



2020 Financial Review

ENMAX CORPORATION



CAUTION TO READER

This document contains statements about future events and financial and operating results of ENMAX Corporation and its subsidiaries (ENMAX or the Corporation) that are forward-looking. By their nature, forward-looking statements require the Corporation to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements, as a number of factors could cause actual future results, conditions, actions or events to differ materially from financial and operating targets, expectations, estimates or intentions expressed in the forward-looking statements.

When used in this Financial Report, the words “may,” “would,” “could,” “will,” “intend,” “plan,” “anticipate,” “believe,” “seek,” “propose,” “estimate,” “expect” and similar expressions, as they relate to the Corporation or an affiliate of the Corporation, are intended to identify forward-looking statements. Such statements reflect the Corporation’s current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Corporation’s actual results, performance or achievements to vary from those described in this Financial Report. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this Financial Report. Intended, planned, anticipated, believed, estimated or expected and other forward-looking statements included in this Financial Report herein should not be unduly relied upon. These statements speak only as of the date of this Financial Report. The Corporation does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law, and reserves the right to change, at any time at its sole discretion, the practice of updating annual targets and guidance.

For further information, see the Management’s Discussion & Analysis (MD&A) section, Risk Management and Uncertainties.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This MD&A, dated March 24, 2021, is a review of the results of operations of ENMAX Corporation and its subsidiaries (ENMAX or the Corporation) for the year ended December 31, 2020, compared with 2019, and of the Corporation's financial condition and future prospects. This discussion contains forward-looking information that is qualified by reference to and should be read in light of the Caution to Reader previously set out.

ENMAX's Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Consolidated Financial Statements and MD&A were reviewed by ENMAX's Audit Committee (AC), and the Consolidated Financial Statements were approved by ENMAX's Board of Directors (the Board). All amounts are in millions of Canadian dollars unless otherwise specified.

The Corporation reports on certain non-IFRS financial performance measures that are used by management to evaluate performance of business segments. Because non-IFRS financial measures do not have a standard meaning prescribed by IFRS, the Corporation has defined and reconciled them with their nearest IFRS measure. For the reader's reference, the definition, calculation and reconciliation of non-IFRS financial measures is provided in the Non-IFRS Financial Measures section.

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Glossary of terms can be found on page 103 of the Consolidated Financial Statements.

BUSINESS OVERVIEW

ENMAX is a wholly owned subsidiary of The City of Calgary (The City), and is headquartered in Calgary, Alberta, Canada. ENMAX's mission is to power the potential of people, businesses and communities by safely and responsibly providing electricity and energy services in ways that matter to them today and tomorrow. ENMAX has a proud history of providing Albertans with electricity and through the acquisition of Versant Power looks to serve a greater North American base. ENMAX continues to explore ways to improve and provide progressive solutions for its customers.

As a result of significant electricity industry transformation both within and outside of Alberta, ENMAX adjusted its strategic direction in 2017 and continued this direction throughout 2020. ENMAX's strategy is to develop a business with strong regulated and contracted cash flows and diverse revenue streams within North America via services and customer focussed businesses built upon an efficient platform.

ENMAX has core operations through three main business segments, **ENMAX Power Delivery** (Power Delivery), **Versant Power**, and **ENMAX Competitive Energy** (Competitive Energy). Power Delivery includes the regulated transmission and distribution of electricity within The City of Calgary. Versant Power performs as a regulated electric transmission and distribution utility serving customers in northern and eastern Maine, USA. Competitive Energy includes the competitive generation and sale of electricity across Alberta as well as power project services and solutions.

- Power Delivery owns and operates electricity transmission and distribution assets in the Calgary service area. Power Delivery's objective is to safely and efficiently operate and maintain the high reliability of its transmission and distribution system while meeting Calgary's power delivery infrastructure needs. In addition to safe, reliable and efficient delivery, cost and capital management are key priorities. Other priorities include minimizing regulatory lag and updating critical technology as a platform for future initiatives. The need to replace aging infrastructure in Calgary provides a significant and predictable growth opportunity for ENMAX.
- Versant Power operates in the state of Maine, USA as a separate and distinct entity responsible for the electricity grid for its service territory. Versant Power's role includes planning for the needs of the system, restoring power when extreme weather causes damage to overhead lines, evaluating new technologies that can enable greater reliability, resiliency, and customer choice, and timing investments so that benefits for customers exceeds costs.
- Competitive Energy carries out retail energy supply and related functions including the Calgary Regulated Rate Option (RRO) through various affiliated legal entities. Competitive Energy is an integrated business that involves generation of electricity and providing customers with electricity, natural gas, and distributed energy resource solutions, as well as engineering, procurement and construction services. This integration provides an advantage that allows ENMAX to serve the largest number of customers in Alberta.
- ENMAX Corporate and Eliminations (Corporate), which is responsible for providing shared services and financing to Power Delivery, Versant Power and Competitive Energy.

MARKET CONDITIONS

Alberta continues to experience economic uncertainty and challenges as the duration of the COVID-19 pandemic remains uncertain, and oil prices and capital spending remain relatively soft. Alberta's electricity demand destruction was most pronounced during the May to June 2020 period, experiencing a decline in demand of roughly 6 per cent. In the last half of 2020 demand has trended towards recovery, and beginning in the fourth quarter, demand had recovered to 2019 levels. Overall, electricity demand averaged 9,462 Megawatts (MW) for 2020, representing a decline of 2 per cent from the prior year's average demand of 9,695 MW. ENMAX's unique vertically integrated business model, including making, moving, and marketing electricity, benefits from demand growth through increases in generator revenue, retail sites, and distribution network size that meets the demands of Calgarians.

The impact of COVID-19 and oil market fluctuations resulted in softer power prices and spark spreads for 2020 compared to the prior year. The Alberta power market pool price settled at \$46.53 per megawatt-hour (MWh) for 2020, representing a decrease of 16 per cent over the prior year's average of \$55.28 per MWh. Spark spreads settled at \$30.69 per MWh for 2020 compared to \$42.67 per MWh the preceding year. ENMAX's hedging strategy secures significant margins before entering the year, offering protection from fluctuating power prices while maintaining some ability to capitalize on price increases.

Alberta natural gas prices averaged \$2.11 per gigajoule (GJ) for 2020, representing a 25.6 percent increase compared to 2019's average natural gas price of \$1.68 per GJ. Gas prices were higher and more stable as Nova Gas Transmission Ltd. system (NGTL) expansions have given producers additional access to both storage and export markets. ENMAX continues to evaluate direct pipeline connections to surrounding natural gas supply sources to create long-term safe, secure, and economical gas delivery to its generation portfolio.

Carbon pricing for large industries in Alberta, including electricity generation, falls under the Technology Innovation and Emissions Reduction (TIER) regulation. The carbon cost for 2021 will match the federal carbon cost of \$40.00 per tonne of CO₂ equivalent. Under TIER, all existing generating units, including coal, will be measured against a "good-as-best" intensity, which currently for ENMAX is Shepard Energy Centre. The federal government has announced its intention to increase carbon price to \$170 per tonne of CO₂ equivalent by 2030. This is expected to impact the costs of less-efficient thermal generation and incentivize more renewable generation development.

Increasing carbon costs have signaled the end of coal-fueled generation in Alberta. While many coal units are expected to convert to natural gas, the economics of fully converting may not be realized for some units. As a result, in the near-term, units such as Sundance 4 and Keephills 1 are expected to cease using coal and only operate using gas at significantly reduced capacities by 2022, which is expected to reduce overall capacity by 600 MW.

The last of the Power Purchase Agreements (PPAs) expired at the end of 2020. Offer control for both Heartland Generation (Sheerness 1 and 2) and Capital Power (Genesee 1 and 2) are back in the hands of their respective owners, who are now in control of pricing for these units.

Maine has seen similar market impacts to Alberta as a result of the COVID-19 pandemic with somewhat reduced overall demand for electricity and a shift from commercial to residential usage due to business closures and an increase in work from home arrangements. The effects of oil market volatility have not had as significant an effect in Maine as in Alberta.

ENMAX is continuing to evaluate the impact of these developments on its business and customers.

FINANCIAL PERFORMANCE

Management believes that a measure of operating performance is more meaningful if the impacts of specific items are excluded from the adjusted financial information. As a result, the table below presents ENMAX's adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA), adjusted earnings before interest and taxes (Adjusted EBIT), and comparable net earnings (CNE). These financial metrics exclude unrealized gains (losses) on commodities where settlement on derivatives will occur in a future period, foreign exchange gains (losses), Versant Power acquisition-related costs (see Significant Events section), net impairments, and historical line loss charges. Refer to the Non-IFRS Financial Measures section on page 16 for definitions and further descriptions of the financial measures.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

Year ended December 31,

(millions of Canadian dollars)

	2020	2019
Total revenue	2,626.2	2,524.9
Adjusted EBITDA ⁽¹⁾⁽²⁾		
Power Delivery	252.6	238.1
Versant Power	101.4	-
Competitive Energy	216.4	213.9
Corporate and Eliminations	(1.4)	(0.3)
Consolidated	569.0	451.7
Adjusted EBIT ⁽¹⁾⁽²⁾		
Power Delivery	122.9	118.0
Versant Power	61.8	-
Competitive Energy	83.6	86.6
Corporate and Eliminations	2.5	3.7
Consolidated	270.8	208.3
Comparable net earnings ⁽¹⁾⁽²⁾⁽³⁾	172.8	160.6
Net earnings	288.1	156.2
Free cash flow (FCF) ⁽¹⁾	(89.1)	126.4
Capital expenditures ⁽⁴⁾	438.6	443.9

⁽¹⁾ Non-IFRS financial measure. See discussion that follows in Non-IFRS Financial Measures section.

⁽²⁾ Does not include:

- Realized and unrealized foreign exchange gains of \$128.8 million (2019 - \$21.8 million loss) for the year ended December 31, 2020.
- Unrealized electricity and gas mark-to-market for the year ended December 31, 2020 of \$47.3 million gains (2019 - \$106.7 million gains).
- Impairment reversal of \$3.7 million (2019 - \$nil) associated with assets held for sale, partially offset by impairment loss of \$3.3 million for the year ended December 31, 2020
- Historical line loss provisions of \$33.0 million (2019 - \$nil) for the year ended December 31, 2020, including \$7.4 million related to financing charges that are included in calculating comparable net earnings.
- Versant Power acquisition costs of \$36.0 million (2019 - \$35.1 million) for the year ended 2020, including \$8.5 million related to finance charges that are included in calculating comparable net earnings.

⁽³⁾ Does not include tax adjustments of \$nil (2019 - \$26.6 million).

⁽⁴⁾ Capital expenditures excludes \$1,392.6 million investment in the acquisition of Versant Power. See Significant Events section.

ENMAX's Adjusted EBIT increased by \$62.5 million for the year ended December 31, 2020 as compared with the prior year. The primary drivers for the change in Adjusted EBIT are as follows:

- Power Delivery - The regulated business continues to grow through investment and an increase in customer sites. This is largely a result of continued growth in the Calgary service area and the need to replace The City's aging infrastructure. The increase in regulatory margins over 2019 resulted from the Alberta Utilities Commission's (AUC) approved 2020 revenue rates for both Distribution and Transmission systems, coupled with favourable decisions for a number of outstanding applications.
- Versant Power – Since the March 24, 2020 acquisition, Versant Power has contributed \$61.8 million in EBIT.
- Competitive Energy – For the year ended December 31, 2020, Competitive Energy had lower Adjusted EBIT compared to the prior year primarily due to significantly lower spark spreads and higher allowance for uncollectable receivables due to the impact of COVID-19, partially offset by higher plant availability and changes in the price cap program.
- ENMAX Corporate and Eliminations – For the year ended December 31, 2020, Corporate and Eliminations incurred higher staffing and managed service costs.

ENMAX's net earnings for the year ended December 31, 2020 were \$288.1 million as compared to \$156.2 million in the prior year. A one-time tax adjustment was recorded in 2019, as a result of an Alberta Court of Appeal decision lowering 2019 net earnings.

Adjusting for events not related to normal operations as well as the unrealized gains on commodities and foreign exchange (gains) losses, ENMAX's comparable net earnings for the year December 31, 2020 increased by \$12.2 million from the prior year. This favourable variance is driven by the additional operating results of Versant Power.

As at December 31, 2020, ENMAX's balance sheet remains healthy as the Corporation carefully manages debt to cash flow ratios as well as capital investment. The balance sheet is improved and is expected to continue to improve as Versant Power acquisition related debt is repaid (see Liquidity section). ENMAX's prudent balance sheet management has enabled the Corporation to continue to achieve growth and profitability in an uncertain economic environment.

Additional details on the financial performance of the Corporation are discussed in the ENMAX Financial Results section.

Results of operations are not necessarily indicative of future performance, due to factors including fluctuating commodity prices, timing of receipt of regulatory decisions, the performance and retirement of existing generation facilities, the addition of new generation facilities, and the impact of government policies.

SIGNIFICANT EVENTS

DISTRICT ENERGY CENTRE

On November 6, 2020, the Corporation announced that it had entered into a definitive agreement to sell its District Energy Centre assets for \$27.0 million. The sale of District Energy Centre, which represents less than half a per cent of the Corporation's total asset base, is being undertaken in support of ENMAX's enhanced focus on strategic growth. The transaction is expected to close in 2021, subject to required approvals.

CHIEF EXECUTIVE OFFICER ANNOUNCEMENT

On May 20, 2020, the ENMAX Board of Directors announced that Wayne O'Connor had been appointed ENMAX President and Chief Executive Officer effective June 22, 2020. Wayne's appointment resulted from an extensive North American recruitment process undertaken by the Board following the June 2019 announcement of the planned departure of former ENMAX President and Chief Executive Officer, Gianna Manes.

Wayne came to ENMAX with over 30 years of industry experience and leadership spanning multiple Canadian and North American electricity and energy markets. Wayne has served as President and Chief Executive Officer of Nova Scotia Power leading a team of 1,700 employees and overseeing a portfolio of generation, transmission and distribution assets valued at over \$4.0 billion. Prior to this role, Wayne held a series of executive leadership positions across Emera Inc. companies and with TC Energy, formerly TransCanada Pipelines.

VERSANT POWER ACQUISITION

On March 24, 2020, the Corporation completed its acquisition of BHE Holdings, Inc., the parent company of Emera Maine. On May 11, 2020 the Corporation changed the name of Emera Maine to Versant Power. This transaction is aligned with the Corporate strategy to grow regulated cash flows and diversify revenue streams within North America. With the addition of Versant Power, the Corporation's regulated rate base has increased by 50 per cent, and the expected portion of future cash flows from regulated and non-commodity sources has risen to 70 per cent.

As a result of the acquisition of BHE Holdings, Inc. the Corporation acquired all the outstanding common shares of Versant Power. The aggregate purchase price was approximately \$1,392.6 million (\$961.6 million USD) on closing, including the assumption of approximately \$566.5 million (\$391.2 million USD) of existing debt. The Corporation funded this transaction through a combination of cash, a two-year bank loan and issuance of private debentures.

The majority of Versant Power's operations are subject to the rate-setting authority of the United States Federal Energy Regulatory Commission (FERC) and the Maine Public Utilities Commission (MPUC), and are accounted for pursuant to U.S. Generally Accepted Accounting Principles (U.S. GAAP), including the accounting guidance for regulated operations. Except for unregulated long-term debt acquired, construction work in progress, and investments in corporate joint ventures, the fair value of assets and liabilities subject to these rate-setting provisions approximate their regulatory carrying values. This is due to the fact that a market participant would not expect to recover any more or less than the net regulatory carrying value. Accordingly, assets acquired, and liabilities assumed do not reflect any adjustments related to these amounts.

The transaction constitutes a business acquisition and as such has been accounted for using the acquisition method of accounting. The excess of the purchase price over estimated fair values of net assets acquired has been recognized as goodwill at the acquisition date of March 24, 2020. The goodwill reflects the value paid for access to regulated assets, net income and future cash flows, opportunities for adjacency growth, long-term potential for enhanced access to capital as a result of increased scale and business diversity, and an improved earnings risk profile.

Versant Power acquisition costs, including one-time stipulated transaction costs have been excluded from the Corporation's operating performance metrics (see Non-IFRS Measures section).

GENESEE 4/5 GENERATION PROJECT DEPARTURE

ENMAX has elected not to proceed as a partner in the development of the Genesee 4/5 Generation project. By letter dated March 24, 2020 to Capital Power (G4) Limited Partnership (the Notice), ENMAX provided formal notice of its departure from the Genesee 4/5 Generation project under the Joint Venture Agreement (the JVA). The Notice seeks, under the terms of the JVA, payment from Capital Power of 90 per cent of ENMAX's share of the project costs upon closing, all as particularized in the Notice. Capital Power has since disputed any amounts owing and the parties are currently engaged in the dispute resolution process provided for in the JVA.

COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (COVID-19) as a global pandemic. Governments around the world introduced significant public health and emergency measures to combat the spread of the virus. Combined with ongoing geopolitical factors, dramatic declines in oil prices also created further economic uncertainty. In March 2020, the Corporation implemented a series of significant actions to mitigate the health, safety and economic impacts of COVID-19, including shifting to a remote operating environment to protect employees and customers and ensure the continuity of essential service. These activities remain ongoing to mitigate the effects on the business in Alberta and Maine while continuing to operate safely.

On May 8, 2020, the *Alberta Utility Payment Deferral Program Act* (Bill 14) passed its third and final reading. The legislation implements the Government of Alberta's utility deferral program. Under that program, residential, farm and small commercial customers could defer payments for electricity and natural gas services for a three-month period that ended on June 18, 2020. Customers who deferred payments have twelve months to repay the deferred amounts. The legislation makes funds available, from the Government of Alberta and the Balancing Pool, to ENMAX and other electricity retailers to reduce the impact of customers enrolled in the program. These funds, if accessed, mitigate cash flow impacts connected with the utility bill deferral program. Under the legislation, there is no obligation for ENMAX to repay the Government of Alberta or the Balancing Pool any amounts that are not collected from customers.

ENMAX POWER DELIVERY BUSINESS AND UPDATE

Power Delivery's highest priorities are providing safe, reliable and efficient delivery of electricity to customers. This is particularly important during the current COVID-19 pandemic.

Power Delivery continues to invest in its electricity transmission and distribution system infrastructure to meet Calgary's needs. This includes expansion of the distribution system, reinforcement of the transmission system, and replacement of aging infrastructure in both systems. Distribution projects include investments in system infrastructure to accommodate residential, commercial and industrial growth, as well as the replacement and modification of existing assets required to meet industry safety and reliability standards. Transmission projects can include capacity upgrades to existing substations, existing transmission lines, new substations, and new transmission lines to deliver reliable electricity that meets Calgary's demand.

Power Delivery submits applications to the AUC for approval to construct or replace certain facilities, and to set rates for providing electricity delivery services to its customers, among other things.

- On March 19, 2020, the AUC suspended the Generic Cost of Capital proceeding due to the volatility in financial markets created by the COVID-19 pandemic. In an effort to reduce uncertainty and maintain utility creditworthiness, the AUC determined that it would allow utilities the option of retaining their current equity ratio and return on equity (ROE) into 2021. On June 30, 2020, Power Delivery advised the AUC that it wished to maintain, on a final basis, its current cost of capital parameters into 2021 until a final decision in this proceeding can be issued. The AUC issued a decision on October 13, 2020, extending the currently approved 2020 rates of 8.5 per cent ROE and 37.0 per cent equity through 2021.
- On June 5, 2020, the AUC issued a Decision on Power Delivery's 2018-2020 Transmission General Tariff Application. The AUC approved a forecast 2018-2020 revenue requirement of \$272.0 million. This positive decision represents an average annual increase of 11.0 per cent over the 2017 approved revenue requirement and reflects changes in ENMAX Power Corporation's (EPC) rate base and cost of service, which enables EPC to maintain and operate a safe, reliable transmission system.
- On August 28, 2020, the AUC issued a Decision on EPC's 2019 Distribution Phase II Application. The AUC approved EPC's cost allocation study, its proposal to set revenue to cost ratios for all rate classes, and plain language terms and conditions. This does not result in any further revenue, however it helps to appropriately administer costs across rate classes, improves customer experience, and ensures Power Delivery's business needs are met.
- On October 28, 2020, the AUC approved EPC's 2021 Interim Transmission Tariff Application. The Application was for \$105.2 million (or 60.0 per cent of the increase from the existing tariff and the proposed 2021-2022 Transmission General Tariff Application). This is expected to result in an \$8.6 million positive impact to cash flow in 2021 compared to 2020.

- On November 3, 2020, the AUC issued a Decision on the Anomaly Adjustment Application. This proceeding gave utilities an opportunity to re-apply for anomaly adjustments based upon new criteria issued by the AUC. The AUC approved EPC's application for an anomaly adjustment related to its Wires Retail Access Program (WRAP) IT project. This resulted in an additional \$4.8 million in revenue for the Performance Based Regulation (PBR) (2018-2020) term which was recognized in 2020 and an additional \$8.2 million of revenue for 2021 and 2022.
- On December 18, 2020, the AUC issued a decision approving 2021 PBR distribution rates on an interim basis, and distribution tariff terms and conditions for the period of January 1, 2020 to December 31, 2020. This decision is expected to increase operating margin by 7.9 per cent. This increase is driven by an AUC approved inflationary calculation, coupled with the favourable Anomaly Adjustment Decision received in November, which helped increase the amount of capital related revenue that ENMAX is approved to collect.

Power Delivery continues to pursue reductions in regulatory lag, focus on prudent capital expenditures and pursue operational and capital cost efficiencies.

KEY BUSINESS STATISTICS

	2020	2019
Distribution volumes in Gigawatt Hours (GWh)	9,050	9,332
System average interruption duration index (SAIDI) ⁽¹⁾	0.47	0.42
System average interruption frequency index (SAIFI) ⁽²⁾	0.54	0.72

⁽¹⁾ SAIDI equals the total duration of a sustained interruption per average customer during a predefined period of time. A sustained interruption has a duration greater than or equal to one minute. The lower the SAIDI, the better the reliability.

⁽²⁾ SAIFI equals how often the average customer experiences a sustained interruption over a predefined period of time. A sustained interruption has a duration greater than or equal to one minute. The lower the SAIFI, the better the reliability.

Total electricity delivered in GWh to the Calgary service area in 2020 was lower than the prior year largely due to the economic impacts of the COVID-19 pandemic. The restrictions implemented in response to COVID-19 have resulted in a decrease in electricity consumption for EPC's medium and large commercial customers. This decrease was partly offset by an increase in residential electricity consumption as significantly more people worked from home in 2020. Power Delivery continues to monitor the impacts of the COVID-19 pandemic on electricity delivered.

ENMAX has remained one of the most reliable transmission and distribution utilities in Canada when compared to the performance of other Canadian Electricity Association member utilities. SAIFI results in 2020 were better than 2019 due to a decrease in animal and unknown related cause codes. SAIDI results were worse than 2019 due to an increase in cable failures and public interference related cause incidents.

Power Delivery has continued to meet its SAIDI and SAIFI targets during the COVID-19 pandemic. ENMAX continues to maintain its commitment to customers, employees and safety during these unprecedented times.

VERSANT POWER BUSINESS AND UPDATE

Versant Power is a public transmission and distribution utility operating in the Maine Public District (MPD) and Bangor Hydro District (BHD) covering six counties in the state of Maine. The total operating area is approximately 27,000 square kilometers (10,400 square miles), and it has approximately 160,000 customers. Versant Power's business is focused around safe and reliable transmission and distribution of electricity to its customers and investments in the infrastructure to maintain the transmission and distribution system.

Versant Power's regulated operations are subject to the regulatory authority of the MPUC relating to distribution rates, service standards, territories served, the issuance of securities and other matters. Versant Power is also subject to the jurisdiction of the FERC pertaining to various matters including rates for transmission services and wholesale power sales. The BHD is a member of the New England Power Pool (NEPOOL) and is interconnected with other New England utilities to the south and with New Brunswick Power Corporation to the north. The MPD is a member of the Northern Maine Independent System Administrator (NMISA).

Versant Power earns revenue by charging customers for electricity delivered across its transmission and distribution facilities. These retail revenues are divided into separate transmission, distribution and stranded cost rates. Currently, approximately 47 per cent of the Versant Power's electric revenue is from distribution operations, 50 per cent is associated with local transmission operations, and 3 per cent relates to stranded cost recoveries and conversion charges. The rates for each element are established in distinct regulatory proceedings.

KEY BUSINESS STATISTICS

<i>Year ended December 31,</i>	2020	2019
Distribution volumes in Gigawatt Hours (GWh)	1,938	1,963
System average interruption duration index (SAIDI) ⁽¹⁾⁽⁴⁾	5.03	5.08
System average interruption frequency index (SAIFI) ⁽²⁾⁽⁴⁾	2.27	1.96
Customer average interruption duration index (CAIDI) ⁽³⁾⁽⁴⁾	2.21	5.58

⁽¹⁾ SAIDI equals the total duration of a sustained interruption per average customer during a predefined period of time. A sustained interruption has a duration greater than or equal to five minutes. The lower the SAIDI, the better the reliability.

⁽²⁾ SAIFI equals how often the average customer experiences a sustained interruption over a predefined period of time. A sustained interruption has a duration greater than or equal to five minutes. The lower the SAIFI, the better the reliability.

⁽³⁾ CAIDI equals the average hours of service interruption for customers who experience a service interruption. The lower the CAIDI, the better the reliability.

⁽⁴⁾ The Institute of Electrical Electronics Engineers (IEEE) defines a 'sustained' outage as one that is five minutes or longer. This is a known distinction with Canadian utilities.

On March 24, 2020 the Corporation completed the acquisition of Versant Power (see Significant Events section). Key business statistics for 2019 have been disclosed for comparative purposes.

Total electricity delivered in GWh to Versant Power's service area to date in 2020 was slightly lower than the prior year as a result of an overall decrease in customer usage year over year. This was largely driven by the impacts of COVID-19 and warmer winter weather in 2020 compared to 2019. Versant Power are continuously monitoring the impact the COVID-19 pandemic is having on electricity delivered. The decrease in overall volumes are due to closures and reduced capacities of businesses, which is partly offset by an increase in residential electricity usage.

Versant Power experienced little change in SAIDI compared to 2019. In 2020, SAIFI was worse due to increased outages caused by weather, vegetation contact, customer accidents, and animal/bird contacts, while CAIDI improved year-over-year due to lower weather-related CAIDI.

In response to the COVID-19 pandemic, the MPUC directed all electric utilities not to engage in disconnection activity until further notice was received. This direction applied equally to residential and business customers. On November 1, 2020 the MPUC reinstated limited collection activity for all customers as well as disconnections for business customers only. However, due to the length and severity of these developments it is not possible to reliably estimate the impact the moratorium will have on the financial results and condition of Versant Power in future periods.

ENMAX COMPETITIVE ENERGY BUSINESS AND UPDATE

ENMAX Competitive Energy is an integrated business providing customers with electricity, natural gas, distributed energy resource solutions, as well as engineering, procurement and construction services. Competitive Energy's advantage is its ability to hedge low-cost generation assets through its retail business – the largest in Alberta by number of customers and energy consumed. The competitive retail business provides customers with fixed-price electricity linked to wind and gas-fueled generation assets, and provides opportunities to offer additional energy services, such as solar installations. As at December 31, 2020, Competitive Energy's capacity ownership interest was 1,509 MW of electricity generation: 1,289 MW from natural gas-fueled plants, 217 MW from wind power and 3 MW from combined heat and power (CHP) generation.

Natural gas retail contracts are backed by market transactions to provide supply certainty, margin stability, and risk mitigation. Natural gas fuel requirements for the portfolio are balanced through the purchase and sale of natural gas in the Alberta market.

KEY BUSINESS STATISTICS

	2020	2019
Plant availability (%) ⁽¹⁾	98.7	93.9
Average flat pool price (\$/MWh)	46.53	55.28
Spark spread (\$) ⁽²⁾	30.69	42.67

⁽¹⁾ Plant availability includes planned maintenance and forced outages.

⁽²⁾ Based on market prices.

Plant availability was higher than the prior period due to a continued focus on safe and reliable operations. In addition, ENMAX benefited from a lighter outage schedule in 2020 having completed two major maintenance outages in the prior year.

The average flat pool power price decreased compared to 2019. Power prices were impacted by lower demand and significant declines in Alberta's economy resulting from the impact of COVID-19 containment measures.

Spark spread, which is the difference between the wholesale electricity price and the cost of natural gas to produce the electricity, represents the gross margin contribution of a gas-fueled power plant from generating an unhedged unit of electricity. The decline from 2019 levels was driven by a lower average pool price (as described above) and an increase in the price of natural gas.

In the retail business fixed price electricity volumes were in line with the prior year, maintaining the ability to hedge generation assets. Competitive products were positively impacted by higher margins resulting from lower electricity costs to serve customers.

To mitigate risk, Competitive Energy contracts most of its market position, delivering the majority of the electricity margin with less exposure to the volatility of near-term spark spreads.

ENMAX manages its portfolio to deliver on cash flow targets by using a combination of retail sales and forward market hedges. As a result, hedging and contracting strategies temper the impact of in-year price movements, which reduces volatility of cash flows with respect to market prices. Public health actions to contain the COVID-19 pandemic have led to a significant decline in crude oil prices and production in Alberta and have reduced demand and price volatility for electricity. Entering the year, Competitive Energy had hedged a significant portion of its capacity. This largely insulated commodity margins from the market impacts and led to increased certainty on cashflows throughout the year, however decreased demand in the year has lowered the hedge ratio on these forward market hedges.

Open positions within the portfolio were impacted by volatility in the current market environment as electricity prices have significantly decreased combined with an increase in natural gas prices leading to lower expected spark spreads.

In response to the COVID-19 pandemic, the Government of Alberta passed Bill 14, providing a 90-day payment deferral for residential, farm and small business customers (see Significant Events section). Higher levels of bankruptcies were observed in 2020 and increased bad debt expense was recorded for the year ended December 31, 2020. Competitive Energy continues to actively manage credit and payments for large customers, while leveraging applicable and available credit facilities.

ENMAX FINANCIAL RESULTS

ADJUSTED EARNINGS BEFORE INTEREST AND INCOME TAXES (ADJUSTED EBIT) COMPARED WITH 2019

<i>Year ended December 31, (millions of Canadian dollars)</i>	Power Delivery	Versant Power	Competitive Energy	Corporate	Consolidated
Adjusted EBIT ⁽¹⁾ for the year ended December 31, 2019	118.0	-	86.6	3.7	208.3
Increased (decreased) margins attributable to:					
Transmission and distribution	16.6	166.1	-	-	182.7
Electricity	-	-	13.0	(0.8)	12.2
Natural gas	-	-	1.1	-	1.1
Contractual services and other	0.7	7.1	(0.1)	0.7	8.4
Increased (decreased) expenses:					
Operations, maintenance & administration (OM&A) ⁽²⁾	(2.8)	(71.8)	(11.5)	(1.0)	(87.1)
Depreciation and amortization	(9.6)	(39.6)	(5.5)	(0.1)	(54.8)
Adjusted EBIT ⁽¹⁾ for the year ended December 31, 2020	122.9	61.8	83.6	2.5	270.8

⁽¹⁾ Adjusted EBIT is a non-IFRS measure. See Non-IFRS Financial Measures section.

⁽²⁾ Normalized to exclude impact of intercompany transactions with no consolidated impact.

For the year ended December 31, 2020 Transmission and Distribution margins increased by \$182.7 million or 55 per cent compared to 2019. The favourable variance was largely due to \$166.1 million in additional margins from Versant Power, as well as an increase in transmission revenue driven by the AUC approved 2020 interim Transmission Compliance filing.

Electricity margins, excluding historical line loss provisions, for the year ended December 31, 2020 increased \$12.2 million or 4 per cent compared to 2019, primarily due to higher plant availability combined with changes in the price cap program, partially offset by significantly lower spark spreads compared to 2019.

Natural gas margins for the year ended December 31, 2020 increased by \$1.1 million or 2 per cent compared to 2019. The increase was primarily due to higher retail consumption volumes as a result of additional customers.

Contractual services and other margins for the year ended December 31, 2020 increased \$8.4 million or 10 per cent with the prior year. The favourable variance was due increased activity with the acquisition of Versant Power, driven by the equity portion of Versant Power's cost of capital.

OM&A is characterized as other expenses recognized on the consolidated statement of earnings that excludes net impairments, foreign exchange gains (losses), Versant Power acquisition costs, and costs that are included in contractual service margins. For the year ended December 31, 2020, OM&A increased by \$87.1 million or 24 per cent from the prior year. Operational costs were higher due to an additional \$71.8 million in OM&A from Versant Power since the acquisition on March 24, 2020. Additionally, increased staffing costs and higher allowance for uncollectable receivables as a result of economic conditions in Alberta were recorded.

During 2020 the Corporation recorded \$36.0 million in Versant Power acquisition related costs, of which \$8.5 million were finance related charges. Acquisition costs are not included in adjusted EBIT.

Depreciation and amortization expense increased \$54.8 million or 23 per cent compared to 2019. This increase was consistent with capital asset additions in the year, which includes the Versant Power assets acquired.

OTHER NET EARNINGS ITEMS

Finance charges for the year ended December 31, 2020 were \$53.6 million or 67 per cent higher compared to the prior year. This is primarily driven by interest recorded on senior debt assumed and \$8.5 million in net financing costs related to the Versant Power acquisition.

The calculation of the Corporation's current and deferred income taxes involves a degree of estimation and judgment. The carrying value of deferred income tax assets is reviewed at the end of each reporting period. The computation of the tax provision includes management's best estimate regarding the expectation of future operating results, interpretation of applicable tax regulations positions, allowances where uncertainty surrounding the realization of the tax benefit exists, and the settlement of various tax disputes.

The Corporation recorded a current and deferred income tax recovery of \$28.1 million (2019 - \$33.8 million expense) for the year ended December 31, 2020. The change in the income tax expense is primarily due to current year operating losses as well as acquisition related charges recognized in 2020.

OTHER COMPREHENSIVE INCOME AND SHAREHOLDER'S EQUITY

Other Comprehensive Income (OCI) illustrates earnings under the assumption of full income recognition of gains and losses on the market value of securities and derivatives, otherwise treated as hedges of future revenues and expenses, cumulative effects of currency translation of foreign operations, as well as re-measurement gains and losses on pension retirement benefits.

For the year ended December 31, 2020 OCI included total losses of \$157.3 million compared with losses of \$27.8 million in 2019. The OCI losses in 2020 primarily reflect the cumulative foreign currency translation impact on consolidation of foreign operations, and the unfavourable fair value changes in electricity and commodity positions, partially offset by the reclassification of gains on derivative instruments to net earnings, and remeasurement gains on post-employment benefits.

Accumulated other comprehensive loss is reflected in shareholder's equity along with retained earnings and share capital. Retained earnings for the period increased \$234.1 million, largely from earnings during the year, partially offset by \$54.0 million in dividends on common shares.

NON-IFRS FINANCIAL MEASURES

The Corporation uses Adjusted EBITDA, Adjusted EBIT, comparable net earnings, and free cash flow (FCF) as financial performance measures. These measures do not have any standard meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. The purpose of these financial measures and their reconciliation to IFRS financial measures are shown below. These non-IFRS measures are consistently applied in the previous period.

ADJUSTED EBITDA

<i>Year ended December 31, (millions of Canadian dollars)</i>	2020	2019
Net earnings (IFRS financial measure)	288.1	156.2
Add (deduct):		
Unrealized (gains) on commodities	(47.3)	(106.7)
Foreign exchange (gains) losses	(128.8)	21.8
Versant Power related acquisition costs (including finance charges) ⁽¹⁾	36.0	35.1
Impairment (reversal) charges	(0.4)	1.1
Historical line loss provisions (including finance charges) ⁽²⁾	33.0	-
Net income tax (recovery) expense on unrealized (gains) on commodities, and foreign exchange (gains) losses, Versant Power acquisition related costs, impairment and historical line loss provisions	(7.8)	26.5
Tax adjustments	-	26.6
Comparable net earnings (non-IFRS financial measure)	172.8	160.6
Add (deduct):		
Depreciation and amortization (excludes regulatory deferral costs)	298.2	243.4
Finance charges (excludes Versant Power related acquisition costs)	118.3	67.0
Remaining income tax (recovery)	(20.3)	(19.3)
Adjusted EBITDA (non-IFRS financial measure)	569.0	451.7

⁽¹⁾ Comprised of \$27.5 million in OM&A costs (of which \$14.5 million are stipulated costs) and \$8.5 million in net financing charges (of which \$1.1 million are stipulated costs) for the year ended December 31, 2020.

⁽²⁾ Comprised of \$25.6 million in electricity costs and \$7.4 million in net financing charges for the year ended December 31, 2020.

Management considers Adjusted EBITDA a useful measure of business performance, as it provides an indication of the cash flow results generated by primary business activities without consideration as to how those activities are financed and amortized, or how the results are taxed.

Adjusted EBITDA excludes the impact of unrealized (gains) on commodities, foreign exchange (gains) losses, Versant Power acquisition related costs, net impairments, and historical line loss provisions from the adjusted operating profit. Management believes that a measure of operating performance is more meaningful if these results, not related to normal operations, are excluded. Unrealized (gains) losses on commodities reflect the impact of changes in forward natural gas and power prices and the volume of the positions for these derivatives over a certain period of time. These unrealized (gains) losses do not necessarily reflect the actual gains and losses that will be realized on settlement. Furthermore, unlike commodity derivatives, ENMAX's generation capacity and future sales to retail customers are not marked to market under IFRS.

ADJUSTED EBIT

<i>Year ended December 31, (millions of Canadian dollars)</i>	2020	2019
Net earnings (IFRS financial measure)	288.1	156.2
Add (deduct):		
Unrealized (gains) on commodities	(47.3)	(106.7)
Foreign exchange (gains) losses	(128.8)	21.8
Finance charges (excludes Emera Maine related acquisition costs)	118.3	67.0
Versant Power related acquisition costs (including finance charges) ⁽¹⁾	36.0	35.1
Impairment (reversal) charges	(0.4)	1.1
Historical line loss provisions (including financing charges) ⁽²⁾	33.0	-
Income tax (recovery) expense	(28.1)	33.8
Adjusted EBIT (non-IFRS financial measure)	270.8	208.3

⁽¹⁾ Comprised of \$27.5 million in OM&A costs (of which \$14.5 million are stipulated costs) and \$8.5 million in net financing charges (of which \$1.1 million are stipulated costs) for the year ended December 31, 2020.

⁽²⁾ Comprised of \$25.6 million in electricity costs and \$7.4 million in net financing charges for the year ended December 31, 2020.

The Corporation focuses on Adjusted EBIT, which excludes the impact of unrealized (gains) on commodities, foreign exchange (gains) losses, Versant Power acquisition related costs, net impairments, and historical line loss provisions. Management believes Adjusted EBIT is a useful measure of business performance, which provides an indication of the operating results generated by primary business activities.

FREE CASH FLOW

ENMAX defines free cash flow as IFRS net cash provided by operating activities less capital expenditures funded from operations. Management believes that FCF is a liquidity measure that provides useful information regarding cash provided by operating activities and cash used for investments in property and equipment that are required to maintain and grow the business.

<i>Year ended December 31, (millions of Canadian dollars)</i>	2020	2019
Net cash provided by operating activities ⁽¹⁾	535.5	397.9
Capital expenditures funded from operations ⁽²⁾	(273.7)	(271.5)
Versant Power acquisition funded from operations ⁽³⁾	(350.9)	-
Free cash flow (non-IFRS financial measure)	(89.1)	126.4

⁽¹⁾ Refer to Liquidity and Capital Resources section.

⁽²⁾ Includes cash provided to fund capital expenditures in Power Delivery that would otherwise be considered financing activities and excludes cash investment in the acquisition of Versant Power (See Significant Events section).

⁽³⁾ Versant Power acquisition funds from operations include \$1,392.6 million invested in the acquisition of Versant Power, reduced by incremental borrowings of \$1,041.7 million for the acquisition.

Free cash flow for the year ended December 31, 2020 decreased by \$215.5 million compared to 2019. The decrease in FCF was primarily driven by net funds used to acquire Versant Power, including regular subsequent repayments of credit facilities. This is partially offset by favourable cash flow provided by additional Versant Power operating activities.

FINANCIAL CONDITION

SIGNIFICANT CHANGES IN THE CORPORATION'S FINANCIAL CONDITION

<i>As at December 31, (millions of Canadian dollars, except % change)</i>	2020	2019	\$ Change	% Change	Explanation for Change
ASSETS					
Cash and cash equivalents	39.7	1,079.9	(1,040.2)	(96.3)	Acquisition of Versant Power, refer to liquidity section.
Accounts receivable	735.6	689.4	46.2	6.7	Increase is mainly attributable to the timing of receipts.
Assets (liabilities) held for sale ⁽¹⁾	27.1	-	27.1	100.0	Sale of District Energy Centre expected to complete in 2021.
Property, plant and equipment (PP&E)	5,773.3	4,495.2	1,278.1	28.4	Acquisition of Versant Power.
Intangible assets	290.2	184.7	105.5	57.1	Acquisition of Versant Power.
Goodwill	610.3	-	610.3	100.0	Acquisition of Versant Power.
Financial assets (liabilities) ⁽¹⁾	0.2	(56.4)	56.6	100.4	Change in fair value of hedged and non-hedged derivatives.
Other assets (liabilities) ⁽¹⁾	210.7	82.5	128.2	155.4	Equity investments of Versant Power.
LIABILITIES AND SHAREHOLDER'S EQUITY					
Short-term financing	165.9	174.2	(8.3)	(4.8)	Refer to Liquidity section.
Accounts payable	565.3	516.9	48.4	9.4	Increase mainly attributable to recognition of historical line loss provisions.
Long-term debt ⁽¹⁾	3,441.7	2,622.0	819.7	31.3	Additional \$566.5 million debt assumed on Versant Power acquisition, \$250.0 million term facility and \$164.9 million City Debenture acquired during Q2, partially offset by scheduled repayments of debt.
Lease liabilities ⁽¹⁾	52.1	60.9	(8.8)	(14.4)	Reclassification of leased assets held for sale.
Asset retirement obligation and other provisions	148.5	122.2	26.3	21.5	Fair value adjustment to asset retirement obligation and additional provision of Versant Power.

⁽¹⁾ Net current and long-term asset and liability positions.

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

ENMAX actively monitors its cash position and anticipated cash flows to optimize funding levels. ENMAX finances working capital requirements, capital investments and any maturities of long-term debt through a combination of cash flow from operations, drawings on the Corporation's bank credit facilities, and long-term debt.

ENMAX's credit facility agreements and trust indenture include standard events of default and covenant provisions, whereby accelerated repayment and/or termination of the agreements may result if the Corporation were to default on payment or violate certain covenants. As at December 31, 2020, the Corporation was in compliance with all debt covenants and expects to remain in compliance.

ENMAX's total debt balance at December 31, 2020 was \$3,607.6 million (December 31, 2019 - \$2,796.2 million).

As at December 31, 2020, ENMAX has access to \$740.0 million (December 31, 2019 - \$490.0 million) in revolving credit facilities, of which \$520.4 million (December 31, 2019 – \$192.0 million) was available. The Corporation’s credit facilities mature between 2022 and 2023 and are provided by national and regional lenders.

As at December 31, 2020, ENMAX has access to \$360.0 million (December 31, 2019 - \$360.0 million) in Letters of Credit facilities, of which \$134.5 million (December 31, 2019 – \$125.3 million) was available. The Corporation’s credit facilities mature between 2022 and 2023 and are provided by national and regional lenders.

In March 2020, the Corporation entered into a \$250.0 million, two-year syndicated credit facility in connection with the Versant Power acquisition. Consistent with ENMAX’s commitment to repay acquisition related debt, \$25.0 million of this facility was repaid on July 31, 2020, \$20.0 million was repaid on September 15, 2020, and an additional \$10.0 million was repaid on November 16, 2020.

On March 24, 2020, S&P updated their credit rating for ENMAX, reducing the Corporation’s credit by one rating to BBB- with a stable outlook and affirmed this rating on November 25, 2020. On March 25, 2020, DBRS updated their credit rating for ENMAX, reducing the Corporation’s credit rating to BBB (high) with a stable outlook. The updates were in response to ENMAX’s acquisition of Versant Power (see Significant Events section).

On July 15, 2020, Versant Power completed the issuance of an unsecured \$30.0 million USD senior note, and on September 15, 2020, Versant Power completed the issuance of an unsecured \$60.0 million USD senior note. Both notes bear interest at a rate of 2.8 per cent, payable semi-annually, and mature on July 15, 2030 and September 15, 2030 respectively.

On September 14, 2020, S&P issued a credit rating for Versant Power of BBB+. Cash and cash equivalents decreased to \$39.7 million as at December 31, 2020 compared to \$1,079.9 million at the same time last year due to the Versant Power acquisition. Short-term financing of \$165.9 million at year end reflects a temporary use of credit facilities to address timing of expenditures.

CASH PROVIDED BY OPERATING ACTIVITIES

Cash provided by operating activities for the year ended December 31, 2020 is \$535.5 million, compared to \$397.9 million to 2019, due to additional operating cash flow provided by Versant Power operations.

INVESTING ACTIVITIES

The following table outlines investment in capital additions and other changes for the year ended December 31, 2020.

Year ended December 31,

(millions of Canadian dollars)

	2020	2019
Property, plant and equipment	367.8	388.2
Intangibles	43.1	28.3
Capital accruals	16.6	19.2
Capitalized interest	11.1	8.2
Acquisition of Versant Power	1,392.6	-
Total	1,831.2	443.9

During the year ended December 31, 2020 ENMAX continued to execute its strategic direction by acquiring Versant Power to grow regulated cash flows and create diverse revenue streams in North America.

FINANCING ACTIVITIES

During the year ended December 31, 2020 ENMAX made regularly scheduled debt repayments of \$172.4 million, compared with \$75.1 million in the same period in 2019.

On March 19, 2020 ENMAX declared a dividend of \$54.0 million payable to The City in quarterly instalments throughout 2020. All quarterly instalments of this dividend were paid by the end of 2020. On March 24, 2021 a total dividend of \$58.0 million was declared payable to The City in four quarterly instalments payable throughout 2021.

ENMAX has historically paid The City annual dividends of the greater of 30 per cent of the prior year's comparable net earnings, or \$30.0 million. Dividends for a fiscal year are established in the first quarter of the same fiscal year. As per normal course, the payment and level of dividends is affected by such factors as financial performance and ENMAX's liquidity requirements.

RISK MANAGEMENT AND UNCERTAINTIES

ENMAX's approach to risk management addresses risk exposures across the Corporation's entire portfolio of business activities and risk types. ENMAX utilizes an Enterprise Risk Management (ERM) program to identify, analyze, evaluate, treat and communicate the Corporation's risk exposures in a manner consistent with ENMAX's business objectives and risk tolerance.

Risk exposures are managed within levels approved by the Board and the Chief Executive Officer, and monitored by personnel in the business units, the planning and risk department, and the senior management team. At a management level, each accountability area is responsible for assessing its risk exposures and implementing risk management plans. An enterprise risk assessment process and consolidated risk reporting is coordinated. Risk oversight is provided through the Board's Governance Committee, the Risk Management Committee (RMC), and the Commodity Risk Management Committee (CRMC) which are comprised of members of the Board of Directors and the Executive Team members. Together, the RMC, CRMC and the Board oversee identified risk exposures and risk management programs, including the ERM program.

ENMAX's overall risk control environment includes:

- Clearly articulated corporate values, principles of business ethics
- Published enterprise-wide policies and standards in key risk areas, such as delegation of authority
- Documented commodity trading and position limits
- An internal audit function to test compliance with internal controls and policies
- Regular reporting of risk exposures and mitigations, including insurance programs, to the RMC, CRMC, and Board, as appropriate
- Regular monitoring of ENMAX's financial exposure to changing market conditions
- The use of industry-accepted tools and methodologies for assessing risk exposures
- A Safety and Ethics Line for employees to anonymously report suspected illegal or unethical behaviour

These risk management programs and governance structures are designed to manage and mitigate several risk factors affecting ENMAX's business. In addition, by its nature, a discussion of enterprise risks typically focuses on mitigation of downside risk, as many of the risks ENMAX faces also present opportunities. The following discussion focuses predominantly on the mitigation of risks as opposed to leveraging of opportunities. The following discussion does not consider the result of any interrelationship among the factors.

COVID-19 PANDEMIC RISK

In response to the COVID-19 pandemic, among other measures, the Government of Alberta introduced legislation to provide residential, farm and small business customers the option of deferring payment of utility bills for a three-month period. This period ended on June 18, 2020 (see Significant Events section). During this time, utilities could not disconnect customers for non-payment. Under Bill 14, the Government of Alberta and the Balancing Pool made funds available to ENMAX and other utility providers to reduce the cashflow impact of deferred customer payments. In Maine, among other measures, similar customer relief has been implemented with disconnection for non-payment being suspended until further notice.

In March 2020, the Corporation implemented operational protocols to manage COVID-19 risk, shifting to a remote operating environment to protect employees and customers and continue operations as an essential service. The Corporation continues to operate remotely where practicable in Alberta and Maine. In July 2020, a return to office pilot program was established to initiate planning for the future return to office for some or all staff currently working from home. The program has been retired, and the insights gained will be used to inform longer-term assessments. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that these developments will have on the financial results and condition of the Corporation in future periods. The dramatic decrease in oil prices is expected to have less of an impact on economic conditions and operations in Maine than in Alberta. ENMAX continues to actively monitor these events while implementing activities to mitigate the impact and continue to operate safely.

MARKET RISK

ENMAX has inherent risk in electricity and natural gas commodity positions arising from owned and controlled supply assets and demand obligations. ENMAX also purchases and sells these commodities in wholesale markets to manage such positions. While ENMAX's business model is designed to achieve a balanced portfolio, in the near-term, electricity and natural gas positions may experience periodic imbalances and result in exposures to price volatility from spot or short-term contract markets. In the longer term, if ENMAX had fewer fixed-price retail contracts, there would be greater exposure to market prices.

ENMAX Competitive Energy utilizes numerous tools to forecast electricity consumption and generation, as well as the pattern of consumption and generation between hours (load shape). However, it is not possible to hedge all positions every hour. As such, there is exposure to volume and load shape risk. ENMAX actively manages supply by matching generation and market purchases to consumption volumes. ENMAX owns generation facilities that allow for quick reaction to unexpected supply and demand factors.

ENMAX may have future earnings variability as it relates to the sustainability and diversification of its portfolio, valuation modelling errors, commodity price levels, as well as demand volatility from retail residential, small business, industrial, commercial and institutional customers that could reduce retail margins or decrease renewal and acquisition rates. ENMAX Competitive Energy uses derivative instruments, such as swaps and forwards, to manage exposure to commodity price risk. Financial gains and losses could be recognized as a result of volatility in the market values of these contracts. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these derivative instruments may involve management's judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts. The inability or failure to effectively hedge its portfolio and prevent financial losses from derivative instruments could adversely affect ENMAX's business, results of operations, financial condition or prospects of the Corporation. ENMAX's hedging strategies control and mitigate these commodity price risks. Occasionally, hedging is ineffective as it may require a minimum level of market liquidity to actively manage positions.

Versant Power is affected by demand for energy based on changing customer patterns. General economic conditions, consumer focus on energy efficiency, and new technologies impact the demand for energy. Similar to other operating segments, government policies promoting distributed generation and new technology developments enabling those policies have the potential to impact how electricity enters the system and how it is bought and sold. In addition, an increase in distributed generation may impact demand, resulting in lower load and revenues. These changes could negatively impact Versant Power's operations, rate base, net earnings, and cash flows. Versant Power is focused on understanding customer demand, energy efficiency, and government policy to ensure that the impact of these activities benefit customers, that they do not negatively impact the reliability of energy service, and that they are addressed by regulators and appropriately reflected in rates.

ENMAX has foreign exchange (FX) rate exposures arising from certain procurement and energy commodity business activities. ENMAX hedges the majority of these FX risk exposures as they arise. However, such hedges may not be sufficient to cover FX exposure in the event of timing mismatches or extreme FX rate movements.

Changes in interest rates can impact borrowing costs on ENMAX's variable rate debt as well as the fair value of fixed rate debt. ENMAX holds long-term debt comprising of debentures and private debentures. This structure effectively mitigates exposure to interest rate fluctuations in the near-term. Short-term debt is generally variable rate, and long-term debt will need to be replaced at maturity leading to longer-term exposure. In some cases, the cost of debt is a component of rates and prudently incurred debt costs are recovered from customers. Regulated ROE will generally follow the direction of interest rates, such that regulated ROEs are likely to fall in times of reducing interest rates and rise in times of increasing interest rates. This relationship is indirect and generally has a lag period that reflects the regulatory process causing lesser impact to the Corporation over time.

For additional details on ENMAX's market risk exposures and sensitivities, refer to Note 9 in the Notes to the Consolidated Financial Statements.

OPERATIONAL RISK

ENMAX owns, controls or operates several electricity generation, transmission and distribution assets and facilities. The operation of such assets and facilities involves many risks, including: public safety incidents, start-up risks, breakdown or failure of generation, transmission or distribution facilities or pipelines, use of new technology, cyber security risk, dependence on a specific fuel source, including the transportation of fuel, impact of unusual or adverse weather conditions, including natural disasters, and performance below expected or contracted levels of output or efficiency. Renewable energy resource operating facilities are subject to weather-driven risks such as wind availability. There is risk of inadequate or failed internal processes, people and systems within the competitive and regulated businesses, shared services departments, and certain outsourced service organizations.

Breakdown or failure of a facility may prevent it from performing as expected under applicable agreements, which, in certain situations, could result in terminating the agreements or incurring a liability for damages. Unanticipated transmission and distribution outages can cause interruptions in service. Unanticipated generation facility outages or operations at lower-than-full capacity can cause periodic imbalances in ENMAX's electricity and natural gas positions. Weather conditions can materially affect the level of demand for electricity and natural gas, the prices for these commodities and the generation of electricity at certain facilities. In addition, demand obligations may fluctuate based on commodity prices, season, day and time of use, and specific customer requirements.

ENMAX is exposed to commercial relationship risk with respect to its reliance on certain key partners, suppliers, and customers. The Corporation manages its commercial relationship risk by monitoring credit risk and significant developments with its customers, partners, and suppliers.

Events that could result from war, terrorism, global pandemic, civil unrest or vandalism may cause damage to ENMAX and its assets and have an impact on its generation, transmission and distribution operations or administrative functions in unpredictable ways.

These operational risks may affect ENMAX's ability to execute its strategy in an effective and efficient manner, affect the quality of customer service, and result in lost revenues and/or increased costs. These risks are actively managed using asset management plans, site planning, controls, safety, security and insurance programs, and incentives. In addition to several other measures within certain critical areas, ENMAX has implemented security measures, business continuity plans and emergency response plans within certain critical areas.

ENMAX has obtained property, business interruption and other insurance coverage to mitigate some of these risk exposures, although such programs and measures may not prevent or cover the occurrence of any or all of these events and the adverse effects they may generate. There can be no assurance that ENMAX will be able to obtain or maintain adequate insurance in the future at rates the Corporation considers reasonable, that insurance will continue to be available on terms as favourable as the existing arrangements, or that insurance companies will pay claims.

Earnings could be affected by a regulated transmission or distribution blackout/brownout, failure of metering equipment or loss of communication services. Fuel supply shortages, failure of third-party services or infrastructure, human error, labour disruption, hazards to facilities and regulatory decisions could cause earnings variability. Earnings variability could also be seen as a result of the non-performance of contracted physical electricity or natural gas by counterparties.

ENVIRONMENTAL RISK

ENMAX is subject to regulation by federal, provincial or state and local authorities regarding air, land and water quality and other environmental matters. The generation, transmission and distribution of electricity results in and requires disposal of certain hazardous materials, which are subject to these laws and regulations. In addition to imposing continuing compliance obligations, these laws and regulations authorize the imposition of substantial penalties for non-compliance, including fines, injunctive relief and other sanctions. New environmental laws and regulations affecting ENMAX operations may be adopted and new interpretations of existing laws and regulations could be invoked or become applicable, which may substantially impact operations in the future. New facilities or modifications of existing facilities may require new environmental permits or amendments to existing permits. Delays in the environmental permitting process, denials of permit applications, and conditions imposed in permits may materially affect the cost and timing of projects. Non-compliance with environmental laws and regulations or incurrence of new costs or liabilities could adversely affect the business, results of operations, financial condition or prospects of the Corporation. ENMAX has implemented various programs to manage environmental risk exposures, many of which focus on prevention of and preparedness for adverse events. Overall, moderate earnings variability exposure is possible if ENMAX fails to comply with its Environmental Management System. Exposure to further moderate volatility is possible due to potential of spills, releases and fire from hazardous materials, or as a result of greenhouse gas (GHG) emissions policy changes.

Public interest in climate change and greenhouse gases is growing, and ENMAX expects regulation of greenhouse gases to become more restrictive over time. Utilities around the world are grappling with the challenge of meeting reliability targets while reducing air pollution. Industry best practice for minimizing air pollution currently involves increasing intermittent renewable generation, backed by clean-burning, flexible natural gas-fueled generation. Since renewable generation is highly variable, it must be supplemented by flexible generation sources. Power storage will play a bigger role in the future as costs decline. ENMAX also expects demand-side management to increase in the future, especially with the growing penetration of smart meters. However, power storage and demand management are currently too small to replace firm, flexible natural gas-fueled generation as backup for renewables. Therefore, the best large-scale, economical alternative is clean-burning natural gas generation. ENMAX's wholesale generation portfolio is comprised entirely of wind power and natural gas-fueled generation, so ENMAX is well positioned for Alberta's green future.

Current provincial regulations seek to reduce emissions from large emitters by increasing their exposure to carbon prices. Recent amendments to the federal coal-fueled and natural-gas-fueled electricity regulations largely align with provincial regulations in requiring coal plants either to retire on or before December 31, 2029 or convert to natural gas-fueled power plants. The approach to large emitters indirectly rewards efficient natural gas facilities by raising coal facilities' variable costs, forcing them to offer their electricity output at higher prices.

Besides investing in clean, environmentally friendly generation technology, ENMAX manages climate change regulatory risk by advocating for well-designed and cost-effective policy at the provincial and federal levels. ENMAX also has internal compliance procedures in place to monitor and control plants' emissions. ENMAX purchases emissions offsets as required.

CLIMATE RISK

ENMAX is subject to a number of risks that may arise from weather and climate change. Fluctuations in the amount of electricity used by customers can vary significantly in response to seasonal changes in weather, and could impact the operations, results of operations, financial condition, and cash flows. In the absence of a regulatory recovery mechanism for unanticipated revenue losses, such events could have an adverse impact on operations.

Extreme weather events create a risk of physical damage to ENMAX's transmission and distribution infrastructure. The Corporation has programs related to weather events, including minimizing disruptions and reducing restoration times for the transmission and distribution facilities to minimize damage, but there can be no assurance that these measures will fully mitigate the risk. This risk to transmission and distribution facilities is generally not insured, and as such the restoration cost is generally recovered through regulatory processes after the fact, through the establishment of regulatory assets. Recovery is not assured and is subject to prudence review.

REGULATORY RISK

ENMAX operates in competitive and regulated sectors of the electricity and natural gas industries. It is subject to regulation by federal, provincial or state, and municipal regulatory and market authorities. Oversight of ENMAX's operations is provided by the Alberta Department of Energy, the AUC, the Market Surveillance Administration (MSA), Alberta Electric System Operator (AESO), the National Energy Board, the North American Electric Reliability Corporation, and the U.S. FERC and other agencies.

Competitive Energy and Power Delivery are subject to regulations established to help ensure Alberta's electric and natural gas markets operate in a fair, efficient and openly competitive manner.

Power Delivery is a transmission and distribution system owner that is regulated by the AUC. Regulations and regulatory decisions may affect: Power Delivery's allowed rate of return and deemed capital structure; rate structure; the development and operation of transmission and distribution assets; acquisitions, disposal, depreciation and amortization; service quality and reliability levels; and recovery of operating costs.

Power Delivery is also subject to AUC regulatory oversight for the provision of the RRO. Power Delivery has arranged for Competitive Energy to provide the RRO service within the Power Corporation service territory. Competitive Energy is an affiliated retailer of Power Delivery and must comply with general energy marketing regulations and the Code of Conduct Regulation.

Versant Power operates as a cost-of-service utility, and oversight of operations is provided by the MPUC or FERC, and other agencies. Versant Power is subject to regulations established to ensure it meets the obligation to serve customers.

Versant Power must obtain regulatory approval to change general electricity rates. The recovery of costs and investments is subject to the approval of the MPUC or FERC through the adjustment of rates, which normally requires a public hearing process.

The Corporation's regulatory risk is managed through transparent regulatory disclosure, ongoing stakeholder and government consultation, and multi-party engagement on aspects such as utility operations, rate filings, and capital plans. ENMAX employs a collaborative regulatory approach through technical conferences and, where appropriate, negotiated settlements.

ENMAX cannot predict future government policies that may impact the development of regulation over ENMAX's business, or the ultimate impact that any changes to the regulatory environment may have on its business. Regulatory policies and decisions may cause delays in or impact business planning and transactions, increase costs or restrict ENMAX's ability to grow earnings, recover costs, and achieve a targeted ROE in certain parts of its competitive and regulated businesses.

Non-compliance with laws or regulations or changes to the regulatory environment could adversely impact the business, results of operations, financial condition or prospects of the Corporation.

The timing of regulatory decisions may result in delays to revenue recognition, and therefore earnings, although this may be partially mitigated with approved interim rates.

ENMAX actively participates in various regulatory processes that influence its business environment and operations. ENMAX actively monitors the business activities that are subject to regulation and has implemented compliance programs to mitigate regulatory risk exposures.

ENMAX is potentially exposed to financial impacts from changes to existing, new or upcoming policies, protocols, standards, administrative orders or regulations that can have an impact on ENMAX activities and operations. ENMAX is also potentially exposed to financial impacts from regulatory decisions and matters related to generation operations.

HUMAN RESOURCES RISK

ENMAX is subject to workforce risks, including: loss or retirement of key executives or other employees, availability of and ability to attract, develop and retain qualified personnel, collective bargaining agreements with union employees, who represent more than half of the Corporation's workforce, and performance of key suppliers and service providers. Certain personnel with highly specialized knowledge, skills and experience are required to lead and operate competitive and regulated businesses and shared services departments. Failure to manage human resources risk could adversely affect the business, results of operations, financial condition or prospects of the Corporation. ENMAX has mitigated this risk by implementing various programs to attract, develop and retain personnel, including recruitment, talent development, recognition and competitive compensation and benefits programs.

ENMAX is committed to maintaining effective relationships with the Corporation's unions. There are risks that successful negotiations will not be completed with collective bargaining units on mutually agreeable terms. Difficulties in negotiating these agreements or continuing these programs could lead to higher employee costs, a work stoppage or strike, and attraction or retention rates below expectations. ENMAX has three collective bargaining agreements covering its workforce. The Canadian Union of Public Employees (CUPE) collective bargaining agreement has a three-year term that expires on December 31, 2022. The International Brotherhood of Electrical Workers (IBEW), Local 254 collective bargaining agreement expires on December 31, 2021. The International Brotherhood of Electrical Workers, Local 1837 expires June 30, 2022. The inability to maintain or negotiate future agreements on acceptable terms could result in higher labor costs and work disruptions, which could adversely affect service to customers and have an adverse effect on earnings, cash flows, and financial position. ENMAX seeks to manage this risk through ongoing discussions and working to maintain positive relationships with the union.

TECHNOLOGICAL RISK

ENMAX operates a variety of complex technology systems across the business, from operational technology in transmission and distribution, generation plants, to enterprise data and information technology. Ongoing investments are required to ensure reliable and efficient technologies to support current operations and enable strategic company initiatives. Such investments include upgrading, replacing and modernizing the technology landscape as well as improving redundancy and disaster recovery capabilities.

ENMAX has implemented a governance framework to mitigate inherent risks associated with its complex technical ecosystem, including the need to embrace industry disruptions triggered by digital innovations. At the strategic level, this framework aligns to ENMAX'S ERM guidelines and risk mitigation mandates. Operationally, the framework includes investment and technology oversight to apply appropriate control and management of technology risks. This ensures technology management decisions align with corporate strategic objectives and are compliant with legal and regulatory requirements.

Cyber security is a key business risk associated with technology advancements and increasing need for operational reliance across technology platforms – notably, ENMAX has seen an increase in its cyber risk profile as a result of threats amplified by higher levels of remote work due to the COVID-19 pandemic. Given the evolving nature of these cyber threats, there is the potential that ENMAX may experience security incidents that could have a material impact on the business. With the objective of safeguarding ENMAX assets, operations, reputation, customer and enterprise data; ENMAX has a vigilant, risk-based cyber security program that applies significant focus on employee cyber awareness training, collaboration with industry experts and effective incident response procedures.

The potential imbalance of risk and reward in technology innovation adoption can be a risk to ENMAX. The rapid and sometimes exponential advancement in technology within the utilities industry is transforming the traditional energy generation, transmission and distribution business models. From one view, keeping up with new technology innovation is key to a future ready utility organization. The risk of not investing in innovation and modernizing the technology landscape means reduced competitive advantage for ENMAX. From a regulatory perspective, ENMAX's obligation requires the Corporation to balance investment risks between protecting customer value and achieving long-term corporate strategy. This risk is mitigated through the technology investment governance framework noted above.

LIQUIDITY RISK

A need to raise additional capital may occur if cash flow from operations and sources of liquidity are insufficient to fund activities. Such additional capital may not be available when it is needed or on favourable terms for a number of potential reasons, including changes in market conditions or perceptions of the investment community. ENMAX may be required to post collateral to support certain contracts that were executed to hedge commodity positions. Downgrades to credit ratings by credit rating agencies could affect ENMAX's ability to access capital on favourable terms and within a desired time frame and could also increase the amount of collateral required to be provided to counterparties. ENMAX actively monitors its cash position and anticipated flows to achieve adequate funding levels and communicates regularly with credit rating agencies and the investment community regarding its capital position. ENMAX also strives to maintain an investment grade credit rating from credit rating agencies.

As a separate and distinct entity, the Corporation ensures that Versant Power is able to maintain adequate capital for normal obligations; this requires Versant Power to raise their own capital and maintain their own credit rating. Versant Power's assets and credit are not available to satisfy the debts and other obligations of the Corporation whether through collateral or guarantees.

ENMAX offers a defined benefit (DB) pension plan for qualifying employees. Contributions to the pension plan are based on periodic actuarial valuations, the most recent being completed for December 31, 2019. For accounting purposes, as at December 31, 2020 the pension plan had an accrued benefit liability of \$78.2 million (\$75.3 million at December 31, 2019). The actual amount of contributions required in the future will depend on future investment returns, changes in benefits and actuarial assumptions. Failure to effectively manage financial resources and related exposures could affect the business, results of operations, financial condition or prospects of the Corporation. To manage this risk, ENMAX engages expert investment managers and has investment policies and procedures in place to set out the investment framework of the funds, including permitted investments and various investment constraints. These policies and procedures are approved annually by the Safety and Human Resources Committee (SHRC) of the Board, which also monitors the performance of the pension plan. ENMAX's contribution to its pension plan satisfy, and are expected to continue to satisfy, minimum funding requirements.

Versant Power has DB pension plans that cover qualifying employees and retirees. All DB plans are closed to new entrants. Contributions to the pension plans are based on periodic actuarial valuations. The actual amount of contributions required in the future will depend on future investment returns and actuarial assumptions. Adverse global financial and capital markets, and changing interest rates may impact investment performance, and Versant Power could be required to make larger contributions to fund the plans, which could affect the Corporation's financial condition and operations. To manage this risk, Versant Power engages expert investment managers and has investment policies and procedures in place to set out the investment framework of the plan assets.

For additional details on ENMAX's liquidity risk exposures, refer to Note 9 in the Notes to the Consolidated Financial Statements. For additional details on its pension plan, refer to Note 18 in the Notes to the Consolidated Financial Statements.

CREDIT RISK

ENMAX enters into agreements and engages in transactions with a number of external parties, including suppliers, service providers, customers and other counterparties. In such arrangements, exposure exists to counterparty credit risks and the risk that one or more counterparties may fail to fulfill their obligations, including paying for or delivery of commodities. These risks are often exacerbated during periods of sustained low commodity prices, which may negatively affect some customers or counterparties, and tighter credit markets.

ENMAX has implemented an effective credit risk management program to mitigate its exposures to credit risk. While it seeks to manage credit exposure by evaluating creditworthiness before and after entering into such agreements, monitoring business activity and obtaining collateral when prudent to do so, ENMAX may not be able to identify and avoid all counterparties that are not creditworthy. Defaults by suppliers, service providers, customers and other counterparties could adversely affect the business, results of operations, financial condition or prospects of the Corporation.

ENMAX's credit and collections activities include monitoring credit risk exposures and initiating mitigation measures to protect against any future losses. In specific situations, this includes, but is not limited to, a reduction of credit limits, requests for credit assurances in the form of collateral, as well as requirements for performance bonds on significant projects or restriction of new transaction terms. Financial results could be affected as a result of industrial, commercial or institutional customer default or as a result of default by residential, small commercial and wholesale customers. During the COVID-19 pandemic, ENMAX has enhanced credit mitigation strategies to limit the potential impact of the virus such as accelerating collections timelines for those counterparties whose ability to perform contractual obligations are impacted by the pandemic.

DEVELOPMENT RISK

ENMAX's asset ownership strategy requires the development and construction of transmission and distribution projects, as well as capital improvements to existing assets. Its ability to complete these projects in a timely manner and within established budgets is contingent upon many variables and subject to a variety of risks, some of which are beyond the Corporation's control. Should any such risks occur, ENMAX could be subject to additional costs, delays to the in-service dates of these projects, termination payments under committed contracts and/or the write-off of the investment. In addition, while ENMAX's business model is designed to mitigate exposure to risks, the Corporation's strategy is to manage construction costs by seeking fixed price contracts with vendors.

ENMAX's ability to successfully identify, value, evaluate, complete and integrate new acquisition or organic growth opportunities and major capital projects is subject to risk. These include increased competition for acquisition targets, capital and other resources, the performance of the Alberta economy, regulatory or legislative intervention by the Government of Alberta. Such business development challenges could adversely affect the business, operations, financial condition, and growth prospects of the Corporation.

ENMAX budgets for capital programs and projects on an annual basis and funding for specific approved capital programs and projects on an ongoing basis. ENMAX performs risk assessments and develops risk mitigation plans for major capital programs and projects and uses a phase gate approval process on developments and acquisitions to mitigate risks. Project performance relative to expectations is regularly reported to senior management and the Board, and any corrective measures are taken as required. Delays and overspending in the development and construction of capital projects could affect ENMAX's financial results.

LEGAL RISK

ENMAX is subject to costs and other effects of legal and administrative proceedings, settlements, investigations, claims and actions. New or revised tax laws, rates or policies, accounting standards, securities laws and corporate governance requirements may also impact ENMAX. Non-compliance with existing laws, resolution of legal actions and changes to the legal environment could adversely impact the business, results of operations, financial condition or prospects of the Corporation.

ENMAX reviews and actively monitors business activity that could be subject to public or private legal actions, including changes to certain legislation, contracts with outside parties, and incidents or claims allegedly involving the Corporation. Programs have been implemented to mitigate ENMAX's legal risk exposures. The Corporation could experience earnings variability as it relates to matters including: legal or regulatory action; litigation; a breach of a material contract; or a material non-compliance with legislation, regulation or rules.

The Corporation is occasionally named as a party in various claims and legal proceedings that arise during the normal course of its business. The Corporation reviews each of these claims, including the nature of the claim and the amount in dispute. Although there is no assurance that each claim will be resolved in favour of the Corporation, the Corporation does not believe that the outcome of any claims or potential claims it is currently aware of will have a material adverse effect on the financial results or position of the Corporation, after taking into account amounts previously reserved by the Corporation. For further information, refer to Note 31 in the Notes to the Consolidated Financial Statements.

CORPORATE STRUCTURE RISK

ENMAX conducts a significant amount of business through subsidiaries and joint arrangements. The ability to meet and service debt obligations is dependent on the operational results of these investments and their ability to distribute funds to ENMAX. Any restrictions on the ability of these investments to distribute funds to ENMAX may affect the ability to service the corporate debt. ENMAX closely monitors the financial performance of these entities and is the operator of the largest joint arrangement it invests in.

REPORTING/DISCLOSURE RISK

The application of critical accounting policies reflects complex judgments and estimates. These policies include industry-specific accounting applicable to regulated public utilities, to pensions and to derivative instruments. The adoption of new accounting standards, or changes to current accounting policies or interpretations of such policies, could adversely affect the business, results of operations, financial condition or prospects of the Corporation.

With the addition of significant U.S. operations in the current year, the Corporation is required to convert Versant Power's transactions under U.S. GAAP to ENMAX's basis of presentation in accordance with IFRS. In addition, the difference in Versant Power's functional currency and ENMAX's presentation currency must be translated in accordance with IAS 21. ENMAX has implemented various programs to reinforce its Internal Control over Financial Reporting, including quarterly review of the financial statements by executive management and quarterly certification of key controls facilitated by Internal Audit and review of certain disclosures by the Board.

INCOME TAX RISK

Prior to January 1, 2001, the legal entities comprising the ENMAX group of companies were not subject to federal or provincial income taxes based on an exemption for municipally owned corporations in the *Canadian Income Tax Act* (ITA). This exemption generally requires corporations to be wholly owned by a municipality, with all or substantially all income derived from sources within the geographic boundaries of the municipality. Entities that do not annually meet these requirements are no longer exempt and are subject to federal and provincial income tax regimes.

In 2001, the Government of Alberta introduced a Payment in Lieu of Tax Regulation under the *Electric Utilities Act* ("PILOT") in conjunction with the deregulation of the Alberta energy market. The purpose of this regulation was to level the playing field between municipally owned tax-exempt entities and non-tax-exempt organizations participating in the competitive part of the electricity market, by requiring tax-exempt organizations to make a payment in lieu of federal and provincial income taxes. This payment was computed as the amount an entity would have paid if they did not maintain a tax-exempt status. This regulation required municipally owned retailers and municipally owned PPA holders to remit PILOT payments to the Balancing Pool, based on the retail and commodity components of their electricity operations.

The *Electric Utilities Act*, however, precludes municipally owned corporations competing in the electricity generation business from realizing a tax subsidy or financing advantage as a result of their association with the municipality. Accordingly, ENMAX holds generation assets in entities that do not qualify for the income tax exemptions noted above and are subject to federal and provincial income tax regimes.

Certain legal entities were created and acquired as a result of the Versant Power acquisition. These entities are taxable and subject to U.S. Federal and the State of Maine corporate income tax regimes. For U.S. tax purposes, commonly controlled corporations are permitted to file a consolidated tax return.

The determination of the Corporation's provision for income taxes is impacted by changes in the tax legislation that governs each legal entity. Any such changes could affect future earnings, cash flows, and financial position, as well as the existing deferred tax assets and liabilities. ENMAX monitors the status of existing tax laws to ensure that changes are appropriately reflected in the tax compliance filings and financial results. The computation of the income tax provision is an inherently complex process, requiring management to interpret continually changing regulations and to make certain professional judgments.

The tax filings of all legal entities comprising the ENMAX group of companies are subject to audit examinations by taxation authorities, and the outcome of such audits may increase tax liabilities. Audit examinations and formal audit disputes are ongoing and in various stages of completion. The Corporation estimates and monitors any uncertain tax position and recognizes an income tax expense when it is probable that examination by taxation authorities would result in an additional tax liability. Therefore, there can be variability in earnings as a consequence of audit examinations and other contingent tax liabilities. Considering the above, the tax risk of the Corporation is considered moderate to low in the one-year time frame.

STRATEGIC RISK

ENMAX's business model and strategic direction are predicated on certain assumptions, including the long-term viability of the competitive and regulated businesses, benefits associated with holding each of these businesses, evolution of technology used in the industry and attractiveness of growth opportunities. While ENMAX believes these assumptions will remain valid in the future, significant changes to the overall business environment or other factors could cause ENMAX to re-evaluate its business model or strategic direction. ENMAX routinely monitors industry trends and the business environment.

ENMAX has several competitors that operate in the electricity and natural gas markets where it serves customers. Competitors vary in size from small companies to large corporations with significant financial, marketing and procurement resources. Competitive Energy must also compete with the RRO service provided by various parties throughout Alberta. Failure to attract and retain customers could adversely affect the business, results of operations, financial condition or prospects of the Corporation. ENMAX could potentially see earnings variability as it relates to constraints on its growth targets for market share. To mitigate this risk, ENMAX continually monitors the market and adjusts its offerings and marketing to remain competitive.

ENMAX faces considerable risk with respect to its strategy due to changing government policies. Political uncertainties and changing provincial governments with different perspectives and policies could potentially impact ENMAX's ability to deliver on its strategy. ENMAX's strategy factors in these uncertainties and attempts to mitigate this risk by focusing resources on regulated businesses and industries. By focusing on stable predictable cash flows and contracted revenue ENMAX helps reduce the exposure to market risk and unfavourable consequences of changes in government policy.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ENMAX has publicly disclosed its environmental, social and governance (ESG) performance in alignment with the Global Reporting Initiative's (GRI) Standards for Sustainability Reporting and its accompanying Electric Utility Sector Supplement for 14 years and continuously strives to enhance the robustness of disclosure on ESG performance. The most recent GRI report can be found on the corporate website. In 2020 ENMAX undertook an enterprise-wide refreshment to its materiality assessment with senior leadership to confirm the focus near and long term of ENMAX's ESG framework reflecting opportunities and challenges that matter to both business operations and stakeholders. The following section exemplifies ENMAX's ongoing commitment to ESG performance monitoring and enhancement.

Since 2019, ENMAX has been recognized for its sustainable business practices through achievement of the Sustainable Electricity Company™ designation from the Canadian Electricity Association. This designation recognizes the importance member companies place on sustainability and ENMAX adheres to the Association's Sustainable Development Corporate Responsibility Policy.

ENMAX is committed to accelerating sustainable-energy sector technology solutions that will meet customer electricity needs today and in the future. ENMAX readily embarks on innovative research and demonstration pilot projects, such as a pilot project to research how innovative modifications to Calgary's highly specialized downtown electricity grid can enable two-way power flow and the opportunity for customers in urban centres to generate solar electricity and sell that power back to the grid; and a small-scale electric vehicle (EV) charging pilot to help to understand how Calgarians use EVs and the potential impact on the electricity system.

ENVIRONMENTAL

ENMAX believes in providing environmentally responsible energy solutions to the communities it serves and strives to continually improve its environmental performance. Examples include ENMAX's distributed solar products for residential, commercial and municipal customers. Based on ENMAX's asset portfolio, it is positioned to offer consumers choices and progressive technologies that will help increase revenues from renewable resources as the feasibility of this pathway continues to develop.

With the termination of all Power Purchase Agreements associated with coal-fired generation in 2017 ENMAX has reduced the intensity of its generation capacity by 60 per cent, and today, holds no coal-fired generation facilities in its portfolio. ENMAX further advanced its commitment to reduce emissions through an upgrade at the Shepard Energy Centre, adding 15MW to its total generation capacity without an increase in GHG. As well, in 2020 ENMAX proceeded with the installation of Canada's first hybrid electric gas turbine at Crossfield Energy Centre. Optimizing water use at the generation facilities is also part of ENMAX's environmental commitment. By design, Shepard Energy Centre uses reclaimed water exclusively, the first use of reclaimed water for power production in Alberta. This design feature prevents from having to draw nearly 6 million cubic meters of fresh water from the Bow River every year. ENMAX prioritizes continuous improvement within its operations and implemented engineering innovations that now reduce the plant's annual wastewater volume by approximately 25 per cent.

Environmental liabilities recorded in ENMAX's financial statements include GHG liabilities which relate to electricity generated from certain ENMAX-owned generation facilities. These items have been reflected as liabilities in the Consolidated Financial Statements as at December 31, 2020. ENMAX continues to actively monitor and comply with environmental regulations. ENMAX currently has no outstanding litigation for environmental matters. There are no other material environmental liabilities at this time.

Refer to the Risk Management and Uncertainties section for discussion regarding environmental risks.

SOCIAL

ENMAX continues to deliver a comprehensive community investment strategy targeting essential needs, well-being of the communities and neighbourhoods, as well as active employee engagement and opportunities for volunteering. In 2020, ENMAX partnered with a range of community agencies, investing over \$2.8 million. ENMAX undergoes an annual third-party verification of its community investment commitments via the London Benchmarking Group Canada.

As the COVID-19 pandemic evolved, ENMAX remained deeply committed to ensuring continued assistance to communities and customers. Support for the community involved ENMAX proactively approaching long-standing agency partners to provide additional relief funding. ENMAX was also one of the founding donors to the COVID-19 Community Response Fund, a program implemented by The City of Calgary, the Calgary Emergency Management Agency, and the United Way of Calgary and Area in support of community agencies that work with vulnerable populations at increased risk due to the pandemic.

Albertans are not only community members, but many are also ENMAX customers. In response to the pandemic, ENMAX offered a COVID-19 customer relief program, recognizing the need to support and care for customers. The program included payment deferrals, increased flexibility for payment installment plans and suspended collection-related activities and disconnections for non-payment. As well, ENMAX adapted operations through implementing stringent health and safety protocols that protected employees and the public, and ensured that service levels to residential, commercial and industrial customers across Alberta were not impacted.

GOVERNANCE

ENMAX's Board of Directors and Executive Team are committed to strong and effective standards of corporate governance and ethical conduct. Although ENMAX is not required to publicly file an annual information circular, for over 10 years ENMAX has released an annual disclosure document regarding governance and executive compensation practices that is informed by the requirements applicable to public companies. ENMAX's most recent Annual Report on Governance and Compensation is available on the Corporate website.

ENMAX recognizes that having a majority of independent, highly qualified Board of Directors from diverse backgrounds is essential to effective decision-making. In 2020, ENMAX continued its commitment to strong governance through enhancements to its governance framework with its sole Shareholder, The City of Calgary. These changes included increases frequency of meetings with the Shareholder. For the year ended December 31, 2020: (i) all Directors were independent, other than the President and CEO; and (ii) 30 per cent of the Board of Directors were women.

ENMAX has in place a diversity policy which includes an aspirational target that women continue to comprise not less than 30 per cent of its Directors and has achieved that target since 2017. In support of ENMAX's commitment to diversity, ENMAX is a signatory to the Leadership Accord on Gender Diversity, headed by Electricity Human Resources Canada and a member of the 30 per cent Club Canada, an organization working towards having women represent 30 per cent of board members in Canada by 2022.

As ENMAX continues to move forward in the advancement of its long-term strategy, the ongoing commitment to both the monitoring and enhancement of ESG performance remains a core element of the overall business strategy and embedded to the planning processes and practices across the organization.

INTEREST OF EXPERTS

INDEPENDENT AUDITOR

ENMAX's external auditor is Deloitte LLP, Chartered Professional Accountants, Suite 700, 850 – 2 Street SW, Calgary, Alberta, T2P 0R8. Deloitte LLP is independent with respect to ENMAX within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Alberta.

ACTUARY

ENMAX utilizes external professional services in relation to its employee benefits from Willis Towers Watson and Transamerica Corporation.

Willis Towers Watson, Suite 1600, 111 – 5 Avenue SW, Calgary, Alberta, T2P 3Y6, is independent with respect to ENMAX, as it has no equity interest in the Corporation and is compensated at a contracted fixed rate, regardless of the outcome of its reports.

Transamerica Corporation, 6400 C Street SW, Cedar Rapids, IA, 52499-0001, is independent with respect to ENMAX, as it has no equity interest in the Corporation and is compensated at a contracted fixed rate, regardless of the outcome of its reports.

CONSOLIDATED FINANCIAL STATEMENTS

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation and presentation of the accompanying consolidated financial statements of ENMAX Corporation are the responsibility of management and have been approved by the Board of Directors (the Board). In management's opinion, the consolidated financial statements have been prepared within reasonable limits of materiality in accordance with International Financial Reporting Standards (IFRS). The preparation of financial statements necessarily requires judgment and estimation when events affecting the current year depend on determinations to be made in the future. Management has exercised careful judgment where estimates were required, and these consolidated financial statements reflect all information available to March 24, 2021. Financial information presented elsewhere in this report is consistent with that in the consolidated financial statements.

To discharge its responsibility for financial reporting, management maintains systems of internal controls designed to provide reasonable assurance that the Corporation's assets are safeguarded, that transactions are properly authorized, and that reliable financial information is relevant, accurate and available on a timely basis. The internal control systems are monitored by management and evaluated by an internal audit function that regularly reports its findings to management and the Audit Committee of the Board.

The consolidated financial statements have been audited by Deloitte LLP, the Corporation's external auditor. The external auditor is responsible for examining the consolidated financial statements and expressing an opinion on the fairness of the financial statements in accordance with IFRS. The auditor's report outlines the scope of their audit examination and states the opinion.

The Board, through the Audit Committee, is responsible for ensuring management fulfills its responsibilities for financial reporting and internal controls. The Audit Committee, which is comprised of independent directors, meets regularly with management, the internal auditors and the external auditor to ensure each group is discharging its responsibilities with respect to internal controls and financial reporting. The Audit Committee reviews the consolidated financial statements and annual financial report and recommends their approval to the Board. The external auditor has full and open access to the Audit Committee, with and without the presence of management. The Audit Committee is also responsible for reviewing and recommending the annual appointment of the external auditor and approving the annual external audit plan.

On behalf of management,



Wayne O'Connor
President and Chief Executive Officer



Davin Kivisto
Interim Chief Financial Officer

March 24, 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of ENMAX Corporation

Opinion

We have audited the consolidated financial statements of ENMAX Corporation and its subsidiaries (the "Corporation"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of earnings, comprehensive income, changes in shareholder's equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Financial Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Financial Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
March 24, 2021

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at <i>(millions of Canadian dollars)</i>	December 31, 2020	December 31, 2019
ASSETS		
Cash and cash equivalents (Note 7)	\$ 39.7	\$ 1,079.9
Accounts receivable (Note 9)	735.6	689.4
Income taxes receivable (Note 10)	10.6	0.4
Current portion of financial assets (Note 9)	100.0	95.3
Other current assets (Note 12)	71.9	83.3
Assets held for sale (Note 13)	38.4	-
	996.2	1,948.3
Property, plant and equipment (Notes 14 and 16)	5,773.3	4,495.2
Intangible assets (Note 15)	290.2	184.7
Goodwill (Note 6)	610.3	-
Deferred income tax assets (Note 10)	56.4	35.9
Financial assets (Note 9)	44.3	35.7
Other long-term assets (Notes 9 and 12)	227.0	44.3
TOTAL ASSETS	7,997.7	6,744.1
REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES (Note 11)	189.4	31.2
TOTAL ASSETS AND REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES	\$ 8,187.1	\$ 6,775.3
LIABILITIES		
Short-term financing (Note 17)	\$ 165.9	\$ 174.2
Accounts payable and accrued liabilities	565.3	516.9
Income taxes payable (Note 10)	-	18.0
Current portion of long-term debt (Notes 9 and 17)	73.6	73.3
Current portion of financial liabilities (Note 9)	97.7	114.4
Current portion of deferred revenue (Note 19)	6.5	10.5
Current portion of lease liabilities (Note 16)	5.4	5.4
Other current liabilities (Note 12)	71.5	32.0
Liabilities held for sale (Note 13)	11.3	-
Current portion of asset retirement obligations and other provisions (Note 20)	6.0	0.9
	1,003.2	945.6
Long-term debt (Notes 17)	3,368.1	2,548.7
Deferred income tax liabilities (Note 10)	267.7	31.6
Post-employment benefits (Note 18)	165.9	90.2
Financial liabilities (Note 9)	46.4	73.0
Deferred revenue (Note 19)	562.0	555.1
Lease liabilities (Notes 16)	46.7	55.5
Other long-term liabilities (Note 12)	16.7	13.1
Asset retirement obligations and other provisions (Note 20)	142.5	121.3
TOTAL LIABILITIES	5,619.2	4,434.1
REGULATORY DEFERRAL ACCOUNT CREDIT BALANCES (Note 11)	151.4	1.5
SHAREHOLDER'S EQUITY		
Share capital (Note 21)	280.1	280.1
Retained earnings	2,326.2	2,092.1
Accumulated other comprehensive loss (Note 22)	(189.8)	(32.5)
	2,416.5	2,339.7
TOTAL LIABILITIES, REGULATORY DEFERRAL ACCOUNT CREDIT BALANCES AND SHAREHOLDER'S EQUITY	\$ 8,187.1	\$ 6,775.3
Commitments and contingencies (Note 31)		
See accompanying Notes to the Consolidated Financial Statements.		

CONSOLIDATED STATEMENTS OF EARNINGS

Year ended December 31,

(millions of Canadian dollars)

	2020	2019
REVENUE (Note 8)		
Transmission and distribution	\$ 940.3	\$ 744.0
Electricity	1,105.4	1,254.8
Natural gas	282.9	199.6
Local access fees	132.2	142.4
Contractual services	128.3	146.2
Contributions in aid of construction (CIAC) revenue (Note 19)	20.4	19.1
Other revenue (Note 23)	16.7	18.8
TOTAL REVENUE	2,626.2	2,524.9
OPERATING EXPENSES (Note 8)		
Transmission and distribution	428.5	367.6
Electricity and fuel purchases	731.8	808.4
Natural gas and delivery	223.3	141.1
Local access fees	132.2	142.4
Depreciation and amortization	297.6	241.8
Impairment (reversal) (Notes 8, 13, and 14)	(0.4)	1.1
Other expenses (Note 23)	429.5	504.6
TOTAL OPERATING EXPENSES	2,242.5	2,207.0
OPERATING PROFIT	383.7	317.9
Finance charges (Note 27)	134.2	80.6
NET EARNINGS BEFORE TAX	249.5	237.3
Current income tax (recovery) expense (Note 10)	(8.9)	30.2
Deferred income tax (recovery) expense (Note 10)	(19.2)	3.6
NET EARNINGS - BEFORE NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES	277.6	203.5
NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES (Notes 8 and 11)	10.5	(47.3)
NET EARNINGS	\$ 288.1	\$ 156.2

See accompanying Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year ended December 31,

(millions of Canadian dollars)

	2020	2019
NET EARNINGS	\$ 288.1	\$ 156.2
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX		
Items that will not be reclassified subsequently to statement of earnings		
Remeasurement gains (losses) on retirement benefits (Note 18) ⁽¹⁾	2.6	(36.8)
Cumulative (losses) on translation adjustment	(153.1)	-
Items that will be reclassified subsequently to statement of earnings		
Unrealized (losses) gains on derivative instruments ⁽²⁾	(12.0)	24.1
Reclassification of gains (losses) on derivative instruments to net earnings ⁽³⁾	5.2	(15.1)
Other comprehensive loss net of income tax	(157.3)	(27.8)
TOTAL COMPREHENSIVE INCOME	\$ 130.8	\$ 128.4

⁽¹⁾ Net deferred income tax of \$nil for the year ended December 31, 2020 (2019 - \$0.3 million tax recovery).

⁽²⁾ Net deferred income tax recovery of \$5.4 million for the year ended December 31, 2020 (2019 - \$9.3 million tax expense).

⁽³⁾ Net deferred income tax recovery of \$0.8 million for the year ended December 31, 2020 (2019 - \$6.6 million tax expense).

See accompanying Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

<i>(millions of Canadian dollars)</i>	Share Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
As at January 1, 2020	\$ 280.1	\$ 2,092.1	\$ (32.5)	\$ 2,339.7
Net earnings	-	288.1	-	288.1
Other comprehensive (loss), net of income tax	-	-	(157.3)	(157.3)
Total comprehensive income (loss)	280.1	2,380.2	(189.8)	2,470.5
Dividends (Note 26)	-	(54.0)	-	(54.0)
As at December 31, 2020	\$ 280.1	\$ 2,326.2	\$ (189.8)	\$ 2,416.5
As at January 1, 2019	\$ 280.1	\$ 1,985.9	\$ (4.7)	\$ 2,261.3
Net earnings	-	156.2	-	156.2
Other comprehensive (loss), net of income tax	-	-	(27.8)	(27.8)
Total comprehensive income (loss)	280.1	2,142.1	(32.5)	2,389.7
Dividends (Note 26)	-	(50.0)	-	(50.0)
As at December 31, 2019	\$ 280.1	\$ 2,092.1	\$ (32.5)	\$ 2,339.7

See accompanying Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31,

(millions of Canadian dollars)

	2020	2019
CASH (USED IN) PROVIDED BY:		
OPERATING ACTIVITIES		
Net earnings	\$ 288.1	\$ 156.2
Reconciliation of net earnings to cash flow from operating:		
CIAC (Note 19)	32.4	29.6
CIAC revenue (Note 19)	(20.4)	(19.1)
Depreciation and amortization	297.6	241.8
Impairment (reversal) (Note 8, 13 and 14)	(0.4)	1.1
Finance charges	134.2	80.6
Income tax (recovery) expense (Note 10)	(28.1)	33.8
Change in unrealized market value of financial contracts	(68.2)	(87.1)
Post-employment benefits	2.6	0.3
Unrealized foreign exchange loss	9.3	-
Changes in non-cash working capital (Note 28)	35.3	20.5
Cash flow from operations	682.4	457.7
Interest paid ⁽¹⁾	(133.4)	(77.3)
Income taxes (paid) recovered	(13.5)	17.5
Net cash flow provided by operating activities	535.5	397.9
INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangibles (Notes 14 and 15) ⁽¹⁾	(438.6)	(443.9)
Acquisition of Versant Power (Note 6)	(1,392.6)	-
Cash flow used in investing activities	(1,831.2)	(443.9)
FINANCING ACTIVITIES		
Repayment of short-term debt	(3,013.5)	(383.1)
Proceeds from short-term debt	3,005.2	539.3
Repayment of long-term debt	(172.4)	(75.1)
Proceeds from long-term debt	495.1	1,010.9
Repayment of lease liabilities	(4.8)	(5.1)
Dividend paid (Note 26)	(54.0)	(50.0)
Cash flow from financing activities	255.6	1,036.9
(Decrease) increase in cash and cash equivalents	(1,040.1)	990.9
Effective translation of foreign currency cash	(0.1)	-
Cash and cash equivalents, beginning of year	1,079.9	89.0
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 39.7	\$ 1,079.9
Cash and cash equivalents consist of:		
Cash	\$ 27.9	\$ 39.8
Restricted cash (Note 7)	11.8	1,040.1
	\$ 39.7	\$ 1,079.9

⁽¹⁾ Total interest paid during the year was \$144.5 million (2019 - \$85.5 million). Purchase of property, plant and equipment (PP&E) and intangibles includes \$11.1 million of capitalized borrowing costs (2019 - \$8.2 million).

See accompanying Notes to the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF THE BUSINESS

ENMAX Corporation and its subsidiaries (ENMAX or the Corporation), a wholly-owned subsidiary of The City of Calgary (The City), was incorporated under the *Business Corporations Act* (Alberta) in July 1997. The Corporation's mandate was to carry on the electric utility transmission and distribution operations previously directed by the Calgary Electric System (CES), a former department of The City. Operations of the Corporation began on January 1, 1998, with the transfer of substantially all the assets and liabilities of the CES by The City into the Corporation at net book value for consideration of one common share issued to The City. Since 1998, the Corporation has grown from its transmission and distribution roots to include electricity generation, commercial and residential solar, electricity and natural gas retail businesses.

On March 24, 2020, the Corporation closed the acquisition of BHE Holdings, Inc., the parent company of Versant Power (formerly known as Emera Maine). The Corporation through its subsidiary, Versant Power, engages in transmission and distribution operations in the Bangor Hydro District (BHD) as well as the Maine Public District (MPD), in Maine, USA. Versant Power's regulated operations are subject to the regulatory authority of the Maine Public Utilities Commission (MPUC) and the Federal Energy Regulatory Commission (FERC). BHD is a member of the New England Power Pool (NEPOOL) while MPD is a member of the Northern Maine Independent System Administrator (NMISA).

The Corporation's registered and head office is at 141 - 50 Avenue SE, Calgary AB, T2G 4S7. The Corporation's principal place of business is Alberta.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on March 24, 2021.

BASIS OF MEASUREMENT

These consolidated financial statements have been prepared on the historical cost basis except for the revaluation of financial derivative instruments to fair value and to reflect asset impairment (if any).

FUNCTIONAL AND PRESENTATION CURRENCY

With the acquisition of Versant Power in the current year, the Corporation operates in two functional currencies: Canadian and U.S. dollars. The latter is translated into the Corporation's presentation currency and unless otherwise stated, these consolidated financial statements are presented in millions of Canadian dollars.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements requires management to select appropriate accounting policies and make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, as well as to disclose contingent assets and liabilities. These estimates and judgments involve matters that are inherently complex and uncertain. Judgments and estimates are continually evaluated and are based on historical experience and expectations of future events. Changes to accounting estimates are recognized prospectively. Management has made significant estimates in determining the fair value of the total assets acquired and liabilities assumed in the Versant Power acquisition.

Significant judgments and estimates are required in the application of accounting policies. These are referenced in the following tables:

SIGNIFICANT ACCOUNTING JUDGMENTS

Financial Statement Area	Accounting Policy	Judgment Areas
Associates	Note 4 (d)	Tested for recoverability when events and circumstances indicate a possible impairment
Property, plant and equipment	Note 4 (i)	Determination of components and useful lives
Long-lived assets and intangible assets impairment	Note 4 (m & n)	Assessment of impairment indicators and grouping of cash-generating units (CGUs)
Leases	Note 4 (p)	Assessment of contracts for lease arrangements
Provisions	Note 4 (r)	Determination of probability of outflow of resources
Income taxes	Note 4 (v)	Interpretation of uncertain tax positions and application of tax regulations

SIGNIFICANT ACCOUNTING ESTIMATES

Financial Statement Area	Accounting Policy	Judgment Areas
Regulatory deferral accounts	Note 4 (e)	Estimates related to regulatory proceedings or decisions
Accounts receivable	Note 4 (f)	Assumptions as input to assess the expected loss rates
Fair value measurements and valuation	Note 4 (f)	Estimates of fair value for financial assets and liabilities
Property, plant and equipment	Note 4 (i)	Determination of components and useful lives
Long-lived assets and intangible assets impairment	Note 4 (m & n)	Assessment of impairment indicators and grouping of CGUs
Post-employment benefits	Note 4 (o)	Estimates of key assumptions used to calculate post-retirement benefits
Leases	Note 4 (p)	Assessment of contracts for lease arrangements
Asset retirement obligation	Note 4 (q)	Estimates of amount and timing of asset retirements
Provisions	Note 4 (r)	Determination of probability of outflow of resources
Revenue	Note 4 (s)	Contributions in Aid of Construction are contributions received for work performed under various statutory requirements, therefore is determined not to contain significant financing component; and Principal vs. Agent consideration for each revenue stream
Income taxes	Note 4 (v)	Interpretation of uncertain tax positions and application of tax regulations

4. SIGNIFICANT ACCOUNTING POLICIES

(a) CONSOLIDATION

The consolidated financial statements include the accounts of the Corporation and its subsidiaries: including Versant Power which is a separate and distinct standalone legal entity. All intercompany transactions, balances, and unrealized gains and losses from intercompany transactions are eliminated on consolidation, except as disclosed under Note 11 (Regulatory Deferral Account Balances). The consolidated financial statements of the subsidiaries are prepared for the same reporting period and apply accounting policies consistent with the Corporation.

Subsidiaries are fully consolidated from the date on which control is obtained by the Corporation until the date that control ceases. Control exists when the Corporation possesses power over the investee, has exposure or rights to variable returns from its involvement with the investee, and has the ability to use its power over the investee to affect returns. The assets of Versant Power are not available to the Corporation for use as collateral, and the assets and credit facilities of Versant Power are not available for use in settling the Corporation's debts or other obligations.

(b) JOINT ARRANGEMENT

A joint arrangement is an arrangement in which two or more parties have joint control and must act together to direct the activities that significantly affect the returns of the arrangement. The Corporation classifies its interest in joint arrangements as either joint operations or joint ventures depending on the Corporation's rights to the assets and obligations for the liabilities. When making this assessment, the Corporation exercises judgments and considers the structure and contractual terms of the arrangement, as well as the legal form of any separate vehicles in addition to all other relevant facts and circumstances.

Joint arrangements that provide all parties with rights to the assets and obligations for the liabilities are classified as joint operations. The Corporation's consolidated financial statements include its share of assets, liabilities, revenues, expenses, and other comprehensive income (OCI) from the joint operations.

Joint arrangements that provide all parties with rights to the net assets of the entities under the arrangements are classified as joint ventures. Joint ventures are accounted for under the equity method of accounting. Under this method, the Corporation's interests in joint ventures are initially recognized at cost and are adjusted thereafter to recognize the Corporation's share of profits or losses, movements in other comprehensive income, and dividends or distributions received.

When a corporation transacts with a jointly controlled entity of the Corporation, unrealized profits and losses are eliminated to the extent of the Corporation's interest in the joint venture.

(c) BUSINESS COMBINATIONS AND GOODWILL

The Corporation applies the acquisition method of accounting for acquisition of businesses. The determination of whether an acquisition meets the definition of a business, under IFRS, requires judgment, and is assessed on a case-by-case basis. The cost of acquisition is measured as the aggregate of the fair values at the date of exchange of the assets given and liabilities incurred or assumed. The consideration paid does not include the amounts related to the settlement of pre-existing relationships. The transaction costs incurred in connection with an acquisition are expensed as incurred, with the exception of costs to issue debt or equity securities.

Identifiable assets, liabilities and contingent liabilities acquired or assumed are measured at fair value at the acquisition date, as are any contingent consideration payable. Subsequent remeasurement of the fair value of the contingent liability is recorded in net earnings.

Goodwill is determined as the excess of the fair value of consideration paid over ENMAX's interest in the fair value of the identifiable net assets, liabilities and contingent liabilities of the acquired subsidiary, jointly controlled entity, or associate recognized at the date of acquisition. In conformity with IFRS 3 *Business Combinations*, goodwill is recorded at cost and not amortized. Goodwill is tested for impairment on an annual basis, and whenever there are conditions that indicate the CGU to which goodwill has been allocated to may be impaired. Impairment is determined by assessing the recoverable amount of the cash generating unit to which goodwill relates. When the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognized.

If ENMAX's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities assumed exceeds the cost of the consideration, such excess is recognized immediately in the Statements of Earnings. Expenditures on internally generated goodwill is expensed as incurred.

(d) ASSOCIATES

Associates are those entities over which the Company has significant influence, but not control or joint control, over the financial and operating policies. This is generally the case where the Company holds between 20 per cent and 50 per cent of the voting rights. Associates are accounted for under the equity method. Under this method, the Company's interests in associates are initially recognized at cost. The interests are subsequently adjusted to recognize the Company's share of post-acquisition profits or losses, movements in OCI and dividends or distributions received. The Company's interests in associates are tested for recoverability when events or circumstances indicate a possible impairment. An impairment loss is recognized in earnings when the carrying value of the Company's interest in an individual associate is higher than its recoverable amount. The recoverable amount is the higher of fair value less disposal costs and value in use. An impairment loss may be reversed if there is objective evidence that a change in the estimated recoverable amount of the investment is warranted.

(e) REGULATORY DEFERRAL ACCOUNTS

In accordance with IFRS 14 *Regulatory Deferral Accounts*, the Corporation continues to recognize amounts that qualify as regulatory deferral balances in accordance with the basis of accounting used immediately before transition to IFRS. A regulatory deferral account balance is any expense (or income) account that:

- Is included, or expected to be included, by the rate regulator in establishing the rate(s) that can be charged to customers; and
- Would not otherwise be recognized as an asset or liability in accordance with other IFRS.

In accordance with this standard, the Corporation has presented regulatory deferral account debits and credits on a separate line in the consolidated statements of financial position. Net movements in regulatory deferral accounts is also presented on a separate line in the statements of earnings (Note 11).

(f) FINANCIAL INSTRUMENTS

Recognition

Financial assets and liabilities are initially recognized at fair value when the Corporation becomes a party to the contractual provisions of the instrument. However, where the fair value differs on initial recognition from the transaction price and the fair value is not measured using entirely observable inputs, the instrument is recognized at the transaction price. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 9 for disclosures of the fair value of financial instruments. In the case of instruments not measured at fair value through profit or loss (FVTPL), incremental directly attributable transaction costs are accounted for as an adjustment to the carrying amount, and in all other cases such transaction costs are expensed as incurred.

The Corporation evaluates contracts to purchase non-financial items, which are subject to net settlement, to determine whether such contracts should be considered derivatives or if they were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements ("own use"). If such contracts qualify as own use, they are considered executory contracts outside the scope of financial instrument accounting.

The Corporation evaluates financial and non-financial contracts not measured at FVTPL to determine whether they contain embedded derivatives. An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. For such instruments, an embedded derivative is separated where the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract and a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or it transfers the financial instrument in a manner that qualifies for derecognition through transfer of substantially all risks and rewards or transfer of control.

Financial liabilities are derecognized upon extinguishment. A modification of a financial liability with an existing lender is evaluated to determine whether the amendment results in substantially different terms in which case it is accounted for as an extinguishment.

Classification

The classification of the Corporation's financial instruments depends on the nature and purpose of the financial instrument and is determined at the time of initial recognition.

The financial assets of the Corporation are classified in the following categories:

- **Amortized cost:** assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Financial assets of the Corporation included in this category are cash and cash equivalents, and current and long-term accounts receivables.
- **Fair value through other comprehensive income (FVOCI):** assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets of the Corporation included in this category are equity investments.
- **FVTPL:** assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through earnings. Financial assets of the Corporation included in this category are derivative instruments.

The financial liabilities of the Corporation are classified either as amortized cost or at FVTPL. Financial liabilities of the Corporation included under amortized cost are accounts payable, current and long-term debt and other current and other long-term liabilities. Financial liabilities of the Corporation included under FVTPL are derivative instruments.

Other financial liabilities include accounts payable and accrued liabilities, long-term debt, other current liabilities and other long-term liabilities. Financial instruments in this category are initially recorded at fair value, net of any transaction costs incurred, and subsequently carried at amortized cost using the effective interest method.

Derivatives and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 9. Movements in the hedging reserve in shareholder's equity are shown in Note 22. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

Cash flow hedges

The Corporation utilizes forward and swap contracts as hedging instruments to manage the commodity price risk associated with its highly probable commodity sales and purchases. At the inception of the hedging transaction, the Corporation documents the economic relationship between hedging instruments and hedged items, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

Sources of hedge ineffectiveness can occur as a result of credit risk, change in hedge ratio, and forecast adjustments leading to over-hedging. If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument, or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in earnings at the time of the hedge relationship rebalancing.

The Corporation can only discontinue hedge accounting prospectively if there is no longer an economic relationship between the hedged item and hedging instrument, the risk management objective changes, the derivative no longer is designated as a hedging instrument, or the underlying hedged item is derecognized. If the Corporation discontinues hedge accounting, the cumulative gain or loss in accumulated other comprehensive income (AOCI) is transferred to earnings at the same time as the hedged item affects earnings. The amount in AOCI is immediately transferred to earnings if the hedged item is derecognized or it is probable that a forecast transaction will not occur in the originally specified time frame.

Estimation Uncertainty

In estimating the fair value of financial assets or liabilities, the Corporation uses market-observable data when available. When observable data is not available, the Corporation determines fair value using inputs other than quoted prices observable for the asset or liability, or valuation techniques with inputs based on historical data.

Presentation

Financial assets and liabilities are not offset unless they are with a counterparty for which the Corporation has a legally enforceable right to settle the financial instruments on a net basis and the Corporation intends to settle on a net basis.

Impairment of Financial Assets

The impairment provisions for accounts receivable disclosed in Note 9(b) are based on assumptions on expected loss rates. The Corporation uses judgment in making these assumptions and selecting the inputs to the impairment calculation based on history, existing market conditions, as well as forward looking estimates at the end of each reporting period.

Estimation Uncertainty

Estimates are made to set up the impairment provision for accounts receivable, which reflects the amount of accounts receivable that are ultimately expected to be non-collectible based on expected credit losses.

Hedges

In conducting its business, the Corporation uses derivatives and other financial instruments, including swaps, futures, options and forwards to manage its exposure to certain market risks. When documentation and effectiveness requirements are met at inception, these derivatives and financial instruments are designated as hedging instruments for accounting purposes. Hedge effectiveness is measured with reference to the risk management objective and strategy for the hedged item and is evaluated on an ongoing basis.

Cash flow hedges are used to manage the variability of cash flows resulting from the purchase and sale of electricity, natural gas and foreign exchange exposure.

For cash flow hedges, changes in the fair value of the effective portion of the derivative designated in a hedging relationship are accumulated in OCI and recognized in earnings during the periods when the cash flows of the hedged item are realized. Gains and losses on cash flow hedges are reclassified immediately to earnings when a hedged anticipated transaction is no longer probable.

Where the hedged item continues to be probable of occurring but is no longer highly probable of occurring, the hedging relationship terminates. The accumulated amount in other comprehensive income is retained until the hedged transaction occurs or it is no longer probable of occurring.

For cash flow hedges, effectiveness is measured based on comparing the cumulative change in the fair value of the hedged item with the cumulative change in the fair value of the hedging instrument in absolute terms. If the cumulative change in fair value of the hedging instrument exceeds the cumulative change in fair value of the hedged item, ineffectiveness is recorded in profit or loss for the excess.

Changes in fair value of de-designated or discontinued hedges are recorded in earnings from the date of de-designation or discontinuation. The unrealized changes in fair value recorded prior to de-designation or discontinuation are reclassified from accumulated other comprehensive income to earnings when the relating hedged item is recognized in earnings.

(g) FOREIGN CURRENCY

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the transaction date. Receivables, payables, and other monetary assets and liabilities are translated into the functional currency using the exchange rate at the balance sheet date. The foreign exchange translation gains and losses resulting from the settlement of such transactions, and from the translation at balance sheet date exchange rates are recognized in the statements of earnings, except when deferred in equity as qualifying cash flow hedges.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, and intercompany loans are translated into the reporting currency using the exchange rates at the balance sheet date. The income and expenses of foreign operations are translated into the reporting currency at exchange rates approximating the exchange rates at the transaction date. Foreign currency translation differences are recognized in OCI and are presented as equity.

(h) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash-on-hand balances with banks and investments in money market instruments with original maturities of three months or less from the date of acquisition.

(i) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost less accumulated depreciation and any impairment losses. Costs include contracted services, materials, direct labour, overhead, borrowing costs on qualifying assets and decommissioning costs. Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the items will flow to the Corporation and the costs can be measured reliably. Capital spares and inventory are included within plant, property and equipment. The carrying amount of an asset is derecognized when the asset is retired or replaced. Major overhauls and inspections are capitalized. Repairs and maintenance are charged to the statement of earnings in the period in which they are incurred.

Depreciation of PP&E is recorded on a straight-line basis over the estimated useful life of the asset class at the following rates:

Asset Class	Depreciation Rates		
Transmission, distribution and substation	1.55%	to	10.11%
Generation facilities and equipment	1.44%	to	20.00%
Generation overhauls and inspections	9.09%	to	66.67%
Buildings and site development	1.16%	to	4.55%
Tools, systems and equipment	4.74%	to	25.00%
Vehicles	3.70%	to	8.00%

Construction in progress represents assets that are not yet available for use and therefore not subject to depreciation. Capital spares and inventory are not amortized until they are put into service.

For regulated PP&E, depreciation rates are derived from the estimated service life of the asset group and net salvage percentages. Depreciation rates are established by a depreciation review or study conducted by an independent expert and approved by the Regulatory Commission.

Gains or losses on disposal of PP&E are determined by comparing the proceeds from disposal with the carrying amount of PP&E and are recognized in earnings.

Significant Judgment

Depreciation rates are developed based on useful lives derived from past experience and current facts, taking into account future expected usage and potential for technological obsolescence. Where significant parts of an item of PP&E have different useful lives in relation to the total cost of the item, they are accounted for as separate items of PP&E and are depreciated separately. Depreciation methods, useful lives, and residual values are reviewed annually and adjusted if appropriate.

(j) DEFERRED REVENUE

Under various statutory requirements and agreements with customers and developers, the Corporation receives CIAC in the form of cash contributions. Such contributions are recorded as deferred revenue when funds are received and recognized into revenue over the useful life of the underlying asset to which the contribution related. In addition to CIAC, the Corporation receives fixed capacity charges and warranty deposits on long-term contracts in the form of cash. Such contributions are recorded as deferred revenue when funds are received and recognized into revenue over the term of the underlying contract.

(k) GOVERNMENT GRANTS

Government grants are not recognized until there is reasonable assurance that the Corporation will comply with the conditions attached to them and that the grants will be received. Government grants received for the purchase of certain items of PP&E are deducted from the carrying amount of the related asset. Amounts received related to expense reimbursement reduce the expense in the period in which it is incurred.

(l) CAPITALIZATION OF BORROWING COSTS

Borrowing costs directly attributable to the construction of a qualifying asset are eligible for capitalization. Qualifying assets are assets for which a substantial period of time is required to prepare the asset for its intended use. The Corporation borrows funds to finance its capital construction projects. The borrowing costs are capitalized until construction is completed, at a rate based on the actual costs of debt used to finance the capital construction projects. Capitalized borrowing costs cannot exceed the actual cost incurred to borrow the funds.

(m) INTANGIBLE ASSETS

Intangible assets are recorded at cost and amortization is recorded on a straight-line basis over the estimated useful life of the assets at the following rates:

Asset Class	Depreciation Rates		
Renewable energy certificates	10.00%		
Computer systems	2.81%	to	12.99%
Land easements, rights and lease options	1.73%	to	12.50%

The useful lives of intangible assets are based on past experience, current facts, and formal amortization studies. Intangible assets with indefinite lives including land easements and renewable energy certificates, are not subject to amortization. These assets are assessed annually for impairment or more frequently if events or changes in circumstances indicate that the asset may be impaired.

(n) ASSET IMPAIRMENT

The carrying amount of long-lived assets, intangible assets, and goodwill are reviewed at each reporting date to determine if there is any indication of impairment. For long-lived assets and intangible assets with definite useful lives, the recoverable amounts are estimated when an indicator of impairment exists. For goodwill and intangible assets with indefinite useful lives, or those that are not available for use, the recoverable amount is estimated at least once a year.

Testing for impairment is performed at the CGU level. The recoverable amount of a CGU is the greater of the fair value less costs of disposal and value in use (VIU). The VIU is calculated based on the net present value of cash flow projections incorporating estimates of annual revenues, expenses and capital expenditures to the asset's useful life. These estimates incorporate past experience and the Corporation's current view of future cash flow generated by the CGU. The Corporation gives consideration to externally available information related to future commodity pricing and current economic conditions when developing certain pricing assumptions. The discount rate used reflects market weighted average cost of capital (WACC) using the capital asset pricing model, giving consideration to risks specific to the CGU and risks embedded in the net cash flow projections. Impairment loss is recognized in the statement of earnings if the recoverable amount of a CGU is estimated to be less than its carrying amount.

Impairment losses recognized in prior periods are assessed at each reporting date for indications that the loss has decreased or no longer exists. The impairment loss can be reversed up to the original carrying value of the asset that would have been determined, net of depreciation, had no impairment loss been recognized. A reversal of impairment is recognized immediately in the statements of earnings.

Significant Judgment and Estimation Uncertainty

Impairment indicator assessment and the grouping of CGUs are significant judgments in the process of asset impairment analysis. The determination of CGU recoverable amounts involves significant estimates, including timing of cash flows, expected future prices for inputs and outputs, expected usage of the assets, and appropriate discount rates.

During the year, the Corporation recorded an impairment reversal of \$3.7 million (2019 - \$nil) relating to the definitive agreement to sell District Energy (Note 13). The sale is expected to close in 2021, subject to required approvals.

(o) POST-EMPLOYMENT BENEFITS

The Corporation sponsors pension plans that contain both defined contribution (DC) and defined benefits (DB) provisions.

For DC pension plans, the Corporation's obligations for contributions are recognized as other expenses in the statement of earnings when services are rendered by employees.

For DB pension plans and other post-employment benefits, the level of benefit provided is based on years of service and earnings of the person entitled. The service cost of DB pension and other post-employment benefits earned by employees is actuarially determined using the projected unit credit method prorated on service and management's best estimate of expected health care costs. The related pension liability recognized in the statement of financial position is the present value of the DB and post-retirement benefit obligation at the statement of financial position date less the market value of the plan assets.

Actuarial valuations for defined benefit plans are carried out as prescribed in applicable regional legislation. The discount rate applied in arriving at the present value of the pension liability represents yields on high-quality corporate bonds that have terms to maturity approximating the terms of the related pension liability.

Components of net periodic benefit costs include service cost, net interest on the net liability and re-measurements of the net liability. Service cost is recognized in other expenses in the statement of earnings. Net interest is calculated by applying the discount rate to the net liability at the beginning of the annual period, taking into account projected contributions and benefit payments during the period. The net interest is recognized in interest expense in the statement of earnings. Re-measurement gains and losses, resulting from experience adjustments and changes in assumptions used to measure the accrued benefit obligation, are recognized in full in the period in which they occur through other comprehensive income.

Estimation Uncertainty

Significant assumptions and estimates are used in the accounting for DB pension plans. The Corporation consults with actuarial specialists when setting the key assumptions used to estimate the post-employment benefits and the costs of providing post-retirement benefits. Key assumptions include future return on plan assets, retirement age, mortality rates, discount rates, future health care costs, salary escalation rates and claims experiences.

(p) LEASES

When an arrangement is entered into for the use of items of PP&E, the Corporation evaluates the arrangement to determine whether it contains a lease. The Corporation recognizes an arrangement as a lease when it has the right to direct the use of the asset. The Corporation recognizes right-of-use (ROU) assets and corresponding lease liabilities on the consolidated statements of financial position for lease arrangements with a term of 12 months or longer. Leases of low-value assets are accounted for as an operating lease.

Assets under financing leases are amortized on a straight-line basis over the term of the underlying leases (see Note 16) and are tested for impairment using the same approach as is applied for long-lived assets.

Significant Judgment

Lease liabilities and ROU assets require the use of judgment and estimates, which are applied in determining the term of a lease, appropriate discount rates, whether an arrangement contains a lease, and whether there are any indicators of impairment for ROU assets.

(q) ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations (ARO) are provisions for legal and constructive obligations for decommissioning the Corporation's generation assets and the Corporation's share of jointly-operated generation assets.

The estimated future cash flows of the asset retirement costs are risk adjusted and discounted using a pre-tax, risk-free rate that reflects the time value of money. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and then amortized over its estimated useful life. Changes due to revisions of discount rates, the timing or the amount of the original estimate of the provision are reflected on a prospective basis by adjusting the carrying amount of the related PP&E.

Estimation Uncertainty

Significant assumptions and estimates are used in the accounting of ARO that include the amount and timing of asset retirements, the extent of site remediation required, and related future cash flows, inflation rates, and discount rates.

(r) PROVISIONS AND CONTINGENCIES

A provision is a liability of uncertain timing or amount. Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect of discounting is significant. A pre-tax, risk-free rate is used to discount estimated future risk-adjusted cash outflows. The unwinding of the discount (accretion) is recognized as a finance charge. The Corporation remeasures provisions each reporting period, taking into account changes in the likelihood and timing of future outflows and changes in discount rates.

The Corporation performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts.

Significant Judgment

Judgment is involved to determine the probability of outflow of resources.

(s) REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received and is reduced for rebates and other similar allowances.

Electricity and gas

Contracts with customers within Competitive Energy mainly consist of agreements to provide and deliver supplies of electricity and/or natural gas (the commodity) to customers' specified locations.

Performance obligations

Typical commodity contracts with customers include two performance obligations, which are to provide supplies of the commodity and to arrange for the delivery of these supplies to the customers' specified locations. These performance obligations are considered to be a series of performance obligations satisfied over time as the customers simultaneously consume the commodity and generate benefits upon receipt. The method of recognition of revenue for the commodity is an output method, which is based on volume of commodity delivered to the customers.

For delivery charges collected within the Calgary city limit, ENMAX is the principal for the provision of supplies of the commodity, with these charges reflected as gross revenue on ENMAX's consolidated financial statements. For delivery charges outside the Calgary city limit, ENMAX is an agent in relation to the performance obligation to arrange for delivery of the commodity and therefore the payment and recovery of the flow-through costs are presented on a net basis.

Transaction price

The transaction price for the commodity contract involves consideration from customers that is variable and constrained due to unknown volume of the commodity that will be consumed. Certain commodity contracts may also include a price constraint as the relevant commodity price would be based on the commodity pool price at the time of the consumption. The variable consideration is no longer constrained when the volume and/or price of the commodity consumed by customers become known at each period. The resolved transaction price for the commodity delivered to customers at each billing period will be allocated to the single performance obligation to provide the commodity.

Revenue recognition

The method utilized to recognize revenue for a commodity contract is an output method, which is based on actual volume of commodity distributed each period.

Estimation Uncertainty

By regulation, wire service providers are not required to submit final load settlement data on customer electricity usage until four months after the month in which such electricity was consumed. The Corporation uses processes and systems to estimate electricity revenues and costs, including unbilled consumption. Any changes to electricity revenues and costs arising from these estimation processes will be accounted for as a change in estimate in the period they occur.

Transmission and distribution

Contracts with customers under transmission and distribution operations are ENMAX's agreement to provide transmission and distribution services to end customers through collaboration with electricity retailers. The customer for transmission service is the Alberta Electric System Operator (AESO), while the customers for the distribution service are electricity retailers.

Performance obligation

The transmission contract includes one performance obligation, which is a stand-ready obligation to provide transmission service for the period. This performance obligation is satisfied when the stand-ready obligation to provide transmission service has been performed each month. The distribution contract includes one performance obligation, which is to provide distribution services. This performance obligation is satisfied when the end customer receives electricity. ENMAX's agreement to provide transmission and distribution services to the customer are performance obligations that are satisfied over time as the customer is able to simultaneously consume the electricity transmitted and distributed to the customer's location.

Transaction price

The transaction price for the transmission service involves consideration that is variable and constrained. The variable consideration is no longer constrained when Alberta Utilities Commission (AUC) approves the Cost of Service, which allows the Corporation to recover the cost to build, operate and maintain the transmission lines.

The transaction price for the distribution contract involves consideration that is variable and constrained. The variable consideration is no longer constrained when the actual number of customers serviced during each billing period becomes known.

Revenue recognition

The method utilized to recognize revenue for the transmission contract is an input method, which is based on the passage of time as the stand-ready performance obligation is completed each period. The method utilized to recognize revenue for the distribution contract is an output method, which is based on actual volume of electricity distributed and actual number of customers serviced each period.

Estimation Uncertainty

Estimates are necessary given that the regulatory environment in which the Corporation operates often requires amounts to be recorded at estimated values until finalization and adjustment, pursuant to subsequent regulatory proceedings or decisions.

Contractual services

Contracts with a customer where ENMAX agrees to render services mainly to maintain customers' assets or to develop specific assets.

Performance obligation

The rendering of these contracts includes a performance obligation to either provide maintenance or development of an asset. This obligation is satisfied over time as economic benefits are flowed to the customer from services which enhance existing assets, or through the development of a new asset for which ENMAX has no alternative use.

ENMAX has the right to receive payment for these services performed at the end of each reporting period.

Transaction price

The transaction price for the rendering of a service contract includes consideration from the customer that is fixed.

Certain contracts may also include variable considerations that are constrained, hence are not included in the transaction price. The transaction price for all services rendered to the customer at each billing period will be allocated to the single performance obligation to provide a service to the customer.

Revenue recognition

Both input and output methods are used to recognize revenue for the rendering of service contracts depending on which method more accurately depicts ENMAX's agreement to transfer services to the customer. For contracts where an input method is used, revenue is recognized based on actual labor cost and materials consumed to perform the required service during each billing period. For contracts where an output method is used, the revenue is recognized based on actual services delivered to the customer during each billing period.

(t) EMISSION CREDITS AND ALLOWANCES

The Alberta Technology Innovation and Emissions Reduction (TIER) regulation became effective on January 1, 2020. The TIER regulation meets the federal government's stringency requirements for carbon pollution pricing and has been given equivalency to the federal output-based pricing system.

Purchased emission allowances are recorded on the statement of financial position as part of other assets, at historical cost, and are carried at the lower of weighted average cost and net realizable value.

The Corporation has recorded emissions liabilities on the statement of financial position, as a component of accounts payable and accrued liabilities, using the best estimate of the amount required to settle the obligation in excess of government established emission intensity levels. These amounts are recognized as cost of electricity services provided and charged to the statement of earnings in the period they are levied.

(u) DIVIDENDS

Dividends on common shares are recognized in the Corporation's consolidated financial statements as a reduction of retained earnings in the period in which the dividends are approved by the Board of Directors of the Corporation.

(v) INCOME TAXES

Income tax in Canada is determined on a legal entity basis. Certain legal entities of the Corporation are subject to income tax as determined under the *Income Tax Act* and *Alberta Corporate Tax Act* (collectively to be referred to as "Act"), unless the legal entities are exempt. The exemption generally requires corporations to be wholly owned by a municipality, with all or substantially all income derived from sources within the geographic boundaries of the municipality. Those exempt subsidiaries may instead have to estimate income tax based on the Payment in Lieu of Tax Regulation under the *Electric Utilities Act* ("PILOT"). Payments in satisfaction of PILOT are remitted to the Balancing Pool of Alberta. Any further reference to income tax recognizes the combined obligations under the Act and PILOT.

As a result of the acquisition of Versant Power in the current year, certain legal entities are taxable and subject to U.S. Federal and State of Maine corporate income tax regimes. For U.S. tax purposes, commonly controlled corporations are permitted to file a consolidated tax return.

The Corporation recognizes current and deferred income tax in the profit or loss for the period, except to the extent that it relates to a business combination or other transactions that are directly recognized in equity or other comprehensive income.

Current tax liabilities or assets are measured at the amount expected to be paid to or recovered from the taxation authorities or the Balancing Pool of Alberta for the current and prior periods, using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, using the tax rates that are expected to apply in the period in which the deferred tax asset or liability is expected to be realized or settled, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference may be utilized, with an exception when the deferred tax asset arises from the initial recognition of assets or liabilities in a transaction (other than in a business combination) that affects neither accounting income nor taxable income.

A deferred tax liability is recognized for all taxable temporary differences, unless the deferred tax liability arises from the initial recognition of goodwill, or the initial recognition of other assets or liabilities in a transaction (other than in a business combination) that affects neither accounting income nor taxable income.

The Corporation recognizes deferred tax liabilities for the taxable temporary differences associated with investments in subsidiaries, and interests in joint arrangements, unless the Corporation is able to control the timing of the reversal of the temporary difference and it is probable the temporary difference will not reverse in the foreseeable future. The Corporation recognizes deferred tax assets for the deductible temporary differences arising from investments in subsidiaries, and interests in joint arrangements only under circumstances where the temporary differences are expected to reverse in the foreseeable future and there is sufficient taxable income available against which the temporary differences may be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation and its subsidiaries intend to settle their current tax assets and liabilities on a net basis.

Versant Power accounts for income taxes using the liability method and deferred tax assets and liabilities are determined under the same method as described above. Recoverability of these future tax deductions and credits is assessed by estimating future taxable income from all sources, including the future reversal of existing taxable temporary differences, taxable income in carry back years, available tax planning strategies, and estimated future taxable income. Under MPUC rate-making regulations, for temporary differences associated with MPUC jurisdictional electric plant assets, no State of Maine deferred income tax expense/benefits are recognized, and the tax effects of these temporary differences are flowed through current income tax expense/benefit. The effect of income tax positions is only recognized when it is more likely than not that they will be realized. If management subsequently determines that it is likely that some or all of a deferred income tax asset will not be realized, then a valuation allowance is recorded to report the balance at the amount expected to be realized. Interest and penalties associated with unrecognized tax benefits are classified as interest and non-operating expense, respectively.

Investment tax credits are recorded as a reduction to income tax expense in the current or future periods to the extent that realization of such benefit is more likely than not. Investment tax credits earned on regulated assets are deferred and amortized over the estimated service lives of the related properties.

Significant Judgment and Estimation Uncertainty

The calculation of the Corporation's total income tax expense involves a degree of estimation and judgment, and management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities or the Balancing Pool of Alberta. The calculation includes consideration of whether it is more likely than not for a contingent liability to be recognized in the financial statements.

The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of part or all of that deferred tax asset to be realized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

5. ACCOUNTING PRONOUNCEMENTS

The following standards and interpretations are not yet effective under IFRS and have not been applied in preparing these consolidated financial statements. The Corporation is currently assessing the impact of adopting these standards on its consolidated financial statements.

IAS 1 Presentation of Financial Statements

The amended IAS 1 provides detailed guidance on how an entity should disclose liabilities as either current or non-current, especially in circumstances where an entity has the right to defer settlement of the obligation past the 12-month operating cycle. The amended standard applies to entities with year-ends beginning on or after January 1, 2023 with early adoption, on a retrospective basis.

IFRS 10 Consolidated Financial Statements

The amended IFRS 10 provides guidance on loss of control in a subsidiary and remeasurement of the retained interest in the former subsidiary. The amended standard replaces the requirement to remeasure the retained interest at fair value while restricting the amount of gain or loss that could be recognized on the loss of control. The International Accounting Standards Board (IASB) have not set an implementation date for this amended standard but companies have the option of early adopting this standard on a prospective basis.

IAS 28 Investments in Associates and Joint Ventures

The amended IAS 28 provides guidance on gains and losses arising from both upstream and downstream transactions involving assets that do not constitute a business between the parent and its associate or joint venture. The proposed standard limits the amount of gains and losses that could be recorded on such transactions. The IASB have not set an implementation date for this amended standard but companies have the option of early adopting this standard on a prospective basis.

Regulatory Assets and Regulatory Liabilities

On January 28, 2021 the IASB issued an Exposure Draft on Regulated Assets and Regulated Liabilities which is expected to replace IFRS 14 *Regulatory Deferral Accounts*. The proposed new standard will give stakeholders better information about the financial performance of companies that are subject to rate regulation. This will possibly have an impact on ENMAX Power Delivery and Versant Power segments. The IASB have not set an implementation date for this new standard and comments on the exposure draft are due by June 30, 2021.

6. ACQUISITION

On March 24, 2020, the Corporation acquired all the outstanding shares of BHE Holdings Inc., the parent company of Versant Power (formerly Emera Maine). On May 11, 2020, the Corporation changed the name of Emera Maine to Versant Power. Versant Power is a public utility based in Bangor, Maine USA that is engaged in the transmission and distribution of electricity. Versant Power serves an area of 27,000 square kilometers (10,400 square miles) throughout six counties across the state of Maine.

The aggregate purchase price was \$1,392.6 million (\$961.6 million USD) on closing, in addition to the assumption of approximately \$566.5 million (\$391.2 million USD) debt. The Corporation funded this transaction through a combination of cash, a two-year bank loan and issuance of private debentures.

The transaction constitutes a business acquisition and accordingly has been accounted for using the acquisition method of accounting. The excess of the purchase price over estimated fair values of net assets acquired has been recognized as goodwill. The goodwill reflects the amount paid for access to regulated assets, net income and future cash flows, opportunities for adjacency growth, and an improved earnings risk profile.

The majority of Versant Power's operations are subject to the rate-setting authority of the MPUC and FERC. Except for unregulated long-term debt acquired, construction work in progress, and investments in corporate joint ventures, the fair value of assets and liabilities, subject to these rate-setting provisions, approximate their regulatory carrying values. This is because a market participant would not expect to recover any more or less than the net regulated carrying value. Accordingly, assets acquired and liabilities assumed do not reflect any adjustments related to these amounts.

The following table summarizes the allocation of the purchase consideration to the net assets acquired based on their fair values, using the March 24, 2020 exchange rate of \$1.00 USD = \$1.4482 CAD.

(millions of Canadian dollars)

Purchase Consideration	1,392.6
Fair value assigned to net assets:	
Current assets	59.5
Regulatory assets and deferred charges	157.5
Net investment in utility plant	1,306.9
Construction work in progress	50.3
Intangible assets	94.0
Investments in corporate joint ventures and other investments ⁽¹⁾	175.3
Current liabilities	(47.0)
Assumed long-term debt (including current portion)	(566.5)
Net deferred income taxes	(265.6)
Other regulatory liabilities	(176.2)
Accrued pension and postretirement benefit costs	(80.1)
Other regulatory and other long-term liabilities	(8.1)
Fair value of net assets acquired	700.0
Goodwill on acquisition	692.6
Foreign exchange translation	(82.3)
Goodwill as at December 31, 2020	610.3

⁽¹⁾ Includes Maine Electric Power Company (MEPCo) as a corporation jointly owned by Central Maine Power and Versant Power that owns a 293-kilometer (182-mile) transmission line from Wiscasset, Maine to the New Brunswick border. Versant Power owns 21.7 per cent of the common stock of MEPCo and has one representative on MEPCo's Board.

Certain assets and liabilities have been measured on a provisional basis. If new information is obtained within one year from the date of acquisition about facts and circumstances that existed at the date of acquisition, adjustments to the above amounts or additional provisions may result in a revision to the accounting for the acquisition.

Trade and other receivables included in current assets comprised gross contractual amounts due of \$58.4 million, of which \$2.6 million was determined to be uncollectible at the date of acquisition.

Goodwill is subject to an annual assessment for impairment at the reporting unit level.

During the year ended December 31, 2020, the Corporation recorded \$36.0 million (December 31, 2019 - \$35.1 million) in Versant Power acquisition related costs, of which \$8.5 million (December 31, 2019 - \$13.6 million) are related to net finance charges. Among the acquisition related costs there are \$15.6 million (December 31, 2019 – \$nil) in one-time stipulated costs, of which \$1.1 million are related to finance charges.

7. RESTRICTED CASH

As at December 31, 2020, the Corporation had \$11.8 million of restricted cash (December 31, 2019 - \$1,040.1 million). This consists of \$4.4 million (December 31, 2019 - \$19.6 million) relating to margin posted with a financial institution, \$3.4 million (December 31, 2019 – \$nil) in deposits with a financial institution to meet certain financial assurance obligations, \$1.3 million (December 31, 2019 - \$nil) designated to be paid to the Balancing Pool and the Government of Alberta relating to the utility deferral program, \$2.7 million (December 31, 2019 - \$nil) related to funds held in escrow for assets held for sale (see Note 13), and \$nil (December 31, 2019 - \$1,020.5 million) related to funds held in escrow for the Versant Power acquisition (see Note 6).

8. SEGMENT INFORMATION

The Corporation has four main business segments representing separately managed business units, each of which offers different products and services.

POWER DELIVERY

Power Delivery is an operating segment established to own and operate regulated electricity transmission and distribution assets in the Calgary service area through various legal entities and affiliated companies. Power Delivery's objective is to safely and efficiently operate and maintain the high reliability of its transmission and distribution system while meeting Calgary's power delivery infrastructure needs.

VERSANT POWER

Versant Power is an operating segment that carries on the business of regulated electricity transmission and distribution in the Bangor Hydro District and Maine Public District. The segment operates in the Maine counties of Penobscot, Hancock, Washington, Waldo, Piscataquis and Aroostook. All of the Corporation's operations conducted in the USA are included in this segment.

COMPETITIVE ENERGY

Competitive Energy is an operating segment established to carry out competitive energy supply and retail functions and the Calgary Regulated Rate Option (RRO) retail function through various legal entities and affiliated companies. Competitive Energy is an integrated business providing customers with electricity, natural gas, distributed energy resource solutions, as well as engineering, procurement and construction services. The competitive retail business provides customers with fixed-price electricity linked to wind and gas-fueled generation assets, and provides opportunities to offer additional energy services, such as solar installations and thermal energy. Competitive Energy also delivers project execution for customer infrastructure in areas such as power infrastructure, light rail transit, and commercial and residential development.

CORPORATE AND ELIMINATIONS

Corporate and Eliminations is responsible for providing shared services and financing for Competitive Energy and Power Delivery.

SEGMENTED TOTAL ASSETS AND REGULATORY DEFERRAL ACCOUNT BALANCES

<i>As at</i> <i>(millions of Canadian dollars)</i>	December 31, 2020	December 31, 2019
Power Delivery	2,953.8	2,802.3
Versant Power	2,180.2	-
Competitive Energy ⁽¹⁾	2,737.4	2,791.2
Corporate and eliminations	126.3	1,150.6
Total assets	7,997.7	6,744.1
Regulatory deferral account debit balances	189.4	31.2
Total assets and regulatory deferral account debit balances	8,187.1	6,775.3

⁽¹⁾ Includes \$38.4 million in asset classified as held for sale (see Note 13).

COMPARATIVE SEGMENT INFORMATION

Segment information reflects the presentation regularly reviewed by the chief operating decision maker, who uses adjusted operating profit as the basis for making decisions around asset allocation or assessing performance. Adjusted operating profit accounts for items such as unrealized gains and losses on commodities, foreign exchange, and Versant Power acquisition related costs, which are reflected in the column “Adjusted Consolidated Totals” below.

Segment information as at December 31, 2019 has been reclassified to conform with the current year’s presentation. The presentation change had no impact on reported consolidated net earnings.

Year Ended December 31, 2020 (millions of Canadian dollars)	Power Delivery	Versant Power	Competitive Energy	Corporate and Eliminations	Adjusted Consolidated Totals	Regulatory Deferral Movement	Other Presentation Reclass	Consolidated Totals
REVENUE								
Transmission and distribution	717.2	212.4	-	-	929.6	10.7	-	940.3
Electricity	-	-	1,228.2	(122.9)	1,105.3	0.1	-	1,105.4
Natural gas	-	-	283.1	(0.2)	282.9	-	-	282.9
Local access fees	132.2	-	-	-	132.2	-	-	132.2
Other revenue	34.5	7.1	152.5	(4.9)	189.2	(23.8)	-	165.4
TOTAL REVENUE	883.9	219.5	1,663.8	(128.0)	2,639.2	(13.0)	-	2,626.2
OPERATING EXPENSES								
Transmission and distribution	368.2	46.3	-	-	414.5	14.0	-	428.5
Electricity and fuel purchases	-	-	875.0	(121.7)	753.3	0.2	(21.7)	731.8
Natural gas and delivery	-	-	223.1	0.2	223.3	-	-	223.3
Local access fees	132.2	-	-	-	132.2	-	-	132.2
Depreciation and amortization	129.7	39.6	132.8	(3.9)	298.2	(0.6)	-	297.6
Impairment (reversal) ⁽¹⁾	-	-	-	-	-	-	(0.4)	(0.4)
Other expenses	130.9	71.8	349.3	(5.1)	546.9	(16.1)	(101.3)	429.5
TOTAL OPERATING EXPENSES	761.0	157.7	1,580.2	(130.5)	2,368.4	(2.5)	(123.4)	2,242.5
OPERATING PROFIT	122.9	61.8	83.6	2.5	270.8	(10.5)	123.4	383.7
Unrealized (gain) on commodities	-	-	-	-	(47.3)	-	47.3	-
Foreign exchange (gain)	-	-	-	-	(128.8)	-	128.8	-
Versant Power acquisition costs ⁽²⁾	-	-	-	-	27.5	-	(27.5)	-
Impairment (reversal) ⁽¹⁾	-	-	-	-	(0.4)	-	0.4	-
Historical line loss provisions ⁽³⁾	-	-	-	-	25.6	-	(25.6)	-
Finance charges ⁽⁴⁾	-	-	-	-	134.2	-	-	134.2
NET EARNINGS BEFORE TAX	-	-	-	-	260.0	(10.5)	-	249.5
Current income tax (recovery)	-	-	-	-	(8.9)	-	-	(8.9)
Deferred income tax (recovery)	-	-	-	-	(19.2)	-	-	(19.2)
NET EARNINGS BEFORE NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES	-	-	-	-	288.1	(10.5)	-	277.6
NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES	-	-	-	-	-	10.5	-	10.5
NET EARNINGS	-	-	-	-	288.1	-	-	288.1

⁽¹⁾ During the year ended December 31, 2020, Competitive Energy segment recognized an impairment reversal of \$3.7 million associated with assets and liabilities held for sale (see Note 13), partially offset by impairment losses of \$3.3 million associated with certain property, plant and equipment.

⁽²⁾ During the year ended December 31, 2020, ENMAX recognized other expenses related to the acquisition of Versant Power (see Note 6) of \$27.5 million, of which \$14.5 million are stipulated costs.

⁽³⁾ During the year ended December 31, 2020, ENMAX recognized operating expenses related to historical line loss provisions of \$25.6 million (see Note 31).

⁽⁴⁾ During the year ended December 31, 2020, ENMAX recognized net finance charges related to the acquisition of Versant Power (see Note 6) of \$8.5 million, of which \$1.1 million are stipulated costs, and \$7.4 million in net financing charges related to historical line loss provisions (see Note 31).

Year Ended December 31, 2019 (millions of Canadian dollars)	Power Delivery	Versant Power	Competitive Energy	Corporate and Eliminations	Adjusted Consolidated Totals	Regulatory Deferral Movement	Other Presentation Reclass	Consolidated Totals
REVENUE								
Transmission and distribution	734.0	-	-	-	734.0	10.0	-	744.0
Electricity	-	-	1,387.3	(132.4)	1,254.9	(0.1)	-	1,254.8
Natural gas	-	-	199.8	(0.2)	199.6	-	-	199.6
Local access fees	142.4	-	-	-	142.4	-	-	142.4
Other revenue	35.9	-	191.6	(5.5)	222.0	(37.9)	-	184.1
TOTAL REVENUE	912.3	-	1,778.7	(138.1)	2,552.9	(28.0)	-	2,524.9
OPERATING EXPENSES								
Transmission and distribution	401.6	-	-	-	401.6	(34.0)	-	367.6
Electricity and fuel purchases	-	-	1,047.1	(132.0)	915.1	-	(106.7)	808.4
Natural gas and delivery	-	-	140.9	0.2	141.1	-	-	141.1
Local access fees	142.4	-	-	-	142.4	-	-	142.4
Depreciation and amortization	120.1	-	127.3	(4.0)	243.4	(1.6)	-	241.8
Impairment ⁽¹⁾	-	-	-	-	-	-	1.1	1.1
Other expenses	130.2	-	376.8	(6.0)	501.0	(39.7)	43.3	504.6
TOTAL OPERATING EXPENSES	794.3	-	1,692.1	(141.8)	2,344.6	(75.3)	(62.3)	2,207.0
OPERATING PROFIT	118.0	-	86.6	3.7	208.3	47.3	62.3	317.9
Unrealized (gain) on commodities	-	-	-	-	(106.7)	-	106.7	-
Foreign exchange loss	-	-	-	-	21.8	-	(21.8)	-
Versant Power acquisition costs ⁽²⁾	-	-	-	-	21.5	-	(21.5)	-
Impairment ⁽¹⁾	-	-	-	-	1.1	-	(1.1)	-
Finance charges	-	-	-	-	80.6	-	-	80.6
NET EARNINGS BEFORE TAX					190.0	47.3	-	237.3
Current income tax expense	-	-	-	-	30.2	-	-	30.2
Deferred income tax expense	-	-	-	-	3.6	-	-	3.6
NET EARNINGS BEFORE NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES					156.2	47.3	-	203.5
NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES					-	(47.3)	-	(47.3)
NET EARNINGS					156.2	-	-	156.2

⁽¹⁾ During the year ended December 31, 2019, the ENMAX Competitive Energy segment recognized an impairment loss of \$1.1 million associated with certain property, plant and equipment.

⁽²⁾ During the year ended December 31, 2019, ENMAX recognized other expenses related to the acquisition of Versant Power (see Note 6) of \$21.5 million.

REVENUE

Types of Customers and Sales Channel	Nature and significant payment terms
Transmission	ENMAX receives revenue from AESO specifically for the use of its transmission grid system.
Distribution	ENMAX receives revenue from electricity retailers specifically for the use of its electricity distribution system to deliver electricity to customers.
U.S. Operations	Through the acquisition of Versant Power, as at March 24, 2020, ENMAX began to receive revenues from residential, commercial, and industrial customers for use of its transmission and distribution grid system. Transmission rates are set by the FERC, while distribution rates are set by the MPUC.
Mass market	Mass Market is comprised of residential and small business customers who consume less than 250,000 kWh/year. These customers can be supplied electricity through competitive contracts, the Regulated Rate Option or default supplier rate which fluctuates monthly. Natural gas is always supplied under a competitive contract.
Commercial market	Commercial Market is business to business competitive contracting for electricity and/or natural gas. A small number of commercial customers who do not negotiate a contract are supplied electricity on a default supplier rate which fluctuates monthly.
City of Calgary local access fees	ENMAX receives revenue from electricity end users that is remitted to The City in lieu of property taxes.
Government and institutional	ENMAX receives revenue from governments and municipalities (counties, cities and towns), entities backed by the government, universities, colleges and school boards.
Non-government and non-institutional	ENMAX receives revenue from individual consumers to large corporations who in turn receive credit and terms based on their respective products and their credit history.

REVENUE – MAJOR CUSTOMERS AND SALES CHANNELS

<i>(millions of Canadian dollars)</i>										
	Transmission	Distribution	U.S. Operations	Mass Market	Commercial Market	City of Calgary Local Access Fees	Government and Institutional	Government and Non-Institutional	Non-Government and Non-Institutional	Total
Year Ended December 31, 2020										
Transmission & distribution	101.6	626.3	212.4	-	-	-	-	-	-	940.3
Electricity										
Competitive Energy	-	-	-	285.3	741.0	-	-	-	-	1,026.3
Regulated	-	-	-	55.2	23.9	-	-	-	-	79.1
Natural gas	-	-	-	207.0	75.9	-	-	-	-	282.9
Local access fees	-	-	-	-	-	132.2	-	-	-	132.2
Contractual services	-	-	-	-	-	-	42.6	85.7	-	128.3
Other revenue & CIAC	-	-	7.1	-	-	-	-	-	30.0	37.1
TOTAL REVENUE	101.6	626.3	219.5	547.5	840.8	132.2	42.6	115.7	2,626.2	

<i>(millions of Canadian dollars)</i>										
	Transmission	Distribution	U.S. Operations	Mass Market	Commercial Market	City of Calgary Local Access Fees	Government and Institutional	Government and Non-Institutional	Non-Government and Non-Institutional	Total
Year Ended December 31, 2019										
Transmission & distribution	89.9	654.1	-	-	-	-	-	-	-	744.0
Electricity										
Competitive Energy	-	-	-	225.9	888.4	-	-	-	-	1,114.3
Regulated	-	-	-	111.5	29.0	-	-	-	-	140.5
Natural gas	-	-	-	148.7	50.9	-	-	-	-	199.6
Local access fees	-	-	-	-	-	142.4	-	-	-	142.4
Contractual services	-	-	-	-	-	-	54.6	91.6	-	146.2
Other revenue & CIAC	-	-	-	-	-	-	-	-	37.9	37.9
TOTAL REVENUE	89.9	654.1	-	486.1	968.3	142.4	54.6	129.5	2,524.9	

9. FINANCIAL INSTRUMENTS, HEDGES AND RISK MANAGEMENT MARKET RISK

MARKET RISK

The Corporation manages its exposure to market risk (interest rate risk, foreign currency exchange risk, commodity price risk and equity price risk) on a portfolio basis. This includes managing its positions arising from interests in generation facilities, liability positions arising from its commitments to customers, and transacting positions arising from its hedging activities.

The sensitivities provided in each of the following risk discussions disclose how earnings and OCI would have been affected by changes in relevant risk variables that were reasonably possible at the reporting date. These sensitivities are based on financial instruments carried at fair value, which include derivative contracts. The impact of a change in one factor may be compounded or offset by changes in other factors. Those sensitivities do not consider tax nor the impact of any interrelationship among the factors such as the underlying position and the optionality of the Corporation's integrated business. Generation capacity or future sales to customers are not mark-to-market, which creates an earnings mismatch. The sensitivities are hypothetical and should not be considered to be indicative of actual future results.

Certain assumptions have been made in arriving at the sensitivity analysis. These assumptions are as follows:

- The same fair value methodologies have been used as were used to obtain actual fair values in the fair values section of this note.
- Changes in the fair value of derivative instruments that are effective cash flow hedges are recorded in OCI.
- Changes in the fair value of derivative instruments that are not designated as hedges, that are fair value hedges or that are ineffective cash flow hedges are recorded in earnings.
- Foreign currency balances, principal and notional amounts are based on amounts as at December 31, 2020 and 2019.

COMMODITY PRICE RISK

The Corporation uses electricity and gas forward contracts to manage its exposure to certain market risks. Forward prices of natural gas and electricity fluctuations impact the fair value of these commodity derivatives. As at December 31, 2020, holding all other variables constant, an unrealized mark-to-market adjustment on outstanding gas forward contracts related to a 10 per cent increase or decrease in the forward price of natural gas would increase or decrease earnings by \$67.9 million, respectively (2019 - \$59.5 million) and result in no change in OCI (2019 - \$nil). As at December 31, 2020, holding all other variables constant, an unrealized mark-to-market adjustment on outstanding electricity forward contracts related to a 10 per cent increase or decrease in the forward price of electricity would increase or decrease earnings by \$14.1 million, respectively (2019 - \$0.5 million) and increase or decrease OCI by \$nil (2019 - \$15.5 million). These gas and electricity forward contracts extend out to 2025, respectively.

FOREIGN EXCHANGE AND INTEREST RATE RISK

Foreign exchange and interest rate risks are created by fluctuations in the fair values or cash flows of financial instruments due to changes in foreign exchange rates and/or changes in the market interest rates.

The Corporation is not exposed to significant interest rate risk and volatility as a result of the issuance of fixed-rate long-term debt. The fair value of the Corporation's long-term debt changes as interest rates change, assuming all other variables remain constant.

Changes in the value of the Canadian dollar relative to the U.S. dollar could impact the Canadian dollar cost of natural gas, which affects the input cost of the Corporation's natural gas-fuelled generation capacity, as well as the cost to the Corporation of offering fixed price gas contracts to customers. The foreign exchange impact on these gas purchases is offset, when possible, by foreign exchange contracts. Foreign exchange exposure resulting from procurement contracts has also been mitigated by foreign exchange contracts. The Corporation also has exposure to the U.S. dollar as a result of U.S. operations and investments, the net earnings from those operations and the acquisition of equipment and services from foreign suppliers.

As at December 31, 2020, a 10 per cent strengthening or weakening in the Canadian dollar in relation to the U.S. dollar, holding all other variables constant, would increase or decrease earnings by \$55.5 million (2019 – \$122.6 million).

CREDIT RISK

The Corporation is exposed to credit risk primarily through its wholesale and retail energy sales business. Credit risk is the loss that may result from counterparties' non-performance. The Corporation evaluates the credit risk of wholesale and retail competitive supply activities separately as discussed below. The Corporation's maximum financial statement exposure to credit risk is the carrying value of the financial assets, as set out in the table below. This maximum exposure does not necessarily reflect losses expected by management nor does it necessarily reflect losses experienced in the past.

FINANCIAL ASSETS

<i>As at</i> <i>(millions of Canadian dollars)</i>	December 31, 2020	December 31, 2019
Cash and cash equivalents (a)	39.7	1,079.9
Accounts receivable (b)	735.6	689.4
Current portion of financial assets (c)	100.0	95.3
Financial assets (c)	44.3	35.7
Long-term accounts receivable (b)	32.4	18.0

(a) Cash and Cash Equivalents

Credit risk associated with cash and cash equivalents is minimized by ensuring these financial assets are placed with governments, well-capitalized financial institutions, and other credit-worthy counterparties. Continuous reviews are performed to evaluate changes in the credit quality of counterparties.

(b) Current and Long-Term Accounts Receivable

The majority of the Corporation's accounts receivable are exposed to credit risk. Exposure to credit risk occurs through competitive electricity and natural gas supply activities that serve residential, commercial and industrial customers. The risk represents the loss that may occur due to the non-payment of a customer's accounts receivable balance, as well as the loss that may be incurred from the resale of energy previously allocated to serve the customer. Given the high degree of volatility due to changes in economic conditions as well as the impact of the COVID-19 pandemic, the estimates and judgements made by management are subject to a higher degree of estimation uncertainty compared to previous years.

Charges to earnings as a result of credit losses for the Corporation for the year ended December 31, 2020 totalled \$16.4 million (2019 - \$16.7 million). Management monitors credit risk exposure and has implemented measures to mitigate losses. In specific situations, this includes, but is not limited to, a reduction of credit limits, requests for additional collateral or restrictions on new transaction terms.

During the year, the Government of Alberta introduced legislation to provide qualifying customers the option of deferring payment of utility bills for a three-month period. During this time, utilities could not disconnect customers for non-payment. The Government of Alberta and the Balancing Pool have made funds available to ENMAX and other utility providers to reduce the cash flow impact of deferred customer payments. Funds collected from customers in the deferral program must be remitted to the Balancing Pool. ENMAX continues to monitor further pronouncements from governments and regulators and will make adjustments as required.

AGING ANALYSIS OF TRADE RECEIVABLES PAST DUE

<i>As at</i> <i>(millions of Canadian dollars)</i>	December 31, 2020	December 31, 2019
1-30 days past due	13.9	17.9
31-60 days past due	5.1	3.6
61 days or more past due	34.8	32.5
Total past due	53.8	54.0

CHANGES IN EXPECTED CREDIT LOSSES (ECL)

<i>As at</i> <i>(millions of Canadian dollars)</i>	December 31, 2020	December 31, 2019
Provision at the beginning of the year	23.9	16.5
Increase to ECL	16.4	16.7
Recoveries	(11.3)	(9.3)
Provision at end of the year	29.0	23.9

The ECL provision is assessed by each business segment considering the unique factors of the business segment's current and long-term receivables. During the year ended December 31, 2020 the Corporation had recognized additional provisions by applying specific risk factors to a combination of industry sectors, aged balances or by reviewing material accounts on a case-by-case basis.

The remainder of the accounts receivable balance outstanding at December 31, 2020 consists of current trade receivables and unbilled revenue accruals. No provision has been recorded due to the minimal credit risk at the statement of financial position date.

(c) Current and Non-Current Financial Assets

The Corporation measures wholesale credit risk as the replacement cost for open energy commodity and derivative transactions (both mark-to-market and accrual), adjusted for amounts owed to or due from counterparties for settled transactions and all other amounts owing but not yet due. The replacement cost of open positions represents unrealized gains, net of any unrealized losses, where the Corporation has a legally enforceable right of offset and intends to settle on a net basis. The Corporation monitors and manages the credit risk of wholesale operations through credit policies and procedures that include an established credit approval process, daily monitoring of counterparty credit limits, and the use of credit mitigation measures such as margin, collateral, letters of credit and/or prepayment arrangements.

Due to the possibility of extreme volatility in the prices of energy commodities and derivatives, the market value of contractual positions with individual counterparties could exceed established credit limits or collateral provided by those counterparties. In such cases, the Corporation would make a margin call for additional collateral. The Corporation deems that the risk of a material loss from a counterparty failing to perform its obligations under its contract is low.

Additionally, if a counterparty were to default and the Corporation were to liquidate all contracts with that entity, the credit loss would include the loss in value of mark-to-market contracts, the amount owed for settled transactions, and unbilled deliveries and additional payments, if any, that would have to be made to settle unrealized losses on accrual contracts. The majority of counterparties enabled for wholesale transactions are rated investment grade (BBB- or higher) by recognized rating agencies.

LIQUIDITY RISK

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity risk is to ensure that it always has sufficient cash and credit facilities to meet its obligations when due.

The following table details the remaining contractual maturities for the Corporation's current and long-term non-derivative financial liabilities, including both the principal and interest cash flows:

CONTRACTUAL MATURITIES OF NON-DERIVATIVE FINANCIAL LIABILITIES

<i>As at</i> <i>(millions of Canadian dollars)</i>	December 31, 2020	December 31, 2019
Less than 1 year (includes accounts payable)	988.2	871.3
1–3 years	931.3	618.7
3–5 years	803.2	476.0
More than 5 years	2,509.4	2,159.8

The following table details the remaining contractual maturities for the Corporation's derivative financial liabilities:

CONTRACTUAL MATURITIES OF DERIVATIVE FINANCIAL LIABILITIES

<i>As at</i> <i>(millions of Canadian dollars)</i>	December 31, 2020	December 31, 2019
Less than 1 year	97.7	114.4
1–3 years	34.8	54.1
3–5 years	11.7	17.9
More than 5 years	(0.1)	1.0

VALUATION OF DERIVATIVE ASSETS AND LIABILITIES

Financial derivative instruments are recorded at fair value on the statement of financial position. As at December 31, 2020, the fair values of derivatives were as follows:

<i>As at</i> <i>(millions of Canadian dollars)</i>	December 31, 2020		December 31, 2019	
	Hedge Instruments	Non-Hedge Derivatives	Hedge Instruments	Non-Hedge Derivatives
Assets				
Current	3.5	96.5	23.8	71.5
Non-current	4.1	40.2	7.7	28.0
Liabilities				
Current	5.1	92.6	12.2	102.2
Non-current	-	46.4	5.2	67.8

For cash flow hedges, gains and losses are reclassified immediately to net earnings when anticipated hedged transactions are no longer likely to occur.

During 2019, the Corporation designated a cash flow hedging relationship to mitigate a proportion of the foreign exchange risk relating to the purchase price of Versant Power, which was denominated in U.S. dollars. On March 24, 2020, the Corporation settled these forward contracts and recognized \$105.2 million in foreign exchange gains.

For non-hedge derivatives, there were unrealized gains of \$68.2 million for the year ended December 31, 2020 (2019 - \$87.1 million gain), primarily recorded in electricity and fuel purchases. The anticipated non-hedge derivatives are expected to settle in 2021 through to 2031. The mark-to-market adjustments do not consider the impact of any interrelationship among the factors such as the underlying position and the optionality of the Corporation's integrated business. Generation capacity or future sales to customers are not mark-to-market, which creates a mismatch in the timing of earnings.

FAIR VALUE

Fair value of financial instruments and derivatives is determined by reference to quoted bid or asking price, as appropriate, in active markets at reporting dates. In the absence of an active market, the Corporation determines fair value by using valuation techniques that refer to observable market data or estimated market prices. Fair values determined using valuation models require the use of assumptions about the amount and timing of estimated future cash flows and discount rates. In making these assumptions, the Corporation gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III), as applicable.

Level Determination and Classifications

The Level I, II and III classifications in the fair value hierarchy used by the Corporation are defined as follows:

Level I

Fair values are determined using inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation has the ability to access. In determining Level I, the Corporation uses quoted prices for identically traded commodities obtained from active exchanges such as the New York Mercantile Exchange and the Natural Gas Exchange.

Level II

Fair values are determined using inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Fair values are determined using inputs including interest rate yield curves, forward market rates, quoted commodity prices or credit spreads that are readily observable and reliable, or for which unobservable inputs are deemed to be insignificant to the fair values.

Commodity contracts' fair values falling within the Level II category are determined through the use of quoted prices in active markets adjusted for factors specific to the asset or liability. Level II fair values include those determined using pricing applications for creating forward pricing curves where the inputs are readily observable, including commodity prices for similar assets or liabilities in active markets.

Level III

The fair values are determined using significant unobservable data or inputs.

In certain circumstances, the Corporation enters into commodity transactions with non-standard features for which market-observable data is not available. In these cases, Level III fair values are determined using valuation techniques with inputs that are based on historical data.

FAIR VALUES OF THE CORPORATION'S DERIVATIVES

As at December 31, 2020 <i>(millions of Canadian dollars)</i>	Quoted Prices in Active Markets	Significant Other Observable Inputs	Significant Unobservable Inputs ⁽¹⁾	TOTAL
	(LEVEL I)	(LEVEL II)	(LEVEL III)	
Financial assets measured at fair value:				
Energy trading forward contracts	107.1	34.7	2.4	144.2
Foreign currency forward contracts	-	0.1	-	0.1
Financial assets total	107.1	34.8	2.4	144.3
Financial liabilities measured at fair value:				
Energy trading forward contracts	(89.1)	(47.5)	(6.1)	(142.7)
Foreign currency forward contracts	-	(1.4)	-	(1.4)
Financial liabilities total	(89.1)	(48.9)	(6.1)	(144.1)
Net derivative assets (liabilities)	18.0	(14.1)	(3.7)	0.2

⁽¹⁾ Market-observable data are not available. Fair values are determined using valuation techniques.

As at December 31, 2019 <i>(millions of Canadian dollars)</i>	Quoted Prices in Active Markets	Significant Other Observable Inputs	Significant Unobservable Inputs ⁽¹⁾	TOTAL
	(LEVEL I)	(LEVEL II)	(LEVEL III)	
Financial assets measured at fair value:				
Energy trading forward contracts	70.3	58.5	2.2	131.0
Financial assets total	70.3	58.5	2.2	131.0
Financial liabilities measured at fair value:				
Energy trading forward contracts	(61.9)	(89.7)	(10.0)	(161.6)
Foreign currency forward contracts	-	(25.8)	-	(25.8)
Financial liabilities total	(61.9)	(115.5)	(10.0)	(187.4)
Net derivative (liabilities) assets	8.4	(57.0)	(7.8)	(56.4)

⁽¹⁾ Market-observable data are not available. Fair values are determined using valuation techniques.

CHANGE IN FAIR VALUE OF LEVEL III RISK MANAGEMENT ASSETS AND LIABILITIES

The following table summarizes the key factors impacting the change in the fair value of the Corporation's Level III net risk management assets and liabilities separately by source of valuation during the year:

<i>(millions of dollars)</i>	Hedges
Net derivative assets as at January 1, 2019	(28.8)
Changes attributable to:	
Commodity price changes	9.3
New contracts entered	0.3
Transfers in/out of Level III	11.4
Net derivative (liabilities) as at December 31, 2019	(7.8)
Changes attributable to ⁽¹⁾ :	
Commodity price changes	1.3
New contracts entered	(0.1)
Transfers in/out of Level III	2.9
Net derivative (liabilities) as at December 31, 2020	(3.7)

⁽¹⁾ Total changes recognized in OCI of \$1.0 million in fair value losses, and in pre-tax earnings of \$5.1 million in fair value gains.

NON-DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

Fair values for cash and cash equivalents, accounts receivable, short-term financing, accounts payable and accrued liabilities are not materially different from their carrying amounts due to their short-term nature.

The Corporation estimated the fair value of its long-term debt based on quoted market prices for the same or similar debt instruments. When such information was not available, future payments of interest and principal were discounted at estimated interest rates for comparable entities.

CARRYING AMOUNTS AND FAIR VALUES OF LONG-TERM DEBT

As at	December 31, 2020		December 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<i>(millions of Canadian dollars)</i>				
Long-term debt ⁽¹⁾ consisting of:				
Debentures, with remaining terms of:				
Less than 5 years	33.4	34.2	44.1	44.7
5–10 years	34.4	38.4	27.6	29.5
10–15 years	308.7	372.2	216.3	247.8
15–20 years	566.4	642.3	575.2	625.4
20–25 years	429.1	459.2	420.2	432.5
General and refunding mortgage bonds ⁽²⁾				
8.98% series	27.4	28.1	-	-
Private debentures				
Series 3 (3.81%)	197.1	219.0	196.4	207.6
Series 4 (3.84%)	294.1	340.3	293.4	310.7
Series 5 (2.92%)	299.2	309.3	298.8	303.4
Series 6 (3.33%)	298.8	325.6	298.5	305.3
Series 7 (3.88%)	248.7	283.8	248.6	256.8
Senior notes ⁽²⁾				
Unsecured note (3.61%)	79.2	81.1	-	-
Unsecured note (4.34%)	131.4	163.8	-	-
Unsecured note (4.36%)	57.7	74.1	-	-
Unsecured note (4.71%)	60.8	78.1	-	-
Unsecured note (3.79%)	62.3	81.0	-	-
Unsecured note (2.80%)	38.3	39.2	-	-
Unsecured note (2.80%)	76.6	78.2	-	-
Non-revolving term facility ⁽³⁾	195.0	195.0	-	-
Promissory note	2.6	2.8	2.9	3.1
Debt instrument ⁽²⁾	0.5	0.5	-	-
	3,441.7	3,846.2	2,622.0	2,766.8

⁽¹⁾ Includes current portion of \$73.6 million (December 31, 2019 – \$73.3 million). Maturity dates range from March 2021 to December 2049.

⁽²⁾ As part of the March 24, 2020 acquisition, the Corporation assumed debt which included:

- \$30.0 million USD of General and Refunding mortgage bonds maturing 2020 with a coupon rate of 10.25 per cent. Repaid on June 15, 2020.
- \$20.0 million USD of General and Refunding mortgage bonds maturing 2022 with a coupon rate of 8.89 per cent.
- \$70.0 million USD of Senior unsecured notes maturing 2022 with a coupon rate of 3.61 per cent.
- \$110.0 million USD of Senior unsecured notes maturing 2044 with a coupon rate of 4.34 per cent.
- \$50.0 million USD of Senior unsecured notes maturing 2047 with a coupon rate of 4.36 per cent.
- \$50.0 million USD of Senior unsecured notes maturing 2048 with a coupon rate of 4.71 per cent.
- \$60.0 million USD of Senior unsecured notes maturing 2049 with a coupon rate of 3.79 per cent.
- Revolving credit facility maturing 2023 with a variable rate. \$nil balance as at December 31, 2020.
- Debt instrument with 7.00 per cent cumulative rate.

⁽³⁾ \$195.0 million non-revolving 2-year term facility with an interest rate of 2.09 per cent as at December 31, 2020.

As at December 31, 2020, ENMAX had \$nil commercial paper (December 31, 2019 - \$53.0 million, fair value of \$53.0 million with an average interest rate of 2.15 per cent) and had drawn \$165.9 million on existing credit facilities with an average rate of 0.47 per cent (December 31, 2019 - \$121.2 million at 2.04 per cent).

Financial Assets and Financial Liabilities Subject to Offsetting

Information about the Corporation's financial assets and liabilities that are subject to enforceable master netting arrangements or similar agreements is as follows:

<i>As at</i>	December 31, 2020		December 31, 2019	
	Accounts Receivable	Accounts Payable and Accrued Liabilities	Accounts Receivable	Accounts Payable and Accrued Liabilities
<i>(millions of Canadian dollars)</i>				
Gross amounts recognized	-	(72.2)	-	(70.3)
Gross amounts set-off	-	36.2	-	32.9
Net amounts as presented in the Consolidated Statement of Financial Position	-	(36.0)	-	(37.4)

10. INCOME TAXES

<i>Year ended December 31,</i> <i>(millions of Canadian dollars)</i>	2020	2019
Current income tax (recovery) expense		
(Recovery) expense for current year	(10.9)	6.5
Adjustment in respect of prior years	1.3	-
Other	0.7	23.7
Total current income tax (recovery) expense	(8.9)	30.2
Deferred income tax (recovery) expense		
Origination and reversal of temporary differences	(19.8)	0.5
Adjustment in respect of prior years	-	(1.2)
Other	0.6	4.3
Total deferred income tax (recovery) expense	(19.2)	3.6
Total income tax (recovery) expense	(28.1)	33.8

THE RECONCILIATION OF STATUTORY AND EFFECTIVE INCOME TAX EXPENSE

<i>Year ended December 31,</i> <i>(millions of Canadian dollars)</i>	2020	2019
Net earnings before tax	249.5	237.3
Income not subject to tax	(363.0)	(230.2)
	(113.5)	7.1
Federal and provincial tax rates	24.0%	26.5%
Expected income tax (recovery) expense	(27.2)	1.9
Non-deductible expense	(2.1)	0.6
Adjustment for deferred tax reversal and other estimate revisions	1.2	31.3
Total income tax (recovery) expense	(28.1)	33.8

The changes in deferred income tax assets and liabilities during the years ended December 31, 2020 and 2019 were as follows:

<i>(millions of Canadian dollars)</i>	January 1, 2020	Business Combination	Recognized In Net Income	Recognized In Other Comprehensive Income	Recognized Directly in Equity	December 31, 2020
Deferred income tax assets						
Property, plant and equipment	(17.1)	-	8.2	-	-	(8.9)
Loss carried forward	24.2	-	3.9	-	-	28.1
Unused capital losses	0.3	-	-	-	-	0.3
Unrealized derivatives	11.5	-	(9.2)	-	-	2.3
Other comprehensive income	(4.9)	-	-	4.7	-	(0.2)
Other	21.9	-	12.9	-	-	34.8
	35.9	-	15.8	4.7	-	56.4
Deferred income tax liabilities						
Property, plant and equipment	46.4	274.1	(0.9)	-	(32.4)	287.2
Loss carried forward	(9.8)	-	(6.1)	-	-	(15.9)
Unrealized derivatives	(0.4)	-	0.4	-	-	-
Business combination	-	42.3	-	-	(7.7)	34.6
Other	(4.6)	(50.8)	(0.3)	-	17.5	(38.2)
	31.6	265.6	(6.9)	-	(22.6)	267.7
Net deferred tax (liabilities) assets	4.3	(265.6)	22.7	4.7	22.6	(211.3)

<i>(millions of Canadian dollars)</i>	January 1, 2019	Business Combination	Recognized In Net Income	Recognized In Other Comprehensive Income	Recognized Directly in Equity	December 31, 2019
Deferred income tax assets						
Property, plant and equipment	(31.7)	-	14.6	-	-	(17.1)
Loss carried forward	42.0	-	(17.8)	-	-	24.2
Unused capital losses	-	-	0.3	-	-	0.3
Unrealized derivatives	41.8	-	(30.3)	-	-	11.5
Other comprehensive income	(2.5)	-	-	(2.4)	-	(4.9)
Other	2.6	-	19.3	-	-	21.9
	52.2	-	(13.9)	(2.4)	-	35.9
Deferred income tax liabilities						
Property, plant and equipment	96.7	-	(50.3)	-	-	46.4
Loss carried forward	(14.1)	-	4.3	-	-	(9.8)
Unrealized derivatives	(0.7)	-	0.3	-	-	(0.4)
Other comprehensive income	(0.1)	-	-	0.1	-	-
Other	(24.5)	-	19.9	-	-	(4.6)
	57.3	-	(25.8)	0.1	-	31.6
Net deferred tax assets (liabilities)	(5.1)	-	11.9	(2.5)	-	4.3

The Corporation has the following tax losses carry-forward and deductible temporary differences for which no deferred tax assets have been recognized:

<i>(millions of Canadian dollars)</i>	2020	2019
Non-capital loss	17.3	15.8
Property, plant and equipment	62.5	62.5
Contingent liabilities	17.5	19.0
	97.3	97.3

The changes in income taxes receivable and income taxes payable during the years ended December 31, 2020 and 2019 were as follows:

<i>(millions of Canadian dollars)</i>	Income Taxes Receivable	Income Taxes Payable	Net Position
January 1, 2019	45.6	(0.1)	45.5
Prior period adjustments	(31.1)	(3.7)	(34.8)
Installment and refunds	0.1	(22.0)	(21.9)
Current year provision	-	(6.4)	(6.4)
Other	(14.2)	14.2	-
December 31, 2019	0.4	(18.0)	(17.6)
Prior period adjustments	(0.3)	-	(0.3)
Instalments and refunds	19.3	-	19.3
Current year provision	10.7	-	10.7
Other	(19.5)	18.0	(1.5)
December 31, 2020	10.6	-	10.6

As at December 31, 2020, the Corporation has non-capital loss carry-forwards that can be used to offset taxes in future years. These non-capital loss carry-forwards expire as follows:

NON-CAPITAL LOSS CARRY FORWARD

<i>(millions of dollars)</i>	2020
2030	0.2
2031	1.3
2032	0.9
2033	1.0
2034	2.9
2035	13.2
2036	16.9
2037	13.9
2038	9.8
2039	33.4
2040	101.5

11. REGULATORY DEFERRAL ACCOUNT BALANCES

NATURE AND ECONOMIC EFFECT OF RATE REGULATION

ENMAX Transmission and ENMAX Distribution (the Divisions) are divisions of ENMAX Power Delivery. The Divisions are regulated operations established to carry out all electrical transmission and distribution service functions. The AUC approves Transmission and Distribution Tariffs (rates and terms and conditions of service) pursuant to Sections 37 and 102 of the *Electric Utilities Act*.

With respect to Distribution, the 2018-2022 Distribution Access Service (DAS) rates are subject to the Performance Based Regulation (PBR) mechanism. In December 2019, the AUC approved 2020 formula-based rates on an interim basis for the period commencing January 1, 2020.

Transmission division rates are set based on an AUC approved revenue requirement and are regulated under a traditional cost-of-service framework. On August 6, 2020, the AUC approved the revenue requirements as filed in the 2018-2020 General Tariff Application.

ENMAX U.S. Operations

ENMAX through its wholly owned subsidiary Versant Power, has distribution and transmission operations in the state of Maine, USA. Versant Power's distribution and stranded cost recoveries are regulated by the MPUC while its transmission operations are regulated by the FERC. Rates for these operations are established in distinct regulatory proceedings. Tax benefits arising from U.S. tax reforms were reflected in distribution and transmission rates effective July 1, 2018, while other components being deferred are to be addressed in future regulatory proceedings.

Versant Power's distribution service operates under a traditional cost of service regulatory structure and distribution rates are set by the MPUC. Versant Power's transmission operations are split between two districts: BHD and MPD. BHD's transmission rates are regulated by the FERC and set annually on June 1, based on a formula that utilizes prior year actual transmission investment and forecasted transmission investment. BHD's bulk transmission assets are managed by ISO-New England (ISO-NE) as part of a region-wide pool of assets. MPD's transmission rates are regulated by the FERC and are set annually on June 1 for wholesale and July 1 for retail customers, based on a formula that utilizes prior year actual transmission investments and expenses.

REGULATORY BALANCES

The timing of recognition of certain regulatory debits, credits, revenues and expenses may differ from what is otherwise expected under IFRS for non-regulated operations. The Corporation has recorded the following regulatory deferral account debit and credit balances:

<i>As at</i> <i>(millions of Canadian dollars)</i>	Accounts Receivable (a)	Un-Eliminated Inter-Company Profit (b)	Other Regulatory Debits (c)	U.S. Operations (e)	Total Regulatory Deferral Account Debit Balances
Regulatory deferral account debit balances					
January 1, 2020	21.0	6.6	3.6	-	31.2
Versant Power balance acquired	-	-	-	157.5	157.5
Balances arising in the period ⁽¹⁾	203.3	5.8	17.8	6.8	233.7
Recovery (reversal) ⁽²⁾	(207.2)	(0.5)	(6.7)	-	(214.4)
Foreign exchange translation	-	-	-	(18.6)	(18.6)
December 31, 2020	17.1	11.9	14.7	145.7	189.4
Expected recovery/reversal period	3 Months	25 Years	15 Months		
January 1, 2019	62.8	10.8	8.4	-	82.0
Balances arising in the period ⁽¹⁾	175.9	(2.6)	6.7	-	180.0
Recovery (reversal) ⁽²⁾	(217.7)	(1.6)	(11.5)	-	(230.8)
December 31, 2019	21.0	6.6	3.6	-	31.2
Expected recovery/reversal period	3 Months	25 Years	12 Months		

⁽¹⁾ "Balances arising in the period" row consists of new additions to regulatory deferral debits and credit balances.

⁽²⁾ "Recovery (reversal)" row consists of amounts collected/refunded through rate riders or transactions reversing existing regulatory balances.

<i>As at</i> <i>(millions of Canadian dollars)</i>	Accounts Payable (a)	Other Regulatory Credits (d)	U.S. Operations (e)	Total Regulatory Deferral Account Credit Balances
Regulatory deferral account credit balances				
January 1, 2020	-	1.5	-	1.5
Versant Power balance acquired	-	-	176.2	176.2
Balances arising in the period ⁽¹⁾	-	4.0	(7.5)	(3.5)
Recovery (reversal) ⁽²⁾	-	(2.0)	-	(2.0)
Foreign exchange translation	-	-	(20.8)	(20.8)
December 31, 2020	-	3.5	147.9	151.4
Expected recovery/reversal period		18 Months		
January 1, 2019	-	5.0	-	5.0
Balances arising in the period ⁽¹⁾	-	1.2	-	1.2
Recovery (reversal) ⁽²⁾	-	(4.7)	-	(4.7)
December 31, 2019	-	1.5	-	1.5
Expected recovery/reversal period		18 Months		

⁽¹⁾ "Balances arising in the period" row consists of new additions to regulatory deferral debits and credit balances.

⁽²⁾ "Recovery (reversal)" row consists of amounts collected/refunded through rate riders or transactions reversing existing regulatory balances.

The following describes each of the circumstances in which rate regulation affects the accounting for a transaction or event. Regulatory deferral account debit balances represent costs incurred in the current period or in prior periods, which are expected to be recovered from customers in future periods through the rate-setting process. Regulatory deferral account credit balances represent future reductions or limitations of increases in revenues associated with amounts that are expected to be returned to customers as a result of the rate-setting process. Any impairment related to regulatory deferral account balances are recorded in the period in which the related regulatory decisions are received.

(a) Accounts receivable and payable

Accounts receivable and payable represent a deferral account for transmission charges from the AESO. In the absence of rate regulation and the standard, IFRS 14 would require that actual costs be recognized as an expense when incurred.

(b) Inter-company profit

A subsidiary of the Corporation performs construction work for the regulated operations of Power Delivery at a profit. Such profit is deemed to be realized to the extent that the transfer price is recognized for rate-making purposes by the regulator and included in the capital cost of distribution assets. In the absence of rate regulation and the standard, IFRS would require that intercompany profits be eliminated upon consolidation.

(c) Other regulatory debits

Other regulatory debits primarily relate to the AUC flow-through items and other costs that will be collected from customers via future rates such as access service charges. The timing of the decision on collection of these items can result in significant fluctuation in balances from year to year.

(d) Other regulatory credits

Other regulatory credits primarily relate to items that will be refunded to customers through future rates.

For certain regulatory items identified above, the expected recovery or settlement period, or likelihood of recovery or settlement, is affected by risks and uncertainties including those inherent in rate-setting regulatory processes. There is a risk that the regulator may disallow a portion of certain costs incurred in the current period for recovery through future rates or disagree with the proposed recovery period.

(e) U.S. Operations

Regulatory assets and liabilities for Versant Power's operations consist of the following:

<i>As at</i> <i>(millions of Canadian dollars)</i>	December 31, 2020
Regulatory assets	
Deferred income tax asset	56.3
Pension and post-retirement medical plan	48.1
Storm reserve	10.0
Stranded cost recovery	3.6
Other	27.7
	145.7
Current	20.2
Long-term	125.5
Total regulatory assets	145.7
Regulatory liabilities	
Deferred income tax liabilities	135.7
FERC transmission liability	6.1
Maine Yankee Department of Energy proceeds	2.4
Stranded cost	-
Other	3.7
	147.9
Current	2.9
Long-term	145.0
Total regulatory liabilities	147.9

Unfunded Deferred Income Tax Asset and Liability

In accordance with IFRS 14, Versant Power is required to flow through to customers benefits/expenses of certain book versus tax timing differences including State of Maine excess tax depreciation, allowance for funds used during construction (AFUDC), and the excess of deferred taxes. Versant Power records the balance sheet impact for the temporary differences flowed through to customers as regulatory assets or liabilities and deferred income tax liabilities.

Pension and post-retirement medical plan

The asset relates to the deferred costs of pension and post-retirement benefits and is included in the rate base and earns a rate of return as permitted by the MPUC. The balance is amortized over the remaining service life of the plan participants.

Storm reserves

In December 2013 and November 2014, Versant Power experienced major storms in its service territory, resulting in over one-third of its customer base experiencing power outages. Due to the severity of the outages and damages to the electrical system, significant resources were utilized to restore service to the affected areas. Total incremental costs related to the 2013 and 2014 storms were \$4.8 million USD and \$4.6 million USD, respectively. For the 2013 storm, the MPUC approved the recovery of the incremental costs incurred, through a rate increase effective July 1, 2014 over 5 years. Of the 2014 storm related costs, \$4.6 million USD is being amortized over 5 years beginning January 2017.

In October 2017, Versant Power experienced a windstorm resulting in power outages to more than half its customer base. The incremental costs incurred in restoring power to its affected customers was \$7.2 million USD of which \$6.1 million USD will be recovered through rate adjustments. Versant Power was permitted to allocate the additional storm costs to capital.

In November 2019 and April 2020, Versant Power experienced three major storms in its service territories, with approximately 61,000 and 87,000 of the Company's customers experiencing power outages at the peak, respectively. Due to the volume of power outages, numerous outside resources were utilized to assist with the restoration of electrical service. Total incremental distribution costs associated with service restoration were \$2.3 million USD and \$4.5 million USD, respectively, and Versant Power recorded these amounts as regulatory assets on its Consolidated Balance Sheets as at December 31, 2020. Given the significance of the storm related costs and the regulatory precedent set for rate recovery with similar events, a filing with the MPUC was made in mid-2020 seeking approval for recovery of these costs. Versant Power expects a resolution to this filing within 2021.

Stranded cost recoveries

Stranded cost recoveries in the State of Maine are set by the MPUC. These recoveries primarily related to the full recovery of net costs associated with purchase power contracts that the utility has been directed to purchase and resell by the MPUC.

Other

Versant Power has various other regulatory assets and liabilities recorded on its consolidated financial statements where Versant Power's regulated rates are designed to recover/return these deferred costs/revenue from/to customers, including a return on unamortized assets.

12. OTHER ASSETS AND LIABILITIES

<i>As at</i> <i>(millions of Canadian dollars)</i>	December 31, 2020	December 31, 2019
Other current assets		
Prepaid expenses	20.7	17.8
Collateral paid	9.7	18.4
Deferred asset	0.5	0.5
Emission offsets	37.2	39.9
Other	3.8	6.7
	71.9	83.3
Other long-term assets		
Prepaid expenses	9.2	6.1
Long-term accounts receivable	32.4	18.0
Deferred asset	6.5	5.5
Equity investments	145.9	-
Other	33.0	14.7
	227.0	44.3
Other current liabilities		
Deposits	41.4	25.0
Other	30.1	7.0
	71.5	32.0
Other long-term liabilities		
Other	16.7	13.1
	16.7	13.1

13. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

On November 6, 2020, the Corporation announced it had entered into a definitive agreement to sell its District Energy facility to a subsidiary of Atlantica Sustainable Infrastructure PLC (Atlantica) for \$27.0 million. ENMAX has classified the assets and liabilities included in this transaction as held for sale as at December 31, 2020. These assets and liabilities are reported in the Competitive Energy segment.

The carrying amount of the facility is expected to be recovered principally through the sale transaction. The facility's assets and liabilities are classified as held for sale and are measured at the lower of carrying value and fair value less cost to sell. Upon reclassification the Corporation recognized \$38.4 million in assets held for sale, \$11.3 million in liabilities held for sale, and \$3.7 million reversal of impairment charges recognized in prior years.

Assets held for sale are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributed to the liabilities of a disposal group classified as held for sale continue to be recognized.

The sale is expected to close in 2021, subject to required approvals.

14. PROPERTY, PLANT AND EQUIPMENT (PP&E)

<i>(millions of Canadian dollars)</i>	Transmission, Distribution and Substation Equipment	Generation Facilities and Equipment	Buildings and Site Development	Tools, Systems and Equipment	Land	Capital Spares and Other	Vehicles	Work in Progress	Government Grants	Total
Cost										
As at January 1, 2019	2,444.5	2,277.5	475.6	87.3	49.3	48.5	41.8	113.7	(20.0)	5,518.2
Additions	-	36.7	17.6	0.1	-	3.4	10.1	390.1	-	458.0
Transfers	196.6	31.8	13.8	11.3	-	-	6.1	(259.6)	-	-
Disposals	(7.1)	(17.9)	(8.3)	(3.3)	-	-	(5.9)	(7.3)	-	(49.8)
Changes to asset retirement costs	-	14.5	-	-	-	-	-	-	-	14.5
Impairment	-	-	-	-	-	-	-	(1.1)	-	(1.1)
As at December 31, 2019	2,634.0	2,342.6	498.7	95.4	49.3	51.9	52.1	235.8	(20.0)	5,939.8
Versant Power acquisition	1,144.7	0.5	56.1	21.5	33.4	10.2	40.5	48.4	-	1,355.3
Additions	73.3	4.6	4.0	6.0	-	(0.5)	14.8	296.4	-	398.6
Transfers	298.5	7.6	69.5	8.3	-	(0.1)	3.9	(387.2)	-	0.5
Assets held for sale	-	(85.8)	(36.9)	(0.1)	-	(0.3)	-	(2.6)	20.0	(105.7)
Disposals	(14.5)	(21.3)	(7.6)	(20.2)	-	-	(7.8)	(5.9)	-	(77.3)
Adjustments	-	-	-	-	-	-	-	(13.8)	-	(13.8)
Changes to asset retirement costs	-	20.4	-	-	-	-	-	-	-	20.4
(Impairment) reversal	-	-	(0.6)	-	-	-	-	(2.6)	-	(3.2)
Foreign exchange translation	(139.4)	(0.1)	(6.4)	(2.6)	(3.9)	(1.2)	(5.0)	(6.2)	-	(164.8)
As at December 31, 2020	3,996.6	2,268.5	576.8	108.3	78.8	60.0	98.5	162.3	-	7,349.8
Accumulated Depreciation										
As at January 1, 2019	(346.2)	(772.8)	(105.1)	(43.3)	-	-	(9.8)	-	12.9	(1,264.3)
Depreciation	(94.5)	(98.6)	(16.0)	(8.1)	-	-	(5.3)	-	0.4	(222.1)
Disposals	13.3	16.7	3.5	3.3	-	-	5.0	-	-	41.8
As at December 31, 2019	(427.4)	(854.7)	(117.6)	(48.1)	-	-	(10.1)	-	13.3	(1,444.6)
Depreciation	(130.1)	(105.1)	(18.7)	(12.4)	-	-	(7.7)	-	0.3	(273.7)
Assets held for sale	-	51.1	28.7	0.1	-	-	-	-	(12.6)	67.3
Disposals	20.7	14.7	7.6	20.2	0.2	-	6.8	-	-	70.2
(Impairment) reversal	-	3.6	0.8	-	-	-	-	-	(0.9)	3.5
Adjustments	-	-	-	(0.1)	-	-	-	-	-	(0.1)
Foreign exchange translation	1.1	-	(0.4)	0.1	-	-	0.1	-	-	0.9
As at December 31, 2020	(535.7)	(890.4)	(99.6)	(40.2)	0.2	-	(10.9)	-	0.1	(1,576.5)
Net book value										
As at December 31, 2019	2,206.6	1,487.9	381.1	47.3	49.3	51.9	42.0	235.8	(6.7)	4,495.2
As at December 31, 2020	3,460.9	1,378.1	477.2	68.1	79.0	60.0	87.6	162.3	0.1	5,773.3

Real property, including land and buildings, with a carrying amount of \$556.2 million as at December 31, 2020 (December 31, 2019 - \$430.4 million), was subject to a right of first refusal to purchase held by The City.

For the year ended December 31, 2020, capitalized borrowing costs amounted to \$11.1 million (2019 - \$8.2 million), with capitalization rates ranging from 3.18 per cent to 4.14 per cent (2019 - 3.15 to 3.91 per cent). Interest is capitalized based on the actual cost of debt used to finance the capital construction projects. Interest rates ranged from 1.90 per cent to 5.02 per cent (2019 - 1.95 to 5.02 per cent).

During the year ended December 31, 2020, ENMAX recognized impairment losses of \$3.4 million (2019 - \$1.1 million) associated with certain property, plant and equipment (prior to the project being completed and included in one of ENMAX's CGU's). ENMAX has recognized an impairment reversal of \$3.7 million associated with assets held for sale (see Note 13) during the year ended December 31, 2020 (2019 - \$nil).

These balances include the Corporations ROU assets, and are further discussed in Note 16.

15. INTANGIBLE ASSETS

<i>(millions of Canadian dollars)</i>	Computer Systems	Renewable Energy Certificates and Water Licenses	Land Easements, Rights and Lease Options	Work in Progress	Total
Cost					
As at January 1, 2019	248.4	12.4	33.9	9.1	303.8
Additions	-	-	-	28.3	28.3
Transfers	18.5	-	-	(18.5)	-
As at December 31, 2019	266.9	12.4	33.9	18.9	332.1
Versant Power acquisition	43.4	-	50.6	2.1	96.1
Additions	4.2	-	0.4	41.6	46.2
Transfers	24.5	-	4.3	(28.7)	0.1
Disposals	(13.6)	-	-	-	(13.6)
Foreign exchange translation	(7.9)	-	(7.0)	(0.7)	(15.6)
As at December 31, 2020	317.5	12.4	82.2	33.2	445.3
Accumulated amortization					
As at January 1, 2019	(106.0)	(12.3)	(7.7)	-	(126.0)
Amortization	(20.1)	-	(1.3)	-	(21.4)
As at December 31, 2019	(126.1)	(12.3)	(9.0)	-	(147.4)
Amortization	(23.4)	-	(1.8)	-	(25.2)
Disposals	13.6	-	-	-	13.6
Foreign exchange translation	2.8	-	1.1	-	3.9
As at December 31, 2020	(133.1)	(12.3)	(9.7)	-	(155.1)
Net book value					
As at December 31, 2019	140.8	0.1	24.9	18.9	184.7
As at December 31, 2020	184.4	0.1	72.5	33.2	290.2

16. LEASES

ENMAX leases several assets categorized as: generation facilities and equipment, buildings and site development, land, tools, systems and equipment and vehicles. The average term remaining on the leases are 3.7 years.

Right-of-use assets

The changes in the net book value for the Corporation's right-of-use assets during the year were as follows:

<i>(millions of Canadian dollars)</i>	Generation Facilities and Equipment	Buildings and Site Development	Land	Tools, Systems and Equipment	Vehicles	Total
Cost						
As at January 1, 2019	5.1	-	-	-	-	5.1
Opening balance adjustment IFRS 16	27.9	13.3	8.8	0.1	7.7	57.8
Net changes	(0.1)	0.1	-	-	1.9	1.9
As at December 31, 2019	32.9	13.4	8.8	0.1	9.6	64.8
Net changes	-	0.4	0.5	0.1	(0.2)	0.8
Assets held for sale	(5.1)	-	-	-	-	(5.1)
As at December 31, 2020	27.8	13.8	9.3	0.2	9.4	60.5
Accumulated Depreciation						
As at January 1, 2019	(1.7)	-	-	-	-	(1.7)
Net changes	(1.2)	(1.2)	(0.3)	(0.1)	(2.6)	(5.4)
As at December 31, 2019	(2.9)	(1.2)	(0.3)	(0.1)	(2.6)	(7.1)
Net changes	(1.2)	(2.0)	(0.2)	(0.1)	(1.8)	(5.3)
Assets held for sale	2.0	-	-	-	-	2.0
As at December 31, 2020	(2.1)	(3.2)	(0.5)	(0.2)	(4.4)	(10.4)
Net Book Value						
As at December 31, 2019	30.0	12.2	8.5	-	7.0	57.7
As at December 31, 2020	25.7	10.6	8.8	-	5.0	50.1

Amounts recognized in profit and loss

<i>(millions of Canadian dollars)</i>	December 31, 2020	December 31, 2019
Depreciation expense	5.3	6.0
Lease expense on short-term leases	0.8	0.3
Interest expense on lease liabilities	2.5	2.4
Amounts expensed in profit and loss	8.6	8.7

Lease payments

The required lease payments at December 31, 2020, are as follows:

<i>(millions of Canadian dollars)</i>	2020
Less than 1 year	7.9
1–5 years	20.1
More than 5 years	50.7

The total cash outflow during the year for leases amounts to \$8.9 million. ENMAX does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored through ENMAX's treasury function.

Generation Facilities and Equipment

ENMAX leases a pipeline to supply the necessary water to one of its generation facilities. The term of this lease is 30 years with fixed payments over the life of the lease.

Buildings and Site Development

ENMAX has entered into building leases to house various operations. As at December 31, 2020 the leases that were capitalized have 3 to 27 years remaining.

Land

Land surrounding several of ENMAX's generating facilities is leased to allow for the installation of substation and water reservoirs. The contracted lengths and terms of payments of the leases vary. As at December 31, 2020 ENMAX expects all land leases to be renewed until the end of the useful life of each respective generating facility.

Tools, Systems and Equipment

ENMAX has entered into a lease for various copiers and printers at its facilities. The lease term is for one year. At adoption, it could not be reasonably determined if this lease would be renewed.

Vehicles

ENMAX leases vehicles that are mainly used by its field services crews for the installation and maintenance of the electrical system. The lease terms of the vehicles vary based on the specific use of the vehicle but are typically for five years.

17. LONG-TERM DEBT

<i>As at</i> <i>(millions of Canadian dollars)</i>	December 31, 2020	Weighted Average Interest Rates	December 31, 2019	Weighted Average Interest Rates
City debentures ⁽¹⁾ with remaining terms of:				
Less than 5 years	33.4	2.38%	44.1	3.19%
5 – 10 years	34.4	3.74%	27.6	3.79%
10 – 15 years	308.7	4.49%	216.3	4.62%
15 – 20 years	566.4	3.35%	575.2	3.63%
20 – 25 years	429.1	2.77%	420.2	2.95%
General and refunding mortgage bonds	27.4	8.98%	-	-
Private debentures ⁽¹⁾	1,337.9	3.52%	1,335.7	3.52%
Senior notes ⁽¹⁾	506.3	3.86%	-	-
Non-revolving term facility	195.0	2.09%		
Promissory note	2.6	5.00%	2.9	5.00%
Debt instrument	0.5	7.00%	-	-
	3,441.7		2,622.0	
Less: current portion	(73.6)		(73.3)	
	3,368.1		2,548.7	

⁽¹⁾ Unsecured debentures. See Note 9 for further detail.

CITY DEBENTURES

Debentures were initially issued by The City on behalf of the CES, pursuant to City bylaw authorizations prior to January 1, 1998. Pursuant to the master agreement between the Corporation and The City, the debentures were included in the assumed liabilities upon transfer of substantially all the assets and liabilities of the CES from The City to the Corporation at January 1, 1998. In accordance with a debt management service level agreement between the Corporation and The City, The City continues to administer the new and existing debentures on behalf of the Corporation. During 2020, the Corporation borrowed an additional \$164.9 million from The City.

In addition to principle and interest payments, the Corporation is required to pay a loan guarantee and administration fee to The City of 0.25 per cent on the average monthly outstanding debenture balance.

GENERAL AND REFUNDING MORTGAGE BONDS

As part of the March 24, 2020 acquisition, the Corporation assumed the general and refunding mortgage bonds. The Corporation had \$27.4 million of mortgage bonds outstanding as at December 31, 2020, maturing in 2022. The bond was initially issued with a 30-year maturity in 1992 and is secured by substantially all of Versant Power's plant and property. The Corporation has not issued additional mortgage debt since 1995, when it issued a 10-year mortgage note that has since matured.

PRIVATE DEBENTURES

On October 15, 2019, ENMAX completed the issuance of Series 5, 6 and 7 unsecured private debentures for a total of \$850.0 million. The Series 5 debentures of \$300.0 million have a 3-year term and bear interest at 2.92 per cent, the Series 6 debentures of \$300.0 million have a 5-year term and bear interest at 3.33 per cent, and the Series 7 debentures of \$250.0 million have a 10-year term and bear interest at 3.88 per cent.

SENIOR NOTES

On July 15, 2020, Versant Power completed the issuance of an unsecured \$30.0 million USD senior note, and on September 15, 2020, Versant Power completed the issuance of an unsecured \$60.0 million USD senior note. Both notes bearing an interest at a rate of 2.8 per cent, payable semi-annually, and maturing on July 15, 2030 and September 15, 2030 respectively.

PROMISSORY NOTE

The promissory note was issued in the fourth quarter of 2006 and represents an amortizing loan from the Board of Trustees of Westwind School Division No. 74, acting as agent for the Wind Participation Consortium (WPC), which is comprised of three school divisions. The 20-year note, in the amount of \$6.3 million with interest at a fixed rate of 5.00 per cent is repayable in monthly instalments. The Corporation provided a fixed charge over two wind turbines located at Taber, Alberta, as security for the loan. Concurrent with execution of the loan, WPC executed a 20-year electricity services agreement with ENMAX Competitive Energy.

PRINCIPAL REPAYMENTS

The required repayments of principal on the long-term debt at December 31, 2020, are as follows:

REQUIRED REPAYMENTS OF PRINCIPAL

As at December 31,

(millions of Canadian dollars)

	2020
Less than 1 year	73.6
1–3 years	736.8
3–5 years	634.6
More than 5 years	1,996.7

SHORT TERM FINANCING

As at December 31, 2020 ENMAX had \$165.9 million (December 31, 2019 - \$174.2 million) of commercial paper and bankers acceptances outstanding. The interest rate averaged 0.47 per cent (2019 – 2.08 per cent); management expects this balance to be repaid within a year.

18. POST-EMPLOYMENT BENEFITS

The Corporation has registered pension plans in Canada and the U.S. that substantially cover all employees and include both Defined Benefit (DB) and Defined Contribution (DC) provisions.

The Canadian DB provisions provide a pension based on years of service and highest average earnings over five consecutive years of employment. DB pension benefits under the registered plan will increase annually by at least 60 per cent of the consumer price index for Alberta.

There are two DB plans in the U.S., one for BHD employees and one for the employees of MPD. The BHD has a non-contributory defined benefit pension plan covering substantially all of the former BHD employees. Effective February 1, 2006, this plan was frozen to all new employees of the BHD. Individuals employed prior to this date continue to accrue benefits in accordance with this plan. Benefits under the plan are generally based on the employee's years of service and compensation during the years preceding retirement. The MPD has a non-contributory defined benefit pension plan covering substantially all of the former MPD employees. Effective January 1, 2006, this plan was frozen to all new employees of the MPD. On December 31, 2006, future salary and service accruals for current participants in the plan ceased. The MPD agreed to additional employer contributions to the Defined Contribution Plan to compensate employees, in part or in full, depending on their number of years of service, for this lost benefit. Benefits under the plan are generally based on the employee's years of service and compensation during the years preceding the freezing of salary and service accruals.

Under the DC provisions in Canada, the Corporation provides a base level of contributions and additional employer contributions are matched based on the participating members' contribution levels and points (age plus service) calculation. In the U.S. the Corporation has adopted a DC plan (under Section 401(k) of the Internal Revenue Code) covering substantially all the Corporation's employees. Participants may elect to defer from 1 to 25 per cent of current compensation and the Corporation contributes such amounts to the plan.

In Canada the Corporation sponsors a supplemental pension plan providing an additional DC or DB pension to members whose benefits are limited by maximum pension rules under the *Canadian Income Tax Act* (ITA). The supplemental pension plan benefits do not automatically increase. In addition, the Corporation provides employees with post-retirement benefits other than pensions, including extended health benefits beyond those provided by government-sponsored plans, life insurance, Health Care Spending accounts and a lump-sum allowance payable at retirement, up to age 65.

In the U.S., the Corporation also has unfunded non-contributory supplemental non-qualified pension plans that provide additional retirement benefits to certain former senior executives of the BHD and MPD. Benefits under these supplemental plans are based on the employee's years of service and compensation level. In addition to pension benefits, the Corporation provides certain health care and life insurance benefits to its retired employees. BHD employees hired prior to February 1, 2006 and MPD employees hired prior to October 1, 2005 are provided post-retirement benefits if they reach normal retirement age while working for the Corporation. Employees hired after these dates are not eligible for these benefits.

Total cash payments for employee future benefits for the year ended December 31, 2020, consisting of cash contributed by the Corporation under the DB and DC provisions of the registered pension plan and cash payments directly to beneficiaries of the Corporation's unfunded other benefit plans, were \$28.2 million (2019 - \$22.4 million).

For the year ended December 31, 2020, the total expense for the DC provisions of the plan is \$12.8 million (2019 - \$10.3 million).

Information about the DB provisions of the plan, including the supplemental pension plan and the post-retirement non-pension benefit plan, is as follows:

	December 31, 2020			December 31, 2019		
	Pension Benefit Plan	Other Benefit Plan	Total	Pension Benefit Plan	Other Benefit Plan	Total
<i>(millions of Canadian dollars)</i>						
Change in defined benefit obligation:						
Balance, beginning of year	398.3	14.6	412.9	336.1	11.6	347.7
Versant Power acquisition	240.7	55.5	296.2	-	-	-
Current service cost	17.7	1.6	19.3	11.2	0.9	12.1
Interest cost	17.3	1.7	19.0	12.2	0.4	12.6
Employee contributions	3.7	-	3.7	3.5	-	3.5
Actuarial losses (gains)	32.2	5.5	37.7	61.0	2.4	63.4
Benefits paid	(29.6)	(2.0)	(31.6)	(25.7)	(0.7)	(26.4)
Foreign exchange translation	(29.8)	(6.8)	(36.6)	-	-	-
Defined benefit obligation, end of year	650.5	70.1	720.6	398.3	14.6	412.9
Change in plan assets:						
Fair value, beginning of year	322.7	-	322.7	296.9	-	296.9
Versant Power acquisition	177.3	6.4	183.7	-	-	-
Interest income	9.6	-	9.6	11.0	-	11.0
Return on plan assets, excluding amounts included in interest expense	74.9	1.6	76.5	25.7	-	25.7
Employer contributions	9.9	1.6	11.5	10.1	-	10.1
Employee contributions	3.7	-	3.7	3.5	-	3.5
Benefits paid	(25.8)	(1.6)	(27.4)	(24.2)	-	(24.2)
Non-investment expenses	(0.6)	-	(0.6)	(0.3)	-	(0.3)
Foreign exchange translation	(24.2)	(0.8)	(25.0)	-	-	-
Plan assets at fair value, end of year	547.5	7.2	554.7	322.7	-	322.7
Funded status-plan deficit						
Accrued benefit (liability)	(103.0)	(62.9)	(165.9)	(75.6)	(14.6)	(90.2)

DEFINED BENEFIT COST – STATEMENT OF EARNINGS

<i>(millions of Canadian dollars)</i>	December 31, 2020			December 31, 2019		
	Pension Benefit Plan	Other Benefit Plan	Total	Pension Benefit Plan	Other Benefit Plan	Total
	Current service costs	17.7	1.6	19.3	11.3	0.8
Net interest on net benefit liability	7.7	1.7	9.4	1.2	0.4	1.6
Admin costs	0.6	-	0.6	0.3	-	0.3
Net benefit plan expense	26.0	3.3	29.3	12.8	1.2	14.0

DEFINED BENEFIT COST – STATEMENT OF COMPREHENSIVE INCOME

<i>(millions of Canadian dollars)</i>	December 31, 2020			December 31, 2019		
	Pension Benefit Plan	Other Benefit Plan	Total	Pension Benefit Plan	Other Benefit Plan	Total
	Return on plan assets (greater) less than discount rate	(7.4)	-	(7.4)	(25.7)	-
Actuarial (gains) losses						
Experience adjustments	(9.0)	(0.5)	(9.5)	10.6	(0.2)	10.4
Changes in assumptions ⁽¹⁾	13.0	1.3	14.3	50.1	2.7	52.8
Re-measurement effects recognized in OCI ⁽²⁾	(3.4)	0.8	(2.6)	35.0	2.5	37.5

⁽¹⁾ See changes in assumptions – Note 18(a).

⁽²⁾ A prior period adjustment for \$0.4 million was recognized in 2019 related to the last actuarial valuation – Note 18(b).

The defined pension benefits plan's assets are comprised as follows:

<i>(millions of Canadian dollars)</i>	December 31, 2020				December 31, 2019			
	Quoted	Un-quoted	Total	In %	Quoted	Un-quoted	Total	In %
Equity securities			324.7	58.5%			214.6	66.5%
Canadian equity funds	109.5	-			142.0	-		
Foreign equity funds	215.2	-			72.6	-		
Fixed-income securities			200.2	36.1%			79.7	24.7%
Canadian fixed-income funds	81.3	-			79.7	-		
Foreign fixed-income funds	118.9	-			-	-		
Canadian real estate investments	-	27.0	27.0	4.9%	-	27.2	27.2	8.4%
Cash and cash equivalents	-	2.8	2.8	0.5%	-	0.9	0.9	0.3%
Non-investment asset	-	-	-	0.0%	-	0.3	0.3	0.1%
Total plan assets	524.9	29.8	554.7	100.0%	294.3	28.4	322.7	100.0%

(a) Assumptions

The ranges of significant weighted-average actuarial assumptions adopted in measuring the Corporation's defined benefit obligations and net benefit plan expense are as follows:

	December 31, 2020		December 31, 2019	
	Pension Benefit Plan	Other Benefit Plan	Pension Benefit Plan	Other Benefit Plan
Defined benefit obligation:				
Discount rate	2.04% - 2.75%	2.25% - 2.37%	3.00%	3.00%
Inflation rate	1.80%	n/a	1.80%	n/a
Rate of compensation increase	2.8% - 3.0%	2.80%	2.80%	2.80%
Health care cost trend rate for next year ⁽¹⁾	n/a	6.50% - 7.75%	n/a	6.50%
Net benefit plan expense:				
Discount rate	3.0% - 3.38	3.0% - 3.36%	3.75%	3.50%
Inflation rate	1.80%	n/a	1.80%	n/a
Rate of compensation increase	2.8% - 3.0%	2.80%	2.80%	2.80%
Health care cost trend rate for next year ⁽²⁾	n/a	7.00% - 8.0%	n/a	7.00%

⁽¹⁾ 2020 Post and pre-65 rates: decreasing gradually to 4.5% by 2034 and remaining at that level thereafter for the U.S. and decreasing gradually to 5.0% in 2026 for Canada (2019 – decreasing gradually to 5.0% in 2026).

⁽²⁾ 2020 Post and pre-65 rates: decreasing gradually to 4.5% by 2034 and remaining at that level thereafter for the U.S. and decreasing gradually to 5.0% in 2026 for Canada (2019 – decreasing gradually to 5.0% in 2026).

For the Canadian plan the per capita cost of covered dental benefits was assumed to increase by 4.5 per cent per year (2019 – 4.5 per cent).

The sensitivity of the defined benefit obligation (DBO) to changes in assumptions is set out below. The effects on each plan of a change in an assumption are weighted proportionately to the total plan obligations to determine the total impact for each assumption presented.

SENSITIVITIES OF ASSUMPTIONS

<i>(millions of Canadian dollars)</i>	December 31, 2020		
	Change in assumption	Increase	Decrease
Impact on Pension Benefit Plan DBO			
Discount rate	1%	(100.1)	112.6
Rate of compensation increase	1%	15.2	(15.0)
Inflation rate	1%	35.8	(32.7)
Life expectancy	1 year	18.2	(18.4)
Impact on Other Benefit Plan DBO			
Discount rate	1%	(7.2)	8.8
Rate of compensation increase	1%	0.8	(0.7)
Health care cost trend rate	1%	7.4	(6.2)
Life expectancy	1 year	1.2	(1.5)

Each sensitivity analysis disclosed in this note is based on changing one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to variations in significant actuarial assumptions, the same method (present value of the DBO calculated with the projected unit credit method at the end of the reporting period) has been applied for calculating the liability recognized in the statement of financial position.

(b) Maturity analysis

An actuarial valuation was performed as of December 31, 2019. The aggregate solvency deficit in the Corporation's funded pension plans amounted to \$3.8 million. The Corporation will make special payments for past service of \$0.6 million annually to fund the defined pension benefits plans' deficit over 10 years. Current agreed service contributions are 9.81 per cent of pensionable salaries and continue to be made in the normal course. Total expected contributions to post-employment benefit plans for the year ending December 31, 2021 (including the past service contributions) are \$12.2 million.

The weighted average duration of the defined benefit obligation for the pension benefit plan and the other benefit plan is from 13.4 years to 18.3 years and 11.5 years to 11.6 years respectively (2019 – 15.2 years and 10.9 years).

Expected maturity analysis of undiscounted pension and other benefit plans:

	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Defined pension benefit plan	28.8	60.3	63.9	170.8	323.8
Other benefit plans	3.9	8.5	8.8	21.6	42.8
At December 31, 2020	32.7	68.8	72.7	192.4	366.6

(c) Risk assessment

Funding risk

The primary risk associated with the DB pension for the plan sponsor is the risk that investment asset growth and contribution rates will not be sufficient to cover pending funding obligations, resulting in unfunded liabilities.

Alberta registered plans are required to file funding valuations on a triennial basis with a few exceptions. If the going concern funded status is less than 85.0 per cent, a plan may be required to file an annual valuation. Based on the 2019 pension valuation, the Canadian DB Provisions are 126.4 per cent funded on a going-concern basis and 98.8 per cent on a solvency basis. The U.S. pension plans have funding ratios between 103.6 per cent and 113.3 per cent. The funding ratio is monitored on an ongoing basis.

Investment risk

The Corporation makes investment decisions for its funded plan based on an asset-liability matching analysis reflecting the results of its aforementioned funding valuations. The Corporation attempts to achieve investment returns in excess of its liabilities by setting an asset-allocation target based on risks and returns. This targeted asset allocation is recorded in ENMAX Pension Plan Statement of Investment Policies and Procedures (SIPP). The plan's asset portfolio is regularly monitored to ensure compliance to the SIPP, as well as its performance as compared to a liability benchmark intended to approximate the growth in the plan's future obligations. Given the likely significant shortening of the liability structure with the passage of time, the continuing appropriateness of the plan's asset allocation is evaluated at least once every three years.

19. DEFERRED REVENUE

<i>(millions of Canadian dollars)</i>	CIAC	Other	Liabilities Classified as Held for Sale	Total
As at December 31, 2019	544.1	21.5	-	565.6
Net additions	32.0	7.5	(7.3)	32.2
Movements to PP&E	0.4	-	-	0.4
Recognized as revenue	(20.4)	(9.3)	-	(29.7)
As at December 31, 2020	556.1	19.7	(7.3)	568.5
Less: current portion	-	(6.9)	0.4	(6.5)
	556.1	12.8	(6.9)	562.0

20. ASSET RETIREMENT OBLIGATIONS AND OTHER PROVISIONS

<i>(millions of Canadian dollars)</i>	Asset Retirement Obligations	Onerous Contracts and Other	Total
As at January 1, 2019	89.1	18.6	107.7
Additions	14.5	-	14.5
Settled in the year	-	(2.0)	(2.0)
Accretion expense	2.0	-	2.0
As at December 31, 2019	105.6	16.6	122.2
Additions	20.4	22.8	43.2
Settled in the year	-	(16.4)	(16.4)
Accretion expense	1.5	-	1.5
Foreign exchange translation	-	(2.0)	(2.0)
As at December 31, 2020	127.5	21.0	148.5
Less: current portion	-	(6.0)	(6.0)
	127.5	15.0	142.5

Asset Retirement Obligations

The Corporation has estimated the net present value of the decommissioning liabilities associated with the assets of Competitive Energy based on a total undiscounted future liability of \$195.1 million (December 31, 2019 - \$195.1 million) calculated using an inflation rate of 2 per cent (December 31, 2019 - 2 per cent). These payments are expected to be made between 2039 and 2071. The Corporation calculated the present value of the obligations using discount rates ranging from 0.98 per cent to 1.29 per cent (December 31, 2019 - between 1.75 per cent and 1.79 per cent) to reflect the market assessment of the time value of money.

Transmission and Distribution asset retirement obligations are not recognized as the useful life of the assets in service cannot be reasonably estimated. As such, no final removal date can be determined, and a reasonable estimate of the related retirement obligations cannot be made at this time. If sufficient information becomes available to reasonably estimate the settlement date, the obligation will be recorded.

Onerous contracts and Other

The Corporation decreased its onerous contracts and other provision by \$1.2 million (December 31, 2019 - \$2.0 million) due to settlement and to reflect changes in the expected timing and amounts of certain longer-term onerous contracts. Associated with the acquisition costs on March 24, 2020 there were stipulation costs incurred of \$22.7 million (December 31, 2019 - \$nil). These costs are expected to settle in 2021.

21. SHARE CAPITAL

<i>(millions of Canadian dollars, except share amounts)</i>	Number of Shares	Amount
Authorized:		
Unlimited number of common shares		
Issued and outstanding:		
Balance, December 31, 2019 and 2020:		
Issued on incorporation	1	-
Issued on transfer of net assets from CES	1	278.2
Issued on transfer of billing and customer care assets from The City in 2001	1	1.9
Balance, December 31, 2019 and 2020	3	280.1

22. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

<i>As at</i> <i>(millions of Canadian dollars)</i>	December 31, 2020	December 31, 2019
Net unrealized gains on derivatives designated as cash flow hedges, including deferred income tax expense of \$1.0 million (December 31, 2019 - expense of \$5.7 million)	1.5	8.3
Net actuarial losses on defined benefit plans, including deferred income tax recovery of \$0.8 million (December 31, 2019 - recovery of \$0.7 million)	(38.2)	(40.8)
Cumulative translation adjustment	(153.2)	-
Accumulated other comprehensive losses, including deferred income tax expense of \$0.2 million (December 31, 2019 - expense of \$5.0 million)	(189.9)	(32.5)

23. OTHER REVENUE AND EXPENSES

OTHER REVENUE

<i>Year ended December 31,</i> <i>(millions of Canadian dollars)</i>	2020	2019
Interest and penalty revenue	4.8	8.4
Miscellaneous	11.9	10.4
	16.7	18.8

OTHER EXPENSES

<i>Year ended December 31,</i> <i>(millions of Canadian dollars)</i>	2020	2019
Contractual services cost	75.0	100.7
Staff costs	236.5	188.0
Consulting costs	23.5	32.6
Advertising and promotion	9.0	10.3
Administrative and office expenses	83.6	86.5
Operating costs	72.1	39.1
Building and property costs	44.6	24.6
Other costs	14.0	1.0
Foreign exchange (gains) losses	(128.8)	21.8
	429.5	504.6

24. JOINT ARRANGEMENTS

Significant joint operations included in the consolidated financial statements at December 31, 2020 are listed below.

Significant Joint Operations	Operating Jurisdiction	Ownership Percent	Principal Activity
McBride Lake Wind Facility	Canada	50%	Wind turbine generating facility
Shepard Energy Centre	Canada	50%	Gas-fueled generating facility
Balzac Power Station	Canada	50%	Gas-fueled generating facility

25. INTEREST IN ASSOCIATES

The following entities have been included in the consolidated financial statements using the equity method:

Name of Entity	Operating Jurisdiction	% Ownership		Carrying values	
		2020	2019	2020	2019
Maine Yankee Atomic Power Company ⁽¹⁾	USA	12.0%	-	0.4	-
Maine Electric Power Company, Inc. ⁽²⁾	USA	21.7%	-	140.6	-

⁽¹⁾ Maine Yankee Atomic Power Company (Maine Yankee) owned and, prior to its permanent closure in 1997, operated an 880 MW nuclear power generating plant in Wiscasset, Maine. The Corporation is obligated to pay its pro-rata share of Maine Yankee's decommissioning costs.

⁽²⁾ Maine Electric Power Company, Inc. (MEPCo) owns and operates electric transmission facilities from Maine Yankee facility to the Maine-Canadian border. The other 78.3 per cent of MEPCo is owned by Central Maine Power.

Summarized financial information

<i>(millions of Canadian dollars)</i>	2020	2019	2020	2019
Current assets	6.5	-	26.0	-
Non-current assets	271.2	-	177.1	-
Current liabilities	3.0	-	19.6	-
Non-current liabilities	271.4	-	16.7	-
Net assets (100%)	3.3	-	166.8	-
Corporation's share of net assets	0.4	-	36.2	-
Revenues	-	-	6.2	-
Net earnings (loss)	-	-	3.3	-
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income (loss)	-	-	-	-
Dividends received from associate	-	-	-	-

26. DIVIDENDS

On March 19, 2020, the Corporation declared a dividend of \$54.0 million to The City (2019 – \$50.0 million). The dividend was paid in equal quarterly instalments during 2020.

27. FINANCE CHARGES

<i>Year ended December 31, (millions of Canadian dollars)</i>	2020	2019
Accretion expense	1.5	2.0
Interest expense – pension	5.1	1.6
Interest on long-term debt	117.3	73.6
Interest on finance leases	2.5	2.4
Short-term interest and other financing charges	18.9	9.2
Less: capitalized borrowing costs	(11.1)	(8.2)
	134.2	80.6

28. CHANGES IN NON-CASH WORKING CAPITAL

<i>Year ended December 31, (millions of Canadian dollars)</i>	2020	2019
Accounts receivable	3.0	27.0
Regulatory deferral account debit balances	(18.7)	52.5
Other assets	(14.0)	18.4
Accounts payable and accrued liabilities	59.5	(77.4)
Regulatory deferral account credit balances	(5.5)	(3.5)
Other liabilities	15.4	5.8
Deferred revenue (non-CIAC)	(2.6)	(0.3)
Provisions	(1.8)	(2.0)
Changes in non-cash working capital	35.3	20.5

29. RELATED PARTY TRANSACTIONS

The City is the sole shareholder of the Corporation. The following tables summarize the related party transactions between the Corporation and The City.

STATEMENTS OF EARNINGS

Year ended December 31,

(millions of Canadian dollars)

	2020	2019
Revenue ⁽¹⁾	135.3	151.4
Local access fees and other expenses ⁽²⁾	138.0	149.2

⁽¹⁾ The significant components include contract sales of electricity, construction of infrastructure, provision of non-regulated power distribution services, and billing and customer care services relating to The City's utilities departments.

⁽²⁾ This cost is passed through the Corporation directly to transmission and distribution customers.

STATEMENTS OF FINANCIAL POSITION

As at December 31,

(millions of Canadian dollars)

	2020	2019
Accounts receivable	23.4	32.4
Property, plant and equipment ⁽¹⁾	3.1	3.2
Accounts payable and accrued liabilities	12.0	13.7
Long-term debt ⁽²⁾	1,372.0	1,283.3
Other long-term liabilities ⁽³⁾	5.9	6.2

⁽¹⁾ Assets under lease classified as assets held for sale.

⁽²⁾ Interest and principal payments for the year ended December 31, 2020 were \$46.9 million (2019 - \$45.4 million) and \$76.3 million (2019 - \$74.5 million) respectively. In addition, for the year ended December 31, 2020, the Corporation paid a management fee of \$3.6 million (2019 - \$3.1 million) to The City.

⁽³⁾ Finance lease obligation.

Transactions between the Corporation and The City have been recorded at the exchange amounts, as outlined by the contracts in effect between the Corporation and The City.

The Corporation has committed to a water supply agreement, whereby The City supplies a specified amount of water annually to facilitate Shepard Energy Centre operations.

Compensation of key management

The Corporation's key management personnel are members of the Board of Directors and the executive management team. Key management personnel have the authority and the responsibility for planning, directing and controlling the activities of the Corporation. Several personnel changes and reorganization in the executive management team during 2020 resulted in certain non-recurring charges in the year.

The total compensation and remuneration paid by the Corporation and its subsidiary companies to key management personnel is presented below:

Year ended December 31,

(millions of Canadian dollars)

	2020	2019
Salaries and other short-term employee benefits	6.9	5.6
Other long-term benefits	2.6	2.4
Retirement and post-employment benefits	1.4	0.6
Termination benefits	2.0	-
	12.9	8.6

30. SUBSIDIARIES

Material subsidiaries, each of which is wholly owned, either directly or indirectly, by the Corporation as at December 31, 2020 are shown below:

Material Subsidiaries	Principal Activity
Canadian Operations	
Calgary Energy Centre No. 2 Inc.	Operator and contracting entity for the CEC generation facility.
EM Mechanical Services Inc.	Contracting entity for all Solar PV installation, both inside and outside of The City of Calgary.
ENMAX Balzac GP Inc.	General Partner for the Balzac natural gas power plant.
ENMAX Balzac LP	Limited Partnership of the Balzac power plant.
ENMAX Bonnybrook Inc.	Operator and contracting entity for the Bonnybrook project.
ENMAX Cavalier GP Inc.	General Partner (on behalf of the LP) for the Cavalier natural gas power plant.
ENMAX Cavalier LP	Limited Partnership of the Cavalier power plant.
ENMAX Edmonton District Energy Corp.	Entity used for individual combined heat and power (CHP) unit project for DE Edmonton. This entity has not been used in some time as the DE Edmonton project has been terminated.
ENMAX Encompass Inc.	Unregulated billing and customer care services for residential and small business customers.
ENMAX Energy Corporation	Generation and energy retail services company offering electricity and natural gas products and services to customers and customized energy plans for businesses and industrial clients.
ENMAX Energy Marketing Inc.	The AESO Market Participant for system access, wholesale and trading.
ENMAX Gas Transport Inc.	Contracting entity for the purchase and sale of natural gas. Ownership: ENMAX Generation
ENMAX Generation Holdings Corporation	Holding corporation for the Balzac, Cavalier and Genesee plants.
ENMAX Generation Portfolio Inc.	Owner of multiple generation plants.
ENMAX Genesee GP Inc.	General Partner (on behalf of the LP with Capital Power) for the Genesee 4/5 power plant.
ENMAX Genesee LP	Limited partnership of Genesee G 4/5 power plant.
ENMAX Independent Energy Solutions Inc.	Entity holds the CHP unit for the district energy facility, and operates the CHP unit at the Stoney transit facility.
ENMAX Kettles Hill Inc.	Operator of Kettles Hill wind energy farm.
ENMAX Power Corporation	(EPC) is the regulated wires company. Owns, operates, and maintains electricity transmission and distribution generally in The City of Calgary. Handles services related to the Regulated Rate Option and retailer billing.
ENMAX Power Services Corporation	Provides competitive engineering, procurement, construction and maintenance services for EPC and other utilities. Builds and maintains Calgary's Light Rail Transit system, maintains city streetlights and provides utility trenching to Alberta developers.
ENMAX PPA Management Inc.	Contracting entity for management of all Power Purchase Arrangements.
ENMAX Shepard Services Inc.	Contracting entity, operator and agent for Shepard Energy Centre.
ENMAX Telecommunications Services Inc.	Coordinates pole access and attachment services for telecommunication companies.
ENMAX Utility Services Limited	Performs utility services for EPSC outside of The City of Calgary.

U.S. Operations

2181206 Alberta Ltd.	Canadian holding company (for U.S. operations only) ⁽¹⁾
3456, Inc.	United States holding company ⁽²⁾
BHE Holding Inc.	United States holding company
Bangor Fiber Company, Inc.	Bangor Fiber was created to hold rights associated with fiber optic cable, which it leases to Versant Power and other companies.
Bangor Line Company	Bangor Line was created for electrical transmission and distribution, operation and maintenance. It conducts no business.
Bangor Var Co., Inc.	Bangor Var Co., Inc. was created to hold a partnership interest in a static var compensator (SVC) facility in Chester, Maine. See Chester SVC Partnership.
Chester SVC Partnership	Partnership formed by Versant Power and Central Maine Power Company (CMP) through CMP's subsidiary NORVARCO to build and own an SVC facility in Chester, Maine.
East Branch Improvement Company	East Branch was created for the construction and operation of hydro-electric dams along the Penobscot River.
The Pleasant River Gulf Improvement Company	Pleasant River was created to build and maintain dams to improve the flow of water in the West Branch of the Piscataquis River for the driving of logs and lumber on the Piscataquis River.
Maine Electric Power Company Inc.	Owns and operates electric transmission facilities from Wiscasset, Maine to the Maine-New Brunswick border.
Maine Yankee Atomic Power Company	From 1972 to 1997, Maine Yankee owned and operated an 860 MW nuclear power plant in Wiscasset, Maine. In 1997, the facility ceased operations and the decommissioning process began. Operations currently limited to storage site for spent fuel.
Versant Power	Versant Power is a public utility based in Bangor, Maine USA that is engaged in the transmission and distribution of electricity.

⁽¹⁾ Subsequent to year-end, the Corporation changed the name of 2181206 Alberta Ltd. to ENMAX Utility Holdco Inc.

⁽²⁾ Subsequent to year-end, the Corporation changed the name of 3456, Inc. to ENMAX US Holdco Inc.

The table does not include wholly owned subsidiaries that are immediate holding companies of the operating subsidiaries. For certain foreign operations of the Corporation, there are restrictions on the sale or transfer of production licenses, which would require approval of the applicable foreign government.

31. COMMITMENTS AND CONTINGENCIES

The Corporation is committed to expenditures for capital additions, rent for premises, vehicles and equipment under multiple lease contracts with varying expiration dates.

The Corporation commits to the purchase of power, renewable energy certificates and carbon offset credits. The Corporation commits to long-term service arrangements on certain generating assets.

The aggregated minimum payments under these arrangements over the next five years and thereafter are as follows:

(millions of Canadian dollars)

2021	267.3
2022	45.8
2023	42.6
2024	33.3
2025	30.1
Thereafter	380.7

HISTORICAL TRANSMISSION LINE LOSS PROVISION

ENMAX has participated in various proceedings regarding the AESO's Line Loss Rule (LLR). The LLR establishes the loss factors that form the basis for certain transmission charges paid by Alberta generators, including ENMAX. The LLR Proceeding addressed the replacement of a non-compliant LLR and the resulting adjustment of line loss charges and credits for the years 2006 to 2016. Under the AUC's decisions, the AESO is required to settle adjustments for these historic amounts using three settlement periods, comprising of one three-year period and two four-year periods.

Settlement of the first period, applicable to the years 2016, 2015, and 2014, occurred in December 2020. While some ENMAX entities provided payments to the AESO, ENMAX was a net recipient of credits and received an overall credit for those specific years.

It is currently expected that settlement of the second period, applicable to the years 2013, 2012, 2011 and 2010, will occur on March 1, 2021 and that settlement of the third period, applicable to the years 2009, 2008, 2007 and 2006 will occur on May 31, 2021.

The AUC's decisions do not require the AESO to consider commercial agreement terms and service transfer circumstances when the AESO determines which party to invoice. ENMAX has been invoiced for amounts for which it may not ultimately, in whole or in part, be responsible. Moreover, the invoices do not reflect the benefit of credits to which ENMAX is entitled nor any of ENMAX's rights to subsequently seek compensation, including under commercial agreements from other parties such as the Balancing Pool.

ENMAX has recorded payables and receivables in its 2020 consolidated financial statements related to the second and third settlement periods. These amounts are expected to settle in 2021. The total of the three settlement periods resulted in a reduction of net earnings before tax of approximately \$33.0 million.

ENMAX has sufficient access to cash to satisfy this amount.

LEGAL AND REGULATORY PROCEEDINGS

In the normal course of business, the Corporation is, and may be named as, a defendant or party in lawsuits and regulatory proceedings related to various matters. The Corporation currently believes the outcome of these lawsuits and regulatory proceedings will not have a material impact on the operating results or financial position of the Corporation.

The Corporation, along with other market participants in the province of Alberta, is subject to decisions, market rules, regulations, regulatory proceedings and/or jurisdiction of the AUC, AESO, Market Surveillance Administrator (MSA) and other authorities. Along with other market participants in the U.S., the Corporation is subject to decisions, market rules, regulations, regulatory proceedings of the FERC. The financial impact of decisions, market rules, regulations and regulatory proceedings is reflected in the consolidated financial statements when the amount can be reasonably estimated.

From 2011 to 2016, four separate complaints were filed with the FERC to challenge the base Return on Equity (ROE) under the ISO-NE Open Access Transmission Tariff (OATT). Complaint IV is still outstanding, Complaint one is refunded based on prior FERC order, while provisions have been recorded for the other two.

Complaint IV was filed by the Eastern Massachusetts Consumer Owned Systems (EMCOS). On March 27, 2018, a FERC Administrative Law Judge issued an Initial Decision concluding that the currently filed base ROE of 10.57 per cent, which with incentive adders may reach a maximum ROE of 11.74 per cent, is not unjust and unreasonable.

On October 16, 2018, the FERC issued an order that addresses the complaint proceedings. The FERC order proposes a new methodology to set ROEs. Based on the new methodology, the FERC's preliminary finding is a 10.41 per cent base ROE for the ISO-NE OATT. In January and February 2019, various parties commented on FERC's proposal and its application to the pending complaint proceedings.

On November 21, 2019, as revised May 21, 2020, the FERC issued an order affecting transmission ROEs in the Midcontinent ISO (MISO) region that alters the Commission's methodology for analyzing the base return on equity component of a jurisdictional public utility's rates. Although the methodology was applied to MISO, it is expected to be used in the pending ISO-NE cases. No date for a decision has been made yet, but the FERC is expected to rule on these outstanding ISO-NE cases in 2021. Additionally, both the MISO case, and a decision in the ISO-NE cases, will be subject to further appeal rights, and if appealed, a final decision would be unlikely to occur before Q4 2021. No reserves have been made with respect to all the remaining pending complaints as it is not possible to determine the impact at this time.

COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (COVID-19) as a pandemic. Governments around the world have introduced public health and emergency measures to combat the spread of the virus. The Government of Alberta introduced legislation to provide residential, farm and small business customers the option of deferring payment of utility bills for a three-month period. This period ended on June 18, 2020. During this time, utilities could not disconnect customers for non-payment. In Maine, the MPUC directed all electric utilities not to engage in disconnection activity until further notice was received. This direction applied equally to residential and business customers. On September 17, 2020, the MPUC established a process for transitioning away from the moratorium, noting the decision was rooted in the public's best interest. As a result, Versant Power may begin limited collection activity beginning November 1, 2020; however, due to the length and severity of these developments it is not possible to reliably estimate the impact the moratorium will have on the financial results and condition of the Corporation in future periods.

The duration and impact are unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Corporation in future periods.

ENVIRONMENTAL

Provincial regulations aimed at reducing the levels of greenhouse gas (GHG) emissions took effect July 2007 and were subsequently updated in June 2015 for the years 2016 through 2019. The Alberta government proposed new legislation with regards to greenhouse gas emissions in June of 2019, effective January 1, 2020. In 2019 the Canadian Federal Government accepted these proposals as meeting the equivalent standards under the Pan-Canadian Framework.

For the year ended December 31, 2020, the consolidated financial statements include a charge to earnings in the amount of \$5.5 million (2019 - \$6.3 million) included in costs of electricity services provided, relating to estimated compliance costs under the provincial GHG regulations for ENMAX Competitive Energy's interests in natural gas-fueled generation facilities through its owned assets. Compliance payments are due to the Province of Alberta, directly or via plant owners, by June 30 of the year following the compliance year.

LETTERS OF CREDIT

In the normal course of operations, letters of credit are issued to facilitate the extension of sufficient credit for counterparties having credit exposure to the Corporation or its subsidiaries. The Corporation uses unsecured credit facilities to fund general operating requirements and to provide liquidity support for commercial paper and commodity marketing programs. As at December 31, 2020 the Corporation had issued letters of credit amounting to \$279.1 million (December 31, 2019 - \$358.3 million).

<i>As at</i> <i>(millions of Canadian dollars)</i>	December 31, 2020		December 31, 2019	
	Available	Used	Available	Used
Unsecured credit facilities				
Bilateral operating facilities	600.0	279.0	600.0	358.3
Syndicated credit facilities	250.0	0.1	250.0	53.0
	850.0	279.1	850.0	411.3

32. SUBSEQUENT EVENTS

DIVIDENDS

On March 24, 2021, the Corporation declared a total dividend of \$58.0 million payable to The City in quarterly instalments during 2021.

33. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.

GLOSSARY OF TERMS

AESO	Alberta Electric System Operator	ENMAX	ENMAX Corporation and its subsidiaries
AC	ENMAX's Audit Committee	EPC	ENMAX Power Corporation
AFUDC	Allowance for funds used during construction	ERM	Enterprise Risk Management
AOCI	Accumulated other comprehensive income	ESG	Environmental, social governance
ARO	Asset retirement obligation	EV	Electric vehicle
Atlantica	Atlantica Sustainable Infrastructure PLC	FCF	Free Cash Flow
AUC	Alberta Utilities Commission	FERC	United States Federal Energy Regulatory Commission
BHD	Bangor Hydro District	FVTPL	Fair Value Through Profit or Loss
Bill 14	Alberta Utility Payment Deferral Program	FVOCI	Fair Value Through Other Comprehensive Income
Canadian GAAS	Canadian generally accepted auditing standards	FX	Foreign exchange
CAPM		GHG	Greenhouse gas
CAIDI	Customer average interruption duration index	GJ	Gigajoule
CEA	Canadian Electricity Association	GRI	Global Reporting Initiative's
CES	Calgary Electric System	GWh	Gigawatt hour
CGUs	Cash-Generation Units	IAS	International Accounting Standards
CHP	Combined Heat and Power	IASB	International Accounting Standards Board
CIAC	Contributions in aid of construction	IBEW	The International Brotherhood of Electrical Workers
CMP	Central Maine Power Company	IEEE	The Institute of Electrical Electronics Engineers
CNE	Comparable net earnings	IFRIC	International Financial Reporting Interpretations Committee
Competitive Energy	ENMAX Competitive Energy	IFRS	International Financial Reporting Standards
Corporate	ENMAX Corporate and Eliminations	ISO-NE	ISO-New England
COVID-19	Strain of the novel coronavirus	ITA	Income Tax Act
CRMC	Commodity Risk Management Committee	kWh	Kilowatt hour
CUPE	The Canadian Union of Public Employees	LLR	Line Loss Rule
DAS	Distribution Access Service	MD&A	Management's Discussion and Analysis
DB	Defined benefit	MEPCo	Maine Electric Power Company
DBO	Defined benefit obligation	MISO	Midcontinent ISO
DC	Defined contribution	MPD	Maine Public District
Adjusted EBIT	Earnings before interest and income taxes	MPUC	Maine Public Utilities Commission
Adjusted EBITDA	Earnings before interest, income tax and depreciation and amortization	MSA	Market Surveillance Administrator
ECL	Expected Credit Losses	MW	Megawatt
EMCOS	Eastern Massachusetts Consumer Owned Systems	MWh	Megawatt hour
		NEPOOL	New England Power Pool

NGTL	Nova Gas Transmission Ltd.
NMISA	Northern Maine Independent System Administrator
OATT	Open Access Transmission Tariff
OCI	Other comprehensive income
OM&A	Operations, maintenance and administration
PBR	Performance Based Regulation
PILOT	Payment in lieu of tax
Power Delivery	ENMAX Power Delivery
PPA	Power purchase arrangement
PP&E	Property, plant and equipment
RMC	Risk Management Committee
ROE	Return on Equity
ROU	Right-of-use
RRO	Regulated Rate Option
SAIDI	System average interruption duration index
SAIFI	System average interruption frequency index
Shepard	Shepard Energy Centre
SHRC	Safety and Human Resources Committee
SIPP	Statement of Investment Policies and Procedures

SVP	Static var compensator
TIER	Technology Innovation and Emissions Reduction
The Board	ENMAX's Board of Directors
The City	The City of Calgary
The Corporation	ENMAX Corporation and its subsidiaries
The Divisions	ENMAX Transmission and ENMAX Distribution
The JVA	Genesee 4/5 Joint Venture Agreement
The Notice	Notice of departure from the Genesee 4/5 generation project
U.S. GAAP	United States Generally Accepted Accounting Principles
VIU	Value in use
WACC	Weighted average cost of capital
WPC	Wind Participation Consortium
WRAP	Wires Retail Access Program

ADDITIONAL INFORMATION

ENMAX welcomes questions from stakeholders.

Additional information relating to ENMAX can be found at enmax.com.

Please direct financial inquiries to:

Wayne O'Connor

President and Chief Executive Officer

403.514.3000

Davin Kivisto

Interim Chief Financial Officer

403.514.3000

Please direct media inquiries to:

Gina Sutherland

Senior Advisor, External Relations

403.689.6134