

ENMAX



**ENMAX 2006
ENVIRONMENTAL COMMITMENT
& RESPONSIBILITY REPORT**

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Looking back at 2006



ENMAX Corporation is committed to providing environmentally responsible energy solutions to the communities we service. As a member of the Canadian Environmental Association's Environmental Commitment and Responsibility (ECR) Program we maintain an environmental management system (EMS) that is compliant with the requirements of ISO 14001, an international standard for environmental management.

Each year, ENMAX sets environmental targets to continually improve our environmental performance and support our commitment to be environmentally responsible. All of the targets set by our business units were met in 2006. Our accomplishments in 2006 demonstrate our ongoing efforts to provide innovative and exemplary services, while remaining committed to the future. While we are very proud of this accomplishment, we realize that to continuously improve our environmental performance we must continue to raise the bar and strive to meet tougher goals.

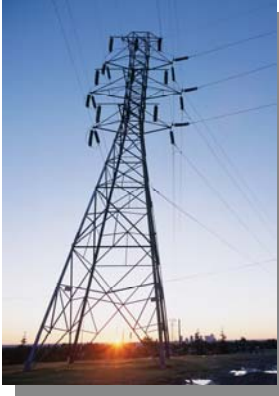
In the fall of 2006, we had a third party audit of our EMS which was based on the ISO 14001: 2004 standard. Although a few non-conformances were identified no major findings were reported. ENMAX has developed and implemented corrective and preventative actions to address the non-conformances.

This report highlights ENMAX's environmental performance through the use of indicators that are in line with the ECR Program's principles:

- 1 To be more efficient in our use of resources and to promote energy efficiency to our customers
- 2 To manage the adverse environmental impacts of our business
- 3 To be more accountable to our constituents and transparent in our operations
- 4 To ensure that our employees understand the environmental implications of their actions and have the knowledge and skills to make the right decisions.

For more information about ENMAX, our environmental commitment and the ECR Program, please visit our website at www.enmax.com.

1 OPERATIONAL OVERVIEW



ENMAX Quick Facts 2006

Energy delivered:
8,607 GWh

Metered customer
sites:
390,000

Total length of
distribution lines:
7,100 km

Total length of
transmission lines:
316 km

Number of substations:
35

Number of utility
poles:
64, 577

Number of
transformers:
46, 214

Over 100 years ago, ENMAX Corporation began providing power to the newly formed City of Calgary. Today, our services continue to light up our vibrant and diverse communities.

ENMAX Corporation provides power services to Albertans through two primary wholly-owned subsidiaries – ENMAX Energy Corporation (the retail company) and ENMAX Power Corporation (the distribution and transmission company).

ENMAX Power Corporation maintains the transmission and distribution system that links approximately 390,000 metered customer sites. ENMAX Power Services also provides non-regulated engineering, procurement, construction and maintenance services; ENMAX designs, constructs and maintains overhead and underground utility infrastructure; and installs and maintains outdoor lighting, street lighting and signal and communication systems for light rail transit systems.

ENMAX Energy Corporation provides electricity, natural gas and renewable energy products as well as customer care and energy management services to residential, small to medium commercial and large commercial and industrial customers across Alberta. Under Power Purchase Arrangements (PPA), ENMAX Energy owns the rights to the physical output from Keephills in northern Alberta and Battle River in central Alberta. These plants are owned and operated by a third-party generator and produce approximately 5.9 million megawatt hours of electricity per year. In 2006, ENMAX received approval for a 20-year tolling agreement with Calpine Power L.P. for the full output of a combined-cycle natural gas plant with a design capacity of 300 MW of electricity. The tolling agreement will commence as of January 1, 2007.

ENMAX Green Power Inc. owns 50% of the McBride Lake 75 MW wind farm in Alberta, 99% of the Furry Creek run-of-river hydro generation facility in British Columbia, and has begun construction on a second wind farm in Taber, Alberta.

2 GENERATION



Although ENMAX does not own any coal-fired generators we purchase energy through fixed term contracts known as Power Purchase Arrangements (PPAs). We participate in the spot purchase and sale market through the Alberta power pool, which normally includes a substantial portion of thermal generation, from both natural gas and coal. ENMAX Energy's wholly owned subsidiary, ENMAX Green Power Inc., owns 50% of the McBride Lake wind farm. ENMAX also owns and operates an 11 MW run-of-river hydroelectric facility at Furry Creek, British Columbia through its other subsidiary, Hydromax Energy.

Table 2-1: Gross Generation

	Gross Generation (GWh)		
	2004	2005	2006
Wind (50% of McBride output)	112.5	112	112
Micro-Hydro (99% of Furry Creek output)	--	--	42.3

ENMAX's latest wind farm broke ground in 2006 and is expected to be up and running by Summer 2007. The wind farm in Taber, Alberta is expected to provide the growing City of Calgary with an additional source of renewable energy to power over 32,000 homes. ENMAX worked with local land owners and the municipal district of Taber to bring the Taber Wind Farm to fruition. The Taber Wind Power generation facility will employ a technologically advanced wind turbine design supplied by ENERCON, a German manufacturer. The 37 ENERCON turbines will have a total power output of over 80 MW. A key element of this wind power facility will be a 20-year supply agreement with The City of Calgary. The City has agreed to purchase 100% of the electricity and renewable energy certificates from the Taber Wind Power facility.

ENMAX is also growing its renewable energy business - in 2006, ENMAX responded to the 2006 B.C. Hydro Call for Power and as a result, is in the process of developing two additional 11 MW run-of-river projects and two waste-heat recovery projects in British Columbia.

3 AIR QUALITY AND CLIMATE CHANGE



ENMAX works to ensure that it maintains a diversified portfolio of thermal and renewable sources of energy. More than 5% of our energy comes from renewable sources, compared to a 1% Alberta average of electrical power generated by renewable energy. Although we do not own any thermal electricity generation facilities and therefore are not considered a large emitter of greenhouse gases (GHGs), we do purchase electricity from thermal generating facilities. The emissions from these facilities are not allocated to ENMAX but we recognize involvement in supporting conventional forms of high GHG emitting generation contributes to the greenhouse effect and smog. For this reason, ENMAX is actively seeking alternative Clean Power alternatives. It is our hope that regulations at all levels of government will seek to support innovative technological solutions for the climate change problem and work concurrently with a mix of generation sources. ENMAX is committed to working towards this goal and supports energy efficiency programs to help our customers reduce energy consumption.

Sulphur Hexafluoride (SF₆)

ENMAX releases GHGs through the use of fossil fuels to operate vehicles and buildings. Some of our transformers also use an electrical insulating gas known as sulphur hexafluoride (SF₆). SF₆ is a GHG that is 24,000 times more potent than carbon dioxide. An increase in reported releases between 2004 and 2005 was attributed to our improved reporting and recording of SF₆ data that has provided a much more accurate figure for 2005 and 2006 than previous years. We further improved our procedures for minimizing releases of SF₆ in the course of electrical equipment replacement and repair – an operational area in which ENMAX has consistently been among the top performers in the Canadian electric utility industry.

Table 3-1: SF₆ Releases

	2004 (kg)	2005 (kg)	2006 (kg)
ENMAX SF ₆ Releases (kg)	18.0	31.5	23.6
Total Canadian company SF ₆ releases* (kg)	8284	6424	6593

*Canadian Electricity Association member companies

In 2006, ENMAX took some important steps to mitigate its GHG impact on the global environment:

- Continued growth in our renewable energy business through initiating construction on our 80 MW windfarm in Taber, Alberta, which will provide zero GHG emitting power to ENMAX customers.
- Managed our fleet vehicle emissions by adding additional hybrid vehicles, promoting idling reduction, and using biodiesel in some vehicles. Despite the growth in the fleet size, these programs resulted in a 24 tonne reduction in CO₂ equivalent (CO₂e) in 2006.
- Initiated an internal employee education program on energy efficiency that promoted the use of compact fluorescent bulbs.
- Purchased Renewable Energy Credits (RECs) to offset ENMAX's GHG emissions, enabling ENMAX to be a net-zero emissions corporation.

Figure 3-1 illustrates ENMAX's GHG emissions intensity levels in tonnes of CO₂e per ENMAX employee and its net GHG emissions. Coupled with the purchase of RECs, ENMAX has been a GHG emissions-free electric utility since 2004. We apply enough of the RECs produced through our McBride Lake wind generation facility to offset all of our GHG emissions. We have been able to offset our emissions from our buildings and facilities and also account for our emissions from fleet and business travel.

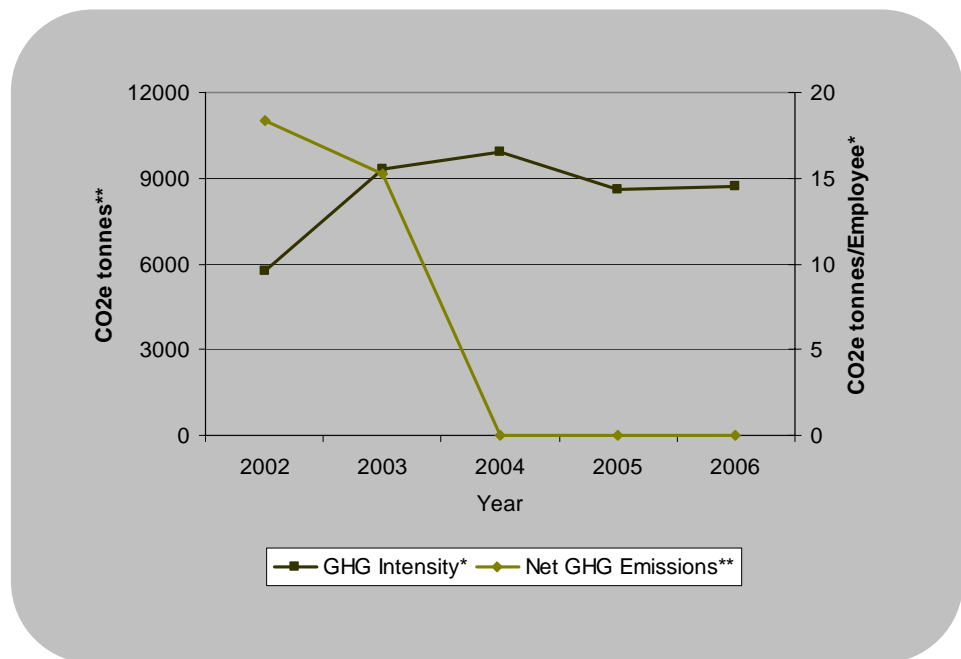


Figure 3-1: ENMAX GHG Intensity vs. Net GHG Emissions

ENMAX is also actively contributing to smog reduction, through continued financial support of projects related to mercury-reduction and technologies used by our PPA owners.

In 2007 and beyond, ENMAX will identify and implement further operational measures to reduce GHG and other air pollutant emissions from our daily activities, and increase our investment in more environmentally sustainable power generation.



Compact fluorescent light bulb

Promoting Energy Efficiency

In 2006, ENMAX initiated a project to increase its employees' environmental awareness of energy efficiency. "Project Switch" sought to educate ENMAX's 1,000 employees about how something as simple as switching a regular light bulb to a compact fluorescent bulb can help our environment and our pocket books.

Employees were provided with an online tool to calculate how much energy and money could be saved by switching the bulbs in their home. The tool also provided guidelines to determine what type of compact fluorescent would be most suitable for the user's needs. A visual display was set up in the ENMAX Calgary offices for employees to compare a compact fluorescent bulb lit up beside a regular light bulb. Our Project Switch team was there to answer questions about the savings and energy efficiency that compact fluorescents provide.

ENMAX distributed approximately 900 compact fluorescent bulbs to its employees to replace their existing bulbs at home. Collectively this would save 112,347 kWh of electricity and reduce GHG emissions by 104 tonnes CO₂e.

The program was very successful in educating employees about electricity efficiency and the steps we could take to protect our environment by conserving energy.

Visual display used at ENMAX to encourage employees to 'make the switch'



4 SPECIES AND HABITAT CONSERVATION



Bird and Bat Monitoring

ENMAX conducted an environmental impact assessment of the Taber wind farm. The purpose of the study was to determine which bird species migrated through the site and which species were most at risk of turbine collisions. Nests of both Swainson's Hawks and Ferruginous Hawk (a threatened species) were identified in the area, and modifications to the project were made to mitigate impacts. All identified raptor nesting areas will be avoided during the development of the project. ENMAX understands the potential impacts that wind farms can have, particularly for birds and bats. Therefore, in conjunction with Suncor Energy, ENMAX sponsors research at the University of Calgary that will monitor birds and bats in the Taber area where both Suncor and ENMAX are building wind farms. The research will investigate the impact that the wind turbines have on bats and migratory birds and recommend mitigative measures to reduce these impacts. In addition, ENMAX has developed post-construction monitoring program for the Taber wind farm.



Osprey Management Program

Osprey are attracted to utility poles located along the Bow River in the City of Calgary due to the pole's height and vantage point it provides for the birds over the river. The danger in this lies in the dangling branches and material from the nests that could come into contact with the wires, harm the osprey, and cause an outage. To prevent this from happening, ENMAX identifies potential problem areas and erects a pole that is five feet taller and in close proximity to the utility poles that osprey have tried to nest on. "Raptor guards" are then placed on the utility pole to prevent the birds from nesting on that same pole, which is a characteristic of the osprey.



By 2006, ENMAX had raised 6 platforms for osprey nests across the city. The first platform that ENMAX raised was at the Calgary Zoo. ENMAX developed a partnership with the Calgary Zoo to band the birds in an attempt to track them. One highlight from this partnership in 2006 was the development of an osprey web-cam. In the Spring of 2006, ENMAX set up a web-enabled camera adjacent to this nest and the Calgary Zoo posted the coverage on its website so that anyone could witness the nesting, hatching, and feeding of the young osprey. This website received over 5 million hits from all over the world during the summer months in 2006 and will be continued into 2007.

Photos from top to bottom: Researcher from the University of Calgary; Installation of the bird and bat monitoring equipment; Tagging osprey at the Calgary Zoo

5 SERVING OUR COMMUNITIES

ENMAX is involved with numerous community projects including our Bright Nights program, Zoolights at the Calgary Zoo, Pond Hockey, and School Safety programs, not to mention our contributions to and sponsorships of various registered charitable organizations in Alberta. This year, we'd like to highlight one program in particular that saw some expansion in 2006; our Centre for Excellence program.

Centre for Excellence

The Centre for Excellence is an ENMAX program run in conjunction with the Calgary Board of Education. This program supports high schools in the City of Calgary, providing funding for environmental based projects and initiatives that encourage and enhance the school's curriculum and benefits the school's community.

In 2006, the Centre for Excellence program provided seed money for four initiatives at three individual high schools. Two of the initiatives used the funds to start up a recycling program for two schools. A third project was funded to support a field course for students as part of the River Watch program; and the fourth project provided funding for a naturalization project on the school's grounds. In recent years, the Centre for Excellence program has also supported students in developing and implementing energy audits, recycling programs, water conservation projects, and e-recycling programs.

ENMAX recognizes that one very important way to serve our community is to ensure that information about our environmental performance is publicly available. The main source of this information is on the ENMAX website (www.ENMAX.com). Interested parties can also request environmental information or comment on our environmental performance through a phone call to our general administration phone line, to the utility billing centre, or to the 24-hour trouble line.



In 2006, Alberta Venture magazine named ENMAX one of the most respected corporations in Alberta for environmental stewardship

6 EMPLOYEE TRAINING AND AWARENESS



Screen shot of ENMAX's online training module

At ENMAX, we strive for operational excellence. Our employees are trained to work safely and effectively to ensure that we are a reliable provider of power to our customers. We also believe that striving for operational excellence includes excellence in environmental performance and therefore we provide job-specific environmental awareness training to our field and operations workers to continuously improve that performance.

In 2006, we launched a mandatory online training module for our employees to raise awareness of ENMAX's environmental policy, how to mitigate potential environmental impacts of ENMAX's operations and to promote corporate responsibility amongst our employees. This module was part of our efforts to improve the delivery and tracking of environmental training for its employees. In the past, environmental training was limited to operational employees and this module allowed us to reach our entire employee base from the field to the office. The online training was launched in October 2006 and by the end of the year, 77% of employees had taken the training.

7 LIQUID RELEASE MANAGEMENT

At ENMAX, all releases to land, water, and air are reported and documented. Table 7-1 outlines all releases of oil from transformers throughout the year. The cause of these releases varies from vehicle accidents on city roads to minor equipment leaks. In 2006, a higher number of liquid releases were due to public incidences leading to larger releases from transformers.

Table 7-1: Liquid Releases

	2004	2005	2006
Number of reportable spills*	12	7	13
Number of priority spills**	0	1	2
Total volume of liquid reportable spills (litres)	2,515	2,803	2,934

*Reportable spill: a spill of liquids (e.g. hydrocarbons, transformer oil, process water, etc.) for which a utility is legally required, by their provincial legislation, to report to an external agency

**Priority spill: a spill of a petroleum product or PCB contaminated substance and is greater than 500L or enters a water body

8 PCB MANAGEMENT AND WASTE MINIMIZATION

PCB Management

Polychlorinated Biphenyls (PCBs) were historically used as chemical stabilizers in electrical equipment insulating oils until the late 1970's. It was determined that PCBs take a long time to break down after they have entered the environment. The table below demonstrates how we have actively removed the majority of our equipment that contained PCBs over the years.

Table 8-1: PCB Management*

Total Inventory at December 31	2003 (tonnes)	2004 (tonnes)	2005 (tonnes)	2006 (tonnes)
Total inventory of high-level PCB material in storage	0	0	0	0
Total inventory of low-level PCB material in storage	9.3	10.0	16.6	0.10
Total amount of high-level PCB material sent for destruction	0.3	0.0	0.0	0.02
Total amount of low-level PCB material sent for destruction	116.7	105.0	21.9	57.6
Total amount of high-level PCB material taken out of service.	0.1	0	0	0
Total amount of low-level PCB material taken out of service	73.5	95.0	29.9	40.9

*High Level: a PCB concentration of greater than 1% (10 000 ppm); Low Level: a PCB concentration of greater than 50 ppm but less than 10000 ppm; Sent for Destruction: all PCB material sent to a licensed PCB treatment facility for destruction, decontamination or recycling of solid waste metal carcasses.

Reuse and Recycling

Recycling at ENMAX occurs both in the office and out in the field. Besides general office recycling including bottles, cans, paper, toner cartridges, and fluorescent light bulbs, and metal furniture parts, ENMAX also maintains a program to re-use some of its office goods. We hold silent auctions for re-usable office furniture and maintain a binder recycling depot at our facilities. Our recycling program is not only an opportunity to divert some of our waste from the landfill but also allows us give back to our community. All proceeds from our bottle returns go to the Kids Cancer Care organization. Out in the field, ENMAX recycles metals and other parts of equipment that are taken out of service. In 2006 alone, we recycled approximately 1.2 million pounds of material. Table 8-2 breaks this total down by type.

Material	Weight (lbs)
Aluminum	255,431
Copper	313,215
Transformer parts	296,117
Steel	163,835
Porcelain	108,955
Glass	24,215
Total	1,161,768

Table 8-2:
Recycled Materials

