

Methane Reduction Opportunities Nisource – Distribution, Transmission and Storage Segments

Natural Gas STAR Workshop
Houston, Texas
October 26, 2004

Road Map

- ★ NiSource Background
- ★ Importance of Being a Natural Gas STAR Partner
- ★ Methane Emissions Reduction Opportunities Reported by NiSource
- ★ The NiSource GHG Story

NiSource Inc. - Businesses

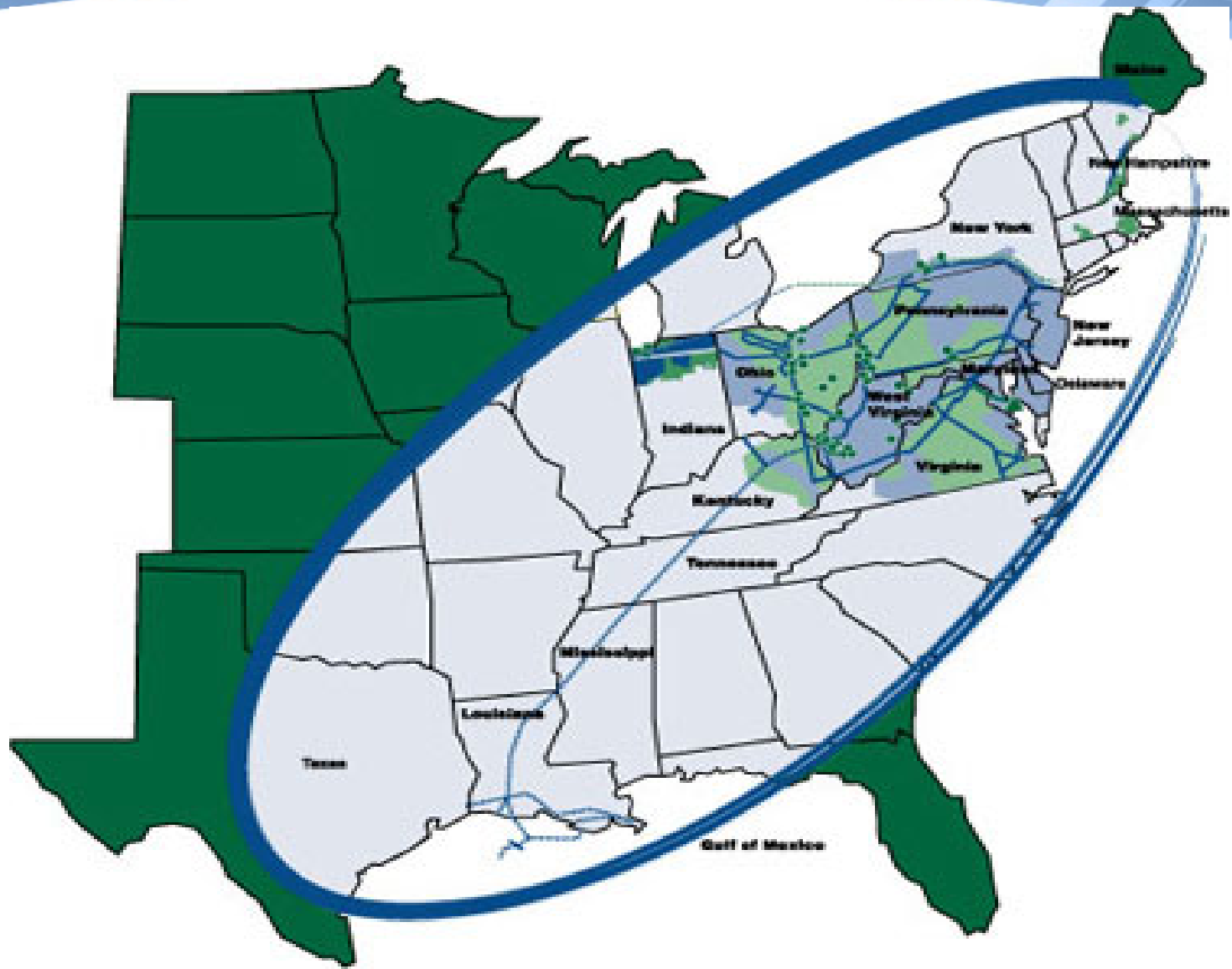
- ★ Electric Generation
- ★ Electric Transmission and Distribution



- ★ Natural Gas Distribution



- ★ Natural Gas Transmission and Storage



NiSource Branded Companies

Columbia Gas[®]
of Maryland
A NiSource Company

 Granite State
Gas Transmission
A NiSource Company

Columbia Gas[®]
of Kentucky
A NiSource Company

Columbia Gas[®]
of Pennsylvania
A NiSource Company

NiSource

Columbia Gulf
Transmission[™]
A NiSource Company

Columbia Gas
Transmission[™]
A NiSource Company

 Bay State Gas
A NiSource Company



Columbia Gas[®]
of Ohio
A NiSource Company

Columbia Gas[®]
of Virginia
A NiSource Company

Why consider becoming a Natural Gas STAR Partner?

- ★ EPA Industry-Government Partnership
- ★ Methane is one of several non-CO₂ greenhouse gases that contribute to climate global change; enhance management of risk and liabilities associated with GHGs
- ★ Opportunity to reduce direct emissions through cost effective technologies

Why consider becoming a Natural Gas STAR Partner?

(continued)

- ★ Support sector environmental positions, policies, and practices
- ★ Report on how company is responding to rising social pressure to reduce emissions
- ★ Better positioned with information to address current and emerging regulation

Why does Nisource continue to be a Natural Gas STAR Partner?

It is simple.....the partnership is a natural extension of our corporate culture.

A culture built on enhancing environmental protection and social responsibility. As demonstrated through investing in local community based programs, joining other voluntary programs, and earning inclusion in the Dow Jones Sustainability Index.

Participating NiSource Business Segments

- ★ Transmission and Storage
- ★ Energy Distribution

*Coverage accounted for all
appropriate affiliate companies*

The NiSource Methane Team

Consistent with concepts set forth in our management system, an all volunteer *cross functional team* was drafted. The team is comprised of front line/facility personnel and functional area experts along with Corporate and local EH&S employees.

The NiSource Methane Team

- ★ Annually, and more often if needed, the team reviews their maintenance plan identifying BMPs or PROs for inclusion in the Natural Gas STAR Annual Report.
- ★ The team collects its reporting data from a variety of sources including field calculations, work management data and sound professional judgment.

Methane Reduction Opportunities Reported in 2003

- ★ Columbia Gas Transmission has implemented BMPs 1 through 6 and 6 PROs were reported in the 2003 annual report.
- ★ Columbia Gulf Transmission has implemented BMPs 1, 2, 3 and 5 and 11 PROs were reported in the 2003 annual report.
- ★ Gas Distribution has implemented BMPs 1, 2, and 5 and 1 PRO was reported in the 2003 annual report.

Measuring Then Managing GHGs

- ★ NiSource started first by measuring emissions reduction for Natural Gas STAR

Methane

- ★ Followed by reporting under the DOE's 1605(b) Program and then, Climate Leaders

Methane, Carbon, SF₆, Nitrogen Oxide and CO₂

- ★ It has been an iterative process

Our Accounting and Data Management Tools

- ★ Work Management Software – hard wired operations and total cost data
- ★ ICF GEMS Inventory Tool – emission data is based on equipment counts
- ★ Excel-based Spreadsheets – islands of data are difficult to manage; but it works
- ★ Lost and Unaccounted for Gas Reports
- ★ Management System – to address auditing and verification

Data, Data Everywhere

- ★ People ready to answer questions
- ★ Random error checking
- ★ Trend a business segment's emission to check for improvements and consistency
- ★ Communicate results internally
- ★ Documents available on the web to guide partners through BMP and PRO reporting

Success Stories

- ★ Operations personnel from several of our business segments have assumed complete responsibility for program management
- ★ Identifying methane emissions reduction opportunities is becoming a routine activity
- ★ Working with our affiliate companies
- ★ A team of passionate leaders

On-going Data and Process Improvement Issues

- ★ Harmonization of accounting tools
- ★ Evaluate emissions factors versus the need to collect actual field measurement data
- ★ Documentation of sources considered and assumptions made
- ★ Leverage work management tools to assure *all* emissions reduction opportunities are accounted
- ★ Data is already being tracked
- ★ Automate data collection and reporting

Contact Us...
**We Would Welcome the
Opportunity to tell our Story in
Greater Detail**

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Thank you!

Comments & Questions?