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Enbridge, Inc.**

**Board of Trade of Metropolitan Montreal
(business luncheon)**

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(English version)**

Introduction and Context

Merci monsieur Leblanc, distinguished guests, ladies and gentlemen.

I'm a frequent visitor to the great city of Montreal often speaking with investors, our partners or visiting our operations in the Province.

The Board of Trade invitation provides me with a unique opportunity to discuss a topic that's of great importance to all of us – the dramatic changes that are reshaping the global energy marketplace.

At Enbridge we believe it's critical to build trust with the communities we operate in. So, it's my honor to address business and community leaders in Quebec [Pause]. [French]

When it comes to energy, there are some long standing realities; however the dynamics of the business are very different today.

One reality is that global energy consumption will continue to increase to support industrial and population growth.

We can meet that demand with new supply, but the size, nature and location of new energy sources has shifted dramatically.

The result is a major shortage of transportation infrastructure.

And we're facing major questions around environmental stewardship - the debate about fossil fuels has reached new heights.

Importantly, this debate is no longer one between energy companies and those directly affected by infrastructure.

The discussion is part of the public policy discourse, hastened by information travelling faster and way beyond our own boundaries.

Energy issues are no longer regional or national, they are global.

Energy proponents are under tremendous scrutiny from regulators and by those who oppose all forms of energy – not even renewables are immune from attack.

The question these issues raise is....how can we satisfy the growing need for energy to support economic growth, and our way of life, in a sustainable way.

How we respond to this challenge is the central theme of my remarks and there are 3 parts to this story.

First, I will share our perspectives on global and North American demand and supply because those drivers shape how we look at the challenge.

Second, I'll discuss how we address the challenge, which boils down to capitalizing on the complementary nature of all forms of energy sources – and Quebec is an excellent example of how this approach can work.

And third, and a key part of meeting the challenge, is the need for energy proponents to do a better job of building public trust.

To put this in context, I'll briefly describe who Enbridge is and how we fit in the energy space.

Enbridge Footprint

This map outlines our North American footprint.

In simple terms we provide a transportation link between energy supply and demand.

We occupy the midstream part of the energy value chain between oil and gas developers and retailers of energy.

So, it's our job to figure out how best to connect energy markets.

We play a critical role in our economy and way of life; providing energy to heat homes, fuel for vehicles and airplanes and the source for many other day-to-day products like clothes, computers, plastics and medical equipment to name a few.

Montreal is home to a very dynamic petrochemical industry in the east end of the city – Suncor, Parachem, Selenis and Cepsa are integral parts of the polyester cluster, the only one of its kind in Canada.

The way we look at it, delivering energy – safely and reliably - is our prime social responsibility – one that supports prosperity and quality of life of millions of people.

And this is my personal commitment as leader of Enbridge.

Key to all of this is that we serve a variety of energy sources.

We deliver 2.5 million bpd of oil to key demand centers – including half of all Canadian exports to the US.

We're the largest natural gas distributor in Canada, heating over 2 million homes, including southwestern Quebec.

Our long distance natural gas facilities extend from Northern BC to the Gulf of Mexico.

And we've become a major player in renewables – we're Canada's largest generator of solar energy and 2nd largest wind power generator.

We've invested \$3 billion in wind, solar, geothermal, waste-heat recovery - and a host of alternative energy technology projects.

Our wind power capacity exceeds 1,400 MW, more than 1/3 of which is in Quebec.

That's enough power to supply nearly all the homes in Quebec City, Trois-Rivieres and Sherbrooke with clean, emissions-free energy.

We're one of only eight Canadian companies ranked as the Global 100 Most Sustainable companies.

And, we're one of the largest companies in Canada with an enterprise value of some \$ 65 billion. 1 in 7 Enbridge shares pays dividends to Quebec investors.

Enbridge – A Long-term Partner in Quebec

Enbridge has been a long time partner in Quebec.

We view Quebec as an attractive place to do business -- and we see good potential to continue to expand our investments.

In natural gas distribution, we meet the needs of Gatineau residents through Gazifère.

In 1997 we became one of the principal shareholders of Noverco which owns the controlling interest in Gaz Métro.

Gaz Métro is one of the gems of Quebec industry; and that natural gas has a very important role to play in fulfilling the energy needs of Quebecers.

In conjunction with the Caisse and our other partners in Noverco, Enbridge will strongly support Gaz Métro's continued development of natural gas distribution in Quebec.

And then there's our Line 9 crude oil system and our recently established renewable business, more on those later.

At Enbridge we believe that when you are part of a community, you need to invest in it – and we've developed strong ties here in Quebec.

Enbridge – A Community Partner in Quebec

We're proud to support the communities in which we do business, including:

- the Montreal Museum of Fine Arts
- the Institut du Cancer de Montreal
- as well as our national sponsorship of the Enbridge Ride to Conquer Cancer, including the next three years of the Ride here in Quebec.

Enbridge is part of the economic and social fabric of Quebec, and we hope to play an even bigger part in future.

With that backdrop, let me now focus on the first part of the story, the energy landscape.

Global Consumption Growth and Sources of Supply

There are two things to draw from this chart.

First, global energy consumption will continue to grow over the next two decades – 36% by 2030, 50% by 2040.

Demand growth will be driven by non-OECD countries – especially China, which, along with India, account for half of the increase.

North American consumption will be muted - due to slower economic growth, increasing fuel efficiency, the use of biofuels and changing demographics.

Second, it's undeniable that we will need all sources of energy supply to meet that demand.

But the mix of new supply is shifting with the largest contribution coming from natural gas and non-fossil fuels, mainly renewables with hydro and nuclear chipping in.

The Changing Energy Mix

As you can see, natural gas is converging on coal and is expected to become the second largest fuel source by 2030.

Similarly, the proportion energy expected to come from renewables continues to grow rapidly to more than doubling over the next two decades.

That said, while the contribution of fossil fuels will decline as we transition to a lower carbon intensive economy, they will continue to supply about 80% of world energy use.

It's up to all of us to focus on reducing our energy footprint even further.

At Enbridge Gas Distribution we have over 30 programs that encourage our customers to reduce their consumption of natural gas – resulting, over the past eight years, in a reduction of 7 billion cubic meters – or enough gas to supply approximately 2.3 million homes for one year.

North American Energy Supply Growth

Only a few years ago, we were facing declining energy supplies and increased imports in North America.

Today, the continent is on the road to energy self-sufficiency.

We're seeing explosive growth in energy production; in Alberta's oil sands, U.S. unconventional oil and gas plays; and the offshore Gulf of Mexico.

Over the next few years, we'll see some 4.5 million barrels per day of oil supply growth, most of which is light oil, and more beyond that time frame.

This certainly bodes well for North American energy security.

Price Dislocation and New Infrastructure

With growing supply comes the need for new energy infrastructure.

We have a well-developed pipeline network - but there's not enough capacity and it's not in the right places.

This slide illustrates how the lack of sufficient pipeline capacity results in regional price disparities.

As you can see we have major price dislocations for crude oil across North America.

For example, the price of WCS crude in Alberta vs. Mayan crude in the Gulf Coast should reflect the cost of transportation of about \$7-\$8, not \$25.

And lack of sufficient pipeline access means light oil east coast refiners are burdened with higher Brent based feedstock costs that are above the price of Canadian crude.

Our Line 9 reversal is designed to provide eastern refiners with access to North American supply.

And we are investing billions right now to ensure adequate transportation infrastructure.

I'll come back to this point in a minute.

North American Total Energy Mix Outlook

In terms of the total energy picture, just as we saw globally, hydro-electric power, wind and solar are a key part of our future energy mix.

With the pace of coal-fired generation retirements accelerating, renewables and gas-fired generation will be fuels of choice. [Pause].

From these fundamentals, two things are clear – first, in order to satisfy demand, we will need all sources of energy supply.

And second, significant new infrastructure is required to connect markets.

The 2nd part of the story is how various sources of supply complement each other and support sustainability.

And to that we can look to you in Quebec for how sources of energy supply can work together.

Leveraging Hydro-Electricity in Quebec

The lynchpin of Quebec's energy strategy of course is hydroelectricity providing safe, secure and environmentally sound energy to Quebecers. Development of hydroelectricity and renewable energy will no doubt be a focus of the energy Commission consultations and we look forward to participating in the discussion.

Quebec's position in hydroelectricity is complementary to other fuel sources, beginning with wind energy.

Wind Development

Your province has shown great vision and leadership in establishing wind as a significant new source of clean energy with:

- more than 1,600 MW added since 1999
- over 2,000 MW of capacity contracted to be built by 2015
- and another 1,500 MW of capacity still to be contracted by then.

Total investment, some \$10 billion.

Not only is wind diversifying Quebec power supply, it works hand in hand with hydro-electricity.

When wind power is not generating at full capacity, hydro can be brought on to smooth the supply. Conversely, when wind is generating at full capacity, it replenishes depleted hydro reserves.

In combination, wind and hydro provide a sustainable and highly reliable source of power.

And consider the massive spin off effects from manufacturing and assembly of wind equipment, enabling economic development in the Gaspé and building a unique capability in this province.

This strategy generates significant economic benefit for Quebec - capital investment, job creation and regional development.

Enbridge Wind Investments in Quebec

It's this vision and complementary resource capability that makes us a big believer in Quebec and the growing wind power sector. And we've invested accordingly.

With EDF Canada, we are now fully operational with our 300 MW Lac Alfred project in the Bas-St-Laurent region.

The 150 MW Massif du Sud in the Chaudière-Appalaches.

The 80 MW Saint-Robert Bellarmin project, 300 kilometers east of Montreal.

With 530 MW of capacity, we're providing clean electricity to meet the needs of nearly 125,000 Quebec homes.

All in, we've invested more than \$600 million in Quebec wind and plan for more.

Natural Gas

Moving to natural gas – which is a critical and complementary source of energy.

The benefits of natural gas are many:

Vast amounts of natural gas reserves make it an abundant low cost fuel source.

It's safe, reliable and cost effective for heating and cooking.

It's a fuel of choice for power generation due to its lower carbon intensity, the relative ease of permitting and the ability to locate it close to demand centers.

Given its ability to ramp up quickly, gas-fired generation is an ideal complement to more intermittent sources like wind and solar.

Here in Quebec and elsewhere in North America, natural gas for long haul transportation is on the cusp of a break through.

Canada's Largest NGV Fleet

Nearly four decades ago the world's first natural gas vehicle (NGV) was showcased by Enbridge. and today we have Canada's largest NGV fleet.

Clearly, we are big believers in natural gas with our footprint throughout North America and including distribution in Ontario, Quebec and New Brunswick.

Moving now to oil.

While new forms of energy may be developed over time, oil will continue to be part of the supply mix for the foreseeable future.

Line 9 (map)

To illustrate the importance of oil in Quebec, I'll discuss our Line 9B project.

A bit of history is important. The original line was built in 1975 to assure security of supply for Quebec (flowing west to east).

The flow was reversed in 1998 to import overseas oil, which was cheaper back then, but the opposite of what we see today.

To address this problem, we're proposing to put the line back in west-to-east service.

The most important point is that this involves minimal new construction and disruption to communities. The line would carry mainly light oil.

Over the last thirty years, five refineries in Montréal have closed. Thousands of well-paying direct and indirect jobs were lost. We can't let that happen again.

Today, more than a third of Quebec's total energy demands are met by imported oil – a massive outflow of wealth estimated at \$14 billion annually.

The benefits of Line 9 to Quebec are clear, the most important of which is to sustain critical refining capacity . . .

. . . maintaining more than 4,000 jobs, many of which are in Montréal's east end – jobs that are primarily dependent on the refining and petrochemical industries.

Access to reliable western supply would serve to make the two remaining refineries, Suncor in Montreal East and Valero in Levis, more competitive.

These two refineries represent 20% of Canadian capacity or about 370,000 bpd and both have indicated that they plan to invest millions in their infrastructure to receive Western oil.

And let me be clear: Line 9B will serve only the needs of Quebec.

A recent report concludes that not only will Western oil help to ensure the competitiveness of Quebec's two refineries . . .

. . . “the pipeline projects are essential for maintaining the industrial fabric that depends on them”.

In this case, the 48 petrochemical companies that rely on their products. I mentioned earlier three of those companies.

Together with the Suncor refinery, they form a unique polyester cluster in which products in turn become the raw material for another company in the chain.

By virtue of their proximity, their complementary operations and shared installations and services, they're able to reduce costs and environmental impacts.

Providing a reliable and relatively inexpensive supply of crude oil from Western Canada would not only help develop refining activities in Quebec, but also help ensure the vitality of a rich industrial ecosystem in Montreal's east end. [French]

I'm not going to belabor these points, because frankly I believe the majority of Quebecers understand the economic benefits – they get it.

Indeed a survey commissioned in May by the Quebec Federation of Chambers of Commerce confirmed the majority Quebecers are in favor of the Line 9B reversal.

Much of that broad public understanding of the issues is due to the work done by the Coalition in support of the project, and I know that many representatives of the Coalition are here today.

They include:

- the Board of Trade of Metropolitan Montreal
- the Federation of Quebec Chambers of Commerce, and the chambers of Montreal East and Levis,
- the Quebec Employer Council, Quebec Manufacturers and Exporters,

- the Industrial Association of Montreal East, the unions, Suncor and Valero.

I want to thank you for your efforts in supporting a project you believe to be very much in the best interests of Quebec and one that respects the principles of responsible, sustainable development.

As leaders and representatives of the community, you've brought credible, reasoned voices to the discussion. [Pause]

To this point, we've discussed the fact that energy consumption will grow; the complementary nature of various fuels, and what's at stake economically.

Let me complete the story by discussing an equally critical element of the fulfilling our energy needs -- sustainability.

The Sustainability Equation

If the energy industry has learned anything in recent years, it's that economic benefits alone are not enough to achieve public support.

The pipelines and facilities we operate require public trust and confidence that we are transporting our energy resources responsibly.

Frankly, that trust is being tested.

We can debate the reasons for this – increased activism by energy opponents, heightened political sensitivity - and we can quote statistics that show our pipeline safety record.

Get the facts out, as they say.

That's important. But in my view, on its own this won't greatly alter public perceptions of our industry – it won't change the public debate.

Why? Because those perceptions are not based on our everyday successes – on what usually goes right.

They're mostly determined by our failures – on what can go wrong.

The terrible loss of life at Lac Mégantic has deeply affected all Quebecers, and indeed all Canadians.

It reinforces our duty – our responsibility to the public to ensure products are transported safely.

Today, Quebecers don't want to hear how good we think we are, or what we've done in the past.

They want to know what we're doing now - to improve, to get better, to prevent accidents. And they're right to want that.

We need to demonstrate an unshakeable commitment to safety and environmental protection.

At Enbridge we're determined to be the industry leader in that regard. In our view, this isn't a "nice to have", it's a price of entry and our most important priority.

Let me provide a few examples to demonstrate our commitment.

Sustainable Energy Development

For new projects, we use the same technology NASA uses to map the surface of Mars to identify the safest pipeline route.

We embed environmental experts alongside our engineers – ensuring designs deliver the highest in safety, and environmental protection.

When it comes to operations, let me spend a moment on the significant incident we experienced at Marshall Michigan in 2010.

We never thought this could happen to us, but it did and it shook our company.

Regardless of your history, when something like this happens you need to take a look in the mirror.

Although very difficult and humbling, it has made us a better company; and I'm proud of the way we responded to the incident and the 3 years since then.

We doubled resources on maintenance, safety, leak detection and control systems.

We opened a new, state of the art control centre.

We increased our spill response assets and capabilities, improved our training programs and enhanced emergency responder education and funding.

We changed our organization and implemented improvements in processes, procedures and integrity management.

We've undertaken the most extensive inspection and preventative maintenance program in the history of the North American pipeline industry...

. . . including more than 400 in-line inspections and almost 6,000 verification digs in just 3 years.

We use the most advanced inspection tools that incorporate medical imaging technology – similar to MRI's – so that we can see every millimeter of pipe in the ground from many angles.

We're investing in the development of some exciting new technologies:

- a new liner with a fiber-optic leak detection system;
- ultra-sensitive acoustic sensors to identify the very smallest of anomalies;
- new pigments added to paints and plastics that detect the presence of H₂S;

Community Engagement

We engage communities earlier and more often.

For example, we've met with 2,600 stakeholders in consultation for Line 9B Project, in a transparent and honest effort to understand and address concerns.

Our staff and independent experts have provided extensive information directly to landowners and through open houses, and meetings with municipalities, First Nations, and local organizations.

We're listening carefully and addressing concerns as best we can. And this consultation process is ongoing for the life of the Project.

Like all pipeline applications, the public review of the Line 9B Project is extensive, open and thorough.

The Line 9B Project is currently before the National Energy Board. The NEB will hold oral hearings in October in both Montreal and Toronto.

There are 60 intervenors in the proceeding, and another 115 parties who have filed comments.

A decision is anticipated in early 2014 and, if approved, the pipeline would be re-reversed and flowing product to the Suncor and Valero refineries by the end of that year.

Neutral Footprint

At Enbridge, even though we are not a large GHG emitter, we've set out a plan to stabilize our environmental footprint and reduce our impact.

Our "Neutral Footprint" commitment includes generating a kilowatt of renewable power for every kilowatt of conventional power our operations use.

We plant a tree for every tree removed, and we conserve an acre of natural habitat for every acre that our operations disturb.

You can see with this chart that we are meeting our exceeding our objectives.

Conclusions and Call to Action (grey slide)

So to summarize, there's no doubt that energy consumption will continue to grow and that we'll need all forms of energy with new infrastructure to meet that demand.

We recognize that those developments require public trust - that we will do everything in our power to protect communities and the environment.

We're committed to doing that, because against a background of heightened environmental concerns, energy leadership and environmental leadership are two sides of the same coin . . .

. . . you are not going to achieve one without the other.

We all stand to benefit from energy projects - carried out in a responsible and respectful manner - that create employment, prosperity, and a sound economic base for the future.

As a company, we are expanding our presence in Quebec because of the complementary nature of various energy sources; hydro-electric power, wind energy, natural gas and crude oil.

We're proud of our investments throughout the Province and the relationship we've built, over the last 38 years by . . . being a strong corporate citizen in Quebec – one that we value greatly, and that will become even deeper.

Let me conclude with this thought.

Several provinces are well endowed with natural resources; Quebec with hydro-electricity and wind power; B.C, with natural gas; and Alberta with world class oil reserves.

It's critical that we obtain fair value for those resources through timely and adequate transportation infrastructure – electricity transmission, long distance pipelines and distribution networks.

By maximizing the value of these resources, Canada as whole will benefit and support economic growth and the social safety net we need for our citizens.

This will require respect and a cooperative approach amongst all of us.

And it will require helping all Canadians become better educated on all forms of energy and our current and future energy needs.

I'm encouraged by what I'm hearing from governments and the more positive tone being used today.

If we can maintain and build on that, we will meet our energy needs in a sustainable way.

Finally, it's the people in this room that can make a difference.

The energy industry itself is not always viewed as an unbiased source – and that's where we need all business and community leaders need to speak up.

Be part of a respectful debate of energy issues within your communities, across our country and at all levels of government.

Achieving a sustainable energy future – one that enhances prosperity for Quebecers and all Canadians -- is an issue that affects each and every one of us.

Regardless of where we may fit in the energy value chain, we all depend on energy.

We all have a stake in our energy future.

Merci !