

**Propane Education & Research Council**  
**San Antonio, TX**  
**November 23-24, 2023**  
**MINUTES**

Chairman Chris DeFilippo called the meeting to order at 1:00 p.m. CST on Wednesday, Nov. 29. He welcomed Council members in attendance and via video conference call, noted that councilor John Powell of Crestwood Equity Partners LP has resigned due to the merger of his company, and noted the presence of a quorum.

Bill Briggs, Phillips 66 (Houston, TX)  
Kevin Cobb, Suburban Propane Partners LP (Eagle, ID)  
Chris DeFilippo, Superior Plus Energy (Wayne, PA) — Chairman  
Michael Dickinson, Williams (Tulsa, OK)  
Mike Garcia, Targa Resources (Naperville, IL)  
Trent Hampton, Lakes Gas (Wyoming, MN) — Treasurer  
Michael Heim (Houston, TX)  
Chris Hill, Meritum Energy (San Antonio, TX) – Vice Chairman, Marketers  
Jeff Kerns, ThompsonGas (Frederick, MD) – Secretary  
Joe McGinn, Energy Transfer (Newtown Square, PA) – Vice Chairman, Producers  
Duncan McGinnis, Aux Sable (Morris, IL) — Vice Chairman, Producers  
Dan Richardson, Conger LP Gas (Tifton, GA)  
Mark Sutton (Wagoner, OK)  
Stuart Weidie, Blossman Gas (Swannanoa, NC)  
Tammi Weigand, MPLX G&P (Denver, CO)  
Brian Wilkin, Enterprise Products Operating Co. (Houston, TX)  
Leslie Woodward, Fairview USA (Wheatfield, NY)  
Bob Young, Eastern Propane Gas Inc. (Rochester, NH)  
Lisa Zuppas, Ferrellgas (Columbus, OH)

Texas Propane Gas Association Executive Director Bill Van Hoy welcomed the Council.

By unanimous consent, the Council approved the minutes of its July 2023 Council meeting.

**Chairman's Report**

Mr. DeFillippo reported the Executive Committee met on several occasions to discuss a number of topics, including the World LPG Forum, changes to the Construction Research & Data Collection Program, the PERC/NPGA/GPA Midstream partnership agreement, the Clear the Air Campaign, PERC's office lease, staff updates, individual campaign updates, PERC/NPGA Leadership Summit, U.S. Dept. of Energy furnace restrictions, EPA Clean School Bus Program, performance evaluations for the staff's executive management team members, and funding for the World LP Gas Association's DME/renewable propane research.

By unanimous consent, the Council approved roster updates to the Advisory Committee and appointments to its working groups:

**Industry Engagement Working Group:** Stephanie Hennen of Lakes Gas.

**Market Growth & Commercialization Working Group:** Hunter Houston of Meritum Energy and Aaron Huizenga of Lakes Gas.

**Research & Technology Working Group:** Dan Giampetroni of Meritum Energy.

**Safety & Technical Training Working Group:** Scott Weatherford from Blossman Gas and Cody Reeves of RegO.

### **Marketers Report**

Mr. Hill provided updates on the Advisory Committee changes to better align focus with the council's strategic plan. Changes include reporting metrics to track progress, and more effective close-out reporting. Current working group projects include identifying key market segments to focus on; engaging the industry to learn about and deploy the new Heat Pump Helper technology; and promoting National Propane Day.

### **Producers Report**

Mr. McGinn reported good supply of propane heading into winter, with NGL production up and projected growth in the Permian basin and Gulf of Mexico. Weather to date has been warmer than normal, but projections call for a cold winter. Propane stocks remain significantly above the five-year average.

### **Treasurer's Report**

Mr. Hampton reported on PERC's financial performance through Sept. 30. Upon a motion duly made and seconded, the Council approved the report.

### **Audit Committee Report**

Mr. Hampton reported the committee had met and reviewed filing of tax-exempt returns, and approved the continuing engagement with Aprio, LLC as the council's external auditing firm. Upon a motion duly made and seconded, the Council approved the report.

### **NPGA Report**

NPGA chairman-elect Tom Van Buren reviewed progress on the association's 2023 activity, including its litigation, legislation, and regulatory challenges. He said the association has committed to more aggressively lead litigation and advocacy with a coalition with other industries in 2024. NPGA has established a Legal Action Committee as well as a Renewable Fuels Committee. The association recently adopted a new strategic plan through 2026.

### **GPA Midstream Report**

GPA Midstream President and CEO Joel Moxley reported that the association has been meeting with FIMSA regarding the impact of tightening climate regulations. In 2023, rig counts continue to drop due to innovation and heightened efficiencies, hitting their lowest level since 2014. The demand for U.S. exports continues to climb. Processing capacity in the Permian basin is growing, while midstream investment in pipeline buildouts continue to increase. High interest rates are impacting smaller players, reducing the number of midstream companies and leaving the larger ones.

### **Chief Executive Officer's Report**

PERC President and CEO Tucker Perkins recognized Dan Binning, who is retiring at the end of the year. The executive director of the Colorado and New Mexico Propane Gas Associations, Binning has worked in propane retail and wholesale as well as serving on PERC's Advisory Committee and council.

Mr. Perkins talked about the challenge of successfully messaging the case for alternatives to powering everything with electricity. He acknowledged the role of battery-powered small vehicles, but not for heavy-duty transportation that can displace diesel. Propane has a prominent opportunity to take that market share to benefit both users and the environment. To accomplish that, he said the industry needs to understand the impact of regulatory and political changes and believe in the role of propane products to fit in that transition.

Mr. Perkins reported that he approved the following change orders since the Council last met:

- Docket 23667, Propane Construction Incentive Program 2023, in the amount of \$100,000. The objectives and benefits of the program do not change; the additional funding will allow for the gathering of data from additional projects and parts of the country to make the data set as complete as possible. The Executive Committee also granted an additional cost increase change order for this docket in the amount of \$250,000 to bring the total funding to \$1,600,000.
- A no-cost change order for Docket 22788, Stirling Battery Ecosystem Using Propane. The timeline of this project will be extended for an additional six months until June 14, 2024 to demonstrate the product and its capabilities at a potential customer site and/or tradeshow.

Chief Operating Officer Bridget Kidd gave an update on utilization of this year's Propane Construction Incentive Program, and presented a request for additional dollars for its completion. The change order will support data collection and provide additional funds for 2023 program applicants. PERC aims to expand coverage beyond the 18 states that have already participated in the 2023 program, receive applications from new builders and construction professionals, and increase propane marketer participation.

Upon a motion duly made and seconded, the Council approved the change order for Docket 23667 – Propane Construction Incentive Program, \$650,000.

### **Safety & Training Report**

Vice President of Safety, Education, and Compliance Eric Kuster discussed the recent International Accreditors for Continuing Education and Training (IACET) accreditation instructional design process and next steps to create instructor-led CEU-eligible courses. He also reviewed recently completed projects and highlighted proposed spending for three training dockets:

**IACET Instructor Program Setup** – This project supports IACET accreditation through the establishment and delivery of Train the Trainer qualification programs to qualify related propane industry instructors and field trainers to instruct CEU-eligible content.

Upon a motion duly made and seconded, the Council approved Docket 24221: Accreditation Program, \$200,000.

**CETP Modularization Development (Basic Plant Operations) Phase 1** – This project supports the ongoing modularization of existing CETP materials specific to the function of plants and related plant operations. This course relates to specific propane-related functions around bulk plants all over the U.S. and will improve training materials for employees that operate bulk plants.

Upon a motion duly made and seconded, the Council approved Docket 24220: CETP Modularization Development (Basic Plant Ops) Phase 1, \$800,000.

**Propane Educational Content Creation and Updating** – This project supports three distinct functions of ongoing educational content development including refresher training content development, a Manager Training Program, and funding for updating content based on industry feedback and code changes.

Upon a motion duly made and seconded, the Council approved Docket 24219: Propane Educational Content Creation and Updating, \$650,000.

### **Future of Propane/Diesel Displacement**

Southwest Research Institute Senior Program Manager Michael Ross presented an overview on the future of propane and diesel displacement based on EPA 2027 highway standards, which will impact emissions, warranties, life cycles, equipment, and test requirements.

He noted that most off-highway propane engines are derived from gasoline engines that fall under the Large Spark Ignition (LSI) regulations, for which CARB is not proposing the change. LSI engines will be very cost competitive and may capture market share from diesel for applications less than 200 Kw, although they may not qualify for low-emission incentives. Propane engines derived from diesel engines will likely be classified as “compression ignition” and be required to meet Tier 5 standards.

Mr. Ross said the technical challenges and cost for diesels to meet upcoming emission standards will create new opportunities for propane. High-efficiency propane engines or hybrid powertrains can meet the on-road CO<sub>2</sub> standards.

For off-road, the best opportunity is 56 to 560 kW. Large-spark ignition engines running on propane could displace Tier 5 diesels in the lower power categories. Diesel-derived engines will be required for non-road applications over 200 kW.

For on-road applications, he recommends developing hybrid propane powertrains for Class 3-7 based on the GM 6.6L DI engine or Ford 7.3L. For off-road, he encouraged development of

ultra-low NOx LSI engine to displace Tier 5 diesel engines (needed by 2029) and building relationships with additional heavy-duty spark-ignition engine manufacturers, particularly those that sell loose engines.

### **Finance, Data and Technology Report**

PERC Vice President of Finance, Data and Technology Shawn Stack presented the proposed 2024 budget of \$47,200,000 based on sales of 9.4 billion retail gallon sales with \$40,575,000 of net revenue, \$47,556,198 of expenses and a decrease in net assets of \$6,981,198.

He noted that it represents a \$2.4 million increase in safety and technical training; a \$1.6 million increase in technical research to support propane engine-related research and fuel contamination research; and a decrease of \$2.8 million related to the change order extending the development cycle of the Propane Low NOX certified 6.7L engine, which will defer costs into future years.

Upon a motion duly made and seconded, the Council approved the budget.

Upon motions duly made and seconded, the Council also approved:

- Docket 24225: Partnership with Industry Organizations, \$1,495,000.
- Docket 24218: 2024 Market Data & Research Program, \$645,100.

### **Communications and Marketing Report**

Senior Vice President of Communications and Marketing Erin Hatcher presented results on 2023 paid media, social influencer, market PR, and Environmental Thought Leadership campaigns. She reviewed ongoing Q4 2023 market programming, and gave an overview of 2023 awareness and perception research results. She also discussed the strategy driving the 2024 integrated marketing and communications docket, which encompasses total 2024 programming for all markets, digital development, corporate communications/market support, as well as environmental thought leadership.

Upon a motion duly made and seconded, the Council approved Docket 24186: 2024 Integrated Marketing and Communications Plan, \$12,863,000.

Mr. DeFillippo adjourned the meeting at 5:43 p.m.

The meeting was reconvened at 9:14 a.m. CST Thursday, Nov. 30.

### **Industry Relations Report**

Chief Operating Officer Bridget Kidd reviewed how several programs engage industry members in all business development and marketing initiatives:

- Environmental Messaging Partnership Campaign
- Workforce outreach and education activities
- Heat Pump Helper Personal Use Program

Upon motions duly made and seconded, the Council approved:

- Docket 24170: 2024 Environmental Campaign, \$5,410,000.
- Docket 24144: 2024 Workforce Outreach and Education, \$1,020,000.
- Docket 24171: 2024 Industry Engagement, \$879,500.
- Docket 24251: Heat Pump Helper Personal Use Program, \$400,000.
- Docket 24253: Virginia Heat Pump Helper Rebate Program (New Concept Rebate), \$9,575.

### **Business Development Report**

Vice President, Business Development Gavin Hale reviewed business development operational plans and funding in each of the primary markets served.

Upon motions duly made and seconded, the Council approved:

- Docket 24226: 2024 Propane Construction Research & Data Collection Program, \$2,500,000.
- Docket 24204: 2024 Autogas Market Business Development, \$776,700.
- Docket 24202: 2024 Residential Market Business Development, \$545,500.
- Docket 24205: 2024 Commercial Market Business Development, \$345,380.
- Docket 24267: 2024 Off-Road Market Business Development, \$313,500.
- Docket 24203: 2024 Agriculture Market Business Development, \$230,095.

### **Industry and Public Comments**

There were no comments.

### **Old Business**

There was no old business.

### **New Business**

There was no new business.

### **Next Meetings**

The next Council meetings are Feb. 13 (virtual) and April 24-25 in Hot Springs, VA.  
The next Advisory Committee meeting is May 9-10 in Cleveland, OH.

By unanimous consent, the Council adjourned at 10:39 a.m. CST.