ENBRIDGE PIPELINES INC.
(a subsidiary of Enbridge Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) dated February 14, 2025 should be read in conjunction with the audited consolidated financial statements and notes thereto of Enbridge Pipelines Inc. as at and for the year ended December 31, 2024 (the audited consolidated financial statements), prepared in accordance with generally accepted accounting principles in the United States of America (US GAAP). All financial measures presented in this MD&A are expressed in Canadian dollars, unless otherwise indicated. Additional information related to Enbridge Pipelines Inc., including its Annual Information Form, is available on SEDAR+ at www.sedarplus.ca.

This MD&A contains forward-looking information or statements. Readers are cautioned from placing undue reliance on such statements and should review the cautionary information under *Forward-Looking Information.*

OVERVIEW

The terms "we", "our", "us" and "EPI" as used in this MD&A refer to Enbridge Pipelines Inc. and its subsidiaries unless the context suggests otherwise. We are primarily a transporter of western Canadian crude oil, United States (US) crude oil, refined petroleum products and natural gas liquids (NGL). The Canadian Mainline transports crude oil from western Canada to the Midwest region of the US and eastern Canada and serves all of the major refining centers in Ontario. We also operate the Southern Lights Canada Pipeline (Southern Lights Canada), which transports diluent from the Canada/US border to western Canada, and hold investments in renewable and alternative power generation assets.

We are a wholly-owned indirect subsidiary of Enbridge Inc. (Enbridge), our ultimate parent. Enbridge provides administrative and general support services to us.

We conduct our business through two business segments: Liquids Pipelines and Renewable Power Generation.

FORWARD-LOOKING INFORMATION

Forward-looking information, or forward-looking statements, have been included in this MD&A to provide information about us and our subsidiaries and affiliates, including management's assessment of EPI's and its subsidiaries' future plans and operations. This information may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as "anticipate", "expect", "project", "estimate", "forecast", "plan", "intend", "target", "believe", "likely" and similar words suggesting future outcomes or statements regarding an outlook. Forward-looking information or statements included or incorporated by reference in this document include, but are not limited to, statements with respect to the following: our objectives and strategy; expected performance of our businesses; expected supply of, demand for and prices of crude oil, renewable energy and other commodities and sources of energy; energy transition and lower-carbon energy, and our approach thereto; environmental, social and governance (ESG) goals, practices and performance; industry and market conditions; expected costs, capacity and in-service dates for announced projects and projects under construction; expected future growth and expansion opportunities; expected future decisions and actions of regulators, government trade policies, including potential impacts of tariffs, duties, fees, economic sanctions, or other trade measures, and the timing and impact thereof; toll and rate case discussions and filings and anticipated timeline and impact therefrom, including Mainline contracting; the anticipated amount of contractual obligations; impacts of our hedging program; financial strength and flexibility; anticipated sources of financing and liquidity and the sufficiency thereof; expected refinancing of long-term debt; expected capital expenditures and the timing thereof; estimated future dividends; the effect of any claims or potential claims and other legal proceedings on us; operational, industry, climate change and other risks associated with our businesses; and our assessment of the potential impact of the various risk factors identified herein.

Although we believe these forward-looking statements are reasonable based on the information available on the date such statements are made and processes used to prepare the information, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Material assumptions include the following: the expected supply of, demand for and prices of crude oil, renewable energy and other commodities and sources of energy; anticipated utilization of our assets; exchange rates; inflation; interest rates; the availability of capital on satisfactory terms; availability and price of labor and construction materials; the stability of our supply chain; operational reliability; government and regulatory approvals, including the timing thereof; potential acquisitions, dispositions or other strategic transactions; maintenance of support and regulatory approvals for our projects; anticipated in-service dates; weather; credit ratings; expected earnings/(loss); expected earnings before interest, income taxes and depreciation and amortization (EBITDA); expected cash flows; and estimated future dividends. Assumptions regarding the expected supply of and demand for crude oil and renewable energy, and the prices of these commodities, are material to and underlie all forward-looking statements. These factors are relevant to all forward-looking statements as they may impact current and future levels of demand for our services. Similarly, exchange rates, inflation and interest rates impact the economies and business environments in which we operate and may impact levels of demand for our services and cost of inputs and are therefore inherent in all forward-looking statements. The most relevant assumptions associated with forward-looking statements on announced projects and projects under construction, including estimated completion dates and expected capital expenditures, include the following: availability and price of labor and construction materials; the stability of our supply chain; effects of inflation and foreign exchange rates on labor and material costs; effects of interest rates on borrowing costs; impact of weather and customer, government and regulatory approvals on construction and in-service schedules and cost recovery regimes.

Our forward-looking statements are subject to risks and uncertainties pertaining to the realization of anticipated benefits and synergies of projects and transactions, operating performance, regulatory parameters including with respect to Mainline contracting, changes in laws and regulations applicable to our business, litigation, project approval and support, renewals of rights-of-way, weather, economic and competitive conditions, public opinion, access to and cost of capital, operational dependence on third parties, changes in tax law and tax rates, exchange rates, inflation, interest rates, commodity prices, political decisions and evolving government trade policies, including potential and announced tariffs, duties, fees, economic sanctions, or other trade measures, and supply of and demand for crude oil, renewable energy and other commodities and alternative energy. These risks and uncertainties include but are not limited to those risks and uncertainties discussed in this MD&A and in our other filings with Canadian securities regulators. The impact of any one assumption, risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these are interdependent and our future course of action depends on management's assessment of all information available at the relevant time.

Except to the extent required by applicable law, we assume no obligation to publicly update or revise any forward-looking statements made in this MD&A or otherwise, whether as a result of new information, future events or otherwise. All subsequent forward-looking statements, whether written or oral, attributable to us or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements.

NON-GAAP AND OTHER FINANCIAL MEASURES

This MD&A makes reference to non-GAAP and other financial measures, including EBITDA. EBITDA is defined as earnings before interest, income taxes, depreciation and amortization. Management uses EBITDA to assess the performance of EPI and to set targets.

As a non-GAAP financial measure, EBITDA does not have any standardized meaning prescribed by US GAAP and is not a US GAAP measure. Therefore, it may not be comparable with similar measures presented by other issuers. Management believes the presentation of this measure gives useful information to investors as it provides increased transparency and insight into the performance of EPI. A reconciliation of EBITDA to earnings, the most directly comparable GAAP measure, is set out under Results of Operations *in this MD&A.*

OBJECTIVES AND STRATEGY

Our objectives and strategy are aligned to support the corporate vision and strategies of Enbridge. Our strategic priorities are as follows:

- Safety and Operational Reliability;
- Extend Growth;
- Maintain Financial Strength and Flexibility;
- Disciplined Capital Allocation; and
- Participate in Energy Transition Over Time.

Safety and Operational Reliability

Safety and operational reliability are the foundation of our strategy. We strive to achieve and maintain industry leadership in all facets of safety - process, public, and personal - and ensure the highest standards of reliability and integrity across our system to protect our communities and the environment.

Extend Growth

The cornerstone of our growth lies in the successful execution of projects on schedule and within estimated costs, while maintaining standards for safety, quality, customer satisfaction, and environmental and regulatory compliance. We aim to drive growth through a continuing focus on optimization, modernization, productivity, and efficiency across all our businesses. Examples include: the application of drag-reducing agents and pump station modifications to optimize throughput on our liquids system and the creation of sustainable cost savings across the organization through innovation, process improvement and system enhancements.

Maintain Financial Strength and Flexibility

The maintenance of our balance sheet strength is critical to our strategy. Our financing strategies are designed to retain strong, investment-grade credit ratings so that we have the financial capacity to meet our capital funding needs and the flexibility to manage capital market disruptions.

Disciplined Capital Allocation

We assess the latest fundamental trends, monitor the business landscape, and proactively conduct business development activities with the goal of identifying an industry-leading capital deployment opportunity set. We screen, analyze, and assess opportunities using a disciplined investment framework with the objective of effectively deploying capital to grow while driving attractive risk-adjusted returns.

Participate in Energy Transition Over Time

As the global population grows and standards of living continue to improve around the world, we expect energy demand to rise. We, and our society, increasingly recognize the need for secure and reliable energy while concurrently reducing global greenhouse gas (GHG) emissions. Accordingly, energy systems around the world are being gradually reshaped as industry participants, regulators, and consumers seek to balance these factors. We are well positioned to play a key role in the energy transition by participating in the development of the future energy systems with regulators and policy makers and partnering with customers on their lower-carbon strategies, while reducing our own carbon footprint.

BUSINESS SEGMENTS

Our activities are carried out through two business segments: Liquids Pipelines and Renewable Power Generation, as discussed below.

LIQUIDS PIPELINES

Liquids Pipelines consists of common carrier and contract pipelines and related terminals in Canada that transport various grades of crude oil and other liquid hydrocarbons, including the Canadian Mainline and Southern Lights Canada.

CANADIAN MAINLINE

The Canadian Mainline transports various grades of crude oil and other liquid hydrocarbons within western Canada and from western Canada to the Canada/US border near Gretna, Manitoba and Neche, North Dakota and from the US/Canada border near Port Huron, Michigan and Sarnia, Ontario to eastern Canada. The Canadian Mainline includes six adjacent pipelines with a combined operating capacity of approximately 3.2 million barrels per day (mmbpd) that connect with the Lakehead System at the Canada/US border, as well as five pipelines that deliver crude oil and refined products into eastern Canada. We have operated, and frequently expanded, the Canadian Mainline since 1949.

Supplemental information related to the Canadian Mainline as at December 31, 2024 is provided below:

December 31,	**2024**	2023
(Canadian dollars per barrel, except otherwise noted)		
Mainline Tolling Settlement (MTS) Canadian International Joint Toll (IJT)[1,2]	**$1.75**	$1.65
Line 3 Replacement (L3R) IJT Surcharge Canadian Component[1,3]	**US$0.37**	US$0.39

1 *The MTS Canadian IJT and L3R IJT Surcharge Canadian Component is per barrel of heavy crude oil transported from Hardisty, Alberta to Chicago, Illinois. A separate distance adjusted toll applies to shipments originating at receipt points other than Hardisty and lighter hydrocarbon liquids pay a lower toll than heavy crude oil.*

2 *Effective July 1, 2023, the IJT Benchmark Toll is being collected in dual currencies, the Canadian portion in Canadian dollars and the US portion in US dollars, in line with the MTS. The MTS Canadian IJT shown in the table above excludes an Interim IJT Sur-Credit totaling ($0.13) per barrel to refund an amount collected during the MTS interim refund period, which was established on April 1, 2024, as well as a Land Matters Consultation Initiative (LMCI) surcharge for transmission and terminaling totaling $0.04 per barrel.*

3 *The L3R IJT Surcharge was established on October 1, 2021 following the completion of the US portion of the L3R Project. The commercial terms governing the L3R IJT Surcharge dictate that it be adjusted when the 9-month rolling average of ex-Gretna volume reaches certain thresholds.*

Average Throughput Volume[1]

	Q1	Q2	Q3	Q4	YTD Average
(thousands of barrels per day)					
2024	**3,127**	**3,078**	**2,961**	**3,076**	**3,061**
2023	3,120	2,991	2,998	3,212	3,080

1 *Throughput volume represents the average per day Mainline deliveries ex-Gretna, Manitoba which is made up of US and eastern Canada deliveries originating from western Canada.*

Tolling Framework

The MTS is a negotiated settlement with a term of seven and a half years through the end of 2028 that covers both the Canadian and US portions of the Mainline, except for Lines 8 and 9 which are tolled on a separate basis. Enbridge filed an application with the Canada Energy Regulator (CER) for approval of the MTS on December 15, 2023 and the CER issued an order on March 4, 2024 approving Enbridge's application as filed. The MTS provides for a Canadian Local Toll for deliveries within western Canada, as well as an IJT for crude oil shipments originating in western Canada, on the Canadian Mainline, and delivered into the US, via the Lakehead System, and into eastern Canada. Under the MTS, the Mainline operates as a common carrier system available to all shippers on a monthly nomination basis.

The MTS includes:

- an IJT, for heavy crude oil movements from Hardisty to Chicago, comprised of an initial Canadian Mainline Toll of $1.65 per barrel, plus the Canadian component of the applicable L3R surcharge;
- toll escalation for operation, administration, and power costs tied to US consumer price and US and Canadian power indices;
- tolls that are distance and commodity adjusted, and utilize a dual currency IJT; and
- a financial performance collar that provides incentives for Enbridge to optimize throughput and cost, but also provides downside protection in the event of extreme supply or demand disruptions or unforeseen operating cost exposure.

Approximately 70% of Mainline deliveries are tolled under this settlement, while approximately 30% of deliveries are tolled on a full path basis to markets downstream of the Mainline.

SOUTHERN LIGHTS CANADA PIPELINE

The Southern Lights Pipeline is a single stream 180 kbpd 16/18/20-inch diameter pipeline that ships diluent from the Manhattan Terminal near Chicago, Illinois to three western Canadian delivery facilities, located at the Edmonton and Hardisty terminals in Alberta and the Kerrobert terminal in Saskatchewan. Both the Canadian portion and the US portions of the Southern Lights Pipeline receive tariff revenues under long-term contracts with committed shippers. The Southern Lights Pipeline capacity is 90% contracted with the remaining 10% of the capacity assigned for shippers to ship uncommitted volumes. A fully subscribed open season was completed in December 2023, which has ensured contract levels remain at 90% through mid-2030. EPI owns the Canadian portion of Southern Lights Pipeline.

COMPETITION

Competition for our liquids pipelines network comes primarily from infrastructure or logistics alternatives (e.g., rail or trucking) that transport liquid hydrocarbons from production basins in which we operate to markets in Canada, the US and internationally. Competition from existing pipelines, such as the recently completed Trans Mountain Pipeline expansion, is based primarily on access to supply, end use markets, the cost of transportation, contract structure and the quality and reliability of service. Additionally, volatile crude price differentials and insufficient pipeline capacity on either our or competitors' pipelines can make transportation of crude oil by rail competitive, particularly to markets not currently served by pipelines.

We believe that our liquids pipelines systems will continue to provide competitive and attractive options to producers in the Western Canadian Sedimentary Basin (WCSB) due to our market access, competitive tolls and flexibility through our multiple delivery and storage points. We also employ long-term agreements with shippers, which mitigates competition risk by ensuring consistent supply to our liquids pipelines network. We have a proven track record of successfully executing projects to meet the needs of our customers.

SUPPLY AND DEMAND

We have an established and successful history of being the largest transporter of crude oil to the US, the world’s largest market for crude oil. We expect US demand for Canadian crude oil production will support the use of our infrastructure for the foreseeable future.

Under most base case forecasts, demand is expected to grow into the next decade, primarily driven by emerging economies in regions outside the Organization for Economic Cooperation and Development (OECD), such as India and broader Southeast Asia. In North America, demand growth for transportation fuels is expected to slow down over time due to vehicle fuel efficiency improvement and rising adoption of electric vehicles.

The Organization of Petroleum Exporting Countries is expected to continue to balance markets and manage prices with production quotas despite accelerated developments of offshore production in both Brazil and Guyana and continued growth from Canada and the US. In the US, growth will likely be driven by the Permian Basin, a large and cost competitive light crude oil resource base. In addition, heavy crude oil growth is expected from the WCSB as additional egress availability will likely support expansion of existing projects and some potential new greenfield facilities.

Our Mainline System was effectively fully utilized in 2024 delivering 3.1 mmbpd. Refinery demand in the upper Midwest PADD II market has been strong. On the US Gulf Coast, lower supply of heavy crude from Latin America and the Middle East continues to drive increased demand for Canadian heavy crude. Many of the refineries connected to the Mainline System are complex and competitive in the global context.

The anticipated combination of long-term demand growth in non-OECD nations, domestic demand contraction over time, and continued production growth in the Permian Basin and WCSB, highlights the importance of our strategic asset footprint and reinforces the need for additional export-oriented infrastructure. We believe that we are well positioned to meet these evolving supply and demand fundamentals through expansion of system capacity for incremental access to the US Gulf Coast, and through further development of Enbridge Ingleside Energy Center in Corpus Christi, the largest crude oil export facility in North America.

Opposition to fossil fuel development in conjunction with evolving consumer preferences and new technologies could underpin energy transition scenarios impacting long-term supply and demand of crude oil. We continue to closely monitor the evolution of all of these factors to be able to proactively adapt our business to help meet our customers' and society's energy needs.

These supply and demand dynamics are evolving, as the current political climate in Canada and the US continues to shift, including as a result of changes in governments and trade relations. We continue to monitor these developments together with their impact on our business.

RENEWABLE POWER GENERATION

Renewable Power Generation consists of investments in wind and solar assets in the provinces of Alberta, Ontario and Québec.

Renewable Power Generation includes 546 megawatts (MW) of net renewable and alternative energy sources in operation. Of this amount, approximately 484 MW of net power generating capacity comes from 10 wind facilities. The vast majority of the power produced from these facilities is sold under long-term power purchase agreements (PPAs).

Net Capacity (MW)

	2024	2023
Wind Facilities	**484**	484
Solar Facilities	**62**	51

JOINT VENTURE

We own a significant interest in Enbridge Canadian Renewable LP (ECRLP), a joint venture between us and the Canada Pension Plan Investment Board (CPP Investments). ECRLP is a variable interest entity owned 46.18% by us, 4.81% by Enbridge Income Partners Holdings Inc. and 0.01% by Enbridge Canadian Renewable GP Inc. The remaining 49% is owned by CPP Investments.

COMPETITION
Renewable Power Generation operates in the Canadian power markets, which are subject to competition and supply and demand fundamentals for power in the jurisdictions in which it operates. The majority of our revenue is generated from long-term PPAs (or has been substantially hedged). As such, financial performance is not significantly impacted by fluctuating power prices arising from supply/demand imbalances or the actions of competing facilities during the term of the applicable contracts. However, the renewable energy sector includes large utilities, small independent power producers and private equity investors, which are expected to aggressively compete for new project development opportunities and for the right to supply customers when contracts expire.

To grow in an environment of heightened competition, we strategically target regions with commercial constructs consistent with our low risk business model. In addition, we leverage our expertise in developing and constructing large-scale infrastructure projects.

SUPPLY AND DEMAND
Renewable power generation in North America is expected to grow significantly over the next 20 years due to growing power demand and the replacement of retiring fossil fuel-based sources of electricity generation.

On the demand side, North American economic growth over the longer term, growing demand to support data center load, and the continued electrification and transition to lower-carbon strategies within the residential, transportation and industrial sectors are expected to drive growing electricity demand. Furthermore, voluntary GHG emissions reduction targets are becoming increasingly expected by stakeholders, which is driving significant demand from corporate electricity end-users for clean electricity and environmental attributes.

On the supply side, legislation is accelerating the retirement of aging coal-fired generation, while generation from conventional nuclear power is also forecast to decline. As a result, North America requires significant new generation capacity from preferred technologies. Gas-fired and renewable energy facilities, including solar and wind, are generally the preferred sources to replace coal-fired generation due to their lower-carbon intensities. Governments are also proposing tax incentives to support low-emission and renewable energy generation resource development. As renewable energy takes an increasing share of certain states' and provinces' electricity grids, governments are also proposing tax incentives for natural gas and battery development to help firm the variable generation on the grid.

Falling capital and operating costs of wind and solar, combined with their improving capacity factors, are expected to continue the ongoing trend of making renewable energy more competitive and support investment over the long-term, regardless of available government incentives. Generation from wind and solar sources is expected to more than triple over the next two decades in North America. Aside from the construction of new wind and solar facilities, other growth opportunities include repowering projects to increase output from and extend the project-life of our existing facilities.

ELIMINATIONS AND OTHER

Eliminations and Other includes operating and administrative costs that are not allocated to business segments, including new business development activities, general corporate investments and elimination of transactions between segments required to present our financial performance and financial position on a consolidated basis.

REGULATION

GOVERNMENT REGULATION

Pipeline Regulation

Our Liquids Pipelines assets are subject to numerous operational rules and regulations mandated by governments and applicable regulatory authorities, breaches of which could result in fines, penalties, operating restrictions and an overall increase in operating and compliance costs.

Our pipelines are subject to safety regulations administered by the CER or provincial regulators. Applicable legislation and regulations require us to comply with a significant set of requirements for the design, construction, maintenance and operation of our pipelines. Among other obligations, this regulatory framework imposes requirements to monitor and maintain the integrity of our pipelines.

Laws and regulations addressing enhanced pipeline safety in Canada have been enacted over the past few years and are continuously being monitored. These changes demonstrate an increased focus on the implementation of management systems to address key areas, such as emergency management, integrity management, safety, security and environmental protection. The CER has authority to impose administrative monetary penalties for non-compliance with the regulatory regime it administers, as well as to impose financial requirements for future abandonment and major pipeline releases.

A key component of pipeline safety and reliability is the approach to integrity management that uses reliability targets and safety case assessments. A long history of extensive inline inspection has provided detailed knowledge of the assets in our pipeline systems. Our pipelines are assessed and maintained in a proactive manner in order to meet reliability targets. Furthermore, the integrity management program has an independent step to check the results of integrity assessments to validate the effectiveness of the program so that the operational risk remains as low as reasonably practicable throughout the integrity inspection and assessment cycle. As inspection technology, pipeline materials and construction practices improve with time, and new data on threats and pipeline condition are gathered, our methods of maintaining fitness for service evolves, with a strong focus on continuous improvement.

Our pipelines also face economic regulatory risk. Broadly defined, economic regulatory risk is the risk that governments or regulatory agencies reject or revise proposed commercial arrangements, applications or policies, upon which future and current operations are dependent. Our pipelines are subject to the actions of various regulators, including the CER, with respect to tariffs and tolls. The rejection or revision of applications for approval of new tariff structures or proposed commercial arrangements and changes in interpretation of existing regulations by courts or regulators could have an adverse effect on our revenues and earnings.

Renewable Power Generation

Renewable Power Generation is subject to numerous operational rules and regulations mandated by governments and applicable regulatory authorities. Breaches of these rules and regulations could result in fines, penalties, operating restrictions and an overall increase in operating and compliance costs.

The North American Electric Reliability Council (NERC) is an international regulatory authority responsible for establishing and enforcing reliability standards to reduce risks to the reliability and security of the grid in Canada, the US, and Mexico. It is subject to oversight from the provincial governments in Canada. NERC standards and pricing decisions are also updated from time to time and could impact our operations, capital expenditures, earnings, and cash flows, though some of these impacts could be positive for our business.

In Canada, the Federal Government does not generally regulate the electricity sector, though it has imposed a federal carbon price on other sectors via its output-based pricing system and has proposed a Clean Electricity Regulation (CE Regulation) that would require Canada's electricity grid to reach net-zero by 2050 with initial limitations beginning in 2035. The CE Regulation came into effect in December 2024.

Renewable Power Generation is also subject to provincial regulations governing the energy resource mix on the grid, emissions levels of the electricity grid, and market regulations related to emergency operations, extreme weather preparedness, and market participation, among others. These regulations may change from time to time, which could impact our operations and increase the costs of participating in regional electricity markets.

ENVIRONMENTAL REGULATION

Pipeline Regulation

Our Liquids Pipelines assets are subject to numerous federal and provincial environmental laws and regulations affecting many aspects of our present and future operations, including air emissions, water quality, water discharge and waste. These laws and regulations generally require us to obtain and comply with a wide variety of environmental licenses, permits and other approvals.

Canada has adopted a pan-Canadian approach to pricing carbon emissions to incent GHG emission reductions across all sectors of the economy. This approach was adopted in 2016 and entails both a consumer price on carbon, and an intensity-based system for industry which addresses competitiveness and carbon leakage. Provinces and territories may implement their own system of carbon pricing provided it meets the federal benchmark (and if they fail to do so the federal system will be imposed on them). In March 2022, Canada published its 2030 Emissions Reduction Plan (ERP) which builds on the Pan-Canadian Framework, and *Net-Zero Emissions Accountability Act*, and details the roadmap for Canada to meet its domestic climate target of a 40-45% reduction in GHG emissions by 2030 and attaining net-zero emissions by 2050. The ERP details the complementary policies and programs that Canada will enact to enable it to meet its domestic climate goal. Effective April 1, 2024, the federal carbon price was increased to $65 per tonne of carbon dioxide equivalent (tCO2e). This will increase by $15 per tonne each year and rise to $170 per tCO2e in 2030.

Renewable Power Generation

The regulatory landscape continues to evolve to address new developments within this relatively new industry. As discussed in *Government Regulation* above, the CE regulation came into effect in December 2024, which require Canada's electricity grid to reach net-zero by 2050 with initial limitations beginning in 2035. The finalized regulations set limits on GHG emissions from almost all electricity generation units that use fossil fuels. The finalized regulations also include a compliance credit system, and opportunities for credit trading and pooling within federal and provincial frameworks, intended to provide flexibility for operators to meet the new standards.

RECENT DEVELOPMENTS

MAINLINE TOLLING AGREEMENT

The MTS is a negotiated settlement with a term of seven and a half years through the end of 2028 that covers both the Canadian and US portions of the Mainline, except for Lines 8 and 9 which are tolled on a separate basis. Enbridge filed an application with the CER for approval of the MTS on December 15, 2023 and the CER issued an order on March 4, 2024 approving Enbridge's application as filed. Refer to *Business Segments - Liquids Pipelines - Tolling Framework* for detailed terms of the MTS.

FINANCING UPDATE
In July 2024, we extended the term out date of our 364 day extendible credit facility to July 2026, which includes a one-year term out provision from July 2025.

These financing activities are intended to ensure that we have sufficient liquidity to fund our current portfolio of capital projects and other operating working capital requirements, in the event that market access becomes restricted or pricing is unattractive. Refer to *Liquidity and Capital Resources.*

As at December 31, 2024, after adjusting for the impact of floating-to-fixed interest rate swap hedges, less than 5% of our total debt, inclusive of loans from affiliates, is exposed to floating rates. Refer to *Note 15 - Risk Management and Financial Instruments* to the audited consolidated financial statements for more information on our interest rate hedging program.

RESULTS OF OPERATIONS

	Three months ended December 31,		Year ended December 31,	
	2024	2023	**2024**	2023
(millions of Canadian dollars)				
Segment earnings before interest, income taxes and depreciation and amortization[1]				
Liquids Pipelines	**581**	574	**2,275**	2,564
Renewable Power Generation	**65**	58	**237**	230
Eliminations and Other	**284**	216	**955**	808
Earnings before interest, income taxes and depreciation and amortization[1]	**930**	848	**3,467**	3,602
Depreciation and amortization	**(160)**	(160)	**(640)**	(638)
Interest expense	**(359)**	(294)	**(1,338)**	(1,204)
Income tax expense	**(44)**	(236)	**(134)**	(365)
Earnings	**367**	158	**1,355**	1,395
Earnings attributable to noncontrolling interests	**(20)**	(16)	**(66)**	(62)
Earnings attributable to common shareholder	**347**	142	**1,289**	1,333

1 Non-GAAP financial measure. Refer to Non-GAAP and Other Financial Measures.

EARNINGS ATTRIBUTABLE TO COMMON SHAREHOLDER

Three months ended December 31, 2024, compared with the three months ended December 31, 2023
Earnings attributable to common shareholder were positively impacted by $136 million due to certain infrequent or other non-operating factors, primarily explained by:

- the absence in 2024 of a deferred tax adjustment of $120 million as a result of deregulation of parts of the Canadian Mainline including Line 9 and L3R; and
- the absence in 2024 of a $69 million deferred tax adjustment net of an after-tax gain of $56 million which were recognized as a result of Southern Lights Canada's discontinuation of regulatory accounting.

After taking into consideration the factors above, the remaining $69 million increase in earnings attributable to common shareholder is primarily explained by:

- higher Canadian Mainline system tolls including surcharges due to annual escalators;
- lower Mainline power costs from operational efficiencies and lower Alberta mill rates; and
- higher affiliate dividend income received in 2024; partially offset by
- higher interest expense primarily due to both higher outstanding balance and higher interest rates of Loans from affiliates; and
- lower Canadian Mainline System ex-Gretna average throughput.

Year ended December 31, 2024, compared with the year ended December 31, 2023
Earnings attributable to common shareholder were positively impacted by $141 million due to certain infrequent or other non-operating factors, primarily explained by:

- the absence in 2024 of a realized loss of $638 million ($479 million after-tax) due to termination of foreign exchange hedges, as foreign exchange risks inherent within the Competitive Toll Settlement (CTS) framework are not present in the MTS;
- the absence in 2024 of a deferred tax adjustment of $120 million as a result of deregulation of parts of the Canadian Mainline including Line 9 and L3R; and
- the absence in 2024 of a $69 million deferred tax adjustment net of a gain of $56 million ($56 million after-tax) which were recognized as a result of Southern Lights Canada's discontinuation of regulatory accounting; partially offset by
- a non-cash, net unrealized derivative loss of $20 million ($15 million after-tax) in 2024, compared with gain of $609 million ($457 million after-tax) in 2023, reflecting changes in the mark-to-market value of derivative financial instruments used to manage foreign exchange risks inherent in the current tolling framework and commodity price risks.

As it pertains to the non-cash, unrealized derivative fair value gains discussed above, we have a comprehensive economic hedging program to mitigate foreign exchange and commodity price risks that create volatility in short-term earnings through the recognition of non-cash, unrealized gains and losses on derivative instruments used to hedge these risks. Over the long term, we believe our hedging program supports reliable cash flows.

After taking into consideration the factors above, the remaining $185 million decrease in earnings attributable to common shareholder is primarily explained by the following significant business factors:

- lower Canadian Mainline system tolls as a result of revised interim Mainline tolls effective July 1, 2023 and a lower L3R surcharge;
- lower Canadian Mainline System ex-Gretna average throughput; and
- higher interest expense primarily due to higher interest rates and outstanding balance of Loans from affiliates, partially offset by
- lower power costs from operational efficiencies and lower Alberta mill rates;
- higher affiliate dividend income received in 2024; and
- lower income tax expense primarily due to lower net income before tax, net of the impact from less capital related items in 2024 and the partial discontinuation of regulatory accounting.

BUSINESS SEGMENTS

LIQUIDS PIPELINES

	Three months ended December 31,		Year ended December 31,	
	2024	2023	**2024**	2023
(millions of Canadian dollars)				
Canadian Mainline	**557**	498	**2,189**	2,437
Southern Lights Canada	**24**	76	**86**	127
EBITDA[1]	**581**	574	**2,275**	2,564

1 Non-GAAP financial measure. Refer to Non-GAAP and Other Financial Measures.

Three months ended December 31, 2024, compared with the three months ended December 31, 2023

EBITDA was negatively impacted by $55 million due to certain infrequent or other non-operating factors, primarily explained by the absence in 2024 of a gain of $56 million recognized as a result of Southern Lights Canada's discontinuation of regulatory accounting.

After taking into consideration the factors above, the remaining $62 million increase in EBITDA is primarily explained by the following business factors:

- higher Canadian Mainline system tolls including surcharges due to annual escalators; and
- lower Mainline power costs from operational efficiencies and lower Alberta mill rates; partially offset by
- lower Canadian Mainline System ex-Gretna average throughput.

Year ended December 31, 2024, compared with year ended December 31, 2023

EBITDA was negatively impacted by $46 million due to certain infrequent or other non-operating factors, primarily explained by:

- non-cash, unrealized derivative loss of $23 million in 2024 compared with gain of $605 million in 2023, reflecting net fair value gains and losses arising from changes in the mark-to-market value of derivative financial instruments used to manage foreign exchange risks inherent within the current tolling framework; and
- the absence in 2024 of a gain of $56 million recognized as a result of Southern Lights Canada's discontinuation of regulatory accounting; partially offset by
- the absence in 2023 of a realized loss of $638 million due to termination of foreign exchange hedges, as foreign exchange risks inherent within the CTS framework are not present in the MTS.

After taking into consideration the factors above, the remaining $243 million decrease in EBITDA is primarily explained by the following significant business factors:

- lower Canadian Mainline system tolls as a result of revised interim Mainline tolls effective July 1, 2023 and a lower L3R surcharge; and
- lower Canadian Mainline System ex-Gretna average throughput; partially offset by
- lower power costs from operational efficiencies and lower Alberta mill rates.

RENEWABLE POWER GENERATION

	Three months ended December 31,		Year ended December 31,	
	2024	2023	**2024**	2023
(millions of Canadian dollars)				
EBITDA[1]	**65**	58	**237**	230

1 Non-GAAP financial measure. Refer to Non-GAAP and Other Financial Measures.

Three months ended December 31, 2024 compared with the three months ended December 31, 2023
EBITDA was positively impacted by $7 million primarily explained by higher wind resources in Canadian wind facilities.

Year ended December 31, 2024 compared with year ended December 31, 2023
EBITDA was positively impacted by $7 million primarily explained by higher wind resources in Canadian wind facilities.

ELIMINATIONS AND OTHER

	Three months ended December 31,		Year ended December 31,	
	2024	2023	**2024**	2023
(millions of Canadian dollars)				
EBITDA[1]	**284**	216	**955**	808

1 Non-GAAP financial measure. Refer to Non-GAAP and Other Financial Measures.

Eliminations and Other primarily includes operating and administrative costs which are not allocated to our segments and affiliate dividend and interest income.

Three months ended December 31, 2024, compared with the three months ended December 31, 2023
EBITDA was positively impacted by $68 million primarily due to higher affiliate dividend income in 2024.

Year ended December 31, 2024, compared with year ended December 31, 2023
EBITDA was positively impacted by $147 million primarily due to higher affiliate dividend income in 2024.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity and capital resources are funds generated from operations, commercial paper issuances, credit facility draws, issuances of long-term debt, which includes debentures and medium-term notes, and intercompany transactions with our parent and other affiliated entities.

BANK CREDIT AND LIQUIDITY

Long-term debt primarily consists of a committed credit facility and medium-term notes. The following table provides details of our external credit facility as at December 31, 2024:

	Maturity	Total Facility	Draws[2]	Available
(millions of Canadian dollars)				
364-day extendible credit facility	2026[1]	**2,000**	**509**	**1,491**

1 Maturity date is inclusive of the term out option.
2 Includes facility draws and commercial paper issuances that are back-stopped by the credit facility and classified as long-term debt.

In July 2024, we extended the maturity date of our 364-day extendible credit facility to July 2026, which includes a one-year term out provision from July 2025.

In addition to this committed credit facility, we had access to Enbridge's demand letter of credit facilities totaling $870 million as at December 31, 2024 and 2023. As of December 31, 2024 and 2023, $35 million of letters of credit were issued by us.

LONG-TERM DEBT REPAYMENTS

During the year ended December 31, 2024, we completed the following long-term debt repayments totaling $231 million:

Company	Repayment Date			Principal Amount
(millions of Canadian dollars)				
Enbridge Pipelines Inc.				
	February 2024	8.20%	debentures	$200
Enbridge Southern Lights LP				
	January, July and December 2024	4.01%	senior notes	$31

Our credit facility agreements and term debt indentures include standard events of default and covenant provisions, whereby accelerated repayment and/or termination of the agreements may result if we were to default on payment or violate certain covenants. As at December 31, 2024, we are in compliance with all terms and conditions of our committed credit facility agreement and our debt trust indentures.

As at December 31, 2024, our net available liquidity totaled $1.5 billion (2023 - $1.6 billion), consisting of available credit facility of $1.5 billion (2023 - $1.6 billion) and unrestricted cash of $21 million (2023 - $52 million) as reported in our Consolidated Statements of Financial Position.

The net available liquidity, together with cash from operations, intercompany funding and proceeds of debt capital market transactions, is expected to be sufficient to finance capital expenditure requirements, fund liabilities as they become due, fund debt retirements and pay dividends.

Excluding current maturities of long-term debt, as at December 31, 2024 and 2023, we had positive working capital positions of $73 million and $40 million, respectively. We maintain significant liquidity in the form of committed credit facilities and other sources, as previously discussed, which enable the funding of liabilities as they become due. In addition, it is anticipated that any current maturities of long-term debt will be refinanced upon maturity.

SOURCES AND USES OF CASH

December 31,	**2024**	2023
(millions of Canadian dollars)		
Operating activities	**1,997**	1,818
Investing activities	**(1,415)**	(344)
Financing activities	**(617)**	(1,495)
Net change in cash and restricted cash	**(35)**	(21)

Significant sources and uses of cash for the years ended December 31, 2024 and 2023 are summarized below:

Operating Activities
Typically, the primary factors impacting cash provided by operating activities year-over-year include fluctuations in our operating assets and liabilities in the normal course due to various factors, including the timing of tax payments and general variations in activity levels within our businesses, as well as timing of working capital settlements. Refer to *Note 17 - Changes in Operating Assets and Liabilities* to the audited consolidated financial statements. Cash provided by operating activities is also impacted by changes in earnings and certain infrequent or other non-operating factors, as discussed in *Results of Operations.*

Investing Activities
Cash used in investing activities relates to capital expenditures to execute our capital program. The timing of capital expenditures is impacted by project approval, construction and in-service dates. Cash used in investing activities is also impacted by purchases of restricted long-term investments that are held in trusts to cover future pipeline abandonment costs in accordance with the CER's regulatory requirements. Factor impacting the increase in cash used in investing activities year-over-year primarily include:

- the subscription of $8.5 billion to various classes of new Enbridge Energy Distribution Inc. (EEDI) preferred shares, which were funded by proceeds received from affiliate loan issuances, as discussed in *Financing Activities* below; partially offset by
- the redemption of $6.9 billion of EEDI Preferred Shares in 2024, proceeds from which were used to repay $7.4 billion in affiliate loans from Enbridge, as discussed in *Financing Activities* below.

Financing Activities
Cash used in financing activities primarily relates to issuances and repayments of external debt and affiliate loans, as well as transactions with our common shareholder relating to dividends, return of capital and common share issuances. Cash used in financing activities is also impacted by changes in distributions to, and contributions from, noncontrolling interests. Factors impacting the decrease in cash used in financing activities year-over-year primarily include:

- an $8.5 billion cash inflow from the issuance of affiliate loans in 2024; and
- long-term debt repayments of $231 million in 2024 compared with $359 million in 2023; partially offset by
- affiliate loan repayments of $7.4 billion in 2024;
- an absence of a $348 million cash inflow from the issuance of term notes in 2023; and
- net commercial paper and credit facility draws of $59 million in 2024, compared to net draws of $136 million in 2023.

CONTRACTUAL OBLIGATIONS
Payments due under contractual obligations over the next five years and thereafter are as follows:

December 31, 2024	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
(millions of Canadian dollars)					
Annual debt maturities[1]	6,117	615	977	793	3,732
Annual debt maturities - affiliates	19,846	16	18	16	19,796
Purchase obligations[2]	222	28	57	49	88
Right-of-way commitments[3]	69	5	10	10	44
Total contractual obligations	26,254	664	1,062	868	23,660

1 *Includes debentures, term notes, commercial paper and credit facility draws based on the facility's maturity date and excludes debt discounts and debt issuance costs. We have the ability under certain debt facilities to call and repay the obligations prior to scheduled maturities. Therefore, the actual timing of future cash repayments could be materially different than presented above.*
2 *Includes power commitments and operating and maintenance agreements for our wind and solar assets.*
3 *Our right-of-way obligations primarily consist of non-lease agreements that existed at the time of adopting Topic 842 Leases, at which time we elected a practical expedient that allowed us to continue our historical treatment.*

We are unable to estimate deferred income taxes since cash payments for income taxes are determined primarily by taxable income for each discrete fiscal year. We are also unable to estimate hedges payable and reserves for litigation, environmental remediation and regulatory liabilities due to uncertainty as to the amount and/or timing of when cash payments will be required.

LITIGATION
We are subject to various legal and regulatory actions and proceedings which arise in the normal course of business, including interventions in regulatory proceedings and challenges to regulatory approvals and permits. While the final outcome of such actions and proceedings cannot be predicted with certainty, management believes that the resolution of such actions and proceedings will not have a material impact on our consolidated financial position or results of operations.

OFF-BALANCE SHEET ARRANGEMENTS
We enter into guarantee arrangements in the normal course of business to facilitate commercial transactions with third parties. These arrangements include financial guarantees, stand-by letters of credit, debt guarantees, surety bonds and indemnifications. Refer to *Note 20 - Guarantees* to the audited consolidated financial statements for discussion on our guarantee arrangements.

We do not have material off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

QUARTERLY FINANCIAL INFORMATION

	2024				2023			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
(millions of Canadian dollars)								
Operating revenues	**964**	922	916	917	932	896	1,230	978
Earnings attributable to common shareholder[1]	**347**	322	313	307	142	269	592	330

1 *Earnings per share not provided as EPI is a wholly-owned indirect subsidiary of Enbridge.*

SELECTED ANNUAL INFORMATION

	2024	2023	2022
(millions of Canadian dollars)			
Operating revenues	**3,719**	4,036	3,767
Earnings attributable to common shareholder[1]	**1,289**	1,333	1,329
Dividends[1]	**1,413**	1,478	1,493
Total assets	**37,540**	36,649	37,250
Total long-term liabilities	**28,464**	27,622	27,493

1 Earnings and dividends per share not provided as EPI is a wholly-owned indirect subsidiary of Enbridge.

Several factors impact comparability of our financial results, including, but not limited to, fluctuations in market prices, such as foreign exchange rates and commodity prices, and the timing of regulatory and other approvals related to tolling agreements, including the MTS.

Our revenues can be impacted by several factors. Our transportation assets operating under market-based arrangements generate revenues driven by volumes transported and the corresponding tolls for transportation services. For rate-regulated assets, revenues are charged in accordance with tolls established by the regulator and, in most cost-of-service based arrangements, are reflective of our cost to provide the service plus a regulator-approved rate of return. Our renewable assets operating in the Canadian power markets are subject to competition and supply and demand fundamentals for power in the jurisdictions in which they operate. The majority of revenue is generated pursuant to long-term PPAs. As such, the financial performance is not significantly impacted by fluctuating power prices arising from supply/demand imbalances or the actions of competing facilities during the term of the applicable contracts.

We actively manage our exposure to market risks, including, but not limited to, commodity prices, interest rates and foreign exchange rates. To the extent derivative instruments used to manage these risks are non-qualifying for the purposes of applying hedge accounting, changes in unrealized derivative fair value gains and losses on these instruments will impact earnings.

RELATED PARTY TRANSACTIONS

All related party transactions are provided in the normal course of business and, unless otherwise noted, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Affiliates refer to Enbridge and companies that are either directly or indirectly owned by Enbridge.

Enbridge and its affiliates perform centralized corporate functions for us pursuant to applicable agreements, including legal, accounting, compliance, treasury, personnel, employee benefits, information technology and other areas, as well as certain engineering and other services. We reimburse Enbridge for the expenses incurred to provide these services as well as for other expenses incurred on our behalf. In addition, we perform services and incur expenses on behalf of our affiliates, which are subsequently reimbursed. Our expenses and recoveries for these services are recorded in Operating and administrative expense in the Consolidated Statements of Earnings, and are based on the cost of actual services provided or using various allocation methodologies.

Our transactions with entities related through common or joint control are as follows:

Year ended December 31,	**2024**	2023
(millions of Canadian dollars)		
Transportation and storage revenue[1]	**72**	89
Operating and administrative expense[2]	**379**	343

1 *Includes revenue of $53 million (2023 - $62 million) from Tidal Energy Marketing (U.S.) L.L.C. and $19 million (2023 - $27 million) from Tidal Energy Marketing Inc.*

2 *Includes centralized corporate function charges of $132 million (2023 - $125 million) to Enbridge and $160 million (2023 - $141 million) to Enbridge Employee Services Canada Inc. (EESCI).*

Amounts due from/(to) related parties are as follows:

December 31,	**2024**	2023
(millions of Canadian dollars)		
Enbridge Inc.[1, 4]	**(13,936)**	(17,392)
Enbridge Employee Services Canada Inc.[1, 4]	**(2,539)**	(16)
Enbridge Power Operations Services Inc.[1]	**(1,061)**	(4)
Enbridge (Maritimes) Incorporated[1]	**(735)**	(735)
IPL Energy (Atlantic) Incorporated[1]	**(653)**	(653)
Enbridge Pipelines (Athabasca) Inc.[3]	**339**	341
Enbridge International Inc.[1]	**(330)**	—
Enbridge Operational Services Inc.[1]	**(272)**	—
Enbridge Atlantic Holdings Inc.[1]	**(232)**	—
Enbridge Hardisty Storage Inc.[1]	**(215)**	—
Enbridge Energy Distribution Inc.	**157**	97
Enbridge Income Partners Holdings Inc.[1]	**(152)**	(169)
Enbridge Energy Limited Partnership	**103**	(6)
Enbridge Risk Management Inc.[2]	**(41)**	(50)
Enbridge Gas Inc.	**16**	(33)
Other affiliates, net[4]	**2**	2
	(19,549)	(18,618)

1 *Includes notes payable. See* Intercorporate Loans and Balances *below.*

2 *Includes net derivative payable balances to affiliate. See* Note 15 - Risk Management and Financial Instruments *to the audited consolidated financial statements for further discussion on derivative instruments.*

3 *Includes notes receivable. See* Intercorporate Loans and Balances *below.*

4 *Includes centralized corporate function charges.*

INVESTMENT IN AFFILIATES

Our investments in affiliates through preferred share holdings are as follows:

December 31,	**2024** Number of Preferred Shares	**2024** Investment Balance	**2024** Dividend Income	2023 Number of Preferred Shares	2023 Investment Balance	2023 Dividend Income
(millions of Canadian dollars; number of preferred shares in millions)						
EEDI Preferred Shares[1]	**10**	**10,311**	**530**	9	9,200	393
Enbridge Pipelines (Athabasca) Inc. Preferred Shares[1]	**8**	**8,000**	**387**	8	8,000	386
EESCI Preferred Shares[2]	**1**	**514**	**—**	1	514	—
		18,825	**917**		17,714	779

1 The EEDI and Enbridge Pipelines (Athabasca) Inc. (EPAI) Preferred Shares entitle us to receive quarterly dividends. EEDI and EPAI have the option to redeem the outstanding Preferred Shares at any time. We are also entitled to require redemption of these Preferred Shares at any time.

2 The EESCI Preferred Shares annual dividends ended in 2021. EESCI has the option to redeem the outstanding EESCI Preferred Shares at any time. We are also entitled to require redemption of the EESCI Preferred Shares at any time.

In January 2024, EEDI redeemed $6,943 million of the EEDI Preferred Shares and we subscribed to an additional $4,964 million of various new classes of EEDI preferred shares. In July 2024, we subscribed to an additional $3,500 million of Class F EEDI Preferred Shares and in November 2024, EEDI redeemed $410 million of the of Class I EEDI Preferred Shares. As a result of these transactions, our total investment in EEDI Preferred Shares as at December 31, 2024 is $10,311 million.

INTERCORPORATE LOANS AND BALANCES

Loans to Affiliates

The following loans to affiliates are evidenced by formal loan agreements:

December 31,	Maturity	**2024** Weighted Average Interest Rate	**2024** Amount	2023 Weighted Average Interest Rate	2023 Amount
(millions of Canadian dollars)					
Enbridge Pipelines (Athabasca) Inc.	2034	**6.1%**	**243**	5.1%	243

Loans from Affiliates

The following loans from affiliates are evidenced by formal loan agreements:

		2024		2023	
December 31,	Maturity	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate	Amount
(millions of Canadian dollars)					
Enbridge Inc.	2034	**5.1%**	**13,757**	4.5%	17,200
Enbridge Employee Services Canada Inc.	2034	**6.5%**	**2,478**	—%	—
Enbridge Power Operations Services Inc.	2034	**6.4%**	**1,043**	—%	—
Enbridge (Maritimes) Incorporated	2045	**4.0%**	**734**	4.0%	734
IPL Energy (Atlantic) Incorporated	2045	**4.0%**	**652**	4.0%	652
Enbridge International Inc.	2034	**6.4%**	**326**	—%	—
Enbridge Operational Services Inc.	2034	**6.4%**	**266**	—%	—
Enbridge Atlantic (Holdings) Inc.	2034	**6.4%**	**229**	—%	—
Enbridge Hardisty Storage Inc.	2034	**6.4%**	**212**	—%	—
Enbridge Income Partners Holdings Inc.[1]	2040	**—%**	**149**	—%	167
			19,846		18,753
Current portion of loan from affiliate[1]			**(16)**		(19)
			19,830		18,734

1 $16 million (2023 - $19 million) of Class A Units of Enbridge SL Holdings LP are classified as current Loan from affiliate.

In January 2024, we repaid $6,943 million of subordinated loans from Enbridge and we entered into $4,964 million of subordinated loans from affiliates. In July 2024, we entered into an additional $3,500 million of subordinated loans from Enbridge. In November 2024, we repaid $410 million of subordinated loans from 2099634 Ontario Limited.

See *Note 12 - Debt* to the consolidated financial statements as at and for the year ended December 31, 2024 for total interest on loans from affiliates.

RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

MARKET RISK

Our earnings, cash flows and Other comprehensive income (OCI) are subject to movements in foreign exchange rates, interest rates and commodity prices (collectively, market risk). Formal risk management policies, processes and systems have been designed to mitigate these risks.

The following summarizes the types of market risks to which we are exposed and the risk management instruments used to mitigate them. We use a combination of qualifying and non-qualifying derivative instruments to manage the risks noted below.

Foreign Exchange Risk

We generate certain revenues and incur expenses that are denominated in currencies other than Canadian dollars. As a result, our earnings and cash flows are exposed to fluctuations resulting from foreign exchange rate variability which is managed by our parent company, Enbridge.

A combination of qualifying and non-qualifying derivative instruments is used to hedge anticipated foreign currency denominated revenues and expenses and to manage variability in cash flows.

Interest Rate Risk
Our earnings, cash flows and OCI are exposed to short-term interest rate variability due to the regular repricing of our variable rate debt, primarily commercial paper. Pay fixed-receive floating interest rate swaps may be used to hedge against the effect of future interest rate movements. We have implemented a hedging program to partially mitigate the impact of short-term interest rate volatility on interest expense via the execution of floating-to-fixed interest rate swaps. These swaps have an average fixed rate of 5.7%.

Our earnings and cash flows can also be exposed to variability in longer term interest rates ahead of anticipated fixed rate term debt issuances. Forward starting interest rate swaps are used to hedge against the effect of future interest rate movements. Our portfolio mix of fixed and variable rate debt instruments is managed by our parent company, Enbridge.

Commodity Price Risk
Our earnings, cash flows and OCI are exposed to changes in commodity prices as a result of our ownership interests in certain assets and investments. These commodities primarily consist of crude oil and power. We employ financial derivative instruments to fix a portion of the variable price exposures that arise from physical transactions involving these commodities. We use primarily non-qualifying derivative instruments to manage commodity price risk.

THE EFFECT OF DERIVATIVE INSTRUMENTS ON THE STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

Year ended December 31,	**2024**	2023
(millions of Canadian dollars)		
Amount of unrealized gain recognized in OCI		
Cash flow hedges		
Interest rate contracts	**3**	—
Commodity contracts	**28**	67
	31	67
Amount of (gain)/loss reclassified from Accumulated other comprehensive income to earnings		
Interest rate contracts[1]	**33**	31
Commodity contracts[2]	**(9)**	—
	24	31
Amount of unrealized gain/(loss) from non-qualifying derivatives included in earnings		
Foreign exchange contracts[2]	**—**	648
Interest rate contracts[1]	**(3)**	—
Commodity contracts[3]	**(16)**	(31)
	(19)	617

1 Reported within Interest expense in the Consolidated Statements of Earnings.
2 Reported within Transportation and other services revenues and Other income in the Consolidated Statements of Earnings.
3 Reported within Transportation and other services revenues and Operating and administrative expense in the Consolidated Statements of Earnings.

LIQUIDITY RISK

Liquidity risk is the risk that we will not be able to meet our financial obligations, including commitments and guarantees, as they become due. In order to mitigate this risk, we forecast cash requirements over a 12-month rolling time period to determine whether sufficient funds will be available. Our primary sources of liquidity and capital resources are funds generated from operations, the issuance of commercial paper, draws under our committed credit facility and long-term debt, which includes debentures and medium-term notes. We also maintain sufficient liquidity through our committed credit facility with a diversified group of banks and institutions which, if necessary, enables us to fund all anticipated requirements for approximately one year without accessing the capital markets. We were in compliance with all the terms and conditions of our committed credit facility agreement as at December 31, 2024. As a result, the credit facility is available to us and the banks are obligated to fund us, and have been funding us, under the terms of the facility. Additional liquidity, if necessary, is expected to be available through access to the capital markets and through a capital injection from our affiliates or our ultimate parent, Enbridge.

CREDIT RISK

Entering into derivative instruments may result in exposure to credit risk from the possibility that a counterparty will default on its contractual obligations. In order to mitigate this risk, we enter into risk management transactions primarily with institutions that possess strong investment grade credit ratings. Credit risk relating to derivative counterparties is mitigated through the maintenance and monitoring of credit exposure limits, contractual requirements and netting arrangements. We also review counterparty credit exposure using external credit rating services and other analytical tools to manage credit risk.

FAIR VALUE MEASUREMENTS

Our financial assets and liabilities measured at fair value on a recurring basis include derivatives and other financial instruments. We also disclose the fair value of other financial instruments not measured at fair value. The fair value of financial instruments reflects our best estimates of market value based on generally accepted valuation techniques or models and is supported by observable market prices and rates. When such values are not available, we use discounted cash flow analysis from applicable yield curves based on observable market inputs to estimate fair value.

RISK FACTORS

The following risk factors could materially and adversely affect our business, operations and financial results. This list is not exhaustive, and we place no priority or likelihood based on order of presentation or grouping under sub-captions.

RISKS RELATED TO CLIMATE CHANGE

Climate change risks could adversely affect our reputation, strategic plan, business, operations and financial results, and these effects could be material.

Climate change is a systemic risk that presents both physical and transition risks to our organization. A summary of these risks is outlined below. Given the interconnected nature of climate change-related impacts, we also discuss these risks within the context of other risks impacting EPI throughout this section. Climate change and its associated impacts may also increase our exposure to, and magnitude of, other risks identified below. Our business, financial condition, results of operations, cash flows, reputation, access to and cost of capital or insurance, business plans and strategy may all be materially adversely impacted as a result of climate change and its associated impacts.

PHYSICAL RISKS
Climate-related physical risks, resulting from changing and more extreme weather, can damage our assets and affect the safety and reliability of our operations. Climate-related physical risks may be acute or chronic. Acute physical risks are those that are event-driven, including increased frequency and severity of extreme weather events, such as heavy snowfall, heavy rainfall, floods, landslides, fires, hurricanes, cyclones, tornados, tropical storms, ice storms, and extreme temperatures. Chronic physical risks are longer-term shifts in climate patterns, such as long-term changes in precipitation patterns, or sustained higher temperatures, which may cause sea level rises or chronic heat waves.

Our assets and operations are exposed to potential damage or other negative impacts from these kinds of events, which could result in reduced revenue from business disruption or reduced capacity and may also lead to increased costs due to repairs and required adaptation measures. We have experienced operational interruptions and damage to our assets from such weather events in the past, and we expect to continue to experience climate-related physical risks in the future, potentially with increasing frequency or severity. Such events may also result in personal injury, loss of life.

TRANSITION RISKS
The transition to a lower-carbon economy involves policy, legal, technology and market changes which may, in turn, increase our cost of operations and influence stakeholder sentiment and decisions about EPI, including potentially reducing the demand for some of our services, which could result in a decrease in profitability or reduction in the value of our assets. Transition risks include the following categories:

- ***Policy and legal risks***
  Policy and legal risks may result from evolving government policy, legislation, regulations and regulatory decisions focused on climate change, as well as changing political and public opinion, stakeholder opposition, legal challenges, litigation and regulatory proceedings. Foreign and domestic governments and regulators continue to evaluate and implement policy, legislation, regulations and decisions aimed at mitigating the impacts of and adapting to climate change, including measures to reduce GHG emissions and shift to lower-carbon sources of energy. Such policies, laws and regulations vary at the federal, state, provincial and municipal levels in which EPI operates and are continually evolving. Rules, standards, and methodologies for setting climate-related goals and for measuring and reporting climate-related information are still developing. At the same time, we have seen the rise of anti-ESG activism, creating competing stakeholder priorities and increasing uncertainty. As a result, our climate-related goals and disclosures are based on assumptions that are subject to change. Collectively, these measures have resulted and are expected to continue to result in increased costs to the company. In recent years, there has also been changing political and public opinion and stakeholder opposition in relation to parts of our business and industry, as well as an increase in climate-related litigation and regulatory action against companies, all of which could impact our reputation, strategy and financial results.

- ***Technology risks***
  Executing our strategic priorities, including participating in the energy transition over time and attaining Enbridge's GHG emissions reduction goals, depends, in part, on technological improvements and innovation. This includes the development and use of emerging technologies, such as renewable power and other lower-carbon energy infrastructure. Such technological developments could require significant capital expenditures and resources and may impact our competitiveness. GHG emissions reduction technology may not materialize as expected, which could make it more difficult to reduce emissions and meet our ESG goals.

- ***Market risks***
  Concerns about climate change, increased demand for lower-carbon forms of energy and new energy technologies, changing customer behavior, and reduced energy consumption could impact the demand for our services. Uncertainty in market signals, such as abrupt and unexpected shifts in energy costs and demands, including due to climate change concerns, can impact revenue through reduced throughput volumes on our pipeline transportation systems.

- ***Reputational risks***
  Companies across all sectors and industries are facing changing expectations and increased scrutiny from stakeholders related to their approach to climate change and GHG emissions. Companies in the energy industry are experiencing stakeholder opposition to their operations and infrastructure projects. Enbridge's ESG goals, sustainability-related activities, commitments, and plans, including climate-related information and data, are based on various assumptions, estimates, judgments, risks, and uncertainties. Achieving these ESG goals and commitments will require collective efforts and actions from a wide range of stakeholders, much of which is beyond our control, and there can be no assurance that the impact of these efforts and actions will be realized. Enbridge's ESG goals and pathways for reducing operational emissions will continue to evolve and may need to be restated, modified, or recalibrated as data improves, standards, methodologies, metrics and measurements mature, and as legislation, regulations, policies, and stakeholder sentiment evolve. If we experience challenges, or perceived challenges in achieving Enbridge's climate-related goals, are not able to meet future climate-related, emissions, or other regulatory or reporting requirements, or are not able to meet or manage stakeholder expectations regarding climate change or disclosure of climate-change information (including potential allegations of greenwashing), it could negatively impact our reputation or investor sentiment and could expose us to government enforcement actions or litigation, which may, in turn, impact our business, operations or financial results.

RISKS RELATED TO OPERATIONAL DISRUPTION OR CATASTROPHIC EVENTS

Operation of complex energy infrastructure involves many hazards and risks that may adversely affect our business, financial results, the environment, relationships with stakeholders and our reputation.
These operational risks include adverse weather conditions, natural disasters, accidents, the breakdown or failure of equipment, processes or human error, and lower than expected levels of operating capacity and efficiency. These operational risks could be catastrophic in nature.

Operational risk is also intensified by exposure to severe weather conditions and natural disasters, including those related to climate change, which may affect the safety and reliability of our operations, including, but not limited to heavy snowfall, heavy rainfall, floods, landslides, fires, hurricanes, cyclones, tornados, tropical storms, ice storms, and extreme temperatures, and chronic physical risks, such as long-term changes in precipitation patterns, or sustained higher temperatures.

Our assets and operations are exposed to potential damage or other negative impacts from these operational risks, which could result in reduced revenue from business disruption or reduced capacity and may also lead to increased costs due to repairs and required adaptation measures. Such events have led to, and could in the future lead to, rupture or release of product from our pipeline systems and facilities, resulting in damage to property and the environment, personal injury or loss of life. Such an incident could result in substantial losses for which insurance may not be sufficient or available and for which we may bear part or all of the cost, thereby negatively impacting earnings. Such incidents could also have lasting reputational impacts and could impair our relationships with various stakeholders. For pipeline and storage assets located near populated areas, including residential communities, commercial business centers, industrial sites and other public gathering locations, the level of damage resulting from these events could be greater.

We have experienced such events in the past and expect to continue to incur significant costs in preparing for or responding to operational risks and events. We expect to continue to experience climate-related physical risks, potentially with increasing frequency and severity, and we cannot guarantee that we will not experience catastrophic or other events in the future. In addition, we could be subject to litigation and significant fines and penalties from regulators in connection with any such events.

A service interruption could have a significant impact on our operations, and negatively impact financial results, relationships with stakeholders and our reputation.
A service interruption due to a major power disruption, curtailment of commodity supply, operational incident, security incident (cyber or physical) or other reasons could have a significant impact on our operations and negatively impact financial results, relationships with stakeholders, our reputation or the safety of our end-use customers. Service interruptions that impact our crude oil transportation services can negatively impact shippers' operations and earnings as they are dependent on our services to move their product to market or fulfill their own contractual arrangements. We have experienced, and may again experience, service interruptions, restrictions or other operational constraints, including in connection with the kinds of operational incidents referred to in the previous risk factor.

Our operations involve safety risks to the public and to our workers and contractors.
Several of our pipelines and related assets are operated near populated areas. A major incident involving these assets has resulted in and may again result in injury or loss of life to members of the public. In addition, given the natural hazards inherent in our operations, our workers and contractors are subject to personal safety risks. A public safety incident or an injury or loss of life to our workers or contractors, which we have experienced in the past and, despite the precautions we take, may experience in the future, could result in reputational damage to us, legal claims, material repair costs or increased operating and insurance costs.

Cyber attacks and other cybersecurity incidents pose threats to our technology systems and could materially adversely affect our business, operations, reputation or financial results.
Our business is dependent upon information systems and other digital technologies for controlling our plants, pipelines and other assets, processing transactions and summarizing and reporting results of operations. With the evolution of artificial intelligence (AI), our business has incorporated AI into our operations in order to gain efficiencies and productivity in our day to day operations, which has the potential to increase technology and cybersecurity risks. The secure processing, maintenance and transmission of information is critical to our operations.

Cybersecurity risks have increased in recent years as a result of the proliferation of new technologies and the increased sophistication of cyber attacks and financially-motivated cybercrime, as well as international and domestic political factors, including geopolitical tensions, armed hostilities, war, civil unrest, sabotage, terrorism, and state-sponsored or other cyber espionage. Human error or malfeasance can also contribute to a cyber incident, and cyber attacks can be internal as well as external and occur at any point in our supply chain. Because of the critical nature of our infrastructure and our use of information systems and other digital technologies to control our assets, we face a heightened risk of cybersecurity incidents, such as ransomware, theft, misplaced or lost data, programming errors, phishing attacks, denial of service attacks, acts of vandalism, computer viruses, malware, hacking, malicious attacks, software vulnerabilities, employee errors and/or malfeasance, or other attacks, security or data breaches or other cybersecurity incidents. Cyber threat actors have attacked and continue to threaten to attack energy infrastructure, including our assets, and various government agencies have increasingly stressed that these attacks are targeting critical infrastructure, and are increasing in sophistication, magnitude, and frequency. Additionally, these risks may escalate during periods of heightened geopolitical tensions. In addition, new cybersecurity legislation, regulations and orders have been recently implemented or proposed resulting in additional actual and anticipated regulatory oversight and compliance requirements, which will require significant internal and external resources. We cannot predict the potential impact to our business of potential future legislation, regulations or orders relating to cybersecurity.

We have experienced an increase in the number of attempts by external parties to access our systems or our company data without authorization, and we expect this trend to continue. Although we devote significant resources and security measures to prevent unwanted intrusions and to protect our systems and data, whether such data is housed internally or by external third parties, we and our third-party vendors have experienced, and expect to continue to experience, cyber attacks of varying degrees in the conduct of our business. To date, these prior cyber attacks have not, to our knowledge, had a material adverse effect on our business, operations or financial results. However, we have experienced an increasing number of cybersecurity threats in recent years and there is a risk that any such incidents could have a material adverse effect on us in the future.

Our technology systems or those of our vendors or other service providers are expected to become the target of further cyber attacks or security breaches which could compromise our data and systems, or our access thereto by us, our customers or others, affect our ability to correctly record, process and report transactions, result in the loss of information, or cause operational disruption or incidents. There can be no assurance that our business continuity plans will be completely effective in avoiding disruption and business impacts. Furthermore, we and some of our third-party service providers (who may in turn also use third-party service providers) collect, process or store sensitive data in the ordinary course of our business, including personal information of our employees, land owners, as well as intellectual property or other proprietary business information of ours or our customers or suppliers.

As a result of the foregoing, we could experience loss of revenues, repair, remediation or restoration costs, regulatory action, fines and penalties, litigation, breach of contract or indemnity claims, cyber extortion, ransomware, implementation costs for additional security measures, loss of customers, customer dissatisfaction, reputational harm, liability under laws that protect the privacy of personal information, other adverse consequences, or other costs or financial loss. Regardless of the method or form of cyber attack or incident, any or all of the above could materially adversely affect our reputation, business, operations or financial results.

In addition, a cyber attack could occur and persist for an extended period without detection. Any investigation of a cyber attack or other security incident may be inherently unpredictable, and it would take time before the completion of any investigation and availability of full and reliable information. During such time, we may not know the extent of the harm or how best to remediate it, and certain errors or actions could be repeated or compounded before they are discovered and remediated, all or any of which could further increase the costs and consequences of a cyber attack or other security incident, and our remediation efforts may not be successful. The inability to implement, maintain and upgrade adequate safeguards could materially and adversely affect our results of operations, cash flows, and financial condition. Moreover, recent rulemakings may require us to disclose information about a cybersecurity incident before it has been completely investigated or remediated in full or even in part. As cyber attacks continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities.

Furthermore, media reports about a cyber attack or other significant security incident affecting us, whether accurate or not, or under certain circumstances, our failure to make adequate or timely disclosures to the public, law enforcement, other regulatory agencies or affected individuals following any such event, whether due to delayed discovery or otherwise, could negatively impact our operating results and result in other adverse consequences, including damage to our reputation or competitiveness, harm to our relationships with customers, partners, suppliers and other third parties, interruption to our management, remediation or increased protection costs, significant litigation or regulatory action, fines or penalties, all of which could materially adversely affect our business, operations, reputation or financial results.

Terrorist attacks and threats, escalation of military activity in response to these attacks or acts of war, other civil unrest or activism, or geopolitical uncertainty could adversely affect our business, operations or financial results.

Terrorist attacks and threats (which may take the form of cyber attacks, as outlined above), escalation of military activity, armed hostilities, war, sabotage, or civil unrest or activism may have significant effects on general economic conditions and may cause fluctuations in consumer confidence and spending and market liquidity, each of which could adversely affect our business. Future terrorist attacks, rumors or threats of war, actual conflicts involving the US or Canada, or military or trade disruptions may significantly affect our operations and those of our customers. Strategic critical infrastructure targets, such as energy-related assets, are at greater risk of cyber attack and may be at greater risk of other future attacks than other targets in the US and Canada. Our infrastructure and projects under construction could be direct targets or indirect casualties of a cyber or physical attack. In addition, increased environmental activism against construction and operation of energy infrastructure could potentially result in work delays, reduced demand for our products and services, new legislation or public policy or increased stringency thereof, or denial or delay of permits and rights-of-way. We also face risks related to international relations and geopolitical events. Factors such as political, economic, or social instability, trade disputes, increased tariffs, changes in laws, strict regulations, and shifts in political leadership can lead to higher commodity prices and affect energy availability and costs.

Pandemics, epidemics or infectious disease outbreaks may adversely affect local and global economies and our business, operations or financial results.

Disruptions caused by pandemics, epidemics or infectious disease outbreaks could materially adversely affect our business, operations, financial results and forward-looking expectations. Governments' emergency measures to combat the spread could include restrictions on business activity and travel, as well as requirements to isolate or quarantine. The duration and magnitude of such impacts will depend on many factors that we may not be able to accurately predict. COVID-19 and government responses interrupted business activities and supply chains, disrupted travel, and contributed to significant volatility in the financial and commodity markets.

Disruptions related to pandemics, epidemics or infectious disease outbreaks could have the effect of heightening many of the other risks described in this Risk Factors section.

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

There are utilization risks with respect to our assets.

With respect to our Liquids Pipelines assets, we are partially exposed to throughput risk on the Canadian Mainline, and we are exposed to throughput risk under certain tolling agreements applicable to other Liquids Pipelines assets, such as the Lakehead System at Enbridge. A decrease in volumes transported can directly and adversely affect our revenues and earnings. Factors such as changing market fundamentals, capacity bottlenecks, regulatory restrictions, maintenance and operational incidents on our system and upstream or downstream facilities, and increased competition can all impact the utilization of our assets. Market fundamentals, such as commodity prices and price differentials, weather, gasoline price and consumption, tariffs, alternative and new energy sources and technologies, and global supply disruptions outside of our control can impact both the supply of and demand for crude oil and other liquid hydrocarbons transported on our pipelines.

With respect to our Renewable Power Generation assets, earnings from these assets are highly dependent on weather and atmospheric conditions as well as continued operational availability of these energy producing assets. While the expected energy yields for Renewable Power Generation projects are predicted using long-term historical data, wind and solar resources are subject to natural variation from year-to-year and from season-to-season. Any prolonged reduction in wind or solar resources at any of the Renewable Power Generation facilities could lead to decreased earnings and cash flows. Additionally, inefficiencies or interruptions of Renewable Power Generation facilities due to operational disturbances or outages resulting from weather conditions or other factors, could also impact earnings.

Our assets vary in age and were constructed over many decades, which causes our inspection, maintenance or repair costs to increase.

Our pipelines vary in age and were constructed over many decades. Pipelines are generally long-lived assets, and pipeline construction, including coating techniques, have changed over time. Depending on the era of construction and construction techniques, some assets require more frequent inspections, which have resulted in and are expected to continue to result in increased maintenance or repair expenditures in the future. Any significant increase in these expenditures could adversely affect our business, operations or financial results.

Competition may result in a reduction in demand for our services, fewer project opportunities or assumption of risk that results in weaker or more volatile financial performance than expected.

We face competition from competing carriers available to ship liquid hydrocarbons to markets in Canada, the US and from proposed pipelines that seek to access basins and markets currently served by our liquids pipelines. Competition among existing pipelines is based primarily on the cost of transportation, access to supply, the quality and reliability of service, contract carrier alternatives and proximity to markets. The commodities transported in our pipelines currently, or are increasingly expected to, compete with other emerging alternatives for end-users, including, but not limited to, electricity, electric batteries, biofuels, and hydrogen. Our Renewable Power Generation business faces competition in the procurement of long-term power purchase agreements and from other fuel sources in the markets in which we operate. Competition in all of our businesses, including competition for new project development opportunities, could have a negative impact on our business, financial condition, or results of operations.

Completion of our secured projects and maintenance programs are subject to various regulatory, operational and market risks, which may affect our ability to drive long-term growth.

Our project execution continues to face challenges with intense scrutiny on regulatory and environmental permit applications, politicized permitting, public opposition including protests, action to repeal permits, and resistance to land access.

Continued challenges with global supply chains have created unpredictability in materials cost and availability. Labor shortages and inflationary pressures have increased the costs of engineering and construction services. Governments in Canada have enacted or proposed legislation and policies relating to forced labor and child labor in supply chains which require EPI to, among other things, report on the steps taken in the previous year to mitigate the risk of forced labor or child labor in our supply chain, and these requirements continue to evolve and may impact our supply chain.

Other events that can delay, and have in the past delayed project completion and increased anticipated costs include contractor or supplier non-performance, extreme weather events or geological factors beyond our control.

The effects of US and Canadian Government policies on tariffs and trade relations between Canada and the US are uncertain and could adversely impact us.

The potential imposition of trade tariffs by the US on imports from Canada, together with retaliatory tariffs by Canada on imports from the US, and other potential measures, including tariffs, duties, fees, economic sanctions or other trade measures, present risks to our business operations. Such measures, the nature, extent and timing of which are uncertain, could lead to increased costs for us and our customers and reduced demand for Canadian energy. The potential for such measures introduces uncertainty in North American energy markets, possibly disrupting supply chains and access to capital markets and jeopardizing our competitiveness, and could significantly impact our business. The US Government has also stated its interest in renegotiating and altering the Agreement between the United States of America, Mexico and Canada (USMCA), which could further impact the energy market and our business.

Changing expectations of stakeholders and government policies regarding sustainability, ESG, climate change, and environmental protection practices continue to evolve and diverge, and an inability to meet these requirements and expectations could erode stakeholder trust and confidence, damage our reputation, influence actions or decisions about EPI and industry, and have negative impacts on our business, operations or financial results.

Companies across all sectors and industries are facing changing expectations and increasing scrutiny from a wide range of stakeholders related to their approach to sustainability and ESG matters of greatest relevance to their business and to their stakeholders. Our and other energy companies' customers, shareholders, employees and other stakeholders have diverse expectations, demands and perspective on these topics, which are continuing to evolve. For example, companies in the energy industry, including EPI, have experienced stakeholder opposition to their operations and infrastructure projects, as well as organized opposition to the fossil fuel industry in general. Changing expectations of our practices and performance across these areas may result in or create exposure to new or heightened risks, which may include higher costs, project delays or cancellations, loss of ability to secure new growth opportunities or permits, restrictions on or the cessation of operations due to increasing pressure on governments and regulators, public opposition including protests, activism and legal action. We may not be able to meet the diverse expectations and demands of all of our stakeholders, which could result in adverse publicity, harm our reputation, lead to claims against us and affect our relationships with our customers and employees, and subject us to legal and operational risks, any of which could have a material adverse effect on our business.

Our operations, projects and growth opportunities require us to have strong relationships with key stakeholders, including local communities, Indigenous groups and others directly impacted by our activities, as well as governments, regulatory agencies, financial institutions, insurers and others, some of whom are increasingly focused on sustainability and ESG practices and performance. Enhanced public awareness of climate change has driven an increase in demand for lower-carbon forms of energy. In recent years, certain investors have been increasing investments in lower-carbon assets and businesses while decreasing the carbon intensity of their portfolios through, among other measures, divestment of companies with higher exposure to GHG-intensive operations and products. Commercial and investment banks and insurers have been pressured to reduce or cease providing financing and insurance coverage to the fossil fuel industry. Managing these risks requires significant effort and resources. Potential impacts could also include changing investor sentiment, impaired access to and increased cost of capital, and adverse impacts to the demand for, or value of, our services or our securities.

In recent years, geopolitical uncertainty, slowing Canadian economy and continuing inflationary pressures have underscored the critical need for access to secure, affordable energy. The pace and scale of the transition to a lower-emission economy may pose a risk if EPI diversifies either too quickly or too slowly. Similarly, unexpected shifts in energy demands, including due to climate change concerns, can impact revenue through, for example, reduced throughput volumes on our pipeline transportation systems.

The costs associated with meeting ESG goals, including GHG emissions reduction goals, could be significant. There is also a risk that some or all of the expected benefits and opportunities of achieving Enbridge's ESG goals may fail to materialize, may cost more than anticipated to achieve, may not occur within the anticipated time periods, may fail to meet changing stakeholder expectations or may be challenged. Similarly, there is a risk that emissions reduction technologies do not materialize as expected, making it more difficult to reduce emissions. If we experience challenges, or perceived challenges, in achieving Enbridge's ESG goals, meeting climate-related regulatory or reporting requirements, or meeting or managing stakeholder expectations regarding sustainability and ESG issues, it could have a negative impact on our reputation or investor sentiment or expose us to government enforcement actions or litigation, which may, in turn, impact our business, operations or financial results.

Our forecasted assumptions may not materialize as expected, including on our expansion projects, acquisitions and divestitures.

We evaluate expansion projects, acquisitions and divestitures on an ongoing basis. Planning and investment analysis is highly dependent on accurate forecasting and the use of appropriate assumptions and to the extent that these assumptions do not materialize, financial performance may be lower or more volatile than expected. Volatility and unpredictability in the economy, both locally and globally, and changes in cost estimates, project scoping and risk assessment could result in a loss of profits. Similarly, uncertainty in market signals, such as abrupt and unexpected shifts in energy costs and demands, have impacted and may in the future impact revenue, for example, from reduced throughput volumes on our pipeline distribution and transportation systems.

Our insurance coverage may not fully cover our losses in the event of an accident, natural disaster or other event.

Our operations are subject to many hazards inherent in our industry as described in this Risk Factors section.

We participate in Enbridge's comprehensive insurance program which covers Enbridge subsidiaries and certain affiliates to mitigate a certain portion of our risks. However, not all potential risks arising from our operations are insurable, or are insured by Enbridge as a result of lack of availability, high premiums or other reasons. Insurance coverage under this program is subject to terms and conditions, exclusions and large deductibles or self-insured retentions, which may reduce or eliminate coverage in certain circumstances.

Insurance policies under this program are generally renewed on an annual basis and, depending on factors such as market conditions, premiums, terms, policy limits and/or deductibles, can vary substantially. We can give no assurance that our participation in this program means we will be able to maintain adequate insurance in the future at rates or on other terms that Enbridge or we would consider commercially reasonable. In such a case, Enbridge may decide to self-insure additional risks.

A significant self-insured loss, uninsured loss, a loss significantly exceeding the limits of our insurance policies, a significant delay in the payment of a major insurance claim, or the failure to renew insurance policies on similar or favorable terms, could materially and adversely affect our business, financial condition and results of operations.

Our business is exposed to changes in market prices, including interest rates and foreign exchange rates. Our risk management policies cannot eliminate all risks and may result in material financial losses. In addition, any non-compliance with our risk management policies could adversely affect our business, operations or financial results.

Our use of debt financing exposes us to changes in interest rates on both future fixed rate debt issuances and floating rate debt. While our financial results are denominated in Canadian dollars, parts of our business have foreign currency revenues or expenses, particularly the US dollar. Changes in interest rates and foreign exchange rates could materially impact our financial results.

We use financial derivatives to manage risks associated with changes in foreign exchange rates, interest rates, commodity prices and power prices, to reduce the volatility of our cash flows. Based on our risk management policies, all of our financial derivatives are associated with an underlying asset, liability and/or forecasted transaction and are not intended for speculative purposes.

These policies cannot, however, eliminate all risk, including unauthorized trading. Although this activity is monitored independently by our risk management function, we can provide no assurance that we will detect and prevent all unauthorized trading and other violations, particularly if deception, collusion or other intentional misconduct is involved, and any such violations could adversely affect our business, operations or financial results.

To the extent that we hedge our exposure to market prices, we will forego the benefits we would otherwise experience if these were to change in our favor. In addition, hedging activities can result in losses that might be material to our financial condition, results of operations and cash flows. Such losses have occurred in the past and could occur in the future.

We rely on access to short-term and long-term capital markets to finance capital requirements and support liquidity needs. Cost effective access to those markets can be affected, particularly if we are unable to maintain an investment-grade credit rating.

A portion of our consolidated asset base is financed with debt. The maturity and repayment profile of debt used to finance investments often does not correlate to cash flows from assets. Accordingly, we rely on access to both short-term and long-term capital markets as a source of liquidity for capital requirements not satisfied by cash flows from operations and to refinance investments originally financed with debt. Our senior unsecured long-term debt is currently rated investment-grade by various rating agencies. If the rating agencies were to rate us below investment-grade, our borrowing costs would increase, potentially significantly. Consequently, we could be required to pay a higher interest rate in future financings and our potential pool of investors and funding sources could decrease.

We maintain revolving credit facilities to backstop commercial paper programs, for borrowings and for providing letters of credit. These facilities typically include financial covenants and failure to maintain these covenants could preclude us from accessing the credit facility, which could impact liquidity. If our short-term debt rating were to be downgraded, access to the commercial paper market could be significantly limited. Although this would not affect our ability to draw under our credit facilities, borrowing costs could be significantly higher.

If we are not able to access capital at competitive rates or at all, our ability to finance operations and implement our strategy may be affected. An inability to access capital on favorable terms or at all may limit our ability to pursue enhancements or acquisitions that we may otherwise rely on for future growth or to refinance our existing indebtedness.

Our Liquids Pipelines growth rate and results may be indirectly affected by commodity prices.

Wide commodity price basis between Western Canada and global tidewater markets have negatively impacted producer netbacks and margins in the past that largely resulted from pipeline infrastructure takeaway capacity from producing regions in Western Canada which are operating at capacity. A protracted long-term outlook for low crude oil prices could result in delay or cancellation of future projects.

The tight conventional oil plays of Western Canada and the Permian Basin, have short cycle break-even time horizons, typically less than 24 months, and high decline rates that can be managed through active hedging programs and are positioned to react quickly to market signals. Accordingly, during periods of comparatively low prices, drilling programs, unsupported by hedging programs, may be reduced, and as such, supply growth from tight oil basins may be lower, which could impact volumes on our pipeline systems.

We are exposed to the credit risk of our customers, counterparties, and vendors.

We are exposed to the credit risk of multiple parties in the ordinary course of our business. Generally, our customers are rated investment-grade, are otherwise considered creditworthy or provide us with security to satisfy credit concerns. However, we cannot predict to what extent our business would be impacted by deteriorating conditions in the economy, including possible declines in the creditworthiness of our customers, vendors, or counterparties. It is possible that payment or performance defaults from these entities, if significant, could adversely affect our earnings and cash flows.

Our business requires the retention and recruitment of a skilled and diverse workforce, and difficulties in recruiting and retaining our workforce could result in a failure to implement our business plans.
Our operations and management require the retention and recruitment of a skilled and diverse workforce, including engineers, technical personnel, other professionals and executive officers and senior management. Enbridge and our affiliates compete with other companies in the energy industry, and for some jobs the broader labor market, for this skilled workforce. If we are unable to retain current employees and/or recruit new employees of comparable knowledge and experience, our business could be negatively impacted. In addition, we could experience increased costs to retain and recruit these professionals.

RISKS RELATED TO GOVERNMENT REGULATION AND LEGAL RISKS

Many of our operations are regulated and failure to secure timely regulatory approval for our proposed projects, or loss of required approvals for our existing operations, could have a negative impact on our business, operations or financial results.
The nature and degree of regulation and legislation affecting permitting and environmental review for energy infrastructure companies in Canada and the US continues to evolve.

Within Canada, energy companies continue to face opposition from anti-energy/anti-pipeline activists, citizens, environmental groups, politicians, and other stakeholders concerned with the safety of energy infrastructure and its potential environmental effects.

The Supreme Court of Canada issued a decision on the federal *Impact Assessment Ac*t (IAA), finding that it is largely outside of the federal Parliament's authority and that the IAA should focus more narrowly on effects within federal jurisdiction. The federal government amended the IAA in response to this decision; however, the scope and application of federal review of intraprovincial pipeline projects remains unclear. In November 2024, the Government of Alberta has again referred the issue to the Alberta Court of Appeal for hearing, to determine whether the IAA, as amended, is unconstitutional. As a result, the uncertainty for pipeline and other energy infrastructure projects in Canada is ongoing.

These actions could adversely impact permitting of a wide range of energy projects. We may not be able to obtain or maintain all required regulatory approvals for our operating assets or development projects. If there is a significant delay in obtaining any required regulatory approvals, if we fail to obtain or comply with them, or if laws or regulations change or are administered in a more stringent manner, the operations of existing facilities or the development of new facilities could be prevented, delayed or become subject to additional costs.

Our operations are subject to numerous environmental laws, regulations, and rules, including those relating to climate change, GHG emissions, climate-related disclosure, and anti-greenwashing, compliance with which may require significant capital expenditures, increase our cost of operations, affect or limit our business plans, expose us to environmental liabilities or litigation, and affect our reputation and relationships with stakeholders.
We are subject to numerous environmental laws and regulations affecting many aspects of our operations, including, but not limited to, air emissions, climate change, water, soil, land management, waste, hazardous substances, wildlife and protected species, biodiversity, noise, emergency response, and pollution. We are also subject to new and evolving laws, regulations and rules related to ESG and sustainability-related disclosure, including climate-related disclosure, and anti-greenwashing provisions, including recent amendments to Canadian competition legislation, which simultaneously increase stakeholder expectations to report environmental and climate-related information and also substantiate such information in accordance with standards that are still developing and evolving, and which may, in some cases conflict. Our exposure to these risks could result in adverse impacts to our reputation and relationships with stakeholders or increased costs, liabilities or litigation.

If we are unable to obtain or maintain all required environmental regulatory approvals and permits for our operating assets and projects or if there is a delay in obtaining any required environmental regulatory approvals or permits, the operation of existing facilities or the development of new facilities could be prevented, delayed or become subject to additional costs. Failure to comply with environmental laws, regulations, and rules may result in the imposition of civil or criminal fines, penalties and injunctive measures affecting our operating assets. We expect that changes in environmental laws, regulations, and rules, including those related to climate change, GHG emissions, climate-related disclosure, and anti-greenwashing, could result in a material increase in our cost of compliance with such laws and regulations, such as costs to monitor and report our emissions and install new emission controls to reduce emissions, and third-party substantiation, verification or assurance of our environmental data, the costs of which we may not be able to recover.

Our operations are subject to operational regulation and other requirements, including compliance with easements and other land tenure documents, and failure to comply with applicable regulations and other requirements could have a negative impact on our reputation, business, operations, or financial results.

Operational risks relate to compliance with applicable operational rules and regulations mandated by governments, applicable regulatory authorities, or other requirements that may be found in easements, permits or other agreements that provide a legal basis for our operations, breaches of which could result in fines, penalties, awards of damages, operational restrictions or shutdowns, and an overall increase in operating and compliance costs.

We do not own all of the land on which our pipelines, facilities and other assets are located, and we obtain the right to construct and operate our pipelines and other assets from third parties or government entities. In addition, some of our pipelines, facilities, and other assets cross Indigenous lands pursuant to rights-of-way or other land tenure interests. Our loss of these rights, including through our inability to renew them as they expire, could have an adverse effect on our reputation, operations, and financial results.

Regulatory scrutiny of our assets and operations has the potential to increase operating costs or limit future projects. Regulatory enforcement actions issued by regulators for non-compliance can increase operating costs and negatively impact reputation. Potential regulatory changes and legal challenges could have an impact on our future earnings from operations and the cost related to the construction of new projects. Future actions of regulators may differ from current expectations, or future legislative changes may impact the regulatory environments in which we operate. While we seek to mitigate operational regulation risk by actively monitoring and consulting on potential regulatory requirement changes with the respective regulators directly, or through industry associations, and by developing response plans to regulatory changes or enforcement actions, such mitigation efforts may be ineffective or insufficient. While we believe the safe and reliable operation of our assets and adherence to existing regulations is the best approach to managing operational regulatory risk, the potential remains for regulators or other government officials to make unilateral decisions that could disrupt our operations or have an adverse financial impact on us.

Our operations are subject to economic regulation and failure to secure regulatory approval for our proposed or existing commercial arrangements could have a negative impact on our business, operations or financial results.

Our Liquids Pipelines assets face economic regulation risk. Broadly defined, economic regulation risk is the risk that governments or regulatory agencies change or reject proposed or existing commercial arrangements or policies, including permits and regulatory approvals for both new and existing projects or agreements, upon which future and current operations are dependent. Our Mainline System and other liquids pipelines assets are subject to the actions of the CER with respect to the tariffs and tolls for these pipelines. The changing or rejection of commercial arrangements, including decisions by regulators on the applicable permits and tariff structure or changes in interpretations of existing regulations, could have an adverse effect on our revenues and earnings.

Our Renewable Power Generation assets in Canada are subject to directives, regulations, and policies of federal and provincial governments. These measures are variable and can change as a result of, among other things, tax rate changes and a change in the government, which can have a negative impact on our commercial arrangements.

We are subject to changes in our tax rates, the adoption of new Canadian tax legislation or exposure to additional tax liabilities.
We are subject to taxes in Canada. Due to economic and political conditions, tax rates may be subject to significant change. Our effective tax rates could be affected by changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation.

We are also subject to the examination of our tax returns and other tax matters by the Canada Revenue Agency. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance as to the outcome of these examinations. If our effective tax rates were to increase, or if the ultimate determination of our taxes owed is for an amount in excess of amounts previously accrued, our financial condition and operating results could be materially adversely affected.

We are involved in numerous legal proceedings, the outcomes of which are uncertain, and resolutions adverse to us could adversely affect our financial results and reputation.
We are subject to numerous legal proceedings related to our business and operations. In recent years, there has been an increase in climate-related regulatory action and litigation, including against companies involved in the energy industry. There is no assurance that we will not be impacted by such regulatory action, litigation, or other legal proceedings. By its nature, litigation is subject to many uncertainties, and we cannot predict the outcome of individual matters with assurance. It is reasonably possible that the final resolution of some of the matters in which we are involved or new matters could require additional expenditures, in excess of established reserves, over an extended period of time and in a range of amounts that could adversely affect our financial results or adversely affect our reputation.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our consolidated financial statements are prepared in accordance with US GAAP, which requires management to make estimates, judgments and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. In making judgments and estimates, management relies on external information and observable conditions, where possible, supplemented by internal analysis as required. We believe our most critical accounting policies and estimates discussed below have an impact across our business.

DEPRECIATION
Depreciation of property, plant and equipment, which had a net book value at December 31, 2024 and 2023 of $15.1 billion and $15.5 billion, respectively, is charged in accordance with two primary methods. For distinct assets, depreciation is generally provided on a straight-line basis over the estimated useful life of the asset commencing when it is placed in service. For largely homogeneous groups of assets with comparable useful lives, the pool method of accounting is followed whereby similar assets are grouped and depreciated as a pool. When group assets are retired or otherwise disposed of, gains and losses are generally not reflected in earnings but are booked as an adjustment to accumulated depreciation.

When it is determined that the estimated service life of an asset no longer reflects the expected remaining period of benefit, prospective changes are made to the estimated service life. Estimates of useful lives are based on third-party engineering studies, experience and/or industry practice. There are a number of assumptions inherent in estimating the service lives of our assets including the level of development, exploration, drilling, reserves and production of crude oil and natural gas in the supply areas served by our pipelines, as well as the demand for crude oil and natural gas and the integrity of our systems. Changes in these assumptions could result in adjustments to the estimated service lives, which could result in material changes to depreciation expense in future periods in any of our business segments. For certain rate-regulated operations, depreciation rates are approved by the regulator and the regulator may require periodic studies or technical updates on useful lives which may change depreciation rates.

IMPAIRMENT

We evaluate the recoverability of our property, plant and equipment when events or circumstances, such as economic obsolescence, business climate, legal or regulatory changes, or other factors, indicate that we may not recover the carrying amount of our assets. We regularly monitor our businesses, the market and business environments to identify indicators that could suggest an asset may not be recoverable. If it is determined that the carrying value of an asset exceeds its expected undiscounted cash flows, we will assess the fair value of the asset. An impairment loss is recognized when the carrying amount of the asset exceeds its fair value.

Asset fair value is determined using present value techniques. The determination of fair value using present value techniques requires the use of projections and assumptions regarding future cash flows and weighted average cost of capital. Any changes to these projections and assumptions could result in revisions to the evaluation of the recoverability of the asset and the recognition of an impairment loss in the Consolidated Statements of Earnings.

REGULATORY ACCOUNTING

Certain parts of our businesses are subject to regulation by various authorities including the CER and the Alberta Energy Regulator. Regulatory bodies exercise statutory authority over matters such as construction, rates and ratemaking, and agreements with customers. To recognize the economic effects of the actions of the regulator, the timing of recognition of certain revenues and expenses in these operations may differ from that otherwise expected under US GAAP for non-rate-regulated entities.

Regulatory assets represent amounts that are expected to be recovered from customers in future periods through rates. Regulatory liabilities represent amounts that are expected to be refunded to customers in future periods through rates or to be paid to cover future abandonment costs in relation to the CER's LMCI. If there are changes in our assessment of the probability of recovery for a regulatory asset, we reduce its carrying amount to the balance that we expect to recover from customers in future periods through rates. If a regulator later excludes from allowable costs all or a part of costs that were capitalized as a regulatory asset, we reduce the carrying amount of the asset by the excluded amounts.

The recognition of regulatory assets and liabilities is based on the actions, or expected future actions, of the regulator. To the extent that the regulator's actions differ from our expectations, the timing and amount of recovery or settlement of regulatory balances could differ significantly from those recorded. In the absence of rate regulation, we would generally not recognize regulatory assets or liabilities and the earnings impact would be recorded in the period the expenses are incurred or revenues are earned. A regulatory asset or liability is recognized in respect of deferred income taxes when it is expected the amounts will be recovered or settled through future regulator-approved rates.

During the fourth quarter of 2023, Southern Lights Canada completed an open season to negotiate new transportation service agreements. We did not renew the agreements under a cost-of-service toll methodology, therefore Southern Lights Canada was no longer subject to rate-regulated accounting. As a result, the related assets and liabilities were derecognized in 2023. The derecognition consisted of a write-off to regulatory tax assets and liabilities of $160 million and $40 million, respectively.

As at December 31, 2024 and 2023, our regulatory assets totaled $2.0 billion and $1.9 billion, respectively, and regulatory liabilities totaled $504 million and $457 million, respectively.

CONTINGENT LIABILITIES

Provisions for claims filed against us are determined on a case-by-case basis. Case estimates are reviewed on a regular basis and are updated as new information is received. The process of evaluating claims involves the use of estimates and a high degree of management judgment. In addition, any unasserted claims that later may become evident could have a material impact on our financial results and certain subsidiaries and investments.

ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations (ARO) associated with the retirement of long-lived assets are measured at fair value and recognized as Accounts payable and other or Other long-term liabilities in the period in which they can be reasonably determined. Fair value approximates the cost a third party would charge to perform the tasks necessary to retire such assets and is recognized at the present value of expected future cash flows. The discount rates used to estimate the present value of expected future cash flows for the year ended December 31, 2024 ranged from 3.6% to 7.4% (2023 - 4.3% to 7.4%). ARO is added to the carrying value of the associated asset and depreciated over the asset's useful life. The corresponding liability is accreted over time through charges to earnings and is reduced by actual costs of decommissioning and reclamation. Our estimates of retirement costs could change as a result of changes in cost estimates and regulatory requirements. Currently, for certain of our assets, there is insufficient data or information to reasonably determine the timing of settlement for estimating the fair value of the ARO. In these cases, the fair value of ARO is considered indeterminate for accounting purposes, as there is no data or information that can be derived from past practice, industry practice or the estimated economic life of the asset.

In 2009, the CER issued a decision related to the LMCI, which required holders of an authorization to operate a pipeline under the *CER Act* to file a proposed process and mechanism to set aside funds to pay for future abandonment costs in respect of the sites in Canada used for the operation of a pipeline. The CER's decision stated that, while pipeline companies are ultimately responsible for the full costs of abandoning pipelines, abandonment costs are a legitimate cost of providing service and are recoverable from the users of the pipeline upon approval by the CER. Following the CER's final approval of the collection mechanism and the set-aside mechanism for LMCI, we began collecting and setting aside funds to cover future abandonment costs effective January 1, 2015. The funds collected are held in trusts in accordance with the CER decision. The funds collected from shippers are reported within Transportation and other services revenues and Restricted long-term investments. Concurrently, we reflect the future abandonment cost as an increase to Operating and administrative expense and Other long-term liabilities.

CHANGES IN ACCOUNTING POLICIES

Information related to changes in our accounting policies can be found in *Note 3 - Changes in Accounting Policies* to the audited consolidated financial statements.

OUTSTANDING SHARE DATA

As at February 7, 2025, we had 55,114,245 common shares issued and outstanding. For further information on our share capital, refer to *Note 14 - Share Capital* to the audited consolidated financial statements.