

COMPLIANCE PLAN – STRATEGY OVERVIEW

1. Enbridge provided an overview of its compliance approach, including the planning process, governance, policies and procedures, in Exhibit C, Tab 1, Schedule 1. This Exhibit provides an overview, including option analysis and optimization of decision making, of the Company's proposed strategy for 2018.
2. Enbridge has developed the strategy described in this 2018 Compliance Plan based on a series of key assumptions and base facts in conjunction with foundational inputs from 2017 and new inputs received in 2018. Enbridge also leveraged the experience and insights gained through various marketplace intelligence channels [REDACTED]. All of these elements are discussed in Exhibit C, Tab 1, Schedule 1.
3. The Company will only procure compliance instruments that can be used to meet the Company's compliance obligation, are readily available, are a reasonable cost option with a reasonable risk profile, meet acceptable counterparty credit requirements and uphold the Board's Guiding Principles. In addition, Enbridge will endeavor to minimize the costs and risks of compliance instruments it purchases. Enbridge is committed to a diverse portfolio of compliance options which will in due course include to an increasing extent, both customer and facility related abatement initiatives.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Witnesses: A. Langstaff
J. Murphy
F. Oliver-Glasford

[REDACTED]

[REDACTED]

[REDACTED]

Table Deleted

[REDACTED]

Witnesses: A. Langstaff
J. Murphy
F. Oliver-Glasford

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Witnesses: A. Langstaff
J. Murphy
F. Oliver-Glasford

[REDACTED]

11. Enbridge has considered abatement opportunities for 2018, as described in the Exhibit C, Tab 5 series of exhibits. The only abatement program with an incremental impact on emissions in 2018 is the home energy retrofit program, which is incremental to currently approved DSM programming, and which was funded by the government through the Green Investment Fund (“GIF”). The related emissions savings have been shown above in Table 1 and actual emissions savings will be included in the annual monitoring report upon verification.

[REDACTED]

13. The total amount that will be collected from customers during 2018 based on the proposed carbon proxy price of \$18.99 is \$381,657,052. [REDACTED]

[REDACTED] Actual differences between the amounts collected from customers and the costs of meeting Enbridge’s compliance obligations will be recorded in the applicable deferral and variance accounts for later disposition.

[REDACTED]

Witnesses: A. Langstaff
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Application of Guiding Principles

14. The Guiding Principles outlined by the Board in its *Report of the Board, Regulatory Framework for the Assessment of Costs of Natural Gas Utilities' Cap and Trade Activities* (the "Framework") factored prominently in Enbridge's evaluation of the compliance options available to the Company and in the development of the compliance strategy formulated by Enbridge. Table 2 summarizes Enbridge's 2018 strategy with respect to each of the six Guiding Principles.

Table 2: Review of Chosen Strategy with Respect to Guiding Principles

Guiding Principle	
Cost-effectiveness	<ul style="list-style-type: none"> • Cost effectively leveraging consultant expertise • Building a highly capable and productive internal team • Building upon work done in 2017 rather than repeating the same work <div style="background-color: black; width: 100%; height: 20px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 100%; height: 20px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 100%; height: 20px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 100%; height: 20px; margin-bottom: 5px;"></div> <ul style="list-style-type: none"> • Carbon procurement risk policy ensure risks are effectively identified and managed
Rate Predictability	<ul style="list-style-type: none"> • More price sensitive approach reduces difference between actual cost of compliance and proxy price used in rate, increasing predictability <div style="background-color: black; width: 100%; height: 20px; margin-top: 10px;"></div>

Witnesses: A. Langstaff
 J. Murphy
 F. Oliver-Glasford

Guiding Principle	
<p>Cost Recovery</p>	<ul style="list-style-type: none"> • All compliance instruments are reviewed to ensure they can be used to meet the Company's compliance obligation █ [REDACTED] • Only incremental administrative costs related to Cap and Trade are included in the Compliance Plan █ [REDACTED]
<p>Transparency</p>	<ul style="list-style-type: none"> • All Cap and Trade instrument purchases will be tracked and reviewed as per Enbridge's governance structure • Cap and Trade activities will be reported to the Board in the Company's annual Compliance Plan filing █ [REDACTED] • Compliance Plan includes as much information on the public record as possible, while maintaining market integrity. The strictly confidential information is transparent to the OEB.
<p>Flexibility</p>	<ul style="list-style-type: none"> █ [REDACTED] █ [REDACTED] █ [REDACTED] █ [REDACTED]

Witnesses: A. Langstaff
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Guiding Principle	
Continuous Improvement	<ul style="list-style-type: none"><li data-bbox="586 422 1430 516">• Governance structure includes frequent review of Cap and Trade instrument purchases, which will be analyzed to ensure continuous improvement in future purchase decisions.<li data-bbox="586 537 1430 632">• Continuous review of various compliance instruments (including abatement opportunities) for inclusion into Enbridge's compliance portfolio<li data-bbox="586 653 1430 716">• Development of an Ontario Emissions Trading Master Agreement <div data-bbox="586 737 1430 873" style="background-color: black; width: 100%; height: 65px; margin-top: 10px;"></div>

Witnesses: A. Langstaff
J. Murphy
F. Oliver-Glasford