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PRESENTATION

Leigh Kelln - *Enbridge Inc. - VP, IR & Enterprise Risk*

Good morning and welcome. My name is Leigh Kelln, Vice President of Investor Relations & Enterprise Risk for Enbridge. I'm pleased to welcome you, as well as those listening to our webcast, to our 17th annual Investor Day. (Conference Instructions). And finally, our comments today may refer to forward-looking statements or non-GAAP measures. So I ask that you please take a moment to review our standard disclaimers. Page 1 and page 2. So with that, I'm very pleased to introduce our President and CEO, Al Monaco.

Al Monaco - *Enbridge Inc. - President & CEO*

Thanks, Leigh. Leigh's got us going promptly here, which is good because we want to make sure we have a lot of time for a discussion and questions today.

Good Morning. And good morning to those listening on the webcast as well. Enbridge Day is the time when we roll out our five-year plan. So it is a very important time of year for us. We have been looking to this day as we were approaching it even more so for a few reasons.

First, this downturn in commodity prices gives us a chance to talk about the resiliency of our business model. We have just completed the drop-down of our Canadian liquids pipelines business to Enbridge Income Fund. We have added a key metric, ACFFO, which I think will highlight the upside to the valuation. We have progressed execution of our capital program nicely.

But overarching all of this, in developing our 2015 plan this time around, we focused a lot of attention on how we position the Company for the future. So we are going to share our longer-term thinking in a few areas today.

So I will set the stage for the day here with our value proposition and why it makes sense to own Enbridge, particularly in the market that we are in; the progress in our three corporate priorities overall; and then our five-year outlook and beyond.

Now each of the management team will walk through their businesses with an emphasis on the growth side of things. And then John Whelen, our CFO, will then discuss our financial position, funding capability and our sponsored vehicles in more detail.

This slide here captures the main investment themes that we want to convey today. Most important, we are in turbulent times. If you think about what is going on out there as far as the threats, low and volatile commodity prices, the threat of higher interest rates. Canada, I think we would all agree, is a bit of a favor today, and of course more recently concerns over growth in China.

Our business model is built to withstand and actually thrive in these stormy days. Our five-year capital program is CAD38 billion, CAD24 billion of that is commercially secured and in execution. We have got CAD14 billion in development as well, which we have a good degree of confidence in converting into the secured category. So another large-scale program.

Next is the magnitude and transparency of the growth profile. An estimated 15% to 18% ACFFO CAGR through 2019 that is off a different base this time, 2014 is the base. And average annual EPS growth of 11% to 13% on average. And we expect to deliver annual dividend growth of between 14% to 16% over that period.

Now despite the downturn in commodity prices we believe long-term energy fundamentals are very much intact and positive, especially for North America where we see a very sizable opportunity set that really fits with where we want to take the business going forward.

Our sponsored vehicles will help us optimize our cost of capital and, we will refer to this a couple of times, release equity from Enbridge in the future to redeploy. The drop-down of our Canadian liquids business puts us in a very good position to utilize that source of capital. On that topic we will outline today the pace of our drop-down strategy to EEP and I will talk about that a bit later.

Finally, if you take a conservative view even of our growth outlook, we believe there is substantial upside for investors at this price. And we will lay out the scenario that we have for that.

I am going to start with the strength of our business model, which I think is illustrated best by the map here. The three main businesses are characterized by very strong competitive positions and embedded growth.

We have an unparalleled crude oil liquids pipelines business anchored by our 2.8 million barrel per day capacity mainline. But importantly, that is directly connected downstream to 3.5 million barrels of refining capacity and our downstream pipes.

That mainline has allowed us to expand upstream and downstream and extend effectively our producers to coastal markets. An equally strong franchise, Enbridge Gas Distribution with 2 million plus customers. We like this business a lot because it is a solid return and it has repeatable growth. And it is a natural way to build our gas footprint.

Our gas pipelines business gives us a solid base to grow from. We are very happy with Alliance Vector positions, resurgence of offshore and our entry into Canadian midstream.

We mentioned before the goal is to establish a bigger gas platform. That may not happen overnight absent a very large acquisition, but the team that Greg has put together gives us an opportunity to grow that business. We are pleased with how renewables has come along and Energy Services are performing.

The commercial underpinning of our assets minimizes throughput and commodity risk. About 95% is supported by long-term contracts, fee-for-service or what we call incentivized cost of service arrangements. We manage the residual commodity risk where we have some interest rates and foreign-exchange to minimize the cash flow at risk, you see that by the bottom left-hand pie there.

That has allowed us to deliver consistent and strong results within our guidance range. And all of that points to maybe what some might say is a safe haven in difficult markets like these. But the truth of it is we don't really like that moniker because it implies that we only provide downside protection.

In reality we provide as well superior growth and strong returns on the capital we put to work while minimizing volatility in cash flow and earnings. And you can see how this has translated over time into strong relative performance.

Just to further emphasize this resiliency, this slide here captures how each of the businesses contributes. For liquids WCSB volumes are expected to grow through 2019 and we expect our mainline to be full for the foreseeable future. That's bolstered by long-term contracts both upstream and downstream of the mainline.

Our 10 largest shippers account for 80% of all shipments on the line and that is from companies that have very strong balance sheets. Many of those -- and this is very important, many of those companies are actually integrated downstream or have standalone refining capability so they benefit from this environment through lower feedstock costs.

Gas distribution earnings are protected against throughput and gas price risk. Canadian midstream, Alliance, Vector, offshore, they are protected by take or pay arrangements. The renewables business is underpinned by long-term PPAs that assure 100% take of the volumes with contracted prices. Energy Services, I think as you know, is a physical arbitrage business.

So now let me switch gears a bit and focus on the broader energy fundamentals that drive the business long-term. Despite the downturn in prices long-term energy demand is going to continue to grow. There is consensus generally that consumption is going to grow by about 30% plus by 2040.

This is actually a more conservative case than we have chosen here from the IEA because it assumes greater climate policy actions that are in place today. And it accounts for the expected slowdown in China that everybody has been talking about over the next 15 years. So that is built into this outlook.

This consumption growth that you see here is going to be driven by the sheer magnitude of population growth, greater use of electricity, urbanization and improved standards of living. The lion's share, I think we all know, is going to come from developing economies and non-OECD countries.

With this level of consumption we're going to continue to need all sources of supply to meet the demand, that is basically what the chart on the right is telling us. But we do expect to see a shift, in fact, it is already happening in the supply mix to natural gas and perhaps to a lesser extent, but still important, to renewables.

Now the competitiveness of gas and why we are looking at gaining a greater footprint here stems from a few things. It is abundant, which means it is low-cost, we've got significant upticks in petchem demand, it is very suitable for power generation and it its ability on that front to locate very close to load centers which minimizes electricity transmission costs.

And of course it is lower in emissions, at least for power gen. Renewables sees the largest rate of change that you see here for obvious reasons around environmental issues.

Now on to the North American outlook, for the past few years the US and Canada have been major factors in global supply growth. Now I am showing here the total resource picture because I think production forecasts are naturally constraining by demand and infrastructure, particularly export capability.

On a Boe basis North American oil and gas resources have increased by 50% over the last 10 years. Massive supply growth has displaced imports of crude and growing LNG. We think North America is in an excellent position given an unmatched unconventional resource potential and skills and technology that we think will continue to make them even more competitive.

The location of these resources is shifting the pattern of flows in North America, that is the chart on the right there. Pipe flows have basically transitioned from moving imported oil and gas inland to one that is moving growing production to coastal markets, that is essentially the game today.

And that is exactly what has driven our North American strategy -- get product to coastal markets, which has benefited not only our customers but also us as well. And if you think about the major components of that: getting to the Gulf Coast with our oil system; getting to Eastern markets now with Line 9; and also getting to the Patoka market by yearend. Those are three very big achievements in terms of our market access strategy.

Our view is that we're going to see much greater conductivity of North American supply to global markets going forward. It is already happening, we are seeing increased US exports to Canada -- Canadian crude and US condensate and LPGs from the Gulf Coast to global markets. LNG exports of course are eminent and several new projects are on the way there as well in the US.

All of this is going to drive significant need for new infrastructure and our estimate is in the range of about CAD800 billion of opportunity set, at least in the midstream space, and could be more than that.

Now before I leave this topic, it is right to ask I think about the implications of current commodity prices on this longer-term view I just talked about. Now first, if you look at the decline rates in oil these days plus the demand growth that will happen by 2020, we will need to add about 35 million barrels per day of oil production by 2020.

So, if you can imagine an X axis scale here moving all the way to the right, it is around 35 to 40 million barrels of production per day. Now most people agree that new investment in oil supply to replace global production, to replace that amount that I am talking about is not going to happen at $40 to $50, at least not in the total amount that we need. Eventually the price of crude will move up to encourage that marginal new barrel of production to come on stream.

What we are seeing today, and we are in the middle of, is a period a price discovery as we rebalance supply and demand. A key part of that price discovery is going to be the full cycle cost of bringing on an incremental barrel. That is going to settle out here over the next couple of years.

This chart shows the breakeven price ranges for selected basins around the world. The arrows here that we have put in show the estimated impact of what is happening today in the industry in terms of cost, deflation and that is essentially coming from a few areas. The big one is drilling and production efficiency. Obviously the costs of the supply-chain are coming down and, importantly, high-grading of projects.

We have already seen cost reduced by about $10 per barrel on a full cycle basis and there is likely room to move lower. But the key point here is a lot of that is actually permanent in nature and not transient just in terms of lower supply costs in the short-term.

The point that I'm trying to make here is that the price threshold for new investment is going to come down. And I think people generally think of this as what used to be $90 is likely going to be $75 full cost to bring on new production, at least that last incremental barrel.

That is going to bode even better for North American reserves we think competing globally and for future investments in shales, the oil sands and of course the midstream infrastructure related to that.

So with that overview of the basic value proposition we offer and then the global fundamentals, the business units are going to get into their region fundamentals later on, I'm going to cover these three priorities: so the focus on safety and reliability; executing that CAD38 billion program; and extending and diversifying our opportunity set to build for the future.

Now the first one, safety and reliability, this is probably not going to be front and center for this audience today. And you would be right to expect that we are going to take care of it, that is our job. But I am talking about this today because I believe this capability will become an even greater differentiator in our industry.

That is because I think if companies don't get this right they put their -- literally their ability to operate at risk. And we have seen that numerous times in the last three to four years. The scrutiny on our industry by landowners, community, regulators and just about everybody else, is unprecedented at this time.

The other factor is that our systems are running full. So ensuring capacity and reliability drives the revenue line for us and it is also crucial though to our customers. Now this is especially true right now where reliable access to the best markets that we serve makes a real difference to producer net backs whether it is in the Bakken or in the oil sands.

Since 2010, as you can see by the chart here on the right, we have undertaken I would say the most rigorous and comprehensive inspection program in our history and, for that matter, the history in our industry. We look at this spending as an investment to support top line. We've reached a peak now, as you can see here implied by the chart, and we expect to see declines over the next five years.

The second priority is execution of the capital program. Now there is no doubt we are operating in a very challenging project execution environment. Getting regulatory approval is one thing, getting permits is another and it takes more time due to various forms of intervention.

Now I wouldn't want to leave you with the wrong impression. This input that we are getting, number one, helps us to understand the public's concerns and that input eventually leads to improvement in our projects. And I think ultimately it will build trust in the community in what we do.

In about 10 years from now we are probably going to look back at this period of time and say, that was pretty tough, but it did make us better as an industry. But regulatory uncertainty does increase cost and schedule risk, which we need to manage very carefully for obvious reasons.

And our customers, remember, are depending on us to deliver projects when we say. They have got a huge amount of upstream or downstream development that is driven by what we do.

Our major project's execution capability really comes down to a few things: I would say disciplined process; supply-chain management; and the capacity, enough resources and experience to get things done. And I think it has actually become another competitive differentiator in our business.

Another element of how we approach this today is how we look at community interaction and, again, that links back to my first comment -- communicating our commitment around safety and environmental protection before we even get to talking to them about the benefits of the project.

Now the next slide here illustrates our focus on cost and schedule management. One of the biggest things obviously is supply-chain; we leverage the size and scale of the program to command a favorable pricing and, importantly, a first call on resources and equipment.

You can see the two examples we have got here where we achieve below market pricing on our pipe -- pipe makes up about one third or 40% of our total capital cost and certainty of construction variables which is equally important in this case out through 2019. So we have locked that in.

Given market conditions we have been aggressively working the supply-chain, just as our upstream customers have, to drive further savings and productivity gains. Productivity is actually a big part of what is going on out there. That has resulted so far in about CAD400 million of savings in direct costs so far this year. We are hoping to capture another CAD100 million by year end.

Another element of efficiency is the way we look for here in the current environment is how to optimize capacity. That actually can have a more pronounced impact on our customers. For example, on Fort Hills -- Guy may refer to this later -- we're able to utilize existing capacity on the Athabasca twin to delay and defer a new build segment. That saved that project, our customer's project CAD400 million.

So very good progress was some CAD800 million in total savings, hopefully more to come. So let's just talk about the record here.

The left-hand bar sums up the projects we have executed since 2008. CAD28 billion is what we put into the ground and it has come in at about 5% below budget and generally at or ahead of schedule. We have got 16 projects underway right now, you can see the largest ones are here, we will talk about those through the day.

I think the take away here is that even though it is very tough out there permitting and regulatory wise, we are getting things done. We are making things happen and we are getting to the best markets. It is just a lot harder to do in today's environment.

So let me set the stage for priority number three around future growth by first establishing the capital program over the next five years. So the five-year program, as I said, is CAD38 billion, and that is going to drive the numbers that we've talked about in terms of ACFFO and EPS outlook. So obviously very strong next five years.

Most of that growth is going to be driven by what we have already put into service in the last couple years plus the CAD24 billion in secured projects. Now what we mean by secured of course is that they are supported already with customer commitments and they are happening, they are in execution.

We also have CAD14 billion in what we call the risk category which represents, I think everyone knows, a backlog of projects that we risk weight and apply a number to for this purpose.

Now this risk category also allows us though to plan for future funding. So the funding plan that John is going to talk about assumes that we are going to spend that CAD14 billion, and I think that is a prudent way of moving through such a large capital program.

Now to the third priority which is to extend and diversify the growth rate beyond this five-year horizon. Now while our five-year growth outlook is pretty strong, we are also focusing pretty hard on what is next for Enbridge. Now there are three broad categories to extend and diversify growth.

First, by capitalizing on what is already there, what is embedded in the business, an example of which is our tilted return profile, I will come back to that in a minute.

Identifying importantly new opportunities within our existing businesses and emphasis on building new platforms. Part of that is to diversify geographically and create a larger footprint, as we have been saying, in gas and power.

Now we are not diversifying for diversification's sake here. We believe that diversification will allow us to generate a larger opportunity set to grow from. Now we've put some bars on the chart here but we are not identifying a specific target or timeline for diversifying this mix.

We think that would be dangerous and wouldn't make sense actually, not very credible, because the magnitude and the pace will depend entirely on the attractiveness of investment opportunities we see out there.

The final element of extending growth is through redeployment of capital. And that is going to result from surplus free cash flow and our sponsored vehicles. I'm going to spend a couple of minutes on each one of these three.

So this slide outlines what we have come to know as our embedded or upward sloping, and we call that tilted return in some cases. Now including the projects that we have already put into service we will have CAD24 billion that attracts this type of return.

Now this is not the same CAD24 billion I was talking about for secured growth. This is the amount, and you can see in the top left-hand bar, that attracts the profile that you see at the bottom. And those projects have profiles that rise over time due to either one of two things: increasing commitments by largely oil sands producers, so growing throughput under take or pay arrangements or increasing tolls.

So these investments provide a natural source of growth for us as returns cross the midpoint, you can see that again with the chart at the bottom here on the left.

So the chart basically is telling us on the right that we can extend our ACFFO growth with this tilted return profile at about 3% annually after 2019. But to emphasize, this number excludes any new investments, it is only what is embedded.

Now let me summarize the various potential sources of new growth which the business units are going to be talking about. So Guy is going to be talking about our plan for new mainline and market access capability.

This opportunity is entirely driven by the new dynamic that is happening in Western Canada. Basically the industry is pipeline short at the moment or pretty close to it, but volumes are going to continue to grow through execution. At the same time though the FIDs for projects and projects generally are being pushed out.

So the strategy here is to offer low-cost incremental expansion with minimal execution risk to our customers that fit this exact price environment. He is going to also take you through our thinking around expanding our US Gulf Coast presence.

Glenn Beaumont will introduce some opportunities to increase investment in gas distribution related to low growth, system renewal and storage. And he has got a few other concepts that he will bring forward that further extend the growth beyond 2019.

Greg Harper will talk about Canadian midstream including a new NGL opportunity, offshore Gulf of Mexico and how things are going there. And how best and how we are thinking about expanding this gas footprint we keep talking about.

Vern is going to review our new platforms, I think you are aware of what those are. And there will be some excitement there I think on how we are looking forward to expanding the power generation that we have already today.

Let me just now spend a minute on our ability to redeploy capital in these areas that you see here through growing ACFFO and sponsored vehicles and, importantly, how we think about allocating capital in an environment where we are going to have a lot of opportunities.

So this chart reiterates the growth that we expect in ACFFO which, as you can see -- well, I guess this is a linear representation -- in fact, will be a little bit lumpy here reflecting the project in-service dates. The vast majority of this increase that you see here stems from secure projects that we expect will be in service by the end of our plan horizon, so 2019.

Now the main factors in how we are going to allocate capital when we think about this growing cash flow base is strategic alignment first of all with what we do, supporting our goal to extend growth, whether the project fits within the commercial criteria and that value proposition that I talked about earlier, and maintaining a strong balance sheet and also our dividend policy which is 40% to 50% of ACFFO.

If projects fit that general slate of parameters and they generate strong risk adjusted return they go into the hopper. They are then evaluated against other business unit opportunities, so essentially the business units compete for capital and at the macro level against options like increasing the dividend payout.

Now from our history you will know that the order of dispatch, or merit for us, is organic assets first and asset deals that accelerate the business strategy. So a good example of that was when we acquired Seaway, that allowed us effectively to get into the Gulf Coast. And we are always looking for ways of course to expand the footprint through acquisitions, that is our job.

Now depending on the magnitude and quality of future opportunities another option is to return capital to shareholders by accelerating dividend growth. Now that is not the position we have been in for many years and we don't expect to be there any time soon. However, we are always looking at that as an option relative to the strength of our investment opportunities and the returns that they can generate.

Now as you know, we had a substantial 33% increase in the dividend this year, but that was driven more by the progress on financing our capital program and our growing ACFFO as opposed to seeing fewer opportunities out there.

So I think how we consider capital allocation is going to be even more important going forward as we employ our sponsored vehicle strategy. So let me cover that now.

This slide here shows the line-up, I think everybody is familiar with this. We have been utilizing sponsored vehicles since the IPO of EEP back in 1991, we were the second MLP out of the gate back then. These are obviously important to us for a lot of reasons but remember, they hold very important assets to us that are integral to the operations and our strategy.

They also diversify our sources of funding and optimize the cost of capital for the group as a whole. These vehicles, and we will refer to this a few times here today, also help us to release capital from Enbridge. They help us boost returns, and John is going to take you through that, and support dividend growth.

Now as you know, the midstream market -- equity market valuations today have been very difficult, particularly for MLPs over the last little while. And that is exactly why we maintain the funding flexibility within the Group to make sure that we can manage through these disruptions. Our fundamental view though is that these high payout vehicles provide a very strong and effective opportunity to access capital in most market cycles.

If you look at the recent activity on drop-downs to the Enbridge Income Fund, for example, we have monetized -- including the recent drop to the income fund we monetized over CAD5 billion in assets over the last five years. Those drops have driven good value for Enbridge, but they have also resulted in accretive opportunities for those sponsored vehicles.

Now last month we completed the transfer of the Canadian liquids business to Enbridge Income Fund -- last month, as I said, we completed that drop-down. We are very excited about what this opportunity can do for Enbridge and the Enbridge Income Fund Holdings Group going forward on many fronts.

Now as I said, John is going to take you through the specifics of how this is going to work for us going forward. But essentially this deal at its essence transforms the fund, it now owns the premium liquids franchise in North America which comes with a very highly visible and secure growth program.

The transformation drove that initial dividend increase that you saw of 10% for EIFH, or ENF as its symbol, 10% on September 1 and we are looking forward to further 10% increases each year through 2019. And as I said, this structure at its essence also gives us the ability to free up capital to redeploy to those opportunities that I was talking about.

Now with respect to EEP, EEP is obviously going to be a very critical part of Enbridge because it houses our US liquid system, that is critical to what we do. When it is less optimal to raise capital EEP, like right now, we have co-invested alongside EEP on organic projects or through other forms of support. But when you really get down to it we think EEP has a very strong growth outlook.

It has embedded volume growth from Western Canada and the Bakken, CAD5 billion of organic investment opportunities which are in execution and we expect to be in service by 2017.

It can exercise call options of CAD800 million of Enbridge assets through the joint funding agreements. And since the price of those calls is at cost it is pretty much like organic growth. And then of course, we have said this before, about CAD10 billion of additional drop-down potential from Enbridge for projects that are in execution.

Now as you know, we have assessed a larger scale drop-down for the US assets similar to the Canadian side. And after a lot of thought we concluded that it wouldn't make sense simply because of where market conditions sit. We've executed though drop downs in the past. Just last year we dropped down about CAD1 billion into EEP and that deal actually yielded a good result for both Enbridge and EEP.

But today we would like to provide some transparency on what this selective drop-down strategy will actually look like through 2019. The overall objective will be to smooth out and supplement the distribution growth profile from 2016 to 2019 to 5% or better distribution growth CAGR.

Our plan assumes we supplement the call options that I talked about with added drops of about CAD500 million per year. So in combination the way to think about this is that we will have additional assets into EEP of about CAD750 million a year between the call options and the additional drop-down schedule that we've just talked about. That could vary a bit obviously, it could be lower, it could be higher, depending pretty much on the financing that we have in EEP.

So let me just wrap up now by how we see the next five years from a financial point of view. In summary then EPS growth of between 11% to 13% on average through 2019; ACFFO CAGR of 15% to 18% through the same period. A large component of this is already commercially secured and locked in.

Dividends per share should see a smoother profile though, 14% to 16% annual growth. At this level of growth we would expect to be within our current dividend policy, as I said earlier, of about 40% to 50% of ACFFO on average, it is probably going to be likely more at the top end of that range. So as you can see here pretty strong outlook.

I would like to spend a minute though now on what life could look like beyond 2019. Now as you know, we don't publish anything beyond five years, the outcome that far out is going to depend obviously on a bunch of factors. But it is useful to consider this in terms of a couple of perspectives when we think about future growth and the substantial upside that we offer today.

So, the first perspective here looks at possible ACFFO growth in three periods. And we use that as a way to assess our valuation today. Now the first period we have already talked about, 15% to 18% growth through 2019. So that is what is in our plan, so let's think about that as the first five years.

The next five years from 2020 to 2024 is what we are showing here -- it is actually a buildup of how we could achieve at least 10% growth over that period or more depending on the magnitude of capital redeployment.

So circling back to what we discussed earlier, embedded growth, that is with no new investment, could generate around 3% annually. That was the tilted return and embedded growth profile we talked about. Now if we simply bought back shares with excess cash flow while maintaining a capital structure, we expect we could lift that to around 6%, once again no new investment in opportunities.

Now if we assume that we reinvest that excess cash flow in midstream infrastructure assuming a conservative return on these projects, then we could generate 10% plus growth. Now this plus reflects effectively our ability to even further boost growth through additional investments if those investments are there, which would be funded by this opportunity that we have to Enbridge Income Fund to release capital.

Now beyond 2024, if you are looking to complete the periods, you could assume a more conservative growth rate, 4% to 5%. The point is that when you capitalize these three periods of time, these future cash flows, we see substantial upside to the current valuation. I'm sure you can all have your own views on how you model that out. But that is a high level look of how we think about it.

Now the second perspective is more of a relative valuation. Starting from the top left you can see the ACFFO growth rate that we have been talking about here for our planning horizon is at the very top of the peer group. Based on that picture and a very healthy 14% to 16% dividend growth rate our coverage, which is at the top right there, is at the very conservative end of the spectrum.

Now that is growth and that is coverage but that is only half the equation. The other half is the sustainability and predictability of growth. And that is illustrated on the bottom left there which shows where we have come in relative to a fairly tight guidance range over time.

So with the strong growth profile, ample dividend coverage -- more than ample, and a reliable business model, our valuation effectively we feel is lagging the peer group if you look at the bottom right. So together the two perspectives, the confidence around superior growth post 2019 and the relative valuation disconnect that you see here means there is a good opportunity, we think, to move to the left of that chart on the bottom right.

Ultimately this is not something that we normally talk about and of course ultimately it is going to be the market that determines where we trade. But we think it is important that management outline its views on how we see this going forward.

So I am going to kick off the business unit presentations here, which will happen after our Q&A, with our management team line up. If you go back to last year at this time, I think a lot of people were here, Guy Jarvis, John Whelen and Vern Yu had all transitioned to their new roles, and Greg Harper was actually relatively new to Enbridge at the time.

I think these changes were a very good illustration of the bench strength that we have in the Company and also going outside the Company to bolster skills where we think we need them. I think the team has a great mix of experience and industry knowledge, but it is a group that has energy as well to make things happen. And this is really important to myself, our Board, and of course the rest of the Company in terms of executing the plan that we are talking about today.

Part of this process we go through is providing a mix of opportunities and assignments, moving around people so that they can demonstrate their capability. And we try to do that not just at this level but at all levels. The people that you see here on the chart have all benefited from this approach. And frankly it is the reason why they are up on this chart.

Another part of succession plans is identifying talent early and assuring that we are establishing individual development plans for people so that they can grow. In fact, these people that you see on the chart here all have individual development plans.

Karen Radford and her team have also developed a leadership development program that focuses on developing the skills and depth that we think are important. So this succession process I think overall is resulting in a well rounded, seasoned and proven leadership team.

So we are now going to move on to the business unit presentations. I will come back at the end of the day to try and sum things up. But I think at this point we want to move along to the Q&A. So, let me open it up to questions.

QUESTIONS AND ANSWERS

Rob Catellier - *GMP Securities - Analyst*

Rob Catellier, GMP. My question has to do with contract structures. You have outlined in your reliable business model slide that Enbridge is coming from a relatively conservative position. Recently in the midstream industry we have seen a large transaction partly funded by private equity where there has been a transfer of risk to the infrastructure Company, maybe a little bit higher than we are used to seeing in the past.

So, what is the Company's appetite to consider higher risk structures in order to grow, understanding it is at least partly attributable to the resulting rewards. So what is your appetite to consider higher risk structures to grow?

Al Monaco - *Enbridge Inc. - President & CEO*

Well, Rob, I guess the short answer is it is going to depend. But I will say overall we have so many opportunities in front of us and a lot of them come with let's just call it a higher degree of risk.

What we don't want to do is get into a position where we are messing up the very value proposition that we have made sure that we maintain over the years. So, I don't think we want to stray too far from that value proposition.

Having said that, obviously with the size that we have and the diversification within the business there may be an opportunity, depending on what the situation is, to take a little bit more risk, if you want to look at it that way. But it is really going to depend on the situation at the time.

But generally speaking what we are seeing today, there still is a very good element of the market on the producer side of things that would like to see long-term throughput arrangements. And it really comes down to a trade off.

In those situations where you have higher risks obviously that comes with a higher return. Where we add the most value for our customers is constructing a commercial model that essentially allows them to pay a lower return and by that we have a lower degree of risk. So that is really the proposition.

I think there is a lot of opportunities out there that still fit that category. So, the one you mentioned, for that one there is also many more out there that are probably more along the structure that we have embedded in our business.

Winfried Fruehauf - *W. Fruehauf Consulting - Analyst*

Winfried Fruehauf, W. Fruehauf Consulting. You mentioned earlier how important it is to get liquids to Tidewater. Now regarding Northern Gateway, if Northern Gateway does not proceed at all or perhaps proceeds after five years from now what is your plan B in the meantime or beyond five years?

Al Monaco - *Enbridge Inc. - President & CEO*

Okay, that is a good question. So that question essentially has been on our minds not so much with the project you mentioned, Gateway, but generally from an industry perspective. As I said earlier, you have got this dynamic now where you have got constrained pipeline capacity yet you have got growing volumes out of the basin. And you have also got though a deferral in projects.

So it is not clear exactly when we are going to start seeing new FIDs for incremental oil sands projects other than the ones that are being executed today. So with that backdrop, the plan B, if you want to call it that, for the interim time line is to offer these low-cost expansions on an incremental basis -- Guy is going to go through this in a lot of detail -- that really fit that environment.

So, what can we do to [incrementalize] capacity to get the industry through this next three to four years before we start to see more production coming on for the longer-term? So, it is really low cost incremental expansions and we are pretty excited about our ability to do that. And we've been talking to industry about that opportunity and I think generally so far we have had good receptivity. Yes.

Rob Hope - *Macquarie Capital - Analyst*

Rob Hope, Macquarie. You made a few comments about diversifying your business through M&A. Just given the scale of your business are you looking at more individual assets or groups of assets or would you look to do something larger on the corporate side?

Al Monaco - *Enbridge Inc. - President & CEO*

Well, as I referred to there, I think our preference is always to first try and do greenfield or organic projects, asset deals would be next. But the real answer is all the above. In our business in order to build out the strategy and extend and diversify the growth that we are talking about we have to be looking at every opportunity and that is what we do.

I will say that for larger scale opportunities or M&A, they do have a high hurdle to achieve just given the base plan. And that is because the base plan has a very strong growth within it, as you saw there. So, when we layer something on top of that that we want to look at, what we want to make sure of is that it is not growth dilutive to us.

And so, that is really the mindset that we have. And as I mentioned earlier, you have also got to benchmark that against well, maybe we should pay out a higher dividend. So it all goes into the mix in terms of how we look at building the business for the future. So it is all opportunities. Robert.

Robert Kwan - *RBC Capital Markets - Analyst*

Robert Kwan, RBC. Al, when you look at the CAD14 billion of risk projects or risk growth, I know you probably don't want to talk about specific projects, but can you give a bit of an idea of the mix within the segments? Is M&A included into that, the potential timing, is it backend loaded? And then how has that mix changed versus what you were expecting a year ago given where commodity prices are?

Al Monaco - *Enbridge Inc. - President & CEO*

Okay, I would say -- let me start with this comment. In the CAD14 billion, there is probably a category within that CAD14 billion that we would put likely in the highly probable one. And it has to do with some of the projects that we were just referring to there that is in Guy Jarvis' portfolio.

So those are probably in the higher probability category, it is probably in the order of about CAD5 billion. Then you have got sort of CAD9 billion or CAD10 billion of other projects we would probably say are weighted equally throughout the rest of the businesses.

To answer your question about the, I guess the timeline and where it is weighted, I would say those opportunities are more backend weighted in the 2018 to 2019 period. I think your last question is does it include M&A. The answer is no, there is no M&A large-scale opportunities in there or M&A of any sort actually in there. They are pretty much organic-based projects.

Robert Kwan - *RBC Capital Markets - Analyst*

And has the risk weighting reduced in your mind over the last year?

Al Monaco - *Enbridge Inc. - President & CEO*

No, I have got to say it is probably, on average it has probably gone up, in other words higher probability aside from that first category I talked about. We are seeing a lot of opportunities come in front of us. So I would say generally we have got a lot to choose from.

And when you think about it, if you take out that CAD5 billion I was talking about that is more probable, you talk about a CAD10 billion program that is unsecured, if you will, that is actually fairly small amount relative to what we could probably handle.

So you can think of it as a bit of a natural discipline that we have imposed on ourself to make sure we are focused on the best opportunities. But there certainly is quite a large opportunity set out there we see today.

It is probably -- sometimes create a little bit of tension between the business units. But that is something that is good to see, actually in terms of fighting for the capital if you want to put it that way. Yes, sir.

Dean Highmoor - *Investors Group - Analyst*

Dean Highmoor, Investors Group. I just have a question for you on your scenario slide, I think it is two slides earlier in your presentation. I am interested in the 2019 to 2024 outlook. So under your -- just to be conservative, under your no new investment you say there is 3% growth of ACFFO over that time period. Would it be fair to expect that dividend growth would match that level in that case?

Al Monaco - *Enbridge Inc. - President & CEO*

Well, I suppose if you -- yes, if you looked at it strictly speaking that is true. But if we were in a scenario where you had no new investment, which is highly, highly unlikely, we would obviously be looking at other things to do with the cash flow. Because by that point in time we are generating a wall of cash.

So my gut tells me that we would be looking at accelerating the growth rate. We put this out here just to be clear to illustrate the buildup of how we could get to 10% plus. And so we have said, all right, if we do nothing it looks like this and then you can see the rest of it there.

So, it was more to illustrate how we build up. Obviously if we are in a no new investment scenario lots of bad things are happening out there or we are just not seeing the value. And in that case I think the dividend profile would look different. It would be accelerated.

Dean Highmoor - *Investors Group - Analyst*

Thank you.

Al Monaco - *Enbridge Inc. - President & CEO*

Okay. Okay, so we are going to now kick off the business unit presentations. Guy Jarvis is first up. Go ahead.

PRESENTATION

Guy Jarvis - *Enbridge Inc. - President, Liquids Pipelines*

Thanks, Al. Good morning, everybody. It is great to be here again and see so many familiar faces and have a chance to talk about our liquids pipeline strategy for the upcoming five years.

We continue to have a lot of confidence in the fundamentals that drive our business not only for the five-year period of our strategic plan, but in the longer-term as well. And we believe that with the completion of our secured growth projects we are even better positioned for continued growth.

Against the backdrop of low oil prices and a difficult environment for the energy complex we are often asked a couple of questions -- what are you doing about it and what does it mean for your business? The simple answer to these questions is that we are continuing to deliver both literally and figuratively.

Obviously there is a lot more to it than that simple answer, so this morning I want to spend some time discussing what has been going on in 2015 and why it is important for our plan. Reviewing the fundamentals with a focus on Western Canadian heavy oil outlook during the plan period and explaining why we believe our Mainline is positioned to provide continuing options for capacity growth during these uncertain times.

Our strategic review this year included a deep dive into the long-term fundamentals of the crude oil market that extend beyond the horizon of our planning period and has really allowed us to be focused on how we position liquids pipelines for the next decade.

For the last number of years liquids pipeline has had the good fortune of executing on a very transparent plan and this year is no exception. We believe the fundamentals continue to support a robust and transparent plan through 2019. We have a razor-sharp focus on maximizing Mainline throughputs to drive value for ourselves and for our customers.

Importantly, many of the steps we have taken to drive higher throughput have come at no additional cost to our customers. The Mainline has continued to experience apportionment on the heavy side of our system and we recognize that every additional barrel that we can ship that may not need to be shipped by rail is a benefit to our customers that can range up to CAD10 per barrel.

2015 has been an important year both in the context of improving near-term deliveries but also in positioning ourselves for the future. On the Mainline we started the year apportioned at Edmonton. So when our Edmonton to Hardisty project came into service on April 1 it was badly needed to move those barrels out of Edmonton and into market.

The Alberta Clipper station expansions were completed in July and through the continuing use of the Line 3 maintenance and flexibility program we have access to 800,000 barrels per day of heavy capacity which is a 230,000 barrel per day increase. This capacity has been full since we started operation.

Southern Access has been expanded to 850,000 barrels per day to accompany the growth in upstream capacity.

In terms of market access, Flanagan South and the Seaway Twin reach full operation at the beginning of the year providing the first large volume path for Canadian crude to the US Gulf Coast. The Line 9 reversal has received its leave to open and will commence service later this year serving refineries in Montreal and Quebec City. And the Southern Access extension project serving the Patoka market is expected to be complete at year end.

Regionally we completed the Woodland pipeline extension, Sunday Creek terminal and additional facilities at our Cheecham terminal all of which are supporting growing heavy production. Our remaining secured projects totaling under CAD15 billion continue to be well in hand with strong fundamental underpinnings and customer support.

Looking beyond our secured projects, we believe the Mainline is extremely well-positioned to offer low-cost scalable and highly executable capacity expansions that can meet industry needs during these uncertain times. Finally, our review of the fundamentals has led us to a strategic shift in our thinking towards the US Gulf Coast and we are excited about a business plan that we are developing there.

So to come back to what I said earlier, we are delivering, we are delivering the infrastructure closest to the production, we are delivering increased mainline volumes and market access and we are delivering on an option to meet continuing industry capacity needs.

Shifting to the fundamentals, let me start talking about oil prices. This slide depicts the IHS outlook for WTI and Western Canada select going forward. It also depicts the expectations for a tight relationship between WCF and Maya which I will talk more about in a minute.

Enbridge doesn't have a view on the price that is dramatically -- is a dramatic departure from the rest of the world. We expect volatility to continue for a period with stability emerging as worldwide supply and demand balances better and ultimately price recovery which will be required to incent new protection.

The question on everyone's mind does not seem to be about how prices will evolve back to where they incent new production, but how long the market takes to reach that point. The good news in today's outlook for Enbridge is that the timing of this price recovery is expected to have a little impact on the projects and outlook that is driving our current five-year plan.

Our secured projects are moving forward and we believe the Mainline is even better positioned competitively in uncertain times. Clearly the pace of price recovery could have a longer-term impact on our growth plans. We have seen a number of larger customers working on the next generation oil sands projects, but the timing of their final investment decisions are unclear.

As our customers continue to work through the challenges of bringing the next generation projects to reality, our role is to continue to advance our options and be well-positioned to meet the needs that we believe are going to emerge.

I mentioned earlier the price spread between Maya and WCS. From a market access point of view the volatility of absolute price is not the only consideration of our customers. As a pipeline, prices in the target markets of our customers are a critical part of the equation in seeking to maximize producer net backs. Absolute price volatility has led to a lot of volatility in worldwide delivered prices as well.

Comparing heavy oil prices in Asia versus Alberta over the past year shows how the differential has ranged from a low of CAD9 to a high of CAD28. Just last week that differential was about CAD12. Similarly, most of you would be aware of the gyrations over the last year in the relationship between WTI and Brent oil prices. Where these prices are expected to settle out in the longer-term view will have significant implications for market access.

Combined with the expected delays in final investment decisions on new oil sands projects we see the potential that the timing of large-scale pipelines is uncertain. We are developing one of these projects ourselves, Northern Gateway. And while we distinguish the project from others because we have our regulatory approvals in hand, we acknowledge we have more work to do that is going to take some time.

What we do know, however, is that the US Gulf Coast remains a strong market. It is a large competitive refining complex, we have new pipeline access that now includes export capability for Canadian crude and upside exists to expand capacity within a very manageable toll range. The US Gulf Coast will continue to be a great market for Canadian crude, it affords the time for industry to sort out the many issues surrounding projects targeting domestic waterborne markets.

The next few slides form the critical underpinning of our confidence in the strength of our plan through 2019. CAPPs' June 2015 supply forecast and Enbridge's own forecast are now so closely aligned that we are comfortable using the CAPP outlook to present the opportunity which we see.

This chart illustrates the CAPP forecast through 2025, which is the blue bar on the top, contrasted against what CAPP calls its operating and in construction scenario which is represented by the dashed black line. Undoubtedly the current price environment is putting pressure on conventional oil production with an expectation that volumes may be lower by as much as 100,000 barrels a day by 2019.

The flipside of that story, however, is an expectation for 800,000 barrels per day of growth in blended heavy oil volumes from the end of 2014 through the end of 2019, a good chunk of which we are already seeing coming into production in 2015.

We have gone through our forecast on a project-by-project basis to evaluate their current production levels, consider customer feedback on their plans, look at their public disclosures in terms of their project plans to validate the continuing strength of the heavy oil outlook.

We have also looked project by project at over 750,000 barrels a day of projects that are either canceled or deferred to ensure that none of those remain in our outlook. The result is that we are highly confident that we will see the heavy production grow as expected. Proponents are largely integrated players with strong balance sheets. The projects represent key growth assets for their companies. And we want to ensure that the required pipeline capacity is available to get that new production to market.

So let's take a look at just how much additional pipeline capacity is needed. This chart illustrates the CAPP forecast on top of pipeline capacity that is currently in service today. You can see on the front end that it appears there is excess capacity in the market today, but that reflects the fact that Enbridge today has unutilized light capacity and is full on its heavy lines.

The chart also does not include rail. While a continuing valuable short-term option when pipeline capacity is tight, industry predominantly prefers to use pipelines versus rail. Our view is that pipelines have up to a CAD10 per barrel advantage over rail for heavy crude transportation to the US Gulf Coast.

So with that background what is this chart telling us? To meet the CAPP operating and under construction forecast the industry requires about 450,000 barrels per day of new capacity by 2020. Should the growth forecast beyond 2020 materialize an additional 500,000 barrels per day of new capacity would be needed by 2025.

Our goal is to ensure solutions on our Mainline are available to industry to meet the needs by 2020 and provide breathing room for industry to get the waterborne access projects developed.

Let me spend some time talking about our Mainline, how it is positioned and why we see it continuing to drive value in our plan.

First and foremost, neither Enbridge nor our competing pipelines have material capacity expansions through the end of 2017 in the face of this growing heavy oil production. In the medium-term any of these barrels that we can move we will capture. The demand pull on our system is in place as is evidenced by the continuing apportionment of our heavy lines.

Our customers include a healthy and competitive collection of attached refineries some of which take most, if not all their crude feedstocks from the Enbridge system. And by the end of the year we'll have close to 1 million barrels per day of firm contracts on downstream connected pipelines looking to draw barrels through the mainline.

Looking at the plan period we see strong supply, a strong customer base and strong pipeline operations which all equate to growing volumes. While we believe the Mainline is extremely well-positioned we know it is a competitive market and we are not taking anything for granted. Liquids pipelines is focused on extending our competitive advantages every day.

Our system has pipeline, terminal and operational flexibility that is very unique and attractive to our customers. It is a large system which comes with opportunities to improve efficiency and increase capacity to move more barrels.

The multiple lines that make up our Mainline also offer the ability to optimize the split of various crude Commodities thereby enhancing throughput within the existing capacity. We have done this successfully to date and we will continue to look to do more.

As we see light supply weakness over the next couple of years we are already evaluating crude blends that may be able to utilize some of that light capacity and fit very well with our refinery customers.

Finally, the CTS agreement that governs our Mainline tolls is delivering exactly what our customers had hoped for, toll stability. Not only is the toll stability evident across the Mainline system, it has also allowed for competitive and stable tolls into the new markets targeted by our market access programs.

The scalable and flexible nature of our Mainline is continuing to drive record throughputs. The month of August set a new all-time high of 2.297 million barrels per day ex Gretna. Looking back to the first quarter of this year, strong light production along with increased capacity from Phase 1 of the Alberta Clipper station expansion and optimized commodity split on the lines led to a year-over-year throughput increase of 340,000 barrels per day.

Our team's focus on optimizing capacity has never been greater. The internal alignment of our employees and the cooperation of our customers with this common goal in mind is extraordinary.

We have reduced the number of commodities on our system, we have implemented a line space queue for apportioned lines, we have successfully removed many pressure restrictions through our integrity management programs and recent hydro testing of certain lines and we are right down to scratching and clawing out the last 1% of capacity every month through a rigorous maintenance planning exercise.

As I mentioned earlier, the Alberta Clipper stations are now fully operational which drives the increase on this chart of about 350,000 barrels a day of heavy capacity since the beginning of 2014. Our success across all of these efforts is not only positive in the near-term, but has created customer confidence in our ability to drive further expansion of the Mainline system in the future.

Digging a little deeper into the market reach of our system that I mentioned earlier, you can see that by year end the Mainline can access approximately 3.5 million barrels per day of demand. Of that total 1.9 million barrels per day is directly connected refineries while the remaining 1.6 million barrels per day is access by deliveries to downstream connected pipelines which themselves target refining centers much larger than that capacity.

With Flanagan South in full operation since the beginning of the year, the Line 9 reversal approved come into service and the Southern Access extension expected to be complete by year end, we have largely completed our three market access programs: Western US Gulf Coast access, Eastern access and the light oil market access program.

These projects account for the increase in the reach of our system from 2.3 million barrels per day to the 3.5 million barrel per day total. The market access foundation for our system is set. As production grows we can ensure traditional markets are met, consider expansion opportunities on Flanagan South and the Southern Access extension and we have a continuing interest in accessing the Eastern US Gulf Coast if supply warrants.

As you can imagine, the scope of our system and all of its competitive advantages requires an active maintenance and integrity program. The chart illustrates just how costly these efforts have been in recent years reaching a peak of just under CAD1.6 billion in 2013. But it also indicates that we are beginning to reap the benefits of those efforts as our spend is coming down to a more stable expected range of about CAD800 million per year.

The spill we experienced at Marshall, Michigan in 2010 promoted us to do an all out blitz of our entire system from a pipeline integrity perspective and the cost of that is evident. Virtually every inch of our Mainline network underwent inspection with the latest in-line technologies which were supplemented by verification digs.

The reduced spending outlook is important because we now believe that this level of investment can continue to reduce the risk of our system even further. The accuracy and resolution of the data from our recent in-line inspection runs is allowing us to be much more targeted as to where and when future inspection runs are needed and the accompanying verification digs required.

We are also getting much more efficient at executing the entire program, especially when it comes to managing our verification dig costs. These costs have been driven down by greater than CAD100,000 per dig, which translates into a material impact when you consider an ongoing annual program in excess of 1,000 digs.

Our record throughput performance is a form of return on our integrity investment. Integrity analysis underpins pretty much every optimization action that we contemplate from removing pressure restrictions to evaluating commodity splits and even looking at individual pipeline operating regimes. Our integrity program is not viewed as a competitive drag in our eyes. It is one of our many competitive advantages that drives value in its own way.

So on that foundation of a review of the fundamentals and competitive positioning of our asset base, let me review the strategic opportunities that will drive our continuing growth in liquids pipelines through 2019. We have demonstrated success winning new business and optimizing our assets in the oil sands and Bakken regions and we expect to continue doing just that.

Al mentioned that the strategic imperative of executing our secured growth plans is critical and I will run through those with you in a minute. He also mentioned extending the growth of the business beyond the plan period. So I will also spend some time talking about possible further expansions of our Mainline system and a new approach we are taking in the US Gulf Coast.

Most of you are quite familiar with our asset platform in the oil sands region. We currently have five pipelines in operation with just under 2 million barrels per day of capacity that serves a growing number of high-quality projects. We are also currently executing new infrastructure in support of the development of Suncor's Fort Hills project that we expect will come into service in 2017.

The bitumen blend pipeline will consist of the construction of the 36-inch Wood Buffalo Extension from the Cheecham terminal to Kirby where it will connect with the 36-inch Athabasca Twin Pipeline to facilitate deliveries to Hardisty. Combined the capital cost of these projects is expected to be CAD2.6 billion.

We are also building the 24-inch Norlite diluent pipeline to meet the needs of the Fort Hills project. The project will connect diluent supplies in Edmonton and Fort Saskatchewan to our Cheecham and Athabasca terminals in the oil sands region. Norlite is a key new strategic asset in the region for us which will generate acceptable returns from the Fort Hills commitments alone with upside potential if we secure additional volumes.

Upon completion of these projects our regional infrastructure is well built out for a number of years. There is a lot of heavy oil growth expected in the coming years from companies like Suncor, Imperial, Conoco, Cenovus and Husky and the bulk of it will be filling our regional pipelines.

We will remain very active pursuing solutions for the next generation of oil sands projects and, with the addition of Norlite to our asset mix, we expect to be even better positioned to continue our success in the oil sands region.

Our Bakken assets continue to be really propositioned in Saskatchewan and North Dakota. We currently move in excess of 200,000 barrels per day into our Mainline from each jurisdiction through our legacy assets and transport up to 150,000 barrels per day of North Dakota production back into Canada for deliveries to our Mainline at Cromer Manitoba. Our Berthold North Dakota rail facility can load up to 80,000 barrels per day.

We are currently developing the Sandpiper project to initially move an additional 225,000 barrels per day of North Dakota production into our Mainline at Superior, Wisconsin. Marathon is the anchor shipper and our partner in this CAD2.6 billion project.

You may be aware that the project has encountered a procedural issue within the State of Minnesota Public Utilities Commission process. Just last week the Commission has outlined the next steps in the route permit process ensuring that required agency activities continue while both the certificate of need and route permit dockets are adjudicated.

It is unclear whether this issue will have a material impact on the project schedule and we remain focused on meeting a late 2017 in-service date. It is important to note however that the stay of the Certificate of Need order provides the Commission with the opportunity to retain its fulsome record, resolve the procedural issue and set a clear path forward for permitting Sandpiper.

Overall, the fundamentals and customer support for this project remain strong. North Dakota production remains stable despite low prices, greater than 600,000 barrels per day continues to leave the state by rail, and our ongoing competitive analysis continues to evidence that the strongest North Dakota net backs can be realized through our regional and Mainline pipeline system.

Turning to the Mainline, I have already mentioned that the Alberta Clipper stations are fully operational. The Department of State continues to process our required amendment to the Alberta Clipper Presidential Permit to increase the volume to 800,000 barrels per day.

The independent environmental assessment of the amendment is largely complete and the comment periods for agencies and the public will be the next step. While the timing of the process is not clear we stand ready to continue to contribute to the Department of State efforts to move the application along.

The CAD7.5 billion replacement of Line 3 is progressing well both with stakeholders and in the regulatory arena. The NEB hearing is scheduled for November of this year, the state of Minnesota has set the public consultation requirements in motion as part of their process and land acquisition is going very well. 99% of the right-of-way in Canada has already been secured. And CAPELA, an association representing many of the land owners, has provided a letter of support to the NEB.

This is a very important outcome in terms of our involving approach to stakeholder engagement on our [right away]. And signals our commitment to being an important part of the communities in which we operate. On the US side of this project land acquisition is at 77%. The long and the short of it is, this project has resonated strongly with all stakeholders.

Full expansion of the Southern Access pipeline to 1.2 million barrels per day is now being timed to coincide with the expected completion of Sandpiper in late 2017. Capacity has been increased to 850,000 barrels per day this year and all permits are now in place for the remaining station additions that will fully power up the line.

The goal of our market access efforts has always been to provide solutions that allow our customers to access higher price markets utilizing competitive tolls thereby driving stronger net backs. Critical market access projects are now in service or nearing completion to three separate new market areas, including the US Gulf Coast and Eastern Canada, that offer our customers access to pricing reflective of the global market.

The Flanagan South and Seaway Twin projects are now operating with a capacity of 585,000 barrels per day, the first large volume access for Canadian crude to the US Gulf. Not only has this project contributed to tightening heavy oil differentials in Canada, it is proving to be a valuable outlet for barrels on our Mainline in situations when refineries may have an upset.

Just last week the NEB approved our segment hydro test results for Line 9, which cleared the conditions of our Leave to Open. This paves the way to now put the line into service with capacity of up to 300,000 barrels per day targeting refineries in Quebec. Coordination of the startup requirements with our shippers is underway.

Our planned 300,000 barrel per day Southern Access extension from Flanagan, Illinois to Patoka, Illinois is expected to come into service at year end. Once again, Marathon is an anchor shipper and partner in this project which is primarily expected to be a light oil conduit for both Canadian and Bakken crudes. All of these secured growth projects will clearly drive growth in our plan period, but we also see potential for more opportunity later in the plan period.

I mentioned earlier that the CAPP forecast highlights the need for between 450,000 and 950,000 barrels per day of new capacity. We have identified a series of options to meet as much as 800,000 barrels per day of that need with scalable, highly executable and low-cost projects.

While the primary intent of our planned Line 3 replacement is to solidify the current capacity of approximately 400,000 barrels per day, the project will restore the lines full capability. And if the appropriate downstream capacity is in place as much as an additional 400,000 barrels per day of capacity can be accessed.

While volumes that may flow on this capacity will pay the CTS toll, at certain throughput levels they may actually serve to lower the Line 3 replacement surcharge. It is a double benefit for industry. More capacity at lower tolls. We are examining a number of options to increase the capacity of our existing Line 4 by as much as 50,000 barrels per day.

While the scope in capital is not entirely defined yet, our expectation is that it will not require any special toll treatment beyond attracting the CTS toll. So again, the potential to add capacity with no toll impact.

I mentioned earlier that we currently accept up to 150,000 barrels per day of North Dakota crude into the mainline at Cromer. We are working on a plan that would see those deliveries redirected so as to allow Western Canadian sourced volumes to flow online to all the way from Edmonton or Hardisty. Once again, our sense of the cost of this project is such that no special tolling will be required.

Our current Line 65 that runs from Cromer to Clearbrook has a Presidential Permit with no volume limitation. This has led us to begin planning for the potential expansion of the line to add up to 100,000 barrels a day of additional capacity. Capital cost is not expected to be insignificant, but our expectation is that if volumes warrant the need for the pipeline no special tolling treatment would be necessary.

Finally, continuing hydraulic analysis of the replaced Line 3 is underway to determine if we have the ability to add further capacity through station additions. As with most capacity expansions, it would be expected to be a compelling opportunity to add capacity and again require no special toll treatment.

This suite of opportunities represents a great opportunity for industry to manage their capacity needs in a measured fashion while providing Enbridge with the potential to invest up to an additional CAD1.5 billion. This amount of capital to enable 800,000 barrels per day of new capacity clearly highlights the overall low cost opportunity this represents for our customers.

To enable such an expansion plan on the Mainline will require some new downstream infrastructure as well. So let me move on to the bottleneck that such an expansion would create at Superior and how we propose to deal with that.

If we fast-forward to 2017 and the completion of Sandpiper and the expansion of Southern Access, our system capacity will pretty much be balanced into and out of Superior. At year-end 2017 when the Line 3 replacement is complete there will be 400,000 barrels per day of incremental capacity on Line 3 that will be bottlenecked and unable to move.

To unlock the potential of the entire reach of Mainline expansion opportunities we would need additional capacity from Superior to Flanagan which could conceivably come in the form of a twin of our Southern Access pipeline. The scope could again be up to a 42-inch pipeline with a total cost of CAD3.5 billion to CAD4 billion and would clearly require an agreement on tolls of some sort with our customers.

We are conducting early development work to assess the opportunity and industry interest because we think it is a compelling set of solutions in the current environment. We are also considering the downstream market access requirements as part of this plan. The market access foundation we have created, much like the Mainline itself, presents scalable solutions to move barrels out of Flanagan.

Flanagan South and the Seaway Twin have expansion capabilities as does the Southern Access extension. If the demand for capacity is large enough we also think an attractive and competitive solution to the eastern US Gulf Coast can proceed with initial volumes of as low as 300,000 barrels per day.

To summarize this opportunity, we have a flexible, executable and competitive suite of options. Predevelopment work and commercial analysis to support moving quickly towards execution is underway and we are engaging on an ongoing basis with our customers.

I mentioned in my key messages that our analysis of the fundamentals of the US Gulf Coast has led to a strategic shift in thinking about the region which leads us to believe it can be an area of new growth for us. The region has always been a massive energy corridor, but its prominence in North America and globally is growing. The refinery complex is huge, greater than 8 million barrels per day, and is highly competitive on a global scale.

The natural gas shale boom in the United States is driving additional NGL handling capability requirements and unprecedented petrochemical investments. All of these assets require a wide range of supporting energy infrastructure. And when you expand your thinking beyond what this means to our pipeline network you realize that assets in this region should be very resilient to a range of market conditions over the long-term.

We also see the current and growing import/export capability in this region, positioning the US Gulf Coast as one of North America's main export points. When energy products need to be exported from North America they are likely going to be exported through the Gulf. When energy products are needed to be imported into North America they will likely be delivered to the US Gulf Coast.

So what are we going to do about it? We are in the early stages of developing a regional business plan that envisions an expanded terminal presence, involvement in regional pipeline connectivity, access to import/export dock capability, and ideally provides increasing opportunities for customers committed to capacity on our Mainline and US Gulf Coast Access pipelines.

My reference to a business plan has been selected carefully as we are not interested in a disparate collection of unrelated assets but are really looking to develop a platform that over time can generate its own organic growth opportunity and add value to our pipeline customers.

These opportunities are not yet baked into our capital program but they will as we move forward. It is too early to speculate on the size of capital investment that will be pursued, but we do see it as an opportunity for meaningful growth in investment.

It is going to take some time but we are confident we can succeed. We have the operating and commercial experience, we have a range of important regional relationships, and we have an independent fee-for-service operating model that is valued in that market.

So to wrap things up, we continue to deliver and that includes continuing to be a growth driver for Enbridge. Our day-in/day-out performance is creating value for our customers and enhancing confidence in what our Mainline can offer. Our secured projects are well in hand and set the stage for future growth.

Our flexible, competitive and executable growth plan for more Mainline capacity is ready to go should industry need it and we are developing what we think will be an exciting new business plan for the US Gulf Coast. So with that I would be happy to open the floor to any questions.

QUESTIONS AND ANSWERS

Rob Catellier - *GMP Securities - Analyst*

Rob Catellier, GMP Securities. I wonder if you could give us your view on the likelihood of the US lifting the export ban on crude. And specifically how that is informing your development of a business plan in the Gulf Coast.

Guy Jarvis - *Enbridge Inc. - President, Liquids Pipelines*

Yes. Well, I think our answer, not unlike many others, is we don't know where they are going to go on that export ban. It seems to gain momentum with those that support it and they manage to get it into the press and you think there is momentum and then very quickly the other side of the argument throws cold water on it. So personally I don't see it being resolved anytime in the near-term.

It is interesting in terms of the strategy because it was trying to answer that question that actually led us to create our view on the US Gulf Coast, which was, hey, whether you are importing or exporting there are assets there that will generate value in both circumstances.

So in terms of how it informs our strategy, it is really around where we landed on the Gulf Coast. We think about that in the context of our pipelines -- if there is an ability to create more market ultimately we think that is good news for our customers taking crude to the Gulf in particular, if you believe exports are going to go through the Gulf.

If you think about light oil exports, that should strengthen the outlook for continuing Bakken production. We're still confident in the net back comparison competitiveness of our outlets. So, we don't see any elements of our strategy that would be at risk if that didn't happen.

Al Monaco - *Enbridge Inc. - President & CEO*

Maybe I will just add on to what Guy said. I think he is right about the uncertainty here. But if you think about maybe a year or two ago, we were nowhere on this question, there was no appetite at all for lifting the ban. I think there has been quite a transition in terms of how the US market is looking at this.

The EIA report was hugely instructional in terms of getting some information out there that basically supported the fact that gasoline prices in the United States, which is really the bug bear at hand here, is really correlated very closely to Brent pricing as opposed to WTI. So I think that was very helpful.

There is probably a couple of scenarios here the way this works out. Number one, you see some kind of incremental export capability being allowed through additional condensate, swaps and exports to friendly countries, let's put it that way, or a total lifting of the ban.

If we see a total lifting of the ban the numbers we see range anywhere from 3 million to 4 million barrels of potential export capability coming out of the US. So, that is a factor in Guy's thinking on his strategy. But if it doesn't happen, as he said, then the infrastructure in the Gulf Coast is still a very powerful strategic move for us. So, that is just a bit more color on the export issue.

Paul Lechem - *CIBC World Markets - Analyst*

Paul Lechem, CIBC. A couple of questions about that post 2017 period. And the first one is, I think I know but implicit in your assumptions what have you -- what is your thinking about the competitive export pipelines out of Western Canada? You assume that they don't go ahead or can you actually pursue your growth projects if we see at least one of the competitive pipelines move forward?

Guy Jarvis - *Enbridge Inc. - President, Liquids Pipelines*

Yes, so I think -- to answer the question first, we think the timing of all of them is uncertain. When you combine the stakeholder opposition that everybody is facing, when you combine the delays we are seeing in final investment decisions around further oil sands projects, when you combine the uncertainty that has been experienced over the last year in terms of pricing in the markets they are looking to get to, we see that they are all going to need some more time.

So, we do see them sliding out in the time horizon. And really what we are doing is trying to be the solution for that capacity requirement in the 2020 timeframe.

How our strategy works versus if one of those goes, if you look at the operating under construction scenario where they need 450,000 barrels per day, we have got a solution that can do that. And we would need to twin Southern Access pipeline to make that happen at that 450,000 barrels per day level. So we feel highly confident that we are the right solution for those volumes in that timeframe.

If you look beyond that then the question of not only about where we can go and where the others will go is, is that production curve going to materialize? If it does materialize and there is a requirement for another 500,000 barrels per day, conceivably you could see us having expanded and you could see other pipelines go. We just wouldn't take our expansion all the way to the [800,000] in that scenario.

Paul Lechem - *CIBC World Markets - Analyst*

One other question if I can. The CTS agreement currently ends in 2021.

Guy Jarvis - *Enbridge Inc. - President, Liquids Pipelines*

Yes.

Paul Lechem - *CIBC World Markets - Analyst*

What is your thinking around that timeframe? What happens if you revert to cost of service? Is there downside risk to the earnings on the Mainline at that point? Thanks.

Guy Jarvis - *Enbridge Inc. - President, Liquids Pipelines*

Yes, so what we are thinking about that -- well, first and foremost, we think CTS has worked. We think it has worked for us, we think it has worked for industry. So in one way I guess you could look and say that cost of service can be a default, but we don't think anybody wants that. We think rather than reverting to a cost of service there would probably be a CTS version 2.0.

So what we are thinking about right now is if you think about the suite of expansion opportunities that I have talked about, most of them can get done within the boundaries of the current CTS agreement. If we get to the point of doing -- of building more capacity from Superior to Flanagan, where you are talking CAD3.5 billion, CAD4 billion there is going to have to be a discussion about tolls.

So, kind of where our leaning would be would be to consider if that is going to come into service say end of 2019 for argument's sake, maybe you back up and advance a new CTS if that is the way we go at that time with a new longer-term that captures that new investment.

Winfried Fruehauf - *W. Fruehauf Consulting - Analyst*

Guy, at the moment and probably the next short future transportation fuels -- petroleum based transportation fuels represent the single largest market for petroleum. As this year's World Gas Conference in Paris reminded us again, that market is under attack from natural gas.

Whether we're looking at CMT or LNG doesn't matter, it is natural gas that is threatening the competitive position of petroleum. About 40 years ago the interior economic review published a report of mine on the use of LNG in aircraft and automotive vehicles. And I haven't heard anything today how Enbridge is addressing the threat -- competitive threat from natural gas to its plans.

Guy Jarvis - *Enbridge Inc. - President, Liquids Pipelines*

Okay, thank you. I am going to address that in a couple of ways. So, obviously we are thinking about equations all the time in terms of how we are looking to position the Company going forward. It speaks to why we are trying to diversify and add more investment in natural gas, it speaks to why we like the renewables business, and think that is going to be a continuing part of our future.

As it relates to the oil pipelines, I would have two responses. And the first one would be, I can't argue your point but it is going to take a very, very long time. I heard a statistic here recently where a gentleman contrasted the number of automobiles in service worldwide versus the annual production capability of the auto manufacturers worldwide and his message was it will take 35 years to completely turn over that fleet.

So we do acknowledge that threat, we believe it is going to be long-term and at the corporate level it is something we are watching very closely. More strategically at our level what we are looking at, and this is why we think the US Gulf Coast is such an important market for our customers, because if there is a scenario where North American demand were to decline those refineries continue to be competitive on a worldwide basis. And we think they will continue to run and they will continue to be profitable and continue to offer an outlet.

Ted Durbin - *Goldman Sachs - Analyst*

Ted Durbin, Goldman Sachs. I just want to come back to the supply curve in the oil sands in particular and what that looks like in your view in different price scenarios -- I don't know maybe $60 to $80 oil, just make up a number. What is the supply curve in terms of what gets FID'd going forward?

And maybe you can dovetail that with the cost reductions that you are talking about. What are you seeing even so far over the last year since oil prices really started to fall and how much farther do we have to go in terms of the cost reductions?

Guy Jarvis - *Enbridge Inc. - President, Liquids Pipelines*

So I think if I come back and talk about Al's slide and that price needing to come down and targeting to come down, I don't think we know where that needs to get to yet and I don't think the producers know where they need to get to yet. Clearly they have got a lot more focus on, as Al said, the development planning, becoming much more efficient at developing. They are all over their cost structure.

One of the things that I ran into one of our customers recently about, and his message that kind of underlies all of the cost savings thing is sharp, sharp, sharp focus on how they are operating their assets. They are saying in this oil price environment of this year they are having the strongest operating performance in their history. So every piece of the puzzle that goes into driving the value equation is being attacked.

Coming back to where does it need to go and what does it mean for the next. What I find interesting is that the companies that I referenced that we were talking to about the next generation of oil sands, their efforts weren't being driven by the oil price. They stopped when we got a new government in Alberta.

And really the message there is widely known -- they need that fiscal certainty. And until that -- I believe until that kind of solidifies and becomes more clear that is going to be more of a driver in terms of how these things find their way through.

Unidentified Audience Member

I was just wondering if you could talk a bit about your business plan for the US Gulf Coast focus exclusively. Is it focused exclusively on crude oil or have you looked beyond crude oil and considered how additional assets in US Gulf Coast could augment your business diversity strategy around entering the Canadian midstream, placing NGLs, that sort of thing?

Guy Jarvis - *Enbridge Inc. - President, Liquids Pipelines*

I think the answer is we like the fact that there is more options there. So it is not just about crude oil, refined products, petrochemicals. NGL is great, we have got an NGL business; we want to be careful we coordinate how we manage the NGL side of the equation. But it is the fact that there is multiple commodities that require this infrastructure that is attractive to us.

Robert Kwan - *RBC Capital Markets - Analyst*

Robert Kwan, RBC. Guy, you talked about some of the small expansions you can do to get some extra capacity. In the past or somewhat recently you have done some things on the operational side as it relates to drag reducing agents and reducing that -- or reducing number of slates and increasing batch sizes.

Are there more things you can do on the system with respect to that? And then just -- I don't know if it is that related -- but if you don't get the Clipper permit, you've talked about the L-3R increase, are there any workarounds there?

Guy Jarvis - *Enbridge Inc. - President, Liquids Pipelines*

Yes. So, the simple answer to the first question is we are always looking. But I think as time has gone by the opportunities in the cookie jar are being used up. I think the greatest opportunity that we have right now is if in fact we can come up with a crude slate that can take a bit of the heavies into our traditionally light lines and have that crude slate be valuable to a refinery customer when it shows up there.

So that is an exercise that is really only kicked off in the last month or so. We've got some early positive indications around some crude slates in terms of what it means from an integrity perspective and what it means from a pipeline operation perspective. So the early returns are positive from our perspective. Now we have got to understand what it means on the refining side of things.

Going to the second part of your question, I laid out these 800,000 barrels per day of expansion opportunities. And the reality of it is that some of those opportunities could be utilized to further optimize moving our barrels across the border in the event that there was a longer delay in receiving the Alberta Clipper permit than we expected.

So, we are quite confident that we can continue to deliver that capacity through optimizations. If it were to never be granted, that 800,000 barrels per day of upside would be more in the range of 540,000.

Matthew Akman - *Scotiabank - Analyst*

Matthew Akman, Scotiabank. A couple questions about intra Alberta infrastructure which you touched on briefly, but I noted it was briefly. So I presume that means in your plan beyond what you are doing now you don't see a lot a big opportunities, obviously building stuff out now. But beyond that just maybe confirm that that is how you see it as basically oil sands pipes and diluent pipes is going to be probably oversupplied for a while beyond that.

And secondly, what is your view on oil by rail? Because now it looks like you guys can sort of debottleneck any incremental production through pipe. So what is Enbridge's view on oil by rail out of Alberta over the next 5 to 10 years? Thanks.

Guy Jarvis - *Enbridge Inc. - President, Liquids Pipelines*

So, your sense is correct. We are now, once we have -- or once Fort Hills is complete we are going to have a very extensive network that is built that is going to have a lot of upside capacity. So, the bulk of the growth that we see coming from those companies that I named is going to fill up the pipelines that we have just completed or are in the process of constructing.

So we don't see the opportunity for a long distance, large-scale new oil sands pipeline project until there is clarity on that next generation of what happens there. There is potential that some assets -- some assets have come to market, some other assets may come to market. We are always going to look at those and try and understand how they might fit with our strategy. And if they do and they make sense we are going to pursue those.

In terms of rail, our sense of it is is that if we succeed rail is not going to succeed as healthfully as it has. The best I can do is give you an analogy that we have heard from one of our major customers, a major customer who is developing their own railroading capability ran into one of our executives, had a chat about the railroading facility. And when he was finished he said to our guy, he said, just remember if you can take every barrel we produce we will be happy not to use it.

So, I think that's a good catalyst for how we view rail versus pipe. All right, I think with that I am going to hand the podium over to Greg Harper, President of Gas Pipelines and Processing.

PRESENTATION

Greg Harper - *Enbridge Inc. - President, Gas Pipelines & Processing*

Thank you, Guy. So last night Al got the audience fired up by talking about the Toronto Blue Jays. I know those fans woke up this morning with intrepidation over knowing there are a series away from playing the Houston Astros. So, anyway, good luck with that. All right (laughter).

It is great to be here. I experienced my first Enbridge Day last year and today I would like to provide you an update as to where we want to take the gas business. And some new concepts we are advancing around Canadian midstream and in doing so building traction with new ideas in front of our customers.

I am excited about bolstering our management team, Al mentioned earlier, with highly experienced people who have a good track record in gas and in gas on both sides of the border actually. We have a good asset base, but are looking to build a bigger footprint and help position Enbridge for the future.

As Al said, the goal is to become a bigger part of Enbridge story and we are going to do that. It is not going to happen overnight, as he mentioned. We have had a couple of things facing us with the down cycle and the commodity pricing. So, getting contract structures in place at Alliance and Vector and then also creating a more sustainable competitive cost structure at MEP.

But I'd also like to think we have progressed our thinking around a sustainable gas business and an enterprise and what it looks like and I think you will see that through this presentation.

To queue things up, longer-term outlook for natural gas and NGLs remains very favorable. Despite this the commodity price environment longer-term global fundamentals for natural gas remain strong. We still expect a significant amount of new and expanded infrastructure to be required within North America over the next several decades.

This outlook sets the stage for Enbridge providing ample opportunities to create a substantial new growth platform. And coincidentally, the timing of gas opportunities will accelerate over the next several years which dovetails nicely with the completion of Guy's projects with his pipelines.

We are well positioned on a number of fronts to be successful in the gas midstream business and we will outline those today. Our producer customers and growing supply regions require new and/or expanded infrastructure as do key demand growth markets.

Enbridge is well-placed to participate in this growth as we have a solid track record in keeping with respect to execution and operating expertise. However, keep in mind that we will proceed in the gas business with our investment philosophy of being prudent and disciplined.

Our current assets are well positioned within their respective regions. We have been successful to date in leveraging these positions into new opportunities. Currently we have several potential large scale projects under development in a number of these areas.

The assets are well contracted with the most recent successes of recontracting Alliance pipeline and Vector 2 and of course the assets are well operated in leading safety and integrity performance, our number one priority across the Enbridge family.

We have three basic objectives. We will leverage the Enbridge strength from crude oil side as well as our current gas footprint into an expanded gas position. With an expanded footprint we can bolster our position with respect to potential large-scale developments when they ultimately reach FID. Optionality is key particularly in the current uncertain environment.

We don't plan to get out in front of the market. We will remain disciplined with new investments, staying in concert with our producer customers' tempo, for example in LNG developments. So we are well-positioned when these large-scale projects do move ahead.

Our third objective is to move further down the value chain and establish or link to more of a market or demand pull position. Our current positions would be characterized as predominantly supply push. As we assess new opportunities for growth we will have a leaning bias towards establishing or linking to key markets. This is a priority to me to build a strong and growing gas business.

So, this is somewhat different from the crude oil business which has traditionally been a supply push as oil supply regions were relatively concentrated with fewer options to supply the market. Gas supply, and increasingly with oil, the basins are much more widespread.

The ability to influence where the supply is sourced becomes more important. But as important in the gas world, sustainability is created by being linked to those historical and new substantial market demand regions like the Northeast and the Southeast respectively.

We are focused on building a large-scale natural gas midstream business for sure. However, our number one priority, as I mentioned, remains safety and our operational reliability. Those are key and provide the foundation to successfully grow this business. And as shown in this chart, we've established a very good record with our customers in the US G&P business.

So, a little color around the demand and supply outlook for gas. First, global demand is primarily driven by the developing world. Surely this demand growth will contribute to increased LNG trade given where growing supplies and markets are located. Recent indications that global energy growth driven by China has slowed, that's all right. So the question is are we now in a lower for longer period?

Well, my answer to that question is, we in the energy infrastructure business are marathoners, not sprinters. We see this as a near- to medium-term issue with long-term growth for all energy sources increasing, particularly natural gas. Moreover, there is significant gas demand growth still expected within North America founded on abundant low-cost supplies. And the resurgence of course of gas intensive industries like petrochemicals and fertilizer plants.

Of course, gas fired power generation will see significant growth due to increasing power demand coupled with coal plant retirements and we are already starting to see the impacts of stricter emissions regulations in the US accelerating these retirements.

On the North American supply-side, overall we have seen only modest changes to our long-term natural gas and NGL supply outlook from last year. Production levels over the last year show how robust the North American supply picture is. While the macro North American production picture is self-correcting a bit, we still see micro-regional supply growth like Marcellus and the Utica as well as new Western Canadian supply growth which must displace conventional production inclines, for example, in the Montney.

Out the curve producer focus on liquids which windows will drive increasing NGL supply, particularly true in Western Canada within the Montney and Duvernay plays as well as in the US in Appalachia and Permian Basins.

It is quite apparent that growing Appalachian supply has significantly altered flows in North America. Infrastructure is being developed to transport Appalachian production into the Midwest in Ontario via greenfield projects such as NEXUS and ROVER and backhauls such as the REX Pipeline. Demand growth in Southern US led by LNG exports, pipeline exports in Mexico, growth in industrial, petrochemical and power generation will also pull gas from some of the major pipelines systems running to the north in reversals.

Western Canadian flows to Eastern markets will compete with the Marcellus and Utica. But the Alliance NGL rich deliveries will be maintained to access growing US NGL markets and exports. Within Western Canada oil sands in Northern Alberta will see an increase in gas flows. As far as LNG exports from BC, they're still expected but probably post 2020 now. Until LNG exports commence Western Canadian LNG prebuild supply can and will push to Midwest markets at competitive prices.

Overall, as a result of these changing flows, capital investment opportunities in North American gas and NGL midstream infrastructure is expected to exceed over CAD500 billion over the next several decades.

With the projection of exports of LNG being a large component of both supply and demand growth in North America I figured it justifies a few comments. Also there has been significant press suggesting Canada has missed the window of opportunity particularly as new supplies come on from projects currently under construction coupled with some expectations of softer demand.

We believe, however, there is still a future wave of demand growth that the Canadian projects can fill following the current wave of projects under construction. The next cycle projects that have value chain integration, including market positions, appear to have the most potential. Keep in mind, that Canadian projects require shorter transit times to Asian markets than the US Gulf Coast and they can provide supply base and diversification.

We also believe the current slowdown can provide the opportunity for cost reductions. And more importantly the potential for project consolidations. In addition, forward pricing also seems consistent with supporting the post 2020 timeframe.

I'd like to also mention that Enbridge recently made a small investment in the Delfin project, a floating liquefaction project in the Gulf of Mexico. The scalable nature of this technology provides an opportunity to bridge the gap to longer-term greenfield projects and also provides us a direct insight into the global LNG markets.

So, with that backdrop of natural gas fundamentals, how does Enbridge plan to participate in the expected need for natural gas and NGL infrastructure? First, we have an outstanding track record and expertise on the crude oil side with which to leverage and of course we have a pretty good track record with G&P and long-haul customers on Alliance and Vector pipelines.

We have also been welcomed as a strong new entrant in the Canadian midstream space on our reputation and being very customer oriented. In addition, our growing financial capacity provides us the flexibility with which to execute in the near- to medium-term if the right opportunities arise. And we have a number of them in the hopper as we talk.

We have made significant progress in strengthening our current positions and will continue to do so. The overall current asset base is solid with the supply push positions. However, we do have that gap in our positions we want to fill over the long-term.

Of particular focus, we'll be establishing a strong market pull position similar to Alliance's load to Chicago areas and then on to Vector and its connections to utilities and further connections to EGD. We will look to augment these efforts by ensuring we are in front of our customers with innovative solutions.

Now let's talk about each of our assets. Alliance has been successfully re-contracted for December 1 of this year and our FERC and NEB approvals were received with only minor modifications and compliance filings required for the new service offerings. The contractual picture is strong with take or pay firm structures and full path subscriptions of over 1.3 BCF per day with average terms of approximately five years.

The recontracting reconfirms our strong views of the supply fundamentals, there being too much supply for the Alberta market and the need for new markets, and affirms the competitive position of the Alliance Aux Sable in the market. The Alliance asset, as you see, is well situated running through the Montney and Duvernay as well as the Bakken in the US and provides a cost-effective outlet to the much larger and growing US market with significant growth in the NGLS coupled with the limited market outlooks, as I mentioned, in Alberta.

In addition, Alliance will be key to producers developing LNG going forward, providing a good medium-term outlet and valuable option to Eastern US markets while LNG is being developed and their related acreage being drilled up. The long-term fundamentals underlying this business are very strong.

Now on to Aux Sable. Our Aux Sable joint venture still (technical difficulty) was there to visit the Shanahan plant. And from a commercial perspective Aux Sable has recontracted for NGL feedstock Fort Shanahan plant near Chicago through NGL value sharing contracts with producers. As a result we have seen an increasing NGL content on the Alliance system over the last several years.

For sure, Aux Sable is uniquely positioned to assist producers in maximizing liquids rich production by accessing the large and growing US markets. As a result of our successful re-contracting effort we have an Aux Sable fractionation capacity expansion underway that will go in service in 2016.

We believe Aux Sable is well-positioned for the future. Despite the current oversupply of NGLs and resulting low frac margins we are protected on the downside via a marketing arrangement with BP which covers our operating costs. Now, the outlook is positive based on expected improvement in NGL prices driven by recovering crude pricing and the increased North American petrochem demand and the increase in export capabilities. Again this future is good.

Vector, much like Alliance, was viewed by many to have a very gloomy future. But after recognizing the new inquiry supply regions within Appalachia needing additional market outlets besides the Eastern markets, we aggressively pursued and executed proceeding agreements with NEXUS and Rover.

Vector's bidirectional capability provides our existing and coming shippers market enhancing opportunities as the dynamics between Chicago and [Dawn] remain very strong.

Our US G&P franchise Midcoast has been impacted the most by the lower commodity price environment. However, we attacked this issue ahead of most by addressing our cost structure and hedging to our upper limits, both of those activities completed early November of last year before the significant downturn move in November. Those efforts continue on the cost management side to ensure the business cost structure is sustainable in any given market.

Going forward we are also focused on reducing direct commodity price exposure and increasing fee-based business. Our recent extension into Eaglebine is an example of increasing our scale in East Texas and doing so backed by minimum payment terms. And as we navigate this current downturn we are targeting more prolific and economic plays to extend our reach.

Finally, on Midcoast we announced last week that [Po Reed], a solid industry veteran, has joined the team as Commercial Chief Operating Officer.

So, since I mentioned that we are looking to extend our reach into more prolific and economic basins, let's look at the Marcellus and Utica plays and see how gaining a foothold here also gets one closer to solid consuming markets. I say that because there are undeniable benefits of a demand pull strategy.

Natural gas pipeline growth opportunities are more sustainable if anchored by demand pull positions. Remember supply basins deplete, markets grow. The map depicts the major transmission lines that traverse the Marcellus and Utica plays en route to the traditional premium mid-Atlantic and Northeast markets.

A considerable number of projects have been built and more on the books to be built with expectations of up to CAD80 billion in midstream investments in the Appalachian region between now and 2035 as based on a [Ginga] study.

The main point here is that even though the available supply from this region exceeds the Northeast and mid-Atlantic markets demand interconnectivity to multiple demand markets will see the supply pull to the Midwest and longer-term being pulled to the Gulf Coast and Southeast markets. And having assets in this region linking to these pipes I think is key. This region remains robust with opportunity and will be a focus of our business development interest.

Now moving on to our offshore operations where the majors maintain long-term views and continue to drill deepwater activity. Many see this period of softening, price softening that is, as an opportunity to reduce their long-term cost to develop their discoveries. It should be noted that the deepwater rig count remains strong and drilling today means first production post 2020, again coinciding with the commodity price recovery.

The Enbridge team has done an excellent job in negotiating solid commercial terms on Walker Ridge and Big Foot projects where our capital and returns are protected regardless of flow rates. Walker Ridge was put into service at the end of 2014 and, unfortunately, the Big Foot project is delayed as reported by Chevron, but again we are protected with our commercial arrangement. With the new commercial model 2017 revenues reflect 75% fixed fee take or pay contracts, again, providing return on and of capital.

Before updating you on our Canadian midstream business I want to take a couple of minutes to reinforce some key fundamentals underlying the business proposition. Producer focus has been heavily weighted in the Montney and to a lesser extent the Duvernay. The Montney, however, is a top-tier play comparable to the Marcellus and Utica basins, contains an enormous resource with NGL and condensate rich areas with an estimated 450 TCF of marketable gas.

Core regions have breakeven cost in the range of CAD2 which is at the low end of the North American shale plays. Given the competitiveness of the play in North America context, along with the declining conventional production, we expect this area to be a long-term development focus for producers. It is important to note that growth is not contingent on BC LNG exports. Now, depending on which LNG projects do proceed, this could provide incremental developments in Montney or Duvernay or both.

So given those underlying fundamentals, producers' desire for an alternative larger scale midstream provider we believe Enbridge is well-positioned. With [Brad Reese] coming on board, another industry veteran I brought on board last year leading our efforts, we are looking to leverage our US G&P expertise, project execution capabilities and financial capacity and have several large-scale G&P proposals out in front of producers.

In addition, current market conditions provide a good opportunity to assess asset purchases, which would provide a source of funding for producers' upstream activities. Enbridge also put out in front of the market Alberta's natural gas liquid pipeline, or ANGL, a new proposed NGL and condensate gathering solution for new production in the Montney and Duvernay. We are very pleased with the strong initial support in the third quarter under our expression of interest process.

Similarly, we also received strong support in our expression of interest process for our proposed fractionation, storage and terminal project near the Fort. Customers nominating both of these programs secure the ability to utilize fully integrated fully fee-based solutions for their NGL and condensate production. More to come on these new NGL logistical projects as we firm up the scope and firm up binding nominations.

Now while butanes and condensates do have a market demand and a regional diluent pull for oil sands, there is no current incremental market for ethane and propane in the province and that is evidenced by the negative margins in the Edmonton area over the summer months. This long position on C2 and C3 requires innovative export solutions to the US and/or Tidewater. So I think Enbridge can develop both of those opportunities through either Alliance and Aux Sable or on our own with our own projects. So stay tuned on those as well.

Let me pull this together. We are very bullish on natural gas fundamentals of supply and demand growth and the opportunity for North America to be much more connected to the Global Gases market. Within my area of leadership we are focused on being a bigger part of Enbridge and positioning for the future. Our opportunity set is growing and the timing lines up nicely over the next several years with the projected completion of our current wave of LP projects as Guy mentioned.

As a matter of fact, the cash flow strength from the LP projects will allow us the financial wherewithal to capitalize on opportunities that arise in the gas sphere. And finally, we are building a very strong and energetic team with a proven track record of delivering value to customers and shareholders alike. So with that I will take questions. Thank you very much.

QUESTIONS AND ANSWERS

Dean Highmoor - *Investors Group - Analyst*

Dean Highmoor, Investors Group. I just have a question on your natural gas supply growth slide. You show a bunch of production growth from the Horn River and I was just wondering what sort of prices or conditions do you assume to drive that kind of growth profile?

Greg Harper - *Enbridge Inc. - President, Gas Pipelines & Processing*

Yes, see, Horn River definitely driven by -- North of where we are today. I think it is a good strong growth profile as well as LNG development. So the pricing that would trigger those I think would trigger the Horn River being developed to its fullest extent.

Dean Highmoor - *Investors Group - Analyst*

And what sort of price level would -- do you think we would need to see that?

Greg Harper - *Enbridge Inc. - President, Gas Pipelines & Processing*

I haven't looked at price curves but I think it is north of CAD4 sustained.

Dean Highmoor - *Investors Group - Analyst*

Thank you.

Robert Kwan - *RBC Capital Markets - Analyst*

Robert, RBC. Greg, on the Canadian mainstream side you are talking about -- it still sounds like it is early days -- but the pipe but also the fractionator. So I am wondering, especially on the fractionation side, have you already accumulated a land position with sufficient salt rights and especially water rights to actually wash the caverns?

Greg Harper - *Enbridge Inc. - President, Gas Pipelines & Processing*

Along with Guy's organization we have substantial positions around the Fort that we can utilize. Yes to all of those three areas.

Robert Kwan - *RBC Capital Markets - Analyst*

Including the water rights?

Greg Harper - *Enbridge Inc. - President, Gas Pipelines & Processing*

I don't think we have the water rights, but we do have salt and we have the space. So water would come.

Robert Kwan - *RBC Capital Markets - Analyst*

Okay, and if I could just ask a second question. You were talking a lot around demand pull in terms of infrastructure to serve the Marcellus. Can you talk about specifically what you were referring to in terms of what you want to cobble together? Is that power gen, is that in LDC or is there something else?

Greg Harper - *Enbridge Inc. - President, Gas Pipelines & Processing*

Not necessarily power gen from my perspective I will let Vern address that and Glenn talk about LDCs. I would say that LDCs form a very great demand [sink] for opportunity. So that is a great strategy from a demand pull perspective. I think what I was trying to illustrate or what I was trying to illustrate with that graph is that interconnectivity to those growing markets and the amount of supply that is being -- will be pushed from the Utica and Marcellus being able to be interconnected to multiple market zones is very important.

So, having header systems, having a project, maybe participation in a NEXUS, we are still in discussions with DT and Spectra over that particular project. It is going to be very important going forward. So I think it is really the interconnectivity on the gathering, header solutions and then some pipe solutions out of the area.

Robert Kwan - *RBC Capital Markets - Analyst*

I guess specifically is that something that you are signaling that Enbridge as an enterprise needs to own or outside of say EGD? Or is this something where you think you could partner to get that downstream demand?

Greg Harper - *Enbridge Inc. - President, Gas Pipelines & Processing*

I would think that Glenn -- I will let Glenn address owning LDCs outside of its current footprint. But we own and operate a very solid LDC, so we are very capable of doing that. I think we could do that in the US as well. And again, they do make very good market demand pulls. We have seen that with the recent acquisition of AGL by Southern Company doing that to collectively pull investments into pipes.

So, I -- they are out there, but I think working in partnership with others, much like I said NEXUS is a great example of partnering in a JV situation that we would like to get into again. So that would be our Vector project as well.

Robert Kwan - *RBC Capital Markets - Analyst*

Okay, thank you.

Paul Lechem - *CIBC World Markets - Analyst*

Paul Lecham, CIBC. You haven't talked about the M&A angle. Just wondering what your appetite is either for asset level or corporate level M&A to round out your offering in this space. And also by basin, are you focused still in the WCSB or are you looking elsewhere?

Greg Harper - *Enbridge Inc. - President, Gas Pipelines & Processing*

When we talk about M&A, I think Al addressed it in his comments, that you have the asset level and then you have an M&A larger scale level. We are -- we look at all those. I think looking at our future and where we want to take gas we are building a better portfolio of those opportunities that we look at on asset specific as well as larger targets. So I think our appetite, my appetite is I am quite hungry to grow the business.

Organically we can grow this business to a certain size, we have done a very good job of leveraging Vector with NEXUS and ROVER doing those expansions, the Gulf, the offshore as well as Midcoast. But I think to get to the scale that we would like to see gas contribute we will have to have some other sizable investments.

Now organically within Canadian mainstream, there are some great unique opportunities out there just our own -- of course our own NGL effort as well as other things we are in RFPs on that we think we'll be successful in in some extent. So, I don't think asset acquisitions or M&A have to drive the complete picture, but it will be a part of it.

Paul Lechem - *CIBC World Markets - Analyst*

Just a follow-up, can you talk about, given price action in the recent months, what are valuations looking like out there? What is the appetite for either producers or others to be selling and how is that matching up with your valuation parameters?

Greg Harper - *Enbridge Inc. - President, Gas Pipelines & Processing*

Yes, I think the valuations is kind of interesting. If you ever looked at valuations in a down market, multiples can kind of go up because it is the way the numbers work. But I don't think that -- we do see assets on the market or we also have quiet assets -- or assets are being marketed quietly that we see and the valuations definitely are coming down, they are not as extreme as they have been I would say. But I think there will be a little bit more of a capitulation in some efforts across the industry in certain market areas -- by certain producers.

Unidentified Audience Member

Regarding Utica and Marcellus, what specific pipeline opportunities are you looking at, greenfield or joint ventures or whatever? Because looking just at the slide it doesn't really relate directly to Enbridge.

Greg Harper - *Enbridge Inc. - President, Gas Pipelines & Processing*

Sure. So I think the one things that do we let directly to Enbridge would be so we are still in discussions with Spectra and DTE on the NEXUS project which leaves the Utica that also ties into Vector.

Again, I think what we were trying to illustrate in that slide is the amount of supply that is coming from that zone that has limited gathering infrastructure still to come to provide interconnectivity into those major pipelines and header systems is going to be a great opportunity, and I am not going to speak to direct opportunities we are looking at.

But there are some existing things that are being built plus new things that still have to be built to feed those pipelines. But more importantly, you have to be there to be a player there too. All right, I see a lot of full bladders out there. So it is coffee break time. So 15 minutes. We still good, Leigh, for the break? All right, 15 minutes for a break. Thank you all very much.

(Break in progress).

PRESENTATION

Glenn Beaumont - *Enbridge Inc. - President, Gas Distribution*

Okay, welcome back, everybody. There's a few stragglers getting their coffee. We will let them keep doing that. But I am Glenn Beaumont and good morning to everyone. It is a pleasure for me to be here today. And I am actually quite excited to talk about our core gas distribution business. Kind of our current focus and what our future plans are.

Now this discussion is usually fairly straightforward. What you are used to hearing me say is we have a really solid core business with some decent growth opportunities. And that is absolutely true. But I truly believe that that completely understates what this business can become, what it can mean inside the Enbridge family and how we can leverage it in a very big way to help position natural gas in a much bigger position in Enbridge.

So this year, I will do a bit of a deeper dive on where we see the opportunities and how we are going to attack them because we believe this business can grow and it can grow significantly and we see a very good opportunity set going forward.

So last year, I spoke about our progress on some of the targets and milestones and this year, I will continue to tout the strengths of gas distribution because our business offers stable and predictable growth. The core business is fundamentally strong and over the next five years, the Company will invest an additional CAD3 billion in capital in the business. But what I want to convey to you today though is that not only is the core business strong, but importantly we have given a great deal of thought to how we can leverage that core business to position ourselves for some very significant upside.

So we delivered strong and predictable risk-adjusted returns and in fact already play an important role in the Enbridge family given the risk profile, the returns and growth that we are seeing, but we are also well-situated to take advantage of what we see as emerging fundamentals to really grow this business.

Our product and service remain extremely competitive. When compared to other fuels, our residential customers pay close to 70% less for home heating compared to alternative energy sources. And with the abundance of natural gas and its low cost, we can confidently predict that that economic advantage will continue over the long term. And although we are investing a large amount of capital, some of it is being used to bring in lower-cost supplies. So we are actually lowering the cost of consumers making us even more competitive and giving us what I'd call a little bit more headroom.

I'll also touch on our custom incentive regulation plan, which is being approved by the Ontario Energy Board, our regulator. This provides stability and importantly allows for the necessary capital investments in our business. And finally, as I said, we are developing our thinking on new areas of development that will extend and enhance our growth beyond the next five years and into the next decade. And while we are very focused on the near term, we are assessing ways to leverage our franchise, the capability and the competitiveness of natural gas, including looking at things like gas supply and storage, natural gas used for transportation, which we just had a question on, and combined heat and power applications.

And we are also seeing a shift in the Ontario utility market that could benefit from consolidation and of course, those concepts are far more easily said than done, but we can certainly bring a significant amount of value to the table given the size of our asset base and the synergies that would exist.

So just a quick reminder on our gas distribution business, this is a map of our franchise. To put things in context, we are the largest gas distribution utility in Canada, as well as one of the fastest-growing utilities in North America. We have been delivering energy for over 165 years, serving more than 2 million customers in Ontario, Quebec, New Brunswick and New York State. But of particular relevance here is our strong base in Ontario that we can leverage for growth that we see as very repeatable, creating a new model for energy delivery that can be replicated in other jurisdictions.

Now, of course, as with everybody else, one of the key areas where our business excels is safety and reliability. So compared to our industry peers, we are solidly in the top quartile and we want to continue to build our safety culture. We recognize that the product we deliver is potentially dangerous, so we have a very strong focus on safety in everything we do. This is fundamental to our customers, our employees and this focus really strengthens our business, lowering our risk. And our performance in this area is really important as it secures credibility with our customers, our stakeholders and importantly our regulators.

And we are very happy with our performance here, but we will continue to take proactive measures to lower our risk and invest to improve in both the safety and reliability for our customers. And one example includes ongoing education and supporting safety regulation improvements to further reduce damages by third parties, which is a leading cause of incident for us. And you can see the performance there.

Now our core business is regulated, so the returns are generally stable and predictable. And we have no direct commodity exposure, as Al mentioned. And if you look at the historical ROE chart, it emphasizes the stability of those returns. The darker area is the allowed return that our regulator approved; the lighter shaded areas show the incentives we have earned through productivity measures implemented in the business. So we have consistently been able to earn above the allowed returns and expect that we will be able to do this into the future.

But stare at this chart for a minute. What it basically says is we have a great asset. But what we are seized with is how do we leverage this to extend and enhance our growth so that we can replicate the contribution we make in Enbridge's opportunity set and our overall objectives as a company to increase our natural gas footprint.

So here is a little bit of a closer look at fundamentals; Greg showed one of these charts already. But our strength is clearly based on our price advantage and the fact is it is only getting better. North American gas commodity averages about CAD3 a gigajoule today thanks to the enormous growth in supply over the last 10 years. By contrast, in Japan, it cost about CAD16 a GJ and in Europe, probably anywhere from CAD10 to CAD12. So this North American price advantage is supporting somewhat of a natural gas renaissance in many sectors, particularly manufacturing in the Northeast, but also medium and heavy duty transportation.

And the two charts here really depict the projected North American gas supply and residential energy prices and again what you can see is natural gas continues to enjoy a very strong competitive position to other home and water heating fuels. And as I mentioned earlier, our residential customers continue to enjoy savings of more than CAD2000 a year compared to those using heating oil or electricity. So this positioned us obviously very, very well.

Now where is this gas coming from? Well, production is growing right at our doorstep. While we will continue to source some supplies from the Western Canadian sedimentary basin, our current capital investments will allow greater diversification and increase supplies from newer supply basins. And more diversification of supply means more reliability. So we are working on behalf of our customers to access these lower cost natural gas supplies in the nearby Northeast US, including, of course, Marcellus and Utica, all of which helps to maintain and extend our price advantage.

And specifically, the GTA project, which I will talk about later, is a key element for delivering on this strategy.

Now last year, I spoke about our custom incentive regulation model. In this five-year model, the allowed ROE resets annually with the primary input being interest rates. Thus, if rates rise, our ROE rises. And as you can see, our returns are very favorable compared to many alternative investments. Our first two years under this model have been very successful and the remaining three years of the term provide the continued opportunity for enhanced returns. So in this incentive model, when we make sustainable productivity improvements, we share those benefits with our customers, lowering their rates, but importantly also allowing for higher shareholder returns.

And lastly, a very important element is that the approved model includes that CAD3 billion in capital to meet the customer needs for growth, for the GTA project and increased investments in system reliability and integrity. Now why do we view this so positively? Well, it fundamentally is the best of both a cost of service world and an incentive regulation world. The approved capital provides transparency into growth and provides certainty that we can make investments we need to grow and take care of the business.

The model also provides actually an opportunity to add to that capital if a dependable case can be made and we think it can. The incentive model provides a real opportunity for enhanced returns and we have shown already that we can deliver and not everybody has been able to do that. And the annual ROE reset also protects against rising interest rates. So it was clearly a very innovative model and one that many are now trying to replicate. So we are very happy with this outcome and it's part of Enbridge's overall legacy of using incentive regulation structures to boost returns, but also to align ourselves directly with customers.

Now also no doubt in part due to our competitive advantage, we continue to connect customers at a rate that I think many of our fellow North American gas utilities would envy. Most of our peers do not see the same steady growth we do. Our customer additions continue to be about 35,000 on average annually and this puts Enbridge at or very near the top of growth in North America. In the last 20 years alone, we have more than doubled our customer base and by contrast, there are some utilities out there that are experiencing negative customer numbers.

So to meet this demand, we are investing. The second chart shows the core investment of about CAD3 billion over this period. But here is what could further bolster growth. The provincial government has committed funding to support natural gas expansion. There are many rural communities in Ontario that will benefit from access to low-cost natural gas. We have identified over 40 of those types of communities who could benefit under such a program. We are now in the process of preparing a proposal that includes alternatives on how to make these expansions viable for both our business and for our customers.

And the economics and success of natural gas in North America is -- it is a great story. Statistics Canada reports that household spending on natural gas has declined from just under CAD8 billion in 2008 to just under CAD6 billion in 2012. So that, obviously, reflects the lower cost of gas and it's good news for our customers. And contrast that against electricity spending, that obviously has increased significantly since 2008.

So, as we move forward, we believe that there are many opportunities for natural gas to displace more expensive energy sources. And it is without doubt going to remain a very, very important part of the overall energy mix. And to be clear, the capital related to things like that community expansion would be incremental to the CAD3 billion already approved.

And now, as I stated earlier, the GTA project is the largest single investment in our Company history and one of the most important investments we have made on behalf of our customers. This provides increased capacity and reliability for customers in the GTA, it meets future growth needs and it provides lower -- provides access to lower cost supplies. So therefore, even though it is a very significant investment in our system, overall, it actually reduces delivered costs to our consumers. So our target is to have this in service for the upcoming winter.

So why is it so important? Well, most significantly is what it does for the safety of our system. But by renewing our distribution infrastructure in this manner in particular, it creates a new transmission service for the market, it demonstrates that we can make investments in system upgrades and renewals all while still providing savings through lowering costs to our customers.

Now gas storage is also fundamental to our supply plan. We store gas in the summer when costs are low, then withdraw in the winter. We know we have long, cold winters here, but this is one of the ways that we serve customers and protect them from price volatility. Our storage facility near Sarnia has been in operation for over 50 years. Moving forward, we are going to be looking to ensure future storage investments to put us in a good position for the next 50 years.

That said though, between the growth in our franchise and the expectations around mitigating price volatility, we see a requirement in the very near term for increased investment in storage both to meet our own needs and to take advantage of the increased importance of the non-hub. So together, our GTA project investment and future investments in the Dawn area we think will complement very nicely investments that Greg is contemplating in natural gas under the pipelines and transportation business.

So our base is solid, we deliver strong and stable growth and the potential to earn above the allowed ROE. In addition, energy market fundamentals though suggest that there is a potential for new growth platforms. So new and expanding production basins are shifting natural gas supply patterns, impacting transportation and storage supply chains. Large end-use markets such as transportation are transitioning to lower-cost fuels. Traditional models of how electrical energy is generated and distributed are also being disrupted and I will get into that more in a moment.

So in our deeper dive, these are the fundamentals. And all said, these disruptive changes in the end-use market for energy create potential opportunities. We are incredibly well-positioned to look at which business models fit our investment triangle and we also have the capacity to invest.

So this is how we are looking at this business beyond the traditional. First, incremental investment in the core infrastructure. So driven by the large gap in energy prices, economics dictate that natural gas should become prevalent in many new market segments and it should allow for significant investments to be made over time. So this includes things like the new communities, but also importantly further infrastructure renewal.

Second, entering new markets related to CNG and LNG. Recent government policy and economic drivers suggest a much larger role for natural gas and transportation, and we had a question about that earlier, and we are well-positioned to capture share as that market is disrupted. So there is further growth potential there.

Third, entering new markets behind the meter. So distributed generation, micro grids, new technologies in the electricity sector are also changing the landscape. In combined heat and power fueled by natural gas is the last piece in this puzzle. Traditional electricity distribution models are likely to be disruptive with these technologies creating new businesses and benefits for customers. And I can tell you that the natural gas distribution system is ready, it is flexible enough and in place to play a very important role in that transformation.

And in addition, as I mentioned, there is a lot of activity in the electric distribution space in Ontario, particularly around consolidation. So given our strong base in the province and the natural synergies that we believe exist, it is also something that we will look at.

And finally, with changes in natural gas production such as Marcellus and Utica, gas transportation and storage is shifting for many markets. Our storage facility is well-positioned to meet the need when demand for storage increases and we fully expect to invest and grow that part of the business.

Now this chart shows some incremental capital and it is capital that we are really confident will materialize. Although I can tell you we see significant potential upside to these numbers, particularly beyond 2018 and 2019. And so positioning ourselves to take advantage of that upside is a key part of our focus in the next couple of years.

So, in summary, we continue to build on our strong fundamentals. We will remain a business that provides strong, predictable and risk-adjusted returns. As one of the fastest-growing utilities, we are already executing a CAD3 billion capital investment plan to grow and make our system safer and more reliable all while still providing stable returns and lowering costs for our customers. But I can tell you I am very excited with our plan to leverage our core competencies, our competitive advantage that natural gas offers and our very strong core business to enhance the competitiveness of this entire business.

So over the next five years, we believe there are going to be significant growth opportunities that materialize. Our goal is to do what we can with this business to strengthen the position of natural gas as part of Enbridge. Thank you very much and I would be pleased to take any questions.

QUESTIONS AND ANSWERS

Steven Paget - *FirstEnergy Capital - Analyst*

Steven Paget of FirstEnergy. Good morning and thank you. How many of your 35,000 new customers per year are switching to gas and how many of them are newbuilds that weren't using any fuel before?

Glenn Beaumont - *Enbridge Inc. - President, Gas Distribution*

Yes. So most of it is newbuilds. We have what I think is a fairly high penetration rate, particularly in the GTA area. So it is a little bit different geography by geography. So some of the other cities like Ottawa, we have a slightly lower penetration, so it would be a higher conversion number. Obviously, all of the new community stuff would be conversions, but if I had to give a number, 90/10 maybe new.

Steven Paget - *FirstEnergy Capital - Analyst*

Thank you, Glenn. You indicated an interest in electricity distribution. Does this segment have the potential for incentive regulation?

Glenn Beaumont - *Enbridge Inc. - President, Gas Distribution*

Electric distribution? Yes, it absolutely does. And in fact, I think some of the electric companies are trying -- when I said people are trying to emulate the model that we've put in place, that is exactly the people I was referring to. There are electric distribution companies that are looking at creating a customized incentive model that looks very similar to ours.

Steven Paget - *FirstEnergy Capital - Analyst*

And what scale would you need to have to get into that business?

Glenn Beaumont - *Enbridge Inc. - President, Gas Distribution*

Well, I mean I think that the -- if you listen to the government's sort of general proclamations, they believe that there is an ideal world where they are going to end up with somewhere four to six distribution utilities in the province. There is currently around 70 right now. So something of that size of one of those would have to be -- I think in order for it to be something that we can take advantage of with our synergies, you would probably be looking at something in that ballpark.

Steven Paget - *FirstEnergy Capital - Analyst*

Thank you, Glenn.

Unidentified Audience Member

Glenn, I was wondering if you could just talk briefly about multiples that you are seeing in the utility segment and you talk about M&A and how you would make that work within the competition of capital between the different departments at Enbridge.

Glenn Beaumont - *Enbridge Inc. - President, Gas Distribution*

Yes, so, we -- I don't know the numbers really quickly off the top of my head, but a mirror purchase that most people might be familiar with was a very significant multiple. And when I said in my comments that any of these types of things that are very difficult to get done are easier to say than get done, I mean that is the type of thing we are referring to because they can be very hard to compete at that level.

So a lot of the way we are thinking about this, David, is partly by creating the opportunity and using some of the things I have talked about here that you can replicate to create some optionality. But the second half of it is for us to be in concert with the work that Greg is doing and that perhaps creates the additional optionality that can overcome those sort of increased multiples. It is going to take that type of thing. A straightout sort of walk in and try and acquire something without having that kind of ability to make up the difference is very difficult to do I think.

Rob Hope - *Macquarie Capital - Analyst*

Rob Hope from Macquarie. This may be a question for Al, but just with the dropdown of the Canadian liquids to ENF, just wondering what is the view of the gas distribution utility under the corporate umbrella of Enbridge. Could we see Noverco expanded or some other sponsored vehicle?

Glenn Beaumont - *Enbridge Inc. - President, Gas Distribution*

You're right; it probably is a question for Al.

Al Monaco - *Enbridge Inc. - President & CEO*

When we looked at the dropdown of the Canadian liquids pipelines business, obviously, that was in connection with the broader review of all of our assets. And what we found is that the gas distribution utility right now is probably not the most ideal for that kind of candidate just because of the amount of, call it, consistent growth capital that Glenn has in his business. So probably not as much free cash flow there to throw off in an ideal world for that kind of high payout vehicle.

Now there are variations on those vehicles, as you see with the Income Fund, which does have a lot of growth, but I think at this point that is not in the cards. And the business I think itself is doing quite well within the spot it is today. And as Glenn has pointed out, we have got lots of opportunity there. So we are quite comfortable having that at the Enbridge Inc. level for now.

Glenn Beaumont - *Enbridge Inc. - President, Gas Distribution*

Don't see anybody else, so, with that, thank you very much for listening. And I would like to introduce Vern Yu.

Vern Yu - *Enbridge Inc. - SVP, Corporate Planning & Chief Development Officer*

Well, good morning, everyone. It looks like I am going to be batting cleanup on the review of all of our business segments. I am going to spend a little bit of time looking at International and Energy Services, but I want to spend the bulk of our time -- my time here talking about what we are doing in our Power group, which is one of the fastest-growing businesses that we have at Enbridge.

As Al mentioned at the outset, we did take a much deeper dive into the global energy fundamentals over the last year. And we believe that International, Energy Services and especially Power can meaningfully extend and diversify our business as we go forward.

On a global basis, the demand for energy will increase by over 30% between now and 2040 and the sources and uses of energy will evolve through a greater use of natural gas and renewables. Growth in these businesses, and through International, through Energy Services and through Power will allow us to participate in the global restructuring of energy infrastructure.

So with each of these businesses, they are fairly unique and I am just going to spend a few seconds here talking about the key messages on each of these three businesses. First with International, obviously, it provides us opportunities globally to participate in energy infrastructure investments. We continue to be focused on a few select countries. Energy Services has been a stable and relatively low risk business for us where we focus on asset optimization and physical arbitrage. We have closely risk managed this business and it helps us -- and by providing information and services to grow our infrastructure business. Finally, with Power, Power by itself today is a significant contributor. We believe the fundamentals for this business are extremely strong and its risks and returns are comparable to our core pipelines business.

So I'm going to start off with International. Over the last several years, we tooled down International as we entered into our unprecedented liquids pipelines expansion program in North America. Now that we have made meaningful progress in building out that liquids pipelines business and financing it, we have begun ramping up and looking for suitable investment opportunities internationally. However, I should say that we will continue to be very selective in anything that we do internationally.

Beyond the standard Enbridge investment criteria that we have for all of our businesses, in International, we will also be looking for superior risk-adjusted returns, stable countries to operate in and have revenues denominated in hedgeable currencies. We are primarily focused on oil and gas pipelines, but we have also added renewables to the mix of businesses that we will look at. And as of right now, we are still mostly focused on Australia and Colombia.

So let's move to Colombia. Over the past several years, we have been looking at advancing the OAP pipeline, which is a greenfield pipeline moving crude oil from the central part of Colombia to the Western part of Colombia. We have been working on this pipeline with a consortium of oil producers and shippers and the project continues to progress even in this low oil price environment. We expect that we will finish the environmental assessment phase of the project sometime next year. And shippers are still strongly supporting this project as by moving oil to the West, they can improve their netbacks by CAD10 a barrel. The project now is targeting roughly a 2020 in-service date, but that's still subject to final commercial terms.

So I'm going to shift gears now and move onto Energy Services. We have been in this business for over a decade and it has been a very steady performer for us, although the earning stream is a little bit more volatile than our core business. I should really focus on the fact that despite this somewhat higher volatility, it is still a very relatively low risk business as we are really focused on physical optionality and not absolute commodity prices.

Our model is to hold storage or hold pipeline transportation and that gives us the ability to arbitrage locational basis differentials or commodity-grade basis differentials. We also have employed state-of-the-art risk systems to ensure that we are accurately monitoring and patrolling any risks associated with this business at all times.

So we also expect that this business will continue to grow roughly at the same pace that Enbridge grows as a whole. We will modestly over time extend our geographic reach as Enbridge assets grow in their geographic reach. And we will extend from our primary focus today of oil and natural gas into power in a measured basis.

So this chart shows that, despite the significant fall in commodity prices, there still are very significant locational basis differentials for commodities in North America. As you can see, like I think this chart was put together at the end of last week, there was a CAD10 -- roughly a CAD10 basis differential between heavy crude in Alberta and heavy crude on the US Gulf Coast. And about a CAD6 basis between Bakken production and Brent pricing on the East Coast.

So with our experience and our physical assets, we are able to take advantage of these locational price differentials and this has been very profitable for us in 2015. And we expect that profitability to continue as we roll forward. We expect that given our very good knowledge of North American logistics, this will allow us further opportunities to grow the business.

So on this slide, we just show about four different strategies that we have that allow us to take advantage of either locational differentials or grade differentials. I am not going to go through these in detail, but they are obviously designed to show you that these strategies are low risk and replicable over time. Now, as a simple example, just by holding storage in a variety of locations and the fact that the market is Contango, we can make a significant amount of money just by buying oil today and locking forward that sale in the future.

Okay, so that wraps up International and Energy Services. Now I want to spend the bulk of my time on my presentation on our fastest growing business that we have at Enbridge, power generation and transmission. We have been in the business for over a decade, but we have really accelerated growth over the last five years. And we expect that growth rate to continue over the five years to come.

So why are we so bullish on this business? Well, now, first, we believe the fundamentals for electricity supply and demand are extremely strong. The returns in the business have been superior and the business risks are consistent with our core businesses. The business provides us a good opportunity to extend and diversify our growth beyond 2019 and we now believe we have developed the appropriate skill sets to be very good in this business. In fact, over the last five years, we have invested over CAD4 billion in renewable power generation and transmission. We have almost 1800 megawatts of generating capacity across North America now and that is in 14 separate wind farms, 4 solar firms, 1 geothermal project and the Montana-Alberta transmission line.

As I've said before, we believe the fundamentals for electricity are very strong and we expect to be able to continue this strong growth rate over the next five years. In fact, our goal is to double our generating capacity by an additional 2000 megawatts between now and 2019.

While in the overall context of Enbridge the business is relatively small where we contribute about 5% of earnings, on a standalone basis in Canada, it is a very significant business. We are, in fact, today the second largest generator of wind and solar power in Canada. While on a North American scale, we are not quite there yet, but I think if we are able to achieve our goals of incremental generation, we can be a top five renewables generator in a North American context.

Historically, we have grown this business through relationships with the best developers in the industry. Companies such as EDF, [RAZ], First Solar and E.ON. These companies have brought to us a steady stream of fully developed power generation projects and this relationship has been a win-win for both the developers and Enbridge. Obviously, we are able to acquire relatively low risk, good returning assets and our partners are then able to recycle this capital to develop more projects. We expect that we will continue to use these partnerships to grow the business, but we also plan to augment this approach with our own development efforts that I will expand on in a few slides.

So let's stop for a few minutes and just kind of review the fundamentals of Power. And this will show you why we are very bullish on the business. If we focus on the, I guess, the right-hand side of these charts, you can see that, on a levelized cost of energy basis, wind and solar have become much more economic over the last 5 and 10 years. In fact, if you look at onshore wind today in North America and Europe, it is pretty much on par with the cost of traditional energy sources such as coal and natural gas-fired power.

It is kind of remarkable that this has happened. What has really happened is, over the last five years, the levelized cost of wind power has come down 60% and the levelized cost of solar power has come down 80%. So there's a few reasons for that. For wind, energy yields have improved. So the technology has effectively gotten better and that has happened through the adoption of larger rotors and the overall capital cost of wind turbines has come down by a third.

For solar, on the capital of cost side, it has been very dramatic where the capital costs have improved by tenfold over the last decade. Energy yields have also improved on the solar side and now solar has actually become much more competitive than it has been historically. While we expect the pace of these improvements in power generation to level off over time, we still expect that there will be increased cost competitiveness in the sector.

The second factor that has really driven a lot of renewable growth is obviously the renewable generation targets that have been established in North America and Europe. And these government targets and mandates have really accelerated growth in the business and we don't see a slowing down of these targets being put forth.

So on the left-hand side of the chart you can see is that the IEA has estimated that we will require 600 gigawatts of renewable power generation in North America and Europe to be put in service over the next 10 years. And to accommodate this change in generation mix, the IEA is also estimating that several hundred billion dollars of power generation investments will also be necessary.

So that's why we believe the fundamentals are so strong and this next slide is really designed to talk about how we are going to approach being a better player in the power industry. We are going to move away from being solely a late-stage investor and fully baked power generation projects where the construction and ongoing operations of these projects are farmed out to third parties. As you probably well know, in most of our most recent builds, we have had our major projects team oversee that construction.

The next thing that we are going to do is, starting next year, we are going to start self-operation of two of our three wind farms in Ontario. And then, finally, we are going to start examining, and we have started examining business development of projects earlier in the development cycle. Here, we have done this both internally and working with developers prior to projects being shovel-ready. By doing this earlier stage business development, it will give us more control over equipment selection and offtake agreements.

But most importantly, it will expand the number of projects that we are able to invest in. We will also extend our investment options to include hydro, gas-fired power generation and we do have bigger plans for power transmission as well. Finally, you will see on the bottom of the page that we are also now looking at investing in renewable power generation opportunities in Western Europe. So collectively, I believe that all of these actions will allow us to meet our goal of doubling our renewable generation footprint by 2019.

While we will be very aggressive in our efforts to expand our Power business, we will still be doing that using the tried and true Enbridge low-risk business model where risks such as capital cost risk and power price risk will be highly managed to ensure that we achieve our desired project returns. Capital cost risk will be generally mitigated by turnkey EPC contracts and Power prices will be locked in through PPAs or other similar commercial contracts. All in all, I believe that our Power business will fall right in line on a risk profile basis with our core pipelines businesses.

So I think what I have done on this slide here is try to set out our opportunity set that we are working on internally. This is really the early stage development pipeline that I spoke about earlier. You can see on the slide we have over 2000 megawatts of generation that we are actively developing. Some of these are greenfield projects that we are developing ourselves such as the 186 megawatt Whitetail gas-fired peaking plant in Alberta; others are projects that we are jointly working on with our development partners.

I should say -- I should note that all of the projects that have a 2016 ISD are very close to being fully flushed out with firm offtake agreements, binding EPC contracts and the necessary permits to proceed to project sanctioning. The balance are in various stages in the development cycle, but they are all strong projects that will meet our investment parameters.

While we don't expect that every one of these projects will go forward, when we couple this development pipeline with our past practice of buying shovel-ready projects, we are quite confident that we will be able to achieve our goal of being able to double our generation capacity. So we believe that our growing set of integrated power development and operating skills and Enbridge's superior cost of capital will allow us to be a much bigger player in the renewable space as we go forward.

So that finishes up the deeper dive into Power. And I would just like to wrap up just by repeating the key messages that we had on these three different businesses. Obviously, International is a long-term growth strategy where we believe that, over the long term, it can provide meaningful growth and diversity for the Company. We continue to be focused on a few select countries.

In Energy Services, we expect the business to grow as Enbridge grows. It is a low risk service offering where the risks are highly managed and it does help us enable infrastructure investments. And then, finally, with Power, it is a very significant contributor today, but we do expect it to be a bigger contributor as we go forward where the fundamentals are very solid and the risk and returns are very comparable to our existing businesses. So with that, I'd be happy to take any questions.

QUESTIONS AND ANSWERS

Winfried Fruehauf - *W. Fruehauf Consulting - Analyst*

Winfried Fruehauf, W. Fruehauf Consulting Limited. Regarding slide 14, your target of over 2000 megawatts, realistically, what portion of the 2000 megawatts do you hope to achieve and at what cost? And I have another supplementary question.

Vern Yu - *Enbridge Inc. - SVP, Corporate Planning & Chief Development Officer*

I think generally onshore wind is coming in at about CAD2 million per megawatt now and that would give you a sense of the cost for the generation on average. I think for these projects to go forward, you kind of need a fixed price of around CAD35 per megawatt hour.

Winfried Fruehauf - *W. Fruehauf Consulting - Analyst*

My question was realistically what portion of the over 2000 megawatts do you hope to win and at what total capital cost?

Vern Yu - *Enbridge Inc. - SVP, Corporate Planning & Chief Development Officer*

Well, obviously, it is a little early to give you a handicap project by project. But I did say that, of the projects we are looking at potentially for a 2016 ISD, the bulk of those projects are becoming more and more certain as we move forward here.

Winfried Fruehauf - *W. Fruehauf Consulting - Analyst*

My supplementary question relates to bird kill. What has been the experience bird kill on your wind farms? And what steps do you take to reduce the killing rate?

Vern Yu - *Enbridge Inc. - SVP, Corporate Planning & Chief Development Officer*

I don't have those stats with me right now, but we would be happy to get back to you on that, Win.

Pat Kenny - *National Bank Financial - Analyst*

Pat Kenny, National Bank. Vern, as you tack on new opportunities in Europe and move down into the earlier stage development side of things, can you speak to the incremental capital returns that you are looking to achieve relative to your liquids pipeline projects in North America?

Vern Yu - *Enbridge Inc. - SVP, Corporate Planning & Chief Development Officer*

So what we have seen is, for like a fully PPAed project in North America, you can probably achieve about a 12% return on equity on an IRR basis in North America. I think some of the larger projects in Europe, you're going to be able to achieve a higher return because there is going to be less competition for those projects. So that is why we think it is attractive to go to Europe because there are significant investment opportunities where there's fewer players competing for those opportunities and the returns will actually be significantly higher.

Rob Catellier - *GMP Securities - Analyst*

Bob Catellier, GMP Securities. Focusing on a couple of countries, you mentioned Australia and Colombia. I am curious to know where Mexico fits in on your radar screen and how you assess the attractiveness of that opportunity. And the second part of the question is what would you need to see to make a big investment in Mexico other than the appropriate risk-adjusted returns? Is there something on the reform side or the regulatory policy side that you'd want to see in place as a gating item?

Vern Yu - *Enbridge Inc. - SVP, Corporate Planning & Chief Development Officer*

Well, the answer I think is we are still assessing what we want to do in Mexico. Obviously, there have been a number of industry players from Canada and US who have gone to Mexico. And recently some of those players have had a few issues in Mexico. So right now, we are kind of looking at it project by project and trying to assess the security of the project, the security of the offtaker and then -- but we haven't fully landed on whether Mexico is one of our focus countries or not.

Al Monaco - *Enbridge Inc. - President & CEO*

Maybe I will just add a comment to Vern's. In Mexico, as he said, there's been some good successes there from Canadian companies in particular. I guess one of the things that we'd really need to get our heads around relates to how we manage construction risk. And the reason for that, Rob, is you have got a process in Mexico where you bid in on a fixed capital factor basis. And it is a locked-in rate and so you are taking capital cost risk.

And in Mexico, in particular around some of the issues around land and overlapping claims on land and things like that, we want to make very sure that we have an ability to manage that kind of risk very carefully. But as Vern points out, it is probably a ways out for us in terms of getting that confidence. And that probably lines up with the finalization of the reforms too.

Unidentified Audience Member

My name is (inaudible) in Canada. So can you elaborate a bit more in terms of your projects in mind for Australia if possible? And Mexico was mentioned. Any other markets that you are keeping an eye on similar to Mexico, for example?

Vern Yu - *Enbridge Inc. - SVP, Corporate Planning & Chief Development Officer*

Well, we are most focused on actually our Colombian greenfield project. We do have a few opportunities in Australia where we have been asked by local companies to come in and work with them. Probably too early to talk about what those specific projects are. There are a few other select opportunities that we are looking at globally. And then I guess we are looking quite closely at Western Europe from a renewables perspective.

Unidentified Audience Member

Of the 2000 megawatts that you have outlined, can you sort of give an estimation or just maybe a figure of how many projects are kind of in that, just a quantum? And then also are they predominantly North American or Europe (inaudible)?

Vern Yu - *Enbridge Inc. - SVP, Corporate Planning & Chief Development Officer*

So yes, that 2000 megawatts is almost predominantly North America. Average probably project would be 150 to 200 megawatts per project. So that kind of gives you an idea of how many projects we are looking at.

Ted Durbin - *Goldman Sachs - Analyst*

Ted Durbin with Goldman. The Colombia pipeline, just a ZIP Code maybe on the capital dollars that might be involved there and then what sort of risk weighting is that in the overall capital budget that you talked about?

Vern Yu - *Enbridge Inc. - SVP, Corporate Planning & Chief Development Officer*

Yes, I think, right now, we are finishing the environmental assessment phase, Ted. The next step would be to do an updated capital cost once the route had been established based on the environmental assessment. So it is probably too early to give you a capital cost. Any capital cost we have now is a tabletop exercise that is probably not particularly meaningful. Sorry, I forgot the second part.

Ted Durbin - *Goldman Sachs - Analyst*

(Inaudible - microphone inaccessible)

Vern Yu - *Enbridge Inc. - SVP, Corporate Planning & Chief Development Officer*

Yes, I don't actually think that project is in our risk-weighted projects right now.

Okay, I think that is it for questions and I would like to introduce John Whelen, our Chief Financial Officer.

PRESENTATION

John Whelen - *Enbridge Inc. - EVP & CFO*

Well, thanks, Vern and good morning, everyone. You've heard a lot already from Al and our business leaders about the progress we are making on a very attractive portfolio of secured projects and all the opportunities that they see to further grow through additional investment in our core business and in new growth platforms. I'm going to spend some time during my segment of the day here reviewing how we plan to fund this growth over the next few years and how we believe it will translate into industry-leading financial performance over the next five-year planning horizon and well into the future.

I'm going to expand on a number of points that Al and others have made over the course of the morning focusing on these five key themes -- our commitment to our reliable business model and its importance to our value proposition; our plans to ensure that we have sufficient financial strength and flexibility to fund that industry-leading growth; the very significant growth in cash flow that is generated by our secured growth projects by the time we reach the back end of that planning horizon; the long run value we expect to be generated from our sponsored vehicles; and to Al's point earlier, why we believe all this adds up to a very compelling fundamental value story for our investors.

So let's begin with the foundation, which is our reliable business model because that is what creates the strength and stability that allows us to efficiently raise the capital we need to fund the investments that in turn create the steady, predictable growth in earnings and cash flow that our investors have come to expect.

When we evaluate business opportunities, we focus first on fundamentals and then on supporting commercial structures. We always seek to achieve and generate attractive risk-adjusted rate of returns on all of our assets, but our approach generally is to trade off a measure of upside return to ensure that our earnings and cash flow are substantially protected from the impacts of commodity price volatility and industry disruptions.

This slide breaks down our projected 2015 earnings from our business units by the broad commercial constructs that typically support our businesses. As you can see, over 95% of earnings are generated by what we would describe as low risk commercial structures, about 33% from cost of service arrangements where most or all costs, including a rate other than return on capital, are recovered through customer tolls or rates, another 30% through long-term take-or-pay contracts where tolls or reservation charges are paid irrespective of whether volumes are shipped or facilities are utilized; and about 33%, which are derived from fee-for-service constructs where a fixed or escalating toll is paid per unit of volume throughput or energy generated.

On a large portion of our fee-for-service assets, we typically layer on some form of additional protection to manage volume downside risk. A good example would be the CTS agreement on our liquids mainline where we can benefit from volume growth on the system, but also have the option to revert to a cost of service tolling model if volumes fall below a prescribed threshold for a protracted period. Although as Guy noted earlier, we are not likely to go down that road.

The remaining little sliver of earnings included in the pie marked other does include a small component of our earnings, which are directly sensitive to commodity prices, but we very consciously seek to avoid direct price exposure and where it does exist, we look to hedge it away to the greatest extent possible. In fact, we try to substantially mitigate exposure to all market price risks. Commodity prices for sure, but also interest rates and foreign exchange rates. We are guided by an earnings at risk policy, which requires us to mitigate market price risk either contractually through our tolling arrangements or through hedging in the financial market in order to provide a very high degree of assurance that an adverse movement in market prices will not negatively impact projected earnings by any material amount with a very high degree of statistical confidence. Our earnings at risk policy limit is 5% of 12-month forward earnings and as you can see on the pie chart on the left-hand side of this slide, it was less than 3% as at the end of August of this year.

So in combination through our toll modeling and the protect against price risk and disciplined hedging activity, we have pretty well contained direct exposure to commodity and other market prices. To be fair, our earnings still can fluctuate a little as market prices move, but the overall impact on consolidated earnings and cash flow was pretty modest.

Counterparty credit risk is also something that we are closely monitoring and managing. You can see that over 95% of our consolidated revenue is generated from investment-grade counterparties or counterparties that have provided some form of acceptable credit enhancement to make them equivalent to investment-grade. That's typically cash collateral, letters of credit, a guarantee from an investment-grade parent or potentially a security interest in the actual commodity that we are transporting, or in fact some combination of all those things. The amount of open credit provided to sub investment-grade counterparties is minimal and limits are revisited on an ongoing basis, generally an exposure to a sub investment-grade credit is a very short duration and is very closely monitored and managed, even more so in the current environment.

While we use earnings at risk framework to broadly manage price risk, we also have specific targets for hedging very controllable risks like interest rate and foreign exchange rates well out into our planning horizon. As you can see on this slide, close to three-quarters of projected exposure to the US dollar, about 60% of floating rate debt exposure and a little under half of our planned term debt funding has already been hedged for the years 2015 through 2019. We revisit hedging levels on an ongoing basis. 2016 and 2017 are substantially hedged while the percentages for the later years of the plan taper off a little. All in all, financial risk is currently very well-contained and of course, we will continue to keep a close eye on it going forward.

Another key element of delivering on our value proposition is our disciplined approach to investment review. As you will have gathered from Al and the team, there is no shortage of investment opportunities. This slide provides a very high-level depiction of the process that we use to evaluate each and every potential investment opportunity brought forward by our business development groups.

It's a busy slide and my intention isn't to take you through every step of the process, but I do want to use this template to make a few key points. Firstly, a very large number of potential opportunities never make it past the initial screening phase usually because they don't have the key characteristics we are looking for and that's generally a risk return profile that fits the value proposition. We screen a very large number of projects, though only a small fraction make it to the next stage.

Secondly, if a project makes it through the initial screen, it's subjected to a very comprehensive risk assessment, which looks at all aspects of risk, including utilization risk, capital cost overrun risk, operational risks, safety risks, regulatory risks, market price risks, of course, among many others. The list goes on. It's this risk assessment process that's used to determine a standalone cost of capital and a project level hurdle rate for evaluation of projects for each and every project.

From there, comprehensive modeling, including scenario and sensitivity analysis, are undertaken. Only investments that beat their standalone equity IRR hurdle rates and can demonstrate a long-term cash flow accretion move on to a final review. But that's not the end of the story. As part of the final due diligence, we compare and contrast the relative value add of each investment opportunity, how much value does a particular project generate per dollar of capital invested versus other potentially competing projects.

That brings me to the third takeaway, which is that we compare and contrast the value added by all acceptable projects in an effort to ensure that we are allocating capital to the opportunities that we believe will have the biggest impact both financially and strategically. It's a rigorous, iterative process that has worked well for us in the past and it very much is embedded in our DNA.

So keeping that process in mind, what does our updated capital investment program look like for the next five years? Well, you've already had a preview of this from Al. About a total of CAD38 billion of growth capital has been reflected in the updated plan. Of this amount, it's the CAD24 billion, that's the blue section of the bar, that represents commercially secured projects that will come into service from 2015 to 2019 and are already under construction, or about to be.

These projects are broken down by in-service date on the graphic on the right-hand side of the page and well on their own drive out very attractive earnings and cash flow growth over the next five years. Given the expected in-service time, we do expect year-to-date earnings, as Al mentioned, and cash flow growth to be a little lumpy. Very strong overall over that five year period, but a little uneven from year to year simply because of the timing of projects coming into service.

As Al said, the remaining CAD14 billion of risk capital reflects the outcome of a risk weighting process looking at our identified opportunities and then further high-grading this opportunity set, retaining only projects with the biggest value add and the highest probability of moving forward during the planning horizon. We expect that a meaningful portion of these identified projects in the risk bucket will likely be in service by 2019 and will serve to drive earnings and cash flow growth beyond the already very attractive base rate generated by the secured investment portfolio.

So how are we going to ensure that we get all of this growth funded efficiently and cost-effectively? Well, really by sticking to principles and strategies that maintain our financing flexibility and strength. For us, this means diversification of funding sources to expand our access to low cost of capital; maintenance of more than ample liquidity to manage through potential market disruptions and provide flexibility to pursue opportunities and address contingencies; preservation of balance sheet strength and flexibility to ensure ongoing access to debt capital markets on reasonable terms; and through optimization of our overall cost of capital, including the use of our sponsored vehicles.

I'm going to touch on each of these over the remainder of my presentation, but before doing that, let's have a closer look at our updated plan and what our funding requirements look like for the next five years based on the most recent planning process that we've gone through.

So our projected sources and uses of funds for 2015 to 2019 are shown on this waterfall format that we've been using for some time now since embarking on this very intensive period of greenfield growth. This version is a little different because it includes both source of uses on a fully consolidated basis. That means it includes the requirements of both our publicly traded sponsored vehicles, Enbridge Income Fund and Enbridge Energy Partner. I'd also point out that the figures on this slide are all in Canadian dollars and any requirements for US dollar funding at Enbridge Inc., or of course down in Enbridge Energy Partners, have been converted for this consolidated look.

So let's walk through it quickly starting with the box at the top of the chart. If you add projected maintenance and integrity spending to the planned, secured and risk growth capital buckets, subtract amounts already spent prior to 2015 on those secured growth projects that we've talked about, you get a total funding requirement of about CAD42 billion. Significantly, we are projecting that close to CAD15 billion of free cash flow net of dividends will be generated from our existing business over this period of time leaving a net funding requirement of approximately CAD27 billion.

On the debt side of -- the total requirement, if you take that CAD27 billion, it breaks down to about CAD16 billion of new debt and about CAD11 billion of new equity in order to maintain our balance sheet and our credit metrics.

On the debt side of the equation, that's the bottom left of the chart, we also have about CAD8 billion of maturities coming due, so the total amount of debt we actually need to issue over the period is closer to CAD23 billion after taking into account cash on hand that we currently have. But we've already raised about CAD3.6 billion thus far in 2015 between Enbridge and its sponsored vehicles, so that leaves about CAD19 billion to be funded, about CAD13 billion at the sponsored vehicles and about CAD6 billion at Enbridge Inc. and we think this is pretty manageable over the next four years or so given the depth of markets which we can access to meet that need.

Equity funding plans are broken down in the box on the bottom right-hand side of the slide and you can see that a very significant amount of equity actually is raised through normal course issuance programs rather than through primary offerings of securities. Using conservative assumptions, we would expect to raise close to CAD3.5 billion through dividend reinvestment programs at Enbridge and each of its sponsored vehicles and by the payment and timeshares that Enbridge Energy Partners issues.

Earlier this year, we also completed the CAD400 million offering of Class A common units of equity at Enbridge Energy Partners. So after deducting these amounts raised to date, that leaves about CAD7.1 billion to be raised through the end of 2019. As we've already disclosed, we expect that about CAD3 billion of this will be raised at Enbridge Income Fund over this period and another CAD1.5 billion through Enbridge Energy Partners, which leaves a little over CAD2 billion to be raised at the Enbridge Inc. level over the remainder of the planning horizon. This will likely be funded through a combination of hybrid and common equity and potentially some additional smaller scale asset dropdowns. We believe this plan is readily executable, particularly if you break it down into manageable bites over a number of years and spread it across a number of issuing vehicles.

The matrix that we are showing on this slide summarizes the key entities in the markets through which we plan to raise all that capital. The [shells] shaded in green are the markets that we either traditionally accessed or are likely to seek to access in the execution of our funding plan. Those shaded in blue are markets that we see as being very attractive and that we also may wish to tap.

Given our level of funding requirement, we clearly want to ensure that we are prepared and well-positioned to access capital for both Enbridge and our sponsored vehicles when funds are required and market windows present themselves. While I expect that we will continue to draw heavily on our traditional funding sources in Canada and the US, we also plan to target other markets to further broaden our investor base. Our investor relations teams on both the equity and fixed income side will be very busy over the next couple of years both strengthening our position in traditional markets and building awareness and investor following in other jurisdictions where we haven't been that active thus far.

So we've actually made some pretty solid progress on the funding side despite the fact that our Canadian entities were effectively precluded from issuing securities while the terms of the Canadian dropdown transaction were under negotiation. On a year-to-date basis, we've now raised almost CAD4 billion of new long-term capital through a variety of markets. The slide indicates we've raised about CAD320 million at Enbridge Inc. common equity through a DRIP program and that number is actually a little stale. Our DRIP participation rate continues to be very strong and if you count the reinvested amounts from our most recent dividend this last September, the total is close to CAD500 million thus far in 2015.

EEP also raises substantial amounts of equity through the stock distributions that have paced Enbridge Energy Management and Enbridge Income Fund is also looking to expand its ability to easily raise additional equity through modifying and expanding its DRIP program in the near future. So pretty good progress so far this year, particularly in light of the dropdown in some pretty choppy market conditions. And I think it's important to point out looking at this slide that we have plenty of flexibility in the event that markets continue to be choppy.

When it comes to liquidity, our policy is to err on the side of caution and ensure that we have liquidity in the form of fully committed bank credit facilities to make sure that funds are available to meet unplanned requirements and to manage through periods of capital market volatility. Since Enbridge, last year, we've bolstered our committed lines by about CAD1 billion and of course, the term debt capital that we've raised that I just discussed has been used to pay down or otherwise free up existing lines of credit. So entering into the last quarter of this year, we find ourselves in very good shape with more than CAD9 billion in available liquidity, which should provide more than ample dry powder for our funding requirements.

Preserving balance sheet strength is also a core element of our financing strategy. While we did see a one-notch downgrade in the credit ratings following the announcement of the terms of the Canadian dropdown in June, we still retain very solid debt ratings across the group, better than the majority of our peers. As you might expect, funding such a large program of greenfield development projects has put pressure on Enbridge's key credit metrics given the lag between the time debt is incurred and the projects go into service and begin generating cash flow. But it is important for you to know that we are committed to maintaining solid investment-grade credit ratings for all our public issuers.

Our funding plans have been designed with the objective of strengthening our credit profile over the planning horizon and we do expect to see solid improvement in Enbridge's consolidated and unconsolidated financial ratios as we build out the balance of our secured capital projects and we see the benefits of very significant cash flow coming onstream.

So forward strategy I mentioned at the outset of this little segment was the use of the sponsored vehicles -- our sponsored vehicles to optimize cost of capital. It's one of a number of strategies that we look at to optimize cost of capital. Of course, it's a big one and we've made some significant progress this year with the dropdown of the Canadian liquids pipelines assets.

The vehicles can be a very powerful tool for enhancing returns and an effective way to bring additional capital to the Company, particularly when faced with a large and growing set of investment opportunities like we have today. The bar chart on the left-hand side of this slide illustrates the return uplift on a given project that can be generated through using our sponsored vehicles to invest. The left-hand bar depicts the equity return that a typical middle-of-the-road Enbridge project might generate assuming standalone project capital and cost of capital. If we fund 100% of that same project through Enbridge, we typically see a modest uplift in return that arises from a modest amount of incremental leverage, which is supported by the diversified consolidated balance sheet and a lower overall cost of capital. That's represented by the middle bar of the chart, that approximately 14% ROE number.

The alternative is to fund a significant portion of the investment through a sponsored vehicle and reduce the amount of equity invested in the project while at the same time retaining a substantial interest in the underlying earnings and cash flow through a retained investment in the sponsored vehicle. And of course through that incremental incentive income that the vehicle will pay to the sponsor as a result of making the investment.

The right-hand bar illustrates the return impact in a case where an Enbridge investment in the same project is made through a vehicle that pays an incentive of 25% of all incremental earnings. In this case, it is also assumed that Enbridge provides 20% of the required equity for the investment in the form of an investment in the vehicle's unit. To be clear, the actual return enhancement will be highly dependent on the level of retained interest and the relative cost of capital at Enbridge versus the sponsored vehicle. It could be higher or lower than the 500 points shown on this chart, but the return uplift is strong in almost any scenario. But the important point is that that uplift over time will translate into enhanced earnings and cash flow per share growth over the longer period if applied to a large and growing investment portfolio.

Given the size of the opportunity set we see in front of us, the ability to raise equity through managed subsidiaries and redeploy equity at the parent into new investments is expected to be a great tool in our financing toolkit. To be sure, this strategy becomes more powerful in a situation where the valuation arbitrage continues to grow. The larger the valuation arbitrage, the larger the benefit, the larger the equity displacement effect. And while that arbitrage won't be as strong in all market conditions, we believe it will be there more often than not. So we believe that the acceleration of the dropdown strategy that we embarked on earlier this year will ultimately lower our overall cost of capital, increase our competitiveness and enhance long-term earnings and cash flow growth on a per-share basis.

Given the importance to our funding plans, I am going to provide a quick snapshot of our sponsored vehicles and their strategic priorities and respective value propositions in today's market, starting with Enbridge Income Fund Holdings. So with the dropdown of the Canadian liquids pipelines business into the fund now completed, we do believe that Enbridge Income Funds Holdings Inc., that's ENF on the chart, really has become the premier Canadian vehicle for investors looking for a high payout of cash from low risk energy infrastructure.

Through ENF, investors can participate directly in the earnings and cash flow generated by some of the most strategically positioned infrastructure assets in North America and will benefit directly from the growth generated by a CAD13 billion program of commercially secured projects, which will come into service over the next few years.

We announced a 10% increase in the ENF dividend when the dropdown transaction closed and we are confident that the underlying asset growth will readily support another 10% increase next year and each year thereafter through 2019. ENF is an ordinary share corporation. It's easy to invest in. Its common shares are traded on the TSX and its public float has grown significantly and will continue to do so as more equity gets issued into the market to fund its share of the fund's growth projects. So when you combine ENF's current trading yield with its anticipated near-term dividend growth and growing trading liquidity, we think it offers a very compelling value proposition to risk-averse yield-oriented investors everywhere.

I included this slide as a reminder of the diversified and very high quality assets that Enbridge Income Fund now holds post the dropdown we completed in September and you can see that, on a pro forma basis, that while renewable power generation assets and the Alliance Pipeline are certainly meaningful contributors, the predominant driver of cash available for distribution of the fund will now be at Enbridge's Canadian liquids pipelines businesses.

Key priorities for ENF and the Fund are noted in the inset box. With the dropdown itself out of the way, management will be focusing on the successful execution of a CAD13 billion commercially secured program that we've been talking about this morning, bolstering the vehicle's financing capacities through increasing its presence in debt and equity markets and broadening its investor base and of course, seeking opportunities either through Enbridge or independently to expand and extend its asset base.

Turning now to Enbridge Energy Partners and another map, the assets in color here are the ones that are owned by the Partnership and they include infrastructure that is also highly strategic to Enbridge, including the US portion of our liquids mainline, our North Dakota system, which is the major conduit at of the US Bakken and natural gas gathering and processing assets in the Mid-Continent and Gulf Coast.

Like the Fund, the majority of the Partnership's distributable cash flow is generated by the liquids pipelines business. It's fair to say that EEP's strategic priorities reflect its current business and financial position. Firstly, execution of its own portfolio of secured growth projects, most of which are being jointly pursued with Enbridge Inc. as a co-funder; secondly, strengthening and rightsizing its gas G&P business in a challenging market -- Greg covered that part off in his section -- and finally, positioning EEP for a program of selective dropdowns to solidify its near-term distribution growth. And Al, of course, has already alluded to that. I will provide a little bit more context here.

Like the income fund, EEP's near-term distribution growth is currently driven by this portfolio of greenfield liquids pipelines projects, including Eastern access expansion, Sandpiper project on the North Dakota system, the next phase of Southern Access and Alliance [re-replacement] project. Each of these projects will generate attractive, risk-adjusted returns when they come into service. And EEP's share of that incremental cash flow at its current ownership levels, of course, will drive steady increases in distributions over the next few years in the range of 2% to 5% depending on the timely execution of those projects and the performance of the G&P business.

Under the joint funding arrangements with Enbridge, EEP also has the call options that Al described to increase its ownership in each of those projects at book value, and we do expect that EEP will exercise those options.

We concluded, as Al said, that a large-scale dropdown to EEP certainly doesn't make sense in the current marketing conditions, but we do believe that this smaller scale set of selective dropdowns will be beneficial both to the Partnership and to Enbridge. The objective, of course, would be to bolster EEP's underlying organic growth to provide greater assurance that we will be able to deliver that distribution of 5% plus over the next five years. The most likely candidates for the dropdowns would be additional interests in the currently jointly funded projects, as shown on the slide; although there could be others. The transactions clearly would be structured to be win-win deals for both Enbridge and EEP at the margin and while the graphic on the slide is illustrative, CAD500 million seems about the right size for transactions of this type on kind of an annual and continuous basis.

So we believe a program of this type should help EEP -- bolster EEP's valuation and improve its effectiveness as a sponsored vehicle over the long run while, of course, at the same time freeing up some additional capital for Enbridge to redeploy.

So on EEP, with its combination of highly strategic assets, embedded organic growth, supported by a selective dropdown strategy, we think it really does offer another very attractive option for infrastructure investments. The highlights really jump out on this slide -- close to a 9% yield at the time we went to print, a distribution growth rate which should approach 5% plus with those selective dropdowns, a potential total return of close to 14%, options to invest in Partnership units or in fact ordinary common shares exists. So it really does accommodate a broad variety of investors and of course, we can't forget that the infrastructure that EEP owns is critical to the North American infrastructure complex. So all in all, when you look at it, it would seem to be a pretty compelling investment option in its own right.

Okay, I'm going to switch gears now back to Enbridge Inc. I'm going to finish up my segment here by reviewing the financial outlook in a little more detail. As you know, we started tracking and reporting a new supplementary cash flow metric in the second quarter to provide greater clarity and transparency into how much cash is being generated by all that investment capital that we've been putting to work over the last few years. And of course, to provide a more direct comparison with many of our peers who already track performance using a cash flow metric.

As a reminder, the metric we have chosen is available cash flow from operations, or ACFFO, and the derivation is set out on this slide using our 2014 consolidated results by way of illustration. The introduction of ACFFO to our reporting and disclosure process is being phased in over time. In the second quarter, we reported on it in our MD&A for the first time and also provided some initial guidance for the 2015 year. Today, we will update our long-term growth outlook both using EPS and ACFFO as measures. In December, the current plan is to provide both EPS and ACFFO guidance for 2016.

Our year-end statements, which were released in February 2016, will look pretty much the same as they traditionally have, but, of course, will include supplementary information and explanations regarding ACFFO. And then starting in the first quarter, you will see -- of next year -- you will see further changes to our disclosure documents to better illuminate cash flow performance at the business unit level.

So Al has already let the cat out of the bag and provided a preview of our five-year outlook. No real surprises on this slide. Over our five-year planning period using 2014 as our base year we are looking for ACFFO per share -- I better learn to say it -- to grow at very attractive compound average annual growth rates of between 15% and 18%.

The midpoint of that range is just a little lower than the 18% estimate we provided in June, but keep in mind that was a four-year period using 2013 as the base. Growth between 2013 and 2014 was pretty healthy and our updated five-year range reflects a bump in the base year.

Adjusted EPS over the same five-year period is estimated to be in the range of 11% to 13%. Our long-term estimate is a notch higher than it's been in recent years largely due to the impact of growing earnings from the organic growth projects that have come into service over the last couple of years and the commercially secure projects that will be completed over the planning horizon. We are pretty comfortable with that revised range.

Quickly now on to dividends. As you know, we increased our dividend 33% at the end of last year to CAD1.86 per share as part of our financial optimization strategy that included the drop-down of the Canadian liquids pipelines assets. Perhaps the key message here is that our refreshed long-range plan has confirmed that a target 14% to 16% dividend growth rate can readily be supported over the balance of our five-year planning period through 2019.

And as you can see on the slide on the right-hand side, our cash flow dividend coverage is very, very strong at about 2 times, and certainly much stronger than a number of our peers. So we think that's a pretty powerful story as well.

So finally, what about the longer-term? Beyond 2019 what kind of a growth rate can we sustain and what kind of value might that generate? Al has already walked you through these scenarios at the end of the day.

And I think that with the magnitude of the investment opportunities that our business development folks are already bringing in, we think we can build a very good case for sustaining cash flow and dividend growth at a 10% rate or possibly more from 2019 through 2024 depending a little on how effective that sponsored vehicle strategy will be over this period.

So what if we assumed our 14% to 16% dividend growth rate over the next five years and a 10% growth rate for the five years thereafter, how would that translate to value? As a final perspective I have included our own look at fundamental value using a simple dividend growth model using those input factors in a range of possible discount and terminal value growth rates.

We typically update the simple valuation when we update our long-range planning models. You of course will have your own perspectives, your own estimates for growth, cost of capital and methodologies for valuing the Company.

But it seems very clear to us that there significant upside from the current stock price and in many cases from the current Street estimates under a pretty wide range of scenarios given the inherent, very transparent low-risk growth embedded in the base business and the potential that we have discussed today to extend that growth well into the future.

So to finish up, let's go back to those main messages I talked about at the outset. Our reliable business model will continue to generate highly transparent earnings and cash flow growth and will continue to guide our investment decision-making going forward. We do have ample liquidity and financial flexibility to accommodate our five-year funding plan. Our credit profile will strengthen over the planning horizon.

Cash flow grows dramatically. If we don't find opportunities to reinvest, as Al says, that really fit the value proposition, we could always look to return capital to both equity and debt investors. Our sponsored vehicle strategy will increase our competitiveness and our ability to sustain growth over the longer-term.

And as I just mentioned, if you put all this together we think there is very significant value in our Company that is not captured in the current stock price. With all of that said, I would be happy to take some questions now.

QUESTIONS AND ANSWERS

Unidentified Audience Member

I'm looking at slide 20 here. So I see the change in working capital number there. So can you please expand on how the trend is going to be because it's it's like a big [passive] number there, right?

John Whelen - *Enbridge Inc. - EVP & CFO*

Sorry, the slide you are looking at is slide --?

Unidentified Audience Member

Slide 20. Transition to cash flow reporting.

John Whelen - *Enbridge Inc. - EVP & CFO*

Oh, transition to cash flow reporting, sorry.

Unidentified Audience Member

Yes, so, can you just talk about the changes in working capital trends, please?

Thanks.

John Whelen - *Enbridge Inc. - EVP & CFO*

Yes. We removed changes in working capital from our definition of available cash from operations because there are places where we do get significant swings. You will see swings in our gas distribution utility because it accumulates credits and debits to customers as part of its regulatory model.

Gas costs would be a pretty significant example, so we need to take those things out. A, they're recoverable from customers; B, they generate a lot of noise in the longer run market. We see some of it in our energy services business at higher commodity price levels. Your typical lead/lag payable/receivable lag gets bigger or smaller and so on and so forth.

So there are pieces of business where we do employ a fair amount of working capital and it can swing a fair amount. So we tend to look at that working capital as a financing exercise in how we manage it, but it's definitely not what we would call part of the sustainable cash flow trend that we examine, so that's why we remove it, if that was your question.

Unidentified Audience Member

No, no. My question is slightly different. My understanding is, as you grow I'm assuming your working capital requirements will grow, is that right?

John Whelen - *Enbridge Inc. - EVP & CFO*

Yes.

Unidentified Audience Member

So, that positive change in working capital here, so moving forward can expect this trend to continue, or the way you look at --?

John Whelen - *Enbridge Inc. - EVP & CFO*

I think you will see swings in our working capital balances being the order of the day, partly because of the factors that I was talking about. There are parts of our business where working capital requirements grow very directly with the businesses, as I was describing a little bit earlier, and they can also move around quite a bit with volatility, again things like gas prices through our utility and so on.

So yes, there will be on balance and on average growing working capital utilized by the business, but there will also be a fair amount of variability from year-to-year as to how big a source and/or use of funds it is.

Unidentified Audience Member

On your credit rating, which you mentioned was downgraded, and I think was a significant point of controversy in the marketplace following the drop-down announcement at ENF. I wanted you to make some comments there particularly in light of the fact -- I noticed that a debt deal was done at EPI, which is effectively supporting the assets of ENF and that still has a higher credit rating and looks to be quite successful.

So, at the end of the day was the credit rating downgrade terribly -- obviously it's not preferential -- but was it terribly meaningful at the end of the day and how are you feeling about it going forward?

John Whelen - *Enbridge Inc. - EVP & CFO*

Well, we never like to get downgraded. However, I don't think it has been -- had a meaningful impact at the end of the day. That's not to say that we aren't experiencing wider spreads. The whole market is and of course ours are a little wider because of the downgrade as well.

We'd factored that into our plans as we've move forward in developing this new five-year plan. So the numbers you see there reflect the impact of the revised credit ratings and of our estimate on our cost of debt capital.

As you point out, we raised a fairly effective way a good chunk of debt at Enbridge Pipelines, which is obviously now a primary asset of the fund, pretty efficiently at the end of the day. I think the job for our treasury team is now to work hard on the education piece, work to bring the spreads in. We will be working with the agencies as well as we see quite frankly our financial metrics starting to improve quite significantly as all this capital comes into service.

But it's been a bit of a choppy market out in the capital markets generally for everyone. We were quite pleased to be able to get those transactions done given the size of the requirement that we had.

Unidentified Audience Member

One quick supplementary. The maturities coming up over the plan are CAD8 billion or CAD9 billion and on your hedge slide you noted about half is hedged of overall floating and term debt. I'm wondering if you see the renewals as a tailwind or a headwind to cash flow and EPS.

John Whelen - *Enbridge Inc. - EVP & CFO*

Quite frankly with respect to our longer-term model it's relatively neutral, if I understand your question, because we factored in the impact there. We are watching the market pretty closely. I'm one of those individuals who has always been thinking that interest rates would rise at some point in time and I guess we have been in an interesting environment for a while. So I would say if anything that unhedged term debt out a ways is an exposure that we'll continue to just watch and manage.

Unidentified Audience Member

Just had a question on slide 22. Really just wanted to get a sense for the two times dividend coverage, if there's a difference between Enbridge and that peer average about why you should keep it that high. And if not, then why keep it that high?

John Whelen - *Enbridge Inc. - EVP & CFO*

There is a difference and I think the difference is the amount of growth that we have in front of us right now leads us to believe that it's a prudent range to be in. We did do a pretty significant update. We did increase our dividend by 33% this year already, so we have certainly -- and we do appreciate the value that's being attributed to higher payout vehicles.

On the other hand we think it's prudent and it's embedded in our thought process that while we've got a tremendous amount of secured capital -- I believe these are checks that are being cut literally every day. These aren't projects that might come somewhere down the road that we might be able to raise the capital for later. It's prudent to retain cash flow at the end of the day. Down the road obviously we will continue to reevaluate that equation.

Unidentified Audience Member

So John, on slide 23 it doesn't appear that any of the post-2019 growth scenarios include any FX tailwinds even though you are hedged through 2019 about CAD0.25 below the current spot, so just maybe some sensitivities on what CAD1.30 longer-term would mean to your ACFFO growth profile.

John Whelen - *Enbridge Inc. - EVP & CFO*

There would be an uplift, clearly. I don't have the exact number, Patrick, with me but as we get out a little further there is a larger unhedged piece in the planning cycle, so we look at it on basically a rolling basis and we take kind of a laddered approach. We always leave for a bunch of different reasons a component of amount unhedged provided it doesn't unduly create volatility.

On the other hand, we are not [speckers] on foreign exchange rates. That's a [mugs] game, so we try to take most of it out. But yes, there's always a little uplift. We've seen some uplift this year. I think Al and I have commented on it during the quarterly calls. There's always a piece that is unhedged and in a market like this, at exchange rates like this, it has provided a little bit of a tailwind.

Unidentified Audience Member

Just looking at the funding waterfall, the residual equity to fund the sponsored vehicle numbers are all look like the numbers you've given previously around actually funding the secured growth CapEx. So as we look at the residual that you have at the Enbridge Inc. level, is that basically then just tied to you converting the risked growth projects? Put differently, if none of those come to fruition the residual equity is zero.

John Whelen - *Enbridge Inc. - EVP & CFO*

If none of those projects come to fruition the amount of equity that we would require in the business, yes, would be certainly less than we are showing on there. I don't know if I'd want to say it was zero. We look at them on an integrated basis and when we do -- we do plan -- we have a secured plan and we have a total plan at the end of the day. We don't need a whole ton of equity for sure in an environment where none of those projects were to proceed. They start creating a lot of internal equity along the way.

Unidentified Audience Member

And just with how you are thinking about that residual equity, the initial thought on the restructuring is you would go at it with preferred shares, which doesn't seem like a particularly viable option right now. So if you look at say the rest of the hybrid market whether it's [junior subordinated] debentures, anything else kind of on asset sales or the common equity, can you just look at sequencing where those would be in attractiveness right now for you?

John Whelen - *Enbridge Inc. - EVP & CFO*

I think they are all things that we would be looking at, potentially. Executability would be part of the picture in terms of being able to do it. And wanting to do it at this particular point in time. I don't think we are feeling -- what's the right word -- rushed in terms of our approach, so we will look at it.

There are other markets out there. Arguably you are right. The [PREF] market is pretty stagnant, I guess would be a polite way of putting it, in Canada. But we are seeing other forms of hybrid equity capital that look attractive to us as well that seem to be quite executable.

So typically that's where we would go first, but if we got good uses to put the capital to there are places and times or if the plan goes to beyond what we think the space plan is that's when we start looking out to the common equity market and other places like that, obviously for attractive accretive projects where it would make sense.

Annie Orr - *CIBC Asset Management - Analyst*

Annie Orr, CIBC Asset Management. You kind of touched on the spread widening and the downgrade, but I don't really think you touched on the loss of credibility with bondholders especially at the Enbridge Inc. level and maybe what you can do forward to alleviate bondholders in terms of the credit rating and that type of thing.

John Whelen - *Enbridge Inc. - EVP & CFO*

Well, it's certainly something we are watching very closely. A very significant portion of the capital that we raise is in the form of debt capital. We've been working quite closely with fixed income investors over the course of this last year and we will continue to do that at the Enbridge Inc. level.

We think where Enbridge Inc. is trading in the market probably isn't where it should be. We are concerned if there's a loss of credibility obviously and we will be spending time ensuring that those investors understand where we are coming from, also giving them some assurance around the underlying credit quality of the bonds themselves because it was never our intention to cause a significant repricing in any of those bonds.

And in fact, we think all the -- what's the right word -- all the conditions are there, all the fundamentals are there to improve the credit quality both on a fundamental basis, but also in the eyes of investors and we hope the rating agencies as well.

Unidentified Audience Member

Question, I know this comes up a lot and I'll try again -- in the five-year plan what's the cash tax rate that we should be thinking about as you look forward and what's the shape of it as we go?

John Whelen - *Enbridge Inc. - EVP & CFO*

Cash taxes are low. They are trending up over time, but we are able to manage cash tax fairly effectively across the broader Enbridge Group. I'm not going to give you a precise number here, but it is a -- they are relatively low given some of the natural shelter that builds up and some other factors.

Unidentified Audience Member

Okay. And then just on EEP and I feel like this has been a moving target -- the CAD500 million now you said feels like the right size? How do you get to the CAD500 million number? Is it the funding that you think EEP can do to take that drop-down? And then just any color you can give us on the multiple at which assets might come down to EEP relative to the way -- (inaudible) came down at the fund.

John Whelen - *Enbridge Inc. - EVP & CFO*

Right. I'm not going to speculate ultimately right on the multiple itself. That number probably moves around a little bit. I think the condition is it needs to be at the margin a win-win for both Enbridge Inc. and Enbridge Energy Partners. I think that your comment is right, the CAD500 million is quite a bit around bite-size at the end of the day, a manageable amount of equity that the Partnership could raise. And what we think is needed at this particular point in time given relative valuations and so on.

So, I will turn it back to Al then. Thank you very much, everybody.

Al Monaco - *Enbridge Inc. - President & CEO*

Okay, I'm going to just -- before I wrap up, maybe just give you a couple of comments on some of the questions that we've heard maybe over the last little while here. I'm going to come back to the gas footprint and this concept of demand/pull and there was a related question around utilities and valuations. There's a couple of ways that you can get this demand load that Greg has been referring to. One is through utilities. As was pointed out by Glenn quite rightly, that could be tough simply to make it economic.

Going back though, if you go back to when we acquired Enbridge Gas Distribution back in 1994, we paid a multiple to book somewhere in the 1.6, 1.7 range. And obviously, in very simple terms, you would say, well, how do you make money on that when you've got a regulated return. But if you actually go do the post-acquisition economics on that deal, it's actually very healthy in retrospect. And that's been through a number of methods -- growth. We spun off a part of the business at some pretty good value. So it can be done, but obviously very tough to do just on basic economics.

The other way to do it, which Greg was alluding to, which is this market pull concept and I think the idea there is through G&P and through [header] systems like he was alluding to to sort of draw gas to those main pipes that actually access the market and that have long-term throughput commitments behind them so that if we can feed those, that effectively becomes a good way to develop market load as opposed to the supply push that predominantes his assets right now, at least in the Gulf.

There was another concept at some point around the future of oil sands and I think, obviously, we all believe that the supply/demand imbalance will correct itself here. Let's call it, by the time we get to 2017, I think we will probably hit an equilibrium price. I don't think this is too much different than what people are saying, probably in that $75 to $80 range. And I think the key issue is when did the oil sands developers become less edgy about where they see pricing and where do they have the confidence to make those FID decisions.

But what I will say is, from what we've seen, there's been some tremendous activity in bringing down the full cycle cost. You just have to look to examples like Cenovus on their well pairs. The Kearl project, for example, phase 2 is in at about CAD4 billion or thereabouts under their build and design wants and then multiple expansions from there. So compared to the first phase of Kearl, it's a tremendously lower cost there. You just have to look at what Suncor and CNRL are doing on the operating cost side. So my point is that there's a lot of resiliency and experience with dealing with these kinds of markets. And I see the oil sands developers will adapt and are adapting very quickly.

There was a question just recently here on working capital. In thinking about it again, and I think John was right in his response, but -- so the working capital will grow for sure as we grow the business, but as we do each project incrementally and the economics we work through and the process he described, we are working that into the overall economics as well.

Let me see here, on the question around the size of the EEP dropdowns, really, the way we looked at this was we have pretty strong organic growth coming in EEP when those big projects get completed in that 2017 timeframe. Between now and then, we want to try and smooth out and bolster the growth outlook so we can improve the valuation and get EEP going, if you will. So that is sort of the level of capital. When you combine it with the amount of equity we need to raise, which we want to try and minimize, obviously, through this period until those projects come in, that we think is very efficient.

Then there was the question about the dividend payout and the relative conservatism of that. We agree. That's a conservative level of payout for sure, but just a couple of things. The overarching principle on that is we have a very large organic capital program and we cannot put that at risk. And the reason for that is because that's where we are going to drive the value and the growth that you saw in the pictures here today.

The second overarching principle would be that you are unlikely to see us at dividend payout levels of some of the US peer groups. That's just not something that we would be comfortable with.

In terms of the -- it really comes down to the level of cash we want to retain during this period of time. We look at several things, so how much organic growth do we have and how far in execution are we into that. So the bigger that number, that kind of pushes down your dividend payout thoughts.

What's your ACFFO growth look like? And obviously, in our case, that would tend to push that dividend payout view up a little bit. The amount of equity funding that we have to do, that's another thing that I think we've done pretty well out. That would tend to push it up, but overall it really comes down to the future opportunity set when you get down to it. I think as we've described here a few times, we've got room in the payout if we find that we can't deploy capital economically and we will be very disciplined about that going forward.

So maybe I will just wrap up from there and I will offer another time if there are any other questions here in a minute, but maybe the way to wrap this up is really with this chart here, which summarizes in a nutshell the value proposition, the goal of which is to deliver superior returns both through capital appreciation and the dividend. And the way we get there is through hopefully continuing industry-leading growth, which stems from the strategic positioning of our assets, the very strong fundamentals we believe in North America and extending and diversifying growth.

We have a very reliable business model in our view that has sound commercial structures, minimal direct commodity exposure. I know we've said that a few times today, but it bears repeating. We are selective about the opportunities that we undertake. Hopefully, that is clear today. And John, if you study his slide, really would be useful to take some time to look at that and see how we build up that internal cost of equity on a project-by-project basis. That's really the essence of the discipline. We do think about organic growth first, where our assets and skills give us a better opportunity to add value to our customers and capture those attractive returns.

So in a nutshell, we are focused on not just maximizing the returns in the growth rate, but ensuring that we are protecting the downside. And of course, we are distributing a very sizable dividend and we've had about 12% growth as you see in the bottom left there over the last number of years, but we are ramping that up as you know and we've begun that this year. So really it's the combination of these three things that we think gives us a very unique value proposition and you can see by the TSR it's worked fairly well to this point.

I'll put this set of metrics up again just to illustrate the conclusion that we hope you draw today from all of this discussion. If you combine the robust cash flow outlook on the top left with the backdrop of the good dividend coverage and the reliable business model, we've said this before, but we do think that we have some room to move on that bottom right valuation chart.

Maybe I will just conclude with where we started the day, the assets and the business model we think position us extremely well in this very difficult environment. And in many ways, we are glad to be here today to make sure we reiterate this point. It's certainly the biggest question that I receive and that our team receives as we speak with investors, so hopefully we've made that clear.

This all translates into this capital program that we have, the CAD38 billion, another capital program translates into very predictable earnings that you see here and cash flow. We won't repeat that again. I do think as well we are making very good progress on our three priorities and they are very crystal clear for all of us on the management team. But, of course, even though we have a lot of opportunities, we continue to be very focused on capital discipline and how we allocate capital. We've got a lot of cash flow coming at us over the next several years and we've got to be very careful to deploy that in the best way possible.

Just another point on the CAD38 billion here, if you've caught this through the discussions today, each one of the business unit leaders alluded to other opportunities. In Guy's area, certainly something to look at there. Greg has many opportunities that he is looking at. Glenn talked about some revitalization of how he is looking at his business longer term and of course, Vern on the power generation side, in particular. So my point is, if anything, we've got a lot of opportunities likely to exceed CAD38 billion if we can get them done on an effective basis.

So I guess in a nutshell, when you summarize our story, it really comes down to this. At the current price, we have a real good combination, a powerful one actually, of yield and growth and that's really what we are talking about today. Let me reiterate though my previous comment about this turbulence. If you really step back and think about it, we've got low and volatile commodity prices. I think people are concerned about growth elsewhere, particularly in China. We've got concerns over rising interest rates. And as I said earlier on, Canada, at the moment, is maybe a little bit out of favor, but I think despite all of that, we have a pretty good degree of confidence that we are going to generate the cash flow that you see here on this slide and that's why we think that Enbridge is offering very good value today.

So with that, I want to thank you for being here. But before we break, I will just see if there are any final questions. Enough Enbridge for one day, is that what you are saying? Okay, so we are going to break now for lunch, which is just in the other room. We really do hope you join us for lunch. It's usually a good time to catch up on things that we may have missed today. Thank you.