

Enbridge and Scope 3 emissions

Enbridge follows the Greenhouse Gas Protocol (GHG Protocol), an international standard for corporate accounting and reporting emissions. We tabulate our emissions, report them annually in our Sustainability Report and explain how we are working to reduce them.

Here are the definitions of Scope 1, Scope 2 and Scope 3 emissions:

Scope 1

Scope 1 GHG emissions result directly from our operations – from sources that we own or control. They include, for example, emissions from combustion in our compressors, boilers and vehicles, as well as emissions from processing equipment (i.e. fugitive and venting emissions). Our Gas Transmission and Midstream and Gas Distribution and Storage business units have primarily Scope 1 emissions because they use natural gas-powered compressors to deliver gas into and through pipelines.

Scope 2

Scope 2 GHG emissions result from the generation of purchased electricity we consume. Our Liquids Pipelines business has primarily Scope 2 emissions because it uses electric pump stations to push crude oil through its pipelines. The electricity is purchased from third-parties.

Scope 3

Scope 3 emissions are indirect emissions that happen in the value chain, from sources that are not owned or controlled by us. Some examples include purchased goods and services and the use of sold products (i.e. the downstream use of the fuels that we transport). Enbridge's Scope 3 emissions are someone else's Scope 1 and 2 emissions.

The GHG Protocol categorizes various sources of Scope 3 emissions, and emissions from the use of sold products are classed as Category 11. During the life of a hydrocarbon molecule, these Category 11 emissions are generated at end use, which can include combustion, or another end-use manufacturing process. Enbridge currently reports Category 11 emissions for our gas utility business, or more specifically, the combustion emissions generated from our utility customer natural gas usage.

The Scope 3 challenge ownership and double counting:

For a midstream company like Enbridge that transports oil or natural gas by pipeline, Scope 3 emissions from the use of sold products are exceptionally difficult to track and report – so much so that there is no official standard for how the midstream industry should do it. A major issue is the prevention of double counting throughout the value chain. As well, midstream companies like Enbridge provide a service but generally don't own the products they move. Complexities like these make it difficult to develop an official, accepted methodology for tracking and reporting.

The oil and natural gas value chain is long and complicated and it can include the following parties: a producer of the oil or natural gas, a transporter like a pipeline company or liquefied natural gas tanker, a refiner, a petro-chemical manufacturer, a manufacturer that uses the petro-chemical product as a feedstock to make a consumer product, the store that sells the consumer product and ultimately the consumer who uses and disposes of the product. Generally speaking, the transporter is the only one in the chain that never actually takes ownership of the product. Further, visibility into how the product is transported and consumed (or used for a purpose that has no combustion) after it leaves our pipeline is limited.

Here's an analogy to consider: If you ordered food from a restaurant, had it delivered by a food courier company and then had a concern about either its preparation or the leftover packaging, who would you call? The restaurant, right? And not the delivery driver.

When it comes to Scope 3 emissions, the GHG Protocol recognizes the importance of accuracy and of preventing double counting. It's impossible to avoid double counting in the value chain described above without a standard methodology that assigns responsibility for reporting an appropriate share of Scope 3 emissions along the way.

Does Enbridge have a plan to reduce its Scope 1, 2 and 3 emissions?

Yes, we do. We're focused on reducing operational emissions (Scope 1), as well as emissions from the generation of purchased electricity (Scope 2).



> Solar self-power at the Heidlersburg Compressor Station, PA.

We're also working hard to better understand and address Scope 3 emissions and have been doing so since 2009.

Here's what we're doing on the Scope 3 front:

- We report Scope 3 emissions that we can confidently track, record and calculate. That includes utility customer natural gas use, employee business air travel and electricity grid loss.
- We've developed an innovative metric for measuring the upstream emissions intensity of the products we transport and we're actively exploring new methods to enhance the granularity of the metric so we can more accurately represent emissions reductions upstream of our operations.
- We're working to help customers reduce their Scope 1 emissions with renewable natural gas and hydrogen projects and by developing carbon capture and storage (CCS) projects/infrastructure.
- We're working to be a leader in the tracking and reporting of Scope 3 emissions. To advance this work, we are providing input into organizations that are developing guidance for our industry sector to follow by serving on a technical advisory group to the Science Based Targets Initiative (SBTi) as well as other forums and frameworks. We will continue to work to bring clarity to our sector and will enhance our Scope 3 emissions reporting as accepted definitions and usable data.

Our work tracking and reporting on emissions is recognized as being industry leading. We are rated first among our industry peers by the CDP (formerly the Carbon Disclosure Project), maintaining an overall rating of A-minus for climate change disclosure and performance for the fourth straight year. This rating also extends to Scope 3 emissions.

Petroleum value chain

