



Q3 2021 Interim Financial Report

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 November 10, 2021, is a review of the results of operations of ENMAX Corporation and its subsidiaries (ENMAX or the Corporation) for the three and nine months ended September 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 September 30, 2021, Condensed Consolidated Interim Financial Statements (the Interim 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 Interim Statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Interim Statements and MD&A were reviewed by ENMAX’s Audit Committee and the Interim 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 45 of the Interim 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 customer base.

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

Pandemic response measures have varied across jurisdictions and changed over the course of 2021 with varied impacts on businesses and individuals. The resurgence of the global COVID-19 pandemic, in the later portion of third quarter, resulted in the reintroduction of select restrictions and adoption of “vaccine passports” in many jurisdictions. Economic recovery plans are still underway in both Alberta and Maine. Government programs to aid consumers and businesses continue to operate. Programs such as the Canada Emergency Wage Subsidy (CEWS) remain in effect for employers in need. ENMAX has not applied for funds under CEWS.

ENMAX sustained 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 its 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.

In February 2021, AUC released a report on Alberta's changing electric distribution system as a result of the evolving nature of electricity 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 163,000 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 delivery of electricity across its transmission and distribution facilities. This retail revenue is divided into separate transmission, distribution and stranded cost rates. Currently, approximately 40 per cent of Versant Power's electricity revenue is from distribution operations, 50 per cent is associated with local transmission operations, and 10 per cent relates to stranded cost recoveries and conservation charges. Rates for each element are established in distinct regulatory proceedings.

Following Governor Mills' veto of LD 1708 (Public Power Bill) on July 13, 2021, proponents of public power filed ballot initiatives with the Maine Secretary of State. The question establishing a public power authority was not on the ballot in November 2021 but depending on efforts of the proponents it could be on future ballots. Versant Power continues to monitor the public power initiative.

Another ballot initiative is directed at "foreign interference" and is in response to Governor Mills' veto of LD 194. This would prohibit contributions, expenditures and participation by entities by which a foreign government has at least 10 per cent ownership, from influencing a citizen referendum. Versant Power continues to monitor the "foreign interference" initiative.

On July 1, 2021, 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 Megawatt (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 September 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 CO₂. 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. Based on current government projections, the minimum carbon emission price in Canada will rise to \$65 per tonne of CO₂ by 2023 and will increase \$15 each year until it reaches \$170 per tonne of CO₂ by 2030. ENMAX continues to monitor the evolving carbon price landscape as current projections may result in higher input costs for our gas generation 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), Versant Power acquisition-related costs (see Significant Events section) and impairments. Refer to the Non-IFRS Financial Measures section on page 14 for definitions and further descriptions of the financial measures.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

<i>(millions of Canadian dollars)</i>	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Total revenue	710	619	2,237	1,917
Adjusted EBITDA ⁽¹⁾⁽²⁾				
ENMAX Power	73	61	206	187
Versant Power	35	38	96	73
ENMAX Energy	48	44	150	158
Corporate and Eliminations	1	2	1	(1)
Consolidated	157	145	453	417
Adjusted EBIT ⁽¹⁾⁽²⁾				
ENMAX Power	39	28	102	89
Versant Power	22	26	58	46
ENMAX Energy	19	11	62	61
Corporate and Eliminations	1	3	3	2
Consolidated	81	68	225	198
Comparable net earnings ⁽¹⁾⁽²⁾⁽³⁾	51	43	142	130
Net earnings	147	102	331	313
Free cash flow (FCF) ⁽¹⁾⁽³⁾			238	(41)
Capital expenditures ⁽⁴⁾	155	110	345	289

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

⁽²⁾ Does not include:

- Realized and unrealized foreign exchange losses of \$3 and \$3 million (2020 – \$1 and \$127 million gains) for the three and nine months ended September 30, 2021, respectively.
- Unrealized electricity and gas mark-to-market gains for the three and nine months ended September 30, 2021, of \$116 and \$219 million (2020 - \$67 and \$101 million gains), respectively.
- Versant Power acquisition related costs of \$nil and \$nil (2020 – \$1 and \$33 million) for the three and nine months ended September 30, 2021, 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 September 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.

For the three and nine months ended September 30, 2021, as compared with the same periods in 2020, ENMAX's Adjusted EBIT increased by \$13 and \$27 million, respectively. The primary drivers for the change in Adjusted EBIT were:

- **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 aging infrastructure. The increase in regulatory margins over 2020 is a direct result of continued investment in the rate base of ENMAX Power.
- **Versant Power:** For the three months ended September 30, 2021, Versant Power Adjusted EBIT was lower compared to the prior year mainly due to the foreign exchange differences from the strengthening of the Canadian dollar. For the nine months ended September 30, 2021 Adjusted EBIT was higher compared to the prior year primarily due the March 24, 2020 acquisition of Versant Power, so a shorter operating period is included in 2020 than in 2021.
- **ENMAX Energy:** For the three months ended September 30, 2021, Adjusted EBIT was higher compared to the prior year primarily due to higher spark spreads and lower credit losses from commercial customers. For the nine months ended September 30, 2021, Adjusted EBIT was higher compared to the prior year primarily due to a decrease in expected credit losses and lower staff costs, partially offset by lower plant availability as a result of a planned outage at the Shepard Energy Center.

ENMAX's net earnings increased by \$45 and \$18 million for the three and nine months ended September 30, 2021, respectively, as compared to the same periods in 2020. The increases in 2021 are largely driven by unrealized gains on commodities and one-time Versant Power acquisition-related costs in the prior year, partially offset by foreign exchange losses.

Comparable net earnings for the three and nine months ended September 30, 2021, increased by \$8 and \$12 million, respectively, from the same period in 2020, due to including Versant Power results for the full period in 2021 and decreased staffing costs, offset by lower plant availability as a result of planned outages.

As at September 30, 2021, ENMAX continues to carefully manage 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 proceeding, extending the 2021 Return on Equity (ROE) of 8.5 per cent and deemed equity ratio of 37 per cent for 2022. The Utilities Consumer Advocate filed an appeal of this decision, which was ultimately denied by the Commission, leaving the previous decision unchanged.

On June 16, 2021, AUC issued a decision on ENMAX Power's 2021-2022 Transmission General Tariff Application. The Commission approved ENMAX Power's Negotiated Settlement Agreement which covered most issues in the proceeding. On issues excluded from the settlement, the Commission disallowed ENMAX Power's proposed depreciation expense and Enhanced Asset Management Strategy costs. ENMAX Power applied to recover approximately \$230 million in transmission revenue over two years but was approved to recover approximately \$207 million. On July 16, 2021, ENMAX Power filed an application for permission to appeal this decision as it relates to the disallowed depreciation expense. On October 19, 2021, the Alberta Court of Appeal dismissed the application for leave to appeal.

ENMAX Power will file a new cost of service application in 2022 that will set new transmission revenues starting in 2023.

On June 17, 2021, ENMAX Power filed an application to recover costs associated with relocation of ENMAX Power infrastructure needed to accommodate The City of Calgary's Green Line Light Rail Transit Project. A decision on this application is expected in Q4 2021.

On June 18, 2021, the Commission issued a decision requiring ENMAX Power to file a 2023 distribution cost-of-service application by January 17, 2022. The outcome of this proceeding will form the starting distribution rates charged in ENMAX Power's service territory for the next PBR term starting in 2024.

On June 30, 2021, the Commission determined that PBR will continue after 2023 and it established a proceeding to determine the parameters of the next PBR plan.

On September 10, 2021, ENMAX Power filed its 2022 Annual PBR Rate Adjustment Application. In this application, ENMAX Power sought approval of the collection of \$268 million in PBR revenue through 2022 rates. A decision on this application is expected by the end of 2021.

KEY BUSINESS STATISTICS

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Distribution volumes in Gigawatt Hours (GWh)	2,343	2,214	6,887	6,698
System average interruption duration index (SAIDI) ⁽¹⁾	0.15	0.13	0.40	0.28
System average interruption frequency index (SAIFI) ⁽²⁾	0.22	0.11	0.51	0.39

⁽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 nine months ended September 30, 2021 was higher than the same periods in 2020, as pandemic related restrictions have had less of an impact on energy consumption in 2021. Extreme temperatures in the summer months of 2021 also 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 the other Canadian Electricity Association member utilities. During the third quarter, SAIDI and SAIFI were unfavourable compared to the same periods in 2020. The SAIDI increase was due to cable failures and high winds resulting in multiple tree contacts. The SAIFI increase was due to cable failures and animal contacts. 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 and nine months ended September 30, 2020 have been disclosed for comparative purposes.

KEY BUSINESS STATISTICS

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Distribution volumes in Gigawatt Hours (GWh)	499	494	1,475	1,447
System average interruption duration index (SAIDI) ⁽¹⁾⁽⁴⁾	1.09	1.06	2.32	3.19
System average interruption frequency index (SAIFI) ⁽²⁾⁽⁴⁾	0.58	0.56	1.34	1.44
Customer average interruption duration index (CAIDI) ⁽³⁾⁽⁴⁾	1.90	1.91	1.73	2.22

⁽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 for the three and nine months ended September 30, 2021, was higher than the same periods in 2020. The increases were driven by an overall increase in the residential segment, predominantly due to warmer temperatures in July and August, and an increase in commercial usage as businesses re-open or return to higher capacities than in the three and nine months ended September 30, 2020.

Versant Power experienced unfavourable SAIFI, and SAIDI for the three months ended September 30, 2021 compared to the same period in 2020. This marginally lower reliability performance was primarily due to higher quantities of service interruption hours caused by equipment failure, animal/bird contacts, and vegetation contacts, partially offset by lower quantities of service interruptions and service interruption hours as a result of weather and customer caused outages. For the nine months ended September 30, 2021, SAIFI, CAIDI, and SAIDI were lower compared to the same period in 2020. This improved performance was driven by fewer service interruptions and fewer service interruption hours due to weather, customer caused accidents, and animal/bird contacts.

In response to the COVID-19 pandemic, MPUC directed all electric utilities not to engage in disconnection activity until further notice. 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. On April 15, 2021 collection activity for all customers resumed to normal. 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.

In October 2021, MPUC approved a 17.5 per cent distribution rate increase. This increase was effective November 1, 2021 and is based on a 9.35 per cent ROE and a common equity component of 49 per cent.

ENMAX ENERGY BUSINESS UPDATE

The market remained strong in Q3 2021 with pool prices settling considerably higher during the three and nine months ended September 30, 2021. Alberta load also remained relatively strong, when compared to 2020, as the province continues to recover from the on-going COVID-19 pandemic. The average Alberta electricity demand for Q3 2021 was 9,415 MW, compared to 8,931 MW in Q3 2020. The Alberta electricity forward market continued to move up throughout the quarter. Prices for contracts to deliver electricity in 2022 were up by approximately 28 per cent in the three months ended September 30, 2021 compared to the same period in 2020. Higher natural gas prices and TransAlta's announcement that it would retire three coal units by the end of the second quarter next year were important drivers.

Alberta natural gas prices settled at an average of \$3.29/Gigajoule (GJ) over the current quarter compared to \$2.14/GJ from the same period in 2020. This trend is expected to continue as both Alberta and global supply and demand remains tight as the winter heating months approach.

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 and therefore protecting a portion of ENMAX's commodity margin from market impacts.

KEY BUSINESS STATISTICS

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Plant availability (%) ⁽¹⁾	99.6	99.6	89.9	99.1
Average flat pool price (\$/Megawatt hour (MWh))	100.27	43.75	100.75	46.69
Average spark spread (\$) ⁽²⁾	75.58	27.71	77.90	31.80

⁽¹⁾ Plant availability (%) reflects planned maintenance and forced outages.

⁽²⁾ Based on market prices.

Plant availability in 2021 was lower than the prior period due to a planned major 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 more than doubled compared to the same periods in 2020, primarily due to severe weather events experienced in 2021, and tightened market supply/demand balance which 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 three and nine months ended September 31, 2021 decreased over the prior period, mainly due to a reduction in demand at commercial sites as a result of the COVID-19 pandemic.

To mitigate risk, ENMAX Energy contracts most of its market position, delivering most 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 cash flows 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

<i>Three months ended September 30, (millions of Canadian dollars)</i>	ENMAX Power	Versant Power	ENMAX Energy	Corporate	ENMAX Consolidated
Adjusted EBIT ⁽¹⁾ for the three months ended September 30, 2020	28	26	11	3	68
Increased (decreased) margins attributable to:					
Transmission and distribution	6	(6)	-	-	-
Electricity	-	-	2	1	3
Natural gas	-	-	(1)	-	(1)
Contractual services and other	1	(1)	-	1	1
Decreased (increased) expense:					
Operations, maintenance & administration (OM&A) ⁽²⁾	5	4	3	(3)	9
Depreciation and amortization	(1)	(1)	4	(1)	1
Adjusted EBIT⁽¹⁾ for the three months ended September 30, 2021	39	22	19	1	81

⁽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.

<i>Nine months ended September 30, (millions of Canadian dollars)</i>	ENMAX Power	Versant Power	ENMAX Energy	Corporate	ENMAX Consolidated
Adjusted EBIT ⁽¹⁾ for the nine months ended September 30, 2020	89	46	61	2	198
Increased (decreased) margins attributable to:					
Transmission and distribution	14	46	-	-	60
Electricity	-	-	(29)	1	(28)
Natural gas	-	-	(3)	-	(3)
Contractual services and other	(8)	1	2	-	(5)
Decreased (increased) expense:					
Operations, maintenance & administration (OM&A) ⁽²⁾	13	(24)	22	1	12
Depreciation and amortization	(6)	(11)	9	(1)	(9)
Adjusted EBIT⁽¹⁾ for the nine months ended September, 2021	102	58	62	3	225

⁽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 months ended September 30, 2021, transmission and distribution margins are unchanged from the same period in 2020. For the nine months ended September 30, 2021, transmission and distribution margins increased \$60 million or 16 per cent, compared to the same period in 2020. The favourable nine months ended 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 increased by \$3 million or 4 per cent for the three months and decreased by \$28 million or 11 per cent for the nine months ended September 30, 2021, as compared to the same periods in 2020. The quarterly increase was primarily due to increased spark spreads, partially offset by additional hedging losses. The decrease in the nine months ended September 30, 2021 was 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 nine months ended September 30, 2021 decreased \$1 million or 10 per cent and \$3 million or 7 per cent, respectively, compared to the same periods in 2020. The decrease in the three and nine months was primarily due to lower retail consumption volumes combined with higher costs to serve customers.

Contractual services and other margins increased by \$1 million or 5 per cent in the three months ended September 30, 2021, compared to the same period in 2020. For the nine months ended September 30, 2021 a decrease of \$5 million or 8 per cent, compared to the same period in 2020 was primarily due to lower construction service activity.

Management characterizes OM&A as other expenses recognized on the consolidated statement of earnings excluding foreign exchange (loss) gain, Versant Power acquisition costs, and costs that are included in contractual service margins. For the three and nine months ended September 30, 2021, OM&A decreased \$9 million or 9 per cent and decreased \$12 million or 4 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 nine months ended September 30, 2021. During the three and nine months ended September 30, 2020, the Corporation recorded acquisition related costs of \$1 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 for the three and nine months ended September 30, 2021 decreased \$1 million or 1 per cent, and increased \$9 million or 4 per cent, respectively, when compared to the same periods in 2020. This increase in the nine months ended September 30, 2021 was consistent with capital asset additions, which includes Versant Power assets acquired late in the first quarter of 2020.

OTHER NET EARNINGS ITEMS

Finance charges for the three months ended September 30, 2021 increased \$1 million or 3 per cent, compared to the same period in 2020. For the nine months ended September 30, 2021, an increase of \$5 million or 5 per cent was primarily driven by the inclusion of Versant Power results for the full period in 2021.

The Corporation recorded total income tax expenses of \$14 and \$12 million (2020 - \$1 million expense and \$8 million recovery) for the three and nine months ended September 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 nine months ended September 30, 2021, OCI included total gains of \$37 million and \$nil, respectively, compared with losses of \$26 and \$96 million, respectively, for the same periods in 2020. The OCI gains primarily reflect cumulative foreign exchange translation impacts on consolidation of foreign operations.

Accumulated other comprehensive loss is reflected in shareholder's equity along with retained earnings and share capital. Retained earnings for the period increased \$273 million, largely from earnings during the period, partially offset by \$58 million in dividends declared 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. 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. Management believes Adjusted EBIT is a useful measure of business performance, which provides an indication of the operating results generated by primary business activities.

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, ADJUSTED EBIT AND COMPARABLE NET EARNINGS

(millions of Canadian dollars)	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Net earnings (IFRS financial measure)	147	102	331	313
Add (deduct):				
Unrealized (gain) on commodities	(116)	(67)	(219)	(101)
Foreign exchange loss (gain)	2	(1)	2	(127)
Versant Power acquisition related costs (including finance charges) ⁽¹⁾	-	-	-	33
Impairment	-	-	-	3
Net income tax expense on unrealized (gain) on commodities, and foreign exchange loss (gain), Versant Power acquisition related costs and impairment	18	9	28	9
Comparable net earnings (non-IFRS financial measure)	51	43	142	130
Add (deduct):				
Finance charges (excludes Versant Power acquisition related costs)	34	33	99	85
Remaining income tax (recovery)	(4)	(8)	(16)	(17)
Adjusted EBIT (non-IFRS financial measure)	81	68	225	198
Add (deduct):				
Depreciation and amortization	76	77	228	219
Adjusted EBITDA (non-IFRS financial measure)	157	145	453	417

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

Management believes that these measures of operating performance are more meaningful, as 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 fair valued under IFRS.

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.

<i>Twelve months ended September 30, (millions of Canadian dollars)</i>	2021	2020
Net cash provided by operating activities ⁽¹⁾	556	578
Capital expenditures funded from operations ⁽²⁾	(318)	(277)
Versant Power acquisition funded from operations ⁽³⁾	-	(342)
Free cash flow (non-IFRS financial measure)	238	(41)

⁽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 \$1,052 million for the acquisition.

Free cash flow for the twelve months ended September 30, 2021 increased by \$279 million compared to the same period in 2020. The change 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

<i>AS AT (millions of Canadian dollars, except % change)</i>	September 30, 2021	December 31, 2020	\$ Change	% Change	Explanation for Change
ASSETS					
Cash and cash equivalents	97	40	57	143%	Refer to Liquidity section
Accounts receivable	750	736	14	2%	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)	5,848	5,773	75	1%	Capital additions partially offset by amortization
Intangible assets	311	290	12	7%	Additions in the period largely offset by amortization
Financial assets (liabilities) ⁽¹⁾	103	(10)	113	100%	Change in fair value of derivatives
LIABILITIES AND SHAREHOLDER'S EQUITY					
Short-term financing	210	166	44	27%	Refer to Liquidity section
Accounts payable and accrued liabilities	585	564	21	4%	Increase is mainly attributable to the timing of disbursements
Long-term debt ⁽¹⁾	3,367	3,442	(75)	(2%)	Additional \$235 million in repayments of debt offset by \$161 million City Debentures issued
Asset retirement obligation and other provisions	127	149	(22)	(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 issuance of long-term debt.

Cash and cash equivalents increased to \$97 million as at September 30, 2021, compared to \$40 million as at December 31, 2020. Short-term financing of \$210 million as at September 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 September 30, 2021, the Corporation was compliant with all debt covenants and expects to remain so throughout the year.

As at September 30, 2021, ENMAX had issued \$125 million in commercial paper with a fair value of \$125 million, and average interest rate of 0.95 per cent (December 31, 2020 - \$nil), and had drawn \$85 million on existing credit facilities with an average all-in interest rate of 1.88 per cent (December 31, 2020 - \$166 million at 1.92 per cent). ENMAX's total debt balance as at September 30, 2021 was \$3,577 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 September 30, 2021		At December 31, 2020	
	Borrowing capacity	Available	Borrowing capacity	Available
Revolving Credit Facilities ⁽¹⁾	840	630	740	520
Letters of Credit Facilities	710	358	360	135
Total	1,550	988	1,100	655

⁽¹⁾ The Corporation's committed credit facilities mature in 2025 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 LD 1708, 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 LD 1708 in its current form, calling on alternative proposals. Proponents of public power have filed ballot initiatives with the Maine Secretary of State but the proposed initiatives were not included on the November 2, 2021 referendum ballot. 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 nine months ended September 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 <i>(unaudited), (millions of Canadian dollars)</i>	September 30, 2021	December 31, 2020
ASSETS		
Cash and cash equivalents (Note 8)	\$ 97	\$ 40
Accounts receivable	750	736
Income taxes receivable	9	11
Current portion of financial assets (Note 6)	516	80
Other current assets (Note 9)	73	62
Assets held for sale (Note 10)	-	38
	1,445	967
Property, plant and equipment (PP&E) (Notes 11 and 14)	5,848	5,773
Intangible assets (Note 12)	311	290
Goodwill (Note 13)	609	610
Deferred income tax assets	57	57
Financial assets (Note 6)	198	44
Other long-term assets (Note 9)	209	227
TOTAL ASSETS	8,677	7,968
REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES (Note 7)	221	189
TOTAL ASSETS AND REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES	\$ 8,898	\$ 8,157
LIABILITIES		
Short-term financing (Note 6)	\$ 210	\$ 166
Accounts payable and accrued liabilities	585	564
Dividend payable	15	-
Current portion of long-term debt (Note 6)	179	74
Current portion of financial liabilities (Note 6)	526	88
Current portion of deferred revenue (Note 15)	6	7
Current portion of lease liabilities (Note 14)	5	5
Other current liabilities (Note 9)	38	52
Liabilities held for sale (Note 10)	-	11
Current portion of asset retirement obligations and other provisions	4	6
	1,568	973
Long-term debt (Note 6)	3,188	3,368
Deferred income tax liabilities	284	268
Post-employment benefits	174	166
Financial liabilities (Note 6)	85	46
Deferred revenue (Note 15)	576	562
Lease liabilities (Note 14)	43	47
Other long-term liabilities (Note 9)	14	17
Asset retirement obligations and other provisions	123	143
TOTAL LIABILITIES	6,055	5,590
REGULATORY DEFERRAL ACCOUNT CREDIT BALANCES (Note 7)	154	151
SHAREHOLDER'S EQUITY		
Share capital	280	280
Retained earnings	2,599	2,326
Accumulated other comprehensive loss (Note 16)	(190)	(190)
	2,689	2,416
TOTAL LIABILITIES, REGULATORY DEFERRAL ACCOUNT CREDIT BALANCES AND SHAREHOLDER'S EQUITY	\$ 8,898	\$ 8,157

Commitments and contingencies (Note 21).

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF EARNINGS

<i>(unaudited)</i> <i>(millions of Canadian dollars)</i>	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
REVENUE (Note 5)				
Transmission and distribution	\$ 248	\$ 258	\$ 742	\$ 682
Electricity	359	260	1,058	837
Natural gas	35	29	235	179
Local access fees	47	34	120	99
Contractual services	12	30	52	97
Contributions in aid of construction (CIAC) revenue (Note 15)	5	5	15	15
Other revenue (Note 20)	4	3	15	8
TOTAL REVENUE	710	619	2,237	1,917
OPERATING EXPENSES (Note 5)				
Transmission and distribution	120	116	336	324
Electricity and fuel purchases	160	113	605	474
Natural gas and delivery	26	19	195	136
Local access fees	47	34	120	99
Depreciation and amortization	76	77	228	219
Impairment (Notes 5 and 11)	-	-	-	3
Other expenses (Note 20)	100	123	336	277
TOTAL OPERATING EXPENSES	529	482	1,820	1,532
OPERATING PROFIT	181	137	417	385
Finance charges	34	33	99	94
NET EARNINGS BEFORE TAX	147	104	318	291
Current income tax expense (recovery)	2	6	2	(1)
Deferred income tax expense (recovery)	12	(5)	10	(7)
NET EARNINGS - BEFORE NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES	133	103	306	299
NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES (Note 7)	14	(1)	25	14
NET EARNINGS	\$ 147	\$ 102	\$ 331	\$ 313

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 September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
NET EARNINGS	\$ 147	\$ 102	\$ 331	\$ 313
OTHER COMPREHENSIVE (LOSS), NET OF INCOME TAX				
Items that will not be reclassified subsequently to statement of earnings				
Cumulative (losses) on translation adjustment	37	(28)	(2)	(91)
Items that will be reclassified subsequently to statement of earnings				
Unrealized (losses) on derivative instruments ⁽¹⁾	-	(1)	-	(12)
Reclassification of losses on derivative instruments to net earnings ⁽²⁾	-	3	2	7
Other comprehensive (loss), net of income tax	37	(26)	-	(96)
TOTAL COMPREHENSIVE INCOME (LOSS)	\$ 184	\$ 76	\$ 331	\$ 217

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

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

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

<i>(unaudited)</i> <i>(millions of Canadian dollars)</i>	Share Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
As at January 1, 2021	\$ 280	\$ 2,326	\$ (190)	\$ 2,416
Net earnings	-	184	-	184
Other comprehensive (loss), net of income tax	-	-	(37)	(37)
Total comprehensive income (loss)	-	184	(37)	147
Dividends (Note 17)	-	(58)	-	(58)
As at June 30, 2021	280	2,452	(227)	2,505
Net earnings	-	147	-	147
Other comprehensive (loss), net of income tax	-	-	37	37
As at September 30, 2021	\$ 280	2,599	(190)	2,689
As at January 1, 2020	\$ 280	\$ 2,092	\$ (32)	\$ 2,340
Net earnings	-	313	-	313
Other comprehensive (loss), net of income tax	-	-	(97)	(97)
Total comprehensive income (loss)	-	313	(97)	216
Dividends (Note 17)	-	(54)	-	(54)
As at September 30, 2020	280	2,351	(129)	2,502
Net earnings	-	(25)	-	(25)
Other comprehensive (loss), net of income tax	-	-	(61)	(61)
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

<i>(unaudited)</i>	Three months ended September 30,		Nine months ended September 30,	
<i>(millions of Canadian dollars)</i>	2021	2020	2021	2020
CASH PROVIDED (USED IN) BY:				
OPERATING ACTIVITIES				
Net earnings	\$ 147	\$ 102	\$ 331	\$ 313
Reconciliation of net earnings to cash flow from operating:				
CIAC	13	5	29	14
CIAC revenue (Note 15)	(5)	(5)	(15)	(15)
Depreciation and amortization	76	77	228	219
Finance charges	34	32	99	94
Income tax expense	14	1	12	(9)
Change in unrealized market value of financial contracts	(118)	(68)	(226)	(121)
Post-employment benefits	3	-	5	3
Foreign exchange	41	(2)	5	17
Change in non-cash working capital (Note 18)	39	(2)	73	-
Cash flow from operations	244	140	541	515
Interest paid ⁽¹⁾	(11)	-	(90)	(59)
Income taxes recovered (paid)	1	(2)	1	(13)
Net cash flow provided by operating activities	234	138	452	443
INVESTING ACTIVITIES				
Purchase of property, plant and equipment and intangibles ⁽¹⁾	(155)	(104)	(345)	(289)
Net proceeds from disposal of assets and liabilities held for sale (Note 10)	-	-	27	-
Acquisition of Versant Power (Note 5)	-	-	-	(1,393)
Cash flow (used in) investing activities	(155)	(104)	(318)	(1,682)
FINANCING ACTIVITIES				
Repayment of short-term debt	(868)	(107)	(2,839)	(2,701)
Proceeds from short-term debt	826	114	2,883	2,593
Repayment of long-term debt	-	(206)	(235)	(401)
Proceeds from long-term debt	-	199	161	765
Repayment of lease liability	(1)	(1)	(4)	(4)
Dividend paid (Note 17)	(29)	(13)	(43)	(40)
Cash flow (used in) provided by financing activities	(72)	(14)	(77)	212
Increase (decrease) in cash and cash equivalents	7	20	57	(1,027)
Cash and cash equivalents, beginning of period	90	33	40	1,080
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 97	\$ 53	\$ 97	\$ 53
Cash and cash equivalents, end of period consist of:				
Cash			\$ 84	\$ 45
Restricted cash (Note 8)			13	8
			\$ 97	\$ 53

⁽¹⁾ Total interest paid during the three and nine months ended September 30, 2021 was \$13 million and \$95 million, respectively (2020 - \$3 million and \$48 million). Purchase of property, plant and equipment (PP&E) and intangibles includes \$2 million and \$5 million of capitalized borrowing costs in the three and nine months ended September 30, 2021, respectively (2020 - \$3 million and \$8 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, a wholly owned subsidiary of The City of Calgary (The City), was incorporated under the *Business Corporations Act* (Alberta) in July 1997; operations began on January 1, 1998. ENMAX Corporation's mandate was to carry on the electric utility transmission and distribution operations previously directed by the Calgary Electric System. Since 1998, ENMAX Corporation has grown from its transmission and distribution roots to include electricity generation, commercial and residential solar, electricity and natural gas retail businesses.

ENMAX Corporation and its subsidiaries (ENMAX or the Corporation) registered and head office is at 141 - 50 Avenue SE, Calgary AB, T2G 4S7. The Corporation's principal place of business is Alberta.

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, U.S. 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.

2. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements (the Interim 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. These Interim Statements 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.

These Interim Statements were approved and authorized for issuance by the Board of Directors on November 10, 2021.

BASIS OF MEASUREMENT

These Interim 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 Interim Statements are presented in millions of Canadian dollars.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these Interim 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 December 31, 2020 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 Interim Statements. The Corporation is currently assessing the impact of adopting these standards.

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. 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.

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.

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, U.S. 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	September 30, 2021	December 31, 2020 ⁽¹⁾
ENMAX Power	3,102	2,991
Versant Power	2,278	2,180
ENMAX Energy	3,145	2,656
Corporate	152	141
Total assets	8,677	7,968
Regulatory deferral account debit balances (Note 7)	221	189
Total assets and regulatory deferral account debit balances	8,898	8,157

⁽¹⁾ Reclassified to conform with current period's presentation.

COMPARATIVE SEGMENT INFORMATION

Segment information reflects the presentation regularly reviewed by executive management, who use 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, Versant Power acquisition costs, and impairments, which are reflected in the column "Adjusted Consolidated Totals" below.

Segment information for the three and nine months ended September 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 September 30, 2021	ENMAX Power	Versant Power	ENMAX Energy	Corporate	Adjusted Consolidated Totals	Regulatory Deferral Movement	Other Presentation Reclass	Consolidated Totals
REVENUE								
Transmission and distribution	177	76	-	-	253	(5)	-	248
Electricity	-	-	388	(29)	359	-	-	359
Natural gas	-	-	35	-	35	-	-	35
Local access fees	47	-	-	-	47	-	-	47
Other revenue	28	2	7	-	37	(16)	-	21
TOTAL REVENUE	252	78	430	(29)	731	(21)	-	710
OPERATING EXPENSES								
Transmission and distribution	88	25	-	-	113	7	-	120
Electricity and fuel purchases	-	-	306	(30)	276	-	(116)	160
Natural gas and delivery	-	-	26	-	26	-	-	26
Local access fees	47	-	-	-	47	-	-	47
Depreciation and amortization	34	13	29	-	76	-	-	76
Other expenses	44	18	50	-	112	(14)	2	100
TOTAL OPERATING EXPENSES	213	56	411	(30)	650	(7)	(114)	529
OPERATING PROFIT								
	39	22	19	1	81	(14)	114	181
Unrealized (gain) on commodities					(116)	-	116	-
Foreign exchange loss					2	-	(2)	-
Finance charges					34	-	-	34
NET EARNINGS BEFORE TAX								
					161	(14)	-	147
Current income tax expense					2	-	-	2
Deferred income tax expense					12	-	-	12
NET EARNINGS BEFORE NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES								
					147	(14)	-	133
NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES								
					-	14	-	14
NET EARNINGS								
					147	-	-	147

Three months ended September 30, 2020	ENMAX Power	Versant Power	ENMAX Energy	Corporate	Adjusted Consolidated Totals	Regulatory Deferral Movement	Other Presentation Reclass	Consolidated Totals
REVENUE								
Transmission and distribution	180	73	-	-	253	5	-	258
Electricity	-	-	290	(30)	260	-	-	260
Natural gas	-	-	29	-	29	-	-	29
Local access fees	34	-	-	-	34	-	-	34
Other revenue	29	3	11	(1)	42	(4)	-	38
TOTAL REVENUE	243	76	330	(31)	618	1	-	619
OPERATING EXPENSES								
Transmission and distribution	97	16	-	-	113	3	-	116
Electricity and fuel purchases	-	-	210	(30)	180	-	(67)	113
Natural gas and delivery	-	-	19	-	19	-	-	19
Local access fees	34	-	-	-	34	-	-	34
Depreciation and amortization	33	12	33	(1)	77	-	-	77
Other expenses	51	22	57	(3)	127	(3)	(1)	123
TOTAL OPERATING EXPENSES	215	50	319	(34)	550	-	(68)	482
OPERATING PROFIT	28	26	11	3	68	1	68	137
Unrealized (gain) on commodities					(67)	-	67	-
Foreign exchange (gain)					(1)	-	1	-
Finance charges					33	-	-	33
NET EARNINGS BEFORE TAX					103	1	-	104
Current income tax expense					6			6
Deferred income tax (recovery)					(5)	-	-	(5)
NET EARNINGS BEFORE NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES					102	1	-	103
NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES					-	(1)	-	(1)
NET EARNINGS					102	-	-	102

Nine months ended September 30, 2021	ENMAX Power	Versant Power	ENMAX Energy	Corporate	Adjusted Consolidated Totals	Regulatory Deferral Movement	Other Presentation Reclass	Consolidated Totals
REVENUE								
Transmission and distribution	525	215	-	-	740	2	-	742
Electricity	-	-	1,149	(91)	1,058	-	-	1,058
Natural gas	-	-	235	-	235	-	-	235
Local access fees	120	-	-	-	120	-	-	120
Other revenue	83	6	26	(1)	114	(32)	-	82
TOTAL REVENUE	728	221	1,410	(92)	2,267	(30)	-	2,237
OPERATING EXPENSES								
Transmission and distribution	256	55	-	-	311	25	-	336
Electricity and fuel purchases	-	-	915	(91)	824	-	(219)	605
Natural gas and delivery	-	-	195	-	195	-	-	195
Local access fees	120	-	-	-	120	-	-	120
Depreciation and amortization	104	38	88	(2)	228	-	-	228
Other expenses	146	70	150	(2)	364	(30)	2	336
TOTAL OPERATING EXPENSES	626	163	1,348	(95)	2,042	(5)	(217)	1,820
OPERATING PROFIT	102	58	62	3	225	(25)	217	417
Unrealized (gain) on commodities					(219)	-	219	-
Foreign exchange loss					2	-	(2)	-
Finance charges					99	-	-	99
NET EARNINGS BEFORE TAX					343	(25)	-	318
Current income tax expense					2	-	-	2
Deferred income tax expense					10	-	-	10
NET EARNINGS BEFORE NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES					331	(25)	-	306
NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES					-	25	-	25
NET EARNINGS					331	-	-	331

Nine months ended September 30, 2020	ENMAX Power	Versant Power	ENMAX Energy	Corporate	Adjusted Consolidated Totals	Regulatory Deferral Movement	Other Presentation Reclass	Consolidated Totals
REVENUE								
Transmission and distribution	528	144	-	-	672	10	-	682
Electricity	-	-	929	(92)	837	-	-	837
Natural gas	-	-	179	-	179	-	-	179
Local access fees	99	-	-	-	99	-	-	99
Other revenue	94	5	36	(1)	134	(14)	-	120
TOTAL REVENUE	721	149	1,144	(93)	1,921	(4)	-	1,917
OPERATING EXPENSES								
Transmission and distribution	273	30	-	-	303	21	-	324
Electricity and fuel purchases	-	-	666	(91)	575	-	(101)	474
Natural gas and delivery	-	-	136	-	136	-	-	136
Local access fees	99	-	-	-	99	-	-	99
Depreciation and amortization	98	27	97	(3)	219	-	-	219
Impairment ⁽¹⁾	-	-	-	-	-	-	3	3
Other expenses	162	46	184	(1)	391	(11)	(103)	277
TOTAL OPERATING EXPENSES	632	103	1,083	(95)	1,723	10	(201)	1,532
OPERATING PROFIT	89	46	61	2	198	(14)	201	385
Unrealized (gain) on commodities	-	-	-	-	(101)	-	101	-
Foreign exchange (gain)	-	-	-	-	(127)	-	127	-
Versant Power acquisition costs ⁽²⁾	-	-	-	-	24	-	(24)	-
Impairment ⁽¹⁾	-	-	-	-	3	-	(3)	-
Finance charges ⁽³⁾	-	-	-	-	94	-	-	94
NET EARNINGS BEFORE TAX					305	(14)	-	291
Current income tax (recovery)	-	-	-	-	(1)	-	-	(1)
Deferred income tax (recovery)	-	-	-	-	(7)	-	-	(7)
NET EARNINGS BEFORE NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES					313	(14)	-	299
NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES					-	14	-	14
NET EARNINGS					313	-	-	313

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

⁽²⁾ During the nine months ended September 30, 2020, ENMAX recognized other expenses related to the acquisition of Versant Power of \$24 million.

⁽³⁾ During the nine months ended September 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 Alberta Electric System Operator (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 September 30, 2021									
Transmission & distribution	26	146	76	-	-	-	-	-	248
Electricity									
ENMAX Energy	-	-	-	71	243	-	-	-	314
Regulated	-	-	-	37	8	-	-	-	45
Natural gas	-	-	-	23	12	-	-	-	35
Local access fees	-	-	-	-	-	47	-	-	47
Contractual services	-	-	-	-	-	-	8	4	12
Other revenue & CIAC	-	-	2	-	-	-	-	7	9
TOTAL REVENUE	26	146	78	131	263	47	8	11	710

	Transmission	Distribution	U.S. Operations	Mass Market	Commercial Market	City of Calgary Local Access Fees	Government and Institutional	Other	Total
Three months ended September 30, 2020									
Transmission & distribution	25	160	73	-	-	-	-	-	258
Electricity									
ENMAX Energy	-	-	-	58	172	-	-	-	230
Regulated	-	-	-	24	6	-	-	-	30
Natural gas	-	-	-	21	8	-	-	-	29
Local access fees	-	-	-	-	-	34	-	-	34
Contractual services	-	-	-	-	-	-	9	21	30
Other revenue & CIAC	-	-	3	-	-	-	-	5	8
TOTAL REVENUE	25	160	76	103	186	34	9	26	619

	Transmission	Distribution	U.S. Operations	Mass Market	Commercial Market	City of Calgary Local Access Fees	Government and Institutional	Other	Total
Nine months ended September 30, 2021									
Transmission & distribution	77	450	215	-	-	-	-	-	742
Electricity									
ENMAX Energy	-	-	-	209	732	-	-	-	941
Regulated	-	-	-	95	22	-	-	-	117
Natural gas	-	-	-	161	74	-	-	-	235
Local access fees	-	-	-	-	-	120	-	-	120
Contractual services	-	-	-	-	-	-	23	29	52
Other revenue & CIAC	-	-	6	-	-	-	-	24	30
TOTAL REVENUE	77	450	221	465	828	120	23	53	2,237

	Transmission	Distribution	U.S. Operations	Mass Market	Commercial Market	City of Calgary Local Access Fees	Government and Institutional	Other	Total
Nine months ended September 30, 2020									
Transmission & distribution	75	463	144	-	-	-	-	-	682
Electricity									
ENMAX Energy	-	-	-	178	567	-	-	-	745
Regulated	-	-	-	74	18	-	-	-	92
Natural gas	-	-	-	130	49	-	-	-	179
Local access fees	-	-	-	-	-	99	-	-	99
Contractual services	-	-	-	-	-	-	31	66	97
Other revenue & CIAC	-	-	5	-	-	-	-	18	23
TOTAL REVENUE	75	463	149	382	634	99	31	84	1,917

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 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. Provisions for expected credit loss on customer receivables were \$18 million as at September 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 expected 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 September 30, 2021, the fair values of derivatives were as follows:

AS AT	September 30, 2021		December 31, 2020	
	Hedge Instruments	Non-Hedge Derivatives	Hedge Instruments	Non-Hedge Derivatives
Assets				
Current	2	514	4	76
Non-current	3	195	4	40
Liabilities				
Current	1	525	5	83
Non-current	-	85	-	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 in the three months ended September 30, 2021, there was an unrealized gain of \$118 million (2020 - \$261 million loss). For non-hedge derivatives in the nine months ended September 30, 2021, there was an unrealized gain of \$226 million (2020 - \$94 million gain). The anticipated non-hedge derivatives are expected to settle in 2021 through 2031. The mark-to-market adjustments do not consider the impact 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 the carrying amounts due to the 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	September 30, 2021		December 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt ⁽¹⁾ consisting of:				
Debtures, with remaining terms of:				
Less than 5 years	33	33	33	34
5–10 years	49	54	34	39
10–15 years	370	428	309	372
15–20 years	477	513	566	642
20–25 years	563	572	429	459
General and refunding mortgage bonds				
8.98% series	26	27	28	28
Private debtures				
Series 3 (3.81%)	198	214	197	219
Series 4 (3.84%)	295	323	294	340
Series 5 (2.92%)	300	308	299	309
Series 6 (3.33%)	299	316	299	326
Series 7 (3.88%)	249	270	249	284
Senior notes				
Unsecured note (3.61%)	78	80	78	81
Unsecured note (4.34%)	131	167	131	164
Unsecured note (4.36%)	59	76	58	74
Unsecured note (4.71%)	61	80	61	78
Unsecured note (3.79%)	62	83	64	81
Unsecured note (2.80%)	38	39	38	39
Unsecured note (2.80%)	76	79	77	79
Non-revolving term facility	-	-	195	195
Promissory note	3	2	3	3
	3,367	3,664	3,442	3,846

⁽¹⁾ Includes current portion of \$179 million (December 31, 2020 – \$74 million). Maturity dates range from January 2022 to December 2049.

As at September 30, 2021, ENMAX had issued \$125 million in commercial paper with a fair value of \$125 million, and average interest rate of 0.95 per cent (December 31, 2020 - \$nil), and had drawn \$85 million on existing credit facilities with an average all-in interest rate of 1.88 per cent (December 31, 2020 - \$166 million at 1.92 per cent).

7. 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 the ENMAX Power operating segment. These divisions are regulated operations established to carry out all electrical transmission and distribution service functions within The City of Calgary. The Alberta Utilities Commission (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 August 25, 2021, EPC received the decision on its compliance filing, EPC will recover approximately \$207 million in transmission revenue over two years.

ENMAX U.S. Operations

ENMAX, through its wholly owned subsidiary Versant Power, has distribution and transmission operations in Maine, U.S. 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 current 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. As a result of an Offer of Settlement approved by FERC on December 28, 2020, the formula rates used to set BHD's transmission charges will change effective January 1, 2022 and be set annually on January 1. 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⁾	5	2	1	1	9
Reversal ⁽²⁾	14	-	(6)	-	8
Foreign exchange translation	-	-	-	(4)	(4)
June 30, 2021	36	14	10	142	202
Balances arising in the period ⁽¹⁾	3	2	(1)	3	7
Reversal ⁽²⁾	11	(1)	(2)	-	8
Foreign exchange translation	-	-	-	4	4
September 30, 2021	50	15	7	149	221
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⁾	-	3	-	3
Reversal ⁽²⁾	-	(2)	-	(2)
Foreign exchange translation	-	-	(3)	(3)
June 30, 2021	-	5	144	149
Balances arising in the period ⁽¹⁾	-	-	1	1
Foreign exchange translation	-	-	4	4
September 30, 2021	-	5	149	154
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.

8. RESTRICTED CASH

<i>AS AT</i>	September 30, 2021	December 31, 2020
Funds held with a financial institution to cover posted margins	11	9
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
	13	17

9. OTHER ASSETS AND LIABILITIES

<i>AS AT</i>	September 30, 2021	December 31, 2020
Other current assets		
Prepaid expenses	23	10
Collateral paid	-	10
Deferred asset	1	1
Emission offsets	47	37
Other	2	4
	73	62
Other long-term assets		
Prepaid expenses	9	9
Long-term accounts receivable	20	32
Deferred asset	7	7
Equity investments	148	146
Other	25	33
	209	227
Other current liabilities		
Deposits	16	22
Other	22	30
	38	52
Other long-term liabilities		
Other	14	17
	14	17

10. 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.

11. 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	30	-	-	266	14	310
Transfers	93	67	13	(179)	6	-
Disposals	(12)	(23)	(1)	(7)	-	(43)
Adjustments	(18)	-	-	11	(3)	(10)
Changes to asset retirement costs	-	(20)	-	-	-	(20)
Foreign exchange translation	(3)	-	-	1	-	(2)
As at September 30, 2021	4,086	2,292	590	254	363	7,585
Accumulated Depreciation						
As at December 31, 2020	(536)	(890)	(100)	-	(51)	(1,577)
Depreciation	(105)	(70)	(14)	-	(18)	(207)
Disposals	17	23	1	-	-	41
Adjustments	2	-	-	-	3	5
Foreign exchange translation	1	-	-	-	-	1
As at September 30, 2021	(621)	(937)	(113)	-	(66)	(1,737)
Net book value						
As at September 30, 2021	3,465	1,355	477	254	297	5,848
As at December 31, 2020	3,460	1,378	478	162	295	5,773

⁽¹⁾ Other PP&E as at September 30, 2021, has been condensed with the balances consisting of land, tools, systems, equipment, capital spares, vehicles and government grants.

Real property, including land and buildings, with a carrying amount of \$474 million as at September 30, 2021 (December 31, 2020 - \$483 million), was subject to a right of first refusal to purchase held by The City.

For the three and nine months ended September 30, 2021, capitalized borrowing costs amounted to \$2 and \$5 million, respectively (2020 - \$3 and \$8 million), with capitalization rates during the nine months ended September 30, 2021 ranging from 2.96 to 3.87 per cent (2020 - 3.18 to 3.86 per cent). Interest rates ranged from 1.11 to 5.02 per cent (2020 - 1.97 to 5.02 per cent) during the nine months ended September 30, 2021. Interest is capitalized based on the actual cost of debt used to finance the capital construction projects.

These balances include the Corporation's right-of-use (ROU) assets and are further discussed in Note 14.

12. INTANGIBLE ASSETS

	Computer Systems	Other ⁽¹⁾	Work in Progress	Total
Cost				
As at December 31, 2020	317	95	33	445
Additions	1	-	41	42
Transfers	5	-	(5)	-
Foreign exchange translation	(1)	-	1	-
As at September 30, 2021	322	95	70	487
Accumulated amortization				
As at December 31, 2020	(133)	(22)	-	(155)
Amortization	(20)	(1)	-	(21)
Foreign exchange translation	1	(1)	-	-
As at September 30, 2021	(152)	(24)	-	(176)
Net book value				
As at September 30, 2021	170	71	70	311
As at December 31, 2020	184	73	33	290

⁽¹⁾ Other intangible assets as at September 30, 2021 has been condensed with the balances consisting of renewable energy certificates, water leases, land easements, rights and lease options, and customer lists and contracts.

13. GOODWILL

<i>AS AT</i>	September 30, 2021	December 31, 2020
Balance, beginning of the period	610	-
Acquired through business combination	-	692
Net exchange rate difference	(1)	(82)
Balance, end of the period	609	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.

14. 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 (ROU) 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 September 30, 2021	28	14	19	61
Accumulated Depreciation				
As at December 31, 2020	(2)	(3)	(5)	(10)
Net changes	(1)	(2)	(2)	(5)
As at September 30, 2021	(3)	(5)	(7)	(15)
Net Book Value				
As at September 30, 2021	25	9	12	46
As at December 31, 2020	26	11	14	51

⁽¹⁾ Other leases as at September 30, 2021 have been condensed with the balances consisting of land, vehicles, and tools, systems and equipment.

Amounts recognized in profit and loss

<i>(millions of Canadian dollars)</i>	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Depreciation expense	2	-	5	3
Lease expense on short-term leases	-	-	1	1
Interest expense on lease liabilities	-	1	2	2
Amounts expensed in profit and loss	2	1	8	6

Lease payments

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

(millions of Canadian dollars)

Less than 1 year	7
1–5 years	18
More than 5 years	48

The total cash outflow for lease payments for the three and nine months ended September 30, 2021 are \$2 and \$6 million, respectively. 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 September 30, 2021, the leases that were capitalized have 1 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 September 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.

15. DEFERRED REVENUE

	CIAC	Other	Liabilities Classified as Held for Sale	Total
As at December 31, 2020	556	20	(7)	569
Net additions	17	3	7	27
Recognized as revenue	(10)	(9)	-	(19)
As at June 30, 2021	563	14	-	577
Net additions	12	(1)	-	11
Recognized as revenue	(5)	(1)	-	(6)
As at September 30, 2021	570	12	-	582
Less: current portion	-	6	-	6
	570	6	-	576

16. ACCUMULATED OTHER COMPREHENSIVE (LOSS)

AS AT	September 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 - \$1 million expense)	2	2
Net actuarial loss on defined benefit plans, including deferred income tax recovery of \$1 million (December 31, 2020 - \$1 million recovery)	(38)	(38)
Cumulative translation adjustment	(154)	(154)
Accumulated other comprehensive loss, including deferred income tax expense of \$nil (December 31, 2020 - \$nil)	(190)	(190)

17. 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.

18. CHANGES IN NON-CASH WORKING CAPITAL

<i>(millions of Canadian dollars)</i>	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Accounts receivable	17	(19)	(14)	102
Regulatory deferral account debit balances	(19)	2	(32)	(22)
Other assets	14	(24)	7	(29)
Accounts payable and accrued liabilities	(39)	20	17	(86)
Regulatory deferral account credit balances	5	(4)	3	(9)
Other liabilities	(7)	(4)	(19)	5
Trading account margins	71	32	114	28
Deferred revenue (non-CIAC)	(3)	(1)	(1)	-
Provisions	-	(4)	(2)	11
Change in non-cash working capital	39	(2)	73	-

19. 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

<i>(millions of Canadian dollars)</i>	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Revenue ⁽¹⁾	29	33	93	93
Local access fees and other expenses ⁽²⁾	47	32	122	99

⁽¹⁾ 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

<i>AS AT</i>	September 30, 2021	December 31, 2020
Accounts receivable	20	23
Asset held for sale ⁽¹⁾	-	3
Accounts payable and accrued liabilities	19	12
Liability held for sale ⁽²⁾	-	6
Long-term debt ⁽³⁾	1,492	1,372

⁽¹⁾ Right-of-use asset.

⁽²⁾ Finance lease obligation and deferred revenue.

⁽³⁾ Interest and principal payments for the three and nine months ended September 30, 2021 were \$nil and \$63 million (2020 - \$7 and \$67 million), respectively. In addition, for the three and nine months ended September 30, 2021, the Corporation paid a management fee of \$1 and \$2 million (2020 - \$1 and \$3 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.

20. OTHER REVENUE AND EXPENSES

<i>(millions of Canadian dollars)</i>	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
OTHER REVENUE				
Interest and penalty revenue	2	1	6	3
Miscellaneous	2	2	9	5
	4	3	15	8
OTHER EXPENSES				
Contractual services costs	4	19	26	57
Staff costs	35	52	129	173
Consulting costs	5	4	14	15
Advertising and promotion	-	1	2	7
Administrative and office expenses	19	20	66	62
Operating costs	19	16	59	43
Building and property costs	11	11	33	33
Other costs	4	1	5	14
Foreign exchange loss (gain)	3	(1)	2	(127)
	100	123	336	277

21. 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 proceedings 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 was 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 recorded payables and receivables in its 2020 consolidated financial statements related to the line loss proceedings. All amounts invoiced to ENMAX by AESO have been paid by ENMAX and ENMAX is engaged in dispute resolution processes with counterparties to address ultimate liability for certain line loss amounts and for entitlement to refunds for certain line loss 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 U.S., the Corporation is subject to decisions, market rules, regulations, regulatory proceedings of MPUC and 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. No reserve has been made for Complaint IV due to uncertainty of the final outcome.

22. COMPARATIVE FIGURES

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

GLOSSARY OF TERMS

AESO	The Alberta Electric System Operator	MD&A	Management's Discussion and Analysis
Atlantica	Atlantica Sustainable Infrastructure PLC	MPD	Maine Public District
AUC	The Alberta Utilities Commission	MPUC	Maine Public Utilities Commission
BHD	Bangor Hydro District	MW	Megawatt
CAIDI	Customer average interruption duration index	MWh	Megawatt hour
CEWS	Canada Emergency Wage Subsidy	NEB	Net energy billing
CIAC	Contributions in aid of construction	OCI	Other comprehensive income
CNE	Comparable net earnings	OM&A	Operations, maintenance and administration
CO₂	Carbon dioxide	PBR	Performance-Based Regulation
COVID-19	Strain of the novel coronavirus	PP&E	Property, plant and equipment
Adjusted EBIT	Earnings before interest and income taxes	ROU	Right-of-use
Adjusted EBITDA	Earnings before interest, income tax and depreciation and amortization	RRO	Regulated Rate Option
ENMAX	ENMAX Corporation and its subsidiaries	SAIDI	System average interruption duration index
FCF	Free Cash Flow	SAIFI	System average interruption frequency index
FERC	United States Federal Energy Regulatory Commission	The City	The City of Calgary
GJ	Gigajoule	The Commission	Alberta Utilities Commission
GWh	Gigawatt hour	The Corporation	ENMAX Corporation and its subsidiaries
IAS	International Accounting Standards		
IASB	International Accounting Standards Board		
IFRS	International Financial Reporting Standards		
KW	Kilowatt		
kWh	Kilowatt hour		
LLR	Line Loss Rule		
IEEE	The Institute of Electrical Electronics Engineers		

ADDITIONAL INFORMATION

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

Please direct financial inquiries to:

Charles Ruigrok

President and Chief Executive Officer
403.514.3000

Preet Dhindsa

Executive Vice President and Chief Financial Officer
403.514.3000

Please direct media inquiries to:

Karin Poldas

Manager, Communications
mediaroom@enmax.com