

UP Energy Task Force Draft Recommendations Organized by body being asked to consider

Recommendations the Michigan Legislature is being asked to consider

Recommendation 1: The Legislature should explore creation of a customer storage incentive program designed to encourage propane retailers to work with their customers to maximize the amount of propane in customer storage at the beginning of and throughout the heating season.

Recommendation 2: The Legislature should explore a wholesalers and retailers storage incentive program to encourage wholesalers and retailers to create more propane storage capacity. In order to avoid creating a disadvantage for companies that made early investments in this area, the incentive could be designed to focus on the relationship between a company's annual sales and its storage capacity.

Recommendation 4: The Legislature should review the Freight Economic Development Program to determine if any program revisions are needed to encourage greater capacity for receiving propane delivery by rail and diversifying our supply infrastructure to protect Michigan consumers.

Recommendation 9: The Legislature should increase funding for weatherization to help reduce long-term resources needed by low-income customers to pay utility bills.

Recommendation 10: The Legislature should engage the Michigan Propane Gas Association about the potential of levying a small surcharge on propane fuel to target a weatherization program focused on propane users in Michigan.

Recommendation 11: The Legislature should establish a fund designated to pay for basic home repairs needed to make a residence eligible for federal, state, and utility-sponsored weatherization assistance.

Recommendation 14: The Legislature should explore adopting fuel price gouging legislation, using the Wisconsin law as a potential model.

Recommendations the Department of Technology, Management and Budget is being asked to consider

Recommendation 3: The Department of Technology, Management and Budget should explore whether the state could contract for propane in a manner that would create the equivalent of a strategic propane reserve to be used in case of a disruption.

Recommendation 8: The Department of Technology, Management and Budget (DTMB) should work with the DHHS to determine if the state could contract for propane in such a way as to have a resident's tank filled on a state account and therefore potentially at a lower cost.

Recommendation 13: DTMB should explore whether it can revise the method by which it contracts for propane, to potentially go beyond just serving to supply state facilities, and provide other benefits associated with added storage capacity or serving low-income residents eligible for bill payment assistance as discussed in other portions of this report.

Recommendations the Department of Transportation is being asked to consider

Recommendation 5: The Michigan Department of Transportation should review the ratings of Michigan rail lines provided by the rail carriers and, if necessary, make a recommendation to the Legislature about any needed rail line upgrades to facilitate propane distribution. In addition, MDOT should inventory spur lines located in the Upper Peninsula to determine if some of those could be used to park propane rail cars in the case of an energy emergency.

Recommendations the Michigan Public Service Commission is being asked to consider

Recommendation 6: The MPSC should identify and monitor factors that can cause or contribute to a propane shortage or disruption that could potentially affect Michigan customers. In addition, we recommend the MPSC develop specific steps that would be taken by the state in response to warning signs they are monitoring. To the extent that identified significant factors are not required to be reported to a government agency, the MPSC should make recommendations to the Legislature or the appropriate agency of the nature of the information and the value of potentially requiring additional disclosure. In addition, if the MPSC has sufficient information but no authority to take necessary actions, it should make a recommendation to the Legislature regarding the need and value of additional authority.

Recommendation 12: The MPSC should require one standard application for use by all regulated utilities for customers seeking weatherization and/or bill payment assistance and to the extent possible require utilities that serve the same location to harmonize their eligibility requirements.

Recommendations the Department of Health and Human Services is being asked to consider

Recommendation 7: The Department of Health and Human Services (DHHS) should review assistance programs to determine if families in need could be identified in advance and their support crafted to allow them to participate in lower cost budget plans offered by propane retailers and have the state assist with payments, when necessary.