Natural Gas Innovation Act Summary

Minnesota has long been a state that embraces innovation in energy policy and environmental protection. With a current goal of 25% renewable energy, close to half of the state's electricity already comes from renewable sources such as wind, solar, and hydroelectricity.

Building on this tradition, the Natural Gas Innovation Act, introduced by CenterPoint Energy, establishes a regulatory framework that will enable Minnesota's investor-owned natural gas utilities to provide customers with access to renewable energy resources and innovative technologies — reducing the state's greenhouse gas emissions and advancing the state's clean energy future. Additional benefits include diversifying the state's energy sources, promoting technological innovation, improving waste management, and supporting rural economic development.

This landmark law defines key terms and clarifies the legislative intent that natural gas utilities can assist the state in meeting its existing renewable energy and greenhouse gas reduction goals.

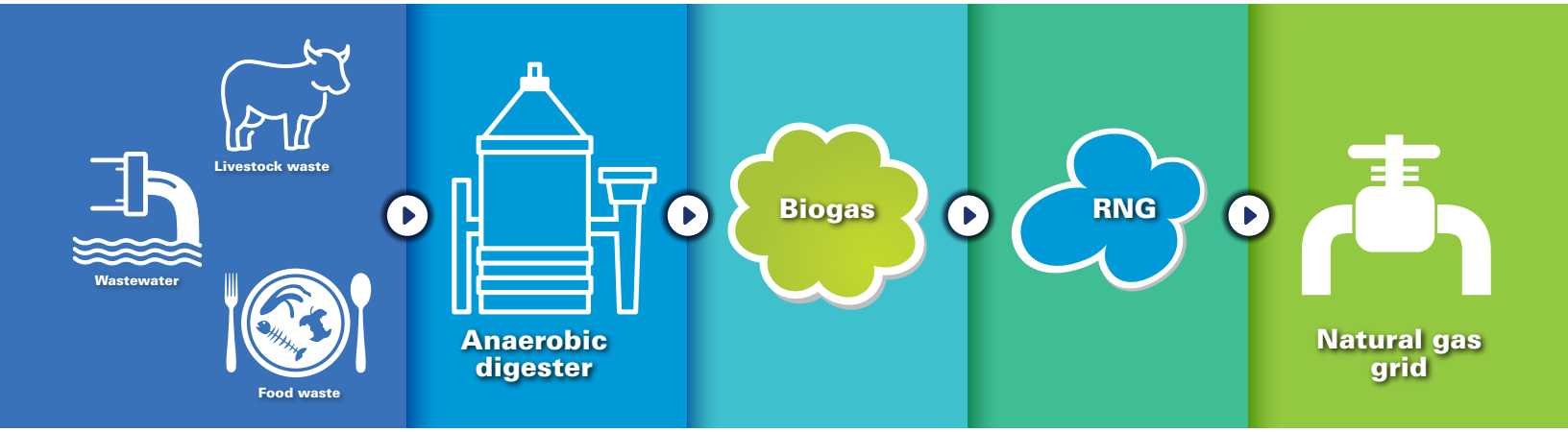
Renewable natural gas can be produced from livestock waste, wastewater and food waste.

Passed with bipartisan support in June 2021, this landmark state law establishes a regulatory policy to support investor-owned natural gas utilities that choose to use renewable energy resources and innovative technologies.

Innovation plans

- An innovation plan will propose the use of innovative technologies such as:
  - **Renewable natural gas** (produces energy from organic materials such as landfill waste, wastewater, agricultural manure, food waste, agricultural or forest waste)
  - **Renewable hydrogen gas** (produces energy from water through electrolysis with renewable electricity such as solar)
  - **Energy efficiency** (avoids energy consumption in excess of the utility's existing conservation programs)
  - **Innovative technologies** (reduces or avoids greenhouse gas emissions using technologies such as carbon capture)
- The costs of utility innovation plans will be phased in over time and will depend on the cost-effectiveness of the resources included. The maximum allowable cost will start at 1.75% of the utility's revenue and could increase to 4% by 2033, subject to review and approval by the Public Utilities Commission.
- The commission process allows input from interested stakeholders and the opportunity to consider cost as well as the greenhouse gas impact of the alternative resource plan.

How renewable natural gas is produced

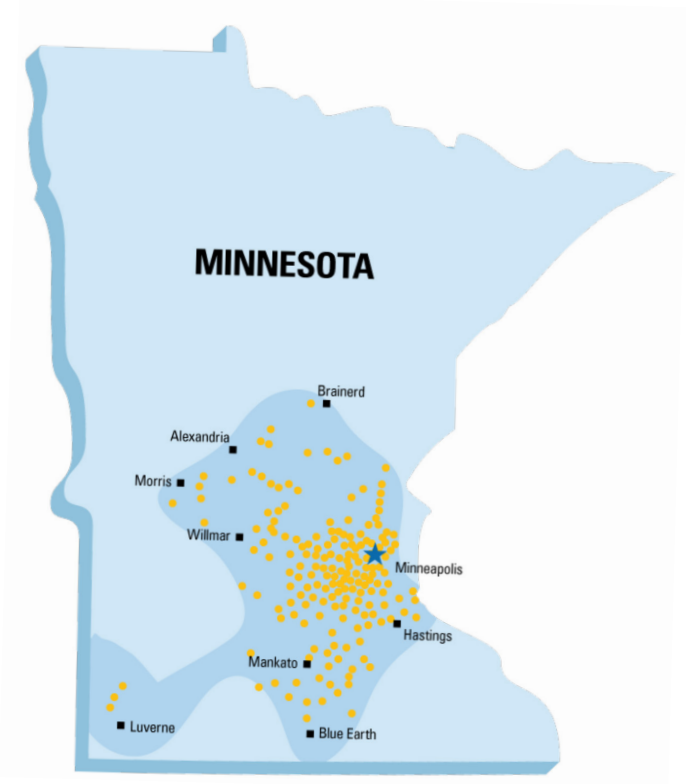


Renewable natural gas inventory

The original version of the Natural Gas Innovation Act included a provision requiring a study of the state's potential for renewable natural gas production. However, this provision was no longer needed in the law, as passed, because the Agricultural Utilization Research Institute (AURI) and University of Minnesota have announced that they will jointly complete this study. CenterPoint Energy is providing financial support.

To learn more about the Natural Gas Innovation Act, contact Susan Turbes, CenterPoint Energy Minnesota government affairs director at 612-321-4850 or Susan.Turbes@CenterpointEnergy.com.

Minnesota communities served



CenterPoint Energy is piloting innovative end-use carbon capture technology (above) in multi-family housing and commercial buildings. About the size of two mid-sized refrigerators, the unit has the potential to both reduce greenhouse gas emissions and increase the energy efficiency of natural gas space or water heating equipment.