Q2 2021
Interim Financial Report

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 many 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 August 26, 2021, is a review of the results of operations of ENMAX Corporation and its subsidiaries (ENMAX or the Corporation) for the three and six months ended June 30, 2021, compared with 2020, and of the Corporation’s financial condition and future prospects. This MD&A should be read in conjunction with the June 30, 2021, Condensed Consolidated Interim Financial Statements and the 2020 ENMAX Financial Report, which is available on ENMAX's website at enmax.com, as information has been omitted from this MD&A if it remains substantially unchanged.

ENMAX’s Consolidated Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Consolidated Interim Financial Statements and MD&A were reviewed by ENMAX’s Audit Committee and the Consolidated Interim Financial Statements were approved by ENMAX’s Board of Directors. 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 46 of the Condensed Consolidated Interim Financial Statements.

ENMAX OVERVIEW

ENMAX is a private corporation and The City of Calgary (The City) is its sole shareholder. 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 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.

ENMAX has core operations through three main business segments: ENMAX Power, Versant Power, and ENMAX Energy. A Corporate segment provides financing and shared administrative services to the operating segments.

- ENMAX Power is primarily a regulated operating segment established to own and operate electricity transmission and distribution assets in the Calgary service area through various legal entities and affiliated companies. ENMAX Power'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. ENMAX Power also delivers project execution for customer infrastructure in areas such as power infrastructure, light rail transit, and commercial and residential development.
- Versant Power operates as a separate and distinct regulated electricity transmission and distribution utility serving customers in northern and eastern Maine, USA. Versant Power's role includes; planning for the needs of the system, maintaining the transmission and distribution system within the service area, evaluating new technologies that can enable greater reliability, resiliency, and customer choice, and timing investments so that benefits for customers exceed costs.
- ENMAX Energy carries out retail energy supply and related functions including the Calgary Regulated Rate Option (RRO) through various affiliated legal entities. ENMAX Energy is an Alberta-based integrated competitive generation and retail business, providing electricity, natural gas, distributed energy resource solutions and customer care services to more than 690,000 customers province wide.
- The Corporate segment provides financing and shared legal, finance and accounting, human resources, information technology and other administrative functions to the operating segments.

MARKET CONDITIONS

Many public health and emergency measures put in place in Q1 2020 to help mitigate the spread of COVID-19 remained in effect through the first half of 2021. Pandemic response measures have varied across jurisdictions and changed over time, with varied impacts on businesses and individuals. On July 1, 2021, Alberta entered Stage 3 of its recovery plan with limited restrictions remaining. Similarly, in Maine most state mandated restrictions have been lifted and recovery plans are underway. Government programs have been announced to aid consumers and businesses. The Alberta *Utility Payment Deferral Program Act* (Bill 14) provided deferral relief to residential, farm and small commercial customers, and programs such as the Canada Emergency Wage Subsidy (CEWS) have been offered to employers in need. ENMAX has not applied for funds under CEWS.

ENMAX noted pandemic impacts in all business segments, including a shift in energy consumption from commercial to residential sites, changes in credit risk and expected credit losses, and changed working practices which include increased safety protocols and remote work where practical. While the duration and full extent of these impacts remains unknown, ENMAX remains committed to safe, reliable and efficient delivery of electricity to our customers, and the health and safety of our workforce.

ENMAX POWER

ENMAX Power’s highest priority is providing safe, reliable and efficient delivery of electricity to customers while prudently managing capital investment and operating costs.

ENMAX Power continues to invest in its electricity transmission and distribution system infrastructure to meet Calgary’s needs. Distribution projects include investments 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. In addition to its regulated transmission and distribution business, ENMAX Power is responsible for unregulated businesses related to telecommunication services, underground residential development, street lighting, and light rail transit.

The Transmission business is regulated by the Alberta Utilities Commission (AUC or the Commission) under a traditional cost of service approach. Under this model, ENMAX Power can apply to recover the forecasted cost of providing transmission service, including an allowed return on capital in service. After public review of the application, AUC will issue a decision setting the rates to be charged to customers for this service.

The Distribution business is regulated under a Performance-Based Regulation (PBR) model for the 2018 to 2022 period. Under this model, distribution rates are set annually using a formula that limits the increase in operating costs to below the rate of inflation. Capital cost recovery under the formula is calculated largely on actual spending in prior years. PBR is intended to create additional incentives for utilities to find efficiencies in their operations as these efficiencies can lead to higher returns.

A leadership change in AUC in mid-2020 resulted in a change in focus for the Commission. AUC is working to reduce regulatory lag and to streamline its processes to reduce regulatory burden.

In February 2021 AUC released a report on Alberta's changing electric distribution system as a result of the evolving nature of electric generation, consumption and storage. AUC committed to modernizing the regulatory framework for energy storage and to adapting distribution rates to the future needs of customers. The report is a sign that the Commission is focused on expected changes to the distribution business from new technologies and changing customer preferences.

VERSANT POWER

Versant Power is a transmission and distribution utility operating in the Maine Public District (MPD) and Bangor Hydro District (BHD), covering six counties in Maine. Its total operating area is approximately 27,000 square kilometers (10,400 square miles) serving approximately 162,000 customers. Versant Power's business is focused around safe and reliable transmission and distribution of electricity to its customers and investments in infrastructure to maintain the transmission and distribution system.

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

Versant Power earns revenue by charging customers for electricity delivered across its transmission and distribution facilities. This retail revenue is divided into separate transmission, distribution and stranded cost rates. Currently, approximately 45 per cent of Versant Power's electricity revenue is from distribution operations, 48 per cent is associated with local transmission operations, and 7 per cent relates to stranded cost recoveries and conservation charges. Rates for each element are established in distinct regulatory proceedings.

On July 13, 2021, Governor Mills vetoed LD 1708 (Public Power Bill). Had the Public Power Bill passed, Maine voters would have decided in November whether to direct MPUC to use existing statutory authority to require the divestiture of Maine's investor-owned utilities (IOUs). A consumer-owned utility structured entity would replace the IOUs. Although the question of establishing a public power authority will not be on this year's ballot, proponents of public power are gathering signatures through a citizen coalition with the intent to put this issue to voters in November 2022.

Governor Mills also vetoed LD 194, which would have prohibited businesses and other entities in which a foreign government has an ownership interest of at least 10 per cent from making contributions or expenditures to influence a citizen referendum, or from otherwise participating in the referendum process.

Finally, the Maine legislature passed a new Net Energy Billing (NEB) bill. The main components include a continuation of the current NEB program for any project smaller than 2 MW, the safe-harboring of existing projects from 2 to 5 MW if they satisfy certain benchmarks within certain time periods, and a MPUC-led stakeholder process to develop a recommended NEB 2.0.

ENMAX ENERGY

ENMAX Energy is an integrated business providing customers with market-priced electricity, natural gas and distributed energy resource solutions. ENMAX 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 and thermal energy. As at June 30, 2021, ENMAX Energy's capacity ownership interest was 1,512 MW of electricity generation: 1,295 MW from natural gas-fueled plants and 217 MW from wind power.

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.

In 2021, carbon emission costs in Alberta reached $40 per tonne of CO_2. On March 25, 2021, the Supreme Court of Canada, in a 6-3 decision determined that the federal government's climate policy regarding carbon pricing is constitutional, further reinforcing the trend on carbon emission costs. ENMAX continues to monitor the evolving carbon price landscape as current implications will likely result in higher input costs for our gas fleet and increased cost to our customers.

FINANCIAL PERFORMANCE

Management believes that a measure of operating performance is more meaningful if the impacts of specific items are excluded from the 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 gain (loss) on commodities where settlement on derivatives will occur in a future period, foreign exchange gain (loss) and Versant Power acquisition-related costs (see Significant Events section). Refer to the Non-IFRS Financial Measures section on page 14 for definitions and further descriptions of the financial measures.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

	Three months ended June 30,		Six months ended June 30,	
(millions of Canadian dollars)	**2021**	**2020**	**2021**	**2020**
Total revenue	**691**	578	**1,527**	1,298
Adjusted EBITDA [1][2]				
ENMAX Power	**66**	66	**133**	126
Versant Power	**29**	33	**61**	35
ENMAX Energy	**24**	46	**102**	114
Corporate and Eliminations	**(1)**	(3)	**-**	(3)
Consolidated	**118**	142	**296**	272
Adjusted EBIT [1][2]				
ENMAX Power	**31**	34	**63**	61
Versant Power	**17**	19	**36**	20
ENMAX Energy	**(5)**	15	**43**	50
Corporate and Eliminations	**-**	(2)	**2**	(1)
Consolidated	**43**	66	**144**	130
Comparable net earnings [1][2][3]	**23**	32	**91**	87
Net earnings	**89**	38	**184**	211
Free cash flow (FCF) [1][3]			**193**	8
Capital expenditures [4]	**91**	115	**190**	185

(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 $nil and $nil (2020 – $1 million and $126 million gains) for the three and six months ended June 30, 2021, respectively.
- Unrealized electricity and gas mark-to-market gains for the three and six months ended June 30, 2021, of $73 million and $103 million (2020 - $3 million and $34 million gains), respectively.
- Versant Power acquisition related costs of $nil and $nil (2020 – $2 million and $33 million) for the three and six months ended June 30, 2020 respectively. This includes finance charges of $nil and $nil (2020 - $nil and $9 million), respectively that are included in calculating comparable net earnings.

(3) FCF is calculated for the twelve months ended June 30, 2021 and 2020, respectively.

(4) Capital expenditures excludes $nil (2020 - $1,393 million) investment in the acquisition of Versant Power, net proceeds from the disposal of assets and liabilities held for sale. See Significant Events section.

ENMAX's Adjusted EBIT decreased by $23 million and increased by $14 million for the three and six months ended June 30, 2021 respectively, as compared with the three and six months ended June 30, 2020. The primary drivers for the change in Adjusted EBIT are as follows:

- **ENMAX Power:** The regulated business continues to grow as a result of load and customer site growth in the Calgary service area and the need to make investments to replace The City's aging infrastructure. The increase in regulatory margins over 2020 is a direct result of continued investment in ENMAX Power's rate base.
- **Versant Power:** Versant Power has contributed $2 million decrease and $16 million increase, respectively, to the change in EBIT above. Versant Power was acquired on March 24, 2020, so fewer operations were recorded in 2020 than in 2021.
- **ENMAX Energy:** In the quarter, Adjusted EBIT was lower compared to the prior year primarily due lower plant availability as a result of a planned outage at the Shepard Energy Center, partially offset by a decrease in expected credit losses due to increased collection activity on commercial customers as well as decreased staff costs. Year to date, Adjusted EBIT was lower compared to the prior year, primarily due to the same factors which impacted the quarter.

ENMAX's net earnings increased by $51 million for the three months and decreased $27 million for the six months ended June 30, 2021, as compared to the same periods in 2020. Second quarter increase is driven by unrealized gain on commodities, while the year to date decrease is related to $125 million foreign exchange gain in 2020 that was primarily realized on settlement of forward contracts. Unrealized gain on commodities and foreign exchange gain and loss are not included in Adjusted EBIT.

Adjusting for events not related to normal operations, unrealized gain on commodities and foreign exchange gain, ENMAX's comparable net earnings for the three and six months ended June 30, 2021, decreased by $9 million and increased by $4 million respectively from the same period in 2020. Throughout 2021, favourable transmission and distribution margins have been recognized, however this was outpaced in the second quarter due to unfavorable electricity margins relating to the planned outages.

As at June 30, 2021, ENMAX's balance sheet remains healthy as the Corporation carefully manages debt to cash flow ratios, capital investment, and continues to repay Versant Power acquisition-related debt (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, performance and retirement of existing generation facilities, addition of new generation facilities, and impact of government policies.

SIGNIFICANT EVENTS

DISTRICT ENERGY CENTRE

On November 6, 2020, the Corporation announced that it entered into a definitive agreement to sell its District Energy Centre assets for $27 million. The sale of District Energy Centre, which represents less than half of one per cent of the Corporation's total asset base, was undertaken in support of ENMAX's enhanced focus on strategic growth.

The sale was completed on May 14, 2021, following regulatory approval.

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. Versant Power's business is aligned with ENMAX's long term strategy to grow regulated cash flows and diversify revenue streams within North America. The aggregate purchase price was approximately $1,393 million ($962 million USD) on closing, including the assumption of approximately $567 million ($391 million USD) of existing debt.

ENMAX POWER BUSINESS UPDATE

On March 4, 2021, AUC issued its decision on the 2022 Generic Cost of Capital, extending the 2021 Return on Equity (ROE) of 8.5 per cent and deemed equity ratio of 37 per cent for 2022 on a final basis. The Utilities Consumer Advocate has filed applications seeking a review and an appeal of this decision.

On June 16, 2021, AUC issued a decision on ENMAX Power Corporation's (EPC) 2021-2022 Transmission General Tariff Application. The Commission approved EPC's Negotiated Settlement Agreement which covered most issues in the proceeding. On two issues excluded from the settlement, the Commission disallowed EPC's proposed depreciation expense and Enhanced Asset Management Strategy costs. EPC applied to recover approximately $230 million in transmission revenue over two years but was approved to recover approximately $207 million subject to approval of its compliance filing.

On June 18, 2021, the Commission issued a decision on the timing and form of the 2023 Distribution cost of service forecast applications for each distribution facility owner. These applications will form the starting point rates for the next PBR term expected to begin in 2024. EPC's 2023 distribution cost-of-service application is due January 17, 2022.

On June 30, 2021, AUC issued a decision on the evaluation of PBR in Alberta. The Commission determined that PBR will continue after 2023, and a generic proceeding to establish the parameters of the next PBR plan will begin in Q3 2022.

KEY BUSINESS STATISTICS

	Three months ended June 30,		Six months ended June 30,	
	2021	**2020**	**2021**	**2020**
Distribution volumes in Gigawatt Hours (GWh)	**2,226**	2,087	**4,543**	4,480
System average interruption duration index (SAIDI) [(1)]	**0.16**	0.11	**0.25**	0.16
System average interruption frequency index (SAIFI) [(2)]	**0.18**	0.22	**0.30**	0.28

(1) SAIDI represents 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 represents 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 to the Calgary service area for the three and six months ended June 30, 2021 was higher than the same periods in 2020. The impact of COVID-19 restrictions on energy consumption was more severe in 2020 compared to 2021 to date. Extreme temperatures in June 2021 further pushed energy consumption higher. ENMAX Power continues to monitor the impacts of the COVID-19 pandemic.

ENMAX remained one of the most reliable transmission and distribution utilities in Canada when compared to the performance of other Canadian Electricity Association member utilities. During the second quarter SAIFI, was favourable compared to the same period in 2020 due to storm impact in the prior year, while SAIDI was slightly unfavourable. For the six months ended June 30, 2021, both SAIDI and SAIFI were unfavourable to the same period in 2020 due to the impact of cable failures. ENMAX has continued to meet its SAIDI and SAIFI targets during the COVID-19 pandemic and continues to deliver on its commitments to safety, customers and employees.

VERSANT POWER BUSINESS UPDATE

On March 24, 2020, the Corporation completed the acquisition of Versant Power (see Significant Events section). Key business statistics for three months and six months ended June 30, 2021 have been disclosed for comparative purposes.

KEY BUSINESS STATISTICS

	Three months ended June 30,		Six months ended June 30,	
	2021	**2020**	**2021**	**2020**
Distribution volumes in Gigawatt Hours (GWh)	**464**	447	**976**	953
System average interruption duration index (SAIDI) [(1)(4)]	**0.60**	1.46	**1.22**	2.13
System average interruption frequency index (SAIFI) [(2)(4)]	**0.41**	0.55	**0.77**	0.88
Customer average interruption duration index (CAIDI) [(3)(4)]	**1.48**	2.64	**1.60**	2.42

(1) SAIDI represents 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 represents 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 represents 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.

Total electricity delivered in GWh to Versant Power's service area for the three and six months ended June 30, 2021, was higher than the same periods in 2020. The increases were driven by an overall increase in the residential segment with more customers home as a result of the pandemic, but also an increase in commercial usage as businesses are re-opening or returning to higher capacities than in the three months ended June 30, 2020. Additionally, Maine experienced warmer than usual temperatures in June 2021, leading to increased demand.

Versant Power experienced lower SAIFI, CAIDI and SAIDI for the three and six months ended June 30, 2021 compared to the same periods in 2020. This improved reliability performance was primarily due to a reduction of service interruptions and service interruption hours as a result of fewer and less severe storms and a reduction in outages caused by animal and bird contact. Service interruptions resulting from equipment failures were also down for the three and six months ended June 30, 2021, but because the overall CAIDI for these specific outages was higher in 2021 than 2020, fewer equipment failure service interruptions were not a driver of lower 2021 CAIDI.

In response to the COVID-19 pandemic, 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, MPUC reinstated limited collection activity for all customers as well as disconnections for business customers. 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.

On January 19, 2021, Versant Power filed a distribution rate case with MPUC seeking an approximately 25 per cent increase in distribution revenue. Timing of this rate request coincides with the rate stay-out provision that was agreed to as part of the purchase of Versant Power. This increase, if approved, will produce approximately $21 million USD in additional annual revenue. Versant Power proposed phasing-in the increase over two years to mitigate the rate impact to customers.

ENMAX ENERGY BUSINESS UPDATE

With the closing of the second quarter, the market continues to remain strong with volatile prices, particularly with the hot weather in June. Second quarter 2021 pool prices settled at $104.51/MWh, approximately 3.5 times higher than the settled price of $29.90/MWh for Q2 2020. The average Alberta electricity demand for Q2 2021 was 9,231 MW, compared to 8,775 MW in Q2 2020. Pool prices in Q2 have settled significantly higher relative to 2020 as April, May and June settled $87.99/MWh, $85.39/MWh and $140.80/MWh due to the increased price volatility in the spot market. June was particularly volatile, as hourly settles ranged from a low of $5.07/MWh to a high of $999.99/MWh. Electricity demand has mainly seen strengthening year-over-year. During late June's extreme heat warning, the Alberta Internal Load reached a peak of 11,721 MW on June 29, 2021, very close to the all-time record load of 11,729 MW set in February 2021.

There has also been a substantial increase in the forwards from the end of Q1 to Q2. Mid-C Prices in U.S. Pacific Northwest have been a key driver pushing up prices in western power markets this summer. Q2 2021 observed one of the lowest hydro levels of the past 20 years, resulting in strong western power markets. Forward prices in the market continue to face upward pressure and have been slowly increasing over the quarter. Some factors contributing to the strengthening forward curve are hot weather, higher oil prices, and recovery in electricity demand as the economy re-opens in accordance with reduced COVID-19 restrictions.

Alberta natural gas maintained a solid second quarter, with the Alberta Energy Company strip settling at CAD $2.94/GJ, up roughly $1.04/GJ from Q2 2020 ($1.90/GJ). The strength continues to be driven by a tight supply and demand balance in the market, with supply relatively flat year-over-year, and demand increasing over this time last year with easing restrictions from the COVID-19 pandemic. Deliveries to the Alberta oil sands region are a significant source of increased demand, with an approximately 0.35 Bcf (Billions cubic feet) increase over last year, driven by strong crude oil markets, and less maintenance activities from major producers. As a result of the tightness in the market, total Alberta natural gas storage inventories are lagging and currently sitting at 65 per cent of total capacity. Roughly 304 Bcf of gas is currently in storage compared to 350 Bcf this time last year. The market continues to account for the supply/demand tightness in its pricing.

With the increased price volatility in the spot markets and the strengthening of both the natural gas and power forward markets, ENMAX's hedging strategy continues to play an integral role in managing exposures, therefore protecting a portion of ENMAX’s commodity margin from market impacts.

KEY BUSINESS STATISTICS

	Three months ended June 30,		Six months ended June 30,	
	2021	**2020**	**2021**	**2020**
Plant availability (%) [(1)]	**71.9**	98.6	**84.8**	98.9
Average flat pool price ($/MWh)	**104.73**	29.94	**100.99**	48.16
Average spark spread ($) [(2)]	**82.71**	15.77	**79.06**	33.84

(1) Plant availability (%) reflects planned maintenance and forced outages.
(2) Based on market prices.

Plant availability was lower than the prior period due to a major planned outage at the Shepard Energy Center. ENMAX Energy continued to focus on safe and reliable operations during the outage, which was successfully completed within the scheduled time frame.

The average flat pool power price increased compared to the same periods in 2020, primarily due to severe weather events experienced in the first six months of 2021, which tightened the market supply/demand balance and provided upward pressure on pool prices.

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 increase from 2020 levels was driven by a higher average pool price partially offset by an increase in the price of natural gas.

In the retail business, fixed price electricity volumes in the first three and six months of 2021 decreased over the prior period, mainly due to a reduction in demand at commercial sites as result of the COVID-19 pandemic.

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

ENMAX Energy 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. Entering the year, ENMAX Energy hedged a significant portion of its capacity. This largely insulated commodity margins from market impacts and led to increased certainty on cashflows throughout the quarter. Open portfolio positions were impacted by volatility in the current market environment as electricity prices significantly increased, leading to higher than expected spark spreads.

ENMAX FINANCIAL RESULTS

ADJUSTED EBIT COMPARED WITH 2020

Three months ended June 30, *(millions of Canadian dollars)*	**ENMAX Power**	**Versant Power**	**ENMAX Energy**	**Corporate**	**ENMAX Consolidated**
Adjusted EBIT [1] for the three months ended June 30, 2020	34	19	15	(2)	66
(Decreased) increased margins attributable to:					
Transmission and distribution	2	(1)	-	-	1
Electricity	-	-	(31)	-	(31)
Natural gas	-	-	(1)	-	(1)
Contractual services and other	(7)	-	2	(1)	(6)
Decreased (increased) expense:					
Operations, maintenance & administration (OM&A) [2]	5	(3)	8	3	13
Depreciation and amortization	(3)	2	2	-	1
Adjusted EBIT [1] for the three months ended June 30, 2021	**31**	**17**	**(5)**	**-**	**43**

[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.

Six months ended June 30, *(millions of Canadian dollars)*	**ENMAX Power**	**Versant Power**	**ENMAX Energy**	**Corporate**	**ENMAX Consolidated**
Adjusted EBIT [1] for the six months ended June 30, 2020	61	20	50	(1)	130
Increased (decreased) margins attributable to:					
Transmission and distribution	8	52	-	-	60
Electricity	-	-	(31)	-	(31)
Natural gas	-	-	(2)	-	(2)
Contractual services and other	(9)	2	2	(1)	(6)
(Increased) decreased expense:					
Operations, maintenance & administration (OM&A) [2]	8	(28)	19	4	3
Depreciation and amortization	(5)	(10)	5	-	(10)
Adjusted EBIT [1] for the six months ended June 30, 2021	**63**	**36**	**43**	**2**	**144**

[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 three and six months ended June 30, 2021, transmission and distribution margins increased $1 million or 1 per cent and $60 million or 26 per cent respectively, compared to the same periods in 2020. The favourable variance was largely due to including Versant Power results for the full period in 2021, as well as continued investment in ENMAX Power.

Electricity margins for the three and six months ended June 30, 2021 decreased by $31 million or 37 per cent and $31 million or 17 per cent respectively, compared to the same periods in 2020. These decreases were primarily due to lower plant availability as a result of a planned outage at the Shepard Energy Center.

Natural gas margins for the three and six months ended June 30, 2021 decreased $1 million or 8 per cent and $2 million or 6 per cent respectively, compared to the same periods in 2020. The decrease was primarily due to lower retail consumption volumes combined with higher costs to serve customers.

Contractual services and other margins for the three and six months ended June 30, 2021, decreased by $6 million or 25 per cent, and $6 million or 13 per cent respectively, from the same periods in 2020. This decrease was primarily due to lower construction service activity in the current period.

Management characterizes OM&A as other expense recognized on the consolidated statement of earnings excluding foreign exchange gain (loss), Versant Power acquisition costs, and costs that are included in contractual service margins. For the three and six months ended June 30, 2021, OM&A decreased $13 million or 11 per cent and decreased $3 million or 1 per cent respectively, when compared to the same periods in 2020. The favourable variance from the prior period was largely due to decreased staffing costs and collection of previously recorded credit loss, offset by the inclusion of Versant Power results for the full period in 2021.

The Corporation recorded no Versant Power acquisition related costs during the three and six months ended June 30, 2021. During the three and six months ended June 30, 2020, the Corporation recorded acquisition related costs of $2 million and $33 million, of which $nil and $9 million related to finance charges, respectively. Acquisition costs are not included in Adjusted EBIT.

Depreciation and amortization expense decreased $1 million or 1 per cent and increased $10 million or 7 per cent respectively, when compared to the same periods in 2020. This increase was consistent with capital asset additions in the period, which includes Versant Power assets acquired late in the first quarter of 2020.

OTHER NET EARNINGS ITEMS

Finance charges for the three and six months ended June 30, 2021 decreased $2 million or 6 per cent and increased $4 million or 7 per cent, compared to the same periods in 2020. This is primarily driven by the inclusion of Versant Power results for the full period in 2021.

The calculation of the Corporation's current and deferred income taxes involves a degree of estimation and judgment. The 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, allowances where uncertainty surrounding any realization of the tax benefit exists, and settlement of various tax disputes.

The Corporation recorded a total income tax recovery of $5 million and $2 million (2020 - $7 million and $9 million recovery) for the three months and six months ended June 30, 2021, respectively. The change in this amount is primarily due to changes in taxable income.

OTHER COMPREHENSIVE INCOME AND SHAREHOLDER'S EQUITY

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

For the three and six months ended June 30, 2021, OCI included total losses of $24 million and $37 million respectively, compared with losses of $42 million and $70 million respectively for the same periods in 2020. The OCI losses primarily reflect cumulative foreign exchange translation impact on consolidation of foreign operations, and the unfavourable fair value changes in electricity and commodity positions.

Accumulated other comprehensive loss is reflected in shareholder's equity along with retained earnings and share capital. Retained earnings for the period increased $126 million, largely from earnings during the period partially offset by $58 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 is shown below. These non-IFRS measures are consistently applied in the previous period.

ADJUSTED EBITDA

(millions of Canadian dollars)	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Net earnings (IFRS financial measure)	**89**	38	**184**	211
Add (deduct):				
Unrealized (gain) on commodities	**(73)**	(3)	**(103)**	(34)
Foreign exchange (gain)	**-**	(1)	**-**	(126)
Versant Power acquisition related costs (including finance charges) [1]	**-**	(4)	**-**	33
Impairment	**-**	3	**-**	3
Net income tax expense on unrealized (gain) on commodities, and foreign exchange (gain) loss, Versant Power acquisition related costs and impairment	**7**	(1)	**10**	-
Comparable net earnings (non-IFRS financial measure)	**23**	32	**91**	87
Add (deduct):				
Depreciation and amortization	**75**	76	**152**	142
Finance charges (excludes Versant Power acquisition related costs)	**32**	40	**65**	52
Remaining income tax (recovery)	**(12)**	(6)	**(12)**	(9)
Adjusted EBITDA (non-IFRS financial measure)	**118**	142	**296**	272

[1] For the three and six months ended June 30, 2020 – Includes $2 million and $24 million in OM&A costs (of which $nil and $14 million are stipulated costs), respectively and $nil and $9 million in net financing charges (of which $nil and $1 million are stipulated costs), respectively.

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 is also used to evaluate certain debt coverage ratios.

Adjusted EBITDA excludes the impact of unrealized (gain) on commodities, foreign exchange (gain) and Versant Power acquisition related costs 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 (gain) 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. This unrealized (gain) does not necessarily reflect the actual gain and loss 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

(millions of Canadian dollars)	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Net earnings (IFRS financial measure)	**89**	38	**184**	211
Add (deduct):				
Unrealized (gain) on commodities	**(73)**	(3)	**(103)**	(34)
Foreign exchange (gain)	**-**	(1)	**-**	(126)
Finance charges (excludes Versant Power acquisition related costs)	**32**	40	**65**	52
Versant Power acquisition related costs (including finance charges)	**-**	(4)	**-**	33
Impairment	**-**	3	**-**	3
Income tax (recovery)	**(5)**	(7)	**(2)**	(9)
Adjusted EBIT (non-IFRS financial measure)	**43**	66	**144**	130

The Corporation focuses on Adjusted EBIT, which excludes the impact of unrealized (gain) on commodities, foreign exchange (gain) and Versant Power acquisition related costs. 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 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.

Twelve months ended June 30, *(millions of Canadian dollars)*	2021	2020
Net cash provided by operating activities [(1)]	**448**	577
Capital expenditures funded from operations [(2)]	**(255)**	(272)
Versant Power acquisition funded from operations [(3)]	**-**	(297)
Free cash flow (non-IFRS financial measure)	**193**	8

[(1)] Refer to Liquidity and Capital Resources section.
[(2)] Includes cash provided to fund capital expenditures in ENMAX Power 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 $1,393 million invested in the acquisition of Versant Power, reduced by incremental borrowings of $1,096 million for the acquisition.

Free cash flow for the twelve months ended June 30, 2021 increased by $185 million compared to the same period in 2020. The increase in FCF was primarily driven by net funds used to acquire Versant Power in the prior year.

FINANCIAL POSITION

SIGNIFICANT CHANGES IN THE CORPORATION'S FINANCIAL POSITION

AS AT *(millions of Canadian dollars, except % change)*	June 30, 2021	December 31, 2020	$ Change	% Change	Explanation for Change
ASSETS					
Cash and cash equivalents	**90**	40	50	125%	Refer to Liquidity section
Accounts receivable	**767**	736	31	4%	Increase is mainly attributable to the timing of receipts
Net assets held for sale	**-**	27	(27)	(100%)	The Corporation completed the sale of its District Energy Centre assets on May 14, 2021
Property, plant and equipment (PP&E)	**5,776**	5,773	3	0%	Capital additions largely offset by amortization and foreign exchange translation on PP&E
Intangible assets	**300**	290	10	3%	Capital additions largely offset by amortization
Goodwill	**592**	610	(18)	(3%)	Foreign exchange translation
Financial assets [(1)]	**111**	-	111	100%	Change in fair value of derivatives
Other assets [(1)]	**185**	210	(25)	(12%)	Changes in deferred margin positions
LIABILITIES AND SHAREHOLDER'S EQUITY					
Short-term financing	**252**	166	86	52%	Refer to Liquidity section
Accounts payable and accrued liabilities	**603**	564	39	7%	Increase is mainly attributable to the timing of disbursements
Long-term debt [(1)]	**3,352**	3,442	(90)	(3%)	Additional $235 million in repayments of debt offset by $161 million City Debentures issued
Asset retirement obligation and other provisions	**126**	149	(23)	(15%)	Change in discount rates

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

LIQUIDITY AND CAPITAL RESOURCES

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.

Cash and cash equivalents increased to $90 million as at June 30, 2021 compared to $40 million as at December 31, 2020. Short-term financing of $252 million as at June 30, 2021 reflects a temporary use of credit facilities to address timing of expenditures.

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 June 30, 2021 the Corporation was compliant with all debt covenants and expects to remain so throughout the year.

As at June 30, 2021 ENMAX had issued net $140 million in commercial paper with a fair value of $140 million and an average interest rate of 0.91 per cent (December 31, 2020 - $nil). ENMAX's total debt balance as at June 30, 2021 was $3,604 million (December 31, 2020 - $3,608 million).

In March 2020 the Corporation entered a $250 million two-year syndicated credit facility in connection with the Versant Power acquisition. $55 million of this facility was repaid throughout 2020, $115 million was repaid in March 2021, and the remaining $80 million was repaid in April 2021.

CREDIT FACILITIES

	At June 30, 2021		At December 31, 2020	
	Borrowing capacity	**Available**	**Borrowing capacity**	**Available**
Revolving Credit Facilities [1]	**740**	390	**740**	520
Letters of Credit Facilities [1]	**360**	86	**360**	135
Total	**1,100**	476	**1,100**	655

[1] The Corporation's credit facilities mature between 2022 and 2023 and are provided by national and regional lenders.

On July 14, 2021 ENMAX restructured and extended its bank credit facilities. The new credit facilities consist of $840 million in revolving credit facilities and $710 million in letters of credit facilities. $800 million of the revolving credit facilities mature in 2025.

RISKS AND RISK MANAGEMENT

On June 1, 2021 Maine legislators passed a bill that would create a consumer-owned public utility through a takeover of Versant Power. On July 13, 2021, the Governor of Maine vetoed the bill in its current form, calling on alternative proposals. ENMAX continues to actively monitor the political climate in jurisdictions in which it operates.

There have been no other material changes in the three and six months ended June 30, 2021 to the Corporation's Risk Management and Uncertainties section as described in the Corporation's December 31, 2020 MD&A.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT *(unaudited), (millions of Canadian dollars)*	**June 30, 2021**	December 31, 2020
ASSETS		
Cash and cash equivalents (Note 9)	**$ 90**	$ 40
Accounts receivable	**767**	736
Income taxes receivable (Note 7)	**11**	11
Current portion of financial assets (Note 6)	**285**	100
Other current assets (Note 10)	**90**	72
Assets held for sale (Note 11)	**-**	38
	1,243	997
Property, plant and equipment (PP&E) (Notes 12 and 15)	**5,776**	5,773
Intangible assets (Note 13)	**300**	290
Goodwill (Note 14)	**592**	610
Deferred income tax assets (Note 7)	**57**	57
Financial assets (Note 6)	**89**	44
Other long-term assets (Note 10)	**219**	227
TOTAL ASSETS	**8,276**	7,998
REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES (Note 8)	**202**	189
TOTAL ASSETS AND REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES	**$ 8,478**	$ 8,187
LIABILITIES		
Short-term financing (Note 6)	**$ 252**	$ 166
Accounts payable and accrued liabilities	**603**	564
Dividend payable	**44**	-
Current portion of long-term debt (Note 6)	**176**	74
Current portion of financial liabilities (Note 6)	**216**	98
Current portion of deferred revenue (Note 16)	**9**	7
Current portion of lease liabilities (Note 15)	**5**	5
Other current liabilities (Note 10)	**111**	72
Liabilities held for sale (Note 11)	**-**	11
Current portion of asset retirement obligations and other provisions	**4**	6
	1,420	1,003
Long-term debt (Note 6)	**3,176**	3,368
Deferred income tax liabilities (Note 7)	**264**	268
Post-employment benefits	**170**	166
Financial liabilities (Note 6)	**47**	46
Deferred revenue (Note 16)	**568**	562
Lease liabilities (Note 15)	**44**	47
Other long-term liabilities (Note 10)	**13**	17
Asset retirement obligations and other provisions	**122**	143
TOTAL LIABILITIES	**5,824**	5,620
REGULATORY DEFERRAL ACCOUNT CREDIT BALANCES (Note 8)	**149**	151
SHAREHOLDER'S EQUITY		
Share capital	**280**	280
Retained earnings	**2,452**	2,326
Accumulated other comprehensive loss (Note 17)	**(227)**	(190)
	2,505	2,416
TOTAL LIABILITIES, REGULATORY DEFERRAL ACCOUNT CREDIT BALANCES AND SHAREHOLDER'S EQUITY	**$ 8,478**	$ 8,187

Commitments and contingencies (Note 22).
See accompanying notes to the unaudited condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF EARNINGS

(unaudited) *(millions of Canadian dollars)*	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
REVENUE (Note 5)				
Transmission and distribution	**$ 229**	$ 238	**$ 494**	$ 424
Electricity	**342**	222	**699**	577
Natural gas	**58**	47	**200**	150
Local access fees	**35**	28	**73**	65
Contractual services	**16**	35	**40**	67
Contributions in aid of construction (CIAC) revenue (Note 16)	**5**	5	**10**	10
Other revenue (Note 21)	**6**	3	**11**	5
TOTAL REVENUE	**691**	578	**1,527**	1,298
OPERATING EXPENSES (Note 5)				
Transmission and distribution	**92**	89	**216**	208
Electricity and fuel purchases	**215**	134	**445**	361
Natural gas and delivery	**47**	35	**169**	117
Local access fees	**35**	28	**73**	65
Depreciation and amortization	**75**	76	**152**	142
Impairment (Notes 5 and 12)	**-**	3	**-**	3
Other expenses (Note 21)	**114**	140	**236**	154
TOTAL OPERATING EXPENSES	**578**	505	**1,291**	1,050
OPERATING PROFIT	**113**	73	**236**	248
Finance charges	**32**	34	**65**	61
NET EARNINGS BEFORE TAX	**81**	39	**171**	187
Current income tax (recovery) (Note 7)	**-**	-	**-**	(7)
Deferred income tax (recovery) (Note 7)	**(5)**	(7)	**(2)**	(2)
NET EARNINGS - BEFORE NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES	**86**	46	**173**	196
NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES (Note 8)	**3**	(8)	**11**	15
NET EARNINGS	**$ 89**	$ 38	**$ 184**	$ 211

See accompanying notes to the unaudited condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

(unaudited) *(millions of Canadian dollars)*	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
NET EARNINGS	$ **89**	$ 38	$ **184**	$ 211
OTHER COMPREHENSIVE (LOSS), NET OF INCOME TAX				
Items that will not be reclassified subsequently to statement of earnings				
Cumulative (losses) on translation adjustment	**(26)**	(46)	**(39)**	(63)
Items that will be reclassified subsequently to statement of earnings				
Unrealized (losses) on derivative instruments (1)	**-**	(5)	**-**	(11)
Reclassification of losses on derivative instruments to net earnings (2)	**2**	9	**2**	4
Other comprehensive (loss), net of income tax	**(24)**	(42)	**(37)**	(70)
TOTAL COMPREHENSIVE INCOME (LOSS)	$ **65**	$ (4)	$ **147**	$ 141

(1) Net deferred income tax of $nil for the three and six months ended June 30, 2021 (2020 - $2 million and $5 million recovery), respectively.

(2) Net deferred income tax of $nil for the three and six months ended June 30, 2021 (2020 - $3 million and $1 million recovery), respectively.

See accompanying notes to the unaudited condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

(unaudited) *(millions of Canadian dollars)*		**Share Capital**		**Retained Earnings**		**Accumulated Other Comprehensive Income (Loss)**		**Total**
As at January 1, 2021	$	280	$	2,326	$	(190)	$	2,416
Net earnings		-		95		-		95
Other comprehensive (loss), net of income tax		-		-		(13)		(13)
Total comprehensive income (loss)		-		95		(13)		82
Dividends (Note 18)		-		(58)		-		(58)
As at March 31, 2021		280		2,363		(203)		2,440
Net earnings		-		89		-		89
Other comprehensive (loss), net of income tax		-		-		(24)		(24)
As at June 30, 2021	**$**	**280**		**2,452**		**(227)**		**2,505**

As at January 1, 2020	$	280	$	2,092	$	(32)	$	2,340
Net earnings		-		211		-		211
Other comprehensive (loss), net of income tax		-		-		(71)		(71)
Total comprehensive income (loss)		-		211		(71)		140
Dividends (Note 18)		-		(54)		-		(54)
As at June 30, 2020		280		2,249		(103)		2,426
Net earnings		-		77		-		77
Other comprehensive (loss), net of income tax		-		-		(87)		(87)
As at December 31, 2020	**$**	**280**	**$**	**2,326**	**$**	**(190)**	**$**	**2,416**

See accompanying notes to the unaudited condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(unaudited)	Three months ended June 30,		Six months ended June 30,	
(millions of Canadian dollars)	**2021**	**2020**	**2021**	**2020**
CASH PROVIDED (USED IN) BY:				
OPERATING ACTIVITIES				
Net earnings	**$ 89**	$ 39	**$ 184**	$ 211
Reconciliation of net earnings to cash flow from operating:				
CIAC	**11**	6	**16**	9
CIAC revenue (Note 16)	**(5)**	(5)	**(10)**	(10)
Depreciation and amortization	**75**	76	**152**	142
Finance charges	**32**	34	**65**	61
Income tax recovery (Note 7)	**(5)**	(7)	**(2)**	(9)
Change in unrealized market value of financial contracts	**(78)**	(3)	**(108)**	(53)
Post-employment benefits	**-**	2	**2**	3
Foreign exchange	**(25)**	2	**(36)**	19
Change in non-cash working capital (Note 19)	**61**	52	**34**	2
Cash flow from operations	**155**	196	**297**	375
Interest paid [(1)]	**(61)**	(50)	**(79)**	(59)
Income taxes recovered (paid)	**-**	1	**-**	(11)
Net cash flow provided by operating activities	**94**	147	**218**	305
INVESTING ACTIVITIES				
Purchase of property, plant and equipment and intangibles [(1)]	**(91)**	(115)	**(190)**	(185)
Net proceeds from disposal of assets and liabilities held for sale	**27**	-	**27**	-
Acquisition of Versant Power (Note 5)	**-**	-	**-**	(1,393)
Cash flow (used in) investing activities	**(64)**	(115)	**(163)**	(1,578)
FINANCING ACTIVITIES				
Repayment of short-term debt	**(1,156)**	(1,216)	**(1,971)**	(2,593)
Proceeds from short-term debt	**1,086**	1,079	**2,057**	2,478
Repayment of long-term debt	**(114)**	(186)	**(235)**	(195)
Proceeds from long-term debt	**161**	319	**161**	566
Repayment of lease liability	**(1)**	(1)	**(3)**	(3)
Dividend paid (Note 18)	**-**	(13)	**(14)**	(27)
Cash flow (used in) provided by financing activities	**(24)**	(18)	**(5)**	226
Increase (decrease) in cash and cash equivalents	**6**	14	**50**	(1,047)
Cash and cash equivalents, beginning of period	**84**	19	**40**	1,080
CASH AND CASH EQUIVALENTS, END OF PERIOD	**$ 90**	$ 33	**$ 90**	$ 33
Cash and cash equivalents, end of period consist of:				
Cash			**$ 82**	$ 14
Restricted cash (Note 9)			**8**	19
			$ 90	$ 33

(1) Total interest paid during the three and six months ended June 30, 2021 was $62 million and $82 million, respectively (2020 - $53 million and $64 million). Purchase of property, plant and equipment (PP&E) and intangibles includes $1 million and $3 million of capitalized borrowing costs in the three and six months ended June 30, 2021, respectively (2020 - $3 million and $5 million).

See accompanying notes to the unaudited condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

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; operations of the Corporation began on January 1, 1998. The Corporation's mandate was to carry on the electric utility transmission and distribution operations previously directed by the Calgary Electric System. 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 while MPD is a member of the Northern Maine Independent System Administrator.

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 unaudited interim condensed 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. They do not include all the disclosures required in annual consolidated financial statements and should be read in conjunction with the Corporation's consolidated financial statements for the year ended December 31, 2020, prepared according to IFRS. The unaudited interim condensed consolidated financial statements are prepared following the same accounting policies used in the Corporation's most recent annual consolidated financial statements.

These unaudited interim condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on August 26, 2021.

BASIS OF MEASUREMENT

These unaudited interim condensed 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 2020, 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 unaudited interim condensed consolidated financial statements are presented in millions of Canadian dollars.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these unaudited interim condensed 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. Refer to Note 3 of the Corporation's most recent annual consolidated financial statements for further details.

4. ACCOUNTING PRONOUNCEMENTS

The following standards and interpretations are not yet effective under IFRS and have not been applied in preparing these unaudited interim condensed 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 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 gain and loss 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 gain and loss that could be recorded on such transactions. IASB has 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, 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 standard may have an impact on ENMAX Power and Versant Power segments. IASB has not set an implementation date for this new standard and comments on the exposure draft were due on July 30, 2021.

5. SEGMENT INFORMATION

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

ENMAX POWER

ENMAX Power is primarily a regulated operating segment established to own and operate electricity transmission and distribution assets in the Calgary service area through various legal entities and affiliated companies. ENMAX Power'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. ENMAX Power also delivers project execution for customer infrastructure in areas such as power infrastructure, light rail transit, and commercial and residential development.

VERSANT POWER

Versant Power operates as a separate and distinct regulated electricity transmission and distribution utility serving customers in northern and eastern Maine, USA. Versant Power's role includes planning for the needs of the system, maintaining the transmission and distribution system within the service area, evaluating new technologies that can enable greater reliability, resiliency, and customer choice, and timing investments so that benefits for customers exceed costs.

ENMAX ENERGY

ENMAX Energy carries out retail energy supply and related functions including the Calgary Regulated Rate Option (RRO) through various affiliated legal entities. ENMAX Energy is an integrated business that involves generation of electricity and providing customers with electricity, natural gas, and distributed energy resource solutions. This integration provides an advantage that allows ENMAX to efficiently serve the largest number of customers in Alberta.

CORPORATE

The Corporate segment provides financing and shared legal, finance and accounting, human resources, information technology, and other administrative functions to the operating segments.

SEGMENTED TOTAL ASSETS AND REGULATORY DEFERRAL ACCOUNT BALANCES

AS AT	June 30, 2021	December 31, 2020 [1]
ENMAX Power	**3,067**	2,991
Versant Power	**2,195**	2,180
ENMAX Energy	**2,865**	2,686
Corporate	**149**	141
Total assets	**8,276**	7,998
Regulatory deferral account debit balances (Note 8)	**202**	189
Total assets and regulatory deferral account debit balances	**8,478**	8,187

[1] Reclassified to conform with current period's presentation.

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 gain and loss on commodities, foreign exchange, and Versant Power acquisition related costs, which are reflected in the column "Adjusted Consolidated Totals" below.

Segment information for the three and six months ended June 30, 2020 has been reclassified to conform with the current period's presentation. The presentation change had no impact on reported consolidated net earnings.

Three months ended June 30, 2021	**ENMAX Power**	**Versant Power**	**ENMAX Energy**	**Corporate**	**Adjusted Consolidated Totals**	**Regulatory Deferral Movement**	**Other Presentation Reclass**	**Consolidated Totals**
REVENUE								
Transmission and distribution	161	65	-	-	226	3	-	229
Electricity	-	-	371	(29)	342	-	-	342
Natural gas	-	-	58	-	58	-	-	58
Local access fees	35	-	-	-	35	-	-	35
Other revenue	27	2	10	(1)	38	(11)	-	27
TOTAL REVENUE	223	67	439	(30)	699	(8)	-	691
OPERATING EXPENSES								
Transmission and distribution	72	13	-	-	85	7	-	92
Electricity and fuel purchases	-	-	316	(28)	288	-	(73)	215
Natural gas and delivery	-	-	47	-	47	-	-	47
Local access fees	35	-	-	-	35	-	-	35
Depreciation and amortization	35	12	29	(1)	75	-	-	75
Other expenses	50	25	52	(1)	126	(12)	-	114
TOTAL OPERATING EXPENSES	192	50	444	(30)	656	(5)	(73)	578
OPERATING PROFIT	31	17	(5)	-	43	(3)	73	113
Unrealized (gain) on commodities					(73)	-	73	-
Finance charges					32	-	-	32
NET EARNINGS BEFORE TAX					84	(3)	-	81
Deferred income tax (recovery)					(5)	-	-	(5)
NET EARNINGS BEFORE NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES					89	(3)	-	86
NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES					-	3	-	3
NET EARNINGS					89	-	-	89

Three months ended June 30, 2020	ENMAX Power	Versant Power	ENMAX Energy	Corporate	Adjusted Consolidated Totals	Regulatory Deferral Movement	Other Presentation Reclass	Consolidated Totals
REVENUE								
Transmission and distribution	170	65	-	-	235	3	-	238
Electricity	-	-	252	(30)	222	-	-	222
Natural gas	-	-	47	-	47	-	-	47
Local access fees	28	-	-	-	28	-	-	28
Other revenue	35	2	11	-	48	(5)	-	43
TOTAL REVENUE	233	67	310	(30)	580	(2)	-	578
OPERATING EXPENSES								
Transmission and distribution	83	12	-	-	95	(6)	-	89
Electricity and fuel purchases	-	-	166	(29)	137	-	(3)	134
Natural gas and delivery	-	-	35	-	35	-	-	35
Local access fees	28	-	-	-	28	-	-	28
Depreciation and amortization	32	14	31	(1)	76	-	-	76
Impairment [(1)]	-	-	-	-	-	-	3	3
Other expenses	56	22	63	2	143	(4)	1	140
TOTAL OPERATING EXPENSES	199	48	295	(28)	514	(10)	1	505
OPERATING PROFIT	34	19	15	(2)	66	8	(1)	73
Unrealized (gain) on commodities					(3)	-	3	-
Foreign exchange (gain)					(1)	-	1	-
Versant Power acquisition costs [(2)]					2	-	(2)	-
Impairment [(1)]					3	-	(3)	-
Finance charges					34	-	-	34
NET EARNINGS BEFORE TAX					31	8	-	39
Deferred income tax (recovery)					(7)	-	-	(7)
NET EARNINGS BEFORE NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES					38	8	-	46
NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES					-	(8)	-	(8)
NET EARNINGS					38	-	-	38

(1) During the three months ended June 30, 2020, ENMAX Energy segment recognized an impairment loss of $3 million associated with certain property, plant and equipment.

(2) During the three months ended June 30, 2020, ENMAX recognized other expenses related to the acquisition of Versant Power of $2 million.

Six months ended June 30, 2021	ENMAX Power	Versant Power	ENMAX Energy	Corporate	Adjusted Consolidated Totals	Regulatory Deferral Movement	Other Presentation Reclass	Consolidated Totals
REVENUE								
Transmission and distribution	348	139	-	-	487	7	-	494
Electricity	-	-	761	(62)	699	-	-	699
Natural gas	-	-	200	-	200	-	-	200
Local access fees	73	-	-	-	73	-	-	73
Other revenue	55	4	19	(1)	77	(16)	-	61
TOTAL REVENUE	476	143	980	(63)	1,536	(9)	-	1,527
OPERATING EXPENSES								
Transmission and distribution	168	30	-	-	198	18	-	216
Electricity and fuel purchases	-	-	609	(61)	548	-	(103)	445
Natural gas and delivery	-	-	169	-	169	-	-	169
Local access fees	73	-	-	-	73	-	-	73
Depreciation and amortization	70	25	59	(2)	152	-	-	152
Other expenses	102	52	100	(2)	252	(16)	-	236
TOTAL OPERATING EXPENSES	413	107	937	(65)	1,392	2	(103)	1,291
OPERATING PROFIT	63	36	43	2	144	(11)	103	236
Unrealized (gain) on commodities					(103)	-	103	-
Finance charges					65	-	-	65
NET EARNINGS BEFORE TAX					182	(11)	-	171
Deferred income tax (recovery)					(2)	-	-	(2)
NET EARNINGS BEFORE NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES					184	(11)	-	173
NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES					-	11	-	11
NET EARNINGS					184	-	-	184

Six months ended June 30, 2020	ENMAX Power	Versant Power	ENMAX Energy	Corporate	Adjusted Consolidated Totals	Regulatory Deferral Movement	Other Presentation Reclass	Consolidated Totals
REVENUE								
Transmission and distribution	348	71	-	-	419	5	-	424
Electricity	-	-	639	(62)	577	-	-	577
Natural gas	-	-	150	-	150	-	-	150
Local access fees	65	-	-	-	65	-	-	65
Other revenue	65	2	25	-	92	(10)	-	82
TOTAL REVENUE	478	73	814	(62)	1,303	(5)	-	1,298
OPERATING EXPENSES								
Transmission and distribution	176	14	-	-	190	18	-	208
Electricity and fuel purchases	-	-	456	(61)	395	-	(34)	361
Natural gas and delivery	-	-	117	-	117	-	-	117
Local access fees	65	-	-	-	65	-	-	65
Depreciation and amortization	65	15	64	(2)	142	-	-	142
Impairment [(1)]	-	-	-	-	-	-	3	3
Other expenses	111	24	127	2	264	(8)	(102)	154
TOTAL OPERATING EXPENSES	417	53	764	(61)	1,173	10	(133)	1,050
OPERATING PROFIT	61	20	50	(1)	130	(15)	133	248
Unrealized (gain) on commodities					(34)	-	34	-
Foreign exchange (gain)					(126)	-	126	-
Versant Power acquisition costs [(2)]					24	-	(24)	-
Impairment [(1)]					3	-	(3)	-
Finance charges [(2)]					61	-	-	61
NET EARNINGS BEFORE TAX					202	(15)	-	187
Current income tax (recovery)					(7)	-	-	(7)
Deferred income tax (recovery)					(2)	-	-	(2)
NET EARNINGS BEFORE NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES					211	(15)	-	196
NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES					-	15	-	15
NET EARNINGS					211	-	-	211

[(1)] During the six months ended June 30, 2020, ENMAX Energy segment recognized an impairment loss of $3 million associated with certain property, plant and equipment.

[(2)] During the six months ended June 30, 2020, ENMAX recognized other expenses related to the acquisition of Versant Power of $24 million.

[(3)] During the six months ended June 30, 2020, ENMAX recognized finance charges related to the acquisition of Versant Power of $9 million, of which $1 million are stipulated costs.

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 Versant Power, ENMAX receives revenues from residential, commercial, and industrial customers for use of its transmission and distribution grid system. Transmission rates are set by FERC, while distribution rates are set by 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.
The 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.
Other	ENMAX receives other revenue from individual consumers to large corporations who in turn receive credit and terms based on their respective products and credit history.

REVENUE – MAJOR CUSTOMERS AND SALES CHANNELS

	Transmission	Distribution	U.S. Operations	Mass Market	Commercial Market	City of Calgary Local Access Fees	Government and Institutional	Other	Total
Three months ended June 30, 2021									
Transmission & distribution	**25**	**139**	**65**	**-**	**-**	**-**	**-**	**-**	**229**
Electricity									
ENMAX Energy	**-**	**-**	**-**	**65**	**244**	**-**	**-**	**-**	**309**
Regulated	**-**	**-**	**-**	**26**	**7**	**-**	**-**	**-**	**33**
Natural gas	**-**	**-**	**-**	**38**	**20**	**-**	**-**	**-**	**58**
Local access fees	**-**	**-**	**-**	**-**	**-**	**35**	**-**	**-**	**35**
Contractual services	**-**	**-**	**-**	**-**	**-**	**-**	**7**	**9**	**16**
Other revenue & CIAC	**-**	**-**	**2**	**-**	**-**	**-**	**-**	**9**	**11**
TOTAL REVENUE	**25**	**139**	**67**	**129**	**271**	**35**	**7**	**18**	**691**

	Transmission	Distribution	U.S. Operations	Mass Market	Commercial Market	City of Calgary Local Access Fees	Government and Institutional	Other	Total
Three months ended June 30, 2020									
Transmission & distribution	25	148	65	-	-	-	-	-	**238**
Electricity									
ENMAX Energy	-	-	-	55	141	-	-	-	**196**
Regulated	-	-	-	21	5	-	-	-	**26**
Natural gas	-	-	-	34	13	-	-	-	**47**
Local access fees			-			28			**28**
Contractual services	-	-	-	-	-	-	10	25	**35**
Other revenue & CIAC	-	-	2	-	-	-	-	6	**8**
TOTAL REVENUE	**25**	**148**	**67**	**110**	**159**	**28**	**10**	**31**	**578**

	Transmission	Distribution	U.S. Operations	Mass Market	Commercial Market	City of Calgary Local Access Fees	Government and Institutional	Other	Total
Six months ended June 30, 2021									
Transmission & distribution	**51**	**304**	**139**	**-**	**-**	**-**	**-**	**-**	**494**
Electricity									
ENMAX Energy	**-**	**-**	**-**	**138**	**489**	**-**	**-**	**-**	**627**
Regulated	**-**	**-**	**-**	**58**	**14**	**-**	**-**	**-**	**72**
Natural gas	**-**	**-**	**-**	**138**	**62**	**-**	**-**	**-**	**200**
Local access fees	**-**	**-**	**-**	**-**	**-**	**73**	**-**	**-**	**73**
Contractual services	**-**	**-**	**-**	**-**	**-**	**-**	**15**	**25**	**40**
Other revenue & CIAC	**-**	**-**	**4**	**-**	**-**	**-**	**-**	**17**	**21**
TOTAL REVENUE	**51**	**304**	**143**	**334**	**565**	**73**	**15**	**42**	**1,527**

	Transmission	Distribution	U.S. Operations	Mass Market	Commercial Market	City of Calgary Local Access Fees	Government and Institutional	Other	Total
Six months ended June 30, 2020									
Transmission & distribution	50	303	71	-	-	-	-	-	**424**
Electricity									
ENMAX Energy	-	-	-	120	395	-	-	-	**515**
Regulated	-	-	-	50	12	-	-	-	**62**
Natural gas	-	-	-	109	41	-	-	-	**150**
Local access fees	-	-	-	-	-	65	-	-	**65**
Contractual services	-	-	-	-	-	-	22	45	**67**
Other revenue & CIAC	-	-	2	-	-	-	-	13	**15**
TOTAL REVENUE	**50**	**303**	**73**	**279**	**448**	**65**	**22**	**58**	**1,298**

6. 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.

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 financial assets, as set out in the table below. This maximum exposure does not necessarily reflect loss expected by management nor does it necessarily reflect loss experienced in the past.

The COVID-19 pandemic resulted in several government mandated response measures that may have adverse financial impacts on ENMAX customers. As the nature and duration of these response measures continues to evolve, it is not possible to fully measure the financial impact of these events. In response to increased credit risk, the Corporation increased its monitoring of customer credit worthiness and recorded provisions for credit loss on customer receivables totaling $22 million as at June 30, 2021 (December 31, 2020 - $29 million). Given the uncertain effects of the pandemic on ENMAX customers and the broader economy, estimates and judgments made by management with respect to credit loss are subject to a high degree of estimation uncertainty. The Corporation continues to monitor its exposure to credit risk and will adjust expected credit loss provisions in future periods if warranted.

VALUATION OF DERIVATIVE ASSETS AND LIABILITIES

Financial derivative instruments are recorded at fair value on the statement of financial position. As at June 30, 2021, the fair values of derivatives were as follows:

AS AT	June 30, 2021		December 31, 2020	
	Hedge Instruments	Non-Hedge Derivatives	Hedge Instruments	Non-Hedge Derivatives
Assets				
Current	3	282	4	96
Non-current	4	85	4	40
Liabilities				
Current	1	215	5	93
Non-current	-	47	-	46

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

For non-hedge derivatives, there were unrealized gain of $77 million and $108 million for the three and six months ended June 30, 2021 (2020 - $3 million and $53 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 marked-to-market, which creates a mismatch in the timing of earnings.

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	June 30, 2021		December 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt [1] consisting of:				
Debentures, with remaining terms of:				
Less than 5 years	**33**	**33**	33	34
5–10 years	**49**	**54**	34	39
10–15 years	**370**	**427**	309	372
15–20 years	**477**	**511**	566	642
20–25 years	**564**	**569**	429	459
General and refunding mortgage bonds				
8.98% series	**26**	**26**	28	28
Private debentures				
Series 3 (3.81%)	**197**	**215**	197	219
Series 4 (3.84%)	**295**	**323**	294	340
Series 5 (2.92%)	**299**	**308**	299	309
Series 6 (3.33%)	**299**	**316**	299	326
Series 7 (3.88%)	**249**	**269**	249	284
Senior notes				
Unsecured note (3.61%)	**76**	**78**	78	81
Unsecured note (4.34%)	**127**	**153**	131	164
Unsecured note (4.36%)	**57**	**69**	58	74
Unsecured note (4.71%)	**59**	**73**	61	78
Unsecured note (3.79%)	**61**	**76**	64	81
Unsecured note (2.80%)	**37**	**37**	38	39
Unsecured note (2.80%)	**74**	**75**	77	79
Non-revolving term facility	**-**	**-**	195	195
Promissory note	**3**	**3**	3	3
	3,352	**3,615**	3,442	3,846

[1] Includes current portion of $176 million (December 31, 2020 – $74 million). Maturity dates range from January 2022 to December 2049.

As at June 30, 2021, ENMAX had issued $140 million in commercial paper with a fair value of $140 million, and average interest rate of 0.91 per cent (December 31, 2020 - $nil), and had drawn $112 million on existing credit facilities with an average interest rate of 0.41 per cent (December 31, 2020 - $166 million at 0.47 per cent).

7. INCOME TAXES

The calculation of the Corporation's current and deferred income taxes involves a degree of estimation and judgment. The value of deferred income tax assets is reviewed at the end of each reporting period. For the three and six months ended June 30, 2021, management adjusted the income tax provision using its best estimate with considerations including management's expectation of future operating results and interpretation of applicable tax positions and allowances, where uncertainty surrounding the realization of the tax benefit exists.

8. REGULATORY DEFERRAL ACCOUNT BALANCES

NATURE AND ECONOMIC EFFECT OF RATE REGULATION

ENMAX Transmission and ENMAX Distribution are divisions of ENMAX Power Corporation (EPC) which is included in ENMAX Power. These divisions are regulated operations established to carry out all electrical transmission and distribution service functions within The City of Calgary. 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 rates are subject to the Performance Based Regulation mechanism. In December 2020, AUC approved 2021 formula-based rates on an interim basis for the period commencing January 1, 2021.

Transmission division rates are set based on an AUC approved revenue requirement and are regulated under a traditional cost-of-service framework. On June 16, 2021, AUC issued a decision on EPC's 2021-2022 Transmission General Tariff Application. In its decision, the Commission approved EPC's Negotiated Settlement Agreement which covered most of the issues in the proceeding. On two issues excluded from the Settlement the Commission disallowed EPC's proposed depreciation expense and Enhanced Asset Management Strategy costs. EPC applied to recover approximately $230 million in transmission revenue over the two years but was approved to recover approximately $207 million, subject to approval of its compliance filing.

ENMAX U.S. Operations

ENMAX, through its wholly owned subsidiary Versant Power, has distribution and transmission operations in Maine, USA. Versant Power's distribution and stranded cost recoveries are regulated by MPUC while its transmission operations are regulated by FERC. Rates for these operations are established in distinct regulatory proceedings. Tax benefits arising from U.S. tax reforms were reflected in 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 MPUC. Versant Power's transmission operations are split between two districts: BHD and MPD. BHD's transmission rates are regulated by 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 as part of a region-wide pool of assets. MPD's transmission rates are regulated by 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:

AS AT	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, 2021	17	12	15	145	189
Balances arising in the period [1]	12	1	1	(2)	12
Reversal [2]	-	-	(3)	-	(3)
Foreign exchange translation	-	-	-	(2)	(2)
March 31, 2021	29	13	13	141	196
Balances arising in the period [1]	(7)	1	-	3	(3)
Reversal [2]	14	-	(3)	-	11
Foreign exchange translation	-	-	-	(2)	(2)
June 30, 2021	**36**	**14**	**10**	**142**	**202**
Expected reversal period	3 Months	25 Years	15 Months		
January 1, 2020	20	7	4	-	31
Versant Power balance acquired	-	-	-	158	158
Balances arising in the period [1]	203	6	18	7	234
Reversal [2]	(206)	(1)	(7)	-	(214)
Foreign exchange translation	-	-	-	(20)	(20)
December 31, 2020	17	12	15	145	189
Expected reversal period	3 Months	25 Years	15 Months		

(1) "Balances arising in the period" row consists of new additions to regulatory deferral debits and credit balances.
(2) "Reversal" row consists of amounts collected/refunded through rate riders or transactions reversing existing regulatory balances.

AS AT	Accounts Payable (a)	Other Regulatory Credits (d)	U.S. Operations (e)	Total Regulatory Deferral Account Credit Balances
Regulatory deferral account credit balances				
January 1, 2021	-	4	147	151
Balances arising in the period [1]	-	2	-	2
Reversal [2]	-	(1)	-	(1)
Foreign exchange translation	-	-	(1)	(1)
March 31, 2021	-	5	146	151
Balances arising in the period [1]	-	1	-	1
Reversal [2]	-	(1)	-	(1)
Foreign exchange translation	-	-	(2)	(2)
June 30, 2021	**-**	**5**	**144**	**149**
Expected reversal period		18 Months		
January 1, 2020	-	2	-	2
Versant Power balance acquired	-	-	176	176
Balances arising in the period [1]	-	4	(8)	(4)
Reversal [2]	-	(2)	-	(2)
Foreign exchange translation	-	-	(21)	(21)
December 31, 2020	**-**	4	147	151
Expected reversal period		18 Months		

(1) "Balances arising in the period" row consists of new additions to regulatory deferral debits and credit balances.
(2) "Reversal" row consists of amounts collected/refunded through rate riders or transactions reversing existing regulatory balances.

The following describes each circumstance 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 impairments 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 AESO. In the absence of rate regulation and the IFRS 14 standard, IFRS 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 ENMAX Power 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 IFRS 14 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: unfunded deferred income tax balances resulting from temporary tax differences, assets related to the deferred costs of pension and post-retirement benefits, storm reserve balances arising from utilizing significant resources to restore services following a major storm, and stranded cost recoveries associated with purchase power contracts where Versant Power has been directed to purchase and resell by MPUC.

9. RESTRICTED CASH

AS AT	June 30, 2021	December 31, 2020
Other current assets		
Funds held with a financial institution to cover posted margins	**6**	4
Restricted deposits with a financial institution to meet financial obligations	**2**	4
Funds designated to be paid to the Balancing Pool and the Government of Alberta relating to the utility deferral program	**-**	1
Funds held in escrow for assets held for sale	**-**	3
	8	12

10. OTHER ASSETS AND LIABILITIES

AS AT	June 30, 2021	December 31, 2020
Other current assets		
Prepaid expenses	**38**	20
Collateral paid	**-**	10
Deferred asset	**1**	1
Emission offsets	**49**	37
Other	**2**	4
	90	72
Other long-term assets		
Prepaid expenses	**8**	9
Long-term accounts receivable	**33**	32
Deferred asset	**7**	7
Equity investments	**143**	146
Other	**28**	33
	219	227
Other current liabilities		
Deposits	**84**	42
Other	**27**	30
	111	72
Other long-term liabilities		
Other	**13**	17
	13	17

11. 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 million. ENMAX had classified the related assets and liabilities as held for sale. These assets and liabilities were reported in the ENMAX Energy segment.

As at December 31, 2020, the Corporation recognized $38 million in assets held for sale and $11 million in liabilities held for sale. The sale was completed on May 14, 2021 following regulatory approval.

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

	Transmission, Distribution and Substation Equipment	Generation Facilities and Equipment	Buildings and Site Development	Work in Progress	Other [1]	Total
Cost						
As at December 31, 2020	3,996	2,268	578	162	346	7,350
Additions	11	-	-	183	5	199
Transfers	58	70	4	(136)	4	-
Disposals	(9)	(15)	(1)	(5)	-	(30)
Adjustments	-	-	-	(1)	(3)	(4)
Changes to asset retirement costs	-	(20)	-	-	-	(20)
Foreign exchange translation	(43)	-	(2)	(1)	(4)	(50)
As at June 30, 2021	**4,013**	**2,303**	**579**	**202**	**348**	**7,445**
Accumulated Depreciation						
As at December 31, 2020	(536)	(890)	(100)	-	(51)	(1,577)
Depreciation	(71)	(47)	(9)	-	(12)	(139)
Disposals	13	15	1	-	-	29
Adjustments	-	-	-	-	3	3
Foreign exchange translation	14	-	-	-	1	15
As at June 30, 2021	**(580)**	**(922)**	**(108)**	**-**	**(59)**	**(1,669)**
Net book value						
As at December 31, 2020	3,460	1,378	478	162	295	5,773
As at June 30, 2021	**3,433**	**1,381**	**471**	**202**	**289**	**5,776**

[1] Other PP&E as at June 30, 2021, has been condensed with the balance consisting of land, tools, systems, equipment, capital spares, vehicles and government grants.

Real property, including land and buildings, with a carrying amount of $547 million as at June 30, 2021 (December 31, 2020 - $556 million), was subject to a right of first refusal to purchase held by The City.

For the six months ended June 30, 2021, capitalized borrowing costs amounted to $3 million (2020 - $5 million), with capitalization rates ranging from 2.96 per cent to 3.87 per cent (2020 - 3.18 to 3.63 per cent). Interest is capitalized based on the actual cost of debt used to finance the capital construction projects. Interest rates ranged from 1.11 per cent to 5.02 per cent (2020 – 1.10 to 5.00 per cent).

These balances include the Corporation's right-of-use (ROU) assets and are further discussed in Note 15.

13. INTANGIBLE ASSETS

	Computer Systems	Other [1]	Work in Progress	Total
Cost				
As at December 31, 2020	317	95	33	445
Additions	1	-	26	27
Transfers	5	-	(5)	-
Foreign exchange translation	(2)	(2)	-	(4)
As at June 30, 2021	**321**	**93**	**54**	**468**
Accumulated amortization				
As at December 31, 2020	(133)	(22)	-	(155)
Amortization	(14)	(1)	-	(15)
Foreign exchange translation	2	-	-	2
As at June 30, 2021	**(145)**	**(23)**	**-**	**(168)**
Net book value				
As at December 31, 2020	184	73	33	290
As at June 30, 2021	**176**	**70**	**54**	**300**

[1] Other intangible assets as at June 30, 2021 has been condensed with the balance consisting of renewable energy certificates, water leases, land easements and rights and lease options.

14. GOODWILL

AS AT	June 30, 2021	December 31, 2020
Balance, beginning of the period	**610**	-
Acquired through business combination	**-**	692
Net exchange rate difference	**(18)**	(82)
Balance, end of the period	**592**	610

On March 24, 2020, the Corporation acquired all the outstanding shares of BHE Holdings Inc., the parent company of Versant Power. 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 improved earnings risk profile.

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

15. 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 leases are 3.8 years (December 31, 2020 – 3.7 years).

Right-of-use assets

The changes in the net book value for the Corporation's ROU assets during the period were as follows:

	Generation Facilities and Equipment	Buildings and Site Development	Other [1]	Total
Cost				
As at December 31, 2020	28	14	19	61
Net changes	-	-	-	-
As at June 30, 2021	**28**	**14**	**19**	**61**
Accumulated Depreciation				
As at December 31, 2020	(2)	(3)	(5)	(10)
Net changes	-	(1)	(2)	(3)
As at June 30, 2021	**(2)**	**(4)**	**(7)**	**(13)**
Net Book Value				
As at December 31, 2020	26	11	14	51
As at June 30, 2021	**26**	**10**	**12**	**48**

[1] Other leases as at June 30, 2021 has been condensed with the balance consisting of land, vehicles, and tools, systems and equipment.

Amounts recognized in profit and loss

(millions of Canadian dollars)	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Depreciation expense	**2**	2	**3**	3
Lease expense on short-term leases	**-**	-	**1**	-
Interest expense on lease liabilities	**-**	1	**1**	2
Amounts expensed in profit and loss	**2**	3	**5**	5

Lease payments

The required lease payments at June 30, 2021, are as follows:

(millions of Canadian dollars)	
Less than 1 year	**6**
1–5 years	**16**
More than 5 years	**45**

The total cash outflow during the three and six month periods for leases amounts to $2 million and $4 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 June 30, 2021 the leases that were capitalized have 3 to 27 years remaining.

Other

Land surrounding several of ENMAX's generating facilities is leased to allow for the installation of substations and water reservoirs. The contracted lengths and terms of payments of the leases vary. As at June 30, 2021 ENMAX expects all land leases to be renewed until the end of the useful life of each respective generating facility.

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.

16. DEFERRED REVENUE

	CIAC	Other	Liabilities Classified as Held for Sale	Total
As at December 31, 2020	556	20	(7)	569
Net additions	5	(1)	-	4
Recognized as revenue	(5)	(1)	-	(6)
As at March 31, 2021	556	18	(7)	567
Net additions	12	4	7	23
Recognized as revenue	(5)	(8)	-	(13)
As at June 30, 2021	563	14	-	577
Less: current portion	-	9	-	9
	563	**5**	**-**	**568**

17. ACCUMULATED OTHER COMPREHENSIVE (LOSS)

AS AT	**June 30, 2021**	**December 31, 2020**
Net unrealized gain on derivatives designated as cash flow hedges, including deferred income tax expense of $2 million (December 31, 2020 - expense of $1 million)	**3**	2
Net actuarial loss on defined benefit plans, including deferred income tax recovery of $1 million (December 31, 2020 - recovery of $1 million)	**(38)**	(38)
Cumulative translation adjustment	**(192)**	(154)
Accumulated other comprehensive loss, including deferred income tax expense of $nil (December 31, 2020 - $nil)	**(227)**	(190)

18. DIVIDENDS

On March 24, 2021, the Corporation declared a dividend of $58 million to The City (2020 – $54 million) which is paid in equal quarterly instalments during 2021.

19. CHANGES IN NON-CASH WORKING CAPITAL

	Three months ended June 30,		**Six months ended June 30,**	
(millions of Canadian dollars)	**2021**	**2020**	**2021**	**2020**
Accounts receivable	**25**	101	**(31)**	122
Regulatory deferral account debit balances	**(6)**	-	**(13)**	(24)
Other assets	**(14)**	12	**(10)**	(1)
Accounts payable and accrued liabilities	**28**	(68)	**56**	(106)
Regulatory deferral account credit balances	**(2)**	(6)	**(2)**	(5)
Other liabilities	**27**	15	**34**	-
Deferred revenue (non-CIAC)	**4**	(1)	**2**	1
Provisions	**(1)**	(1)	**(2)**	15
Change in non-cash working capital	**61**	52	**34**	2

20. 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

	Three months ended June 30,		Six months ended June 30,	
(millions of Canadian dollars)	**2021**	**2020**	**2021**	**2020**
Revenue (1)	**28**	26	**64**	61
Local access fees and other expenses (2)	**36**	30	**75**	67

(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	**June 30, 2021**	**December 31, 2020**
Accounts receivable	**24**	23
Asset held for sale (1)	**-**	3
Accounts payable and accrued liabilities	**14**	12
Liability held for sale (2)	**-**	6
Long-term debt (3)	**1,493**	1,372

(1) Right-of-use asset.
(2) Finance lease obligation and deferred revenue.
(3) Interest and principal payments for the three and six months ended June 30, 2021 were $57 and $63 million (2020 - $54 and $60 million) respectively. In addition, for the three and six months ended June 30, 2021, the Corporation paid a management fee of $1 and $1 million (2020 - $1 and $2 million), respectively to The City.

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.

21. OTHER REVENUE AND EXPENSES

	Three months ended June 30,		Six months ended June 30,	
(millions of Canadian dollars)	**2021**	**2020**	**2021**	**2020**
OTHER REVENUE				
Interest and penalty revenue	**2**	1	**4**	2
Miscellaneous	**4**	2	**7**	3
	6	3	**11**	5
OTHER EXPENSES				
Contractual services costs	**9**	19	**22**	38
Staff costs	**44**	58	**94**	121
Consulting costs	**4**	7	**9**	11
Advertising and promotion	**1**	1	**2**	6
Administrative and office expenses	**24**	25	**47**	42
Operating costs	**22**	18	**40**	27
Building and property costs	**11**	10	**22**	22
Other costs	**-**	2	**1**	13
Foreign exchange (gain)	**(1)**	-	**(1)**	(126)
	114	140	**236**	154

22. COMMITMENTS AND CONTINGENCIES

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

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

HISTORICAL TRANSMISSION LINE LOSS PROVISION

ENMAX has participated in various proceedings regarding 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 AUC's decisions, AESO is required to settle adjustments for these historic amounts.

AUC's decisions do not require AESO to consider commercial agreement terms and service transfer circumstances when 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 line loss proceedings. These amounts are expected to settle in 2021 and ENMAX has sufficient access to cash to satisfy these amounts.

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 AUC, AESO, Market Surveillance Administrator and other authorities. Along with other market participants in the USA, the Corporation is subject to decisions, market rules, regulations, regulatory proceedings of 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 FERC to challenge the base Return on Equity under the ISO-New England Open Access Transmission Tariff. Complaint IV is still outstanding, Complaint I is refunded based on prior FERC order, while provisions have been recorded for the other two.

23. COMPARATIVE FIGURES

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

GLOSSARY OF TERMS

AFUDC	Allowance for funds used during construction
AOCI	Accumulated other comprehensive income
ARO	Asset retirement obligation
Atlantica	Atlantica Sustainable Infrastructure PLC
AUC	Alberta Utilities Commission
BHD	Bangor Hydro District
Bill 14	Alberta Utility Payment Deferral Program Act
CAIDI	Customer average interruption duration index
CEWS	Canada Emergency Wage Subsidy
CIAC	Contributions in aid of construction
CNE	Comparable net earnings
CO_2	Carbon dioxide
DFO	Distribution Facility Owner
COVID-19	Strain of the novel coronavirus
Adjusted EBIT	Earnings before interest and income taxes
Adjusted EBITDA	Earnings before interest, income tax and depreciation and amortization
ENMAX	ENMAX Corporation and its subsidiaries
FCF	Free Cash Flow
FERC	United States Federal Energy Regulatory Commission
GJ	Gigajoule
GWh	Gigawatt hour
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IEEE	The Institute of Electrical Electronics Engineers
IFRS	International Financial Reporting Standards
IOU	Investor-owned utilities
kW	Kilowatt
kWh	Kilowatt hour
LLR	Line Loss Rule
MD&A	Management's Discussion and Analysis
MPD	Maine Public District
MPUC	Maine Public Utilities Commission
MW	Megawatt
MWh	Megawatt hour
NEB	Net energy billing
OCI	Other comprehensive income
OM&A	Operations, maintenance and administration
PILOT	Payment in lieu of tax
PPA	Power purchase arrangement
PP&E	Property, plant and equipment
ROU	Right-of-use
RRO	Regulated Rate Option
SAIDI	System average interruption duration index
SAIFI	System average interruption frequency index
Shepard	Shepard Energy Centre
The City	The City of Calgary
The Commission	Alberta Utilities Commission
The Corporation	ENMAX Corporation and its subsidiaries
UCO	Utilities Consumer Advocate

ADDITIONAL INFORMATION

ENMAX welcomes questions from stakeholders.
Additional information relating to ENMAX can be found at enmax.com.

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