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April 23, 2020

Chair Jean Wagenius and Members of the Committee:

I write to communicate to you CenterPoint Energy's support for HF 4502, the Energy Conservation and Optimization Act of 2020 ("ECO"). This bill is the result of years of hard work and negotiation between a broad group of stakeholders; its passage would modernize Minnesota's Conservation Improvement Programs (CIP) and allow the state's utilities to embrace new technologies and new strategies to deliver cost-effective energy savings for Minnesota customers.

As you know, energy efficiency is the lowest cost energy resource available, and it is also Minnesota's preferred energy resource. CIP saves Minnesotans more than four times the amount we spend on it, and it creates jobs both indirectly and directly. Indeed, nearly two thirds of the more than fifteen thousand clean energy jobs in Minnesota are in energy efficiency.

From CenterPoint Energy's perspective, ECO builds on Minnesota's impressive success in energy efficiency, and positions CIP for further achievement, in several important ways:

- It increases the amount of CIP funding dedicated to customers at the bottom of the income scale. At the same time, it removes barriers to serving these customers that have kept some of the neediest from receiving help.
- It creates a means for utilities to invest in innovative technologies while ensuring that the cost of this investment remains reasonable and that the benefits flow to Minnesota utility customers.
- It takes a uniquely Minnesotan approach to the sometimes-contentious topic of electrification, applying common-sense principles to a complicated technical topic.

The last of these is particularly noteworthy. Where other parts of the country have seen divisive efforts to prohibit certain fuels and "electrify everything," the efficient fuel-switching provisions of ECO create a fuel-neutral even playing field for technologies to compete on the basis of efficiency and cost-effectiveness. The bill encourages utilities to pursue the significant heating energy savings that can be achieved with recent technologies, but it does not reward electric load-building and it allows hybrid heating systems that ensure Minnesotans will stay safe and warm without creating new winter electric peaks. To my knowledge, nowhere else in the nation has taken such a non-ideological and pragmatic approach to addressing fuel switching in energy efficiency programs.

For all these reasons, CenterPoint Energy is proud to endorse ECO, and I urge you to support the bill.

Sincerely,

Nick Mark
Manager, Conservation & Renewable Energy Policy
CenterPoint Energy