



Enbridge: A vital link in the U.S.-Canada energy partnership

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(Check against delivery)

Introduction

Thank you Peter - and thanks to the Canada/Minnesota Business Council - for inviting me.

When Peter first mentioned this event to me, it took all of 5 seconds to say yes.

There are a lot of reasons why I jumped at the opportunity.

One is the incredible level of economic and community spirit in Minnesota.

When I spoke at the Duluth Chamber last fall - I was taken aback by an audience of 1,300.

I then found out that Vice President Biden was in town and I concluded the audience somehow got the locations mixed up.

By then it was too late, they had to listen to me.

Another reason is that the state of Minnesota is home to our U.S. pipeline business.

Over the last decade, we've invested close to \$2 billion here and there's a lot more to come.

And our staff are part of this community, along with thousands we employ to build projects and support our business.

There's another reason – Canadians feel at home in Minnesota because we have a common bond with the best sport in the world – hockey!

This is the one place in the United States where I don't have to apologize for not being as excited about baseball.

Our shared passion for the game lines up with strong business and energy ties...

.....ties that are crucial to meeting North America's energy security needs.

And as luck would have it, the Calgary Flames are in town tonight playing the Wild.

I'm looking forward to the game – we're in a tight playoff race and the Flames are due for a win over the Wild.

On that note, Peter, I'd like to present you with a gift to show my appreciation for inviting me here today.

Those are all good reasons to be here, but here's the most important one.

As leader of Enbridge it's my job to connect directly with our stakeholders:

- To listen carefully to community leaders, partners, unions and our customers – and to our opponents;
- To share our company's values and the passion our people have for delivering energy;
- And to build an even stronger relationship, and continue to earn your trust.

All that to say that we don't look at ourselves as people who just build and operate pipelines.

We're proud of what we do, our role in the economy and being part of this community.

Today I'd like to discuss 3 topics:

- First, Enbridge's approach to the pipeline business....

.....which is through the lens of sustainable development;

- Second, the evolving energy landscape and how that's driving the need for new infrastructure....

..... including here in Minnesota.

- And third, a topic that's on everyone's mind – the price of oil.

A North American Perspective:

Before I do that, this map shows our North American footprint.

We safely deliver 2.2 million barrels across the border every day....

.....in fact we move more than half of all Canadian crude exports. b

By the way, Canada is the largest source of foreign oil to the U.S.

We're Canada's largest natural gas distributor, heating over 2 million homes.

Our natural gas pipelines extend to the Gulf of Mexico.

We're one of the largest generators of solar and wind electricity - \$4 billion invested so far.

We're growing that business and we'd love to do that right here in Minnesota.

Enbridge-wide, we're in the middle of executing the biggest capital program in our history - \$44 billion.

I'm not showing this map to boast about the size of our asset base...

...rather to illustrate that our perspective is North American in scope.

Enbridge in Minnesota – since 1949

Our roots in Minnesota go back 65 years -- we've grown up in this area and we care about it.

Duluth/Superior was – and still is - the terminus of our original Line 1 built in 1949.

Line 1 established a strong connection between western Canada and communities like Bemidji, Deer River, Viking, Clearbrook and Duluth.

Minnesota has become a critical part of the North American energy picture.

Today, 21% of all of the crude oil imported into the U.S. flows through Duluth/Superior.

Crude oil is refined and consumed in Minnesota, whether that's gasoline for cars, jet fuel for air travel... ..and a myriad of products from petroleum that we use every day...

... from clothing to medicines to the plastics for our smartphones and computers.

We've had a 50-year partnership with Flint Hills and the Pine Bend refinery just outside the Twin Cities.

Enbridge meets nearly 80% of refining demand in the state.

Our partners include companies that provide power, environmental support, architecture, engineering, and many more.

Some are here today – Otter Tail Power, Minnesota Power and Natural Resource Group to name a few.

We have a strong relationship with unions –yesterday I toured the Laborers District Council Training Center in Lino Lakes.

I came away impressed with their commitment to hands-on training – and the training facility itself.

We have a similar facility in Toronto where employees hone their skills in a full streetscape setting.

Let me now turn to our approach to the business through the lens of sustainable energy development.

Enbridge's Approach to the Business

The term “sustainable development” gets thrown around a lot but here’s how I look at it, which is illustrated by this simple equation.

There are two parts to achieving sustainable development

Part 1 is the economic benefits of what we do....

.....Part 2 has to do more with how those benefits are achieved.

Both parts are vital to sustainable development and we need to balance both. And we need to have them in the right order.

Most people get the economic benefits, but here’s a snapshot.

Over the next 3 years, we plan to invest \$5 billion in the state.

The first thing that usually pops into people’s minds is jobs.

Yes, there will be a lot of jobs, some 3,000 direct jobs on our projects themselves.

But as this audience knows well, it’s also about the multiplier effect of that \$5B investment.

Buying equipment and using services like hotels and restaurants, grocery and clothing stores.....

.....housing, and all of the jobs, training, and building that goes with it.

Once our projects are operating, they generate property taxes – more than \$30 million annually in Minnesota – that contribute to funding the things we want in our society . . .

. . . schools, hospitals, social programs and good infrastructure.

We invest heavily in organizations essential to the health of our communities.

And we help fund equipment and training for emergency first responders.

We don’t do these things because we want our logo splashed around (we can advertise).

But it’s because when your company and employees are part of a community...

... we believe it’s our responsibility to invest in that community.

So the economic benefits are clear and they allow us to share in each other’s success.

But I think our industry needs to focus even more effort on Part 2....

....by upping the game on safety and environmental protection.

I say that because if people have concerns about that, the economic benefits won’t register with communities - they just won’t matter.

That’s why the safety of our pipelines is Enbridge’s #1 priority.

Part of that is not just meeting standards, it's striving to be world class.

I know that thinking aligns well with what Minnesotans want.

We set a high bar for our performance...

... and we hold ourselves accountable.

Our staff take pride in what they do because they are part of the community.

A couple of examples that demonstrate our commitment on that front.

Our #1 Priority – Safety and Environmental Protection

I raise this because there's a perception that our business is low tech and "old" economy.

In the last four years, we've invested over \$4 billion on the most extensive inspection and preventative maintenance program in the history of the North American pipeline industry.

And just as cell phones and computers have seen massive improvement, so too has construction and operation of pipelines.

We're using the most sophisticated inspection tools in the world.....

.....medical imaging technology that's very similar to an MRI you'd get at your medical clinic.

These high tech machines crawl slowly through our pipelines, scanning the pipe inch by inch to check its condition.

New lines are designed using the same technology NASA uses to map the surface of Mars

That helps us find the best possible pipeline route.

But nothing replaces eyes on the ground, so we closely assess the entire route

We embed environmental experts alongside our engineers to make sure our designs deliver the highest in environmental protection measures.

A few more...

... we use higher strength steel, state of the art pipeline coatings...

... and we invest in research – including ultra sensitive acoustic sensors, fibre optic leak detection and pigments to detect the presence of H₂S.

And we take advice from landowners....

... who else would know better about local conditions?

Protecting water

And we're taking the utmost care with water-crossings.

We know that water is especially critical to Minnesotans.

We have state-of-the-art 24/7 monitoring, advanced detection technology, remotely controlled isolation valves and thicker wall pipe.

But it goes beyond the safety of our systems - we all have a powerful emotional connection to water...

...it's central to our wellbeing and the outdoor culture of Minnesotans (swimming, fishing, and canoeing).

As Canadians, we share your passion for the outdoors and your pride in the Great Lakes.

Enbridge has been here for decades, so we have a broader interest in environmental stewardship beyond pipelines.

Through our Neutral Footprint program, we're fulfilling our commitment to minimizing our environmental impact...

... by replacing the trees we remove and conserving acres of land to match the acres of land we disturb during construction of our pipelines and facilities.

Since January 2009 we've planted over 700,000 trees.

We've disturbed a little over 2,000 acres.... but helped conserve more than 45,000 acres.

We're now looking at how we can expand this initiative beyond trees and land.

We want to learn more and advance everyone's thinking on water.

To do that, I've asked our Chief Sustainability Officer, Linda Coady, who's here today...

... to reach out to individuals and organizations developing new approaches to water stewardship.

Linda's has a deep background in forestry and agriculture and was Vice President of World Wildlife Fund Canada.

She also led the sustainability program for the 2010 Winter Olympics in Vancouver.

Linda has a special passion for water and can bring her experience to bear here in Minnesota.

Please see Linda afterwards if you have any thoughts on who she should be reaching out to.

Let me conclude this topic with this thought.

The reality is we need pipelines to support our energy needs.

We move millions of barrels of oil and billions of cubic feet of gas safely every day.

Unless we want to stop using gasoline, jet fuel and 100's of other products, we need pipelines and we know they are most effective.

What we need to focus on is making sure we're edoing it in the safest possible way.

Massive North American Supply Growth

I'll now turn to the changing energy landscape and how that's driving the need for new infrastructure.

In the space of a very few years, technology has unlocked massive unconventional oil and gas reserves in North America.

The U.S. is now the world's largest liquids producer.

And with growing supply from Canada, North America could become energy self-sufficient.

I'm not sure we've fully realized this yet, but we've been blessed in North America with a huge global competitive advantage.

That competitive advantage stems from the combination of:

- The sheer magnitude and quality of our resource base;
- The skills and technology to develop them;
- And the capital to fund their development.

As we speak, the tremendous supply growth is driving the transformation of the North American pipeline grid.

Whereas pipelines were previously focused on moving imported volumes from overseas to inland markets.....

.....we're now pointing those lines, and new ones, to move domestic production from inland to coastal refining centers.

Enbridge is at the center of this transformation.

And we're investing billions of dollars to connect production....

.....to key markets in the U.S. Midwest, Eastern Canada and the U.S. Gulf Coast.

Investing in Minnesota

This slide shows the projects we have on the go in Minnesota.

It includes our \$7.5 billion replacement of Line 3 -- the largest project in our history.

And the Sandpiper Line which will move production out of the Bakken region.

Sandpiper moves American oil for American consumers – with Minnesota as a key player.

Together, Sandpiper and Line 3 will generate more than 3,000 construction jobs in Minnesota...

...and most of those jobs will be filled by Minnesotans.

Sandpiper will add about \$25 million in property taxes in its first year.

Unfortunately, Sandpiper is now expected to take a year longer to get going because of regulatory delays in Minnesota.

I'd like to thank all of the people from labor, business and communities....

...who have spoken out in support of Sandpiper at the hearing and in their communities.

It's been a healthy discussion, which we value because the debate can provide ideas from the community on how we can make our project even better.

Enbridge is Opening Up New Markets

This map gives you a sense of how Minnesota fits into the bigger picture.

By 2017, we'll open up 1.7 million barrels per day of new market access ...

...enabling producers to access key refining markets so we can get a world price for our limited resources....

...and providing refiners (like Pine Bend) with secure supply, reducing reliance on overseas imports.

And when you've efficiently connected markets with pipelines, it's consumers that benefit.

We're also re-purposing existing infrastructure - reversing and converting pipelines

.....wherever possible to minimize our environmental footprint and community impact.

But, there is a major challenge that threatens this opportunity.

Solving infrastructure requirements is not rocket science.

We can manage those – commercial, cost, field execution, capital.

The bigger challenge is opposition to energy development and understanding of the role of energy to our way of life.

Opposition to energy development

That opposition seems to extend to any and every energy project; even pipelines, which have proven to be the most effective way to transport energy.

This challenge stems from a confluence of 3 factors:

- Legitimate concerns about climate change;
- Significant events like Macondo and San Bruno; and
- The elevation of regional energy projects to a national policy debate.

This isn't just noise.

Today, regulators, political leaders, employees and the public - expect more of energy companies.

The public wants to know what we're doing to continually improve, to get better.

This is also an obsession of mine and our management team.

I've talked about our approach to sustainable development – and how we've upped our game in safety and reliability.

We're speaking with stakeholders much earlier – and putting in more time up front to find out what matters most to them.

And we're engaging more often and at all levels.

On Sandpiper, that's included community open houses and face-to-face meetings with landowners as well as online information and regular updates for stakeholders.

And we've taken a show-and-tell approach.

Including taking people out to integrity dig sites, where they can see and touch the pipeline.

In financial terms – it's the equivalent of opening up the books.

Oil prices

Let me make a few comments on oil prices.

The price decline we're experiencing is mostly supply-driven – which we've seen before.

Basically, the pace of global supply growth exceeds the rate of demand growth – and that puts pressure on price.

So the market is out of balance.

Yes, lower prices are good for consumers and other sectors of the economy.

But the severity of the price hit is having a significant impact on capital investment....

...through February this year, the industry has announced \$90 billion in expenditure cuts.

That should be a concern to all of us.

For our part, we're working with our customers to keep costs in check.

And we're opening up markets as you just saw, which provides them with the best price.

Most experts agree that we'll see a rebalancing of supply with demand and a price recovery.

The timing of rebalancing the market is uncertain simply because the momentum of supply growth is like piloting an aircraft carrier.

You can't stop on a dime.

But let me say this.

The long term global fundamentals for energy are very strong, driven by:

- Population growth
- Urbanization
- Standard of living

All sources of supply are needed.

And we'll continue to see the need for new energy infrastructure to support growth.

Enbridge and Minnesota are critical to making that happen.

In Conclusion

So my messages today are threefold;

- First, it's critical that the industry and the general public look at our business through the lens of sustainable development....we believe Enbridge is at the forefront of that approach;
- Second, the North American energy landscape has changed..... and that means we need to invest in new infrastructure. That will generate significant economic growth and ensure our energy security on this continent for decades to come.
- And, third, despite the slowdown in investment, the long term global energy fundamentals remain very robust.

Let me close by returning to the common bonds between Canada and Minnesota and a call to action to everyone in this room.

It's critical for all of us to be part of a better and much broader energy discussion.

As project proponents – we can't do this on our own.

We need people like you talking about the importance of energy and the themes I've talked about today.

Here's one way to think of it.

Everyone here knows winning hockey games comes down to teamwork, digging pucks out of corners and playing solid defense.

It's a good analogy for what feels some days like a battle over energy infrastructure.

What we need to do is transition our game from defense to the offensive zone.

I'm asking all of you to take part in the public dialogue to help balance the debate over energy development.

Having coalitions of support – from people, communities and businesses along all points of the energy value chain . . .

. . . is increasingly important in helping the public understand the need for pipeline projects and the benefits they deliver.

In today's heated environment, it's critical that voices that support responsible development are heard.

In other words, it's time for us to put some pucks in the net.

Thank you.