

2009 ACEEE Energy Efficiency as a Resource Conference

**Where Next? Meeting New Aggressive Energy Savings Targets
for Natural Gas Utilities in Minnesota**

September 28, 2009


Angie Kline

Manager, Energy Programs

CenterPoint Energy

2009 Energy Efficiency Activities

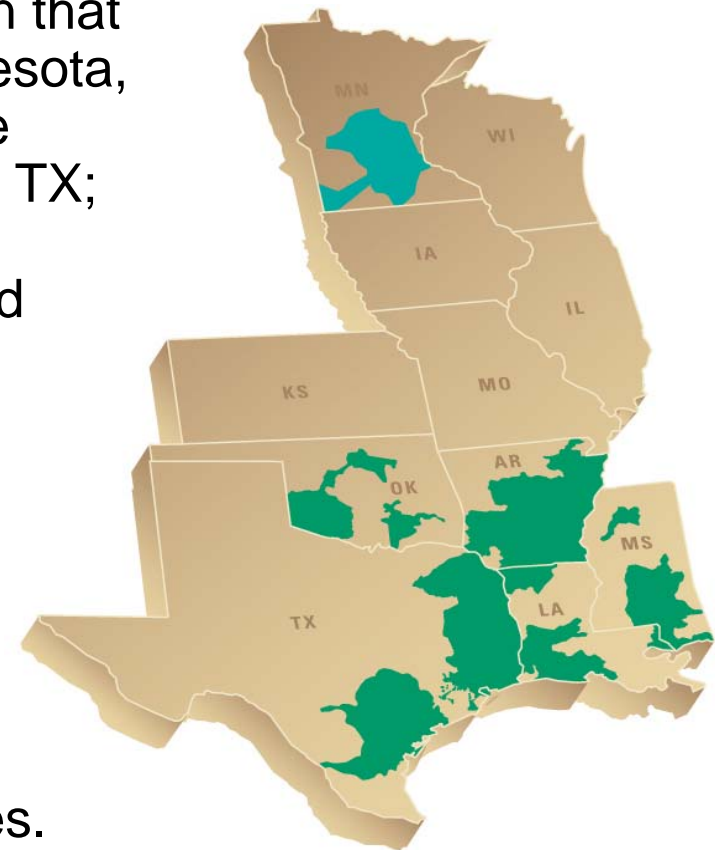


- 
- Overview of CenterPoint Energy
 - Historical Energy Efficiency Achievements- MN
 - The Next Generation Energy Act of 2007
 - Minnesota Natural Gas Market Potential Study
 - Proposed 2010-2012 Energy Efficiency Programs- MN
 - Energy Efficiency Regulatory Proceedings in Southern States

Natural Gas Distribution



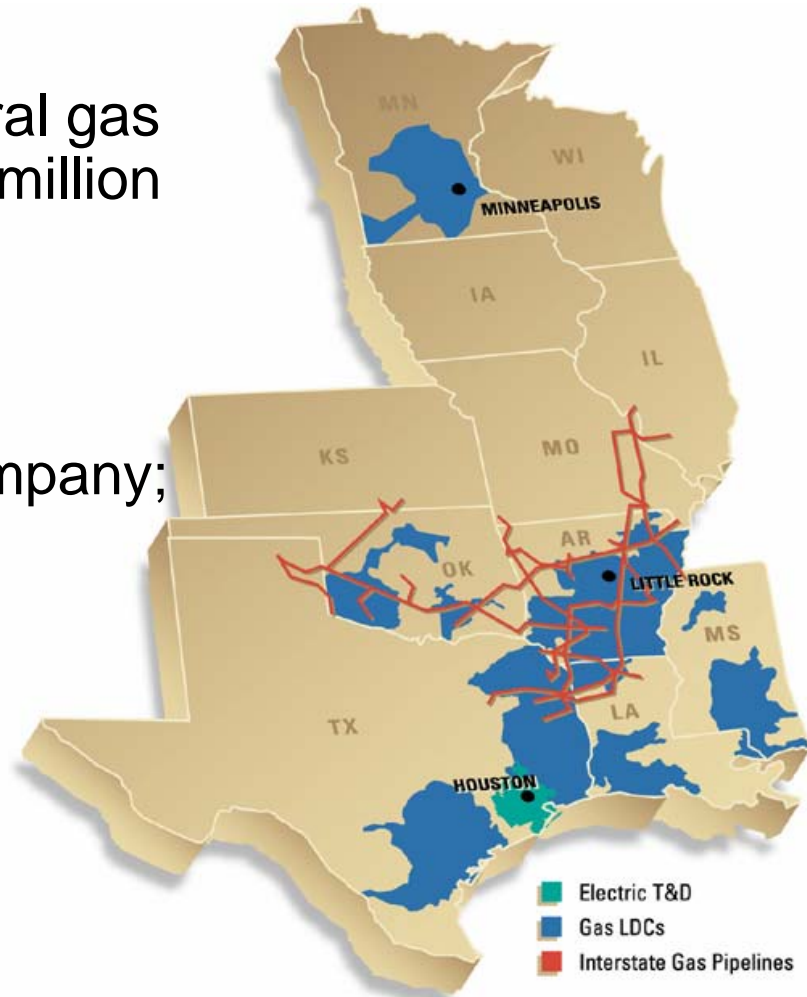
- Regulated local natural gas distribution that operates in Arkansas, Louisiana, Minnesota, Mississippi, Oklahoma and Texas. The major cities that we serve are Houston, TX; Minneapolis, MN; Little Rock, AR; Biloxi/Gulfport, MS; Shreveport, LA; and Lawton, OK;
- Over 3.2 million metered customers;
- 404 Bcf throughput in 2008;
- 107,813 miles of Main and service lines.



- CenterPoint Energy Southern Gas Operations
- CenterPoint Energy Minnesota Gas

CenterPoint Energy is . . .

- The third largest publicly traded natural gas delivery company in the U.S. with 3.2 million natural gas customers in six states;
- The nation's third largest combined electricity and natural gas delivery company;



Historical Energy Efficiency Achievements- Minnesota



Since 1992 CenterPoint Energy:

- \$101 million in CIP expenditures;
- 10.7 BCF of natural gas energy savings (annual energy usage of approximately 119,000 residential customers);
- ~263,000 participants; and
- \$17.4 million in lost margins or CIP financial incentive awards

The Next Generation Energy Act of 2007



- Old Statute: Minnesota natural gas utilities are required to spend 0.5% of gross operating revenue on energy efficiency programs.
- New Statute: Minnesota natural gas utilities will be required to save 1-1.5% of natural gas throughput through energy efficiency programs.
- Required the Minnesota Public Utilities Commission to approve a utility “decoupling” proposal on a pilot basis; provided certain provisions are met;
- Required that the Utility Financial Incentive Mechanism be re-evaluated in light of the change in statute from a spending requirement to a energy savings requirement.

Minnesota Natural Gas Market Potential Study



- Three largest natural gas utilities (CenterPoint Energy, Xcel Energy and Minnesota Energy Resources Corporation) joined together to hire a national consultant to conduct a comprehensive Natural Gas Market Potential Study in Minnesota in early 2008.
- ACEEE coordinated the Request for Qualifications and Request for Proposals for bidding process to identify consultant.
- Navigant Consulting, Inc. was awarded the contract and Final Report was issued in March, 2009.
- Based on the Findings of the Natural Gas Market Potential Study; parties worked with the legislative authors of The Next Generation Energy Act of 2007 and other stakeholders to amend the statute in the 2009 legislative session for purposes of the utility filings that were to be filed on June 1, 2009 for the 2010-2012 CIP Triennial Plan.

Minnesota Natural Gas Market Potential Study Findings



- Natural Gas Market Potential Study included both a review of current programs and potential modifications to achieve incremental energy savings and technical and economic potential in each respective service territory for the period of 2009-2019;
- The Economic Potential demonstrated that there was incremental energy savings potential in Minnesota, but that it was going to cost more for each incremental therm of energy saved;
- The economic potential for CenterPoint Energy demonstrated that in even the most optimistic of scenarios, that they would not be able to achieve an energy savings goal of 1% of throughput until at least 2014. The economic potential for Minnesota Energy Resources Corporation demonstrated that they will never meet 1% energy savings.

Minnesota Natural Gas Market Potential Study Findings



- General Findings/Opportunities for CenterPoint Energy:
 - The Residential Market Segment is where most of the incremental energy savings will be realized over the next several years;
 - The incremental residential programs will be very expensive, and marginally cost-effective as compared to historical program activities;
 - The Commercial Market Segment has limited opportunity for incremental technologies or programs and that any increased energy savings will be based on drilling deeper into the market segments of Education, Multi-Family Housing, Health Care and Restaurants;
 - The Industrial Market will see a continual decline in energy savings opportunities due to market saturation and limited opportunity; and
 - Behavioral measures are part of the strategy; and energy savings associated with these measures need to be realized to get to ever get to the 1% energy savings goal.

- For a copy of the Minnesota Natural Gas Market Potential Study:
 - www.state.mn.us (Minnesota Department of Commerce website)

CenterPoint Energy's Proposed 2010-2012 CIP Triennial Plan



- Filed on June 1, 2009

2010: \$17.9 Million Budget
104,000 Participants
1,004,000 MCF of energy savings

2011: \$20.2 Million Budget
144,000 Participants
1,123,000 MCF of energy savings

2012: \$22.6 Million Budget
187,000 Participants
1,244,000 MCF of energy savings

CenterPoint Energy's Proposed 2010-2012 CIP Triennial Plan- Residential Market



- Proposed Budget of \$9.9 Million to \$13.4 Million
 - Energy Savings of 289,000 MCF to 443,000 MCF
 - Participation of 95,000 to 177,000 customers.
-
- Residential Heating System Rebate;
 - Residential Water Heater Rebate;
 - Residential Low Flow Showerhead and Faucet Aerator Program (Expanded);
 - Residential Air Sealing and Attic Insulation Program (New);
 - Electronic Pilot-Less Hearth Rebate (New);
 - Residential Energy Audit;
 - Low-Income Weatherization;
 - Non-Profit Affordable Housing Project;
 - Residential Home Reports (New);
 - Home Energy Squad with Xcel Energy- Electric (New).

CenterPoint Energy's Proposed 2010-2012 CIP Triennial Plan- Commercial/Industrial Market



- Proposed Budget of \$6.8 Million to \$7.9 Million;
 - Energy Savings of 715,000 MCF to 800,000 MCF;
 - Participation of 9,000 to 9,300 customers.
-
- Commercial Foodservice Rebates;
 - Commercial Heating System Rebates;
 - Custom “Process” Rebates;
 - Commercial Energy Audits;
 - Technical Training Seminars;
 - Commercial Foodservice Learning Center;
 - Market Segmentation for Education, Multi-Family Housing, Health Care and Restaurants.

Energy Efficiency Regulatory Proceedings in Southern Jurisdictions



- Arkansas
 - Collaborative Regulatory Proceeding started in 2006;
 - Quick-Start Energy Efficiency Programs proposed by utilities in July, 2007;
 - Comprehensive Energy Efficiency Programs proposed by utilities in July, 2009.
- Oklahoma
 - Rulemaking Proceeding on Energy Efficiency completed for Electric Utilities;
 - Natural Gas Utility Rulemaking in process at this time, although natural gas utilities may file for review of programs at any point prior to April 1 for implementation January 1 of the following year.
- Louisiana
 - Rulemaking Proceeding initiated on Energy Efficiency in late June, 2009;
 - Awaiting Regulatory Proceeding Calendar; but likely in late 2009 and early 2010.

Conclusion



- Questions?????

- My Contact Information:
 - Angie Kline
 - 612-321-4572
 - angela.kline@centerpointenergy.com