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The Texas Experience

NAESCO Mid-Year Conference

Austin, TX

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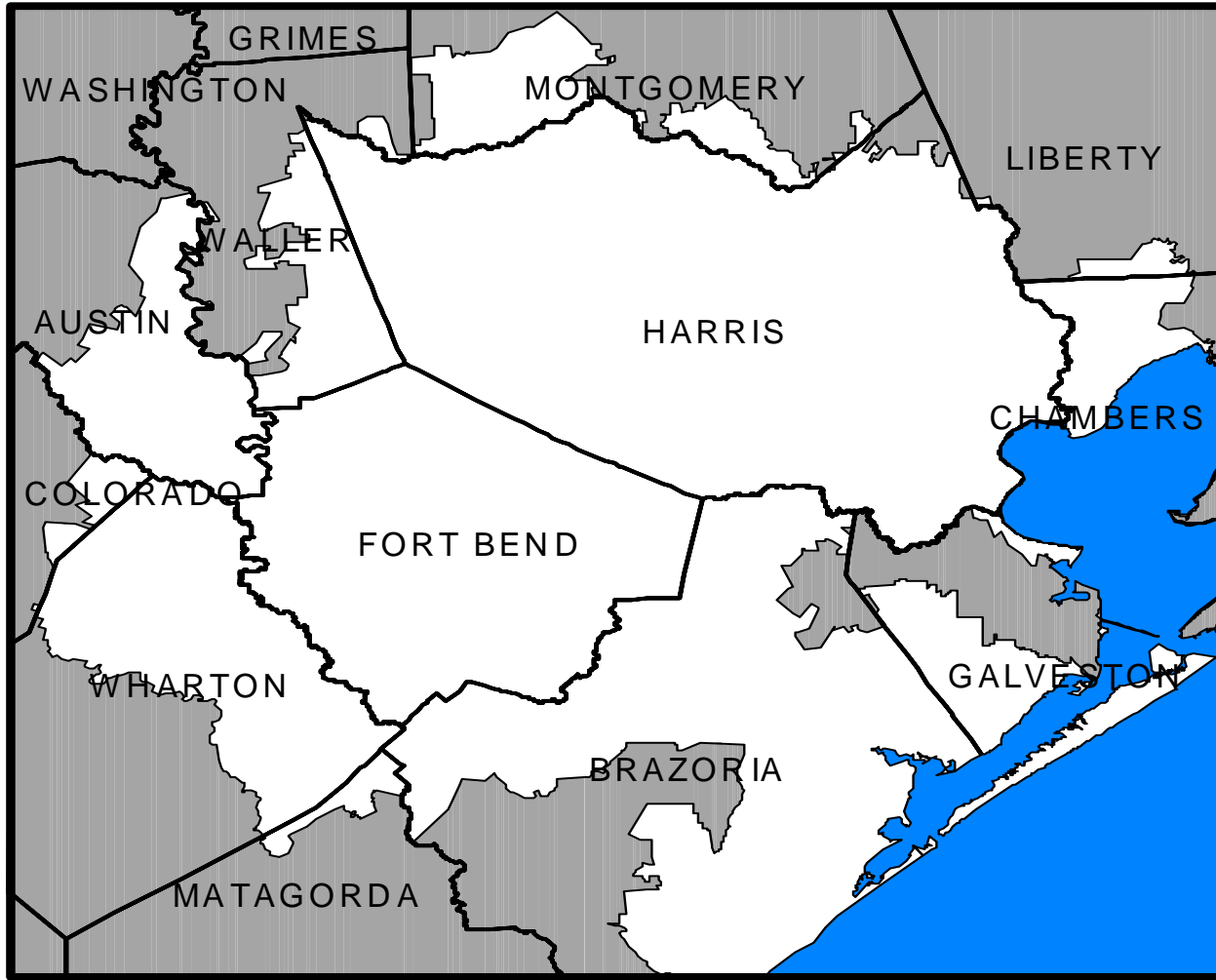
**Energy Efficiency is alive and well in
Texas!**

CenterPoint Energy Overview

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- **5% of the area / 25 % electrical consumption within the state**
- **5,600 square mile service area**
- **1.7 million customers**

CenterPoint Energy's Territory



CenterPoint Overview

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- **Annual available incentive**
 - **\$13 - \$15 million**
- **MW Goal Range**
 - **Approximately 20 to 25 MW**
- **Incentive split between customer classes by revenue**
 - **Approximately 50% / 50%**

CenterPoint Overview

- **Program Offering**
 - **Commercial & Industrial SOP**
 - **Residential & Small Comm SOP**
 - **Hard-To-Reach SOP**
 - **Energy Star**
 - **A/C Distributor**
 - **Multi-family Water & Space Heating Market Transformation**
 - **Retro Commissioning Market Transformation – C&I**

CenterPoint Energy Overview



Program Year	Total Incentives	Residential Incentives
2002	\$6,280,381	\$4,069,147
2003	\$12,201,615	\$8,693,753
2004	\$11,091,485	\$6,829,182

Hard – To – Reach 5% Goal



Program Year	MW Goal	Achieved / %
2002	.68	1.48 / 217%
2003	1.06	2.13 / 201%
2004	.94	1.54 / 164%

2005 Residential & Small Commercial


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- **Over 42 applications totaling \$3M received**
- **New and existing sponsors**
- **Trend of installations moving from multi-family to single-family**

2005 Hard-To-Reach

- **Over 43 applications totaling \$4.6M received**
- **New and existing sponsors**
- **Trend has moved from multi-family to single-family**

2005 Energy Star

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- **Contracts with 29 builders**
 - **9,000 Energy Star homes contracted**
 - **Over 30,000 Energy Star homes certified since 2001**

2005 AC Distributor

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- **Contracts with ten distributors**
 - **20,000 tons contracted in 2005**

2005 Multi-Family Water Heating

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- **Includes both market rate and low-income properties**
- **Contracts for 1,950 apartments**

Growing Opportunities



Why Texas is the Same as Other States



- **Similar programs state-wide**
- **C&I and residential standard-offer programs similar in design to other states.**
- **Templates for other programs, such as Energy Star New Home, AC Market Transformation, Retrocommissioning and others are also based on successful programs from other states.**

Why Texas is Different



- **TDUs have very limited interaction with customers. No customer education or information programs to promote SOPs.**
- **No pilot programs. Programs need to be cost-effective each year.**
- **No incentives paid directly to residential or small commercial customers.**
- **Energy efficiency goals are summer peak demand reduction. Utilities pay for and report annual KWH savings, but progress toward achieving their goals is measured solely by peak demand reduction.**

Measure Diversity in SOPs

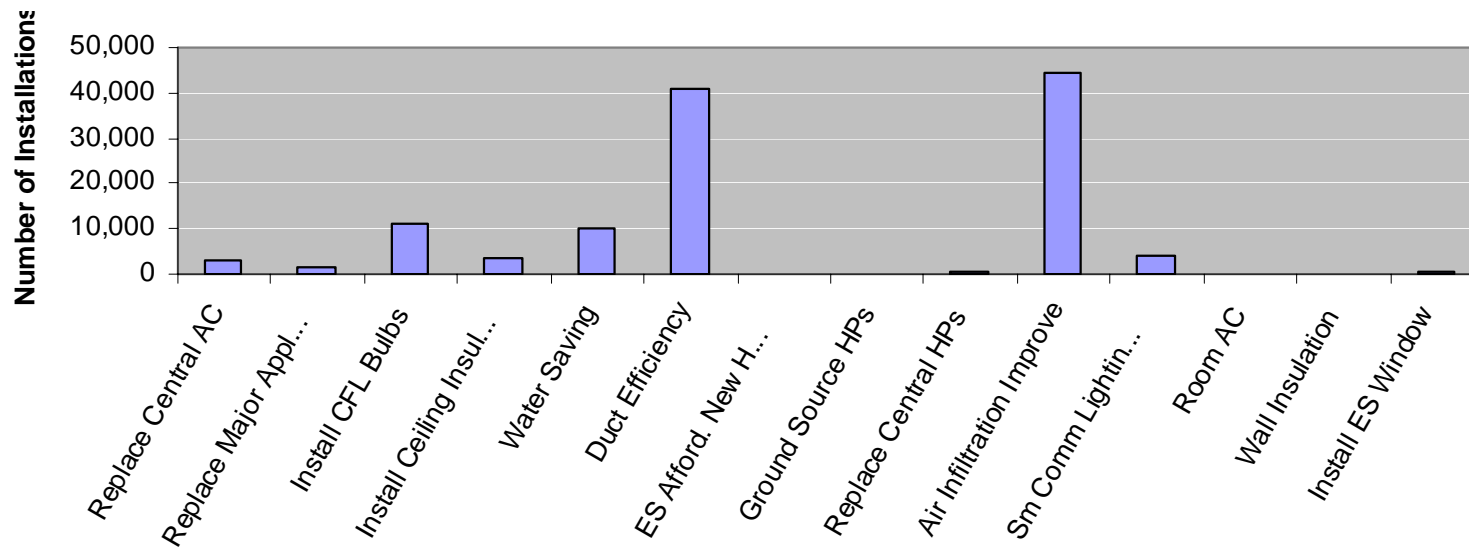


- **Project sponsors determine the most profitable measure(s) to implement, and concentrate on those, in many cases to the exclusion of other measures.**
- **Need to balance the benefits of having totally market-driven programs, versus promoting comprehensive projects with diverse ranges of measures and project sponsor types.**

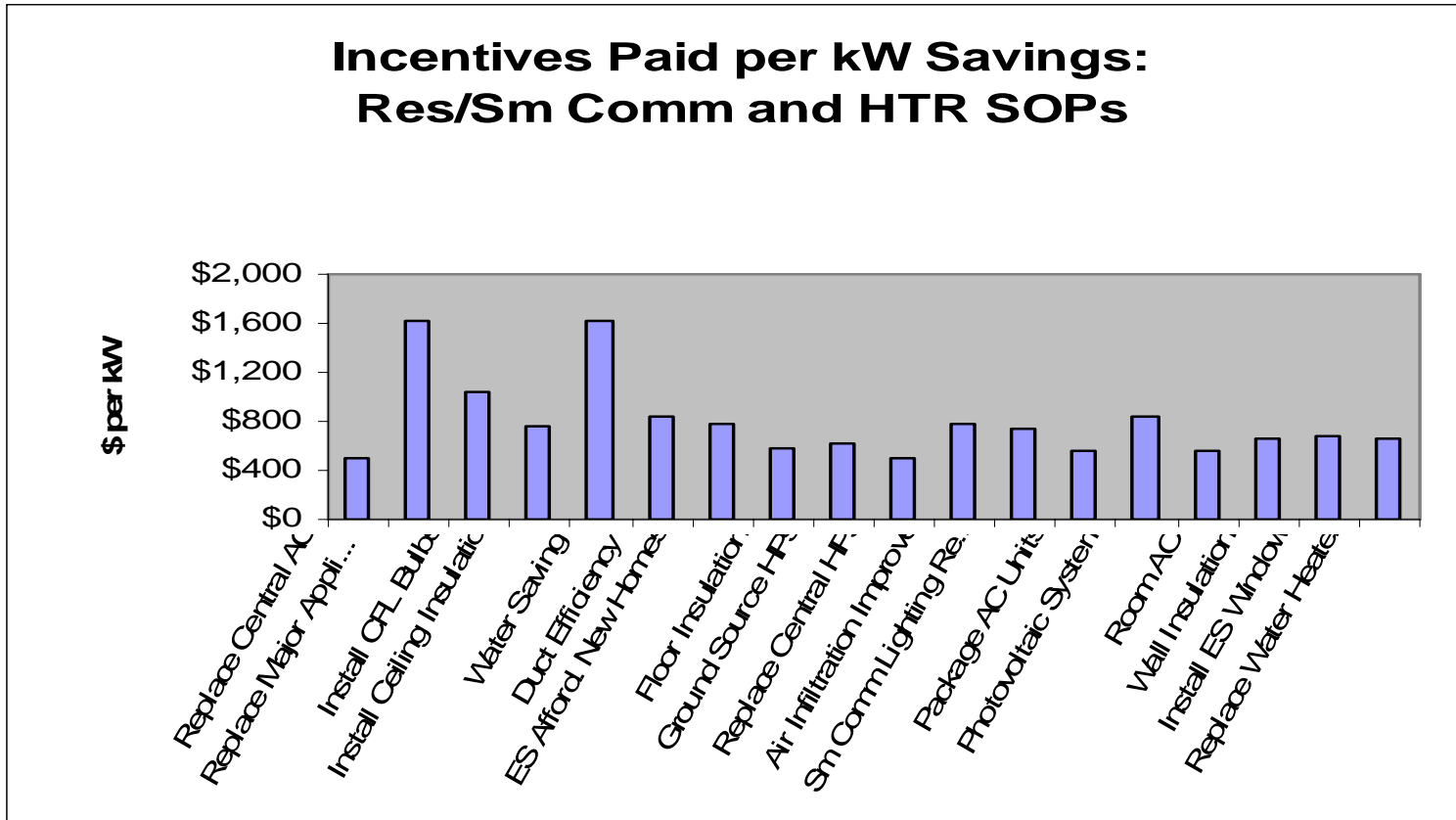
Typical Statewide Results



Number of Installations: Res/Sm Comm and HTR SOPs



Typical Statewide Results



2006 Residential Opportunities

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- **Movement from annual contracts to open budget. Objectives:**
 - **Increase number of project sponsors**
 - **Increase the diversity of projects**
 - **Increase the diversity of measures**

Potential Changes for Energy Efficiency Programs in 2006



- Increase in energy efficiency goal being considered by legislature.
- New federal 13 SEER standard will likely reduce the number of AC projects in the R/SC and HTR SOP.
- Working with PUCT staff and stakeholders on changes to facilitate more load management projects.
- Certain energy storage measures may also become eligible in C&I and R/SC SOPs.

Additional Changes for 2006



- **Potential changes for AC Distributor Program under consideration:**
 - EER-based incentives
 - Early retirement component
 - Focus on installation practices
- **Changes for ES Home Program:**
 - Baseline, other changes being discussed with RESNET, EPA.
 - IECC 2001 is current building code for TX. 2004 code has not been adopted.

For more information:



www.texasenergy.com

www.centerpointenergy.com