

## Talking points

### Agreement between Enbridge and the State of Michigan

#### Nov. 27, 2017

- On Nov. 27, 2017, the State of Michigan announced an agreement with Enbridge Energy Company, Inc., that will compel the company to add protections for the Straits of Mackinac and the Great Lakes as the state continues its evaluation of Line 5, the pipeline that runs beneath the Straits and carries liquid natural gas and light crude oil.
- Recent disclosures by Enbridge regarding damage to the Line 5 coating beneath the Straits of Mackinac have underscored the need for improved stewardship of the pipeline by Enbridge and increased oversight by the State. Business as usual is no longer acceptable.
- This agreement demands specific actions with hard deadlines to make certain there is the proper level of oversight, transparency and accountability on the part of Enbridge. The State will hire its own experts to monitor Enbridge's actions and review and verify the company's data. The agreement requires the company to cooperatively identify and make available to the State relevant information regarding the operation of Line 5.
- The evaluation of Line 5 called for by the Michigan Petroleum Pipeline Task Force and undertaken by State departments will continue.
- The state released a final Alternatives Analysis Nov. 20. A contract for a separate Risk Analysis – being conducted by top researchers at Michigan Technological University – is being finalized. These documents, along with the new agreement, will shape a final recommendation from the Department of Environmental Quality, Michigan Agency for Energy and Department of Natural Resources on the future of Line 5. There is no firm date for this recommendation is to be made.
- Enbridge is fixing six of eight identified coating gaps before work will have to cease for the winter. The company has also identified issues with the coating at the locations of a majority of the 48 recently installed anchors. Those gaps are covered by naturally occurring calcaneus deposits. The deposits develop on bare metal as a result of cathodic protection techniques on the pipeline. There are 128 total anchor locations.
- Specifically, under the just-announced agreement, Enbridge must:
  - In partnership with the State, undertake a study of: placement of pipeline(s) in a tunnel beneath the Straits of Mackinac; installation of a new pipeline across the Straits using horizontal directional drilling;

installation of a new pipeline across the Straits with an open-cut trenching method that includes secondary containment. Enbridge will complete a report on these alternatives no later than June 15, 2018. The report will identify the approvals or authorizations necessary to construct, operate and/or maintain each alternative.

- Replace the portion of Line 5 that crosses beneath the St. Clair River, a site where this action can be quickly accomplished. The St. Clair River is a main source of drinking water and an environmentally sensitive location along the pipeline. The underground replacement line, installed through horizontal directional drilling, will significantly lower the risk that oil could reach the river or the Great Lakes. Enbridge will file the necessary applications to seek authorizations and approvals for this activity within 240 days of the execution of the agreement (July 25, 2018). Enbridge will proceed with replacement of Line 5 beneath the St. Clair River no less than 180 days after obtaining all necessary permits.
- Temporarily shut down operation of Line 5 in the Straits during periods of sustained adverse weather conditions, because those conditions do not allow for an adequate response to potential oil spills. "Sustained adverse weather conditions" are defined in an appendix of the agreement.
- Implement additional underwater technologies to better monitor the pipeline beneath the Straits to allow a more immediate response in the event of a spill. Enbridge will file necessary applications to install such technologies by Aug. 30, 2018 and proceed with installation of these technologies – including underwater cameras, potentially -- no later than 365 days after receiving all necessary approval and authorizations.
- Implement measures to mitigate a potential vessel anchor strike on Line 5 beneath the Straits. A vessel anchor strike was identified in the final alternatives analysis as one of the most serious threats to Line 5 safety in the Straits. This must be completed no later than June 30, 2018. Enbridge will proceed with detailed design and installation of the most appropriate anchor mitigation measures within 180 days after receiving necessary authorizations and approvals.
- In partnership with the State, evaluate every Line 5 water crossing in Michigan to identify additional measures to minimize the likelihood of an oil spill at these locations, then implement those measures where appropriate. Enbridge will submit these plans to the State by June 30, 2018, including a schedule for implementing the plans.
- Increase transparency by: providing the opportunity for the State to fully participate in each of the evaluations required under the agreement; providing all information requested by the State about the operation of

Line 5 in Michigan; and meeting regularly with the State to assess and to discuss any changes to the pipeline's operation.

### **About Line 5**

- Line 5 is a 645-mile pipeline, constructed in 1953 and currently owned by Enbridge. It begins in Superior, Wisconsin, and terminates in Sarnia, Ontario, Canada.
- The pipeline is 30 inches in diameter, except for a 4.5-mile section beneath the Straits of Mackinac where it divides into two, parallel 20-inch diameter pipelines. Both pipes lie on the lake bottom within an easement issued in 1953 by the State of Michigan.
- Line 5 transports up to 540,000 barrels – 22.68 million gallons – per day of light crude oil and natural gas liquids. The pipeline has never transported heavy crude oil; Enbridge would need State approval to transport heavy crude through Line 5.
- Crude oil and natural gas liquids can be refined into products including propane, gasoline, diesel and aviation fuel, heating oil, and asphalt. A share of the natural gas liquids transported in Line 5 is refined into propane for use in the Upper Peninsula energy market.

### **Key Dates**

- 2010: About 21,000 barrels of heavy crude oil spill in a tributary of the Kalamazoo River near Marshall from a line owned by Enbridge Energy Company, Inc. (Enbridge). It prompted increased attention and focus on the potential ecological and economic damage that could occur from a failure of the Line 5 pipeline running beneath the Straits of Mackinac.
- 2014-2015: The Michigan Petroleum Pipeline Task Force takes a closer look at pipelines transporting petroleum products around the state, specifically Line 5.
- July 2015: The Michigan Petroleum Pipeline Task Force produces the Michigan Petroleum Pipeline Task Force Report with 13 recommendations. The recommendations included a risk analysis and alternatives analysis of Line 5 as well as the creation of the Pipeline Safety Advisory Board.
- June 2016: The Protecting Our Infrastructure of Pipelines and Enhancing Safety (PIPES) Act is signed with some regulator authority on Enbridge's Lakehead system.

- August 2016: The State of Michigan hires independent, third party contractor Dynamic Risk Assessment Systems, Inc., to conduct an analysis of alternatives to the existing pipeline to help inform decisions about the future of Line 5 in the Straits of Mackinac.
  - Enbridge provided funding for the report; however it had no influence in the selection of the contractor or any oversight of the study. The State commissioned the report and the funds for the reports are under the State's control.
  - A separate independent contractor is also hired in 2016 to complete a risk analysis report. The State terminates the contract after identifying an apparent conflict of interest within the firm. The State later hires a different contractor for this purpose.
- March 8, 2017: The state requests from Enbridge detailed documentation and clarification regarding Enbridge's statements concerning "holidays" -- coating gaps -- on Line 5 beneath the Straits.
- March 29-31, 2017: Enbridge responds to the State's March 8 request for information and supplemental information.
- June 2017: The draft Alternatives Analysis report by Dynamic Risk Assessment Systems, Inc. is received by the State and posted at [www.mipetroleumpipelines.com](http://www.mipetroleumpipelines.com).
- July 6–August 19, 2017: Public comment – and reply to those comments – is accepted on the Dynamic Risk Assessment Systems, Inc. draft Alternatives Analysis for the Straits Pipeline report.
- Aug. 30, 2017: Enbridge informs the state that there are previously unreported gaps in the protective coating on a portion of Line 5 in the Straits of Mackinac, at least one of which was caused during the installation of supportive pipe anchors. The state demands specific actions from Enbridge, including the immediate inspection of areas around every anchor on Line 5, a report to the DNR and DEQ of any findings from the inspections, a copy of the video of the recent work performed on the pipeline, and repair within 30 days of any damage to the pipeline's coating.
- Nov. 13, 2017: Enbridge discloses to the State additional and previously unreported coating gaps on Line 5. The State demands a full account from Enbridge before the Pipeline Safety Advisory Board on Dec. 11, 2017, including: all the findings the company has made regarding the pipeline's condition; the condition of its protective coating and anchors; and the results of its video inspections, automated in-line tests, and recent hydrostat and biota testing.

- Nov. 20, 2017: Final Alternatives Analysis released. A 30-day public comment period follows, including three public meetings across the state:
  - **Wednesday, Dec. 6**, in **Taylor**, beginning at 6 p.m., at the Heinz C. Prechter Educational and Performing Arts Center, Wayne County Community College District, Downriver Campus, 21000 Northline Road.
  - **Tuesday, Dec. 12**, in **St. Ignace**, beginning at 6 p.m., at the Little Bear Arena & Community Center, 275 Marquette St.
  - **Wednesday, Dec. 13**, in **Traverse City**, beginning at 6 p.m., West Bay Beach Holiday Inn Resort, Leelanau Banquet Rooms, 615 E. Front St.
- Nov. 27, 2017: The State announces an agreement with Enbridge to provide additional protections for Line 5 as the State's analysis of the pipeline continues.
- Spring 2018: Next Enbridge update due to State.
- March 2, 2018: Before this date, the DEQ will make a decision on installing additional anchors on Line 5 in the Straits.