Submission for the Spring 2022 Ontario Budget

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Submitted by Enbridge Inc.

[January 25, 2022]

About Enbridge Inc.

Enbridge Inc. is a leading North American energy infrastructure company. We safely and reliably deliver the energy people need and want to fuel quality of life. Our core businesses include Liquids Pipelines, which transports approximately 25% of the crude oil produced in North America; Gas Transmission and Midstream, which transports about 19% percent of the natural gas consumed in the U.S.; Gas Distribution and Storage, which serves approximately 3.8 million retail customers in Ontario and Quebec; and Power Operations. Together, our renewable energy projects (either operating or under construction) have the capacity to generate 2,172MW of net renewable power in North America and Europe. The Company's common shares trade on the Toronto and New York stock exchanges under the symbol ENB.

Life takes energy and Enbridge exists to fuel people's quality of life. For more information, visit: www.enbridge.com.

Comments

Enbridge is pleased to provide input for Ontario's Spring 2022 Budget. Our recommendations focus on lowering energy costs for Ontario families and businesses, delivering cost effective GHG emissions reductions opportunities, and helping reduce red tape to support investment attraction and job creation.

1. Cost-Effective Emissions Reductions

Enbridge is a leader in low-carbon fuels and our Power-to-Gas (PtG) facility positions us to help develop Ontario's hydrogen sector. There are significant opportunities to leverage hydrogen to decarbonize gas supplies, store electricity, generate renewable power, and decarbonize industry and heavy-duty transportation all while balancing the electrical grid. Renewable natural gas (RNG) is also an effective, ready technology able to decarbonize heavy duty transportation and the gas distribution system and is fully interchangeable with conventional natural gas. Natural gas vehicles fueled with RNG match the range, power and performance of diesel counterparts while reducing emissions by up to 200%.

- *Recommendation 1: Work with industry to establish incremental targets of up to 5% by 2030 for low-carbon fuel blending into the existing natural gas distribution system, which would create jobs and lower emissions. Utilities must be enabled to recover the incremental cost of hydrogen and RNG purchased for blending.*

- *Recommendation 2: Government should extend IESO's grid balancing contract with Enbridge and support the doubling of the Markham PtG facility as it is critical to maintaining Ontario's North American leadership in the hydrogen economy.*

- *Recommendation 3: Work with Enbridge to deliver a scalable, turnkey RNG transportation program for Municipalities to cost-effectively reduce emissions. Enbridge proposes a joint investment of 50% by the province, 25% by Enbridge, and 25% shared across Municipalities to switch buses from diesel to RNG fuel.*

Hybrid heating offers cost savings and carbon reductions without increasing the peak load on electric infrastructure. Hybrid heating optimizes gas and electric infrastructure with furnaces assuring comfort on cold winter days and resiliency during climate related weather events, while heat pumps provide shoulder season heating using spare capacity on the electric grid.

- *Recommendation 4: The government should work with Enbridge to expand access to hybrid heating systems with smart controls that will offer immediate emission reductions and savings that are expected to increase over time as the carbon tax increases.*

2. Red Tape Reduction

Carbon capture and storage (CCS) can unlock significant opportunities to attract investment and jobs, reduce emissions in hard to abate sectors, like steel, cement and petrochemicals, and unlock ancillary clean energy opportunities such as production of blue hydrogen. Ontario's *Oil, Gas & Salt Resources Act* requires modernization to remove the current ban on carbon sequestration in order to unlock opportunities for industry to invest and create jobs in Ontario.

- *Recommendation 5: The government should continue to work with Enbridge, industry and other levels of government to develop a streamlined framework for CCS opportunities. Provincial funding will be essential to kickstarting CCS and will be necessary to leverage significant co-funding from industry and the federal government.*

Government should streamline leave to construct (LTC) reviews for smaller pipeline projects so that they may be delivered in a more cost-effective and timely manner. The current LTC conditions are 25 years old and have not kept pace with the complexities of modern infrastructure projects or inflation.

- *Recommendation 6: Government should raise the LTC thresholds to $10 million in cost, a 16" pipe size and a corresponding increase in operating pressure for proven operators who have a strong safety record, in order to support government and local priority projects.*

3. Incremental Funding for Natural Gas Expansion for Economic Development

Enbridge remains committed to delivering Phase Two projects of the Natural Gas Expansion Program (NGEP). Access to reliable, affordable natural gas will lower energy bills for families and help Ontario businesses compete. Municipal interest in Phase Two significantly outweighed allocated funding. Introducing a Phase Three would help bring affordable heating to these communities.

- *Recommendation 7: Government should expand the NGEP to support Ontario's economic recovery initiatives targeted at natural gas development projects to unlock the significant benefits associated with these projects.*

Contact

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