



# **2024 Green Project Sustainable Financing Report**

**CenterPoint Energy Houston Electric, LLC**

**5.30% General Mortgage Bonds, Series AL, due 2053**

**Issued on March 23, 2023**

## Introduction to CenterPoint

CenterPoint Energy, Inc. (“**CenterPoint**”) is a trusted energy partner for our communities and customers, and we strive to do our part to support the transition toward a cleaner energy future. As the only investor-owned electric and gas utility based in Texas, as of December 31, 2023, CenterPoint is an energy delivery company with electric transmission and distribution, power generation and natural gas distribution operations that serve more than seven million metered customers in Indiana, Louisiana, Minnesota, Mississippi, Ohio and Texas. On February 19, 2024, CenterPoint entered into an asset purchase agreement pursuant to which CenterPoint has agreed to sell its Louisiana and Mississippi regulated natural gas local distribution company businesses, subject to certain closing conditions.

With approximately 9,000 employees as of December 31, 2023, CenterPoint and its predecessor companies have been in business for more than 150 years. We look forward to bringing new, innovative technologies to our emissions-reduction effort, while maintaining safety, affordability, and reliability.

One of the hallmarks of a leading utility is its customer base. With our corporate headquarters located in Houston, Texas, the fourth largest – and growing – city in the United States, CenterPoint delivers both electricity and natural gas to the heart of the nation’s energy industry. It is reasonable for our customers, investors, and other stakeholders to expect us to transition to safer, cleaner, and resilient energy, and we have challenged ourselves to be a proactive participant in the transition to a Net Zero energy future.

CenterPoint Energy Houston Electric, LLC (“**CEHE**”) is an indirect, wholly-owned subsidiary of CenterPoint that provides electric transmission service to transmission service customers in the Electric Reliability Council of Texas region and distribution service to retail electric providers serving approximately 2.8 million metered customers in the Texas Gulf Coast area that includes the city of Houston.

## CenterPoint Energy Sustainable Financing Framework Overview

In February 2023, CenterPoint established the CenterPoint Energy Sustainable Financing Framework (the “**Framework**”) under which it and its affiliates and subsidiaries intend to engage in green, social and sustainability transactions. The Framework provides that the net proceeds obtained from a Sustainable Financing Instrument can be used to finance or refinance investments in or expenditures on one or more new or existing Eligible Projects (as defined in the Framework).

Eligible Projects include those projects related to renewable energy, energy efficiency and carbon reduction, green buildings, cleaner transportation, and socioeconomic advancement and equity. Any such investments or expenditures on Eligible Projects will have been made not more than 24 months prior to the issuance date of the related Sustainable Financing Instrument or not more than 24 months following the issuance date of the related Sustainable Financing Instrument. The Framework also provides that pending the full allocation or disbursement of net proceeds, or an amount equal to the net proceeds, from the issuance of any Sustainable Financing Instrument, an amount equal to the unallocated/undisbursed balance of the net proceeds may be temporarily

invested in cash, cash equivalents and/or U.S. government securities in line with CenterPoint’s cash management policies or temporarily used to repay certain of its indebtedness, or a combination of both.

CenterPoint obtained a second party opinion on the Framework from an independent consultant with recognized environmental and social expertise on the extent to which Eligible Project categories are credible and impactful, as well as the Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021, as administered by International Capital Market Association (ICMA), and the Green Loan Principles 2021 and Social Loan Principles 2021, as administered by Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA) and Loan Syndications & Trading Association (LSTA).

CenterPoint’s Sustainability Leadership group consists of an ESG Council, a cross functional group including personnel from Treasury, Investor Relations, Legal, Finance, Sustainability, Operations and Accounting teams. The Sustainability Leadership group is responsible for overseeing the Eligible Project evaluation and selection process and to ensure that selected projects comply with the eligibility criteria set forth in the Framework. The Sustainability Leadership group is also responsible for ensuring that Eligible Projects comply with CenterPoint’s risk management processes, including those relating to environmental and social risk.

Learn more about CenterPoint’s Sustainable Financing Framework [here](#).

### Green Bond Overview

On March 23, 2023, CEHE issued \$300,000,000 aggregate principal amount of its 5.30% General Mortgage Bonds, Series AL, due 2053 (the “**Green Bonds**”) pursuant to the Framework, with the intent to allocate/disburse the proceeds from the sale of the Green Bonds (net of discounts and fees to the initial purchasers and expenses related to the offering of the Green Bonds) of \$297.1 million, or an amount equal to the net proceeds from the sale of the Green Bonds to finance or refinance, in whole or in part, investments in or expenditures on one or more new or existing “Eligible Green Projects” (as described below) in accordance with the Framework. “Eligible Green Projects” are defined as new or existing projects which fall into one or more of the eligible categories (each, an “Eligible Category” and meet the eligibility criteria (the “**Eligibility Criteria**”) set forth below). Below is a description of the Eligible Categories that CEHE disbursed funds to from March 23, 2021, to December 31, 2023.

<u>Eligible Category</u>	<u>Eligibility Criteria</u>
<b>Renewable Energy</b>	<b>(Connection Infrastructure)</b> Connection or integration of lower-carbon electricity (including universal solar, wind, and hydrogen) generation sources to the grid, including connection of renewable energy generation, and energy storage systems (batteries, thermal, mechanical systems).

**Cleaner  
Transportation**

Investments and financings related to the procurement, maintenance, and operation of EVs and associated transportation charging infrastructure, excluding parking spaces.

**Use of Net Proceeds and Impact Reporting**

Pursuant to the Framework, the Sustainability Leadership group has determined that CEHE's expenditures incurred during the time period from March 23, 2021 through December 31, 2023 (the "**Spend Period**") on (1) transmission network projects that aim to connect renewable wind and solar facilities to the Electric Reliability Council of Texas, Inc. ("**ERCOT**") grid and (2) the infrastructure projects for cleaner transportation and renewal of CenterPoint's fleet projects, in each case constitute Eligible Projects. The aggregate amount of expenditures incurred during the Spend Period was approximately \$270.1 million, of which approximately \$84.8 million, or approximately 31%, was incurred after the issuance date.

*Renewable Energy*

Eligible Green Projects under the Eligibility Criteria relate to projects on CEHE's transmission network that aim to connect renewable wind and solar energy facilities to the ERCOT grid. Below are impact metrics illustrating how the allocations/disbursements of the spend incurred during the Spend Period are expected to increase renewable energy facilities in ERCOT.

**Solar**  
~\$223.4 MM  
~16,573 MW of electricity  
generation capacity

**Storage**  
~\$37.2 MM  
~4,327 MW of electricity  
generation capacity

**Wind**  
~\$3.9 MM  
~448 MW of electricity  
generation capacity

*Cleaner Transportation*

Eligible Green Projects under the Eligibility Criteria relate to the renewal of CEHE's fleet. This includes replacing current passenger cars, light commercial vehicles and large vehicles with EV alternatives to support CenterPoint's fleet electrification of 100% electric-powered sedans and SUVs by 2030. Also included is the development and installation of infrastructure supporting sustainable mobility and cleaner vehicles with a lower environmental impact.

Throughout the Spend Period, CEHE has expended approximately \$5.6 million and has procured 48 vehicles.

### **Management's Assertion and Independent Accountants**

CEHE's management asserts that as of the date of this report, an amount equal to approximately \$270.1 million from the sale of the Green Bonds has been allocated / disbursed to finance or refinance, investments in or expenditures on one or more new or existing Eligible Green Projects incurred during the period from March 23, 2021, through December 31, 2023.

We have also obtained a report from an independent registered public accounting firm with respect to management's assertion. A copy of that report is available on the Investor Relations section of our website, [www.centerpointenergy.com](http://www.centerpointenergy.com).