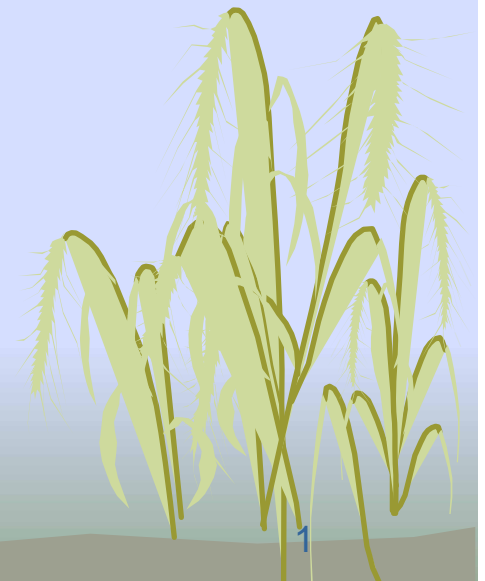


NiSource's Greenhouse Gas and Climate Change Program

NiSource Inc.
Allison B. Berkowitz

Office of Pipeline Safety
Government/Industry Pipeline
2005 R&D Forum

March 23, 2005



NiSource Inc. - Businesses

- ◆ Electric Generation
- ◆ Electric Transmission and Distribution
- ◆ Natural Gas Distribution



- ◆ Natural Gas Transmission and Storage

NiSource Branded Companies

Columbia Gas[®]
of Maryland
A NiSource Company

 Granite State
Gas Transmission
A NiSource Company

Columbia Gas[®]
of Kentucky
A NiSource Company

Columbia Gas[®]
of Pennsylvania
A NiSource Company

NiSource

Columbia Gulf
Transmission[™]
A NiSource Company

Columbia Gas
Transmission[™]
A NiSource Company

 Bay State Gas
A NiSource Company

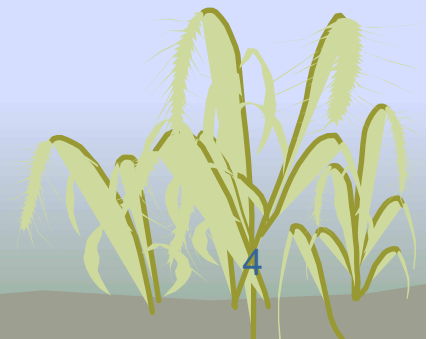
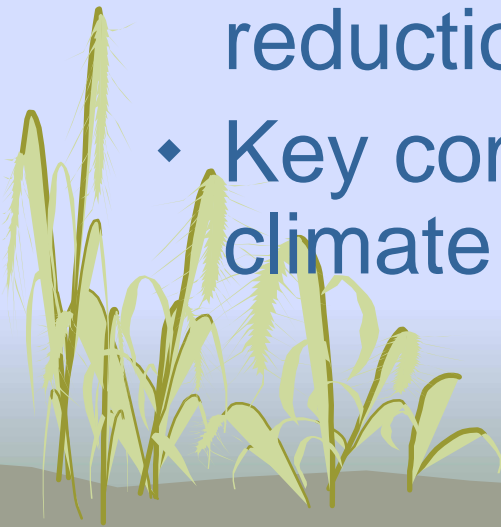
Columbia Gas[®]
of Virginia
A NiSource Company

Columbia Gas[®]
of Ohio
A NiSource Company



About Climate Leaders...

- ◆ Encourages comprehensive climate change strategies
- ◆ Recognizes GHG emissions reductions
- ◆ Provides guidance and/or protocol to track corporate GHG emissions and reductions
- ◆ Key component of the administration's climate plan



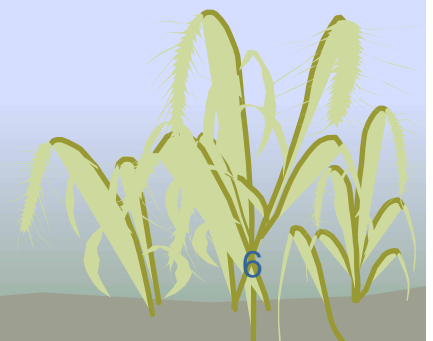
What Climate Leaders Means for NiSource

- ◆ Public recognition
- ◆ Technical assistance
- ◆ Better manage GHG emissions and associated risks
- ◆ Well-informed player in environmental positions and policy discussions
- ◆ Participate in peer exchange

Climate Leaders Partnership Agreement

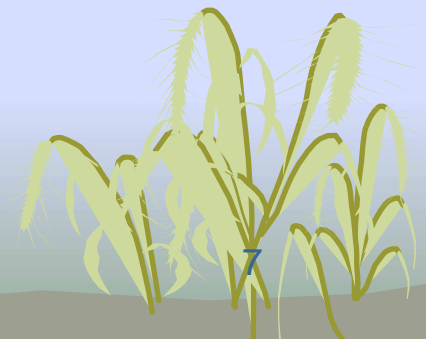
NiSource agrees to:

- ✓ Complete an annual GHG emission inventory (to include selecting a base reporting year)
- ✓ Develop and document for EPA an inventory management plan
- ✓ Set a 5-10 year emissions reduction goal that is **aggressive** for our sector



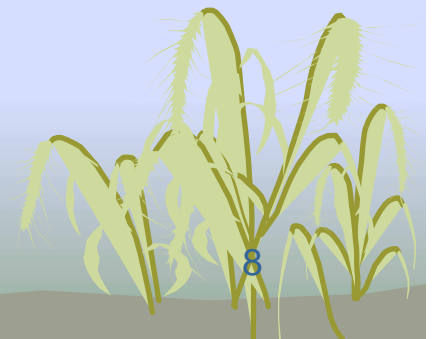
The Emissions Inventory

- ◆ Required
 - ✓ Corporate-wide (all U.S. based operations)
 - ✓ 6 major GHGs
 - ✓ Direct emissions
 - ✓ Indirect emissions (from electricity, heat and steam)
- ◆ Optional
 - ✓ International operations
 - ✓ Employee travel and commuting



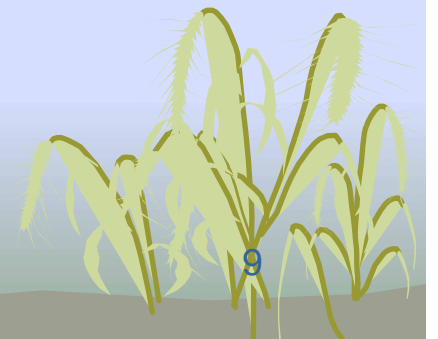
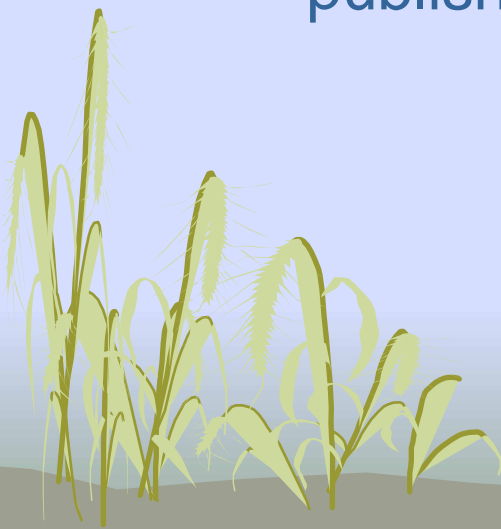
How Did NiSource Get Started?

- ◆ Drafted a cross-functional team of key stakeholders
- ◆ Put together a Climate Change Position Statement for approval by the NiSource Board
- ◆ Systematically looked at Accounting and Data Management tools



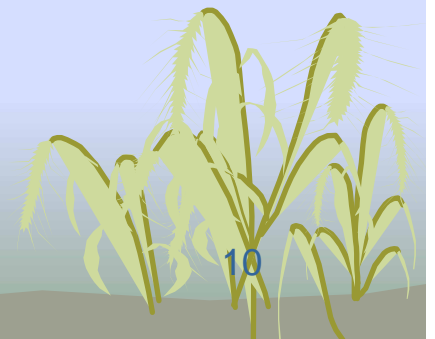
Reporting Options

- ◆ Option 1: Detailed Component Data
 - ✓ Submit annual emissions inventory based on detailed component level supporting data
 - ✓ The emissions are calculated by multiplying a published emissions factor by an activity factor



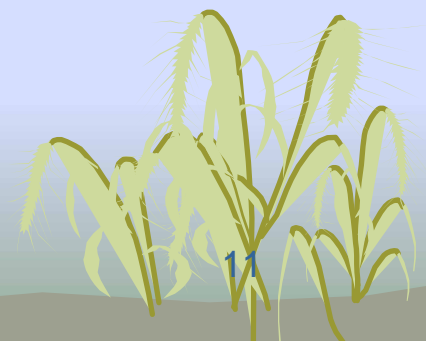
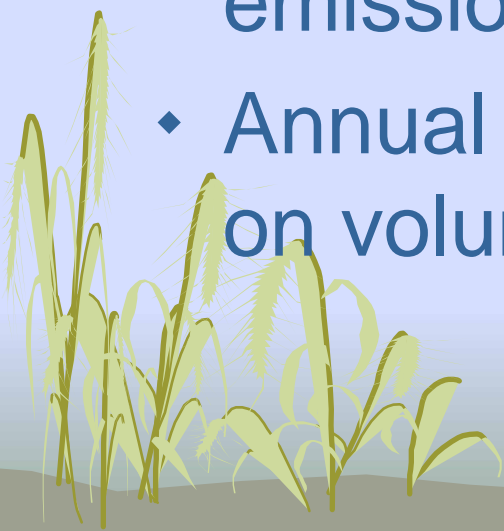
Reporting Options

- ◆ Option 2: Physical Volume Data
 - ✓ Submit annual emissions inventory based on physical volume supporting data
 - ✓ The emissions are calculated by multiplying a combination of published emissions factors and a factor of lost and unaccounted for gas by physical volume



The NiSource Emissions Inventory

- ◆ Calculate emissions using both reporting options
- ◆ Results were nearly identical
- ◆ Component data will be basis for emissions reduction opportunities
- ◆ Annual emission will be reported based on volume level data



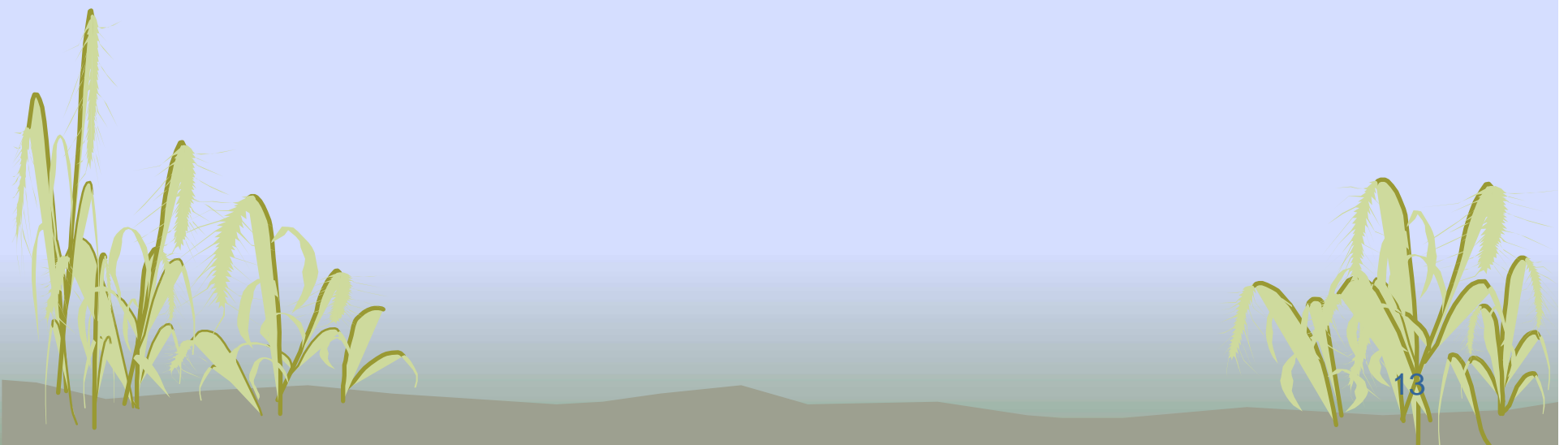
Next Steps for NiSource

- ◆ Memorialize emissions inventory in an inventory management plan
- ◆ Leverage existing ISO 14001 EHSMS with the GHG measuring and reporting process
- ◆ Set GHG emissions reduction goals that are prospective of the base year and looking between 5- and 10-years into the future
- ◆ Quantify reductions from specific projects

The Climate Leaders Company

NiSource Keeps...

- ◆ 57 Climate Leaders Partners
- ◆ 7 Energy Sector Partners



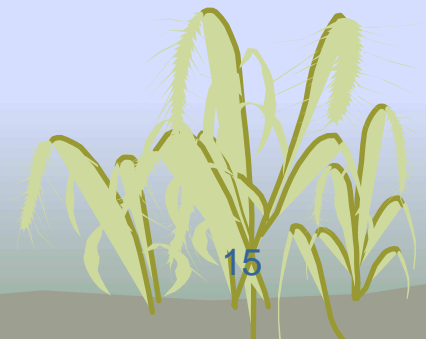
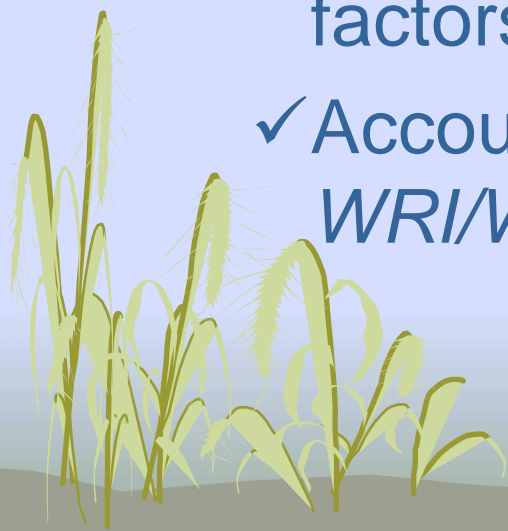
Benefits of GHG Emissions Inventory

- ◆ Create high-quality inventory to be maintained over time
- ◆ Provide confidence in addressing this significant environmental risk
- ◆ Managing today will hedge against future regulation
- ◆ Enhanced reputation among stake-holders
- ◆ Build internal experts on GHG issues

Evolution – Next Steps

We need:

- ✓ A sector-specific protocol developed in coordination with industry representatives
- ✓ Complete sector-specific emissions factors
- ✓ Conduct test run of protocol and emissions factors identifying vulnerabilities.
- ✓ Accounting harmonization (*1605(b)*, *ISO*, *WRI/WBCSD*)



Thank you !

Comments & Questions?

