



Alberta Business Person of the Year 2016

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Introduction

Thanks for the kind introduction Jean, Dean Doucet

Your honor Lois and Doug Mitchell

Minister Shannon Phillips

Thanks to our Enbridge Board members that are here this evening – including Charlie Fischer, a previous recipient.

And thank you all for being here tonight.

I'd also acknowledge that this meeting is occurring in the traditional territory of the Treaty 7 First Nations.

Those who know me know that I'm uncomfortable with personal recognition.

It's nice to be included with the 19 previous honorees.

But it's the people I work with, and my wife Laurie, who put up with me, that deserve recognition.

Everybody knows the energy business is challenging today.

The industry is often vilified as 'old economy' – or worse.

Our own staff bears that pressure every day – great people who happen to be in the eye of the storm.

People that take pride in what we do: delivering the energy people want and need . . . energy that drives our economy and supports our social fabric in Canada.

So this recognition is important to the 10,000 people who work at Enbridge.

It's really because of them that I'm here tonight.

Before I start, I'd like to pay tribute to a great Albertan . . . Jim Prentice.

Jim worked tirelessly for our Country, for Indigenous people – it was a privilege to know him.

He wrote a letter of support for me receiving this honor tonight, which meant a lot to me.

In my role I get to meet a lot of inspiring people.

But Jim's passion to make things better was unmatched.

Why the glass is half full

You're probably expecting me to talk about pipelines tonight.

It's hard not to -- they're in the news every day -- including yesterday, so I'll say something about that.

But connecting our energy to markets is part of something bigger -- and that is, the opportunity for Canada to achieve a leading global position.

I'll talk about 3 themes that can help get us there:

- The key ingredient that goes into a leading global position - competitiveness;
- How business should think about strategy in that context;
- And then how we execute those strategies when there's so much opposition to development.

Let me first provide some context.

In Alberta we've had our share of pain recently -- it's still rippling through our economy.

Province-wide, roughly 100,000 people have lost their jobs.

More broadly, the public wants change . . . just look at the turnover in our provincial and federal governments, Brexit . . . and of course the U.S. election.

And global growth is anemic.

When you're in the middle of all that -- and you add on the usual healthy dose of Canadian pessimism -- the glass looks half empty.

We're all guilty of the glass-half-empty-syndrome -- but that mindset needs to change.

Leadership, which we're talking about tonight, is about optimism and looking forward.

I'm not naïve about the challenges -- our team lives them every day.

But optimism drives us to think more creatively, than from the depths of despair.

It means recognizing our strengths - the glass isn't half empty -- it's actually half full.

And here's why I say that.

There's a momentum building around Canada right now -- and the growing value in Canada's brand.

Yes, countries have a brand too!

Canada's brand matters because it supports exports and investment, and attracts a talented workforce.

And it's a source of confidence we need to compete in world markets.

The Economist recently said . . . Canada is uniquely fortunate in many ways...

...from our stance on free trade and our fiscal stability to our culture shaped by decades of immigration and diversity of our population.

But we don't need The Economist to tell us that – we already know it.

Just look at the Canadian champions we've grown – businesses that are the best at what they do, continentally and globally.

Our company is one of those champions, with a long history of delivering energy.

And when we complete our Spectra acquisition, we'll be the largest energy infrastructure company in North America . . . headquartered right here in Alberta.

We're not alone in building from a Canadian base to global stature.

Take Alberta champions – Suncor, Canadian Natural Resources, TransCanada, Agrium, Stantec . . . to name a few . . . national champions like our Canadian banks . . . mining companies . . . construction . . . telecommunications.

So the glass is half full, which gives us the right mindset as we look forward.

The question is: How do we build on that to achieve a leading global presence for Canada and the growth opportunities that go with it?

How do we fill the rest of that glass?

How Alberta and Canada can achieve a new global position

I think it starts with trade – because it's at the heart of our economy and standard of living.

The essence of trade is relative competitiveness between nations that capitalize on what they do best.

The new U.S. administration has brought competitiveness, and what it means for Alberta and Canada, into much sharper focus.

Realistically, nobody can really tell you what it means right now – it's just too early.

But one thing's for sure, the U.S. stance on trade, taxes, monetary policy and regulation can't be ignored . . . because our competitiveness is affected by what the U.S. and others do and there being a level playing field.

Now, that field is never going to be completely flat but it can't be radically tilted either . . . otherwise investment moves elsewhere, our growth suffers and our standard of living declines.

It's a real issue for one of our existing Canadian advantages – natural resources.

If we look at it, the U.S. is a tough competitor on energy – excellent resources, technology, factors of production and good infrastructure.

With the exception of pipelines, I'd say we're mostly on par with the U.S. . . . but we're much more heavily reliant on resources and exports.

And we're much further away from markets so our transportation costs are higher.

We'll also have a national price on carbon.

That's fine, but there's no equivalent cost on U.S. consumption, and we expect the U.S. to further relax energy regulation.

Now, I want to be crystal clear on this.

Climate change can't be ignored – and there's been a growing commitment by governments and business to reduce emissions intensity.

And let's not forget that in Canada about 2/3 of our electricity is already generated from renewable sources of energy.

But companies like Walmart, Apple and Google are changing how they use energy in response to consumer demand.

Most Canadians want to see action on climate.

What's changed is that industry now gets it too.

We've already seen how Alberta's and Canada's actions on climate have positively impacted the Canadian brand that I talked about earlier.

An economy wide price on carbon, combined with investing in technology, is an effective way of reducing emissions for one simple reason.

It incents people to use energy efficiently.

If you price something, you'll be focused on how much of it to use.

So pricing carbon makes sense.

But what I'd like to see is more transparency, and a running tab, into how all policy changes, like carbon pricing, affect Canada's North American and global competitiveness.

My point is that to achieve a new global position, we need to know where Canada's relative position is headed . . . in the next 5 years and in the next 2 decades, and drive policy based on that outlook.

If we rely on trade then we need to make competitiveness part of our national strategy.

And we need to strive to move our current 15th ranking globally into the top 10.

I'll close this theme on something we should be very optimistic about.

Canada has a huge, untapped competitive advantage in natural gas.

It's the combination of resources with skills and technology that are being driven by a new breed of Canadian champions.

Companies like ARC, 7 Generations, and Encana are finding natural gas at costs that we never been imagined.

They're light years ahead of the rest of the world in developing unconventional.

If they're investing capital with gas prices at \$3, imagine the opportunity for Canada if we can attach to gas export markets where gas sells for multiples of that.

The U.S. is now ahead of us on both gas and oil exports, but our opportunity is still right in front of us.

Think of what it would do for our global position if we connect to those markets.

Business strategy: Building optionality

So in this global context, how should business think about strategy and competitiveness?

First, bigger is not necessarily better, but building scale and scope can move strategy (I'll illustrate that in a minute).

Even more important to strategy is putting your business in a position to capitalize on opportunities you simply can't fathom today.

I like to think of that as building optionality . . . consciously creating a set of opportunities, or options, that provide flexibility and establish beachheads.

Let me illustrate by example.

Two decades ago, we were solely an oil transportation company.

But we loved the fundamentals of natural gas and acquired Consumers Gas of Toronto.

That created a set of embedded options that could have value one day.

It turns out we were right.

When the shale gas revolution hit, the role of gas changed.

- Gas became massively competitive against all other fuels;
- It's now the most impactful way of reducing emissions;
- And it laid the foundation for our move into renewables, where we're now the 2nd largest in Canada.

Basically, that investment spawned a bunch of branches from the original tree to create exponential opportunity.

Now, were we really that smart?

Did we predict all that happening?

No – but the options that came with the franchise allowed us to capitalize when things changed.

Have a look at this map of what we'll look like after our Spectra transaction.

Imagine the new set of opportunities created from doubling the size of our platform across North America.

It exudes optionality.

Creating a competitive advantage

A final comment on strategy is building competitive advantage.

To me competitive advantage is about the combination of assets, skills and knowledge that -- when layered and intertwined with each other -- aren't easily replicated by competitors.

Today, that formula better include earning and building public trust.

In our case that means people knowing that we're world class on safety and environmental protection.

That reality has changed how I think about my own role.

Today, you can't lead the business from your office – you need to engage on a personal level.

I'm just as likely to be meeting with communities, mayors, landowners, Indigenous leaders and government as I am with shareholders.

Hearing directly from these stakeholders, communities and your staff on the ground helps leaders figure out . . . if the trust is there and identify shifts that can change your strategy.

And one of our biggest learnings for the energy industry is what's referred to today as "post-truth".

That's where emotion and personal belief are far more influential than giving people "the facts".

Finally, your people are critical to competitive advantage, so we'd better focus on developing them.

We've all heard people say she/he is a natural born leader.

I personally don't subscribe to that theory.

To me, leadership is learned and experienced.

Five years ago, we realized we were becoming so big and complex . . . that we needed to be more deliberate about developing strong leaders.

My personal learning has been that having leaders at all levels – along with diversity that fosters new thinking – is critical to sustaining the business.

Forming trust and positive relationships

Let me conclude with how we execute strategies in the face of growing opposition to development.

Some believe that the new U.S. administration changes everything when it comes to pipelines.

But there's no silver bullet when it comes to energy development.

Pipelines, right or wrong, will be the lightning rod for wider issues we can't control on our own.

I'm not here to complain about that because it's our reality and our job to manage.

Leadership is defined by how you respond.

The table stakes for managing through those challenges are solid execution capability.

Where industry needs to raise the ante, is on the ground.

Today we take a different approach – engaging with communities earlier and understanding concerns.

Not just listening to what they say, but using their input to make projects better.

Raising the ante includes our relationships with Indigenous peoples.

Before you even begin a project discussion, you need to understand their culture, history and relationship with the land and water.

We need to do a better job of that if we want to be successful in resource development.

Our people who work on projects often ask how we solve the issue of “social license” – when no one really can define what that means in objective terms.

What I tell them is to do what we do best – operate safely and reliably and protect the environment . . .

To not just meet, but exceed regulatory requirements . . . and strive for world class, because that's what the public expects of us.

What we find, more often than not, are positive relationships – with landowners, first responders and communities.

Yesterday, there were announcements on three pipeline projects, which included our Line 3 Replacement.

This is a big deal because this \$7.5 billion project is critical infrastructure, generates thousands of jobs and supports our Canadian competitive position.

I'm proud of our team.

We earned solid support from communities and landowners.

And we built trust with more than 150 Indigenous communities and groups.

As you know, the federal government rejected Northern Gateway.

They've been signaling that for a while, so we're not surprised, although it's unfortunate Canada has missed this opportunity to have a nation-building project 1/3 owned by First Nations and Métis.

A few things were noteworthy in what the Prime Minister said:

- That there needs to be a balance of environmental and economic considerations when you're talking about the national interest;
- And that not everyone is going to agree when it comes to these decisions;
- A strong recognition of the tremendous value of Canada's natural resources; and
- Finally, that pipelines were the safest form of transportation

The time is now

In summary, I'm optimistic about Canada achieving a leading global position.

To get there we need to have a more positive mindset and recognize that we've developed great Canadian champions, and we're growing more of them.

We need to keep a very close eye on our competitive position and policies that improves our global ranking.

As part of that we need to build Canada's brand, and we're on the right track on that one.

Strong businesses will be needed to achieve a leading global position – a focus on strategy, optionality and competitive advantage.

And we need to come together – and to speak out - in tackling the tough issues that stall development.

We've seen how, by working collaboratively – across industry, government, Indigenous peoples, environmental groups – we can find solutions that work . . . that find the balance between environment, economy and our social landscape.

The best example is here in Alberta where all parties came to the table on climate change, heard each other's point of view, and found a path forward.

It's critical for all of us to be part of a national conversation about how we see our country – and our global position – and the importance of energy to our future.

Finally, it's pretty clear the glass is half full, not half empty, and a new, leading global position for Canada is within reach.

Now we need to fill the rest of the glass.