

## Our Position: Climate Change Policy and Air Quality



Today, individuals, industries and governments are keenly focused on issues surrounding the earth's climate and air quality.

Spectra Energy has committed to its customers, investors, communities and employees to be a responsible environmental steward while helping to meet North America's increasing demand for natural gas. To that end, we are examining ways to manage the emergence of a carbon-constrained economy.

As we prepare for the development and implementation of mandatory greenhouse gas emissions programs, Spectra Energy continues its focus on more efficient and effective ways to operate our facilities and serve our customers.

We're also focused on promoting a balanced approach to these policy issues. Spectra Energy believes that federal climate change policies which reach all sectors of the economy are preferred to an assortment of state, provincial and regional measures.

In the absence of a uniform approach an emerging patchwork threatens to cause significant inefficiencies and inequities, which will only drive up overall compliance costs and distort competitive energy markets.

At its most basic level, Spectra Energy believes that a workable federal climate change program should:

Adopt an economy-wide market-based approach which encourages a range of actions to limit greenhouse gas emissions, such as increased efficiency, technological innovation, and conservation, and should recognize voluntary industry actions to achieve emissions reductions;

Provide certainty about costs of compliance by, for example, inclusion of a "safety valve" mechanism to cap allowance prices or a revenue-neutral carbon tax; and

Be implemented gradually and in conjunction with other existing energy regulatory frameworks, to avoid undue economic dislocations.

Spectra Energy expects to take an active and constructive role in the climate change and air quality policy debates in both the United States and Canada. As natural gas is less carbon intensive than other fossil fuels, we believe that natural gas is a critical part of the solution to providing the energy our economies require now and in the future, in an environmentally responsible manner.

Our core business of developing and efficiently operating natural gas infrastructure is consistent with — and will facilitate — the use of cleaner-burning fuels.

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