



## Staff Briefing Papers

**Meeting Date** February 5, 2026

**Agenda Item 1\***

Company CenterPoint Energy

Docket No. G008/M-25-43

**In the Matter of CenterPoint Energy's 2024 Energy Conservation and Optimization Status Report, 2024 Demand Side Management Financial Incentive, 2024 ECO Tracker Report, and 2025/2026 Conservation Cost Recovery Adjustment**

Issues Should the Commission clarify its November 20, 2025 Order?

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**✓ Relevant Documents**

	<b>Date</b>
Answers to PUC Information Requests 001-005, CenterPoint	September 25, 2025
Staff Briefing Papers	November 4, 2025
Commission Order	November 20, 2025
CenterPoint Clarification Request Letter	December 19, 2025

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The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.



## I. BACKGROUND

In 2021, the Energy Conservation and Optimization Act (ECO Act) was passed by the Minnesota Legislature, updating and modernizing the previous Conservation Improvement Program (CIP). The new ECO statute allows efficient fuel switching (EFS) to be included in utility ECO portfolios. EFS involves installations that cost-effectively reduce both emissions and energy use by switching source fuel (for example, from propane to electricity or from fuel oil to natural gas).

The Minnesota Department of Commerce (Department) has oversight in reviewing and approving planned and actual utility ECO saving, spending, and participation. Planned activities are determined through utility Triennial Filings, which include the utility's planned savings, spending, and participation goals. 2024-2026 was the first Triennial period in which the Department approved planned EFS measures, with 2024 being the first year of actual EFS achievements.

The Commission has oversight over the recovery of utility ECO expenses and the ECO financial incentive.

## II. COMMISSION ORDER

In its November 20, 2025 Order, the Commission directed CenterPoint Energy (CenterPoint) to remove \$61,981 from its requested incentive of \$7,942,034 for 2024 ECO activities. The Commission's Ordering Paragraph 19:

*19. Approved CenterPoint Energy's requested DSM Shared Savings Financial Incentive of \$7,942,034 for 2024 activities, less \$61,981, representing claimed savings from Efficient Fuel Switching Air Source Heat Pump installations.*

The \$61,981 represented the amount associated with CenterPoint Energy's 2024 EFS program, which involved installing Air Source Heat Pumps (ASHPs).<sup>1</sup> The Commission expressed concerns that CenterPoint's ASHP installation rebates were paid for in part by Xcel Energy.

As described in Staff's November 4, 2025 briefing papers,<sup>2</sup> in their 2024-2026 Triennial filings, both Xcel Energy and CenterPoint Energy noted that they sought to collaborate with each other for establishing technical assumptions, program policies, and incentive levels for air source heat pumps. However, the companies were not able to agree on the appropriate level of incentive

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<sup>1</sup> See page 2 of CenterPoint Response to PUC Information Request 003.

<sup>2</sup> See pages 2-4 of Staff Briefing Papers.



for ASHPs. As a result, Xcel developed its “geographic consistency” policy, under which any joint CenterPoint/Xcel customers would receive the same rebate amount as Xcel-only customers, with Xcel Energy making up the difference not provided by CenterPoint. The Department’s Deputy Commissioner approved both Xcel’s and CenterPoint’s filings.

For joint customers installing eligible ASHPs in 2024, Xcel’s “geographic consistency” rebates were higher than the ASHP rebates provided by CenterPoint for the same customers. However, only CenterPoint requested an incentive for the installations. The Commission disallowed the requested incentive associated with those measures in Ordering Paragraph 19 of its November 20, 2025 Order.

Staff and the Commission’s understanding of the matter is that CenterPoint increased its rebates for year 2025 and this would not continue to be an issue. CenterPoint filed a Petition for Clarification with the Commission requesting further guidance.

### **III. CenterPoint Clarification Letter**

On December 19, 2025, CenterPoint submitted a letter which stated that its understanding of the incentive disallowance was because CenterPoint’s rebate for ASHPs was lower than Xcel’s rebate, and Xcel offered to make up the difference. CenterPoint did not dispute the Commission’s understanding that this should be resolved for years 2025 and 2026 in the current Triennial, but noted that there could be issues concerning its 2027-2029 Triennial. Specifically, CenterPoint noted:

[T]he Company believes that the underlying concerns expressed by Commissioners during the hearing are not necessarily resolved in the long-term. The regulatory record on this topic could be interpreted in several ways moving forward as the Company undergoes its 2027-2029 ECO Triennial Planning process in the coming months.

CenterPoint Energy’s flexibility for offering EFS (and other rebates) may be lower in the coming 2027-2029 ECO Triennial Plan. As context for why clarification is important, electric and gas utilities have different cost-effectiveness frameworks for evaluating ECO programs. The cost and benefits of EFS measures to the gas utility and its customers differ from electric utilities because of the potential for load building for the electric utility, but also in other respects such as how the peak demand of each utility is affected by EFS measures. Recently, the Department of Commerce (“DOC”) has proposed to alter the assumed furnace baseline efficiency. This would result in a substantial decrease in energy savings from residential HVAC equipment for gas utilities. The new cost



effectiveness framework for 2027-2029 may further reduce ECO program cost effectiveness as assumptions are aligned with current market conditions. The outcomes of these changes may significantly reduce cost-effectiveness of ECO programs for gas utilities. With reduced cost-effectiveness, in order to run a cost-effective portfolio of programs the equipment rebates may need to change to align with the energy savings potential of the measures and the benefits to customers.

CenterPoint Energy believes a better understanding of the Commissioners expectations around appropriate rebates for EFS measures is important for future program planning and design. For example, one interpretation of the order is that to claim financial incentive on the net benefits of EFS measures, the Company must match Xcel Energy rebates. This could include matching changes to Xcel's rebates for 2027-2029 or matching new CenterPoint Energy EFS rebates to Xcel Energy's.

No parties responded to CPE's clarification letter.

#### **IV. STAFF ANALYSIS**

Staff's understanding is that CenterPoint wants to know if it should interpret the Commission's November 20, 2025 Order to mean that CenterPoint should match Xcel rebates. If the answer is yes, CenterPoint further wants to know if A) CenterPoint should match "changes to Xcel's rebates for 2027-2029" or B) match "new CenterPoint Energy EFS rebates to Xcel Energy's." Staff is unclear about exactly what the difference is between A and B, but it appears that CenterPoint may be referring to rebates for existing measures versus rebates for new measures.

The Commission's rule on reconsiderations (and clarifications) states:

7829. 3000 Subp. 2.

Content of request. A petition for rehearing, amendment, vacation, reconsideration, or reargument must set forth specifically the grounds relied upon or errors claimed. A request for amendment must set forth the specific amendments desired and the reasons for the amendments.

The rule does not specifically discuss clarifications, but the Commission's long held practice is to include requests for clarifications as a filing under this rule, often as a request for amendment.

CenterPoint filed its clarification letter within the deadline specified in this rule. However,



CenterPoint does not include “specific amendments desired or the reasons for the amendments,” as required by the rule. It also did not include “the grounds relied upon or the errors claimed.” Instead, the Company generally asks the Commission to outline its future plans and expectations.

The Commission does not typically issue the type of clarification CPE is asking for, and for good reason. CPE is asking the Commission to speculate on what it might find agreeable in some future filing that is not currently at issue. The Commission issues orders on concrete filings that have been made in eDockets and vetted by parties before issuing a decision; it neither issues hypothetical decisions nor does it issue substantive decisions that bind future Commissions.

Further, Staff notes that the substantive issues brought up by CenterPoint—such as the reevaluation of baseline furnace efficiency, impacting the cost effectiveness of residential HVAC measures—are presumably not novel as a matter of course in the ECO program. CenterPoint and other utilities have needed to adjust their rebates as they see fit to accommodate technical assumptions since the program’s inception, with all utilities being impacted by such changes.

From Staff’s perspective, CenterPoint raises a question that is more appropriately addressed by the Department in its capacity of overseeing planned ECO program activities. Given the Commission’s November 20, 2025 decision in this matter, CenterPoint should be able to work with the Department—and Xcel, as appropriate—to structure its offerings to avoid a situation similar to that of the 2024 ASHP rebates.

However, should the Commission wish to offer more specific guidance to CenterPoint, it would also not be unreasonable to do so.

## **V. DECISION OPTIONS**

1. Approve CenterPoint’s request for clarification.
2. Deny CenterPoint’s request for clarification.