Enbridge Investor Day

Jonathan Morgan: Good morning. Welcome to Enbridge's 2020 Investor Day. I'm Jonathan Morgan, Vice President Investor Relations and I'm joined by members of our management team who are connecting in from their own offices in Calgary, Toronto, and Houston. This format is certainly a little different than our annual in person event, which we're going to miss, but regardless, we're going to do our best to make this as engaging as we can.

In terms of agenda, we'll start with Al Monaco, President and CEO, and Colin Gruending, our CFO, who will provide an overview of our strategic priorities and financial outlook. We'll follow this up with a Q&A panel with the two of them, then our business unit leaders will walk through their respective areas, followed by a second Q&A panel with the four of them.

I'll be moderating the Q&A session and directing questions to our management team. You can submit questions using the form at the bottom of the webcast screen and be sure to include your firm name and name when submitting your question. We'll prioritize questions from the investment community and, as usual, our public relations team are standing by to take any media questions.

Finally, the legal team would like me to remind you that our comments may refer to forward looking information or non-GAAP measures and with that, I'll pass it over to Al Monaco for the strategic overview.

Al Monaco: Thanks, Jon. Hello, everybody. The team and I are really looking forward to telling our story today and that story is really about answering one question, which is why should investors hold Enbridge no matter what's happening in the broader markets?

The short answer is it says here, is because we're resilient, disciplined, and growing, which has been proven this year through COVID. And, on that yes, we're in the middle of a second wave, but we think energy sentiment right now is way too negative. When we look ahead, we're bullish on energy and are opportunity set and we hope that sentiment comes through today.

Now, Enbridge offers a value proposition, which is shown here on this next slide: the best demand pull infrastructure businesses, commercial structures that assure cash flows will be there, highly transparent growth driving $2 billion of added cash flow from secure projects only, 5 to 7 percent DCF per share growth beyond 2023, and increasing free cash flow that will deploy to the highest value options.

We've got a strong balance sheet and we're the sector ESG leader, but more so, we're best positioned in our space to

capitalize on the energy transition. What you see here has generated superior returns over the last 25 years. We expect that to continue and sitting here today, we're confident in delivering annual TSR exceeding 13 percent, which will be attractive to a wide variety of investors. My conviction in saying that is backed up by the management team's increasing personal investment in ENB.

I'm going to kick this off with the strategic positioning of our assets and our view of the energy fundamentals and then our growth outlook and how we'll deploy this increasing free cash flow. Colin will go through the financial review.

This year, I've asked each of our business leaders to address the terminal value questions that we've heard as of late. Proving out the longevity of their cash flows is what they'll focus on and how they'll grow their business and watch out for this comment, they all feel that they've got the best of the four Enbridge platforms.

We operating four Blue Chip franchises that are essential to our economy. We're number one in crew transportation, number two in gas transmission, the largest and fastest growing gas utility, and an emerging renewables business. The value of these businesses, though, comes from the markets they deliver to, their commercial structures, and how they're positioning competitively for the future.

First on markets, this shows why we'll be generating cash flows for a very long time. Our liquids business directly feeds refineries that can't survive without our heavy oil feedstock. You saw that play out in the last two quarters. Those refineries held the highest margins and utilization. Why? Because they're the most globally competitive.

Long term contracts push and pull volumes through the main line with regulatory backstop if we need it. Gas transmission connects to 170 million people and that feeds residential, industrial, and power gen load and we've got great export connectivity and our cash flows are protected by contracts and cost of service rate making.

Our gas distribution system serves North America's fifth largest population of center. It's a cost of service business as well. So, today, Cynthia and Bill together are going to debunk this notion that somehow natural gas is going to disappear any time soon, so look forward to that.

The second part of longevity is how we manage risk. Now some people used to yawn at this slide when we showed it, but not anymore. Nobody's immune to the pandemic, but we power through it with a diversified portfolio of 40 sources of cash flow by business line, commodity, and geography, great commercial underpinning the best customers and minimal market price risk, and a triple B high balance sheet, which reflects

top reading agency business risk rankings. Please look it up. This formula generates predictable cash flows through the worst cycles and now, the mother of all disruptions and cycles, COVID.

The third part of resiliency is how we're positioned for the energy transition. Now this isn't something that we just woke up to. Our strategy has been playing out over time by aligning the asset mix with shifting fundamentals and creating low cost options that capture opportunities for down the road.

Now, if you look at the graphic and rewind the tape a bit here, from our start and liquids pipelines, we captured massive growth that was there to be had and today, we have the most valuable network in North America. From here, liquids throws off increasing free cash flow and low capital intensity growth. While we were doing that, we moved into natural gas by acquiring a gas distribution utility and four years ago, we transformed the business by buying Spectrum. And, while we were doing that, we were building optionality in renewables, RNG, and hydrogen.

This is what happens when you're ahead of the curve. You see that on this slide. Renewables is now our fourth platform. With over 20 utility scale projects, the commercial model aligns really well with what we do, long term PPAs, and over time, we've developed leading capabilities, especially now through our Maple Power joint venture in Europe.

Here’s where we’re headed on this business. We’ll grow it at a good pace opportunistically and we’re not going to rush it. We’re in a very frothy part of the market right now. That’s good because our assets are worth more. But, we’re staying disciplined. We’ve got more than enough growth in the hopper for renewables without stretching our return and risk criteria.

The next phase of growth here in this business is going to be driven by participating in earlier stage development, self-powering of pumps and compressors, and we’ll see excellent potential as well for floating offshore wind and Matthew will go through this later.

The other low carbon options that we’re leveraging our existing assets for is RNG, hydrogen, and CCUS, and they’re all proven technologies. This is important. They’re not bleeding edge. Here’s how we’re ahead of the curve on those.

On RNG, we’ve built--been at it for quite a while with six projects. The commercial model is well advanced and they’re all in rate base or contracted long term. That’s what we like.

On hydrogen, our gas distribution business and transmission networks will be key to extracting, blending, and moving the hydrogen that’s about to come and moving is the most important part there, we think, for hydrogen’s future. The economics for blue and green hydrogen are a challenge right now, as everyone

knows, but support is growing and technology will bring cost down, just as we've seen with renewables.

On green hydrogen, we're already in the renewables business, so it's a natural fit for us and our utility has been piloting North America's first power to gas plant, which uses an electrolyzer to capture off peak renewable power and that's contracted as well. Cynthia and team are now going to test blending hydrogen into the gas stream. On blue hydrogen, we have a big opportunity here given our gas transmission footprint and liquids is working on CCUS opportunities that leverage our pipe and storage capability.

Last, on the ESG, now people are paying a lot of attention to this topic today, but we've always looked at ESG as central to our operations, not a nice to have but a must because you have to look at your business from a stakeholder perspective. We've been the leader in our space. In fact, we've just received our S&P rating, which confirms that again. We set an emissions intensity reduction target of 35 percent by 2030 and net zero by 2050, and we've upped our game on diversity and inclusion.

Now, these targets aren't a vague ambition. We've been working on this for two years and they're tied to executive compensation, and there are four ways which we're going to achieve our emissions targets economically and they're in the plan: modernizing equipment and technology to reduce

consumption, using lower carbon sources of fuel to run our operations, self-powering solar on both liquids and gas, and nature based offsets.

Now, let me shift to the energy fundamentals and I'll say two things right up front on this. Energy supply and demand fundamentals are fully intact in our view and we believe we're going to see a big post-COVID ramp up. And, although we believe that we're moving toward a lower carbon economy, as I've just gone through, the transition is going to be gradual and conventional energy will be essential for decades to come in any scenario that we can see.

Here's why we believe that. It's tough to focus past the next six months in the midst of wave two, but if you look forward, three things are certain. The global population is going to grow by a fifth or two billion people. That's 500 million households. Urbanization increases by 40 percent. There will be more than 30 cities added with greater than 5 million people and the middle class will grow by 2 billion. Any way you look at this, energy consumption is going up.

Per capita energy use in developing countries is going to increase. There's three and a half billion people today without electricity and clean cooking fuel. Those economies are going to be driven by conventional energy for a long time. A couple of weeks ago, India's Prime Minister said they're doubling oil

refining capacity in the next five years and gas will increase by four times, and the same is true for China.

So, here's our outlook for energy and this is--remember, from a perspective point of view, this is from a company at the forefront of the transition. So, we believe we have a pretty balanced view on this.

Primary consumption increases by about 20 percent by 2040. The supply mix changes by--but not by very much. Coal declines but oil and gas increases with over half of the mix. Renewables grows quickly as you can see from a low base.

Now, if we showed this chart by end use demand, we'd see greater electrification of course. But, it's the same supply mix, which means more natural gas and renewables to electrify. There's no getting around that.

We're big believers that natural gas will be the dominant energy source for decades to come. It's abundant, has excellent load fall in capability. You've heard me say this before, but it's true. Effective infrastructure, lower emissions, and it pairs with renewables.

The fact is energy transitions take a long time because of realities like industrial and manufacturing competitiveness. Compared to fuel advantage and consumer costs, reliability and cost advantages of the existing infrastructure and of course, beginning of adoption of new technology.

The charts on the right hand side here show this pretty well. End use consumption, like plastics, is growing and depends on the pedcam (SP) industry, which is driven entirely by oil and gas. Think Naptha and LPGs here. Pedcam demand is expected to grow at two times the rate of GDP.

EV adoption is increasing. We know that. But, personal vehicles make up only 20 percent of oil consumption and for now, we can't replace heavy duty uses of trucks, ships, trains, air travel.

Narrowing the cost gap will also take some time. As I said, hydrogen is very promising. We believe that. But, it won't be competitive for a while. We push ourselves and weather demand and supply could shift quicker. We don't see that and independent experts confirm that view. In fact, it's going to take a lot of heavy lifting just to hit the level of change that's baked into this outlook.

In the end, global economic growth and day to day life are driven by affordable and reliable energy: heating, air conditioning, transportation, plastics, medical equipment, technology, you name it. So, yes, we're transitioning to a lower carbon economy, but it'll occur over several decades. In the meantime, we're going to need all sources of supply to meet demand through at least 2040 and well beyond and we'll need to focus on doing that sustainably.

The North American picture is strong and drives our export strategy. Low cost resources and the way we develop that means we're prime to capture global market share. That's what we call the North American energy advantage.

Oil demand will be flattish but with import slowing, export growth will reemerge post COVID as global economies ramp up. North America natural gas is a powerful story: supply costs amongst the lowest in the world, continued displacement of coal and balancing of renewables, and growing exports through pipes to Mexico and via LNG.

Before I get to the strategic priorities, here's how we see the midstream landscape and what it will take to win in this new era. The fundamentals are positive as we just went through, but we're moving back to more of a levelized growth.

For midstream, instead of the brute force of large capital projects, value add is going to come through your competitive advantage, capitalizing on assets from the ground and improving returns on capital. You need to be world class at stakeholder engagement and technology. You need to be good at ESG and position for the energy transition. So, let me talk now about how we're going to grow and be a winner in this era.

These are the three growth buckets through 2023 and beyond. The first is to really work the assets hard. This is our zero capital bucket, which is the best kind of growth. Bucket two is

completing the secure projects, which will generate a ton of cash flow for us. And, third, after 2023, we'll continue to invest organically but we'll be prioritizing investments in this bucket.

First is the high priority investments and we'll do these all day long, optimizations, system modernization, and utility rate based growth. After that, we'll consider traditional type projects, so larger expansions, extensions, and new build. To get in the capital allocation door, though, these will have to reflect a higher equity hurdle rate for regulatory and permitting risk and they'll have to compete straight up with alternatives, like share buy backs primarily. I'll get back to that in a few minutes.

Let me cover each of these individually. Bucket one is a great source of ratable growth for us. Revenue increases come from embedded toll escalators and improving utilization. We expect that category to generate 1 to 2 percent annual growth. Now, well before COVID, we were attacking costs. We captured another 300 million this year through aggressive action and targeting another 100 million more next, hopefully more to come after that.

We're also really excited, though, about applying new technology to the business and we're essentially rolling this out to you today. We think energy infrastructure is an absolute

treasure trove of opportunity to create value through technology. Now, this isn't about drones or the newest in line inspection tool. We already do that.

We've now created two technology and innovation labs, one in Calgary and one in Houston, and the labs bring together our data scientists, technology platforms, and our operating commercial experts. These highly focused teams or pods generate ideas and applications to improve the bottom line. This happens in what we call short sprints. So, if one idea doesn't pan out, they move on. I think the labs really allow us to unshackle the thinking and it's really inspiring to watch these teams work.

Perhaps the best way to illustrate this is with three live cases. Orion uses machine learning to clear complex bottlenecks in our terminals on the liquid system to optimize the flow of crude. Even small path improvements increase capacity and throughput on a very large system. We've proved out Orion with one sprint and we're developing it to 20 more terminals. Now, this is real cash register stuff. The annual prize here is in the millions.

We're using predictive analytics, as well, to help reduce the 1 billion in annual power spend to run our pumps. That technology essentially hunts for the lowest possible power use while maximizing volume, more dollars to be had there. And, touring tackles the biggest integrity management challenge in

our industry, how to mine the billions of pieces of data from running our integrity tools. And, with our proprietary algorithms, we can move quickly and effectively to identify risk and recommend threat solutions. That improves safety and reduces downtime, more dollars there.

So, we think we've found a diamond in the rough with these labs. It's becoming how we work, part of how we work, and our people love it.

Bucket two is our secure capital program which totals 16 billion. This includes 2 billion of 2020 projects that are essentially complete and it now includes our utility program that we file annually with the regulator and our gas transmission and modernization program. That will happen as well. These are all middle of the fairway and will generate the 2 billion in EBITDA I referred to earlier through 2023.

As you can see with the spending here, over a third of the program is done, including the Canadian segment of line three. That only currently attracts a surcharge, so finishing off the U.S. portion gives us outsized EBITDA left.

On their own, these projects gives 4 to 5 percent in DCF per share CAGR. And, on Line 3, an update here, we've received all the permits and the PUC authorization and as we say in our business, yellow iron is moving and our crews are in the field.

We actually kicked off construction, and this is important, on the Fond du Lac Reservation on November 30th. That was the first spot we moved. We spent a lot of time planning on environmental mitigation and we've got regimented COVID protocols proven in North Dakota. At this point, our best estimate for the ISD is Q4 of next year, and we're going to provide a revised cost estimate for Line 3 in early 2021.

We're obviously glad to start a construction, but we're very proud of how we've worked alongside our indigenous partners and communities on this project. I think it's a true testament to stakeholder collaboration.

Bucket three is our longer term organic risk opportunity hopper. It's large but it'll now be prioritized. The gas transmission hopper is especially full of singles and doubles and a few triples mixed in. System modernization will drive alone $.5 to $1 billion annually. Texas Eastern captures industrial and power gen load. We've already won projects to feed new LNG and the BC system is expanding at a very good clip. Gas distribution keeps giving by adding customers, extending to new communities, and expanding the Dawn to Parkway Corridor.

On liquids, there's debottlenecking growth to be had here that'll facilitate market access expansion. Now, the strategy here is to capitalize on the full path U.S. Gulf Coast value chain that we've established over the last several years and

that'll help capture heavy growth from Canada. And, Vern is going to go through this.

On offshore wind, we've got two French projects in construction for '22 and '23 in service. Another one should be sanctioned next year. I'm going to come back to how we prioritize this hopper in a minute, but first, the next slide shows how buckets one and two translate to our outlook for '23.

This includes now only the contribution again from secured projects, so not the map that I've just covered. Now, two things come out from this chart. First, we expect DCF per share CAGR of 5 to 7 percent through 2023, 1 to 2 percent from revenue and cost opportunities I mentioned, and 4 to 5 from the projects in execution. Now, the second thing to note here is that we'll generate capacity from this program to deploy $5 to $6 billion annually. That's made up for free cash flow, i.e. net of dividends and maintenance, plus debt capacity post line three.

So, in essence, it's a very transparent low risk, 5 to 7 percent growth from our current capital program and a very healthy level of growing free cash flow. Now, let's cover how we think about deploying that $5 to $6 billion starting with our key priorities.

We're always going to preserve financial strength, so no change there, focused on the balance sheet. Returning capital has always been important to us. That won't change and that'll

be mostly through growing dividends. We expect to increase dividends ratably, up to the level of expected DCF per share growth over time and that'll keep us within our dividend payout range.

As you saw, we increased the dividend by 3 percent, so that's a nice bump again in this environment and in line, or just slightly under, next year's expected DCF per share if you look at midpoint to midpoint. Frankly, in our view, larger increases aren't being fully capitalized in our share price today. So, this dividend makes sense for us in 2021.

We'll continue to invest organically and here's where the prioritization of bucket three comes in. About two-thirds of the $5 to $6 billion, call it 3 to 4 annually, in investment capacity, is going to be absorbed by low capital intensity projects, modernization, and utility rate based investment. These generate sustainable cash flow, they're highly economic, and come with strong commercial arrangements. So, again, we're aggressively capturing these.

The remaining $2 billion will be deployed depending on the relative value amongst four alternatives. Share buy backs have clearly moved up in the near order. Traditional organic growth, those are the larger longer lead projects, these will compete with buy backs now, so that'll be a dynamic haul, think about as a toggle. And, the way we look at it, actually, after looking at

this in a significant amount of depth, is the combination of these two can actually be a very strong sustainable growth driver of bottom line DCF per share well into the future. Another option is further debt reduction to create some flexibility--additional flexibility but lower on the list given the strength of our balance sheet today.

For completeness, I've included smaller scale M&A here, but frankly, investing in our own shares would be more value accretive, especially at the current price. Not on the list here is large scale M&A. If it hasn't been clear already from what we've said in the past, we're now pursuing this option.

One final point is that we're always looking for ways to generate more free cash where it makes sense to do that, and you've seen us do it by selling or monetizing assets and most recently, with our joint venture on European offshore wind. Bottom line is that the deployment of the $5 to $6 billion in investable free cash flow should continue to generate 5 to 7 percent DCF per share growth beyond 2023.

Finally, the next slide translates what I've said through this point and the question we're answering today about why you'd want to hold Enbridge. Now, I think many of you know in the past, we've hesitated to get into how investors value companies. But, frankly, I don't think it hurts to talk about how we look at the value proposition and why we continue to

accumulate the stock ourselves as management. Certainly an attractive yield at this price, at around 8 percent, and highly transparent and ratable growth long term outlook of 5 to 7 percent, so call it at least 13 percent in annual TSR.

But, there's an excellent opportunity in our view for capital appreciation as the market hopefully begins to recognize the four Blue Chip franchises that are absolutely critical to the North American economy in any scenario that we see. The resiliency and longevity of cash flows, which have been proven beyond a doubt this year, a very strong balance sheet that will continue to guard, industry leading ESG, and more broadly, a set of assets and options that position us to capitalize on the gradual transition to a lower carbon economy. So, the way we look at it is it's really a 13 percent plus plus value proposition.

So, now let me turn this over to Colin, our Chief Financial Officer, and we'll follow that with our Q&A.

Colin Gruending: All right, thanks, Al, and good morning, everyone. Typically, I've had cleanup in the order, but this year, given connections with Al's remarks, I'll cover finance now.

You're going to see a lot of numbers and charts in my presentation and of course, a number of arrows up and to the right as you'd expect from the CFO and from Enbridge. But, in

doing so, I don't want to lose the thread, my central point, which is discipline. We are thinking very strategically about our portfolio of businesses and how we allocate capital to each in a matter that's going to reduce our cost of debt and equity, which is obviously a competitive advantage in our intensive industry, so in a word, discipline. Specifically, I'm going to cover our financial policy guardrails, our '21 guidance package and funding plan, I'll expand on the capital allocation framework a little bit, and I'll touch on our bottoms up long term growth outlook.

We're excited about completing our secured growth program because as Al said, it's going to throw up a lot of cash. But, before I get to that, a quick reflection on the present. '21--or 2020, pardon me, has been a tough year for most and most industries, but all in it is shaping out to be another accomplished year at Enbridge. Our businesses are resilient and once again, we're withstanding this test, perhaps the test of all tests.

To bring the point home, I've plotted our 2020 year to date budgeted revenue achievement. High 90s across the board in an absolutely brutal environment and Q4 should wrap these numbers up even higher on an average basis. I think the bottom line here in my view is that there can be no more debate around the virtues of our demand-pull last-mile networks.

We expect to deliver on our DCF performance guidance commitment again, extending our record, and the record goes back actually to 2006, even further left off this chart. In fact, as you can see on Slide 3, we are stronger than ever as we enter ’21.

Now, you’ll recall we took some precautionary actions in March and April of this year at the onset of COVID and that seems like a long time ago. We acted quickly and decisively, preparing for the worst, including the possibility of a prolonged industry downturn and capital markets outage. We secured $3 billion of extra liquidity reserves right away. We de-risked our funding plan with pre-funding of term debt issuance. We enabled an initial $300 million in cost reductions including a 7 percent voluntary workforce reduction and salary rollbacks for all staff and the board. And, finally, in July, we opportunistically tapped the Hybrid debt market, providing some extra equity balance sheet bolstering, which we viewed as another non-regret action.

So, we’re a big enterprise, but we act quickly, we make decisions, and we move forward. Our counterparty performance, predictably, has been top notch and it’s getting stronger yet via upstream consolidation. And, finally, our exit balance sheet metrics this year should be very solid, despite some project

delays and related unproductive capital. We're going to guard this position of strength.

Enbridge has always been a disciplined steward of investor capital and looking forward, the same will be true and this team and our board are entirely aligned with that. We've set policy ranges, as you can see here, that ensure strength and flexibility, plus a little margin for what we can't predict. This begins commercially. We focus on long term contracts or fully regulated cost of service underpinnings with virtually no commodity price or volume exposure.

You recall we've divested substantially all of our gathering and processing exposure and we locked down residual foreign currency and interest rate risk. For example, our market price risk is governed by policy to be less than 5 percent of cash flows and we're typically conservatively well under that near 2 percent. I think we're at 1 and change today.

We'll continue to target 4.5 times to comfortably below 5 times leverage, which supports our league leading triple B plus rating. We'll also continue to target 60 to 70 percent dividend payout of distributable cash flow, eyeing the midpoint of this range gradually.

Overall, we'll put slightly more emphasis to preserve and create even a little more financial flexibility at the margin where we can. This ties back to what Al was talking about on the

midstream industry evolution and how that's going to set us up for long term success. And, as we look at our three year plan on the next slide, we're confident these guardrails will enable us to win.

Our three year plan is to generate 5 to 7 percent annualized DCF per share growth through '23, reflecting a one year extension of last year's outlook. The drivers of this are transparent: number one, execution of secured capital and number two, embedded growth from the base business. 2021 is an important year in the plan as the lion's share of our secured growth program will inter service and generate much of the $2 billion of incremental cash flow. You can see that here on Slide 6.

Now, in a capital driven business like ours, the power of zero capital growth may be underappreciated in the investment community. We're obsessed with it because it generates the best returns by far. You know, looking back over my 20 years in industry, it's been a hectic pace of super normal growth where we focus commercially on winning business and then funding and building it. However, in this normalizing growth environment, I see a lot of potential for innovation and efficiency and me and the rest of the team are going to be driving for it relentlessly.

On the revenue side, this component of our growth starts with contractual tailwinds and about two-thirds of our business actually. Substantially, all of our liquids tolls, along with our gas distribution rates, increase annually at some inflater either contractually or floating in the 1 to 2 percent area. We'll add to this solid base with technology driven productivity improvements that generate both revenue and cost savings and Al gave you a glimpse of these and how they drive the cash register.

That will include optimizing our use of capacity to drive more volume and revenue and power cost and supply chain on the cost side of the equation. In fact, you'll see our 2020 cost reduction efforts annualized to $400 million in 2021. But, before I leave this slide, let me reiterate the point: 1 to 2 percent expected growth without investing capital.

Onto Slide 7. You are well acquainted with our secured growth program. As you can see here, our projects are increasingly diversified across all four of our growth platforms and importantly, they come with low risk commercial models that are right down the fairway. You know, if this isn't utility like, I'm not sure what is.

Presentation wise, we've grouped it up a bit here by in service year, '21 is a bigger year but ratable growth thereafter. We've rolled in '21 to '23 utility rate based growth

and GTM modernization spend. These are necessary expenditures and in many cases, these plans have been filed with regulators.

This high quality largely regulated program totals $16 billion. Note that of the 16, we've spent about 6 already, leaving $10 billion remaining to spend over the next three years, so 3 to 4 billion on average. Good utility growth but certainly lower than years gone by. This capital, of course, drives strong cash flow growth through 2023.

As usual, we're providing prompt year of financial guidance. We've embedded our expectations for cost driven productivity improvements and the zero-capital revenue growth I just mentioned. As well, we've built in execution lift from our secured capital program.

Heavy volumes on the mainline are projected to remain full all year. Of course, it's been apportioned since July. Light volumes are expected to recover over the year with average total throughput on the system of about 2.8 million barrels per day. Line 3 is in construction and we have assumed some contribution starting in the fourth quarter, contributing about $200 million of EBITDA or about 10 cents per share of cash flow.

I'll touch on the funding plan shortly, but more of the same is the message. Equity self-funding continues and we're living within our means and policy ranges for '21. We expect EBITDA to grow meaningfully in '21 for approximately the $13.3

billion area this year to $14.1 billion at the midpoint of the range, shown here. We're guiding to DCF per share of $4.70 to $5, which is approximately 4.3 percent growth, guidance midpoint over midpoint, which to confirm is still about where we expect to land in '20. We're not guiding in EPS, but EPS should grow similarly or even a little better.

In keeping with our longstanding practice, we will increase the dividend as Al mentioned for the 26th consecutive year and we're proud of that by 3.1 percent next year effective with the March 1 payment. We think 3 percent makes sense in the context of our projected 4 percent growth in the business next year and we are striking a balance here and adding a little flexibility. We're highly confident in our cash flow growth outlook and we expect to continue to grow the dividend ratably up to the level of DCF per share average growth.

The next slide segments out our '21 EBITDA growth outlook. As mentioned, it should grow nicely next year. First, EBITDA from liquids should grow for the reasons I've noted. We also see a better revenue recognition treatment regarding makeup rights on a regional and downstream systems as they are better utilized.

Second, you can see that gas and power contribute now 45 percent of the total, so good diversity. Gas transmission will continue to benefit from the realization of recent rate

settlements and a couple of new projects will enter service later in the year. Gas distribution continues to demonstrate its ratable growth from formulaic rate inflators as I mentioned, new capital additions, and synergy capture that Cynthia is going to talk about. And, in power, well the growth here is really slated for ’23 and beyond as additional offshore wind facilities are completed.

In energy services, we aren’t assuming any contributions here next year, reflecting current market structure, but this should revert positively in time as it has over the years. Lastly, our eliminations and other segment should see a modest positive from ongoing cost saving efforts.

On Slide 11, we show our outlook for distributable cash flow. Maintenance capex, financing cost and taxes are all expected to trend in a similar fashion or slightly higher than 2020. These are all behaving well for us. Interest rates are obviously low. We’re refinancing at attractive all-time low coupons and have a favorable multi-year cash tax horizon still. And, distributions from equity investments remain strong as these assets are well utilized and have good commercial models. In the other category, liquids volumes are returning to the system, so we’ll see fewer makeup write add-backs in this row. All in, this should generate DCF between $9.6 and $10 billion, which translates to the $4.70 to $5 per share. Our guidance

range remains quite narrow at plus or minus 3 percent and we've provided a few key sensitivities on the right of the slide on a monthly basis.

Okay, let's see how this contributes to our financial position. The 2021 funding program is pretty straightforward actually. Our capital program will be about $6.5 billion, inclusive of maintenance capital, and our term debt maturities refinancing is relatively light next year at $3 billion.

Our operations will comfortably add approximately $4 billion of internal cash flow net of dividends. Recall also we got a jump on funding the balance with about $2 billion of pre-funding this year and at generationally attractive rates. Beyond that pre-funding, we'll tap the debt capital markets for about $3.5 billion using our family of well rated issuers in both Canada and the U.S. To give you a sense of our financing costs, we're excited to lock in 10 year debt at 2 and a half percent coupon area or 30 year money under 3 and a half percent pre-tax and our A rated subsidiaries can issue even more favorably.

Given the large capital program and late in the year in service dates on some of the projects, our credit metrics should be near the midpoint of our target range, but will trend lower quickly in 2022. So, that said, a pretty good outcome and the credit rating agencies are all aware of this. Our plan is shared with the agencies annually and we've updated them on the plan we

are presenting today recently and our assessment based on our most recent meetings is they are comfortable with how we're managing our balance sheet and business risk.

We've been systematically delivering on all our commitments. That's reflected in their reaffirmation of our ratings in 2020, including Standard and Poors as recently as last week. But, it's also reflective of how we're aligned on industry risks longer term, including energy transition and specifically ESG risk on our business and sector. We've been a leader on ESG disclosure and performance for a long time and it's validated here.

The bottom line is that we've earned and now carry industry leading ratings both financially and on ESG. Perhaps that's a good segue to our approach on future investments, and I'll maybe walk you through again our capital allocation framework that we introduced on the Q3 call.

Execution of our three year plan is going to generate a lot of cash flow. Once Line 3 is in service, we'll generate about $4 billion of investable cash flow beginning in '22. Again, that's distributable cash flow net of common dividends, but before considering further organic investment.

We labeled it investable because we're going to assess all options to deploy this cash flow. This incremental EBITDA once invested in turn also creates further debt capacity and that's

how we arrive at the $5 to $6 billion per year annually of capacity.

We intend to invest about two-thirds of this in our ratable and predictable utility capital and low intensity opportunities and the other one-third of this capacity will be competed for, if you like, among alternative allocation options. So, let's shift to the next slide. We'll talk about preferences.

Now, there are several choices in front of us and I thought it would be useful to give you my perspective on how we're thinking about these. When it comes to debt repayment, our number one focus is to maintain our balance sheet strength and our triple B plus credit ratings.

Our three year plan achieves that and we migrate solidly to the favorable end of our target range, so we don't anticipate further incremental deleveraging on top of that. It's pretty good already.

Dividend growth, as I mentioned earlier, remains central to our value proposition and we'll continue to prioritize it. We'll maintain a multi-year approach and grow dividends ratably with an eye to trending towards the midpoint of our range over time.

Similarly, growing organically through capital projects is what we do best. We've been disciplined and that's created value. We're going to continue to do this but we're high grading our capital to prioritize highly executable, low intensity, and

ratable utility growth that we're confident in recovering our return of and on capital. Plus, these investments create ongoing financial capacity and of course, tax shield.

Share repurchases are clearly more attractive at current prices and generate healthy immediate per share accretion. We see an opportunity to supplement organic growth and dividend growth with share buy backs opportunistically, which will enhance returns. To be clear, while they have their virtues, we do not see buy backs as a full replacement or a like for like substitution for all organic growth.

Asset modernizations are still on the table. Although having recently high graded the portfolio, pretty much everything is now core, but again we'll opportunistically recycle capital where the sales value exceeds our hold value and where we can accretively redeploy the proceeds, potentially including buy backs. And, as Al mentioned, small asset acquisitions from others remain a low priority. We'd need excessive synergies here for these to work. We'd honestly much rather buy our own cash flows and shares at these values.

So, that translates to the framework that Al walked you through, which is reproduced here. I'm not going to walk you through it again. I'll just draw out a couple of observations. First, it's a framework we've applied for years here. We haven't

chiseled a new wheel so to speak. We've been disciplined in applying it.

The other point I'd make is the framework is flexible and accommodates shifts in investor preferences over time as relative choices evolve. Everything needs to be taken into account.

Third, we'll remain returns focused, and this hasn't changed. That means, each investment will continue to receive a bottoms up equity hurdle rate that reflects its unique investment risks. Our hurdle rates for core utility investments and highly executable capital are benefiting from low interest rates, i.e. the risk free rate in the pricing model if you like. But, we're also ensuring that larger longer lead time traditional projects bear risk premium for regulatory and permitting challenges and that reflect industry learnings. Believe me, we understand these risks, which is why we're high grading through these premia.

But, by the same token, our job is to manage these risks. So, where we see an opportunity that could materially move our strategy forward and the value can be identified transparently, we'd always look at it. But, I think the point I'm making is the bar is certainly higher now and that's reflected in our allocation of ratable buckets here, 3 to $4 billion capital to the high priority base and more traditional growth will need to

compete with alternatives, including buy backs for the investment of the remaining $2 billion of capacity above that base. This approach overall is going to ensure we're comprehensively considering all the factors and maximizing value.

Let me shine a spotlight on the returns element of what I just talked about. Clearly, completing our secured growth projects is our best capital driven return on an incremental dollar invested basis, so that's easily number one. Capital efficient growth follows. These can be done at very low multiples, executed confidently, and generate highly attractive returns with very short payback periods. Rate base growth in our utility and gas transmission businesses generate solid risk adjusted returns and again, we have high confidence in their return of and on capital.

On the right side of the page, there's a lot more organic growth potential as Al laid out for you and the business units will showcase in a minute, and clearly there's a range of build multiples. But, at our current share price, buy backs are going to compete with this. Organic projects will need to be de-risked and executable to compete and many will. Some won't.

A blend of further traditional organic growth and opportunistic buy backs could be an attractive fallback combination. I think the upshot of all of this is that we're

going to be laser focused on returns in each capital allocation as before. It's a key criteria.

So, we're confident in our ability to generate returns in our base business and grow the business through disciplined capital deployment. Post-'23, we anticipate that these drivers will continue to help generate 5 to 7 percent average DCF per share growth for the foreseeable future.

I'll wrap up on Slide 19. In closing, I'll just say that we have a lot of confidence in our fundamentals, the business model, and the financial formula. These virtues have been repeatedly proven, including the resilience, demonstrated this year.

Now, you're the investment experts, but I've also followed the industry for a long time and it strikes me that the benefits of this diversified forward thinking and durable story are currently underappreciated and in my opinion, our value proposition is very compelling. Jon, back to you.

Jonathan Morgan: Great, thanks, Colin. Thanks, Al. We're now going to move to our Q&A portion of the morning here for the first panel. I'll remind you again that you can use the bottom form of your webcast screen to input any questions and I'll be asking those questions and moderating them or directing them to Al and Colin. We've got the first question in here is probably for Al and Colin, you may want to pipe in on this one as well.

It's coming from Alex Kania at Wolfe Research. In terms of reordering the priority of share buy backs and other organic growth, how would you attribute this change? Is it mainly the company's view on the valuation of the stock or changing risk/reward on large new projects?

Al Monaco: Okay, well Alex, I think it's probably a combination of the two. I think we've gone through the story here and Colin ended up with it well on how we believe in the fundamental value of our shares. I think that's probably a big one in our thinking.

But, remember, too, that the other side of it, on the larger scale organic projects, those obviously take longer. They come with more risk these days. So, that challenge that we've been seeing is hard to ignore and I think Colin said it right. The bar is higher on those.

But, you know, the good news here in all of this is that without even looking at those, we've got about 3 to $4 billion in what I'll call more of the core organic growth. Those are the first priority items that we talked about, the ones that we said we'd do all day long. There's 3 to $4 billion there in very low risk, which essentially come down to utility type growth.

So, probably a combination of the two, but it's sort of a little bit at the margin because we've got that strong base of call it more conventional in the core organic growth

opportunities that we can continue to do. Hopefully that answers it. I don't know if you want to add, Colin.

Colin Gruending: No, I think you got it.

Al Monaco: Okay.

Jonathan Morgan: Okay, thanks, Al. Next question is coming from Rob Hope at Scotiabank. Colin, I think this one is for you. You noted that your hurdle rates for new projects have increased. What magnitude of increase have you contemplated and generally speaking, what build multiples are you looking for now?

Colin Gruending: Yeah, and thanks, Robert. Indeed, we have, I'd say over the last few years, been gradually reflecting these learnings in the business, starting with a base hurdle rate for all projects and then adding on risks for permitting, ESG to some extent, credit in some places. So, indeed, we've increased them and made the bar higher.

I think shown in the slide there, our hurdle rates are still in that slightly higher, not double digit by any means, but still in the 7 to 9 times EBITDA range. So, we're going to make sure that we've got enough margin of error above that to proceed with those projects.

Jonathan Morgan: Great, thank you, Colin. Next question is coming from Pat Kenny at National Bank. Al, do you see your transitioning asset mix as a key driver for capital appreciation

as a component of the 13 plus plus TSR proposition? And, if so, what are the longer term targets for liquids versus gas versus the utility and versus renewables?

Al Monaco: Okay, well I guess at this point, we sort of view the PSG or transition elements of what we're doing as sort of the price of entry. In my view, it's probably not being fully reflected yet in valuation and therefore, the TSR outlook. I think for the next three/five years, that TSR outlook is pretty clinical. We've got, as I said, a fairly attractive yield at this point, unfortunately, and plus, very ratable growth and that ratable growth really doesn't depend on sort of any significant new activity within those call it options that we have in transition type investments. So, it doesn't depend on that.

I think the question--the second part of the question has to do, what's the order of priority? If you're talking about emissions generally by business unit, I think it's probably spread out primarily through the liquids business and the gas transmission business. So, on liquids, it's pumps that we're going to try and remove intensity from--use lower sources of energy, lower carbon sources of energy. On the gas side, it's modernization and improving the way our assets run from an emissions point of view. So, I think that's probably the two

biggest areas for the order of the four platforms. Hopefully that answered (INAUDIBLE)--

Jonathan Morgan: --Great, thanks, Al.--

Al Monaco: --rate.

Jonathan Morgan: The next question is coming from Rob Catelia (SP) at CABC. I think this one is for you, Al, as well. What do you think the Biden administration means for pipeline costs in the U.S. and will not an inflationary environment, how much further can G&A and supplier costs be optimized? Colin, you may want to weigh in on that one as well.

Al Monaco: Yeah, okay Colin, maybe you could focus on the last part. On the Biden administration, I think we've got to, again, come back to the fundamentals of this. The fundamentals are that our North American grid for energy and whether you look at electricity, natural gas, oil and the rest of it is pretty much integrated. And, as I said earlier in my comments, the economy is going to rely on low cost energy for the foreseeable future, particularly conventional energy and oil and gas.

In our case, if you look at it, moving heavy oil feedstock into the U.S. which is so critical to refineries, particularly the more complex ones, I think it's just going to be very critical to how they move forward in a post-COVID world. So, I don't see a much implication there. Obviously, there may be some regulatory changes coming. We fully expect that.

The other thing is a lot of what we do is at the state level. So, we don't see a huge implication in terms of the energy we're moving across the border and we'll continue to make sure that we work with all the administrations, as we have with the previous administration to the one that's there today. So, that's how we look at it. Colin, do you want to chime in on the--

Colin Gruending: --And, on the other part of it--yeah, I'm not sure I have the question entirely right, but I think it was around a low inflationary environment and costs trajectory, Jon. Is that the--

Jonathan Morgan: --That's correct, Colin. How much further can we reduce G&A in this environment?

Colin Gruending: Yeah, no I think it's an environment for cost reduction with flat to modestly upward slopping call it trajectories across the board. I think all industries are going to see this, including ours, so we like it, especially paired with that revenue inflator that's built into totals already. So, that's a powerful combination, excited about it.

Al Monaco: I'll just maybe add one point on that.

Jonathan Morgan: --Great, thanks, Colin.--

Al Monaco: --Can I just add one point, Jon? So, on cost, I mean, I think there's no doubt we've done a pretty good job here over the last four or five years in getting to let's call it the

low hanging fruit. But, if you go further up the tree, I mean, I come back to the technology comments I made. This is really a big opportunity. If you think about industrial assets generally and then pipelines and facilities that we run, there's a real good opportunity there in all of those areas, predictive analytics, machine learning, data mining.

You can see millions of dollars a year. I won't get into the specifics of how we see this longer term in terms of what it could add, but it's a fairly sizeable item. So, I see the continuation of cost efficiency and productivity going forward, not to mention process improvements and efficiencies without-- throughout the entire systems that we run at Enbridge.

Jonathan Morgan: Great, thank you. Next question is coming in from Jeremy Tonet of JP Morgan. The $3 to $4 billion capex budget does not appear to have liquids projects targeted. Do you still have a notable growth opportunity set in that business going forward, such as exports? Thank you. So, Al, I think that's over to you.

Al Monaco: Yeah. I will say in the $3 to $4 billion, there is some element of let's call it low capital intensity projects within pipelines and as I said earlier, this is sort of the phase that we're in now, which is great. Obviously, the era of massively large projects is probably going to move down the road a bit again. So, I would say there are some in there. I think

we'll maybe let Vern go through his list later on when he comes up and we can go through it.

But, certainly, there are lot of opportunities. I think a good chunk of them as well fit in that other category, which are going to have to compete with buy backs. So, we're in good shape. I like the size of our organic program and we're in a good spot here because having that program, having that inventory and hopper there gives you options. You can pull those options when you think you can move forward with them on the pure organic side of the business, but they compete with alternatives as well.

Jonathan Morgan: Great, thanks, Al. Colin, next one is for you. It's coming from Rob Quan at RBC. For share buy backs, you note 6 to 8 times EBITDA. Is the GAAP versus your current share price future growth and what other factors drive that? Also, with capital plan being pretty full, should we expect share buy backs in 2021? And, whenever you pursue share buy backs, do you feel the need to simultaneously repay debt and reduce leverage?

Colin Gruending: Yeah, thanks, Robert. Lots in there. The range we cited there was a range. We used a number of discount rates, different growth outlooks, and a range of recent share prices, so that's how we got to that range, just creating a range. For '21, we honestly don't see much room for share buy backs in '21. We've got our plate pretty full and we're focused

on our priorities to complete the secured program, so our balance sheet is earmarked for that. That's the priority, so we simply think share buy backs being a post-'21 potentially.

And, yeah, indeed, it depends on where we're at on the balance sheet. We're going to respect the credit range and the 4 and a half to 5 times as the primary criteria for share buy backs and would do it on a neutral basis if we're higher in the range, if we're lower in the range, potentially partially.

The other criteria obviously for share buy back is the fundamental price at the time and thirdly, other alternatives that we've got kicking around that we've been talking about. So, those--that's how we're thinking about it, Robert. Hopefully that helps.

Jonathan Morgan: Great, thanks, Colin. Next question, I think for you, Al, Hugh Seigel. (SP) Is there a potential to accelerate investment in renewables, either organically or through acquisitions?

Al Monaco: Yeah. Well, I think the short answer is yes, but the way I'd look at it is at the moment, we've got a pretty good hopper of development opportunities and I think the focus right now is let's harness those and let's harvest those. I think that on the acquisition front, the way we see the valuations today is pretty tough to make those numbers work for us and as I said in my remarks, we're in a very frothy market.

So, the way we're looking at it is we've got enough going on right now that we don't need to stretch risk or return criteria by going after things just because they're in the renewables space.

So, we're going to be disciplined. We'll be opportunistic from time to time and as I said in my remarks, we're probably going to spend more time upstream i.e. in participating in the development phase of renewables and that should help us maintain the return requirements we have for the business. We've gotten good now, I think pretty good at that part of the work. We're good operators. We're good at construction, so that's probably where we're going to see most of the value. So, we don't need to stretch too far given what we have in play right now.

Jonathan Morgan: Great, thanks, Al. Next question is coming from Ben Pham at BMO. On self-powering, is there a large investment opportunity associated with that or is it just aiding to the cost reductions and the 1 to 2 percent coming from the base and ESG? Al, I think that one is for you.

Al Monaco: Okay, well I'll give this one a go and we'll get Matthew to explain more on this. I think this one, just to clarify, we do see a good capital investment opportunity here and if you look at the electric drive compressors on the gas system or the pumps on the liquids system, there's lots of them across North America. So, we see probably in the order of about

half a billion dollars of investment opportunity. Now, of course, that'll have to compete with other options. So, it's not really part of the 1 to 2 percent that we refer to in terms of revenue escalators and cost and productivity improvements if I've got the question right, Ben.

Jonathan Morgan: Great, thanks, Al. Colin, next one for you. It's coming from Matt Taylor at Tudor Pickering. I believe you previously messaged that the growth backlog would drive $2 billion on capex spend of 11. Can you highlight the capex changes to $16 and explain why the returns haven't changed materially?

Colin Gruending: Sure. Thanks, Matt. So, we basically rolled the plan forward from 11 to 16. We've added the utility-esque growth in the utility and NGTM. I think if you do the fraction math right, the economics are roughly about the same. I think it's about a 7 times average of the old multiple. Whether you start with the 11 or you start with the 16, that's the outcome. So, I guess the ratability of profitability is stable and is continuing.

Jonathan Morgan: Great, thanks, Colin. Next one is from Linda Ezergailis from TD Securities. Colin, I think this one is for you. How might accelerating return of capital in the form of higher depreciation manage risks, including energy transition, policy, and regulatory risks for your existing assets?

Colin Gruending: Hey, thanks, Linda. So, indeed, we'll keep an eye open for signposts here as we go and we have levers in substantially all of our businesses, which are underpinned with a regulatory construct. So, we have levers like depreciation, higher depreciation, get our return of capital back earlier. There are other mechanisms, ambition of that at Firth, (SP) things like negative salvage value and abandonment costs longer term in any B framework or the CR framework I should say on LMCI and things like that. So, we're mindful of keeping an eye on that long term return of capital. We don't see that need presently, but it's a lever we're certainly looking for and would deploy it if needed.

Jonathan Morgan: Sure, thanks, Colin. I think this is the last question for this panel. It's coming from Elias Foscolos from Industrial Alliance. My question circles on getting to zero emissions and associated costs. Would you be looking to break out this cost as a line item at some point in the future? And, how might we see this impact total return on invested capital over time? Maybe that one's over to you, Al.

Al Monaco: Okay. Let me deal with the last part first. I think as I said in my remarks, we have built our plan that you see today and we will include in the future sort of our--any investments required in this area. But, let me just make clear, though, that for example, modernization capital will be an

element of how we improve energy intensity in the business. So, our full intention is that be recovered in rates.

The second element is by using lower carbon sources of power that go to reduce scope two missions. Now that comes from third party providers, so it's a matter of how we source energy that will help. Then the third element of it is self-powering, particularly for inside the fence solar and Bill's got two of those projects going. Vern has got one of those projects going in the business.

So, the way we look at that is essentially to displace third party sources of power by making small investments ourselves. So, really at the end of the day, we don't see our emissions reductions, whether it's intensity up to 2030 or net zero as being a significant drag on our business, because at the end of the day, our hope is to recover that capital or not have the cost within Enbridge i.e. sourced from third parties in terms of power and the way we select that power. So, hopefully that answers the question.

Jonathan Morgan: Great, thanks, Al. Actually, we're going to take one more. We've got a question from Ron Silvestri at Neuberger. Al, what is your latest view on large scale M&A and what types of assets would be most of interest? Sounds like you're being very disciplined on renewables. What concerns do

you have with those project returns given significant increasing competition?

Al Monaco: Yeah, well let me start with the last part. We're pretty close to renewables business these days. We've been at this for 20 years. We've got a great team that pretty much scours everything. Maybe I can just express the concern this way. I mean, we've been baiting on a couple of projects that we thought would be strategic for us. It turns out that we weren't going to be competitive there and so the returns are getting bid down quite dramatically. There's a lot of players chasing this at the moment, and that's why I think well, we need to be very disciplined in this.

As to the first part of the question on M&A, it's just not something that we're focused on right now, large scale M&A, and two reasons. I mean, strategically, if you think about it, we've repositioned the business. We've done what we needed to do in terms of expanding the gas platform, which is driven by the fundamentals. So, we took that on and we've integrated the assets probably two or three years ago now and we've got that platform. We're very happy with it. So, there's not a lot of needs from a strategic point of view.

I would say the other thing is probably from a shareholder or valuation perspective. We don't see a lot of targets right now that would fit. Many of them have G&P businesses. Many of

them have more commodity risks than we're comfortable with. And, frankly, I'm not excited about using our currency today at this price. So, I would say that plus the fact that we've got the balance sheet in very good shape, we don't really want to use leverage to do something like that. So, I would say for all of those reasons, it's just not a priority for us right now, Ron.

Jonathan Morgan: Great, okay, thank you. I think that wraps up this portion of our session. So, we're going to take a short break. We'll be back at 10:20 eastern and we'll give you a one minute warning before we begin. Thank you.

[Break]

Jonathan Morgan: Welcome back. A quick reminder that we'll be following four presentations with the business units. Sorry, let me start again. A quick reminder that following the four presentations by the business units we'll have our second Q&A panel with our four leaders. But, before we get to the BU leaders, I'm going to pass it over to Al Monaco to provide a few opening remarks for this part of our session.

Al Monaco: Okay, thanks, Jon. Welcome back, everybody. Before we turn the business leaders loose, just a comment and hopefully you should see our management team slide illustrated here on the screen. We've got an excellent group of leaders that I would just say have really shone even more than usual during this past year. We really pride ourselves at Enbridge on well

developed and very active succession planning process here and we particularly like testing our best with new responsibility and very tough assignments.

We expanded the team last year to what you see here to bring on new talent and get the benefit of wider input into big issues and the goal is pretty simple. We want to have at least one person ready now for each senior position we have, and we clearly have that. So, with that, I'll turn it over to Cynthia Hansen first who runs our gas distribution business. Cynthia?

Cynthia Hansen: Thank you, Al. Good morning. It's a pleasure to provide my insights today on our gas distribution and storage operations and the role we play as a strong driver of utility growth for Enbridge overall.

2020 has been a year like no other that I've experienced in my over 20 years at Enbridge and I've never been prouder of the team as we've continued to safely provide essential energy to our customers during this pandemic while generating strong and growing cash flows and EBITDA. We were able to make significant productivity and efficiency improvements through our utility amalgamation, generating substantial value.

We should once again exceed our regulated ROE this year and we've continued to sanction new utility growth projects. I am very excited about our future. The energy we distribute is essential to day to day life. We have an amazing growth outlook

and we're exceptionally well positioned to capitalize on the energy transition that Al mentioned because natural gas is critical to that transition.

Looking forward, today, I'll address the three questions on this slide about our future cash flows, investment opportunities, and strategy for renewable natural gas. I'll start with the question that's top of everyone's mind these days related to natural gas. Why are we so confident in the longevity of our business over future decades?

Well, we have one of the largest and best situated gas utilities in Canada supporting Ontario, Quebec, and the U.S. northeast markets, and we're number one by gas send out in North America. Our connections to 3.8 million meters serve over 300 municipalities across Ontario and Quebec, over 14 million people and 75 percent of Ontario residents.

Our franchise area generates 40 percent of Canada's GDP and it's the fifth largest population center in North America, which is expected to grow by 30 percent by 2040. That growth is fueled by continued immigration into major urban areas like ours. About 80 percent of the 450,000 annual new Canadian immigrants are likely to settle in large urban areas.

With the energy transition, there's a lot of talk about ending the use of natural gas, but that's not feasible today. Natural gas remains the most affordable and reliable energy

source. It’s 58 percent cheaper than electricity for residences and that’s before accounting for the additional electric subsidies. While increasing carbon taxes may reduce the current price spreads, the eventual removal of subsidies will continue to make gas the most cost competitive fuel well into the future.

Besides affordability, let me illustrate just one more variable that highlights the absolute need for natural gas. Today is illustrated by the middle chart. Natural gas serves three times the peak energy demand compared to electricity. Imagine the cost and the timeline to build out the electricity generation and grid to be three times its current size. That’s not physically possible in the near term and again, the energy cost increase would be massive.

It’s also true that converting all industrial loads to electricity is not feasible. Many processes require high temperatures, like steel, glass, and chemical processing. So, natural gas is absolutely critical to society and our economy.

These fundamental strengths provide for regulatory certainty. EGI has a five-year regulatory construct that provides stable distribution rates. Next year’s base rates will increase by 1.7 percent with an allowed rate of 8.34. We have a long history of regulatory stability and generating returns above the allowed. With amalgamation and synergy capture, we expect that to continue through to rebasing in 2024.

This foundation provides the framework for reliable cash flows with upside. Our business started in 1848, prior to Confederation. So, over our 170-year history, we've adapted and evolved to multiple energy transitions. Our $13 billion rate base will continue to grow and be used to useful over the long term. Our regulator continues to both scrutinize and then approve our capital programs that renew our assets and support growth based on that need.

We are confident in our ability to continue to generate stable and growing EBITDA in the utility. That's because we have low cost and strong fundamentals, a regulatory model that incents synergy capture, and embedded growth given our franchise area. And, as we've proven this year, even with unprecedented economic disruption, we have durable cash flows.

Now, to the second question. How will we invest capital in this business and optimize returns? Our strategic priorities are consistent with prior years and align with the three buckets that Al mentioned earlier. We will drive strong results by maximizing our base business returns and executing our capital program and growing organically. This starts with embedded revenue escalators and incentives to capture synergies with our amalgamated entity, EGI. We'll also continue to grow organically with additions, expansions, reinforcements, and innovative low carbon solutions. Utility has a strong record of delivering to

the plan and applying learnings from previous Enbridge transformations with a clear roadmap and achievable milestones for synergy targets.

We're focused on EBITDA growth that does not require significant capital to generate it. We've combined two top quartile utilities and are driving best in class cost and support structures for operations, customer care, STO, and other areas.

Through digital transformation and technology, we are reducing costs and increasing customer satisfaction. This includes the use of artificial intelligence for our chatbot, cozE, which has exceeded our adoption targets and we advanced to top performance in e-billing in North America. These lead to real productivity improvements and cost savings.

As I mentioned earlier, we continue to drive growth for 45,000 new customers each year and we submitted over 200 expansion proposals this year to connect low cost natural gas to additional communities, driving local business development. We will continue to reinvest and renew our assets, ensuring safe and reliable operations with system reinforcements. This translates to a billion to a billion and a half annually and we anticipate that this will continue through to our rebasing in 2024 and into the next five-year term. And, we'll fund this

rate-based growth with internal cash flows and access to EGI A-rated debt.

Our secure project list continues to be very healthy with over $4 billion in execution through to 2023. This includes the six specific projects outlined on the map, as well as the other regular course connections, modernizations, and you can see even more potential with the community expansion project locations noted. Our in-depth knowledge and expertise to manage large capital projects continues to be a strength.

Our storage assets, Dawn and Tecumseh, and our transmission assets, including Dawn to Parkway, are extremely well placed. Dawn is the second most liquid hub in North America. We are a market leader with highly reliable competitively priced storage and transmission services. Storage provides utility growth, but we also optimize non-regulated storage that earns good returns and is in high demand given the optionality it provides in this big volume region. The liquidity at Dawn continues to grow, providing peak and seasonal services. Open seasons continue to confirm strong interest in our transmission assets and service offerings.

Finally, the third question, and an area that I'm equally excited by, are outlook for renewable natural gas and hydrogen. The opportunity to green our grid and drive emission reductions with less gas, more gas, and green gas is exciting. We are

building on our strong history of innovation. Less gas started in the early nineties with replacement of our cast arm pipes, a reduction of 21 percent below 1990 levels. Then the kickoff of our demand side management program that has delivered the equivalent of taking over 12 million vehicles off the road annually, an incredible result.

More gas is tied to the use of C&G and natural gas expansion when we replace higher carbon fuels, driving emission reductions and lowering costs. Recently, we've started to introduce the benefits of R&G and hydrogen, greening our gas supply while leveraging our gas infrastructure that is largely underground and resilient to weather events. There is a strong future for R&G. Studies predict that Canada will hit a 10 percent blend by 2040 and North America around 1 to 3 percent. The fundamentals for R&G and hydrogen will improve gradually and we will continue to leverage our proven expertise in innovative technologies.

Our natural gas infrastructure will be critical to the low carbon future. It's an opportunity to grow our business. Today, we have two operational R&G facilities and four in construction with long term off take agreements with municipalities or utilities. Beginning in January, we have regulatory approval to offer a voluntary R&G program to our customers in Ontario and this fall, we rolled out our R&G program in Quebec, to our

Gazifère customers and have exceeded our expectations for customer signup to date.

Our 12 C&G refueling stations are rate regulated or with long term contracts. We're developing several behind the meter solutions, including natural gas heat bumps, hybrid heating, and micro CHP. Our two and a half megawatt power to gas hydrogen facility was commissioned in 2018 and is located in Markham, Ontario. It uses electrolyzers to provide electrical grid stabilization under contract of the ISO. This was the first power to gas facility in North America.

In November, our regulator approved a pilot project to invest $5 million in infrastructure to allow us to blend up to 2 percent hydrogen into our gas stream and approximately 3600 homes around Markham. So, whether it's more natural gas or more green gas, our system is going to be used and useful for a long time to come.

So, as we look to the future, we will continue to take a disciplined approach to our investments. We'll leverage our 3.8 million customer connections, limit our at-risk capital with rate based or comparable commercial models, and these projects will continue to compete for capital. In the next five years, we'll continue to progress a number of R&G opportunities and more hydrogen projects will likely emerge.

We view our development of low carbon infrastructure as a continuation of our business model. It is like a natural expansion. You should continue to expect strong ratable and highly economic utility rate based growth from GDS with our great assets located in major growth centers in Canada that are connected to diverse gas supplies.

Over the near term, we'll continue to drive tremendous value with synergy capture from the amalgamation of the Ontario utilities, streamlining our operations, optimizing storage and transmission assets. Our operational efficiency gains and the over billion plus of annual rate based growth, with the total of $4 billion secured to 2023 drives predictable cash flow growth. With early stage growth in hydrogen, R&G, C&G, and other clean energy advancements, we are well positioned to offer unique solutions to our customers.

Over the next five years with over a billion per year of regular growth plus emerging opportunities in storage, transmission, and new energy, the opportunity set is potentially up to $6 billion. Consistent with prior years, we will continue to build out the franchise, maximize our operational efficiencies, and safely operate while we deliver strong, stable financial results.

Thank you. I'd now like to pass it over to Bill Yardley, our EVP and President of Gas Transmission and Midstream.

Bill Yardley: Well, thanks so much, Cynthia, and good morning, everyone. Pleased to be with you all virtually to share my thoughts on the state of Enbridge's GTM business.

In many ways, the job of transporting natural gas from one point to another has become more complex as we approach 2021. There's plenty of intrigue around the future energy mix and around the ability to build new pipelines and plenty of political discussions. But, thankfully, it's still a simple business and it's one that's got a very bright future as I believe natural gas is the most important fuel in any version of North America's energy transition.

The steps that we've made to solidify and to grow GTM over the past several years allowed us to continue an upward trajectory in cash flow growth, even in a tumultuous 2020 and it's a trajectory that we expect to continue over the coming decades. And, I've been at this for 30 years, 10 years in a gas utility in Boston and 20 years working on these gas pipeline assets. Looking where natural gas is positioned today, I really wish I was just starting my career in this industry.

So, why am I so confident in all of this? It's the year after year record demand for our services. It's the facts, the observations, and the physical capabilities of the gas grid and most importantly, it's how these relate to the growth by the customers that we serve. Local distribution companies, electric

generators and the industrial complex, they're taking everything our system can physically deliver and of course, we're joined at the hip. When they grow, we grow. So, that's our base business. It's simple, we're full, and we're growing.

Just wanted to have the next slide, please. So, clearly, all businesses have been tested this year, especially those in the energy industry. I'd say we passed that test. Base remained solid with long term reservation based contracts underpinning the business. We were able to build on that foundation through successful rate settlements. We placed three projects into service this year. Construction is ongoing on another $2 billion of projects for 2021. We've advanced our longer term capital growth program nicely, signing pipeline agreements with three LNG developers and our modernization and our pipeline integrity programs are in full swing, having completed a record year of in-line two inspections this past year.

So, next slide as well. So, I'm also going to talk about three questions and here's the first one, and it's the easiest to answer. With our base contractual structure with the growth and demand for our services, clear line of sight to enhancement, modernization and integrity investments, and the regulatory construct that ensures a fair return on investment. The answer here is simple. We are emphatically confident in the longevity of our cash flows. Next slide.

Location matters. If you're buying a house, you look at what's resale, what's attractive nearby, maybe the commute to your office in a normal year. If you're opening a business, you'd look at where your customers, where your suppliers are, the demographics. And, if you're investing in a natural gas pipeline company, you ask, where do they go? What are they connected to? What kind of customers do they serve? What's the nearby competition?

Well, here's where we are. On one end, we serve utilities in major cities and are tied to hundreds of gigawatts of generation and on the other end, we draw from the largest and most enduring supply basin. We have irreplaceable infrastructures, serving the last mile demand in the northeast, the southeast, Pacific Northwest, cities like New York, Boston, Vancouver, Tampa. The majority of our revenue is paid by credit-worthy growth-oriented end use customers, including more than 150 utilities, like ConEdison, Eversource, Fortis, NextEra. We transport 20 percent of the gas in the U.S., including for export markets to Mexico and almost every existing and planned LNG terminal on the Gulf and western Canada.

Location matters, especially when all signs point to increased need for your services. Next slide.

So natural gas is essential North American wide and especially where our pipelines go. To the left, this is a

current picture showing annual fuel sources for electric generation in New England, PJM, Texas, Florida. Almost half of their annual power generation is fueled by natural gas. In peak day gas is even more crucial. This picture intensifies if you dig deeper into peak hours. That's when the intermittency of renewables can be at their low points, when there's not much wind or no sun. In other words, what's generating electricity when that happens?

As we see more intermittency and more coal, oil, and nuclear retirements the electric grids of North America turn to natural gas. Look at ISO New England, 40% of gas on an annual basis--40% from gas on an annual basis, but over 70% on a peak day when power is needed the most. And as you know, we're heavily invested in wind and solar. We know them quite well. In fact, we don't get enough credit for Matthew's business. But with the insight we've gained among other things, we know that gas is the perfect complement for wind and solar for power generation. We're essential in the current and the long term future of electricity generation.

More electrification is good for gas. For every megawatt of wind and solar that's installed that's a megawatt of gas generation that's gonna be needed. This is what the trends are telling us every single day. But what about the use at our base LDC customers? Well on the righthand side here Cynthia showed a

very similar chart for Ontario. This is the story in the Northeast U.S. Gas is the cheapest way to heat your home by a lot. Demand for gas is increasing for the local distribution companies like Enbridge gas distribution and ConEdison and National Grid and Eversource, et cetera. And these are the kinds of companies that make up most of our revenue today. Next slide.

Our confidence isn't emotional, it's empirical. So the graph on the left when we see peaks in the winter it means more gas is being used to heat homes. When we see it in the summer it means more gas is being used for electric generation. This graph shows both summer and winter seasonal demand for gas getting higher and as you can see broader. The chart on the right, our core pipeline sold out max rates reservation based and we just went through a renewal cycle where we renewed 99% of the revenue up for renewal this year on these systems.

So we're sold out and demand is steadily increasing. We've got to expand. We're doing all we can to improve the capabilities of our system to meet these needs. On many things we can have theoretical debates. We can debate the fundamentals; we can debate the pace of renewables. We can debate electrification but you can't debate this graph. This is the real McCoy. Again, it's not emotional, this is empirical. Next slide please.

So along with those observations every credible study points to a decades long run in the growth and the use of natural gas at home and abroad. So North American gas demand is projected to increase 15% or 15 BCF a day by 2040. And it comes from almost every category. On the right is a sample of our electric and gas utility customers' integrated resource plans. And these are the plans where they project their fuel necks out into the future. And as you can see our top customers are affirming their need for gas even as their renewable slices grow. Same is true if you looked at the resource plans that are filed by our pure gas utility customers. One to two percent growth in gas per year. The pie is growing and natural gas' slice is growing.

So gas is essential according to the fundamentals. The reduction in coal, the role of complimenting renewables, the changing fuel mix, and the push towards electrification and even in the submitted filings of the utilities themselves. So natural gas is the most important fuel in the energy transition over the next few decades. It's essential to meeting North American energy needs now and in the future. We deliver the most affordable heat, the most reliable electricity, the preferred feedstock to the petrochemical industry, and the most flexible fuel to meet the global needs of all three.

Enbridge Gas Transmission connects the markets that serve more than half of the U.S. population and we're ideally situation to meet growing exports to global markets. Our EBITDA is growing even in 2020. So no question about existing cash flows. Mostly reservation based for long terms and constant increase in demand has and will continue to push those cash flows higher. Next slide.

So, second question. How are we gonna invest capital in the medium to long term to drive cash flow growth. Next slide here. So we're continuing to invest in the bones of the system and earn on those investments through rate proceedings. We're finishing the projects that we have in flight and we're taking advantage of our footprint to grow organically. And let's address each of these.

But while we're on here, on the technical advancements front we're evaluating R&G, hydrogen blending potential, focusing on technical feasibility and R&D. And these are consistent with the energy transition and our ESG goals. We've got 21,000 miles of pipeline and really good construction expertise. So we feel good about the opportunities set with those new technologies. Next slide. Okay.

So our rate strategy might be one of our most important competencies right now. We're investing heavily in the system to ensure we do job one, safely and reliably delivering natural gas

to our customers. Last year after a nearly 30-year hiatus we entered into negotiations and successfully settled on new rates with our customers on Texas Eastern and on the Algonquin pipeline. These allowed us to earn appropriate returns on the investments in the systems to date and it sets up a framework for timely settlements for ongoing and planned investments. And we've had more than 20 years of settlements in our British Columbia gas pipeline system including late last year. The simple purpose in all of this is to ensure that we're getting prompt and appropriate recovery on the capital that we deploy. And as you can see we're in rate proceedings with almost every one of our pipelines including East Tennessee, Alliance U.S., and Maritimes U.S. this year. Next slide.

So in addition to rate based growth we're investing our capital in the short and medium term by completing our inventory of growth projects that are already in execution. This year we completed Sabal Trail Phase 2 and our first solar self-power project in Lambertville, New Jersey. The final phase of Atlantic Bridge will be in in a matter of days. And there are two pipeline projects in British Columbia that'll be completed next year, the half a billion dollar Spruce Ridge project and the billion dollar T-South reliability expansion. And we're proud of how we're doing these. We've engaged with 57 indigenous

communities and offered over $30 million in indigenous contracting opportunities since kicking off construction.

We've got several other singles and doubles that you can see on the map that are progressing nicely and expected to come online between 2021 and 2023 and importantly, the next phases of integrity and modernization projects are planned out. $2.7 billion over the next three years, so let's talk about that. Next slide.

So over and above routine maintenance, these are the investments in the safety, the integrity, and the reliability of our systems. And they're must-do's in many cases by regulatory requirement. We're ensuring our pipeline integrity program is second to none. At the same time we're modernizing our fleet of compressor stations and as an example, we're nearly complete with a one billion dollar effort to replace our older less efficient compressor units to meet more stringent emission standards in Pennsylvania. Now this all helps us achieve our ESG goals and all of these efforts serve to reduce emissions. These investments pay off by ensuring our system is reliable now and for years to come as demand for the product that we deliver continues to rise. Next slide.

So natural gas has a very long runway for electric generation in North America. Coal's being phased out and the growth in intermittent renewables requires a complimentary fuel

source. That's all really good for us whether it's pure growth in natural gas fired generation or new generation needed when renewables aren't there, we need to build more pipeline capacity. And that's just for the growth in existing needs. The role is super charged with the move in toward electrification. And for sure, new gas plants are gonna be tougher to site in some areas than other. Perhaps where coal displacement is occurring we'll see new gas plants. In other areas it may be higher utilization of existing units or additional units at those sites.

And we're directly connected to close to 100 power plants and far more if you include those that are behind our utility customers. Along with power, North American industrial demand is expected to increase by about nine BCF a day through 2040. And just like that residential heating example, natural gas has a significant cost advantage here and is an irreplaceable input for many petrochemical processes.

Final question: how will we drive growth through North American exports? Next slide. Okay. So global demand is set to increase by 90 BCF a day over the next 20 years. The ample North American supply can economically serve our growing domestic needs and compete in these export markets. So average predictions here that North America will capture over 30 BCF a day through L&G export. That's not unrealistic by any means.

Yeah, this year's been challenging in the global economy and North American L&G wasn't spared. At the beginning of 2020 L&G exports were pushing 10 BCF a day from the Gulf Coast and then we pulled back with the upheaval in pricing worldwide and COVID.

Yet very interesting the Gulf exports are now back to that 10 BCF a day level. And in fact yesterday it was 11.5 BCF even as the pandemic endures. And that's a good indication that North American L&G has solid footing as a major player in the global L&G marketplace. Basically the finger has come off the COVID pause button. Next slide, yeah.

So why will North America be successful? The low cost of production, access to markets, and robust supply bases. The U.S. and Canada are viewed as very stable partners and any well contracted terminals will have access to capital. And this translates into real opportunities for Enbridge. We facilitate access to low cost and diverse supply basins with a current footprint that spans the Gulf Coast and Western Canada. It puts us in the best position to put more pipe in the ground to serve this load.

So fundamentally great opportunities exist but what are we actually doing? As you know, our pipes serving the Gulf coast are already large scale players in the L&G export market. For the past several years we've worked with the Gulf terminals and the producers to both reverse the Texas Eastern system and to

put in new pipe to facilitate export. And so we're not connected to and we feed substantial volumes to the Cheniere Sabine Pass Facility, Freeport L&G, and Cameron L&G. Between Texas Eastern and our Valley Crossing pipeline our pipelines hug the Gulf. As a header kind of weaving their way through all existing and proposed L&G terminals.

We've contracted with Venture Global for Calcasieu Pass to feed it through our Cameron Extension project. We've contracted with Venture Global again for their Plaquemines Facility through a reversal of our Venice) lateral. We're the contracted pipeline provider to the Next Decade on their proposed Rio Grande terminal in Brownsville. We've got an agreement in place to expand Valley Crossing for Annova also in Brownsville. And recently signed an MOU with Texas L&G in that same area.

So as you might imagine competition is extremely strong in the Gulf. But we've captured so much of the existing and the pending export business and we're in a position to actually capture more. While we're here, of course, both Texas Eastern and Valley Crossing tie into Mexico at the border where further demand there in the coming years will require us to expand. And then moving to Western Canada, again, world class supply and proximity to Asia make it ideal for L&G export projects. And ideal for our BC pipeline system and future routes to the coast. So for exports from North America we're in a fantastic position.

Okay. So you can read the summary slide here but let me just finish by reiterating a couple things. We're essential. Our services and the product that we more are the most affordable. Our assets are everywhere they need to be. Our customers need more gas. And we're seeing it happen every year on our system with our own eyes. It's extremely satisfying to know that what we do every day makes a difference for every citizen and that we'll continue to be heavily relied upon. And yeah, it's odd to be derided in the press or in social circles but don't buy into the rhetoric surrounding a fast energy transition away from hydrocarbons. Listen to the facts and the observations of those that look at the data every day. While there will be an energy transformation by any measure it'll be one where natural gas is featured prominently for decades to come.

Thanks for your time, and I'll hand it back to Jonathan.

Jonathan Morgan: Great, thank you Bill and thank you Cynthia. That was excellent. At this point we're gonna take a five minute break. We'll be back at 11:00 A.M. Eastern time with presentations from Vern Yu and Matthew Akman. Thank you.

Welcome back. We're now gonna shift over to Vern Yu, EVP President and Liquids Pipeline who's gonna cover his business. Vern, over to you.

Vern Yu: Thanks Jon. While I'd much rather be there in person today to speak to you about liquids pipelines, I can

honestly say I hate talking into this camera so please bear with me. While I'm very proud to be representing the liquids pipelines business unit this morning. Our team did an amazing job this year. We kept our system up and running through all the disruptions we suffered through the pandemic. This allowed us to deliver all the energy our customers wanted and needed.

While the media spent a lot of time talking about the end of oil, I'm gonna tell you that this narrative is greatly overblown. And as Bill just mentioned, the energy transition is under way but our business remains essential. The energy fundamentals support this and we will continue to see good opportunities to grow our business. In fact, in 2020 we've generated record earnings in cash flows in liquids pipelines. And we expect to do even better in 2021. So let's get started.

2020 has been a challenging year but we've made some good progress on a lot of fronts. After more than five years of regulatory review, Line 3 is now under construction. Our mainline contracting initiative is progressing and we continue to get strong support from our shippers. We've had record deliveries into the U.S. Gulf coast and that's really pulled volumes on our system. And finally and perhaps most importantly we've had a very strong safety record. This year we're gonna deliver over one and a half billion barrels of crude oil and we're gonna move 99.99999% of that without any incidents.

So if we can move over to the next slide, the first question I'm gonna deal with is why are we highly confident that our cash flows will be around for decades to come? So if we go to the next slide I'll start this section by showing why our system is essential to North America's economy and how we expect to generate significant cash flows over the decades to come. The Enbridge Pipeline system is the largest and most competitively positioned crude oil network in North America. Even in an unprecedented year where we've seen refinery demand drop by as much as 25% in April and annual North American refinery demand is down about 15% year over year our system has been very resilient.

Mainline throughputs have come in at 92% of what we expected at the beginning of the year and our EBITDA will be about 99% of our guidance. How did we do this? We did this by attacking our costs very quickly. We found additional tankage for our customers when they needed it at the peak of this year's oil shock. And we've had flexibility to move even more barrels to the U.S. Gulf coast. Really, that's the value of our integrated North American wide network. We have embedded optionality. 2020 has demonstrated even with the most severe supply and demand disruptions we've ever seen our crude oil network is absolutely essential. We connect highly competitive

long lifed(PH) heavy crude supply to the most sophisticated and economically advantaged refineries in the world.

In addition, our long term take-or-pay contracts in the regional oil sands and on our market access pipelines drive volumes through our mainline ensuring that we have predictable throughputs and revenues. As connectivity between heavy crude supply and strong refinery demand provides us great confidence that our network will be utilized for many years to come. So if we can move to the next slide please.

This slide shows the value of our network and how it's been proved out time and time again. Through all of the different commodity cycles we've grown EBITDA and deployed capital in a disciplined and profitable way. In fact, since 2010 we've grown EBITDA by more than 300%. So as we look forward we continue to see opportunities for growth but we are laser focused on high grading to only the best growth opportunities.

So earlier, Al talked a little bit on how we see the energy transition broadly. I'm now gonna spend a few minutes with a deep dive into the crude oil markets. Today oil retains the largest share of the energy mix, accounting for over 30% of annual energy consumption. So the vast majority of third party forecasts show crude demand growing to around 2035 and then flattening out. We expect crude oil demand in North America and

Europe will decline but this will be offset by growth in China, India, and the rest of the developing world.

By 2040, electric vehicles will become at least 30% of the fleet and many have speculated that we were now approaching peak demand which could be possible for Europe and North America, but we don't believe this will be the case for the rest of the world. So let's spend a few minutes on the emerging markets. We think there's two factors that will drive demand growth in the emerging markets. Number one, an increased desire for personal mobility as people get wealthier. Globally we see the auto fleet growing by 40% over the next 20 years. That's more than 500 million new cars on the road. While a large proportion of these cars will be electric, in most scenarios we think that there will be as many internal combustion cars on the road in 2050 as there are today.

I think Al made this point earlier as well. The international energy agency has stated that electric cars are not the end of the oil era. Even if all cars sold in the world were electric, oil demand will continue to grow. 80% of global oil consumption comes from things other than cars such as heavy transportation: trucks, ships, trains, and airplanes. And we really haven't found any other alternative fuels for these activities. So for us in the developed world we take air travel for granted. And some people in the west may even consider

flying less to reduce their carbon footprint. However, we should remember that 80% of the world has never been on an airplane. And as these people become more affluent they will want to travel just like we do.

We saw this happen with China. A decade ago you would have been hard pressed to see a Chinese tourist. Today Chinese tourists are the largest contingent of travelers globally. We expect this pattern to continue as the developing world becomes richer. The second reason is petrochemicals, the building blocks for plastics. It will be the biggest driver of crude oil demand over the next 20 years. We use it everywhere, and its uses are growing. Healthcare, cellphones, water pipes, EVs, wind turbines, and solar panels. We expect the demand for plastic to grow at an even faster rate than GDP and this global demand growth associated with plastic will more than offset any decline in oil demand coming from cars.

Al talked about India and what they're doing on the refining side already. And we continue to see the same thing happening in China where they have massively increased their refining capacity. In fact it's tripled since the year 2000 and we expect it to grow by another two and a half million barrels by 2025.

So to wrap up this section, we expect oil demand to decline in Europe and North America over the next few decades but this

will be offset by growth in the emerging markets. So if we can move to the next slide. In any scenario we're going to need a lot more oil over the next two decades. The international energy agency estimates even in the most pessimistic oil demand scenario that over $20 trillion in oil and gas investments would be required over the next two decades. North America's going to be a very big part of this. We have abundant low cost supply and the most responsible development practices globally. This is especially true for Canadian heavy crude.

Let's start with a reminder that crude oil is not like natural gas. It's not fungible. Every refinery is unique and requires a very specific crude slate. Our key customers in the U.S. Midwest and the U.S. Gulf Coast tend to be complex refineries and they need heavy and medium crudes to maximize their returns. Heavy crude processing capability has made these customers much more profitable than their peers globally. And as global heavy crude supplies continue to diminish in Mexico and Venezuela, the Canadian heavy crude will increase its market share and this will benefit our network. We're currently seeing this in the Gulf Coast and we're starting to see this trend play out globally. In fact, in the last few months we've seen renewed interest from global refineries both in Asia and Europe to see if they can access heavy crude coming from our network.

Let's move to the next slide. So as a pipeline operator, having growing supply is good but having long term demand is even better. And that's what we have on our system. Our pipeline network is hard wired into our customers in the U.S. Midwest and Eastern Canada. Effectively there are no other pipeline alternatives. We are also the largest conduit of heavy Canadian crude into the U.S. Gulf Coast. The chart on the left shows the Nelson Complexity Index for global refineries. You can see here that our customers are generally in the top decile. This means with the access to the right crude slates our customers will be profitable and sustainable for decades to come.

Okay. If we can move maybe to the supply side now, gonna do a little bit of a deep dive into the fundamentals of Canadian heavy crude production. Canadian oil production has been a little under the radar these last few years as everyone's been focused on the U.S. shale story. As you can see on the slide, this sector's made great strides on costs. You can see that Canadian producers can now break even at extremely low WTI prices. This was evident this year when we saw western Canadian production bounce back quickly from April's production lows.

So we're pretty bullish on the near term supply outlook once we get through COVID. We expect western Canadian supply to ramp up in 2021 and our system to fill up in the back half of the year. Our off stream customers have also become much more

capital efficient in their expansions. Their projects are now smaller in scale and much more repeatable. A good example would be Cenovus's build out of Christina Lake and Foster Creek. The industry also sees supply increases as they de-bottleneck existing operations. A good example here would be the Kearl mine.

So as crude oil prices firm up in 2021 we think there's going to be a very strong supply response in western Canada. We'll see self-imposed production curtailments disappear and new supply coming to the market. Net-net we expect a backlog of 600,000 barrels a day and that crude will need to get to market. Longer term, even in a moderate price environment, say $50 WTI, we expect heavy crude production to increase by at least a million barrels a day over the next 10 years or so. Once we complete Line 3 in Minnesota and with additional mainline optimizations plus the completion of one of the two competing pipeline projects we expect that there will be enough egress out of the basin to foster continued production growth.

Well let's talk about the resiliency of our system. I'm not gonna go through all the points on the page but really, in the long term what we've seen in 2020 should play out and this should keep our system highly utilized for decades to come. Okay, I'm gonna move to the next question.

How do we boost returns and grow our cash flows with little capital or as low capital or little capital growth? So if we go to slide 13, year over year our strategy to do this in liquids pipelines has remained pretty consistent. First, we're focused on optimizing our system by adding volumes to the network, reducing our operating costs by maximizing efficiencies, and finally by seeking to enhance our cash flow stability with mainline contracting.

Second, we're executing on our secured growth. Right now that's Line 3, which is an essential safety and reliability project. Finally, we'll extend our franchise, matching heavy crude supply growth with growing U.S. Gulf Coast refinery demand with a long-term potential for crude oil exports. The emphasis here will be capital efficient growth. We have more system optimizations and expansions available to us and we want to obviously fully integrate our system all the way down to the Gulf Coast. So we can move to the next slide please.

Over the last several years our teams have done a great job of maximizing throughputs on our system. We've modified our assets, we've optimized our field work, we've employed cutting edge technologies. And all of this has unlocked about 400,000 barrels a day of incremental throughput. We're quite excited about putting the Minnesota portion of Line 3 into service. Once

this is done this will give us more flexibility on how we manage crude slates and unlock even more system optimizations. Another great opportunity in front of us is how we manage our power costs. We've spent a lot of time looking at our consumption patterns at our pumping stations and whether we can sell power with renewables. In fact recently we've used our pump station load in Alberta to backstop a 10 megawatt solar project being developed by Matthew's crew. So to sum up, efficiencies are very powerful. A one percent increase in utilization gives us another $50 million in EBITDA.

We're gonna change gears here, talk about Mainline contracting for a few minutes. Over the last few years we've been working with our shippers on Mainline contracting. Shippers that represent over 75% of our volumes today, continue to support us at the CER. Yesterday you all have seen strong evidence filed from our supporting shippers on the merits of this offering. You will also have seen evidence from those opposing Mainline contracting. Now that this part of the regulatory process is complete, we are able to start asking interrogatories of the opposing side. This will give us an opportunity to dispel many of the myths surrounding our Mainline contracting offering. We believe that we're on track to get a regulatory decision from the CER and complete an open season by the end of 2021.

In the meantime, we'll use the extension feature in the CTS agreement to toll the second half of next year. While we believe mainline contracting is the best outcome for both our shippers and Enbridge, I should remind everyone that we do have an option to make a cost-of-service filing with the CER should we get an unfavorable ruling from them on Mainline contracting or if we're not able to garner sufficient shipper commitments in an open season. We don't think cost-of-service is ideal as it doesn't align us perfectly with our customers. But cost-of-service does provide our shareholders with a reasonable risk to reward tradeoff. Okay, let's move to Line 3.

As Al mentioned, we started construction on Line 3 in Minnesota last week. We've been working with our contractors over the last several months to ensure that we were ready to go the moment we got the final permit. So today we have about 2,000 people active across the entire state. We're working on five pipeline spreads and eight pumping stations. And at the peak in construction we expect to have about four and a half thousand people working on the project. This will allow us to maximize our productivity during the upcoming winter construction season.

On the pipeline spreads, crews are now building access roads and clearing and preparing the right of way. By next month we expect to be welding and burying pipe. Work is also underway at the pumping stations where we've begun early civil work.

Building pumping stations can be tricky in the winter, because there's a lot of concrete mechanical work and electrical work. But we've planned for winter construction. We have pre-fabricated much of the facilities off-site. We'll be erecting large tents over a large portion of each site. And this is a tactic we've used with great success in other winter construction projects.

Maybe just to wrap up on Line 3, I should reiterate that worker and community safety is our highest priority. And it's an even bigger priority now in a COVID environment. We've implemented best practice COVID procedures that include dividing the team into small, contained cohorts. We've implemented regular COVID testing. We have daily health and temperature screening for workers and we have very strict on-site safety protocols.

Gonna stop here for a second and just talk about Line 5 for a minute. I don't have a slide here but I just wanted to make a few comments. Line 5 firstly is a very safe pipeline. And its safety has been recently confirmed by our federal safety regulator PHMSA. The pipeline is critical to the energy needs of the entire region and that includes Michigan, Ohio, Wisconsin, Indiana, Ontario, and Quebec. If the pipeline were shut down it would create a massive energy crisis for both Michigan and the entire region. We're fully compliant with the easement and of

all of our safety obligations. We believe that the Governor's recent actions are wholly without merit and we're gonna defend the line vigorously. In the meantime we're gonna continue to progress the permits for building the tunnel. And we believe the tunnel will make a safe pipeline even safer.

Okay. Let's move to the next slide. This slide here talks about how we're gonna grow our system over time. It's really about the integrated value of our system. So if we start in the north in Alberta, we are gonna have highly effective incremental expansions available to us on our oil sands network. Then moving along to the trunk lines, we have significant further optimization and expansion opportunities on that existing network which will provide more egress for the basin. We can then move barrels in our market access pipelines to eastern PADD II and the U.S. Gulf Coast. And then finally we can meet growing global demand through integrated export capabilities. So with the size and scale of our system we believe we can do all of this on a low cost basis that mostly utilizes existing pipeline assets.

So on capital efficiency, earlier you heard Al and Colin talk about capital allocation. Liquids is ready to compete. We have a large system and many low capital projects. As such, we're confident we can grow EBITDA very efficiently. Our three intra-Alberta takeaway trunk lines provide us with good

opportunities to expand very economically to meet growing western Canadian production growth. Through our Mainline, the Express pipeline, and the potential reversal of Southern Lights we have the ability to add another 450,000 barrels a day of additional egress. We can do all of this with more system optimizations and pump station modifications. This means there's very modest permitting requirements and no new pipe in the ground.

Our Market Access pipelines, which are Flanagan South, Southern Access Extension, and Seaway all have embedded low cost expansion capabilities to bring more barrels to end markets. So now if we can go to slide 20 please. Or sorry, to the next slide. So how will we drive growth through terminalling and export infrastructure. Let's move to the next slide. So after we complete Line 3 and the full expansion of Southern Access to 1.2 million barrels a day, our system's gonna be balanced. We're gonna have enough capacity to feed all of our core refineries in the U.S. Midwest and match our existing Market Access pipeline commitments. After that, we see increased U.S. Gulf Coast refinery demand and emerging market demand for North American crude. And this is gonna provide us more opportunity to expand our footprint along the Gulf Coast.

U.S. refinery demand continues to grow as Canadian heavy crude will replace declining global heavy crude supplies. We

expect exports to bounce back and to meet growing global crude oil demand. While the bulk of these exports will be U.S. domestic light crude, we believe Canadian heavy crude will also play a role as we see U.S. Gulf Coast exports nearly doubling to six million barrels a day by 2040. We're starting to see-- another good sign that we're seeing for Canadian heavy crude is the interest that has been shown on the ICE system for the WCS Houston's futures contract. That's grown dramatically over the last year or so. And this really shows interest from global refiners. The ability to hedge these barrels competitively will help with the global competitiveness of the Canadian heavy barrel.

While with the downturn in oil prices due to the pandemic, our customers have only been thinking about the here and now, worrying about their current situation. Now that we see vaccines are around the corner we've seen customers starting to look at more investment opportunities. We've seen interest pick up across our entire network, but the Gulf has been a particular hotspot for us. Shipper interest in the Gulf supports the extension of our pipeline route work to the last mile, increasing the reach of Canadian heavy barrels to the coast and ultimately to global markets. Our Enbridge Houston Oil Terminal will provide unique capabilities to store and blend heavy crude oil. That will support local U.S. Gulf Coast refinery demand.

The terminal will also be fully integrated to allow marine access. This allows crude oil to come in and out of the Gulf using our terminal.

We're also progressing our interest in the SPOT VLCC loading terminal. This is our joint venture with Enterprise. We believe that this is a deeply advantaged export facility. First it has access to all of North America's different supply basins. It's able to load VLCCs without having to lighter, and it's away from the congestion along the Houston ship channel. Going with this we see good opportunities for Seaway in the future. Obviously it's our critical link in our network being the conduit between Cushing and Houston. But more importantly, Seaway's Houston area distribution network allows the integration of EHOT with the Houston area refineries. Seaway will also provide access for crude oil exports through its existing docks to Texas City and Freeport and in the future to SPOT.

So I'm gonna wrap up here. And maybe I'll wrap up with a blunt point. The factors driving demand in Europe and potentially North America for crude oil are very different than what we see in the emerging markets. Crude oil is gonna be here for decades to come. It's a major source of energy globally. We shouldn't forget that it's cheap, it's efficient, and it's the core building block for plastics. So these energy fundamentals

support our strategy of providing a growing conduit of Canadian heavy crude to supply key markets in the U.S. Midwest, the U.S. Gulf Coast, and globally. Our customers are globally competitive and will be providing refined products to their customers for decades to come. Reliable, long-lifed(PH), and increasingly cost competitive Canadian heavy crude will provide a structural advantage to these refiners.

Finally, the optionality embedded in our network will allow us to extend and expand our system on a highly capital efficient basis. So that closes out my remarks. And I'll pass it over to Matthew.

Matthew Akman: Thanks Vern and good morning everyone. Last but definitely not least, I'll be talking about our renewable power business. It's a hidden gem in Enbridge that hasn't received a lot of investor attention but I can assure you it has strong potential to contribute to our low risk growth profile and also help us sustain and actually extend our lead over our peers in the transition to a lower carbon economy.

We're actually unique among our peers in having a real presence in renewable power today. It's always been viewed by Enbridge as another avenue of low risk infrastructure growth that might some day deliver opportunities that rival the ones we have in our pipeline businesses. Well, I think it's safe to say

that that someday has arrived. And fortunately we were and are ahead of the curve in this area.

Today power makes up a smaller contribution to our EBITDA than the other segments, but we've built a substantial business that on a standalone basis would rival North American and even global renewable power companies in scale, our commercial model of technical capabilities, and definitely our growth potential. Power had a very strong 2020 from the standpoint of both operating performance and growth. I'll get into some of the operating accomplishments in a minute but this slide focuses on the recent growth achievements. We now have interest in three major operating offshore wind farms and despite the COVID-19 challenges we started construction on two more in France. Turning to onshore, we completed our first renewable self-power project and commenced construction on two more of those.

The biggest milestone this year was the sanctioning of our largescale French offshore projects, because for us sanctioning or final investment decision means the project meets our stringent risk adjusted return criteria. Getting in early with EDF is really paying off and these projects exceed our investment hurdles very comfortably. We also set ourselves up for more success in the future. We're in late development on our first floating offshore wind project, a huge amount of growth potential behind that. And we brought the Canada pension plan

investment board in as a partner on more projects to boost returns and diversify our risk.

I'll now dive into some of the specifics on the business and our outlook for it. I'll focus on a few key questions that are probably on your mind today. How will we generate strong returns in what is clearly a very competitive business? What's our focus for growth offshore? And how can we create value by self-powering our pipeline assets with renewables? First a quick reminder of what our footprint looks like in this business cause it's already quite substantial. We've got interests in over 2.6 gigawatts of North American onshore renewables and nearly two gigawatts of European offshore, both operating and in construction. Our onshore technical capabilities span both wind and solar in Canada and the U.S. Over the years, Enbridge has invested almost seven billion dollars in power and so as you can see it's already a substantial business.

The reason I'm highlighting our footprint is to emphasize that we have a big head start over other traditional energy companies in transitioning to lower carbon infrastructure. Other major energy companies are just now getting in and really paying up for it. As for us, we're gonna use our existing platform to extend our lead while generating more shareholder value. What about our capabilities? They've grown with our assets. That's because when we get into a business we don't want it to be just

a collection of assets, we want it to be something we can grow organically and add value by using our wide range of infrastructure capabilities. We operate assets for ourselves and also now for CPPIB. Many of you have followed CPPIB's progress in the renewables space and are aware they've become a big player in their own right. The status we've earned as a trusted operator for them, and I'm talking here of both wind and solar in Canada and the U.S., shows that our operating capabilities rival top quartile peers now. We recently beefed up our development capabilities too, especially in Europe.

Our JV company in London with CPPIB that we call Maple Power is fast gaining a reputation as a leading European offshore wind developer. Our people there are second to none in their construction, technical, and financial evaluation skills. While we add more assets we're also doing a lot more to squeeze the juice out of the ones we already have. The industry has come a long way with technology advancement in a short time, and we've gone right up the experience curve with it. I mean, if you think about it, it feels like yesterday renewable power itself was like a new technology, but things have moved very quickly and now we're applying truly a new technology to optimize our wind and solar plants.

I'm talking about things like condition monitoring systems that track every little vibration in the gear box so we know

when to spend money on maintenance and when to let it just run longer. Hopefully most of the vibrations are good but the bad ones too are electrically transmitted to our remote operating and control center for evaluation. Recently we've started monitoring our European offshore wind assets from the same control center that sits right here in Calgary, Alberta. Big data has arrived in offshore wind and we'll use it to compete and to win. A little fact I always find amazing is that right now we're receiving literally hundreds of signals every second from every turbine in our offshore wind farms. And that will increase productivity benefits over time.

We used to send maintenance crews out to them every couple weeks, but with reliable data we now send crews out only every couple months for example, so these are the kinds of things that can improve our efficiency and returns on capital. As a cold climate operator we've developed some pretty unique proprietary technology too in order to get more production out of our assets. Things like reducing icing that builds up on the turbine blades and can lead to lost revenue. Bigger picture, as an early entrant into the industry we've had a front row seat to some of the things that can go right but also some of the things that can go wrong with renewable projects. Everything from overly optimistic resource forecasts to supply chain and technology challenges. And so the industry has matured a lot and us with

it. Today we have a first rate grasp on the nuts and bolts that make the difference between a so-so project and a great project.

That's the operational stuff. So, at a more strategic level one way we'll maximize returns is by investing in earlier phases of the value chain. Some of you who have followed the company for a long time will remember that we used to acquire projects just before they came into operation. It's no secret that returns on these types of late stage investments have compressed quite a lot with the rush of money chasing renewable power. Since we've built up our capabilities and know-how we can move back into earlier development where double digit relatively low risk returns are still available in the industry. When we pursue new developments we're always mindful of the commercial construct underpinning them.

Many options for offshore wind have now moved towards market based. We'll stick to regions where we can still get PPAs those long-term contracts with quasi-government or utility type counter parties. That's our strategy. There's some really frothy stuff happening out there in renewables right now. Companies taking final investment decisions on projects before they even win a seabed lease, for example, or taking on more merchant risk. Many of us who have been observing the industry for a long time have seen this movie before. And it's never been and will

never be the Enbridge way. If we can't get contracts with visible revenue and returns we just won't play there.

The table on this slide shows that our existing assets and the ones we're building will all be fully contracted for the long term. We expect to achieve low to mid-teens returns on our current slate of projects, which is outstanding. Realistically on future projects those returns will moderate to probably the low double digits which is still a very good return for a contracted asset.

So without investment discipline we do have our work cut out for us when we seek new growth in offshore wind. Fortunately we've been opportunistic and have secured some good assets and great partnerships. Now that we have that base and our strong Maple team, we can use that optionality and our know how to pursue the best projects out there. The fundamentals for offshore wind are very robust and just getting stronger. Depending on whose forecast you use, you can see that global installations will grow by somewhere between 70 and 140 gigawatts over the next decade, a massive amount of power and growth opportunity. We like the offshore for growth but also because of its scale, efficiency, and the fact that while permitting anything isn't easy these days offshore is relatively better in that department than onshore infrastructure which continues to obviously have its challenges.

This slide zooms in on our offshore footprint today which is already robust as you can see, with interests in almost a gigawatt under construction and 2.2 gigawatts in development. We're in some of the best jurisdictions in the world building a very strong presence in France, the U.K., and Germany. France has a particular focus for us. The French government has established targets that are very ambitious of about six and a half gigawatts awarded by 2023 for fixed foundations and almost a gigawatt by 2023 just dedicated to floating offshore wind. Another gigawatt of fixed or floating will then be awarded every year beginning in 2024. So very strong policy support. Our partner there is EDF and together we have a track record of winning a good chunk of that new business.

Next year just in France alone we expect to have three construction projects and two other major developments, then our runway will extend from there. The U.K. is also turning into a very exciting story for us. We're a 25% owner of the Rampion wind project where we're now pursuing a major expansion that could be as large as one gigawatt in a prime location with our operating partner RWE, another global leader in renewable power.

Our investment discipline also applies to the jurisdictions we'll consider. Offshore wind will be cropping up all over the world in a lot of places over the coming years. We evaluate jurisdictions based on a wide range of criteria including power

market fundamentals, politics and policy stability, maturity of supply chain, and of course availability of long-term contracts and they're not available everywhere. We're sticking to western Europe for our growth and have no plans to invest in Asia at this time.

In terms of technology, we'll focus on both fixed bottom and also floating offshore wind. Floating wind is already available and we expect it to be rolling out on a large scale in the next few years. For those of you who haven't had the opportunity to read up on this technology, no, these aren't just turbines kind of bobbing around on the tide. They're floating platforms made of steel or concrete tethered to the sea floor. There are a few technologies for accomplishing this, and no single technology will always win. The precise format will be very site specific and so we'll be technology agnostic. What's so compelling about floating is that as the onshore grids get more and more congested and land near the load becomes harder to source, the world will need to significantly expand offshore wind for sure. And it is a fact that about a third of the world's population lives within 100 kilometers of shoreline. And about 80% of those areas are really too deep for fixed foundations, so floating wind has become a clear and compelling solution.

At Enbridge we're getting ahead of the game and are already in the very late development phase on a 24 megawatt demonstration project using what's called the tension leg platform technology which is kind of a fancy word for cables anchored to the sea floor. It's amazing the scale we can achieve with these. Our project is actually using 8 megawatt turbines which are state of the art even for fixed bottom right now. Our partner again is EDF in France. It's an exciting project and yes, it does have a long-term offtake PPA. Floating wind too, just like all the other projects we do, will have to meet our commercial model just like the other investments in wind.

The good news is France is expected to launch a process for contracted large scale floating coming right up here in 2021. We'll be working in partnership with EDF on an exciting proposal for a project in Brittany. So I'd say we're off to a good start in this promising new growth area.

I've talked a lot about offshore and now I want to move back to onshore. You're well aware I'm sure that returns for onshore renewables have come down a lot and frankly most just don't meet our hurdle returns, our risk reward framework. Which is why we moved our emphasis for growth to offshore in the first place. But an exciting new opportunity has emerged onshore. With technology improvements it's become economic for us to power our own pipelines, and that gives us a whole new set of near-term

potential. We spend over a billion dollars a year on power just for the liquids pipeline system alone. And there's a huge opportunity to replace operating costs with attractive capital projects. Just like the regulated utilities are adopting the so called steel for fuel strategies, we'll build mostly behind the meter solar facilities to power our pump stations and compressor stations. We're replacing known operating costs with attractive capital investment opportunities.

The returns here are solid and let's just say the counter party is second to none. We see at least half a billion dollars of investment opportunities over the next few years and that should grow over time. I wanted to show you a couple photos so you see what the self-power projects look like. These aren't just kind of imaginative for us, we're doing this right now. These are pictures of the relatively small projects we've just completed and the ones in construction. But some of the facilities will be quite large and can exceed 15 megawatts, especially on the liquids pipeline side. So these are really approaching utility scale solar power projects.

Okay, so this slide brings it all together in terms of growth. As I said at the outset, the power business in totality has outstanding and visible short, medium, and long term growth. We've got interests in 4.6 gigawatts of assets in operations or under construction with visibility to six gigawatts based on

projects with awarded PPAs. Then if you add on our early development projects too we would have involvement in over eight gigawatts of gross megawatts. Our net interest would be just under half of that. It amounts to investment potential of about a billion a year.

All of this growth would have long term contracts with high quality counter parties and sit in jurisdictions with strong, stable political and policy support. With our strong base assets, partners, and know how Enbridge is positioned for continued success in the power business as the economy moves over time to lower or zero carbon energy. We believe there will be many other opportunities for the business as we go forward, including production of hydrogen using renewable power for electrolysis. Bottom line, while we don't have megawatt targets and we won't be setting those for the size of our business we do believe renewables will become a bigger part of Enbridge over time. We believe this opportunity really differentiates us from our peers and creates unique growth optionality as well as a superior corporate profile.

The business has the right capabilities, the right partners and strategic position. So stay tuned in 2021 for investment announcements of more projects like those we announced in 2020 that will contribute to our visible low risk growth for many years to come.

Finally, just on a personal note for all my old friends in the investment community, it's unfortunate we can't see each other in person today but I just wanted to wish each of you and your families a very happy and very safe holiday season. So I think that's back to you, Jonathan.

Jonathan Morgan: Great. Thank you Matthew and thank you Vern. We're now gonna move on to the second Q and A panel as we'll have our business unit leaders as well as I think Al Monaco will join us too. So I'll wait for everybody to pop up.

Great. So first question, Vern this one is for you. It's from Matt Taylor at Tudor Pickering. For the revised Line 3 cost estimate could you provide color on the types of costs that have increased and what percentage will be recovered?

Vern Yu: Okay, thanks Jon. So really the project's been delayed a couple years so we're gonna have incremental financing costs associated with that. We're also building in a COVID environment so we expect that there will be more cost pressure with making sure that we keep all of the workers and the community safe. And then finally we are building in winter, which is gonna be more expensive than if we had been building in the summer. So Line 3 is a toll surcharge and it's a very reasonable toll surcharge. So while the costs are going up we don't expect the project returns to be materially different.

Jonathan Morgan: Great. Thank you, Vern. Matthew Akman, this one's for you. It's from Matt Carr at Federated. Can you walk through how self-powering projects compete for capital versus just acquiring a corporate PPA and pushing the project execution risk elsewhere?

Matthew Akman: Thanks, Matt. I think the key thing to note on the self-power projects is we look at them like any other capital project within Enbridge. You know, they go through our rigorous investment review process and they compete with other power projects and also other projects in the other business units. And they are economic and they deliver solid returns. And like I said, they have a great counterparty with a very high credit rating.

And so we like them a lot. You know, in terms of the execution we're good at this stuff. And we're just getting better at it. And we think, you know, we are an industry leader actually in this and have been doing it for a long time. So we think the execution risk is relatively low but obviously we'll be mindful to all those risks as we go through them. Thanks, Jonathan.

Jonathan Morgan: Great. Thanks, Matthew. Next question from Rob Catellier at CIBC. Cynthia, this one's for you. Is incentive regulation for distribution utilities still

appropriate and does it contain adequate protection in the event of energy transition accelerating?

Cynthia Hansen: Thanks, Jonathan and thanks for the question. What I will say is that we've been under some kind of incentive regulation or custom IR since 1995. And each time we enter into a five-year agreement it is slightly different. So as we're looking through to what the next round will be, currently our agreement runs to the end of 2023 and we have appropriate incentives. As we look to that future, what the next five-year term is, we have some opportunities to customize our IR incentive regulation model to allow us to accommodate any changes. Right now even in our existing format we have an ability to smooth out any variances in load.

And since 1995 we've been very progressive with our demand side management which is taking load off. And that's been a part of it. And again, we've been able to take 56 million metric tons of carbon dioxide out of our overall emissions because of that. So we will adapt and we'll adapt our regulatory model. That'll still incent us to have great opportunities for our shareholders.

Jonathan Morgan: Thanks Cynthia. Bill, this one's for you. It's from Andrew Kuske at Credit Suisse. A two-pronged question here for you. With changing energy flows in the northeast how do you think about the positioning of Maritimes Northeast? And then

the second part is how are you thinking about your opportunity set on the west coast?

Bill Yardley: Okay, so for Maritimes, Maritimes in Northeast. You know, Atlantic Bridge is an extremely important project for Maritimes because we're now for the first time able to push gas mostly from Appalachia up through the Algonquin system into Maine and Atlantic Canada. So I think that that has a very good--that dynamic is very good for Maritimes and Northeast. And so, you know, between that and Repsol with L&G, you know, basically in the middle of the pipe on the Maine-New Brunswick border. It turns into a very robust pipeline for those customers.

For British Columbia I think the question was for Western Canada. You know, we're seeing extremely good growth between T-North with Spruce Ridge and the T-South project. Really good opportunities to feed not just growing markets in the Pacific Northwest through these logical expansions but also positioned extremely well to feed both the current L&G under construction plus new routes to the coast. I hope that is responsive.

Jonathan Morgan: Great. Thanks, Bill. Vern, next one over to you. It's from Michael Lapides at Goldman Sachs. Several legal and regulatory challenges remain outstanding for Line 3. How do you see those risks? And then secondly, any concern with the new administration in Washington?

Vern Yu: Okay, thanks Michael. I think what we saw last Friday was obviously the start of the legal challenges where the Minnesota Public Utility Commission rejected a stay of construction that was requested by some of the opponents to the pipeline. We know that there will be some more challenges coming up on the PCA's process as well as the Army Corps process. I think what we have the benefit of is a very robust regulatory record. So let's just remember that Line 3 is probably the most studied pipeline project and has had the longest review, regulatory process in the history of all pipelines. So from a state perspective and a federal perspective this has obviously gone a little slower than what we had hoped for, but it has built up a very strong record of all the different things that have been looked at.

So on the federal side obviously with the 404 we spent time consulting with the tribes, all of the right of way constituents and we've made many changes and adaptions to the pipeline route that have addressed individual concerns. So we think that provides obviously a very strong decision record. And the fact is this is a single permit not a nationwide permit. Which is just a more detailed examination. And then finally, we've had an existing Presidential permit for Line 3 for many, many years. And that Presidential permit was reaffirmed under the Obama Administration four or five years ago.

Jonathan Morgan: Great, thank you Vern. Al, this one's for you and then I'm gonna follow it up with a question to Bill and Cynthia. So the first part of the question is how are we balancing the risk of investing in new earlier stage markets like hydrogen versus the opportunity cost of missing out on, you know, energy transition? And then the follow up for Bill and Cynthia is how are you thinking about the hydrogen opportunity in your businesses?

Al Monaco: Okay, sorry, who was the question from? Did you tell me?

Jonathan Morgan: Sorry, it's from Darek Tovich and then the second piece is from Jeremy Tonet.

Al Monaco: Oh okay, thanks. So, you know, I think this question really captures, you know, in a nutshell sort of this capital allocation conundrum in terms of how do you position business for the future while managing the risks, you know, in getting there. And you have to be pretty clinical these days about what you invest in.

You've got allocation options that you need to consider as we've been saying throughout this whole thing. And it's a typical sort of near term versus long term strategic decision. So the way we approach that decision is we think about what are the fundamentals telling us? And you have to really understand supply and demand as best you can and then invest based on that.

So another part of it I think is when you look at those fundamentals to not necessarily overreacting to what you're seeing too far in one direction. So the strategy that we've always employed is really based on the fact that anybody that tells you they know what's gonna happen in 10 years on any of these new technologies is probably blowing smoke.

So, given that, it's basically a low cost optionality play. So in other words, building up these low cost options within your business that you can pull when things change that you couldn't necessarily predict. Good example: offshore wind in France when we bought into that several years ago. We put some capital in up front but we knew we had good commercial protection. So whatever happened in terms of the fundamentals there, we were gonna get our capital back and earn on it. So that was a good example of a low cost option. But I think, you know, more broadly it's really the criteria and how disciplined you are in this question. So you can't be bleeding edge on technology. There's hundreds of new technologies out there in energy. We focused on the ones that are really quite eminent and we know will succeed.

Another thing you gotta consider is minimizing development risk up front and minimizing capital. I think Matthew mentioned one of them. You know, don't look at single projects but can you build a platform and can you use your existing infrastructure to

do that? So in our case and I think maybe Cynthia and Bill will cover this as to how they see. It will--you know, they will be able to capitalize on that. And one thing you shouldn't underestimate here is the in house skill and technology. And I'll add supply chain there. You've really gotta have the right people with experience in these areas that can bring you along rather than just buying that cash flow stream up front. So that's how we think about it.

Jonathan Morgan: Maybe Bill over to you first and then maybe over to Cynthia after that.

Bill Yardley: Okay. Yeah, I mean I guess for opportunities first of all these are longer term. I would say from the hydrogen perspective we're gonna be very measured in our approach because, you know, there was an awful lot of metallurgy work to do to make sure that our system can handle some sort of hydrogen blending. So this is a fairly long term effort.

But there are thousands of miles of dedicated hydrogen lines within North America, and I think participating in that with our construction expertise and our proximity to, you know, to where that may be useful is a good possibility. And so, you know, there is some pretty good opportunity there. And, you know, Cynthia really, her business acts as a nice incubator for a lot of what we're trying to do. So that's a pretty positive thing that we can draw from in gas transmission as well.

The final thing I'll say is on R&G and that's just that a lot of our customers are actually looking to and demanding R&G to be part of their supply mix even though it may be more expensive now. So transporting that and, you know, satisfying that customer is important to us. And I'll turn it over to Cynthia.

Cynthia Hansen: Thanks Bill. Just to add to what Al and Bill have already mentioned, as the utility has those connections to our end customers we will identify opportunities where it may make sense for us to participate. So that's exactly what we've done in Markham with the fuel cell there and the specific ties to what was happening with the ISO, there was a unique opportunity.

As we look to blend we're going to look at where that makes sense for us to participate. We've done some as Al was mentioning. We have some expertise in this area and we'll look to leverage that wherever it makes sense for us to do so. And the other thing I would just note is wherever we can because of our size and connectivity, we're looking to support the policy development to make sure it aligns with the real science and technology so that we can support our customers as this new technology gets built out.

Jonathan Morgan: Great. Cynthia we're gonna stick with this theme for just one more question, and it's to you. It's

from Michael Lapides at Goldman Sachs. How are you generating EBITDA and free cash flow with these projects?

Cynthia Hansen: Thanks for the question, Michael. The EBITDA is through long term contracts generally. So we look at that. The other thing that we're looking at is there opportunities to put it into rate base? So we now are in a hearing for our integrated resource plan, and that's an opportunity for us to look at how we can potentially invest in some of these new emergent technologies within that rate base model. So we're always going back to how can we meet that investment criteria that Al and Colin had outlined so clearly?

So we'll take it back to the fundamentals to see how we can make sure we tie in before we participate.

Jonathan Morgan: Thanks Cynthia. Vern, next question's for you. On Line 3 we previously communicated six to nine months. What would allow you to hit, you know, the lower end of that time scale? And that's from Jeremy Tonet at JP Morgan.

Vern Yu: Well I think when we provided that six to nine month guidance on construction we didn't have an understanding at that point of when we would start construction. So now that we are starting construction in the winter it's probably more appropriate to be on the longer end of that construction cycle. Having said that, obviously we're gonna see if we can accelerate and do whatever we can. But I think the issues will be the fact

that it does take a little bit more time to build in the winter and we do have some windows when we're not able to work in the spring. So I think for planning purposes it makes a lot of sense to be on that nine month end of the scale but obviously we'll do everything we can to accelerate that.

Al Monaco: Can I make a comment too? Jon, can I make a comment? You know, on this one I think, I mean sometimes I think we're getting really precise with the exact months here. You know, it's about 300 miles of construction and I think the main point here though is we've gotta be very deliberate and focused on the things that we do in construction. So, Vern mentioned COVID. We've got to really watch the environmental challenges along this segment. I think we've got that well planned out but the real priority is to make sure we do this right. That's the point.

Jonathan Morgan: Okay. Thanks, Al. Maybe another question for you actually Al, this is from Rob Kwan at RBC. For Liquids Pipelines have you adjusted your return expectations in light of the energy transition? And will that mean higher hurdle rates, lower terminal values, or aiming to create commercial constructs that provide stronger upfront cash flow?

Al Monaco: Well I think the short answer's yes. And I'd probably divide it out into two things, Robert. On those bigger, longer lead, high capital intensity projects those are the ones

that are sort of in that second priority within the third bucket that we talked about earlier. I think those clearly, and we've been doing this for a little while now already. You've gotta include an additional risk premium as I said earlier to account for those risks. And that's why we're gonna also have them come up against the alternatives, share buybacks and other options.

In terms of the, you know, the more conventional part of the bucket, and Vern and his team's done a tremendous job of having, you know, bringing forward lower capital intensity projects. I think those ones as we said earlier, we're gonna grap them because the returns there are going to be very attractive. When you go back to Colin's list of the multiples there, those are ones that are in this three times EBITDA category. So, you know, again, less, you know, less risk there for sure. They're in-franchise. We can usually control the regulatory risks much better. So we're gonna grab those up where we see them. And I hope that answers the question. If not, come back to me.

Jonathan Morgan: Great. Thanks, Al. Matthew, over to you. A question from Jeremy Tonet with JP Morgan. Do you see opportunities to participate in North American offshore wind buildout or have returns been competed too low for this to be attractive?

Matthew Akman: Hey Jeremy, thanks for the question. It's not a focus right now for us. We have a really strong pipeline in Europe and some really big opportunities there with good partners. The returns in the U.S. northeast have definitely been compressed. Obviously we keep an eye on everything. And never say never, we have a big presence in the northeast with other pipeline footprints. But yeah, right now we're very focused on Europe because we just have a great slate of projects in front of us and we know we're well positioned to win those and achieve good risk adjusted returns.

Jonathan Morgan: Great. Thanks Matthew. Maybe one more for you. It's from Rob Catellier at CIBC. With optimism and attractiveness of the offshore renewables busines, would you consider wholly owned assets or are you continuing with your partnership model?

Matthew Akman: Well, you know, we do both. And I think, you know, we're sort of agnostic but there are real benefits to the partnership model when you have a great partner. And when you look at the power industry overall it can become very local in terms of understanding the permitting process, you know, government and stakeholder relations.

And when you go to a place like Europe, you know, it is very important to have strong partners with very strong local presence and then we bring our strengths as well on top of that.

And the combination of those I think is very, very powerful. It also helps to have a financial partner like CPPIB. And, you know, by doing that, you know, we can actually participate in more projects with the same amount of capital and sort of have a portfolio approach that way where we spread the risk around even more and create an even lower risk composition for the overall business. And we see things very much the same way as them and we're both very disciplined and very sharp in terms of our analysis and knowledge of the industry. They've got a lot too.

So I think we're really well positioned because we have both I think the best industry partners out there and also the best financial partner. And so that's a very powerful combination.

Jonathan Morgan: Great. Thanks Matthew. Bill, this one's for you. It's from Pat Kenny at National Bank. Bill, do you see opportunities to help your power generation customers accelerate decarbonization of their operations?

Bill Yardley: That's a cool question. So I guess I'll expand this a bit. Anything we can do as an industry to decarbonize, whether it's going towards the electric generators or local distribution companies as our end user customers, or back to the well head or with the midstream players. Anything we can do to help would be outstanding because as an industry we've got the technology to significantly reduce our carbon footprint.

And so working together is really the best way to make that happen.

I think CCUS is a possibility to work with power generators and L&G developers by the way to use that technology in the future. So I'd say the answer is yes, it would be very preliminary to project that we're gonna get anything done there but working with Matthew's team I think we have a nice opportunity to decarbonize on both ends of the pipeline.

Jonathan Morgan: Thanks, Bill. Vern, next one over to you from Rob Catellier, CIBC. How does the pandemic related demand impact and the Mainlines' responsiveness and flexibility enhance discussions around Mainline Contracting.

Vern Yu: Well I think our response to the pandemic and the continued need for the Mainline has been really evident this year. Obviously by having flexibility to move all different types of crude we've been able to optimize our systems so when we've seen light production drop off very dramatically this year and we've seen heavy bounce back pretty quickly. We're seeing those benefits today as we're able to use some of our light space to move some medium grade crudes today. So that just shows the resiliency of our system.

Through the pandemic it's been a bit challenging to keep a dialogue going on Mainline Contracting with the broad customer base because obviously the upstream customers have been fighting

the day to day to ensure that they have the appropriate cash flow to move forward. So we've made some slow and steady progress by getting support from some other customers that we didn't have when we filed. And they're weighing in on the regulatory process now. So all that to say is that I think we've demonstrated the resiliency of the system and that over time will translate into strong support with whatever contracting efforts we have on the Mainline.

Jonathan Morgan: Great, thanks Vern. Maybe one more from you. It's from Chris Cox at Raymond James. Vern, how are you and your customers thinking about the reversal of Southern Lights versus re-contracting the pipeline for its current use?

Vern Yu: Thanks Chris, for that question. Obviously that's an interesting question because there are a few factors that I probably need to play out in the next several months that will give customers insight on whether they want to keep Southern Lights in diluent service or flip it around and put it into crude oil service bringing crude back into the U.S.

Obviously we need a little bit more clarity what's happening with some of the competing pipelines and we also need some more clarity on the stability of oil prices and what happens with indigenous condensate production in Alberta. But I think from our perspective it's a win-win situation. Either we're gonna see re-contracting on Southern Lights to keep

condensates coming up or we're gonna see an opportunity to flip the pipeline around and contract to be a main oil service returning back to the U.S.

Jonathan Morgan: Great, thanks Vern. We'll probably take two more questions here. Al, the next one is for you. It's from Alex Kania at Wolfe. While the company isn't thrilled with the idea of large scale M&A there appear to be a few partner stakes in Enbridge operated pipelines that may be attractive. How much sense would it make to consider rolling these in?

Al Monaco: Wow that's good question. You know, I think of the opportunities out there for asset deals that's obviously one that should fit logically. But on the other hand, you know, you're still likely going to be in an auction process unless we have a ROFR on it I suppose. But, you know, it's basically going to go through the same process as what we just described. And really compare that option to other options like investing in organic growth in business that will get us longer term opportunities that show grow upon themselves and even share buybacks as an option.

So, you know, I can see why that might be an opportunity but, you know, not necessarily right down the middle compared to the other options right now.

Jonathan Morgan: Thank you Al.

Al Monaco: Yeah, sorry just one clarification on that. The only exception to that would be if we can add some synergies that would come with consolidating something like that where, you know, we could have maybe better control over the asset. That's possible. But again, it would have to pass the test. Thanks.

Jonathan Morgan: Great. Thanks, Al. Bill, last question is for you. It's from Matt Taylor at Tudor Pickering. Can you provide a little bit more detail on the modernization program? What kind of returns do you expect to earn? You know, how long or when would you expect to earn those returns and what types of projects are you doing?

Bill Yardley: Okay. So as far as when we expect to earn the returns it'll be rate based returns. The sooner the better. We actually started--we had the very beginning of our modernization program tucked into our most recent Texas Eastern and Algonquin settlements so we're starting to earn on some of that capital now. As we roll through, so for example a lot of the horsepower conversions we're completing in Pennsylvania, that will be in the next Texas Eastern rate proceeding.

I would say that a half billion to a billion dollars over the coming years. What you try to do is have the most poignant discussions, the discussions very early on with your customers so that they know that this is coming and that you can get an

appropriate return fairly quickly. The examples, I mean, we ran through the horsepower replacement. So that's a lot of 1950s and '60s gas compression that we generally will replace with gas compression. We may look at electric in the future as well. But that's a fairly large undertaking.

And then all of our integrity work. I think you know we've had some challenges over the last few years and every program to do with our integrity programs we've looked at and we've revised. And now we're going in and doing a ton of inspections, twice as many as we ever have. And when you think about this, this is all done during a time when we've just got to make sure that we're as reliable as we can possibly be. Because we're not just needed a couple months of the year now, we are needed every day of the year. So reliability is absolutely critical. So I'd put it in those categories: horsepower replacement, reliability, and integrity programs.

Jonathan Morgan: Great, thanks Bill. So that wraps up the Q and A section. That wraps up the body of our presentation as well. I'm now gonna pass it over to Al Monaco to provide his closing remarks.

Al Monaco: Okay. Thanks Jon. Look, first of all thanks to everybody for participating today and sticking with this. You know, we'd sure rather be in the normal circumstance where we're sitting across from you and talking about our business that way.

But you know, nobody likes to be on these calls for very long and we thank you for sticking it out.

Maybe I'll go back to the beginning here. And I think there's a slide, we don't have to focus too much on that. But we feel very good if it's not clear about the future of our business. As I said early on, the sentiment towards energy has been extremely negative and way too much so in our view. And if you really get to the bottom line we are going to be delivering a lot of cash flow in this business for a long, long time.

We're hopefully coming through today in that we have the best demand pull infrastructure businesses. I think you've heard each of our businesses reiterate how important our assets are to the economy and why their cash flows are going to be continuing for a very long time in any scenario. We love the strength of these businesses. You know, every business has challenges but, you know, listening to this again today and we're so close to it maybe but the outlook for all of our businesses is strong. It's hard to poke holes in them. The gas utility, rock solid. Gas Transmission, double rock solid. A world class Liquids Pipeline network. And now a top notch renewables business that we've really built from the ground up. We're very proud of that.

We've got commercial structures that give us a lot of confidence that those cash flows are going to be there. On the growth side, again, very transparent. Through 2023 you've got

that two billion dollars of increased EBITDA. We've got five to seven percent fairly transparent beyond 2023. Note the locked down utility like capital this time around post-2023 in particular that low capital intensity project suite within liquids, utility growth in Cynthia's business, and of course the modernization capital we just went through on the last question there.

Bottom line is we see increasing free cash coming out of this business and we're going to be very disciplined to move this investable cash flow to the highest value options. And that includes ratable dividend growth. A strong balance sheet, and we are an ESG sector leader. I know we said that before but I think it bears reiterating. We believe that there will be a transition to a lower carbon economy but frankly we're not threatened by it. We're not threatened by the transition. Our assets will be generating cash for a long time and we're in the best position in this space to capitalize on what's going to happen there.

I think the model has generated good returns in the last 25 years. We're going to keep the model. The chart here really summarizes again how we think about it from our point of view which comes down to that 13% plus plus value proposition within a utility like model.

So that concludes the day today. Thank you again for participating and I know Jon has got a follow up plan today with

you and certainly we'll take more questions that come our way. But thank you very much for participating on this Enbridge Day for 2020.

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