



September 15, 2025

VIA eFILING

Ms. Sasha Bergman  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7th Place East, Suite 350  
St. Paul, MN 55101-2116

**RE: In the Matter of Commission Review of Utility Performance Incentives for  
Energy Conservation  
Docket No. E,G-999/CI-08-133**

**Reply Comments**

Dear Ms. Bergman:

CenterPoint Energy Resources Corp.'s, d/b/a CenterPoint Energy Minnesota Gas ("CenterPoint Energy" or the "Company") respectfully submits the following *Reply Comments* in response to various parties' comments filed in response to the Minnesota Public Utilities Commission's ("Commission") Notice of Comment Period ("Notice") issued July 16, 2025. The Notice was issued in response to the Center for Energy Environment ("CEE"), Minnesota Department of Commerce, Division of Energy Resources' (the "Department"), and Fresh Energy *Proposal for Modifications to the Shared Savings DSM Financial Incentive Mechanism for Implementation Beginning in 2027* (the "Proposal"), filed on June 26, 2025. In its Notice, the Commission requests comment on the *Proposal*.

CenterPoint Energy appreciates the opportunity to offer these *Reply Comments* on the *Proposal*/for the gas financial incentive mechanism. If you have questions, please contact me at (612) 321-4324 or ethan.warner@centerpointenergy.com.

Sincerely,

*/s/ Ethan Warner*

Ethan Warner

Regulatory Affairs Manager, Energy Conservation and Optimization Programs

Attachments

C: Service List

STATE OF MINNESOTA  
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

121 Seventh Place East, Suite 350  
St. Paul, MN 55101-2147

Katie Sieben	Chair
Hwikwon Ham	Commissioner
Audrey Partridge	Commissioner
Joseph Sullivan	Commissioner
John Tuma	Commissioner

In the Matter of Commission Review of  
Utility Performance Incentives for Energy  
Conservation

Docket No. G999/CI-08-133

**CenterPoint Energy's  
REPLY COMMENTS on the  
PROPOSAL**

**I. INTRODUCTION**

CenterPoint Energy Resources Corp.'s, d/b/a CenterPoint Energy Minnesota Gas ("CenterPoint Energy" or the "Company") respectfully submits the following *Reply Comments* in response to various parties' comments filed in response to the Minnesota Public Utilities Commission's ("Commission") Notice of Comment Period ("Notice") issued July 16, 2025. The Notice was issued in response to the Center for Energy Environment ("CEE"), Minnesota Department of Commerce, Division of Energy Resources' (the "Department"), and Fresh Energy *Proposal for Modifications to the Shared Savings DSM Financial Incentive Mechanism for Implementation Beginning in 2027* (the "Proposal"), filed on June 26, 2025. In its Notice, the Commission requests comment on the *Proposal*.

The *Proposal*, if adopted, would introduce the first multi-factor shared savings financial incentive mechanism ("gas financial incentive mechanism") in Minnesota. On August 13<sup>th</sup>, 2025, CenterPoint Energy's *Comments* noted its support for the goals of the mechanism to increase annual energy savings, low-income spending, and air sealing and insulation for residential customers. The Company did not have significant concerns with the long-standing annual energy savings or the new low-income spending metrics of the *Proposal*. However, the Company believes that the air sealing and insulation metric would not provide significant incentive to encourage increased utility investment in cost-effective energy conservation, at least as compared to the current gas incentive mechanism. Air

sealing and insulation measures are encouraged in the current gas incentive mechanism as a source of annual and lifetime energy savings with significant net benefits. The Company believes that the major barriers to growing completion of residential air sealing and insulation projects are difficult to address through ECO alone,<sup>1</sup> especially in the near-term. The Company's assessment is that the potential upside in the *Proposal* is realistically more limited than described and likely represents a relative status quo performance, which is why the Company is neutral rather than supportive.

On August 13<sup>th</sup>, 2025, Xcel Energy and Minnesota Energy Resources Company ("MERC") also filed *Comments* that recommended changes to the gas incentive mechanism.<sup>2</sup> The following *Reply Comments* focus on assessing these proposed changes to the *Proposal's* natural gas utility incentive mechanism. The Company has not undertaken careful consideration of the *Comments* for the electric utility incentive mechanism.

## II. XCEL ENERGY

Xcel Energy's comments primarily focused on the electric financial incentive mechanism. However, it recommended the Commission consider changes to the gas incentive mechanism to mirror the approach proposed for the electric incentive mechanism.<sup>3</sup> Specifically, Xcel Energy proposed to remove the caps on individual metrics of the financial incentive mechanism and rely on the overall net benefits cap of 5%.

CenterPoint Energy reviewed Xcel Energy's recommendations to adjust the gas financial incentive mechanism and believes that this would address the Company's concerns with the *Proposal's* ability to encourage additional investment in air sealing and insulation beyond just achieving the minimum threshold to qualify for an incentive. The flexibility to exceed achievement goals and earn financial incentive would allow gas utilities the flexibility to improve ECO program achievements and overachieve where most possible for the 2027-2029 triennial period. Policy and market conditions will continue to evolve in the next few years. Under that uncertainty, this flexibility would be valuable to incentivize energy efficiency program performance above maximum achievements for the achievable metric goals, while encouraging the development of higher performance for the air sealing and insulation metric.

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<sup>1</sup> Barriers include competing customer priorities for home improvements, a need for additional customer education, and non-financial customer costs to completing projects.

<sup>2</sup> See Xcel Energy and MERC comments: *In the Matter of Commission Review of Utility Performance Incentives for Energy Conservation*. Docket No. E,G-999/CI-08-133, Xcel Energy (Aug. 13, 2025)

<sup>3</sup> See Xcel Energy comments: *In the Matter of Commission Review of Utility Performance Incentives for Energy Conservation*. Docket No. E,G-999/CI-08-133, pg. 22-23 (Aug. 13, 2025).

CenterPoint Energy agrees with and supports Xcel's proposed changes to the gas incentive mechanism that includes:

- Removing the caps on individual components of the financial incentive mechanism but retain the overall net benefits cap of 5%.
- Requiring that utilities meet the minimum earning thresholds in both the first-year energy savings metric and the low-income spending metric in order to earn a financial incentive.

### **III. MERC's COMMENTS**

MERC also shared CenterPoint Energy's concerns about the feasibility of meeting the air sealing and insulation metric's thresholds.<sup>4</sup> In particular, MERC was concerned about the opportunities for air sealing and insulation in their rural, non-contiguous service area with a different customer base than Xcel Energy and CenterPoint Energy. MERC proposed to adjust its air sealing and insulation metric based on historic performance to allow for more reasonable achievement.

CenterPoint Energy has policy concerns with the increasing complexity of introducing multi-factor financial incentive mechanisms that are developing to be utility specific. After reviewing MERC's performance data, the Company is neutral on this proposed adjustment recommendation from MERC. The Company believes that it is probable that as metrics in a multi-factor mechanism get more specific and reduce the utilities' flexibility to meet targets, that an unfortunate consequence is that the mechanism's metrics are more likely to need adjustment based on the circumstances of each utility to be realistically achievable.

Based on discussions with CEE, CenterPoint Energy's understanding is that CEE will recommend adjustments to the *Proposal* for all gas utilities in their reply comments. Specifically, the air sealing and insulation metric's minimum and maximum achievements would be adjusted based on utility-specific potential for air sealing and insulation, as quantified in the DSM potential study.<sup>5</sup>

CenterPoint Energy expects this would change its minimum achievement threshold for weatherization to move from 0.1 percent to 0.11 percent. Its achievement goal would move from 0.3 percent to 0.32 percent. The minimum achievement threshold is about 16

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<sup>4</sup> See MERC comments: *In the Matter of Commission Review of Utility Performance Incentives for Energy Conservation*. Docket No. E,G-999/CI-08-133, pg. 2-4 (Aug. 13, 2025).

<sup>5</sup> CEE. 2018. Minnesota Energy Efficiency Potential Study: 2020-2029. Retrieved on Sept. 10<sup>th</sup>, 2025, <https://public.tableau.com/app/profile/center.for.energy.and.environment/viz/NaturalGasPotentialModelResults/GasStory>

percent higher than 2024 performance and the maximum achievement goal is about 238 percent of 2024 performance. The Company believes this will further limit the potential upside for focusing programs and services to grow the market for air sealing and insulation projects for the reasons described in *Comments*.<sup>6</sup>

MERC also suggested that the air sealing and insulation metric be adjusted to encourage gas utilities to deliver efficient fuel switching (“EFS”) programs in the 2027-2029 triennial plan.<sup>7</sup> CenterPoint Energy is supportive of changes that expand the potential energy savings of the air sealing and insulation metric because of the previously noted constraints on expanding air sealing and insulation participation. Increasing the flexibility in the programs and services that could be used to help meet minimum and maximum achievements helps address the Company’s main concern with the flexibility in the *Proposal*. CenterPoint Energy currently offers rebates for ducted air source heat pumps (“ASHP”) and therefore could support MERC’s recommendation to broaden the definition of the air sealing and insulation metric to include EFS measures.

CenterPoint notes that the definition could also instead be broadened to be “building shell.” Building shell is inclusive of the entire envelope of the building and would be inclusive of air sealing and insulation while also including measures like windows that could be a focus of ECO programs. A definition for this metric that includes windows would align well with other ECO activities such as the Minnesota Efficient Technology Accelerator’s initiative for high-performance windows.<sup>8</sup> The Company is about to launch its high-performance windows rebate program, but it is expected that it will have potential to grow in the coming years as the market develops and we learn more from real world experience. Energy savings from windows projects are relatively minor (e.g., about 3-4.5 Dth per home on average)<sup>9</sup> estimated compared to air sealing and attic insulation (about 13 Dth per home on average). Air sealing and insulation would still be front and center in meeting required achievements for a metric based on building shell.

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<sup>6</sup> See CenterPoint Energy comments: *In the Matter of Commission Review of Utility Performance Incentives for Energy Conservation*. Docket No. E,G-999/CI-08-133, pg. 7-8 (Aug. 13, 2025).

<sup>7</sup> See MERC comments: *In the Matter of Commission Review of Utility Performance Incentives for Energy Conservation*. Docket No. E,G-999/CI-08-133, pg. 4 (Aug. 13, 2025).

<sup>8</sup> See Center for Energy and Environment’s *Proposal to Implement the Minnesota Efficient Technology Accelerator, Under Minnesota Statute 216B.241, Section 17, Subdivision 14*. Docket No. E,G-999/CIP-21-548, pg. 70 (Apr. 15, 2022).

<sup>9</sup> Assumes 0.36 Dths per window and 8-12 windows per home.

#### **IV. CONCLUSION**

CenterPoint Energy appreciates the opportunity to provide these *Reply Comments* on the recommended changes from Xcel Energy and MERC for the *Proposal* for the gas financial incentive mechanism. The Company maintains its neutrality on the *Proposal* based on its concerns about the feasibility of achievement thresholds for the air sealing and insulation metric. The Company expects that the programs and services needed to expand the pipeline of projects are unlikely to be realized in the 2027-2029 triennial period. Increasing the minimum and maximum achievement requirements for the air sealing and insulation metric would exacerbate these existing concerns.

CenterPoint Energy could support the *Proposal* with adjustments that allow gas utilities additional flexibility to meet the air sealing and insulation metric. CenterPoint Energy agrees with and supports Xcel's proposed changes to the gas incentive mechanism that includes:

- Removing the caps on individual components of the financial incentive mechanism but retain the overall net benefits cap of 5%.
- Requiring that utilities meet the minimum earning thresholds in both the first-year energy savings metric and the low-income spending metric in order to earn a financial incentive.

CenterPoint Energy also could support the *Proposal* if the air sealing and insulation metric were redefined (e.g., to include EFS or to be building shell) to be more inclusive of other energy efficiency measures with more potential for expanded use by customers through rebate programs.

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In the Matter of Commission Review of Utility Performance Incentives for Energy Conservation	Docket No. E,G-999/CI-08-133
<b>September 15, 2025</b>	<b>Reply Comments</b>

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### **CERTIFICATE OF SERVICE**

I, Ethan Warner, served the attached *Reply Comments* of CenterPoint Energy on the attached service list for Docket No. E,G-999/CI-08-133 by electronic service.

/s/ Ethan Warner

Regulatory Affairs Manager, Energy Conservation and Optimization Programs  
CenterPoint Energy

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25	Scott	Reimer	reimer@federatedrea.coop	Federated Rural Electric Assoc.		77100 US Highway 71 PO Box 69 Jackson MN, 56143 United States	Electronic Service		No	8-133Official
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