

Natural Gas Energy Efficiency Programs: A Utility's Perspective

Arkansas Public Service Commission
Workshop on Energy Efficiency Programs
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Overview of CenterPoint Energy- Minnesota Gas



CenterPoint Energy is the largest LDC in Minnesota serving over 760,000 customers (majority in Minneapolis and western suburbs)

Utility Service area includes over 240 communities throughout Minnesota

12,000 miles of distribution main lines and 200 miles of transmission lines

Parent company is CenterPoint Energy, which has nearly five million metered customers in six states- fourth largest energy provider in U.S.

Overview of Conservation Improvement Program (CIP) in Minnesota



CIP programs started in 1992 and for the past fourteen years, the same regulatory and statutory requirements have been in place

2006 CIP Spending:

IOU Electrics: \$52 Million

IOU Natural Gas: \$14 Million

2005 Legislative Auditor Report concluded that the benefits of CIP are greater than its costs.

Regulatory Environment & Process in Minnesota



**Statutory minimum expenditure requirement for
conservation programs (0.5% of gross
operating revenues)**

Cost Recovery Mechanism- Tracker Account

Financial Incentive Mechanism

Regulatory Filings

CIP Biennial Plan

CIP Status Report

Historical Overview of CenterPoint Energy- Minnesota Gas's CIP Programs



Since 1992.....

\$78 Million in CIP Expenditures

**8.8 BCF of natural gas energy savings
which represents the annual energy usage
of approximately 88,000 residential
customers in Minnesota**

~ 260,000 participants

Overview of CenterPoint Energy- Minnesota Gas Energy Efficiency Programs



2005-2006 CIP Biennial Plan

\$7.1 Million annual expenditures

**24,000 participants (residential,
commercial & industrial)**

700,000 Dekatherms of energy savings

**Expenditures split between residential and
commercial/industrial market segments**

**Direct-impact and Indirect-Impact Programs for
all market segments**

CenterPoint Energy- Minnesota Gas 2005-2006 CIP Biennial Plan



Residential Programs

**Residential High Efficiency Heating
System Rebate**

***Residential Energy Audit**

Residential Low-Flow Showerhead

Low-Income Weatherization

***Non-Profit Affordable Housing Program**

CenterPoint Energy Minnesota Gas 2005-2006 CIP Biennial Plan



Commercial/Industrial Market

Commercial Heating System Rebate

***Foodservice Rebate Program**

Commercial Boiler Tune-Up Rebate

***Custom “Process” Rebate**

Commercial Energy Audit

***Foodservice Learning Center**

Technical Seminars

CenterPoint Energy Efficiency Program Principles



Cost-Effective Conservation

**Balance between Residential &
Commercial/Industrial Market Segments**

**Provides Direct-Impact and Educational
Programs for all Market Segments**

**Ensures needs of low-income and renters are
met**

Keys to a Successful Energy Efficiency Program



Complete transparency with regulatory agencies

Recognizing value of vendors

Internal commitment to delivering successful program (Sales, Marketing, Customer Relations & Accounting)

Ability to determine project delivery mechanism

Ability to modify programs

Budget flexibility

Challenges in Energy Efficiency Programs



Challenge to spend statutory minimum expenditure requirement

Balance between Internal & External Stakeholders

Challenge to find new and innovative natural gas program opportunities that are cost-effective

Cost of natural gas

Energy savings between energy sources

Long Term- CenterPoint Energy Minnesota Gas's CIP Programs



Minimum statutory spending requirement will be increasingly difficult to meet

With the exception of spending, program design, development and delivery will have minimal changes for the next several years

Continual process to identify innovative, cost-effective natural gas conservation programs

Regulatory/Legislative process unlikely to have wholesale changes on CIP based on Legislative Auditor Report.

Long Term Considerations for Energy Efficiency



Minimum efficiency standards for appliances

Mechanical & Energy Code updates

Residential use per customer

Natural gas prices

Limited # of end-use natural gas technologies

Last Thought...



It makes good business sense to show our customers how to use our product efficiently.

Thank You!



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