

CenterPoint Energy: Sequencing Growth, Resilience, and Financial Flexibility

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A strategy case for MBA students and working professionals

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Company: CenterPoint Energy, Inc. (NYSE: CNP)

The week after the Ohio sale

On October 1, CenterPoint Energy Resources Corp. (CERC), a subsidiary of CenterPoint Energy, completed the sale of its Ohio natural-gas local distribution business. The announced consideration was \$2.62 billion, subject to adjustments: \$1.42 billion in cash at closing, adjusted for working capital, regulatory assets and liabilities, and capital expenditures; and a \$1.20 billion seller note bearing 6.5% interest and due September 30, 2027. CenterPoint said proceeds would support its capital plan. The transaction announcement did not assign proceeds to particular projects. [CERC closing Form 8-K, Item 2.01 and Seller Note Agreement](#); [CenterPoint closing release](#)

The sale arrived as CenterPoint was planning a decade of heavy investment. In July, the company raised its 2026-2035 capital plan by \$1.2 billion to \$66.7 billion, citing accelerating Houston-area large-load demand and revised estimates for downtown Houston projects. The company's investor materials also identified at least \$10 billion in opportunities outside the plan. These are management plans and opportunity estimates, not approved project returns or guaranteed spending. The company expected about \$4 billion of common equity through 2035 as part of its funding plan. [Q2 2026 results release](#); [Q2 2026 Investor Update, "Our 10-Year Plan" and funding slides](#)

For this classroom exercise, assume you advise a **hypothetical CenterPoint executive committee** convening in early October to set a policy for sequencing incremental commitments. The public record does not establish an actual committee meeting, pending board vote, or project-by-project allocation of the sale proceeds. The assignment is to define what evidence should unlock customer-linked investment, what resilience work should proceed, and how much financing flexibility to preserve-not to forecast a single project's return.

A large pipeline with several gates

CenterPoint's Houston Electric utility operates transmission and distribution facilities in the ERCOT region. In its July update, CenterPoint reported more than 17 gigawatts (GW) of submissions through ERCOT's Batch Zero process and said it expected about 14 GW to qualify as "base or studied" load. The company compared that 14 GW with a 21-GW current Houston Electric peak. These figures describe submissions and management's eligibility expectation; they do not mean that 14 GW had signed firm service agreements, completed construction, or begun using electricity. [CenterPoint Q2 results release, large-load discussion](#)

The classifications were still provisional. ERCOT's September 3 notice said some Batch Zero classifications depended on verification, data cures, or Public Utility Commission of Texas (PUCT) exceptions; a load could be disqualified if required conditions were not satisfied. ERCOT's July notice described additional prerequisites tied to the Quarterly Stability Assessment (QSA) and initial energization timing. These notices explain the process; they do not reveal the final status, schedule, or load profile of each CenterPoint project. [ERCOT Market Notice M-A080326-04, Sept. 3, 2026](#); [ERCOT Market Notice M-B062326-03, July 8, 2026](#)

CenterPoint forecast that proposed new connections would reduce residential and commercial delivery charges by at least \$5 billion over the next decade. This is a company projection, not realized savings or an independently reproducible estimate in the cited release. The public materials do not provide a project-level reconciliation of the projected load, required shared and customer-specific investment, cost allocation, actual usage, and resulting customer bills. [CenterPoint Q2 results release, large-load discussion](#)

The evidence leaves room for competing outcomes. Connected loads could use new capacity and contribute to fixed system costs, supporting utilization and affordability. If projects are delayed, reduced, or abandoned after shared upgrades begin, underused assets and carrying costs could expose the utility and existing customers. Security, facilities-extension agreements, cost responsibility, and the allocation of shared upgrades would influence which risk bears where, but complete customer agreements were not public.

Reliability and recovery

Growth was only one claim on capital. CenterPoint's 2025 Form 10-K reported that the PUCT had approved a modified 2026-2028 System Resiliency Plan (SRP) in November 2025. The filing summarized 27 measures, about \$2.68 billion in capital, \$185 million in operations and maintenance, and approximately \$2.87 billion total; it also said \$217 million of recovery was deferred until the second half of 2029. The filing is the cited source for those figures; the final PUCT order itself was not retrieved for this case. Approval of the plan does not settle every later prudence or recovery question. [CenterPoint 2025 Form 10-K, "Regulatory Matters-Texas-System Resiliency Plan"](#); [PUCT Interchange docket search, Control No. 57579](#)

Reliability spending can reduce harm from storms and other disruptions, but not every measure addresses the same failure mode or customer impact. Utility-resilience research describes separate metrics for outage formation and restoration, event severity, and customer-hours without service. It also cautions that local asset and hazard data are needed to evaluate specific investments. Published studies reviewed for this case cover other utilities and do not estimate CenterPoint project benefits. The company's own Greater Houston Resiliency Initiative (GHRI) materials report completed and planned work, but do not supply a public Houston feeder-level cost and avoided-outage curve that would allow alternatives to be ranked by a common return measure. [CenterPoint GHRI 2026 summary](#)

Thus, the policy choice is not simply “growth or storms.” Some grid upgrades may serve both load growth and reliability. Their timing, location, cost allocation, customer contributions, and regulatory treatment determine whether a project can meet several needs or shifts risk between customers and shareholders.

Parent strategy and utility obligations

CenterPoint Energy is the parent company; Houston Electric is the regulated utility responsible for Texas transmission and distribution service. CenterPoint Energy Resources Corp. was the seller of the Ohio gas utility. Consolidated capital plans and the parent’s financing choices do not make the sale cash, utility assets, or project costs interchangeable across subsidiaries. The October sale proceeds were announced as supporting the company capital plan, but the public filing did not identify a Houston Electric project earmark. [CenterPoint 2025 Form 10-K, business and segment descriptions](#); [CERC closing Form 8-K, Item 2.01](#)

The funding decision also involves timing and regulatory recovery. The parent had a multiyear capital program and expected equity issuance; the sale included a note due in 2027 as well as adjusted cash. Meanwhile, utility investment can enter rates only through applicable regulatory processes. The company’s 10-K summary of the SRP included a recovery deferral, illustrating that an approved program and cash recovery may occur on different schedules. No public case materials assign the sale proceeds to specific projects or disclose the complete net cash after closing adjustments, taxes, and transaction costs.

Three policies to consider

The committee could combine these approaches by project category or stage.

1. **Accelerate shared capacity.** Advance long-lead network upgrades in areas with credible large-load demand, accepting some risk that load timing and utilization may differ from forecasts. Define how customer contributions and security should support the shared investment.
2. **Release capital by milestones.** Preserve critical planning and reliability work while staging discretionary commitments against verified ERCOT status, customer agreements and security, construction readiness, and actual energization. Identify the conditions that would justify moving to the next stage.
3. **Protect resilience and funding capacity.** Give priority to reliability work with measurable local benefits and retain greater balance-sheet flexibility while large-load conversion and project allocation remain uncertain. Specify what growth evidence would justify shifting capital toward customer-linked upgrades.

Each approach has costs. Acceleration may secure capacity and serve growth sooner but can increase exposure to delay, underuse, or contested cost recovery. Staging can preserve choices while information improves, but may constrain schedules or delay service. A resilience-first posture may protect customers against severe events and preserve financing capacity while foregoing some growth opportunities. The public evidence does not provide project-specific returns that resolve those trade-offs.

Assignment

Prepare a short executive decision memo recommending a capital-sequencing policy. Your memo should:

- distinguish submitted, studied or eligible, contracted, construction-ready, energized, and actually used load;
- specify milestones and customer protections for releasing customer-linked capital;
- explain which resilience work should proceed and how to measure its results;
- address affordability, shared-cost allocation, regulatory recovery, and the parent's financing flexibility; and
- identify the evidence that would most likely change your recommendation.

You may recommend a blended policy. Do not treat the 14-GW figure as signed demand, the \$5-billion estimate as guaranteed customer savings, or the \$2.62-billion sale consideration as cash available at close.

Source note

This case uses information public by October 2, 2026, 4:00 p.m. ET. Company estimates are attributed; regulatory process, provisional load status, completed transactions, and approved plans are distinguished. No post-cutoff outcome is used. The research source register, evidence extraction, and literature review provide additional source locators, access depth, and limitations.