

Propane Education & Research Council Meeting
February 10, 2021
Conference Call
MINUTES

Chairman Daniel Dixon called the meeting to order at 10:01 a.m. ET on Wednesday, Feb. 10. He welcomed Council members in attendance via video conference call and noted the presence of a quorum.

Mr. Dixon, AmeriGas (Florence, AL) – Chairman
Kasib Abdullah, BP (Houston, TX)
Dave Bertelsen, Matheson Gas (Hamilton, OH)
Nicholas Calabretti, Energy Transfer (Newtown Square, PA)
Kevin Cobb, Suburban Propane Partners LP (Eagle, ID)
Casey Cramton, Dead River Co. (South Portland, ME) – Vice Chairman, Marketers
Chris DeFilippo, Superior Plus Energy (Wayne, PA)
Michael Dickinson, Williams, (Tulsa, OK)
Mark Donahue, MarkWest Energy (Denver, CO)
Randy Doyle (Edinburg, VA)
Gary France, France Propane Service (Schofield, WI.)
Jay Furman, Enable Midstream Services (Houston, TX)
Jeff Kerns, ThompsonGas (Frederick, MD) – Treasurer
Bruce Leonard, Targa (Houston, TX) — Vice Chairman, Producers
Duncan McGinnis, Aux Sable (Morris, IL)
Chris Nevils, DCP Midstream (Houston, TX)
Dan Richardson, Conger LP Gas (Tifton, GA)
Mark Sutton (Wagoner, OK)
Stuart Weidie, Blossman Gas (Swannanoa, NC) – Secretary
Brian Wilkin, Enterprise Products Operating Co. (Houston, TX)
Leslie Woodward, Fairview USA (Wheatfield, NY)

Upon a motion duly made and seconded, Council approved the minutes of its November and December 2020 meetings.

Mr. Dixon announced the appointments of Joe Montroy (Berquist) and Paul Bolduc (RegO) as new members to the Advisory Committee's Market Growth & Commercialization Working Group.

Chairman's Report

Executive Committee: Mr. Dixon reported that the Executive Committee met several times since the last Council meeting. Topics reviewed include updates on the Environmental Thought Leadership and Environmental Joint Task Force projects; the 2021 Partnership with Industry Organizations agreement; the sublease of PERC Washington, D.C. office space to NPGA beginning January 2022; a collaboration with Colorado State University on a proposal to the U.S. Department of Energy; 2021 budget

metrics; a proposal to provide matching funds to the states to engage in environmental messaging advertising efforts; PERC's strategic plan priorities; and PERC staffing.

Mr. Dixon offered brief comments about work to finalize a contract with Cummins for PERC's investment in a new high-efficiency, high-performance, low-NOx 6.7L medium-duty propane engine. He lauded the work being done by the Environmental Joint Task Force, noting that much still needs to be done with budget and rollout planning. He also emphasized the vital role that state association executives will play in the campaign's eventual success.

Vice-chairman's Report, Producers

Mr. Leonard reviewed information from the U.S. Energy Information Administration's 2021 annual energy outlook report. Although propane production and supply has tripled since 2004, refinery utilization has been impacted due to the pandemic while imports remain steady. There has been a continued rebound in well rig count over the last 12 weeks. He reported that refinery utilization, which had fallen below 70%, has since rebounded to 80% capacity – an indication that things are trending in the right direction as Covid-19 subsides. Propane consumption remains tied to seasonality, with soaring exports serving as relief valve to abundant supply. With global demand driving price sensitivity, the forecast is for a 30-40% increase in production over the next 10 years.

Environmental Joint Task Force

Mr. Weidie reported that the task force continues to have vigorous discussion on how best to combat the growing narrative that fossil fuel combustion is the main cause of climate change and that propane is a dirty fossil fuel despite its favorable environmental attributes. He said the movement to electrify everything is rapidly gaining momentum and poses a substantial threat to the sustainability of our industry. The group is creating a messaging campaign to counter myths being propagated by competing energy sources. To date, the group has worked on messages around the themes of resistance, morality, urgency and innovation. Two core campaign pillars have emerged:

“Clean, renewable energy like propane accelerates decarbonization.”

“Access to clean, renewable energy like propane ensures equity on the path to zero.”

He said the group is beginning to develop an implementation plan, which will include testing assorted messages and creating playbooks for both organizations.

Advisory Committee Report

Advisory Committee Steering Committee Chairman Kenton Sonnenburg offered a review of projects under review by each working group and various project teams. He noted the new meetings format has resulted in a high level of engagement among industry volunteers via video conference calls.

Chief Executive Officer's Report

President and CEO Tucker Perkins spoke about ongoing efforts within the organization to integrate business development and communications work that has traditionally been siloed, leading to increased collaboration. He noted a heightened sense of urgency to respond to global efforts to decarbonize the environment. Beyond raising awareness and understanding among propane marketers, PERC also needs to strategically reach other targeted audiences. He said that growing priority will challenge how PERC balances its investments in innovation, product development and messaging.

Upon a motion duly made and seconded, Council approved Docket 22860: 2021 Partnership with Industry Organizations – \$1,495,000

Communications Report

Senior Vice President, Communications and Marketing Erin Hatcher presented plans for more assertive, provocative and direct messaging principle, Truth in Energy, to be used to support messaging across all market segments in 2021. The theme allows message variations that push back against the “electrify everything” movement and promotes an energy mix that includes available, clean and affordable propane. She noted that propane’s ability to work alongside renewables such as wind and solar offers an environmental benefit that makes it adaptable to all audiences. Each of the individual market campaigns – as well as corporate communications, environmental thought leadership, and digital development – is now unified in a single docket.

Upon a motion duly made and seconded, Council approved Docket 22786: 2021 Integrated Marketing Communications – \$9,863,000

Safety & Training Report

Vice President of Safety, Education and Compliance Eric Kuster reported on work underway by 12 project teams that are meeting monthly. The team recently completed several new training modules: CSR safety and sales training, Dispensing Propane Safely, Introduction to the Propane Industry, and Fundamentals of Propane. Under development are modules on Phase II CETP modularization, Propane Emergencies Update and Certification, Entry-level Driver Training, and Fundamentals of Liquid Transfer. Additional projects planned for this year include Phase II CETP Modularization (exterior vapor systems), a new agricultural safety program, third-party accreditation of training and certification, autogas fueling research, and updated fire safety analysis.

Upon a motion duly made and seconded, Council approved Docket 22819: 2021 Learning Management System Contract – \$250,000

Business Development Report

Senior Vice President of Business Development Cinch Munson discussed seven projects being presented to Council under one business development program portfolio totaling \$3,330,000. Together, they provide funding for business development and

market development across all markets identified in the PERC strategic plan. He said funds are designated to create new partnerships, maintain existing relationships, generate new research and product development projects, support environmental and market outreach, and support products in the market.

Upon a motion duly made and seconded, Council approved:

Docket 22804: Business Development Engagement and Professional Services
\$675,000

Docket 22789: Residential Market Business Development – \$657,500

Docket 22796: Autogas Market Business Development – \$620,000

Docket 22792: Commercial Market Business Development – \$472,500

Docket 22801: Material Handling Market Business Development – \$365,000

Docket 22791: Agriculture Market Business Development – \$285,000

Docket 22802: Off-Road Market Business Development – \$255,000

Mr. Munson updated the Combined Heat & Power (CHP) project portfolio being worked on by Advisory Committee project teams. The projects cover a range of sizes and applications from manufacturers including Aisin, Brash, Rinnai, Sencera and Qnergy.

Upon a motion duly made and seconded, Council approved:

Docket 22640: Development and UL Certification of Propane-fired Burner for a 4kWe Stirling Generator – \$260,000

Docket 22788: Stirling Battery Ecosystem Using Propane – \$450,000

Mr. Munson proposed a study of near-term technical and economic potential for renewable propane that addresses emerging feedstocks and production that have longer-term potential. Using the National Renewable Energy Laboratory, the study would evaluate potential renewable propane volumes through 2030. The study would assess supply chain and feedstock issue that could impact the renewable propane market, as well as evaluate market and regulatory factors.

Upon a motion duly made and seconded, Council approved Docket 22803: Techno-Economic, Feasibility and Life Cycle Analysis of Renewable Propane – \$152,414

Market Research

Senior Vice President, Administration and Finance Mike Eason reviewed a proposal for the acquisition and consolidation of market and industry data into a single data source.

Upon a motion duly made and seconded, Council approved Docket 22784: 2021 Market Research & Data Analytics – \$574,000

NPGA Report

National Propane Gas Association President and CEO Steve Kaminski offered comments on the challenges with the priorities laid out by the new Biden administration and Congress. He noted ongoing work in all 50 states regarding the legislative policy atmosphere around decarbonization, including work with several coalitions to fight gas ban initiatives. A paid media campaign targeting Capitol Hill is being planned for 2021 using environmental messaging that is being developed through the Environmental Joint Task Force.

Industry and Public Comments

Jeff Stewart of Blue Star Gas observed that the industry should not rely on equipment manufacturers to push sales of products that PERC chooses to invest product development and commercialization funds. Propane marketers must be willing to sell and service any new technology to ensure its adoption by customers. He also encouraged the Council to focus on projects that produce future carbon tax benefits, which means partnering with other renewable energy sources (solar, battery).

Old Business

There was no old business.

New Business

There was no new business.

The next Council meeting will be held virtually April 22.

By unanimous consent, Council adjourned at 2:41 p.m. ET.