



Northern Michigan Chamber Alliance

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and environmental organizations at a meeting of the
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Subject to delivery

Introduction

Thank you Kent [Wood], Carlin [Smith]- and thanks to the Chamber - for inviting me.

This is a group of business people – so you’ve all travelled to various cities as part of your job.

Most of the time, it’s just another place; nothing much to talk about when you call home to check in.

Every so often, you find a place that makes a fantastic impression – some place you want to visit again.

What I’ve learned is that it’s probably not a good idea to get into how great it is with your spouse when she’s back at home.

This trip was one of those cases.

I wasn’t prepared for how I’d feel standing on the front porch of The Grand Hotel on Mackinac Island looking out at the Bridge on a spectacular September evening – or this resort last night.

As developers of energy projects, it’s our job to understand how communities see things.

To do that, we need to stand in their place – see things from their perspective.

And that was crystallized for me this past week...

... standing on that porch...

... talking to Island residents...

... hearing from people on both sides of the Bridge about their communities and the Great Lakes and what it means to them.

You’ve certainly got a lot to be proud of.

I’m already looking forward to coming back. But I’ll be doing it with my wife.

Safety Moment

At Enbridge we start our meetings with a safety moment.

They reflect our value of Safety and our efforts to take a proactive approach to identifying and preventing safety issues.

I’d like to share one with you this morning.

I think it applies equally to safety or a decision or critical issues in your business.

And that's around the importance of speaking up – both personally when we see safety issues that cause us concern...

... and as leaders, making sure we create an environment where people feel comfortable doing so.

The space shuttle Challenger (1986) is a great example of what can happen when that culture doesn't exist.

Technically, the cause of the catastrophic explosion was an equipment failure – the O-rings.

But because of a discomfort in raising concerns up the chain, the problem didn't get proper attention, leading to tragic consequences.

It's important to me that all of our staff at Enbridge feel they can raise concerns – and that our leaders listen to them and act on them.

So that's the safety moment.

Why I'm here

Carlin, in your introduction you talked about the relationships our team in Michigan has established with people and communities in the area.

That's exactly what I was hoping to hear.

Engaging communities – having the opportunity to hear firsthand what's important to you – is critical to me and our company . . .

. . . we've learned a lot in this business but something that sticks out is the growing need to be connected with communities.

I'm here today because it's my job to connect directly with the community:

- To listen carefully to local leaders, unions, Michigan residents – and in particular, to those who have concerns;

I had the opportunity this week to meet members of the Laborers' union and the Operating Engineers – long-time partners of Enbridge in Michigan.

- And to share our company's values and the passion our people have for delivering energy;

My hope is that we can continue to earn your trust.

All that to say that we don't look at ourselves as people who just build and operate pipelines.

We're proud of what we do, our role in the economy and being part of the fabric of this State and the Great Lakes.

There are those who have concerns about our industry – that probably includes some in this room.

And there are those who outright oppose us.

Of course we're only human so it's tough to hear criticism.

But it's important that we listen - that we take the time to understand what's behind peoples' concerns . . .

And that we respond.

It's why we're sharing more information . . .

. . . and it's why you're seeing more of our team in the community – to get your input and answer your questions.

Another part of my job is leading our Company's #1 priority – safety and environmental protection.

I can't do that sitting in my office in Calgary.

For me, it's about talking to our people in the field who are responsible for operations.

Yesterday, I joined our team and various federal, state and local agencies as we conducted an emergency response exercise where our Line 5 crosses the Straits of Mackinac.

It was a great experience – and I'll get into that more later.

I'm very thankful to the Chamber Alliance for inviting me here today.

After my last two days, I'd be happy to be here on any occasion, but this visit is particularly timely for me . . .

. . . because it gives me a chance to talk about three things:

First, how things are changing in the energy landscape.

Second, what that means for how we approach the business today . . .

. . . and because I know it's important to you, I'll talk specifically about the safety of Line 5.

Third, the balance we need to strike – and that I believe we can strike – between the energy we need and the environment we must protect.

Enbridge – a North American Perspective

Before I do that, this map shows our North American footprint.

We deliver 2.2 million barrels across the border every day . . .

. . . in fact we move more than half of all Canadian crude exports.

By the way, Canada is the biggest source of imported oil to the U.S.

We're Canada's largest natural gas distributor, heating over 2 million homes.

Our natural gas pipelines extend to the Gulf of Mexico.

And it may come as a surprise, but we're one of the largest generators of solar and wind electricity.

We recognize that over time we'll transition to a lower carbon footprint and we're proud of the \$4 billion of investments we've made so far.

So my comments today come from the perspective of a North American infrastructure player.

Enbridge in Michigan – since 1953

We've been part of the community in Michigan since 1953 . . .

. . . almost as long as our company has been around.

So I'd like to give you my perspective on why what we do is critical.

The energy we transport heats homes, fuels vehicles, and powers industry in the state.

Line 5 delivers 85% of the propane that heats Upper Peninsula and northern Michigan homes . . .

. . . and it's an important source of energy for Marathon's refinery in Detroit, which produces gasoline, jet fuel and other important products consumed here.

The benefits of what we do aren't just about jobs, it's about the multiplier effect of what we do...

...the purchases we make in communities of materials, goods and services . . .

. . . and all of the jobs, taxes and building that stems from that.

The dollars we invest, the property taxes we pay (\$22.4 annually), make a significant contribution to schools, hospitals, social programs and good infrastructure.

So, we share in each other's success.

While what we do is important, we place more weight on how we do it.

Our values are grounded in putting safety and protection of our environment first.

Shared values

That's especially important because our people are part of this community.

Brad Shamla is here today – Brad leads our US liquids pipelines team.

As Brad can attest to, we share your passion for the outdoors, and for the Great Lakes . . .

. . . we feel the same way you do about your communities and about protecting the environment.

For example, when we construct projects, we replace the trees we remove and conserve acres of land . . .

. . . to match the acres of land we disturb.

We generate renewable energy to match the energy we use.

We're now looking at how we can expand this initiative beyond trees and land.

We want to learn more and advance everyone's thinking on water.

Through outreach to key stakeholders, including here in Michigan...

...we're gathering input that will help us determine how we can best work with communities on water initiatives.

Now to the changing energy landscape

As you know from the headlines, the energy industry - and Enbridge – is under a spotlight these days.

The dynamics of the energy business have changed a lot over a very short period of time.

The U.S. is now the world's largest oil producer.

And North America could become energy self-sufficient.

The US Midwest is at the heart of this transformation –projects are underway in neighboring states driving tremendous economic activity.

As North Americans, we're recognizing that we have a competitive advantage in providing energy for our own use and to export markets.

Opposition to energy development

On the other hand, public concern is growing over energy development.

The root cause is a confluence of three factors.

Legitimate concerns over climate change and what we're doing about it . . .

. . . high profile industry incidents . . .

. . . and growing opposition targeted at infrastructure as a means to halt fossil fuel development.

Because of the changing energy landscape, I believe industry needs to rethink its approach.

Sustainable development

To be frank, our industry needs to improve.

Key to that is looking at our business through the lens of sustainable development .

The term "sustainable development" gets thrown around a lot but here's how I look at it, which is illustrated by this simple equation.

There are two parts to achieving sustainable development

Part 1 is the economic benefits of what we do . . .

. . . Part 2 has to do more with the need to protect the environment.

Both parts are vital to sustainable development and we need to balance both.

But we need to have them in the right order.

To us, there's no question that safety and environmental protection come first.

That's because the pipelines and facilities we build and operate require public trust and confidence that we're transporting energy responsibly.

The public wants to know what we're doing to continually improve, to get better, to prevent accidents.

And that's what's driving how we're approaching the business today.

Exceeding requirements – and setting our own standards

Our goal is to not just meet the letter of regulation, but to exceed it.

That means world class performance.

And it means a relentless focus on safety.

That's our highest priority as a company.

That's because if we're second rate on safety, we can't meet our commitment to communities.

Becoming a better company

Just over five years ago now, we experienced a significant incident on Line 6B near Marshall, Michigan.

That was very difficult on the community.

And it shook our company.

Before Marshall, most people would have said Enbridge was one of the best, if not the best, liquids pipelines company.

People came to us for advice.

But Marshall caused us to take a long, hard look in the mirror.

We might have been good, but not good enough.

So we had to change. And I'm very proud of how we've evolved.

Here's the biggest part of that change.

In the past, our industry often rationalized accidents by saying that when you operate industrial equipment, things are bound to happen.

That might be true, but we don't accept that premise.

We need to strive for zero incidents.

Over the past four years, we've executed the largest, most comprehensive maintenance and inspection program...

... of any pipeline system in the world using the most sophisticated inspection tools available.

We've enhanced our operations and monitoring programs that provide multiple layers of protection.

And while our ultimate goal is preventing incidents, we're also investing in our ability to respond.

E3RT

Another outcome of Marshall was our Enbridge Enterprise Emergency Response Team that was part of yesterday's exercise.

The exercise gave us the opportunity to test the plan we've developed specifically for the Straits with our Michigan-based response partners.

The point of the exercise was to learn what we could have done better.

Because that's how we'll get to be top notch. And that's where we want to be.

Safety culture

Another part of our change is our mindset and how we think about safety.

In essence, that's the safety culture in our company.

It's a culture where our first worry, our first concern is how to protect people and the environment.

But culture sounds nebulous – let me illustrate what I mean by way of example.

Our approach in action

A few weeks ago, we noticed oil on the ground near one of our pipelines in Missouri.

Our response was immediate.

Shut down the line – and our line running right next to it.

We spent several days digging up earth along the pipelines...

... inspecting them from every angle, looking for a possible source of the oil.

Ultimately, we found out the oil had been dumped on our right-of-way – we actually found an empty barrel nearby.

This wasn't a leak at all.

These two lines are important conduits between Canada and the refining center in the Gulf Coast.

Shutting them down caused a temporary shortage – and it cost our customers.

It cost us too – on digs and inspecting the pipeline.

And it caused us to worry.

Would we have done anything differently?

Absolutely not.

We'd do exactly the same thing again. Because the point is...

...if there's any doubt, we take the cautious approach.

That's what I mean by a strong safety culture.

Line 5

Line 5 is another example of our approach.

While we've been working hard to respond to people's concerns...

... a letter I received from a resident of Mackinac Island last week drove home for me the passion people have about their community.

The resident spoke of the lifestyle he and fellow Island residents.

We all need to acknowledge and be sensitive to peoples' concerns.

But let me be clear: we wouldn't operate Line 5 if we didn't believe it was safe.

And we're taking every measure to make sure it stays that way.

Line 5 was built to the toughest design requirements because of the Straits.

It was built by the same contractor that built the Mackinac Bridge.

The pipe we used is extra thick - the thickest pipe in our entire North American system.

The original support system for the line was comprised of sandbags.

We made that better by installing permanent steel screw anchors more than a decade ago . . .

. . . and last year we further strengthened it by installing 40 extra screw anchor supports.

The pipe was tested to 1700 pounds per square inch; we operate it between 0 and 300 psi – so a large safety margin.

We monitor the system 24/7 and we can shut down and isolate the line immediately.

We inspect the pipe twice as much as required with divers, Remote Operated vehicles and the most advanced in-line inspection tools, similar to an MRI.

We're partnering with Michigan Tech to develop even better underwater inspection technology.

And we're working with Michigan Tech's Great Lakes Research Center to advance our knowledge of the Straits.

As you'll know, we recently signed an agreement with the State of Michigan.

We have heard the concerns of the State and its residents, and we've committed to continuing to ship only light crude through Line 5.

We've heard that people want more information from us.

We're doing that . . .

. . . we're making our experts available to answer questions . . .

. . . and as we've done this week, we're creating opportunities to show you what we're doing and the pride and the care our people take in their work.

We also publish a Safety Report to the Community that reports on how we're meeting our commitment to safety.

The Mackinac Island resident also asked me a question that you too may have on your mind.

Why not move Line 5, or take it out of service?

First, re-routing Line 5 would be massively disruptive to many communities.

But let's go back to when Line 5 was built – and why.

It was because we wanted to stop moving oil by boat on the Great Lakes.

It's a fact of life that we need infrastructure - it's critical to Michigan for all the reasons we know about.

And like any critical infrastructure – from airports, gas pipelines, electricity transmission, railways, refineries, water treatment plants – its location is carefully considered and determined by need.

The energy Line 5 transports is used to heat homes, fuel vehicles and enable manufacturing.

Without Line 5, Michigan would need to satisfy its energy needs with other transportation.

That would mean fuel transport trucks, propane trucks on Michigan roads; or extra railway cars.

And we certainly don't want to go back to the days of moving oil by barge or tanker on the Great Lakes.

It's a fact that pipelines are the safest and most effective way to move energy.

And unless we want to get off energy altogether, we need to have them.

But we must do all we can to make sure we manage the risk.

In Conclusion

Let me wrap up by letting everyone in the room know that what keeps me up at night . . .

. . . by far, is an incident that affects the public, our staff or the environment.

That's why we've invested so much capital and put so much effort across our company to prevent incidents.

And it's why we spent yesterday, with key agencies, testing our emergency response plan for the Straits.

We know how important these waterways are – and what they mean for the sustainability of this region.

For our team here in Michigan, this is their home too...

...their values, their love of the outdoors and the beauty of northern Michigan and the Upper Peninsula are values they share with you.

My message today is to reinforce their commitment...

...to your safety and to the protection of the environment.

The goal we've set for ourselves is to be the leader in our industry when it comes to our approach to safety and communities.

We're committed to being open and to building your trust:

...answering your questions, telling you more about what we're doing and where we can, showing you firsthand.

I think of it as opening up the pipeline books – and demystifying them.

We believe a balance can be struck - -that we can protect the environment while continuing to safely generate, transport and distribute the energy our society needs.

Over the past 60 years you've been able to count on us to be here, to ensure that our pipelines are operating safely.

And you can count on Enbridge to be here for decades to come.

Again, thank you for the invitation to join you this morning.