

Enerplus SEC Proposed Rule Comment Letter

June 16, 2022

Submitted via <https://www.sec.gov/cgi-bin/ruling-comments>

The Honorable Gary Gensler
Chair
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

ATTN: Vanessa A. Countryman

Via email: rule-comments@sec.gov

Re: File Number S7-10-22 – Public Comment on The Enhancement and Standardization of Climate-Related Disclosures for Investors, March 21, 2022

Enerplus appreciates the opportunity to provide comments on the Securities and Exchange Commission (SEC) Proposed Rule for The Enhancement and Standardization of Climate-Related Disclosures for Investors (Proposed Rule). Enerplus recognizes the importance of the SEC's Proposed Rule in an attempt to promote comparability through standardized disclosures. Fulsome environmental, social and governance (ESG) disclosure is critical to both companies and stakeholders, and Enerplus is committed to maintaining its exemplary disclosure practices. Enerplus supports climate-related disclosures to all interested stakeholders, including investors.

Enerplus is a responsible developer of high-quality crude oil and natural gas assets in the United States and Canada. Enerplus' primary operational focus area is the Bakken/Three Forks shale oil formation in the Williston Basin, North Dakota. Enerplus also has operations in Western Canada and Colorado focused on crude oil production and has an interest in the Marcellus shale gas region in Pennsylvania. Since establishing reduction targets in 2020, Enerplus has reduced its scope 1 and 2 emissions intensity by 25% and its methane intensity by 27%. Further emissions reduction efforts are a priority for Enerplus and are guided by various project taskforces led by Enerplus executives.

Enerplus is one of many companies currently disclosing its material climate-related risks through compliance with voluntary reporting frameworks and standards including the Taskforce on Climate-related Financial Disclosures (TCFD) and the Value Reporting Foundation's SASB (Sustainability Accounting Standards Board) Standards. Enerplus has publicly disclosed scope 1 and 2 emissions intensity and methane intensity reduction targets with periodic progress updates in an effort to promote transparency and comparability of climate-related information. Enerplus believes that allowing registrants to furnish their TCFD Aligned Reporting efforts upon submission of their EPA Subpart W disclosure allows investors to obtain material, decision-relevant information in a timely and comparable manner. Enerplus is supportive of scope 1 and 2 disclosure only at this time and does not support mandatory scope 3 disclosures.

Below Enerplus provides comments in response to applicable questions posed in the Proposed Rule released on March 21, 2022.

Request for Comment responses

In response to question 3: As many registrants, including Enerplus, already report their climate-related disclosure inline with the TCFD framework, we are supportive of continuing this practice. We believe this disclosure type promotes consistent, comparable and reliable information for investors. We believe that this alignment would help mitigate the reporting burden for issuers and facilitate understanding by investors. While supportive of the TCFD framework, Enerplus also recognizes that many registrants are not entirely compliant, particularly with respect to the disclosure of scenario analysis. Enerplus understands the intent of scenario analysis as a practice yet recognizes that this costly and time-consuming practice is not often undertaken, particularly by smaller organizations. Enerplus does not believe that the practice of scenario analysis should be a mandatory component of disclosure.

In response to question 19: Registrants who voluntarily disclose in line with the TCFD framework already describe actual and potential impacts of **material** climate-related risks on its strategy and business model. Enerplus will continue to undertake this practice and is supportive of this disclosure.

In response to question 24: Enerplus is supportive of the disclosure of the role that offsets and RECS play in the registrant's overall strategy to reduce its net carbon emissions as proposed in an effort to promote transparency and comparability.

In response to question 30: Due to the complexity, variety and lack of comparability, Enerplus does not support mandatory disclosure of scenario analysis.

In response to question 95: Enerplus supports defining "greenhouse gases" as a list of specific gases that aligns with the GHG Protocol, and the list used by the EPA. Enerplus does not support the requirement for the inclusion of additional standards to be included into the definition process.

In response to question 96: Enerplus supports the expression of emissions data in CO₂e, as proposed. Consistent units of measurement should be required to enable comparability and transparency.

In response to question 97: Enerplus supports the disclosure of its total scope 1 and total scope 2 emissions separately. This is already common disclosure practice that aligns with voluntary reporting frameworks and standards including TCFD and SASB.

In response to question 98: Enerplus does not support the mandatory disclosure of scope 3 emissions. Enerplus believes that the SEC must recognize the inherent difficulties with accurately reporting scope 3 emissions and that the potential mandating of scope 3 emissions disclosures would lead to duplicative and unreliable disclosures across the value chain.

In response to question 100: Enerplus does not support the mandatory disclosure of scope 3 emissions. Enerplus believes that the SEC must recognize the inherent difficulties with accurately reporting scope 3 emissions and that the potential mandating of scope 3 emissions disclosures would lead to duplicative and unreliable disclosures across the value chain.

In response to question 105: Enerplus is not supportive of requiring the disclosure of a registrant's scope 1 and 2 emissions by fiscal year end, as proposed. A later timeline for disclosure, at a minimum a timeline that corresponds to the EPA's Subpart W disclosure timeframe of March 31, would alleviate burden while ensuring the appropriate time to validate emissions disclosures. Again, Enerplus is not supportive of mandated scope 3 disclosure.

110. Should we require the disclosed GHG intensity to be expressed in terms of metric tons of CO₂e per unit of total revenue, as proposed? Should we require a different financial measure of GHG intensity and, if so, which measure? For example, should GHG intensity be expressed in terms of metric tons of CO₂e per unit of total assets?

In response to question 110: Enerplus does not believe a standardized intensity metric will be comparable across industries. The provision of raw data by registrants will enable data users to utilize relevant ratios.

In response to question 111: Enerplus currently reports its intensity as expressed per unit of production relevant to the registrant's business. Enerplus is supportive of allowing this reporting practice.

In response to question 125: If disclosure timing is as early as defined within the Proposed Rule, the use of reasonable estimates for the fourth fiscal quarter must be allowed. However, the opportunity to validate data provided by later disclosure timing would promote accuracy.

In response to question 131: Enerplus is not supportive of mandated scope 3 disclosure.

In response to question 133: Enerplus believes that safe harbour must be provided to all registrant's scope 3 disclosures should this unsupported disclosure be mandated. Further, the proposed safe harbor from scope 3 emission disclosure liability is too narrowly crafted meaning it does not provide adequate relief.

In response to question 135: The proposed attestation requirements pose significant implementation challenges. There are a limited number of providers to perform this service, it adds additional financial and workload burden to registrants, and is not noted as a requirement in any voluntary reporting framework including TCFD protocols. Enerplus is not supportive of required attestation and suggests all levels of attestation be obtained based upon the registrant's voluntary desire to do so.

In response to question 170: Enerplus believes that discussing intentions for meeting its climate-related targets should be voluntary. Technological advancements are dynamic and changing and should not be subject to mandatory disclosure. Any proposed requirement to discuss intentions for meeting climate-related targets, if mandated, should be included under safe harbor.

In response to question 173: Enerplus is supportive of the disclosure of the role that carbon offsets and RECs play in the registrant's overall strategy to reduce its net carbon emissions as proposed in an effort to promote transparency and comparability. Enerplus recognizes the importance of disclosure pertaining to the amount of carbon reduction represented by the carbon offsets or the amount of generated renewable energy represented by the RECs, the source of the carbon offsets or RECs, the nature and location of the underlying projects, any registries or other authentication of the carbon offsets or RECs, and the cost of the carbon offsets or RECs.

In response to question 181: Enerplus does not support amendments to Form 40-F. As a Canadian Multijurisdictional Disclosure System (MJDS) issuer, Enerplus will be required to comply with either Canadian Securities Administrators (CSA) climate-related disclosure requirements or International Sustainability Standards Board (ISSB) climate-related disclosure requirements. Alignment should continue to be sought amongst these proposed rules, drafts and existing frameworks such as TCFD to promote genuine comparability amongst disclosures and transparency for investors. Enerplus believes

that if the Commission allows this approach, there will be a reduction in duplicative reporting for MJDS issuers required to follow Canadian requirements. This would be further emphasized should the Canadian requirements follow the ISSB exposure draft, as recommended by many respondents to the CSA Proposed Instrument 51-107.

In response to question 189: Enerplus supports the adoption of an alternative reporting provision, such as those made by the global sustainability standards body such as the ISSB, for foreign private issuers.

Enerplus thanks the SEC for the opportunity to provide input on climate-related disclosure.