



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF
ENVIRONMENT, GREAT LAKES, AND ENERGY

LANSING



LIESL EICHLER CLARK
DIRECTOR

UP ENERGY TASK FORCE MEETING

Quality Inn, Bridge Conference Room
N561 Boulevard Drive
Saint Ignace Michigan 49781
August 5, 2019; 10 a.m. to 4 p.m.

Attendees:

Kris Bowman
Jim Kochevar
Michael Larson
Tanya Paslawski, Secretary
Dan Scripps
Tom Harrell
Douglas Jester
Dr. Roman Sidortsov
Mike Nystrom

Mike Furmanski
David Camps
Tony Retaskie
Liesl Clark, Chairperson
Mike Prusi, Vice Chairperson
Warren (Chris) Swartz
Jennifer Hill
Major General Paul Rogers

Liesl Clark opened the meeting at 10:04 a.m.

Task Force Business

Approval of Agenda: There was a motion from Paul Rogers to approve the agenda, Mike Furmanski seconded the motion. Discussion included a request to receive the agenda earlier for future meetings. Motion approved by all members present.

Adoption of July 9 Minutes: There was a motion from Tony Retaskie to approve the UP Energy Task Force (UPETF) meeting minutes from the July 9, 2019 organizational meeting. Motion was seconded by Douglas Jester. Motion was approved by all members present.

Approval of Proposed Meeting Schedule: Liesl Clark shared potential meeting dates for the rest of 2019 for task force meetings and listening sessions. A motion was made by Roman Sidortsov and seconded by Douglas Jester to approve the following meeting dates: Sept 20, Oct 1, Nov 13. No task force members had comments. Motion was approved by all members present. Possible locations were discussed. Locations will be matched with dates and approved at a future meeting.

Adoption of Governance Procedures: Question was asked whether a vote would be required for the report release. Liesl Clark answered that she hoped the report release would not require a vote, but that it would be up to the task force.

Douglas Jester made a motion to adopt the draft Governance Procedures for the UPETF Force. Dan Scripps seconded. The motion was approved by all members present.

Website and E-mail Update: The UPETF website is live. The meeting recordings and PowerPoint presentations will be included on the website, as well as the upcoming schedule, agendas, etc.

Each member will receive a state e-mail address. There was a question as to whether members are required to use the state addresses. A member noted that it would be best to use the state email for UPETF business to avoid FOIA requests being applicable to personal or business e-mails.

Request for Proposal Update: Liesl Clark explained that a draft Request for Proposal to support the Task Force activities had been prepared and would be distributed to members for input or suggestions.

Presentation on UP Demographics and Energy

Dr. Richelle Winkler, Associate Professor of Sociology and Demography at Michigan Technology University, gave a presentation on UP demographics and implication for energy. Key takeaways included declining population overall with growth in some areas (Marquette and Houghton), growing percentage of older residents, and impact of seasonal/second homes. Natural gas is the primary source of home heating (58%), but propane is popular (18%) and important due to large rural areas without access to natural gas. This does not include seasonal dwellings.

Topics of Upcoming Meetings

September: The next meeting will focus on energy providers. Enbridge, Plains, SEMCO, ATC, co-op utilities have been suggested. Feedback is welcome.

October: Shut off rules and type of assistance available (bill payment and energy efficiency) for propane customers and related dynamics around them.

November: Looking at the energy future, including what opportunities exist and requirements if there are supply disruptions.

Other suggestions for future sessions included:

- Understanding major energy users, sources of consumption, and stability of resources.
- Barriers to utilization of sources other than propane.
- Better understanding of rates, customer bills, and costs.
- Are there lessons to be learned from other communities/states (California, New York) on propane delivery infrastructure that the Task Force should be aware of?

Public Comments

Three members of the public provided comments. Each related to Line 5 and related environmental concerns.

Presentation on UP Propane Industry

Derek Dalling, Executive Director of Michigan Propane Gas Association, gave a presentation on the Michigan Propane Industry.

Key takeaways and questions/comments during the presentation included:

- Michigan is the No. 1 natural gas and No. 1 propane user. There are a lot of rural users. Minnesota and Wisconsin are cold too but have smaller populations.
- It is rare for propane companies to own underground storage. Only likely for the biggest companies.
- Michigan has lots of underground storage but not in the Upper Peninsula.
- Upper Peninsula propane consumption is about 20 percent of the state's propane consumption.
- Propane is approximately 17 percent of what goes through Line 5.
- Propane exports outside of North America are about 5 times what is used in the United States.
- Propane prices are not regulated. The propane industry is open to meeting with MPSC, DHHS regarding low income issues, etc.
- The biggest commercial uses of propane are crop drying. Barn heat, irrigation engines, back up heat for manufacturing and fruit processors. Also includes restaurants, schools, and hospitals for back up heat.
- Propane is usually refilled when the tank is at around 25 percent.
- The two propane terminals in UP are owned by same wholesale company. Product can be ordered and trucked or brought by rail to UP from other wholesale companies. There are four rail options in the UP.
- Propane suppliers were asked to share state industry information on how many people are employed and economic contributions to the state.

Presentation on Challenges to Resiliency and Affordability of Propane

Travis Warner and Ethan Kramer of the Michigan Public Service Commission gave an overview of the UP propane system, including usage, pipelines, storage, and delivery alternatives to Line 5. They provided an overview of the studies related to Line 5. Their conclusions included a likely increase in transportation costs and decrease in resiliency.

Key points, questions, and comments included:

- Replacing the Rapid River facility would require 52 additional trucks or 17 additional rail cars to serve average propane needs and 103 trucks or 34 rail cars to meet peak.
- Discussion of the possibility to expand the storage and rail capacity at the facility.
- A request for a comparison between the upper peninsula, lower peninsula, and other states to understand why they are different.

Working Session

- The members discussed information that should be collected and considered. The contractor secured under the RFP will be able to do a lot of the data collection and analysis. The following ideas were shared:
 - Need the data and analysis to create a decision matrix
 - Looking at market power impacts
 - By-products of the pipeline
 - Understanding considerations of utilization for a 4-inch pipeline

Conclusion

No other members of the public had comments.

Meeting adjourned at 3:55 p.m.

Below are links to the August 5 agenda and presentations which can also be found at www.Michigan.gov/UPEnergyTaskForce:

Agenda:

https://www.michigan.gov/documents/egle/egle-exe-upetf-2017-08-05-agenda_662780_7.pdf

UP Demographics: Implications for Energy:

https://www.michigan.gov/documents/egle/05AUG2019_UPETF_Presentation_Demographics_DrWinkler_664494_7.pdf

UP Propane System:

https://www.michigan.gov/documents/egle/05AUG2019_UPETF_Presentation_MPSC_663629_7.pdf

Michigan Propane Gas Association:

https://www.michigan.gov/documents/egle/05AUG2019_UPETF_Presentation_Michigan_Propane_Gas_Assoc_663628_7.pdf

Approved at the UP Energy Task Force Meeting on Sept. 20, 2019