the range of 400,000 barrels a day to 500,000 barrels a day. There are some very close to completion brownfield projects with the producers that would come to market very quickly as well with sufficient egress.

So, once Line 3 goes into service, we'll provide a little bit more egress, Trans Mountain will provide some more egress, and that should fill up relatively quickly with all of these projects that are really just waiting for that egress to show up.

Michael Lapides

Analyst, Goldman Sachs & Co. LLC

Q

Yeah. Got it.

Albert Monaco

President, Chief Executive Officer & Director, Enbridge, Inc.

A

I think just a quick add-on to that, Michael. If you look at the fundamentals here, and we just saw this through 2020, the fundamentals for heavy are very attractive to US refiners. So I think given that and the fact that cash costs have really come down in the oil sands in terms of break-evens and they've done a good job in bringing down full cycle costs, so I think there's a pretty good opportunity here for the oil sands to surprise again going forward given those factors.

Michael Lapides

Analyst, Goldman Sachs & Co. LLC

Q

Got it. Thank you, guys. Much appreciate it.

Albert Monaco

President, Chief Executive Officer & Director, Enbridge, Inc.

A

Okay. Thanks, Mike.

Operator: Your next question comes from the line of Robert Catellier from CIBC World Markets. Your line is now open.

Robert A. Catellier

Analyst, CIBC Capital Markets

Q

Thanks for taking my question, and I apologize for the background noise. But a follow on to what you just talked about there. There are – there seems to be just a general attitude of the producer community to conserve capital and they haven't ramped up production quite as quickly. And so I'm wondering, how do you see that change in customer behavior impacting US Gulf Coast strategy and also the appetite for Mainline Contracting?

William T. Yardley

A

Executive Vice President & President-Gas Transmission and Midstream, Enbridge, Inc.

Well, I think our US Gulf Coast strategy remains unchanged. We see strong demand for terminaling options in the Houston area, whether that's for tankage or VLCC export. And having that optionality will always be important for our customers to maximize the netback on their barrels. We – as we talk with producers, we see a very robust demand for capacity on our system and certainty for that capacity. So I think both dovetail into each other where a good set of our customers want to know what they have on our system that they can use it day in and day out. Then they can move their crude to the best markets and maximize the value of production and refining.

So we feel very good about the US Gulf Coast strategy. And I think with Mainline Contracting, I think we've done a really good job at CER in providing evidence that the offering is good for industry as a whole, that it's supported by more than 75% of our current shippers. And we are very hopeful for a positive decision later this year.

Albert Monaco

A

President, Chief Executive Officer & Director, Enbridge, Inc.

You know Robert I think you're right about the conservation of capital. I don't think that's going to change anytime soon. But if you think about the fundamentals of crude, obviously light primarily in this case, they're still pretty strong in terms of exports. And we know that there's a runway for crude demand going forward. You're seeing that happen today. So the export strategy that we have around the Gulf, I think that's intact including on the LNG front that Bill runs. But the key to all of this is – and you're seeing more pressure on this, keeping costs down. So we're focused on being as competitive as we can and really working supply chains and doing what we can to make sure that tariffs and tolls are low enough to attract these customers.

Robert A. Catellier

Q

Analyst, CIBC Capital Markets

Thank you. That's a good answer but also a good segue to the other question I had, probably more appropriate for Matt. As you mentioned, we're seeing an inflationary environment in terms of capital spending. And – but it seems to be translating also into the offshore wind market, so I'm curious to know if there's been any improvement in the behavior, if the bid activity is becoming more rational in the offshore wind business?

Albert Monaco A

President, Chief Executive Officer & Director, Enbridge, Inc.

Go ahead, Matt.

Matthew A. Akman A

Senior Vice President-Strategy and Power, Enbridge, Inc.

Sure. Hey. Thanks, Rob. Probably, the answer industry-wide is no. Not a lot of – not as much discipline as we'd like to see generally in that market. I don't think that's just relative to inflation but just general appetite for the asset class. So we're taking a really selective approach to the business. We've got our existing pipeline of assets which have largely fixed price contract associated with construction that were locked in previously, and we're on track and on budget on those construction projects, which is great.

Going forward, we're just going to be very disciplined especially in terms of these high-priced leases. We're going to go to places where we don't have to put up that kind of speculative dollar and quantity because, as you pointed out, the discipline hasn't exactly been there across the board but we're finding selective – select opportunities where we see good value still in that market. And based on our partnerships and competitive advantages and capabilities, our pipeline continues to move forward on the development side.

Robert A. Catellier Q

Analyst, CIBC Capital Markets

Okay. That's great. Thank you.

Albert Monaco A

President, Chief Executive Officer & Director, Enbridge, Inc.

Okay. Thanks, Rob.

Operator: Your next question comes from the line of Ben Pham from BMO. Your line is now open.

Ben Pham Q

Analyst, BMO Capital Markets Corp. (Canada)

Hi. Thanks. Good morning. Also a question on renewable power. You have the East-West Tie line coming in 2022. Can you comment on whether [indiscernible] (01:03:27) is that something you want to build on and expand and look at new transmission opportunities or is that more in that noncore opportunistic bucket?

Albert Monaco A

President, Chief Executive Officer & Director, Enbridge, Inc.

Matt, do you want to respond to that or...

Matthew A. Akman A

Senior Vice President-Strategy and Power, Enbridge, Inc.

Sure. Hey, thanks, Ben. I think it is opportunistic. I think it's the latter category primarily. Transmission is something that is still very challenging from a permitting standpoint obviously. It's – we need more transmission for renewable, but it's easier sort of said than done. So our focus is going to be primarily on the contracted renewable power projects. And we don't have a lot of plans to invest in transmission. As far as East-West Tie the project has gone really well. And so, that one we like a lot. It is a rate base regulated return type structure, which we like. And it's right on track and should be in service early next year. So at that time, we'll see what we do with that. But we like the asset a lot and it's got a good solid safe return.

Ben Pham Q

Analyst, BMO Capital Markets Corp. (Canada)

Okay, great. And then moving to the Canadian LNG export opportunity. I haven't asked you guys this for a while. There's [indiscernible] (01:04:57) there, new partnership formed, could you remind us your position there on LNG export and any sort of [ph] maybe more are you having conversations had recently (01:05:05)?

Albert Monaco A

President, Chief Executive Officer & Director, Enbridge, Inc.

Okay. Well, Bill do you want to take that one?

William T. Yardley A

Executive Vice President & President-Gas Transmission and Midstream, Enbridge, Inc.

Yeah. Sure. There are obviously big opportunities and we'd like to see things get organized. It's actually quite exciting to see what the [indiscernible] (01:05:25) announced recently, and having a project that's sort of led by First Nations. So, that's good. And that fits well with us. We engage with the local communities pretty well and with First Nations well. I think our Westcoast Gas Connector projects are actually pretty well situated for anything new that happens in Western Canada.

So, those are real big opportunities. And then you got to approach those obviously very cautiously, but good opportunities. And then [ph] I'll just – I'll give in a (01:06:00) comment about the Gulf Coast. The Gulf Coast is actually seeing a bit of a resurgence or at least a tick up from where they left off maybe a year-and-a-half ago. And our efforts there though they're not as grand, they're very manageable and there are a number of them. So, good opportunities in LNG for us. I hope you didn't mind if I got that in, Ben.

Albert Monaco
A

President, Chief Executive Officer & Director, Enbridge, Inc.

Just one other thing I'll add to [indiscernible] (01:06:31) Of course, the good news is we're well situated there on our Westcoast Mainline. And so whatever happens out there into the future aside from the Connector itself that Bill was talking about, it's going to be good for our existing business there.

Ben Pham
Q

Analyst, BMO Capital Markets Corp. (Canada)

All right. It's very helpful. Thank you.

Albert Monaco
A

President, Chief Executive Officer & Director, Enbridge, Inc.

Okay. Thanks, Ben.

Operator: Your next question comes from the line of Linda Ezergailis of TD Securities. Your line is now open.

Linda Ezergailis
Q

Analyst, TD Securities, Inc.

Thank you. From an operational perspective, recognizing that your Energy Services are dealing with a number of factors compounding the negative results, I'm just wondering if you could give us a sense of what sort of demand charges we might expect prospectively or will they be diminishing over the next year or two? And would you just renew them opportunistically, can you comment on your strategies in Energy Services generally?

Albert Monaco

A

President, Chief Executive Officer & Director, Enbridge, Inc.

Go ahead, Colin.

Colin K. Gruending

A

Chief Financial Officer & Executive Vice President, Enbridge, Inc.

Hey, Linda. Yeah, Colin – yeah. Good question. So I think what you're seeing flow through our quarterly results right now is pretty much a worst case scenario. So [audio gap] (01:07:48) any worse than this. It should get better as, A, conditions improve; any one of those three strategies we typically see some value from. And secondly, if not, we do have contracts that roll-off in the latter basis and taper down. So I look forward to seeing this improve.

Linda Ezergailis

Q

Analyst, TD Securities, Inc.

But no change to strategy?

Colin K. Gruending

A

Chief Financial Officer & Executive Vice President, Enbridge, Inc.

No. No. It's a small business. It's – I think it's smaller than our peers' marketing businesses. It's typically back-toback. It's tightly risk-controlled. It's worked well for us. Last year was a huge year. This year, not. But it still fits and it typically generates 0% to 1% of our EBITDA. So it's well-contained.

Linda Ezergailis

Q

Analyst, TD Securities, Inc.

Okay. Thank you. And recognizing that the Alliance Pipeline is not a big part of your business, but maybe just a comment generally on re-contracting in your natural gas pipeline specifically Alliance and how that might be influenced if at all, by some of the emerging Westcoast LNG export opportunities potentially influencing duration or level of interest for that asset?

Albert Monaco A

President, Chief Executive Officer & Director, Enbridge, Inc.

Bill?

William T. Yardley A

Executive Vice President & President-Gas Transmission and Midstream, Enbridge, Inc.

Yeah. So I think you hit it, Linda. Our Alliance Pipeline is probably one of two assets where we look carefully at recontracting for the future. The rest of them they really – we really don't see an issue with. And Alliance is all about basis. However, it has the added benefit of going Aux Sable with liquids. And that's a major selling point that differentiates it from others.

So, we had a pretty big re-contracting year over the last 12 months, and we were able to re-contract albeit for shorter-term understandably. And we expect that to continue. I will say lately we've seen some movement – some positive movement there in basis. The future, I don't know. I mean the LNG is a ways away, so it's a bit difficult to tell whether that's going to have a material impact. But overall, you would think that would be positive for Alliance.

Linda Ezergailis Q

Analyst, TD Securities, Inc.

Thank you.

Operator: Your next question comes from the line of Praneeth Satish from Wells Fargo. Your line is now open.

Praneeth Satish Q

Analyst, Wells Fargo Securities LLC

Thanks. Good morning. So I see you got 10 to 15 RNG projects underway in Canada. I guess my question is, do you plan to enter the US market at some point? I know the tradeoff would be you wouldn't have your utility as a customer, but clearly you have expertise and the market there is big. So would you be open to producing and selling RNG in the US to third-party customers?

Albert Monaco

A

President, Chief Executive Officer & Director, Enbridge, Inc.

Okay. Well, maybe conceptually we'll have Cynthia answer that. But I know Bill has got some comments here too, on how this relates to his Gas Transmission business.

Cynthia L. Hansen

A

Executive Vice President & President-Gas Distribution and Storage, Enbridge, Inc.

Sure. Thanks, Al. You're right. The experience that we're gaining by developing these projects, the RNG projects, how we're working with the various participants and our customers is something that we can build on. So, we have obviously the relationship that we've announced in Canada with Walker and Comcor, that's going to help us continue to build that expertise in across Canada.

And I know both Bill's team and my team have been talking about what that future could look like with US. And while there are instances where we could tie in to some of the existing infrastructure that Bill has in the US, we do have obviously an opportunity to take and leverage the knowledge. So, I think it's something that Bill can expand on. But we're looking at it and if again it fits within all of the criteria that Al and Colin have talked about, it's something that could eventually be developed. But maybe, Bill, you can expand on how your team's been addressing the US interest?

William T. Yardley

A

Executive Vice President & President-Gas Transmission and Midstream, Enbridge, Inc.

Yeah. Thanks, Cynthia. Yeah, I mean this is a huge opportunity for us in the US. And we're very lucky to have the experience that Cynthia's team has and has generated and continues to generate with this sort of cutting-edge projects on the RNG front. For us, our infrastructure from the Gulf Coast over to Florida, and all the way up to the Northeast, where we go by an awful lot of potential source sites for RNG.

And it's probably two factors or two opportunities. One, serving the local distribution companies, which is an obvious one, and partnering with them to do that. But then second, some of these more closed loop opportunities where you have major industries, major farms that want to get credit for their operations and basically serve them with – with RNG that they actually get produced – gets produced into our system. So I think the opportunity because of our reach is tremendous.

Praneeth Satish Q

Analyst, Wells Fargo Securities LLC

Great. Thanks. And then, can you just give us a sense of how large the Ridgeline Expansion Project would be either from a CapEx or capacity perspective? Just looking for some bookends around the project. Thanks.

[indiscernible] (01:13:49)

Albert Monaco A

President, Chief Executive Officer & Director, Enbridge, Inc.

Go ahead. Go ahead, Bill.

William T. Yardley A

Executive Vice President & President-Gas Transmission and Midstream, Enbridge, Inc.

I'm sorry Al. It was about a CAD 1 billion project and it's basically looping in compression along our existing rightof-way in Tennessee.

Praneeth Satish Q

Analyst, Wells Fargo Securities LLC

Got it. Thank you.

Operator: We have reached our time limit and are not able to take any further questions at this time. I will now turn the call over to Jonathan Morgan for final remarks.

Jonathan Morgan

Vice President-Investor Relations, Enbridge, Inc.

Thank you. And thank you for taking the time to join us this morning. We really appreciate your ongoing interest in Enbridge. As always, our Investor Relations team is available to address any questions you may have following the call. And once again, thank you and have a great day.

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Operator: Thank you. Ladies and gentlemen, we appreciate your participation. This concludes today's conference. You may now disconnect.