

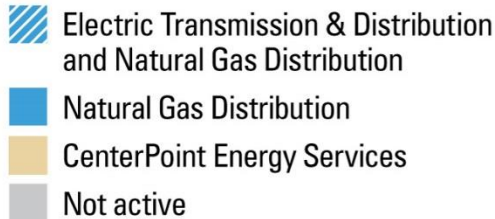
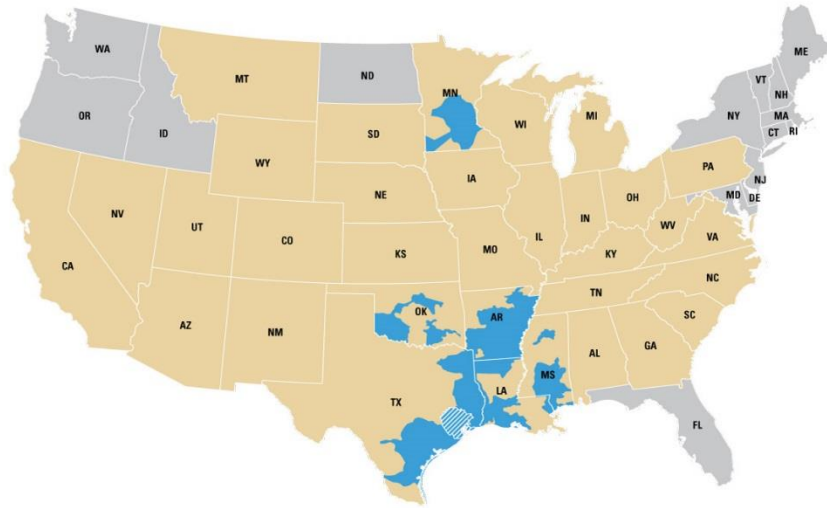
Minnesota Green Tariff Proposal

For CenterPoint Energy Minnesota Gas

October 23, 2018



CenterPoint Energy Overview



Electric Transmission & Distribution:

- Electric utility operations serves nearly all of the Houston/Galveston metropolitan area
- ~68 retail electric providers sell electricity to ~2.4 million metered customers across ~5,000 square miles
- 88,636 GWh delivered

Natural Gas Distribution:

- Regulated gas distribution jurisdictions in six states with ~3.5 million customers
- Delivered 412 Bcf of natural gas

Energy Services:

- Provides competitive energy services to meet the needs of more than 100,000 customers in 32 states
- Marketed 1,200 Bcf of natural gas

Source: 2017 Form 10-K

RNG Pilot Program Filing




The screenshot shows a web browser window displaying the CenterPoint Energy website. The URL is https://www.centerpointenergy.com/rng. The navigation bar includes 'My Account', 'Residential', 'Business', and 'Our Company'. The service area is set to Minnesota. The main navigation menu includes 'SERVICES', 'CUSTOMER SERVICE', 'SAFETY', 'SAVE ENERGY & MONEY', and 'IN YOUR COMMUNITY'. The page title is 'CenterPoint Energy Files for Renewable Natural Gas Program in Minnesota'. The article text states that CenterPoint Energy filed a proposal on August 23 with the Minnesota Public Utilities Commission (MPUC) outlining the company's desire to offer a renewable natural gas program option to its customers. It also mentions that if approved by the MPUC by January 2019, customers would be able to enroll in the program as early as Spring 2019. A 'Learn More' button is visible at the bottom of the article.

Home | In Your Community: Renewable Natural Gas Program

- What's Going On In Your Region
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- Media Center
- Convert to Natural Gas
- Safety Education
- Rate Case
- Renewable Natural Gas Program >

CenterPoint Energy Files for Renewable Natural Gas Program in Minnesota



Company Seeks Commission Approval to Introduce Innovative Renewable Natural Gas Offering

CenterPoint Energy filed a proposal on August 23 with the Minnesota Public Utilities Commission (MPUC) outlining the company's desire to offer a renewable natural gas program option to its customers.

If approved by the MPUC by January 2019, CenterPoint Energy customers would be able to enroll in the program as early as Spring 2019. CenterPoint Energy is one of the first natural gas providers in the U.S. seeking to offer renewable natural gas to customers.

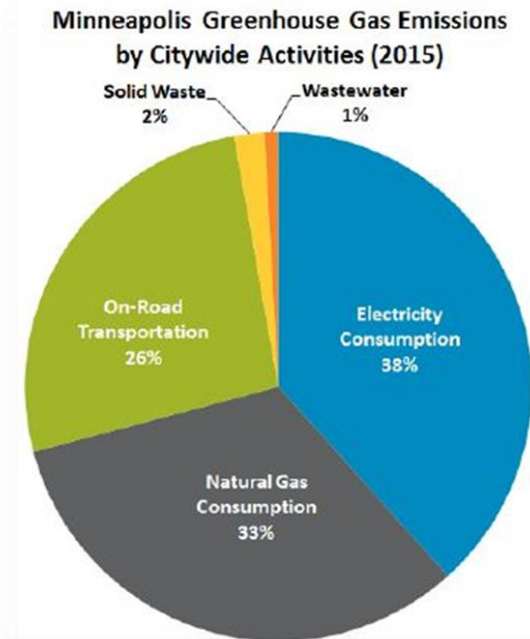
[Learn More](#)

[Frequently Asked Questions](#)

Rationale

- MN State Renewable Goals
 - “25 percent of the total energy used in the state be derived from renewable energy resources by the year 2025.” (MN Stat. 216C.05)
- Minneapolis Clean Energy Partnership
 - Closely related to Mpls franchise agreement
- Some customer interest/inquiries over time

2015 Minneapolis GHG Inventory:



“Emissions from electricity consumption are [...] expected to be eclipsed by natural gas in the coming years as more renewable electricity is added to Xcel Energy’s portfolio.”

“Sales” vs “Access” Tariff

- Focused on voluntary customer green tariff
- Access (interconnection) is more complicated
- Several producers/potential producers interested in interconnecting
 - Continue to explore, but we aren't there yet
- Sales offering more responsive to the rationale for the effort



Program Development Timeline

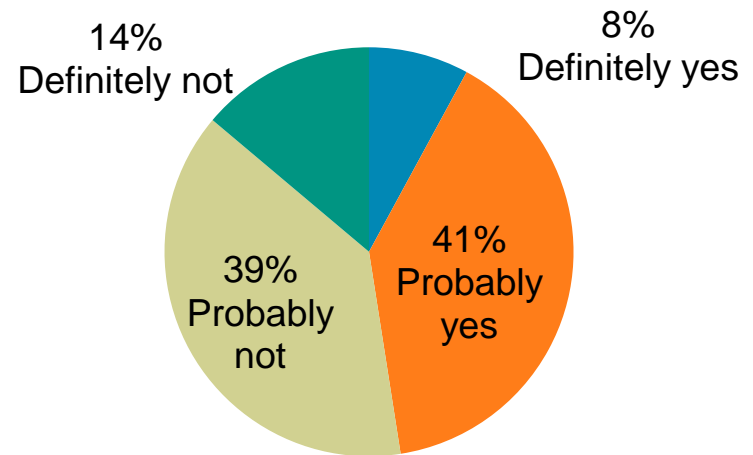
- Dec. 2017 – First Customer Survey
- Early 2018 – Initial Program Design Work
- Spring 2018 – Second Customer Survey
- Spring/Summer 2018 – Finalize Design, prepare filing
- August 23, 2018 – File proposal with MN PUC



First Survey: Does Anyone Want This?

- Customer Survey
 - Little familiarity with RNG
 - But the idea is appealing:
 - 75% prob/def willing to use RNG
 - 48% prob/def willing to pay extra for RNG
 - Mostly < \$25/mo
 - Customer education will be needed

Customer Willingness to Add Extra Charge to Monthly Bill for RNG



Second Survey: How should it work?

- Confirmed findings from previous study
- Cost is primary factor for most customers
- Other aspects of program design are less important

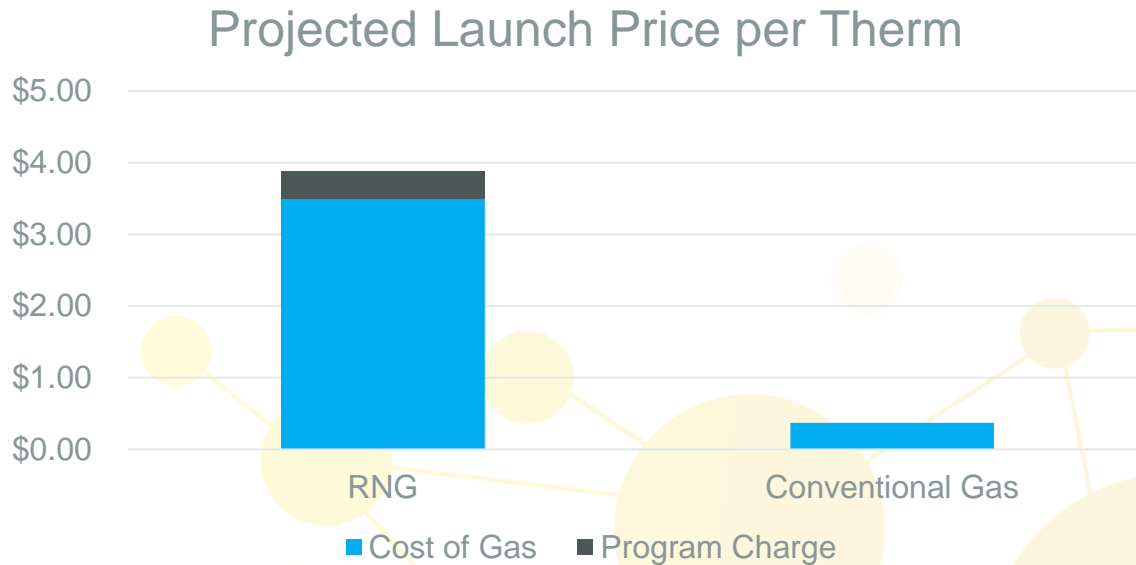


Final Program Design

- 5-year pilot
- Customers designate participation in dollars per month (not therms or percent of use)
- Request permission to recover a limited amount of RNG cost from all customers as system gas
 - Allows CNP to enter contract with supplier without having customer commitments for 100% of the RNG
- After contracting, update customers with final pricing and give chance to cancel
 - Cost per therm may change, but customer \$ commitment will not without customer action

Program Pricing

- Principle: Cost of RNG should represent no less than 90% of program cost
 - RNG commodity price estimated at \$3.50/therm
 - Projected launch price is \$3.89/therm



Used electric green tariffs as model wherever possible

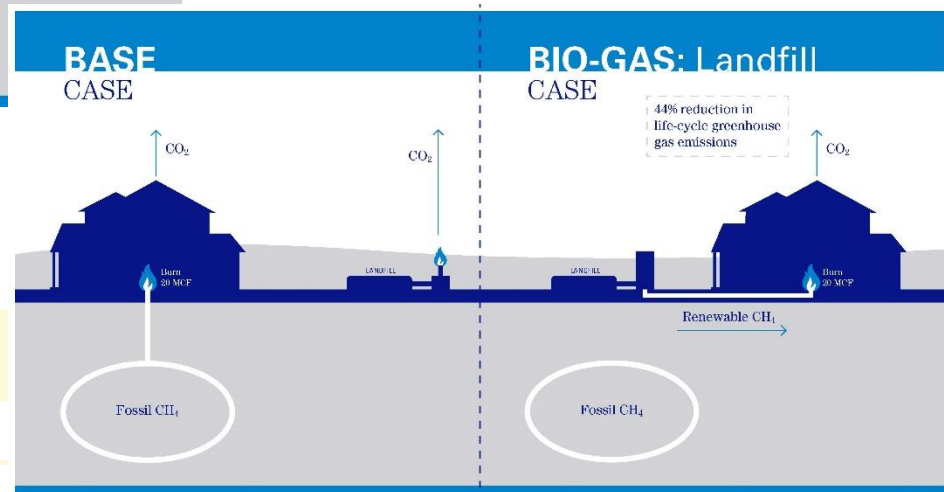
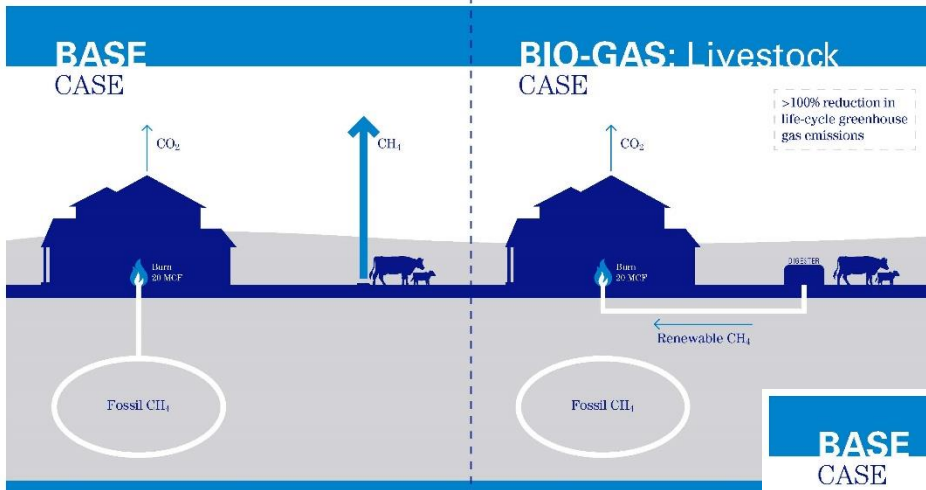
- Established, accepted concepts
 - Voluntary price premium
 - “I don’t really get the energy, right?”
- Three main differences from electric green tariffs in MN:
 - Customer participation denominated in dollars
 - Clarity for customers of the impact on bill
 - Need ability to use system gas portfolio in order to enter contracts
 - Request for utility shareholder incentive
 - Supported by MN policy
 - Creates business case and rewards successful marketing, favorable purchasing terms

Timeline

- Filed August 23, 2018
- Comments currently due October 22, 2018
- Reply Comments due November 1, 2018
- Then up to MN PUC to schedule hearing

- If approved January 2019, would be on track to
 - Enroll customers in spring 2019
 - Contract for RNG supply spring/summer 2019
 - Begin delivering RNG in fall 2019

In the meantime...



Questions?



Thank You

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