



North America's Energy Advantage

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**March 6, 2017 opening remarks for Welcome and
Luncheon Dialogue: "Building tomorrow's
infrastructure" at CERAWEEK Energy Conference
Hilton Americas Houston
Houston, Texas**

**EMBARGOED until Monday, March 6, 2017 at 12:30 p.m. CT
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Thanks Dan.

I'm excited to be here for a bunch of reasons but mostly because today there's a building momentum in our industry...

...there's a "new energy around energy".

Yes, prices *have* stabilized, but it's *really* about upstream confidence and a much more constructive debate is taking place on the merits of energy.

Because of cost and technological innovation, we're emerging stronger than ever.

And we've never been better positioned in what I like to call a true North American competitive advantage in energy.

We're on the cusp of establishing a global energy leadership position.

I say "on the cusp" because the one thing that's holding us back is creating timely access to markets.

I think it's the biggest issue we face as an industry.

So my comments will focus on this notion of a North American energy advantage and what we need to do to move forward on energy infrastructure.

Now I'm showing this one map because it provides context for my comments.

With our recently completed Spectra acquisition, Enbridge is now the largest infrastructure player in North America.

We connect the most important supply basins and demand centres.

Our liquids systems move about 60% of the oil from Canada to Midwest and Gulf Coast refining markets.

20% of natural gas moves through our systems to the US NE and SE (and Canadian markets) and we're one of the biggest processors of NGLs.

Our gas utilities serve 3.5 million customers.

And we're rapidly growing our renewables business.

North America's energy advantage stems from a unique combination of resources, the world's most advanced technology being applied to those resources, and availability of capital.

That combination has unlocked massive unconventional potential.

Over the past decade, US gas production is up 50%; oil by 85%.

LNG exports are growing - by 2035 we could see the U.S. with the largest global market share of LNG.

We've seen improvements in capital efficiency – 3 years ago the Permian was \$60 - today, \$35.

We hit a new oil exports record in February (more than 1 mmbpd).

In Canada, producers have reduced unconventional oil op costs by 35% to below \$25/bbl.

In the oilsands, new technologies are being piloted right now that could lower the full cycle investment threshold to below \$50/bbl.

And that will come with the potential to lower emissions intensity by 35 to 70%.

Today, a new era of Canadian energy darlings are finding gas at extraordinarily low costs, that compete with any basin.

So fantastic resources and capability to extract them economically.

But something that's equally important to harnessing North America's energy advantage is the connectivity of the Canadian and U.S. energy market.

We have the largest and most integrated energy system in the world.

A network of more than 80 pipelines moves liquids and natural gas.

30 electricity transmission lines move energy north and south which optimizes capital and ensures grid reliability.

We share a highly integrated supply chain.

The steel we use in our pipelines comes from either side of the border, and the pipe is rolled in globally competitive US and Canadian mills.

2,000 US companies directly supply Canadian producers.

There's rapid transfer of technology and a free flow of capital that makes this go around.

Here's how that translates to our North American competitive advantage:

- It provides low cost and reliable feedstock for refineries and petrochemical clusters;
- Manufacturers enjoy lower energy costs, critical to their competitiveness
- It creates energy self-sufficiency and security for our future
- And it positions North America as a critical exporter to compete for growing global demand for energy.

When I think about energy and how Enbridge feeds industry and consumers, *I don't see a border*;

I see tremendous synergy that puts North America first on energy.

It's really the integrated nature of our energy market that generates a true North American energy competitive advantage.

That brings me to the one thing that prevents us from realizing that value, that advantage.....

....energy infrastructure and timely market access and the regional and global price disparities that occur when we're capacity-short.

Case in point - the US northeast – despite the proximity to some of the largest natural gas plays, it continues to be the highest priced end use gas and power market in the country.

There are many similar disparities.

The reality is that the dynamics of continental energy transportation have changed.

- The source of new production growth potential is not where it used to be.
- Drilling and production efficiency + technology allows us to respond very quickly to price signals (drilling tap)
- And energy flows are now driven by the need to move supply growth from inland to coastal processing and refining markets for export.
- In the past, the need to import energy drove it from coastal markets inland.

These dynamics mean we need to look at infrastructure differently.

For sure it means more infrastructure, but we need to be more responsive to the changing fundamentals of energy.

Now, those are tough issues but not insurmountable.

We know how to reverse pipelines, expand their capability and build new ones.

The real challenge is opposition to energy development because the main target of that opposition is now the transportation conduit.

It stems from a confluence of factors you're familiar with (climate change, heightened community concerns.....

.....and outright opposition to fossil fuels supported by increasingly sophisticated opposition.

Those issues are driving major permitting delays - what used to take 2 years now takes 4 or more.

More important there's very little predictability in processes and timelines.

That drives higher transportation costs but also a higher cost of equity capital across the energy value chain.

The broader implication of delayed or curtailed market access is our inability to capitalize on the North American competitive advantage.

If we don't get better at energy infrastructure:

- We miss capturing global export opportunities (case in point - Canadian West Coast LNG)
- Producers don't realize fair value for resources required to sustain jobs, economic growth and government revenue.
- And ultimately consumers lose.

I'll close with a snap shot of how we address the challenge.

First, industry needs to up its game when it comes to developing and executing projects.

For Enbridge, our effort and focus is tilted much more now to engaging local communities...

...it's a lifecycle approach where we start way earlier, much more during project concept phase...

... and it continues through the life of the asset.

And it's the "how" that's critical – moving from "consultation" to actually listening carefully and responding.

You need to be able to take advice from communities and change to make projects better.

For example, we've found that Indigenous and Native American input is very helpful given their connection to the water and land.

And we're showing communities and the public that safety and environmental protection are our # 1 priority (Hoping to share some examples later).

This is industry's job – we need to world class.

Second, industry and governments have got to support the independence of permitting agencies to do their job in applying their technical and scientific expertise.

So, we need to return to greater certainty and predictability in the permitting process.

And if some reform of agencies is required to improve performance and confidence, let's get after it.

Third, US and Canadian governments need to look at their own and each other's policies – from taxation to incentives for R&D and production, to climate.

But they need to do that through the lens of North American energy competitiveness.

What I'm saying is that we need governments to collaborate – and to get behind the goal of unlocking our North America's energy advantage.

North America has an unprecedented and unique opportunity:

Great resources, technology and capital coupled with an amazingly integrated energy market that generates real value.

Our ability to realize that advantage rests on being able to build the infrastructure we need.

And that requires strong collaboration between industry, governments and regulators.

I'm optimistic that the new energy we're seeing in energy will continue to drive a more balanced debate over energy's merits...

....and one where we can find common ground in achieving our economic and environmental objectives.

By working together, I believe Canada and the US will become a global energy force.