


# **2010 MEEA Midwest Energy Solutions Conference**

**Efficiency: the Bridge to Gas-Electric Integrated Programs**

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- A thick, orange, curved line that starts on the left, rises to a peak in the middle, and then tapers off to the right.
- The Next Generation Energy Act of 2007
    - Statute changed from a spending requirement as a % of revenue to an energy savings requirement as a % of throughput.
  - Minnesota Natural Gas Market Potential Study
  - Overview of Approved 2010-2012 Energy Efficiency Programs- MN
  - Home Energy Squad Joint Program between CenterPoint Energy and Xcel Energy-Electric.

# 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.

# 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;
  - Joint electric-natural gas programs are an opportunity to realize energy savings; 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](http://www.state.mn.us) (Minnesota Department of Commerce website)

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



- Proposed Budget of \$9.9 Million to \$13.4 Million
  - Energy Savings of 305,000 MCF to 447,000 MCF
  - Participation of 96,000 to 178,000 customers.
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- 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).

# Home Energy Squad Program- Overview



- Joint Program between CenterPoint Energy (natural gas) and Xcel Energy (electric) for joint customers in Minneapolis and most Minneapolis suburban communities;
- Program Design:
  - Customer pays for low-cost energy efficiency measures such as programmable thermostats, low-flow showerheads & faucet aerators, CFL's, TV/entertainment power strip, weatherstripping, and water heater insulation blankets (typical household = ~\$90);
  - Utilities pays for the installation of the low-cost measures and associated costs;
  - Average household saves about 7.5 MCF; but completely dependent upon installed measures.
- Program will be dramatically ramped up from 2010-2012;
- Energy Savings of 10,000 MCF in 2010 to 28,000 in 2012;
- Participation of 1,350 households to 3,750 customers.

# Home Energy Squad Program- What's Figured Out



- Measures;
- Marketing Strategy;
  - Bill Inserts, Direct Mail, Internet, Media;
- 1-800 phone #;
- Joint Brand between CenterPoint Energy & Xcel Energy;
- Vendor Delivery;
- Database to track measures and associated energy savings by household.

# Home Energy Squad Program- Challenges/Opportunities



- Vendor Delivery;
- CenterPoint Energy & Xcel Electric Service Territories not identical; although significant overlap in Minneapolis and 1<sup>st</sup>/2<sup>nd</sup> ring suburbs;
- How to claim energy savings for measure that result in both natural gas and electric energy savings;
- Estimation of # of measures per household; estimation of installation time/measure;
- Program cost-effective, but not much room;
- Two big organizations working together lends itself to challenges.

# Home Energy Squad Program- Long-Term



- There are significant opportunities in the residential retrofit market and Home Energy Squad is an innovative way to generate energy savings for those households;
- CenterPoint Energy and Xcel Energy are completely committed to working together to address these challenges and are looking forward to a long-term relationship in delivering this program to our joint customers;
- Yes, it is challenging to work with two utilities and multiple vendors; but in order to get to the next level of energy savings, these types of new and challenging programs are the next level of energy efficiency programs that are going to be required.

# Conclusion



- Questions?????
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