

Energy Assessment Workplan Draft Propane Workgroup

Background: Following the extreme cold weather event between Jan. 29 and Feb. 1, 2019, the Governor requested the Michigan Public Service Commission to conduct a review of the supply, engineering, and deliverability of Michigan's natural gas, electricity, and propane.

Overarching Goal: Ensure public health and safety by mitigating risks of energy supply or delivery disruptions due to equipment failure, extreme weather, security threats, and other factors, and limit impacts of an energy emergency should one occur.

Team Lead: Ethyan Kramer

Team Members: Travis Warner, Alex Morese, Brian Sheldon

Review Requirements – Propane

The energy assessment will address propane in the following high-level areas:

- regulatory oversight of propane market/ infrastructure;
- system risks and vulnerabilities;
- contingency planning methodologies; and
- operational practices of the propane energy system.

| Issue/Goal/Objective | Proposed Activities | Deliverables/Key Milestones |
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| Energy Assessment Kick-Off Meeting | | Feb. 19 |
| Energy Assessment Project Details Meeting | <ul style="list-style-type: none"> ▪ Identify final team ▪ Complete draft workplan | Feb. 25 |
| Propane Team Meeting | <ul style="list-style-type: none"> ▪ Review draft outline ▪ Brainstorm what data may be needed and from which stakeholders ▪ Discuss work plan timeline | Feb. 27 |
| Meeting with Commissioners | <ul style="list-style-type: none"> ▪ Team lead (Ethyan) update to commissioners of ongoing work/progress/workplan | Mar. 1 |
| Propane Team Meeting | <ul style="list-style-type: none"> ▪ Finalize propane outline ▪ Discuss subject areas for team members to work on ▪ Establish data needs list | Mar. 4 |
| Complete Data/Info Requests | <ul style="list-style-type: none"> ▪ Schedule calls/site visits with stakeholders <p><u>Send out data/info requests:</u></p> <ul style="list-style-type: none"> ▪ Storage facility capacities ▪ Customer purchase arrangements ▪ Fractionator supply procurement ▪ Merger/Acquisitions ▪ Backup Generation | Mar. 4 – Mar. 25 |
| Propane Team Meeting | <ul style="list-style-type: none"> ▪ Review what data has been received and what still needs to be collected ▪ Finalize propane sections for team members to draft | Apr. 5 |
| Report Drafting | <p><u>Draft sections:</u></p> <ul style="list-style-type: none"> ▪ Regulatory oversight of propane market | Apr. 5 – May 6 |

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| Report Drafting Continued | <ul style="list-style-type: none"> ▪ Unique Strengths ▪ Vulnerabilities ▪ Operational Practices ▪ Contingency Planning | Apr. 5 – May 6 |
| Propane Team Meeting | <ul style="list-style-type: none"> ▪ Check-In on drafting progress | Apr. 26 |
| Internal Team Review of Drafted Sections | <ul style="list-style-type: none"> ▪ Review Sections ▪ Finalize sections for assessment compilation ▪ Standardize formatting | May 6 – May 15 |
| Section Compilation | | May 16 – May 30 |
| Draft Editing | | June 1 – June 30 |
| Submit Energy Assessment | | July 1 |

Draft Outline – Propane Sections

1. Michigan Propane System Overview

- a. Production
- b. Transportation
 - i. Truck
 - ii. Rail
 - iii. Pipeline
- c. Storage

2. Limited regulatory oversight of propane market

- a. Propane pipeline siting authority
- b. Safety oversight of hazardous liquid pipelines
- c. Transportation regulations
 - i. Truck
 - ii. Rail
- d. Price – Attorney General and Price Monitoring
- e. Storage
 - i. Underground Cavern
 - ii. Aboveground Bulk Tanks
 - iii. Customer

3. Unique Strengths

- a. In-State Storage Capacity
- b. Infrastructure
- c. Market Access Diversity
- d. Market Size

4. Vulnerabilities

- a. Driver Shortages

- b. Infrastructure Availability
- c. Export Markets
- d. Weather Extremes
- e. Un-Regulated Marketplace
- f. Anti-trust Restraints

5. Risk Assessment

- a. Acquisitions and Mergers

6. Contingency Planning

- a. National and Regional Coordination of Supply Monitoring and Waiver Requests
- b. Public Education and Awareness