

March 27, 2017

House Energy and Environment Committee

Re: HB 2020 – possible amendment

Mr. Chair and Members of the Committee:

For the record, I am Lana Butterfield for the Pacific Propane Gas Association (PPGA). While we have no issue with HB 2020 itself, we want to tell you that we may need an amendment. We are having a problem with the way the Department of Energy has been collecting the Energy Supplier Assessment (ESA) from retail propane dealers. Because propane's marketing structure is different from a utility, the problem is unique to our industry. Some of our smallest members are being charged in ways that are unfair. We have written to the Director of ODOE and he says he may be able to help us, but just in case he isn't we want to keep open our opportunity to amend this bill at some point in the session.

Randy Camp of CoEnergy Propane testified before the Review Committee on 7/16/16:

"The propane industry is made up of a variety of different types of companies (national, regional, and local) and is a very competitive market. We are regulated by the Oregon State Fire Marshal's Office. We have no other direct nexus to the Department of Energy; we don't need site certificates from them, for example.

"When the Department began to include us in the Energy Supplier Assessment, they told us that they did a phone survey and called each propane company, asking if they sold propane to others who sold it to the public. Since CoEnergy Propane sells to others like gas stations, who in turn sell to the consuming public in cylinders for grill, travel trailers and motorhomes, the answer was yes. We were then billed for the Energy Supplier Assessment. This makes for an unlevel playing field, as many other propane suppliers (my competitors) do not sell to gas stations and thus do not have to pay a fee.

"The gas that is sold is assessed twice, as the wholesaler who provides it to us in the first place has to pay a fee also. It would be better to assess the fee once to the true wholesalers, as the Department of Environmental Quality does in its greenhouse gas regulation.

"Another point of unfair treatment is that all of our sales (with the exception of motor fuel and tank rent), is assessed as well. This includes sales of any appliance, whether it runs on propane or not, all parts and fittings, all labor and so on, not just the propane we sell to other local companies that in turn sell to the consuming public. I doubt that a utility has to pay such a broad assessment."

Thank you for your consideration.

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