

Enbridge Gas Franchise Agreement Renewal

Presentation to Municipality of South Huron

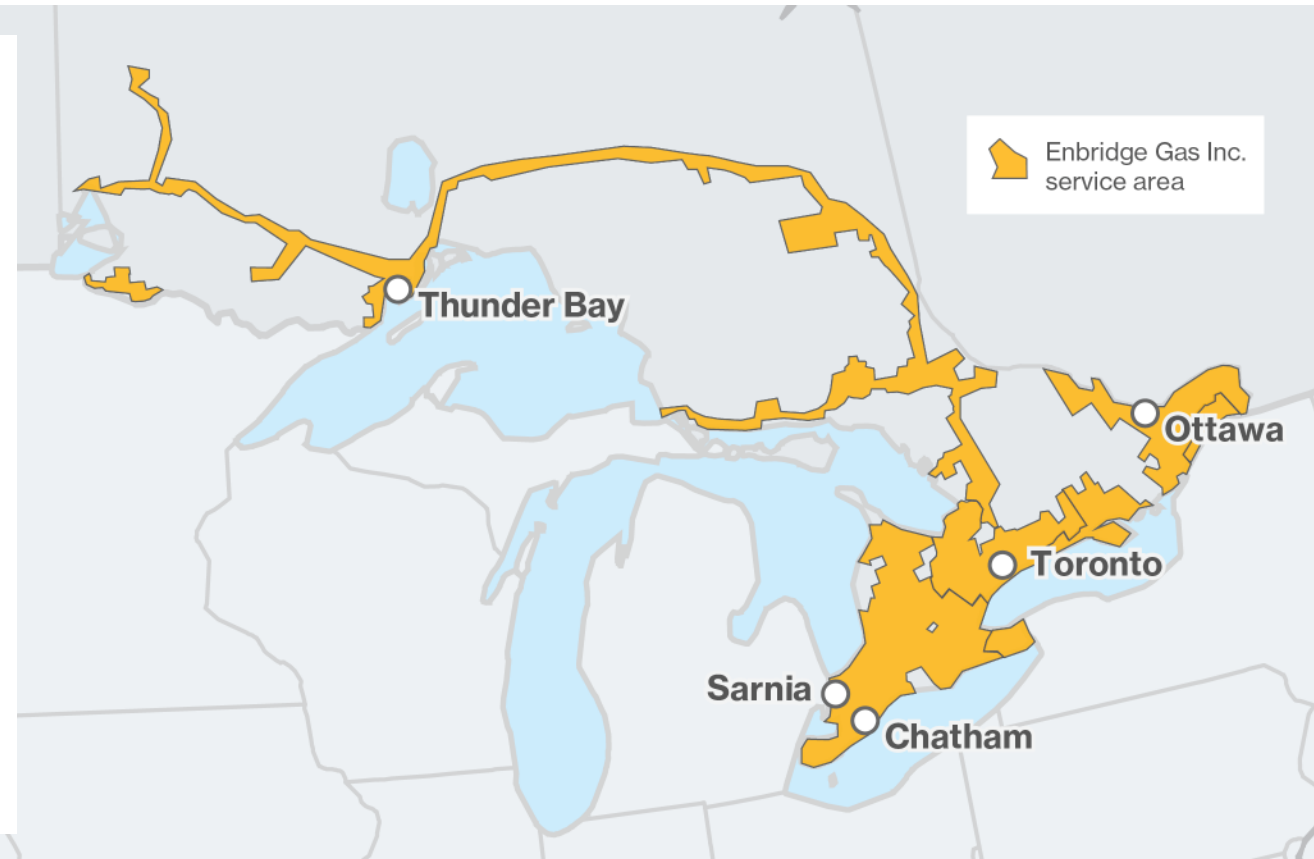
Enbridge Gas Inc.



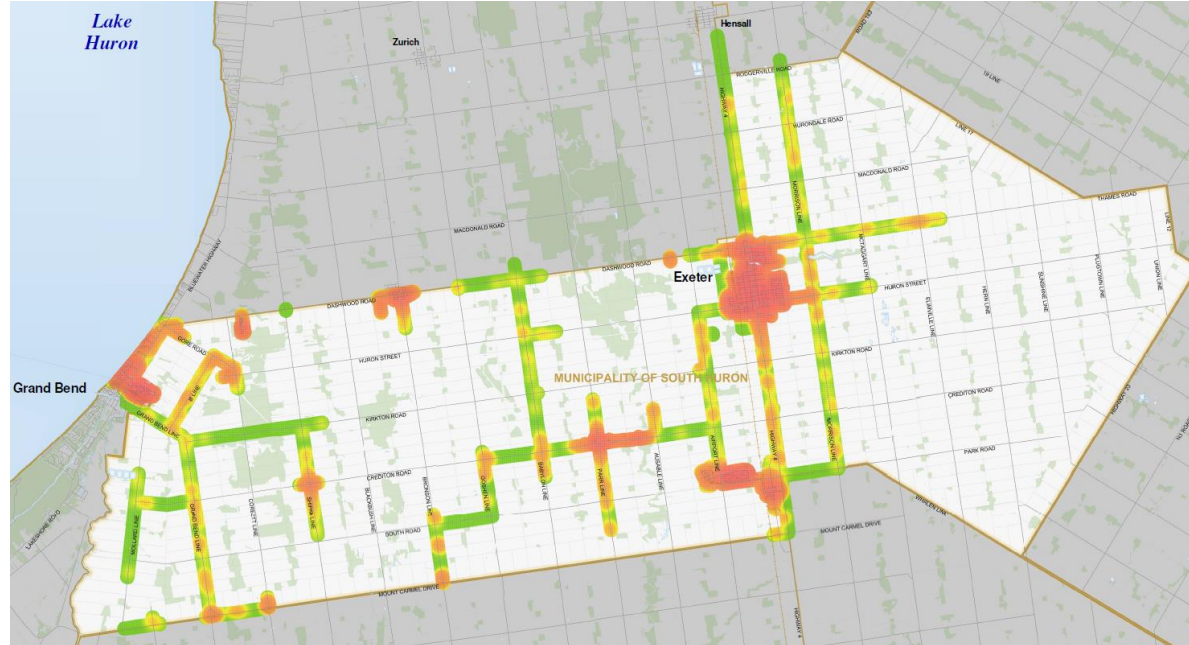
North America's largest natural gas storage, transmission and distribution company

We deliver the energy that enhances people's quality of life.

- **Values**
Safety, Integrity, Respect, Inclusion.
- **Experience**
170+ years of experience in safe and reliable service.
- **Distribution Business**
3.8M customers, heating >75% of Ontario homes.
- **Dawn Storage Hub**
Canada's largest integrated underground storage facility and one of the top natural gas trading hubs in North America.
- **Advancing Innovative Low-Carbon Solutions**
Conservation, cleaner technologies for heat/transportation (CNG, geothermal), green fuels (RNG, hydrogen).



Current operations—Municipality of South Huron



Customer density map

- 4,027 customers
- Kilometres of pipeline: 224.17
- Property taxes paid annually: approx. \$107,278.37
- Operations yard for southern Huron County located in Dashwood

Commitment to the community

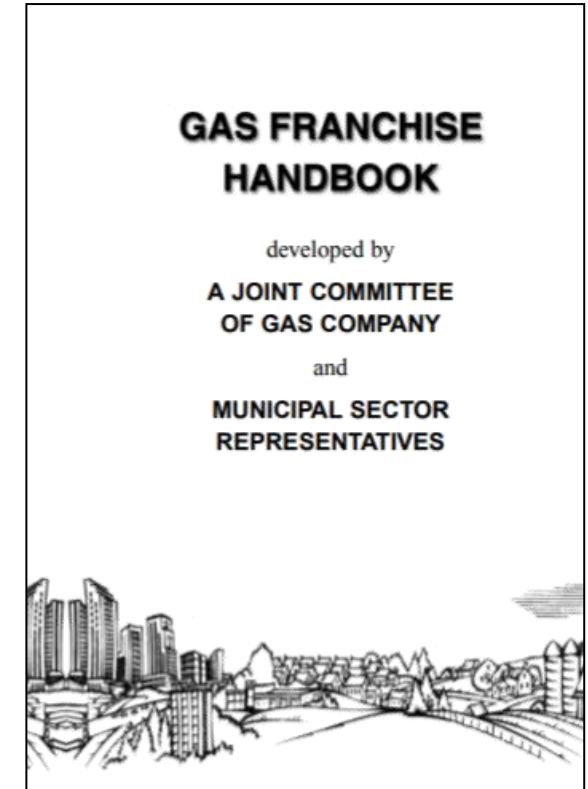
Over the past few years, Enbridge supported the following area organizations:

- South Huron Fire Department
- United Way Perth-Huron
- Huron Hospice
- Lake Huron Centre for Coastal Conservation
- Salvation Army Food Bank
- Society of St. Vincent de Paul Food Bank - St. Peter's Conference

Supporting local organizations.

What is a Municipal Franchise Agreement?

- An agreement between a municipality and a natural gas distributor which allows the distributor to provide gas service.
- Terms and conditions are set and approved by the Ontario Energy Board (OEB)—the current Model Franchise Agreement was adopted by the OEB in 2000.
- Terms and conditions include emergency response, work in roadways, pipe relocation and decommissioning, various responsibilities of the gas company and the Municipality.
- The Model Franchise Agreement is used for all municipalities in Ontario and reflects the terms and conditions that the OEB has determined to be fair and reasonable.



How we operate in South Huron.

South Huron's franchise



- The latest franchise agreement renewal was finalized at a Council meeting on October 7, 2002 with the former Union Gas Limited.
- The 2002 franchise agreement is the same OEB-approved 2000 Model Franchise Agreement as is being proposed for the current renewal.

THE CORPORATION OF THE MUNICIPALITY OF SOUTH HURON

BY-LAW NUMBER *56-2001*

A BY-LAW TO AUTHORIZE A FRANCHISE AGREEMENT
BETWEEN THE CORPORATION OF THE MUNICIPALITY OF SOUTH HURON
and UNION GAS LIMITED

WHEREAS the Council of The Corporation of the Municipality of South Huron deems it expedient to enter into the attached franchise agreement (the "Franchise Agreement") with Union Gas Limited;

AND WHEREAS the Ontario Energy Board by its Order issued pursuant to The Municipal Franchises Act on the *25* day of *SEPTEMBER, 2002* has approved the terms and conditions upon which and the period for which the franchise provided in the Franchise Agreement is proposed to be granted, and has declared and directed that the assent of the municipal electors in respect of this By-Law is not necessary:

NOW THEREFORE The Council of the Corporation of the Municipality of South Huron enacts as follows:

1. THAT the Franchise Agreement between The Corporation of the Municipality of South Huron and Union Gas Limited, attached hereto and forming part of this by-law, is hereby authorized and the franchise provided for therein is hereby granted.
2. THAT the Mayor and Clerk be and they are hereby authorized and instructed on behalf of The Corporation of the Municipality of South Huron to enter into and execute under its corporate seal and deliver the Franchise Agreement, which is hereby incorporated into and forming part of this By-Law.
3. THAT the following by-laws be and the same are hereby repealed:

By-law #24-1998 of the former Corporation of the Township of Usborne, passed in Council on the 6th day of April, 1999;

By-law #26-1998 of the former Corporation of the Township of Stephen, passed in Council on the 4th day of May, 1999;

By-law #15-2000 of the former Corporation of the Town of Exeter, passed in Council on the 21st day of August, 2000.
4. THAT this by-law shall come into force and take effect as of the final passing thereof.

Read a first time this *5th* day of *November*, 2001.
Read a second time this *5th* day of *November*, 2001.
Read a third time and finally passed this *7th* day of *October*, 2002.

THE CORPORATION OF THE MUNICIPALITY OF SOUTH HURON

Robert Morley
Robert Morley, Mayor

Sandra Strang
Sandra Strang, Clerk

Serving the Municipality.

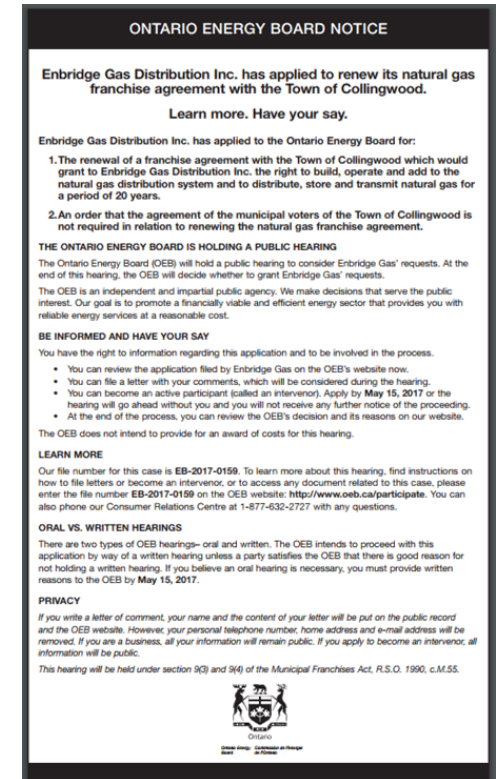
How is a franchise agreement renewed?

- A 6-to-12-month process.
- Begins with the delivery of a franchise renewal package to the Municipality (one year in advance of expiry).
- The package must be placed on the agenda of Municipal Council and a Resolution passed in support of the franchise renewal. Then, the municipality puts a bylaw related to the franchise agreement through 1st and 2nd readings.
- Enbridge Gas prepares an application to the Ontario Energy Board (OEB), publishes a Notice in a local newspaper and serves the Municipal Clerk with a copy of the Notice.
- The regulatory process to renew the franchise cannot proceed until Enbridge Gas has received a certified copy of the Resolution provided with the renewals package.

The regulatory process.

How is a franchise agreement renewed? Cont'd

- The role of the OEB is to adjudicate the application, starting with a notice to the public and interested parties inviting them to participate in the hearing.
- Once the OEB considers all of the evidence before it, including providing for questions on that evidence and any written submissions, the OEB makes a determination as to whether or not to approve the franchise agreement.
- If approved, the OEB will issue a Decision and Order granting approval of the franchise agreement.
- The OEB's Decision and Order, the unapproved bylaw, and approved MFA are again forwarded to the Clerk for consideration by Municipal Council and 3rd and final reading of the bylaw.
- Once the bylaw is approved by Municipal Council, the franchise agreement continues for another 20 years.



The regulatory process.

Additional updates for South Huron

1. Natural Gas Expansion Program Phase 2



- In 2020, Enbridge Gas applied to the Ontario Energy Board (OEB) and Provincial Government under the Natural Gas Expansion Program Phase 2 (NGEP) to serve the Kirkton and Woodham area.
- The provincial government received over 200 applications, representing over \$2B in total cost.
- The provincial government made the decisions on which projects would proceed in June 2021.
- Unfortunately, the provincial government did not select the Kirkton and Woodham area.
- **So, what are the next potential options?**

Overview of the NGEP program.

2. Expansion Surcharge Program update

- November 2020: The Ontario Energy Board (OEB) approved Enbridge Gas' proposal for what was known at the time as the 'temporary connection surcharge' program (now referred to as Expansion Surcharge).
- In situations where the cost to attach to the Enbridge Gas system is not economically feasible at the regular OEB approved rates, the Expansion Surcharge is applied in addition to regular OEB approved rates for the applicable rate class and is a substitute for an upfront lump sum payment.
- Enbridge is currently examining several projects across Ontario and will advise the Municipality if any could proceed once review is complete.

3. Enbridge net-zero announcement

- Net zero target by 2050 for Enbridge operations.
- 35% reduction in greenhouse gas emissions intensity by 2030 for Enbridge operations.
- Incentive compensation linked to progress on ESG targets and goals.
- What does this all mean?

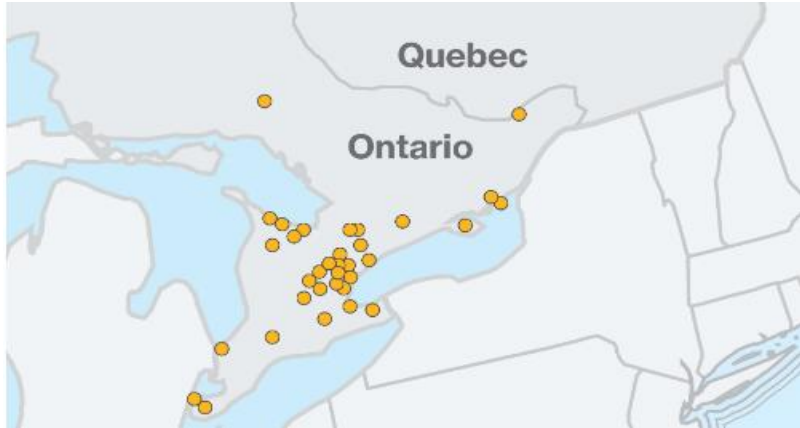
Enbridge Sets New Environmental, Social and Governance Goals for the Future

November 6, 2020

- Net zero target by 2050; 35% reduction in greenhouse gas emissions intensity by 2030
- Accelerated diversity representation in the workforce
- Incentive compensation linked to progress on ESG targets and goals

CALGARY, AB, Nov. 6, 2020 /CNW/ - Enbridge Inc. (TSX: ENB) (NYSE: ENB) (Enbridge or the Company) today announced expanded environmental, social and governance (ESG) goals and targets¹ related to greenhouse gas (GHG) emissions reduction and diversity and inclusion as well as increasing transparency and accountability of our ESG priorities and results. Setting goals in areas core to our business and stakeholders is just one of the ways Enbridge is further integrating ESG into strategy, operations and decision-making.

Enbridge Inc. has announced a goal of net-zero for operations by 2050.



Towards a low-carbon future

Thank you

Q&A