

Propane Education & Research Council
Lake Geneva, WI
July 19-20, 2022
MINUTES

Chairman Stuart Weidie called the meeting to order at 1:01 p.m. CDT on Tuesday, July 19 with a prayer and Pledge of Allegiance. He welcomed the Council members in attendance live and via video conference call, noted the presence of a quorum, and noted the newly elected officers.

Bill Briggs, Phillips 66 (Houston, TX)
Kevin Cobb, Suburban Propane Partners LP (Eagle, ID)
Chris DeFilippo, Superior Plus Energy (Wayne, PA) – Vice Chairman, Marketers
Michael Dickinson, Williams (Tulsa, OK)
Mark Donahue, MarkWest Energy (Denver, CO)
Gary France, France Propane Service (Schofield, WI) — Secretary
Mike Garcia, Targa Resources (Naperville, IL)
Trent Hampton, Lakes Gas (Wyoming, MN)
Michael Heim (Houston, TX)
Chris Hill, Meritum Energy (San Antonio, TX)
Brilynn Johnson, AmeriGas (Lincoln, CA)
Jeff Kerns, ThompsonGas (Frederick, MD) — Treasurer
Joe McGinn, Energy Transfer (Newtown Square, PA)
Duncan McGinnis, Aux Sable (Morris, IL) — Vice Chairman, Producers
Chris Nevils, DCP Midstream (Houston, TX)
John Powell, Crestwood Equity Partners LP (Kansas City, MO)
Dan Richardson, Conger LP Gas (Tifton, GA)
Mark Sutton (Wagoner, OK)
Stuart Weidie, Blossman Gas (Swannanoa, NC) — Chairman
Brian Wilkin, Enterprise Products Operating Co. (Houston, TX)
Leslie Woodward, Fairview USA (Wheatfield, NY)

Chairman's Report

Mr. Weidie reported that the current officers have been reappointed to serve another term.

Upon a motion duly made and seconded, the Council approved the minutes of its April 2022 meeting.

Executive Committee:

Mr. Weidie reported that the committee had met to discuss the PERC-NPGA partnership agreement, corporate goals and strategic pillars, price adjustments for duty-to-warn materials in the fulfillment center, and PERC staff annual performance and compensation considerations.

He noted that Mr. Perkins has authorized the continued support the National Museum of Industrial History in Bethlehem, Penn. The museum serves as a repository for propane industry historical documents.

He reported that PERC and NPGA officers had reviewed the National Renewable Energy Laboratory's recently published report outlining the economic feasibility of renewable propane production.

Upon a motion duly made and seconded, the Council approved the following Advisory Committee working group chairwoman and vice chairman appointments to the Market Growth and Commercialization Working Group:

- Lindsey Stansfield, Paraco Gas
- Joe Buschur, McMahan Bottled Gas

Producers Report

Mr. McGinnis reported that U.S. crude production has increased in response to Russian invasion of Ukraine and is projected to continue to grow. Production continues to rise on strong pricing, although it is forecasted to increase at a slower pace. Domestic storage will be reliant on the strength of export demand, which is driven by price.

Joint Task Force 2.0 Report

Mike Hopsicker updated the group's work to address critical messaging and marketing questions for renewable propane and continue to solve for how best to respond to incorrect or misleading statements about electrification and the environment.

The group recommends creating a definition of renewable propane that is acceptable to and usable by all industry stakeholders: "Renewable propane is energy created from renewable sources ... is methane free ... with a carbon intensity as low as zero."

The group also recommends creating an aspirational statement and rapid response materials about renewable propane that is acceptable to, and useful for, all industry stakeholders: "By 2030, renewable propane, propane, and innovative blends will be the most widely accessible, affordable, zero-carbon solution integral to American energy policy with benefits for climate, health and equity." After discussion, the Council suggested the timeline be extended to 2035 due to concerns with product availability.

Treasurer's Report

Mr. Kerns reported that PERC's financial performance remains strong through May. The organization has \$10.4 million in undesignated reserves, down from \$13 million in December 2021. Upon a motion duly made and seconded, the Council approved the report.

Chief Executive Officer's Report

PERC President and CEO Tucker Perkins introduced Shawn Stack, PERC's new vice president of finance, data and technology. He discussed several staff additions and efforts to fill position vacancies and noted that staff has been focused on the budget, strategic planning and annual employee performance reviews.

As council continues to develop its strategic pillars, adjustments are being made to the alignment of the Advisory Committee to enhance performance in executing strategies.

Historically high diesel prices are creating market opportunities for propane to displace its dominance. The top three segments that PERC staff is focusing on are power generation, transportation, and material handling. The Executive Committee is considering adding staff to support work in those target areas.

He reported that the U.S. Dept. of Energy has announced the award of a \$2.2 million project to the University of Colorado to perform a field demonstration of a combined heat and power unit that utilizes renewable energy sources, including renewable propane. PERC has \$50,000 invested in the project.

Communications Report

Senior Vice President of Communications and Marketing Erin Hatcher updated the Council on four marketing projects: *PROPANE Energy for Everyone*[™] national advertising market campaign, social media influencer program partnership with HGTV host Matt Blashaw, Environmental Thought Leadership campaign, and rapid response initiative.

She also shared recent Acupoll consumer awareness survey results that measure progress against campaign goals. Among the findings:

- Awareness increased in propane country and ad-targeted ZIP codes compared to the nationally representative results.
- States participating in the matching funds program also saw significant lift in ad recall compared to states that did not participate.
- The goal of increasing perception of propane as “clean” by 15% in three years (December 2022) has not been met yet.

Council was shown the new 60-second environmental video being used in TV commercials that started airing this month.

Business Development Report

Mr. Perkins reviewed breakdowns of strategic spending plans for business development efforts in each of the market segments in 2022 and 2023. Upon motions duly made and seconded, the Council approved the following business development dockets to provide funding to support technology scouting, subject matter experts, engagement and pursuit of projects to grow uses and users of propane:

- **Docket 23169:** 2022-23 Cross-Market Business Development Engagement and Professional Services — \$926,500. This docket supports the business

development activities, that may not apply to specific markets or projects and not covered with market specific engagement plans.

- **Docket 23141:** 2022-23 Off-Road/Material Handling Business Development, \$917,500
- **Docket 23170:** 2022-23 Autogas Business Development, \$890,000
- **Docket 23137:** 2022-23 Residential Market Business Development, \$806,000
- **Docket 23138:** 2022-23 Commercial Market Development, \$472,500
- **Docket 23145:** 2022-23 Agriculture Market Business Development, \$423,000

Mr. Perkins reviewed three projects planned by the Utilization Technology Development (UTD) Consortium to which PERC belongs. One is a market assessment of emerging or commercially ready hybrid gas furnace/electric heat pump products in the North American market. A second focuses on modeling advanced gas heating systems for continued inclusion in energy rating software. A third project addresses indoor air quality concerns associated with residential gas cooking by testing the best available vent hoods and develop a high performing residential range hood.

Upon a motion duly made and seconded, the Council approved **Docket 23453:** UTD Consortium 2022, \$102,000

Mr. Perkins discussed work being done by the Carbon Management Information Center (CMIC) Consortium, which is funded by 18 natural gas industry members and PERC. CMIC develops resources and analytical tools that provide clear, concise, and technically defensible information on the beneficial role of propane and renewable propane in improving total energy efficiency, reducing greenhouse gas emissions, and lowering energy costs for consumers compared to electric and oil options.

Upon a motion duly made and seconded, the Council approved **Docket 23570:** 2022 Carbon Management Information Center, \$75,000

Upon a motion duly made and seconded, the Council approved a motion requesting that Mr. Stack and Mr. Kerns review and recommend a policy regarding the total amount of cash reserves the organization should carry and report back to council at its November meeting.

Safety & Training Report

Vice President of Safety, Education, and Compliance Eric Kuster reported on progress to expand online safety and sales training offerings on The Learning Center. Two new learning paths were released this month - Cylinder Delivery Driver and Bobtail Delivery Driver.

Mr. Kuster reviewed plans to use the International Accreditors for Continuing Education and Training (IACET) to develop a formal third-party accreditation program to replace the industry's longstanding Certified Employee Training Program (CETP). He noted that IACET has a specific petroleum and natural gas advisory board and is recognized by companies, state agencies, regulatory boards, colleges and universities. A primary

benefit of accreditation to the industry is the ability to provide continuing education credits (CEUs) to allied industry partners using PERC content. The initial accreditation of online courses and curriculum is expected to be completed in 2022, followed by the accreditation of instructor-led programs in 2024.

Also in development is an application (app) to interface with The Learning Center. The app would be accessible by any mobile device, making it easy for field employees to access educational content. PERC has contracted with Digital Software Services, which has a specialty in the propane and fuel delivery industry worldwide.

The safety team also is looking to create a virtual reality training module that will serve as “proof of concept” for future virtual reality safety courses. Virtual reality can provide a digital simulation of lifelike scenarios, including immersive activities such as pilot lighting, which can teach high-risk/hazard tasks and display adverse consequence without putting the learner at risk. The technology’s popularity among younger students also makes it an attractive tool for workforce development. The project task force will determine which training courses should be featured in the pilot.

Upon a motion duly made and seconded, the Council approved Docket 23577: Advancement in PERC Education - \$250,445

Meeting Recess

Mr. Weidie recessed the meeting at 5:30 p.m. CDT.

Mr. Weidie reconvened the meeting at 8:41 a.m. CDT on Wednesday, July 20.

Industry Relations Report

Senior Vice President of Industry Relations Bridget Kidd updated the Council on the Environmental Campaign and Partnership with States program, which went live on July 1. In this second year of the program, 39 states have opted to participate. Additional program funding has also been committed from New England, Minnesota and Nevada. States can customize their digital ads by state or region.

The 2021 Retail Sales Report marks the first year PERC has collected the data, rather than use a vendor. The report, which will be published in November, saw an increased overall response rate, including 82 first-time respondents. Additionally, 314 companies were removed from the PERC database due to mergers/acquisitions or closure.

She noted that PERC is hosting its Train the Trainer program later this month to instruct trainers how to deliver PERC’s HVAC and Plumber Technical Training for HVAC and plumbing professionals. The two-day event has 67 registered attendees from 30 states.

GPA Midstream Report

GPA President and CEO Joel Moxley reported that the national midstream supply picture growing in select regions. Acquisitions and mergers continue at a rapid pace. A

number of processing plant expansions are expected by the end of 2023, and are expected to boost propane production by 115 barrels per day.

GPA launched its advocacy and public education marketing campaign, Let's Clear the Air, on May 11. The campaign is designed to address questions and misconceptions about energy production, delivery, safety, climate change and more.

Strategic Pillars Discussion

Council heard updates from each of the four task force groups working on strategic plan pillars in the areas of national energy conversation, commercialization, workforce and safety training, and industry adoption of autogas. The pillars will guide direction and priorities for work to be done within the Advisory Committee.

National Energy Conversation: Implement integrated media buy across all markets; train the industry on messaging; challenge the myth of the feasibility of all-electrification movement via rapid response program; use thought leaders to amplify the propane message, and leverage resources and partnerships with state entities, influencers and business allies.

Commercialization: Assess current projects to calculate demand projections to identify gaps and align commercialization pipeline strategy to achieve counter-seasonal demand goals.

Workforce/Safety Training: Continue adding relevant content to Learning Center and evaluate satisfaction; conduct research to quantify employees; implement strategy to incorporate curriculum; continue awareness campaigns driving potential employees to employers.

Industry Adoption of Autogas: Cummins engine commercialization; build partnerships with body builders; and develop a service network and outreach.

Pathway to Renewables Discussion

Gokul Vishwanathan, director of research and sustainability, reported on opportunities for immediate commercialization of renewable propane. The NREL Report evaluated the value proposition of renewable propane sourced from biorefineries from the hydrotreated vegetable oil process, as a byproduct of renewable diesel and sustainable aviation fuel. Its findings include:

- Biorefineries have an additional value stream from the sales of renewable propane with both EPA Renewable Identification Number and California Low-Carbon Fuel Standard credits.
- Higher value proposition for renewable propane sales than using it as process gas or feedstock for producing renewable hydrogen.
- Even under the worst-case scenario payback not to exceed 2.5 years for the invested capex for recovering renewable propane.

Budget for 2023

Mr. Stack reviewed the 2023 budget plan to be published for public comment on July 31, as required by statute. The Council will consider the budget plan for approval at the November Council meeting. Budgeted gross assessments are \$45.5 million based on 9.1 billion gallons in sales.

Upon a motion duly made and seconded, the Council approved the plan for public comment.

Advisory Committee Report

Chris Wagner, chairman of the Advisory Steering Committee, updated the Council on efforts to implement a cross-functional focus from all three working groups. He noted that the pandemic has hindered participation from volunteers. The committee also is reviewing its full membership list and participation rates.

NPGA Report

NPGA Chairman-elect Jeff Stewart reviewed progress on the association's 2022 activity, including membership, legislation, and regulatory challenges.

Industry and Public Comments

Dan Binning, executive director for the Colorado PGA and New Mexico PGA noted that his states' lack of participation in partnership program was due to timing, not interest in the program.

Old Business

Mr. Weidie announced that Docket 23373 (National Workforce Outreach Scholarship Program), which was tabled at the April council meeting, was modified and approved by the Executive Committee on June 14.

New Business

A schedule of 2023 Council and Advisory Committee meeting dates and locations was reviewed.

The next Advisory Committee is scheduled for Oct. 4-5 in Salt Lake City, UT.

The next Council meeting is scheduled for Nov. 8-9 in Destin, FL.

By unanimous consent, Council adjourned at 11:00 a.m. CDT.