Michigan SHOOPP

Energy Data and Security Section
Michigan Public Service Commission
10-2-2014
Energy Data and Security

- Energy assurance / emergency preparedness
- Monitor State’s energy supply
- Energy forecasting and statistical analysis
- Critical infrastructure protection
- Cyber Security
- MPSC website operations
Energy Market Monitoring

• Monitoring Sources
  – Oil Daily – Platts
  – Energy Assurance Daily – DOE
  – Oil Price Information Service – OPIS
  – EIA
    • This Week in Petroleum, Today in Energy
    • Short-term Energy Outlook (STEO)

• SHOPP
SHOFP Report

- Program Participation
  - PSC not EO
  - 20+ year involvement

- Data Collection
  - Two analysts conduct survey
  - Data reported to EIA, aggregated and posted to MPSC website

- Program Benefits
  - Public education
  - Relationships built and knowledge of local markets gained
  - Improved awareness and response
Michigan Propane Demand

- More Michigan households use propane for home heating than any state in the US. ~8.3%.

*2013 American Community Survey, US Census
Propane crisis in MI?

- Limited supply, low inventories, high prices..
- Propane dealers/suppliers
  - Short-fills / No new customers
  - Cancelled contracts by wholesalers (force Majeure)
  - Financial distress / Out of business
- Regional in-state price disparities
- Infrastructure Issues
‘continued

- Rapid River terminal offline (~1 million gallons)
- CN rail issues at Kinchloe terminal
How did the MPSC Respond?

• Expanded market monitoring and research
  – Developed maps of survey sites
• Held weekly calls with other States, industry, DOE, FERC, Homeland Security, FMCSA, etc.
• Developed policy recommendations, including declaration of energy emergency and HOS waivers
Crisis Timeline (MI perspective)

**12/1/2013**
- Industry / Infrastructure

**12/20**
- Public Sector
  - 1st Midwest Conference Call
  - MPSC recommends Energy Emer. Declaration
  - Governor issues EO 2013-11

**1/10**
- Public Sector
  - 2nd Midwest Conference Call
  - Governor issues EO 2014-1; expands waiver to include Heating Oil

**1/20**
- Public Sector
  - USDOT issues regional HOS

**1/27**
- Public Sector
  - 1st Interdepartmental Mtg.
  - Federal HOS waivers extended to 3/15

**1/31**
- Public Sector
  - Governor issues EO 2014-3; extends expiration

**2/1/2014**
- Public Sector

**2/6**
- Public Sector
  - Conway Price Spike - $4.93

**2/11**
- Public Sector
  - Governor issues EO 2014-4; extends expiration

**2/7**
- Public Sector
  - FERC orders TEPPCO prioritization

**3/5/2014 - 3/7/2014**
- Public Sector

**11/27/2013 - 12/20/2013**
- Public Sector
  - Cochlin Pipeline Offline
State of MI Response

- Declaration of Energy Emergency (Governor)
  - Establishment of Hours of Service Waivers
- Investigated shortages at critical facilities in Upper Peninsula (UP)
- Worked with railways (CN) to increase shipments of propane to MI.
- Petition to enact a temporary waiver of weight limits on the interstate highway system.
- Additional $7 million to deliverable fuel assistance via LIHEAP.
- Facilitated fuel wood permitting in UP.
- Established loan program to assist propane dealers struggling with liquidity issues.
How we use SHOPP

• Expand scope of inquiry beyond price. Survey respondents about:
  – Supply shortages
  – Terminal wait times
  – Delivery issues

• Broadened survey to include additional suppliers
  – Random selection based on geography
  – Generally receptive; 75% participation
Things we did this summer
(Alex and Robin Roadshow)

• MPGA Outreach (education and promotion)
  – Midwest Propane Conference
  – MPGA Annual Conference

• Infrastructure / Facility Tours
  – Enbridge Pipeline pumping station
  – Rapid River terminal/fractionator (Plains Midstream)

• Consumer Outreach
  – PSAs, [michigan.gov/propane](http://michigan.gov/propane), etc.
What did industry do?

• Customer Outreach
  – Early fills, price cap, lock-in rate, budget plans

• Inventory Builds

• Diversification of propane sources
  – Increased rail shipments and terminals
  – Increased reliance on pipelines

• Expanded storage capacity in the field, at distribution terminals and by local distributors
SHOPP Participant Feedback

• **What price do you want??**
  – Ensure SHOPP prices collected are consistent
  – Marketers offer different varieties of pricing options.
• **Monday is worst day to receive SHOPP calls.**
• **Refresh participant list more frequently.**
• **Some would prefer automatic data entry**
  – Allow ability to standardize supplemental questions.
Requests of EIA/SHOPP

- Daily wholesale market prices (Conway)
- Improved propane infrastructure information (pipelines, terminals, storage, etc.)
- Expand MI SHOPP survey
  - More survey respondents (propane)
  - Expanded geographic area
- Share state level inventory and 782c data
SHOPP Tips

• Have experienced staff conduct surveys
• Get to know your state’s suppliers and market associations.
• Understand your petroleum system
  – Maps of infrastructure (pipelines, terminals, etc.)
  – Consumer behavior (pre-buys, average usage, etc.)
• Don’t be afraid to ask for help (EIA/DOE, NASEO)
  – Marcela, David, Jeff, Alice, EEAC cohorts
Alex and Robin Roadshow
2014 Summer Tour
- Columbus, OH
- Crystal Mountain, MI
- Escanaba, MI
- Okemos, MI
- Washington, D.C.

Alex Morese
517-241-0292
moresea@michigan.gov

Robin Barfoot
517-241-9193
barfootr@michigan.gov