Gas Pipelines & Processing

Greg Harper
President, Gas Pipelines & Processing
Key Messages

• Fundamentals drive substantial investment opportunity
  - Significant North American gathering, processing and pipeline infrastructure required over the next 15 years

• Assets well positioned to capture significant share of opportunities

• Construction and operational excellence provides competitive advantage

• Breadth of business capabilities and financial strength to provide entry into strategic opportunities
Asset Base

Positioned to capture significant investment opportunities

- Increasing liquids-rich gas production
- Several LNG project proposals
- Significant infrastructure requirements

• Alliance/Aux Sable – unique gas/NGL export solution

• Large-scale ultra deep water oil development underway

• Growing shale gas production
  • Infrastructure requirements in new regions
Unconventional shale and tight gas plays will continue to be focus.

The Northeast will account for substantial production growth over the next decade.

WCSB growth driven by NGL-rich plays & LNG supply.

Montney & Duvernay rival size & approach competitiveness of Marcellus.

Source: Enbridge / Consultant Views

Evolving gas flows create significant repurposing of assets

- Gas production driven by NGL-rich gas/crude shales
- Alliance NGL-rich deliveries maintained to access growing US markets & exports
- WCSB flows to eastern markets competing with Marcellus/Utica
- BC LNG projects’ in-service dates sliding
- Proposed Gulf Coast petrochemical & LNG exports to pull supply

Source: Enbridge
NGL Flows Impacted by Same Geographic Supply/Demand Inversion

- Impacted by increasing gas supply and geography
- New & expanded infrastructure required to handle growing supplies
- US Gulf Coast pet chem expansions underway
- Exports required to balance the market for ethane / propane
- ENB assets & pipeline corridors well-positioned to deliver increasing NGL supply

Source: Enbridge
Strong Fundamentals Drive Infrastructure Requirements

Significant growth opportunities in natural gas and NGL infrastructure

US Midstream Infrastructure Investment
2014 – 2025

Base Case Canadian Capital Expenditures
2014 – 2035

- Natural Gas Gathering, Pipelines & Storage
- Natural Gas & NGL Processing
- Rail & Marine Logistics
- Export Facilities
- Pipeline
- Gathering and Processing & Equipment
- Fractionation

Source: IHS
Source: INGAA March 2014
Our Strategy

Gas pipelines & processing poised to deliver sustainable growth

• Maximize profitability of existing asset base
  - Leadership focus and cross asset optimization

• Leverage existing assets with bolt-on capital projects
  - Drives optimization with lower cost high value expansions

• Aggressively pursue greenfield opportunities that meet ENB investment criteria
  - Leverage project execution and operational excellence along with proven business development leadership

• Pursue key entry points that establishes a new strategic foothold
  - Focus on new prolific basins and growth consuming markets
• Realigned leadership focused on results

• New key leaders expand capabilities in critical growth positions
Canadian Midstream

Growth in WCSB gas and NGL production drives significant opportunity

• Secured
  - Pipestone Sexsmith ($0.3B)
  - Cabin Phase 1 & 2 ($1.1B)
  - FEED study - NW Alberta Gas Processing Plant $400mm +

• Growth Opportunities
  - Large scale processing required
  - NGL market access required

• Enbridge Value Proposition
  - Low cost of capital
  - Execution capabilities
  - Primarily fee-based business complemented with producer services
  - Enbridge brand recognition
  - Alliance/Aux Sable optionality
• Unique rich gas gathering and delivery system (expandable)

• Limited NGL export capacity in WCSB

• NEB application filed in May 2014 for post-2015 services

• Re-contracting progressing well
  - New fractionation to be added to capture increasingly rich gas

Source: Enbridge
Offshore

Commercial model & project execution key market differentiator

- Secured / Selected
  - Walker Ridge / Big Foot ($530 mm)
  - Heidelberg Oil PL ($140 mm)
  - Under negotiation (≈$800 mm)
    - Selected as Owner/Builder/Operator

- Growth Opportunities
  - Resurgence of deep water oil prospects
  - More stable business model

- Enbridge Value Proposition
  - Existing footprint
  - Operational excellence
  - Execution capabilities
  - Strong track record

Source: Rystad Energy, Morgan Stanley Commodity Research estimates, Internal, CITI Research
Expand Scale Through Major Greenfield Opportunities

- **ASAP – Alaska Stand-Alone Pipeline**
  - ASAP – large capital project with low risk contract structure
  - Focus on active development of greenfield solutions within or from prolific basins
  - Pursue strategic partnerships for LNG
  - Leverage strong financial, operating & execution capabilities

**Greenfield Opportunities**

- WCSB
- Bakken
- Rockies
- Permian
- Mid Continent
- Gulf Coast
- GoM Offshore
Southern U.S. G&P Positioned for Growth

- Assets well positioned to benefit from rich gas development
- Substantial NGL processing capability
- Bolt-on acquisition opportunities
- Tremendous potential from future shale exploitation
- Focus in key regions beyond existing footprint
- Enhancing access to capital – MEP MLP
Long-Term Transformation of MEP Risk Profile

Demand-based revenue growth is a key strategic priority

- Risk profile transforms as base business grows and new business is captured
  - Demand volumes and revenue progressively ramping on Texas Express
  - Re-contract and capture new business that enhances cash flow certainty

Current Risk Profile

Future State Risk Profile (illustrative)

Hedged
Commodity Sensitive
Other Fee-Based
Demand or Volume Commitment
Key Takeaways

• Fundamentals drive substantial investment opportunity

• Enbridge positioned to capture its share of growing opportunities across the gas value chain
  - Safety and operational reliability remain cornerstone of business proposition

• Execution of strategic objectives will fuel growth
Q&A

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