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# Canadian Mainline Open Season

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## Varying shipper interests

- The Mainline has a diverse group of customers that have a wide range of commercial interests, assets and competitive positions.
- Many customers view the Mainline as an important long-term provider of a key service to their business and are seeking longer-term certainty upon the expiry of the Competitive Toll Settlement, while others prefer to preserve short-term access to the system and the uncertainty that may come with that.
- Enbridge's offering represents a balanced solution to all potential shippers including producers of all sizes, refiners and marketing companies.

## Changing industry dynamics

- The Mainline offering is in direct response to customers' desire for low cost transportation to important downstream markets and guaranteed access to the Enbridge Mainline, for the benefit of our industry and all stakeholders.
- Shippers have requested the same services from Enbridge that are available on competing pipelines – priority access, toll certainty and contract terms of up to 20 years.

## Securing long-term markets for Canadian crude

- In the face of growing North American crude production, the offering targets competitively securing long-term demand for Canadian crude into each of the markets served by the Mainline.
- Tolls included in the offering were part of the 18-month negotiation and are competitive into each market served by the Mainline.
- Requests by shippers to have the opportunity to contract for up to a 20-year term indicate their comfort with the offering, including tolls.

## Responding to customer needs

- The open season offering is the result of 18 months of consultation and negotiations with as many as 40+ shippers who represent the diverse range of commercial interests.
- Enbridge made numerous amendments to its offering to reflect customer input which assured a balanced offering for all classes of shippers.
- In particular, it was through negotiations with shippers that the Producer and Refiner Requirements Contract was developed as an alternative to a take-or-pay contract, thereby providing much easier access to capacity to a broad range of potential customers.

## Fair and equitable access to capacity

- Our open season ensures fair and equitable access to capacity is available to all customers, and subject only to the minimum volume threshold, all shippers are free to participate.
- In particular, each of the Producer Requirements Contract and Refinery Requirements Contract have similar qualification requirements.
- Fairness amongst all shippers is further assured by any required allocation of capacity in the event the open season is over-subscribed being conducted pro-rata based on volume only, with no consideration given to contract term, toll or customer class.

## Nomination verification ensures the Mainline can reliably maximize throughput

- Nomination verification of supply and market is an integral part of today's nomination process on the Mainline that ensures the pipeline can reliably maximize throughput; allowing shippers to inject batches into the pipeline without a known delivery destination is not a feasible operating practice for any pipeline.
- As has been the case for many years, refiners must demonstrate they have acquired supply from producers to support nominations to their capacity and likewise producers need to demonstrate that a refinery, downstream pipeline or storage facility will accept delivery of their shipments.
- The Mainline provides access to approximately 3.5 million bpd of directly served refineries and downstream pipelines plus a range of crude oil storage facilities ensuring verifiable markets exist that exceed the expected capacity of the Mainline.

## Some parties are still requesting changes to the Enbridge Mainline nomination process

- In its March of 2019 Advice to the Minister of Natural Resources, the NEB issued its report on this matter, stating "The information gathered by the NEB staff in preparing this report raises no concerns relating to shippers' compliance with the nomination and verification procedures that may be set out in NEB-regulated pipeline tariffs."
- Further, the Board outlined that for meaningful changes to be considered surrounding nomination procedures it would require the coordination of NEB regulated pipelines along with provincially-regulated pipelines and storage facilities in a process over which the NEB has no jurisdiction.
- Enbridge believes there is no place for this issue in the open season discussion, however if a separate process is convened with all of the required participants we are willing to be part of that process.