

**TESTIMONY BEFORE  
ENERGY EFFICIENCY PLANS AND PROGRAMS  
STUDY COMMITTEE  
December 3, 2008**

Committee members, I am Deb Grooms, Executive Director of the Iowa Propane Gas Association. Also present with me are Terry Davis, the current IPGA president and propane marketer from Milo and Keith Luchtel, our legislative counsel. On behalf of our Association I want to thank you for the opportunity to present before the committee this morning. The IPGA represents 140 Iowa companies that retail liquefied petroleum gas. While not all retail sellers of propane are members of the Association, most are.

My purpose today is to introduce you to the propane gas industry in Iowa and describe some of the energy efficiency and outreach activities propane consumers may take advantage of. I know some of you are very familiar with the propane industry in Iowa. I will take this opportunity to again thank Senator Bolckcom and Representative Reichert for their work in handling the bill that established the Iowa Propane Education and Research Council last year.

You would be correct if you inferred from the fact that since there are 140 members of our Association, the industry is highly competitive, decentralized and has many forms of organization. My members run the gamut from sole proprietorships to large corporations. Some are partnerships and some are organized as farmer's cooperatives. And we have one rural electric cooperative member. The diversity in the structure and market share of our membership and the industry as a whole serves Iowans very well. Iowa is noted in the industry as being a highly competitive, low margin state.

Our industry is not regulated as a utility. There are no assigned territories or protected markets, rates are not regulated and we have no special status for purposes of local, state or federal taxation. We also have no access to subsidized funding.

Propane is supplied to thousands of farms in the state for grain drying and for heating hog and poultry houses. Approximately 100,000 homeowners in the state use propane as a heating fuel. Many of those homes also use propane water heaters and cooking appliances.

The Department of Energy's Energy Star system promotes the energy efficiency of propane appliances to include boilers, furnaces, water heaters and cooking appliances. The Federal Energy Efficiency Tax Incentives passed as a part of the Economic Stabilization Act provide federal tax credits of up to \$150 for high-efficiency propane furnaces and boilers. The Act also provides for a tax credit of up to \$300 for high efficiency propane water heaters, including tankless propane water heaters. These credits are limited to \$500 per home and are available during calendar year 2009.

During the last session the legislature authorized the creation of an Iowa Propane Education and Research Council. Prior to that Congress had created a National Propane Education and Research Council. These councils were created to promote training, education and public awareness of safety issues. As part of the education effort the National Propane Education and Research Council has prepared these handouts to promote the efficient use of propane. Some state councils have rebate programs for installing energy efficient propane

appliances, but our council has not yet accumulated the funding necessary for that kind of a program.

All of my member's customers are also customers of an investor owned utility, a rural electric coop or a municipal utility company. They all obtain their electrical energy from one of those kinds of suppliers. A few may also obtain natural gas from them. Many propane appliances use electricity as a source of power which enables the appliance to function, such as for appliance controls or furnace blowers. Many of our member's customers benefit from their electricity supplier's energy efficiency programs such as energy audits. It is our understanding that current energy efficiency programs do not give credit to electricity providers who conduct energy efficiency programs that result in the more efficient use of other forms of energy. For example, the IPGA believes that if a supplier of electricity conducts a home energy audit or supplies an adjustable thermostat, it ought to get credit for the energy saved even though that energy saved might be propane, fuel oil, or some other non-electric energy source. It should not be difficult to develop a system that would calculate to a reasonable degree of accuracy the amount of energy savings that should be allowed to be claimed by the electricity provider to a facility that has benefitted from that provider's energy efficiency program.

I would be happy to answer any questions you may have.