

ENMAX Corporation Presentation to the City Audit Committee

For Information

City of Calgary Audit Committee Meeting | March 13, 2025

PRIVILEGED & CONFIDENTIAL

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Board Governance and Accountability

ENMAX's Governance Approach

AC2025-0234
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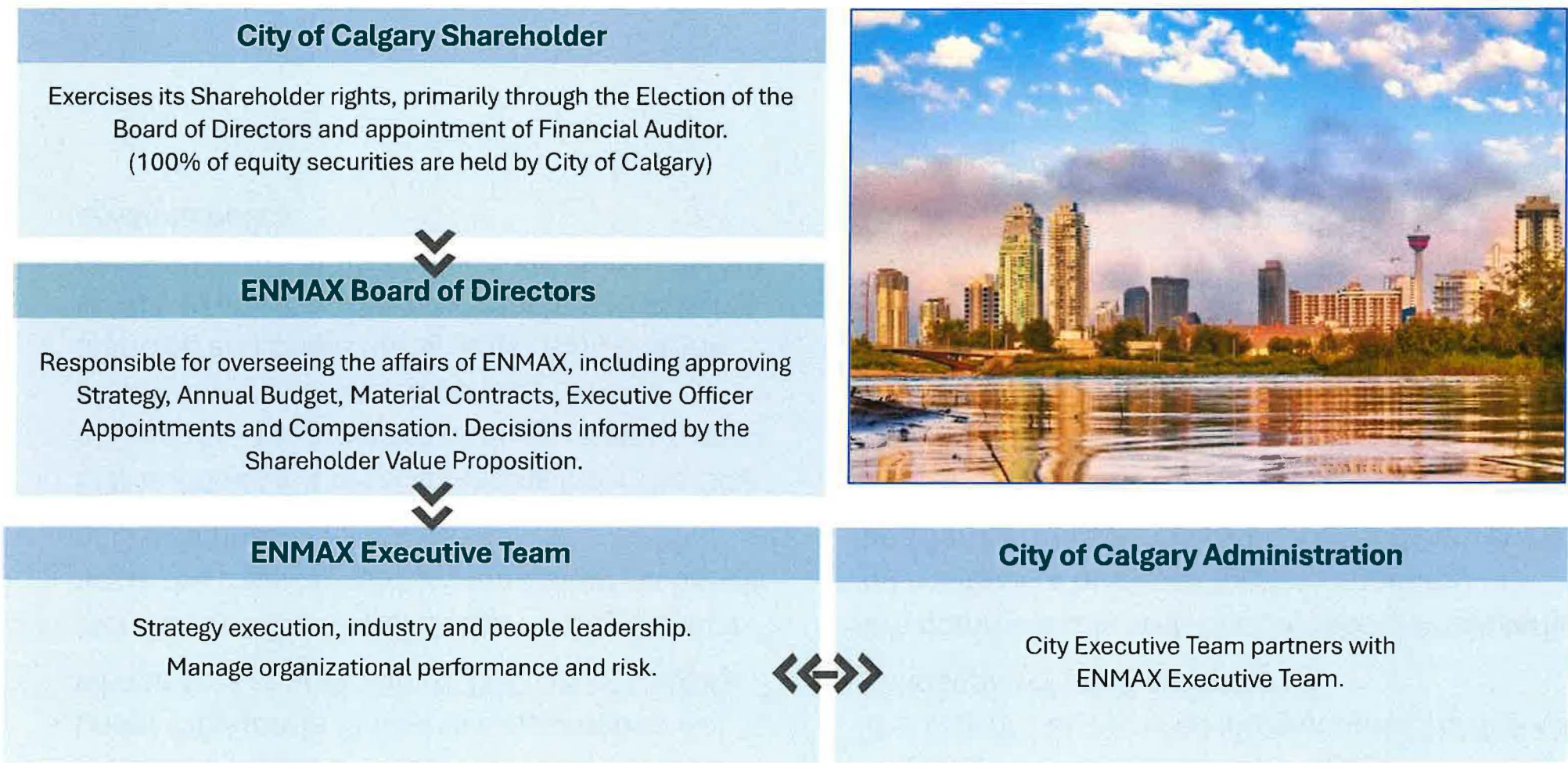
- Our approach to governance and the disclosure of our practices is informed by *National Instrument 58-101 - Disclosure of Corporate Governance Practices*.

We issue:

- Quarterly and annual financial statements and MD&A
- Annual Report on Governance and Compensation
- Annual ESG Report

All information is available on enmax.com

ENMAX Governance Framework



ENMAX operates under a “No Surprises” mandate and major business developments are disclosed to our Shareholder as they arise.

ENMAX Shareholder Role

ENMAX's Shareholder

- ENMAX is a private corporation incorporated under the Alberta *Business Corporations Act* whose sole shareholder is The City of Calgary.
- Members of The City of Calgary's City Council act in the capacity of the Shareholder on behalf of Calgarians.
- ENMAX does not receive funding from The City of Calgary—we generate our own revenue and profits and maintain a separate financial standing and credit rating. Each year, ENMAX strives to pay a stable, predictable and growing dividend to the Shareholder consistent with our dividend policy.

Shareholder Engagement

- Ongoing communication and engagement with The City of Calgary is an integral part of ENMAX's philosophy of good governance.
- We communicate with our Shareholder regularly on a variety of business matters, meeting quarterly in person and by phone, and convening a public Annual Shareholder Meeting and an in-camera Semi-Annual Shareholder meeting to review our forward business plans.
- The Chair of our Audit Committee meets with The City of Calgary's Audit Committee annually.

ENMAX Board Role and Responsibilities

Under the Board's stewardship, ENMAX adheres to Canadian governance standards (in place for public corporations) and is accountable to the Shareholder to ensure it operates in a prudent and transparent manner that reflects ENMAX's commitment to accountability and corporate responsibility.

- ENMAX is governed by a Board of Directors (the Board), comprised of industry, business and community leaders who bring decades of experience.
- The role of the Board of Directors is to act in their fiduciary duty to keep to the best interests of ENMAX Corporation in mind and ensure we deliver our Board mandate.
- ENMAX's rigorous Board selection and appointment process is guided by a skills matrix to ensure we have the director expertise and experience required to govern ENMAX effectively.
- The Board of Directors are nominated by the Board for annual election by the Shareholder.

Governance Practices for Transparency and Shareholder Engagement:

- Written mandates for Board and its Committees reviewed annually;
- Public financial disclosure;
- Ongoing Shareholder disclosure;
- 'No Surprises' Shareholder communication approach and practices fully in place;
- Shareholder-approved Board compensation program;
- Matrix of skills informs Board succession planning; and
- Ongoing public disclosure of ENMAX governance practices, including board and executive compensation.

ENMAX Board, Committee and Policy Information

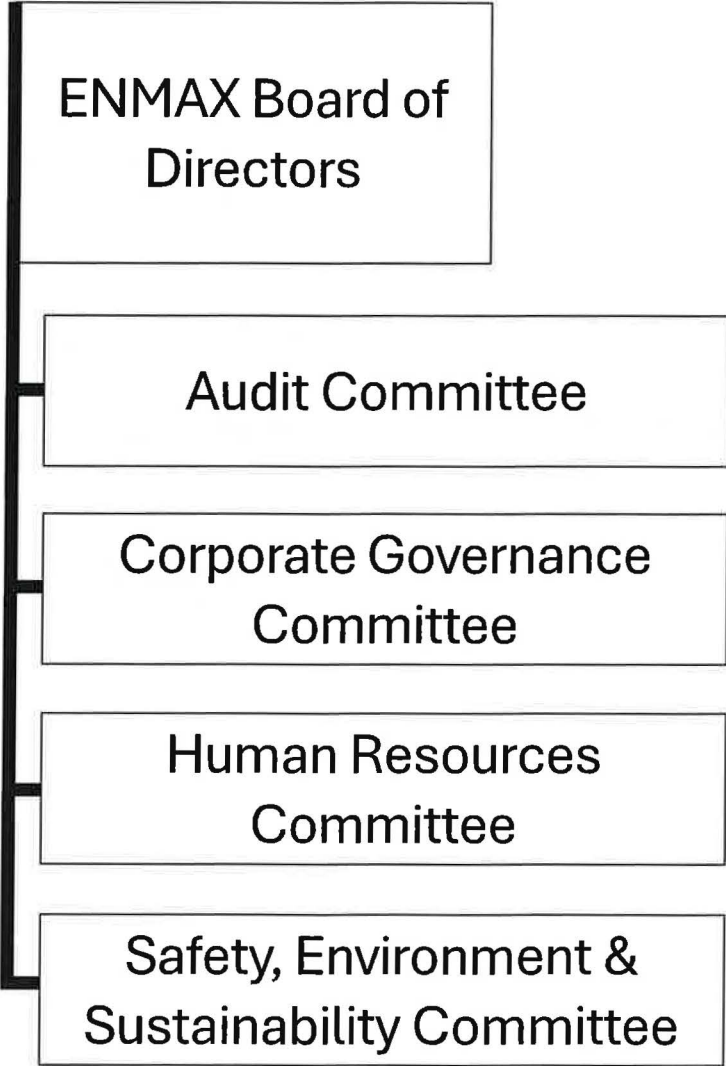
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- The Board oversees the performance of the CEO and executive, and ensures sound systems are in place to manage our risks and operations.
- The President and CEO and executive team are responsible for the development of ENMAX's strategy and the day-to-day management of the organization.
- The Board, through engagement with the executive team, monitors ENMAX's approach to ethics, compliance with applicable laws and regulatory policies, environmental risks and obligations, health and safety performance, financial practices, and disclosure and reporting.
- In support of our commitment to transparency and accountability, ENMAX discloses the mandates in place for the Board, its committees and its individual Directors, as well as the key policies that guide our commitment to good governance—our Principles of Business Ethics Policy and Disclosure and Confidentiality Policy.

To support transparency, the following documents can all be found on the ENMAX website:

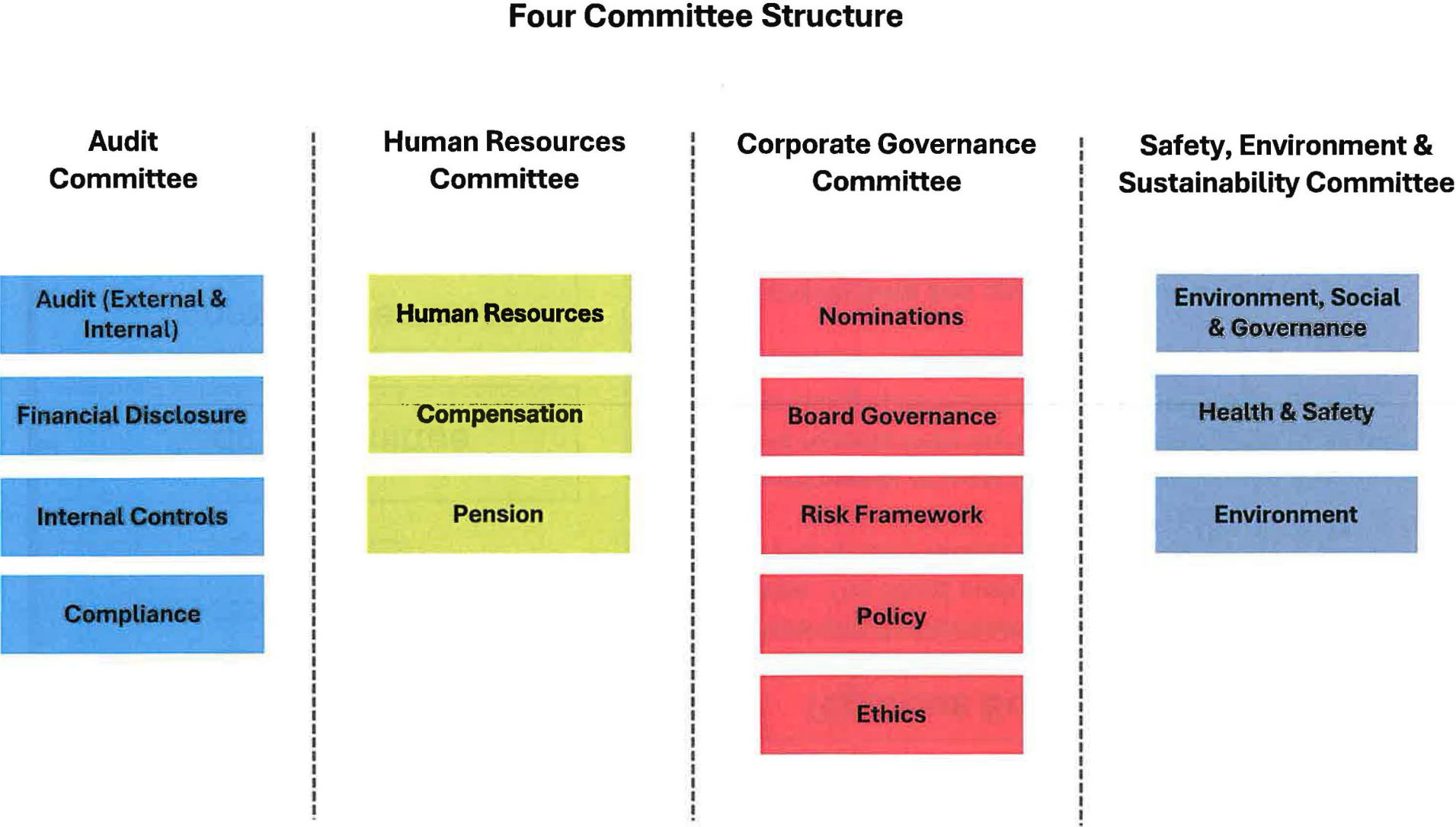
- Mandates:
 - Board of Directors
 - Audit Committee
 - Corporate Governance Committee
 - Human Resources Committee
 - Safety, Environment and Sustainability Committee
 - Director
 - Board Leadership Expectations
- Policy Documents:
 - Principles of Business Ethics
 - Disclosure and Confidentiality Policy
 - Board Divers
- Annual Report on Governance and Compensation
- Annual ESG Report
- Financial Reports

Board Oversight Practices



Rigorous Board Oversight

- **The Board and its Committees have publicly disclosed mandates.** The Board evaluates its performance annually as well as that of the President & CEO.
- **The Board meets at least five times per year** and receives **progress reports** from the CEO between meetings, as well as undertaking specialized **deep dive and educational sessions** on specific areas of ENMAX’s business.
- **The Board reviews and approves an extensive range of matters annually,** including public Financial Reports, strategy execution, ESG targets, and all aspects of business performance, while also setting **annual performance measures**.
- **The Board has overall oversight of risks associated with ENMAX’s business and operations,** including financial, cybersecurity/technological, safety, physical security, people, customers, policy/government and regulatory, among other risks.



Executive Leadership Team

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Mark Poweska
President & CEO



Sheri Primrose
Chief Financial Officer



Greg Retzer
EVP, ENMAX Power
(effective May 23, 2024)



Erica Young
EVP, ENMAX Energy
(effective May 23, 2024)



John Flynn
President, Versant
Power



Brandie Yarish
Chief Human Resources
Officer, EVP Safety and
Information Technology



Sarah Stevens
SVP, Regulatory and
Chief Legal Officer
(effective May 23, 2024)



Marie Rajic
SVP, Corporate Affairs
(effective July 22, 2024)

Members of the Board



Charles Ruigrok
(Board Chair)



Mark Poweska
President & CEO



Nipa Chakravarti



Laura Formusa



Hon. Daryl S. Fridhandler
K.C.



Eric Markell



Barbara Munroe



Byron Neiles



Dr. Chika Onwuekwe
K.C.



Elise Rees



William Taylor



Bruce Williamson

Board Committee Membership

BOARD COMMITTEE MEMBERSHIP

	Audit	Corporate Governance	Human Resources	Safety, Environment and Sustainability
Nipa Chakravarti	✓	✓		
Laura Formusa			Chair	✓
Daryl Fridhandler			✓	✓
Eric Markell	Chair			✓
Barbara Munroe		Chair	✓	
Byron Neiles			✓	✓
Chika Onwuekwe		✓		Chair
Elise Rees	✓	✓		
William Taylor	✓	✓		
Bruce Williamson	✓		✓	
Charles Ruigrok ¹	Ex-Officio	Ex-Officio	Ex-Officio	Ex-Officio
Mark Poweska ²	N/A	N/A	N/A	N/A

¹ The Board Chair is not a member of any Committee but attends all Committee meetings ex-officio.

² The President & CEO is not a member of any Committee but attends all Committee meetings as a non-independent Director.

Director Skills Matrix

Type	Key Skills	Nipa Chakravarti	Laura Fornusa	Daryl Fridhandler	Eric Markell	Barbara Munroe	Byron Neiles	Chika Onwuekwe	Mark Poweska	Elise Rees	Charles Rudrok	Bill Taylor	Bruce Williamson
Fundamental	Senior Leadership	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Fundamental	Community Building and Leadership	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Fundamental	Strategy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Fundamental	Risk Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Core	Corporate Governance and Legal	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Core	Environmental, Sustainability and Safety	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Core	Financial	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Core	Human Resources	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Specialized	Customer Experience	✓	✓			✓	✓		✓	✓	✓	✓	✓
Specialized	Electricity Utility Sector	✓	✓		✓			✓	✓		✓	✓	✓
Specialized	Government, Policy and Regulatory	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	
Specialized	Operations and Projects	✓	✓		✓		✓		✓	✓	✓	✓	✓
Specialized	Technology and Cybersecurity	✓	✓			✓	✓	✓	✓	✓		✓	
Background													
	Professional Education & Experience	Finance	Law	Law	Finance	Law	Business Administration	Law	Engineering	Finance	Engineering	Engineering	Business Administration
	C-Suite Experience / Entrepreneur	C-Suite	C-Suite	N/A	C-Suite	C-Suite	C-Suite	C-Suite	C-Suite	N/A	C-Suite	C-Suite	C-Suite
	Residency ²	Calgary	Toronto	Calgary	La Quinta, CA	Calgary	Calgary	Calgary	Calgary	Vancouver	Calgary	Portsmouth, NH	Spring, TX
Tenure, Age and Board Diversity													
	Tenure (Years on Board)*	2.1	7.6	3.1	8.6	3.5	2.1	3.5	2.3	8.6	14.3	4.6	4.6
	Age*	53	70	68	73	60	59	58	55	66	68	60	65
	Female	X	X			X				X			
	Self-identifies as a member of an underrepresented group	X						X					

LEGEND:

✓ Holds either Expert or Strong level of understanding (as defined below).

✓ Expert: comprehensive understanding and expertise in the specific area.

✓ Strong: excellent understanding and application of concepts in the specific area.

✓ Limited: limited or moderate experience in the specific area.

Fundamental: All board members typically possess at least a strong skill level in these key areas.

Core: All board members have some experience in these areas.

Specialized: Some board members possess at least a strong skill level in these specialized areas.

* As of December 31, 2024.

Director Skills Matrix (cont'd)

Skill Area - FUNDAMENTAL	Skill Descriptor
Community Building and Leadership	Significant experience and demonstrated leadership in the areas of community building and community relations. Experience and capacity to engage and build relationships with a diverse set of stakeholders. May include experience with non-profits and the public sector.
Risk Management	Senior executive experience in understanding enterprise risk management, analyzing exposure to risk and successfully determining appropriate mitigants to best handle such exposure.
Senior Leadership	Senior executive experience in the energy, electricity or natural gas markets, combined with a strong knowledge of ENMAX's markets, competitors, financials, operational issues, regulatory concerns and technology. May have technical training and formal education to complement.
Strategy	Senior executive or consulting experience in developing and implementing long term strategic plans, leading growth or transformation of a large company, or working in matters related to the energy transition.
Skill Area - CORE	Skill Descriptor
Corporate Governance and Legal	Senior executive, board member or consulting experience in corporate governance and legal matters applicable to energy sector or regulated business environment.
Environmental, Sustainability and Safety	Thorough understanding and experience in environmental, climate, sustainability and health and safety frameworks (legal, financial, regulatory and policy) applicable to business and broader energy industry.
Financial	Senior executive experience or consulting in financial accounting and reporting and corporate finance, especially with respect to debt and equity markets. Comprehensive knowledge of internal financial controls and reporting standards. Expertise in auditing, evaluating or analyzing financial statements. May have formal education in this regard.
Human Resources	Senior executive experience or relevant board committee participation with an understanding of compensation, benefit and pension programs, human capital planning, legislation and agreements. Executive compensation expertise including base pay, incentives, equity and perquisites, and an understanding of retention, succession, training and recruitment.
Skill Area - SPECIALIZED	Skill Descriptor
Customer Experience	Senior executive or consulting experience with customers in the utility industry or another customer-focused service industry.
Electricity Utility Sector	Senior executive experience in electric utility involving transmission, distribution, retail and/or generation. Senior executive or consulting experience in risk oversight of commodity or wholesale electricity trading operations an asset.
Government, Policy and Regulatory	Significant experience in or with senior levels of municipal, provincial or federal government, regulatory agencies and/or senior management experience in political and public consultation, predominantly related to the electricity sector in Alberta or Maine.
Operations and Projects	Senior executive experience in large-scale operations and execution of projects.

Confirmation of Compliance



RATIOS (\$ millions)

		Sep 30, 2024
Debt to Capitalization Ratio		
	Short-term Debt	265.0
	Current Portion of Long Term Debt	603.0
	Long Term Debt	3,198.0
	- Nonrecourse debt	0.0
a	Total Debt	\$ 4,066.0
b	Consolidated Capitalization (City of Calgary)	\$ 7,150.0
c	Debt to Capitalization	56.9%
	Requirement Maximum	75.0%
	Compliance	Yes

COMPLIANCE CERTIFICATE


TO: THE CITY OF CALGARY

Re: Credit Agreement dated as of December 14, 2023 between ENMAX Corporation as borrower, and The City of Calgary as lender thereunder (such Credit Agreement, as it may be amended, supplemented or otherwise modified or restated from time to time, referred to as the "**Credit Agreement**").

1. This Compliance Certificate is given pursuant to Section 6.1(l) of the Credit Agreement. Capitalized terms used herein and not otherwise defined herein have the meanings given to them by the Credit Agreement.
2. I am the duly appointed Treasurer of the Borrower and hereby certify in such capacity for and on behalf of the Borrower and not in my personal capacity and without assuming any personal liability whatsoever, after making due inquiry:
 - (a) the Borrower is in compliance in all material respects with all of its covenants in the Credit Agreement.
 - (b) no Default or Event of Default has occurred and is continuing and
 - (c) that as at the end of Fiscal quarter end September 30, 2024, the Debt to Capitalization Ratio is 56.9% and attached hereto are detailed particulars of the manner in which this financial covenant was calculated.

DATED this 21 day of November 2024.

ENMAX Corporation

Per: 

Name: Davin Kivisto

Title: Treasurer

Appendices for Board Governance and Accountability

(Letter Item 3 – 4)

AC2025-0234

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Appendices

ENMAX Executive Team Member Profiles - CONFIDENTIAL
ENMAX Board of Directors Member Profiles - CONFIDENTIAL

Financial Performance and Reporting

2024 HIGHLIGHTS

EXECUTING ON STRATEGY, ACHIEVING OUR GOALS

FINANCIAL PERFORMANCE

- Delivered solid results in an evolving landscape.
- Demonstrated **consistent growth in CNE - \$343M**.
- Declared a **\$103M dividend to The City of Calgary** in 2025 based on 2024 financial performance (2024 - \$94M).
- S&P Global affirmed ENMAX credit rating as BBB- and revised the outlook to Positive from Stable.

ENERGY TRANSITION

- **Funding agreement with Emissions Reduction Alberta** to test new capabilities and functionality of next-generation grid management technology.
- **The U.S. Department of Energy awarded a \$65M USD** grant to a partnership including Versant Power for a flexible interconnections and resilience project, focused on improving grid management and stability.

STRATEGIC DIRECTION

- Inaugural ENMAX Investor Day highlighting our **shift to regulated growth**, maximizing free cash flow from competitive operations, and maintaining a low-risk, financially stable profile.
- **New Dividend Policy** supports the value proposition objectives, while supporting the capital investment needed to evolve to a regulated utility.
- Phase out competitive commercial and industrial retail offerings and halt carbon capture study at Shepard Energy Centre to focus on regulated business.

CUSTOMER FOCUS

- **Robust customer experience metrics** across the organization.
- ENMAX worked to support The City's response to a water main break, adjusting our operational water needs and supporting repair work.
- **Invested \$3.5 M in community**, with a focus on funding partner agencies to bolster energy affordability programming and essential needs assistance.

RESPONSIBLE GROWTH

- **Strong capital program** - 90 % of capital expenditures invested in regulated businesses.
- **\$702M invested in Alberta and Maine**, including Substation No. 1, substation upgrades, higher Calgary residential development and Maine transmission replacements.
- All time high demand for Calgary connections - **7,870 lots connected, more than double the ten-year annual average, and over 21,740 new meters installed**.

REGULATORY STRATEGY

- Constructive regulatory decisions in Alberta and Maine's transmission sector have laid a strong foundation for revenue certainty and future success. Changes in Maine's regulatory structure have led to increased regulatory lag in the distribution business
- AUC approval **for a new methodology to collect local access fee** for The City of Calgary as of January 1, 2025, resulting in a reduction on customer electricity bills.

OPERATIONAL EXCELLENCE

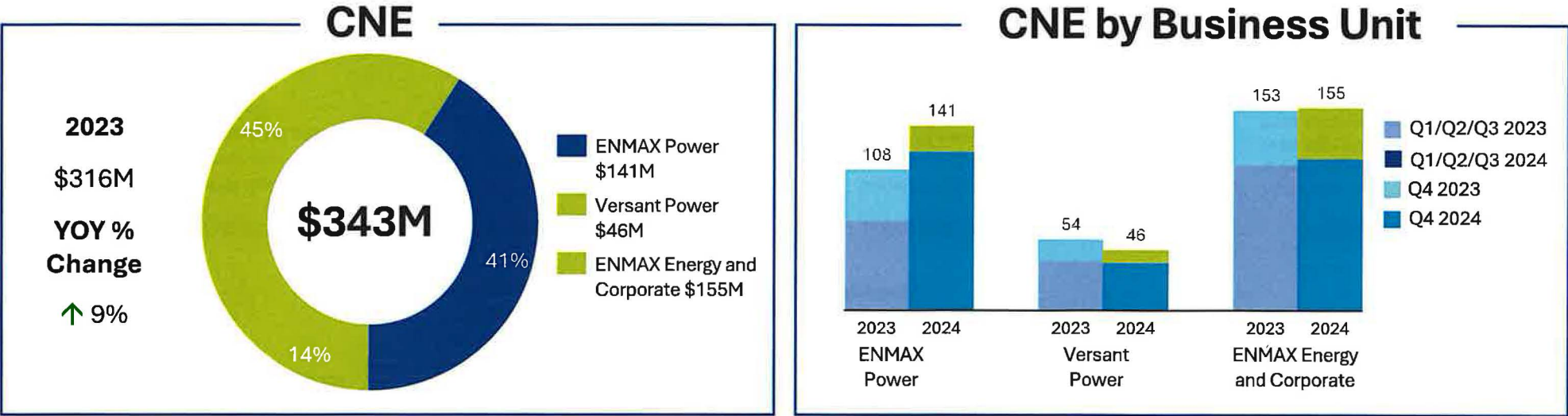
- Achieved **91.9 per cent reliability** for generation fleet, commercial availability above target.
- Ranked in the **top quartile for grid reliability** in Canada.
- Strong customer growth and retail fixed-contract pricing..
- \$1.4M water supply contingency plan at Shepard Energy Centre with The City during a reclaimed water pipeline outage from Bonnybrook.

POLICY ADVOCACY

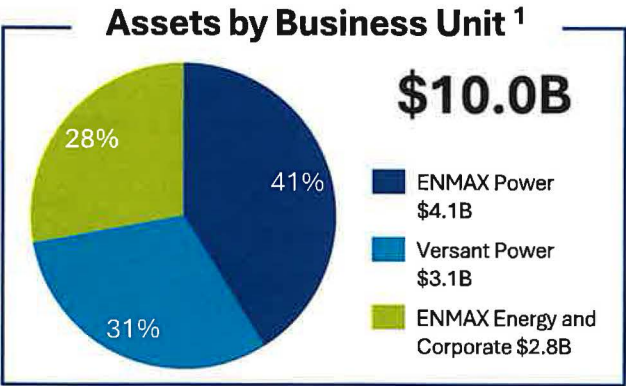
- Led industry efforts in **shaping the provincial electricity market redesign (REM)**, updates to transmission policy and the transition from the Regulated Rate Option (RRO) to the Rate of Last Resort (ROLR).
- Advocated for improvements to the federal Clean Electricity Regulations (CER) to enhance affordability and reliability for ENMAX customers.

2024 Financial Summary (\$M)

YEAR END



- Comparable Net Earnings (CNE) for the year ended 2024 were \$343M, a \$27M increase from 2023. This was primarily due to a \$98M increase in transmission and distribution margins in the regulated businesses and a \$51M increase in electricity margin in the competitive business due to retail customer site growth and lower cost to supply.
- These increases were partially offset by \$64M higher Operations, Maintenance and Administration (OM&A) expenses, primarily related to prior period insurance recoveries, one-time restructuring costs and higher plant maintenance in ENMAX Energy, as well as prior period stipulated deferral costs and higher storm restoration expenses in Versant Power.
- The overall increase noted above was partially offset by higher depreciation and amortization expenses, finance charges and income tax expense related to core operations.



Note 1: Assets includes regulatory deferral account debit balances.

2024 Financial Summary (\$M)

ANNUAL NET EARNINGS AND IMPAIRMENT ADJUSTMENTS

Net earnings for 2024 were \$181M, compared to a net loss of \$16M in 2023. The increase primarily related to \$326M lower after-tax unrealized mark-to-market losses in 2024 than in 2023, partially offset by an increase in impairment expenses, in conjunction with an increase in CNE in 2024.

In 2024, ENMAX recorded two financial impairments (\$136M). These accounting adjustments does not impact cash flow or the dividend.

1. **Versant Power goodwill** was written down by \$97M following the required annual IFRS goodwill valuation. This is based on re-forecasted discounted cash flows compared to those expected at the time of acquisition.

Since acquiring Versant, we have invested significantly in the grid to support reliability, customer needs, and the energy transition. While this has increased the rate base in Maine, changes in the state's regulatory framework have led to higher regulatory lag in the distribution business, preventing us from achieving our allowed ROE, which represents about 50% of our earnings. This underperformance contributes to an impairment when factored into the discounted cash flow models used to assess goodwill.

2. The second impairment was to write-off the \$39M current **asset value of Balzac Powering Station**. ENMAX holds a 50 per cent interest in Balzac with CNOOC Ltd. The plant has had ongoing issues with its turbines resulting in a negative present value cash flow estimate at year-end.

	Year Ended December 31	
	2024	2023
CNE	343	316
Add (deduct):		
Unrealized loss on commodities & unrealized foreign exchange gain (loss)	(50)	(380)
Impairment	(136)	-
Versant Power Goodwill Impairment	(97)	-
Balzac Impairment	(39)	-
Change in onerous provision	13	-
Net income tax recovery on unrealized loss on commodities, unrealized foreign exchange gain (loss) and impairment	11	48
Net earnings (loss)	181	(16)

Investing in our Business

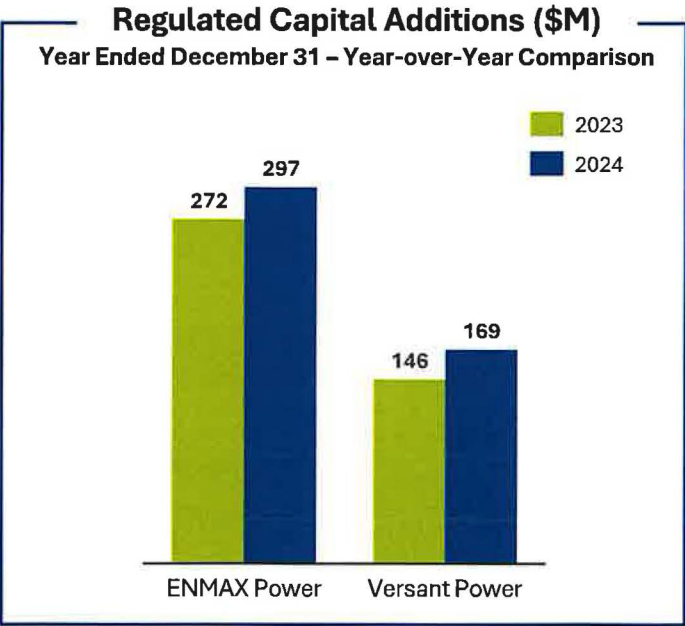
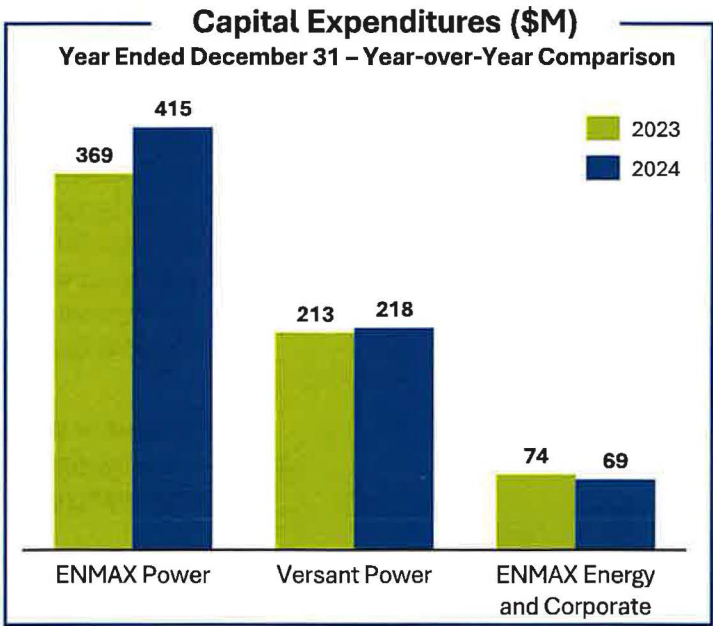
DILIGENT CAPITAL INVESTMENT DRIVES OUR GROWTH

Annual Financial Highlights

Capital expenditures for 2024 totaled \$702M, a 7 per cent increase from 2023. This increase is entirely focused on the regulated businesses, in line with the strategic focus.

In ENMAX Power, the increased capital expenditures were primarily related to continued work on Substation No. 1, higher costs for other substation upgrades and higher residential development. The increase in Versant Power can be attributed to higher transmission rebuilds and replacements, as well as intangible investments to replace aging technology.

Of the total capital expenditures year to date, 90 per cent was invested in the regulated businesses.



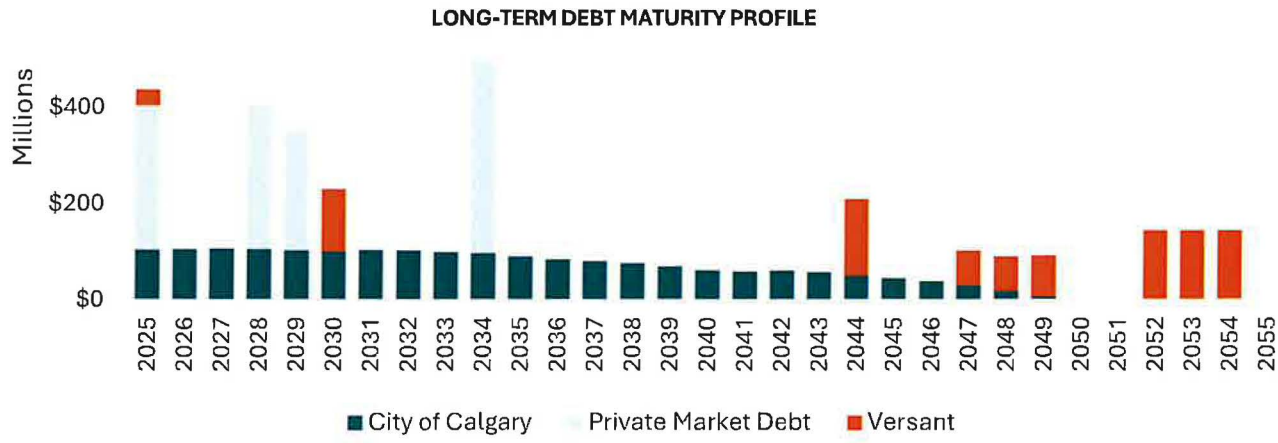
Strengthening our Balance Sheet

STABLE, STEADY PROGRESSION ON REDUCING TRANSACTION-RELATED DEBT

In October 2024, ENMAX issued \$400M in 10-year debt. The funds were used to repay a \$200M debt maturing in December 2024 and to reduce short-term debt.

ENMAX has a \$200M debt maturity coming up in June 2025.

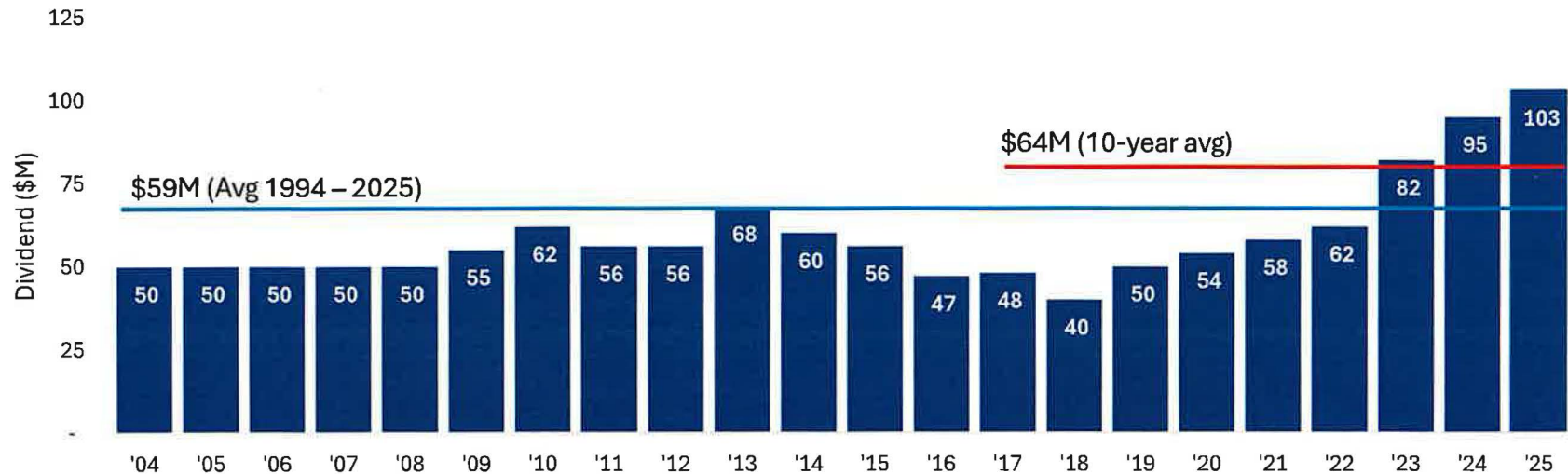
ENMAX is actively engaging with stakeholders, analyzing cash flows and reviewing market conditions to inform its private market debt strategy.



ENMAX 2024 Dividend to Shareholder

CONSISTENT AND SOLID GROWTH IN RETURNS

Based on 2024 financial performance, ENMAX declared a dividend of \$103M to its shareholder, the City of Calgary. Since the start of operations, ENMAX has delivered over \$1.5B in dividends to the City.



The ENMAX Board approves the dividend annually as part of the business planning process. The dividend policy is reviewed every five years to ensure it aligns with ENMAX’s financial health, capital market conditions, and the Shareholder's needs. The dividend paid in 2025 will reflect 2024 performance.

Appendices for Financial and Performance Reporting

(Letter Item 5 – 10)

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Appendices

Financial Highlights - CONFIDENTIAL

Q4 and 2024 Financial Report

Management Rep Letter and 2024 Year-end External Auditor Report - CONFIDENTIAL

Dividend Policy - CONFIDENTIAL

Current Credit Ratings and Outlooks for ENMAX and Versant Power

ENMAX Strategic Plan - CONFIDENTIAL

ERM Program Refresh Update

ERM Program Refresh

A refresh of the ERM program was performed in 2024.

The case for change:

ENMAX's updated strategy was a driver for refreshing the ERM program to better align risk management with the goals and objectives of the organization. The existing ERM program required a refresh, as it included mostly operational risks, with few forward looking strategic risks and the risk assessment methodology was qualitative with no consistent criteria used.

The completed refresh includes strategic forward looking risks (3-5 years outlook) and a more quantitative risk assessment based on defined impact and likelihood criteria. The emerging risks have been integrated into the risk register to ensure that all risks are included.

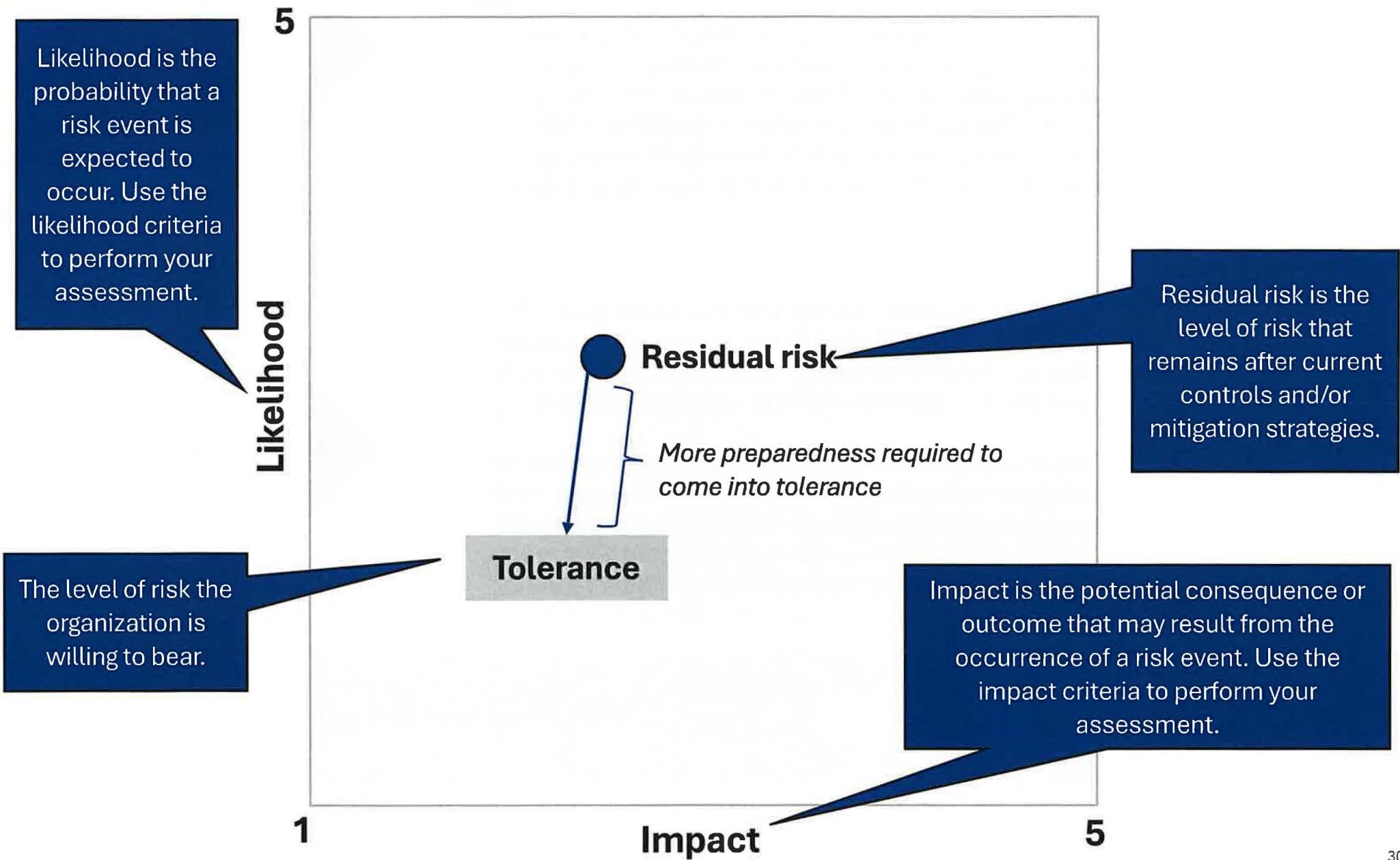
Activities completed in 2024:

As part of the ERM refresh, the following activities were completed:

- Risk interviews were conducted with all senior leaders and executive team members to validate the new risk register.
- A risk assessment workshop was held with the senior leadership forum.
- Three workshops were conducted with the executive team. Through these workshops, eleven key risks were identified to be managed by the ERM program; four strategic focused on a 3-5 year timeframe and seven operational focused on a 1-2 year timeframe.
- The ERM refresh includes risk assessment based on an impact and likelihood scale, risk tolerance for each risk, and refreshed reporting that includes identification of controls and mitigation strategies.

Risk Assessment Components

The refreshed ERM program includes a quantitative risk rating of residual risk, which is based on impact and likelihood. In addition, tolerance has been set for each of the top risks to be managed in the ERM program. Impact and likelihood are based on the risk rating criteria scale (refer to slide 7) and tolerance is based on a tolerance scale (refer to slide 8).



Risk Rating Criteria

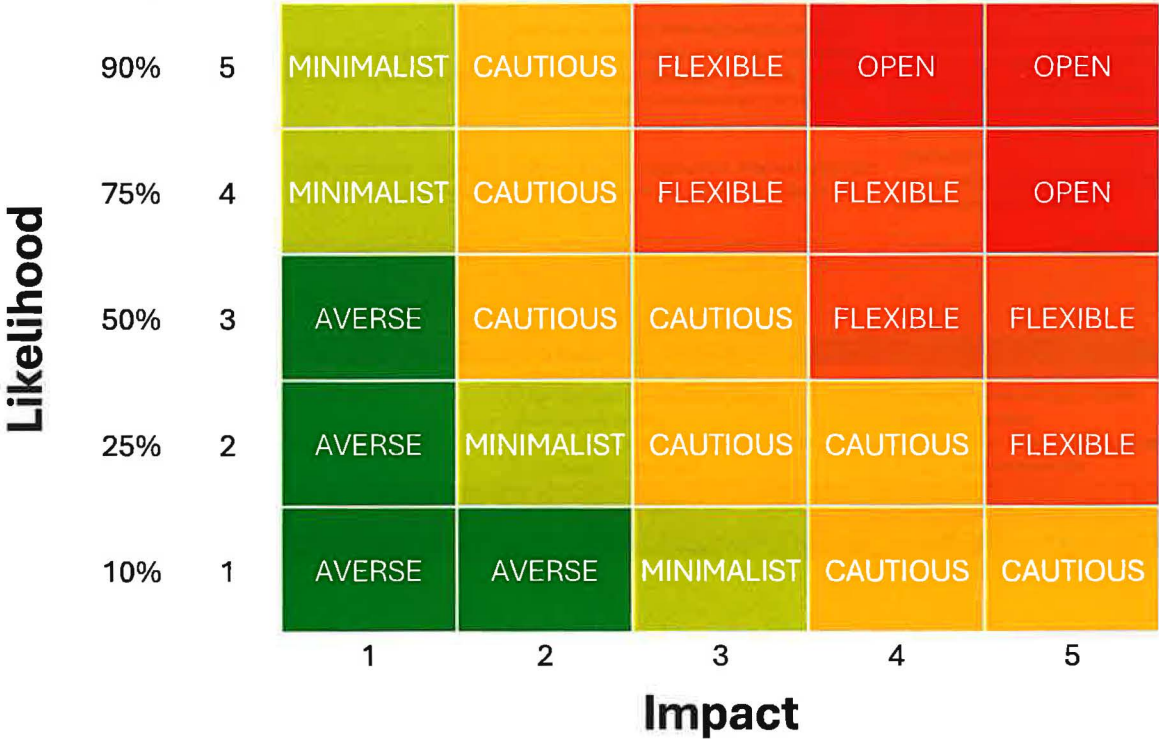
2024 ERM Risk Assessment

Likelihood					
Descriptor	1 Remote	2 Unlikely	3 Even Odds	4 Very Likely	5 Virtually Certain
Description	- Less than 10% chance of occurring - Very unlikely to occur - Theoretically possible	- 25% chance of occurring - Has occurred before - Would be surprising if it occurred	- 50% chance of occurring - Has occurred within the last two years, potential to occur several times - Can be difficult to control or predict - Would be expected if it occurred	- 75% chance of occurring - Has occurred within the last two years; potential to occur several times - Typical of business of this nature - History of occurrence in the organization	- Greater than 90% chance of occurring in the next 12 months - Has occurred in the last year and likely to occur again - Inherent to operations
Impact					
Descriptor	1 - Minor Regular operations.	2 - Moderate Regular operations with additional attention required.	3 - Major Noticeable disruption, shifting of existing resources. Regular operations continue.	4 - Severe Significant disruption, requires re-deployment of resources. Regular operations suspended.	5 - Worst Case External body intervention. Unable to achieve strategic goals.
Safety	Lost time injuries with short term consequences. Growing near misses.	Lost time injuries with long term consequences. Higher frequency and severity of significant near misses.	Multiple severe injuries. Safety culture and trends degrading. Public safety at risk; local area evacuated.	Single or multiple fatalities. Public safety at risk, public fatality; evacuation of a community.	Pattern of fatalities. Pervasive unsafe work conditions. Pattern of putting public safety at risk or multiple public fatalities. Provincial or state sanctions and intervention.
Environment	No reportable environmental incidents. Environmental incident on ENMAX property with no sustained impacts.	Environmental incidents, not reportable externally; contained impact and harm to environment.	Externally reportable environmental incidents; penalties or warning possible. Short-term impact to environment; short term recovery and remediation required <6 months. Local stakeholder concerns.	Externally reportable environmental incidents; regulatory order possible. Long-term or severe adverse impact and harm to environment. Long term recovery, remediation and monitoring >6 months. Stakeholder concerns.	Prosecution or license cancellation. Irreversible adverse impact and harm to environment; possible public health effects. Long-term recovery, remediation and monitoring >2 years. Widespread stakeholder concerns.
Operational	Trouble on electrical system; Outages managed through regular operations; planned outage at one large plant (> 300 MW). Minimal capacity reduction or development delay.	Unplanned outage at one large energy centre (> 300 MW) lasting between 18 days and 1 month. Power system outages causing moderate negative impact on reliability statistics (SAIDI, SAIFI). Short-term capacity reduction and/or development delay.	Unplanned outage at one large energy centre (> 300 MW) lasting between 1 month and 6 months. Power system outages causing significant increase in reliability statistics (SAIDI, SAIFI). Long-term capacity reductions and/or development delays.	Unplanned outage at one large energy centre (> 300 MW) lasting > 6 months. Control Centre and/or OT network unavailable. Rolling or intermittent blackouts due to failed ENMAX assets/operations. Short-term loss of critical asset(s). Significant impact to customers.	Complete loss of one or more large energy centre (> 300 MW), irreparable and beyond recovery. Area wide blackout. Control Centre and/or OT network unavailable. Long-term loss of critical asset(s). Severe impact to customers and/or public.
Security Incidents	Regular operations continue, automated controls block threats. No unauthorized access gained.	Multiple low cyber incidents - no impact to operations. Increased targeted reconnaissance, increase in spear phishing or social engineering, unauthorized physical or network access.	Medium cyber incident impacting operations or multiple medium cyber incidents impacting multiple business units; physical break-in causing an unplanned outage.	High cyber incident - real attack impacting operations; significant physical attack resulting in unplanned outage and significant replacement of equipment.	Critical cyber incident with significant impact to operations, reputational damage, legal action possible; widespread security attack causing unplanned outages, inability to operate systems.
Financial	\$0-\$5M	\$5M-\$20M	\$20M-\$50M	\$50M-\$100M	>\$100M
Regulatory / Policy / Strategy	Regulatory or policy changes with minimal impact. Negligible impact on business strategy.	Moderate regulatory decisions or policy changes that require some adjustments. Easily managed impact on business strategy or processes.	Noticeable regulatory decisions or policy changes that require significant operational changes and potential process overhauls with moderate additional costs. Medium impact on business strategy, may require revisiting certain plans or strategies.	Major regulatory decision or policy changes requiring significant operational and process changes with high additional costs. Major impact on business strategy, requiring significant re-evaluation and potential overhaul of plans.	Severe regulatory decisions or policy changes requiring extensive operational changes with extremely high additional costs. Severe impact on business strategy, potentially threatening the organization's viability and requiring a complete change in strategic direction.
Reputation	Stakeholder complaints isolated to ENMAX only. Reputation unimpacted or easily recoverable.	Stakeholder complaints and industry attention in local area.	Increase in stakeholder complaints and industry attention in local area. Local news stories or several opinion leaders publicly critical.	Prolonged negative media attention across Alberta or Maine; most opinion leaders/customer publicly critical. Public lobbying for regulation changes.	Numerous stakeholder actions force regulator/government to change policy/legislation. Threat to continued operations. Prolonged national negative attention; nearly unanimous public criticism.
Compliance / Legal	Ongoing legal action - regular operations. Minor compliance violations handled within the business.	Minor legal or compliance issues that require regulatory reporting. Small fines or penalties, low legal costs.	Reportable compliance breaches that require significant attention. Moderate fines or legal costs. Possible regulatory scrutiny, significant regulator investigations.	Serious legal/compliance violations with substantial implications requiring regulatory intervention. High fines and significant legal costs.	Severe legal/compliance breaches with potentially catastrophic consequences. Extremely high fines and legal costs, or extensive third party liability. Long-term regulatory sanctions or operational restrictions.

Tolerance Scale

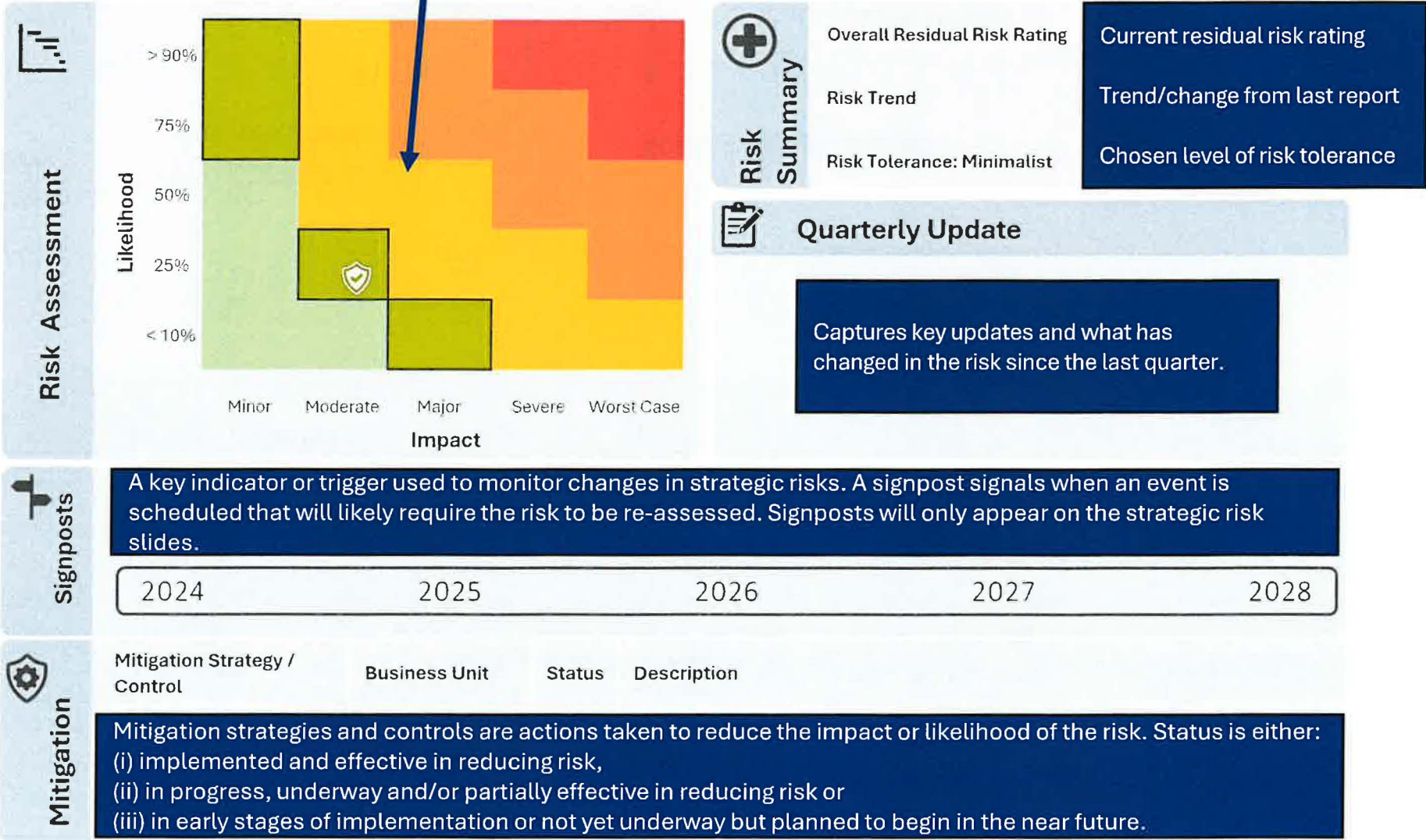
2024 ERM Risk Assessment

Descriptor	Open	Flexible	Cautious	Minimalist	Averse
Philosophy: Overall risk-taking philosophy	Will take justified risks	Will take strongly justified risks	Preference for safe delivery	Extremely conservative	"Sacred" avoidance of risk is a core objective
Tolerance for Uncertainty: Willingness to accept outcomes or period-to-period variation	Fully anticipated	Expect some	Limited	Low	Extremely Low
Choice: When faced with multiple options, willingness to select an option that puts objectives at risk	Will choose option with highest return; accept possibility of failure	Will choose to put at risk, but will manage impact	Will accept if limited, and heavily out-weighted by benefits	Will accept only if essential, and limited possibility/extent of failure	Will select the lowest risk option, always
Trade-Off: Willingness to trade off against achievement of other objectives	Willing	Willing under right conditions	Prefer to avoid	With extreme reluctance	Never



How to Read the New Report Format

The heat map uses color gradients to show risk severity by likelihood and impact. The outlined and highlighted area indicates our chosen risk tolerance. The current residual risk rating is represented by a shield; a shield with an "X" is out of tolerance, while a shield with a checkmark indicates the current risk is within tolerance.



Annual ERM Process – 2025 and Beyond

As part of the ERM refresh, a new schedule has been established to support the refreshed program. Going forward, the ERM report will be presented to the Board to ensure full visibility and alignment with strategy; the Governance Committee will be presented with any changes to the ERM framework as needed.

The reporting cadence for ERM will transition to include the presentation of a detailed annual package at the Q1 Board meeting in May, aligning with the annual strategy session in June. Each year, the ERM team will proactively identify new or emerging risks through industry research, conduct risk assessment workshops with the Senior Leadership Forum (SLF) and Executive Team (ET), and engage with risk owners to update heatmaps and mitigation strategies as necessary to inform the detailed package.

On a quarterly basis, the Board will receive summaries of strategic and operational risks as informed by risk owners and through discussion and validation with the ET.



Appendices for Enterprise Risk Management: (Letter Item 11)

Appendices

ERM Quarterly Report - CONFIDENTIAL

ERM Annual Detailed Report - Strategic Risks (3-5 Year Outlook) - CONFIDENTIAL

ERM Annual Detailed Report - Operational Risks (1-2 Year Outlook) - CONFIDENTIAL

ENMAX Impacts in The City's Principal Corporate Risks - CONFIDENTIAL



Community Engagement

Request for information on impact of Local Access Fee
Changes for electricity customers

Effective January 1, 2025, the Alberta Utilities Commission approved a new fixed rate methodology for The City of Calgary Local Access Fee (LAF). Previously tied to the fluctuating regulated electricity rate, the LAF is now set at a fixed rate of \$0.015507 per kWh for all customers. This a reduction of \$10.48 (\$23.20 to \$12.72) to the LAF for the average EasyMax customer¹ who uses 820 kWh per month. Together with adjustments to the other electricity fees, customers will see an average monthly reduction of \$11.17 in total electricity costs.



² Customer is assumed to be on a fixed rate electricity plan paying 9.67 ¢/kWh (the weighted average fixed price across Easymax customers).

³Electricity consumption assumed to be 820 kWh, representing the average monthly usage for residential customers during colder months (Dec – Feb).

⁴ Includes Easymax margin on electricity and an administration fee to cover the costs of billing and customer care.

⁵ Includes Balancing Pool Allocation, Rate Riders, and GST.

Appendices for Financial and Performance Reporting

(Letter Item 12)

AC2025-0234
REVISED ATTACHMENT 2
ISD UNRESTRICTED

Appendices

Shareholder Value Proposition and Measurement - CONFIDENTIAL