NATIONAL ENERGY BOARD OF CANADA

IN THE MATTER OF THE NATIONAL ENERGY BOARD ACT AND THE REGULATIONS MADE THEREUNDER;

AND IN THE MATTER OF AN APPLICATION BY ENBRIDGE PIPELINES INC. RE LINE 9B REVERSAL AND LINE 9 CAPACITY EXPANSION PROJECT

AND IN THE MATTER OF HEARING ORDER 0H-002-2013

FILE OF-FAC-OIL-E101-2012-10 02

EVIDENCE

OF

SUNCOR ENERGY MARKETING INC.

August 6, 2013

Suncor Company Evidence

Introduction

Q1. What is the nature of Suncor Energy's (Suncor) interest in this proceeding?

A1. Enbridge Pipeline Inc. (Enbridge) has filed a pipeline facilities application entitled the "Line 9B Reversal and Line 9 Capacity Expansion Project" (Project) with the National Energy Board (NEB), OH-002-2013 (Application) to re-reverse the flow on Enbridge's Line 9 from North Westover to Montreal. The Project will broaden market access for Western Canadian Sedimentary Basin (WCSB) crude oil and for U.S. crude oil production primarily from the Williston Basin. Suncor Energy Products Partnership owns the last remaining refinery operating in Montreal. Suncor Energy Marketing Inc. (SEMI) has entered into a long-term contract to ship crude oil by means of the project if it is approved by the NEB.

Q2. Please describe the nature and extent of Suncor's written evidence in this proceeding?

A2. This written evidence discusses Suncor's operations impacted by a re-reversal of Line 9 to Montreal and Suncor's expected use of the Project. Along with Valero, Suncor is filing and sponsoring the written expert evidence of IHS Global Canada Limited (IHS), which addresses issues relating to supply and market conditions that influence the feasibility of the re-reversal of Line 9 to Montreal as well as the continued viability of refining in Montreal.

Q3. Why did Suncor retain IHS to provide evidence on supply and markets for a Line 9 re-reversal?

A3. Suncor is concerned with the disclosure of competitive, commercially sensitive and proprietary information. Therefore, Suncor has commissioned IHS to study the supply and market conditions and has filed their analysis and conclusions. While every energy company may have differing perspectives on future pricing and the future disposition of oil and products, Suncor believes that the IHS Study is a reasonable representation of those perspectives. Suncor endorses the general conclusions reached by IHS as supporting the need for the re-reversal of Line 9. Suncor's own endorsement of the project is represented by its decision to execute the long-term contract.

Q4. What are the key findings that Suncor has made with respect to the Application?

A4. The key findings that Suncor has made with respect to the Application are:

(a) The project as proposed by Enbridge provides Suncor with the ability to economically replace largely foreign supplies of crude oil with WCSB and Bakken sourced crude oils to be processed at the Montreal refinery.

(b) The eastern Canadian refined product market is very competitive. Refiners in that market must be allowed to safely and reliably access alternative crude supply options to remain viable and competitive with other refiners that have access to the same sources of supply or which may be expected to secure such supplies in the future.

(c) The re-reversal of Line 9 from North Westover to Montreal would put to use what otherwise maybe an idled asset. The re-reversal would re-establish the pipeline's original flow direction and re-establish the capability to transport WCSB produced crude oil including heavy grades to Montreal.

(d) Processing of Bakken crude oil in Montreal or in other refineries served by a re-reversed Line 9 is of benefit to WCSB producers as Bakken production competes with WCSB light and synthetic crude production for markets.

Suncor Operations impacted by Enbridge a Line 9 Re-reversal

Q5. What is the nature of Suncor refinery operations impacted by a Line 9 re-reversal?

A5. Suncor operates a refinery in Montreal with a crude processing capability of upwards of 137,000 bpd of crude oil. Suncor directly employs approximately 450 salaried and unionized workers at the refinery. In addition to this, typically Suncor will have between 300 and 400 contractors working on-site at the refinery. That number can reach as many as 1000 when significant maintenance or specific projects are underway.

Q6. Can you please briefly outline the history of Suncor's Montreal refinery operations?

A6. The Montreal refinery was originally commissioned by Petrofina on September 15, 1955, with a throughput 20,000 bpd. At that level, the Montreal refinery was considered to be one of the largest and most modern refineries in North America at the time. Over the next fifty years the refinery in Montreal was expanded significantly. The last of these major expansions occurred in 2005 when Petro-Canada made the decision to close a smaller refinery operating in Oakville, Ontario and consolidate the Eastern Canada operations in Montreal. A very substantial investment in the Montreal refinery was made to expand the capacity of that facility to approximately 130,000 bpd.

Petro-Canada also sought to bolster its position in East Montreal in 2004-05 by exploring opportunities to synergize with the local petrochemical industry. One example of this is a partnership that was created with the Societe generale de financement du Québec (SGF) to acquire a 51% position in Parachem Chemicals L.P. (Parachem). Through Parachem, a number of synergies were identified some of which have since been realized that have allowed Suncor not only to integrate Parachem with the refinery operations in Montreal, but also to strengthen the petrochemical chain in East Montreal. Indeed, there are many companies in the area, which while not directly linked to the Suncor refinery, benefit from the overall value chain of the petrochemical industry as it has developed in East Montreal. The continued viability of the Suncor refinery, therefore, has broad significance to the local petrochemical industry as well.

In August of 2009, a merger of Petro-Canada and Suncor Energy took place, creating Canada's premier integrated energy company. The new Suncor Energy is now the largest integrated energy company in Canada and is among the largest energy companies in North America. Following the

merger, Suncor is well positioned to maintain and supply its network of nearly 1500 retail sites (approximately 350 in Quebec and 550 in Ontario) and its wholesale customers across Canada.

Suncor is a major employer in the province of Quebec. Overall, Suncor has approximately 600 direct employees working in the province including those at our refinery in Montreal identified above.

In addition to the number of people employed, Suncor is also a major consumer of goods and services in Quebec. In 2012, Suncor's Montreal refinery purchased approximately $224 million on the goods and services offered by numerous suppliers and vendors.

Q7. Can you please comment generally on the nature of the competition Suncor faces for the products produced at its Montreal refinery?

A7. The Quebec and Eastern Canada markets represent the most competitive area for refining in Canada. By virtue of its access to the St. Lawrence Seaway this market is, in effect, a "tidewater" location. Competition is fierce and includes not only refineries in Quebec, but also refineries across the U.S. Eastern seaboard, the Gulf of Mexico and Europe. Finished products such as gasoline and diesel can be imported into Quebec from all of these locations by land and by water. Although Suncor is very proud of the place that the Montreal refinery holds in its business, the facility is no longer among the largest refineries in North America. Based on the intense competition expected to characterize this market into the future, as well as the expected changes in the dynamics of supply and demand, Suncor expects refined product to be in ample supply in Quebec for the foreseeable future. While refined product supply may be sourced from outside the province of Quebec, these supply sources would not provide the jobs, the spending nor provide the petrochemical feedstock that a Quebec refining operation does.

This fierce competition is evident from the ongoing rationalization of refinery capacity within Montreal. Suncor's Montreal refinery is the last operating refinery in the city which once had as many as six operating refineries. Most recently, Shell Canada shut down its Montreal East Refinery in 2010 and converted it to a products terminal. Refinery closures and/or conversions to terminals have also been prevalent in the refining regions that IHS has identified as being competitive with Suncor's Montreal refinery in Atlantic Canada and the U.S. Eastern Seaboard. This includes, for example, the recent decision by Imperial Oil to convert its Dartmouth, Nova Scotia refinery into a products terminal as noted in the IHS Report.

To remain viable, Suncor must continually adapt to, amongst other things, ensure the most competitive sources of supply in order to meet the continued challenges from its competitors, particularly as those refiners also innovate to secure more competitive sources of oil supply. Suncor will continue to work hard on those parts of its business that it can control: important business drivers such as refinery efficiency and reliability. Suncor has made substantial progress in these categories in recent years and will continue to do so in the future through efforts to ensure its refinery remains competitive.

Q8. Can you please comment upon Suncor's future investment plans for its Montreal refinery?

A8. The quest for competitiveness is met, among other things, by investments. Since 2004 Suncor has invested more than three quarters of a billion dollars in the Montreal refinery, which includes specific changes to improve the ability to remove sulphur from gasoline and diesel and to make overall enhancements to improve the refinery's reliability and productivity.

As a result of the commitment and determination of its employees, management and the company, the production capacity of Suncor's Montreal refinery has now reached 137,000 bpd and its reliability compares favourably with the best in the industry.

More importantly, Suncor continues to invest significant dollars every year to maintain and enhance the plant's infrastructure. While the focus will always be on improving refinery operations, it is also important to understand that these investments also include such improvements as upgrading environmental protection equipment. In recent years, for example, Suncor has made significant environmental improvements to the refinery and recently spent more than $20 million to complete a re-work and modernization of our wastewater treatment unit, which is now state-of-the-art.

Q9. What role does access to new sources of feedstock play in ensuring the refinery's continued viability?

A9. It is critical, as IHS notes in its Report "if a refinery is able to secure feedstock at advantageous pricing, it is a significant positive factor supporting operating margins, and therefore future operations as a going concern." IHS goes on further to conclude that "the re-reversal of Line 9 would provide a feedstock cost incentive for the Quebec refineries". Suncor strongly concurs with the IHS analysis. It was the primary rationale underpinning Suncor's decision to incur the costs associated with a long term commitment to ship on the re-reversed Line 9

Q10. What is the history of the Suncor refineries with respect to Line 9?

A10. From 1976 until the reversal in 1999, Enbridge's Line 9 was operated in eastbound service. During that time, then Petro-Canada processed Western Canadian produced crude oil including heavy crude oils both at the Montreal refinery as well as the now closed Oakville refinery.

Q11. If the Enbridge Application is approved will Suncor invest in significant new capital additions to the Montreal refinery?

A11. In addition to the investments noted above, Suncor has studied capital projects to enhance Montreal's competitive position including the addition of coking capacity. Future capital additions are subject to ongoing internal review and are dependent on the economics of a particular project given the present and future environment in which the Montreal refinery must operate within. Capital additions may be more attractive with the re-reversal of Line 9 to Montreal. Significant

capital additions also are potentially subject to approval from a variety of other regulatory bodies in order to proceed.

Q12. What is the nature of Suncor crude oil production potentially affected by a Line 9 re-reversal?

A12. While there is no direct connection between any particular Suncor oil production project and the Montreal refinery, the re-reversal of Line 9 broadens the market generally available to all producers including Suncor. The ever-changing transportation alternatives including pipelines, rail, road and marine options ensures that Suncor's production will transported to markets. Suncor, therefore, is interested in ensuring as many such options exist as possible in the future in order to accommodate future changes in supply and demand. Suncor's production from its Oil Sands facility and production on Canada's East Coast is potentially affected by a Line 9 re-reversal.

In 2012, sales volumes from Suncor's Oil Sands production segment were 358,300 bpd of which 152,700 bpd were sweet synthetic crude oil (SCO), including the volume from Suncor's 12% interest in Syncrude, and diesel and 205,600 bpd of sour SCO and diluted bitumen. Currently, pipeline logistics allow SCO to be transported and processed at Suncor's refineries at Edmonton, Alberta, at Commerce City, Colorado and at Sarnia, Ontario. A re-reversal of Line 9 will allow SCO to be delivered to Suncor's Montreal refinery.

In recent years, the unprecedented growth of tight oil plays, particularly that out of the Bakken region, has made the marketing of sweet SCO, as well as conventional light crude production, a greater challenge in Western Canada's traditional markets. This has been exacerbated by a number of refinery conversion projects in the U.S. Mid-West to switch from light to heavy crude oil processing. Constrained pipeline logistics which has traditionally been an issue for Western Canadian heavy oil production, have become an issue for light crude as well. New market access such as that offered by the re-reversal of Line 9 is required to remove the extraordinary discounting of Western Canadian crude oil as noted by IHS.

On Canada's East Coast Suncor has an interest in and is operator of Terra Nova (37.675%) and has interests in the Hibernia base project (20.0%), in the Hibernia Southern Extension Unit (19.5%), in the White Rose base project (27.5%), in the White Rose Extensions (26.125%) and in Hebron (22.729%). In 2012, Suncor's combined share of East Coast Canada production was 46,500 bpd which was lower than previous years due to maintenance activities. In 2012, Suncor processed 21,600 bpd of East Coast Canada sourced crude in the Montreal refinery. As IHS noted in its report about 27,500 bpd of Canadian production was processed by Quebec refiners in 2012. Suncor concurs with the IHS conclusion that there are no constraints to placing in alternative refining markets any East Canada production displaced from Quebec refineries as a result of a Line 9 re-reversal.

Long Term Supply and Markets for Reversed Line 9

Q13. What factors or considerations influence changes in the supply and markets for Line 9 re-reversal?

A13. As noted in the IHS Report there are two significant factors impacting the supply and markets for a Line 9 re-reversal. The first is the growth of Western Canadian crude oil production (Figure 7, page 18) and the second is the crude oil production growth out the Bakken/Williston Basin (Figure 8, page 19). As IHS has noted the "high demand for pipeline transportation service has led to a period of pro-rationing of capacity ("apportionment") in major export pipelines, and discounted prices for Western Canadian crude in relation to relevant benchmark crude oil prices". IHS does forecast sufficient logistical infrastructure to be built that will eventually eliminate the discounting however the markets in which the increased production is sold in are more distant and more costly to access than the traditional markets. This results in Western Canadian crude being more competitively priced versus the offshore alternatives for the Montreal refinery than that which was experienced historically.

Q14. Has Suncor examined supply and markets in relation to this Application?

A14. Yes, Suncor in conjunction with Valero, commissioned IHS to examine the supply and markets. IHS concludes (Figure 11, page 28) that light Western Canadian crude oil typified by MSW will be priced more favourably than the equivalent offshore crude oil typified by Bonny Light not only while the "extraordinary discounts" persist but also once the crude markets re-equilibrate.

Suncor concurs with this view. IHS has forecasted this out to 2025 which extends over the term of the Line 9 contracts to which Suncor has committed with Enbridge. In the long term, once the broader crude market has re-equilibrated, IHS has forecasted a $4.44 to $6.44 per barrel lower delivered cost of MSW than Bonny Light to Montreal. Prior to that time, the delivered cost to Montreal could be significantly lower for MSW versus Bonny Light. The timing of this re-equilibration largely depends on the timing of the other pipeline logistics that are required to enable the broader crude markets to reconnect. The Montreal refinery's ability to capture this earlier delivered cost advantage will depend on the timing of a Line 9 re-reversal.

While Line 9 re-reversal is not sufficient in of itself to reconnect the broader crude markets, it is of benefit particularly for light crude. Accordingly, the additional market access offered by a re-reversal of Line 9 will also be of benefit to Western Canadian producers and not just those shipping on the pipeline such as Suncor.

Q.15 Has Suncor examined alternative supply methods?

A15. Yes, IHS was also commissioned to examine alternative supply methods, including rail. Suncor concurs with the IHS conclusion "that rail will be generally more expensive than pipelines for the long haul transportation of crude oil". Thus, Suncor committed to the Line 9 re-reversal project.

Suncor is constructing limited rail offloading capability at Montreal which is anticipated to be in-service later this year. These facilities will allow the Montreal refinery to capture some of the delivered crude cost advantage caused by the current "extraordinary discounting" although not to the same degree as if Line 9 was re-reversed. The rail facilities will also be used to mitigate any crude supply shortfalls due to any constraints on the Enbridge Mainline that may limit the delivery of Suncor's Line 9 committed volumes into Sarnia particularly during the initial years of a Line 9 re-reversal. As the noted in the IHS Report the cost to rail WCSB crude oil to Montreal would cost $13 to $16 per barrel which would make rail deliveries of these crude oils to Montreal disadvantaged versus the offshore alternative once the broader crude markets re-equilibrate in the longer term. Rail deliveries have two inherent disadvantages versus deliveries by the re-reversal of Line 9. Firstly is that rail deliveries are not long term competitive with the offshore alternative as would deliveries by means of the Line 9 re-reversal. Secondly currently available plot space physically limits the potential capacity of rail offloading that can be installed.

Conclusions

Q.16 What are Suncor's general conclusions regarding the Enbridge Application?

A16. For these above reasons, Suncor has concluded that the re-reversal of Line 9 is a strategic investment in the continued viability of its refinery operations in Montreal. In addition to the direct and indirect employment benefits involved, broader benefits to the entire Montreal area petrochemical industry are also assured. Suncor Montreal refinery cannot afford to be left behind as its competitors secure access to the most competitive supplies of oil expected to be available for the foreseeable future. Suncor, therefore, respectfully urges the Board to approve the Application as soon as reasonably possible.