

Liquids Pipelines

Vern Yu

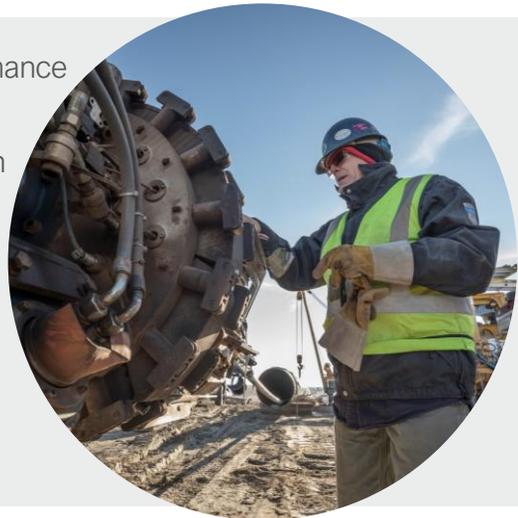
Executive Vice President & President, Liquids Pipelines



2020 Accomplishments



- ✓ Reliable operations and strong safety performance in challenging COVID-19 environment
- ✓ 92% YTD mainline utilization vs. N. American average refinery utilization of 79%
- ✓ Record deliveries to USGC refiners
- ✓ Commenced construction on Line 3 in Minnesota
- ✓ Advancing Mainline Contracting application with CER



Three Key Questions

1

Why are we highly confident in the longevity of our cash flows for decades to come?

2

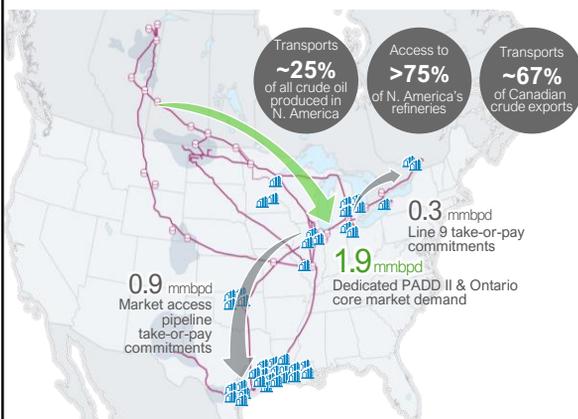
How will we boost returns and Free Cash Flow with zero/low capital-intensive investments?

3

How will we drive growth through USGC terminalling and export infrastructure?

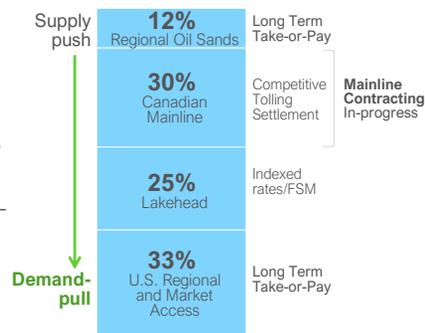
Premier Liquids Pipeline Franchise

3.1 mmbpd Demand Pull from Premium Markets



- Fully integrated system essential to N. American economy
- Demand-pull by most sophisticated refinery complexes in the world
- Connected to long-lived heavy supply
- Underpinned by low-risk commercial models

Highly Predictable Cash Flow (2019 EBITDA)

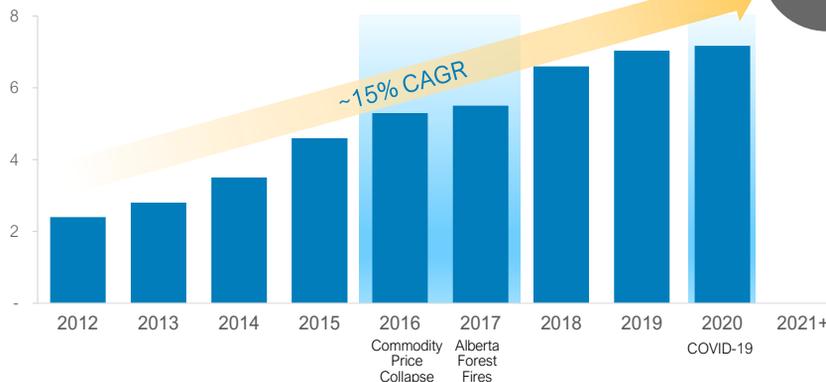


Largest and most competitively positioned crude oil system in N. America

Reliable and Sustained Growth

Liquids Pipelines EBITDA

(\$ billions)



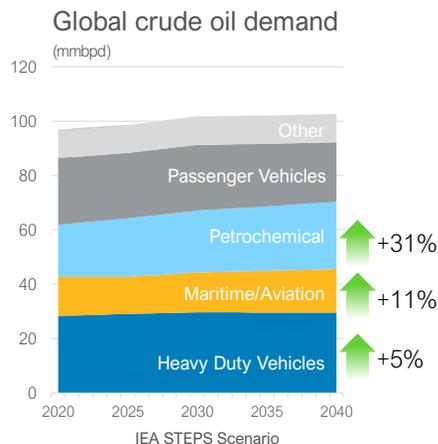
+\$5B
8yr EBITDA growth

- Long-term fundamentals drives strong crude oil demand for decades
- Integrated system connects most sophisticated demand-pull refineries to long-lived heavy supply
- Reliable long-term system utilization and cash flows

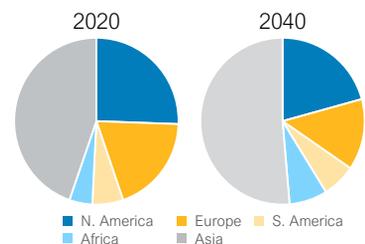
Demonstrated track-record of cash flow growth, with a robust growth outlook

Global Oil Demand

- Oil remains a principal fuel of the global energy mix
- Crude oil demand grows through 2035 propelled by petrochemical demand and population driven transportation demand
- Accounts for significant adoption of electric vehicles and increased fuel efficiency standards



Global crude oil demand by region



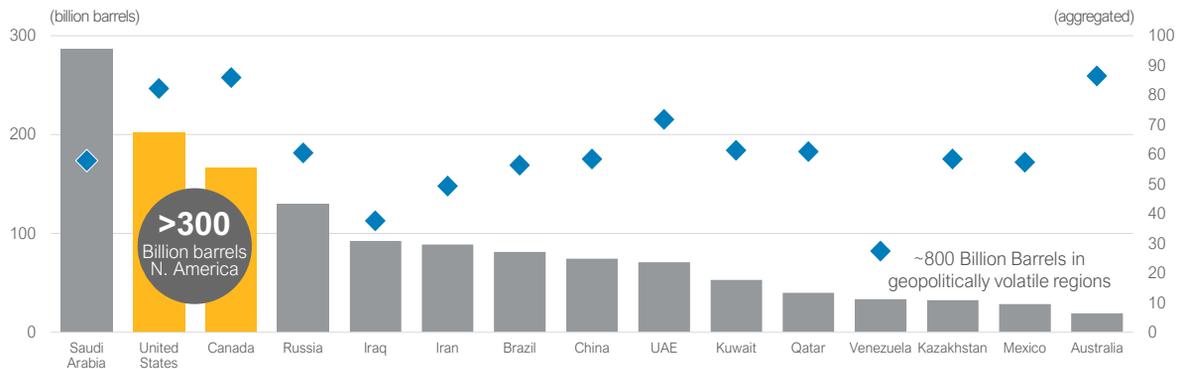
- By 2040, Asia >50% of global crude oil demand
- Population growth and urbanization in China, India & Middle East leads to growing crude oil demand

Post COVID-19, crude oil demand rises until at least 2035

N. America Supply Remains Essential

Global Remaining Crude Oil & Condensate Feedstock Resources

◆ ESG Scores¹



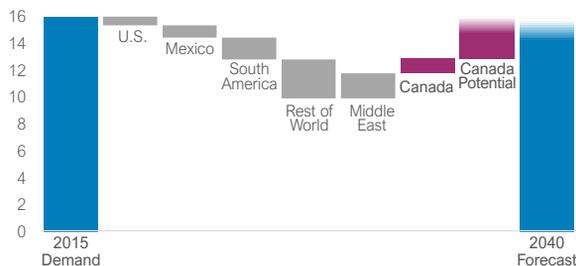
Responsibly developed N. American production will be vital to address long-term demand

(1) ESG Scores – aggregation using an equal weighting (1/3) for each of 2020 Yale Environmental Performance Index, 2020 Social Progress Index and 2019 World Bank Governance Index. Reserves – Rystad, Rystad UCube, CAPP, Company estimates.

Global Demand for Canadian Heavy

Global heavy supply changes 2015 - 2040

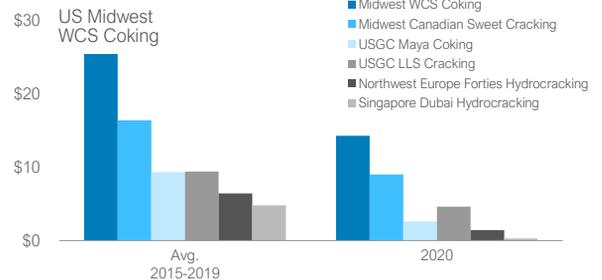
(mmbpd)



- Traditional supplies from Mexico, Venezuela and U.S. are in significant decline
- Canada provides critical source of incremental heavy crude supply

Canadian heavy advantage

Light vs Heavy Refining Margins



- Heavy crude demand is driven by the most globally competitive refineries
- Our core Mid-west and USGC markets generates the strongest refinery margins globally

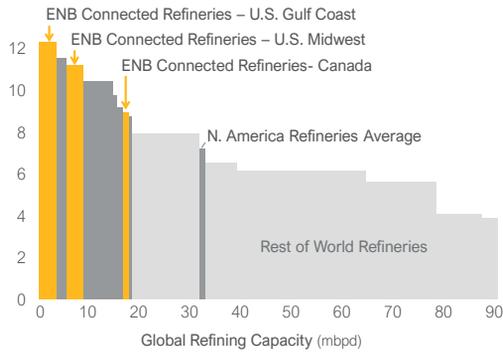
Canadian heavy expected to achieve a greater share of the global heavy oil market

Source: Rystad, Rystad UCube, Bloomberg, Company estimates.

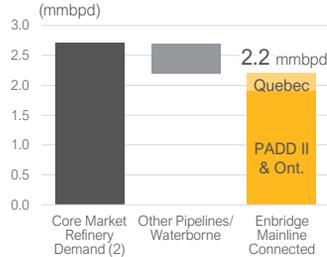
Resilient Long-term Demand

Competitive and complex refineries

Nelson Complexity¹



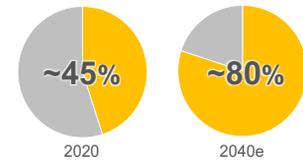
Core Markets in PADD II & Eastern Canada



- Significant heavy oil refining capability in the Midwest
- Minimal northbound connectivity and heavy supply from Cushing
- Supports continued demand for barrels on the Mainline

PADD III & U.S. Gulf Coast

Increased market share of Canadian heavy in USGC



- Dependable long-lived Canadian heavy supply
- Highly competitive with alternative sources
- New pipeline egress supports growth

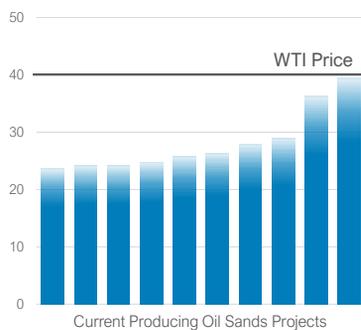
Enbridge connected refineries are the most competitive and resilient, ensuring long-term demand-pull

Source: Oil and Gas Journal, WoodMackenzie Oil and Gas Journal and Company estimates (1) The higher the Nelson rating, the more conversion of the barrel to valuable products which translates into higher margins and thus improved competitiveness. (2) Core Market refinery demand is based on a 95% utilization rate.

WCSB Competitiveness Drives Growth

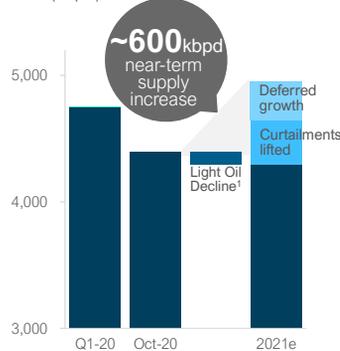
Resilient Cost Structure

WTI Cash Breakeven Price (\$/bb)¹



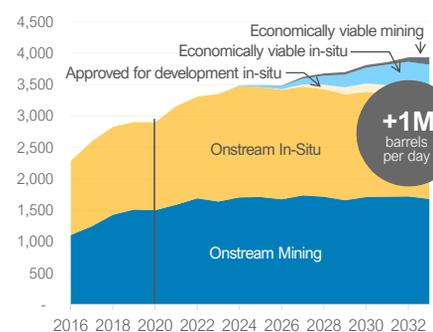
Near-term WCSB Crude Supply Outlook

(kbpd)



Long-term Supply Outlook

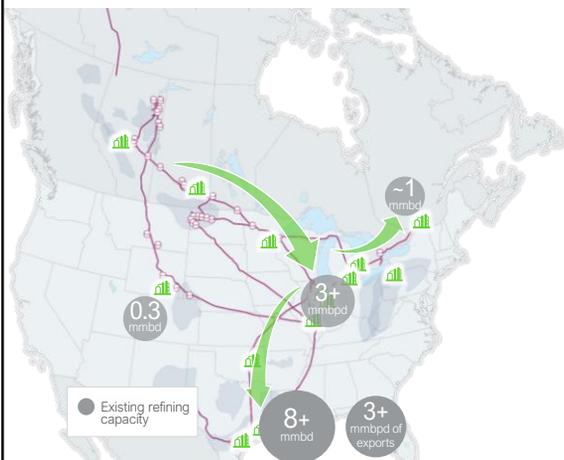
Bitumen Production (kbpd)



WCSB has sustainable low-cost structure and competitive development economics

Source: WoodMackenzie, Government of Alberta Royalty Data and Company estimates. (1) Includes cash operating cost, diluent and transportation.

Long-term Durability of Our Strategy



N. American crude oil production is critical to **long-term global demand**

Our system is connected to the **most competitive and complex refineries** in the world

Canadian heavy supply provides a **structural advantage to these refineries**

Capturing **long-term global demand** through integration of our system to export markets

Our N. American Liquids Pipeline system will generate reliable and growing cash flows for decades to come

Three Key Questions

2 How will we boost returns and Free Cash Flow with zero/low capital-intensive investments?

1

Why are we highly confident in the longevity of our cash flows for decades to come ?

3

How will we drive growth through USGC terminalling and export infrastructure?

Strategic Priorities

Enhance Returns from Existing Business



- Continued system optimization
- Maximize efficiencies
- Toll escalation
- Contract the Mainline

Execute Secured Capital Program



- Line 3 US
- Southern Access to 1.2 mmbpd

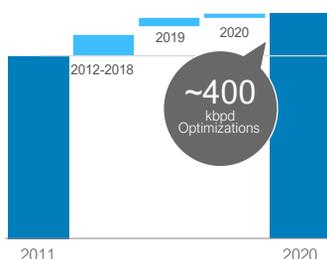
Further Organic Opportunities



- Low-cost system wide optimizations/expansions – Regional, Mainline, Market Access
- Leverage heavy advantage to meet USGC/Global demand
- Expand export market reach

Maximizing Efficiency

History of low-cost utilization enhancements



Mainline utilization improvements and optimizations

Efficiency opportunities

- Crude slate optimization
- Drive cost efficiencies
- Improved terminal throughput
- Optimize maintenance scheduling
- Technological advancements
- Self-Power

EBITDA driver



Strong track record of capturing improvements to improve utilization and lower costs

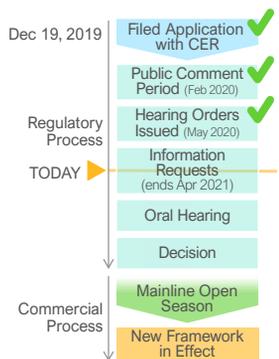
(1) 1% improvement on Mainline throughput, has an approximate \$50M impact on Liquids Pipelines segment EBITDA.

Mainline Contracting

Striking a Balance

Benefit	Producer	Refiner / Integrated Producer
Secures Supply/Demand for WCSB production	✓	✓
Stable and Competitive Tolls	✓	✓
Flexible Contracts	✓	✓
Priority Access	✓✓	✓✓
Improves WCSB Netback	✓	✗

Contracting Timeline



Cost of Service Alternative

Impact to Enbridge

+	Enhances low-risk utility-like business	+	Reasonable risk-adjusted ROE
✗	Limits incentive for optimizing system through low-cost alternatives		

Impact to Shipper

✗	No priority access	✗	No toll certainty
✗	No cost management incentives	✗	No capacity optimization incentives

An attractive and competitive offering with greater than 75% support from current shippers

Line 3 Replacement Status

Regulatory:

Authorization to Construct • PUC issued Authorization to construct on Nov 24

State Permitting:

MPCA 401 Permit • Section 401 Water Permit issued Nov 12 ; Construction Stormwater Permit issued Nov 30

DNR Permits • Final permit issued Nov 12

Federal:

USACE 404 Permit • Final permits issued Nov 23

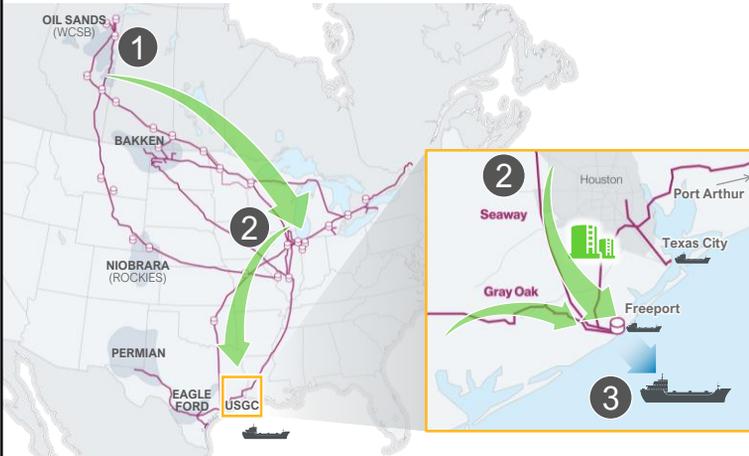
Construction:

• Kicked-off at Fond du Lac Reservation: Nov 27; Remainder of Minnesota: Dec 1



Minnesota construction underway; expect Q4 2021 ISD

Integrated Value Chain Drives Growth



Strategic Focus Areas

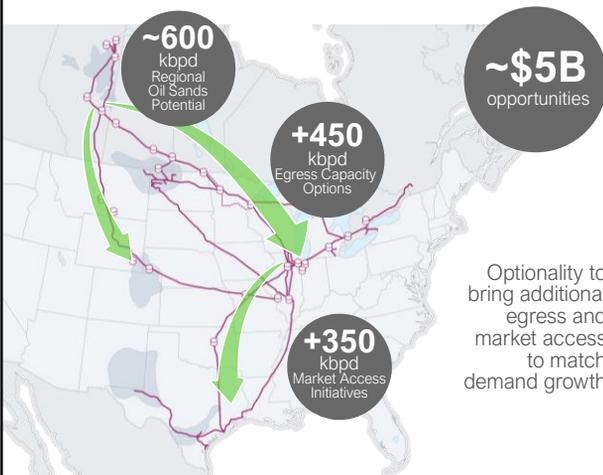
- 1 Capture Oil Sands growth through low-cost Mainline expansions
- 2 Expand and extend our heavy advantage to meet USGC demand
- 3 Extend export market reach

Investment Criteria

- ✓ Highly executable
- ✓ Short-pay back period
- ✓ Low capital intensity

Opportunity set to be developed under robust capital discipline framework

Capital Efficient Expansion and Extension



Regional Oil Sands

- Forecasted oil sands growth requires regional infrastructure
- Up to 600kbpd of highly capital efficient expansions

Egress Capacity

200 kbpd	Mainline Enhancements
150 kbpd	Southern Lights Reversal
100 kbpd	Express Enhancements

Market Access

250 kbpd	Flanagan South Expansion
100 kbpd	Southern Access Extension Expansion
200 kbpd	Seaway Expansion

Large opportunity set to expand and extend the system in a capital efficient manner

Three Key Questions

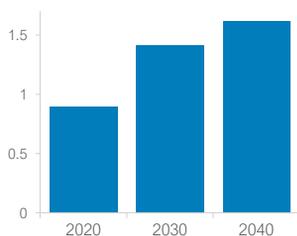
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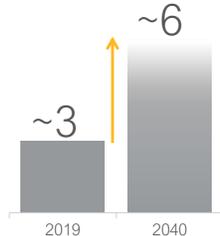
USGC Fundamentals

USGC Demand of Canadian Heavy
mmb/d



- Canadian Heavy delivery to USGC increases ~600kbpd by 2040
- Reflects >70% of USGC market share

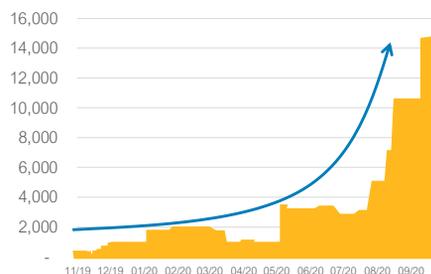
USGC exports
mmb/d



- USGC exports return to pre-COVID peak ~2025
- Canadian heavy ~300kbpd of exports by 2030

Growth of Houston as Canadian Heavy Trading Hub

ICE WCS Houston Open Interest
1,000 bbl lots



USGC becoming significant global hub for Canadian Heavy

Terminalling and Export Infrastructure

Enbridge Houston Oil Terminal

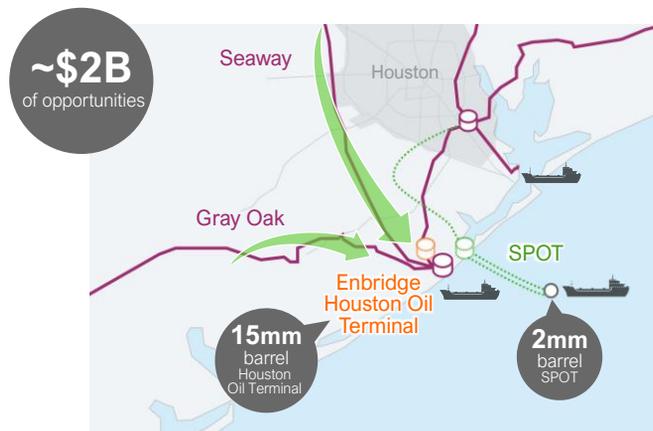
- Emerging and deepening market in Houston as a source for global heavy crude supply
- Need for a fully integrated heavy crude storage and blending terminal hub in Houston

SeaPort Oil Terminal (SPOT)

- Full loading VLCC capability - fully integrated with heavy and light crude oil supply pipelines
- Most efficient and competitive means of transportation to global demand centers

Seaway Connectivity

- Leverage heavy supply growth to capture higher utilization and capacity enhancements
- Fully integrated access to Houston and export capabilities



Integrating terminalling and VLCC loading assets to serve growing supply

Liquids Pipelines - Summary

- N. American crude oil is critical to **long-term global demand**
- Our system connects to the **most competitive refineries** globally
- Canada's heavy affords a **structural advantage to these refineries**
- Capturing **long-term global demand** through extending our system to exports



Enhance Returns from Existing Business

- Continued system optimizations
- Maximize efficiencies
- Toll escalation
- Contract the Mainline



Execute Secured Capital Program

- Line 3 US
- Southern Access to 1.2 mmbpd

~\$4B



Further Organic Opportunities

- Egress & Market Access expansions
- Houston Oil Terminal
- SPOT VLCC Loading Facility
- Regional Oil Sands infrastructure

~\$7B