

# **“Shovel ready? We’re already digging!”**

**CenterPoint Energy files for \$200 million stimulus grant to accelerate smart meter deployment, install first phase of Intelligent Grid project**

Media event at the  
Port of Houston

Remarks  
by

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August 5, 2009

## **“Shovel ready? We’re already digging!”**

CenterPoint Energy traces its roots back to 1882 on the electric side with the formation of Houston Electric Light & Power Company. At that point in time, the port wasn’t here yet – it was a dream to build this – and now as we approach the 100<sup>th</sup> anniversary of the Port of Houston, we see what has happened over that century in terms of turning this into the largest port in the nation for foreign tonnage.

It’s a vision of CenterPoint Energy to deliver that same opportunity as we enter into this new century by developing a Smart Electric Grid, and that is why we filed yesterday at the Department of Energy an application for a grant of \$200 million under the American Recovery and Reinvestment Act to help accelerate the deployment of our Smart Meter system and begin building an Intelligent Grid in Houston.

### **Building a Smart Grid in Houston is vital to the nation**

Building the Smart Grid is a vital part of our city because of the infrastructure that’s vital not only to this city but to the whole nation. Less than a year ago, Hurricane Ike gave us a reminder of the dependence of commerce and infrastructure on the reliable supply of electricity as well as the risk imposed on our electric grid, but the benefits of this grid are more than just defensive in nature. In the competitive electric market of Texas, consumers stand to save energy through Smart Grid technology, to save money, to improve the environment – all of this by transforming what it is the traditional electric utility industry.

We’ve already begun this task. We have successfully installed [smart] meters in our service territory. We’ve tested distribution technology to build an Intelligent Grid in the city, and we have a unique ability to extend this Smart Grid technology to other utilities across the nation and the world. Our application to the Department of Energy describes our plan, which if funded will be to accelerate this rollout of meters, which will be more than two million meters in the Houston area, and begin the installation of our Intelligent Grid, starting in the central part of Houston. That would allow CenterPoint Energy to operate the system more efficiently and to improve reliability and have a system that will actually repair itself in terms of outages.

It's vital for us that this grid be more resilient, more reliable, because of the nature of the hurricanes in this area. Last year when Ike knocked out more than 2.1 million homes and businesses, it took CenterPoint Energy, with the help of over 70 different companies from across the U.S. and Canada, 18 days to restore the power. Estimated damages were \$5 billion in Houston, \$19 billion in Texas and \$54 billion across the nation as a result of that storm. After Ike, Mayor Bill White commissioned a task force to examine the hardening of the grid, which concluded that a Smart Grid could return service to the customers 40 to 50 percent faster following damage from a hurricane, and it's the recommendation of that task force that we move forward as expeditiously as possible with the hardening of the grid.

### **Consumers will benefit from a Smart Grid**

But most importantly, consumers stand to benefit from the rollout of this grid. The new meters that we have begun to install feature two-way communication, [which] will allow the consumer to view their electricity usage in near real time over either an in-home monitor or through the Internet and to reinforce saving measures like adjusting the thermostat, switching to more efficient appliances or compact florescent bulbs.

Also, this new technology will allow the retail providers to offer new products and services such as prepaid service or time of day rates, which can offer lower prices during the off peak times and encourage consumers to switch their usage from a peak time like now to the off peak evening hours when the electricity is more abundant and at a lower cost.

These Smart Meters will be read remotely and electric service connected and disconnected remotely so consumers can start or stop their service, transfer their service and change energy providers more easily. Smart Meters also automatically notify CenterPoint about a power outage and allow us to respond faster, and it will improve power quality and outage response as well as reduce the cost of interruption. Power interruptions in the United States, according to the Department of Energy, are estimated to cost this country about \$80 billion a year.

## **A Smart Grid will help the environment**

We will also have the ability to conserve on the imports of fuel. This system will allow us to roll fewer trucks, spend[ing] less time putting the system back on, but it will also facilitate the adoption of plug-in electric vehicles. Rolling fewer trucks and facilitating the integration of renewable distributed power such as solar, wind, geothermal, electric, is obviously good for the environment, and the energy efficiency that the Smart Meters promote also significantly benefits the environment by reducing our dependence on fossil fuel and reducing the consumption of greenhouse gases and other air pollutants. As consumers learn to manage their energy more efficiently, less power will have to be produced that will delay the construction of new power plants, all of which is more good news for the environment.

The final piece of this is that these Smart Meters, this Smart Grid, will allow us to operate and maintain the grid more efficiently and at a lower cost. Not only do they notify us automatically that there's a power outage, but a self-healing Smart Grid can identify where the problem exists and automatically re-route the power around the problem to get as many customers as possible back on. They can also prevent and detect tampering and cyber security issues as well as reduce the losses, that is make the electric grid run more reliably.

## **Shovel ready? We're already digging!**

In choosing applications for the funding under the Recovery Act, the Department of Energy is looking for projects that are *shovel ready*, that is almost ready to start. Well, this project isn't just shovel ready; we're already digging. The process is underway, and what we're asking to use these stimulus funds for is to accelerate the project we already have in place and move those jobs from three or four years out into the next couple of years.

Our current plan is to install more than two million meters across Houston by 2014. With \$150 million of the \$200 million grant from DOE, we can deliver Smart Meters to all of you by mid-2012. The grant will also reduce the rate payers cost of advancing this advanced meter system, thus reducing the overall cost that our customers pay. The remaining \$50 million that we're requesting is to develop the Intelligent Grid that is the *Smart Electric Network*, within the core part of Houston. This will allow us to complete a large-scale but limited deployment in the next three years, bringing this Smart Grid aspect to over 530,000 residents in Houston.

Over 100 years ago, when the ship channel was little more than a bayou, it took vision to foresee the global opportunity sailing into the Port of Houston today. Next century, we hope that future generations will thank us for having the vision to fund the Smart Grid that is able to transform the way we buy, deliver and use electricity just as this port has been transformed.