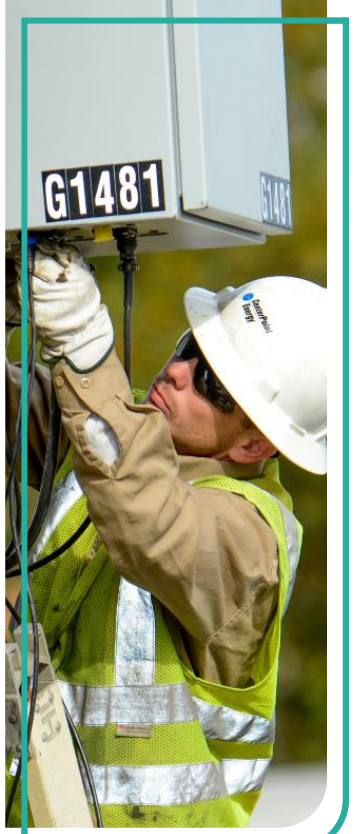

CenterPoint Energy's Innovation Plan

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CenterPoint Energy

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Agenda

- Natural Gas Innovation Act Background
- Overview of our Innovation Plan
- Programs currently seeking commercial and industrial participants

Natural Gas Innovation Act (NGIA) background

- Legislation passed in June 2021 with bipartisan support
- Allows investor-owned natural gas utilities to submit Innovation Plans to the Minnesota Public Utilities Commission (PUC)
- Establishes regulatory framework to deploy **renewable energy resources** and **innovative GHG reduction technologies**
  - Cost-recovery: rate base, purchased gas adjustment or separate tracker (rider)
- Multiple pathways to reduce emissions while providing reliable, cost-effective energy – especially the coldest Minnesota days

NGIA innovative resources

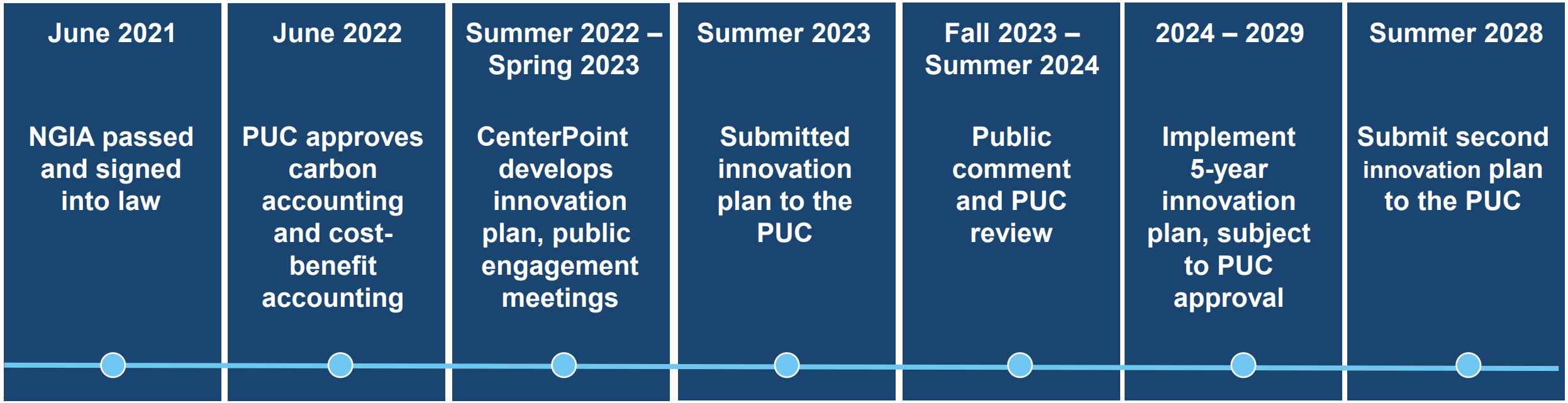
Supply-side

- Biogas
- Renewable natural gas (RNG)
- Power-to-hydrogen (green hydrogen)
- Power-to-ammonia (green ammonia)
- District energy (networked geothermal)

Demand-side

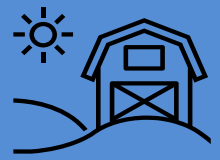
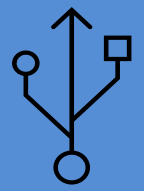
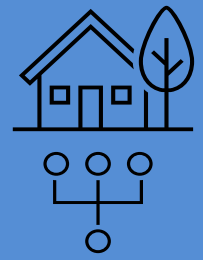
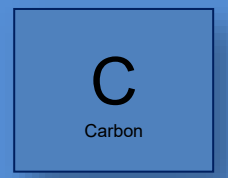
- Energy efficiency
- Carbon capture
- Strategic electrification

Innovation plan timeline



- Public comment period: January – May 2024
- Hearing and Commission approval: July 2024
- Commission Order received October 2024

First innovation plan submitted to the PUC in June 2023

Renewable Natural Gas (RNG)	Power-to-Hydrogen	Strategic Electrification	District Energy	Carbon Capture	Energy Efficiency
					
RNG Produced from Metro Area Counties' Organic Waste **Request for Proposals**	**Green Hydrogen Blending** **Industrial or Large Commercial Hydrogen Incentives**	**Industrial, Commercial and Residential Heat Pumps**	**New Networked Geothermal** **Decarbonizing Existing Systems**	**Urban Tree Carbon Offsets** **Carbon Capture Incentives** **Methane Leak Reduction**	**GHG Audits** (Small/Medium Business and Industrial) **Deep Energy Retrofits**

Research and Development

Net Zero Study, High Performance Building Envelopes, Weatherization Blitzes, RNG Study, Green Ammonia, Carbon Capture

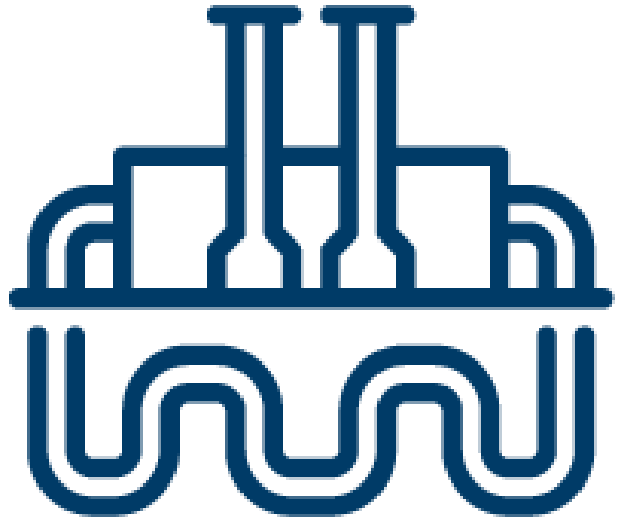
Investing in made-in-Minnesota energy resources

- Purchasing pipeline-quality renewable natural gas

- Green hydrogen blending pilot, produced from on-site solar

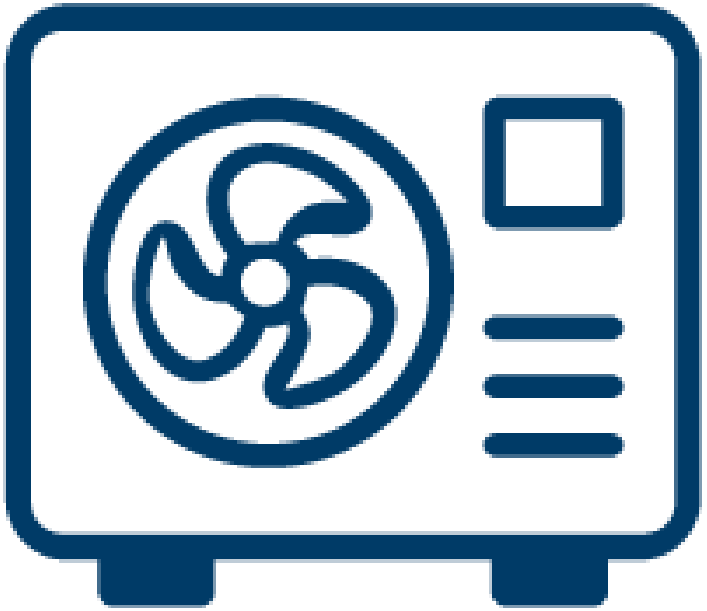
Installing new district energy systems

- **CenterPoint Energy-owned networked geothermal system**
  - Develop in a neighborhood (yet to be identified) in our existing service territory
- **Customer-owned networked geothermal systems**
  - Large business/school campuses or business developments provide opportunities



Hybrid heating

- **Commercial focus:** electric air source heat pumps with supplemental natural gas heating, rooftop units
- **Residential focus:** electric air source heat pumps with supplemental natural gas heating, along with deep energy retrofits



Additional industrial and commercial decarbonization efforts

Pilots incentivizing:

- Green hydrogen
- Carbon capture
- Industrial electric heat pumps
- Behind-the-meter methane leak detection
- GHG audit programs with incentives for GHG reduction and innovative energy efficiency

Programs seeking commercial and industrial customer participants

- Commercial Hybrid Heating
- Hydrogen and Carbon Capture
- Industrial Electric Heat Pumps
- Gas heat Pumps For Commercial Buildings
- Greenhouse Gas Reduction Audits
- New District Energy Systems

Commercial Hybrid Heating Pilot

- Pilot is seeking customers interested in **replacing existing HVAC systems** with hybrid systems using electric heat pumps with gas backup.
- Mostly dual-fuel RTUs but other hybrid systems considered as well
- Slots for **130 units**, ~half to have performance measured (M&V)
- 6 M&V building segments: education, healthcare, municipal, office, restaurant, retail
- Pilot Participation Incentives
  - 40% of equipment cost for pilot participants

Other helpful project characteristics:

- Large capacity (tons) and/or long runtimes
- Location in environmental justice area (as defined by MPCA map)

NGIA Commercial Hybrid Heating Pilot Interest Form

Hydrogen and Carbon Capture Pilot

- Pilot is seeking **two industrial or large commercial customers** interested in evaluating and installing green hydrogen or carbon capture technologies
- Pilot projects will focus on reducing customer's greenhouse gas emissions from current natural gas end-uses
- Planning to issue a **Request for Information** for interested customers to submit detailed project ideas in **Q2 2026**.
- Pilot Participation Incentives
  - 20% of feasibility study costs (up to $30,000)
  - 100% of project installation costs (Up to $1.5 million)

Industrial Electric Heat Pumps Pilot

- Pilot is seeking **three industrial customers** interested in electrifying low-to-medium heat natural gas processes with heat pumps.
- CenterPoint would support customers with heat pump selection, procurement, and installation.
- Heat pump installations planned to occur in **2026/2027.**
- Pilot Participation Incentives
  - CenterPoint would pay the full cost of procuring and installing the heat pumps

Gas Heat Pumps For Commercial Buildings Pilot

- Pilot is seeking **three commercial or industrial customers** interested in installing engine-driven and/or absorption gas heat pump systems in commercial buildings.
- CenterPoint would support customers with heat pump selection, procurement, and installation.
- Heat pump installations planned to occur in **2026/2027.**
- Pilot Participation Incentives
  - CenterPoint would pay the full cost of procuring and installing the heat pumps

Greenhouse Gas (GHG) Reduction Audits

- Pilot is expanding the Process Efficiency and Commercial Efficiency ECO programs to identify non-ECO GHG reduction opportunities for **industrial and large commercial customers.**
- Recommended measures may include heat pumps, hybrid heating systems, onsite biogas, or non-ECO eligible energy efficiency measures, amongst others.
- GHG Reduction audits will be available through the duration of the Innovation plan.
- Pilot Participation Incentives
  - Between $10-$25/Dth of annual natural gas savings for installed measures (up to $1.5 million)

New District Energy Systems

- Pilot is seeking customers considering developing their own district energy systems
- To be considered a district energy system under this pilot, projects must meet the following criteria:
  - Must heats or cool multiple buildings connected through a piping network
  - Must be powered by geothermal heat pumps or solar thermal
- Pilot Participation Incentives
  - CenterPoint will pay 50% of the cost of an engineering study, up to $10,000
  - CenterPoint will pay rebates of between $10-$25 per net Dth of annual geologic natural gas savings resulting from completion of this project, up to $1.5 million

Want to Learn More? Contact the NGIA Team

Commercial Hybrid Heating
Greenhouse Gase Reduction Audits

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Thank you!