

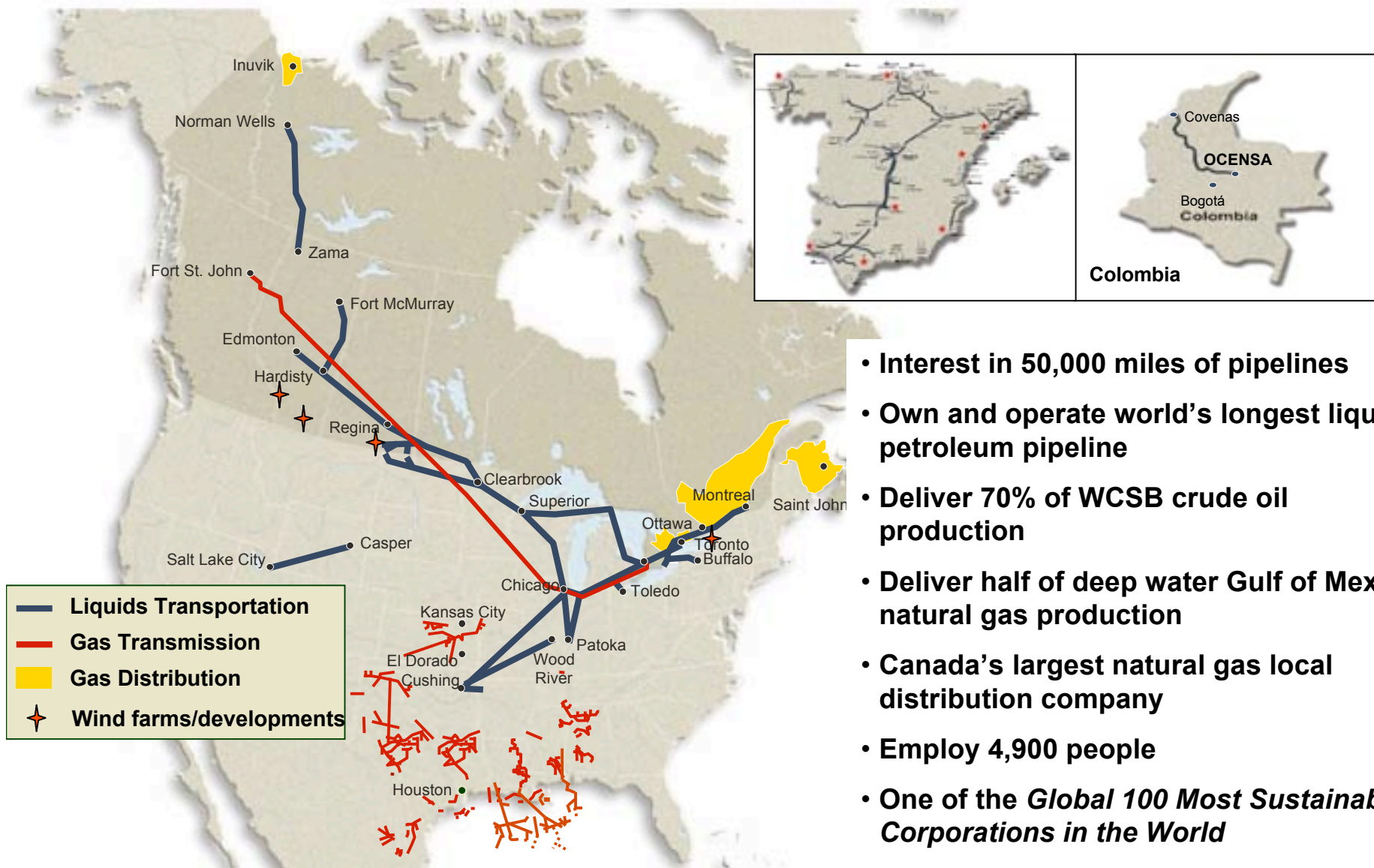
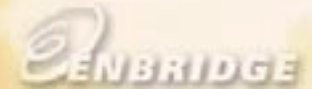
Alaska Natural Gas Pipeline

The Path Forward

.... An Enbridge Perspective

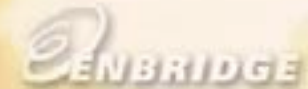
April 9, 2007

Enbridge Overview



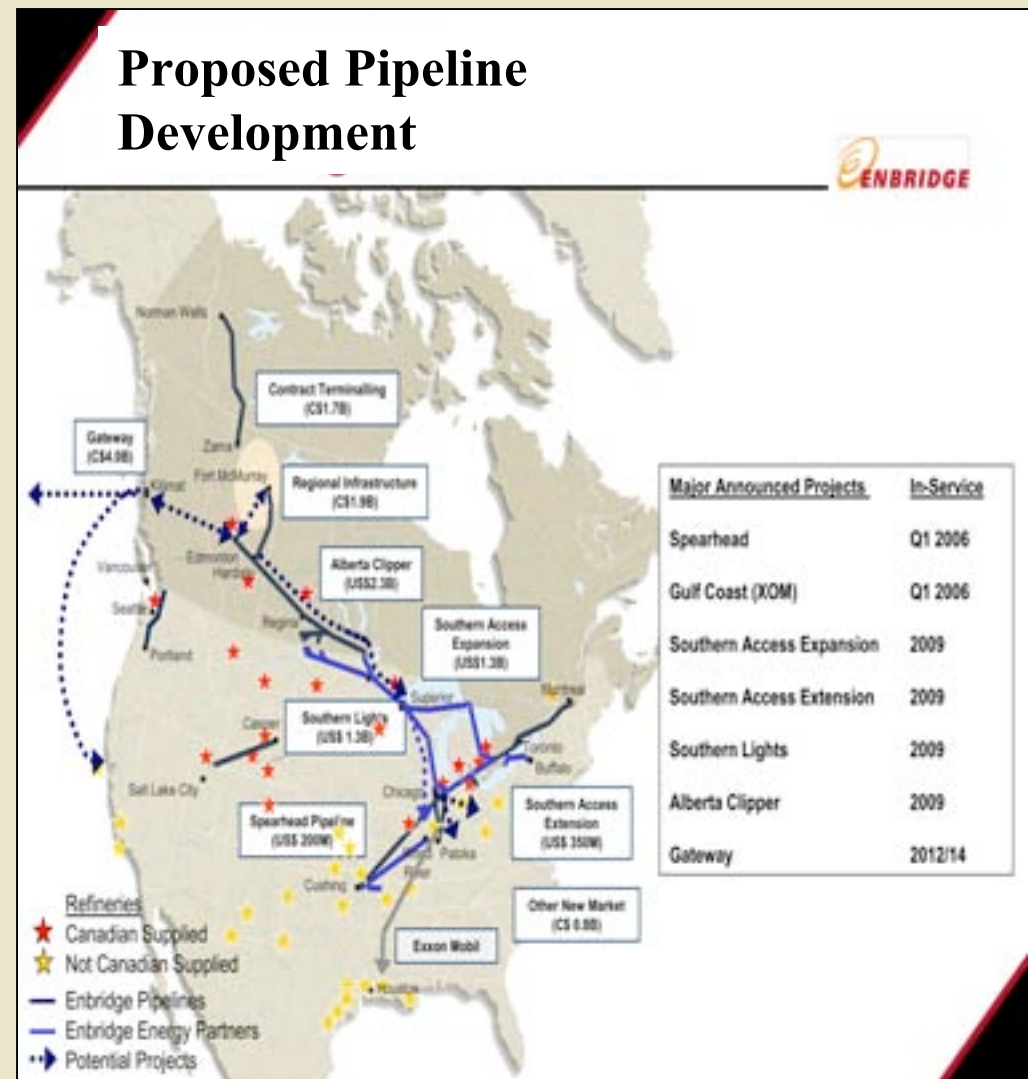
- Interest in 50,000 miles of pipelines
- Own and operate world's longest liquid petroleum pipeline
- Deliver 70% of WCSB crude oil production
- Deliver half of deep water Gulf of Mexico natural gas production
- Canada's largest natural gas local distribution company
- Employ 4,900 people
- One of the *Global 100 Most Sustainable Corporations in the World*

Unparalleled Experience in Recent Pipeline Development

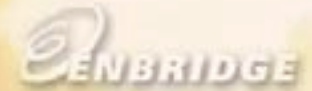


- \$15 billion over the next 10 years
 - Unmatched recent experience managing labor, construction, procurement, environment, regulatory and cost-control challenges
 - Today's development environment is substantially different than 10 years ago

- Alliance Pipeline
 - Technical and commercial similarities

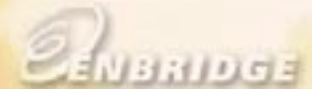


Moving the Pipeline Forward



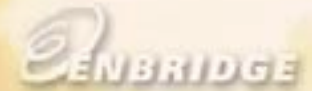
- Process **Requires State – Producer alignment**
 - No producers No pipeline
 - Timing is Key – market degradation/capital competition
 - Focus on what is essential vs. what is desirable
 - Producers' goals / motivations
 - North American supply / demand fundamentals make timing critical
 - The FERC Regulatory process is well defined and will work

Moving the Pipeline Forward



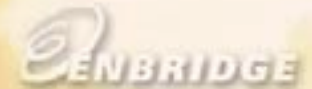
- AGIA introduced as a catalyst to expedite the construction of a natural gas pipeline
 - Applaud the new Administration's high priority given to moving the pipeline development forward
- AGIA process will likely not produce the desired results because:
 - AGIA focus is on the pipeline and not Producer alignment
 - Project is too risky to move forward without Producer commitment
 - Enbridge will not participate in AGIA or any other similar process unless we are part of a consortium that includes producer commitment
- AGIA adds unnecessary regulatory layer
 - FERC process well defined and effective

Why Producer Involvement is Important



- Promotes efficient development through:
 - Alignment
 - Financial resources
 - Previous experience
- Most importantly they will bear lion's share of risk

Project Progression



- Binding shipper commitment is required prior to spending significant \$'s on regulatory applications
 - Not commercially prudent to assume producers will show, or that gas can be “acquired”
 - Risk too high even with government cost sharing
- Even binding shipper/pipeline agreements will have conditions including:
 - An acceptable FERC Certificate
 - Acceptable Financing
 - Shipper resolution of Alaska state taxation issues
 - Defined project milestones / timing
- An unconditional commitment to proceed will not happen
 - Regulatory certificates may have conditions making project uneconomic
 - Events between application and certificate could make project uneconomic

- FERC and NEB (Canadian) applications require:
 - Detailed project cost evaluation
 - Project management plan
 - Environmental assessment
 - Stakeholder engagement
 - Finalization of tariff structure (Cost of Service / Incentives)
 - Environmental assessment

Enbridge believes:

- AGIA does not resolve producer fiscal (tax) concerns
- Producers unlikely to commit to pipeline brought forward by another company under AGIA unless and until fiscal issues resolved
- Producer support is required and achievable without AGIA
- Government financial assistance not essential
- Government can achieve key goals without adding to regulatory process
- An unconditional commitment to proceed with project is not achievable