

ALTERNATIVE FUELS RESEARCH AND EDUCATION DIVISION

PROPANE ALTERNATIVE FUELS ADVISORY COMMITTEE

February 27, 2008

Minutes

- Members Present:** Larry Baty, Jay Briseno, Dennis Dukes, Doug Garrett, Joe Green, Johnny Greenwood, Skeeter LaDue, Rick Maier, Mike Ross, Richard Sandifer, Lorraine Urey, Shel Vedlitz
- Members Absent:** Paul Biney, Marco Cruz, Don Lewis, Ruben Ramos, James Williams
- Guests:** Bill Van Hoy
- Staff:** Heather Ball, Rayfield Hearne, Steve Jaeger, Dan Kelly, Eileen Latham, Carmen Ledesma, Thomas Petru

Chairman Jay Briseno called the meeting to order at 9:00 a.m. in the Railroad Commission's Alternative Fuels Training Center, 6506 Bolm Road, Austin.

Approval of Minutes

On motion of Ms. Urey (second by Mr. Garrett), the minutes of the October 17, 2007, meeting were approved without amendment.

Director's Report

Division Director Dan Kelly reported that based on using LPG delivery-fee collections as a proxy for gallons sold, AFRED has arrested the decline in retail gallons recorded by the American Petroleum Institute between 1984 and 1992 and stabilized the retail propane market in Texas.

The division and the industry face challenges going forward. These include rapidly rising prices, price-induced conservation, more efficient appliances, the possibility of warmer winters, and a slowdown in residential construction. Some industry analysts forecast a 1.5 percent annual decrease in gallons nationwide. AFRED's response to these challenges includes a continued emphasis on ground-level marketing, development and commercialization of new propane technologies, and hands-on safety training for propane handlers.

Dan summarized AFRED's recent work in each of these areas. In the marketing program, consumer rebate applications are up by 10 percent and are on track to meet or exceed the 2008 budget. Marketers have responded favorably to this year's homebuilder outreach program. Last fall's motor-fuel "road show" resulted in sales of propane school buses and the possibility of a \$1.3 million propane school-bus rebate program for El Paso-area districts. AFRED's grant from the Texas Commission on

Environmental Quality for low-NOx propane forklifts has been increased from \$8 million to \$12 million and extended to propane bobtails and school buses.

In the research and development program, AFRED is participating with PERC and the Gas Technology Institute in a proposal to certify, demonstrate and commercialize NovelAire's propane-fueled desiccant dehumidifier. The Council is expected to act on the proposal in March. AFRED has also begun work on the dairy combined heat and power, overflow detection instrument testing, and agricultural engine training grants announced at the October meeting. The 2008 Texas Propane Technology Forum will be held on August 20 in Austin. This year's event will be in a new format limited to commercial and near-commercial technologies that PERC can take around to other U.S. venues in 2009.

AFRED's instructors continue to train more than 3,000 propane handlers each year in hands-on classes. In addition, Training Director Thomas Petru's propane emergencies classes for volunteer and professional firefighters have reached another milestone. Since March 2005 Thomas has trained 300 Texas fire departments, in conjunction with 95 propane marketer co-sponsors. 2,089 firefighters and 251 propane marketers and marketers' employees have attended the classes.

AFRED has updated its examinations, study guides and rule books to reflect the Commission's February 1, 2008, changes. Manuals for the popular Introduction to Propane and Cylinder Filling courses have also been updated. Other exam-related changes will be implemented by the June 1, 2008, effective date of the remaining rules.

Marketing/Public Education

Marketing and Public Education Director Heather Ball reported as follows.

Homebuilder outreach. This year AFRED made presentations to about 700 homebuilders at 26 Texas Association of Builders' seminars. *Home Builder* and *BPN* magazines both recognized AFRED's Propane Star builders. A quarterly newsletter to Texas builders will be developed and distributed through TAB. At the next advisory committee meeting, AFRED will provide an evaluation of this year's partnership program with TAB.

Safety materials. AFRED field representatives are distributing packets of the Training Section's Marketer Safety Meeting Outlines and Customer Safety Bulletins. Outlines and bulletins are available on interruptions of service, gas leaks, inspection of DOT cylinders, portable fire extinguishers, changing and filling forklift cylinders and purging of DOT cylinders. The new House Bill 1170 liability notice is also now incorporated into AFRED's decals, bill stuffers, door hangers, new-customer packets and the revised safety check form.

Propane Technology Forum. This year's Tech Forum will be held on August 20, 2008.

Earned media. AFRED's monthly propane news releases have run in 62 Texas newspapers since September, according to the division's clipping service.

TERP propane equipment initiative. TCEQ has awarded AFRED an additional \$4 million for the program. Applicants can use the calculators posted on the division's web site to estimate their rebate amounts for eligible propane bobtails and school buses. Rebate amounts vary according to the annual mileage and age of the vehicle being replaced.

El Paso MPO grant proposal. Heather will travel to El Paso this spring to present AFRED's proposal to the city's Metropolitan Planning Organization to administer a rebate program for eight area districts to buy propane school buses.

Propane commercial mower. SCAG Power Equipment, a major manufacturer of commercial mowers, will bring their OEM propane mower to Austin this spring for field testing by the City of Austin and the Austin Independent School District.

Consumer rebates. Consumer Rebate Manager Eileen Latham reported that during the first five months of the current fiscal year AFRED has received 1,603 applications, compared to 1,394 applications received during the same time in fiscal 2007. So far this year the Commission has paid about \$511,000 in rebates, compared to \$323,000 at this time last year. At this rate, by August we will exceed our rebate budget by about \$78,000. Fiscal 2009 options will be discussed at the next meeting.

Eileen distributed the revised Safety Check Form, which adds the HB 1170 notice language, and a flier on current rebate amounts and requirements. The Propane Safety Check form is posted at www.propane.tx.gov. If needed the new form can be altered to allow additional for serial numbers.

Research/New Technology

Research and Technical Services Director Steve Jaeger updated the committee on current R&D projects.

Dehumidifier. Two NovelAire units are currently installed in the Houston area and two in Missouri. Second-generation replacement units have been ordered and will be installed in all of the current demonstration locations.

PERC is considering a proposal to expand the demonstration to 20 second-generation units, conduct further tests with the aim of securing Energy Star and LEED (Leadership in Energy and Environmental Design) certification, develop a marketer sales guide, and perform outreach activities, including building a demonstration trailer.

Dairy combined heat and power. AFRED is working with EPA and PERC to demonstrate propane tri-generation (electricity, cooling, and heating) at a dairy in Rains County. Heat from a propane engine-driven electric generator will drive both a chiller and a water heater. The goal is to achieve 90 percent total thermal efficiency for the system.

Training

Chairman Jay Briseno thanked AFRED Training Director Thomas Petru for his successful firefighter training program. Thomas's training has been approved for continuing-education credit by the Texas Firemen's and Fire Marshals' Association. Thomas reported as follows.

Course manual updates. AFRED is updating all of its course manuals to reflect the 2006 edition of NFPA 54, the 2008 edition of NFPA 58, and the February 1, 2008, amendments to the Railroad Commission's *LP-Gas Safety Rules*.

Management- and employee-level classes. 6.1 classes for managers will be held this year in Tyler, Irving, Spring, Midland, San Antonio and Harlingen. Thomas handed out a schedule. The class will include a presentation on the February 1 rule amendments by Jim Osterhaus of the Commission's Safety Division; an update for marketers on visual aids and hands-on demonstrations used in employee-

level training classes; and a presentation on propane-related federal hazmat requirements by a representative of the U.S. Department of Transportation. Propane company owners and managers who attend the class will receive 8 hours of Railroad Commission continuing-education credit. Beginning in March AFRED will resume a full training schedule to accommodate certified individuals who have a May 31, 2008, training or continuing-education due date.

The Commission's engine-fuel certification categories have been divided by industry sector into on-road (e.g., aftermarket vehicle conversions), non-road (e.g., forklift) and mobile fuel (e.g., catering trucks) categories. Category L managers and employee-level engine fuel technicians certified prior to February 1, 2008, may perform LP-gas activities in all three categories. Blue cards will indicate the industry sectors to which the certification applies.

Compliance calendar. 2008 compliance calendars are available to marketers on CD or on the AFRED web site, www.propane.tx.gov under "Services for Marketers." The calendar provides compliance checklists and a Microsoft Word template that marketers can customize to identify regulatory deadlines that apply to their companies.

Certification

Certification Manager Rayfield Hearne reported as follows.

Examination updates. AFRED has updated all of its examinations to reflect rule changes that took effect February 1, 2008.

Rule book. On February 1 AFRED published a new edition of the Railroad Commission's *LP-Gas Safety Rules*. The new edition incorporates all statutory, regulatory and NFPA code changes as of that date. The rule book is available free online at www.propane.tx.gov. Hard copies are available from the Commission's publications office by calling (512) 463-6747.

2008 exam renewals. 2008 renewal letters will be mailed on February 29 to licensees and certified individuals. As in previous years, if a cardholder has a 2008 training or continuing-education due date, AFRED will issue a new certification card only after the renewal fee has been paid and the required class has been completed. The renewal deadline for all cardholders is May 31, 2008. Cease-operations letters will be mailed shortly after June 1 to individuals who are no longer certified due to a missed payment or class deadline.

Next Meeting; Adjournment

No date was set for the next meeting. The committee adjourned at 11:30 a.m.



Carmen Ledesma