

**Propane Education & Research Council (PERC)  
Executive Summary  
2015 to 2017 Strategic Plan**

**INTRODUCTION**

Since it began operations in 1998, PERC has focused on implementation of the Propane Education and Research Act of 1996 through programs of consumer and employee safety and training, research and development of clean and efficient propane utilization equipment, and consumer education regarding safety and other issues related to the use of propane. The strategic plan for 2015-2017 continues that effort and acknowledges the changes in operations necessary to comply with the 2009 Department of Commerce (DOC) restriction of PERC's general consumer education activities. After the DOC restriction, PERC terminated the non-safety related consumer education program and reduced the assessment by 20 percent.

Over time, the Council has increasingly concentrated its research and development investments on partnerships with manufacturers to develop and commercialize new propane-fueled products, while maintaining support in traditional residential, commercial, and agriculture markets through a variety of safety and training initiatives. To better support commercialization, the Council has made several key changes:

- Consolidated five program advisory committees into one advisory committee with three functional working groups for improved efficiency and cross-functional collaboration among industry volunteers who have a prominent role in the selection and oversight of PERC programs.
- Restructured the staff and key job functions, and filled several key staff positions with experienced propane business professionals.
- Adopted the world-class Stage-Gate system for evaluating product-development projects based on market research, technical and commercial feasibility, risk assessment, and other factors essential to success in the marketplace.
- Deployed a revised project management system using a project team approach of staff and industry volunteers whose job functions or industry experience are best suited to achieving the successful outcome of a project.
- Developed an improved project monitoring system that provides senior executives and the board of directors with real-time information about commercialization projects and other key investments.
- Consolidated communications support activities to improve brand and message consistency across all markets, reduce costs, and better support manufacturing partners' sales and marketing efforts to launch products coming out of PERC's research and development efforts.

**MARKET OUTLOOK**

The strategic plan is designed to guide PERC in its implementation of PERA in a manner that facilitates growth in propane demand in retail markets. The critical market conditions expected to affect propane markets are summarized below, and reviewed in more detail in Appendix I, 2015 TO 2017 Market Assessment.

**Expected Market Conditions**

- 1) *Economic growth is expected to be modest, limiting growth opportunities in traditional propane markets, including residential new construction and forklift markets.*

- 2) *Propane supply is expected to continue to grow because of growth in natural gas liquids production associated with development of shale gas and shale oil resources. However, propane export capacity is expected to grow faster than supply, leading to the integration of the domestic and international wholesale propane markets. As a result, end-user propane prices are expected to increase somewhat relative to prices in 2012 and 2013, but remain below long-term levels relative to gasoline, diesel fuel, and fuel oil.*
- 3) *The changes in U.S. energy markets are expected to lead to additional congestion on propane transportation infrastructure.*
- 4) *The integration with international markets and the increased congestion on propane transportation infrastructure is likely to lead to changes in marketer contracting practices to ensure supply availability in domestic markets, and to accommodate additional price volatility.*
- 5) *Propane prices will remain closely linked to oil prices. Oil prices are expected to remain at relatively high levels, and end-user propane prices are likely to remain near all-time highs relative to natural gas and electricity prices.*

#### Critical Threats and Opportunities for the Propane Industry

- 1) *Traditional markets, including residential and forklift markets, will remain challenging, with very slow growth from new construction, aggressive competition from electricity and other fuels, and declining use per customer owing to improvements in efficiency.*
- 2) *High gasoline and diesel prices create a major opportunity for propane in a variety of on- and off-road engine fuel applications.*
- 3) *High fuel oil prices provide significant opportunities to convert residential and commercial fuel oil customers to propane.*
- 4) *The public perception of the propane supply shortages and price increases during the 2013/14 winter could encourage switching away from propane and increase the level of concern about switching to propane in some markets.*

The combination of market challenges and immediate opportunities has increased the importance of PERC programs that take advantage of near-term demand. Under this Strategic Plan, PERC will continue and sharpen its focus on near-term market growth opportunities with propane-fueled products that are available or will become available in the market in the next three years. PERC will continually improve the alignment of its training, safety, communications, and other initiatives to support this strategic direction, while limiting investments in longer-term projects.

#### Impact of 2015–2017 Strategic Plan on Propane Markets

Management has updated the market projections and market objectives through 2017 based on a thorough review and assessment of residential, commercial, engine fuel, and agricultural markets for their potential to add new propane demand. Working with ICF International, management quantified the potential to add new gallons for each market. Based on the

expected level of funding availability, it is projected that incremental growth in annual propane sales resulting from PERC activities to be a minimum of 119 million gallons in 2015 and increasing to 232 million gallons in 2017.<sup>1</sup> For the three year strategic planning period from 2015 through 2017, the total incremental gallon sales resulting from the unit sales in 2015, 2016, and 2017 are expected to be about 985 million gallons. The breakout by program category is shown below:

### Propane Demand Growth Targets (2015-2017)

	Potential Increase in Unit Sales 2015	Potential Contribution to Gallons in 2015*	Potential Contribution to Gallons in 2016*	Potential Contribution to Gallons in 2017*	Cumulative Contribution to Gallons 2015 - 2017**
<b>Engine Fuel Programs</b>					
On-Road Vehicles	25,067	78,509,250	122,205,000	170,430,000	650,367,750
Commercial Mowers	4,200	4,200,000	5,400,000	6,600,000	30,000,000
Other Non-Agricultural Engines	9,967	9,166,638	14,395,084	18,947,282	75,237,363
<b>Sum of Engine Fuel Programs</b>	<b>39,233</b>	<b>91,875,888</b>	<b>142,000,084</b>	<b>195,977,282</b>	<b>755,605,113</b>
<b>Agricultural Sector Programs</b>					
Irrigation and Other Agricultural Engines	1,339	7,845,204	10,180,298	12,132,030	56,028,238
Other Agricultural	596	1,715,424	2,363,688	3,066,672	12,940,320
<b>Sum of Agricultural Sector Programs</b>	<b>1,934</b>	<b>9,560,628</b>	<b>12,543,986</b>	<b>15,198,702</b>	<b>68,968,558</b>
<b>Residential Sector Programs</b>					
New Construction/Renovation/Conversion	16,112	8,873,570	15,035,603	3,066,672	59,758,590
<b>Commercial Sector Programs</b>					
New Construction/Renovation/Conversion	3,706	5,349,108	5,300,718	5,300,718	31,949,478
<b>Residential &amp; Commercial New Technology</b>	<b>16,670</b>	<b>3,391,502</b>	<b>29,075,075</b>	<b>6,763,278</b>	<b>75,087,934</b>
CHP, Generators, Heat Pumps					
<b>Sum of Programs</b>	<b>76,318</b>	<b>119,050,696</b>	<b>197,888,516</b>	<b>232,373,602</b>	<b>985,302,722</b>

\*Potential contribution to gallons reflects gallons consumed by the units sold in each year. Hence the potential contribution to gallons in 2017 reflects only the gallons consumed by the units sold in 2017.

\*\*Cumulative contribution to gallons reflects the gallons consumed by all of the units sold in 2015, 2016, and 2017. Hence the cumulative contribution to gallons includes the gallons consumed by the units sold in 2015 over the three year period from 2015 through 2017, the gallons consumed by the units sold in 2016 for the two year period from 2016 through 2017, as well as the gallons consumed by the units sold in 2017 during 2017.

<sup>1</sup> If propane prices remain favorable compared with gasoline and diesel fuel prices, and if federal tax incentives promoting propane vehicles are implemented, we anticipate that propane market growth could exceed these targets.

### 2015-2017 Financial Plan (Appendix II)

Some of the key financial planning assumptions underlying resources and expenditures for the three year period are as follows:

*Assessments* at the current four-tenths of a cent per gallon rate are projected to generate \$33.2 million per year based on normal weather conditions and current gallon factors.

*Rebates* are planned at 20 percent of assessments, or \$6.6 million per year.

*Investment Income* is based on forecasted cash flows with an annual return of slightly less than 1 percent yielding from \$277,000 to \$235,000 per year.

*Administrative Expenses* are held steady starting at \$2.51 million in 2014 and increasing to \$2.56 million by 2017. Administrative expenses are expected to be about 8 percent of assessment funds and below the 10 percent ceiling allowed under PERA.

*Other Expenses* vary from \$373,000 in 2015 and increases to \$492,000 in 2017 and is attributed to the change in depreciation expenses.

*Program Salaries* are planned at \$3.25 million in 2015 and increases to \$3.45 million by 2017 due to normal annual pay adjustments and no increase to the number of staff.

*Program Benefits* are held near constant ranging from \$466,000 to \$475,000 over the three year period.

*IT Support* costs range from \$581,000 to \$583,000 over the three year plan period.

*Operating Program* funding shows resources available at \$23.8 million in 2015, as well as \$20.5 million annually in 2016 and 2017 with some variation in the program fund deployment in all three years (see Appendix III. page 2 of 2 for a delineation of funding for program initiatives). This program distribution may change in the future as the plan is refined and programs are further evaluated based on their value proposition. The financial plan complies with both the 5 percent agriculture program funding requirement and the limitation on on-road engine fuel funding commitments under PERA.

*Ending Surplus* has been maintained at \$1.3 million for 2015 as well as 2016 and then decreases slightly to \$1.1 million. Management has maintained Council's past practice to retain a funding safeguard in the event of an unexpected downturn in assessments that could cause a disruption in funding program plans or to be utilized as a reserve for unplanned program funding needs.

### 2015-2017 Strategic Plan

After modifying for the consumer education restriction, PERC's mission statement remains true to its statutory functions under PERA to develop programs and projects to enhance consumer and employee safety and training, provide for research and development of clean and efficient propane utilization equipment, and inform and educate the public about safety and other issues associated with the use of propane.

## **PERC MISSION STATEMENT**

*“To expand and grow the safe, efficient use of odorized propane gas as a preferred energy source through training, technology development, and the commercialization of new products.”*

The goals and associated actions embodied in this mission statement are as follows:

### **GOAL 1**

**Business Growth: expand and grow the clean, efficient use of odorized propane gas as a preferred energy source.**

PERC’s strategies for accomplishing this goal are based on its research and development of clean and efficient propane utilization equipment. To achieve the business growth goal, PERC will work with manufacturers, distributors, and others to support commercialization of propane-fueled appliances, equipment, and vehicles in the engine fuel, agriculture, residential, commercial and industrial market sectors. A vital component of the business growth goal is making energy decision makers aware of the valuable contribution that propane and its essential characteristics — safe, clean, efficient, reliable, and affordable — can make to furthering public and private sector sustainability programs through greater use of this abundant domestic energy resource.

### **GOAL 2**

**Safety and Training: provide effective training programs and related communications on the safe use and handling of propane and propane equipment for consumers, the industry workforce, commercialization partners, and emergency responders.**

PERC shall continue to make investments to advance safety in the use and handling of propane, including development and deployment of world-class safety messages and training products to serve the needs of consumers, the industry’s workforce, emergency responders, and others who come in contact with propane. In collaboration with manufacturers PERC will continue to support training programs for the industry workforce and others to increase familiarity with new propane products, the consumers and markets they serve, and the skills needed to properly maintain and repair the products.

### **GOAL 3**

**Industry Engagement: inform, educate, promote, and collaborate across the industry on PERC programs and resources.**

PERC acknowledges that achieving Goals 1 and 2 requires the support and active engagement of the propane industry, including state and national associations, as well as individual companies and their leadership. In addition to its Partnership with States Program and the joint agreement with the National Propane Gas Association and the Gas Processors Association, PERC will seek every meaningful opportunity to engage the industry in cooperative and collaborative effort to fulfill its PERA obligations and to advance growth in the safe, efficient use of propane as a preferred energy resource.

*In addition to the strategic plan document, refer to Appendix II, 2015 TO 2017 Strategic Plan Program Initiatives for an in depth understanding of the strategies and tactics employed in the plan.*

# Appendix I

## Market Assessment for the PERC 2015-2017 Strategic Plan

### Introduction

In the past year, propane markets have become more volatile. Propane prices have increased and become more uncertain. In addition, supply constraints and high prices during the 2013-2014 winter heating season have damaged propane's credibility as a reliable fuel in certain parts of the country. At the same time however, propane remains highly competitive in many markets, including emerging engine fuel markets where PERC programs are leading to continuing market growth

As a result, in some markets, propane is better situated to grow sales than it has been in the past. However, in other markets propane faces new challenges to maintaining existing market share.

The PERC strategic plan is designed to enable PERC to take advantage of the markets where propane is most competitive, and to minimize the competitive threats from other fuels where possible. This appendix to the PERC 2015-2017 strategic plan lays out the energy market conditions that the propane industry is likely to face over the next three years, reviews the impacts of these conditions on propane markets, and identifies key market opportunities to be addressed during the implementation of the PERC 2015-2017 strategic plan.

In broad terms, the threats and opportunities addressed by the strategic plan remain relatively unchanged from last year. However, the implementation of the strategic plan must be refined to reflect the market response to the 2013/14 winter supply shortages and price increases.

### Expected Market Conditions

- 1) ***Economic growth is expected to be modest, limiting growth in traditional propane markets:***
  - a. Housing starts are likely to remain well below historical averages.
  - b. Growth in the forklift market is likely to be limited by modest economic growth, and improvements in forklift usage efficiency.
  
- 2) ***Propane supply is expected to continue to grow due to growth in natural gas liquids production associated with development of shale gas and shale oil resources, however, growth in propane export capacity is expected to exceed growth in propane supply, As a result, U.S. propane markets and prices will be increasingly impacted by international propane markets, and changes in international propane prices will have increasingly more impact on domestic propane prices.***

- a. End-user propane prices are expected to increase somewhat from prices observed during 2012 and 2013 relative to gasoline, diesel fuel, and fuel oil due to the impact of international propane markets. However, end-user propane prices should remain below the long term historic average price relative to crude oil. Hence propane prices will remain highly competitive in markets where propane competes against these fuels.
- b. Wholesale propane prices are likely to become more volatile based on international market conditions.

**3) *Changes in propane supply patterns will have significant impacts on regional propane markets.***

- a. Increases in propane supply in the Northeastern U.S. associated with Marcellus and Utica shale production, and new gas processing and fractionation capacity in the region may result in more competitive propane prices in this region of the country during non-peak winter market conditions.
- b. Loss of supply from the Cochin Pipeline is likely to lead to higher prices in much of the Midwest, reducing propane's competitive advantage in these markets.
- c. The changes in supply patterns are changing transportation and storage infrastructure requirements. The ability of the existing propane infrastructure to meet winter season requirements will remain a near term risk for much of the industry.

**4) *In the near term, oil prices are expected to remain at relatively high levels, resulting in high propane prices relative to other non-petroleum based fuels.***

- a. In the near term, end-user propane prices are likely to remain high relative to natural gas and electricity prices in many markets.
- b. In the longer term, futures market prices suggest a slow decline in oil prices, and a slow increase in natural gas prices leading to a likely improvement in propane prices relative to natural gas and electricity.

**5) *The supply uncertainty, price increases, and negative press surrounding the 2013/14 winter supply shortage is expected to result in significant efforts by some propane customers to switch to other fuels in the next year, as well as increased hesitation by potential customers considering switching to propane from other fuels.***

## **Impact on Propane Markets – Threats and Opportunities**

These conditions create major threats in existing propane markets, but also provide significant opportunities to grow propane demand in many new markets.

- 1) ***The residential and commercial space heating market will remain a very challenging market for the propane industry.***

- a. Growth opportunities in the residential market remain limited by the slow rebound in residential housing development.
  - b. High propane prices relative to electricity hurt propane's competitiveness in this market, and are likely to lead to continuing loss of market share.
  - c. Electric utilities will continue to promote geothermal heatpumps, often promoted as a direct replacement for propane.
  - d. Improvements in energy efficiency due to appliance efficiency standards are expected to lead to continuing declines in propane use per customer.
  - e. Growth opportunities include increasing propane applications in propane homes and businesses, and new technologies such as CHP.
  - f. The propane supply shortages and price increases that occurred during the 2013/2014 winter are likely to negatively impact consumer confidence in propane, leading to increased potential for switching away from propane in certain markets, particularly in the Midwest.
- 2) ***There is significant opportunity to promote switching from fuel oil to propane in residential and commercial sectors, particularly in the Northeastern U.S.***
- a. Current high fuel oil prices, and continued tightening emissions, fuel quality, and fuel storage regulation have improved the economics of switching from fuel oil to propane.
  - b. However, decreases in consumer confidence in propane resulting from the supply shortages and price increases this winter will require additional efforts to overcome for the propane industry to take advantage of this opportunity.
- 3) ***The natural gas industry can be expected to aggressively promote growth in natural gas demand, including displacement of propane due to expansion of natural gas distribution systems, and aggressive promotion of natural gas vehicles.***
- a. The 2013/14 winter resulted in many natural gas utilities exceeding design day demand, and incurring extremely high natural gas supply costs. As a result, we expect natural gas distribution expansion efforts in some areas to be reviewed more carefully than in the past. This will provide the propane industry with a greater opportunity to participate in and influence the debate on natural gas distribution system expansion policy than has been available in the past.
  - b. However, the propane supply shortages and high prices this winter are also expected to lead to increased pressure to expand natural gas distribution systems in some regions.
- 4) ***Propane forklift markets will continue to be challenged due to slow economic growth, relatively high propane prices and continuing improvements in electric forklift technologies.***
- a. Development of new forklift technologies, and expansion of propane forklifts into new market segments, including the heavy-duty market currently dominated by diesel fuel, may be needed to create propane demand growth in this market.



5) ***Propane has a significant opportunity to grow demand in both the on-road and off-road engine markets due to the favorable price relationship between propane and other petroleum-based fuels, including gasoline and diesel fuel.***

- a. The propane industry has an opportunity to create major markets for propane engine fuel.
  - i. On-road fleet vehicles.
  - ii. Commercial mowers.
  - iii. Agricultural irrigation.
  - iv. Towable and portable generators.
- b. New technologies and applications also provide significant potential for future demand growth.
  - i. Propane fueled bobtail and other heavy duty truck chassis.
  - ii. Diesel fuel replacement technologies.
  - iii. Additional off-road engine applications.

6) ***Federal, state, and institutional energy policy has the potential to determine winners and losers among alternative fuels.***

- a. The propane industry will need to be proactive in presenting the “propane story” in the energy policy arena in order to ensure a level playing field relative to other alternative fuel options.
- b. The energy policy debate has increased in importance this year as a result of the supply shortages and price increases experienced by the propane industry this winter.

## **PERC Propane Sales Targets**

### ***2013 PERC Results vs. Targets***

ICF has reviewed the information on propane technology unit sales for 2013 provided by the PERC mission managers, and compared the results of the programs to the targets put forward by PERC for the 2013 programs. While insufficient data is available to evaluate all of the programs, based on the available data, ICF estimates that the PERC programs contributed 48.1 million gallons to propane sales in 2013, or 95 percent of the 2013 target of 50.6 million gallons. The results by broad program category are shown in the table below.

<b>Impact of PERC Programs on 2013 Propane Gallon Sales - Target vs. Actual</b>				
<b>PERC Program Category</b>	<b>2013 Target</b>	<b>2013 Actual</b>	<b>Actual as a Percent of Target</b>	
On-road Vehicles	13,647,000	14,166,800	104%	
Commercial Mowers	6,600,000	3,191,000	48%	
Irrigation and Other Agricultural Engines	6,138,887	5,025,983	82%	
Other Off-Road Engines	3,249,600	3,889,063	120%	
Agricultural Programs (Non-Engine)	4,758,713	4,081,990	86%	
Residential New Construction and Renovation\1	8,964,670	8,068,203	90%	
Residential New Technologies	648,270	928,500	143%	
Commercial New Construction and Renovation\2	3,755,261	3,755,261	100%	
Commercial New Technologies	2,812,185	310,140	11%	
<b>Total All Programs in PERC 2013 Targets</b>	<b>50,574,586</b>	<b>43,416,939</b>	<b>86%</b>	
<b>Impact of Additional Programs Not Included In Original 2013 Targets</b>				
Aftermarket Mower Conversions (EPA Certified)\3	-	900,000	na	
Aftermarket Vehicle Conversions (EPA Certified)\4	-	3,750,000	na	
<b>Total All PERC Programs</b>	<b>50,574,586</b>	<b>48,066,939</b>	<b>95%</b>	
1/ Insufficient market data is available to fully evaluate these programs at this time.				
2/ Insufficient market data is available to evaluate these programs at this time.				
3/ 60 percent of estimated aftermarket mower conversions attributed to PERC market development efforts				
4/ 25 percent of estimated aftermarket conversions attributed to PERC market development efforts				

### ***2014 PERC Targets***

The gallon targets proposed by PERC for 2014 as part of the 2014 budget include 66 million gallons of incremental growth in annual propane sales resulting from PERC activities. Based on the results of the 2013 PERC programs, and our current understanding of the market conditions and market commercialization efforts by PERC partners, this target remains a reasonable target for PERC activities.

Based on current market commercialization efforts, propane vehicle sales growth is expected to exceed target levels. However, the propane supply shortages during the 2013/2014 winter, and the resulting price increases and negative press are likely to impact propane sales, particularly in the residential, commercial and agricultural sectors, and may reduce the effectiveness of PERC programs targeted at these sectors. Overall, we are hopeful that the gallon growth attributed to PERC programs for 2014 will exceed the targeted volumes.

### ***PERC 2015-2017 Strategic Plan Targets***

The propane sales targets for the 2015-2017 Strategic Plan are about 50 percent above the three-year target presented in the 2014-2016 Strategic Plan. The growth in the three

year target is based on the normal and expected growth in new markets as we move further into the commercialization cycles for new products, as well as updated market trends including more aggressive growth in most engine fuel markets. We have also lowered sales projections for certain new technologies in the residential and commercial markets to reflect a more realistic assessment of the abilities of some of our manufacturing partners to commercialize new technologies.

### Propane Demand Growth Targets (2015-2017)

	Potential Increase in Unit Sales 2015	Potential Contribution to Gallons in 2015*	Potential Contribution to Gallons in 2016*	Potential Contribution to Gallons in 2017*	Cumulative Contribution to Gallons 2015 - 2017**
<b>Engine Fuel Programs</b>					
On-Road Vehicles	25,067	78,509,250	122,205,000	170,430,000	650,367,750
Commercial Mowers	4,200	4,200,000	5,400,000	6,600,000	30,000,000
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<b>Residential &amp; Commercial New Technology</b> CHP, Generators, Heat Pumps	16,670	3,391,502	29,075,075	6,763,278	75,087,934
<b>Sum of Programs</b>	<b>76,318</b>	<b>119,050,696</b>	<b>197,888,516</b>	<b>232,373,602</b>	<b>985,302,722</b>

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Appendix II  
**PROPANE EDUCATION & RESEARCH COUNCIL**  
**2015 to 2017 Financial Plan**

	<u>2014 Forecast</u>	<u>2015 Budget</u>	<u>2016 Budget</u>	<u>2017 Budget</u>
<b>REVENUES:</b>				
Assessment Collections	\$ 35,232,000	\$ 33,232,000	\$ 33,232,000	\$ 33,232,000
Less State Rebates	\$ (7,046,400)	\$ (6,646,400)	\$ (6,646,400)	\$ (6,646,400)
<b>Net Assessment Revenue</b>	<b>\$ 28,185,600</b>	<b>\$ 26,585,600</b>	<b>\$ 26,585,600</b>	<b>\$ 26,585,600</b>
Investment Income	\$ 317,000	\$ 277,000	\$ 235,000	\$ 235,000
Fulfillment	\$ -	\$ -	\$ -	\$ -
<b>Total Revenues</b>	<b>\$ 28,502,600</b>	<b>\$ 26,862,600</b>	<b>\$ 26,820,600</b>	<b>\$ 26,820,600</b>
<b>EXPENDITURES:</b>				
<b>Expenses</b>				
Administrative Expenses	\$ 2,380,000	\$ 2,505,000	\$ 2,529,610	\$ 2,555,216
Other Expenses:				
Assessment & Collections	\$ 138,000	\$ 138,000	\$ 138,000	\$ 138,000
Depreciation Expenses	\$ 401,000	\$ 235,000	\$ 301,000	\$ 354,000
Total Other Expenses	\$ 539,000	\$ 373,000	\$ 439,000	\$ 492,000
<b>Total Expenses</b>	<b>\$ 2,919,000</b>	<b>\$ 2,878,000</b>	<b>\$ 2,968,610</b>	<b>\$ 3,047,216</b>
<b>Program Funding</b>				
Program Salaries	\$ 3,141,000	\$ 3,250,000	\$ 3,347,750	\$ 3,448,523
Program Benefits	\$ 430,000	\$ 466,000	\$ 470,320	\$ 474,643
IT Support	\$ 498,000	\$ 581,000	\$ 569,000	\$ 583,000
Operating Programs (attached)	\$ 27,342,000	\$ 23,855,500	\$ 20,462,500	\$ 20,468,500
<b>Total Program Funding</b>	<b>\$ 31,411,000</b>	<b>\$ 28,152,500</b>	<b>\$ 24,849,570</b>	<b>\$ 24,974,666</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 34,330,000</b>	<b>\$ 31,030,500</b>	<b>\$ 27,818,180</b>	<b>\$ 28,021,882</b>
<b>Increase/(Decrease) in Net Assets</b>	<b>\$ (5,827,400)</b>	<b>\$ (4,167,900)</b>	<b>\$ (997,580)</b>	<b>\$ (1,201,282)</b>
<b>Beginning Surplus</b>	<b>\$ 8,472,000</b>	<b>\$ 4,444,600</b>	<b>\$ 1,276,700</b>	<b>\$ 1,279,120</b>
<b>Add De-obligations</b>	<b>\$ 1,800,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>
<b>Ending Surplus</b>	<b>\$ 4,444,600</b>	<b>\$ 1,276,700</b>	<b>\$ 1,279,120</b>	<b>\$ 1,077,838</b>

**Appendix II  
Propane Education & Research Council  
Program Funding Plan  
2014 to 2017**

(Refer to Appendix III, Strategic Plan Program Initiatives for Additional Information)

<u>PROGRAM INITIATIVES</u>	<u>2015 Budget</u>	<u>2016 Budget</u>	<u>2017 Budget</u>	<u>Comments</u>
<u>Engine Fuel Market</u>				
Auto gas projects	\$1,909,000	\$1,909,000	\$1,909,000	Auto Gas Aftermarket support strategy \$500,000; on road projects/activities \$1.4 million
Auto gas outreach	\$750,000	\$750,000	\$750,000	Based on 2014 approved funding
Lawn & landscape projects and related activities	\$1,000,000	\$1,000,000	\$1,000,000	\$550,000 Engine development programs will focus on 16-22 HP ranges and EFI conversions; \$450,000 market development programs (incentives, demos)
Lawn and landscape outreach	\$995,000	\$995,000	\$995,000	Based on 2014 approved funding
Other off road engines	\$500,000	\$350,000	\$350,000	Engine development will focus on diesel-like performance (high torque/low HP) to capture +1.0L market share in small HD;
Materials handling (forklifts)	\$150,000	\$250,000	\$250,000	2015 budget will be aimed at capitalizing on the 8.8L in Class 6 and above (new market for propane); 2016/2017 budgets will be used to promote next gen forklift engines hitting the market
	<u>\$5,304,000</u>	<u>\$5,254,000</u>	<u>\$5,254,000</u>	
<u>Agriculture</u>				
Ag outreach	\$725,000	\$725,000	\$725,000	Based on 2014 approved funding
Ag projects/activities	\$936,000	\$936,000	\$936,000	Represents remaining funding available from 5% PERA funding requirement
	<u>\$1,661,000</u>	<u>\$1,661,000</u>	<u>\$1,661,000</u>	
<u>Residential/Commercial Markets</u>				
Research & Development	\$1,000,000	\$600,000	\$600,000	2015: \$500,000 heat pump commercialization (could be SW Gas, M-CoGen or Yanmar); \$500,000 rental equipment such as light towers, scissor lifts, etc. 2016 and 2017: \$300,000 rental equipment \$300,000 midsize CHP or heat pump or water heating
Builder incentive program	\$400,000	\$400,000	\$400,000	New initiative
Outreach for rental equipment	\$350,000	\$400,000	\$400,000	New initiative
Product demonstration	\$300,000	\$300,000	\$300,000	Same as 2014 budget
Residential & Commercial market outreach	\$3,000,000	\$3,000,000	\$3,000,000	Based on 2014 approved funding
	<u>\$5,050,000</u>	<u>\$4,700,000</u>	<u>\$4,700,000</u>	
Technology Innovation / Operational Research	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$400,000</u>	\$100,000 reduction from 2014 Budget
<u>Safety Outreach &amp; Training</u>				
Safety communications	\$100,000	\$100,000	\$100,000	2014 budget \$475,000: funds redirected to other initiatives expected to be more beneficial to the program
Workforce training	\$525,000	\$525,000	\$525,000	2014 Budget \$925,000: fewer new CTEP offerings expected; will include maintenance and updates to CETP courses, development of new CETP Liquid Distribution Systems course, and help desk
Autogas technical training	\$250,000	\$250,000	\$250,000	New initiative: funding expecting to support autogas products
IT S&T enhancements	\$350,000	\$350,000	\$350,000	Continuation of safety e-learning modules to a format that is compatible with mobile devices, including tablets and smart phones.

<u>PROGRAM INITIATIVES</u>	<u>2015 Budget</u>	<u>2016 Budget</u>	<u>2017 Budget</u>	<u>Comments</u>
Safety and technical training - other markets	\$200,000	\$200,000	\$200,000	Potential needs expected for existing and emerging technologies (e.g. forklift and mower technologies)
Propane emergencies' program	\$200,000	\$200,000	\$200,000	2014 Budget \$300,000: future funding expected to be sufficient to meet the needs of the program
	<b>\$1,625,000</b>	<b>\$1,625,000</b>	<b>\$1,625,000</b>	
<u>Consumer Safety Campaign</u>	<b>\$3,000,000</b>	<b>\$0</b>	<b>\$0</b>	New program introduced in 2014 at \$3 million; will run a second year to ensure audience has been reached and then reassess future funding
<u>Industry Engagement</u>				
Partnership with States	\$1,800,000	\$1,800,000	\$1,800,000	Same as 2014 budget
Marketer technology and sales training	\$575,000	\$575,000	\$575,000	Same as 2014 approved funding
Industry outreach	\$290,000	\$290,000	\$290,000	Same as 2014 approved funding
Industry communications	\$200,000	\$200,000	\$200,000	Same as 2014 approved funding
Industry Partnerships	\$1,369,500	\$1,369,500	\$1,369,500	Same as 2014 approved funding
Thought Leadership Outreach and Training	\$500,000	\$500,000	\$500,000	2014 Budget \$1 million: future funding expected to be sufficient to meet the needs of the project
	<b>\$4,734,500</b>	<b>\$4,734,500</b>	<b>\$4,734,500</b>	
<u>Program Support Initiatives</u>				
Consolidated advisory committee and program support	\$459,000	\$459,000	\$459,000	Same as 2014 approved funding
Propane market research Initiative	\$390,000	\$390,000	\$390,000	Same as 2014 approved funding
Corporate general communications	\$200,000	\$200,000	\$200,000	Approved 2014 funded at \$245,000
Corporate digital strategy	\$750,000	\$750,000	\$750,000	New initiative introduce in 2014
API survey	\$182,000	\$189,000	\$195,000	Same as 2014 approved funding adjusted by 3% per year
Propane MaRC	\$100,000	\$100,000	\$100,000	Same as 2014 budget
	<b>\$2,081,000</b>	<b>\$2,088,000</b>	<b>\$2,094,000</b>	
	<b>\$23,855,500</b>	<b>\$20,462,500</b>	<b>\$20,468,500</b>	

## APPENDIX III

### 2015 TO 2017 STRATEGIC PLAN PROGRAM INITIATIVES

(see Appendix II for 2015 to 2017 for program funding plan)

#### Goal 1

**Business Growth:** expand and grow the clean, efficient use of odorized propane gas as a preferred energy source.

**Budgets:** 2015: \$12.4 million; 2016 and 2017: \$12.0 million

#### ENGINE FUEL MARKET

**Annual Budgets:** 2015 to 2017: \$5.3 million

#### **AUTOGAS**

Propane autogas represents a tremendous growth opportunity for the industry in terms of gallon potential and new vehicles on the road. The number of OEM quality platforms for light & medium duty fleet applications continues to grow with partners such as Roush CleanTech, CleanFuel USA, Freightliner Custom Chassis, Blue Bird, Collins Bus, Thomas Built Bus, Alliance Autogas, ICOM North America, Isuzu and others. Demand for these products is growing as small business owners to Fortune 500 companies to school districts are looking to save money on fuel costs as well as make their operations more sustainable. Propane autogas refueling infrastructure offers the most economical solution compared to all fuels, making the case even stronger for continued grow in this market space.

PERC will continue to develop OEM and strategic aftermarket bi-fuel relationships and new products to fill holes in our current product portfolio, exploring the potential for more medium and heavy duty applications and diesel injection technology, while maintaining a strong portfolio in light duty. Our emphasis will be to support the commercial launch of two key engine platforms, the 8L engine that is in the Freightliner Chassis and Thomas Built Bus, and the Roush F550/650 platform. Each of these platforms will require our best efforts in the full range of market outreach tactics, such as PR, paid media, tradeshow, road shows, and marketer education. We also plan to continue our efforts in support of the aftermarket segment, with enhanced databases of equipment, roadshows, tradeshow, and marketer training by the MTST module and state association speaking engagement.

**Annual Budgets:** 2015 to 2017: \$2.7 million

#### **Lawn and Landscape**

The commercial mowing segment represents solid growth potential as the number of manufacturers and the number of customers increase. PERC has made a significant investment in both time and capital to grow this market, and the demand is responding nicely. We plan to continue our efforts with current manufacturers such as Briggs & Stratton, Kawasaki, and Kohler to increase their propane engine product offering. We aim to continue adding highly respected original equipment manufacturers (OEMs) to the list of those currently offering propane powered equipment. Through continued engine and equipment development programs, we see significant opportunities to expand the growing list of equipment beyond the traditional mower and into the full stable of equipment that the lawn and landscape professionals utilize on a daily

basis. Doing so will enable solid market growth and the realization of a one fuel solution for professional landscape operations.

We also plan to work with existing aftermarket conversion kit manufacturers to strengthen their operating platform in terms of customer service, widespread availability, market support, and technical support. It is our goal to identify, target, and support at least three additional kit manufacturers for the OEM community to use as a second suppliers of engine kits as the commercial mower market continues its migration into new engine platforms and fueling technology, such as electronic fuel injection.

**Annual Budgets: 2015 to 2017: \$2.0 million**

### **Other Off Road Engines**

We see great opportunity in taking the existing stable of engine offerings and working with manufacturers to incorporate these engines into new market segments. Additionally, engine development programs that focus on diesel-like performance with reduced acquisition and operation costs will significantly increase the market opportunity for propane in off road mobile applications. Examples of target markets would include, but is not limited to: light duty construction equipment (floor finishing, water pumps, etc.), compact tractors, logging operations, mobile or stationary mining operations, and any small heavy duty off road applications that are facing mandated Tier 4 emissions reduction regulations.

**Budgets: 2015: \$500,000; 2016 and 2017: \$350,000**

### **Materials Handling (forklifts)**

Battery-electric and hybrid lift trucks have continued to impact propane's forklift market share over the last few years. Utilizing the results of the Forklift Life Cycle Analysis, as well as market data from our OEM partners, we will expand our focus into the deployment of new engine technology and new market opportunities. Utilizing engine applications such as the 4.3L, 6.0L, and 8.8L, our goal is to capture existing diesel market share in the Class 6 markets. We will also focus on the development, deployment, and seamless integration of the next generation of forklift engines in the Class 4 & 5 markets.

**Budgets: 2015: \$150,000; 2016 and 2017: \$250,000**

## **AGRICULTURE MARKET**

**Annual Budgets: 2015 to 2017: \$1.7 million**

Not only do we have statutory requirements to focus in this area, but we also are seeing a great deal of interest in this sector from manufacturers. In this planning period, we intend to capitalize on the success of our earlier products and penetrate the market even deeper, primarily in the irrigation and engine market.

### **Irrigation Engines**

PERC continues to develop a full line of engine platforms across a broad spectrum of manufacturers ... Our challenge in this planning period is to work with the manufacturers to increase the quantity of engine offerings and increase the sales ability of their distribution base, so that these products are being pushed into the marketplace. This sales training and distributor development is relevant particularly in non-traditional irrigation markets.

### **Develop One New OEM Provider**

We intend to capitalize on the success of other OEM's and develop at least one new engine



product This could be either a major brand of engine or an equipment manufacturer of agricultural equipment.

## **RESIDENTIAL AND COMMERCIAL MARKETS**

**Budgets: 2015: \$5.1 million; 2016 and 2017: \$4.7 million**

### **Research & Development**

PERC will continue working with OEM partners to identify new product opportunities in the residential and commercial markets. Current initiatives in heating, cooling, and/or power will likely continue with development and commercialization efforts. In addition, there are some new propane products in the rental market such as mobile generators and light towers that will hopefully lead to additional products to be developed over the next few years

### **Residential**

The opportunity in the residential market continues to be found in new construction, remodeling and expansion of propane appliances used by existing customers. We continue to seek ways to successfully reach construction professionals in targeted campaigns to not only use propane in the home, but to use it in more than one application. Our emphasis will be to redirect some of our existing programs toward more focused strategies at the local and state level, to achieve a larger impact with lower investment. These strategies will include a continuation of efforts targeting electric water heating, fuel oil conversions, national and regional builders, and plumbers/hvac contractors.

Similar to the 2014 program, PERC will maintain an ongoing effort to engage propane marketers to participate in sales training, outreach campaigns, and ongoing initiatives to increase interaction with their existing homeowners, expand connections with construction professionals and develop lasting relationships with builders in their area.

The training program will be retooled to develop a program that will make it easier for marketers to access local Home Builders Associations to connect with builders and other construction professionals. Training will take place both online and at in-person events. Communications support and collateral material will be used to support training activities. Enhanced messaging to contractors like HVAC professionals and plumbers will continue in 2015.

By working with R&D we plan to bring new technologies to market through the development of relationships with OEMs early in development stage. PERC will provide support for the commercial launch of technologies (CHP, GHP, hybrid generators) by supporting OEM's marketing efforts, training marketers and builders/construction professionals. PERC will support the development of relationships with OEMs to assist in identifying technologies that are available in other markets which may be introduced into the US Marketplace.

PERC will work with partner organizations to train builders, remodelers, plumbers, HVAC and other construction professionals on the opportunities and benefits to the safe installation of propane equipment. Communications support and collateral material will be used to support conversions.

PERC will provide incentives in this market for the incorporation of the Propane Energy Pod building model in new construction homes across the country. Data will be collected, analyzed and incorporated into future messaging to builders regarding the benefits of propane appliances, the safe installation of propane appliances, and the availability of a breadth of propane appliances.

## **Commercial**

Our data suggests that we have a unique opportunity to gain commercial business by promoting our competitive advantage over fuel oil and electricity, and we intend to do just that in our training, marketing, and product development plans. We also expect to introduce several new technologies to the commercial segment.

Training for the commercial market will be developed to focus on providing information on new and existing technologies to architects, engineers, and contractors for propane equipment in commercial construction. Training will take place both online and at in-person events. Communications support and collateral material will be used to support training activities.

By working with R&D we plan to bring new technologies to market through the development of relationships with OEMs early in development stage. PERC will develop a targeted strategy to showcase new technologies and provide marketing support to propane marketers on application of technologies in commercial segment. PERC will support the development of relationships with OEMs to assist in identifying technologies that are available in other markets which may be introduced into the US Marketplace.

PERC will work with R&D to determine opportunities for market development within the commercial segment focusing on the replacement market and installation of new propane equipment, where advantageous. We will develop a market development plan to target industry partners, associations and emerging markets for conversions, which will be supported by a robust communications program.

Demonstration programs for propane commercial technologies will continue to be a strategy in the commercial segment. This program will support the commercialization of propane technologies and data will be collected share with the propane industry and manufacturing partners.

Outreach in the commercial market will include the Rental market segment. PERC will provide resources, market data, and develop a communications program to successfully influence these decision makers to make propane rental equipment available and for end users to select propane equipment when renting.

## **TECHNOLOGY INNOVATION /OPERATIONAL RESEARCH**

Innovation will contribute to PERC's technology development and commercialization goals by working with organizations and researchers who can contribute to the development of possible breakthrough technologies and new markets that would enable propane to win against competitive fuels and establish new product groups for industry growth. It will be industry-driven and focus on addressing issues that will ultimately lead to new products, knowledge, or processes to support PERC's strategic goals.

Industry support research could be fundamental in nature, and would also support PERC's strategic goals. It could include areas such as fuel composition, safety, emissions, equipment performance, sensing, or research to support regulatory initiatives.

**Annual Budgets: 2015 to 2017: \$0.4 million**

## **GOAL 2**

**Safety: provide effective training programs and communications vehicles on the safe use and handling of propane and propane equipment for consumers, the industry workforce, PERC's commercialization partners, and emergency responders.**

**Budgets: 2015: \$4.6 million; 2016 and 2017: \$1.6 million**

### **Continue to develop PERC's core workforce safety training programs to advance and maintain a professional propane workforce.**

Any industry's most valuable resource is its people. A workforce that is well trained in the technical and safe operations of its tasks increases value for its employer and the industry in general. PERC has made a significant investment in the safety training of the propane workforce since it was established in 1998, much of it leveraged and repurposed into additional training vehicles and markets. We will complete the full set of CETP courses, and maintain and update all courses and materials. Through attendance at state and regional meetings and conferences and work with the PERC Advisory Council, we will solicit input from the industry on training needs, development of training programs and materials and promote use of the resources. Through the S&T Working Group review of projects and PERC Propel post launch review process, we will assess the quality, timeliness, and cost performance of third party vendors and subject matter experts to ensure quality products and to maintain a pool of third party vendors and subject matter experts to contribute to development of our safety and training products.

### **Expand usage of propane workforce training programs as well as lower end user costs and increase accessibility.**

Increasing the number of well trained employees in the propane industry requires many things such as making important programs available and flexible, knowing training needs and providing the training needs at low costs and increased accessibility. We will continue campaigns similar to the successful 2011 direct industry outreach campaign whereby nearly 2,000 propane marketer locations registered via an on-line portal to receive a complimentary "Bobtail Rollover Prevention Program". Campaigns will be designed to provide access to valuable training materials, provide important feedback on the materials, and provide PERC with important point-of-contact information based on marketer interest to help better target PERC communications. To increase accessibility to CETP materials, much of the CETP materials will be repurposed to develop an on-line portal to be used by propane marketers for activities such as safety meetings and in-service training, and the e-learning courses will be made available for mobile platforms, including smartphones and tablet computers. Training materials will be available via the [propanesafety.com](http://propanesafety.com) and the newly designed Propane MaRC websites and will be compatible for both computer and mobile platform browsing, reading, and downloads. We will develop analytics to improve our understanding of how safety and training materials available from our websites are being accessed, and use that information to guide enhancements to our websites. Direct engagement with marketers and state executives is key to increasing awareness of our safety and training products, and we will actively participate in local association meetings, conferences, conventions or tradeshows in each state/state PERC region to discuss and promote PERC's safety and training programs.

### **Increase consumer awareness on the safe use of propane appliances.**

The safety of its customers is a core value for the propane industry and as a means to retain current and attract new customers.

PERC will maintain a variety of materials to engage consumers in propane safety information and to support marketer outreach to consumers on the safe use of propane appliances and equipment, including duty to warn and safe grilling materials in various formats, and the “propane kids coloring books” and website. These materials will be made readily available via the Propane MaRC. A campaign directed at do-it-yourselfers to lower incidents among this group will be implemented, as well as a campaign to increase annual maintenance of consumers’ propane appliances. Consumer safety information will also be available on [userpropane.com](http://userpropane.com), our consumer website.

**Advance the development of safe and effective training for third party professionals conducting maintenance operations on propane engine-related equipment.**

Training for third party professionals conducting maintenance for propane engines is critical to market acceptance of propane autogas; propane fueled commercial mowers and irrigation engines, and many other new propane technologies. The people selling and servicing propane equipment require the most up-to-date training. We will work with manufacturers to provide the latest propane information available to maintenance service personnel. Through projects such as the Kawasaki Dealer Outreach & Training, propane information will be provided at over 50 Factory Technical Update service schools across the country, with the potential to reach about 3,000 attendees annually. We will leverage partnerships with additional OEMs to take advantage of their dealer networks and training schools.

**Expand the pool of propane appliance maintenance personnel.**

For many reasons, more and more propane marketers no longer install appliances resulting in a possible shortage of such personnel. Moreover, other professionals such as plumbers and HVAC mechanics have much of the requisite knowledge to install propane appliances and thus fill that potential shortage and maintain the critical need for the safe installation of propane appliances is important. In addition plumbers and HVAC professionals influence the purchasing **decisions** of householders by serving as experts about features and performance. To increase knowledge about propane appliances and provide important training of their safe installation, we will utilize existing PERC assets as source material to develop plumber and HVAC technician-specific training courses. To promote awareness and use of the training programs, we will coordinate with entities such as the NAHB, PHCC, and vocational and trade schools, as well as appropriate PERC staff and industry volunteers.

**Advance the understanding and acceptance of propane autogas vehicles.**

Propane autogas education is very important in the overall PERC strategic plan to promote market adoption and public acceptance. Community leaders such as emergency responders, School boards, and others are a

Materials and training on autogas safety will be developed and distributed to the emergency responder community and other community leaders. An autogas safety module will be developed and incorporated into the Propane Emergencies Program. An aggressive program of outreach activities is planned to distribute the materials to firefighting and other appropriate groups, technical presentations to firefighter groups by propane state associations; and presentations at PERC-funded Industry Responders Conferences.

**Enhance outreach to emergency responders.**

Maintaining positive relationships between propane marketers and firefighters can literally save lives. In fact, many propane marketers are also volunteer firefighters. Past Industry Responders Conferences coordinate with state associations have successfully brought first responders, propane marketers and other stakeholders together for training and the sharing of ideas that help build valuable relationships

Additional Industry Responder Conferences will be offered. In addition since the Propane Emergencies text has not been updated since 2007, we will begin the process of developing a fourth edition Propane Emergencies text whose topics will include input from the first responder community, as well as a chapter on responding to an autogas incident. The initial process to do this will include research on specific topics, expert interviews, and draft layouts and table of content of the new materials. This will allow further consideration of the total cost and need for the total cost of the updated program.

### **Consumer Safety Campaign**

After a winter characterized by propane deliverability challenges and price surges, the Council directed us in 2014 to develop and launch a campaign designed to remind homeowners to talk with their propane providers before cold weather returns about how to keep their families safe and warm all winter. The 2014 campaign had a budget of about \$3 million. To sustain and extend the gains we make with the 2014 program, we expect to repeat the campaign, with any necessary modifications, in 2015.

Like the 2014 campaign, we expect the 2015 campaign to feature advertisements — television, radio, and print — that propane marketers and others can use to encourage residential consumers, one, to develop winter plans with their propane marketers and, two, to visit propane.com for important safety information. Along the way, the campaign will give the propane industry an opportunity to reassure nervous homeowners and others that propane remains a clean, affordable, reliable, American-made fuel that millions of Americans use at home, at work, on the road, on the farm, and anywhere else it is needed.

Tentative media plans for both 2014 and 2015 include a television buy in selected propane counties. The availability of a full suite of materials at propanemarc.com will make it possible for propane marketers to extend the reach and frequency of our contact with residential consumers beyond the limits of the television buy. As it did in 2014, the campaign in 2015 will involve significant measurement components. They will include consumer testing of advertising concepts to make sure we get the messaging and the content right and before-and-after surveying of the target audience to measure any change in consumer sentiment toward propane and any change in consumer behavior. The results of the campaign in 2015 will determine whether the campaign is extended in some form through 2016 and 2017.

### **GOAL 3**

#### **INDUSTRY ENGAGEMENT: INFORM, EDUCATE, PROMOTE AND COLLABORATE ACROSS THE INDUSTRY ON PERC PROGRAMS & RESOURCES**

#### **Annual Budgets: 2015 to 2017: \$4.7 million**

PERC's ultimate success in expanding the safe, efficient use of propane as a preferred energy resource is inevitably linked to its ability to engage the industry in its R&D, training and safety efforts. Optimum engagement requires PERC to effectively inform, educate, promote and collaborate with marketers across the industry on a host of programs and resources.

#### **Align PERC Program Priorities With State Programs.**

Aligning state programs and PERC priorities enables maximum leverage of resources and investments to meet the industry's greatest needs and opportunities. Collaboration with states to

design rebates and partnership programs will include in-person meetings with state executives and state board members to discuss state needs and inform states about PERC plans. We will work closely with PERC's Marketing Outreach and Training team and the Advisory Committee to solicit input on state-directed programs to ensure alignment with PERC strategies. The annual State Leadership Summit brings together state executives with PERC staff to discuss programs and plans, and serves as an important forum to work collaboratively with states to develop proposed model programs. In addition, conference calls will be held after each Council meeting to update state executives on the meeting outcomes and to provide an opportunity to discuss local needs and issues. Advisory Committee input on marketer interests and needs also will be solicited and used to guide design of PERC programs. We will develop analytics to show how services and products available from PERC (e.g. training, publications, conferences, website, etc.) are related to value for marketers, and introduce an easy-to-comprehend tool to guide PERC's planning efforts.

### **Enhance Outreach To Propane Marketers.**

Effective industry communications are vital to make marketers aware of industry initiatives, encourage their participation, track their engagement and obtain feedback. PERC will offer a variety of integrated programs of marketing, outreach and training to support the conversion of awareness into action at the marketer level. We expect to broaden the Partnership with States model programs to include support of the national consumer outreach campaign now under design. Our expanded Marketer Technology & Sales Training program likewise answers marketer demand for a more comprehensive sales training element to help them identify realistic opportunities in their markets and then close the deal. We will explore opportunities to expand our reach beyond the classroom via virtual training models. Meanwhile, our overall goal to make information about PERC programs, resources and services easy to find, easy to understand and easy to use will be greatly enhanced with the creation and distribution of comprehensive toolkits for marketers and the launch of the improved MaRC website.

Direct engagement with industry stakeholders likewise promotes understanding of PERC's integrated R&D, commercialization and market development activities. Because productive working relationships with state associations are crucial to reaching these frontline marketers, our 2014 strategic outreach plan will ensure PERC's visibility and engagement at local association meetings, conferences, conventions or tradeshows in every state/state PERC region.

### **Coordinate PERC's activities with the National Propane Gas Association and Gas Processors Association.**

A strategic alignment and effective allocation of resources between PERC, NPGA and GPA is essential to better protect and promote the interests of the industry, consumers and the public. Through increased participation we expect to strengthen that bond and foster a more effective collaboration on initiatives such as federal agency outreach, crisis communications training, regulatory compliance updates, and the Certified Employee Training Program.

### **Thought Leadership Outreach and Training**

The industry that makes and delivers propane has a good story to tell about its clean, affordable, abundant product and about PERC, a one-of-kind energy checkoff program that has invested in the development of innovative propane-fueled products that are helping Americans save money, cut their emissions, and contribute to America's pursuit of energy security. Yet key decision makers among the nation's equipment buyers remain unaware of propane's ability to help them meet their sustainability goals, and the propane story has been largely overlooked by

local, regional, and national news media in their coverage of energy and sustainability. To promote the safe, effective use of propane, as Congress directs it to do in the Propane Education and Research Act of 1996; PERC must act to make propane part of the national energy conversation. The sustainability thought leadership program is designed to make propane, the propane industry, and PERC bigger players in the nation's pursuit of clean, domestic energy.

## **PROGRAM SUPPORT INITIATIVES**

### ***(Underlying Strategic Plan Program Initiatives***

**Annual Budgets: 2015 to 2017: \$2.1 million**

#### **Consolidated Advisory Committee and Program Support**

This initiative supports all advisory committee functions as well as the project administration of various programs. Key activities will include: logistics for advisory committee meetings and as well as travel expenses to support business development and product commercialization efforts.

#### **Propane Market Research Initiative**

The Propane Market Research Initiative fulfills PERC management goals as follows:

- Provides the Propel (stage-gate) process with adequate, reliable, and independent data for "gate" decision-making
- Provides the annual and long-term planning process with market knowledge and insights, business analysis, and information for effective planning
- Provides the measurement and evaluation process with metrics by which to judge the performance of programs and tools, as well as business outcomes

These goals are accomplished by collecting market intelligence data followed by an assessment of the data.

#### **Corporate General Communications**

This initiative is associated with strategic communications planning and account services at our agency of record, Swanson Russell.

#### **Corporate Digital Strategy**

PERC's Digital Strategy activities is being designed to provide PERC with a way to build a deeper relationship between PERC and its audiences through digital channels, including websites, email, and social media. We will align our online presence with our research and development, safety, and training programs, including the GallonGrowers toolkits, Marketer Technology and Sales Training, and our product-launch initiatives. We will also refine and expand our market research program, collecting information about prospective users of new propane-fueled products in all markets in a way that can help shape our corporate communications in the years to come.

#### **API Survey**

The API survey allows PERC to accurately reflect and analyze the amount of propane gallons sold, and to be compliant with the Propane Education and Research Act and properly distribute rebate funds to states.

#### **PROPANE MaRC**

The Propane MaRC website will continue to be a resource for industry members to purchase and download training, safety, and research and development fact sheets and support materials.