



Is Joe Biden Enbridge's Friend or Foe?

Description

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) has been on my [watch list](#) lately. I believe this stock is an excellent option for investors who are looking to dive into the energy space right now. However, Enbridge has been facing a few hurdles concerning its various pipeline expansion projects.

Let's take a deeper look at these and see what to make of the geopolitical situation today.

Enbridge's Line 5 in line with Biden's "Build Back Better" theme

Michigan governor Gretchen Whitmer, who's an ally of the Biden administration, has openly opposed Enbridge's Line 5. The headlines right now are certainly not in Enbridge's favour. Indeed, investors appear to be pricing in a lot of geopolitical risk today.

That said, proponents of the pipeline argue this pipeline is essentially what Biden's "Build Back Better" plan is all about. The U.S. president wishes to renew existing infrastructure, and that's what Enbridge is doing. The company's pipeline upgrades include a brand-new tunnel aimed at reducing the risk of a spill significantly. The argument is being made that from an environmental standpoint, this project essentially needs to be approved.

In November 2020, Whitmer repealed an easement that enabled the oil pipeline to cut across the lakebed. Some speculated that the entire line could be shut down by May. Nevertheless, currently, Enbridge is continuing to operate its Line 5, which got approval from the previous governor of Michigan.

Indeed, I think the Line 5 ordeal is an interesting issue facing Enbridge shareholders right now. There remains a lot of uncertainty with respect to this project. However, I think most of this uncertainty is already priced in today.

Line 3 fits Biden's infrastructure renewal plan as well

The expansion of Enbridge's Line 3 is another project under the watchful eye of investors right now.

This project has seen delays in the past due to regulatory and legal concerns as well as various protests. However, for all intents and purposes, this project is finishing up and is expected to be online this year.

If Line 3 is a roadmap for Enbridge's Line 5 or other projects on the horizon, there's optimism that the potential for new pipeline projects could be much better than what's being priced in today.

However, again, that all remains to be seen.

Bottom line

The transition toward renewable energy is upon us, and I can understand the hesitation to move away from investing in oil and gas pipelines right now.

That said, these pipelines remain the safest way to transport oil long distances, and upgrades are essential to ensuring the safe flow of commodities that will be needed for the coming decades to markets where they're needed.

Enbridge is a company with one of the best portfolios of energy infrastructure assets out there today. For investors seeking a high-yield, high-quality option today, Enbridge is a great choice.

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