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Enbridge Gas Inc.
500 Consumers Road
North York, Ontario M2J 1P8
Canada

August 23, 2024

VIA RESS AND EMAIL

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Nancy Marconi:

Re: Enbridge Gas Inc. (Enbridge Gas, or the Company)
EB-2024-0111 - 2024 Rebasing and IRM – Decision on HRAI Motion

On August 22, 2024 the OEB issued a Decision on HRAI Motion and Procedural Order No. 4 directing Enbridge Gas to produce certain materials. Pursuant to the Decision please find enclosed the updated interrogatory responses to Exhibit I.1.18.HRAI-5 (business plans) and Exhibit I.1.18.HRAI-10 (customer contract and dealer agreement).

Enbridge Gas will file an updated response to Exhibit I.1.18.HRAI-2 (Canada Infrastructure Bank (CIB) credit agreement and MOU) as soon as possible. Since the issuance of the OEB's Decision on the HRAI Motion on August 22, 2024, Enbridge Gas advised CIB of the ordered disclosure. CIB has indicated that it requires more time to consider and address the impact of the OEB's order prior to the filing and service of its documents on all parties. CIB advises that after having the opportunity to consider its position, CIB would appreciate the ability to speak to the confidentiality of its records which were ordered to be produced on the same schedule afforded to Enbridge Gas. Enbridge Gas will keep the OEB apprised.

Enbridge Gas will file an updated interrogatory package next week, after any updated answer to Exhibit I.1.18.HRAI-2 has been provided. As part of that filing, Enbridge Gas also expects to include an updated answer to Exhibit I.1.1-ED-57, as directed by the OEB's August 8, 2024 Decision on Confidentiality

In accordance with the OEB's revised Practice Direction on Confidential Filings effective December 17, 2021 (Practice Direction), Enbridge Gas is requesting confidential treatment of portions of the attachments to the updated interrogatory responses being filed. Attachment A to this letter sets out details of the requests being made.

As required by the Practice Direction, Enbridge Gas has filed confidential unredacted versions of each of the applicable documents, identifying all portions of the document for which confidential treatment is claimed, as well as non-confidential redacted versions of each such document.

Enbridge Gas notes that in accordance with the Practice Direction, representatives of parties who sign the OEB's Declaration and Undertaking will be provided with unredacted versions of the confidential documents. The redacted information in those documents relates to Enbridge Sustain's business plans and operations and includes non-public and commercially sensitive information about pricing, market intelligence and future growth planning relating to Enbridge Sustain. This is commercially sensitive information, and access to such information could give competitors information not otherwise available that could (at least theoretically) provide some advantage unrelated to the proceeding.

Enbridge Gas requests that permission to access the unredacted version of the confidential documents associated with Exhibit I.1.18-HRAI-5 and Exhibit I.1.18-HRAI-10 not be granted to representatives of parties/HRAI members who are competitors or potential competitors to Enbridge Sustain. The OEB's ability to limit who can receive certain confidential documents is set out in section 6.1.7 of the Practice Direction.

Specifically, Enbridge Gas requests that while access to the confidential documents can be provided to HRAI's counsel and HRAI's registered representative (Mr. Luymes) upon submission of a Declaration and Undertaking, access should not be permitted to representatives of HRAI members. Enbridge Gas notes that HRAI has now filed Declaration and Undertakings from four consultants who are expected to be HRAI witnesses. Each of these individuals appears to be associated with an HVAC and/or geothermal company in Ontario. Enbridge Gas objects to these witnesses being permitted to view the unredacted confidential documents. Notwithstanding the terms of the OEB's Declaration and Undertaking, the fact is that the redacted information provides confidential insight into the details of Enbridge Sustain's business that is not appropriate to share with potential competitors. Enbridge Gas submits that the limited nature of the redactions means that HRAI ought to be able to prepare evidence addressing Issue 27 even without these witnesses viewing the unredacted documents, particularly since HRAI's counsel and instructing representative will be permitted to review the unredacted documents.

Enbridge Gas does not object to any other intervenor representative who signs the Declaration and Undertaking receiving a copy of the confidential documents, with the exception of Enercare Inc. (which may be a member of HRAI, but which is also separately registered as an intervenor in this proceeding).

Enbridge Gas will post the updated response on its website at www.enbridgegas.com/about-enbridge-gas/regulatory. Enbridge Gas will send a copy of this letter, and a link to the website page, to all parties to the proceeding.

Should you have any questions, please let us know.

Sincerely,

Joel Denomy

Joel Denomy
Technical Manager, Strategic Applications – Rate Rebasing

Attachment A – Confidentiality Requests

	Exhibit	Description of Document	Confidential Information Location	Brief Description	Basis for Confidentiality Claim
1.	1.18-HRAI-5, Attachment #2	February 2022 business plan presentation to Enbridge Inc. Capital Allocation Committee	Pages 3, 8, 11	The redactions relate to Enbridge Sustain's planned capital investment and market assumptions.	The redacted information sets out the specific plans for Enbridge Sustain to enter and compete in the HVAC product market, including amounts of investments and growth potential and business goals. Knowing this information could provide competitors with sensitive and confidential information that could assist them in determining how best to compete with Enbridge Sustain. This is not information that would otherwise be available to competitors or the marketplace. The redacted information is commercially sensitive. The redacted information fits within the type of information that the OEB has indicated should be treated as confidential under Appendix A to the Practice Direction. Specifically, the OEB has indicated that it will consider: (a) the potential harm that could result from the disclosure of the information, including: i. prejudice to any person's competitive position; ii. whether the information could impede or diminish the capacity of a party to fulfill existing contractual obligations;

	Exhibit	Description of Document	Confidential Information Location	Brief Description	Basis for Confidentiality Claim
					iii. whether the information could interfere significantly with negotiations being carried out by a party; and iv. whether the disclosure would be likely to produce a significant loss or gain to any person
2.	1.18-HRAI-5, Attachment #3	September 2023 business plan for Enbridge Sustain	Pages 2, 7, 9, 12, 14-18, 22-26, 28, 38, 41-46, 49	The redactions relate to Enbridge Sustain's planned capital investment, revenue and earnings projections, product pricing, marketing budgets, sample project economics, market assumptions and customer information.	See #1 above.
3.	1.18-HRAI-5, Attachment #4	December 2023 business plan presentation to Enbridge Inc. Capital Allocation Committee	Pages 3-4, 6, 9-12, 15	The redactions relate to Enbridge Sustain's planned capital investment, approach to capital allocation, earnings projections and market assumptions.	See #1 above.

4.	1.18-HRAI-10, Attachment #2	Dealer Agreement	Pages 36-38, 40-43 (included within Schedule C – Service Levels and Schedule D – Commissions)	The redactions relate to specific expectations from and payments to Dealers who participate in Enbridge Sustain's Dealer Program.	The redacted information sets out the specific arrangements between Enbridge Sustain and Dealers in terms of compensation and minimum service expectations. Knowing this information could enable competitors to structure similar arrangements in a way that could undercut or disadvantage Enbridge Sustain. Putting aside the question of whether this redacted information is even relevant to Issue 27, it is clear that the redacted information fits within the type of information that the OEB has indicated should be treated as confidential under Appendix A to the Practice Direction. Specifically, the OEB has indicated that it will consider: (a) the potential harm that could result from the disclosure of the information, including: i. prejudice to any person's competitive position; ii. whether the information could impede or diminish the capacity of a party to fulfill existing contractual obligations; iii. whether the information could interfere significantly with negotiations being carried out by a party; and iv. whether the disclosure would be likely to produce a significant loss or gain to any person.

	Exhibit	Description of Document	Confidential Information Location	Brief Description	Basis for Confidentiality Claim
					Additionally, the redacted information is non-public contract pricing information of the type that the OEB has previously determined to be confidential.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Heating, Refrigeration and Air Conditioning Institute of Canada (HRAI)

Interrogatory

Reference:

[General]

Question(s):

Please provide a copy of the initial and current business plans and forecasts for Enbridge Sustain, including without limitation any business plan or forecast approved by the Executive Leadership Team or the Applicant's Board of Directors, whether or not initial or current.

Response:

Enbridge Gas declines to provide a response as the question is not relevant to the issues being considered in Phase 2 of the Rebasing proceeding. Issue #27 from the issues list for this proceeding is set out as "Has Enbridge Gas demonstrated that Enbridge Sustain's activities are not funded through rates?" This issue is clearly related to ratemaking and ensuring that the activities of Enbridge Sustain are not being subsidized by ratepayers. The requested information – business plans and forecasts for Enbridge Sustain – have no bearing on, or relevance to, the question of whether Enbridge Sustain's activities are funded through rates. It is unclear how this information will assist the OEB in making determinations specific to Issue #27.

While in no way agreeing to the relevance of the request, Enbridge Gas also wishes to indicate that the information requested is sensitive and confidential and is not information that would be fair or appropriate to share with the industry association for other participants in the same competitive space.

Updated Response: /u

The business plans for Enbridge Sustain have been evolving and developing over time. Versions or summaries of business plans have been presented for approval to the Enbridge Inc. Capital Allocation Committee, resulting in an allocation of funding from Enbridge Inc. to support the Enbridge Sustain line of business.

Attached to this response are copies of business plan documents from the time that Enbridge Sustain was first discussed, through to the current time.

Attachment 1 is the initial review of the potential for a future low carbon solutions business that was prepared for the Enbridge Inc. Board of Directors in June 2021, in order to seek approval to develop a retail low carbon strategy. The underlying consultant work associated with this business plan was funded by Enbridge Inc.'s corporate strategy team.

Attachment 2 is a business plan presentation made to the Enbridge Inc. Capital Allocation Committee in February 2022, seeking approval from Enbridge Inc. to receive funding from Enbridge Inc. to pursue potential future low carbon solutions business projects within the Gas Distribution and Storage (GDS) business unit.

Attachment 3 is a more developed business plan for the Enbridge Sustain line of business, dated September 2023. This document was presented to the Enbridge Inc. CEO for review.

Attachment 4 is a business plan presentation made to the Enbridge Inc. Capital Allocation Committee in December 2023. This presentation was the basis for an updated approval for capital funding from Enbridge Inc. for the Enbridge Sustain line of business, which provides Enbridge Sustain with the financial support required to proceed. This is the most current business plan.

There is no further business plan that has been created after the decision in May 2024 to move Enbridge Sustain to an affiliate.

Enbridge GDS retail strategy

Appendix document

June 15th, 2021

ENBRIDGE

Filed: 2024-08-23, EB-2024-0111, Exhibit I.1.18-HRAI-5, Attachment 1, Page 2 of 109

Over 4 weeks, we worked closely with experts and leveraged proprietary and public data sources to develop this perspective

GDS experts

- **Abbas Chagani**, Business Development
- **Ian Macpherson**, Business Development
- **Karen Sweet**, Market Research & Analysis
- **Malini Giridhar**, Business Development and Regulatory
- **Mark Kitchen**, Regulatory Affairs
- **Ravi Sigurdson**, Business Development
- **Scott Dodd**, Business Development

McKinsey experts

- **Adrian Booth,** Fuel Cells
- **Alessandro Agosta**, Retail
- **Alex Bolano**, Solar
- **Blake Houghton**, Gas Utility
- **Bobby Dean**, Resiliency
- **Bruno Esgalhado**, Solar
- **David Frankel**, Resiliency
- **Evan Polymeneas**, Retail
- **Geoff Olynyk**, Ontario Utility/Resiliency
- **Giulia Siccardo**, Batteries
- **Jason Finkelstein**, Resiliency
- **Kanat Emiroglu**, Retail/Resiliency
- **Lorenzo Milanesi**, Retail
- **Marie-Estelle Marjollet**, Heat Pump
- **Nadim Chakroun**, Solar/Heat Pump
- **Sam DeFabrizio**, Solar
- **Tom Hellstern**, Fuel Cell

Third party experts

- Project director at Canadian renewables company
- Sales manager at US generator manufacturer
- Solar industry practitioner in Canada

McKinsey proprietary models

- Battery storage forward cost curve
- Heat pump cost efficiency
- Residential solar adoption
- Solar capex forecast
- Solar LCOE

Public data sources

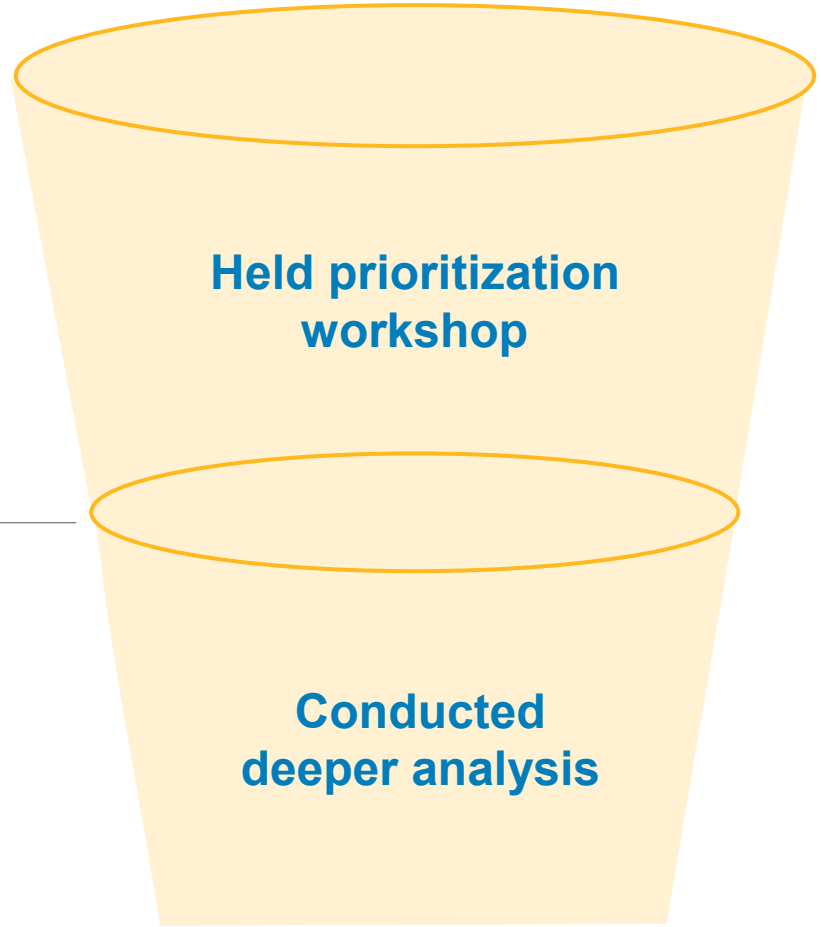
- Canada Energy Regulator
- Canada Mortgage and Housing Corporation
- Global Data
- Independent Electricity System Operator
- Lazard
- MaRS Cleantech center
- National Renewable Energy Laboratory
- NREL Annual Technology Baseline
- Ontario Energy Board
- Stats Canada
- Wood Mac

Company case studies

- Alectra
- Bell
- Bloom Energy
- British Gas
- Constellation
- DTE
- E.ON
- Enel
- Enercare
- Engie
- Fronius
- Generac
- Generation solar
- Green Mountain Power
- Kiwigrid
- Mpower
- New Jersey Resources
- Nrstor
- NV energy
- Octopus Energy
- SoCalGas
- Sonnen
- Stem
- Sunrun
- Tesla
- Toronto Hydro
- Total Power

A quick filter on feasibility for Enbridge prioritized 2 Opportunity Areas in the retail energy market

Identified **six Opportunity Areas** that define the retail energy market



Prioritized **2 Opportunity Areas**

We started by **identifying 6 Opportunity Areas** that cover the **full-set of opportunities** within the retail energy market

Through a **cross-functional prioritization workshop** with the GDS team, we **prioritized 2 Opportunity Areas**

A **deeper analysis** was then conducted, looking into the **economics and viability of specific products** within the 2 prioritized Opportunity Areas

6 Opportunity Areas were evaluated to identify long-term opportunity for GDS growth aligned to market trends

Prioritized opportunities

Opportunity Areas	Description	Prioritization and rationale
Utility retail services	Provide adjacent residential utility services such as energy services (e.g., appliance leasing), appliance insurance, mobility solutions and home energy management by leveraging the existing utility customer base	✓ These two priority areas were selected based on solutions that: – Have proven examples of profitable, successful business in other regions – Leverage the GDS existing customer base and operations infrastructure ✓ – Allow GDS to develop solutions that are replicable at scale with no customization – Were not being assessed in other parts of Enbridge
Residential resiliency solutions	Offer programs and products boosting residential resiliency such as natural gas back-up generators, batteries and micro-CHP fuels cells. These solutions expand into unregulated residential power add-ons	
C&I energy management services	Provide energy management services to commercial and large industrial players, lowering their carbon footprint and achieving savings	- Requires additional work to develop standardized products within segments - For some segments, customization still required and for others, leaders are already developing modular solutions
C&I energy resiliency	Provide distributed energy resources such as cogeneration and microgrids to C&I customers to increase the reliability of their energy supply	
Decarbonized infrastructure(out of scope)	Offer decarbonization solutions to customers, such as premium low carbon products (RNG/H2 blended fuels) and CO2 offtake services through CCUS. Establish RNG / Hydrogen production to decarbonize existing gas infrastructure and capture LCFS credits	✗ Deemed out of scope – being evaluated elsewhere in Enbridge
Commodity retail(out of scope)	Expanded offering of gas and power retail into unregulated markets (e.g., US deregulated states)	✗ Deemed out of scope

Agenda

Overview

1. In-home heating
2. Home and SMB energy resilience
3. Monetize the energy network
4. Explore new growth vectors

Filed: 2024-08-23, EB-2024-0111, Exhibit I.1.18-HRAI-5, Attachment 1, Page 6 of 109

The future state vision for GDS is in line with the energy transition we foresee in Ontario, with a slow transition to electric from gas

Defensive

1 **In-home heating**

Support the commercial viability of new gas based technologies to keep gas in homes in Ontario (e.g., gas heat pumps, hybrid systems)

Offensive

2 **Home and SMB Energy Resilience**

A Creating an affiliate to **offer energy resiliency in-home energy solutions to residential customers in Ontario** (gas generators, solar & storage solutions)

B **Use experience in residential to start unlocking SMB pathways** reducing peak loads, while providing resiliency

C Explore partnership(s) to **bundle with technology to create an energy network of connected homes and small businesses** (partnering on smart thermostat technology in particular)

3 **Monetizing the energy network**

Linking homes and businesses, offering demand response and grid ancillary services

4 **Opportunistically exploring new growth "vectors"**

Explore offering microgrids, district heating and other potential opportunities linked to decarbonization angles

Relative and illustrative time scale

Within residential retail and resiliency solutions, we evaluated products both as defensive plays and as offensive pushes into new areas of the Ontario retail energy market

Defensive play | Offensive play | Unable to estimate market scale potential of highly nascent market | Opportunity | Challenge

DRAFT

Defensive → Offensive

	Gas furnace	Gas heat pump	Hybrid heat pump	Fuel cells	Gas back up generators	Ground source heat pump	Air source heat pump	Electric vehicle charging	Smart home technologies	Storage	Solar
Target customers	Residential	Residential	Residential	Residential	Resi & SMB	Resi & SMB	Residential	Resi & SMB	Resi & SMB	Resi & SMB	Resi & SMB
Market scale potential	●	●	●	●	●	●	●	●	●	●	●
Per unit economics[1] (today)	●	●	●	●	●	●	●	●	n/a	●	●
Per unit economics[1] (5 years)	●	●	●	●	●	●	●	●	●	●	●
Ability to create competitive advantage	●	●	●	●	●	●	●	●	●	●	●
Alignment with Enbridge capabilities	●	●	●	●	●	●	●	●	●	●	●
Recommendation	**Do not pursue** The market in Ontario is now dominated by two incumbents making it difficult to compete and scale	**Monitor and pilot to make viable** Continue to drive scale potential and support technological progress to make GHP a viable, attractive, defensive play. Continue to pilot and work with builders to bring to market	**Monitor and pilot to make viable** Continue to pilot hybrid solutions to create a commercially viable offering for builders to include in new home construction projects, as a defensive play	**Do not pursue** No viable use case in residential and SMB markets	**Prioritize for further review** Growing in popularity (e.g., US market), economically viable & linked to resiliency theme Adds another burner tip to households making them a viable defensive play	**Monitor** Niche applications with little large-scale potential	**Monitor** Per unit economics are far 'out of the money in Ontario' A step change in technological progress could make them viable, GDS could pursue as an offensive play	**Do not pursue** In-home EV charging is becoming a commoditized product with little opportunity for GDS to provide additional value (e.g., installation is very simple)	**Prioritize for further review** Rapidly growing market that has not reached saturation. Provides opportunity for GDS to create a monetizable energy network	**Prioritize for further review** Per unit economics are becoming more attractive and customer demand is increasing Compelling resiliency offering for customers without gas or as add on to solar	**Prioritize for further review** Per unit economics are 'in the money' in 2024-2025 Customer interested in solar is increasing and no large competitors in Ontario make this an attractive offensive play

1. Does not include any assumptions on subsidies; subsidies would improve economics

SMB = small and medium business; smart home technologies includes smart thermostats and other IoT technologies to load bearin g appliances and power generation in the home

Filed: 2024-08-23, EB-2024-0111, Exhibit I.1.18-HRAI-5, Attachment 1, Page 8 of 109

Business model: We can learn from case examples on how to enter and scale in the resiliency solutions market

DRAFT

Lessons		Case examples	
Building brand reputation is difficult but critical	A company has to earn the right to win with multiple services. Once achieved, cross selling is a massive growth engine	British Gas ✓	British gas was able to create a strong brand reputation among customers and cross sell multiple products and services: boiler, electrical care, kitchen appliances, plumbing and drains
Operational efficiency is key	It is crucial to be able to complete a large number of repeated jobs cost effectively (e.g., first time fix, jobs completed per day)	sunrun ✓	Sunrun was able to reduce the installation cost of residential solar systems in c/W by scaling their field workforce and increasing per day job completion
Secure recurring revenues	Installation of resiliency solutions is low margin. Leasing is a more commercially viable business model and deepens customer relationships for further sales. Maintenance servicing can also be a high profit revenue source	Green Mountain Power ✓	In it's partnership with Tesla, Green Mountain Power Financed in - home storage systems for customers on a lease based model: $55 / month to rent battery on a 10 year contract
Become adept at choosing new technologies	Focus on selecting technologies that are already developed rather than innovating in-house. This can be more substantive and less costly	HomeServe ✓	HomeServe provides equipment repair and improvement to residential customers in markets across Europe and the US. The company made a strategic investment in Centriq to provide a digital home inventory solution and support system to customers
Offer platform technologies to consumers	Platform technologies are attractive offers to consumers and make them more 'sticky' for the provider as more services become integrated in one energy monitoring and management solution	e·on KRAKEN Technologies ✓	In March 2020, E.ON migrate all its 6 million UK residential and commercial customers to Kraken to build its new E.ONnext customer platform
Don't try to do everything, make strategic choices	Don't reactively respond to every potential opportunity and try to build it into a business Need to make choices within this highly complicated scene on where to play. Choose the few areas where you want to go deep	centrica ✗	Centrica's challenge building an energy business with C&I customers stemmed from acquiring widely to accelerate business development but not integrating effectively. They presented a generic value proposition to customers, without focus
Acquisitions allow you to grow the business faster	Acquisitions allow for faster scaling opportunities than organic growth which can be an advantage in quickly expanding markets	GENERAC ✓	Generac has executed 17 M&A deals since 2011 which they credit with accelerating their strategic growth plan and enabling the company to sustain 12% CAGR

Filed: 2024-08-23, EB-2024-0111, Exhibit I.1.18-HRAI-5, Attachment 1, Page 9 of 109

Business model: Key capabilities that will enable GDS to play successfully in the solar, storage and generator markets

NOT EXHAUSTIVE

Area	Capability	Description
Residential resiliency business	General expertise	**Active involvement shaping green tech policy provincially/federally** to ensure Enbridge wins contracts and becomes major resiliency player
		Power market knowledge in Ontario (experience with IESO, technical understanding of power)
	Channel strategy	**Internal knowledge of customer preferences and competitive landscape in Ontario** to determine customer preferences and what partnerships will help ensure success
		Seamless integration of third party capabilities with Enbridge offerings to ensure that the customer experience is unified and enjoyable (e.g. if third party manages installation but Enbridge manages customer relationship, need to present as unified front to customer)
	New customer acquisition	**Compelling digital sales channel** to enhance customer experience, highlight Enbridge capabilities and attract new business
		Financing models to offer to customers and appeal to a broader range of households
Expansion to SMB	Scalability	**Internal knowledge of various SMB business models** to understand what each segment values most (e.g. energy for refrigeration, energy to keep manufacturing running) and create potentially bespoke solutions
		Digital tools to enable business owners to seamlessly calculate energy savings and benefits associated with Enbridge offerings
		Adaptive sales approach to reach varying businesses, including third party real estate owners
Monetize the energy network	Adopt new technology	**Internal knowledge on regulations/restrictions regarding virtual power plants** to allow GDS to enter the DR/ancillary services space
		Technological expertise to operate the energy networkto reliably fulfill commitments made to ancillary services and/or demand response markets

Business model: GDS could build or acquire to create an energy resiliency business, with an added option to partner with third parties

Note: These are guiding principles and will require a strategic assessment to make a decision

	When to build	When to acquire	When to partner
	Define an operating model and build a business through an affiliate organization, leveraging the strengths of Enbridge	**Acquire target organization(s) with existing capabilities and customer base to integrate with affiliate**	**Develop a partnership with an organization that has specific expertise, and leverage the strengths of GDS in the partnership**
Is the market expecting rapid short term growth to maturity?[1]	Low to moderate growth expected Allows GDS to pace development to the market and capture market share as the market grows	High short-term growth expected Avoids the lag that comes with building a new business and quickly captures scale	Accelerate growth with a partner that can help increase customer acquisition or bridge key gaps in capabilities
How consolidated is the competitive landscape and how large are the players?	Competitor set is fragmented with no strong players – creating sufficient space for GDS to build scale and a distinctive offering	Established competitors exist, which creates barriers to quickly achieve scale and a competitive position	Improve value proposition relative to established competitors by leveraging a partner's product offering or capabilities
Does GDS have the necessary assets and capabilities to compete?	If GDS has the necessary capabilities or has a clear path to developing them — provided market conditions support development	Major capability gaps or asset gaps exist to deliver value and there is a clear acquisition target that can help close those gaps	Bridge key capability gaps (e.g., installation services) through partnerships while allowing GDS to focus on core capabilities (e.g., managing customer relationships)
Is scale a critical factor in delivering value?	GDS can offer a competitive value proposition without scale or can grow fast enough to remain competitive in the short to medium term	GDS cannot effectively compete without scale (e.g., a dense network of installers) and is unwilling to absorb short-term losses from operating without scale	Achieve scale in isolated aspects of business operations (e.g., building a network of installation contractors) by leveraging partners

1. In nascent markets, matching market growth is critical to maintaining a strong position against competitors ñ

Defensive play: roadmap to leverage new technologies and expand on residential gas usage

Note: the timing of this will shift depending on when heat pumps become a viable offering

PRELIMINARY	2021	2022	2023	2024	2025+
Hybrid heat pumps (HHP)	Continue developing pilot program through GDS while analyzing ways to decrease costs and advocating for subsidies. Offer financing option to new home customers via builders		As hybrid heat pumps become more economically viable, build on customer feed-back from the pilot program to expand offerings to a broader set of users under the affiliate Scale business to include the retrofit/ replacement market		Continue to monitor hybrid heat pump emissions and per unit economics relative to other products in the market, including new technologies. Scale down offer as greener alternatives (e.g., ASHP) become viable
Gas heat pumps (GHP)	Maintain dialogue with GHP manufacturers to understand technological developments and potential reduction to system costs		Analyze unit economics and advocate for government subsidies or programs to support implementation	When specific GHP product becomes viable, offer financing option to all new home customers via builders	Continue to monitor gas heat pump emissions and per unit economics relative to other products in the market, including new technologies. Scale down offer as greener alternatives (e.g., ASHP) become viable
	Work with builders to define specific pricing and product specifications to develop viable pilots		Run pilots with builders in new homes and gather customer feedback from pilots as technology becomes viable		
Non-gas heating products: Air source heat pumps (ASHP) Ground source heat pumps (GSHP)	Monitor technological progress of ASHP, including cold weather performance and total system cost		*If products become commercially viable or market conditions change, a strategy to test and launch these products will be required, leveraging the already created affiliate*		
	Monitor GSHP technology development, including example use cases in larger buildings and total capital costs				
Organization	Establish separate affiliate for non-regulated retail financing and sales of in-home heating solutions		Launch unregulated offer for new homes in collaboration with builders	Grow capacity within affiliate to scale offer to retrofit market	
		Develop a heat pump offering, that builds off the resiliency business and already established resiliency customers			

Offensive play: roadmap to leverage new technologies and expand on residential gas usage

PRELIMINARY

	2021	2022	2023	2024	2025+
Green energy products: Residential solar Battery storage	Segment customers, understanding preferences and willingness to pay Conduct a market scan on competitors and potential acquisition targets to launch ENB retail business	Develop customer acquisition process and installation capabilities and define financing offering	Launch residential solar and storage offer to market targeting high WTP segments	Scale offer to additional customer segments as solar becomes 'in the money' and demand increases to cover additional segments of the market	Roll out offer to SMB market segment
Generators: Gas fired back up generators	Evaluate generator supplier products, wholesale prices and potential partnership arrangements to serve as a reseller in Ontario	Segment customers, understand preferences and willingness to pay	Go to market with a financed back up generator offer as part of a broader resiliency package offered by ENB affiliate	Monitor and refine offer based on updated market research and customer feedback	Scale down gas fired generator offer as battery prices reduce to make storage a viable green alternative
Smart home technology: Smart thermostats Energy management tools	Segment customers, understand preferences and willingness to pay Evaluate technologies available on the market and key players and offerings	Define offer to market	Launch market home energy management solution together with residential solar and storage	Analyze customer data to develop new offers to market in partnership with technology providers	Integrate functionality for demand response and capacity aggregation to enable monetization of the energy network
Energy network monetization: Ancillary services Demand response				Conduct research into demand response and ancillary services markets in Ontario to understand demand and pricing	Pilot demand response and capacity aggregation functionality Launch business bidding into demand response and ancillary services markets using the residential energy network established
Organization	Establish an affiliate for the unregulated retail business. Confirm guardrails for the unregulated retail business to comply with affiliate rules Define business model (e.g. partnerships, revenue model, etc.) and market entry approach	Scale the affiliate business over time as demand for resiliency products grows and the business moves into new segments (e.g., SMB) and adjacent markets (e.g., demand response)			

Filed: 2024-08-23, EB-2024-0111, Exhibit I.1.18-HRAI-5, Attachment 1, Page 13 of 109

Agenda

Overview

1. In-home heating

2. Home and SMB energy resilience

3. Monetize the energy network

4. Explore new growth vectors

GDS defensive play: context and overview

Context

Macro trends are shifting energy usage patterns **away from natural gas** toward new green technologies

Recent policies in Canada demonstrate **government alignment to energy transition goals**, supporting the **gradual transition away from natural gas** use

New gas connections in GDS service territory have **begun to decline**

The Defensive play for GDS

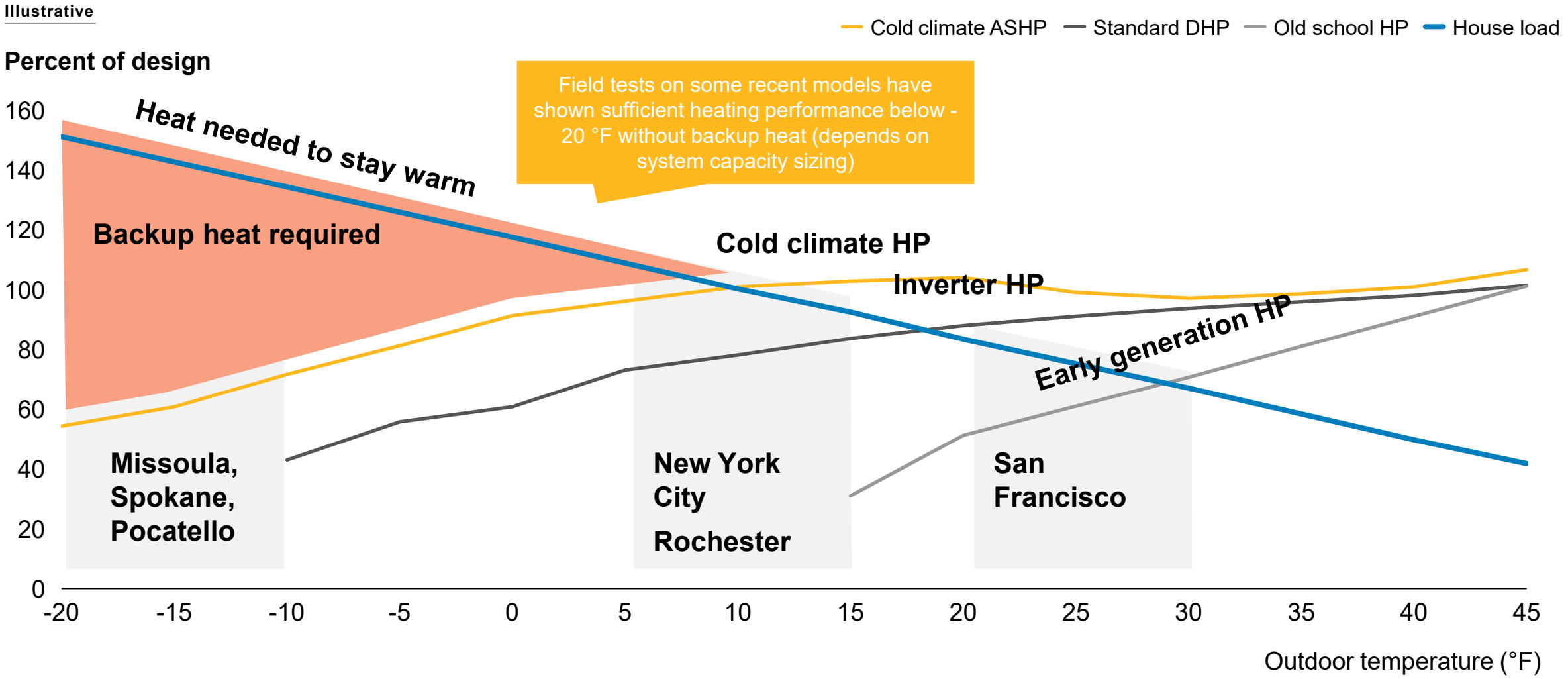
GDS can **support the commercial viability of new gas based technologies** to keep gas in homes in Ontario, especially in new builds

Though **gas heat pumps** and **hybrid heat pumps** are 'out of the money' today, **technological progress could make these technologies viable**, especially with support from GDS to bring them to market

The short term play is to **continue to pilot, monitor and push within the regulated framework until a cost breakthrough occurs**, in which point an unregulated affiliate organization can be leveraged

The medium term play is to **create a leasing business inside the affiliate** for new in-home heating technologies; however the strategy to compete in the market will need to be defined

While advancements in technology have significantly improved performance of air-source heat pumps in cold climates, back-up heat options would still be required

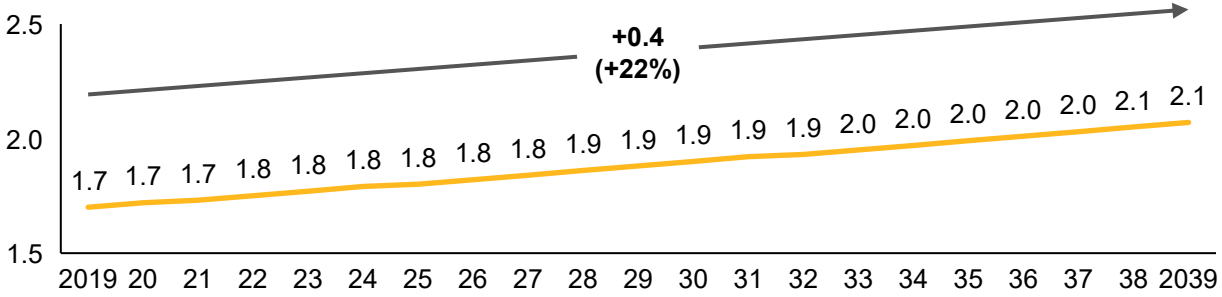


On a 0°F design day, current technology can operate without backup heat sources and maintain 170+% efficiency

At low temperatures, the performance of air source heat pumps faces three main challenges

1. A decline in the coefficient of performance, i.e., the amount of useful heat delivered by the device (in BTU), for every unit of electricity supplied to the device (in kWh)
2. A decline in capacity factor, i.e., amount of heat delivered by a device at low temperatures, as a percentage of heat delivered at ideal temperatures
3. An increase in frosting of outer coils

Efficiency - 0° winter day (COP)



Technological improvements are tackling these low temperature performance challenges

Improvement	Challenge addressed
Advanced compressors For e.g., improved electric motor and two-speed compressor designs, inverter driven variable speed compressor	1 2
Thermostatic expansion valves for more precise control of the refrigerant flow to the indoor coil	1 2
Variable speed blowers, which are more efficient and can compensate for some of the adverse effects of restricted ducts, dirty filters, and dirty coils	1 2
Improvement in defrost cycles	1 3
Improved coil design, for e.g., grooved copper tubing to increase surface area	1
New refrigerants that are more efficient	1

GDS analysis: There are a number of manufacturers who are working towards developing the commercial viability of gas heat pumps

Commercially viable today

Manufacturer	Type	Primary Sectors	Application	Technology Readiness for North America
ROBUR	Absorption	• Commercial • Residential	• Space heating • DWH heating	• Commercial size unit commercially available • Residential unit at lab testing and field trials stage
YANMAR	Engine drive	• Commercial	• Space heating • Cooling	• Commercially available
VICOT	Absorption	• Commercial • Residential	• Space heating • DWH heating	• Commercially available in China • Lab testing and field trials in NA
SMTI	Absorption	• Residential • Small commercial	• Space heating • DWH heating	• Field trials and pilots underway • Commercially available (2023)
Rinnai	Absorption	• Residential	• DWH heating	• Large scale pilot of 55 units underway in NA • Commercially available (2023)
ThermoLift	Thermal compression	• Residential • Small commercial	• Space heating • DWH heating • Cooling	• Lab testing and field trials underway • Commercially available (2023)
boostHEAT	Thermal compression	• Residential space and DHW heating	• Space heating • DWH heating	• Lab testing in NA

Source: GDS analysis

Commercial refers to larger scale applications with commercial and industrial customers; DWH = domestic water heater

Even with carbon taxation, hybrid heat pumps are far out of the money only reaching TCO equivalency by 2045, unless subsidies are introduced

Furnace + A/C — ASHP - Hybrid base case — ASHP - Hybrid accelerated — ASHP - Hybrid accelerated w/subsidy

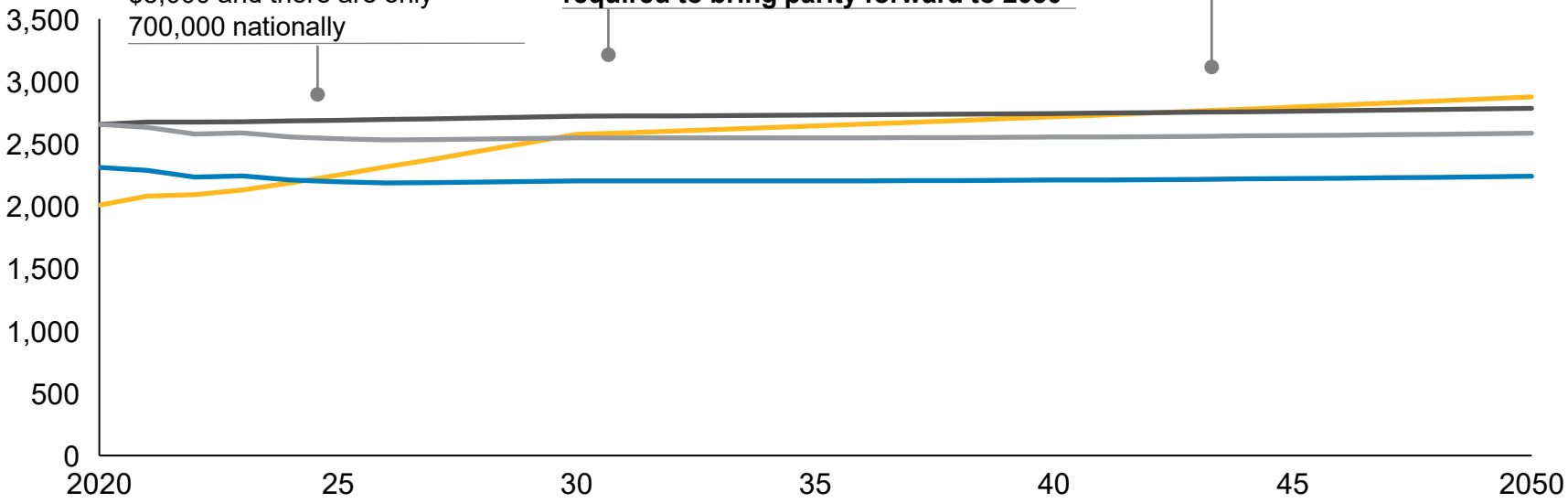
Total cost of ownership of ASHP vs gas furnaces for single family homes[1],

A Retrofits

100% dedication of the Green Homes grant could move hybrids into the money by 2025; however, not all grants are $5,000 and there are only 700,000 nationally

Between **2020 – 2030,** the carbon taxation helps close the gap between hybrid ASHP's and conventional systems; however, **an incremental subsidy of $2,200 would be required to bring parity forward to 2030**

Hybrid ASHP's only enter the money between **2040-2045** without subsidy



1. Electricity and natural gas prices increasing at 1% p.a. with heat pump pricing decreasing at 1.5% p.a.
2. Investment tax credit that gives consumers a rebate on 30% of the capital costs of a solar system via a tax credit

Source: NREL

Drivers

Base case Hybrid-ASHP:

Hybrid air source heat pumps with the existing $1,000 subsidy and a ~1.5% capital cost reduction per year

Accelerated hybrid ASHP:

Hybrid air source heat pumps with the $1,000 subsidy and an accelerated decline in capital costs driven by increasing global order quantities (5% annual reduction based on reduction in residential solar post ITC[2], in US)

Accelerated hybrid ASHP w/ subsidy:

Accelerated capital cost decline scenario including an assumption of 100% dedication of the $5,000 Green Homes grant to ASHP (in additional to the $1000 subsidy current available)

Underlying assumptions to ASHP hybrid total cost of ownership model

Key driver	Assumption	Notes
Capital cost	Conventional: $9,100 - $9,500 ASHP's: $14,500 - $18,500	Initial capital cost associated with purchase and installation of a furnace and A/C or ASHP (with associated back-up heating) Because of ASHP limitations at extremely cold temperatures (e.g., sub -20C) requirement for back-up furnace requires
Capital cost declines	Base: 1.5% P.A. Accelerated: ~5% P.A. 2026	Accelerated case supported by increased unit volumes driven by higher global demand Hybrid system partially insulated from cost declines due to minimal declines in furnace component
Subsidy	Base and accelerated: $1,000 Accelerated: $1,000 + $5,000	Accelerated case assumes complete allocation of Green Homes grant to ASHP installation; however, grants will have multiple end uses, may be under $5,000 and are limited in quantity
Coefficient of performance (COP)	ASHP: 3.2 ccASHP: 2.9	Weighted average COP based off Ontario temperatures and percent time in use (i.e., transition to furnace heating below a temperature of -10C for conventional ASHP) ASHP COP greater than ccASHP because of the switchover at a warmer temperature of -10C
Maintenance and insurance	$100 premium	Incremental maintenance costs expected due to the system redundancy and controller function within the hybrid option Conventional combined furnace and A/C maintenance priced to $600 annually
Gas charges (2030)	3.0x	Combined increase in gas consumption charges by 2030 including a $175/Tonne CO2 carbon tax (Increase includes combined gas supply charge and federal carbon charge)
Gas rate	Retail rate: $0.1098/m^3 2020 carbon tax: $0.05/m^3	Based on Enbridge retail rates
Electricity charges	$0.11/kWh 1% escalation	1% escalation is an estimate reflective of an increase in wholesale power prices that will be moderated by IESO policy

$$Total\ cost\ of\ ownership = \frac{Initial\ capital\ cost}{Useful\ life} + Annual\ Gas\ Spend + Annual\ Electricity\ Spend + Annual\ Maitenance$$

Heat pumps will be a defensive play for GDS in the near future – sign posts will help GDS identify when these will be 'in the money'

Factor	Details	Key metrics/sign posts
Gas-fired heat pumps become viable	Nascent GHP player brings first viable product to market that can be deployed at scale	Technology for residential gas-fired heat pumps is ready for North American roll-out
Government subsidies	Introduction of subsidies to lower the capital cost of increasing a new system	An additional ~$5,000k subsidy on top of Ontario's $1,000 heat pump subsidy
Capital cost reduction for of hybrid heat pumps	Capital costs for hybrid heat pumps are reduced making them commercially viable in Ontario	The installed capital cost of heat pumps is reduced to ~$5,500 – 6,500[1]
Renovation and new builds ban	Ban on the installation of new furnaces on new builds or renovation projects	Several U.S. cities including Berkeley and San Jose California, have attempted to ban natural gas use in new buildings
Efficiency improvements	Efficiency of heat pumps are improved that reduce energy use or eliminate the need for back-up heating	Development of heat pumps without the need for back-up heating at sub -20 C temperatures
Shifts in energy pricing	Changes in the pricing of power or natural gas	Implementation of a carbon tax at $225 - 300/tonne CO2 moves all electric heating into the money

1. This is based on TCO at today's energy prices and including the current $1k subsidy and assuming 2030 carbon pricing

Source: MaRS cleantech; Enbridge

Agenda

Overview

1. In-home heating

2. Home and SMB energy resilience

   – Unlock SMB potential

   – Bundle with technology

3. Monetize the energy network

4. Explore new growth vectors

In-home energy solutions to residential customers in Ontario (focused on gas generators, solar and storage solutions)

Opportunity overview

- GDS is in the resilience business – expand offering to include a suite of products that improve resiliency and efficiency
- Offer DG solutions (solar, gas generators) and storage as entry into BTM offerings that is adjacent to core ENB offering and leverages resilience with green edge
- Offer installation and leasing of equipment to save customer money and improve resilience
- Combination of targeted sales to individual customers and partnerships with developers for new homes

Benefits of this opportunity

A. Proven model, with examples of success in NA and globally

B. Growing demand for these products – market growth rates of up to 20% based on segment

C. Improving technology costs, with annual reductions of 4-17%; solar is expected to be 'in the money' by 2024-2025

D. Supportive dynamics in Ontario – electricity pricing, low reliability, increasing energy efficiency

E. Large customer base that values resiliency and willing to pay on average ~$30/month for it in Enbridge customer base

F. Enbridge advantages – brand, scale, construction experience, customer service organization

Challenges

1. Regulations dictate that an affiliate organization would need to be set-up
2. There are players in this space, but it seems to be fragmented and small

Scale potential

1. Estimated market by 2030 will be $400M – $1B
2. Economics of US players show a 20+% NPV, however, there are subsidies in place to make this viable
3. US & global examples show viable business model exists

A. There are proven models in the resiliency space in North America and globally at a variety of scales

Case	Company overview	Outcomes
GREEN MOUNTAIN POWER	Green Mountain Power is the largest electric utility in Vermont, serving about 70% of the retail customers in the state	In 2017, GMP launched a pilot program to install residential Tesla Powerwalls and deployed ~2,000 Powerwall batteries to homeowners. Customers pay US ~$55 per month for ten years The program saved GMP $500M during a single peak event by reducing peak rates and provided more than 16,000 hours of backup power to customers in 2020
GENERAC	Generac designs and manufactures a range of generators, energy storage and core products for residential and C&I customers	The company currently holds an ~ 80% market share in the North American residential standby generator market Generac is partnering with Virtual Peaker – a software startup that aggregates behind the meter distributed energy resources – to explore opportunities putting its large base of installed generators to work for the grid
alectra utilities	Alectra is a municipally-owned electricity utility that serves several municipalities in the Golden Horseshoe region of Ontario	Rolled out POWER.HOUSE in 2015, a pilot to install behind the meter rooftop PV panels and energy storage to 20 residential customers – participants offset ~53% of their energy consumption In 2020, Alectra earned CAD 17M in revenue from solar generation (up from CAD 16mm in 2019)
New Jersey Resources	New Jersey Resources is a publicly traded gas LDC that has diversified their business across industries over the last decade	Retail energy branch plays a critical role establishing and cementing customer relationships while exploring value-add energy efficiency and generation service Clean Energy Ventures business has grown to 40% of EPS contribution in 2020
sunrun	Sunrun is a residential solar servicing company that is expanding rapidly by tackling full home power generation and management	Sunrun is currently the market leader in energy capacity installed. They gained 573k new customers in 2020, and increased 2021 guidance from +20-25% to +25-30% in solar energy capacity installations They plan to integrate solar, storage and virtual power plants into a smart solution for homes and communities
sonnen	Sonnen is considered the leader in Germany for home energy storage systems for private households and small businesses	The Sonnen Community was the first decentralized energy community in Germany, where users are virtually connected to one another to feed excess electricity into the community or draw the electricity they need As of 2020, Sonnen has provided battery storage systems to over 60 thousand homes with solar panels
e·on	E.ON is a European electric utility company based in Germany that operated in over 30 countries and has over 33M customers	E.ON entered the behind the meter storage market in Germany with E.ON Aura in 2016 and the E.ON solar cloud in 2017 E.ON aims to reach an EBIT of ~ 50 EUR million in 2025

Source: Company website and press information

A. Green Mountain Power partnered with Tesla to add residential resiliency with the benefit of compensating customers

In 2017, GMP (Vermont-based utility) introduced a **pilot program where they partner with Tesla to install Powerwalls at their customers' homes**

- Tesla provides **a turn-key fixed price contract from design, through installation and maintenance**, and a 10 year warranty

Program **does not require that the Powerwall is connected to a solar panel system, it can recharge from the grid when electricity prices are low**

- GMP and Tesla developed software to ensure that the batteries maintained enough stored energy to keep a customer's lights on when a severe storm was forecast, so homeowners received the biggest benefit from storage

GMP customers pay US **~$55 per month for ten years** for the unit and benefit from increased reliability with access to time of use pricing

Tesla provides the batteries which they can bundle and aggregate, while **GMP markets to their customers**

GMP installed Powerpacks **on utility land and has deployed ~2,000 Powerwall batteries to homeowners within** the utility's service territory

The battery **programs saved customers ~$3M and provided more than 16,000 hours of backup power in 2020**

Customers paying $55/mo for these batteries highlights that **willingness to pay may be higher than reported** (i.e. reported WTP for ~50% of customers in Ontario is no higher than ~USD $27/mo but GMP achieved substantial enrollment at $55)

Value to customers comes from having accessible home backup power

- Additional value can come if residents allow Tesla/GMP to use their battery when energy demand is highest, as they receive compensation for this service

Regulatory treatment

- Smaller scale pilot approved through regulatory innovation stream, **project is submitted as part of current rate case**
  - Capital cost is added to rate base with all value streams (e.g., customer payment, demand charge reduction) reducing revenue requirement

Source: Company website and press information

A. Generac is seeing rapid growth in US resiliency markets, Canada likely to follow suit

Context

Generac **designs and manufactures a range of generators, energy storage and core products for residential and C&I customers**

- Systems are available through independent dealers, retailers and wholesalers
- C&I business accounts for about 40% of sales

Generac **offers a "whole-home" solar power solution including their PWRCell battery** – which enables the residential customer to automatically disconnect from the grid during outages and manage energy use of smart home products

- **Generac has partnered with Sunnova** (a residential solar provider) as its exclusive lease and power-purchase agreement provider

Generac has enjoyed a 12% CAGR since its IPO in 2010

Increasing demand

Generac **has largest backlog of home standby generators in its history at US$1B+** (close to their full year of sales in 2020). This is before peak weather season has even started

Power outage severity increased significantly over baseline average during 2017-2020**, driving increased demand for backup generators**

Severe weather issues are likely to continue to create large disruptions, further boosting generator demand

- NERC released its 2021 Summer Reliability Assessment warning that **parts of NA are at elevated risk of energy shortfalls this summer due to abnormally high temps**
- US administration announced that it will **double federal spending on preparations for severe weather events** by providing $1bn to state and local governments

Generac has grown rapidly recently through multiple channels. Between 2018-2020 they have invested

- **USD $170m in organic growth**
- **USD $240m in M&A (6 acquisitions)**

Outcomes

The company currently holds an **~ 80% market share in North American residential standby generator market**

- Generac has achieved **~5% penetration in the U.S. within its target segment** (homes with a value >$125k).

NG generators sales are an important growth opportunity. In the US, 40% of generator sales are NG (growing at 2x pace compared to diesel fueled back up generators)

- **Globally, the opportunity for NG generators is still in the low-single digits and expected to expand as it has in the US**

Generac is partnering with Virtual Peaker – a software startup that aggregates behind the meter distributed energy resources – to explore opportunities putting its large base of installed generators to work for the grid

Source: Company website and press information

A. Alectra is piloting solar and storage at grid edge in Ontario

Context

Alectra Utilities **provides electricity distribution to ~1M customers in Ontario** and is the second largest municipally-owned local distribution company in North America

Their goal is to be Canada's leading distribution and integrated energy solutions provider, creating a future where people, businesses and communities will benefit from the full potential of energy

- They are looking to enable a more sustainable electricity grid by modernizing technologies and integrating DERs

Alectra has a **Grid Innovation team that supports the company's transition from a Network Operator to a Platform Orchestrator** by designing and deploying end-to-end solutions using emerging energy technologies and services

Approach

In 2015, Alectra rolled out POWER.HOUSE, **a pilot to install behind the meter rooftop PV panels and energy storage** systems to 20 residential customers

- The PV panels were sourced from Q CELLS and the energy storage systems were supplied by Sunverge
- In the pilot study, Alectra owned, controlled, maintained, and operated the power unit

The goal was to evaluate the economic and grid benefits that residential solar storage can contribute to customers and the electricity system in Ontario

- The final outcome of the market penetration analysis for the base case found that the adoption of the **POWER.HOUSE program could feasibly reach approximately 30,000 residential homes by 2031, which would represent 140 MW of local dependable capacity**

Customer benefits

- Self-reliance, solar panels reduce grid consumption
- Energy stability systems reduce outage durations or mitigate them completely

Outcomes

Alectra benefits from the installations:

- Dispatched PV/Battery as needed for Virtual power plant
- Global peak shaving for wholesale power costs
- Load shifting to smooth out demand

Pilot result showed that individual offset ~53% of their energy consumption

In 2020, Alectra earned CAD 17M in revenue from solar generation (up from CAD 16M in 2019)

They launched their **Power.House Hybrid program which is set to scale up to operation between 2020 and 2022**

- They will **retrofit a cluster of 10 homes** with controllable electrical equipment and thermal equipment then **build a VPP platform to deploy these electrical and thermal DERs in conjunction with real-time grid needs**
- They are partnering with Enbridge on this

Alectra is **partnering with IBM and Interac to test the viability of trading energy from customer sources using Blockchain technology.** Alectra will group a neighborhood's solar and other energy assets into a single marketplace that will automatically dispatch them to the utility when needed

Source: Company website and press information

A. New Jersey Resources is an example of a regional Gas LDC with strong branding expanding into renewables and other unregulated services

NJR is a publicly traded holding company – started as **regional Gas LDC (New Jersey Natural Gas) with ~100 year history serving customers in North and Central New Jersey (~550,000 customers)**

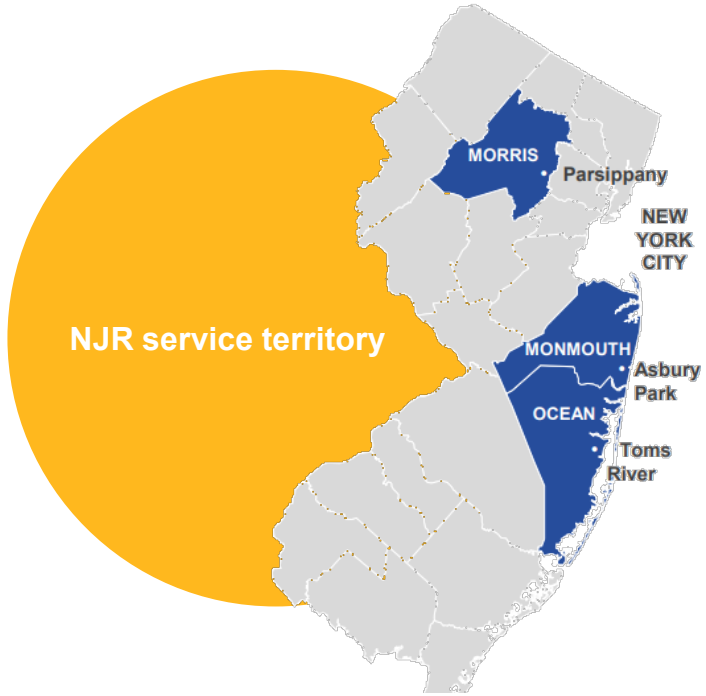
Late 1990s: started innovating beyond core – including offering retail commodity service, partnering with GE to market fuel cell technology, outfitting buses (with NJ Transit) with CNG and then **founding NJR Home Services in 2000 – focused on home appliance leasing and repair**

2004: Launched renewables subsidiary (Clean Energy Ventures - CEV); accelerated solar investments in 2011 with Sunlight Advantage (residential), followed with small commercial solar business – capitalizing on strong statewide incentives in nascent market (Solar Renewable Energy Credit)

- Now **leading solar developer in New Jersey** (~10-12% market share) with 350+MW portfolio across residential and C&I – market sizeable at 400-500MW per year. Currently expanding through NJ community solar and across Northeast and Mid-Atlantic region
- **CEV now 30-40% of EPS contribution; $170M in revenues by 2024**

Today: Expanding into other areas (5 total subsidiaries; 3 in addition to Gas LDC and CEV)

- Home Energy Services is expanding into new leasing & repair programs and broader "home comfort solutions" – more customer satisfaction focused as business breaks even (NJR has highest CSAT among peers in region)
- Unregulated Energy Services are capitalizing on constrained gas resources
- Starting to explore Midstream opportunities – though not without challenges especially with PennEast project
- All while investing in RNG & Hydrogen as part of decarbonization strategy for LDC



Source: Company website and press information

A. Sunrun is growing rapidly in the residential solar space and beyond while looking towards the future of virtual power plants

Context

Founded in 2017 Sunrun is a **pioneering residential solar service**. They have more than 550,000 customers and have sold their solar service in 22 states, DC & Puerto Rico

They provide solar energy services with fixed pricing over 20- or 25-year agreements that generate recurring, contracted revenues

They offer a suite of services that help residential customers manage the transition to home electrification:

1. Rooftop Solar Power
2. Home Electrification
3. Rechargeable Solar Battery
4. EV Charging
5. Home Energy Management

Approach

In 2020, **Sunrun merged with Vivint Solar to accelerate their impact on the transition to clean energy**

- They expect to realize **USD $120 million of cost synergies** on an annual basis by **improving supply chain sourcing capabilities among other things**
- They expect to create additional value through **offering batteries to a larger base of existing solar customers and building a stronger and more recognizable consumer brand**

Sunrun has **invested over USD $113 million in R&D in part to expand tech capabilities that allow customers to monitor and engage with their solar systems**

Sunrun has identified a few areas where they can **increase their customer value proposition and margin opportunities by expanding offerings**

- Grid services to build virtual power plants
- Larger systems to support whole-home electrification and larger share of energy spend
- Retail energy to provide single-bill offerings and best customer experience
- Battery retrofits to add features to existing customers
- Repowering existing systems + renewal opportunities

Outcomes

Sunrun is currently the market leader in energy capacity installed

- They made **USD $922mm in revenue in 2020 (up from 533mm in 2017)**
- The majority of customers save 5-45% on electricity in their first year. Sunrun has delivered more than USD $300 million in total savings for customers
- Sunrun's systems **have prevented GHG emissions totaling 5.2 million metric tons of carbon dioxide equivalent (CO2e)**

Sunrun gained 573k new customers in 2020, and increased 2021 guidance from +20-25% to +25-30% in solar energy capacity installations

They plan to integrate solar, storage, electrification and virtual power plants into a smart solution for homes and communities

- Utilities spend more than $100 billion per year in capex and we believe $13 billion could be replaced by distributed resources

Source: Company website and press information

A. Sonnen is a leading provider of home energy storage systems and has created the first decentralized energy community in Germany

Context

Sonnen is considered the leader in Germany for home energy storage systems for private households and small businesses

- The company was founded in 2010 and focused on development of their home battery which debuted in 2011 (sonnenBatterie)
  - As of mid-2016, **eight generations of this power storage system have been developed and marketed**

Germany is the primary sales market for these batteries, however, they also distribute across Europe, the US and Australia

In 2017, the company announced their intensions to implement **decentralized photovoltaic domestic storage batteries using blockchain technology to help stabilize the power grid and improve the integration of renewable energies**

Approach

Sonnen offers a wide range of products linked to its battery segment products

The **sonnenCommunity** was the first decentralized energy community in Germany

- Users are virtually connected to one another to feed excess electricity into the community or draw the electricity they need
- Members pay a monthly fee of 10€ and enjoy an energy tariff of 26cts./KWh
- Prosumers can store excess electricity in a “virtual account“ (up to 1,000 kWh) and use it on less sunny days
- Sonnen acts as an intermediary between community members

The **sonnenStrom** package supplies the customer with clean electricity from the sonnenCommunity even without a storage battery of PV system

- It optimizes users’ individual consumption and allows them to benefit from the energy stored and shared within the virtual community of users

Outcomes

In **2019, Shell acquired 100% of Sonnen** in a strategic play to advance Shell’s strategy to offer more clean energy solutions to customers

As of 2020, Sonnen has provided battery storage systems to over 60 thousand homes with solar panels

Source: Company website and press information

A. E.ON is growing quickly in the international resiliency markets but struggling with profitability

Context

E.ON is a European electric utility based in Germany that operates in over 30 countries and has over 33M customers

E.ON decided to restructure the company in 2016 due to changing conditions in the energy industry

- E.ON focused on three areas: **grid, renewables and customer solutions (customer solutions manages the solar PV + storage business)**
- Its subsidiary Uniper will manage trading, conventional generation and storage

E.ON entered the behind the meter storage market in Germany by launching E.ON Aura in 2016 and the E.ON solar cloud in 2017

- E.ON Aura is a photovoltaic system
- E.ON SolarCloud is a virtual energy account that allows consumers to access stored energy to meet individual demands
  - Owners of PV systems can feed directly to the cloud without any limit

Approach

Their resiliency services approach is as follows:

Targets residential customers, business customers and partner companies

Offers the following products:

- **Three different battery storages** from Samsung, SMA and KNUBIX
- **Solar modules, converter and insurances**

Has the following business model:

- Offering **consulting service** for the customer and help them to find investment solutions
- **Buying the equipment from suppliers**
- Providing list of **authorized installation companies and commission them to install the system**
- **Additional services** such as insurance and monitoring for the systems/products offered

Outcomes

E.ON claims to be the **fastest growing solar PV + storage company in Germany**

- However, in 2017 the EBIT for new B2C solutions (solar PV + battery, e-mobility solutions, home heating and smart meters) was negative

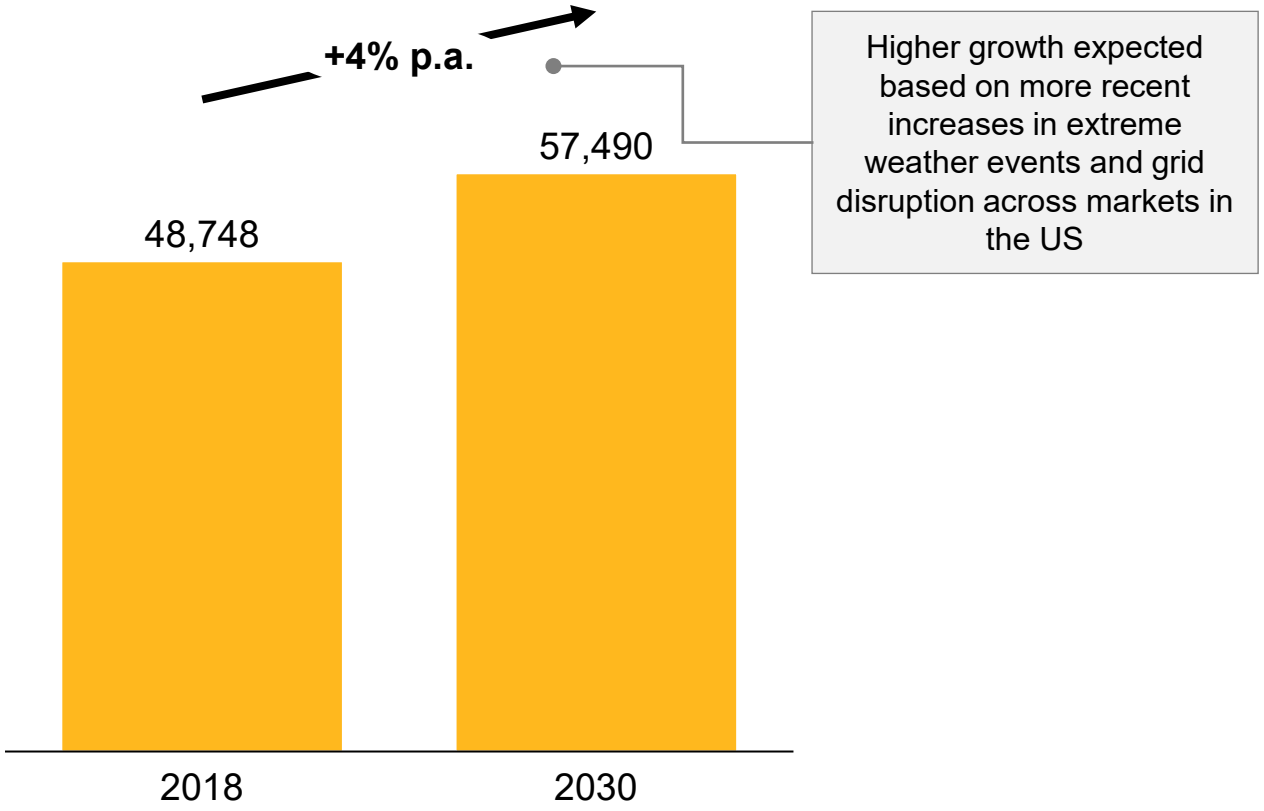
With these activities **E.ON aims to reach an EBIT of ~ 50 EUR million in 2025**

E.ON has expanded offerings to other countries such as the UK, Sweden, Italy and Slovakia

Source: Company website and press information

B. Backup generation market growth: Strong growth in the US market as customer resiliency demand increases

Back up generators MW annual additions US market, MW



Recent market dynamics in Canada

Grid resiliency challenges are increasing driven by more frequent extreme weather events, aging infrastructure and increasing penetration of intermittent renewables load

Customer outages are high in parts of Ontario driving **increased demand for back up power** for customer resiliency (e.g., Ontario's 9.25 outage hours in 2018 would have placed the province in the 13th percentile among U.S. utilities)

Providers of back up generation are seeing this increased consumer awareness of and interest in resiliency in **increased demand**, (e.g., Generac order backlog in the US is ~$1B, 8x the level coming out of hurricane Sandy in 2021)

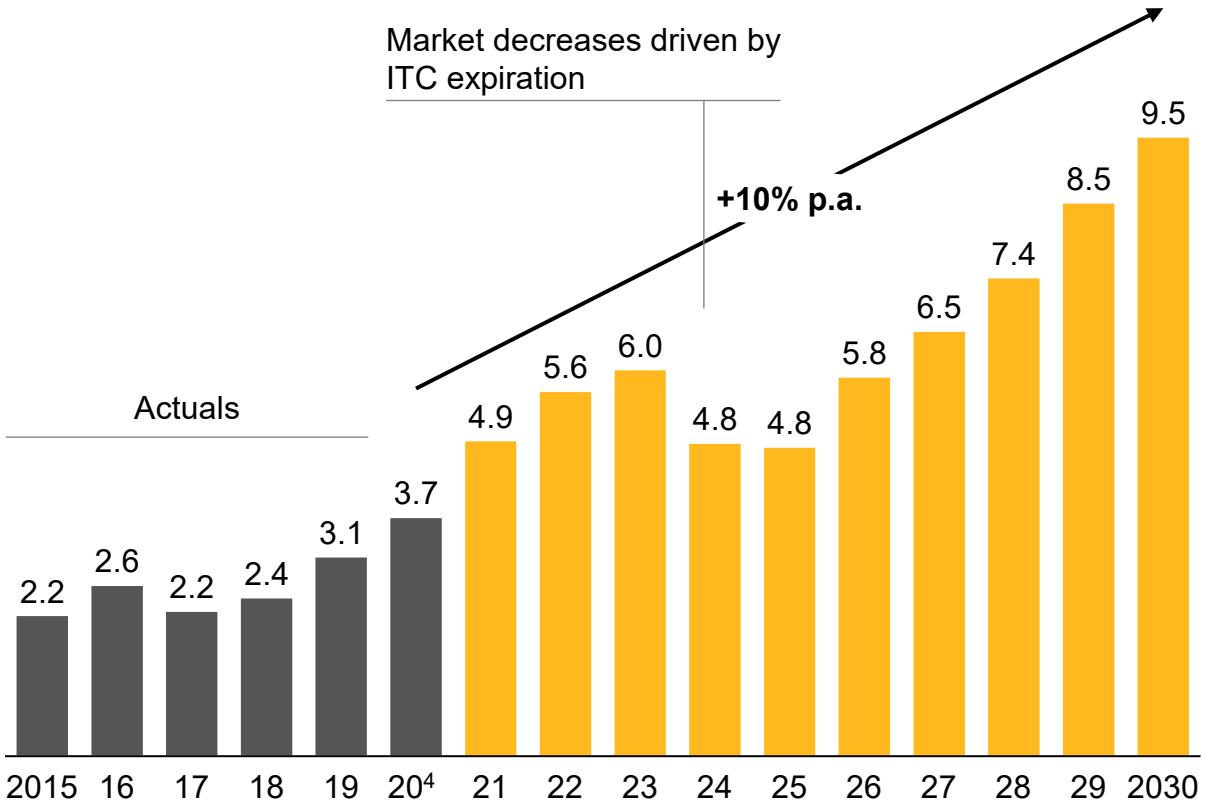
Canadian market forecasted to grow at a **5% CAGR through 2026**

Source: Frost & Sullivan, U.S. Energy Information Agency, Ontario Energy Board (OEB), Bank of America Analyst report (May 27, 2021)

B. Solar market growth: US market is forecast to grow at 10% p.a. after several years of in the money offers driven by investment tax credit

Relevant to Ontario market

Annual installed capacity for US residential solar[3], GW



Key drivers	Impact	Rationale
A: ITC extension to 2023	●	ITC recently extended at 26% until 2022, followed up a 1-year stepdown to 22%. In 2024, ITC goes to 0% for non-developers. However, installers/developers will qualify for 10% credit for TPO products Legislation also includes funding for R&D
B: System hardware costs	◔	Hardware costs (driven by modules) are expected to decrease YoY by 3-4%. Savings will be passed on to customers due to high market competition
C: Overhead and customer acquisition costs	◔	Overhead and customer acquisition costs are expected to continue to decrease (~10% drop between 2020 and 2023) as current customer acquisition costs may not enable stable margin for installers amidst cost compression in post-ITC world; digital enablement is key
D: Continuation of Net Energy Metering policies[1,2]	◔	Continuation of Net Energy Metering policies (now in more than 40 states) will continue to support the economics of residential solar. However, changes to NEM could adversely impact solar economics in some states

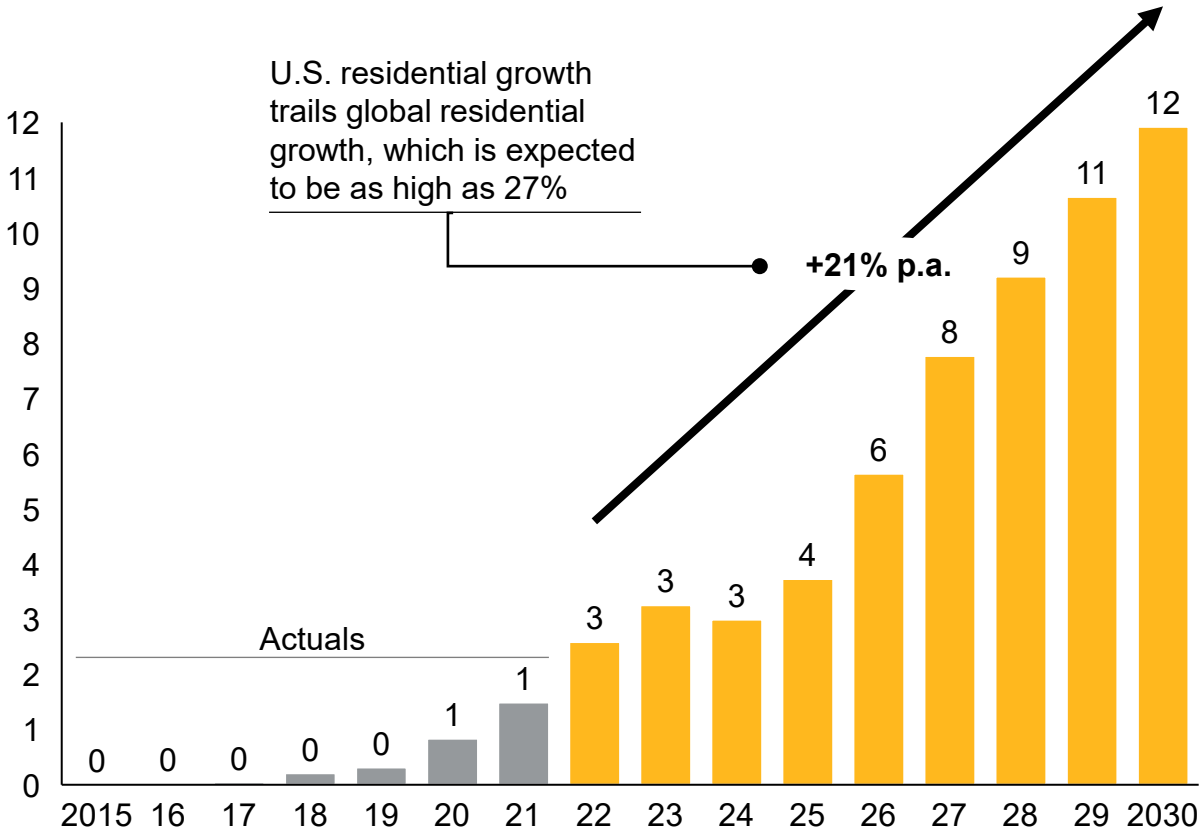
1. Given current NEM policies (described as base case later in document)
2. New York Mandate of 6 GW by 2025 is not incorporated into the model as split in residential, commercial and industrial is unknown
3. Does not include storage
4. Actuals up to Q3; forecast for Q4

Source: PV magazine

B. Storage market growth: US market forecast to grow at 21% p.a. largely driven by increasing attachment rates to solar

Relevant to Ontario market

US residential battery storage market[1], GWh



Key drivers	Impact	Rationale
Battery cost declines	●	Storage costs have fallen by 20% p.a. since 2013 and are expected to fall by 10% p.a. out to 2023
Incentives and TOU	●	Strong state-level incentives such as SGIP in CA have driven strong attach rate. Storage bundled with solar also qualifies for the ITC, helping project economics States transitioning to TOU (e.g., CA, AZ, 1 utility in CO and others) will have improved storage economics as battery can discharge when power prices are high (e.g., in the evening)
Resiliency and extreme weather	◕	Increase in extreme weather events driving demand for resiliency in areas where storage is attractive / where outages are a risk (e.g. CA, FL, NY, etc.)
Grid load balancing/ avoided costs	◑	Grid services (collection of residential batteries) can help utilities avoid high CapEx projects such as building substations In areas of high solar penetration (>30%) such as Hawaii, batteries are required to hold excess daytime solar production
Impact of EVs	◔	EV proliferation could lead to a minor decrease in storage demand as vehicle to grid storage programs are developed

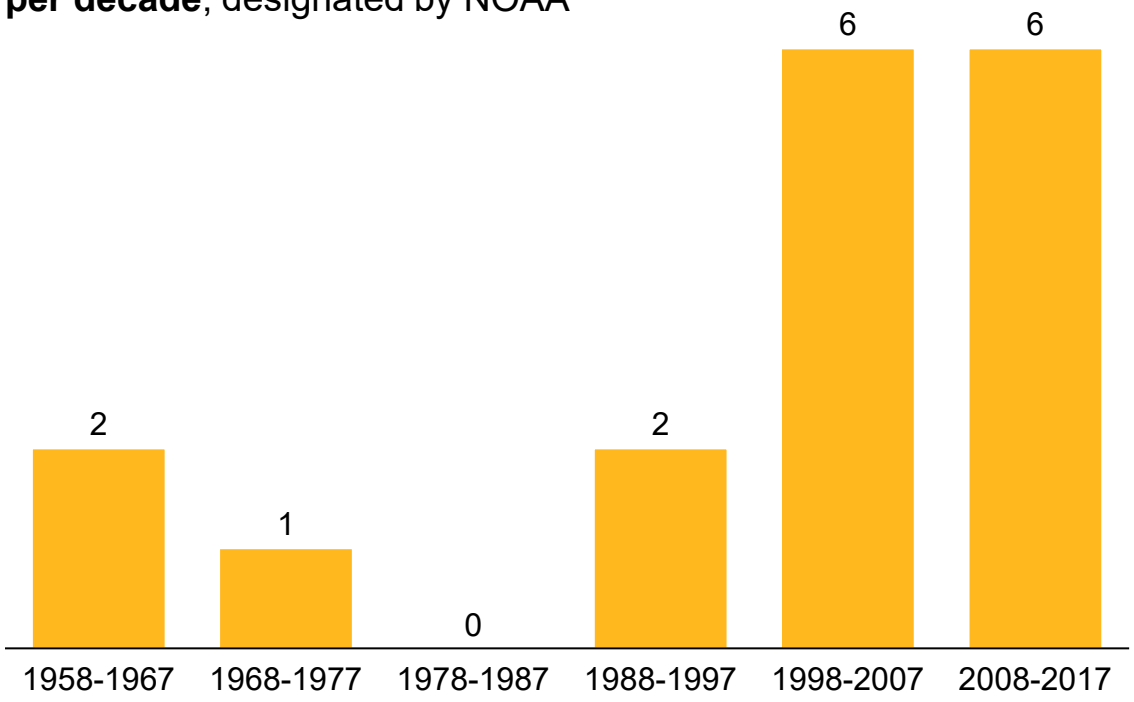
1. Based on number of estimated installs and assumes each install is 14 kWh

Source: NREL, Wood Mackenzie, company websites, expert interviews

B. Resiliency market growth: Major weather events are on the rise putting the electric grid at enhanced risk; likely to boost resiliency demand

In the United States, long-term trends show hurricanes are getting stronger

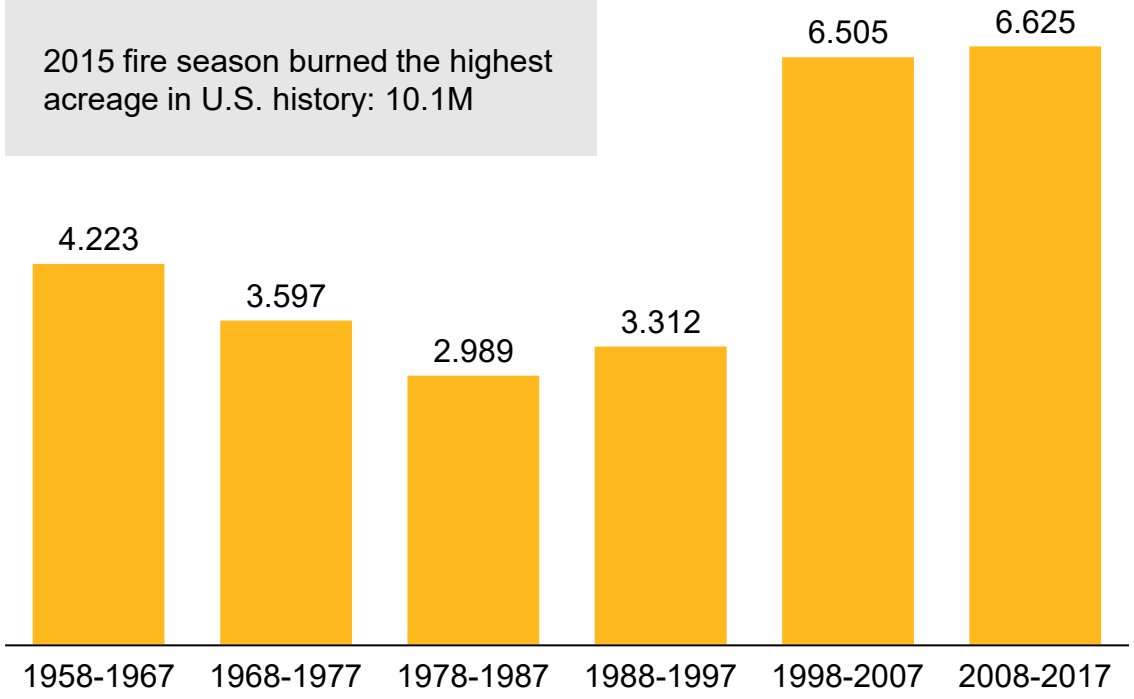
Number of above-average strength Atlantic hurricane seasons per decade, designated by NOAA[1]



Similarly, wildfire trends show an overall upward trend in the acreage burned

Total area burned, million acres

2015 fire season burned the highest acreage in U.S. history: 10.1M



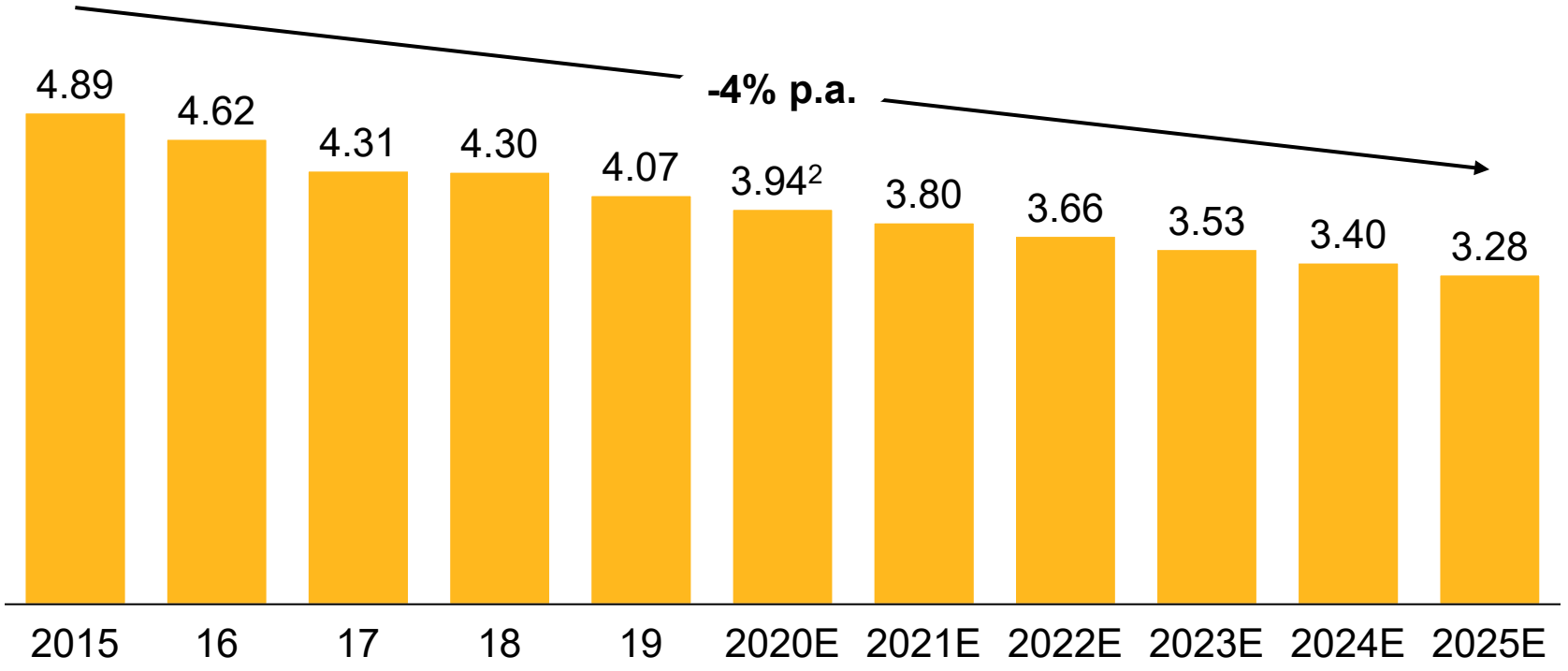
1. NOAA uses a metric called ACE, or accumulated cyclone energy, which accounts for the strength, frequency, and duration of all storms in a year, as well as threshold numbers of tropical storms and hurricanes per season, to categorize hurricane seasons into 3 groups: above-normal (includes hyperactive sub-category), near-normal, and below-normal

Source: NOAA (National Oceanic Atmospheric Administration), NIFC (National Interagency Fire Center)

C. Improving technology costs: Residential solar capex in the US expecting to continue decreasing by 4% p.a

Total customer cost for residential solar

CAD/W



Drivers for decreases in residential PV price include:

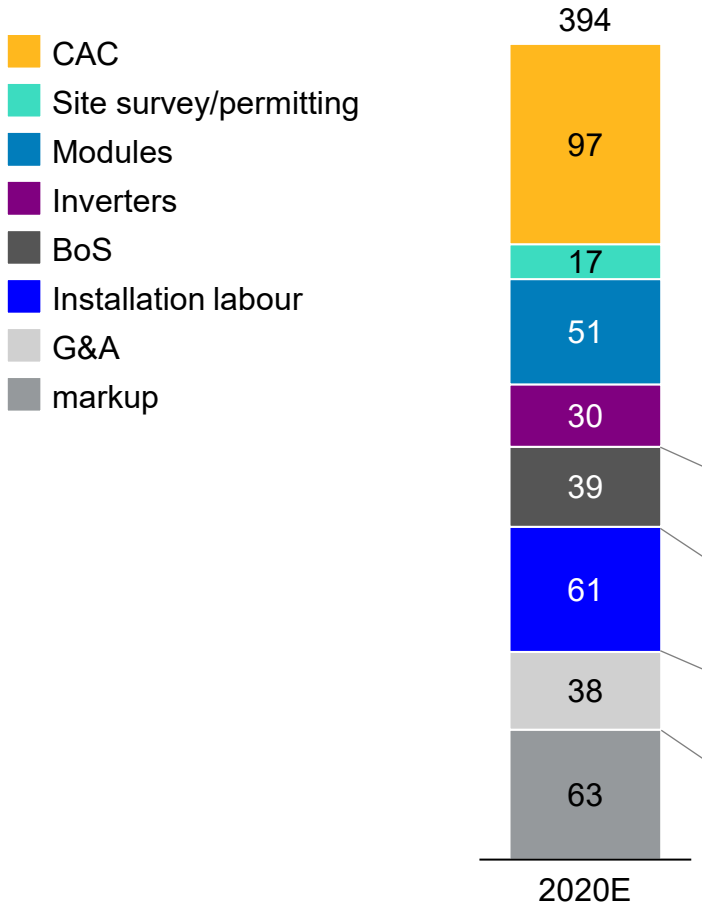
- Improved module efficiency and reduced hardware costs for structural and electrical parts
- Lower permitting costs
- Increased share of small installers

1. 2015-2019 actual values are triangulated based on Wood Mac, tracking the sun, NREL, and company reports to account for variation in samples. YoY decrease in $/W is similar across sources. Estimated $/W are greater than the target's
2. Estimated based on primary research of residential installers and weighted to include high cost (e.g. Sunrun) and low cost (e.g. Tesla) installers based on current market share. Total value and breakdown triangulated with industry reports (e.g. Wood Mac, NREL, and tracking the sun)

Source: NREL, Wood Mac, Tracking the sun, public company reports

C. Improving technology costs: Being competitive in the residential solar market in Canada rests on reducing the total installation costs per system

Residential Solar system cost, CAD c/W



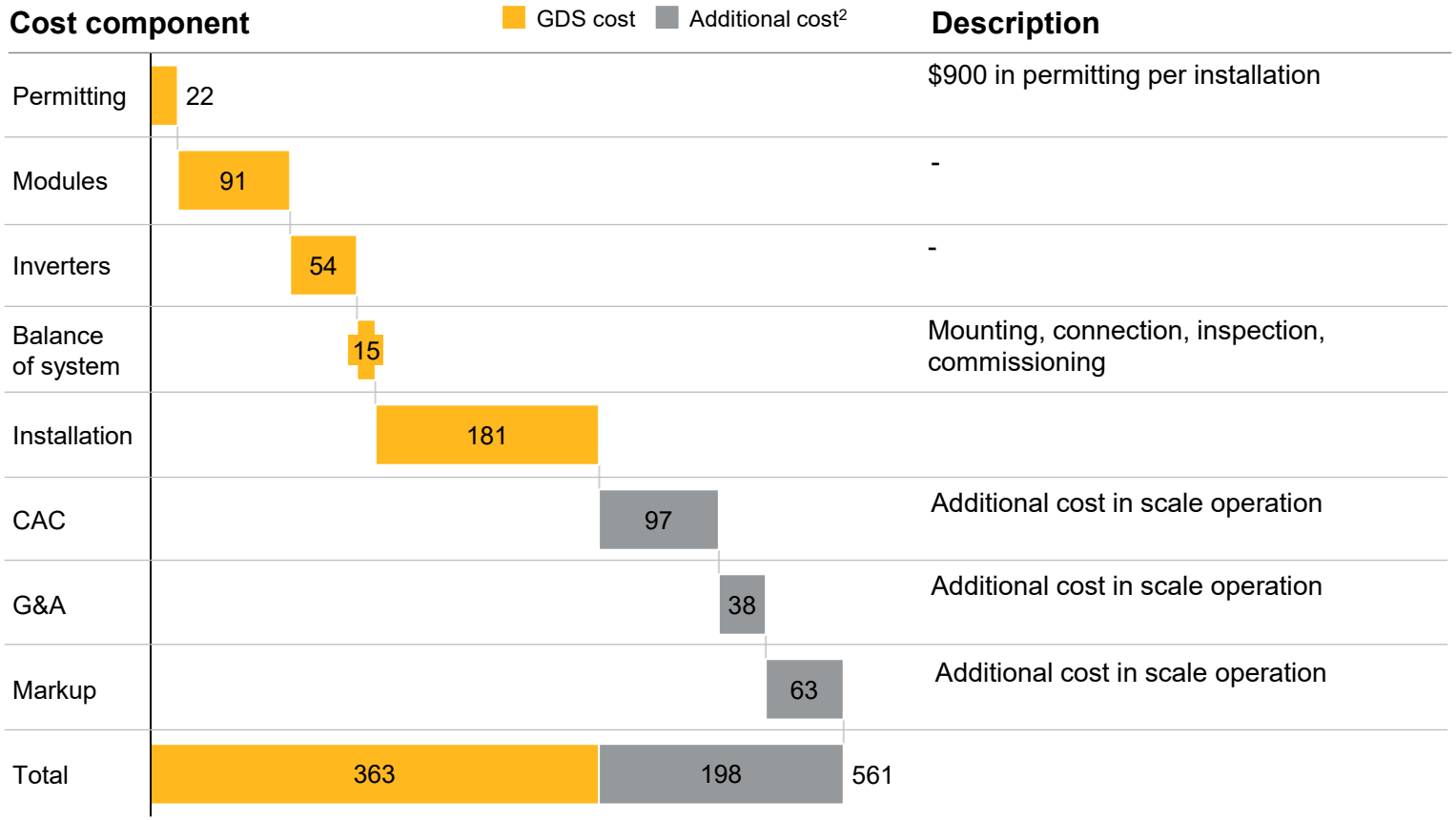
Cost component	Potential drivers of cost reduction
Customer Acquisition Costs	Residential solar **sales** require a lot of time to close. **Digital channels, while cheaper, have had** negative impact on volumes Customer acquisition **costs can be minimized** where consumers have **awareness and trust in the brand** and **low cost sales channels** (e.g., phone, digital) are use at the top of the funnel **combined with higher cost** (e.g., in-person sales) to close
Permitting	Operating at **scale** within a **small number of legislative environments**
Modules	**Scale purchases**, 20 – 25 MW orders is the threshold to gain most value from volume discounts.
Inverters	**Scale purchases**, inverter price should be viewed on a TCO basis to ensure reduced capex does not drive increased failure rates
Balance of System	**Design-to-value** for simplified system requirements and **scale purchases** to minimize supplier pricing
Installation Labour	Field force efficiency achieved through **process optimization**, **performance management** of field engineers, **high volume** of installations
G&A	**Efficient back office** processes (e.g., billing, customer service) spread across a **large customer base** to minimize per unit G&A
Markup	n/a

Note: This perspective on Solar Costs was triangulated from different sources including experts and is higher than NREL

Source: expert interviews

C. Improving technology costs: Residential solar capital costs experienced in recent GDS pilot show potential to improve with scale

Reported capital costs from GDS' 2020 pilot[1], CAD c/W



1. Pricing based on recent quote of C$14,500 for a 4 kw residential solar system
2. These are additional costs incurred by scale players. c/W based on US data used to create like-for-like comparison

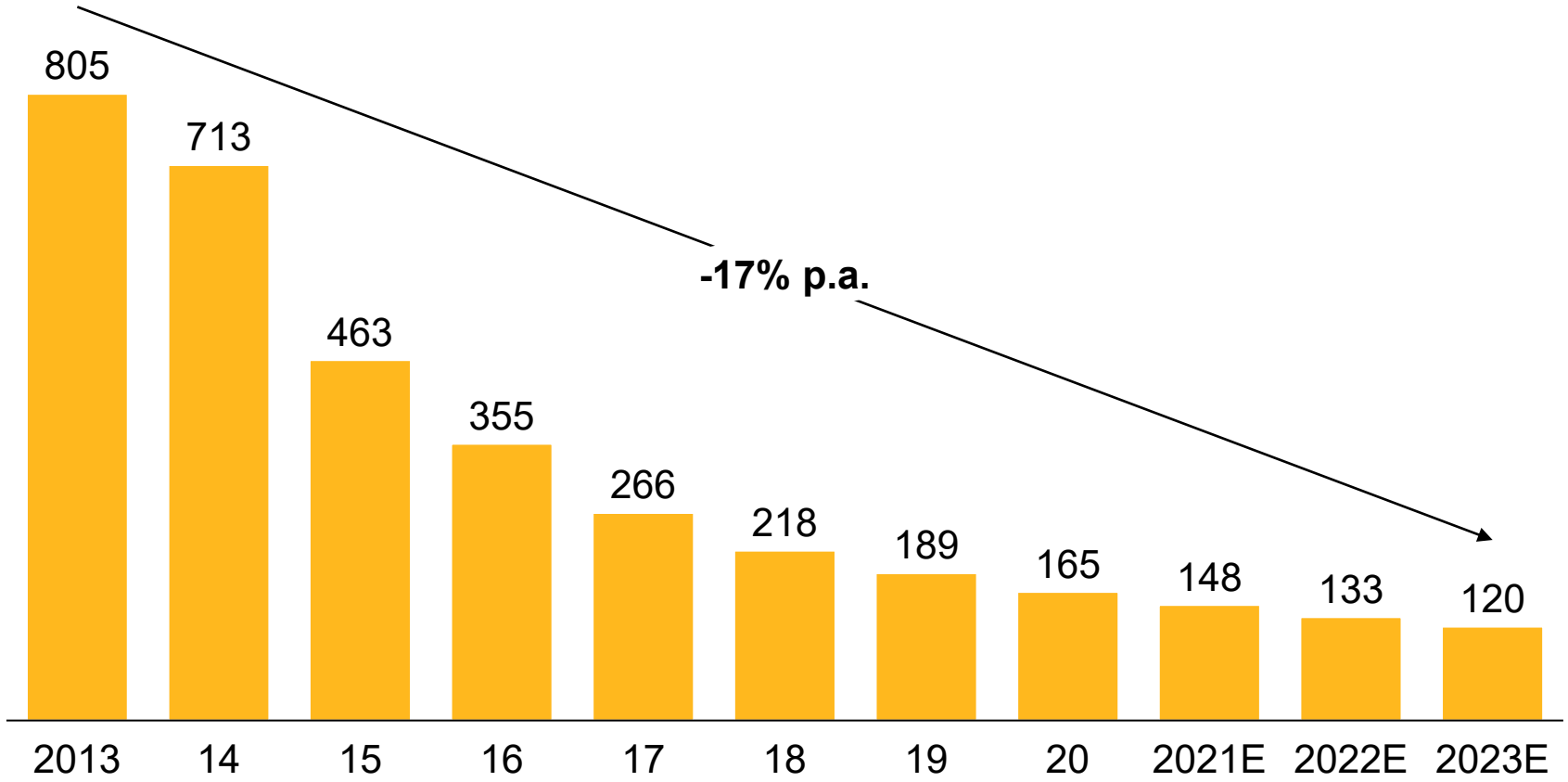
Source: GDS pilot data

Improvement potential with scale

- Opportunity to **decrease installation cost as scale grows** beyond the pilot stage
  - Bulk procurement of key components (e.g., modules and inverters)
  - Increased efficiency of installation through advancing internal capabilities
- **G&A and CAC costs not accounted for within the pilot program**, and added in as "additional costs" based off U.S. market norms
- GDS' may be able to leverage its brand and customer relationships to achieve high sales conversion rates and keep CAC costs low

C. Improving technology costs: Battery storage capex in the US has decreased rapidly with a further reduction expected

Lithium-ion battery pack price, CAD/kWh



Drivers for decreases in 2020 are due to:

- Increasing order sizes
- Growth in BEV sales
- Introduction of new pack designs
- New cathode chemistries and falling manufacturing costs also contribute

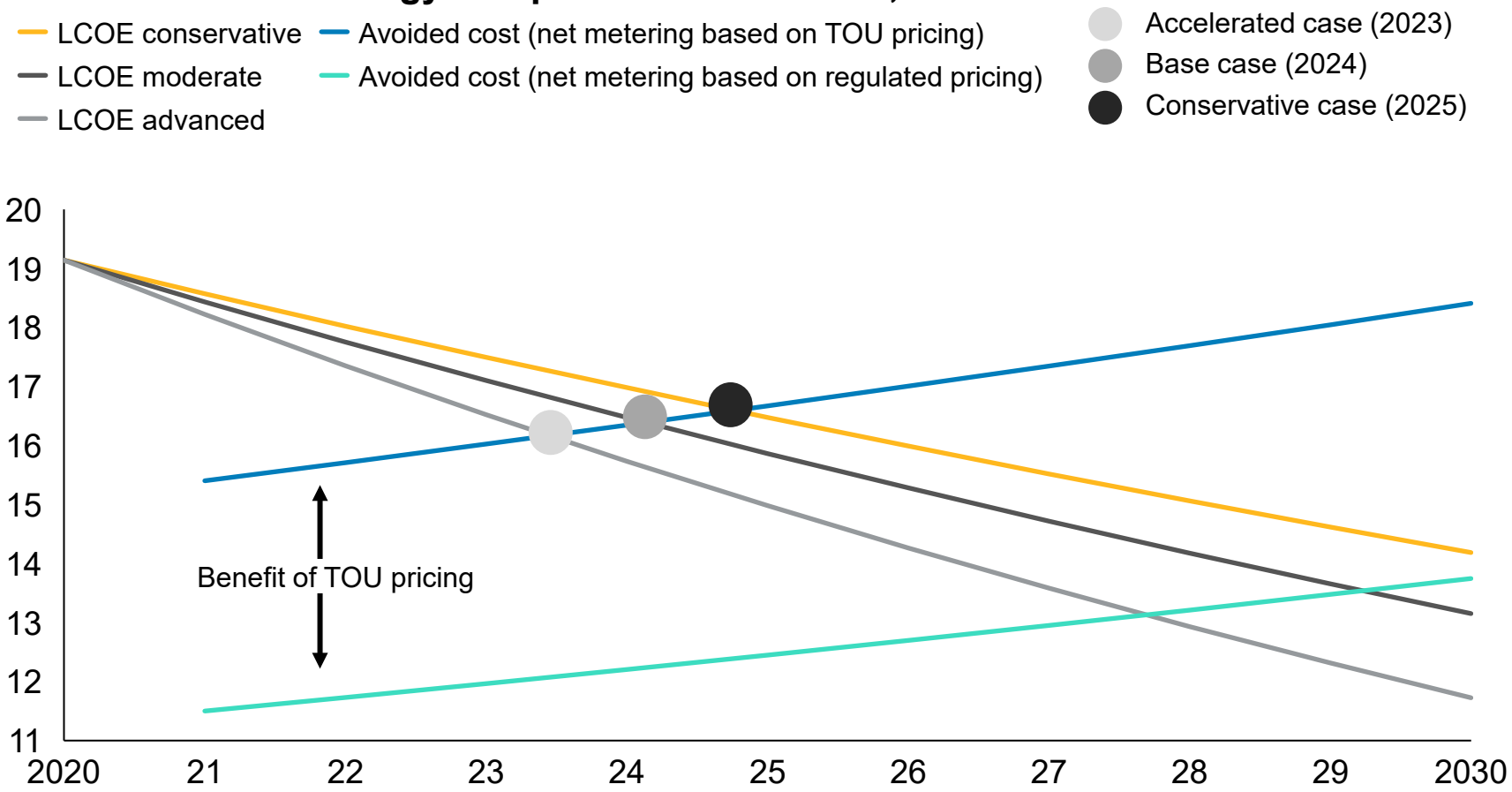
The typical size for a residential system is 13.5 kwh based on 5 kw capacity and 7 kw peak[1]

1. Based on Tesla powerwall

Source: BloombergNEF; Tesla website

D. Supportive dynamics in Ontario: The economics for residential solar are coming into the money 2024-2025

Levelized cost of energy comparison - residential, CAD/kWh



Assumptions: Capex and Opex improve by 4.8% p.a. in the advanced case (from NREL Advanced) 3.7% p.a. in moderate case (NREL Moderate) and 3.0% p.a. in the slow case (NREL slow) US costs from NREL ATB model with 10% structural increase for Canada, 5% GST, 1.25 FX. Ontario electricity price 11c in 2020 and 2% increase p.a. after

Source: Proprietary Solar LCOE Model, NREL, Hydro One

Drivers of residential solar economics in Ontario include:

- Good quality solar resource – 17% capacity factor
- Net metering is available for homes to generate revenue from unused generation
- Declining capital costs will reduce LCOE over time

Solar economics could be further improved by:

- Strengthening CAD to reduce imported equipment cost
- Further increase in generation component of retail power process
- Increase in global adjustment or reduction in government power price subsidy
- Additional policy support, (e.g., tax incentives)

D. Supportive dynamics in Ontario: Solar LCOE model methodologies and assumptions

Methodology

LCOE calculated by taking the present value of all system costs divided by the discounted lifetime production of the system. Input assumptions listed on RHS

LCOE scenarios are based on the LCOE calculation using the advanced, moderate and low cases for both capex and opex reduction over time

Avoided cost (net metering based on TOU pricing) estimated as the price of electricity that a customer would receive for selling their solar generation to the grid through net metering using time of use pricing:

- Approximate hourly solar output and time of use pricing was determined[4]
  - Off-peak: 8.2 ¢/kWh, mid-peak: 11.3 ¢/kWh, On-peak: 17 ¢/kWh
  - Assumed ~70% of solar power generated during peak hours and the remainder in mid-peak hours, on an hourly bell curve distribution
- A weighted average of hourly energy production and price was taken to determine the average electricity price a customer would receive
- The model uses 2% p.a. increase in pricing through 2030

Avoided cost (net metering based on regulated pricing) estimated as the price of electricity that a customer would receive for selling their solar generation to the grid through net metering using constant regulated pricing

- Approximate hourly solar output was determined, 11.5 ¢/kWh regulated price was used[4]

Electricity pricing based on current retail time of use pricing for summer, released April 2021

Assumptions

System capacity 7.4 kW

Annual production: 11,020 kWh

Initial costs: CAD 3,940/kW

Annual capex improvement[1]:

- Advanced: -4.8%
- Moderate: -3.7%
- Slow:-3.0%

Opex: 25.8 CAD / kW / year

Annual opex improvement[2]:

- Advanced: -4.8%
- Moderate: -3.7%
- Slow:-3.0%

Annual degradation: 0.50%[3]

Lifetime: 30 years

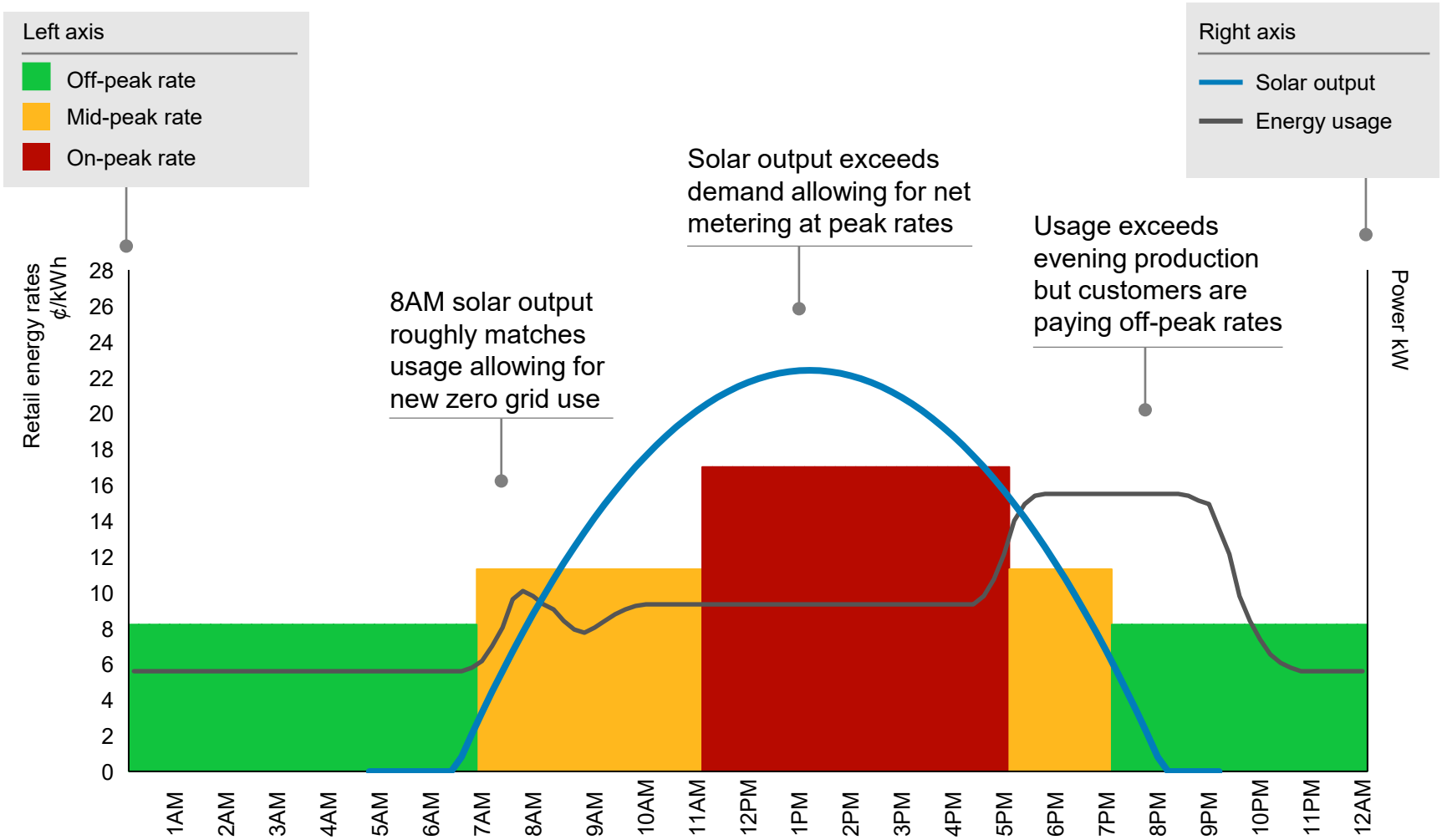
Capacity factor: 17%[4]

Discount rate: 5%

1. From NREL Annual Technology Baseline
2. Industry standard
3. Ontario average
4. Summer off-, mid-, and on-peak pricing was used, as majority of solar generation occurs in summer months

D. Supportive dynamics in Ontario: TOU pricing allows customers to get more value from net metering

Ontario daily residential solar net energy use with TOU rates, Summer example



Source: Ontario Energy Board, Rutgers University

Implications of typical household usage

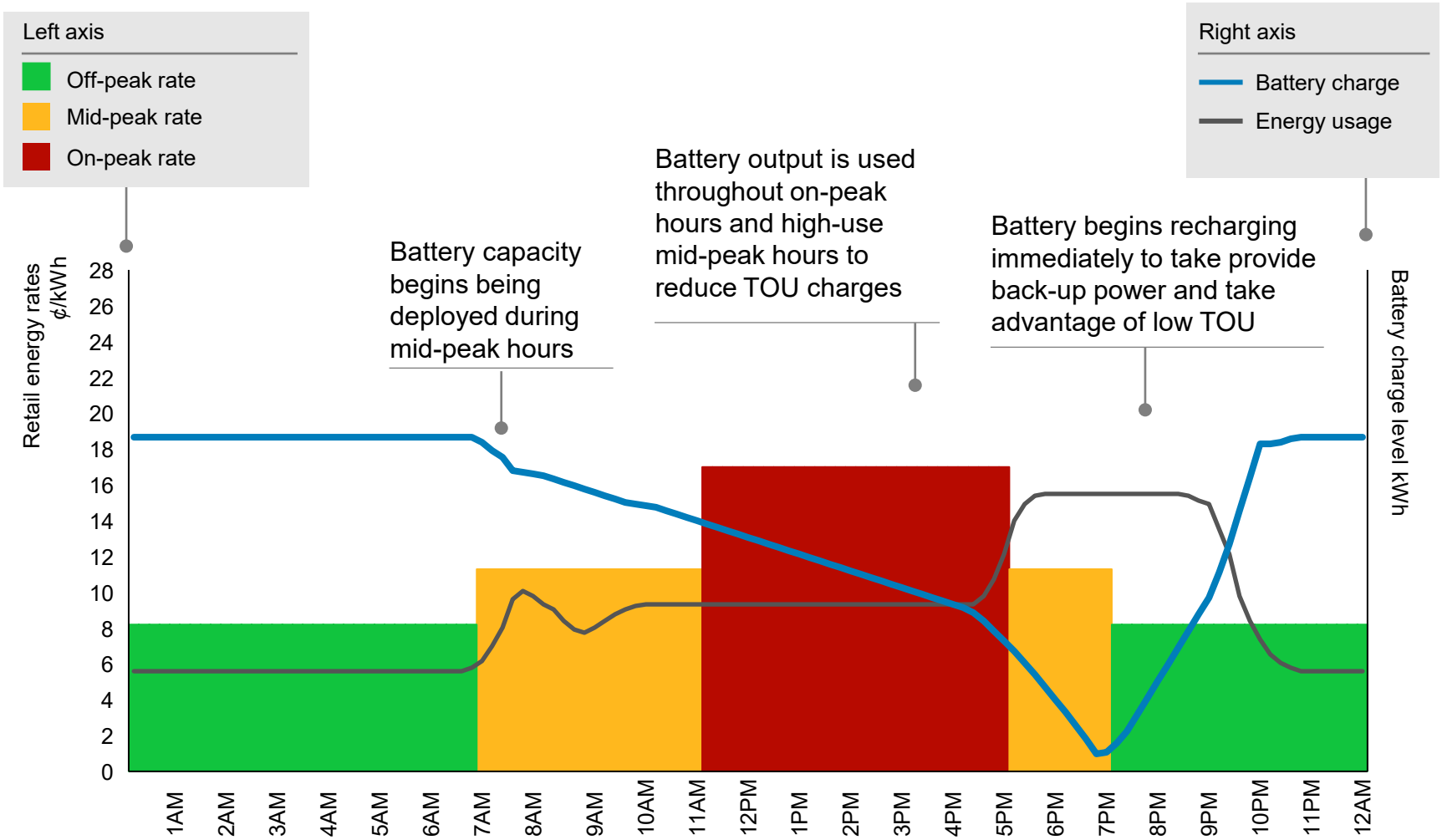
Net production is highest when Ontario rates are on-peak creating opportunities to generate significant value though net metering

Ontario customers with this typical usage curve will get more value from net metering making solar systems more attractive

Net metering impacts could be even enhanced with storage add-on to enable full dispatch of power at on-peak times. This would also bring resiliency benefits, at an additional capital cost

D. Supportive dynamics in Ontario: TOU pricing brings customers value from net metering using a battery alone

Ontario daily residential solar net energy use with TOU rates, Summer example



Source: Ontario Energy Board, Rutgers University

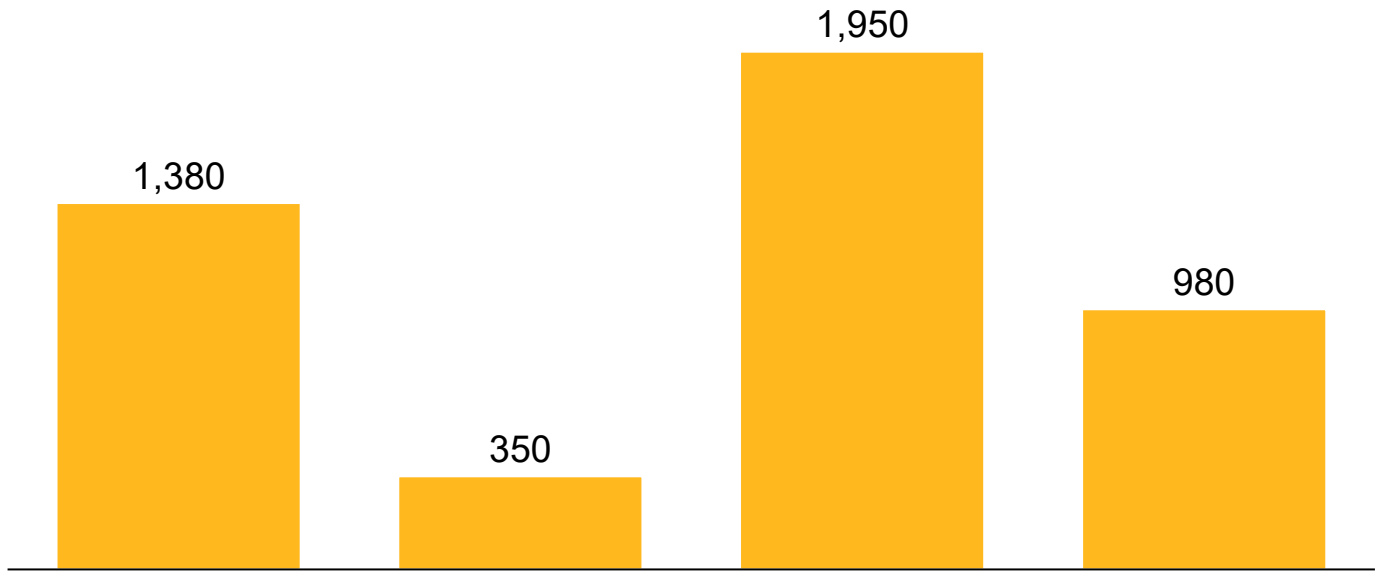
Implications of typical household usage

Batteries' recharge time of ~2 hours allows for rapid replacement of power used to offset energy costs during peak hours while still allowing for use as backup power to meet resiliency needs

Peak shaving presents a key value proposition of Ontario's TOU charging allows for annual savings of $220-$250 for Ontario customers

D. Supportive dynamics in Ontario: There are 1.4M customers in Ontario with bottom quartile grid reliability and high electricity usage; this segment is likely to find resiliency attractive

Number of Ontario customers by power reliability quartile, Thousands



	Bottom Quartile	Second quartile	Third quartile	Top quartile
kWh of power used per day	28.2	22.7	21.3	20.5
Outage hours per year	>4	2-4	1-2	<1

Ontario has ~1.4M residential customers (30% of total residences) located in regions with bottom quartile power reliability

Energy use is highest in areas with the lowest reliability due to the use of electric heating in rural areas

A subset of customers within high reliability areas may have a higher willingness to pay for new energy products such as solar and storage (e.g., affluent households in urban centers)

Source: Ontario Energy Board (OEB)

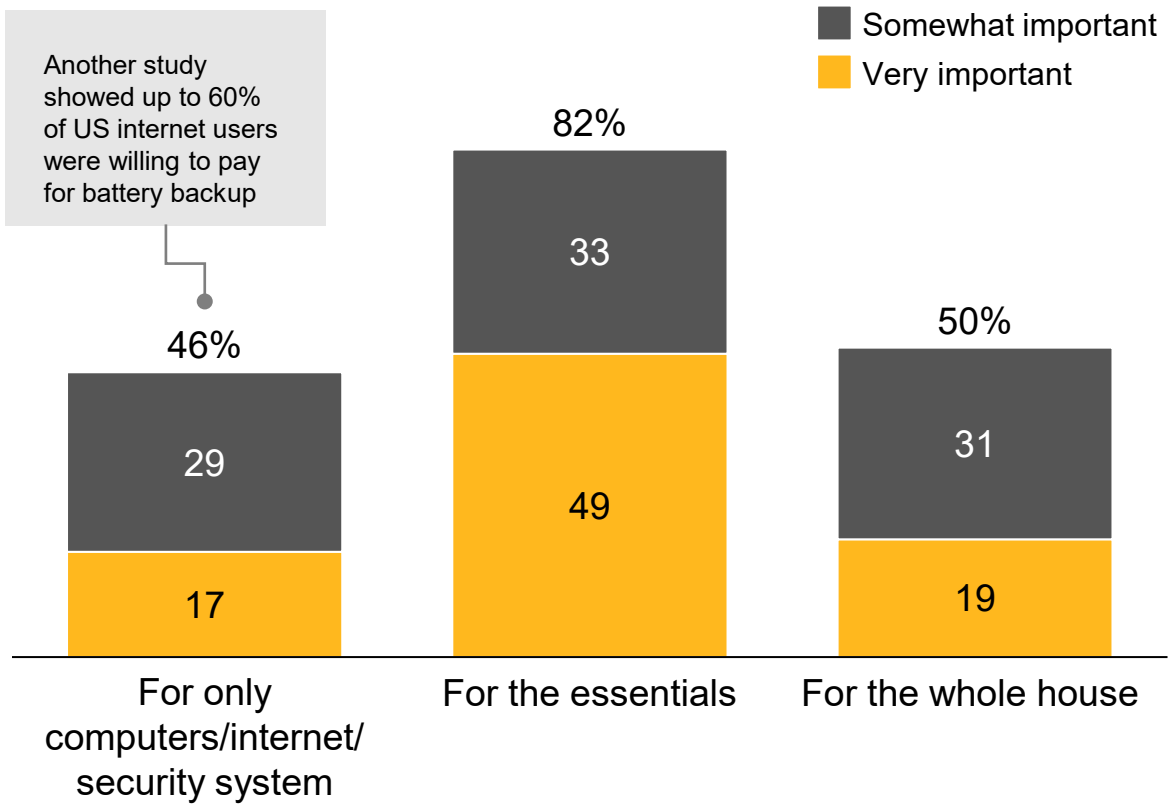
E. Customer preferences: GDS customers value resilience and reliability and are willing to pay on average ~$30/month for this service

Some customers have a high WTP, meaning market entry before 2024 is possible, targeting higher WTP customers

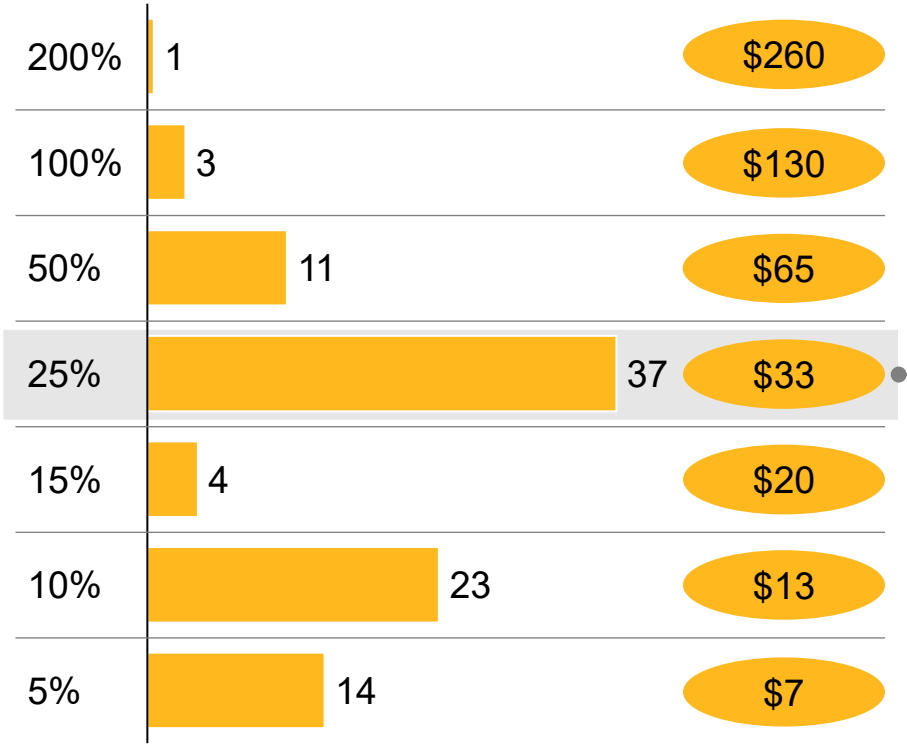
xx Monthly fee willing to pay[2], $

Importance of having backup power available,

Percent of Ontario homeowners[1]



Percent of electricity bill customers are willing to pay for backup power[3,4], Percent



WTP could be much higher as evidenced by GMP charging $55/mo; number of customers and value prop are important factors

1. Based on Union Gas market research where n = 1353; 2. Based on average Ontario electricity bill of $130/mo; 3. Based on Union Gas market research where n = 1,004; 4. Does not add up to 100 as respondents could select more than one response and the "other category" is not included in this chart

Sources: Residential Solar Awareness and Perceptions, Union Gas Market Research (2018), Residential Battery Storage Awareness and Perceptions, Union Gas Market Research (2018), Energy Hub, Green Mountain Power, Parks Associates

E. Customer preferences: Some key consumer purchase decision criteria are aligned to the strengths GDS can bring to a residential solar business

Insight on consumer purchase decision criteria	Advantage for GDS?
Top two decision criteria are related to installer reputation, both trust in the brand and perceived alignment with customer values	Leverage the GDS and Enbridge brands in promotional activities and the sales process
Post sales service and maintenance services, listed as key buying criteria by	Using existing customer service operations and broader Enbridge maintenance expertise will allow GDS to offer a service superior to smaller operators in Ontario
Customers highly value product quality and best product warranties, indicating customers want confidence in the product	Creating a supply chain organization to procure at scale will allow GDS to secure high quality components at competitive prices; brand reputation supports customer confidence in the product provides
Price appears to be a main a barrier to entry, especially for those who are not considering resiliency solutions	Access to capital to eliminate barriers to entry for those who view this as the challenge to purchase a resiliency solution
Locally manufactured components and installer reputation on social or environmental responsibilities were relatively lower priority factors for customers	

Source: Consumer survey completed in 2020 for the US residential solar market; Residential Solar Awareness and Perceptions, U nion Gas Market Research (2018), Residential Battery Storage Awareness and Perceptions, Union Gas Market Research (2018)

F. Enbridge advantage: GDS has strengths that can enable it to win the residential solar market in Ontario

Strength	Description	Benefit
Brand value in Ontario	65% of gas customers in GDS service territory have a strong overall impression[1] of Enbridge and 77% have a strong overall impression[1] of Union Gas	GDS can leverage this brand value to promote residential solar in the relatively nascent Ontario market and reduce customer acquisition costs
Scale	GDS is operating at scale with an existing customer base of 3.8M, an established presence in the region and access to capital	GDS can grow a retail resiliency services business quickly by leveraging its existing operations and the Enbridge balance sheet
Construction expertise	Broader expertise across Enbridge includes procurement and supply chain, construction productivity and field force effectiveness	This expertise will enable GDS to achieve a cost competitive position quickly. Reducing total system cost in c/W is a key driver of success in solar
Customer service organization	GDS has existing customer service operations and expertise in distributed field force maintenance operations	GDS could launch a residential resiliency services business at scale with these capabilities already in place. Having a strong customer sales and service is key to meeting customer purchase drivers
Pilot completed	Completed pilot with Minto to install solar generation homes built	Brings lessons learned from the field to apply to building the business and creating new partnerships

1 Rated 7 or higher on a scale of 10

Source: Residential Solar Awareness and Perceptions, Union Gas Market Research (2018)

Challenges: For all of these energy solutions, Enbridge will need to create an affiliate organization and work within affiliate rules

Regulatory overview

To offer retail services in Ontario, Enbridge must establish an affiliate, independent of the regulated utility organization

Interactions between GDS and the new affiliate must meet three principles:

- There is not any increase to rates paid by GDS customers
- There is not any undue advantage given to the affiliate due to its relationship with GDS
- Confidentiality of customer data is maintained

Activities where GDS and the new affiliate can interact and leverage synergies

Activity	Allowed?	Rationale
Using Enbridge name in the affiliate organization to leverage brand value	Yes	Enbridge can use their name/brand within the electric space, but not in the gas utility space. If using the Enbridge name, some additional restrictions apply (e.g., cannot use GDS third party billing under current 'open bill' settlement
Share back office resources	Yes	The total, fully loaded staff cost of affiliate activities must be charged to the affiliate so it does not adversely impact customer rates
Billing customers for affiliate products & services on GDS bills	Not today	'open bill' settlement does not allow this when the affiliate uses the Enbridge brand. This can be renegotiated
Sharing customer data	No	Clearly disallowed under affiliate rules. May be possible where GDS is able to get customer written consent to share data with affiliate, where this is not viewed as 'undue advantage'
Using GDS customer operations staff to serve affiliate customers	No	Sharing resources is not allowed where GDS staff have direct interaction with GDS customers
Cross selling	No	Any staff interacting with customers related to their GDS gas accounts cannot promote products & services of the affiliate

Source: GDS

Challenges: Residential solar is in the early stages of renewed growth, following a set back from policy incentives wound down in 2018

Ontario market context

- **Feed-in-tariff policy launched in 2009** offered significant incentives for consumers, creating **rapid growth in the residential solar industry** with a large number of small installers. This brought solar to the public's attention and put Ontario in the lead in Canada
- When **MicroFIT and FIT were wound down, beginning in 2018**, the **industry wound down with them**, leaving mostly small scale companies with resilient business models
- These **remaining players remained profitable** building **O&M businesses** off existing installs and taking on **high value projects**
- Today, **residential solar in Ontario is growing again**, supported by reduced capital costs and incentives such as the Greener Homes program, which includes 700,000 grants of $5k nationally and 200,000+ interest free loans ($40k) for "deep home retrofits"

"*As soon as the MicroFIT program ended, the industry disappeared. Today we are seeing 60 – 70MW of annual installs, about 10% growth each year*" – **Canadian Business Unit Director, Solar *OEM***

NOT EXHAUSTIVE

Archetype	Players in the Ontario market	
Distributors	HES PV	HES is a Canadian company that supplies solar equipment from leading brands within Canada. They offer solar assessments for customers in all provinces and help customers take advantage of net-metering with Grid-Tie Systems, backup systems and off-grid solutions HES PV supplies to many Canadian installers with a presence across seven Canadian cities
Local installers	Green SunRising	Green Sun Rising supplies and installs complete turnkey solar PV and solar thermal systems from a menu of manufacturers (including Fronius, SMA and Enphase). Located in Windsor, ON
	Bellamy Electric Electrical Contractors	Bellamy Electric builds pre-manufactured electrical rooms called E-Houses, custom control panels, and provides complete electrical solutions for a range of customer needs. Located in Guelph, ON
	GUELPH SOLAR	Located in Guelph, ON, Guelph Solar installs residential and C&I arrays across southern Ontario in addition to providing other energy storage and home electrical services
	iSolara Solar Power	Located in Ottawa ON, Isolara Solar Power installs solar arrays in Ontario, B.C. and remote communities. With an installed solar base of more than 200 farms, 450 homes and 60 C&I clients, Isolara is a leading solar installer, which also offers energy storage products

Sources: Expert interviews; company websites and publications

Challenges: Residential battery storage is a nascent market in Ontario primarily driven by solar project attachment

Ontario market context

- In-home battery storage is a **nascent market in Ontario**, often driven by **battery attachment to solar** projects
- To date, **battery adoption remains limited** with sales primarily driven by high income customers in urban and suburban areas
- **Consumers aren't as familiar with battery storage** in Canada as compared to the US
- There is **little competition among battery installers** in Ontario. **Customer acquisition** for storage products is often generated by one of the **leading dealers** who then **refer customers to a smaller player** among the fragmented installation market
- Further **decreases in battery cost** and/or **new incentives** will be **needed to drive further penetration**

NOT EXHAUSTIVE

Archetype	Players in the Ontario market	
OEMs and distributors	TESLA	Tesla manufactures and provides their Powerwall battery, which stores energy from the grid or solar system, detects outages and automatically kicks in to power homes when the grid goes down
	LG Chem	LG Chem offers their RESU battery to residential market (e.g., Sunrun partnership in US). It pairs with solar energy systems to store excess energy and are generally not intended for completely off-grid systems
	FRANKEN SOLAR AMERICAS	Franken Solar wholesales a variety of home energy products including solar modules, inverters and battery storage. Home storage Li-ion offerings include LG Chem batteries. Located in Brampton, ON
Local installers	NRSTOR	NRStore builds, owns and operates energy storage projects. Their residential business consists of a JV with software provider Opus One Solutions to deploy Tesla Powerwalls. They are the largest behind-the-meter energy storage developer in Ontario for mid-to large commercial and industrial energy consumers
	MPOWER	MPPOWER provides Tesla Powerwalls for residential customers, managing every step of the battery project, from consulting and approvals to installation
	iSolara Solar Power	Certified installer of Tesla Powerwalls for the residential market

Sources: Expert interviews; company websites and publications

Challenges: The generator space in Ontario is dominated by multi-national manufacturers that distribute via a wide variety of sales channels

NOT EXHAUSTIVE

Ontario market context

- Back up generation is a **well established market in Ontario, with several large incumbent manufacturers**
- **Distribution and sales is fragmented** varying between large retailers, e.g., home depot, and wide variety of small contractors and licenced dealers
- **Contractors and licensed dealers** occupy a **valuable part of the value chain**, covering completing sales, installation and service
- The **Canadian market is forecast to grow at ~5% to 2026**, supported by increasing disruptions to grid reliability driving demand for resiliency solutions
- In the **US, demand is expected to be significantly higher** as extreme weather events and aging grid infrastructure create **power service disruption and unpredictability**
- **Generac**, for example, has an **order backlog valued at $1B+, the largest in its history**, as NERC warnings of widespread grid issues drive demand for resiliency across the country

Archetype	Players in the Ontario market	
Foreign entrants	GENERAC	Generac designs and manufactures generators for the residential and C&I markets. Products include natural gas, liquid propane or diesel. Holds an estimated 80% market share in North American residential standby generator market
	Cummins	Cummins designs, manufactures, distributes, and services natural gas and diesel generators and electric and hybrid engines. It sells products via distributors, dealers, and retailers. Over 9,000 certified dealer locations globally
	CATERPILLAR	Manufacturers natural gas and diesel generators as part of its product portfolio serving industries such as mining and construction. Also offers a range of portable generators for residential use
Local retailers / installer	The Home Depot	Home hardware store Home Depot is a major retailer of Generac standby generators and additional services including installation and financing
		Backup Power offer a variety of generators to meet the needs of customers in rural Ontario who experience increased power outages. They also provide servicing and maintenance for these products. Based in Elora, Ontario.
	TOTAL POWER	Total Power distributes generators, CHPs, service & maintenances, rentals and parts for C&I players along with a small selection of generators for home use. They have worked with partners (engineering consultants, contractors, owners and property managers) in all provinces to provide power solutions

Sources: Expert interviews, company websites and publications, Profound report

Scale potential: Expected market for residential resiliency services in Ontario is expected to reach $400M-1B by 2030

Expected market size - Residential resiliency services CAD M	**Description**	**Resiliency need**	**Customers**	**Annual installation revenue**	**2030 expected penetration**
Rural—Gas customers	Customers located in rural regions with low energy reliability Availability of gas connections opens opportunity for standby generators		~350k	Solar: $10m - 30m Storage: $10m - $25m Generator: $10 - $20m	Solar: 0.5%-1.5% Storage: 0.2%-0.8% Generator: 6.7%-12.3%
Urban	Customers in non-rural, high reliability settings Product adoption likely driven by early adopters with high willingness to pay		~3.02m	Solar: $55m - $120m Storage: $50 - $200m Generator: $30 - $60m	Solar: 0.3% - 0.6% Storage: 0.2% - 0.7% Generator: 2.3% - 4.3%
Rural – Electric only	Customers located in rural regions with low energy reliability Without a natural gas connection, customers are reliant on power for heating increasing the importance of resiliency		~1.38m	Solar: $155 - $285m Storage: $65m - $270m Generator: $0	Solar: 1.8% - 3.3% Storage: 0.6% - 2.2% Generator: 0.0%

Source: Ontario Energy Board (OEB); Solar Adoption Model

Scale potential: Projected penetration of resiliency products supported by penetration in the more developed U.S. market and strong Ontario customer segments

Category	Adoption	Data points informing assumptions in market model
Solar	Total: 0.8% - 1.4% Rural—Gas customers: 0.5%-1.3% Urban : 0.3% - 0.6% Rural – Electric only : 1.8% - 2.9%	Total penetration in solar panels across the U.S. is currently at 3% US ramp up to 3% penetration took ~8 years and was driven by the ITC, which put residential solar 'in the money' in most geographies Economics for rooftop solar in Ontario are only expected to move into the money without subsidy by ~2024 - 2025
Storage	Total: 0.9% - 1.0% Rural—Gas customers: 0.4%-0.5% Urban : 0.3% - 0.6% Rural – Electric only : 1.7% - 2.0%	Adoption of battery storage supported by a ~25% attach rate to solar in U.S. markets Rural-electric only customers comprise a major customer segment of over 1 million who are unable to access standby generators as a form of resiliency
Generators	Total: 3% - 4% Rural—Gas customers: 9.8%-12.3% Urban : 3.4% - 4.3% Rural – Electric only : 0.0%	Generac currently has approximately 5% penetration in the U.S. within its target segment of households with a home value $125k> Rural-gas customers present a strong opportunity for penetration levels above average given low reliability

Source: Ontario Energy Board (OEB); Solar Adoption Model

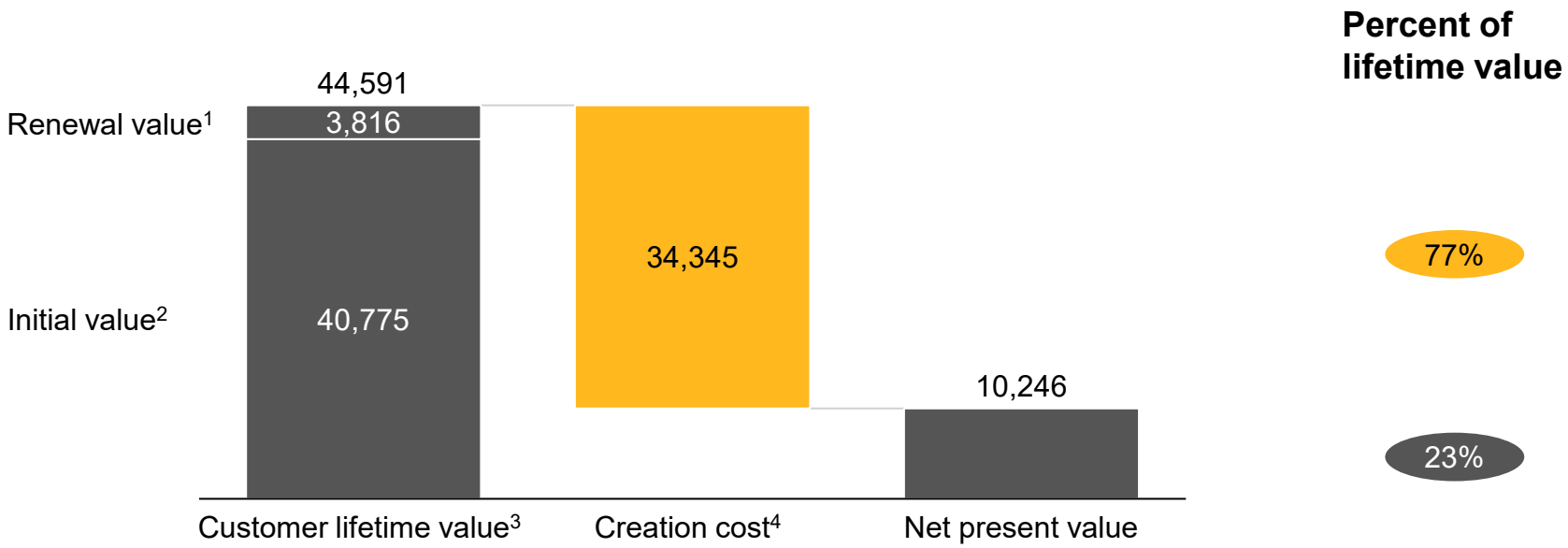
Scale potential: There are three proven models in the US for how residential solar can be deployed

Business Model		Example Players	Share of US market
Financing	Loan originator secures capital from third parties and works with contractors/developers to present loan application and terms during sales process for residential system.	MOSAIC, LOANPAL, DIVIDEND, Sunlight Financial In partnership with developers	50-60%
Third party ownership	Third party finances and installs the equipment at the homeowner's premises and secures a long term contract for revenue through a lease or power purchase agreement (PPA)	TESLA, SUNRUN	20-25%
Direct ownership	The homeowner finances the purchase of the solar system and maintains direct ownership	*Smaller, independent developers*	15-20%

Source: Company Websites

Scale potential: Margins in the US market for PPA and loan agreements are ~23%; this would be lower in Ontario given minimal subsidies

Present value per residential customer[5], CAD



Note: Sunrun is used as a proxy to understand margin potential in PPA and leasing agreements

1. Renewal value accounts for the present value of operating cash flows from extended customer leases net churn
2. Initial value includes the present value of customer lease/PPA agreements, net operating and maintenance expenses plus any captured ITC's, rebates or other incentives
3. Present value of all incentives and cashflows from leasing/PPA cashflows, including from renewals
4. Includes all costs incurred when onboarding a new customer including installation costs, sales and marketing expenses and administrative costs
5. Values are based on PPA and loan agreement models, which Enbridge's access to capital would support adoption of

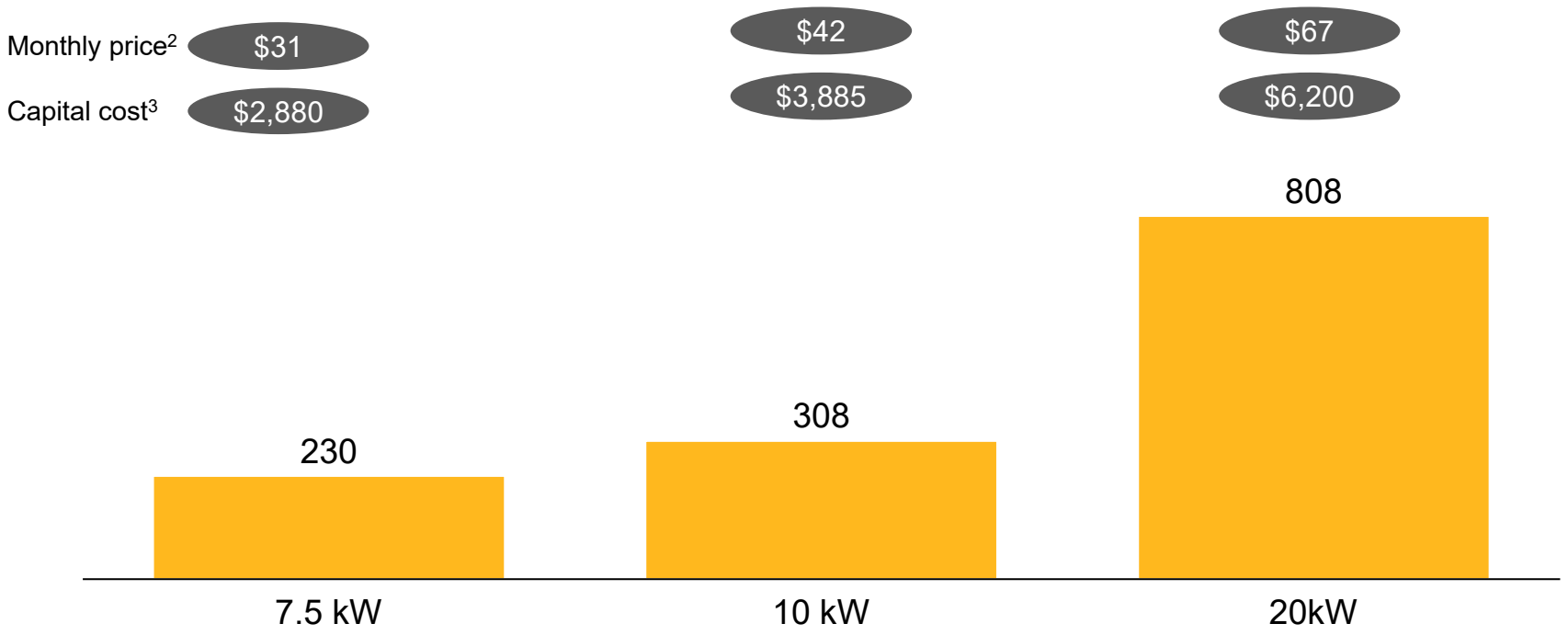
Source: Sunrun Q1 2021 investor presentation

Residential solar profitability in Ontario will be driven by:

- **Availability of residential solar subsidies**
  - Past policies have included subsidies, such as the MicroFit, which allowed net metering at $0.31/kWh, and the Green-On program, which subsidized up to $1.50/W
- **Reduced installation costs**
  - Enbridge would need to operate at a market leading cost structure
- **Increased willingness to pay**
  - Customers would need to be willing to pay a premium for solar power
- **Continued cost decline of batteries**
  - Batteries have the potential to increase resiliency and expand value proposition for solar; storage attachment to solar projects will increase as battery costs further decline

Scale potential: Driving growth within the battery segment will be contingent on net metering and/or grid services

Present value per residential customer[1], CAD



Deploying back up generators at a 20% discount to retail rates would enable GDS to earn a ~13% annualized ROIC

Residential back up generator profitability in Ontario will be driven by

- **Willingness to pay**
  - Assumed willingness to pay equivalent with U.S. market monthly fees for a Generac 7.5KW generator over an 11 year asset life
- **Procurement at wholesale pricing**
  - Earning a positive NPV will be contingent on reducing capital spend and procuring units a2 a ~20% discount to retail

1. NPV discounted at 5%
2. Based on Generac leasing prices seen in US market
3. Based on retail prices observed in Canada with an assumed 20% discount for wholesale purchases. Additional installation cost based on Canada examples

Source: Generac, Home Depot

Scale potential: GDS can include additional value added services to the core offering through a number of revenue models

	Core offering	Additional services	Revenue models	Case example
Solar	Sell and install residential rooftop solar systems for individual homes	• Maintenance and servicing • Insurance • Financing • App based energy management tool	• Up-front full payment • Monthly lease (owned) • Securitized leases sold to financial markets • Power purchase agreement (PPA) • App license/use fees	Sunrun offers the choice of a solar lease where customer pays fixed monthly amount to use the energy generated or PPA where they pay a fixed price per kWh for power generated (both generally ~20 years)
Storage	Sell and install battery storage systems in individual homes as stand-alone or packages with residential solar systems	• Maintenance and servicing • Insurance • Financing • App based energy management tool	• Up-front full payment • Monthly lease (owned) • Securitized leases sold to financial markets • Power purchase agreement (PPA) • App license/use fees	GMP partnered with Tesla to provide battery storage that customers lease for a monthly price or pay for up front in full ($55/mo for 10 years or $5,500 upfront)
Gene-rators	Sell and install natural gas powered generators to homes for resiliency support when there are gird interruptions or fill gaps when needed in self generation	• Financing • Maintenance and servicing • App based energy management tool • Home energy automation tool	• Up-front full payment • Leasing – Bundling monthly tech payments with service costs • Monthly usage fees	Generac distributes generators to suppliers like Home Depot where customers can purchase the product and or get a financing plan to pay monthly (usually ~1-2 year agreements)

Sources: Company websites and publications

Agenda

Overview

1. In-home heating
2. Home and SMB energy resilience
   - **Unlock SMB potential**
   - Bundle with technology
3. Monetize the energy network
4. Explore new growth vectors

Filed: 2024-08-23, EB-2024-0111, Exhibit I.1.18-HRAI-5, Attachment 1, Page 58 of 109

Expand energy solutions to SMB customers in Ontario

Opportunity overview

- Expand resilience solutions to SMB market
- Begin with smaller businesses within Enbridge's ~150k commercial customers
- Expand into Ontario wide SMB segment
- Leverage builder relationships to provide resiliency for new commercial real estate projects (e.g., strip malls, small shopping centers)

Why we like the opportunity

A. SMB value the resilience – cost of lost production/product

B. Expands customer base for resiliency solutions – large number of SMBs in Ontario with resiliency needs

C. Logical adjacency to residential market, allowing GDS to extend a similar resiliency offering to a broader customer base

Challenges

1. Requires a different sales approach, including dealing with third party real estate owners in many cases

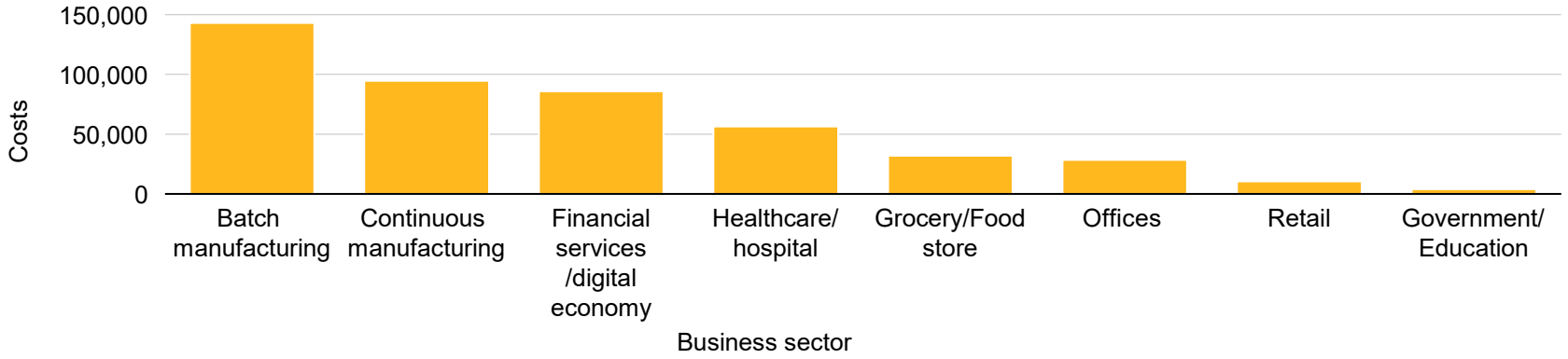
Scale potential

1. Estimated market by 2030 will be $100M – $250M

A. SMB value resilience: Power outages are a source of financial loss to commercial customers of all sizes

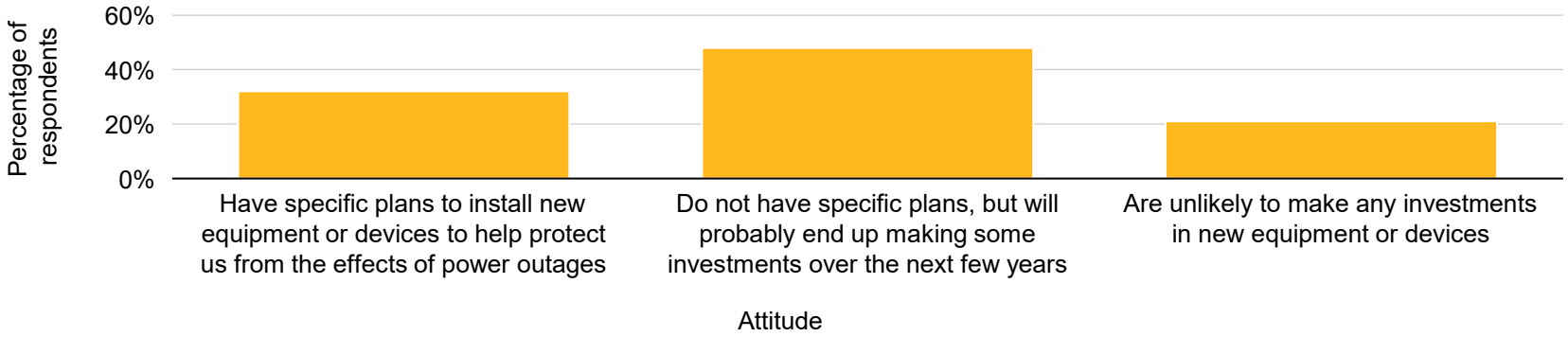
Businesses experience significant financial losses to power outages…

Self-reported annual losses to power outages, USD



Base: Total respondents (n = 805. Questions 60 to 66)

…driving demand for resiliency solutions across SMB and C&I segments



Base: Total respondents (n = 805. Question 26)

Base: Total respondents (n = 805. Questions 60 to 66)

Source: Esource survey, 2016, Public Safety and Emergency Preparedness Canada, Ontario Energy Board

Ontario Energy Board reported that 65% of businesses that had a power outage in the last year, experienced lost productivity

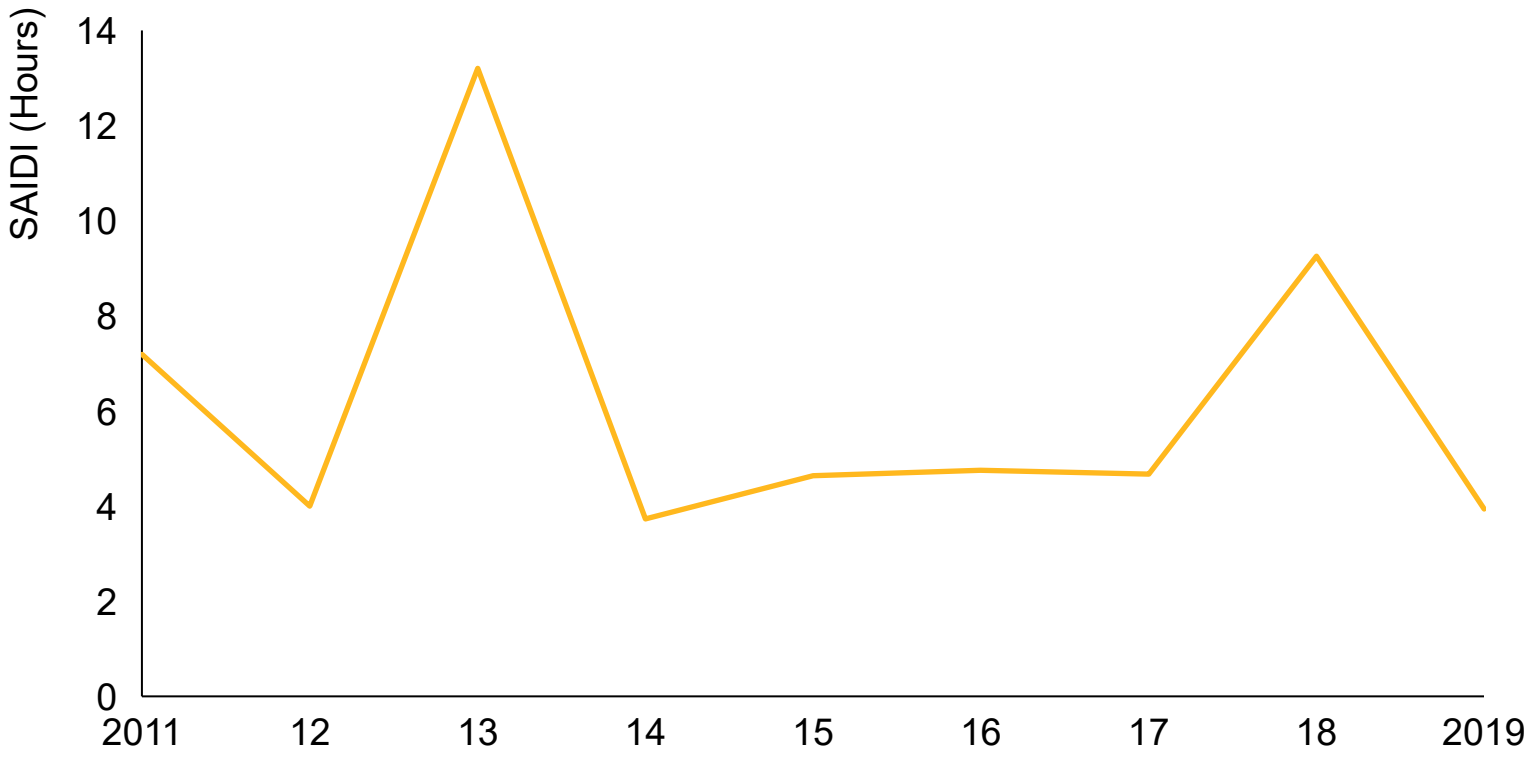
The US DoE estimated that outages are costing the U.S. economy $150 billion annually

During a major power outage in ON 2003, of small businesses impacted:

- 47% shut down completely
- 35% shut down partially
- 7% lost inventory due to lack of refrigeration or delayed transport
- 2% incurred vandalism or heightened security expenses

A. SMB value resilience: Despite good performance in terms of average reliability, Ontario's climate leaves its grid subject to periodic shocks

Ontario power distribution SAIDI, Hours of interruption per customer



While Ontario's average SAIDI of ~6 hours is not excessively high, the climate leaves the grid vulnerable to winter storms

SAIDI's of 13.2 and 9.2 in 2013 and 2018, respectively demonstrate that while Ontario's grid performs well under normal conditions it periodically is subject to weather related shocks

Always-on nature of gas positions Enbridge as a provider of resiliency services through its core gas offering

Source: Ontario Energy board

B. Expands resiliency customer base: Different segments within SMB have different resiliency needs based on their specific operations

	Example	Typical resiliency needs
Small-services **n = 347k**	Convenience stores	• Failure to serve customers during storms or outage events can lead to **missed revenue opportunities** from customers seeking essentials and **spoiled merchandise** (i.e. refrigerated and frozen items) • Many convenience stores are **stand-alone** and not connected to a larger commercial building (e.g., shopping mall) so **require independent resiliency solutions**
Small-producing **n = 94k**	Farms	• Operation of **essential machinery** may require electric power including in **post-production** (e.g., refrigeration for dairy) • Because they are in **rural areas**, farms typically face **lower power reliability**
Medium-Services **n = 7k**	Grocery stores	• Resiliency offerings support continuous **operation of refrigeration and dehumidification systems** and **avoid spoilage** during outages • **High energy intensity** of store due to refridgeration (1,500 MWh/yr) require solutions with **adequate scale**
Medium-producing **n = 2k**	Small manufacturers	• Electric power is a necessity for **equipment operation in manufacturing processes**, especially batch manufacturing can be significantly disrupted by power outages leading to **lost output** • Given **high capital costs** manufacturers **require consistent output to maintain margins** (i.e., cover overhead)

Source: StatCan, Statista, Company websites, Department of Energy, Pennlive

C. Logical adjacency: SMB customers can be approached with similar offerings, where GDS has existing relationships

Similar solutions and scale

Many small businesses require similar resiliency at the same scale as residential, allowing GDS to expand into new markets with existing product offerings

Existing customer relationships

Many SMBs in Ontario will be existing customers of GDS, familiar with the brand

New value cases

SMB customers also face different upward pressures on power prices from demand charges and peak time usage, making demand response flexibility an attractive addition to energy resiliency on its own

Challenges: The customer acquisition process is different for SMB and larger customers will often require bespoke solutions

Customer segmentation and targeting

Successful sales requires understanding the unique energy resiliency considerations for businesses in different sectors to understand the best opportunity for the customer

Each segment of customer will have different purchase drivers, such as true economic cost of power outages, desire to reduce emissions, etc.

Third party sales channels

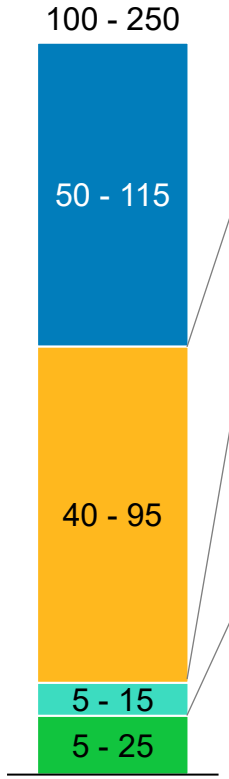
Many SMBs don’t own the site they operate out of; contracting and installation would require negotiations with landlord

Bespoke solutions

SMBs with higher energy use are likely to require bespoke solutions to meet the unique generation and resiliency needs on-site

Scale potential: SMB resiliency solutions market in Ontario estimated to reach $100-250M in 2030

Est. market size 2030 - SMB resiliency solutions[1] CAD M



	Example businesses	Average power load	Scale of solution	Annual revenue, CAD M	Penetration
Small - services	Single site retailers; small offices	~20 kw	Solar: 7.4 kw Storage: 13.5 kwh Genset: 30 kw	Solar: 4 - 16 Storage: 0.7 – 2.8 Genset: 40 - 94	Solar: 0.2 – 0.8% Storage: 0.07 – 0.28% Genset: 3 - 7%
Small - producing	Farms, construction contractors	50 – 100 kw	Solar: 20 kw Storage: 40.4 kwh Genset: 100 kw	Solar: 1.2 – 6.0 Storage: 0.3 – 1.5 Genset: 36 - 85	Solar: 0.1 – 0.5% Storage: <0.1 – 0.2% Genset: 3 - 7%
Medium - services	Small office buildings, multi-site retailers	80 – 150kw	Solar: 100 kw Storage: 40.4 kwh Genset: 100 kw	Solar: 1.2 – 3.9 Storage: 0.1 – 0.3 Genset: 4.5 – 8.9	Solar: 0.3 – 1.0% Storage: 0.1 – 0.3% Genset: 5 - 10%
Medium - producing	Small scale manufacturing operations	300 – 500 kw	Solar: 300 kw Storage: 160 kwh Genset: 400 kw	Solar: 1.6 – 6.4 Storage: 0.1 – 0.2 Genset: 5.6 – 17.0	Solar: 0.5 – 2.0% Storage: 0.2 – 0.3% Genset: 5 - 15%

1. Market size estimated based on typical resiliency systems for solar, storage and back up generation for each segment, estimated installation costs and a replacement rate based on useful life

Source: Canada Statistics, vendor websites

Scale potential: In addition to data points informing residential market penetration, SMB model assumptions are information by nuances to the SMB market

Category	Adoption	Assumptions in market model
Solar	Small - services: 0.2 – 0.8% Small – producing: 0.1 – 0.5% Medium services: 0.3 – 1% Medium – producing: 0.5 – 2%	Many small business owners do not own their site, making long term rental less attractive to many business owners and requiring landlord negotiation Some small producing businesses e.g., construction contractors are mobile, making on-site solar unviable On-site solar is more attractive to medium sized businesses with more ability to augment their operations site and high power needs
Storage	Small - services: 0.07 – 0.28% Small – producing: <0.1 – 0.2% Medium services: 0.1 – 0.3% Medium – producing: 0.2 – 0.3%	Assumed a higher solar attachment rate (30 – 40%) as resiliency value to businesses is monetary (e.g., lost production or perishable inventory) making storage more attractive Rural-electric only customers comprise a major customer segment of over 1 million who are unable to access standby generators as a form of resiliency
Generators	Small - services: 3 - 7% Small – producing: 3 - 7% Medium services: 5 - 10% Medium – producing: 5 – 15%	Generac currently has approximately 5% penetration in the U.S. within its target segment of households with a home value $125k> Rural-gas customers present a strong opportunity for penetration levels above average given low reliability

Source: Ontario Energy Board (OEB); Solar Adoption Model

Agenda

Overview

1. In-home heating
2. Home and SMB energy resilience
   - Unlock SMB potential
   - **Bundle with technology**
3. Monetize the energy network
4. Explore new growth vectors

Bundle the energy solutions with technology for residential and SMB customers

Opportunity overview

- Offer smart home technologies together with energy resiliency products
- Create a smart home network for more advanced transparency and management of home energy
- Created an interconnected network of dispatchable energy resources that GDS can monetize

Why we like the opportunity

A. Allows GDS to create a power network it can control and monetize while offering additional consumer services

B. Leverages the 10% market growth in the smart home technology sector

C. Creates a higher value offering to the consumer

D. Enable GDS to expand into more sophisticated, higher value energy services

Challenges

1. Low margins on device sales
2. Requires customers to cede some control over their energy resources to monetize the network

A. Adding technology to create a home power network allows for increased energy efficiency and monetization while opening the door to provide additional client services

Bundle with technology to create a home energy network

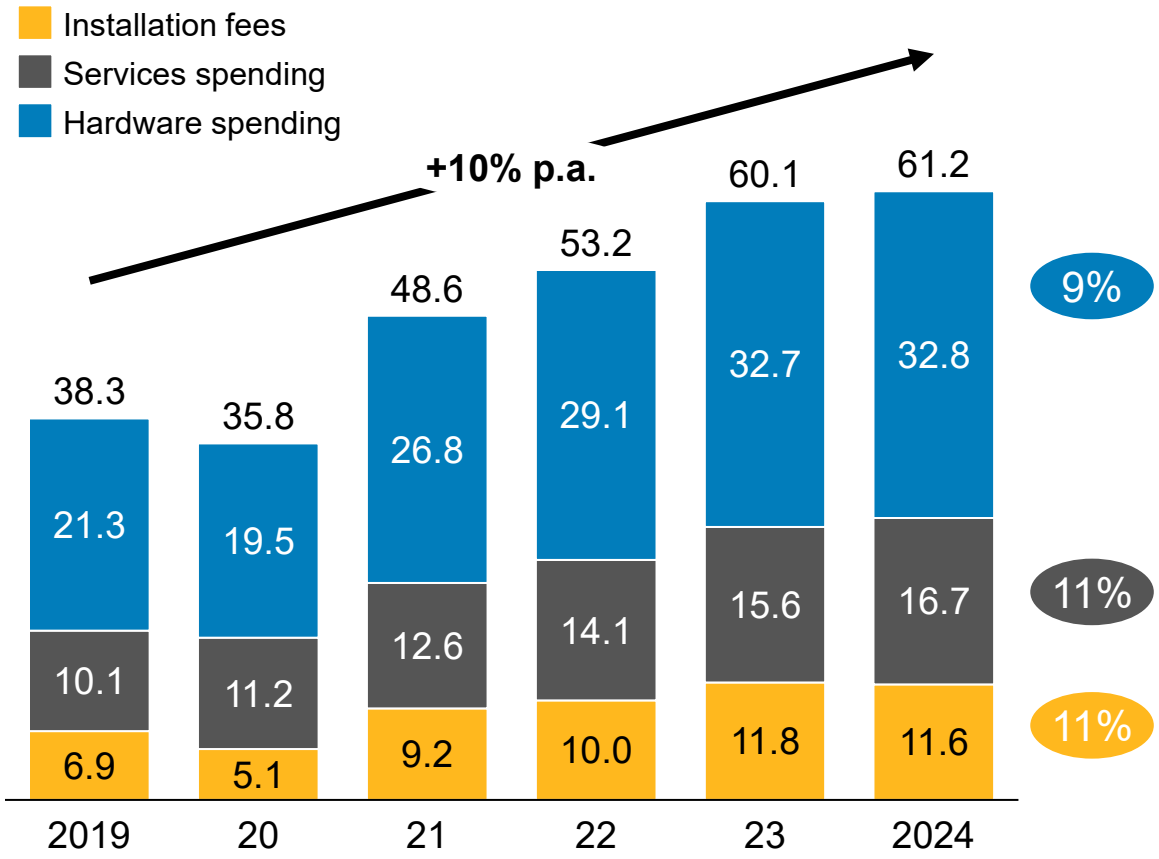
- The **addition of technology** to resiliency assets allows consumers to **actively manage and monetize their resiliency assets**
  - Batteries are not used every day, but have already been paid for – **customers can put them to work supporting the grid**
  - Some utilities **pay residential energy-storage owners to feed power from their batteries to the grid during peak demand periods.** Customers receive compensation in return
- **GDS can use control over the energy network created** to
  - **identify customers** in areas with poor grid connection that could benefit most from storage
  - Create dispatch software that can reduce system integration costs
  - Provide **grid ancillary services** using the dispatchable network of residential batteries
  - Manage a network of customers participating in **demand response programs**

Provide additional services linked to the network

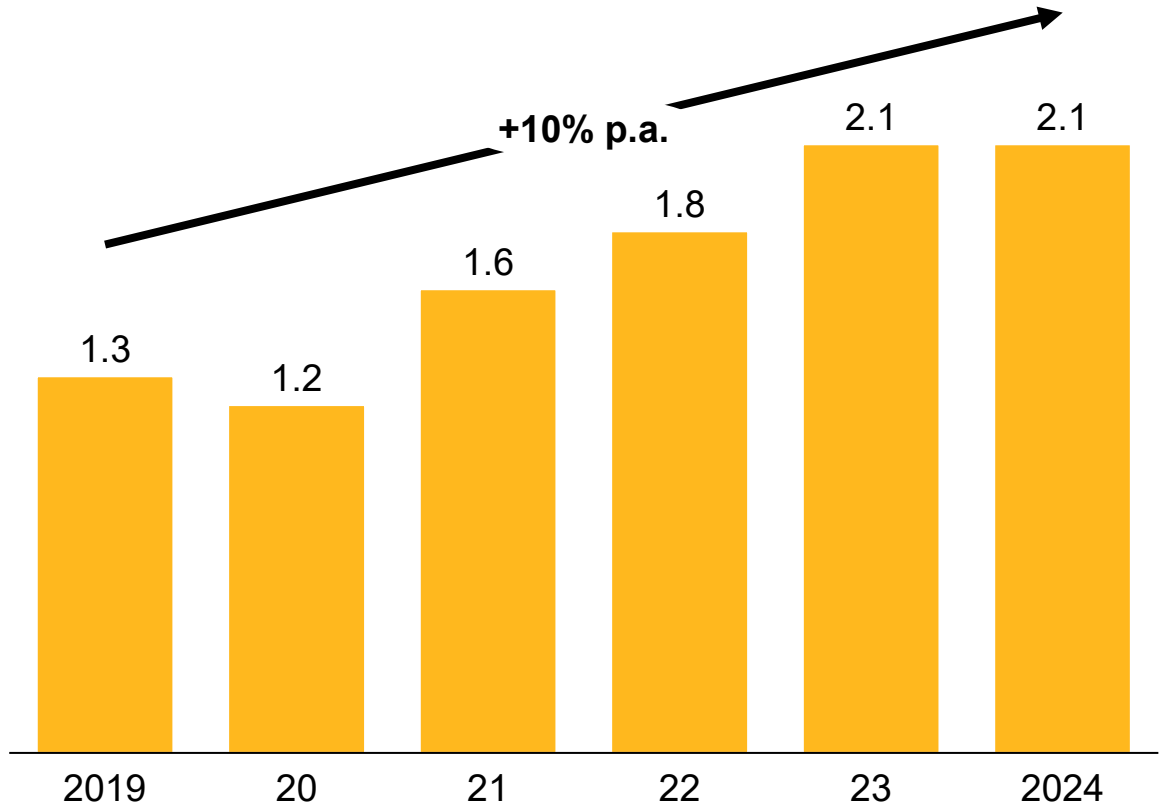
- Create an **energy management tool** that automatically decreases home energy usage during high usage times without disrupting residents
- **Integrate electric vehicle charging** into home energy network to increase self-consumption and decrease charging costs
- Develop **forecasting tools** to optimize and localize energy usage within a community
- Expand to offer **services beyond energy** such as home security that can be integrated into the home network

B. Leverage market growth: The connected home market in the US, including smart thermostats, is expected to grow at 10% p.a.

Total US Connected Home Market Size by Spending Type, USD B

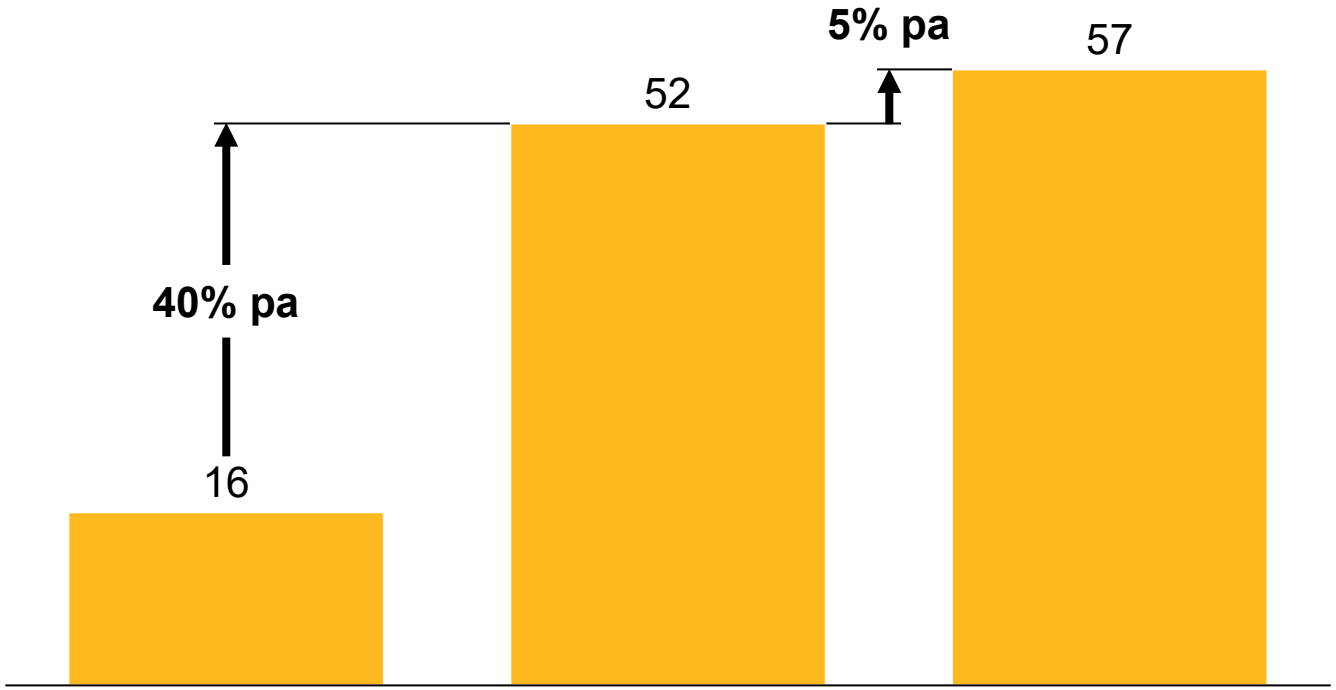


US connected thermostat spending, USD B



B. Leverage market growth: Smart home penetration continues to grow in the US but at a lower rate

Share of households[1] with at least one smart home device in the US



	2015	2018	2020
Median number of devices/HH	**1**	**3**	**5**

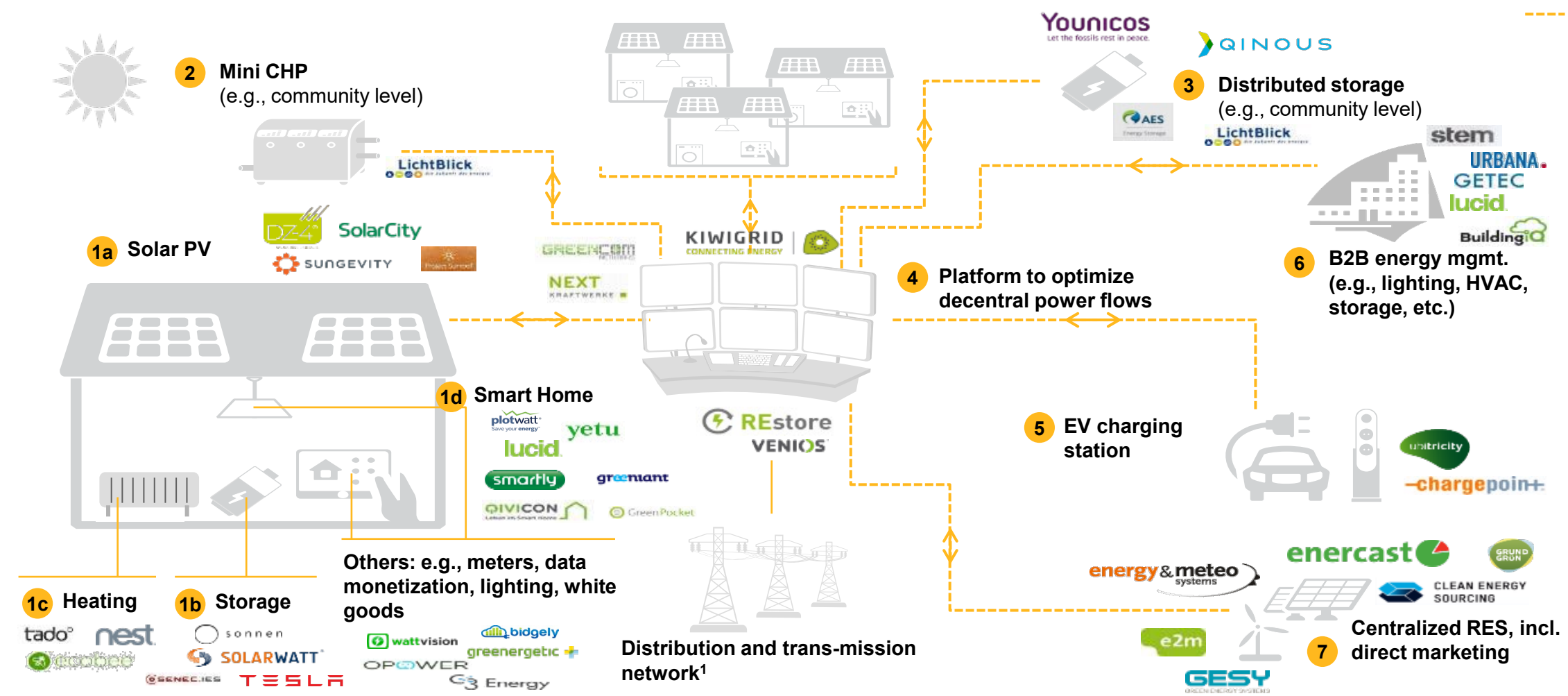
1. Addressable households – HH income >$25k, broadband access

Source: Smart Home Survey, 2015, 2018, and 2020, Strategy Analytics, IDC

C. Higher value for consumers: Smart thermostats and other app based technologies provide value to consumers

Consumer use case	Example Products	Description
App based energy monitoring and management	TESLA	Tesla mobile app allows users to minor charge levels and ‘power flow’; adjust modes to dictate usage drivers, etc.
	OhmConnect	OhmConnect aggregates voluntary load curtailments provided by resi customers into a (VPP) to produce a large-scale load reduction for the grid. It communicates with users directly through home smart devices
	sense	Tracks energy use by individual appliance, provides analysis, sends notification of TOU price changes and allows consumers to remotely turn appliances on and off to manage energy usage
Usage optimization	ecobee	Provides remote monitoring and allows consumers to set devices to pre-determined schedules to save on energy costs
Link to EE and DR programs	nest	Uses analytics to intelligently respond to demand response programs to gradually respond to demand response events, selectively change energy consumption based on based usage patterns, etc.

D. Higher value energy services: Utilities bundling energy products with smart technology, are looking to shape ecosystems of products and services



1. Link between platform and grid is illustrative - all elements of this chart typically with direct grid connection

Agenda

Overview

1. In-home heating
2. Home and SMB energy resilience
3. **Monetize the energy network**
4. Explore new growth vectors

Why we see value in monetizing the energy network

Opportunity overview

- Secure control over the dispatchable energy production and marginal consumption across the integrated network of customers
- Manage demand response programs with a group of individual customers to support peak load management for electric utilities
- Operate dispatchable battery assets as a virtual power plant to offer grid ancillary services

Benefits of this opportunity

A. Demand response services are growing and can be profitable ways to monetize energy networks, with an expected market size of 50-60M

B. The ancillary services market in Ontario is growing, reaching 85M CAD in 2019. Challenges to grid reliability are growing making this service valuable to electric utilities

Challenges

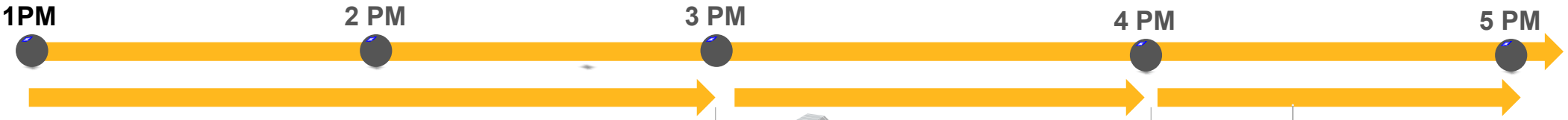
1. Virtual power production and demand response management are nascent businesses that will continue to evolve rapidly

Scale potential

1. Grows with the size of the network

A. Demand response: Becoming more sophisticated, aggregating a diverse set of load types

Short Duration Portfolio Construction: Various short duration loads that have the ability to perform for only short periods of time can be combined into a single portfolio to meet the performance requirements of ISOs / RTOs



Short duration load customer	 Limited load example: chemical plant can only respond for the first 2 hours	 Variable load example: Batch industrial process can only curtail 3-4PM	 New asset example: EV charging can be delayed for 1-2 hours
Details	Chemical plant will shut down the pumps and compressors cooling its chemical reaction **for ~2 hours** **Interruption for more than 2 hours is not possible** because the temperature and pressure conditions would exceed specifications	Facility runs its electric load (steam pumps and motor load) in a **batch process**, because the process cannot be run continuously In this example, the process is scheduled to run 3-4PM, which is why **the plant is only available at that time**	The electric vehicles in this fleet EV charging station for a large freight company are almost full, **but they will need to be fully charged by 7PM** Their charging can be delayed by **1 hour, but not longer**

Source: Expert interviews

A. Demand response: Next-generation DR allows dispatch of the aggregate customer load portfolio depending on point availability versus a longer performance obligation

ILLUSTRATIVE

Different types of load and availability for load drop

Load types

1 Peak shaver

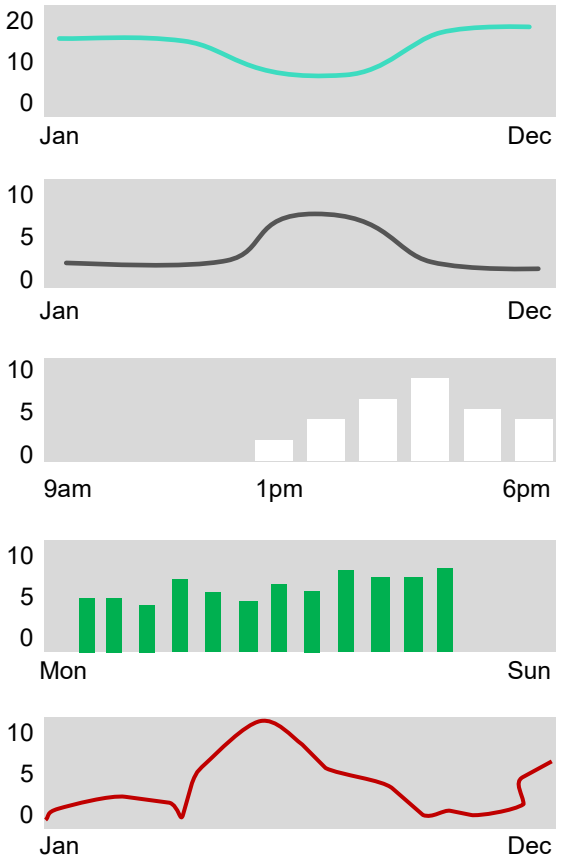
2 Office

3 Cold storage

4 EV charging

5 Wind farm

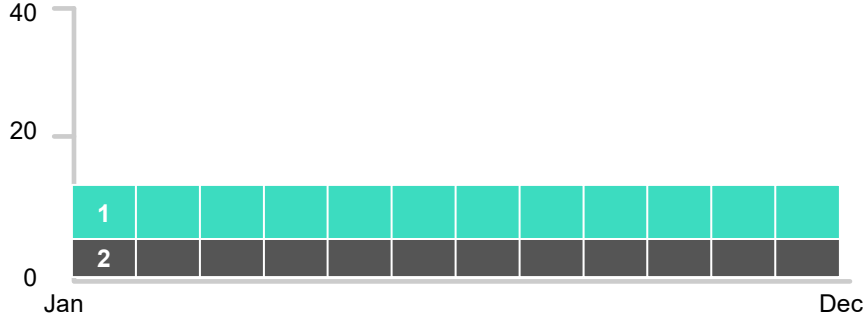
Example C&I availability for load drop. MW



Demonstration of capacity aggregation

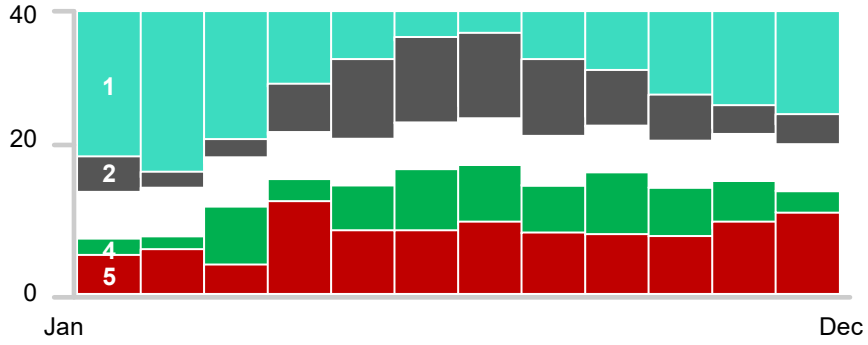
Available capacity without aggregation and with capacity performance obligation, MW

Without capacity aggregation **load 1 and 2 participates at minimum availability** and load **3,4,5 cannot participate**



Available capacity through capacity aggregation, MW

With capacity aggregation, all load can participate based on point availability

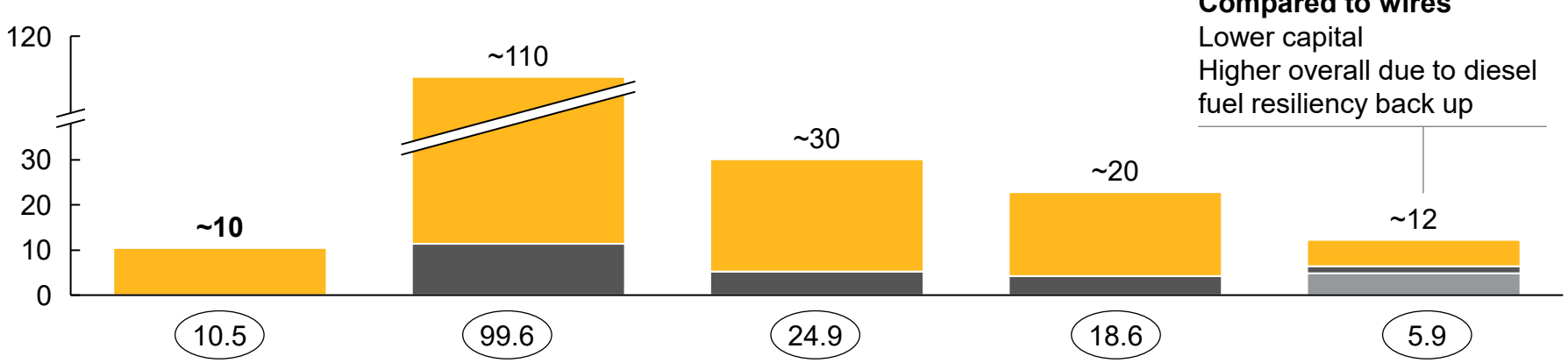


Source: Expert interviews

A. Demand response: Example DER tool output shows comparison of off-grid renewables development solutions for a remote Canadian community

DISGUISED CLIENT OUTPUT

Incremental NPV of power alternatives (2018 prices)[1], CAD M



Connect to Grid[2]	Solar & storage	Wind & storage	Solar, wind & storage	Solar, wind, diesel & storage
Solar	~35 MW		~1MW	~1 MW
Wind		~4 MW	~3 MW	~1 MW
Diesel				~1 MW ~1300 MWh
Storage	~2 MW ~100 MWh	~2 MW ~30 MWh	~2 MW ~30 MWh	~200 kW ~1 MWh

Diversity of renewable generation source reduces overall system cost – solar and wind production are complementary

Demand patterns make wind more effective than solar alone

Diesel is more economic than storage for bridging coincident periods of low wind and solar

Non-wire alternatives require less capital but have higher overall costs due to fuel

Value of reduced grid-power consumption not included

1. Analysis does not consider value to grid from avoided load from this site. Uses US standard capital costs converted to Canadian dollars rather than client-specific capital costs
2. Assumes 25 year cable life

Source: DER optimization model based on consensus industry forecasts

A. Demand response: As buildings are required to decarbonize they have several options that lend themselves to demand response participation

	Description	Advantages / Disadvantages	ROI	Potential Emissions Mitigated
Energy Efficiency / Management	Reduce overall energy use and total peak demand	⊕ High ROI ⊕ Established approaches and solutions exist ⊖ Potential to reduce energy usage and demand	High	Wide range 5-50% based upon overall energy savings
Renewable Supply	Contract with energy provider for renewable supply (green energy plans) or contract “offsite PPAs” OR install Distributed Energy Resources (DERs)	⊕ Renewable cost declines have made these plans much more affordable ⊖ Typically still more expensive than typical power plan ⊖ Does not always fulfill energy efficiency specific mandates	Varies	High – Can be scaled to match percentage of energy usage from electric
Offsets / RECs	Purchase carbon offsets or renewable energy credits on open market	⊕ Very easy to implement ⊖ Market is somewhat unclear to many customers ⊖ Purely a cost without a return	Negative	Up to 100%
Electrify Heating	Convert gas heating to electrified heating	⊕ Will likely be required if building is aiming to be 100% emission free ⊖ Economics in most markets still not favorable however are improving	Currently negative; economics improving	Equivalent to energy usage from gas
Match Use with Renewable Bulk Supply	Manage energy usage to match usage to bulk system renewable production	⊕ Potentially high ROI with lot of value to market ⊖ Market still not providing clear value signal outside basic demand response mechanisms not tied to clean energy ⊖ Difficult to implement operationally	TBD	Does not mitigate emissions but enables renewable supply transition

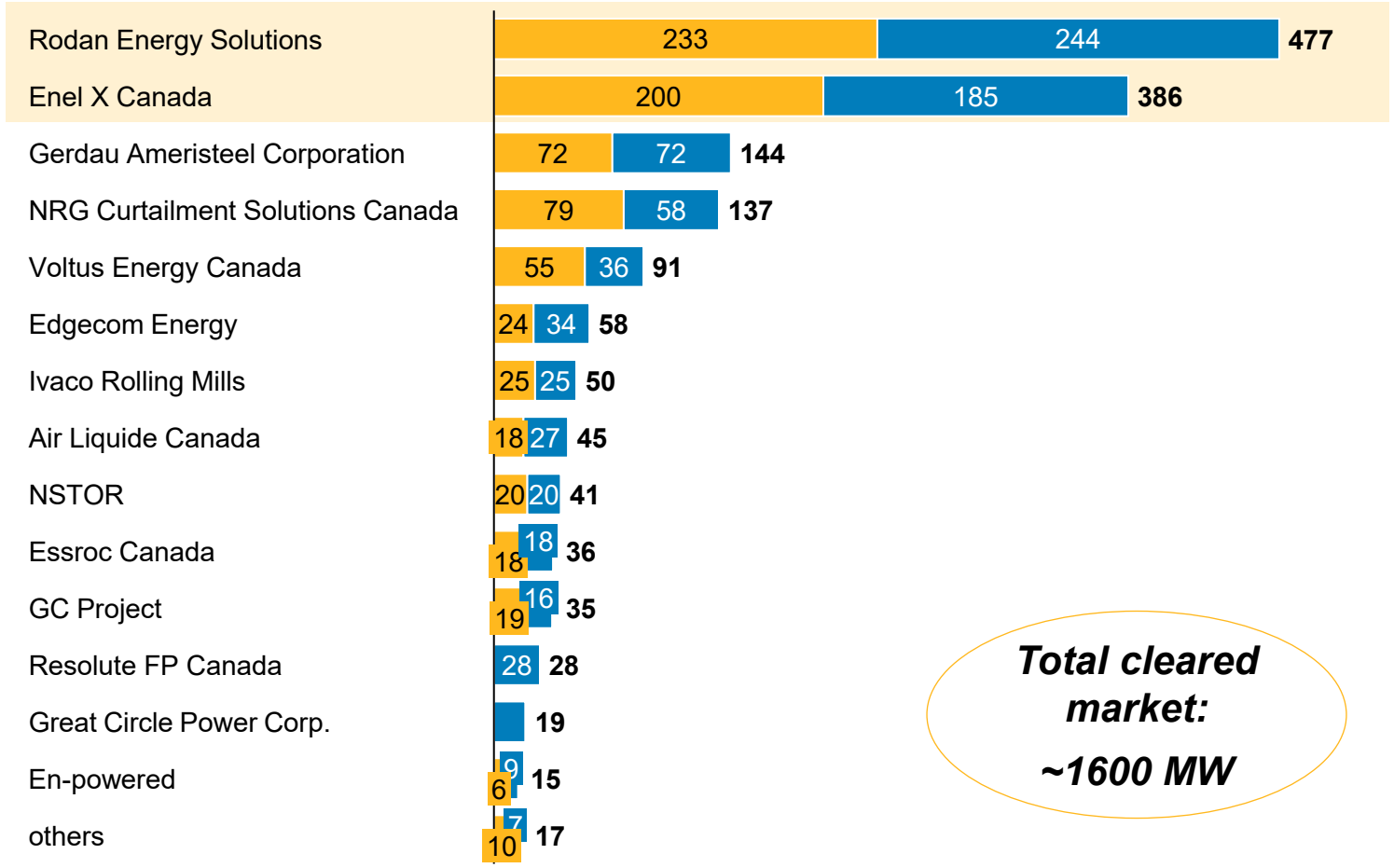
A. Demand response: Players in the DERs monetization space can be grouped into 5 archetypes

Strong position for DER monetization
Weak position for DER monetization

Archetype	Examples	DER monetization positioning	Description	Assessment
Vertically integrated companies	Tesla, SolarCity, Saft, LG		Companies currently playing or planning to play across the entire value chain: manufacturing, installation, O&M and provision of other services	Largely **lack energy market access and knowledge,** would be more interested in **partnering with a monetization player as an "extension" of vertical integration**
DR focused players	ENERNOC, comverge, nrg, Direct Energy, voltus		Offer end to end/turnkey demand response focused programs that extend to DERs technologies	Players need to **develop a differentiated offering** that can integrate and control DER assets in a more automated manner to **outpace the competition**
System integrators	Younicos, AES, Greensmith, GreenCharge, eos, BELECTRIC		System integrator, frequently focused on control software and extending into aggregation/ monetization	These players typically excel at single-device control, but lack **aggregation knowledge** and **energy market access –** but are trying to develop the capability
Attackers	Advanced Microgrid Solutions, stem, QINOUS smart energy storage		Mostly startups that are aggressively pursuing different niches including market access	While **some attackers are trying to monetize DERs in markets**, knowledge and success is limited Attackers can differentiate through partnerships with other players (e.g. DR focused players)
Developers/ Utilities	res, Vattenfall, enel, SunPower, NextEra Energy Resources, ENGIE Storage		Renewable developers or large utilities with activity in monetization markets	**Most incentivized to monetize/dispatch DER's** given enhancement to business model (developers) and grid balancing benefits (utilities)

A. Demand Response: Two large energy players participate in the Ontario demand response market today

Ontario – cleared DR by market participant, May 19 – Apr 20, MW



Total cleared market:

~1600 MW

Rodan Energy Solutions:

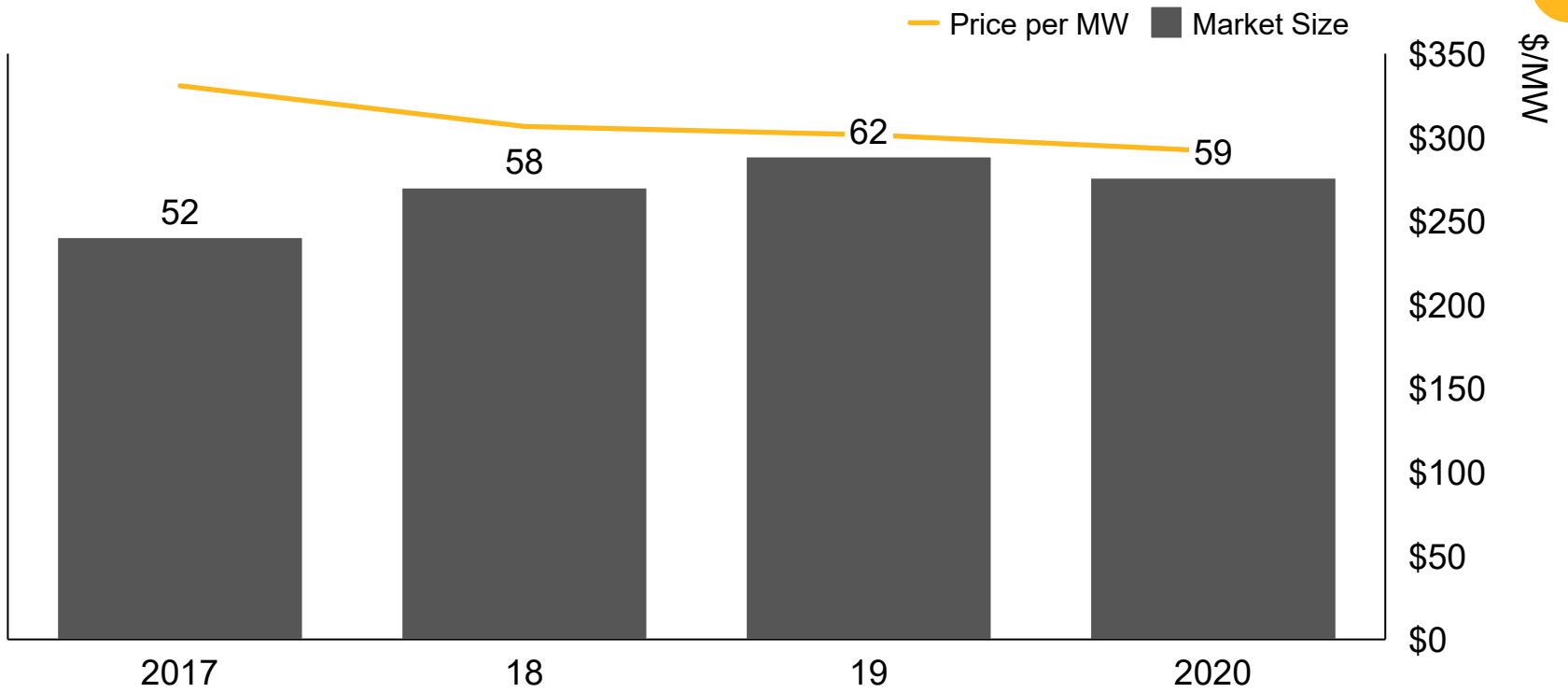
US based energy firm providing services including asset optimization, demand response and energy management information systems to C&I customers

Enel X Canada:

Subsidiary of Italian energy firm Enel. Enel X Canada works with C&I customers on solutions to energy savings, avoiding the global adjustment through energy storage and demand response participation

A. Demand response: 50 – 60M CAD market in Ontario; expected shortfall in energy supply ~2025 will increase the need for grid stabilization with DR

Ontario Demand Response market size, $M CAD



Market observations

Price per MW of capacity has seen **moderate declines** in recent years but has been offset by increases in capacity

Demand response has potential to expand due expected power supply shortfall (e.g., Pickering Nuclear plant retirement)

Source: IESO

A. Demand response: Kiwigrid has developed software to connect distributed energy resources and make them available when needed most

Context

- Kiwi-grid is a **software and IoT company** focused on renewable energies
- White label products for leading international energy suppliers, distributors, OEMs and automobiles are **developed and operated on the KiwiOS platform**
  - This **enables Kiwigrid's customers to tap into the globally growing market for decentralized energy**, diversify their offerings and differentiating themselves from competition
- The Dresden-based company was founded in 2011 and today employs over 150 people. Kiwigrid is a leader in intelligent energy management and has partnerships with E.ON, BayWa re and LG Electronics, among others

Approach

- Their products and services cover the full range of customer needs in a distributed energy environment
  - From smart homes to electric cities
- Products:
  - **KiwiOS.cloud:** processes data from distributed energy systems, storage and charge points in almost real time
  - **Energy Manager Rail:** device that enables connection for almost any energy appliance to be controlled and managed
  - **Open Service Gateway:** serves as an interface between meters / distributed energy resources and all other energy market participants who want access to these devices

Outcomes

- They partnered with EnergieDock and Mitnetz Strom to **demonstrate grid-friendly control of EV charging**
  - The premise is that if the demand for electricity is lower than the production of green electricity and there is a threat of network overload, consumption should be intelligently coordinated through decentralized loads, instead of having to switch off renewable systems. The coordination can happen thanks to Kiwigrid software

Source: Company website and press information

A. Demand response: Behind-the-meter opportunities - SCE partnered with Swell to deliver 5 MW in residential storage demand response

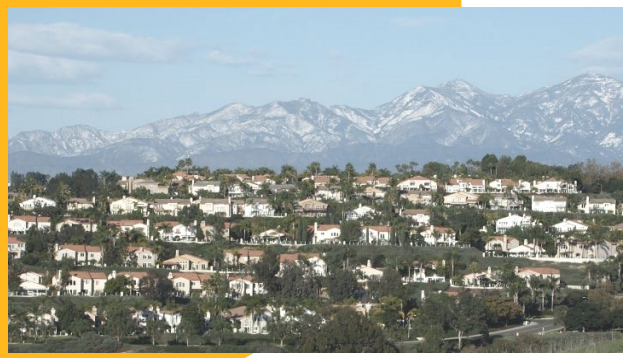
Dispatchable residential batteries

Southern California Edison has partnered with Swell Energy to install and aggregate **a network of dispatchable residential batteries** across SCE's service territory

The fleet of home batteries will act as a **5 MW of distributed power reserve** for SCE

During moments of peak demand, the batteries will take participating homes partially or fully off of grid energy, **reducing SCE's reliance on expensive fossil fuel peaker plants**

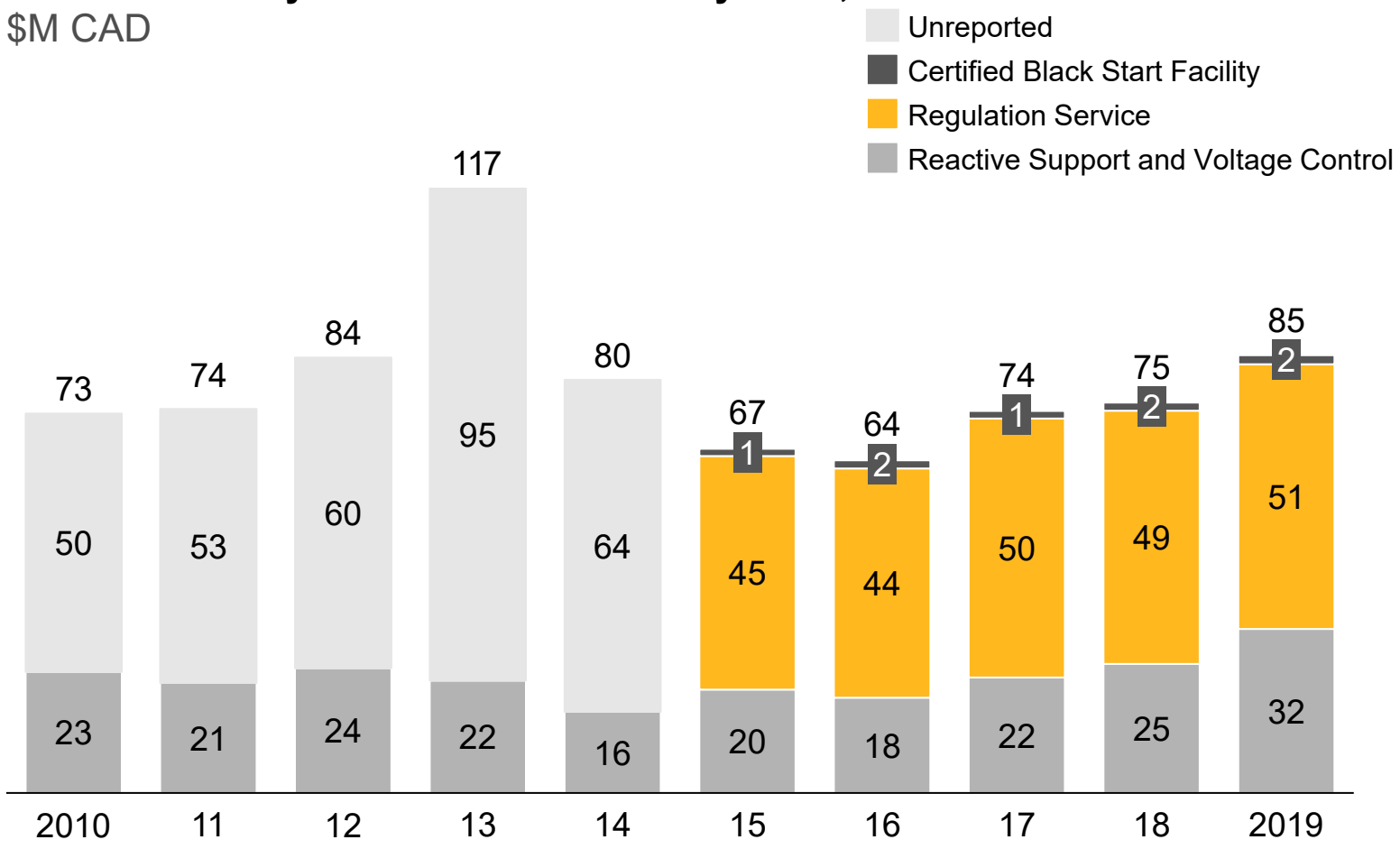
SCE's partnership with Swell enables SCE to conveniently provide its customers with more reliable energy and greater energy independence



Source: Swell, Solar Power World, Green Tech Media

B. Ancillary services: The IESO ancillary services market is volatile, averaging ~60 - 80M CAD per year

Cost of ancillary services contracted by IESO,
$M CAD



Source: IESO

Ancillary service types

Certified black start facilities: able to restart their generation with no outside source of power. Called on to re-energize other portions of the power system

Regulation service: acts to match total system generation to total system load and corrects variations in power system frequency

Reactive support and voltage control service: maintains acceptable reactive power and voltage levels on the grid

B. Ancillary services: Next Kraftwerke operates VPPs that lend ancillary services back to the grid

Context

- Next Kraftwerke operates one of Europe's largest Virtual Power Plants
  - From their central control platform, they **connect power-producing assets from renewable sources such as biogas, wind, and solar with commercial and industrial power consumers and power-storage systems**
  - The resulting tight-knit network aims to benefit everyone involved and the power grid as a whole
- The company **digitally aggregates the capacity of distributed energy resources and controls them smartly, thereby contributing to stabilizing the grid**

Approach

- Next Kraftwerke has specialized in **short-term dispatch and trading**
  - In order to trade electricity in bulk, they developed a network technology that allows them to link and control thousands of distributed energy resources
- By allowing anyone with a qualified distributed asset to be part of their VPP, they provide frequency control to the grid
- **Value to customers:**
  - Generate additional revenues as NK algorithm determines when is most profitable to pull from which assets
  - Customer care from end to end (technical integration to power trading)

Outcomes

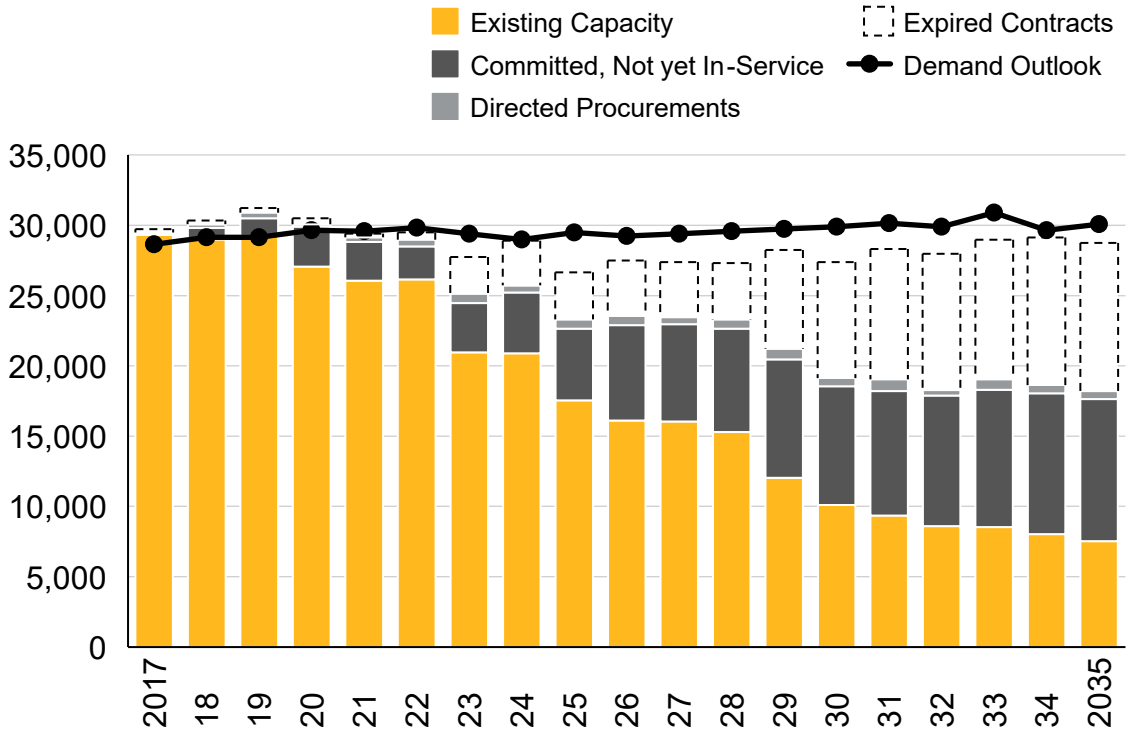
- Next Kraftwerke was **acquired by Shell in February 2021**
- Next Kraftwerke and Jedlix started offering **secondary reserve power (aFRR) to the Dutch grid using a pool of electric vehicles**
  - As soon as major grid fluctuations occur, NK stops or starts charging the Evs to counteract a power deficit or surplus

Source: Company website and press information

Supply shortfall and a move away from long term contracts will increase the need for demand response and ancillary services in Ontario

Supply and Demand Outlook (2017-2035)

Capacity Contribution at Summer Peak (MW)



Source: IESO Euroheat, Canadian Industrial Energy End-use Data and Analysis Centre, Planete Energies

Key trends impacting the power market

A **deficit in electricity capacity is expected** beginning early-to-mid 2020s:

- Pickering Nuclear Generating Station reaches its end of life in 2025
- Nuclear units at Darlington and Bruce are temporarily removed from service for refurbishment
- Electricity demand is forecast to be relatively steady through 2035

Ontario is **moving away from long-term electricity contracts** and is enhancing its market-based approach to **reduce costs and increase flexibility**

Agenda

Overview

1. In-home heating
2. Home and SMB energy resilience
3. Monetize the energy network
4. **Explore new growth vectors**

Filed: 2024-08-23, EB-2024-0111, Exhibit I.1.18-HRAI-5, Attachment 1, Page 88 of 109

Exploring additional growth vectors

Opportunity overview

- Develop and operate microgrids by combining residential generation and storage capacity and augmenting with independent grid infrastructure
- Utilize existing infrastructure to develop district heating systems that can be run by renewable energy sources

Benefits of this opportunity

A. Microgrids are growing in popularity and have a strong value case in remote areas of Ontario. They enhance power reliability and security in cases of grid outage

B. District heating is most successful in cold, densely populated areas like Toronto, where GDS can expand on existing resources. District heating can align with net 0 goals by running on RES or centralizing the energy spent on heating, allowing for carbon point source capture

Challenges

1. Different customer segments have unique needs that may require customization
2. Potentially high up front costs

Scale potential

1. Can serve residential customers and expand to SMB and C&I

A. Microgrids: Can help control distributed energy resources either to support the main grid or to operate stand-alone

Microgrid definition

Localized network of electric power equipment, with proximity of generation and load

Firm or intermittent generation plus storage

May include demand response or other internal controls to regulate/reduce energy use

Can “disconnect and function autonomously as physical and/or economic conditions dictate.”

Has advanced DER and grid asset control, monitoring and dispatch

Technologies involved

Conventional firm generation (e.g., CHP, gas turbines)

Renewable energy (e.g., solar, wind)

Energy management

Distribution lines

EV charging

Energy storage

System wide control, software and communication

Fault isolation and protection

System-wide cyber and physical security

Sources of value

Enhanced power reliability and security for critical assets in cases of extreme events (e.g., major storm, physical attack)

Integration of renewable generation

Provision of grid services to energy markets (e.g., electric price arbitrage, frequency regulation, energy reserves)

Deferral of T&D investment for local utilities

Source: Lawrence Berkeley Laboratory; industry interviews

A. Microgrids: Broadly, there are 4 types of microgrids

Definition of a microgrid

A microgrid is a localized group of electric load(s) and generation source(s) that typically operates connected to the traditional centralized grid, but can disconnect and maintain operation autonomously as physical and/or economic conditions dictate.

Types of microgrids

	Residential / C&I microgrids	Community microgrids	Remote power microgrids	Virtual microgrids
Description	A system with a generation source downstream of a common coupling point that allows a single customer to satisfy one or multiple loads	A segment of the regulated grid which can detach and generate electricity to satisfy load demand for multiple customers	Generation source for isolated communities that are not connected to the larger grid	DER at multiple sites that are coordinated through sophisticated software to act as a single controlled entity
Example	C&I individual customers, universities	City or town	Island communities	N/A, currently fairly nascent

Source: LBNL

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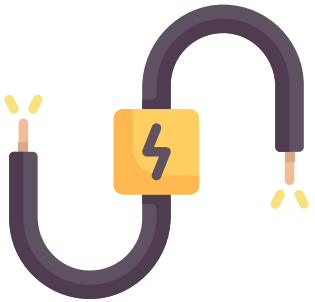
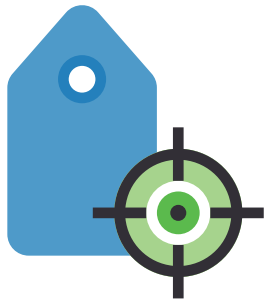
A. Microgrids: Can provide three main types of services



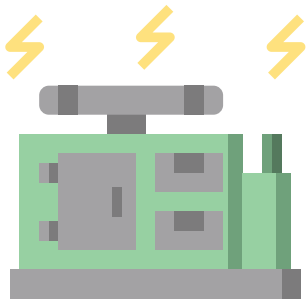
Utility services

Some customers are disconnected from the main grid either by location or by choice – these customers rely on microgrids for full electricity generation needs



Energy optimization

Microgrids can enable price arbitrage during peak pricing and provide frequency regulation and other ancillary services



Backup power/resiliency

In the event of major storms, disasters, or PSPS events, microgrids can continue to provide power to customers

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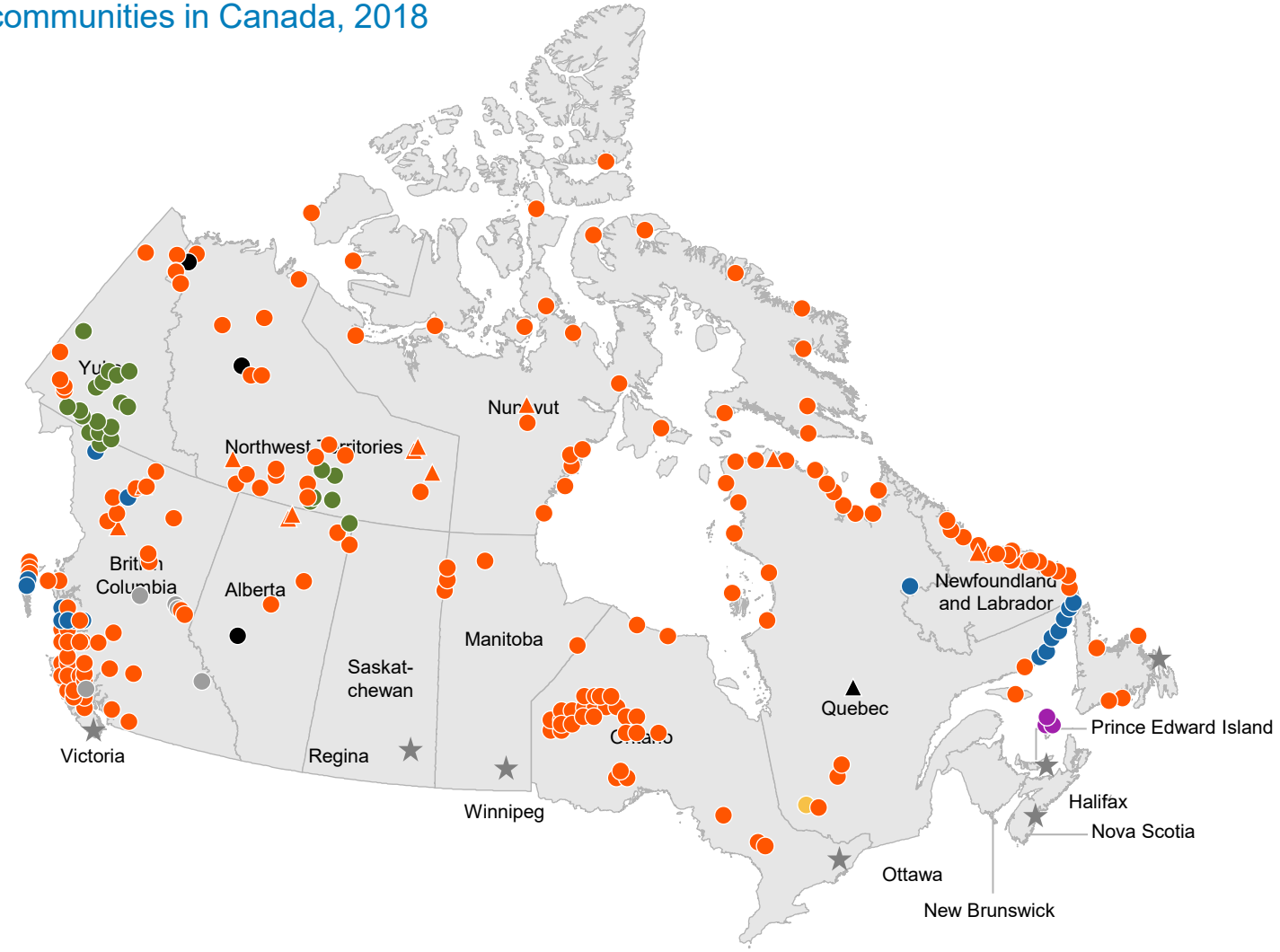
A. Microgrids: Each customer segment has unique needs and go to market strategies

	Key needs	What it takes to win
Military	High off-grid performance, mission-critical reliability, environmental benefits	Latest microgrid controller technology Experience with hardened solutions for enhanced security
Remote location / island	Renewables integration, supply diversification, supply-demand balancing	Ability to bring together multiple generation sources Competitive pricing that beats incumbent generation (e.g., diesel)
Critical public infrastructure	Emission reduction, high reliability, with emphasis on bundled heat and electricity solutions	Guarantees & developer experience with reliability performance Experience with heating solutions at scale (e.g., CHP for district heating)
Critical commercial load	Balance between reliability and cost reduction, particularly demand charge reduction to lower electricity bills	Ability to prove end customer benefits Financing options for customers Top performance in energy savings
University	Environmental stewardship, reliability and high-end / research-grade technology	Offering longer term financing option Experience with CHP solutions due to high heating loads Ability to diversify source mix
City / community	Targeted reliability, renewable integration and ability to survive major events (e.g., storms)	Relationships with local authorities, utilities and real estate developers Experience with utility use cases Experience with long-cycle RFP’s

A. Microgrids: about 200 isolated communities in Canada, including ~30 in Ontario, rely on diesel power generation, making a microgrid attractive

Isolated communities in Canada, 2018

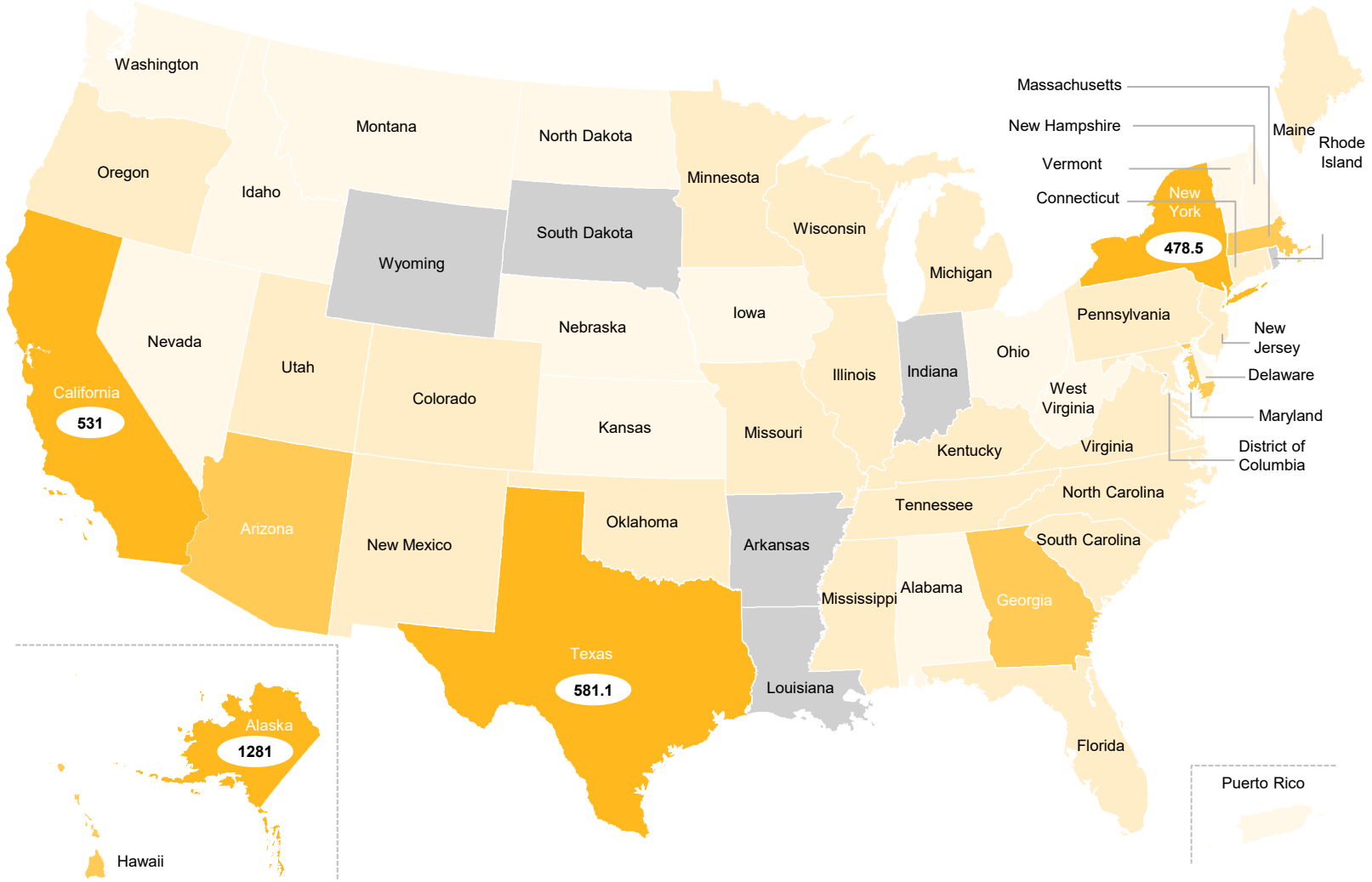


Legend:

- Diesel powered community
- Heavy fuel oil powered community
- Hydro powered community
- Natural gas powered community
- Community uses other fuel source
- Community connected to regional grid
- Community with unknown fuel source
- Diesel commercial operation
- Natural gas commercial operation

Source: NRCAN database https://atlas.gc.ca/rced-bdece/en/index.html

A. Microgrids: In the US, microgrids have grown quickly



Publicly disclosed microgrid capacity in state

- No microgrids
- 0.1-10 MW
- 10-00 MW
- 100-400 MW
- 400 MW +

Source: Press search

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A. Microgrids: There are increasingly IRR positive microgrid opportunities across a range of commercial customer types – US examples

ENBRIDGE Life Takes Energy

Key metrics for project performance

Deep-dive and sensitivities to follow

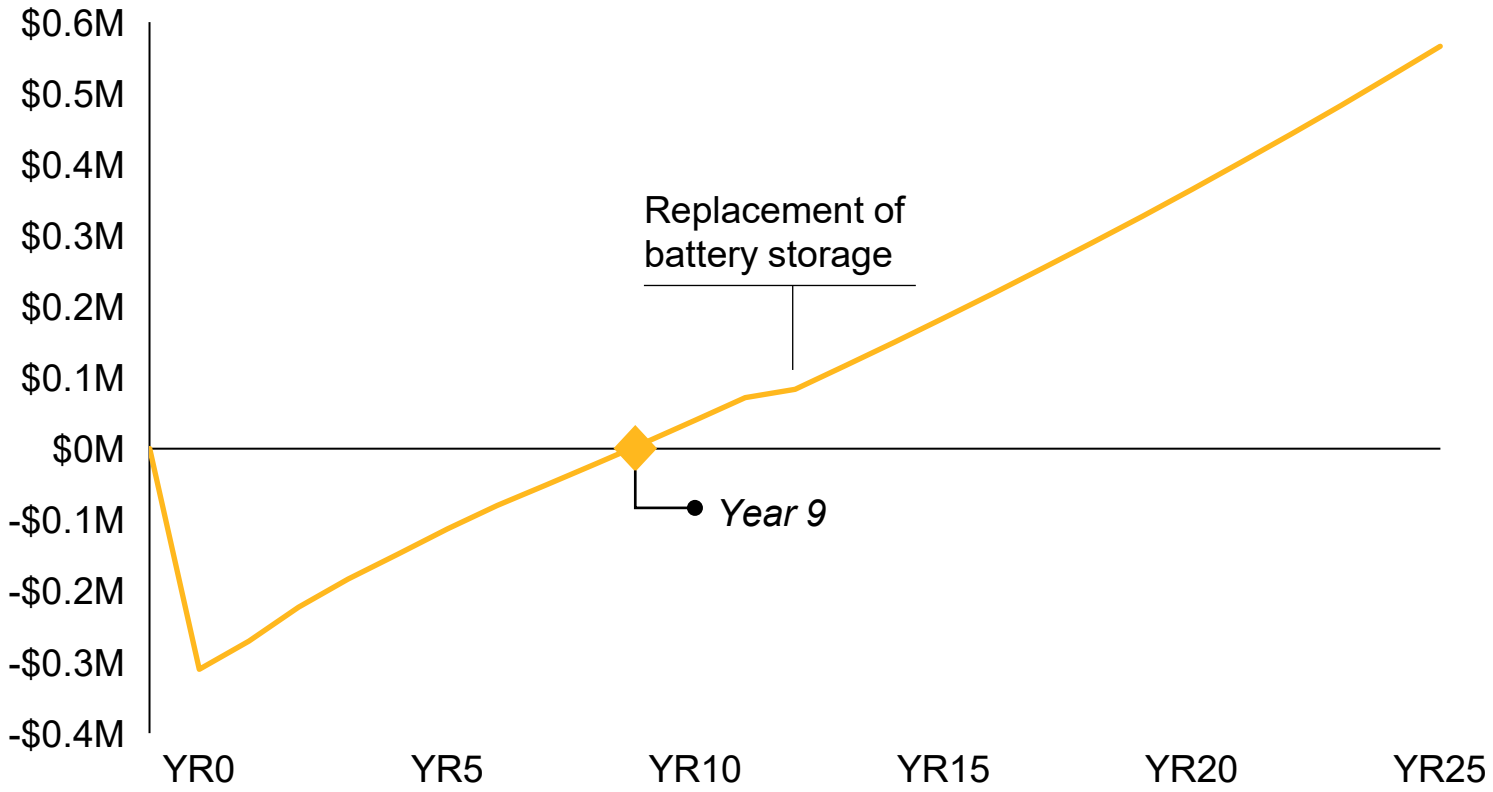
	1 CA-hospital	2 CO-refinery	3 MI-office	4 FL-hotel	5 NY-restaurant
Post-tax IRR[4] (%)	17.9%	13.1%	10.4%	8.1%	7.6%
NPV[1] ($)	2M	4M	60k	7k	<0k
Customer savings[2] (%)	2%	4%	1%	0%	0%
In-the-money share[3] (%)	99%	85%	69%	8%	0.4%

NOTE1: Project specific characteristics will vary significantly and these archetypes will not be representative of the full universe of project opportunities
NOTE2: Numbers on subsequent pages might appear different due to rounding (e.g., 10% vs. 10.4%)
1. NPV vs. cost of equity at 8%
2. Customer savings vs. gas and electric utility bill they are currently paying
3. Proportion of total customers in that segment / geography who are 'in the money' and would be advantaged to switch to assumed microgrid configuration
4. Unlevered IRR

Source: Expert interviews and analysis

A. Microgrids: MI office: deep-dive on deal economics

Project economics: Net cash flow profile, $



System configuration

- CHP (kW): 65
- Solar (kW): 22
- Battery (kWh): 34
- CAPEX ($M): $0.3

Key metrics

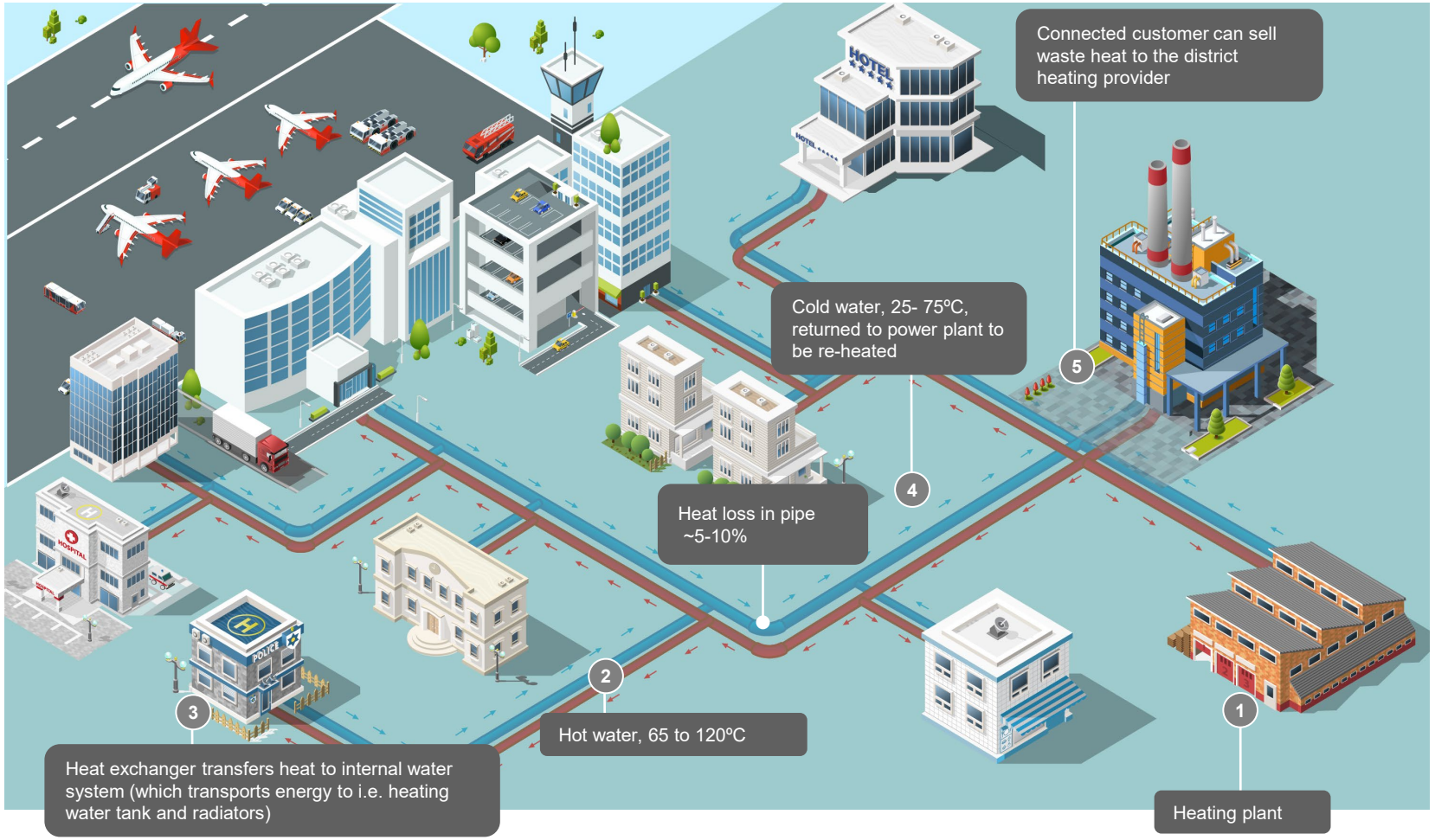
Post-tax IRR[4] (%)	**10.4%**
NPV[1] ($)	**60k**
Customer savings[2] (%)	**1%**
In-the-money share[3] (%)	**69%**

NOTE: Project specific characteristics will vary significantly and these archetypes will not be representative of the full universe of project opportunities

1. NPV vs. cost of equity at 8%
2. Customer savings vs. gas and electric utility bill they are currently paying
3. Proportion of total customers in that segment / geography who are 'in the money' and would be advantaged to switch to assumed microgrid configuration
4. Unlevered IRR

Source: NREL

B. District heating: How it works



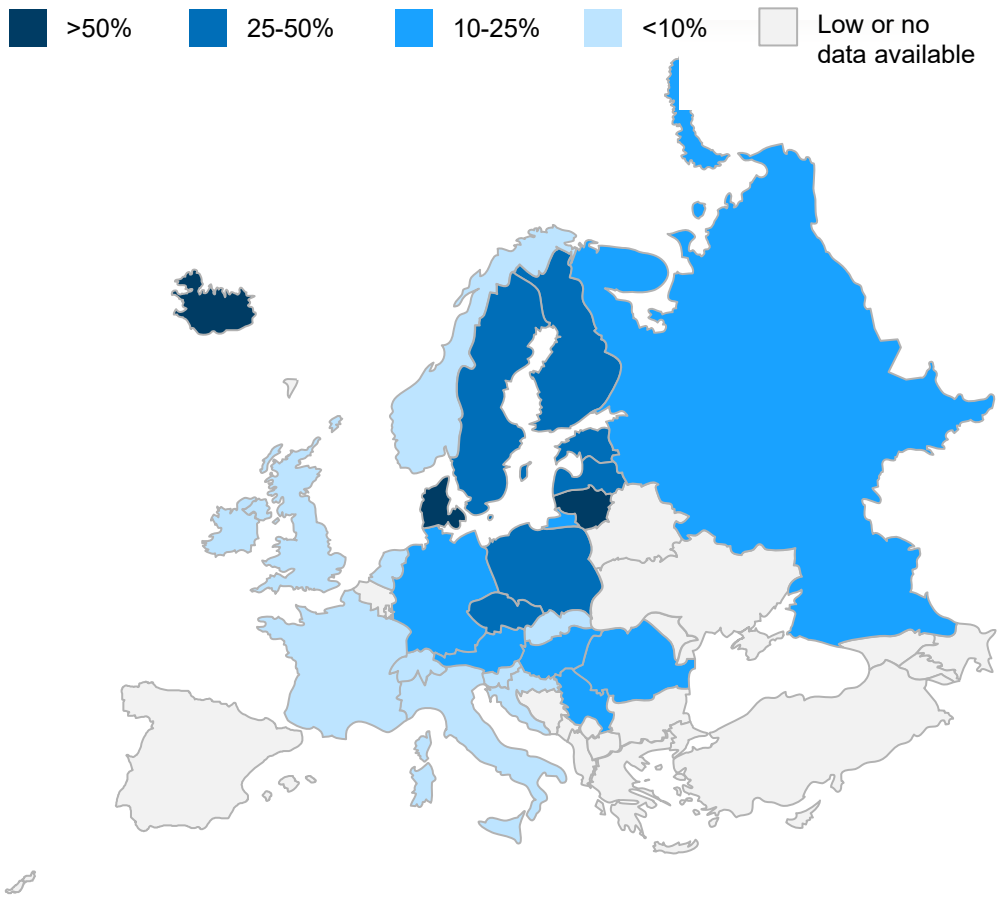
1. Water is heated up at a central heating plant
2. A network of insulated pipes buried underneath the ground transports the hot water to the customer
3. Each customer is connected by a heat exchanger that transfers energy from the district heating water to the customer's internal network
4. A parallel pipe system takes cooled water back to the heating center
5. Waste heat can be sold from excess sources such as an industrial plant or data center

B. District heating: Prevalent in Russia and Europe, but less common in the US and other parts of the world

Global popularity of district heating is uneven

- Russia is the global leader, accounting for **55% of installed district heating worldwid**e. The density of their systems date back to the Soviet Union era
- In **Europe**, some **6,000 district heating and cooling systems** provide heating to 100 million people across 32 countries
- The **United States uses DR to meet only 4%** of its heating needs
- Most recent data for **Canada** shows that the country has **~130 operating district energy systems**

District heating share or heat delivery in Europe, percentage



Source: Euroheat, Canadian Industrial Energy End-use Data and Analysis Centre, Planete Energies

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B. District heating: Large European players are trying to meet the changing demands by selling DH as part of an integrated package

Company	District heating	District cooling	Heat pumps	EV charging	PV offering	Waste mgmt.	Comments
VATTENFALL	✓	✓	✓	✓	✓		**"Sustainable city concept"** with **district heating as the cornerstone.** Additional services include operation of street lights, charging station and solar cells **Case example**: First step of 2050 climate neutrality for city of Hamburg is investments in DH network and production facilities
fortum	✓	✓		✓	✓	✓	Offering based on **district heating and cooling** networks, with utilization of waste energy **Vertically integrated offering** that includes waste mgmt. services City solution separated from electricity and gas retail in **separate business unit in 2017** Has two city projects with **Stockholm and Espoo (and partly Oslo)**
e·on	✓		✓	✓	✓		**City Energy solutions is 1 of 3 B2B segments**, and includes electricity, heat, cooling, solar, energy mgmt. and charging stations
ENGIE	✓	✓	✓	✓	✓		Full city solution offering called "Inventing the City of the Future" Includes **distributed energy as base**, as well as digital services (e.g. for public lighting), waste heat and EV charging

Source: Company websites and press releases; Team analysis

B. District heating: Case examples of recent strategic moves for DH units in large European market players

E.ON

- DH assets kept in the E.ON structure after Uniper spin-off
- Have a goal of **only using RES** as fuel sources for DH
- **DH part of the "Customer Solutions"** which is focusing on customized energy solutions and is one of the three pillars in E.ONs new strategic direction
  - Trying to leverage customer relationships that are established through heating sales to sell new services and products, e.g.:
    - Distributed generation
    - Energy storage
    - Energy efficiency (HVAC / lightning)
    - Connected Homes / Smart Homes
    - E-mobility
    - Flexibility marketing (B2B)

VATTENFALL

- Stated that district heating is a growth segment for company
- Focusing on **decentral heating** solutions as well as DH
- Have goal of becoming CO2 free by 2050 (50% achieved by 2030), switching from coal to gas and peat to biomass
- Have city solutions that are offering:
  - District heating / cooling
  - Decentralized energy production
  - Energy consumption monitoring
  - Electric transport charging solutions
- Also a partly integrated B2B and B2C portfolio:
  - Energy management
  - Energy efficiency
  - Heating / cooling
  - Market access for DG and heat (open access)

fortum

- **Sustainable city solutions** is a strategic priority
- **DH key component in this direction** and part of **"City solutions"** unit, which compromise heating, cooling, waste-to-energy, biomass and other circular economy solutions
- Key priorities for DH:
  - System integrator for open access, e.g. "Open District HeatingTM" in Stockholm
  - Utilization of multi-fuel CHP solution, with particular focus on bio and waste (**circular economy**)

Source: Press clippings

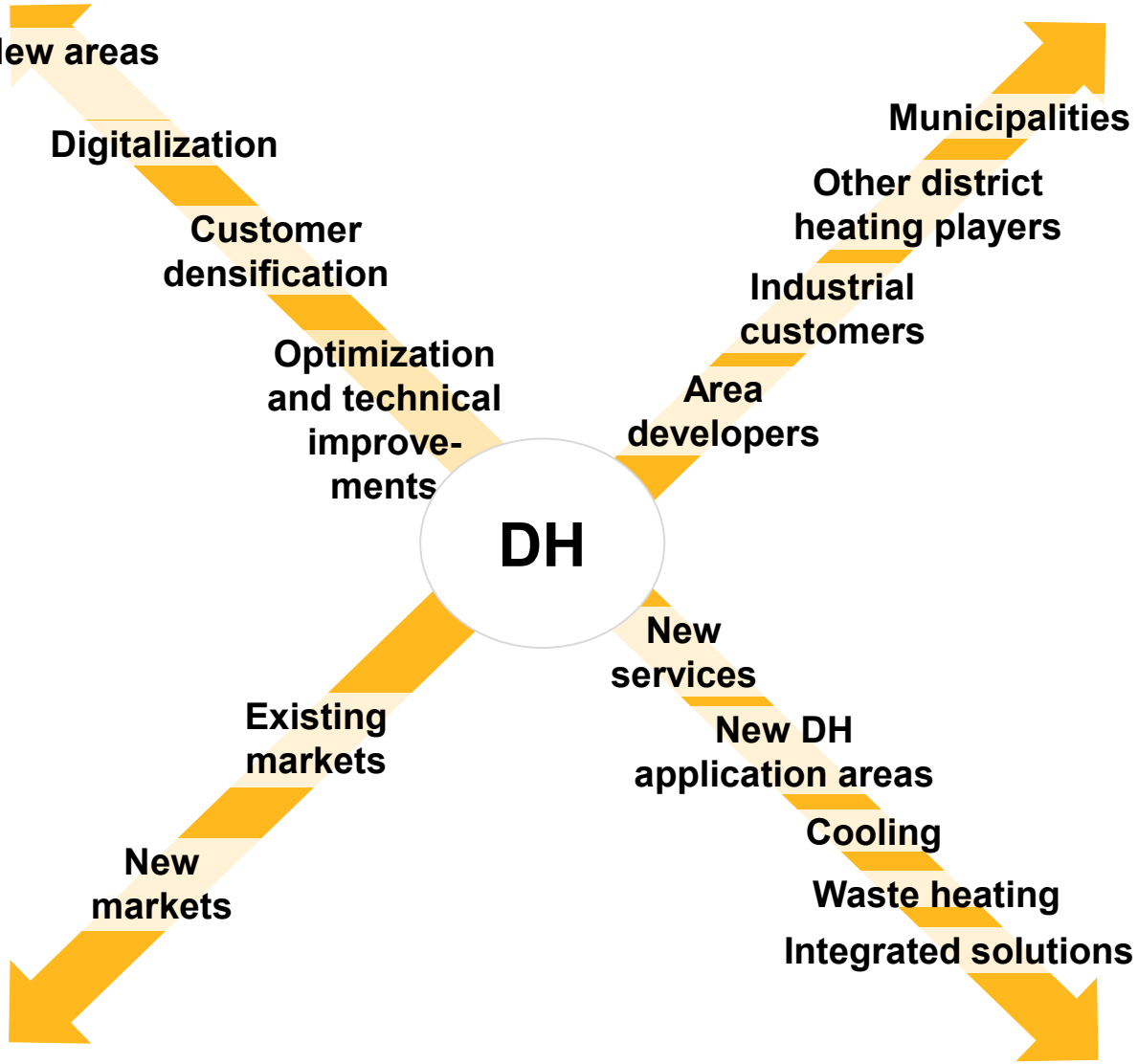
B. District heating: Growth vectors

Strengthening core business

Continue operational improvements, digitalization, and up-sales to existing customers
Connect new customers to existing infrastructure

Structural growth

Growth through M&As, both in core and new geographies



Customer segments

Identify customer segments that are underserved or not served at all

Products and services

Identify products and services with potential that are either under-penetrated or not offered today

Source: Expert interviews

Additional Material

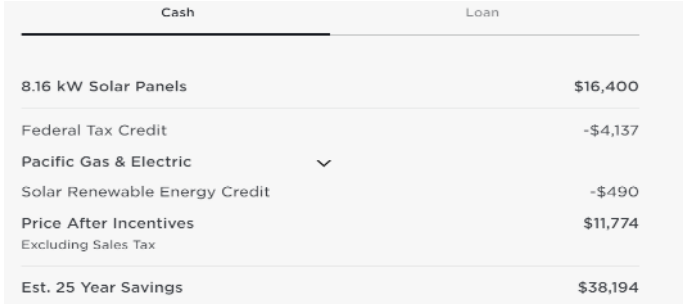
CASE EXAMPLE: Tesla reduced CAC by over 60% through reducing sales force and building digital sales channel, however volume plummeted

x US residential install ranking by MW

Tesla significantly reduced solar customer acquisition costs through reducing field sales force and investing in digital fulfillment

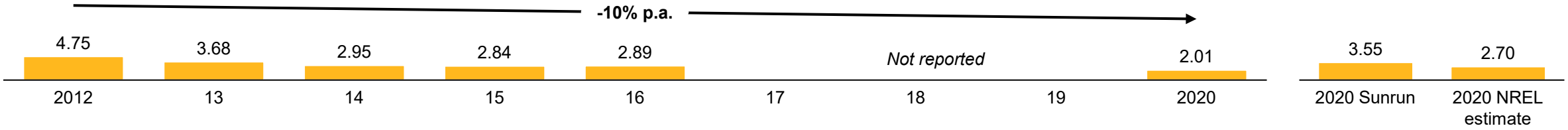
- Reduced CAC by over 60% by eliminating door-to-door sales force, pulling out of Home Depot channel relationship, creating "single click" digital fulfillment engine, and standardizing systems sizes
- While strategy led to strong cost reductions, market share also fell dramatically from a peak of 33% in 2014 to only 4% in 2020
- While volume plummeted, Tesla managed to lower customer acquisition costs to ~$0.25/w relative to approximately ~$0.80-0.90/w for large installers such as Sunrun

Tesla "single click" digital fulfillment engine

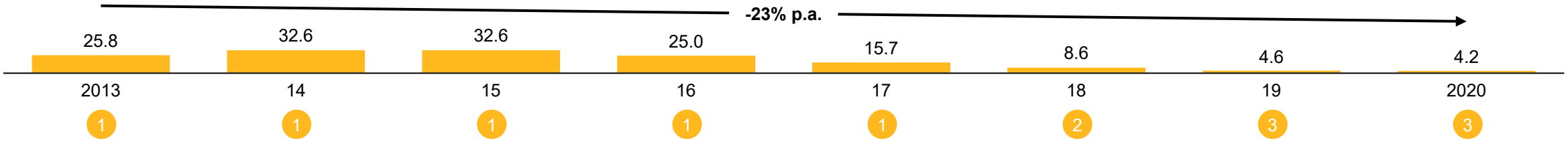


$2.01/w

SolarCity/Tesla reported cost trend, $/w[1]



SolarCity/Tesla estimated market share, %

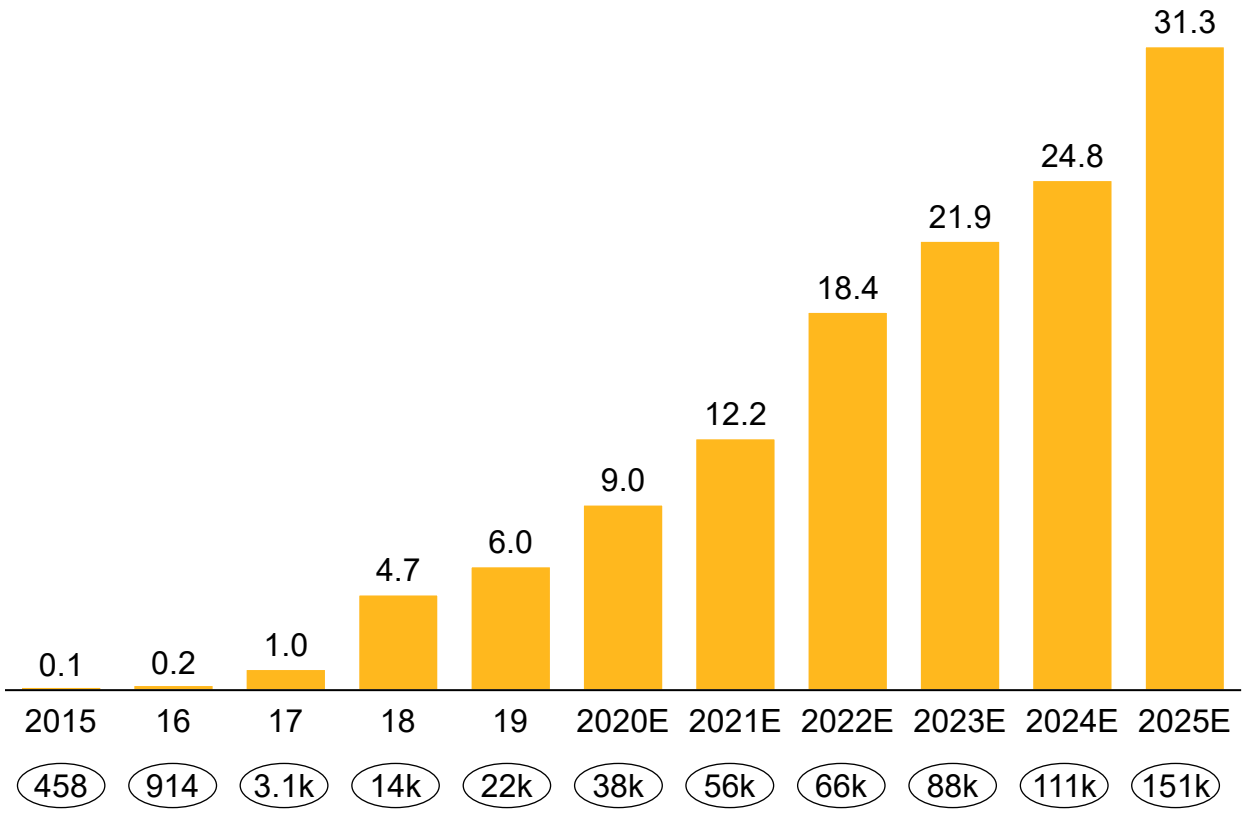


1. Costs per watt are pre ITC benefit

Source: Company investor reports; Tesla fulfillment engine; PV magazine; PV Leaderboard, Wood Mackenzie; Greentech media

US EXAMPLE: National storage attachment rates are expected to grow quickly, driven by a few states

Actual and estimated storage attachment rates 2015-2025,
(%)



X Est. # annual storage installations

	% of 2019 installations	Est. 2019 attach rate
California	49%	7%[1]
Hawaii	13%	76%
Florida	3%	4%
Arizona	3%	3%
Texas	2%	2%
New York	2%	3%
Nevada	2%	3%
New Jersey	2%	2%
Colorado	1%	3%
All other states	23%	1%

1. 2020 value is likely significantly higher following wildfires and blackouts as consumers seek resiliency

Source: Energy storage association, expert interviews

Ontario's spreads between on and off peak pricing have created development opportunities for utility storage and microgrids

Oneida energy storage project

Description: Utility scale storage project designed to pull in power at off-peak hours and dispatch power during peak hours

Backers: NRStor Inc., Six Nations of the Grand River Development Corportation, Canada Infrastructure Bank

Capacity: 250MW/ 1,000 MWh

Investment and impact: Estimated $500m project cost (including a $170m investment from Canada Infrastructure Bank)

Expected to eliminate 4.1 million tonnes of emissions and generate $760m in rate payer savings over 20-years

Altona Towns microgrid

Description: Power generation, and storage to both supplement development consumption and provide grid services for local distribution utility Elexicon Energy

Backers: Marshall Homes, Ontario Ministry of Energy

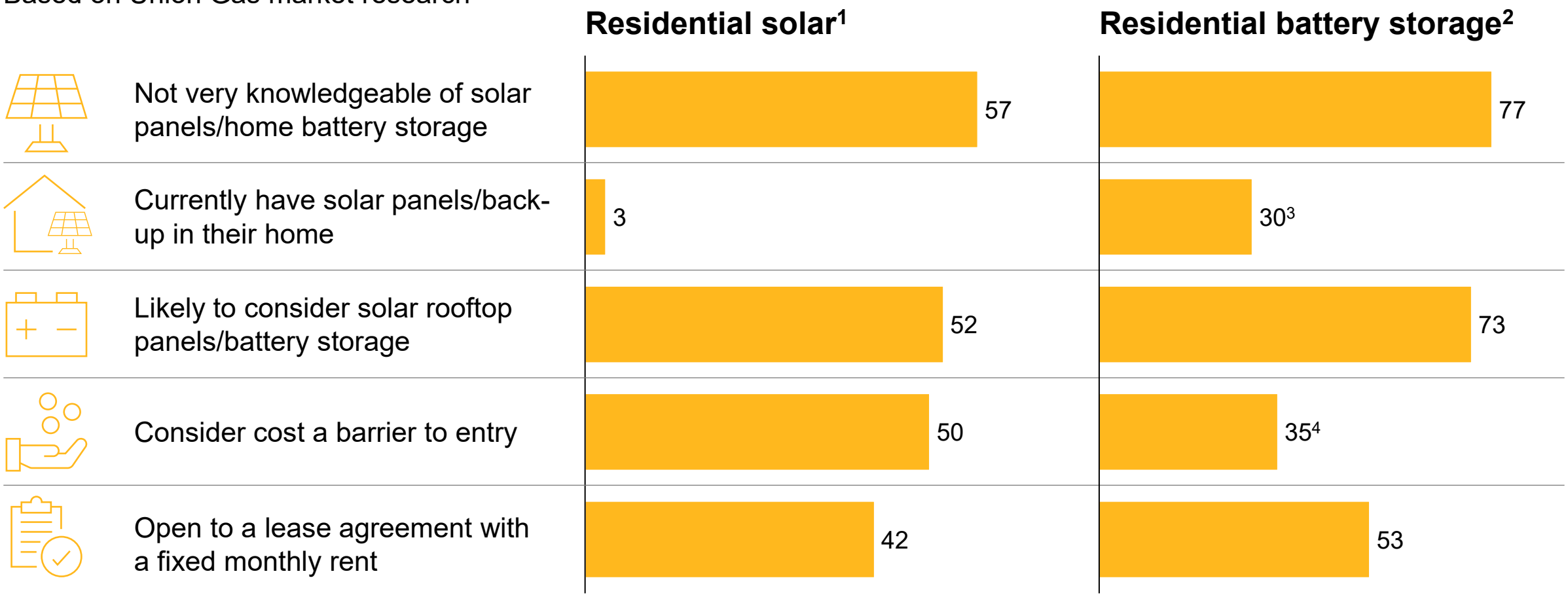
Capacity: 25 kW solar, 250 kW/500kWh Storage

Investment and impact: Expected to provide ~10% of power loads for development resident customers and reduce energy costs by ~10%

Integration of Opus One Solutions grid software to provide ancillary grid services

While there is residential interest in resiliency solutions, the understanding is limited and cost is identified as a barrier to entry by Ontario customers

Based on Union Gas market research



1. n=1,159 to 1,344 depending on the response rate;
2. n=1,004 to 1,353;
3. Includes all types of back-up power, including generators;
4. Based on respondents who were not likely to install battery storage

Source: Residential Solar Awareness and Perceptions, Union Gas Market Research (2018), Residential Battery Storage Awareness and Perceptions, Union Gas Market Research (2018)

GDS has developed and piloted a number of new commercial opportunities (1/2)

Opportunity Area	Initiative	Background	Current Status
Residential resiliency solutions 	**Solar generation**	Entered into agreement with Minto to install solar generation homes built on an old golf course in York Region	Residential solar pilot under development to connect 43 homes. Minto will include Enbridge solar rental as an add-on in 2022
	Power Storage	Completed a pilot in 10 – 15 homes in partnership with Enerstor	No current activity
	Residential geothermal	Completed 3 – 4 pilots in 2017 with great results but determined it's not yet commercially viable	Currently looking at working with builders on a subdivision and small commercial opportunities. Looking at ways to get the costs to reduce to a level where it's commercially viable to scale
Defensive plays 	**Natural Gas heat pumps**	Investigating hybrid electric/gas solutions where GDS can own and maintain equipment Plan to commercialize through rental agreements with customers Focused on residential customers and new build opportunities through relationships with builders	Made investment in SMTI, piloting product with 20– 30 customers now, expected to be viable in 2023 Investigating potential investment in Napoleon HVAC

Source: GDS business development team

GDS has developed and piloted a number of new commercial opportunities (2/2)

Opportunity Area	Initiative	Background	Current Status
C&I energy management services 	**Consulting**	Not interested in pursing consulting services independent of owned assets	Not pursuing
	Energy marketing / commodity sales	Have received opportunities to do this and internal staff have extensive experience in energy marketing. Not currently working on these as Tidal is better placed	All opportunities are passed to Enbridge for Tidal to pursue
C&I energy resiliency 	**District energy**	Developing a strategy for district energy targeted at retaining commercial customers with a high propensity for defection from gas toward building electrification solutions	Under development
	On site generation	Viewed as small market with policy risk	Not pursuing
Decarbonized infrastructure 	**RNG**	2011 – started investigating ways to decarbonize natural gas distribution; customers asking for ways to inject hydrogen 2017 – launched first project, with regulatory approval	2021 - 6 – 10 open projects on RNG today Pilot in Markham part of approved regulated capital budget. Expect 2% hydrogen blend with gas distributed to ~3400 homes
	Hydrogen	…	Unregulated production of hydrogen
	Biogas	Reviewing options to move upstream to digesters. Looking at options to partner with large municipalities with strong commercial underpinnings (cost of service model)	Under development

Source: GDS business development team


ENBRIDGE
Life Takes Energy™

Retail Low Carbon Strategy

Capital Allocation Committee

February 14, 2022

ENBRIDGE
Life Takes Energy®

Purpose of Update

- Updating the Capital Allocation Committee on GDS' Retail Low Carbon Strategy prior to project development and execution
  - Building on Enbridge BOD approval of GDS retail strategy
  - Review business plan developed from McKinsey market assessment study
  - Individual projects under this strategy will go through the appropriate approvals

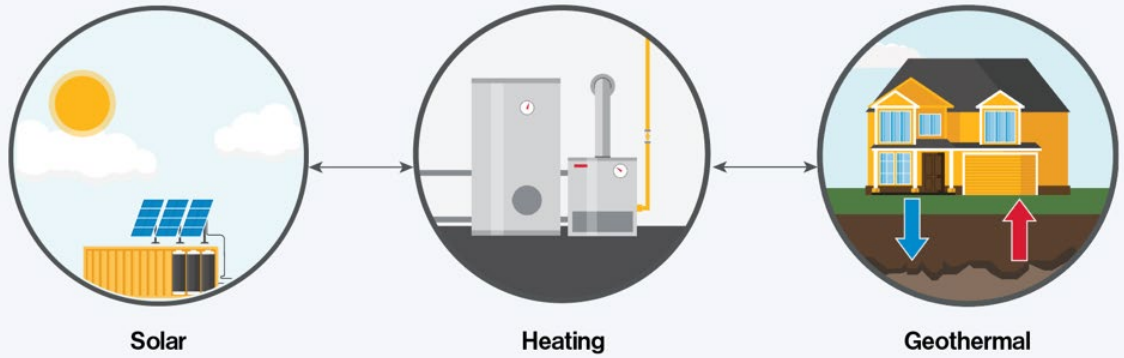
Executive Summary

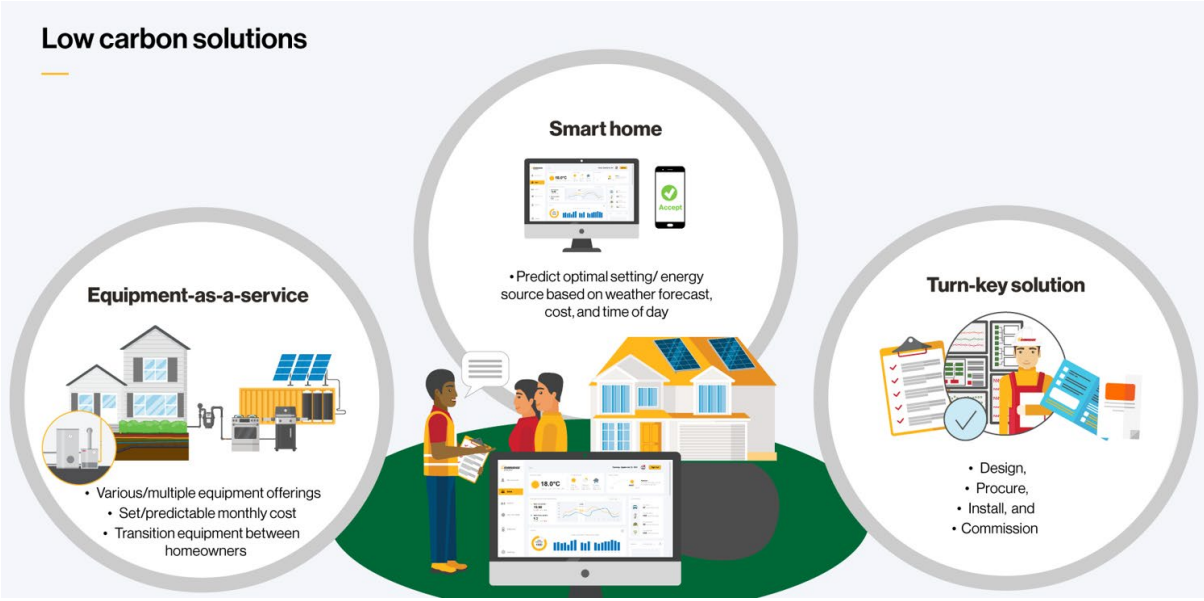
- The opportunity around GDS retail solutions was previously presented at the Board, outlining both the opportunity and importance of a mitigation strategy for energy transition at GDS
- The small discrete projects constitute retail low carbons solutions for builders and homeowners in Ontario to enable the coming shift to net-zero being driven by all levels of government
- This is an emerging market with no true incumbent service providers. Small contractors exist and HVAC providers will enter the market as well
- GDS is already seeing builders shift to alternatives
- Our value proposition will be to bundle equipment installation, repair/maintenance and software controls with energy use/GHG reporting
- Investments in the retail end-use low carbon solutions will enable GDS to adapt to energy transition. The plan calls for discrete projects that will total [redacted] in capital investment in 2022, growing to [redacted] plus in 2023

Category	Description
Technologies	Solar PV, Geothermal, Hybrid Heating
Business Model	Long-term equipment/service contract (20+ years) with home/business owners similar to utility
Capital	Average installation of [redacted] per home with [redacted] in capital by 2029
Target Customers	New construction homes/multires Retrofit once digital channels built
Commercial Structure	Long-term equipment rental/service contract with homeowners, condo corps, MUSH sector
Execution	Incubate in utility and move to unregulated affiliate within 18 months
Expected Returns	Similar to regulated RoR

Introduction: Low Carbon Solutions

- As policy shifts toward net-zero, home and business owners in the GDS franchise will begin to adopt new end-use technologies
  - Hybrid heating will serve as a bridge and mitigate the impacts of electrification
  - Geothermal offers a low carbon solution for heating/cooling
  - Solar PV will make distributed energy a reality
- Shifting investment to low carbon solutions allow GDS to retain customers:
  - Initial focus on offsetting losses in new construction
  - Move to retrofit market as economics evolve and policy drives all customers toward net-zero
- Municipalities are actively pushing to lower emissions through local policy and planning regulations
- Investments in these technologies is an allowed activity for GDS as set in the OEB undertakings and the Ministerial Directives.



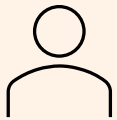


Low carbon solutions offer an opportunity to continue to invest in energy distribution in the GDS franchise

Retail Operations

TECHNOLOGIES → **SOLAR, GEOTHERMAL & ALTERNATIVE HEATING**

MARKETS → **NEW CONSTRUCTION RESIDENTIAL & MULTIRESIDENTIAL, RETROFIT**

FUNCTION	ACCOUNTABILITIES	TECHNOLOGY	PEOPLE
Sales 	- Builder relations - Contract management - Quotes/proposals	- Low Carbon website - Builder portal	**Internal** - Sales leads - Technical Sales Support
Operations 	- Solution design - Scheduling & procurement - Install and maintain	- Builder portal - Modelling tools - Work management system	**Partner (AECON)** - Design & engineering - Work Coordination - Installation - Maintenance
Customer experience 	- Account management - Billing & payment - Smart home reporting - Data management	- CRM - Digital channels including chatbot and web - Equipment controls	**Internal & Partner** - Front-line customer support - Systems development/mgmt - Customer/data insight

- ***PHASED APPROACH*** *system capabilities that can be scaled with business growth, utilizing available systems and process where possible*

Sourcing Alternatives

Bold items: Leverage existing functions/systems

Function	Requirements	Options being evaluated: Build	Partner	Acquire
Sales/Customer Acquisition	• ***Builder relationships*** • Sales • ***Contract management*** • Customer quote/sales	• Key function critical to success • Hire builder sales team (internal/external)	• Difficult function to outsource • No obvious option for partner relationship	• Instant capabilities and performance • Need to adapt from conventional equipment to energy transition focus
Field service and maintenance	• Equipment supply chain & procurement • Equipment installs • Scheduling/logistics • Resource management	• Mostly outsourced in GDS	• Aecon keenly interested in growing into B2C and small B2B construction • Has capabilities for solar and geothermal loop	• No existing company that spans HVAC/solar/power • Need to evaluate HVAC service providers that complement Aecon capabilities
Customer management	• ***Billing/collection*** • ***Account/contract management*** • Overall product management	• Systems and existing digital channels are key GDS capabilities • Need experts across each product/technology	• Leverage existing partner relationships for lower cost vs competitors	• Limited benefit to acquiring as GDS performs these functions through open bill program

Leverage ***key strengths.*** Explore partnership with Aecon for field service. Build sales and core product expertise.

Competitive Positioning

Enbridge will be competing with **four broad categories of players**

A ***Low-cost regional equipment installer***
"Mom & Pop shops" that compete on price

B ***Large incumbent regional players***
Residential HVAC rental market leaders in Ontario

C ***Low carbon leaders from adjacent markets***
Digital-first solar installers from the US

D ***Original Equipment Manufacturers (OEMs)***
Could partner directly with builders for design/eng.

The value proposition will seek differentiation along three axes that position Enbridge as the leader in experience for Ontario residents

Solution bundling

Equipment Install only — D A — B — C — ENBRIDGE — *Home Experiences*

Use of digital channels

Traditional Channels — A — B — D — ENBRIDGE — C — *Digital-first*

Leverage customer base

No proximity — C — A — D — B — ENBRIDGE — *High Market Proximity*

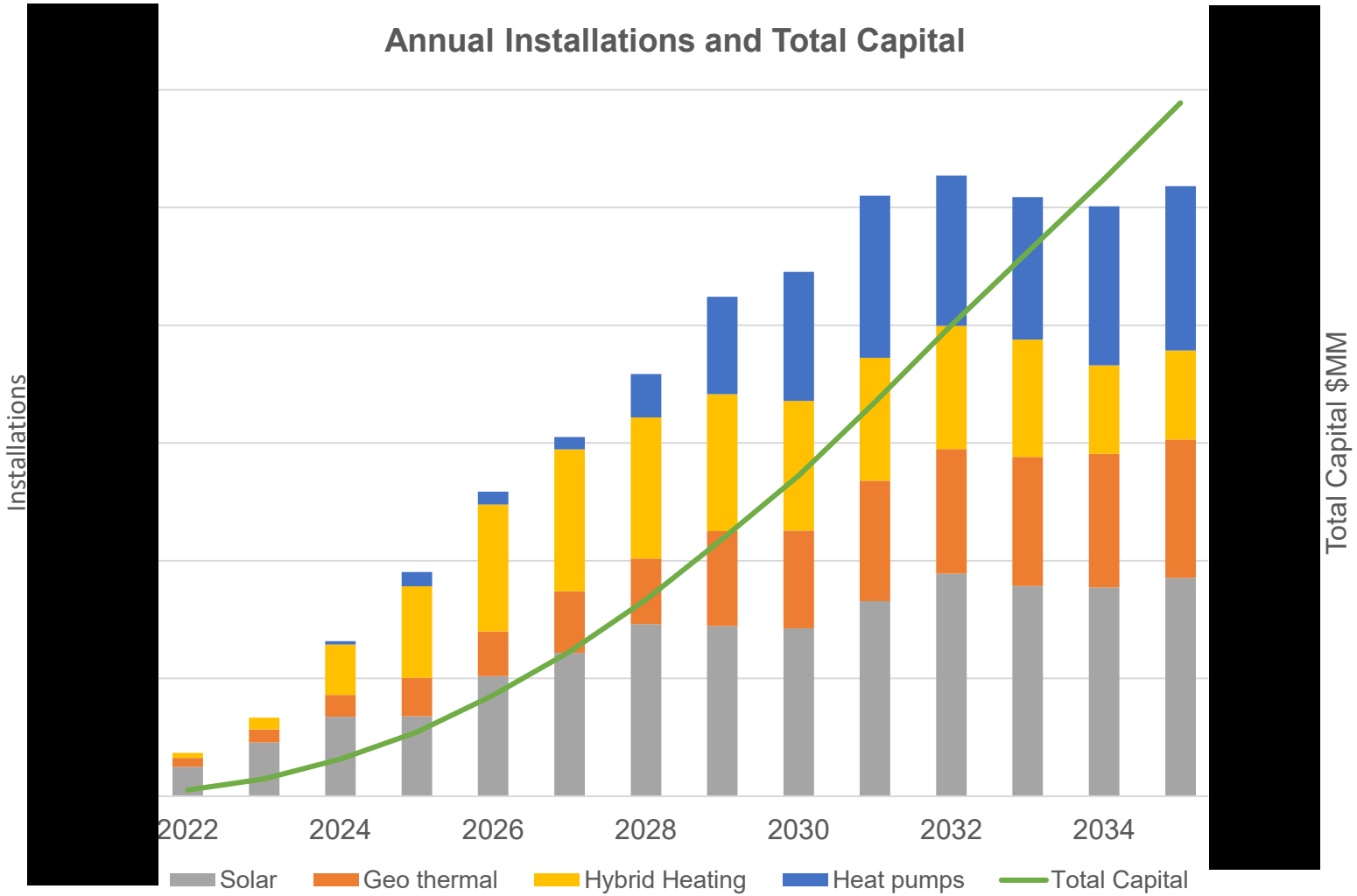
Enbridge's position

Turnkey low carbon product bundles with **post-install experience/services**

Digital-first experience from enabling sales to providing insights and after-sales services

Could **cross-sell to current customer base** (3.8M) and have long history of **work with local partners and authorities**

Growth Potential



Assumptions:

- Heating equipment replacement rate of [redacted] annually
- Hybrid heating gains [redacted] market share by 2027
- Electrification of heating starts in 2028 growing to [redacted] market share by 2040

- *Note – chart will be updated to include Total Capital under different energy transition scenarios being modelled in GDS*

Asset growth highly dependent on pace of energy transition. Objective is to offset loss in utility customers

Enbridge Overall Strategic Priority Fit

Pros

- **Hedge against energy transition**: Maintain customers as customers shift to alternatives with push to net-zero.
- **Complement Existing Business**: Leverage resources, systems, technology in similar business model
- **Well established business model**: rental contracts well established in Ontario market and have held up from legal challenges
- **Disciplined Capital Allocation**: Similar investment in long-term infrastructure with individual contracts vs regulation
- **Extend Growth**: We increase our scope by moving into distributed generation and power storage
- **Execute the Capital Program**: Allows GDS to maintain and its market share in the space heating sector, and enter the cooling market

Cons

- How quickly will energy transition accelerate with market share
- Extremely competitive home services market with small and large incumbents with potential for new entrants
- Potential regulatory challenges

Investments in low carbon solutions offer a compelling opportunity for GDS to mitigate impact of losing customers and gas load while maintaining its incumbent position as the energy provider of first choice in Ontario

Risks and Strategic Gaps

Risk	Rank	Description	Mitigation
Pace of energy transition		• Market is shifting but net-zero solutions are still not quite economic for homeowners in Ontario • Slow transition has negative impact on retail but avoids loss of customers in core utility	• Avoid build-up of large sales team through focus on new construction • Work closely with municipalities who have set ambitious GHG targets • If future divestment required, businesses in this space have attractive valuations
Contract risk		• Long-term contracts with homeowners • Obligation shifts from owner to owner with home sales	• Contract structure well established in Ontario and courts have upheld challenges to buyout clauses • Market structure for rentals continues to function in home sales
Competitors		• Large incumbent HVAC providers will enter low carbon market • Well established providers in US expand to Canada	• Go-to-market now before energy transition accelerates • Leverage Enbridge brand and customer relationships • Leverage digital assets and online engagement
Regulatory challenges		• Affiliate relationship code rules limit ability to leverage customer relationships and enterprise IT assets	• Work closely with legal on governance re: customer information • Prepare to transition business to affiliate

Resource requirements by phase

	Phase one 2022-23	Phase two 2024-26	Phase three 2027 ➡
People	Incubate within utility per undertakings Limited incremental staff – focus staff in sales, product, customer management	Grow team as we move to stand alone business Sales team needs to scale with customer additions and in-home sales force as retrofit market accelerates	Balance resources between core utility and low carbon depending on pace of energy transition
Capital investments	[redacted] in year 1 [redacted] M in year 2 $3-$5 M in core TIS systems	CapX ranges from [redacted] M per year	Eventually reach [redacted] steady state adding approximately [redacted] customers annually across various technologies
Support groups	Significant legal resources to write customer contracts and partnership agreements Collaborate with TIS to build initial basic system requirements	Work with SCM to seek out strategic partnerships with equipment manufacturers once we achieve buying scale Continue to shift to enterprise systems with TIS	Reach steady state scale
Key partners	Leverage existing vendor service agreement with Aecon. Equipment supply contract with Napoleon for HVAC	Move from service provider contracts to strategic partnership agreement once cost structure and revenue growth are better known	TBD

Appendix

Fundamentals of shift to net-zero (for customers)

	Description	Advantages / Disadvantages	ROI	Potential Emissions Mitigated
Energy Efficiency / Management	Reduce overall energy use and total peak demand	⊕ High ROI ⊕ Established approaches and solutions exist ⊖ Potential to reduce energy usage and demand	High	Wide range 5-50% based upon overall energy savings
Renewable Supply	Contract with energy provider for renewable power or RNG	⊕ Renewable cost declines have made these alternatives much more affordable ⊖ Still more expensive ⊖ We may still see push toward electrification	Varies	High – Can be scaled to match percentage of energy usage from electric
Offsets / RECs	Purchase carbon offsets or renewable energy credits on open market	⊕ Very easy to implement ⊖ Market is somewhat unclear to many customers ⊖ Purely a cost without a return	Negative	Up to 100%
Low carbon equipment	Convert end use equipment and electrify heating	⊕ All levels of gov't implementing policies to drive this shift ⊖ Economics in most markets still not favorable however are improving	Currently negative; economics improving	Up to 100%
Onsite generation	Install onsite power generation to offset energy use/emissions	⊕ Price of rooftop solar continues to decline and net meter enables benefits ⊖ Cost still exceeds net metering benefit	TBD	Depends on generation potential of site/building

GDS is pursuing a number of risk mitigation strategies around shift to net-zero

Enbridge Sustain Business Plan

Financial Deep Dive

A simple, affordable way to adopt sustainable energy solutions

ENBRIDGE Sustain

Sept 1, 2023

Executive Summary

- **Recall:** Enbridge Sustain is a **de-risking and growth strategy** brought forward in response to the evolving energy landscape to:
  - **Insulate the gas business against potential future losses**
  - Uniquely differentiate the brand and create **new utility-like returns** in new energy evolution markets
  - Be the leading provider and trusted advisor for **sustainable energy building solutions, creating goodwill for Enbridge Inc.**
- **Priority Products:** Residential Hybrid Heating and Multi-unit Geothermal. A "test-and-learn" method will guide product catalogue expansion.
- **Financial Modeling:** Scenarios evaluated yield a DCFROE ranging from [redacted] to [redacted] with capital expenditures of [redacted] to [redacted] respectively
- **Revenue Mechanics:** Profits are sourced from financing capital & services via long-term contracts. Major costs include equipment and installation and only incurred on contracted revenues. Operating expenses scale with number of customer enrolled. ROI is 8 years for Hybrid Heating, 10 years for Geothermal. Projecting [redacted] market share in core segments (e.g., residential retrofit for Hybrid Heating).
- **Operational Structure:** Predominantly partner-driven sales and installation; evaluating potential changes to this model
- **Competitive Pricing:** Geothermal and Hybrid Heating already offer comparable pricing to conventional gas heating, a gap poised to expand
- **Identified Risks:** Include market understanding, competition, and distribution strategies. Countermeasures / mitigations developed
- **Action Item:** Seeking green light to proceed with 2024+ proposal, with goal of reaching a higher growth scenario, positioning Sustain as a frontrunner in sustainable energy services for homes and businesses

Today's Focus

1. Recap key pillars of Business Plan shared in last discussion
2. Explore the financial drivers, assumptions and economics by product of the Sustain Business Plan
3. Review overall business plan scenarios and impacts on key financial metrics
4. Discuss roll-out activities and next steps

1

Recap key pillars of Business Plan shared in last discussion

Enbridge Sustain: De-risking and Growth Strategy

Enbridge Sustain is the response brought forward to an evolving energy landscape to uniquely differentiate the brand and create new risk adjusted utility-like returns in new energy transition markets

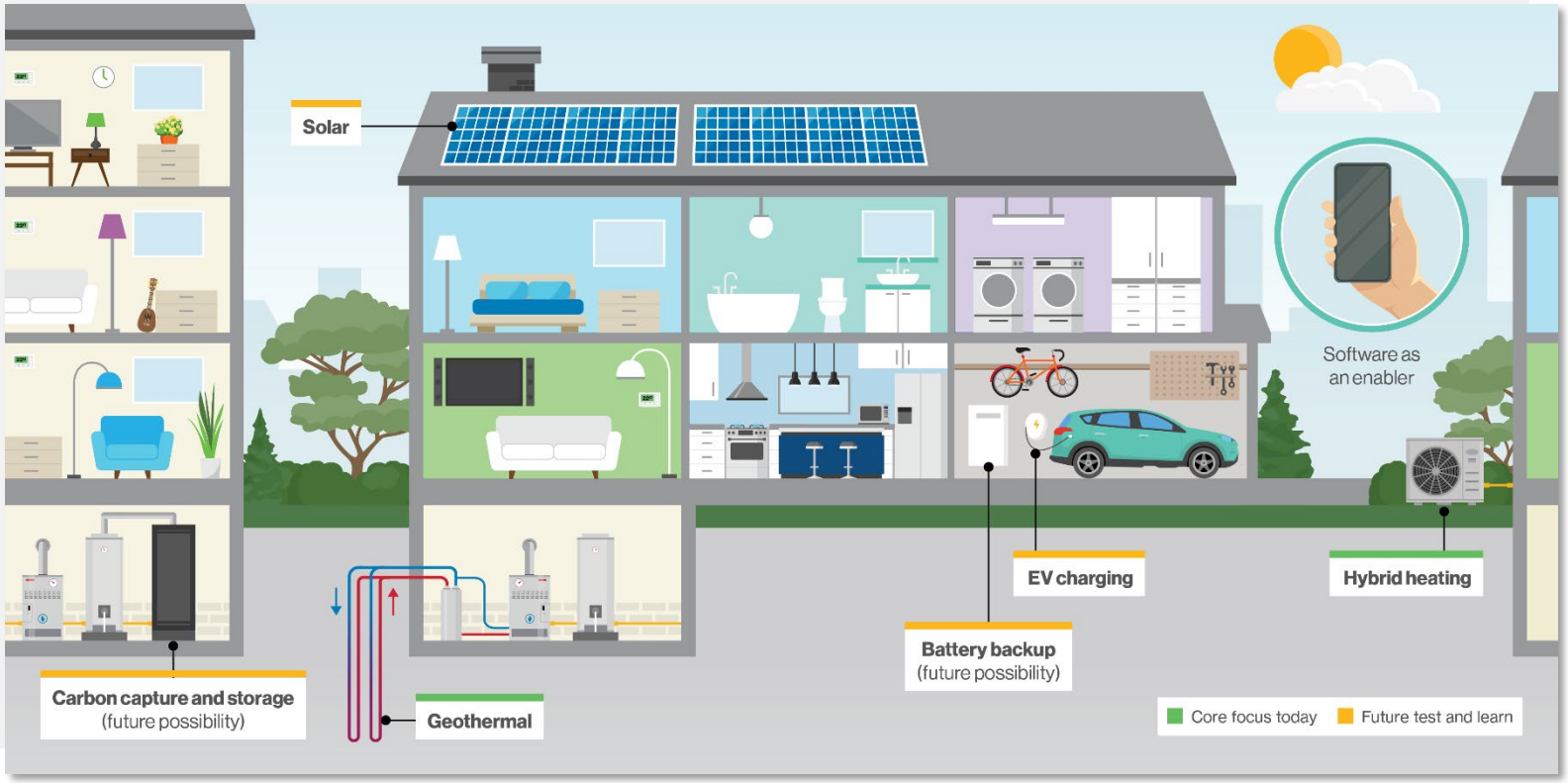
Vision

- Enbridge Sustain will be the **leading provider of choice for sustainable energy home** and business solutions in the geographies it serves.
- It will do so **by being a trusted advisor** that makes the transition to sustainable energy for your home and business **easy**.

Model

- Offer turnkey lease option with **no upfront cost at a fixed monthly fee**

Enbridge Sustain Will Own the (Sustainable) Home



Recall

Focusing Product Offering Initially On "Safe Bets"

Enbridge Sustain is placing its near-term focus on "Safe Bets[1]" that generate risk-adjusted utility-like returns, leverage commercially available technologies, show high market potential, and face no major barriers to scaling

> Core Focus and Investment

> What's Next: Test and Learn

	Hybrid Heating	Geothermal	Distributed Solar	Battery Storage	EV Charging
Product Suite					
Technology Maturity	**Established** with continued **innovation**	**Established** with focus on **efficiency** improvements	**Established** with focus on **efficiency** improvements	**Established** with focus on **efficiency** improvements	**Maturing** with emphasis on **interoperability**
Market Stage in Ontario	**Growth** Phase	**Introduction** Phase	**Introduction** Phase	**Introduction** Phase	**Introduction** Phase
Objective	Stabilize potential gas losses, kickstart growth by **attaching Enbridge to the great heat pump migration[2, 3]**	Create a **utility-like stream of energy revenue** to compliment or replace natural gas customers	Ready ourselves for launch into the **distributed energy market**.=		Installing & leading commercial / multi-residential **EV chargers that bill individuals**

Source: 1) Canadian Climate Institute, 2) NYTimes, Feb '23, Heat Pumps Outsold Gas Furnaces in 2022, 3) Ontarians interest online in heat pumps has grown by 5x in 8 years, with the bulk of that growth in the past 2 years.

Developing a Product Suite for Key Segments

Enbridge Sustain product categories are poised for considerable growth over the next 10 years in industries where a market leader has yet to be established.

		Core Focus and Investment		Test and Learn	
Product Suite		**Hybrid Heating** 	**Geothermal** 	**Solar** 	**EV Charging** 
Ontario Market Size (homes)[1]	2023	350k	160k	30k	118k
	2033	1.55M (16% CAGR)	255k (5% CAGR)	96k (9% CAGR)	1.03M (22% CAGR)
Target Segments	Resi.	**Primary**		Secondary	
	C&I	**Primary**	**Primary**	Secondary	Secondary
	Builders		**Primary**		Secondary
Competitive Landscape		Fragmented (Two largest players are estimated to have < [redacted] share of HVAC combined)	Fragmented	Fragmented	Fragmented

Source(s): Hybrid Heating: Based on annual equipment turnover in Ontario / Geothermal: Pathways to Net Zero Report – Commissioned by Enbridge/ Solar: OEB Ontario Distributed Energy Resources Impact Study/ EV Charging: WoodMac Energy Residential (Level 2) EV Charging in Canada with proxy for Ontario

Recall

Securing Market Share

Enbridge will use its differentiated value proposition position and brand trust to secure market share versus other broad categories of players

Enbridge Sustain is well positioned to capture market share in its target product categories because of several key factors:

Customers trust our brand

Scale and **brand awareness**

Ability to provide differentiated & competitive **suite of solutions**

Established **reputation**

Relationships with builders / other potential customers in space

The value proposition of Sustain is differentiated versus each competitor category

Competitive Group	Large Heating & Cooling Service Providers	Low Carbon Leaders in near Markets	Regional Equipment Installers	Original Equipment Manufacturers	Product Category Specialists	Local Distribution Companies
Limitations versus Sustain	Limited low carbon and energy expertise	Low local brand recognition	Limited ability to offer "as-a-service »	"Just the equipment"	No bundle value	Limited sales expertise

Why Enbridge Sustain?

Enbridge Sustain is a de-risking and growth strategy to differentiate the brand and create new risk adjusted utility-like returns in anticipation of different energy transition scenarios

Business Context

- Enbridge Sustain is the strategic response to maintain Enbridge's position as **first-choice energy provider to customers and shareholders alike**
- Enbridge Sustain will **complement Gas Distribution** by addressing key customer segments that are looking to **reduce their GHG emissions and cut costs**
- Near-term focus will be placed on "Safe Bet" technologies that **generate risk-adjusted, utility-like returns**, are commercially available, and show high potential for scaling
- Launching Sustain in 2024 is a **preemptive de-risking measure** should the energy transition accelerate in line with 2030 policies
- Sustain has the potential to grow revenue for Enbridge by [redacted] while protecting gas assets within the utility

Policy Context

Federal Government	
Canada	*Net-zero energy ready new construction by 2030[1], net zero emissions by 2050*
Provincial Government	
Ontario	*Increase harmonization between Ontario Building Code and National Codes[2]*
Municipal Governments	
Toronto, Vaughan, Halton Hills, Brampton	*Green Development Standards (GDS) advance near-zero emissions new construction as soon as 2030[3]*

Source(s): [1]Government of Canada, [2]Ontario's Regulatory Registry, [3]TransformTO Net Zero Strategy

2

Explore the financial drivers, assumptions and economics by product of the Sustain Business Plan

Introduction to Key Financial Drivers

Overall, the Enbridge Sustain financial model is capital-driven, with operating expenses that are scalable with the business

Key **Financial** Drivers

- **Revenue is capital-driven**. Enbridge Sustain makes money through the financing of capital and services that provide energy to homes and businesses through long-term contracts
- **99% of capital expenses are incurred on guaranteed revenues.** Capital is driven almost exclusively by the equipment and installation costs required to provide that energy (99%) and IT enhancements (< 1%) to operate the business. Expenses are only incurred once a customer is confirmed, i.e. signed customer contract (retrofit) or Letter of Intent from builder (new construction)
- **Operating expenses are scalable.** The majority of operating expenses are scalable, based on our ambition and customer acquisition success (i.e. there are easy offramps)
- **The Operating Model** reflects the need to market and sell a new Sustain brand to secure a strong market position

Operating Model Related Drivers

Marketing	Sales	Design & Installation	Service and Maintenance	Customer Management
Marketing costs are required and are heavier upfront to drive awareness of brand and to kickstart growth	Sales is currently done through a combination of in-house (commercial) sales reps and partnerships	Partners will be relied upon to drive the equipment installation process throughout the duration of site construction and execute service calls in support of ongoing customer care		

Commercial Model by Product

Each Sustain product is currently supported through a partnership model, each with a long-term contract that generates greater than (risk-adjusted) utility-like returns

	Product Category	Primary Sales Channel[1]	Primary Target Market	Contract Term[2]	Revenue Drivers	Capital Expenditures	Operating Costs
> Core Focus & Investment	**Hybrid Heating (HVAC)**	Dealer Partners	Single family home retrofit	15-year lease contract	Royalty on value of install ([redacted] Monthly lease contract revenue	• Equipment and installation costs • Dealer incentive fee	• Acquisition cost – upfront expense for sales and marketing efforts • Labour – core functional groups to manage all operations • Cost-to-serve – customer/contract management including billing, collections, bad debt • Service/maintenance of equipment – outsourced to Dealer Partners
	Geothermal Loop/Energy	Enbridge Sustain Sales team	Multi-residential new construction	40-year energy purchase agreement	Monthly energy charge	• Drilling, equipment and installation costs • Connection costs and mechanical room	
	Geothermal Heat Pump			20-year lease contract	Monthly lease contract revenue		
> What's Next	**Solar Panels**	Dealer Partners	Single family home & commercial retrofit	25-year lease contract	Monthly lease contract revenue	• Equipment and installation costs • Dealer incentive fee	
	EV Charging	Dealer Partners	Multi-residential retrofit	20-year contract for exclusivity rights 10-year lease contract on equipment	Monthly lease contract revenue Variable charge to recover power costs	• Equipment and installation costs • Utility connection / infrastructure costs	

Note(s): [1]Based on current distribution models; [2] Some contract terms vary depending on equipment warranty/life

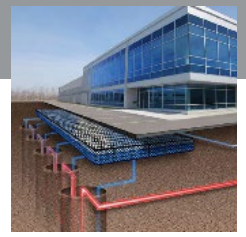
Competitiveness of Geothermal/Hybrid Heating

ENBRIDGE Sustain

Financial assumptions are based on Geothermal and Hybrid Heating being comparably affordable to conventional heating alternatives

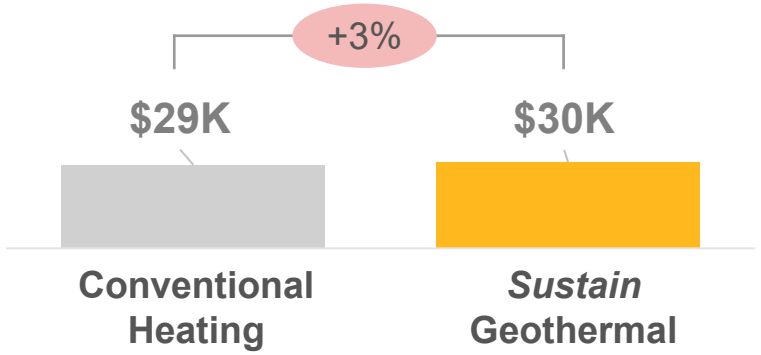
> Core Focus & Investment

Geothermal



Geothermal has a comparable lifetime and monthly cost of ownership to conventional heating

Monthly Cost Comparison (1st Month)



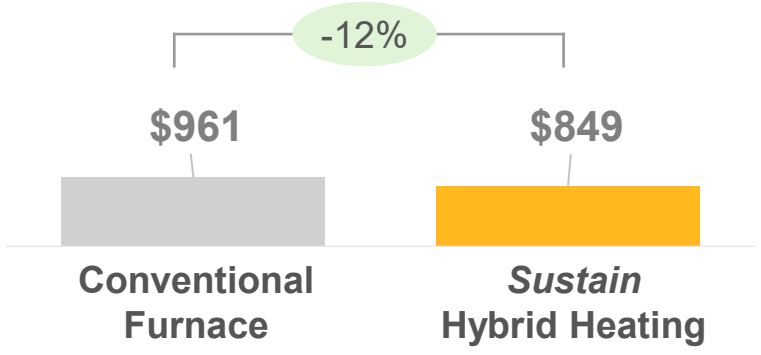
Key Details

- Based on 375 unit multi-residential condo we bid on
- Utility savings only represent half of savings; remaining savings come from reduction in capital and replacements costs of conventional equipment

Hybrid Heating

Hybrid Heating is already more affordable than a gas furnace only scenario

Annual Cost Comparison (2023)



Key Details

- Based on a 2,500 square foot house experiencing Toronto weather and using current utility rates
- Price is competitive with $65/tonne of CO_2e and gets incrementally more attractive on pathway to 2030

Note(s): Bottom-up estimate is available in Appendix. Costs include upfront capital, ongoing maintenance, and associated utility charges

Geothermal Project Economics

Geothermal revenues are earned over long-term contracts in a utility-like model

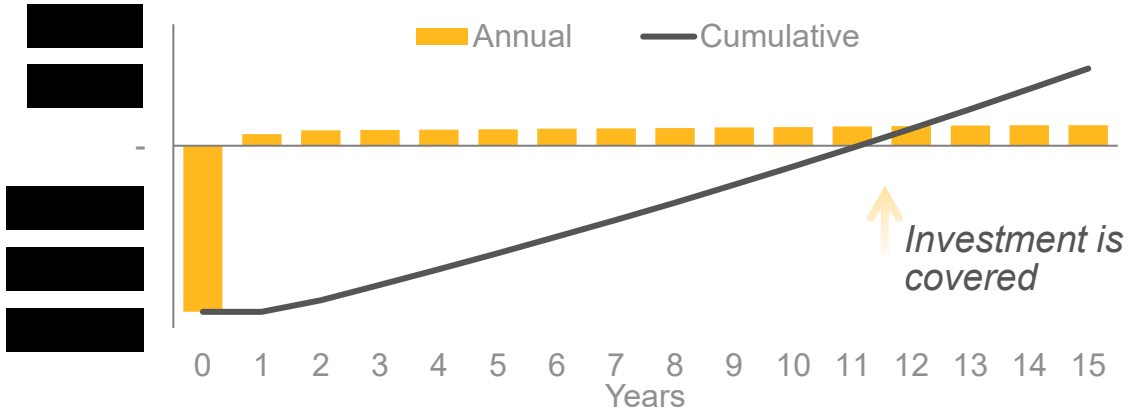
Geothermal projects earn a target rate of return at competitive market rates under a utility-like model

- **Capital expenses upfront**
  - **Energy source:** drilling, laterals, and heat exchanger, [redacted] per customer (40-year contract)
  - **Heat pump unit:** [redacted] per customer (20-year contract)
- **Revenue streams during term**
  - **Energy contract:** monthly fixed price with annual escalator of CPI[1] up to 4% over 40 years
  - **Equipment contract:** monthly lease contract revenue with built in annual price increase

***Customized Pricing**: Geothermal deals are all customized based on the size and demands of the building.*

Sample Geothermal Project Economics

[redacted] *initial investment*



Key Details

- Revenues are earned throughout life of contract and secured by the asset contract
- Enbridge recoups initial investment during year 11

CPI: Consumer Price Index

Geothermal Revenue Drivers

Sustain will secure a [redacted]% share of the multi-residential market

Enbridge Sustain is assumed to immediately secure market share and continue its growth

- **Market Size:** [redacted]% of new multi-residential buildings are expected to adopt geothermal by 2030 [redacted] units annually)
- **Market Share:** assumed to take [redacted]% market share immediately, growing to [redacted]% by year 5

Additional Considerations

- **Goal is to deliver bundled solution** (energy + equipment), though some projects will be energy only where residents own equipment
- [redacted]

[redacted]

Hybrid Heating Project Economics

Hybrid heating revenues are through lease financing at competitive market rates

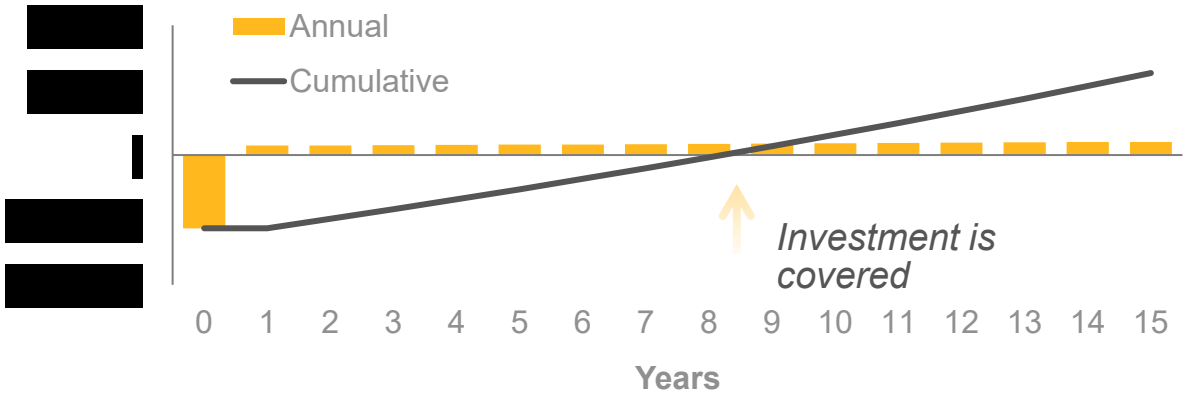
Hybrid heating projects earn desired DCFROE at competitive market rates for lease financing

- **Capital expenses upfront**
  - **Integrated heat pump + furnace:** [redacted] per customer
  - **Heat pump only:** [redacted] per customer
- **Revenue streams during term**
  - **Equipment contract:** monthly lease contract revenue with annual escalator of CPI[1] up to 4%
  - **Royalties:** [redacted]% of installation cost paid for by Dealer

***Existing incentives**: NRCan programs offer grants averaging $5k for heat pump installation, making this the most popular Greener Homes program*

Sample Hybrid Heating Project Economics

15-year term, [redacted] initial investment



Key Details

- Revenues are earned throughout life of contract and secured by the asset contract
- Enbridge recoups initial investment during year 8

CPI: Consumer Price Index

Hybrid Heating Revenue Drivers

Sustain would secure a [redacted]% share of retrofit and [redacted]% of new construction hybrid heating

Enbridge Sustain is assumed to immediately secure market share and continue its growth

- **Market Size:** [redacted]% of HVAC retrofit market is expected to be represented by hybrid heating within 4 years
- **Market Share:** assumed to capture [redacted]% market share of retrofit and [redacted] of new construction hybrid heating by year 5

Additional Considerations

- Enbridge Sustain is developing a market-differentiating hybrid heating control solution to enable customers to optimize for bill savings and sustainability
  - Collaborating with a start-up that has developed fuel-switching hardware
  - Partnering with TIS Lab to build cloud-based solution to integrate with customer equipment

[redacted]

Cross-product

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Overall Operating Expenses

Operating expenses include early investments and will scale as Sustain secures its market presence

Operating Expenses have been evaluated based on key categories and flex based on scale

- **Labour** – fixed based on functional organization structure growing as customer base increases
- **Marketing** – significant early investment evolves to variable with customer additions
- **3rd party service and maintenance** -- Outsource to installation dealer partners. Dealers receive revenue stream in contract but hold risk on repair volume
- **Other costs** include advisory services and IT licensing costs primarily

Cost-to-serve per customer can be used a comparison basis with Utility costs

- Significantly higher cost/customer to reflect smaller scale and to build in added risk buffer

Operating Expenses (in millions)

Cost Category	'24	'25	'26	'27	...	2030	...	2033
Comp & Benefits	21.0	29.6	37.3	41.1		49.7		55.5
Marketing / Acquisition	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]		[redacted]
Cost to Serve	0.2	1.5	4.4	9.2		29.4		56.1
Rent	1.2	1.7	2.1	2.3		2.7		3.0
Other	2.3	2.3	2.4	2.5		3.2		3.8
Sub-total	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]		[redacted]
3rd party Serv. & Maint	0.4	2.9	8.4	17.5		56.5		107.9
Total O&M	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]		[redacted]
FTEs	130	163	194	208		228		233

Cost-to-serve per Customer Comparison ($ per customer)

	Systems			Customer			Other			
	CIS	CRM & Web	Equip Soft.	Cust. Mgmt.	Back Office	Collect -ions	Billing & Pay	Bad Debt	Cont.	Total
Utility	3	1	n/a	10	5	5	3	4	0	**31**
Sustain	5	5	75	15	8	8	5	20	9	**150**

Subsidy Programs

Cross-product

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Sustain will be able to tap into incentives to offset expenses and improve project economics

Consumer side

Residential
(single family)

Hybrid Heating | Geothermal | Solar Panels

Home Efficiency Rebate Plus Program

• **Geothermal**	Up to $6,500
• Air source **heat pump** and/or **Hybrid Heating**	Up to $6,500
• **Solar panels**	Up to $5,000
• Energy Audit	$600

Commercial
(including multi-unit residential)

Cross-product

• Commercial Custom Retrofit Program	Up to $100,000
• Affordable Multi-Family Residential Program	Up to $200,000
• New Construction Energy Savings Programs	Incentives vary

Organizational side

Provincial Low Carbon Grants

- In addition to existing incentives, Sustain could pursue discussions with the **Provincial Government to evaluate avenues for additional government support** in promoting adoption of low carbon clean energy technologies.
- For example, this could take the form of **zero-interest or forgivable grants** to support the accelerated research & innovation needed to develop superior products.

The introduction of the **Clean Technology Investment Tax Credit**, offering up to 30% tax credits on eligible clean technology property, could be a significant boon to technologies being sold by Enbridge Sustain ($80B+ in expected funding)

Source(s): Home Efficiency Rebate Plus Program, Commercial Custom Retrofit Program, Affordable Multi-Family Residential Program, New Construction Energy Savings Program

3

Review overall business plan scenarios and impacts on key financial metrics

Financial Scenarios Modeled

A spectrum of operational scenarios were modeled to evaluate product roll-out and associated financial implications. The high range helps achieve a bolder vision for Sustain in rolling-out its products that will dictate financial, product and operating model implications

Growth Spectrum	Lower Growth	Higher Growth
Scenarios Modeled	Roll out of Sustain helps offset lost gas connection revenue and provides additional growth opportunities	Roll out of Sustain is achieved at greater pace and scale to become a **leading choice player across all product categories** pursued by Sustain
Key Implications		
Financials	**Lower** financial impact and budgetary needs	**Higher financial impact** and budgetary needs (ex: labor costs) – including M&A to fast-track capability building
Operating Model	**Requires heavier reliance on partners** across the value chain to drive outcomes	**Robust marketing & sales** with expanded distribution combining franchisees and direct sales
Risks	Reduced market share may lead to a limited ability to shape the market	Competitive & regulatory response / HVAC provider retaliation

Financial Implications of Roll-out Scenarios

ENBRIDGE Sustain

The full range of financial scenarios modeled yielded DCFROE of [redacted]% to [redacted]% and 10-year capital expenditures of [redacted] to [redacted] respectively

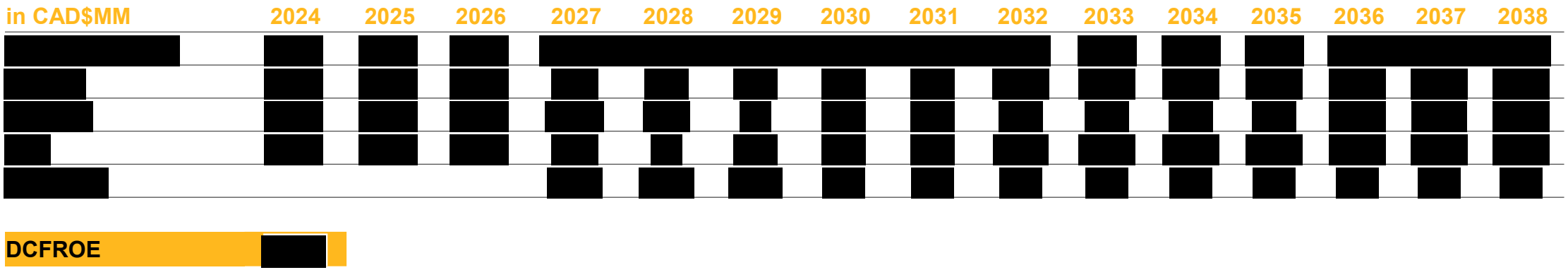
	Growth Spectrum	Lower Growth **Lower returns** and budgetary needs	Higher Growth **Higher** capital and opex needs
Key Financials	5 Year Capex (B,$) – cumulative 10 Year Capex (B,$) – cumulative	[redacted]	[redacted]
	5 Year Revenue (M,$) – cumulative 10 Year Revenue (B,$) – cumulative	[redacted]	[redacted]
	EBITDA in Year 10 (M,$) CAGR, Year 1 – Year 10	[redacted]	[redacted]
	DCF in Year 10	[redacted]	[redacted]
	DCFROE	[redacted]	[redacted]
	DCFROE[1] (including retained gas margin)	[redacted]	[redacted]
Assumptions	2024 Fixed O&M (M,$) 2028 Fixed O&M (M,$)	[redacted]	[redacted]
	Headcount / Labor	2024: ~95 (~30 variable) [redacted]	2024: ~130 (~50 variable) [redacted]
	Share of Hybrid Heating sales in yr. 5 Share of overall HVAC sales: in yr. 5	[redacted]	[redacted]

Note(s): [1]Assuming [redacted] of new customers who sign up for hybrid heating would have moved to [redacted] electric heating and cooling otherwise.
Variable = flexes up only with positive growth in the organization.

Overall Financial Summary (1 of 2)

A lower growth scenario was modeled, yielding a [redacted]% DCFROE and returning positive EBITDA in four years

Lower Growth Scenario Financial Summary

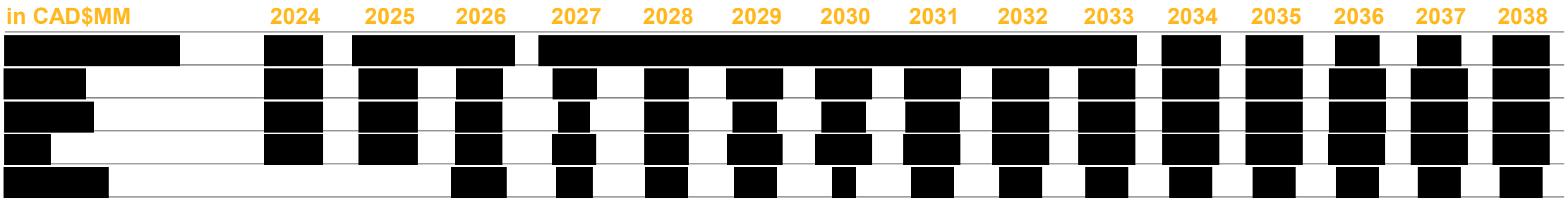


		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Cumulative
Gas Distribution Margin retained due to Hybrid Heating Program (Not included in financials above) **Based on % of customers assumed would move to 100% electrical heating & cooling**	10%	-	0.6	1.4	2.5	3.7	-	1.5	3.0	4.7	6.6	**8.2**
	20%	-	1.1	2.8	5.0	7.3	-	2.9	6.1	9.5	13.2	**16.4**
	30%	-	1.7	4.2	7.5	11.0	-	4.4	9.1	14.2	19.7	**24.7**
	40%	-	2.2	5.6	10.0	14.7	-	5.9	12.2	19.0	26.3	**32.9**
	50%	-	2.8	7.0	12.5	18.3	-	7.3	15.2	23.7	32.9	**41.1**
	60%	-	3.3	8.4	15.0	22.0	-	8.8	18.3	28.5	39.5	**49.3**
	70%	-	3.9	9.8	17.4	25.7	-	10.2	21.3	33.2	46.0	**57.6**
	80%	-	4.5	11.2	19.9	29.3	-	11.7	24.3	38.0	52.6	**65.8**
	90%	-	5.0	12.6	22.4	33.0	-	13.2	27.4	42.7	59.2	**74.0**
	100%	-	5.6	14.0	24.9	36.6	-	14.6	30.4	47.4	65.8	**82.2**

Overall Financial Summary (2 of 2)

A higher growth scenario was modeled, yielding a [redacted]% DCFROE and returning positive EBITDA in three years

Higher Growth Scenario Financial Summary



		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Cumulative
Gas Distribution Margin retained due to Hybrid Heating Program (Not included in financials above) **Based on % of customers assumed would move to 100% electrical heating & cooling**	10%	-	0.6	1.4	2.5	3.7	-	1.5	3.0	4.7	6.6	**23.9**
	20%	-	1.1	2.8	5.0	7.3	-	2.9	6.1	9.5	13.2	**47.9**
	30%	-	1.7	4.2	7.5	11.0	-	4.4	9.1	14.2	19.7	**71.8**
	40%	-	2.2	5.6	10.0	14.7	-	5.9	12.2	19.0	26.3	**95.8**
	50%	-	2.8	7.0	12.5	18.3	-	7.3	15.2	23.7	32.9	**119.7**
	60%	-	3.3	8.4	15.0	22.0	-	8.8	18.3	28.5	39.5	**143.7**
	70%	-	3.9	9.8	17.4	25.7	-	10.2	21.3	33.2	46.0	**167.6**
	80%	-	4.5	11.2	19.9	29.3	-	11.7	24.3	38.0	52.6	**191.6**
	90%	-	5.0	12.6	22.4	33.0	-	13.2	27.4	42.7	59.2	**215.5**
	100%	-	5.6	14.0	24.9	36.6	-	14.6	30.4	47.4	65.8	**239.4**

Financial Summary by Product Grouping

All products deliver returns better than the regulated business, with hybrid heating showing the highest growth

Higher Growth Scenario Financial Summary – Modelled by Product Groupings

	Scenario	All Programs	Hybrid Heating	Geothermal	Solar & EV
Key Financials	5 Year Capex (B,$) 10 Year Capex (B,$)	[redacted]	[redacted]	[redacted]	[redacted]
	EBITDA in Year 10 (M,$) CAGR, Year 1 – Year 10	[redacted]	[redacted]	[redacted]	[redacted]
	DCF in Year 10 (M,$)	[redacted]	[redacted]	[redacted]	[redacted]
	DCFROE	[redacted]	[redacted]	[redacted]	[redacted]

Financial Sensitivity Analysis

Sensitivity analysis reveals that removing the partner royalty and lowering the terminal value have the greatest impact to DCFROE

Sensitivity	Δ to [redacted] DCFROE	Commentary
No Royalty	[redacted]	• Royalty received from [franchisees / dealer partners] is reduced to [redacted]
Reduced Royalty		• Royalty received from [franchisees / dealer partners] is reduced to [redacted]
Volumes		• Hybrid Heating sales volumes reduced by 10% vs. base case
Volume & Royalty		• [redacted]
Terminal Multiple		• Assumes [2038] terminal multiple reduced to [redacted] EBITDA and increased to [redacted] EBITDA [redacted]
Fixed O&M		• Fixed Operating & Maintenance ("O&M") costs are increased and reduced by 10%
Assumed Cost of Debt		• Assumed cost of debt is increased by 1% [redacted]
Bad Debt Expense		• Incremental 1% of total revenues moving to bad debt

Key Risk Register

ENBRIDGE Sustain

High | Medium | Low

Risk	Commentary	Mitigant	Assessment
Market	• Market dynamics (e.g., size, share, players) are not fully understood, especially given a lack of publicly available data, leading to market expectation gaps	• Conduct ongoing primary research to validate market dynamics and refine model accordingly	
Competitive	• Competitive response could be vigorous – especially from large incumbents forcing a potential price war • Hybrid Heating Specific: Risk of entering a market with a sea of established players making it harder to break through • Brand acceptance: Enbridge is entering the HVAC business after ~25 years. Consumers may not accept it as a leading player in the market.	• Comprehensive marketing plan scaled to plan ambition and market findings • Reinforce value proposition and position Sustain differently in market to blunt pricing pressures • Develop & own underdeveloped niches (e.g. end-customer paid EV Charging for new condos) • Implement agile ways of working to combat threats head-on and immediately • Business model allows for some downward adjustment to price while still achieving better-than-utility returns	
Regulatory	• Continued pressure from intervenors could sway the OEB's hand for Sustain to exit or minimize its place in the market	• Move Enbridge Sustain into an affiliate • Continue to mobilize regulatory team to advocate in favour of Sustain's mission • Ensure all rules relating to ARC / undertakings are followed and audited and adequate training regularly given	

Key Risk Register

ENBRIDGE Sustain

High | Medium | Low

Risk	Commentary	Mitigant	Assessment
Distribution (Sales / Install)	• The distribution model selected by Enbridge is not sufficient to achieve desired outcomes • Inability to scale quickly (i.e. lack of franchise and/or partner buy-in, M&A availability, labour shortages) leading to lower than expected 2024 results • Oversupply of labour during non-peak periods	• Study distribution alternatives from partners to in-house to understand optionality for Enbridge Sustain • Create diversified multi-channel approach to win customers, inclusive of M&A • Scale external partners with seasonality. Operating model: pay per install/service only. • Reduce pressure on O&M by lowering headcount and marketing spend requirements accordingly	
Interest Rate Sensitivity	• Interest Rates will drive pressure on profits or price competitiveness	• Price Escalator “Consumer Price Index up to 4%/year built into contracts • Sustain can maintain a better-than-utility return even if [redacted] interest increase absorbed[1] • Business model allows for some downward adjustment to price while still achieving better-than-utility returns	

Note(s): [1]Model currently assumes [redacted] interest rate.

4

Next Steps

Roll-Out Activation & Key Milestones

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Several milestones need to be achieved over the next 12 months to support the Offensive Roll-out Plan

Offensive Scenario	Next **3 months** (Get Set…)	Next **6 months** (Get Ready…)	Next **12 months** (Go!)
Business Plan	• **Oct'23** – CEO endorsement of recommended roll-out scenario	**Ongoing** – **Evolving Business Plan into Operational Plan Rollout** (including ramp up of core team)	
Product Development	• **Nov'23** – Finalize partnership on private labelling agreement with HVAC OEM	• **Feb'24 - Hybrid-heating product launched** with differentiated controls	• **Apr'24** – Residential products and **sales/pricing packages are ready** for launch
Distribution & Sales	• **Nov'23** – **Tactical Marketing efforts are accelerated** to help uncover learnings • **Nov'23 - Partnerships with new dealers** for Geothermal and Solar products have been secured	• **Jan'24** – **Residential franchise network** or alternative sales/install model is under development • **Feb'24** – **Distribution Model** deep dive complete	• **Mar'24** – **New Construction Sales headcount** reaches 15 • **Q2/Q3** – **Full Scale Marketing Launch** to build awareness and support rapid growth
Enabling capabilities	• **Nov'23** – Updated **CRM requirements** to support all Dealer partnerships	• **Q4'23** – Begin process of setting up **agile ways of working**	• **Mar'24** – **Core TIS enhancements (Billing, My Account) are live** to support operational velocity

Asks & Next Steps

II. Asks

- Seeking alignment to current direction of Sustain Business Plan

I. Next Steps

• CEO Endorsement to proceed	**Oct ’23**
• Additional Partnerships with new dealers for Geothermal, EV, and Solar products secured	**Oct ’23**
• Distribution Deep Dive and Further M&A Assessment	**Feb ‘24**
• Launch of differentiated hybrid-heating controls	**Feb ‘24**
• Begin to create franchise network for residential sales	**Feb ‘24**
• Full TIS Readiness	**Apr ’24**
• **Full Marketing Launch**	**Q2/Q3**

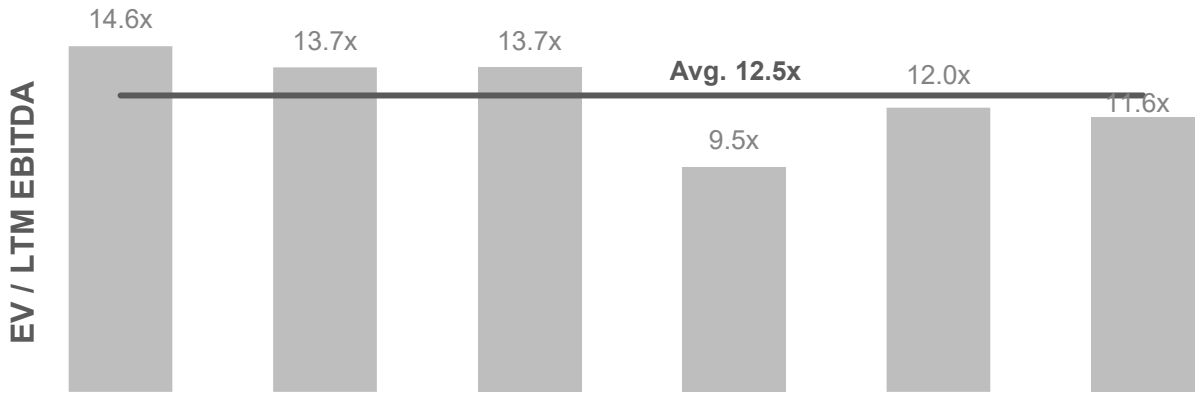
5

Appendix and additional details

1. Precedent Transactions
2. External Financing Considerations
3. Other slides

Appendix – Precedent Transactions

Canadian Precedent Transactions: HVAC



Date	Aug-18	Mar-17	Mar-16	Jul-14	Jun-14	Apr-07
Target	enercare	Reliance home comfort	ServiceExperts	Direct Energy OHCS	National Energy Corp	ue waterheater income fund
Acquirer	Brookfield Infrastructure Partners	CKP / CKI	enercare	enercare	Reliance home comfort	ALINDA
Enterprise Value ($K)	C$4,300	C$4,574	US$321	C$550	C$505	C$1,740
Target Description	Water heaters, HVAC, water treatment, and other services across N.A.	Water heaters, HVAC and other services across Canada	HVAC service and repair and related services in ~30 states	Water heaters, HVAC and other services in ON	Water heaters and HVAC services primarily in ON and QC	Water heater services across ON
Country						

Majority of these Canadian HVAC providers (eg. Enercare, Reliance) **have more significant water heater businesses** (vs HVAC)

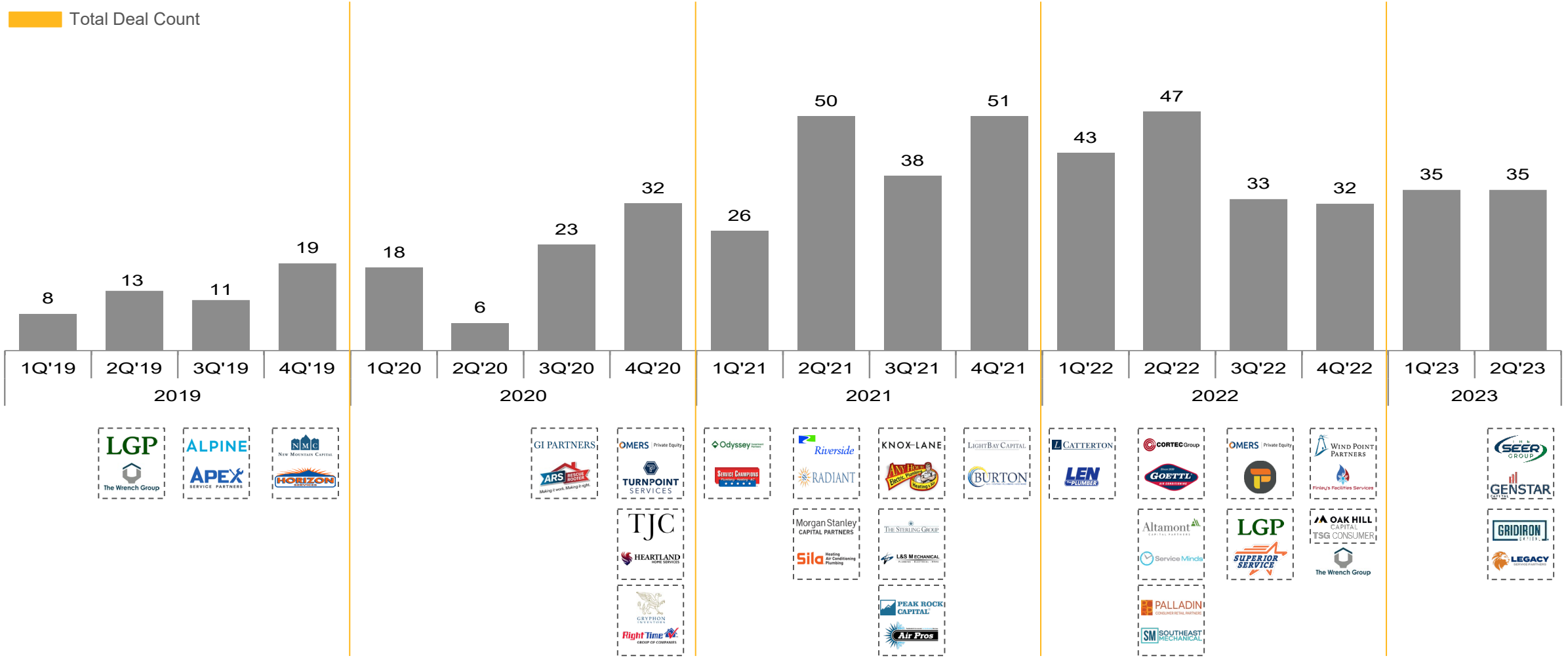
Commentary

- **Transaction multiples have risen steadily** over time with an **average of ~12.5x EV/ LTM EBITDA** and the three **most recent transactions >13.7x**
- **All companies have full-HVAC and water heater product offerings.**
- **Limited public precedent transaction metrics available:** Cricket/Vista, Enercare/Hydrosolutions, and Vista/ICON do not have financial terms disclosed
- **Historically, buyers have generally been either**:
  1) **Industry consolidators** (eg. Enercare/Reliance)
  2) **Private capital** (Brookfield/CKI/Alinda); expect the trend to continue as future opportunities arise

Note(s): [1]2018 EBITDA multiple. Reflects transactions with disclosed financial information only
Source: Capital IQ, Dealogic, press releases, public announcements and regulatory filings

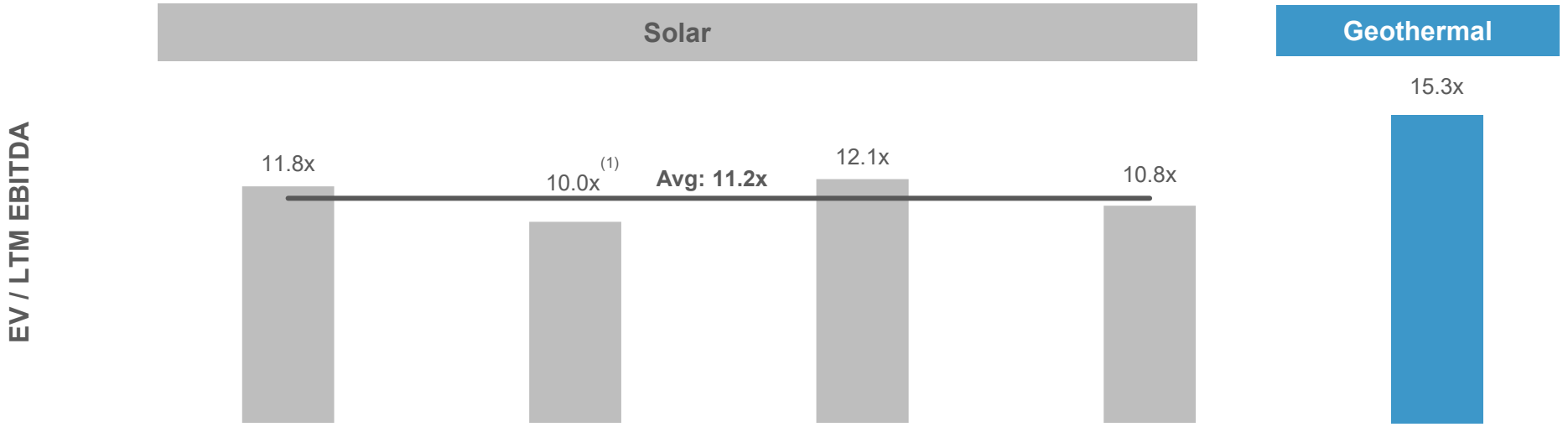
US HVAC Consolidation

Quarterly HVAC Deal Volume [1]



Note(s): [1] Based on Plumbing, Heating, and Air-Conditioning Contractors industry, which includes residential and commercial
Source: FactSet, press releases, other public sources

Precedent Transactions: Res. Solar & Geothermal



Date	Sep-2022	Nov-2021	Oct-2021	Aug-2015	Jun-2014
Target	spruce	SUNPRO	BLUE RAVEN SOLAR	Elite Solar	WaterFurnace
Acquirer	XLFleet	ADT	SUNPOWER	sunworks Solar Power	NIBE INDUSTRIER
Enterprise Value ($ millions)	US$600	US$825	US$165	US$8	US$323
Target Description	Owns and operates a portfolio of residential rooftop solar assets across 16 states	Designs, sells, installs and maintains residential and commercial solar power systems across 22 states	Designs, installs and maintains residential solar power systems across 18 states	Designs and installs solar power systems for residential and commercial applications	Designs, manufactures and distributes geothermal and water source heat pumps for residential and commercial clients globally
Country					

Commentary

- Solar and Geo are both relatively **immature markets,** leading to limited public precedent transactions.
- Note that **Sunrun purchased Vivint Solar for $3.2B in 2020** but Vivint's EBITDA was negative so it was excluded here. Expectation was that synergies would drive growth.
- **Buyers range from other solar players, home security, and HVAC.**

(1) Based on NTM EBITDA

Note: Reflects transactions with disclosed financial information only

Source: Capital IQ, Inframation News, MergerMarket, Pitchbook, press releases, public announcements and regulatory filings

Appendix – External Financing Considerations

External Financing Considerations

Range of Options with Critical Scale

- Potential to access a range of external funding sources including **asset-level financing or bringing on an equity partner**
  - **Asset Level Financing:**
    - Sustain's industry peers (e.g. Brookfield / Enercare) have moved to an asset-backed securitization financing model
    - Allowed them to **push leverage higher (e.g. >6x D/EBITDA)** while **accelerating payback of their capital**
  - **Equity Partner:**
    - Consider a sell-down of our equity interest (potentially with a promote / earn-out structure)
    - Would provide partner capital to fund growth – may be attractive source of capital given precedent multiples
- Need to achieve critical scale (ie. Assets > [redacted] with the commercial model proven out in order to pursue alternate financing structures

Asset-Backed Securitization Double-Click

- Operating company level financing structure where assets are dropped into a non-recourse financing vehicle
  - Securitization lenders have first call on cash-flows
  - Borrowing is scalable such that new lease contacts can be added so long as eligibility criteria is met
  - Proceeds based on advance rate equal to a percentage of the NPV of the cash flows of the lease contracts
- Preliminary considerations
  - Higher leverage capacity may not be beneficial if balance sheet fully consolidated (might be worthwhile pursuing in combination with a sell-down to a partner)
  - Enbridge parent financing costs may be advantaged vs. securitized rates

Potential to explore additional financing structures in the medium-term once critical scale achieved

Appendix – Other Support

Enbridge Sustain Distribution Models

The distribution model will need to be established and calibrated with the ambition – combining models may allow for most control and market coverage

Increased control

Models	Description	Enbridge's Role	Considerations
Dealer Partners	Authorized independent Dealers offer Sustain **lease agreement options**	• Brand marketing & awareness • Product access, IP & development • lease program & customer management	• Limited understanding of **true market capacity** to meet offensive sales targets • **Limited control** over experience with criticality to high quality dealer partners
Franchises	Franchisees **license Sustain brand** and pay royalties to access full suite of products and marketing tools	*Same as Dealer Partners and:* + Franchise playbook and operational know-how + Franchisee quality reviews	• **Higher control** over experience and service delivery • "Sustain model" value proposition has yet to be proven to support upfront fees
In-house Sales	Sustain **conducts sales** and Dealer/Partner performs install and maintenance	*Same as Dealer Partners and:* + Customer acquisition (marketing to contract signing)	• **Material O&M impacts** to build sales capability • **Complete control over sales** activities and targets
Full Integration	Enbridge **owns and operates** all aspects of the value chain	• Acquire and/or organically build geographic coverage • All functions (sales to maintenance)	• **Material O&M impacts** to build distribution capabilities • **M&A could be considered to acquire capabilities for a premium** • Complete control over end-to-end experience • Ability to leverage enterprise systems to optimize asset and work management

Combination of models by scenario

- Defensive
- Balanced
- Offensive

Financials by Product Grouping – By Year (1 of 4)

ENBRIDGE Sustain

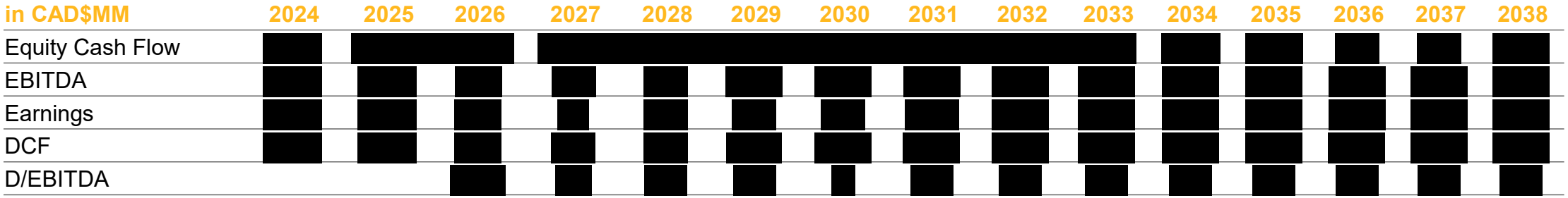
> Offensive

Financials by Product Grouping – By Year (2 of 4)

ENBRIDGE Sustain

The Offensive scenario financials yield a [redacted] DCFROE, returning positive EBITDA in three years

> Offensive



DCFROE [redacted]

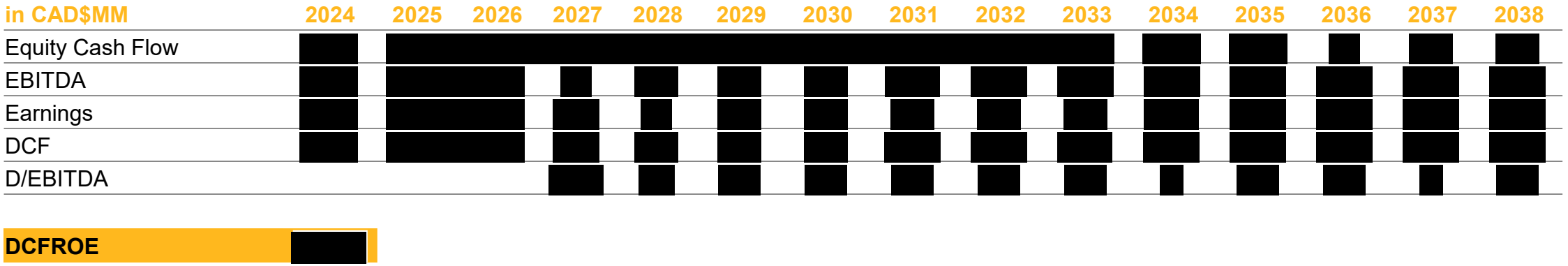
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Cumulative
Gas Distribution Margin retained due to Hybrid Heating Program (Not included in financials above) **Based on % of customers assumed would move to 100% electrical heating & cooling**	10%	-	0.6	1.4	2.5	3.7	-	1.5	3.0	4.7	6.6	**23.9**
	20%	-	1.1	2.8	5.0	7.3	-	2.9	6.1	9.5	13.2	**47.9**
	30%	-	1.7	4.2	7.5	11.0	-	4.4	9.1	14.2	19.7	**71.8**
	40%	-	2.2	5.6	10.0	14.7	-	5.9	12.2	19.0	26.3	**95.8**
	50%	-	2.8	7.0	12.5	18.3	-	7.3	15.2	23.7	32.9	**119.7**
	60%	-	3.3	8.4	15.0	22.0	-	8.8	18.3	28.5	39.5	**143.7**
	70%	-	3.9	9.8	17.4	25.7	-	10.2	21.3	33.2	46.0	**167.6**
	80%	-	4.5	11.2	19.9	29.3	-	11.7	24.3	38.0	52.6	**191.6**
	90%	-	5.0	12.6	22.4	33.0	-	13.2	27.4	42.7	59.2	**215.5**
	100%	-	5.6	14.0	24.9	36.6	-	14.6	30.4	47.4	65.8	**239.4**

Financials by Product Grouping – By Year (3 of 4)

ENBRIDGE Sustain

The Balanced Scenario Financials yield a [redacted] DCFROE, returning positive EBITDA in three years

> Balanced



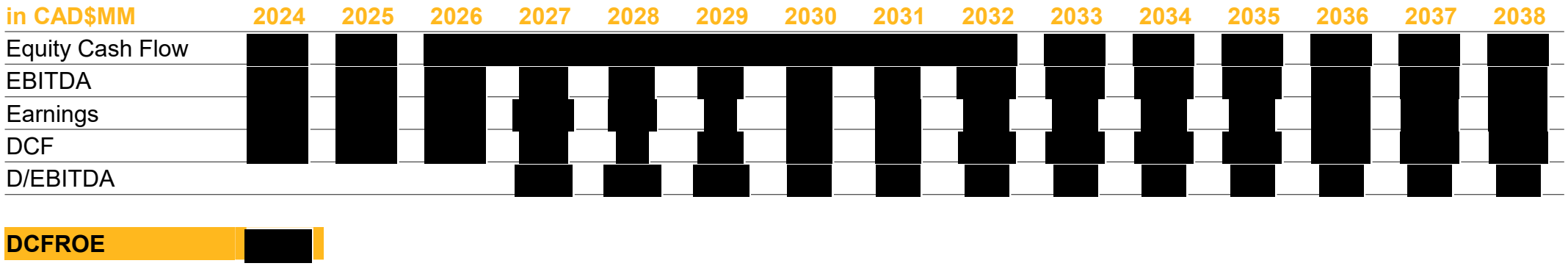
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Cumulative
Gas Distribution Margin retained due to Hybrid Heating Program (Not included in financials above) **Based on % of customers assumed would move to 100% electrical heating & cooling**	10%	-	0.6	1.4	2.5	3.7	-	1.5	3.0	4.7	6.6	**8.2**
	20%	-	1.1	2.8	5.0	7.3	-	2.9	6.1	9.5	13.2	**16.4**
	30%	-	1.7	4.2	7.5	11.0	-	4.4	9.1	14.2	19.7	**24.7**
	40%	-	2.2	5.6	10.0	14.7	-	5.9	12.2	19.0	26.3	**32.9**
	50%	-	2.8	7.0	12.5	18.3	-	7.3	15.2	23.7	32.9	**41.1**
	60%	-	3.3	8.4	15.0	22.0	-	8.8	18.3	28.5	39.5	**49.3**
	70%	-	3.9	9.8	17.4	25.7	-	10.2	21.3	33.2	46.0	**57.6**
	80%	-	4.5	11.2	19.9	29.3	-	11.7	24.3	38.0	52.6	**65.8**
	90%	-	5.0	12.6	22.4	33.0	-	13.2	27.4	42.7	59.2	**74.0**
	100%	-	5.6	14.0	24.9	36.6	-	14.6	30.4	47.4	65.8	**82.2**

Financials by Product Grouping – By Year (4 of 4)

ENBRIDGE Sustain

The Defensive Scenario Financials yield a [redacted] DCFROE, returning positive EBITDA in four years

> Defensive



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	20%	-	1.1	2.8	5.0	7.3	-	2.9	6.1	9.5	13.2	**16.4**
	30%	-	1.7	4.2	7.5	11.0	-	4.4	9.1	14.2	19.7	**24.7**
	40%	-	2.2	5.6	10.0	14.7	-	5.9	12.2	19.0	26.3	**32.9**
	50%	-	2.8	7.0	12.5	18.3	-	7.3	15.2	23.7	32.9	**41.1**
	60%	-	3.3	8.4	15.0	22.0	-	8.8	18.3	28.5	39.5	**49.3**
	70%	-	3.9	9.8	17.4	25.7	-	10.2	21.3	33.2	46.0	**57.6**
	80%	-	4.5	11.2	19.9	29.3	-	11.7	24.3	38.0	52.6	**65.8**
	90%	-	5.0	12.6	22.4	33.0	-	13.2	27.4	42.7	59.2	**74.0**
	100%	-	5.6	14.0	24.9	36.6	-	14.6	30.4	47.4	65.8	**82.2**

Competitive Pricing Comparison

	enercare®	Reliance home comfort™	ENBRIDGE Sustain
Hybrid Heating package purchase price	$15,601	$15,399	$15,500*
Monthly lease installment	**$201**	**$204**	**$198**
Maintenance/Service (bundled in lease price)	$26	~$30	$30
First year installment as % of purchase price	13.5%	13.6%	12.9% (based on [redacted] DCFROE)
Notes	• Maintenance and service inferred from lease price less Finance • 2022 price book	• Details not available to determine maintenance/ service • 2022 price book	• Assumes Enbridge Dealers (franchises) can match installed price from Enercare/Reliance • Service/maintenance based on negotiated price with Aecon/Hayter

Geothermal Sample Proposal

Geothermal

ENBRIDGE Sustain

[redacted] in the heart of Downtown Toronto, is considering Sustain's geothermal solution

Buyer Insights

Motivators:

- Capital cost savings
- Space savings (want to eliminate chillers)

Concerns:

- Site area low compared with size of building

Project Details

Civic address	[redacted]
Site Area	23,457 ft^2
Gross floor area	293,600 ft^2
Units	[redacted]

Geothermal

Project Cost Comparison: Geothermal

Cost Comparison: Geothermal vs Conventional Heating

Monthly Cost Comparison	Conventional	Enbridge Geo
Utilities (2027)	$19.9 K	$14.8 K
Maintenance	$1.6 K	Incl.
Reserve fund (equipment replacement)	$7.5 K	N/A
Enbridge fee	N/A	$15.2 K
Total	**$29.0 K**	**$30.0 K**

Lifetime Cost Comparison	Conventional	Enbridge Geo
Upfront cost (boilers, chillers)	$1.1 M	N/A
Equip maintenance	$1.3 M	N/A
Equip replacement	$1.8 M	N/A
Utilities	$19.5 M	$11.6 M
Enbridge fee		$11.0 M
Total	**$23.7 M**	**$22.6 M**

Assumptions

- First year cost within 3% of conventional
- Enbridge fee higher than usual due to 4-year construction timeframe
- Comparable lifetime cost of ownership
- Utility savings only represent half of savings; remaining savings come from reduction in capital and replacements costs of conventional equipment

Project Cost Comparison: Hybrid Heating

Cost Comparison: Hybrid Heating vs Conventional Heating

Carbon price $65 / tonne CO_2e (2023)

Scenario	Gas consumption	Electricity consumption	Gas cost	Electricity cost	Total cost
Gas furnace only	2,010 m^3	525 kwh	$ 905	$ 57	$ 960
Gas furnace + heat pump	930 m^3	3,985 kwh	$419	$ 430	$ 850
Difference	-1,080 m^3	3,460 kwh	-$486	$ 374	- $ 110
% Change	-54%	659%	-54%	659%	-12%

Carbon price $170 / tonne CO_2e (2030)

Scenario	Gas consumption	Electricity consumption	Gas cost	Electricity cost	Total cost
Gas furnace only	2,010 m^3	525 kwh	$ 1,341	$ 57	$ 1,397
Gas furnace + heat pump	260 m^3	7,248 kwh	$173	$ 783	$ 956
Difference	-1,750 m^3	6,723 kwh	-$1,167	$ 726	- $ 441
% Change	-87%	1281%	-87%	1281%	-32%

Assumptions

- Based on 2,500sqf home, with Toronto heat load and weather
- Design heat loads:
  - 60,000BTU/hr heating
  - 2.5-ton cooling
- Equipment efficiency:
  - Gas furnace: 95%
  - Heat pump: 3.7 coefficient of performance (COP) at 47F
- Heat pump combined with auxiliary electric resistance back up heat
- Utility rates:
  - Gas: $0.45/m3
  - Electricity:
    - On peak: $0.151/kwh
    - Mid peak: $0.102/kwh
    - Off peak: $0.074/kwh)
    - + $0.02/kwh regulatory + transmission

Supporting TIS Investment

A combination of foundational and innovation application investments have been planned

	Foundational Applications Essential applications for an organization to operate and support core functions and processes	Innovative Applications Creative software that introduces new solutions and unique features to address needs or challenges	Budget
2023	• Customer Relational Management (CRM) "Light" • Customer Information System (CIS) • Website • MyAccount • Dealer Portal	• Electric Vehicle (EV) Charger Software • Smart Hybrid Heating Controls	$5.5 M
2024	• Customer Interaction Platform • Work & Asset Mgmt. System (WAMS), with GIS • Enterprise CRM • Marketing Platform • Consent & Preference Management Centre	• Enhanced EV Charger App • Enhanced Smart Hybrid Heating Control • Unified Enbridge Sustain App	$9 M
2025	• [redacted]	• [redacted]	[redacted]
2026	• [redacted]	• [redacted]	[redacted]
2027+	• [redacted]	• [redacted]	[redacted]

Capital Allocation Committee

Investment Review

December 11, 2023

ENBRIDGE

Agenda

MEETING LOGISTICS: Dial-In provided in Meeting Invite for all locations

	BU / Project	Presenter	Time (MST)
	Commence Meeting / Opening Remarks	**Falyne Chave**	**8:00 am**
Approval	**CAC Members Only** • Project Multiply	Juan Miguel Bermudez	8:00 am
Approval	**GDS** • GDS Sustain	Mark Irvine, Darren McIlwraith	8:15 am
	Closing Remarks	**Falyne Chave**	**8:30 am**
		NEXT MEETING: January 15, 2024	

Enbridge Sustain

Capital Allocation Committee

December 11, 2023

Purpose: *Seeking Stage 3/IRC approval for up to [redacted]M in capital to support Enbridge Sustain business*

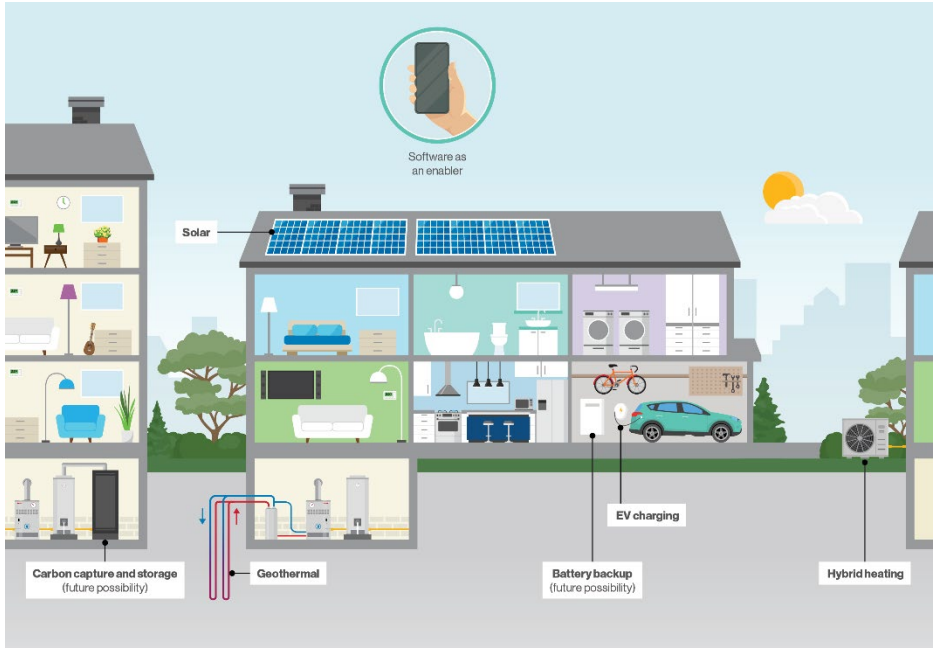
Next Steps: *Receive CAC stage 3 approval and subsequently seek ULT approval for up to [redacted]M*

ENBRIDGE

Background and Executive Summary

- In December ’22 Enbridge Sustain soft launched, delivering on an October ‘21 BoD approval to explore retail energy and home services space and to prepare a business plan.
- Since then, key drivers are further accelerating the energy evolution and signals of change have started in Ontario, leading to further uncertainty on gas growth. GDS has already documented 20k+ known new customer connections lost to low carbon alternatives over the next 3 years. Builder feedback suggests that will grow.
- Sustain is a de-risking and growth strategy brought forward in response to the evolving energy landscape to:
  - Insulate the gas business against potential future losses
  - Uniquely differentiate the brand and create new risk adjusted utility-like returns in new energy evolution markets
  - Be the leading provider and trusted advisor for sustainable energy building solutions, creating goodwill for Enbridge Inc.
- Priority Products: Residential Hybrid Heating and Multi-unit Geothermal

Enbridge Sustain Will Own the (Sustainable) Home



- Profits are sourced from financing capital & serviced via long-term contracts. Major costs include equipment and installation and only incurred on contracted revenues.
  - Business model offers turnkey rental options to homeowners with no upfront cost at a fixed monthly fee, similar to Ontario’s existing water heater rental market
- Opportunity Funnel: With minimal marketing and sales spend, Sustain already has [redacted] capex in the pipeline, with other large deals on the horizon.

Sustain is seeking approval for up to [redacted] M in unbudgeted capital in 2024 to drive future growth and retain gas assets within GDS

Gas Connections Continue to Face Headwinds

Building Code changes will encourage and/or mandate limiting new gas connections in Ontario. Our list of known buildings moving away from gas continues to grow. Heat pump adoption increasing.

Policy Context

Federal Government

Canada

- Net-zero energy ready new construction by 2030[1].
- Gas, without hybrid heating only allowed at lower levels
- Clean Technology Investment Credit (est. ~$20B) to launch, strongly incentivizing non-gas alternatives

Provincial Government

Ontario

- Ontario to adopt building code by 2026
- Provinces can select the level of GHG performance. It is not yet known what level Ontario will select.

Municipal Governments

TORONTO, VAUGHAN, HALTON HILLS, BRAMPTON

- Green Development Standards (GDS) advance near-zero emissions new construction applications by 2028[3]
- Large buildings need to implement emission performance standard by 2026.

Energy Transition Impact Updates

- Sustain quoting geothermal on condos with 16k multi-dwelling units
- Some of largest builders entertaining geothermal quotes for every project

- ~70k Ontario heat pump rebate applications under Greener Homes expected
- Advancements in hybrid heating controls will make a gas-heat pump combo the most affordable solution

- Source(s): [1]Government of Canada, [2]Ontario's Regulatory Registry, [3]TransformTO Net Zero Strategy

Project Description

Scope	**Part 1:** • Support growth of Sustain business, principally across Hybrid Heating (Residential) and Geothermal (Multi-tenant and Commercial) products but also secondarily DER Solar and EV. **Part 2** • Inform for sustainable retrofit projects with majority funding provided by the CIB (Specific approvals to come on a project-by-project basis).
Capex (2024)	• Up to [redacted]
Commercial Terms	• Revenue generated through the financing of capital and services that provide energy to homes & businesses through long-term contracts • Capital is only incurred once a customer is confirmed, i.e. signed customer contract (retrofit) or Letter of Intent from builder (new construction) • Capital risk minimized through fixed price EPCs with geothermal drillers (AECON), and low cost, mature state of residential HVAC sales and installation market
Key Dates	• Announcement with CIB and Blackstone (Oct '23) • Additional Partnerships Geothermal Drilling Company Secured (Nov '23) • Distribution Deep Dive and Further M&A Assessment (Feb '24) • Launch of differentiated hybrid-heating controls (Feb '24) • Begin to create franchise network for residential sales (Feb '24) • Full TIS Billing and MyAccount Readiness (Apr '24) • Full Marketing Launch (Q2/Q3)
Target Customers	• Geothermal: Multi-Unit Residential, Commercial • Hybrid Heating: Single Family Unit Homes

Project Scorecard

Key Attribute		Considerations
Strategic		• Defensive play to protect utility growth
Commercial		• Contracts are secured before capex is spent; contracted terms match the full expected life of equipment
Financial		• Strong base case consolidated DCFROE of [redacted]
Ability to Execute		• Geothermal: low complexity (already being done) • Limited permit requirements
ESG		• Transition to lower intensity GHG

Focusing Product Offering Initially On "Safe Bets"

Enbridge Sustain is placing its near-term focus on "Safe Bets[1]" that generate risk adjusted utility-like returns, leverage commercially available technologies, show high market potential, and face no major barriers to scaling

> Core Focus and Investment

Hybrid Heating

Technology Maturity: **Established** with continued **innovation**

Market Stage in Ontario: **Growth** Phase

Objective: Stabilize potential gas losses, kickstart growth by **attaching Enbridge to the great heat pump migration[2, 3]**

Geothermal

Technology Maturity: **Established** with focus on **efficiency** improvements

Market Stage in Ontario: **Introduction** Phase

Objective: Create a **risk adjusted utility-like stream of energy revenue** to compliment or replace natural gas customers

> What's Next: Test and Learn

Distributed Solar

Technology Maturity: **Established** with focus on **efficiency** improvements

Market Stage in Ontario: **Introduction** Phase

Battery Storage

Technology Maturity: **Established** with focus on **efficiency** improvements

Market Stage in Ontario: **Introduction** Phase

EV Charging

Technology Maturity: **Maturing** with emphasis on **interoperability**

Market Stage in Ontario: **Introduction** Phase

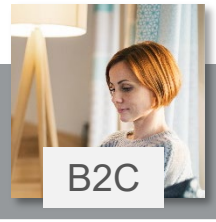
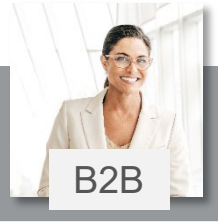
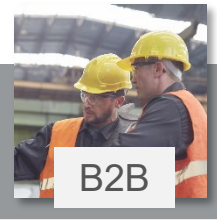
Objective: Ready ourselves for launch into the **distributed energy market**.

Objective: Installing & leading commercial / multi-residential **EV chargers that bill individuals**

Source: 1) Canadian Climate Institute, 2) NYTimes, Feb '23, Heat Pumps Outsold Gas Furnaces in 2022, 3) Ontarians interest online in heat pumps has grown by 5x in 8 years, with the bulk of that growth in the past 2 years.

Offering Expanded Choice for GDS Key Segments

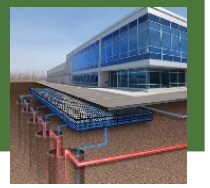
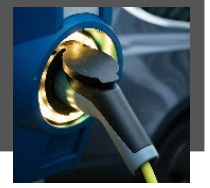
Enbridge Sustain will offer expanded choice for the key segments of the Utility and make it easy to transition toward low carbon solutions

Segment	Mass Market / Residential	Commercial & Industrials	New Construction Builders
	 B2C	 B2B	 B2B
Definition	**Residential customers** with existing single family homes looking to retrofit home systems	**Large customers** looking to retrofit their energy systems (e.g., Municipalities, Universities, Schools, Hospitals, Commercial Buildings)	**Builders** developing net new building start ups (e.g., single family, multi res and commercial buildings)
Market	**~3.9M**[1] in Ontario Footprint	**~0.4M** Businesses	**~100-150k** Households per year **~30k** Businesses per year
Sustain's proposition	**An easy way to transition** towards an energy-efficient home, costing less to operate, is environmentally friendly and more resilient against extreme weather	Implementing **large-scale sustainable solutions** helps reduce overall energy spend, strengthen operational resiliency and reduce carbon footprint	Making **developments more competitive** in the context of increasing interest in sustainability and enhancing the sustainable home value proposition. Offers an alternative solution (geothermal) to multi-unit properties that already often don't consider gas.

Source(s): [1]Stats Canada

Developing a product suite for key segments

Sustain has already soft launched with a focus on hybrid heating and geothermal, while ramping up our readiness capabilities for a full launch.

		Core Focus and Investment		Test and Learn	
Product suite		**Hybrid heating** 	**Geothermal** 	**Solar** 	**EV charging** 
Market size (homes)[1]	2023	350k	160k	30k	118k
	2033	1.55M (16% CAGR)	255k (5% CAGR)	96k (9% CAGR)	1.03M (22% CAGR)
Target segments	Resi.	**Primary**		**Secondary**	**Secondary**
	C&I	**Primary**	**Primary**	**Secondary**	**Secondary**
	Builders	**Primary**	**Primary**		**Secondary**
Competitive landscape		Concentrated: Two key players own [redacted] share	Fragmented	Fragmented	Fragmented

Source(s): Hybrid Heating: Based on annual equipment turnover in Ontario / Geothermal: [1]Pathways to Net Zero Report – Commissioned by Enbridge/ Solar: OEB Ontario Distributed Energy Resources Impact Study/EV Charging: WoodMac Energy Residential (Level 2) EV Charging in Canada with proxy for Ontario

Financial Evaluation – Consolidated View

2024 total project capital of [redacted] by sector:

- Evaluation parameters include:
  - 100% ownership of the project
  - Capital: 99% equipment & installation costs
  - Asset life varies by sector to match the expected asset life. Model assumed contracted period.
  - [redacted] debt to equity ratio
  - Assumed bad debt expense 5x greater than utility
  - No ITC credits assumed in economics
  - [redacted] cost of debt
  - 26.5% tax rate
  - No Terminal Value

Capital Requested

Sustain Sector	Asset Life (years)	% Capital	CAD$MM
HVAC	15	[redacted]	[redacted]
Geo Loop	40	[redacted]	[redacted]
Geo pump	20	[redacted]	[redacted]
Solar	25	[redacted]	[redacted]
EV Charging	10	[redacted]	[redacted]
Total Capital Ask			[redacted]

Financial Outlook[1]

in CAD$MM	2024	2025	2026	2027	2028	2029
Equity Cash Flow	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
EBITDA	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Earnings	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
DCF	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
D/EBITDA		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
DCFROE	[redacted]	Hurdle Rate				[redacted]
[redacted]	[redacted]					
[redacted]	[redacted]					
[redacted]	[redacted]					
[redacted]	[redacted]					

The Sustain Business Delivers a [redacted] DCFROE Based on 2024 capital being requested. Excludes benefit to Gas business.

Note: Sales-Type Lease Accounting for EBITDA & Earnings, other financial measures are on a cash basis to be comparable

1. Marketing and other startup related costs to be included in GDS 2024 budget and not included in economics

Risk Summary

ENBRIDGE

High | Medium | Low

Base Case DCFROE [redacted]

Risk	Mitigation	Assessment	Sensitivity	ΔDCFROE
Capital Cost *Unanticipated cost overruns*	• Lump sum pricing used in master service agreements limit capital exposure to Enbridge • Cost increase because of developer/customer scope changes can be passed along to the customers		• 10% over-run on 50% of geothermal projects	[redacted]
Market *Market dynamics (size, share, players) are not fully understood, given a lack of public data, leading to market expectation gaps*	• Conduct ongoing primary research to validate market dynamics and refine model accordingly • Competitive intelligence and market research roles to be added to Sustain team to ensure a constant ear to the ground		N/A	N/A
Competitive / Brand Acceptance *Competitive response could be vigorous and Sustain brand is currently unproven*	• Comprehensive marketing plan scaled to plan ambition and market findings • Reinforce value proposition and position Sustain differently in market to blunt pricing pressures • Develop & own underdeveloped niches (e.g. Customer paid EV Charging for condos) • Implement agile ways of working to combat threats head-on and immediately • Business model allows for some downward adjustment to price while still achieving better-than-utility returns		• Hybrid Heating Pricing (+/- 10%)	[redacted]
Distribution (Sales/Install) *The distribution model selected is not sufficient to achieve desired outcomes and/or it has an inability to scale quickly*	• Study distribution alternatives from partners to in-house to understand optionality for Enbridge Sustain • Create diversified multi-channel approach to win customers, inclusive of M&A • Scale external partners with seasonality. Operating model: pay per install/service only. • Reduce pressure on O&M by lowering headcount and marketing spend requirements accordingly		N/A	N/A
Credit *Potential risk of customer default*	• Partners and customers must meet Enbridge credit requirements • CIB: Blackstone leveraging insurance to deliver on GHG reduction commitments		• Incremental 1% of total revenues moving to bad debt	[redacted]

Milestones and Key Measures

ENBRIDGE Sustain

Project Milestones

2023

- **Dec 11**
  - CAC Stage 3

2024

- **April.**
  - TIS System Readiness (Billing, MyAccount)
- **Q2**
  - Work Begins on 1st Large CIB Customer
- **Q2/Q3**
  - Residential Distribution Plan Locked
- **Q2/Q3**
  - Mass (Residential HVAC-Hybrid Heating) Launch
- **On-going**
  - Monthly and Quarterly Sustain P&L meetings
  - Quarterly or bi-annual CAC "temperature check" updates on the health of the Sustain business

Primary Success Measures

Measure	Q3	Y/E
Sales Funnel Growth (Capital $)	[redacted] over Dec '23)	[redacted] over Dec '23)
LOIs / Contracts signed (Capital $s) – excl CIB deals*	[redacted]	[redacted]
DCFROE (Deals Signed Since Q4'23)	[redacted]	[redacted]
Unlevered IRR	[redacted]	[redacted]

*Excluding CIB deals, as these will be approved in a separate CAC ask.

Risk Matrix Sign-Off

Team/Area	VP	Sign-off
Project Execution	Dean Dalpe (SME: John Huber)	✓
Asset Utilization & Revenue Risk	Mark Irvine (SME: Darren McIlwraith)	✓
Integrity	Heidi Bredenholler-Prasad (SME: Ann-Marie Hessian / Mike Hildebrand)	✓
Operating Costs	Mark Irvine (SME: Darren McIlwraith)	✓
Legal	Mark Boyce (SME: Joseph Marra / Armanda Pinho)	✓
Regulatory	Malini Giridhar (SME: Lesley Austin)	✓
Credit	Jonathan Gould (SME: Terry Laframboise)	✓
Insurance	Cathy Ward (SME: Sean Mason Eric Kucerak)	✓
Taxation	Leslie O'Leary (SME: Eric Zhang / Michelle Fang / Ruth Swan / Jun Ping)	

Team/Area	VP	Sign-off
Safety	Vik Kohli (SME: Holly Adams / Marc Lieder)	✓
Stakeholder Trust	Malini Giridhar (SME: Leanne McNaughton)	✓
Market Price Risk	Jonathan Gould (SME: Jeff Albert / Jeff Breen)	✓
TIS	Rebecca Schriver (SME: Edward Hou)	✓
Accounting	Adrian Cupido (Darren Stiles)	✓
Treasury	Jonathan Gould (Dwayne Dawkins)	✓
Investment Review	Falyne Chave (SME: Kyle Shepherd)	

✓ = Signed off

Appendix

Commercial Model by Product

Each Sustain product is currently supported through a partnership model, each with a long-term contract that generates greater than (risk-adjusted) utility-like returns

	Product Category	Primary Sales Channel[1]	Primary Target Market	Contract Term[2]	Revenue Drivers	Capital Expenditures	Operating Costs
> Core Focus & Investment	**Hybrid Heating (HVAC)**	Dealer Partners	Single family home retrofit	15-year lease contract	Royalty on value of install [redacted] Monthly lease contract revenue	• Equipment and installation costs • Dealer incentive fee	• Acquisition cost – upfront expense for sales and marketing efforts • Labour – core functional groups to manage all operations • Cost-to-serve – customer/contract management including billing, collections, bad debt • Service/maintenance of equipment – outsourced to Dealer Partners
	Geothermal Loop/Energy	Enbridge Sustain Sales team	Multi-residential new construction	40-year energy purchase agreement	Monthly energy charge	• Drilling, equipment and installation costs • Connection costs and mechanical room	
	Geothermal Heat Pump			20-year lease contract	Monthly lease contract revenue		
> What's Next	**Solar Panels**	Dealer Partners	Single family home & commercial retrofit	25-year lease contract	Monthly lease contract revenue	• Equipment and installation costs • Dealer incentive fee	
	EV Charging	Dealer Partners	Multi-residential retrofit	20-year contract for exclusivity rights 10-year lease contract on equipment	Monthly lease contract revenue Variable charge to recover power costs	• Equipment and installation costs • Utility connection / infrastructure costs	

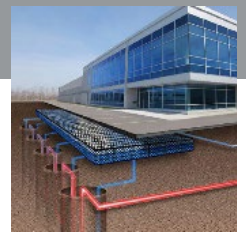
Note(s): [1]Based on current distribution models; [2] Some contract terms vary depending on equipment warranty/life

Competitiveness of Geothermal/Hybrid Heating

Financial assumptions are based on Geothermal and Hybrid Heating being comparably affordable to conventional heating alternatives

> Core Focus & Investment

Geothermal

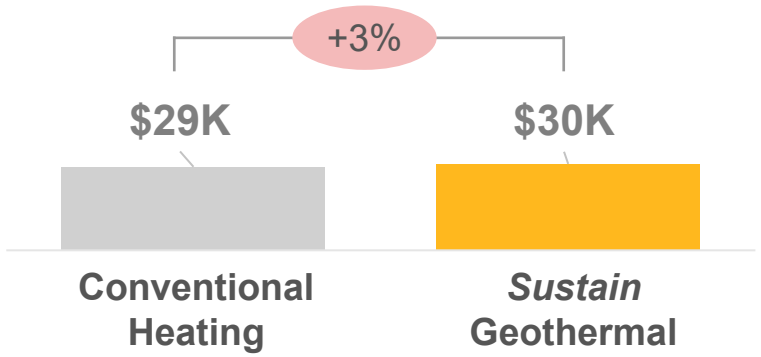


Geothermal has a comparable lifetime and monthly cost of ownership to conventional heating

Hybrid Heating

Hybrid Heating is already more affordable than a gas furnace only scenario

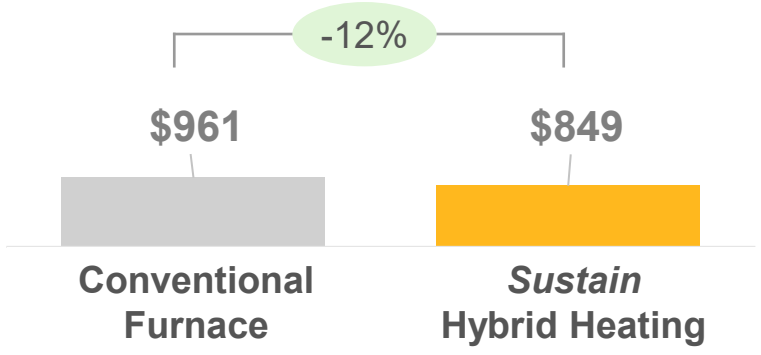
Monthly Cost Comparison (1st Month)



Key Details

- Based on 375-unit multi-residential condo we bid on
- Utility savings only represent half of savings; remaining savings come from reduction in capital and replacements costs of conventional equipment

Annual Cost Comparison (2023)



Key Details

- Based on a 2,500 square foot house experiencing Toronto weather and using current utility rates
- Price is competitive with $65/tonne of CO_2e and gets incrementally more attractive on pathway to 2030

Note(s): Bottom-up estimate is available in Appendix. Costs include upfront capital, ongoing maintenance, and associated utility charges

Range of Options Available After First Year

ENBRIDGE Sustain

Continue to Invest	Partial Monetization	Full Exit
Retain 100% ownership – discretion over pace of capital deployment and range of product offerings	***Private capital highly interested in sector; range of options to fund future capital / harvest initial investment***	***Platform, sales funnel, and existing investments valuable to other potential investors***
• Securitization could accelerate return of capital – Securitization can provide > 1x equipment costs (~6x to 7x leverage capacity) – However, resulting leverage is dilutive to consolidated metrics • With success, could consider expanding geographical focus (e.g. leverage U.S. Utility platform)	• Private equity has shown a willingness to pay attractive value – Brookfield's acquisition of Enercare at ~14x EBITDA • Either minority or majority sale – Minority: retain control and receive premium valuation + partner – Majority: Sell control and deconsolidate • Can still pursue securitization prior to sell-down	• Platform and sales funnel would be valuable to new entrants / capital providers – Can still pursue securitization prior to sell-down – Could structure to retain royalty stream on new leads generated from EGI's existing customer base • Securitization potential from existing assets puts an attractive floor on value of completed investments

Multiple options available to fund future capital and/or recover invested capital and upfront development expenses

ENBRIDGE GAS INC.

Answer to Interrogatory from
Heating, Refrigeration and Air Conditioning Institute of Canada (HRAI)

Interrogatory

Reference:

[Ex. 1/18/1, p. 2]

Question(s):

Please provide samples of the “long term agreements” with end users of the Enbridge Sustain energy solutions relating to the supply, installation, ownership, and/or servicing of the “assets and equipment” to be provided by Enbridge Sustain.

Response:

Please see Attachment 1 for a sample HVAC equipment rental agreement.

Updated Response: /u

Please see Attachment 2 for a sample HVAC dealer agreement.

Please see Attachment 3 for the updated HVAC equipment rental agreement. Attachment 3 has been populated with representative data for a customer who has decided to install a hybrid heating system comprised of a heat pump, furnace and associated equipment. The cost for this system is assumed to be $12,000.

ENBRIDGE

HVAC EQUIPMENT RENTAL CONTRACT

Contract Number:						
Customer Information (include all registered owners of Service Address)						
Customer	*Salutation*	*Given name:*	*Surname*	*Email*		
Service Address	*Street No.*	*Street Name*	*Unit No.*	*City & Province*	*Postal Code*	*Tel. No.*
Mailing Address if different)	*Street No.*	*Street Name*	*Unit No.*	*City & Province*	*Postal Code*	*Tel No.*

HVAC Equipment Information	
Makes and Model #s	*Minimum Useful Life for HVAC Equipment*
[could insert check boxes with standard equipment]	*10 Years*

Lease Disclosure Statement			
*Monthly Rental Payment**	*$XXXXX*		
Term of Lease	*Number of Monthly Payments*	*Total Lease Cost***	
15 Years	*180*	*$XXXXX*	
*Lease Value of HVAC Equipment ******	*Estimated Residual Value*	*Annual Percentage Rate (APR)***	*Implicit Finance Charge***
$XXXXX	*0*	*x.xx%*	*$XXXXX*

***** The Agreement provides for annual increases equal to inflation (CPI) up to 4% per year. The Monthly Rental Payment shown is the initial amount.

** The Total Lease Cost and Implicit Finance Charge and APR each include an assumed increase of 2.5% each year for the Monthly Payment Amount – the actual annual increase will be based on CPI.

*** This Lease Value (cash value) of the HVAC Equipment includes the cost of installation and the value of the Supplier's maintenance obligations.

This HVAC EQUIPMENT RENTAL CONTRACT (the "**Agreement**") is entered into between **ENBRIDGE GAS INC.** ("**Supplier**" or "we") an Ontario corporation with its place of business at: 500 Consumers Road, Toronto, ON M4N 1X3, Tel: 1-877-ENBRIDGE (1-877-362-7434), www.enbridgegas.com as lessor and the Customer identified in the table above. All registered owners of the Service Address must sign the Agreement and together are referred to as "Customer" and are jointly responsible for all obligations under the Agreement.

SIGNATURE PAGE IS ON THE LAST PAGE OF THIS AGREEMENT

The Customer (also referred to as "you") hereby leases the HVAC Equipment from the Supplier upon the Terms and Conditions set out on the following pages of this Agreement, commencing on the Commencement Date and continuing thereafter until this Agreement is terminated in accordance with its terms. The Customer may terminate this Agreement at any point during the Term by buying out the HVAC Equipment as provided herein. This Agreement may be terminated by the Supplier as provided herein, if the Customer fails to meet its commitments or if the HVAC Equipment fails more than 10 years after the Commencement Date.

Dealer Name	*Dealer Representative Name*	*Dealer Phone #*

TERMS AND CONDITIONS

1. Definitions. In this Agreement, the following capitalized terms shall have the meanings ascribed thereto:

a) **"Certificate of Completion"** means a form completed and signed by the Customer indicating their approval of the HVAC Equipment installation and operation.

b) "**Commencement Date**" means the date Customer completes, signs and sends to Supplier a Certificate of Completion.

c) **"CPI"** means the All Items consumer price index as published by Statistics Canada.

d) "**Dealer"** means the HVAC dealer identified on the first page of the Agreement, who the Customer worked with for the supply and installation of the HVAC Equipment;

e) **"GST HST"** means federal Goods and Services Tax or Harmonized Sales Tax imposed pursuant to the *Excise Tax Act* (Canada).

f) "**HVAC Equipment"** means the equipment identified on the first page of this Agreement which the Customer has chosen from the Dealer to provide heating, cooling, ventilation, hot water or other functionality such as energy monitoring and equipment controls, and which the Dealer has installed at the Service Address.

g) "**Monthly Rental Amount**" means the fixed charge paid monthly by Customer to Supplier. As set out in Section 4, the Monthly Rental Amount may increase each year during the Initial Term of the Agreement.

h) "**Service Address**" means the Service Address and the buildings located at the location identified above at which the HVAC Equipment is located.

i) "**Term**" means the Initial Term and any extension of the Initial Term on a month-to-month basis in accordance with Section 12(a)(i) below, if applicable.

2. Initial Term. Subject to earlier termination as provided for herein, the term of this Agreement shall commence on the Commencement Date and run for 15 years (hereinafter the "**Initial Term**").

3 . Installation and Commencement Date

a) The Dealer will install the HVAC Equipment, and the cost of the installation is included in the Lease Value indicated in the Lease Disclosure Statement on the first page of this Agreement. The installation date for the HVAC Equipment will be within 60 days of the date this Agreement is signed unless you subsequently agree to a different later date.

b) After you have signed this Agreement, we may email you a "Welcome Letter" at the email address noted on the front page confirming the Total Monthly Payment, the Commencement Date and the expected delivery and installation date(s) and explaining the way to determine the timing of your payments and providing other information about this Agreement and/or the HVAC Equipment including information about contacting the Dealer for any service requirements.

4 . Payment.

a) Your first payment will be due one month after the Commencement Date and thereafter your payments will be due on the same day of each month of the Term.

b) The Monthly Rental Amount will be billed in arrears each month following the Commencement Date. The Monthly Rental Amount may be increased by the Supplier once each year on the anniversary of the Commencement Date. The percentage increase to the Monthly Rental Amount each year will be equal to the then-current CPI amount, to a maximum of 4%. Applicable taxes (including GST HST) will be added to each billed amount. If Customer does not pay their bill by the late payment effective date set out on the bill, a late payment charge of 1.5% (compounded monthly for an effective rate of 19.56% per year) will apply to all unpaid amounts (including any charges, accrued interest and applicable taxes). The obligation to make any payment pursuant to the terms of this Agreement will survive the

SIGNATURE PAGE IS ON THE LAST PAGE OF THIS AGREEMENT

termination or expiry of this Agreement. In addition to other remedies available to the Supplier, in the event of non-payment the Supplier may remotely disconnect the operation of some or all of the HVAC Equipment.

c) Acceptable methods of payment will be set out on the bill issued by the Supplier. These may include Preauthorized Payment (PAP), where available. Where Customer elects to make use of PAP, then Customer agrees to make all payments to Supplier in accordance with and execute the Supplier's PAP agreement.

d) The Supplier is entitled to charge the Customer such fees and other charges as the Supplier may establish from time to time for the administration of any ancillary matters to this Agreement, including but not limited to an administrative fee of $50.00 for any return of payment (NSF). All fees (not capitalized) are subject to applicable taxes.

e) In the event that any amount becomes payable as a result of a breach, modification or termination of this Agreement, and if Section 182 of the *Excise Tax Act* (Canada) applies to that payment, then the amount payable shall be increased by an amount equal to the applicable tax rate multiplied by the amount payable and the payor shall pay the increased amount.

5. The HVAC Equipment:

Customer agrees and acknowledges that: (i) the Dealer and/or manufacturer of the HVAC Equipment and its specifications have been selected by the Customer and the Customer has requested the Supplier to purchase the HVAC Equipment from the Dealer and/or manufacturer in order to lease the HVAC Equipment to the Customer; (ii) the Supplier has not examined the HVAC Equipment and makes no representations or warranties as to the quality or suitability of the HVAC Equipment for any purpose; (iii) the Supplier is not providing any guarantee or warranty with respect to the HVAC Equipment other than as set out expressly herein; and (iv) Customer is satisfied that the warranty coverage under the manufacturer's warranty along with Supplier's service obligations (see Section 7), are sufficient and reasonable.

6. The Dealer

The Customer acknowledges and agrees that the Dealer, salesperson, vendor, broker or any other party that Customer has been dealing with is not an agent of the Supplier, and has no authority to make any representations or promises or warranties on behalf of the Supplier.

7. Supplier Responsibilities.

a) Subject to the limitation set out in section 7(c) below, during the Initial Term of the Agreement the Supplier will inspect, service and repair the HVAC Equipment in accordance with the terms of this Agreement, with no service charges or parts replacement charges, unless: (i) any part of the HVAC Equipment is damaged by Customer (or a third party not authorized by Supplier), or if the repairs are necessary because of use for which the HVAC Equipment was not intended; or (ii) Customer fails to meet any of its obligations under subsections 8(b)(i) to (v) below.

b) Where the Customer requires service or repair for the HVAC Equipment, then the Customer should contact the Dealer, who will perform the service on behalf of the Supplier at no cost to the Customer, subject to any limitations set out herein.

c) The Supplier warrants that the useful life of the HVAC Equipment will be no less than ten (10) years from the Commencement Date, and that the Supplier will, at its own election, repair or replace the HVAC Equipment if it fails during that 10 year period. In the event that any of the HVAC Equipment fails more than 10 years after the Commencement Date, the Supplier will, at its own election, repair or replace the HVAC Equipment or terminate the Agreement. In the event that the Supplier elects to terminate the Agreement, then the parties will have no further obligation to each other (see Sections 10(b) and 12 below).

d) The Supplier is not providing any guarantee or warranty with respect to the HVAC Equipment other than as set out expressly herein. To the extent permitted by law, any warranties or guarantees provided under sale of goods legislation are hereby excluded.

e) Supplier is not responsible for any costs or expenses, including damages, associated with any interruption of the operation of the HVAC Equipment.

8. Customer Responsibilities.

a) Customer shall pay the Monthly Rental Amount when due, together with interest on any late payments in accordance with the "Payment" Section of this Agreement.

b) Customer shall: (i) not tamper with, alter or modify, in any manner, any part of the HVAC Equipment; (ii) not permit anyone who has not been authorized by Supplier to service, repair, modify or disconnect any part of the HVAC Equipment; (iii) be responsible for any damage to any part of the HVAC Equipment unless caused by Supplier or those for whom it is

responsible at law; (iv) notify Dealer promptly if any service or repair to any part of the HVAC Equipment is required; (v) provide an adequate and continuous supply of all required utilities to the HVAC Equipment throughout the Term.

c) Customer shall provide the Supplier, Dealer and anyone else authorized by the Supplier to access the Service Address and the HVAC Equipment for any purpose contemplated by this Agreement, including installation, maintenance, repair, replacement and removal of the HVAC Equipment.

d) Customer bears the entire risk of loss or damage to the HVAC Equipment, regardless of whether it is caused by Customer's default or neglect, and that no such loss or damage shall relieve the Customer of any obligations under this Agreement. Customer will maintain property and liability insurance on the Service Address, including the HVAC Equipment, against loss or damage. The total or partial loss of the HVAC Equipment or its use or possession shall not relieve the Customer of any obligations and liabilities under this Agreement.

e) If Customer fails to meet its obligations under Subsections 8(b) or (c) above, any and all costs incurred by Supplier to repair, modify, replace or service the HVAC Equipment (or any part thereof) shall be the responsibility of the Customer, and will be included on the Customer's bill from the Supplier.

9. Title and Security Interest. The HVAC Equipment shall remain the property of Supplier at all times, and Customer will not tamper with any stickers or other notices that identify the HVAC Equipment (or any component thereof) as the property of Supplier. Notwithstanding the installation of the HVAC Equipment within the Service Address property, the HVAC Equipment shall not be characterized as fixtures of the Service Address. Supplier shall have the right to register notice of its ownership interest in the HVAC Equipment in accordance with the *Personal Property Security Act* (Ontario), as amended from time to time, and Customer hereby grants Supplier the right to register a notice of security interest in favour of Supplier acknowledging Supplier's ownership of the HVAC Equipment against title to the Service Address to secure Supplier's ownership interest. Unless prohibited by law, Customer waives its right to receive a copy of such registrations where required and Customer appoints Supplier as its lawful attorney for such registrations.

10. Early Termination by Customer or Supplier.

a) Customer may terminate this Agreement at any time during the Term by paying the applicable age-reduced price for the HVAC Equipment shown in Schedule 1 attached to this Agreement ("**Early Buy-Out**"). When the Customer exercises the Early Buy-Out, Customer accepts the HVAC Equipment in "as-is" condition and assumes responsibility for the HVAC Equipment and its repair and maintenance and removal. Once Supplier receives payment of the buy-out price, plus any applicable taxes, this Agreement will terminate and the parties will have no further obligation to each other (see Section 12 below).

b) Supplier may terminate this Agreement if the HVAC Equipment fails more than 10 years after the Commencement Date, and the Supplier elects not to repair or replace the HVAC Equipment. In the event that the Supplier elects to terminate the Agreement, then upon payment of all amounts owing the parties will have no further obligation to each other (see Section 12(b) below).

11. Remedies upon Default.

a) In the event of non-payment, the Supplier may, upon 15 days' prior written notice remotely disconnect the operation of some or all of the HVAC Equipment. Where Supplier disconnects the operation of the HVAC Equipment in accordance with this Section 11(a) but does not terminate this Agreement, upon payment of all outstanding amounts Supplier shall restore the operation of the HVAC Equipment. Customer shall be responsible for all costs associated with disconnection and resumption of such operation and supply. Supplier takes no responsibility for damage to the HVAC Equipment or any other costs or damages resulting from disconnection in accordance with this Section 11(a).

b) In addition to other remedies in subsection (a) above, the Supplier may terminate this Agreement upon notice to Customer if Customer fails to meet any of the Customer's obligations under this Agreement (including payment obligations under Section 4 and the Customer's other obligations under Section 8) and Customer fails to remedy such failure within 15 days of notice from the Supplier. Where Supplier exercises its termination right, then in addition to all amounts then owing, the Customer will also be required to pay the applicable Early Buy-Out amount set out in Schedule 1. Upon payment of all amounts owing, the provisions of Section 12 below will apply.

12. End of Term.

(a) Provided you are not in default (as defined herein) under this Agreement you shall have the following options on the last day of the Initial Term: (i) continue to rent the HVAC Equipment on a month-to-month basis at the then current Monthly Payment Amount until such time as Supplier determines (in its sole discretion) that the HVAC Equipment has reached the end of its useful life; (ii) return the HVAC Equipment to us; or (iii) purchase the HVAC Equipment for the Residual Value on an

"as is, where is" basis. The Residual Value shall be the sum of $250 per individual piece of HVAC Equipment (plus applicable taxes) if the HVAC Equipment has not been replaced by us, or the fair market value of the HVAC Equipment if the HVAC Equipment has been replaced by us. If you do not notify us of your intention prior to the expiry of the Term, it will be assumed that you have selected option (i).

(b) The parties acknowledge and agree that the Supplier has no obligation to remove or decommission the HVAC Equipment upon expiry of the Term or any other termination of this Agreement (each of which are referred to as the end of the Term). Instead, upon the end of the Term of this Agreement and payment of any applicable Early Buy-Out amount or Residual Amount and any other amounts remaining owing, Supplier shall convey title to the HVAC Equipment to Customer on an "as is, where is" basis, without any further warranties or representations or future repair or service or other obligations from Supplier to the Customer. No Early Buy-Out amount or Residual Amount is payable where the Supplier terminates the Agreement pursuant to Section 10(b). From and after the end of the Term and payment by Customer of any applicable Early Buy-Out payment or Residual Amount and other amounts remaining owing, the HVAC Equipment will be owned by the Customer, who will have all rights, responsibility and liability for the HVAC Equipment. Upon the end of the Term, Customer agrees to release Supplier from any claims, actions or demands arising after the end of the Term. Customer acknowledges that after the end of the Term, Supplier shall have no further liability whatsoever in connection with this Agreement. At the end of the Term, and payment by Customer of any applicable Early Buy-Out payment and other amounts remaining owing, Supplier will discharge notice of security interest on title or otherwise registered in relation to the HVAC Equipment.

13. Personal Information.

a) Personal information is information about an individual customer or potential customer and relates specifically to a customer (such as their name, address, financial and credit information). When a person first becomes a customer or whenever they require or renew a service or product from Supplier, as well as throughout the Term of the Agreement, Supplier may need to collect certain personal information (such as ongoing credit information). However, the personal information that Supplier collects is always limited to the purposes that Supplier has identified to the customer. Supplier requests personal information from the Customer for the following purposes: (i) to provide energy services; (ii) to bill and collect payment for products and services; (iii) to meet legal and regulatory requirements relating to the services or products; (iv) to provide information about using energy safely and efficiently and to understand energy needs and preferences and provide information about energy services or products that may be of interest; (v) to trace overpayments and return credits to the appropriate person; and (vi) such other purposes otherwise noted herein or in Supplier's Privacy Policy. Customer hereby consents to the collection, use, disclosure and maintenance of personal information (including their name, address, telephone number, email address and account number) in accordance with the terms contained herein as well as contained in the terms of Supplier's Privacy Policy (available at https://www.enbridge.com/privacy-statement). Should Customer not wish to be contacted by Supplier for promotional purposes, they may at any time contact Supplier to request that their personal information be removed from Supplier's promotional list.

b) From time to time, Supplier may conduct a credit check (including obtaining a credit report) to support Supplier's billing and collections processes as well as ongoing eligibility for the extension of credit. Such actions may be taken in connection with account amendment or renewal, account collection action or dispute investigation or otherwise if the Supplier has a reason to be concerned about Customer's compliance with the terms of this Agreement. Supplier may also report information (such as late payments, missed payments or other defaults) about Customer's account to credit reporting agencies to ensure the integrity of the credit reporting records.

14. Supplier Access to Enbridge Gas account information. The Customer understands and acknowledges that the services and charges identified under this Agreement are not regulated by the Ontario Energy Board and are separate and distinct from Enbridge Gas Inc.'s business activities as a regulated gas distributor in the Province of Ontario. The Customer agrees and consents that the Supplier (in its capacity as the provider of aforesaid unregulated services hereunder) may obtain information from Enbridge Gas Inc. (in its capacity as a regulated gas distributor), and Enbridge Gas Inc. may disclose information to the Supplier, about the Customer's gas consumption and related information so that the Supplier may provide energy usage analysis for the Customer**.** The Customer further understands and acknowledges that the Supplier may, pursuant to Section 19 of this Agreement, sell, transfer, assign or otherwise dispose of its interest in this Agreement without notice to the Customer or the Customer's consent, and agrees and consents that the assignee may obtain information from Enbridge Gas Inc. (in its

capacity as a regulated gas distributor), and Enbridge Gas Inc. may disclose information to the assignee, about the Customer's gas consumption and related information so that the assignee may provide energy usage analysis for the Customer.

15. **Transfer of the Service Address.** If Customer sells the Service Address, it will advise the new purchaser of the rental of the HVAC Equipment and this Agreement. Customer will provide written notice to Supplier, at least thirty (30) days' prior, of its intent to sell, or otherwise transfer or assign (collectively, "transfer") the Service Address, and the notice shall set out Customer's forwarding address and the date of the change. Supplier will permit the transferee to assume Customer's rights and obligations under this Agreement, effective as of the date of the transfer, provided that the Supplier receives the completed **Assignment and Assumption Agreement**, attached as Schedule 2 to this Agreement, signed by both the Customer and the transferee. Unless and until the Assignment and Assumption Agreement is received, Customer will remain liable for all Customer obligations under this Agreement, including the obligation to make payments.

16. **Limitation on Liability.** Supplier is not liable for consequential, indirect or economic losses. Supplier is not liable to Customer, an occupier of the Service Address or a visitor to the Service Address for any claim for damages or other legal remedy based in any way on the consequences flowing from disconnection of the HVAC Equipment due to Customer's failure to pay amounts billed or otherwise. Supplier has no obligation whatsoever after the termination of the Agreement, including but not limited to claims related to the operation of or issues with the HVAC Equipment. Customer will indemnify Supplier for any claims, losses or expenses incurred by Supplier from any third party claims arising as a result of Customer's negligent acts or omissions.

17. **Entire Agreement.** This Agreement, including any supplemental terms and conditions, addenda, Supplier notices, is the entire agreement between Customer and Supplier and supersedes all prior agreements, understandings or discussions, whether oral or written, and there are no warranties, representations or other agreements except as specifically set out herein.

18. **Notice.** Supplier can provide notice to Customer by bill message, by personal delivery, mail (including registered mail), phone, by e-mail or by any other method permitted by law. If the e-mail address which Customer has provided to Supplier changes, Customer will promptly give Supplier its updated e-mail address by telephone at the number provided on the first page of this Agreement.

19. **Assignment by Supplier.** Supplier may sell, transfer, assign or otherwise dispose of its interest in this Agreement without notice to you or your consent, and you will continue to make all payments required under this Agreement to Supplier's assignee in accordance with this Agreement and without deduction or set off.

20. **Acknowledgement.** Customer acknowledges receipt of a completed copy of this Agreement. Customer agrees to notify Supplier immediately of any material change to the information set out in this Agreement related to the Customer or the Service Address and of any loss, damage, change, claims or litigation related to the HVAC Equipment.

21. **Interpretation.** Headings used herein are for the convenience of reference only and shall not be considered in construing or interpreting this Agreement. The words "herein", "hereunder", "hereof" and other similar words refer to this Agreement as a whole and not to any particular paragraph. The words "include", "includes" and "including" and other similar words and expressions shall in all cases be deemed to be followed by the words "without limitation". Any provision herein prohibited by law shall to the extent prohibited be ineffective without invalidating any other provisions hereof. All references to amounts of money in this Agreement and any schedule shall mean lawful currency of Canada.

SIGNATURE PAGE IS ON THE LAST PAGE OF THIS AGREEMENT

SCHEDULE 1: EARLY BUYOUT SCHEDULE – HVAC EQUIPMENT

[This schedule will be recast as a 15 year schedule. Termination charges will change based on the cost of HVAC equipment installed.]

SIGNATURE PAGE IS ON THE LAST PAGE OF THIS AGREEMENT

SCHEDULE 2: ASSIGNMENT AND ASSUMPTION AGREEMENT

Service Address:

THIS AGREEMENT made the _____ day of _____, 20___.

B E T W E E N:

_____ (the "Vendor")

- and -

_____ (the "Purchaser").

- and –

Enbridge Gas Inc. (the "Supplier")

WHEREAS the Vendor is selling to the Purchaser lands and premises within which is situated HVAC Equipment (the "HVAC Equipment") leased by the Vendor from Enbridge Gas Inc. (the "Supplier) subject to the terms of an agreement (the "HVAC Equipment Rental Contract"), a copy of which has been provided by the Vendor to the Purchaser and which is attached to this Assignment and Assumption Agreement;

AND WHEREAS the Vendor is the Customer under the Agreement;

AND WHEREAS the Purchaser has agreed to assume all the obligations of the Vendor to the Supplier pursuant to the HVAC Equipment Rental Contract;

NOW THEREFORE the parties hereto agree as follows:

1. The Vendor hereby assigns to the Purchaser all of the Vendor's rights and obligations under the HVAC Equipment Rental Contract.

2. The Purchaser hereby assumes all obligations of the Vendor as Customer under the HVAC Equipment Rental Contract, including (without limitation) the obligation to make Monthly Rental Payments to Supplier.

3. The Vendor represents and warrants that the Vendor has not previously executed an assignment of the HVAC Equipment Rental Contract.

4. Supplier hereby consents to the above assignment of the HVAC Equipment Rental Contract.

5. This Assignment and Assumption Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, legal personal representatives, administrators, successors and assigns.

IN WITNESS WHEREOF this Assignment and Assumption Agreement has been executed by the parties hereto.

_____

Vendor (Signature)

_____

Purchaser (Signature)

_____

Enbridge Gas Inc. (Signature)

SIGNATURE PAGE IS ON THE LAST PAGE OF THIS AGREEMENT

ENBRIDGE

HVAC RENTAL AGREEMENT – SIGNATURE PAGE

The Customer hereby leases the HVAC Equipment from the Supplier upon the Terms and Conditions set out in this Agreement, commencing on the Commencement Date and continuing thereafter until this Agreement is terminated in accordance with its terms. The Customer may terminate this Agreement at any point during the Term by buying out the HVAC Equipment as provided herein. This Agreement may be terminated by the Supplier as provided herein, if the Customer fails to meet its commitments or if the HVAC Equipment fails more than 10 years after the Commencement Date.

By signing this Agreement, the Customer acknowledges having received a completed copy of the Agreement including the Lease Disclosure Statement. The Customer acknowledges and having read the Agreement in its entirety, and the Customer agrees to the Terms and Conditions of the Agreement.

Customer Name & Signature	Customer Name & Signature
_____ *(Please Print Full Legal Name)*	_____ *(Please Print Full Legal Name)*
X _____ *(Signature)*	**X** _____ *(Signature)*
_____ *(Customer's Date of Birth) Year/Month/Day*	_____ *(Customer's Date of Birth) Year/Month/Day*
_____ *(Date Signed) Year/Month/Day*	_____ *(Date Signed) Year/Month/Day*
_____ *(Address where Agreement Signed – Street #, City /Municipality, Province)*	_____ *(Address where Agreement Signed – Street #, City /Municipality, Province)*

Supplier Representative Name & Signature
_____ *(Please Print Name)*
X _____ *(Signature)*
_____ *(Print Title)*
_____ *(Date Signed) Year/Month/Day*
_____ *(City or Municipality and Province Agreement Signed)*

SIGNATURE PAGE IS ON THE LAST PAGE OF THIS AGREEMENT

HVAC DEALER AND RENTAL PROGRAM AGREEMENT (ONTARIO)

HVAC Dealer and Rental Program Agreement (the **"Agreement"**) dated DATE, 2024 **(**the **"Effective Date")** between Enbridge Gas Inc. (the **"Program Operator"**) and LEGAL NAME OF CONTRACTOR (the **"Dealer"**).

1. Definitions.

In this Agreement, the following terms shall have the following meanings:

"Agreement" means this HVAC Dealer and Rental Program Agreement as amended, modified, restated, supplemented or replaced from time to time.

"Applicable Laws" has the meaning given to that term in Section 7.

"Application" means an application to rent a Product(s) submitted by the Dealer to the Program Operator through the Portal.

"Appointment" means a scheduled in-home visit with a Customer to provide a Proposal.

"Approved Transaction" means the approval by the Program Operator of an Application.

"Certificate of Completion" means a form completed by the Customer indicating their approval and acceptance of the Product(s) and Installation.

"Commission" means a fee paid by the Dealer to the Program Operator for a Customer Lead that results in a Purchase Contract or HVAC Rental Agreement as determined and calculated in Schedule "D" – Commissions.

"Company Policies" has the meaning given to that term in Section 7.

"CPA" means the Consumer Protection Act, 2002, S.O. 2002, c. 30, Sched. A.

"Customer" means a person wishing to purchase or rent Product(s) and obtain Services from the Program Operator and/or the Dealer, as applicable.

"Customer Lead" means a Customer that is in the market for HVAC (heating, ventilation and air conditioning) products or equipment and which is identified by the Program Operator and disclosed to the Dealer either through the Portal or otherwise.

"Customer Lead Data" means Customer contact and other information gathered by the Program Operator to allow the Dealer to provide a Proposal.

"Customer Records" means all books, contracts and records in respect of each Customer (including service history, a record of all communication, financial records, etc.).

"Dealer Checklist" means the checklist of actions that the Dealer must complete or satisfy, and the documents that the Dealer must obtain and deliver to the Program Operator prior to the completion of each Approved Transaction, which shall include a Proposal and HVAC Rental Agreement or Purchase Contract, as applicable, and a Certificate of Completion.

“Designated Representatives” means the salespersons, employees, partners, contractors, sub-contractors and agents of the Dealer.

"Form of Data Consent” means a consent, in the form contained in the Portal from time to time, to signed by each Customer executing a Purchase Contract that allows Program Operator access to certain Customer data.

“Good Industry Practices” means the actions, practices, methods, techniques, and standards (including modifications over time) that:

(i) should be adopted by a party exercising due care, diligence, and that degree of knowledge, skill, prudence, foresight, and use of funding that would reasonably and ordinarily be expected from qualified, skilled, and experienced professional contractors specializing in the performance of work similar to the Services; and

(ii) conform to this Agreement, Applicable Laws, Company Policies, and industry codes and standards.

In the event of an inconsistency or conflict among or between any of the items listed above and/or any other provision of this Agreement, the more rigorous performance standard will govern.

“HVAC Rental Agreement” means a rental agreement between the Customer and the Program Operator in respect of an Approved Transaction, in the form provided by the Program Operator. The Program Operator shall determine contractual terms, prices, fees, interest rates and costs relating to the rental agreement, the details of which will be provided to the Dealer by the Program Operator.

“HVAC Rental Agreement Documents” means the documents required to be submitted on the Portal by the Dealer in connection with an Approved Transaction including, without limitation, the Application, the Dealer Checklist and the HVAC Rental Agreement.

“HVAC Rental Agreement Term” means the term of any HVAC Rental Agreement.

“**Hybrid Heating HVAC Solution**" means a combination of HVAC equipment and a controls solution that enables switching between an electric heat pump and natural gas heating equipment.

“Installation” means the delivery and installation of the Product(s) at a Customer’s premises by the Dealer.

“Manufacturer’s Warranty” means the warranty provided by the manufacturer of the Product to the owner of the Product, which will cover the cost of repairs and replacement due to defects or issues not caused by the Customer or normal wear and tear.

“Ongoing Services Fees” means the monthly service fees set out in Schedule E payable by the Program Operator to the Dealer to provide the Services for Products covered under HVAC Rental Agreements.

“Personal Information” means personal information, as defined in the applicable provincial or federal privacy legislation, of a Customer collected by either the Program Operator or the Dealer under the Program, including the Customer Records.

“Portal” means the dealer portal available on the Program Operator’s website through which the Customer Leads will be provided to the Dealer and will be used to execute both Purchase Contracts and HVAC Rental Agreements.

"Products" means the HVAC (heating, ventilation and air conditioning) products or equipment offered under the Program as listed in Schedule "A" and as may be amended from time to time upon notice by the Program Operator to the Dealer.

"Program" has the meaning specified in Section 3.

"Program Operator" means Enbridge Gas Inc.

"Proposal" means the Dealer providing to a Customer both (i) a price quote to the Customer for the purchase of Products, and (ii) a potential rental option by Customer with the Program Operator as an alternative to paying for the Products the Dealer has proposed and quoted to the Customer.

"Purchase Contract" means a contract between the Dealer and the Customer for the purchase of Products.

"Services" means the Installation and the ongoing services to be provided by the Dealer, on behalf of the Program Operator, to a Customer under the HVAC Rental Agreements including maintenance services and Manufacturer's Warranty services in respect of a Product, as outlined in Schedule "B" and to be provided in accordance with the Service Standards.

"Service Standards" means the standard levels of service to be provided by the Dealer to a Customer as outlined in the attached Schedule "C".

"Term" means the ten (10) year term of this Agreement, subject to earlier termination as provided herein.

2. Schedules.

Each of the following schedules shall, for all purposes of this Agreement, form an integral part of this Agreement:

Schedule "A" – Approved Products
Schedule "B" – Ongoing Service and Maintenance and Warranty Services Scope of Work
Schedule "C" – Service Standards
Schedule "D" – Commissions
Schedule "E" – Fees and Rates
Schedule "F" – Insurance Requirements

3. Dealer Participation in the Program.

Subject to the terms and conditions of this Agreement, the Program Operator hereby authorizes the Dealer to participate in the Program and the Dealer accepts such appointment. In general terms, the "**Program**" refers to the arrangement where the Program Operator generates Customer Leads wishing to purchase or rent Products, and Dealer supplies and installs Product(s) for a Customer and, if applicable, arranges for the Customer to rent the Product(s) from the Program Operator. Dealer will receive Customer Lead Data to schedule and complete an in-home assessment and Proposal. Customers can either purchase Products directly from the Dealer or rent the Products from the Program Operator through an HVAC Rental Agreement. If a Customer elects to rent Products from the Program Operator, the Dealer will act on behalf of the Program Operator to provide Services to the Customer during the term of the HVAC Rental Agreement. The Program Operator will make monthly payments to the Dealer for the Ongoing Service Fees associated with the HVAC Rental Agreements under the Program. For the purpose of this

Agreement, the **"Program"** includes each of the following actions and obligations of the Program Operator and the Dealer:

(a) at each engagement with Customers, the Dealer prepares and presents to Customer a Proposal;

(b) if a Customer requests an HVAC Rental Agreement the Dealer shall obtain and verify, as applicable, all information required from a Customer to complete the Dealer Checklist and the Application;

(c) the Dealer shall submit the Application to the Program Operator through the Portal on behalf of a Customer, which shall also include the Proposal;

(d) the Program Operator shall evaluate the Application. If the Application is an Approved Transaction, the Program Operator shall prepare a HVAC Rental Agreement for such Customer through the Portal for review, and if agreeable, for execution by the Customer;

(e) the Dealer shall, after the completion of either a Purchase Contract or HVAC Rental Agreement, arrange for the prompt Installation of the Product(s);

(f) the Dealer shall be solely responsible for ensuring that the Product(s) (including Installation) meets all of the conditions and requirements set out below in Section 5;

(g) the Program Operator shall pay the Dealer for the total installed cost of each Product covered under an executed HVAC Rental Agreement within 12 days of receiving the Certificate of Completion;

(h) the Dealer, on behalf of the Program Operator, will provide Services;

(i) the Program Operator shall pay the Ongoing Services Fees when due and payable; and

(j) the Dealer will pay a Commission to the Program Operator on all Purchase Contracts and HVAC Rental Agreements executed from Customer Leads. All Commissions will be paid by Dealer within thirty (30) days of execution of a Purchase Contract or HVAC Rental Agreement, as applicable.

4. Dealer's Obligations.

The Dealer shall comply with all terms and conditions of the Program. In addition, the Dealer shall:

(a) design a Hybrid Heating HVAC Solution for customers (homeowners) that meets their needs. A solution could be composed of a single piece of equipment, or several pieces of equipment integrated into a consolidated design, except that in no event shall Dealer propose to sell or rent to a Customer only a natural gas furnace.

(b) arrange for the Customer to complete an Application, ensuring that the Customer is informed that he or she is applying for a rental arrangement with the Program Operator and that, as a result, the Program Operator may contact such Customer with respect to such Application;

(c) verify the identity of the Customer by examining the identification deemed acceptable by the Program Operator and ensure that the Application accurately sets out the Customer's full legal name and primary address;

(d) ensure that the Application is correct and complete prior to submitting it to the Program Operator through the Portal;

(e) ensure that all of its Designated Representatives are properly licensed and supervised, as required, to complete the Installation and provide the Services;

(f) ensure that it and all of its Designated Representatives comply with Applicable Laws, including the CPA (including not misrepresenting the Product's fitness for the purpose it is proposed to be used by the Customer) and applicable privacy legislation (including the collection, retention, use, and disclosure of Personal Information);

(g) establish or maintain in place appropriate policies and procedures to protect Personal Information from unauthorized collection, use or disclosure; and ensure Personal Information is collected and stored in a manner that both complies with Applicable Laws so that such Personal Information can be reliably returned or destroyed as required in this Agreement;

(h) complete the Installation including, without limitation, any requisite and appropriate venting, wiring, plumbing;

(i) obtain a Certificate of Completion from the Customer, and promptly provide the Certificate of Completion to the Program Operator via the Portal;

(j) if a Customer signs a Purchase Contract, obtain an executed Form of Data Consent from the Customer, and provide the Form of Data Consent to the Program Operator via the Portal;

(k) maintain the insurance coverages and obligations as set out in Schedule "F";

(l) notify the Program Operator promptly if a Customer expresses any dissatisfaction with the Products, Installation or Services and/or exercises any right to cancel the Purchase Contract or HVAC Rental Agreement;

(m) if permitted by the manufacturer of Products, ensure that any Manufacturer's Warranty in respect of the Products included in an HVAC Rental Agreement are transferred and registered to the Program Operator immediately following Installation. If the transfer of the Manufacturer's Warranty to Program Operator is not permitted by the manufacturer of Products, Dealer shall transfer and register the Manufacturer's Warranty to the Customer immediately following Installation;

(n) meet the requirements and expectations set out in Section 5 in relation to the supply and Installation of the Products;

(o) provide Services during the Term;

(p) promptly advise the Program Operator of any change in the nature of its business or of any intention by the Dealer to discontinue carrying on business;

(q) if requested by the Program Operator, provide copies to the Program Operator of all such information, documentation, licenses, or registrations made by the Dealer, or obtained by the Dealer, as may be required to carry on business;

(r) timely pay all of its Designated Representatives; and

(s) indemnify and defend Program Operator from and against all claims, liens, charges or encumbrances of any type related to the Services.

5. Products; Title Transfer.

For each Purchase Contract or HVAC Rental Agreement, Dealer is responsible for ensuring that the Product(s) is suitable for the Customer's purposes and meets any warranties, promises or representations made by the Dealer to the Customer. The Dealer is responsible for ensuring that the Product(s) is new, of merchantable quality, fit for the purpose for which it is intended**,** and is installed properly such that it will work for the HVAC Rental Agreement Term. Title to Products covered under an HVAC Rental Agreement transfers to Program Operator upon execution of a Certificate of Completion. Dealer warrants that it will have good and transferable title to such Products at the time of title transfer to Program Operator, and further warrants that title to such Products will transfer to Program Operator free and clear of any and all liens or encumbrances. Dealer shall timely pay its subcontractors and vendors, and shall indemnify and defend Program Operator and its affiliates from and against all claims by third parties and liens and encumbrances on Program Operator's property or Customer's property related in any way to Dealer's performance of this Agreement.

6. Manufacturer Warranties

(a) Under each HVAC Rental Agreement, the Customer will be directed to contact the Dealer for any maintenance or repair required for the ongoing operation of the Product(s). The Dealer will perform the Services described in Schedule "B"

(b) The Dealer hereby acknowledges and agrees that the Program Operator is not responsible in any way for the following:

(i) evaluating the suitability and quality of the Product(s) and the Installation;

(ii) ensuring that the Products meet any applicable Manufacturer's Warranty at the time of Installation and throughout the HVAC Rental Agreement Term;

(iii) monitoring or tracking the provision of the Services;

(iv) providing any maintenance or ongoing repairs in respect of the Products during the HVAC Rental Agreement Term;

(v) advising the Customer on all Manufacturer's Warranty options;

(vi) replacing or repairing any Products that have failed after the Manufacturer's Warranty has expired, except as expressly provided in Schedule "E"; and

(vii) assigning any Manufacturer's Warranty to the Program Operator, as applicable or required.

(c) If the Dealer uses any Designated Representatives to complete the Installation or provide any other Services, it will only use reputable Designated Representatives and will provide all supervision as may be necessary to ensure that such Designated Representatives meet any Manufacturer's Warranty. The Dealer is responsible for the acts and omissions of any of its Designated Representatives. The Dealer will, if requested by the Program Operator, make the Products available for inspection by the Program Operator and will provide all information to the Program Operator relating to the Manufacturer's Warranty applicable to the Products as well as a description of all Services provided to each Customer.

7. Services

(a) Dealer warrants that the Services will (a) conform in all respects to the provisions of this Agreement (b) comply with Good Industry Practices and Applicable Laws; (c) be performed using personnel possessing such skills, qualifications and credentials as are necessary or desirable for the performance of the Services in a good and workmanlike manner; and (d) be free from defects in material, workmanship, and design. The foregoing warranties shall extend for a period of eighteen (18) months from the date of completion of the Services. Dealer warrants that Dealer's tools and equipment are in safe operating condition. In the event that any Services do not conform to the provisions of this Agreement, Dealer agrees to immediately and properly repair and/or re-perform, at its sole expense, any defective Services, including any Services that are not in accordance with Good Industry Practices or Applicable Laws. Furthermore, Program Operator reserves the right to reject the defective Services, including any Services that are not in accordance with Good Industry Practices, or Applicable Laws. If Dealer fails to remedy the non-conforming Services in a timely manner, then Program Operator, in its discretion, may remedy the non-conforming Services with the costs and expenses charged back to Dealer, and Dealer shall reimburse Program Operator within sixty (60) days of Program Operator's presentment of such costs and expenses to Dealer. Warranties and other contractually established rights and remedies that are set forth within this Agreement will not be deemed waived, either in whole or in part, by reason of Program Operator's inspection of, failure to perform inspection of, and/or failure to otherwise identify Dealer deficiencies or breaches or payment for, the Services

(b) The Dealer covenants, represents and warrants that in the performance of Services it shall, and shall cause its Designated Representatives to:

(i) comply with all federal, provincial, state, and local laws and regulations, codes, and industry standards, as well as any orders, permits, decrees, licenses, certificates, consents, approvals, inspections and requirements or directives of any governmental or regulatory authority having jurisdiction (collectively, "**Applicable Laws**"). Dealer acknowledges that failure to comply with Applicable Laws shall constitute a material breach of this Agreement;

(ii) comply with, all policies, processes, and procedures of Program Operator and its affiliates: (i) set forth at https://www.enbridge.com/work-with-enbridge/doing-business-with-enbridge/policies website (which URL and/or the policies posted on it may change from time to time at Program Operator's discretion); and (ii) communicated to Dealer ("**Company Policies**"), as each such Company Policy may be amended from time to time. If requested by Program Operator, Dealer will attend and ensure all its Designated Representatives attend training on Company Policies at Dealer's expense. Dealer acknowledges that failure to comply with Company

Policies will constitute a material breach of this Agreement. Without limiting the foregoing, Dealer shall observe such rules as Program Operator shall prescribe from time to time for the protection of personnel and property, including such safety and operator qualification rules as Program Operator may establish, and shall limit smoking and the use of fire and ignition sources to such locations and occasions as are designated by Program Operator's representative.

(c) Dealer shall comply with all Applicable Laws which regulate or relate to the protection or clean-up of the environment, the manufacture, sale, use, treatment, storage, transportation, handling, or disposal of hazardous substances, the preservation or protection of land, waterways, surface water, ground water, drinking water, air, wildlife, plants, or other natural resources. Dealer must at all times keep the worksite free of trash and debris. Dealer shall remove all of its equipment and any remaining trash or debris, and restore the worksite.

8. Program Operator's Obligations.

The Program Operator shall:

(a) provide any Customer Lead(s) and Customer Lead Data via the portal;

(b) review the Applications received from the Dealer and conduct a credit assessment of each Customer, if required;

(c) advise the Dealer of its decision to approve or reject each Application within a reasonable time following receipt of same;

(d) have no obligation to enter into an HVAC Rental Agreement with any Customer, even if the Customer shall meet the Project Operator's rental criteria; and

(e) upon receipt of the executed HVAC Rental Agreement and Certificate of Completion, the Program Operator shall purchase and remit payment for the applicable Product(s) purchased from the Dealer.

9. Advertising.

The Dealer will not advertise the Program Operator or the Program, or use the Program Operator's name, trademarks, service marks, logos or other proprietary designations in any of its advertisements, without the prior written consent of the Program Operator. The Program Operator will not use the Dealer's name, trademarks, service marks, logos or other proprietary designations in any of its advertisements, without the prior written consent of the Dealer. The Dealer shall not engage in misleading advertising, including contrary to the *Competition Act* (Canada). Neither party shall, at any time, do or cause to be done any act or thing contesting or in any way impairing or tending to impair in whole or in part, the other party's right, title and interest in and to any such trade-mark, service mark, license, logo or proprietary designation. The Dealer agrees to do and execute all such acts, documents and agreements as may be reasonably required for the protection of the name, trade-marks, service marks, logos or other proprietary designations licensed to or used by the Program Operator.

10. Confidentiality and Control of Personal Information.

(a) The Dealer agrees to keep the information provided by the Program Operator and/or the Customer in connection with the Program, this Agreement and the HVAC Rental Agreement Documents strictly private and confidential. Without limiting the generality of the foregoing,

the Dealer agrees that it will not provide any information about any Customer or the Program Operator's product, services, operations, rates or documentation to any third party and that it will cause its Designated Representatives to keep such information strictly private and confidential.

(b) The Dealer acknowledges and agrees that all Customer Records and any Personal Information contained therein about a Customer or otherwise remain the sole and exclusive property of Program Operator. Upon the termination of this Agreement for any reason, all Customer Records and any Personal Information of any Customer contained therein or otherwise in the possession of the Dealer and any Designated Representative shall be returned to the Program Operator and, upon request by Program Operator, deleted from all of Dealer's and any Designated Representative's servers and electronic records.

(c) The Dealer represents, warrants and covenants to the Program Operator as follows:

(i) the Dealer shall collect, use, store and disclose the Personal Information (including the Customer Records) solely for the purpose of fulfilling its obligations under this Agreement and for no other purpose, and shall require its Designated Representatives to do so including on terms and conditions no less stringent than those contained in this Agreement; and

(ii) the Dealer shall collect, use, store and disclose Personal Information in compliance with: (a) all laws and regulations to which the Dealer is subject, including, without limitation, any applicable consumer protection laws; and (b) all of the principles and standards established under the *Personal Information Protection and Electronic Documents Act* (collectively, "**Privacy Laws**"), and shall require its Designated Representatives to do so including on terms and conditions no less stringent than those contained in this Agreement.

(d) If the Dealer becomes aware of a breach of any Privacy Laws relating to the collection, use and/or disclosure of Personal Information or Customer Records, the Dealer shall immediately notify the Program Operator. The Dealer further agrees to take all reasonable steps, at its own expense, to remedy the breach or violation that arises from the Dealer's or a Designated Representative's actions.

(e) The Dealer acknowledges and agrees that money damages will be inadequate to compensate the Program Operator, its affiliates, those for whom the Program Operator is in law responsible, and the Customers in the event of a breach of the privacy provisions set out in this Agreement, and Dealer will not and will cause its affiliates, and other Designated Representatives to not oppose any application by Program Operator or its affiliates to obtain injunctive relief or any other equitable remedy available to them.

11. Term and Termination.

(a) Subject to the earlier termination in accordance with the provisions of this Agreement, this Agreement shall commence on the Effective Date and terminate at the end of the Term.

(b) Either party may terminate this Agreement as follows:

(i) immediately, by Notice to the other party, if the other party becomes bankrupt or insolvent or ceases its operations or in the event any material part or the whole of such other party's assets are confiscated, seized,

expropriated or taken under the control of a regulatory authority or in the event a receiver, manager or liquidator is appointed of the other party or any of its assets;

(ii) immediately, by Notice to the other party: (a) if the performance or observance of this Agreement or any provision hereof which is not severable would contravene or has contravened the provisions of any Applicable Laws applicable to that party, or (b) if the other party breaches a material term of this Agreement that is not capable of being remedied, or is not capable of being remedied within thirty (30) days of such breach; and

(iii) by Notice to the other party, if the other party breaches a material term of this Agreement and, if the defaulting party fails to remedy same within thirty (30) days of the receipt of Notice of such breach.

(c) Program Operator may terminate this Agreement immediately by Notice to the Dealer in the event of a breach by the Dealer or any Designated Representative of Section 10 of this Agreement.

(d) Any termination under Section 11(b) or 11(c) above shall be without prejudice to any rights of the terminating party to damages and to any other rights and recourse it may have at law, under this Agreement or otherwise.

(e) In addition to the rights of termination set out above, either of the Program Operator or Dealer may terminate this Agreement at any time and at its sole discretion by providing no less than ninety (90) days' Notice of such termination to the other party.

12. Obligations on Termination.

(a) Upon the termination of this Agreement for any reason, the Dealer and the Program Operator shall immediately take steps to discontinue all use, display or supply of any printed material, whether in paper or electronic format that refers to, advertises or promotes the Program as soon as reasonably possible. The Dealer shall return all property of Program Operator to Program Operator including, without limitation, all Customer Records and, upon request by Program Operator, transition such Customer Records to a new dealer.

(b) In the event of the termination of this Agreement by the Program Operator as a result of the Dealer's failure to perform or observe any obligation imposed on it under this Agreement or the HVAC Rental Agreement or a termination by either party pursuant to Section 11(e), the Program Operator has the right to require the Dealer to return all Customer Records and refund all Ongoing Service Fees paid to the Dealer over the twelve (12) months prior to the effective date of termination. Dealer shall pay such refund of Ongoing Service Fees within thirty (30) days after the effective date of termination of this Agreement.

(c) The Program Operator has the right but not the obligation to require the Dealer to continue to provide Services for up to six (6) months after the termination of the Agreement for any reason, during which time the relevant provisions of this Agreement and the applicable HVAC Rental Agreements will continue to apply.

(d) Notwithstanding anything else contained in this Agreement, the Program Operator may, at any time after the termination of this Agreement, assign the HVAC Rental Agreements to any person or third party

13. Indemnity by Dealer.

(a) The Dealer hereby indemnifies the Program Operator, and agrees to hold the Program Operator harmless, from and against all loss, damage, claims, suits, demands, costs and expenses, (including without limitation, legal expenses, on a solicitor and own client basis, and including the fees and charges of in house counsel), which may be suffered or incurred by the Program Operator, its affiliates, and those for whom they are in law responsible in respect of, or in any way related to: (i) damage to property or injury or death to persons caused by the Dealer or its Designated Representatives; (ii) the performance of Services by the Dealer or its Designated Representatives, (iii) any misrepresentations of the Dealer or the breach by the Dealer or its Designated Representatives of any of their obligations under this Agreement; (iv) any failure to provide the Services; (v) the Dealer (or the Designated Representatives) not performing its Installation or service obligations in connection with the Products and/or the Services; (vi) the Dealer or the Designated Representatives taking any other action or failing to take action which could in any way affect the validity or enforceability of the HVAC Rental Agreement or the Program Operator's ability to enforce collection of the full amount of the indebtedness evidenced by a HVAC Rental Agreement; (vii) any deficiency in the Services howsoever such deficiency is caused or may arise; (viii) the Customer rescinding or exercising any right to cancel the HVAC Rental Agreement based on the actions of the Dealer; and (ix) the breach by the Dealer or its Designated Representatives of Applicable Laws (including, without limitation, Privacy Law) or the obligations of such parties under Section 10.

(b) The Dealer hereby specifically agrees that, upon the Program Operator's determination that there has occurred any of the events specified in Section 13(a) of this Agreement for which the Program Operator is entitled to be indemnified by the Dealer hereunder, and without limiting the Program Operator's right to fully enforce the indemnity provided in Section 13(a) of this Agreement, the Dealer will immediately, upon demand by Program Operator refund all Ongoing Service Fees paid to the Dealer over the prior twelve (12) months.

14. Limitation of Program Operator's Liability.

The Program Operator shall not be liable in any way to the Dealer or to the Customer for any loss, damage, cost or expense, including without limitation, loss of the sale of the Products and/or Services, as a result of any delay in the Program Operator advising the Dealer of its decision regarding the approval or rejection of a Customer for an HVAC Rental Agreement or as a result of Program Operator's decision not to enter into an HVAC Rental Agreement with a Customer.

15. Relationship of the Parties.

This Agreement is not intended to, and shall not be deemed to create, any partnership or joint venture or similar relationship between the Program Operator and the Dealer and no party shall have the power or authority to bind directly or indirectly the other in relation to third parties. No provision contained herein will be deemed to create any relationship between the parties hereto other than the relationship of independent parties contracting for services. Dealer does not have an express or implied right to create any obligations on behalf of or in the name of Program Operator. Should Dealer or any Designated Representative be determined by any governmental authority to be an employee of Program Operator for any purpose, Dealer agrees to defend, indemnify and hold harmless Program Operator from and against any and all costs, liability, penalties or taxes incurred as a result of such determination. Dealer shall be solely responsible for any and all salaries and/or wages and benefits for its personnel, and the withholding and remittance of all deductions therefrom, including all taxes, employment insurance premiums, pension

plan contributions, workers compensation premiums and any other statutory or otherwise required withholdings.

16. Right to Audit.

Program Operator and its respective authorized representatives shall have the right to inspect and audit records of Dealer (and any Designated Representative) related solely to performance of this Agreement, upon fifteen (15) days' written notice to Dealer, including access to Dealer's (and Designated Representative's) books, records and documentation supporting all billed amounts, quality assurance, and the Dealer's obligations to comply with Privacy Law and the obligation under Section 10 of this Agreement. At Program Operator's request, such documentation will be provided as an electronic file (such as CSV, Excel or Word format), or as otherwise reasonably agreed to by the parties. This right to audit shall remain in effect for a period of two (2) years after expiry or termination of this Agreement.

17. Taxes.

(a) All fees paid or payable to Dealer are inclusive of all taxes, including applicable sales and use taxes, fuel taxes, customs duties and excise taxes (collectively, "**Taxes**"), except any amounts payable in respect of the federal Goods and Services Tax or Harmonized Sales Tax imposed pursuant to the Excise Tax Act (Canada) (the "**ETA**") and the Quebec Sales Tax imposed under the Act respecting the Québec Sales Tax (collectively, "**GST**") and any Taxes required by law to be collected by Dealer from Program Operator. Taxes imposed on Program Operator shall be separately stated and identified on each invoice issued by Dealer in compliance with appropriate tax laws or regulations.

(b) Dealer hereby represents that it is duly registered for the purposes of the ETA and will remain so registered during its dealings with Program Operator. Dealer agrees to provide any documentary evidence required by Program Operator in order to claim input credits/reimbursements in respect of any GST paid to Dealer and all invoices, statements of account or any similar documents rendered by Dealer shall contain such information as is required by, or prescribed under, the GST legislation.

(c) Where Dealer is considered to be a non-resident contractor under the laws of a particular province, Dealer shall, prior to providing the Services, take all steps necessary to comply with the legislation of that province including, where required, the posting of non-resident security in accordance with provincial sales tax (**"PST**") legislation.

(d) Dealer is solely liable for and shall pay all Taxes payable by it, including but not limited to PST, in connection with the Services provided under this Agreement. In the event that Program Operator is assessed for any non-payment of Taxes payable by Dealer, Program Operator may withhold out of any monies owing to Dealer, or otherwise recover from Dealer, a sum equivalent to the amount of Taxes, penalty and interest paid by Program Operator.

18. Non-Exclusive.

(a) This Agreement is not exclusive and does not preclude Dealer from entering into any agreement with any other person related to the sale, financing or lease of goods or products, including those that are the same as, similar to or competitive with Products.

(b) This Agreement is not exclusive and does not preclude the Program Operator from entering into an agreement with any other person involving the sale, financing or lease of goods or products or provision of services, including those that are the same as, similar to or competitive with the Products or Services. Notwithstanding any other provision of this Agreement, Dealer acknowledges and understands that Program Operator may elect in its sole discretion to send Customer Leads to the Dealer or any of its other dealers and that the Program Operator does not guarantee that Dealer will receive a minimum number of Customer Leads.

19. Notices.

All demands, notices, advice, approvals and permission that either party gives the other party ("**Notices**") shall be given at the addresses set out below. Notices may be given by electronic transmission (email) or personal delivery. Notices shall be considered given on the date of receipt (or refusal) of delivery if delivered, or on the first business day following transmission, if transmitted via email if received after 5:00 p.m. (local time of the recipient). Notices shall be addressed to the following addresses:

Program Operator:

Enbridge Gas Inc.
500 Consumers Road, North York, ON M2J 1P8
Attention: Steve Storey
Email: steven.storey@enbridge.com

Dealer:

CONTRACTOR LEGAL NAME
ADDRESS
Attention:
Email:

This Agreement represents the full agreement between the parties and supersedes and replaces any prior or contemporaneous oral or written agreement or agreements between the parties concerning the matters contemplated herein including all letters of intent. This Agreement may not be modified except by written agreement signed on behalf of both parties.

20. Survival.

The parties agree that their respective obligations set forth in Sections 5, 7, 9, 10, 11(d), 12, 13, 14, 15, 16, 17, 20, 21, 25, 27, 28, 29 and 30 shall survive the performance or termination of this Agreement.

21. Further Assurances.

Each party shall promptly do, execute, acknowledge and deliver all such further acts, documents and assurances as may be reasonably necessary or desirable to carry out what is contemplated by this Agreement.

22. Successors and Assigns.

This Agreement shall ensure to the benefit of and be binding on the parties hereto and their respective successors and assigns. The Program Operator may assign this Agreement and any HVAC Rental

Agreements to any of its affiliates without Notice to and without the consent of the Dealer. The Dealer may not assign this Agreement without the prior written consent of the Program Operator.

23. Time of the Essence.

Time is of the essence of this Agreement.

24. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and laws of Canada applicable therein. The Dealer irrevocably and unconditionally agrees that it will not commence any litigation or other proceeding against the Program Operator relating to any dispute (whether in contract, tort or otherwise) based upon, arising out of or relating to this Agreement or any HVAC Rental Agreement in any forum other than the courts of the Province of Ontario.

25. Not Agents.

Neither party shall be the agent of the other except for the purpose of ascertaining the identity of the Customer and obtaining completed Application and HVAC Rental Agreement documentation, which the Dealer shall do as the Program Operator's agent. The Dealer also represents and warrants that it shall meet with the Customer face to face when collecting identification. The Dealer is not authorized to (i) enter into any HVAC Rental Agreement on the Program Operator's behalf, incur any liability on the Program Operator's behalf, or otherwise bind the Program Operator in any way, (ii) accept cash from a Customer, or (iii) at any time represent to any third party that the Dealer represents the Program Operator.

26. Set-Off.

Program Operator shall have the right at all times to set-off against any amount due or owing to Dealer by Program Operator under this Agreement, another contract, or otherwise:

(a) any amount or amounts (including damages and indemnities) due and owing by Dealer to Program Operator;

(b) any amount or amounts for which Program Operator may become or has become liable by virtue of Dealer's failure to comply with the requirements of Applicable Laws or any other duties or obligations arising out of or relating to the performance of this Agreement.

27. Interpretation.

In this Agreement, unless otherwise specified:

(a) the words "hereunder" and "hereof" refer to the provisions of this Agreement and a reference to a recital, Article, Section or Schedule is a reference to a recital, Article, Section or Schedule to this Agreement unless otherwise stated and references to this Agreement include any recital and Schedule thereof;

(b) a reference to a statute or other law or a provision of any of them includes regulations and other instruments under any of them as in effect from time to time and consolidations, amendments, re-enactments, extensions or replacements of that statute, law or provision;

(c) "including" means "including, but not limited to";

(d) the singular includes the plural and vice versa;

(e) unless otherwise stated, any reference to dollars means Canadian dollars.

28. Miscellaneous.

If any portion of this Agreement is held to be or becomes invalid, illegal or unenforceable that portion of the Agreement will be severed from the Agreement and the remainder of the Agreement will remain in full force and effect. Any waiver of any right or obligation under this Agreement will not be effective unless made in writing and will not be considered to be a waiver of such right or obligation in any other circumstance other than the circumstance in which it was made. There are no terms, conditions, representations, or warranties, expressed or implied, other than those contained in this Agreement. This Agreement may be signed in counterparts with the same effect as if all parties had all signed the same document.

29. Counterparts.

This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by electronic image scan transmission (e.g., “PDF” or “tif” via email) shall be as effective as delivery of a manually signed counterpart of this Agreement.

[signature page follows]

THIS AGREEMENT is dated as of the day of June 13, 2024.

ENBRIDGE GAS INC.

Per: _____
Name:
Title:

CONTRACTOR LEGAL NAME

Per: _____
Name:
Title:

Schedule "A"
Approved Products

Product Type	Model Number	Brand
air handler	IAH-IFLH-14000W	Iflow
air handler	IAH-IFLH-16000W	Iflow
air handler	IAH-IFLH-18000W	Iflow
air handler	IAH-IFLH-16000D	Iflow
air handler	IAH-IFLH-18000D	Iflow
air handler	IAH-IFLH-18000Q	Iflow
air handler	KD24UHI	Kinghome
air handler	KD30UHI	Kinghome
air handler	KD36UHI	Kinghome
air handler	KD42UHI	Kinghome
air handler	KD48UHI	Kinghome
air handler	KD60UHI	Kinghome
combi boiler	NCB-190-060H	Navien
combi boiler	NCB-190-080H	Navien
combi boiler	NCB-240-110H	Navien
combi boiler	NCB-240-130H	Navien
combi boiler	NCB-250-150H	Navien
furnace	AMVC960403BN	Amana
furnace	AMVC960603BN	Amana
furnace	AMVC960803BN	Amana
furnace	AMVC960804CN	Amana
furnace	AMVC961005CN	Amana

furnace	AMVC961205DN	Amana
furnace	AMVM970603BN	Amana
furnace	AMVM970803BN	Amana
furnace	AMVM970804CN	Amana
furnace	AMVM971005CN	Amana
furnace	AMVM971205DN	Amana
furnace	DM97MC0603BN	Daikin
furnace	DM97MC0803BN	Daikin
furnace	DM97MC0804CN	Daikin
furnace	DM97MC1005CN	Daikin
furnace	DM96VC0403BN	Daikin
furnace	DM96VC0603BN	Daikin
furnace	DM96VC0803BN	Daikin
furnace	DM96VC0804CN	Daikin
furnace	DM96VC1005CN	Daikin
furnace	GM9C96040	Goodman
furnace	GM9C96060	Goodman
furnace	GM9C96080	Goodman
furnace	GM9C96100	Goodman
furnace	GMVC960403BN	Goodman
furnace	GMVC960603BN	Goodman
furnace	GMVC960803BN	Goodman
furnace	GMVC960804CN	Goodman
furnace	GMVC961005CN	Goodman
furnace	GMVC961005DN	Goodman

furnace	GMVC961205DN	Goodman
furnace	GM9S960403AN	Goodman
furnace	GM9S960603BN	Goodman
furnace	GM9S960803BN	Goodman
furnace	GM9S960804CN	Goodman
furnace	GM9S960805CN	Goodman
furnace	GM9S961005CN	Goodman
furnace	GM9S961205DN	Goodman
furnace	GMVM970603BN	Goodman
furnace	GMVM970803BN	Goodman
furnace	GMVM970804CN	Goodman
furnace	GMVM971005CN	Goodman
furnace	GMVM971205DN	Goodman
heat pump	ASZS60241EA	Amana
heat pump	ASZS60361EA	Amana
heat pump	ASZS60421EA	Amana
heat pump	ASZS60481EA	Amana
heat pump	DZ6VSA1810	Daikin
heat pump	DZ6VSA2410	Daikin
heat pump	DZ6VSA3010	Daikin
heat pump	DZ6VSA3610	Daikin
heat pump	IFLRE-70C24B	Iflow
heat pump	70HPIC24A	Iflow
heat pump	IFLRE-70C30C	Iflow
heat pump	70HPIC30A	Iflow

heat pump	IFLRE-70C36C	Iflow
heat pump	70HPIC36A	Iflow
heat pump	KD24UHO	Kinghome
heat pump	KD30UHO	Kinghome
heat pump	KD36UHO	Kinghome
heat pump	KD42UHO	Kinghome
heat pump	KD48UHO	Kinghome
heat pump	KD60UHO	Kinghome
heat pump	KU36UHO	Kinghome
heat pump	KU60UHO	Kinghome
heat pump	KM24H50	Kinghome
heat pump	KM18H503	Kinghome
heat pump	KM18H50	Kinghome
heat pump	KM30H50	Kinghome
heat pump	KM42H50	Kinghome
heat pump	KM48UH50	Kinghome
heat pump	KM36H50	Kinghome
indoor head	KW05HQ19SDI	Kinghome
indoor head	KW07HQ19SDI	Kinghome
indoor head	KW09HQ19SDI	Kinghome
indoor head	KW12HQ19SDI	Kinghome
indoor head	KW18HQ19SDI	Kinghome
indoor head	KW24HQ19SDI	Kinghome
indoor head	KW30HQ20SDI	Kinghome
indoor head	KW36HQ20SDI	Kinghome

tankless water heater	NPE-180A2	Navien
tankless water heater	NPE-210A	Navien
tankless water heater	NPE-240A2	Navien
tankless water heater	NPE-150S2	Navien
tankless water heater	NPE-180S2	Navien
tankless water heater	NPE-210S2	Navien
tankless water heater	NPE-240S2	Navien
thermostat	DTST-TOU-A	Daikin
thermostat	Kinghome communicating thermostat	Kinghome
thermostat	ATST-CWE-BL-A	Amana

Schedule "B"
Ongoing Service and Maintenance and Warranty Services Scope of Work

Definitions:

In this Schedule B, the following terms shall have the following meanings. Capitalized terms used in this Schedule B and not defined in this Schedule B, shall have the meanings given in the Agreement :

"**Additional Work**" means any Work, other than Service Work, to which Program Operator has consented in writing, and which: (a) Dealer must complete prior to, concurrent with, or incidental to any Service Work to remediate any Unauthorized Alteration; or (b) is an item enumerated in Section 12 of this Schedule.

"**Ancillary Materials**" means any material(s), part(s), component(s), equipment, or hardware that are: (i) not covered under the Manufacturer's Warranty; and (ii) required for the Dealer to perform any Work in respect of any Customer for the entire duration of the Service Term of the applicable Customer Contract.

"**Approved Materials List**" has the meaning ascribed in Section 8.1 of this Schedule.

"Customer Contract" means a HVAC Rental Agreement between a Customer and the Program Operator in respect of a Product, in the form provided by the Program Operator.

"**Dealer Group**" means Dealer and its Designated Representatives;

"Installation Date" means the earliest of a) the date on which the Product is physically installed, made operational, and registered for Manufacturer's Warranty or b) the date the Certificate of Completion is signed by the Customer.

"**Management of Change Procedure**" has the meaning ascribed in Section 7 of this Schedule.

"**Policies and Procedures**" has the meaning ascribed in Section 7 of this Schedule.

"**Preventative Work**" means all preventative, scheduled, routine, regular, or periodic services performed by Dealer during the Service Term for each Customer, in respect of each Product, and shall include, at minimum, the activities specified in Section 9 of this Schedule.

"**Reactive Work**" means all services performed by the Dealer during the Service Term for each Customer, in respect of each Product, that are reactive or remedial in nature, and include, without limitation: (i) responding to all Customer inquiries via email or telephone; (ii) following up on and troubleshooting issues or potential issues that are identified or suspected by Dealer through or as a result of remote monitoring, Customer inquiries or complaints, or other means; (iv) remediating, repairing or replacing Products or any related equipment or components; and (v) all services specified in Section 10 of this Schedule.

"**Service Record**" has the meaning ascribed in Section 14 of this Schedule.

"**Service Term**" means the term noted in signed Customer Contracts.

"**Service Work**" means, collectively: (i) Preventative Work; (ii) Reactive Work; (iii) administration of the Manufacturer's Warranty; (iv) creation and maintenance of Policies and Procedures, Approved Materials List(s), and Management of Change Procedure related to the Services Work or any matters contemplated in this Schedule; and (v) all other services required to be performed by Dealer under this Agreement or as otherwise agreed up by the Program Operator and the Dealer, but excluding Additional Work.

"**Site**" means the properties, dwellings, offices, buildings, facilities, rights-of-way, and easements in which the Work is undertaken.

"**Unauthorized Alteration**" means an alteration to a Product that is made by a person other than a member of Dealer Group, and such alteration: (a) has not been directly or indirectly caused, or authorized in writing, by a member of Dealer Group; (b) was made after the Installation Date or was not reasonably discoverable by any member of Dealer Group on or prior to the Installation Date; and (c) materially affects the ability, time or cost for Dealer to perform the Service Work. Without limiting the foregoing, those items enumerated in Section 11 of this Schedule may constitute Unauthorized Alterations for the purposes of the Agreement.

"**WAMS**" means Dealer's work and asset management system.

"**Warrantied Materials**" means any material(s), part(s), component(s), or equipment that are intrinsic to a Product and covered under the Manufacturer's Warranty for the duration of the term of the Manufacturer's Warranty for the applicable Product.

"**Work**" means all of Dealer Group's obligations, duties, and responsibilities under this Agreement, including services and work set forth in this Schedule, whether designated as Service Work or Additional Work.

1. General

All Work will be carried out in strict accordance with the Agreement. Dealer shall be responsible to Program Operator for the quality of the Work and for carrying out the Work in a safe manner. When this Scope of Work sets forth a task that must be completed, such task includes all Work that is necessary or reasonably incidental to achieving such task, assuming the use of Good Industry Practices. The omission of specific references to any aspects of the Work necessary to or reasonably incidental to complete the Work set forth herein so that it achieves completion shall not be construed as releasing Dealer from completing same.

2. Scope of Work

Dealer shall perform Work in respect of each Product for each Customer in accordance with the terms of the Agreement.

3. Service Term

Dealer's obligation to perform Work in respect of each Product for each Customer shall commence on the Installation Date of such Product, and will expire on the earlier of: (i) the date of expiry or termination of the Agreement; and (ii) the date of expiry or termination of the applicable Customer Contract (the "Service Term").

4. General Responsibilities of Dealer

The following non-exhaustive list sets out certain general responsibilities of the Dealer relating to the Work:

(a) Complying with Applicable Laws including but not limited to the following (in each case, as amended, supplemented, or replaced from time to time): (i) R.R.O. 1990, Reg. 347: General – Waste Management under Environmental Protection Act, R.S.O. 1990, c. E.19; (ii) CSA C22.1:21 – Canadian Electrical Code; (iii) CSA B. 149 Natural Gas Installation Code; (iv) O. Reg. 332/12: Building Code under Building Code Act, 1992, S.O. 1992, c. 23; (v) National Building Code of Canada; (vi) CSA F280-12-17 – "Determining the Required Capacity of Residential Space Heating and Cooling Appliances; (vii) Occupational Health and Safety Act, R.S.O. 1990, c. O.1 (OHSA); and (viii) all applicable codes, rules, requirements, and conditions (including conditions set out in applicable permits and licences) imposed by any Governmental Authorities, including local, regional and municipal governments.

(b) Supplying the required skills, knowledge and expertise in all related areas to perform and complete all Work as set out herein and all other specifications applicable to the Products, in each case, in accordance with all applicable Service Standards.

(c) Assessing the Site to ensure an efficient and appropriate use of available space, equipment, and materials.

(d) Inspecting all Sites, and off-loading equipment at such Sites.

(e) Providing to Program Operator written updates regarding completed Work, on a periodic basis, which period shall be agreed upon by the parties.

(f) Maintaining sufficient staffing to be able to complete all Work requirements in accordance with the Service Standards.

(g) Carrying out all Work in accordance with its documented Policies and Procedures.

(h) Registering customer facilities for Manufacturer's Warranty within required time as specified by the applicable manufacturer.

5. General Responsibilities of Program Operator

Program Operator shall ensure that each Customer Contract sets out, in substance, the following obligations of Customer with respect to the Product:

(a) Customer shall: (i) not tamper with, alter or modify, in any manner, any part of the Product; (ii) not permit anyone who has not been authorized by Program Operator to service, repair, modify or disconnect any part of the Product; (iii) be responsible for any damage to any part of the Product unless caused by Program Operator or those for whom it is responsible at law; (iv) notify Dealer promptly if any service or repair to any part of the Product is required; (v) provide an adequate and continuous supply of all required utilities to the Product throughout the term of the Customer Contract.

(b) Customer shall provide the Program Operator, Dealer and anyone else authorized by the Program Operator to access the Site and the Product for any purpose contemplated by the Customer Contract, including installation, maintenance, repair, replacement and removal of the Product.

6. Safety Requirements

The Dealer is responsible for:

(a) Completing a site-specific hazard assessment (in a form acceptable to the Program Operator) prior to the commencement of any Work at a Site and, thereafter, on a daily basis or as job conditions change.

(b) Preparing all required emergency response procedures, job hazard analyses and incident management and reporting documents, and submitting all such documentation for Program Operator review and mutual acceptance.

(c) Creating and maintaining specific emergency response plan(s) for each Site, which must include, at a minimum, Dealer's key contact(s) for the purposes of such emergency response plan(s), muster point(s), and nearest hospital(s).

(d) Delivering safety orientation training to anyone on, or visiting, each Site.

(e) Tracking of Safety Numbers for the Work ("Safety Numbers" is a total count of any near miss, first aid, medical aid, and lost time incidents calculated as per Total Reportable Injury Frequency (TRIF) standards).

(f) Immediately undertaking an incident investigation following each safety incident.

(g) Providing records to Program Operator evidencing that all of Dealer's personnel (including subcontractors) performing Work (i) have been sufficiently trained and are qualified to perform the Work, and (ii) have met all applicable Program Operator requirements.

(h) Ensuring that any of Dealer's personnel (including subcontractor) that will be providing Work in their capacity as HVAC technicians installing, maintaining, servicing or repairing: (i) natural gas furnaces as part of the overall hybrid heating system will hold a Technical Standards and Safety Authority (*TSSA*) Gas Technician 2 licence (G.2 licence) or its equivalent, and perform a safe installation per the CSA

Standards B149 code book or its equivalent; and (ii) heat pump systems will hold a refrigeration license as required under Ontario College of Trades 313 – D/313-A or equivalent.

(i) Ensuring that a mandatory meter monometer test is performed at every site where there is an installation or removal of a gas appliance.

7. Policy & Procedure and Management of Change

(a) The Dealer will maintain an inventory of Dealer's documented policies and procedures, all of which must comply with Applicable Laws and industry standard practices (collectively, the "Policies and Procedures"). The Policies and Procedures shall be made available to the Program Operator upon reasonable notice.

(b) The Dealer must establish and maintain a management of change procedure to ensure continuous updates to all Policies and Procedures to incorporate any periodic changes to Applicable Laws or industry standard practices, new product introductions, and other considerations (the "Management of Change Procedure").

8. Procurement of Materials and Approved Materials Listing

8.1 Approved Materials Listing

(a) Dealer will work with Program Operator to develop an approved listing of any parts, equipment, components, and materials associated with the Products (the "Approved Materials List"). The Approved Materials List shall include a list of preferred suppliers in respect of such Approved Materials List.

(b) Dealer shall maintain the Approved Materials List for the duration of the Term.

(c) All parts, equipment, components, and materials included on the Approved Materials List must comply with Applicable Laws and industry best practices, and be suitable for the application used to meet the Program Operator's or Customers' needs. The Dealer will review the Approved Materials List and any changes to the Approved Materials List with the Program Operator on a periodic basis.

(d) Dealer will update the Approved Materials List from time to time during the Term in accordance with the Dealer's established Management of Change Procedure if new materials or suppliers are introduced.

8.2 Procurement of Materials

(a) The Dealer will procure Products, and any Warrantied Materials and Ancillary Materials required to perform any Work in respect of each Product. The Dealer will use commercially reasonable efforts to ensure all replacement parts or components of any Product are like for like or replacements in kind.

(b) Where applicable, the Dealer will invoke appropriate Manufacturer Warranties for replacement Products and Warrantied Materials.

(c) Dealer shall provide monthly to Program Operator a list of all Products, Warrantied Materials and Ancillary Materials supplied to Customers in the previous month. Program Operator shall use such report to update its Customer Information System (CIS).

8.3 **Storage and Care of Materials**

(a) The Dealer shall be responsible for storing and caring for all Products, Warrantied Materials and Ancillary Materials. The Dealer is responsible for following the applicable manufacturer's requirements for storage and care of Products, Warrantied Materials and Ancillary Materials.

(b) Following the Dealer's receipt and acceptance of any Products, Warrantied Materials and Ancillary Materials, all risk of loss or damage to such Products, Warrantied Materials and Ancillary Materials will be borne by the Dealer. The Dealer shall, at its sole cost, replace or repair any lost or damaged Products, Warrantied Materials and Ancillary Materials that have been transferred to the Dealer's custody.

(c) Any documentation delivered with any Product or Warrantied Materials to the Dealer must be provided to Program Operator as soon as practicable.

9. Preventative Work

9.1 **Preventative Work Schedules**

Dealer must: (i) establish appropriate Preventative Work schedules for each Product; and (ii) complete such Preventative Work for each Product, in respect of each Customer, in the required time and (iii) complete ongoing remote monitoring to ensure proper performance, function, and operation, and to identify any potential or actual issues in performance or functionality. Dealer must plan, schedule, and notify each applicable Customer accordingly of the planned Preventative Work schedules.

9.2 **Preventative Work Data Records**

For every new Customer, Dealer will create a data record in WAMS to record the commencement of Preventative Work in respect of such Customer's Products. The data record shall include securing operating instructions, Manufacturer's Warranty information, and any applicable performance guarantees from manufacturers and other documents listed below:

1. Customer Information
    a. Name
    b. Address
    c. Phone
    d. Email
2. Design/ Drawings
    a. When required by law, ESA permit
3. Equipment List (incl. specification sheets, and serial numbers)
    a. Heat Pump Manufacturers
    b. Pump manufacturers
    c. Thermostat manufacturers
4. Testing and Commissioning Results and Work Completion Form signed by Customer
5. Photos
    a. Final photos of installed equipment
6. Building permit close-out document
7. Warranty

If any Product is installed by any party other than Dealer, Program Operator will: (i) provide Dealer with monitoring administration rights such as to allow Dealer to check the functionality of such

Product (user email for [Dealer e-mail] and (ii) obtain from the applicable third party and provide to Dealer the applicable information listed immediately above in this Section 8 for the applicable Product.

9.3 **Scope of Preventative Work**

In respect of all Products and related equipment and components, as applicable, Preventative Work shall include:

(a) annual inspections to confirm proper function and operation;

(b) manufacturer-provided requirements and recommendations;

(c) ongoing remote monitoring to ensure proper performance, function, and operation, and to identify any potential or actual issues in performance or functionality;

9.4 **Preventative Work Procedures**

- In the first quarter of each calendar year during the Service Term, Dealer will: (i) notify Program Operator of all upcoming Preventative Work to be scheduled and completed within that quarter; and (ii) communicate to Program Operator a general timeline during which all such Preventative Work will be scheduled for that quarter (for example July to September)
- Dealer will schedule a visit with each Customer either via telephone, email, or scheduling tool of their choosing to complete the applicable Preventative Work. Dealer shall notify Program Operator of each such visit.
- Dealer will dispatch a maintenance team to perform all required Preventative Work for each Customer.
- Each Preventative Service visit may take approximately 1.5-2 hours.
- Upon completion of the Preventative Work, Dealer will record the following information into WAMS, and provide such information to Program Operator:
    - Document all O&M activities in a workbook available
    - Inspection summary
        - List of materials repaired or replaced during inspection
        - List of follow-up items
        - Site photos
- Dealer will provide work-order completion confirmation to Program Operator.
- Dealer will hand over all the recorded documentation, summary of Work as well as monitoring administrative rights to the Customer.
-

Service list A: <u>Remote monitoring & troubleshooting</u>

Heat Pump:

- Monitor switches, alarms and operating parameters:
  - Refrigerant temperature & pressure readings

Service list B: <u>Preventative Maintenance</u>

- Inspecting fan motor sound
- Brush vacuum refrigerant-air coil
- Inspecting fan air flow
- Inspecting thermostat control cycling
- Inspecting air temperature
- Inspect filter for cleanliness, change when needed
- Inspect drain pan
- Check amperage of compressor
- Inspect charge (mFD) of capacitor
- Inspect charge (mFD) of intellistart
- Ohm test of thermistor
- Inspect voltages of thermostats using multimeter
- Inspect contacts

Furnace:

- Visual Inspection:
- Check for any visible signs of damage or wear on the furnace components, including the burner, heat exchanger, blower motor, fan, and electrical connections.
- Look for loose or disconnected wires, corrosion, or any other abnormalities.

- Safety Controls and Switches:
- Test the functionality of safety controls, such as limit switches and pressure switches.
- Ensure that emergency shut-off switches are working properly.

- Combustion System:
- Visually inspect the burner assembly for proper ignition and flame stability.
- Check the flame sensor for cleanliness
- Verify gas pressure to ensure optimal combustion efficiency
- Inspect and clean or replace ignition system components

- Air Filters:
- Inspect and replace or clean air filters if they are dirty or clogged.
- Ensure that the air filter housing is clean and free of debris.

- Blower Assembly:
- Inspect and clean the blower assembly, including blades and motor.

- Electrical Connections:
- Inspect and tighten electrical connections and terminals.

- Check for any signs of overheating or loose connections.
- Verify proper voltage and amperage readings.

- Flue System:
- Inspect the flue system for any blockages, leaks, or signs of deterioration.
- Ensure that the flue pipes are properly connected

- Heat Exchanger:
- Complete flue combustion analyze test

- Thermostat:
- Test the thermostat operation by adjusting temperature settings.

- Condensate Drain:
- Inspect and clean condensate drain lines and pans.
- Check for any blockages or leaks in the condensate drainage system.

- Functional Testing:
- Run the furnace through a complete cycle to ensure proper operation.
- Monitor the temperature rise, blower operation, and cycling performance.

10. Reactive Work

Level 1 escalation applies to billing and basic non-billing Customer inquiries. Program Operator's support teams will address all billing-related Customer inquiries. Dealer shall address all basic non-billing-Customer inquiries.

- Customer may submit billing-related inquiries to Program Operator at <inquiry.sustain@enbridge.com>
- Dealer will forward any billing-related inquiries that it receives to Program Operator at <inquiry.sustain@enbridge.com>
- Program Operator will forward any other inquiries other than billing-related inquiries to Dealer at < >

Level 2A escalation applies to any Customer inquiries that are unrelated to billing, and includes technical concerns or any other Product-specific issues that the Customer would like to address.

- Level 2A escalations can be received by Dealer through general inbox <Dealer e-mail> or by directly calling Toll Free [Dealer phone number] available 24/7.
- Business hours are Monday – Friday, 8 am to 4 pm EST. Dealer will acknowledge any escalations received via email and respond back within 24 hours from when the inquiry is submitted by Customer, and Dealer may request additional details from the Customer (if needed).
- **Customers who would like to escalate their concern via phone can contact the Dealer at [Dealer phone number], which will be available 24/7. "No heat" service calls received at any time (including for clarity during and outside of business hours, including weekends) (i.e. on a 24/7 basis) are dealt with immediately and take priority over other inquiries and will be responded to on the same Day of receiving enquiry.**
  - will perform a remote diagnosis of the system using monitoring to determine the Service type applicable for the issue, which may include remote

troubleshooting or corrective service. For a full list of Work please see below service list A and B

- Dealer shall communicate with the Customer, via email within one (1) Business Day from when the acknowledgement email is sent, the following.
    - type of issue;
    - whether issue could be resolved remotely;
    - when the troubleshooting and remote remediation will be performed; and
    - whether there needs to be a truck-roll scheduled.
- If troubleshooting is performed, Program Operator is notified if the issue is resolved remotely.
- If the issue cannot be resolved remotely, and a truck-roll needs to be scheduled, Program Operator will be notified accordingly. The processes, procedures and protocols for such notice to Program Operator shall be determined and specified in operational business processes.
- If a truck-roll is needed, a Site visit is scheduled with Customer either over a call/email or scheduling tool of their choosing by Dealer, and Program Operator will be notified.
- A maintenance team is dispatched by Dealer to perform corrective measures.
- Upon completion of the applicable Work, the following information will be recorded into WAMS and provided by Dealer to Program Operator.
    - Document all operating and maintenance (O&M) activities in a workbook available
    - Inspection summary
    - List of materials repaired or replaced during inspection
    - List of follow-up items
    - Site photos

Level 2B escalation includes any issues that are noticed by Dealer via monitoring and will follow similar measures to Level 2A.

- Dealer will notify the Customer via email regarding the any issues discovered via monitoring, and, if applicable, the Dealer will respond to Customer within 24 hours from when the inquiry is submitted requesting for more details from the Customer (if needed).
- Business hours are Monday – Friday, 8 am to 4 pm EST. Dealer will acknowledge any escalations received via email and respond back within 24 hours from when the inquiry is submitted by Customer, and Dealer may request additional details from the Customer (if needed).
- **Customers who would like to escalate their concern via phone can contact the Dealer at [Dealer Phone Number], which will available 24/7.**
- **"No heat" service calls received at any time (including for clarity during and outside of business hours, including weekends) (i.e. on a 24/7 basis) are dealt with immediately and take priority over other inquiries and will be responded to on the same Day of receiving enquiry.**
    - Dealer will perform a remote diagnosis of the system using monitoring to determine the service type applicable for the issue – remote troubleshooting or corrective service. For a full list of services please see below service list: Dealer will inform the Customer via email within 1 Business Day from when acknowledgement email is sent.
        - Type of issue
        - If issue could be resolved remotely

- when the troubleshooting and remote remediation will be performed
- If there needs to be a truck-roll scheduled.

- If troubleshooting is performed, Program Operator is notified if the issue is resolved or if troubleshooting does not resolve issue and a truck-roll needs to be scheduled.
- If a truck-roll is needed, visit is scheduled with customer either over a call/email or scheduling tool of their choosing by Dealer and Program Operator is notified.
- A maintenance team is dispatched by Dealer to perform corrective measures.
- Upon completion of services, following will be recorded into WAMS and provided by Dealer to Program Operator.
  - Document all O&M activities in a workbook available
  - Inspection summary
  - List of materials repaired or replaced during inspection
  - List of follow-up items
  - Site photos

Service list of Reactive Work

Heat Pump:

- Clean dirty refrigerant-air coil
- Clean or replace filter
- Flush or chemically clean drain pan
- Replace faulty sensors
- Fix leaks, replace fittings
- Replace TX valve
- Replace reversing valve
- Ensure wiring is tight and not loose
- Replace fan motor & assembly
- Replace compressor
- Pump replacements
- Replace capacitors
- Reset/replace fuse
- Replace Intellistart
- Replace thermistor
- Replace cables
- Replace thermostats
- Replace control board & contacts

Furnace:

- Replace air filter
- Replace blower motor
- Replace faulty capacitor
- Replace igniter or ignition system components
- Replace faulty flame sensor
- Replace faulty control board

- Replace gas valve
- Replace pressure switches
- Replace limit switches

11. Unauthorized Alterations by Customer

Without limiting any provisions of the Agreement, Unauthorized Alterations in respect of any Product or any component thereof may include the following:

(a) abuse, tampering, accidental or deliberate damage, loss, or theft;

(b) alterations or repairs by any Persons other than Dealer or any Person authorized by Dealer;

(c) renovations or improvements to the Site, but only to the extent such renovations or improvements materially impede Dealer's ability to perform the Service Work;

(d) application of wallcoverings, drywall, plaster, wallpaper, paint, floor coverings, tile, cabinetry, counter tops, landscaping or repair of any structural or cosmetic defects, but only to the extent such alterations require Dealer to redecorate or restore the Product to its original state in such a manner that would not ordinarily be required in carrying out the Service Work;

(e) alterations to the surface conditions or grading at the Site, but only to the extent such alterations materially impede Dealer's ability to perform the Service Work;

(f) change in elevation of any outdoor components of the Product from the elevation at which such component was installed as at the Installation Date;

(g) implementation of electronic, computerized or energy management systems or devices that are not approved under the Program or that are not installed by a member of Dealer Group;

(h) limiting or closing access to the Product; and

(i) failure to replace furnace and heat pump filters in accordance with the applicable manufacturer's requirements, and failure to remove snow from the Product.

12. Additional Work

(a) The following is an exhaustive list of Additional Work (other than Additional Work required to remediate an Unauthorized Alteration) in respect of any Product:

(i) Repairs needed as a result of Customer's failure to perform reasonable general maintenance to the Site (e.g. burst pipes due to cold weather or inadequate heating within the home). For clarity, this item expressly excludes Customer's failure to perform preventative maintenance to the Product.

(ii) Work needed to remediate any contravention of applicable Codes and Standards, but only if and to the extent such contravention is a direct result of any action or inaction by the Customer after the Installation Date.

(iii) Removal, handling, or disposal of hazardous or toxic materials, asbestos, lead or contaminants.

(iv) Supply of air filters and electrical fuses.

(v) Supply, repair, or replacement of any zone thermostats/control devices and energy management control devices that were installed at the Site prior to the Installation Date, but only to the extent such devices are not required for the proper operation of the Product.

(vi) Work required to remediate any issues caused by insufficient air distribution due to existing ductwork design or clogged ductwork. For clarity, Dealer may decline to perform any work required to remediate issues caused by insufficient air distribution, but only if and to the extent such issues were not caused by any action or inaction by Dealer.

(b) Within one (1) Day of ascertaining the need to perform Additional Work, Dealer will submit to Program Operator:

(i) notice in writing of such Additional Work (an "Additional Work Notice"), which sets out, at minimum, the applicable Customer name, Site address, detailed description of the Unauthorized Alterations or other conditions necessitating the Additional Work, detailed description of the scope of the Additional Work (including itemized lists and descriptions of all personnel, Equipment, Materials, and labour required to carry out the Additional Work), and sufficiently detailed cost and schedule estimates to perform such Additional Work; and

(ii) a written document, in the form determined by Program Operator, evidencing the applicable Customer's consent to perform the Additional Work, and agreement to reimburse Program Operator for all costs incurred by Program Operator to pay Dealer to perform such Additional Work (a "Customer Additional Work Consent").

(c) Within five (5) Business Days of Program Operator's receipt of the Additional Work Notice and Customer Additional Work Consent, Program Operator shall send to Dealer: (i) a Notice to Proceed in respect of the Additional Work set out in the Additional Work Notice; or (ii) a Notice or Transmittal either rejecting Dealer's request to perform the Additional Work, with reasons, or requesting additional information from Dealer regarding the Additional Work. For greater certainty, Program Operator shall not be responsible for any costs associated with any Additional Work unless Program Operator has (A) received a Customer Additional Work Consent in respect of such Additional Work, and (B) sent to Dealer a Notice to Proceed in respect of such Additional Work prior to the commencement of such Additional Work; provided that for any Additional Work required to remediate a total loss of heat at the Site during a Disconnection Ban Period, Dealer may commence such Additional Work prior to obtaining a Notice to Proceed in accordance with this Section.

(d) Without limiting any other provision of the Agreement, all invoices submitted by Dealer to Program Operator for Dealer Compensation in respect of Additional Work will be subject to Program Operator's review and approval. Program Operator reserves the right to deny any costs or charges related to the completion of Additional Work that do not comply with the Additional Work Pricing Guidelines or any other provision of this Agreement.

(e) Program Operator and Dealer may, from time to time and upon mutual agreement, amend the business processes described in Sections 12(b)-(d) of this Schedule.

13. QA/QC & Inspections

All Work completed by Dealer must at all times follow the Dealer's QA/QC procedures to ensure quality of workmanship.

14. Records

(a) On a timely basis following the provision of any Work for a Customer, Dealer will create a record (each, a "Service Record"), which shall include, at minimum, the following information/data:

(i) make, model, and serial numbers for all Products, and all associated parts, components or materials thereof, that we the subject of such Work;

(ii) any approvals required in the event that a like for like replacement or replacement in kind was not possible in connection with the applicable Work; and

(iii) detailed descriptions of all Work performed and work done on Site.

(b) Dealer shall upload each Service Record in the WAMS, and shall provide a copy of each Service Record to Program Operator

(c) for inclusion in Program Operator's CIS.

15. Governance and Reporting Requirement

The Dealer will report to the Program Operator, on the first day of each month, all Work completed in the previous month.

Schedule "C"
Service Standards

Level 1 Service Standards.

Measure	Description	Service Level
Appointment Booking Rate	Percentage of Customer appointments scheduled within 3 days of receipt of Customer Lead Data	[redacted]
Proposal rate	Percentage of Appointments with a completed Proposal in the portal within 3 business days of Appointment	[redacted]
Certificate of Completion rate	Percentage of Installations with a Customer executed Certificate of Completion within 5 business days of Installation.	[redacted]

Level 2 Service Standards

Measure	Description	Service Level
Rental proposal rate	Percentage of Appointments with a completed HVAC Rental Agreement Contract proposal	[redacted]
Overall Close rate	Percentage of Appointments with an Installation	[redacted]
Rental installation rate	Percentage of Installations with a completed HVAC Rental Agreement Contract	[redacted]
Dealer quality measure	Qualtrics 5 question online survey regarding Dealer quality (to be developed by March 1, 2025	TBD

Schedule "D"
Commissions

Commissions

- for each Purchase Contract, Dealer shall pay Program Operator a commission equal to [redacted] of the total installed price (excluding applicable taxes) of the applicable Products per the Portal.

- for each HVAC Rental Agreement, Dealer shall pay Program Operator a commission equal to [redacted] of the total installed price (excluding applicable taxes) of the applicable Products per the Portal.

For further clarity, for any HVAC Rental Agreement entered into with a Customer other than a Customer Lead, Dealer shall not be required to pay any commission to Program Operator.

Schedule "E"
Fees and Rates

Definitions:

Unless otherwise defined, capitalized terms used in this Schedule "E" shall have the meanings given in the Agreement and Schedule "B" to the Agreement, as applicable.

16. Fees and Rates

16.1 **Dealer Compensation for Customer Monthly Service Work**

(a) As set out in the table below, unless otherwise agreed to by the Parties in writing, Dealer compensation for Work is as follows:

	Unit	Unit Price
Ongoing Service Fees: Payment for all Service Work as defined in Schedule "B" for Customers with Customer Contracts that include a Heat Pump and Furnace.	Per month per Customer.	$[redacted] plus applicable taxes.
Ongoing Service Fees: Payment for all Service Work as defined in Schedule "B" for Customers with Customer Contracts that include only a Heat Pump.	Per month per Customer.	$[redacted] plus applicable taxes.
Additional Work Labour Rate: Additional Work will be paid on a time and materials basis.	Per hour.	$[redacted] plus applicable taxes.

(b) Unit Prices are firm. The Unit Prices include everything necessary to complete the Work and shall include consideration of all requirements associated with performance of the Work. Under no circumstances will Program Operator compensate Dealer for costs or charges of any sort whatsoever over and above or in excess of the Unit Prices. In order for Dealer to earn the Unit Price for completion of a unit of Work, such unit must have been successfully completed in accordance with the requirements of the Agreement, such that the unit of Work can be used by Program Operator for its intended purpose.

(c) Dealer acknowledges and agrees that: (i) the Unit Price for Ongoing Service Fees represents a flowthrough of the Customer Monthly Service Fees collected by Program Operator from each Customer for each month of the Service Term of the applicable Customer Contract; (ii) pursuant to each Customer Contract, Program Operator may (but is not required to) increase the Customer Monthly Service Fees once each year on the anniversary of the date on which Customer completes, signs and sends to Program Operator a certificate of completion indicating Customer's approval of the Product's installation and operation; (iii) the percentage increase to the Customer Monthly Service Fees each year will be equal to the then-current CPI amount, to a maximum of 4%; (iv) if Program Operator increases the Customer Monthly Service Fees for any Customer in accordance with the foregoing provisions, Program Operator shall increase the Ongoing Service Fees for Service Work by a commensurate amount in respect of such Customer, provided that Program Operator shall not be obligated to increase such Ongoing Service Fees in respect of any Customer if Program Operator does not increase the Customer Monthly Service Fees for such Customer.

(d) On an annual basis, effective on the first day of each calendar year, the Additional Work labour rate shown in the above table will be adjusted by the following formula for the factors listed below:

LN = LN-1*(1+CPI)
Where:
LN = labour rates in the current calendar year
LN-1 = labour rates in the previous calendar year
CPI = All Items consumer price index as published by Statistics Canada.

16.2 **Materials Costs**

(a) The Manufacturer's Warranty in respect of any Product shall cover the cost of: (i) full replacement of any failed Warrantied Materials at any time during the term of the Manufacturer's Warranty; and (ii) if the manufacturer deems it appropriate, full replacement of the applicable Product one time during the term of the Manufacturer's Warranty.

(b) For the entirety of the Service Term of each Customer Contract, except to the extent required to complete Additional Work, the Dealer shall be responsible for costs associated with all Ancillary Materials.

(c) Costs for Ancillary Materials incurred by Dealer in connection with any Additional Work for any Customer shall be paid by such Customer directly to Dealer, provided that any such costs must not exceed the Maximum Allowable Materials Costs specified in the Additional Work Pricing Guidelines below unless Dealer has obtained Program Operator's prior written consent to exceed such Maximum Allowable Materials Costs.

(d) Dealer shall not mark up or inflate the cost of any Warrantied Materials and Ancillary Materials used in connection with any Work performed by Dealer, including any Additional Work.

16.3 **Labour Costs**

(a) For provision of the Service Work, Dealer will be remitted the Ongoing Service Fees collected by Program Operator from each Customer that will be the recipient of Service Work. During the Service Term of each Customer Contract, Dealer will be responsible for, and assumes all risk in connection with, all costs and charges associated with labour, tools, equipment, vehicles, fuel, and services (collectively, "Labour Costs") in connection with all Service Work provided by the Dealer for each Customer.

(b) Labour Costs incurred by Dealer in connection with any Additional Work for any Customer shall be paid directly by such Customer to Dealer, provided that the labour-hours or labour-units, as applicable, used to calculate any such costs must not exceed the Maximum Allowable Labour-Hours / Labour-Units specified in the Additional Work Pricing Guidelines below unless Dealer has obtained Program Operator's prior written consent to exceed such Maximum Allowable Labour-Hours / Labour-Units.

(c) After the expiry of the term of the Manufacturer's Warranty and for the balance of the Service Term of each Customer Contract, any repairs with an aggregate cost of replacement parts of less than $[redacted] shall be the responsibility of both the Dealer and the Program Operator. Specifically, the Program Operator shall be responsible for purchasing any replacement parts, and the Dealer shall be responsible for providing the related services and for all Labour Costs incurred in connection with such repair and replacement, and the Ongoing Services Fees shall not be adjusted as a result of these out-of-warranty services.

(d) After the expiry of the term of the Manufacturer's Warranty and for the balance of the Service Term of each Customer Contract, if the aggregate cost of replacement parts required for a repair exceeds $[redacted] the Program Operator may, at its sole option either: (i) terminate the Customer Contract, (ii) replace the Products and enter into a new Customer Contract with the Customer in respect of such new Products, or (iii) continue with the existing Customer Contract and repair the Products. If the Program Operator decides to continue with the existing HVAC Rental Agreement and repair the Products, the Program Operator shall be responsible for purchasing any replacement parts, and the Dealer shall be responsible for providing the related services and for all Labour Costs incurred in connection with such repair and replacement, and the Ongoing Services Fees shall not be adjusted as a result of these out-of-warranty services.

(e) The initial diagnostic Site visit (the "Initial Site Visit") for each applicable Customer shall constitute Service Work and not Additional Work. For greater certainty, costs for any Initial Site Visit will be included in the Ongoing Service Fees paid by such Customer, and Dealer will not be entitled to any additional Dealer Compensation for any Initial Site Visit beyond the Dealer Compensation otherwise owing to Dealer in respect of the Service Work performed for any Customer.

16.4 **Additional Work Pricing Guidelines**

This section sets out the pricing guidelines applicable to Dealer Compensation for Additional Work, including guidelines that specify the maximum allowable labour-hours, labour-units, and pricing applicable to Materials and Equipment in respect of Additional Work (collectively, the "Additional Work Pricing Guidelines").

(a) Subsequent Site Visits. In respect of any Customer, any Site visit beyond the Initial Site Visit (each, a "Subsequent Site Visit") shall not be included in Ongoing Service Fees and shall be paid by the applicable Customer, but only if and to the extent such Subsequent Site Visit pertains to Additional Work for such Customer. For greater certainty, the cost for Subsequent Site Visits required to complete any Service Work are included in the Ongoing Service Fees, and Dealer will not be entitled to any additional Dealer compensation for any Subsequent Site Visit if such Subsequent Site Visit is required to complete any Service Work. The cost payable by any Customer in respect of a Subsequent Site Visit in connection with Additional Work may not exceed $[redacted] per Subsequent Site Visit.

(b) Additional Work – Furnaces. The following pricing guidelines apply to Additional Work performed by Dealer to remediate issues pertaining to the furnace of any Customer:

Issue Description	Maximum Allowable Labour-Hours / Labour- Units	Maximum Allowable Materials Costs	Notes / Other Requirements or Considerations
Power switch turned off	[redacted]	[redacted]	The work performed to remediate this issue shall constitute Service Work and the cost for this Work will be included in the Ongoing Service Fees. No additional Dealer Compensation will be paid.
Plugged furnace filter causing no heat or cooling	[redacted]	[redacted]	The work performed to remediate this issue shall constitute Service Work and the cost for this Work will be included in the Ongoing Service Fees. No additional Dealer Compensation will be paid.
Blocked venting not caused by furnace mechanical issues – no venting is to be replaced.	[redacted]	[redacted]	The work performed to remediate this issue shall constitute Service Work and the cost for this Work will be included in the Ongoing Service Fees. No additional Dealer Compensation will be paid.
Blocked venting not caused by furnace mechanical issues – 2” venting is to be replaced.	[redacted]	[redacted]	
Blocked venting not caused by furnace mechanical issues – 3” venting is to be replaced.	[redacted]	[redacted]	

Damage to thermostat	• [redacted]	[redacted]	
Damage to thermostat hub in basement	• [redacted]	[redacted]	
Damaged thermostat wiring	[redacted]	[redacted]	
Damaged or faulty breaker or fuses	• [redacted]	N/A	
Damaged inducer	[redacted]	N/A	
Damaged circuit board	[redacted]	N/A	
Damaged gas valve	[redacted]	N/A	
Damaged limit/roll out switch	[redacted]	N/A	
Damaged burner	[redacted]	N/A	
Damaged hot surface ignitor	[redacted]	N/A	
Damaged blower motor	[redacted]	N/A	
Damaged pressure switch	[redacted]	N/A	
Damaged condensate pump	• [redacted]	[redacted]	
Damaged heat exchanger	[redacted]	N/A	
Damaged flame sensor	[redacted]	N/A	
Damaged wiring harness	[redacted]	N/A	

(c) Additional Work – Heat Pumps. The following pricing guidelines apply to Additional Work performed by Dealer to remediate issues pertaining to the heat pump system of any Customer:

Issue Description	**Maximum Allowable Labour-Hours / Labour- Units**	**Maximum Allowable Materials Costs**	**Notes / Other Requirements or Considerations**
Damaged refrigerant lines	• 4 hours (unfinished ceiling/cavity) • 5 hours (finished ceiling/cavity)	• $10 per foot for ¾ and 3/8 line set with Armaflex • $15 per foot for 7/8 and 3/8 line set with Armaflex • Refrigerant $40 per lb R410A	
Damaged outdoor condenser coil	• 6 hours (unfinished ceiling/cavity) • 7 hours (finished ceiling/cavity)	• Reclaim $51 if required • Refrigerant $40 per lb. R410A	
Damaged evaporator coil	• 6 hours	• Reclaim $51 if required • Refrigerant $40 per lb. R410A	
Damaged 240v surge protector	• 0.5 hours	N/A	
Damaged condenser fan motor	• 1 hour	N/A	
Damaged thermostat wiring	• 2 hours (unfinished ceiling/cavity) • 3 hours (finished ceiling/cavity)	$4 per foot of wire	
Damaged or faulty breaker or fuses	• 0.5 hours	N/A	
Damaged compressor	• 4 hours	Refrigerant $40 per lb. R410A	
Damaged circuit board	• 1 hour	N/A	
Damaged 3-way diverter valve	• 3 hours	N/A	
Damaged low pressure switch	• 1 hour	N/A	
Damaged high pressure switch	• 1 hour	N/A	
Damaged contactor	• 0.5 hours	N/A	
Damaged capacitor	• 0.5 hours	N/A	
Damaged wiring harness	• 1 hour	N/A	
Damaged service valves	• 2 hours	N/A	

Schedule "F"
Insurance Requirements

Insurance Requirements.

(a) At all times during the Term, Dealer shall maintain at its own expense, the insurance coverage outlined herein with licensed, reputable and reliable insurers: (i) **Commercial General Liability** coverage with a limit of five million dollars ($5,000,000) each occurrence for bodily injury and property damage arising out of or relating to Dealer's activities under this Agreement. The policy shall include coverage for contractual liability, cross liability, severability of interests, products, and completed operations, contingent employer's liability, and **as applicable**, coverage shall include limited time element pollution; (ii) **As applicable, Commercial Auto Liability** covering all vehicles used by Dealer under this Agreement with a combined single limit of five million dollars ($5,000,000) for injury or death of one or more persons or damage to or destruction of property as a result of each accident; (iii) **As applicable, Professional Liability or Errors and Omissions Liability** coverage for claims arising out of the Services, with a policy limit of two million dollars ($2,000,000) per claim and in the aggregate; (iv) **As applicable, All Risk Property Damage** insurance on a replacement cost basis covering loss of or damage to property owned by or in the care, custody, and control of Dealer.

(b) **Insurance Limits.** Subject to the total required amount of insurance for each individual insurance coverage requirement herein, the amounts of insurance specified in paragraph (a) above may be satisfied through a combination of primary and excess insurance limits.

(c) **Additional Insured, Subrogation Waiver, Policies as Primary.** Dealer shall ensure that each insurance policy hereunder: (A) with exception of insurance specified in (a) (ii), (iii) and (iv) above includes Program Operator as additional insured; (B) waives insurers' rights of subrogation in favor of Program Operator; and (C) is written to respond on a primary and non-contributory basis.

(d) **Notice of Cancellation.** Insurance shall not be canceled without thirty (30) days' prior written notice being furnished to Program Operator.

(e) **Evidence of Insurance.** Upon execution of this Agreement, Dealer shall provide to Program Operator certificate(s) of insurance certifying Dealer's compliance with this Agreement. Program Operator's receipt or acceptance of certificates or correspondence associated thereto does not constitute a waiver, release or modification of the requirements under this Agreement. "Certificate Holder" shall be Program Operator as named on the Service Order and at the address of Program Operator as identified on the Service Order.

(f) **Failure to Maintain.** In the event Dealer fails to comply with insurance requirements under this Agreement, such failure shall constitute cause for immediate termination of this Agreement by Program Operator in addition to any other rights available to Program Operator at law or in equity. At its sole discretion, Program Operator may, but shall not be obligated to, obtain such insurance for Program Operator's sole benefit as Program Operator deems necessary to address any failure on the part of Dealer to obtain the insurance required pursuant to this Agreement. Any cost thereof shall be payable by Dealer to Program Operator on demand and Program Operator may, at its election, deduct the cost thereof or set-off from any monies which are due or may become due to Dealer. No liability shall attach to Program Operator for any decision on the part of Program Operator to forego the purchase of additional insurance under this paragraph (f), nor does Program Operator's decision not to purchase additional insurance pursuant to this paragraph (f) constitute a waiver, release or modification of the requirements under this

Agreement, or constitute a statement by Program Operator that Dealer's insurance coverage at any time during the Term hereof is in compliance with the requirements under this Agreement.

(g) **Subcontractors.** Dealer shall make commercially reasonable efforts to require all Subcontractors to provide insurance coverage in accordance with this Agreement. Dealer shall ensure that all insurance maintained by Subcontractors providing Services include a waiver of insurers' rights of recovery, contribution, subrogation, set-off or counterclaim in favor of Program Operator. The failure of any Subcontractor to obtain and maintain the required insurance shall not in any way impact the obligations of Dealer under this Agreement.

(h) **Insurance Costs.** Program Operator will not be responsible for any premiums, deductibles, self-insured retentions or any other costs for the insurance required to be provided by Dealer in this Agreement.

(i) **Compliance with Applicable Laws.** If it is judicially determined that the monetary limits of the insurance required herein do not conform with Applicable Laws, it is agreed that Dealer shall take whatever steps are necessary, at its own expense, to ensure said insurance shall conform to the greater of the minimum monetary limits and other provisions in such Applicable Laws, or the limits specified herein.

IMPORTANT: What You Need to Know About Your Legal Rights

Please read, and if you sign a contract, keep all paperwork for your records. Companies are required by law to provide this cover page with contracts for the products and services listed below.

The Government of Ontario is not affiliated with and does not endorse any company

Under Ontario's Consumer Protection Act, 2002 unsolicited door-to-door marketing and contracting for the following products and services are illegal, subject to certain exceptions.

- Furnaces
- Air conditioners
- Air cleaners
- Air purifiers
- Water heaters
- Water treatment devices
- Water purifiers
- Water filters
- Water softeners
- Duct cleaning services
- Bundles of these goods and services (such as HVAC)

Suppliers cannot market or contract for these products or services at your home unless one of the situations applies (please check the appropriate box):

☐ You contacted the supplier to invite them to your home to buy or lease at least one of the products above (not for repair, an energy assessment, maintenance, or any other reason).

☐ You agreed to allow your current supplier to come to your home and agreed they may offer you a contract for one of the products or services listed above.

You may cancel this contract within 10 days after receiving a written copy of it. You do not need a reason to cancel, but cancel it in writing so you have proof.

Name of company offering this contract: Enbridge Gas Inc.

For what purpose did you ask this business to come to your home?

HVAC Equipment Solution

If you did not invite this salesperson to your home for the purpose of buying or leasing the goods or services listed above, this contract may be void and you may be able to keep the goods or services without any obligations.

IMPORTANT: Suppliers may register a security interest (commonly known as a lien) on the goods that you are acquiring, and they may also register a notice of security interest on the title to your home.

Before you sign, please review your contract. Ask your supplier if the company will register a security interest. This could have legal or financial implications should you decide to cancel the contract early, secure financing, or sell your home. In these circumstances, seeking the advice of a lawyer is recommended.

Your name (please print) _____

Your signature _____ Date _____

CONSUMER PROTECTION ONTARIO

January 16, 2018

If you have questions about your rights as a consumer or what should be included in your contract, call Consumer Protection Ontario before signing:

416-326-8800 or 1-800-889-9768/TTY: 416-229-6086 or 1-877-666-6545

Ontario.ca/consumer protection

ENBRIDGE Sustain

HVAC EQUIPMENT RENTAL CONTRACT

Contract Number:	1000000099

Customer Information (include all registered owners of Service Address)

	Salutation	*Given name:*	*Surname*	*Email*
Customer		Fake	Name	fake@email.com

	Street No.	*Street Name*	*Unit No.*	*City & Province*	*Postal Code*	*Tel. No.*
Service Address	123	Fake St		Toronto & Ontario	M3C 4J1	416-999-9999
Mailing Address if different)	*Street No.*	*Street Name*	*Unit No.*	*City & Province*	*Postal Code*	*Tel No.*

HVAC Equipment Information

Equipment	*Minimum Useful Life for HVAC Equipment*	*Estimated Installation Date*
Kinghome KD36UHO, Kinghome KCA36I, Kinghome Thermostat, Daikin DM97MC0603BN	*10 Years*	

Lease Disclosure Statement

*Monthly Rental Payment**	$192.10

Term of Lease	*Number of Monthly Payments*	*Total Lease Cost***
15 years	*180*	$36,581.31

Lease Value of HVAC Equipment ***	*Estimated Residual Value*	*Annual Percentage Rate (APR)***	*Implicit Finance Charge***
$18,455.67	*0*	13.00%	$18,125.64

***** The Agreement provides for annual increases equal to inflation (CPI) up to 4% per year. The Monthly Rental Payment shown is the initial amount.

** The Total Lease Cost and Implicit Finance Charge and APR each include an assumed increase of 2.5% each year for the Monthly Payment Amount – the actual annual increase will be based on CPI.

*** This Lease Value (cash value) of the HVAC Equipment includes the cost of installation and the value of the Supplier's maintenance obligations.

Your statutory cancellation rights are set out on at the end of Terms and Conditions of this Agreement

This Agreement is a Lease. Your Monthly Rental Payment (including taxes) is $192.10 (this is subject to adjustment each year). Your Total Amount Payable (Lease Cost) based on a 15 year of the Equipment is $36,581.31. The Lease Value of the Equipment is $18,455.67 (estimated retail price of the Equipment including installation and the Supplier's service obligations). Applicable fees include an NSF Fee of $50 per occurrence.

SIGNATURE PAGE IS ON THE LAST PAGE OF THIS AGREEMENT

ENBRIDGE Sustain

TERMS AND CONDITIONS

This HVAC EQUIPMENT RENTAL CONTRACT (the "**Agreement**") is entered into between **ENBRIDGE GAS INC.,** operating under the trade name Enbridge Sustain ("**Supplier**" or "we") an Ontario corporation with its place of business at: 500 Consumers Road, Toronto, ON M2J 1P8 , Tel: 1-833-947-3850 , www.enbridgesustain.com as lessor and the Customer identified in the table above. All registered owners of the Service Address must sign the Agreement and together are referred to as "Customer" and are jointly responsible for all obligations under the Agreement.

The Customer (also referred to as "you") hereby leases the HVAC Equipment from the Supplier upon the Terms and Conditions set out on the following pages of this Agreement, commencing on the Commencement Date and continuing thereafter until this Agreement is terminated in accordance with its terms. The Customer may terminate this Agreement at any point during the Term by buying out the HVAC Equipment as provided herein. This Agreement may be terminated by the Supplier as provided herein, if the Customer fails to meet its commitments or if the HVAC Equipment fails more than 10 years after the Commencement Date.

1. Definitions. In this Agreement, the following capitalized terms shall have the meanings ascribed thereto:

a) **"Certificate of Completion"** means a form completed and signed by the Customer indicating their approval of the HVAC Equipment installation and operation.

b) "**Commencement Date**" means the date Customer completes, signs and sends to Supplier a Certificate of Completion.

c) **"CPI"** means the All Items consumer price index as published by Statistics Canada.

d) "**Dealer"** means the HVAC dealer identified on the first page of the Agreement, who the Customer worked with for the supply and installation of the HVAC Equipment;

e) **"GST HST"** means federal Goods and Services Tax or Harmonized Sales Tax imposed pursuant to the *Excise Tax Act* (Canada).

f) "**HVAC Equipment"** means the equipment identified on the first page of this Agreement which the Customer has chosen from the Dealer to provide heating, cooling, ventilation, hot water or other functionality such as energy monitoring and equipment controls, and which the Dealer has installed at the Service Address.

g) "**Monthly Rental Amount**" means the fixed charge paid monthly by Customer to Supplier. As set out in Section 4, the Monthly Rental Amount may increase each year during the Initial Term of the Agreement.

h) "**Service Address**" means the Service Address and the buildings located at the location identified above at which the HVAC Equipment is located.

i) "**Term**" means the Initial Term and any extension of the Initial Term on a month-to-month basis in accordance with Section 12(a)(i) below, if applicable.

2. Initial Term. Subject to earlier termination as provided for herein, the term of this Agreement shall commence on the Commencement Date and run for 186 months (hereinafter the "**Initial Term**").

3 . Installation and Commencement Date

a) The Dealer will install the HVAC Equipment, and the cost of the installation is included in the Lease Value indicated in the Lease Disclosure Statement on the first page of this Agreement. The installation date for the HVAC Equipment will be within 60 days of the date this Agreement is signed unless you subsequently agree to a different later date.

b) After you have signed this Agreement, we may email you a "Welcome Letter" at the email address noted on the front page confirming the Total Monthly Payment, the Commencement Date and the expected delivery and installation date(s) and explaining the way to determine the timing of your payments and providing other information about this Agreement and/or the HVAC Equipment including information about contacting the Dealer for any service requirements.

4 . Payment.

a) Your first Monthly Rental Amount payment will be due one month after the Commencement Date and thereafter your payments will be due on the same day of each month of the Term.

b) The Monthly Rental Amount may be increased by the Supplier once each year on the anniversary of the Commencement Date. The percentage increase to the Monthly Rental Amount each year will be equal to the then-current CPI amount, to a maximum of 4%. Applicable taxes (including GST HST) will be added to each billed amount. If

Customer does not pay their bill by the late payment effective date set out on the bill, a late payment charge of 1.5% (compounded monthly for an effective rate of 19.56% per year) will apply to all unpaid amounts (including any charges, accrued interest and applicable taxes). The obligation to make any payment pursuant to the terms of this Agreement will survive the termination or expiry of this Agreement. In addition to other remedies available to the Supplier, in the event of non-payment the Supplier may remotely disconnect the operation of some or all of the HVAC Equipment.

c) Acceptable methods of payment will be set out on the bill issued by the Supplier. These may include Preauthorized Payment (PAP), where available. Where Customer elects to make use of PAP, then Customer agrees to make all payments to Supplier in accordance with and execute the Supplier's PAP agreement.

d) The Supplier is entitled to charge the Customer such fees and other charges as the Supplier may establish from time to time for the administration of any ancillary matters to this Agreement, including but not limited to an administrative fee of $50.00 for any return of payment (NSF). All fees (not capitalized) are subject to applicable taxes.

e) In the event that any amount becomes payable as a result of a breach, modification or termination of this Agreement, and if Section 182 of the *Excise Tax Act* (Canada) applies to that payment, then the amount payable shall be increased by an amount equal to the applicable tax rate multiplied by the amount payable and the payor shall pay the increased amount.

5. The HVAC Equipment:

Customer agrees and acknowledges that: (i) the Dealer and/or manufacturer of the HVAC Equipment and its specifications have been selected by the Customer and the Customer has requested the Supplier to purchase the HVAC Equipment from the Dealer and/or manufacturer in order to lease the HVAC Equipment to the Customer; (ii) the Supplier has not examined the HVAC Equipment and makes no representations or warranties as to the quality or suitability of the HVAC Equipment for any purpose; (iii) the Supplier is not providing any guarantee or warranty with respect to the HVAC Equipment other than as set out expressly herein; and (iv) Customer is satisfied that the warranty coverage under the manufacturer's warranty along with Supplier's service obligations (see Section 7), are sufficient and reasonable. Unless stated otherwise in this Agreement, the HVAC Equipment is new (not used or reconditioned).

6. The Dealer

The Customer acknowledges and agrees that the Dealer, salesperson, vendor, broker or any other party that Customer has been dealing with is not an agent of the Supplier, and has no authority to make any representations or promises or warranties on behalf of the Supplier.

7. Supplier Responsibilities.

a) Subject to the limitation set out in section 7(c) below, during the Initial Term of the Agreement the Supplier warrants that the HVAC Equipment will work for the Initial Term of the Agreement, and will inspect, service and repair the HVAC Equipment in accordance with the terms of this Agreement, with no service charges or parts replacement charges, unless: (i) any part of the HVAC Equipment is damaged by Customer (or a third party not authorized by Supplier), or if the repairs are necessary because of use for which the HVAC Equipment was not intended; or (ii) Customer fails to meet any of its obligations under subsections 8(b)(i) to (v) below.

b) Where the Customer requires service or repair for the HVAC Equipment, then the Customer should contact the Dealer, who will perform the service on behalf of the Supplier at no cost to the Customer, subject to any limitations set out herein.

c) The Supplier warrants that the useful life of the HVAC Equipment will be no less than ten (10) years from the Commencement Date, and that the Supplier will, at its own election, repair or replace the HVAC Equipment if it fails during that 10 year period. In the event that any of the HVAC Equipment fails more than 10 years after the Commencement Date, the Supplier will, at its own election, repair or replace the HVAC Equipment or terminate the Agreement. In the event that the Supplier elects to terminate the Agreement, then the parties will have no further obligation to each other (see Sections 10(b) and 12 below).

d) The Supplier is not providing any guarantee or warranty with respect to the HVAC Equipment other than as set out expressly herein. To the extent permitted by law, any warranties or guarantees provided under sale of goods legislation are hereby excluded.

e) Supplier is not responsible for any costs or expenses, including damages, associated with any interruption of the operation of the HVAC Equipment.

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8. Customer Responsibilities.

a) Customer shall pay the Monthly Rental Amount when due, together with interest on any late payments in accordance with the "Payment" Section of this Agreement.

b) Customer shall: (i) not tamper with, alter or modify, in any manner, any part of the HVAC Equipment; (ii) not permit anyone who has not been authorized by Supplier to service, repair, modify or disconnect any part of the HVAC Equipment; (iii) be responsible for any damage to any part of the HVAC Equipment unless caused by Supplier or those for whom it is responsible at law; (iv) notify Dealer promptly if any service or repair to any part of the HVAC Equipment is required; (v) provide an adequate and continuous supply of all required utilities to the HVAC Equipment throughout the Term.

c) Customer shall provide the Supplier, Dealer and anyone else authorized by the Supplier to access the Service Address and the HVAC Equipment for any purpose contemplated by this Agreement, including installation, maintenance, repair, replacement and removal of the HVAC Equipment.

d) Customer bears the entire risk of loss or damage to the HVAC Equipment, regardless of whether it is caused by Customer's default or neglect, and that no such loss or damage shall relieve the Customer of any obligations under this Agreement. Customer will maintain property and liability insurance on the Service Address, including the HVAC Equipment, against loss or damage. The total or partial loss of the HVAC Equipment or its use or possession shall not relieve the Customer of any obligations and liabilities under this Agreement.

e) If Customer fails to meet its obligations under Subsections 8(b) or (c) above, any and all costs incurred by Supplier to repair, modify, replace or service the HVAC Equipment (or any part thereof) shall be the responsibility of the Customer, and will be included on the Customer's bill from the Supplier.

9. Title and Security Interest. The HVAC Equipment shall remain the property of Supplier at all times, and Customer will not tamper with any stickers or other notices that identify the HVAC Equipment (or any component thereof) as the property of Supplier. Notwithstanding the installation of the HVAC Equipment within the Service Address property, the HVAC Equipment shall not be characterized as fixtures of the Service Address. Supplier shall have the right to register notice of its ownership interest in the HVAC Equipment in accordance with the *Personal Property Security Act* (Ontario), as amended from time to time. Unless prohibited by law, Customer waives its right to receive a copy of such registrations where required and Customer appoints Supplier as its lawful attorney for such registrations.

10. Early Termination by Customer or Supplier.

a) Customer may terminate this Agreement at any time during the Term by paying the applicable age-reduced price for the HVAC Equipment shown in Schedule 1 attached to this Agreement ("**Early Buy-Out**"). When the Customer exercises the Early Buy-Out, Customer accepts the HVAC Equipment in "as-is" condition and assumes responsibility for the HVAC Equipment and its repair and maintenance and removal. Once Supplier receives payment of the buy-out price, plus any applicable taxes, this Agreement will terminate and the parties will have no further obligation to each other (see Section 12 below).

b) Supplier may terminate this Agreement if the HVAC Equipment fails more than 10 years after the Commencement Date, and the Supplier elects not to repair or replace the HVAC Equipment. In the event that the Supplier elects to terminate the Agreement, then upon payment of all amounts owing the parties will have no further obligation to each other (see Section 12(b) below).

11. Remedies upon Default.

a) In the event of non-payment, the Supplier may, upon 15 days' prior written notice remotely disconnect the operation of some or all of the HVAC Equipment. Where Supplier disconnects the operation of the HVAC Equipment in accordance with this Section 11(a) but does not terminate this Agreement, upon payment of all outstanding amounts Supplier shall restore the operation of the HVAC Equipment. Customer shall be responsible for all costs associated with disconnection and resumption of such operation and supply. Supplier takes no responsibility for damage to the HVAC Equipment or any other costs or damages resulting from disconnection in accordance with this Section 11(a).

b) In addition to other remedies in subsection (a) above, the Supplier may terminate this Agreement upon notice to Customer if Customer fails to meet any of the Customer's obligations under this Agreement (including payment obligations under Section 4 and the Customer's other obligations under Section 8) and Customer fails to remedy such failure within 15 days of notice from the Supplier. Where Supplier exercises its termination right, then in addition to all amounts then owing, the Customer will also be required to pay the applicable Early Buy-Out amount set out in Schedule 1. Upon payment of all amounts owing, the provisions of Section 12 below will apply.

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12. End of Term.

(a) Provided you are not in default (as defined herein) under this Agreement you shall have the following options on the last day of the Initial Term: (i) continue to rent the HVAC Equipment on a month-to-month basis at the then current Monthly Payment Amount until such time as Supplier determines (in its sole discretion) that the HVAC Equipment has reached the end of its useful life; (ii) return the HVAC Equipment to us; or (iii) purchase the HVAC Equipment for the Residual Value on an "as is, where is" basis. The Residual Value shall be the sum of $250 per individual piece of HVAC Equipment (plus applicable taxes) if the HVAC Equipment has not been replaced by us, or the fair market value of the HVAC Equipment if the HVAC Equipment has been replaced by us. If you do not notify us of your intention prior to the expiry of the Term, it will be assumed that you have selected option (i).

(b) The parties acknowledge and agree that the Supplier has no obligation to remove or decommission the HVAC Equipment upon expiry of the Term or any other termination of this Agreement (each of which are referred to as the end of the Term). Instead, upon the end of the Term of this Agreement and payment of any applicable Early Buy-Out amount or Residual Amount and any other amounts remaining owing, Supplier shall convey title to the HVAC Equipment to Customer on an "as is, where is" basis, without any further warranties or representations or future repair or service or other obligations from Supplier to the Customer. No Early Buy-Out amount or Residual Amount is payable where the Supplier terminates the Agreement pursuant to Section 10(b). From and after the end of the Term and payment by Customer of any applicable Early Buy-Out payment or Residual Amount and other amounts remaining owing, the HVAC Equipment will be owned by the Customer, who will have all rights, responsibility and liability for the HVAC Equipment. Upon the end of the Term, Customer agrees to release Supplier from any claims, actions or demands arising after the end of the Term. Customer acknowledges that after the end of the Term, Supplier shall have no further liability whatsoever in connection with this Agreement. At the end of the Term, and payment by Customer of any applicable Early Buy-Out payment and other amounts remaining owing, Supplier will discharge notice of security interest on title or otherwise registered in relation to the HVAC Equipment.

13. Personal Information.

a) Personal information is information about an individual customer or potential customer and relates specifically to a customer (such as their name, address, financial and credit information). When a person first becomes a customer or whenever they require or renew a service or product from Supplier, as well as throughout the Term of the Agreement, Supplier may need to collect certain personal information (such as ongoing credit information). However, the personal information that Supplier collects is always limited to the purposes that Supplier has identified to the customer. Supplier requests personal information from the Customer for the following purposes: (i) to provide energy services; (ii) to bill and collect payment for products and services; (iii) to meet legal and regulatory requirements relating to the services or products; (iv) to provide information about using energy safely and efficiently and to understand energy needs and preferences and provide information about energy services or products that may be of interest; (v) to trace overpayments and return credits to the appropriate person; and (vi) such other purposes otherwise noted herein or in Supplier's Privacy Policy. Customer hereby consents to the collection, use, disclosure and maintenance of personal information (including their name, address, telephone number, email address and account number) in accordance with the terms contained herein as well as contained in the terms of Supplier's Privacy Policy (available at https://www.enbridge.com/privacy-statement). Should Customer not wish to be contacted by Supplier for promotional purposes, they may at any time contact Supplier to request that their personal information be removed from Supplier's promotional list.

b) From time to time, Supplier may conduct a credit check (including obtaining a credit report) to support Supplier's billing and collections processes as well as ongoing eligibility for the extension of credit. Such actions may be taken in connection with account amendment or renewal, account collection action or dispute investigation or otherwise if the Supplier has a reason to be concerned about Customer's compliance with the terms of this Agreement. Supplier may also report information (such as late payments, missed payments or other defaults) about Customer's account to credit reporting agencies to ensure the integrity of the credit reporting records.

14. Supplier Access to Enbridge Gas account information. The Customer understands and acknowledges that the services and charges identified under this Agreement are not regulated by the Ontario Energy Board and are separate and distinct from Enbridge Gas Inc.'s business activities as a regulated gas distributor in the Province of Ontario. The Customer agrees and

consents that the Supplier (in its capacity as the provider of aforesaid unregulated services hereunder) may obtain information from Enbridge Gas Inc. (in its capacity as a regulated gas distributor), and Enbridge Gas Inc. may disclose information to the Supplier, about the Customer's gas consumption and related information so that the Supplier may provide energy usage analysis for the Customer**.** The Customer further understands and acknowledges that the Supplier may, pursuant to Section 19 of this Agreement, sell, transfer, assign or otherwise dispose of its interest in this Agreement without notice to the Customer or the Customer's consent, and agrees and consents that the assignee may obtain information from Enbridge Gas Inc. (in its capacity as a regulated gas distributor), and Enbridge Gas Inc. may disclose information to the assignee, about the Customer's gas consumption and related information so that the assignee may provide energy usage analysis for the Customer.

15. **Transfer of the Service Address.** If Customer sells the Service Address, it will advise the new purchaser of the rental of the HVAC Equipment and this Agreement. Customer will provide written notice to Supplier, at least thirty (30) days' prior, of its intent to sell, or otherwise transfer or assign (collectively, "transfer") the Service Address, and the notice shall set out Customer's forwarding address and the date of the change. Supplier will permit the transferee to assume Customer's rights and obligations under this Agreement, effective as of the date of the transfer, provided that the Supplier receives the completed **Assignment and Assumption Agreement**, attached as Schedule 2 to this Agreement, signed by both the Customer and the transferee. Unless and until the Assignment and Assumption Agreement is received, Customer will remain liable for all Customer obligations under this Agreement, including the obligation to make payments.

16. **Limitation on Liability.** Supplier is not liable for consequential, indirect or economic losses. Supplier is not liable to Customer, an occupier of the Service Address or a visitor to the Service Address for any claim for damages or other legal remedy based in any way on the consequences flowing from disconnection of the HVAC Equipment due to Customer's failure to pay amounts billed or otherwise. Supplier has no obligation whatsoever after the termination of the Agreement, including but not limited to claims related to the operation of or issues with the HVAC Equipment. Customer will indemnify Supplier for any claims, losses or expenses incurred by Supplier from any third party claims arising as a result of Customer's negligent acts or omissions.

17. **Entire Agreement.** This Agreement, including any supplemental terms and conditions, addenda, Supplier notices, is the entire agreement between Customer and Supplier and supersedes all prior agreements, understandings or discussions, whether oral or written, and there are no warranties, representations or other agreements except as specifically set out herein.

18. **Notice.** Supplier can provide notice to Customer by bill message, by personal delivery, mail (including registered mail), phone, by e-mail or by any other method permitted by law. If the e-mail address which Customer has provided to Supplier changes, Customer will promptly give Supplier its updated e-mail address by telephone at the number provided on the first page of this Agreement.

19. **Assignment by Supplier.** Supplier may sell, transfer, assign or otherwise dispose of its interest in this Agreement without notice to you or your consent, and you will continue to make all payments required under this Agreement to Supplier's assignee in accordance with this Agreement and without deduction or set off.

20. **Acknowledgement.** Customer acknowledges receipt of a completed copy of this Agreement. Customer agrees to notify Supplier immediately of any material change to the information set out in this Agreement related to the Customer or the Service Address and of any loss, damage, change, claims or litigation related to the HVAC Equipment.

21. **Interpretation.** Headings used herein are for the convenience of reference only and shall not be considered in construing or interpreting this Agreement. The words "herein", "hereunder", "hereof" and other similar words refer to this Agreement as a whole and not to any particular paragraph. The words "include", "includes" and "including" and other similar words and expressions shall in all cases be deemed to be followed by the words "without limitation". Any provision herein prohibited by law shall to the extent prohibited be ineffective without invalidating any other provisions hereof. All references to amounts of money in this Agreement and any schedule shall mean lawful currency of Canada.

22. **Statutory Cancellation Rights**. See next page.

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Your Rights under the Consumer Protection Act, 2002

You may cancel this agreement at any time during the period that ends ten (10) days after the day you receive a written copy of the agreement. You do not need to give the supplier a reason for cancelling during this 10-day period.

If the supplier does not make delivery within 30 days after the delivery date specified in this agreement or if the supplier does not begin performance of his, her or its obligations within 30 days after the commencement date specified in this agreement, you may cancel this agreement at any time before delivery or commencement of performance. You lose the right to cancel if, after the 30-day period has expired, you agree to accept delivery or authorize commencement of performance.

If the delivery date or commencement date is not specified in this agreement and the supplier does not deliver or commence performance within 30 days after the date this agreement is entered into, you may cancel this agreement at any time before delivery or commencement of performance. You lose the right to cancel if, after the 30-day period has expired, you agree to accept delivery or authorize commencement of performance.

In addition, there are other grounds that allow you to cancel this agreement. You may also have other rights, duties and remedies at law. For more information, you may contact the Ministry of Government and Consumer Services.

To cancel this agreement, you must give notice of cancellation to the supplier, at the address set out in the agreement, by any means that allows you to prove the date on which you gave notice. If no address is set out in the agreement, use any address of the supplier that is on record with the Government of Ontario or the Government of Canada or is known by you.

If you cancel this agreement, the supplier has fifteen (15) days to refund any payment you have made and return to you all goods delivered under a trade-in arrangement (or refund an amount equal to the trade-in allowance).

However, if you cancel this agreement after having solicited the goods or services from the supplier and having requested that delivery be made or performance be commenced within ten (10) days after the date this agreement is entered into, the supplier is entitled to reasonable compensation for the goods and services that you received before the earlier of the 11th day after the date this agreement was entered into and the date on which you gave notice of cancellation to the supplier, except goods that can be repossessed by or returned to the supplier.

If the supplier requests in writing repossession of any goods that came into your possession under the agreement, you must return the goods to the supplier's address, or allow one of the following persons to repossess the goods at your address:

The supplier.

A person designated in writing by the supplier.

If you cancel this agreement, you must take reasonable care of any goods that came into your possession under the agreement until one of the following happens:

The supplier repossesses the goods.

The supplier has been given a reasonable opportunity to repossess the goods and twenty-one (21) days have passed since the agreement was cancelled.

You return the goods.

The supplier directs you in writing to destroy the goods and you do so in accordance with the supplier's instructions.

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SCHEDULE 1: EARLY BUYOUT SCHEDULE – HVAC EQUIPMENT

Year	Termination Fee
1	$13440
2	$13080
3	$12720
4	$12240
5	$11760
6	$11160
7	$10560
8	$9840
9	$9000
10	$8040
11	$7080
12	$5880
13	$4680
14	$3240
15	$1680

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SCHEDULE 2: ASSIGNMENT AND ASSUMPTION AGREEMENT

Service Address:

THIS AGREEMENT made the _____ day of _____, 20___.

B E T W E E N:

_____ (the "Vendor")

- and -

_____ (the "Purchaser").

- and –

Enbridge Gas Inc. (the "Supplier")

WHEREAS the Vendor is selling to the Purchaser lands and premises within which is situated HVAC Equipment (the "HVAC Equipment") leased by the Vendor from Enbridge Gas Inc. (the "Supplier) subject to the terms of an agreement (the "HVAC Equipment Rental Contract"), a copy of which has been provided by the Vendor to the Purchaser and which is attached to this Assignment and Assumption Agreement;

AND WHEREAS the Vendor is the Customer under the Agreement;

AND WHEREAS the Purchaser has agreed to assume all the obligations of the Vendor to the Supplier pursuant to the HVAC Equipment Rental Contract;

NOW THEREFORE the parties hereto agree as follows:

1. The Vendor hereby assigns to the Purchaser all of the Vendor's rights and obligations under the HVAC Equipment Rental Contract.

2. The Purchaser hereby assumes all obligations of the Vendor as Customer under the HVAC Equipment Rental Contract, including (without limitation) the obligation to make Monthly Rental Payments to Supplier.

3. The Vendor represents and warrants that the Vendor has not previously executed an assignment of the HVAC Equipment Rental Contract.

4. Supplier hereby consents to the above assignment of the HVAC Equipment Rental Contract.

5. This Assignment and Assumption Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, legal personal representatives, administrators, successors and assigns.

IN WITNESS WHEREOF this Assignment and Assumption Agreement has been executed by the parties hereto.

_____
Vendor (Signature)

_____
Purchaser (Signature)

_____
Enbridge Gas Inc. (Signature)

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SCHEDULE 3: DISCLOSURE OF RELATED AGREEMENTS AND DETAILS OF DEALER REPRESENTATIVES

Below are details about: (i) the representatives of the Dealer who negotiated and completed the Agreement with the Customer(s); (ii) any prior agreements between Enbridge Gas Inc. and the Customer(s); and (iii) other consumer leases between the Customer(s) and other parties for prescribed products (HVAC equipment and similar).

DETAILS OF DEALER REPRESENTATIVE(S) :

Dealer Name	*Dealer Representative Name*	*Dealer Phone #*	*Role Played by Dealer Representative (initial discussions/negotiate/complete)*
Enbridge Sustain - DO NOT USE		4161111234	

DETAILS OF OTHER AGREEMENTS BETWEEN ENBRIDGE GAS AND CUSTOMER(S) :

Date of Agreement	Type of Agreement	Description of Good/Service (incl. serial number)	Term of Agreement	End Date

DETAILS OF OTHER LEASES FOR PRESCRIBED PRODUCTS BETWEEN CUSTOMER(S) AND OTHER PARTY

Name of Other Party	Date of Other Lease	Description of Good/Service (inc. serial number)*	Term of Other Lease	End Date

* include description here of who (Customer/old supplier/Enbridge Gas) is responsible for removal costs where Enbridge Gas must remove the existing HVAC Equipment.

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HVAC RENTAL AGREEMENT – SIGNATURE PAGE

The Customer hereby leases the HVAC Equipment from the Supplier upon the Terms and Conditions set out in this Agreement, commencing on the Commencement Date and continuing thereafter until this Agreement is terminated in accordance with its terms. The Customer may terminate this Agreement at any point during the Term by buying out the HVAC Equipment as provided herein. This Agreement may be terminated by the Supplier as provided herein, if the Customer fails to meet its commitments or if the HVAC Equipment fails more than 10 years after the Commencement Date.

By signing this Agreement, the Customer acknowledges having received a completed copy of the Agreement including the Lease Disclosure Statement. The Customer acknowledges and having read the Agreement in its entirety, and the Customer agrees to the Terms and Conditions of the Agreement.

Customer Name & Signature	Customer Name & Signature
(Please Print Full Legal Name)	*(Please Print Full Legal Name)*
x *(Signature)*	x *(Signature)*
(Date of Birth)) Year/Month/Day	*(Date of Birth)) Year/Month/Day*
(Date Signed) Year/Month/Day	*(Date Signed) Year/Month/Day*
(Address where Agreement Signed – Street #, City /Municipality, Province)	*(Address where Agreement Signed – Street #, City /Municipality, Province)*

Supplier Representative Name & Signature
Darren McIlwraith
(Please Print Name)
x Darren McIlwraith
(Signature)
Director Operations
(Print Title)
(Date Signed) Year/Month/Day
Toronto, Ontario
(City or Municipality and Province Agreement Signed)

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