Market Access - The Strategic Imperative Continues
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TD Securities - Calgary Energy Conference
July 9, 2014
1. The global energy context
2. North American crude oil fundamentals
3. Market access imperative
4. Executing infrastructure investment programs
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Enbridge Footprint

2013 Adjusted Earnings

- Liquids Pipelines: 68%
- Gas: 23%
- Power, International, & Energy Services: 9%

Liquids Systems and Joint Ventures
Natural Gas Systems and Joint Ventures
Power Transmission
Gas Distribution
Solar Assets
Wind Assets
Geothermal Assets
Fuel Cell
Waste Heat Recovery
Global Energy Outlook

- Energy demand growing
- Energy growth decoupled from GDP
- Shifting supply mix
- All sources of supply required to meet global demand
Global Crude Oil Demand Outlook

- Oil consumption grows by 17 MMbpd (2030)
- Growth driven by non-OECD countries
  - China +6 MMbpd
- OECD demand growth flat

Source: EIA
Global Supply Growth

+ 14 MMbpd by 2025

Canada & U.S.

OPEC

Other

Enbridge’s systems are accessible to 2/3\textsuperscript{rd} of incremental supply growth

Sources: EIA, CAPP, Enbridge Internal Forecasts
North American Crude Supply Growth

+ 7 MMbpd by 2025

Sources: Enbridge Internal Forecast and External Forecasts
U.S Crude Demand and Sources of Supply

U.S. production displaces waterborne imports

Sources: EIA
North American Refinery Markets

Source: StatsCan, EIA, Enbridge Internal Forecasts

Light Markets
- East Coast
- Eastern PADD II
- PADD III

Heavy Markets
- PADD II
- PADD III

PADD II
3.5 MMbpd Refining Capacity

PADD III
8 MMbpd Refining Capacity

Eastern Canada & PADD I
2 MMbpd Refining Capacity

Light Markets
- East Coast
- Eastern PADD II
- PADD III

Heavy Markets
- PADD II
- PADD III

Source: StatsCan, EIA, Enbridge Internal Forecasts
Challenge # 1 – Historic Crude Flow Pattern

Reconfiguration of pipeline grid underway
North American Regional Pricing Disparities

**Pricing Based on 52 week average ended June 30, 2014**

(Crude Prices: USD/bbl, Natural Gas Prices: USD/MMBtu)

**North American Regional Pricing Disparities**

- **Pacific**
  - Alberta Light
    - $95
  - Bakken Light
    - $92
  - WCS
    - $78
  - Maya
    - $92
  - LLS
    - $101
  - WTI Light
    - $116
  - WTI Heavy
    - $104

**Peak Heavy Differentials 1 Year ended June 30, 2014**

- WCS - Maya: ($34.41)
- WCS - WTI: ($41.20)
- WCS - Brent: ($51.94)
- WCS - Pacific: ($52.38)

**Legend**

- Light Crude
- Heavy Crude
- Natural Gas

**AECO**

- $3.77

**Brent**

- $112

**Henry**

- $4.27

**Maya**

- $93

**LLS**

- $105

**Maya - AECO**

- $3.77

**Maya - LLS**

- $5.27

**Maya - WCS**

- $27.54

**Maya - WTI**

- $17.54

**Maya - Brent**

- $22.54

**WCS - AECO**

- $3.77

**WCS - LLS**

- $23.77

**WCS - WTI**

- $41.20

**WCS - Brent**

- $51.94

**WCS - Pacific**

- $52.38

**Editorial Note:**

- Pricing is based on 52 week average ended June 30, 2014.
- Crude Prices: USD/bbl, Natural Gas Prices: USD/MMBtu.
Challenge #2 – The Cost of Adding NA Production

Global price signals required to induce investment

Source: Rystad Energy, Morgan Stanley Commodity Research estimates, Internal, CITI Research
Challenge #3 – Opposition to Energy Development

Stakeholders require more of energy companies

- GHGs and climate change
- Well-organized opposition
- High profile incidents
- National Debate
Market Access Priorities

- Asia
- Brent
- Maya
- LLS

- Red: Regional Infrastructure
- Green: Inland to Coastal Markets
- Blue: Coastal to Global
Liquids Pipelines - Regional Infrastructure

**Alberta**
- Wood Buffalo Pipeline
- Waupisoo Pipeline
- Athabasca Pipeline
- Woodland Pipeline
- Norealis Pipeline
- Athabasca Twin Pipeline
- Woodland Pipeline Extension
- Wood Buffalo Extension
- Norlite Diluent Pipeline

**Bakken**
- Enbridge Mainline
- Saskatchewan System (ENF)
- North Dakota System
- Bakken Expansion Project
- Bakken Access Program
- Berthold Rail
- Sandpiper

**Locations**
- Hardisty
- Edmonton
- Athabasca Terminal
- Cheecham Terminal
- Kirby Lake Terminal
- Alberta
- Saskatchewan
- North Dakota
- Minot
- Lignite
- Weyburn
- Cheecham
- Kirby Lake
- Berthold Rail
- Sandpiper
- Clearbrook
- North Dakota System
- Bakken Expansion Project
- Bakken Access Program
- Berthold Rail
- Sandpiper
Producers placing high value on market access and optionality

- Keystone XL
- ENB Northern Gateway
- TransMountain Expansion
- Energy East

Sources: Enbridge Internal Forecast

*Includes Bakken entering ENB Mainline*
Incremental Market Access: +~1.0MMbpd of Heavy; +0.7MMbpd of Light
Northern Gateway

Northern Gateway to connect Canada to global markets
- Approved in June 2014

Priorities:
- Meet 209 conditions
- Continue to engage with communities
- Work with the Gov’t of BC on 5 conditions
Narrowing Regional Pricing Disparities

- PADD II demand (BP Whiting)
- Enhancements and optimization
  - Drag reducing agent
  - Improved scheduling
  - Quality pooling
  - Line allocations
Regional prices reflect pipeline transportation costs.

Inland prices increase relative to global prices.

Source: IHS June 27, 2014 Long Range Forecast

*Brent price is a landed price on US East Coast/ US Gulf Coast. Assumed tanker freight cost of US$2.00 per bbl.
Executing the Capital Program

• **Major projects capability**
  - Supply chain management
  - Skills and processes
  - On time, on budget, safely

• **Financing**
  - Ample liquidity
  - Strong credit rating
  - Good access to capital markets

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**Projects In-Service**

2008 – Q1 2014

*Completed at 3% under budget*

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**Consolidated Credit Facilities & Cash***

$18B

*Includes Enbridge Inc., Enbridge Energy Partners LP, Enbridge Income Fund*
Earning Public Trust

- Putting safety and environment first
- Exceeding regulatory requirements
- Engaging stakeholders
- Investing in world class performance

*Gain the benefits of economic development in a sustainable way*
Industry Leading EPS & DPS Outlook

$42 Billion Enterprise Wide Capital Program

An Industry Leading EPS* Growth Outlook (but lumpy)

- 10-12% EPS CAGR
- Tilted Return Projects
  - $7.5B Line 3 Replacement
- New Growth Platforms
- Sponsored Vehicle Drop Downs

An Industry Leading DPS Growth Outlook (smoother)

- 10-12% DPS CAGR
- EPS Growth
- Surplus Cash Flow

2012 2017

* Adjusted earnings are non-GAAP measures. For more information on non-GAAP measures please refer to disclosure in news release.
Key Takeaways

- Global energy consumption rising
- North America well-positioned
- Good progress, but market access still challenging
- Energy development critical to Canadian economic development
- More balanced discussion on the importance of energy
Question & Answer Period