Engaging the Multifamily Sector

Nick Mark
Manager, Conservation & Renewable Energy Policy

September 11, 2014
Segments

- Electric Transmission & Distribution
- Natural Gas Distribution
- Energy Services

As of June 30, 2013
Overview

● Minnesota Efficiency Offerings
  – Overview
  – Current Multifamily Offerings & Activity
  – Future Direction

● Other States
  – Arkansas
  – Oklahoma
  – Texas
Minnesota Efficiency History

- Programs since early 1990s
- Originally a spending-based goal
- State EERS known as Conservation Improvement Program (CIP)
- 2007 Next Generation Energy Act created minimum savings targets
  - 1.5% Electric, 1.0% for gas with ramp-up period
- Significant increase in savings & spending for CenterPoint Energy’s programs
CenterPoint Energy CIP Results

- Met energy savings goal each year of 2010-2012 Triennium
- Approved Triennial Plan for 2013-2015 achieves 1% energy savings
- 2013 savings results represent 1.16% of sales

Figures per CenterPoint Energy annual CIP Status Reports and approved Triennial CIP Plans. 2013 results are preliminary.
Multifamily customers have access to all our commercial offerings

- **Rebates**
  - Prescriptive (boilers, tune-ups, water heaters, steam traps, etc.)
  - Custom (low-flow, windows, building envelope)
  - CO Sensors, Energy Recovery – previously custom, now prescriptive

- **Audits**

- **Energy Design Assistance**
  - New Construction or Major Renovation
  - Currently several dozen multifamily projects underway
Affordable Housing Multifamily Building Rebate

- New in 2013
- Provides 25% bonus rebate for any prescriptive commercial measure
- Only offering specific to affordable multifamily sector
  - Not intended to comprehensively address the sector

2013 Results:
- 32 Buildings, 1,839 units
- 5,931 Dth Saved
- 38% of participation goal
Multifamily Participation in CIP

For Program Years 2010-2013:

- Averaging about 475 participants annually
  - “unique gas account”

- Average total savings of about 91,000 Dth
  - About 9-10 percent of total C&I savings
  - About 200 Dth saved per customer
Multifamily Participation in context

- Roughly 7,000 MF customers
  - So participation rate is roughly 6.7%
  - May not reflect individually-metered buildings
  - Does not differentiate between affordable and market-rate

- Roughly 8 million Dth in usage
  - So the sector is saving 1.1%
  - BUT: C&I overall is saving almost 1.5%
Next Steps in Multifamily

- “Direct Install Plus” Pilot Study
  - 2012-2013, 10 buildings, 306 units
  - Combined direct-install with targeted building assessment, focus group research
  - Plan to use findings to inform comprehensive MF offering
Next Steps (ctd)

- Coordinating development of joint offering with Xcel Energy

- Challenges include (partial list):
  - Delivery
  - Cost effectiveness
  - Financing alignment
  - Overcoming split incentives
  - Perception

- Plan to engage with local stakeholders for feedback on how these are addressed
Elsewhere in CNP Territory...

- Arkansas CIP
- Oklahoma CIP – Multi Unit Market Transformation Program
- Texas
  - Gas Advantage Multifamily Program;
  - Multifamily Water & Space Heating Market Transformation Program
Arkansas

- Prescriptive Gas EE Offerings, similar to MN
- No dedicated multifamily program
- 30-50% of new construction is in multifamily sector
- Little to no multifamily participation in programs
  - New construction tends to go all-electric
  - AR CIP incentives based on gas savings are not enough to overcome costs of installing gas equipment vs. electric
Multi Unit Market Transformation Program

- Electric-to-Gas Fuel Switching Program
- $2,000 rebate for HE furnace/boiler; $900 for HE water heater
- Utility claims gas savings based on full fuel-cycle comparison to electric unit
- Participants tend to be 4-6 units, mid-rise
Gas Advantage Multifamily Program

- Gas utility marketing program
  - Requires developer to individually meter for water heating or cooking
  - Incentives are determined by such factors as cost to serve, gas load and number of units
  - If central boiler system - construction charges are waived

- Average Cost to Serve:
  - Residential home - $876
  - Multifamily unit without incentives - $400
  - Multifamily unit with incentives - $662
Texas (Houston Electric)

Multifamily Water & Space Heating Market Transformation Program

- Electric-to-gas fuel switching program
- Part of electric utility’s EE portfolio
- Electric savings claimed based on full fuel cycle

<table>
<thead>
<tr>
<th>Measure Type</th>
<th>Incentive – Market Rate</th>
<th>Incentive - Affordable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Water Heaters</td>
<td>$250</td>
<td>$450</td>
</tr>
<tr>
<td>Combo Unit/Gas Heating System</td>
<td>$350-$500</td>
<td>$550-$750</td>
</tr>
<tr>
<td>Central Water Heating (Boiler)</td>
<td>$150</td>
<td>$250</td>
</tr>
</tbody>
</table>
Questions?

nick.mark@centerpointenergy.com