Propane Education & Research Council Meeting April 22, 2021 Conference Call MINUTES

Chairman Daniel Dixon called the meeting to order at 10:02 a.m. ET on Thursday, April 22. 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)

Chairman's Report

Mr. Dixon reported that the Executive Committee met twice since the last Council meeting to review updates on the work of the Environmental Task Force and its subgroup working on the rebranding and brand guidelines, the selection of an agency to handle creative work, and plans for industry involvement in the rebranding rollout. It also reviewed updates for the upcoming CEO Conference and the Virtual Propane Expo, the residential incentive program, state environmental engagement partnership program, July council meeting, Cummins engine project, PERC officer nominations, strategic plan review, support for GPA messaging, D.C. office sublease, and PERC personnel.

Mr. Dixon said negotiations with Cummins have focused on intellectual property, engine pricing, service and warranty, and dealer training considerations. A final contract is expected to be signed this week.

Mr. Dixon reviewed the procedures for selecting new council officers and presented the list of nominations from the Sitting Executive Committee. They are: Stuart Weidie, chairman; Casey Cramton, vice chairman, marketers; Duncan McGinnis, vice chairman, producers; Jeff Kerns, treasurer; and Gary France, secretary. Upon a motion duly made and seconded, Council approved the appointments.

Upon a motion duly made and seconded, Council approved the minutes of its February 2021 meeting.

Audit Committee Report

Mr. Doyle reported that the organization received a clean and unqualified audit of finances and operational controls for 2020.

Treasurer's Report

Senior Vice President of Administration and Finance Michael Eason reported that assessments exceeded budget through the first quarter of 2021. Projected unrestricted reserves through 2021 are \$10.9 million, up from \$9.5 million at end of 2020.

Producers Report

Mr. Leonard reported that 2020 U.S. supply remained abundant, with 60% of product going to exports and 29% to the domestic retail market. As production sources continue to ramp up, the most recent EIA supply forecast projects crude, natural gas and NGLs all showing modest growth through 2022. Domestic production continues to exceed domestic seasonal peak demand, and the propane industry appears to be better prepared for winters due to more terminals, storage and better supply planning.

Environmental Task Force Report

Mr. Weidie reviewed the group's efforts to impact external audiences using two messaging pillars:

"Access to clean, affordable and renewable energy like propane ensures equity on the path to zero."

"Clean and renewable energy like propane accelerates decarbonization." The creative working group is heading up efforts to develop a new industry brand, including resources for the industry to use. Its work includes evaluating current assets, reviewing consumer research, offering input for identity testing, brainstorming how to provide the finished work to states, marketers and consumers, and NPGA (for decision makers). The project is on schedule for rollout in June. The task force also is developing an aspirational statement about renewable propane.

Chief Executive Officer's Report

PERC President and CEO Tucker Perkins highlighted South Carolina's recent decision to commit most all of its \$33 million in Volkswagen Settlement funding to buy 235 new propane-powered school buses. To date, propane has earned 28% of the national fund allocation, far exceeding initial expectations.

He also noted that the North Carolina Propane Gas Association's newly built, state-of-the-art NC Technical Education Center held its first class this week.

Mr. Perkins said he expects the contract for building the Cummins 6.7L propane engine to be completed this week. The product is expected to hit the market in 2024. Propane bobtails are expected to be among the first applications. Other early target uses include U.S. Postal Service independent contract vehicles, port and agriculture tractors.

Mr. Perkins also reviewed progress towards goals set for each of the four pillars in the 2020-22 Strategic Plan: 39% for Autogas Growth and Industry Adoption; 44% for Market Growth and Commercialization; 44% for Environmental Messaging; and 38% Safety and Training.

Industry Relations Report

Senior Vice President of Industry Relations Bridget Kidd reviewed updates in PERC's integration of data sources to drive various industry engagement efforts. With the expected return to live events throughout 2021, the team plans to continue offering virtual opportunities to educate the industry as well as support in-person meetings and events during the year. Upon motions duly made and seconded, the Council approved:

- Docket 22932: 2021 Industry Engagement, \$525,000
- Docket 22933: 2021 Workforce Outreach Support, \$210,000

She also proposed a new program to provide states 2:1 matching funds for media purchases that support the national environmental messaging campaign. The partnership program will allocate \$2 million among the states exclusively to buy media in local markets. The advertisements will be available in July following completion of the industry rebrand. States must opt into the program by Aug. 1 and complete their campaign spend by Nov. 1.

Upon a motion duly made and seconded, Council approved Docket 22939: State Environmental Engagement Partnership Fund, \$2,300,000.

Communications Report

Senior Vice President, Communications and Marketing Erin Hatcher reported the recent selection of new vendor partners Elevation (creative), Swanson Russell (PR) and GRP Media (media buy) and discussed the timeline leading up to the rollout of the industry rebrand.

Business Development Report

Senior Vice President, Business Development Cinch Munson discussed a proposal to fund an equipment demonstration project for technology using propane-battery hybrid electric motors in place of a hydraulic drive systems. Terzo Power Systems is using the technology in an almond harvesting machine that will be displayed at the World Ag Expo. The technology has potential to be used in farm tractors, skid steers and backhoes, larger dirt movers, mining and forestry equipment and can be retrofitted to

units currently using natural gas. Upon a motion duly made and seconded, council approved Docket 22805: Propane-Battery Hybrid Almond Harvesting Machine, \$97,185.

Advisory Committee Report

Chuck Strawn, vice chairman of the Advisory Committee's Research and Technology Development Working Group, provided an update on the group's work to update project targets to align with priorities within PERC's strategic plan. The group is increasingly looking to leverage federal agency engagement and funding opportunities around emerging fuel cell technologies, hybrid equipment and direct injection.

NPGA Report

NPGA President and CEO Steve Kaminski updated the council on efforts to counter gas ban legislation at state, county and municipality levels across the country. He said the anti-fossil fuel initiatives of the new Biden administration present the most challenging environment in memory, and enhance the importance of propane marketer engagement with their legislative representatives.

GPA Midstream Report

GPA President and CEO Joel Moxley reviewed the impact of Biden administration climate focused initiatives to date. He emphasized that the organization's core principals are not to outright oppose decarbonization efforts. Rather, it is ramping up a messaging campaign to support technical advances and solutions that minimize GHG emissions while meeting the world's growing need for low cost, reliable energy.

Public Comments

There were no public comments.

Old Business

There was no old business.

New Business

There was no new business.

Mr. Dixon announcement that the next Council meeting will be live with virtual option July 20-21 in Beaver Creek, CO.

By unanimous consent, the Council adjourned at 2:49 p.m.