

Winds of Change or Storm Clouds?

Issues Faced by the Energy Industry

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Previous Energy Landscape

Infrastructure Challenges



- Navigating physical geography
- Navigating economic geography
- Success factors are complex but “knowable”
 - Reasonably linear processes
 - Reasonable level of predictability

Today's Energy Landscape

Additional Challenge



- Navigating new social and political geography
 - Safety and environment first
- Success factors are more complex and less “knowable”
 - Less-linear/ non-linear
 - Common terms but different interpretations
 - *“Public confidence”, “social permission”, “social license”*



New Realities and Imperatives

Economic and Environmental



Need to Reconcile Energy Development with Climate Action

- Consensus on a Global plan for GHG reduction (“**What?**”)
 - Less than 2 degrees
 - 30% by 2030
 - 80% by 2050
- Uncertainty on “**How?**”
 - Public is unsure how oil and gas development is compatible with climate action?

A Corporate Survival Guide to Navigating the New Energy Landscape

“Top 10 Tips”

#10

Regulatory permission is necessary but
not necessarily sufficient

#9

Some energy projects take on symbolic significance well beyond the normal scope of the regulatory process

This means that matters that are primarily technical in nature will often be intertwined with matters that are politically or culturally iconic

Climate is the iconic issue at the global level and water is a highly iconic issue at the local level

Energy infrastructure touches both

#7

Politics is often polarizing these days and polarization leads to the temptation to try to “win”

But success comes from trying to “solve”

#6

Things that are dissonant can only be reconciled by reframing the tensions between them

As shared challenges requiring joint action

#5

Reshaping energy conflict requires agreement on common end points and a new willingness to work together to figure out how to get there

*Implementation processes that build mutual accountability
for measurable progress on key milestones*

#4

The erosion of public confidence in mechanisms for decision-making around major energy infrastructure is an even bigger problem for industry than it is for government

Industry owns this problem as much as government does

#3

Governments in Canada are acting

Introducing new policy and processes aimed at building trust

#2

Industry must also take new action

Within its scope of decision making and influence

#1

New opportunities for industry to build public trust are at hand

Performance

Engagement

Climate/ Energy System Transition

Acting on Performance

- Higher standards and expectations
 - Risk and reliability performance equivalent to aviation and nuclear sectors
- New regulatory requirements
- New company/ industry requirements
 - Policies, goals, management systems
 - Continuous improvement, innovation, transparency, disclosure
 - Any claim of “beyond compliance” requires independent verification



Acting on Engagement

- Less project-centric
- More transparent, proactive/ interactive, accountable, continuous

KEY SHIFTS	
Timing	From “ <i>during</i> ” project review to “ <i>before and after</i> ”
Purpose	From “ <i>informing and educating</i> ” to “ <i>interacting and co-creating</i> ”
Outcomes	Mutually agreed upon approaches to risk management and shared benefits
Perspective	From “ <i>transactions</i> ” to “ <i>relationships</i> ”



Acting on Climate

Transition to a Lower Carbon Future



- Addressing the big picture on climate and energy
 - Individual projects within the context of an energy future that is different from the energy past
 - Role of the Canadian oil and gas sector in a period of energy transformation
- Embracing new goals and plans for climate action
 - Need for new forms of collaboration and shared accountability to accelerate progress
 - Build consensus on what needs to be achieved and how

Changing Enbridge Landscape

Climate and Energy Transition



- **Before**

- 3 separate businesses
 - Oil pipelines, natural gas, renewables and power transmission

- **Today**

- Convergence between demand for energy and demand for lower carbon options
- 3 integrated businesses
 - Each with opportunities for improved carbon performance linked to opportunities for improved competitiveness and growth
 - “Decarbonization”: reduced GHG intensity in oil production and transportation
 - “Hybridization”: natural gas, renewables, power