

National Propane Gas Association Strategic Plan

Executive Summary

2018 – 2020 Strategic Plan Outline

- I. Initiate an **Advocacy Outreach** Program to Ensure that the Environmental, Economic and Energy Security Benefits of Propane compared to other Energy Sources are Understood by Policymakers
 - a. Initiate a Communications Offensive on the Essential Benefits of the Direct Use of Propane Gas.
 - b. Ensure the State Engagement Initiative is Scalable and More Proactive.
 - i. Achieve Scalability through the Adoption of a Regional Model for State Issue Identification and Engagement.
 - c. Promote Model State Laws or Regulations on Natural Gas Expansion.
 - d. Accelerate the Application of Full Fuel Cycle as a Policy Driver and Differentiation Strategy.

- II. Create a **Favorable Business Environment** for NPGA Members through Regulatory Relief, Policies that Ensure Reliable Supply and Distribution, and Initiatives to Promote Workforce Development
 - a. Seize the Opportunity of the Current Political Environment to Reduce the Federal Regulatory Burden.
 - b. Promote Greater Supply Reliability through Regular Consultation with the Leaders on Congressional Committees of Jurisdiction, the Congressional Propane Caucus, Federal Energy Regulatory Commission (FERC), the Surface Transportation Board (STB), and State Energy Officials and Governors.
 - c. Advocate for Greater Transparency in Supply and Transportation.
 - d. In Conjunction with PERC, Initiate Efforts to Promote Workforce Development.

- III. Promote **Industry Cohesion** through Coordination with Industry Organizations and Collaborating with Industries that have Common Objectives
 - a. Further Optimize the PERC - NPGA Relationship.
 - b. Strengthen Bonds with State and Regional Propane Gas Associations.
 - c. Increase Membership in Partnership with State and Regional Propane Gas Associations.

- IV. Ensure **Effective Communications** with both External Policymakers and Internal, Industry Stakeholders
 - a. Reinforce our Involvement with Organizations that Serve as Conduits to Key Constituencies.
 - b. Broaden the Scope of our Communications Program to Increase Member Awareness of NPGA Priorities and Progress.
 - c. Promote Greater Member Advocacy Engagement.

Retesting the Validity of Our Mission

The mission of NPGA is ***“To Advance Safety and Increase the use of Propane through Sound Public Policy”***.

One of the first steps in the current planning process was to reconsider the mission. Was it still valid? Should it be updated in any way? Those were the questions put to the 25 industry stakeholders who took part in in-depth interviews. These concepts were also tested across every membership type and level within the organization. In order to stay relevant, NPGA will always examine our mission as part of any strategic planning process.

The overall consensus was that the mission of NPGA is still valid, and no changes are recommended. However, after evaluating the current state of affairs, a recommendation to revise and clarify our current strategic objectives is appropriate. The purpose of this document is to outline the strategies and tactics that will allow NPGA to fulfill its Mission.

2018– 2020 Strategic Objectives

- I. Initiate an **Advocacy Outreach** Program to Ensure that the Environmental, Economic and Energy Security Benefits of Propane compared to other Energy Sources are Understood by Policymakers
- II. Create a **Favorable Business Environment** for NPGA Members through Regulatory Relief, Policies that Ensure Reliable Supply and Distribution, and Initiatives to Promote Workforce Development
- III. Promote **Industry Cohesion** through Coordination with Industry Organizations and Collaborating with Industries that have Common Objectives
- IV. Ensure **Effective Communications** with both External Policymakers and Internal, Industry Stakeholders

Strategic Objectives and Tactical Initiatives

Strategic Objective I: Initiate an Advocacy and Communications Program to Ensure the Environmental, Economic and Energy Security Benefits of Propane Compared to Other Energy Sources are Understood by Policymakers.

Initiate a Communications Offensive on the Essential Benefits of the Direct Use of Propane Gas

Some of the toughest challenges faced by the propane gas industry are flawed policy initiatives grounded in a lack of awareness or a misunderstanding of the benefits of the direct use of propane gas. Zero Net Energy, “electrify everything” efforts, and federal and state programs that favor electric appliances are just a few examples.

In the past, we have worked with our state association partners to challenge specific policy proposals as they arise. We need an innovative approach that will challenge the underlying misperceptions that lead to faulty policy proposals. In essence, our new goal is to get to the root of the problem before it can cause additional damage.

The core of our plan is to initiate a communications offensive directed at energy thought leaders. We will identify them and develop messages and information tools designed to alter their understanding of the important role that propane plays.

Our narrative about propane cannot end with only a conversation about the tangible benefits of the fuel and an unemotional recitation of key facts and statistics. In order to influence perceptions, we must engage in a conversation about the social or intangible benefits of using the fuel. To foster meaningful connections between audiences and our messages, the audience needs to feel that using propane aligns or promotes values in their life. This could include “fostering an independent way of life;” “keeping the environment clean for future generations;” or “utilizing American resources efficiently.”

Another change from previous efforts is the target audience. While NPGA continues to focus on federal issues, we anticipate that most or many of the thought-leaders will be state rather than federal leaders.

We plan to work in tandem with PERC and our state association partners to ensure that the messages and products we develop and disseminate are done in a fully integrated manner. This is critical because we will be developing common industry messages that will be as applicable to the consumer as they will be to thought-leaders. Having such consistent messages will be critical to our success.

Ensure the State Engagement Initiative is Scalable and More Proactive

The State Engagement Initiative was not part of the association’s prior strategic plan. However, since launching it in June 2015, it has become one of our most valued and effective programs.

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In the beginning, the program focused on fallout from the winter of 2014, when several state governments were pushing for onerous regulation on the industry, as well as defending the propane industry against subsidized natural gas expansion.

But in the past two years, the targeted issues have evolved. We now assist states where there is a movement to “electrify everything,” or where there is a push to expand cap-and-trade programs or to introduce carbon taxes. Subsidized natural gas expansion efforts will continue, and the utilities’ tactics will evolve, including bypassing state legislatures in favor of actions in state public service commissions. Because many key issues are playing out in the states, it is necessary for us to ensure this program has the flexibility to accommodate a growing number of challenges.

Achieve Scalability through the Adoption of a Regional Model for State Issue Identification and Engagement

It is a simple fact that the number of state issues is growing while available resources are diminishing. Furthermore, many of the issues we face have either regional or national implications. Adopting a regional model will ensure that issues are identified in a timely manner and that limited resources can be allocated appropriately.

Promote Model State Laws or Regulations on Natural Gas Expansion

The Illinois Propane Gas Association is the first state to introduce legislation to curb subsidized natural gas expansion in the state, while Maryland and West Virginia successfully challenged natural gas utilities in public service commission cases. Seeing these success stories, other states are emboldened and are beginning to build their own plans of attack. Using the industry resources developed over the past two years, including expert witness testimony and legislative research, this program will assist state associations to pursue similar legislative and regulatory efforts. The program has also supported associations hiring subject matter experts, including local communication experts, to mount grassroots efforts in support of targeted issues.

Accelerate the Application of Full Fuel Cycle as a Policy Driver and Differentiation Strategy

It has been over a decade since Congress enacted the Energy Policy Act of 2005. The law directed the Department of Energy and the National Academy of Sciences to conduct a study on the advisability of utilizing Full Fuel Cycle (FFC) analysis—measuring energy usage through the full fuel cycle rather than only at the point of use. That study was published and was quite favorable to both propane and natural gas. DOE followed the study with a favorable policy statement.

Unfortunately, FFC hasn’t translated into the powerful policy driver we had hoped. In at least one instance, we lost ground. For example, the 2012 and 2015 editions of the International Code Council’s Green Construction Code (IGCC) contained a provision to implement Full Fuel Cycle. Because of a merger between ICC’s Green Construction Code and ASHRAE’s Standard 189.1, the net result is that the IGCC no longer provides the source energy option. Furthermore,

delay tactics by the electric utility association, resulted in the fuel gas industries not achieving full fuel cycle provisions in Standard 189.1, which would have resolved the issue. However, we will continue to work for acceptance of full fuel cycle in 189.1.

On the positive side, a victory for full fuel cycle was achieved in ASHRAE Standard 100, Energy Conservation for Existing Buildings. NPGA must continue to partner with the natural gas industry and Gas Technology Institute (which is receiving funding from PERC) to press for recognition of full fuel cycle methods in relevant codes and standards.

FFC is a key underpinning to our clean/green/efficient message for propane (as is the proposition that uncombusted propane is not a greenhouse gas). One of the key tactics under this objective is to educate our own membership that FFC is the most powerful tool we have to differentiate propane favorably from the principal competing energy sources—electricity—, to make the membership a conduit for this message to both policy makers and consumers and thus stimulate future growth. Interviews and surveys show a noticeable gap between the view of the association's leadership and the views of the general membership on this issue. We also need to ally with the natural gas industry and green advocates to move this proposition forward.

Strategic Objective II: Create a Favorable Business Environment for NPGA members through Regulatory Relief, Policies that Ensure Reliable Supply and Distribution, and Initiatives to Promote Workforce Development

Seize the Opportunity of the Current Political Environment to Reduce the Federal Regulatory Burden

President Trump's successful campaign was due in part to his understanding that unnecessary federal regulations threaten job creation and impede economic growth. Early in his presidency, his Administration began to follow through on his promise to roll back certain regulations and curtail the promulgation of new regulations, especially those imposing high costs.

Historically, NPGA has achieved legislative successes regardless of the political party in power. Today, the industry has an unprecedented opportunity with pro-business majorities in both the House and Senate. That has not occurred since 2008. The last time one party controlled both the White House, the House and the Senate was 2003 which lasted for 4 years. This opportunity could therefore be fleeting, and it is incumbent on us to take full advantage of this circumstance while it exists.

Although gridlock continues to affect legislative output, the leaders of both chambers have demonstrated a willingness to disapprove onerous new regulations. Through presidential executive order, federal agencies must also balance the cost of new regulations with savings from the withdrawal or rollback of existing regulations.

This tactic was highly supported in the member survey and the numerous focus groups and feedback exercises that were conducted during the strategic planning process.

Some regulatory rollback ideas, divided by tactics, suggested by the membership include:

- Modification of current regulations.
 - Expand the 100-air-mile radius requirement for drivers operating under the Short Haul Operation exemption;
 - Prioritize NFPA requirements in lieu of federal regulations for jurisdictional propane systems by modifying the threshold for which federal regulations would apply to these type systems.
- Elimination of current regulations.
 - Eliminate applicability of the 3rd party operator certification requirement under OSHA's crane rule.
- Influence development of regulations.
 - Methodical adjustment to the components of the Executive, Administration, Professional Overtime rulemaking by the Department of Labor to avoid dramatic changes that significantly impact employees and businesses.

Promote Greater Supply Reliability through Regular Consultation with the Leaders on Congressional Committees of Jurisdiction, the Congressional Propane Caucus, Federal Energy Regulatory Commission (FERC), the Surface Transportation Board (STB), and State Energy Officials and Governors

Since the winter of 2014, NPGA has become much more engaged on issues related to the reliability of the propane distribution infrastructure. Experts from the industry came together to develop a marketer supply planning guide providing best practices for winter supply and demand preparation. Moreover, knowing that federal and state policymakers remained concerned about the future welfare of their constituents, NPGA initiated development of an inventory trends report to allow continual monitoring of all factors affecting supply and demand in the U.S. market and beyond.

In addition to these internal industry activities, NPGA has dramatically ramped up its outreach to policymakers at the federal and state levels. This will need to continue into the future to ensure that we solidify these relationships and build new ones. For example, state energy officials tend to group themselves into informal regions to simplify cross-border coordination, so NPGA should participate in these periodic teleconferences and build new groupings where none exists.

Rapid changes in the propane distribution infrastructure mean that yesterday's standard operating procedures may not fit tomorrow's business environment. As a result, NPGA needs to engage aggressively with appropriate policymakers in the shipping, pipeline, rail, trucking,

and storage arenas so they not only know what is happening, but are in a position to make changes we recommend.

Advocate for Greater Transparency in Supply and Transportation

The need for more granular supply data from the Energy Information Administration remains a priority. Likewise, we remain committed to advocating for pipeline affiliate rules and reform of FERC Form 6 (which will make it easier to detect expense over-recovery by pipelines). NPGA will also work to enhance its advocacy capabilities with the Surface Transportation Board that regulates railroad rates and service. Our successes with FERC over the years serve as benchmarks for how successful we could be.

In Conjunction with PERC, Initiate Efforts to Promote Workforce Development

Provide templates and information to marketers and state associations on the following:

- **Statistical Data** – such as employment data, industry hiring demographics, and future industry employment needs.
- **Recruiting, Onboarding and Employee Development** –through the military, trade schools, and workforce boards.
- **Apprenticeship Program** – utilizing programs and funding available from federal and state organizations to leverage existing training and certification programs.
- **Forming Strategic Partnerships** with groups such as trade/vocational schools, military organizations, and Federal and State Governments; and,
- **Promotional information** – to include development of outreach materials that promote the positive aspects of employment in the propane industry.

Strategic Objective III: Promote Industry Cohesion through Coordination with Industry Organizations and Collaborating with Industries that have Common Objectives

Further Optimize the PERC - NPGA Relationship

Steady progress has been made over the years to strengthen the relationship between NPGA and PERC to ensure that our two national organizations do not function as separate silos. Still, a recurring theme in the interviews leading to this plan was the idea that having two distinct organizations might itself create a structural tendency toward silos. For example, no single organization is responsible for the industry's growth plan, nor is there even a consolidated growth plan. Both organizations pursue growth objectives that fall within their purview with oversight by their respective governance structures. The same is true for brand development, with PERC focusing on consumers, and NPGA focusing on policy makers. Is this optimal, or are

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there more effective ways to approach these major initiatives? That is what we intend to explore with the officers of PERC in the coming months. Whether the outcome will be a consolidated growth plan, cooperative brand development or a greater role for the joint officers is to be determined through consultation. What is known is that further optimization of the relationship must be a priority.

A key component of the Vision 2014 Strategic Plan was the acknowledgement that in order for the industry to communicate accurately the benefits of propane a focus on credible analytics would be needed. PERC and NPGA remain partners on this project and committed to finding better ways to effectively identify, study, and communicate the necessary information.

Strengthen Bonds with State and Regional Propane Gas Associations

Since June 2015, NPGA's State Engagement Initiative has provided resources to state and regional associations to influence legislative and regulatory outcomes. While NPGA's Executive Committee has provided financial assistance to some states for third-party communications consulting and expert witness testimony, primarily in efforts to curb subsidized natural gas expansion, the program has also provided a number of no-cost services to states, most notably the development of issue toolkits and access to CQ Engage, a grassroots advocacy management software that has helped states generate thousands of issues-based emails to state legislators. NPGA continues its nationwide legislative tracking and coordinating with the state/regional associations to spot trends that could benefit or hinder the industry, developing materials for marketers and associations to capitalize on challenges.

NPGA seeks to build even stronger relationships with state and regional associations over the coming years by serving as a conduit of information. There is power in sharing information – whether it be legislative/regulatory trends or best practices for association management and member services – and NPGA can provide that forum for the state and regional associations to grow stronger.

Increase Membership in Partnership with State and Regional Propane Gas Associations

Growth leads to greater cohesion. For that reason, membership growth will become a key tactic of this plan. One of the feedback exercises underlying this document called for NPGA members to rank the importance of certain functions and offer their perceptions as to the performance of those functions. One of the few areas where performance lagged behind importance was membership development.

NPGA will commit to membership growth and development by initiating an assertive member marketing plan. Near-term action items include creating a strong prospect list using current NPGA data coupled with information from other industry organizations, and developing membership collateral that can easily be tailored for the states, in partnership with NPGA, to attract new members.

Strategic Objective IV: Ensure Effective Communications with both External Policymakers and Internal, Industry Stakeholders

Reinforce our Involvement with Organizations that Serve as Conduits to Key Constituencies

The National Association of State Energy Officials (NASEO), the National Association of Regulatory Utility Commissioners (NARUC), and the National Association of Clean Air Agencies (NACAA) are three such organizations.

We will strengthen ties with other gas industry organizations that could potentially contribute to our information offensive. This becomes even more imperative given the budget constraints we now face.

Broaden the Scope of our Communications Program to Increase Member Awareness of NPGA Priorities and Progress

As the industry's only dedicated national advocacy organization, the majority of the communications since Vision 2014 have been devoted to increasing the industry's presence in Washington, DC through traditional and new media avenues. The research done in conjunction with this strategic plan reveals that while NPGA members value that outreach, they also desire more information from the organization regarding policy objectives, advocacy activities, and opportunities for engagement.

NPGA Communications will now give equal weight to external (policy maker, media, and other influential audiences) and internal communications (General Membership, Board of Directors, and State Association Executives) in an effort to improve member awareness of NPGA activities.

- Research for the current strategic plan revealed a small but relevant gap in the perception of NPGA by the leadership and by the general membership. The Vision 2014 Strategic Plan called for a clear focus on external communications which may be contributing to this. Our goal is to close that gap using a variety of tools, including:
 - 90-day Criticals: Quarterly communications with the full membership highlighting NPGA's advocacy priorities for the quarter. The communications include an issue overview, status, and outlook. They are distributed to the full membership via postal mail and through NPGA Reports.
 - Regular communication of the association's mid-range and long-term goals.
 - Reframing NPGA's narrative and telling it from the member's perspective.
 - Redesigned website focused on NPGA Members and opportunities for engagement at the local, state, and federal level.
 - Briefings with member companies about potential threats to their businesses and opportunities.

- Engage member and non-member audiences at Southeastern Expo
 - Utilize a captive audience at the Southeastern Expo to draw attention to NPGA's advocacy successes through tangible examples and empower members to engage state and local politics while incorporated state association executives.
 - Example: At the NPGA Booth, have interactive iPad stations where an individual can take a 'quiz' estimating regulatory savings or accomplishments secured by NPGA.
 - Example: Advocacy Boot Camp as an Education Session; divided by region with interactive, real-life examples customized to the common problems encountered in the region, such as natural gas expansion, electrification, zero net energy, vocational schools, etc.

Promote Greater Member Advocacy Engagement

Member Engagement in NPGA's advocacy programs has always been an important part of our past successes. This has typically consisted of grassroots calls to action, and our annual Propane Days fly-ins. More recently we have begun a program encouraging plant tours with members of Congress. All of these activities provide a supporting rationale for whatever "ask" we're making. But as we move into new areas of advocacy at the federal and state levels, the practical reality is that we are adding new initiatives when our budget is contracting. Because of this, NPGA is not in a position to hire additional staff to address all the challenges confronting the industry. Therefore, we intend to increase the role of association member engagement in our advocacy through additional plant tours, encouragement of meetings with policymakers back home in their states and districts, more opportunities to weigh in on issues of concern, and other similar initiatives.

Ongoing Mission Critical Programs

CETP Certification and the NPGA codes and standards program were given high marks for their effectiveness and importance to the industry. The feedback from every industry constituency was that those programs were functioning well and should continue.

The CETP certification program has been successfully used by the industry for 30 years and is a positive contact point between the membership and the state and national association. It fulfills certain regulatory compliance requirements to which marketers must adhere. Continued modernization of the program, improved delivery techniques/methods to make the program more user friendly, and leveraging strategic partnerships of training/testing organizations are key strategic objectives to maintain the value of this popular industry program. It is a mission critical program for NPGA and is a significant source of non-dues revenue for the association.

Codes and standards, along with federal and state regulations, affect the daily operations of every part of the industry. The codes and standards program serves as a conduit for the

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industry to address compliance and code issues directly with the standards development organizations that promulgate these requirements, such as NFPA and others. This mission critical area allows input from the industry to the relevant jurisdictional authorities that can be leveraged to support the industry's ongoing strategic objectives. The program's ongoing operation is vital to many program areas and remains strategically imperative to the industry.

Other important programs, including Meetings and Conventions, and PropanePAC generate significant revenue that is used to fund the association's advocacy program or provide it with greater leverage and member engagement. They remain, therefore, mission critical.

Feedback Methodology

This strategic plan is the product of a comprehensive process including several rounds of interviews, surveys, in-person meetings, and phone conversations with NPGA members at every level of the organization and in consultation with the Propane Education and Research Council. Below is an overview of the process.

Task Group Meetings – Immediate planning group made up of NPGA's officers and Drew Combs (PERC Chairman) were tasked with working with NPGA's strategic planning consultant, Bob Davies, to design and implement a strategic plan that accurately reflects the desire of NPGA's membership. This group has met 3 times via teleconference.

Communications Audit (February 2017) – Comprehensive review of all NPGA Communications documents including lobbying materials, brochures, postcards and mailers, annual reports, weekly reports, Today's Propane, website, and social media. An analysis of this information examined message clarity, congruity and consistency, and suggested areas for greater effectiveness.

Stakeholder Interviews (February - March 2017) – A series of interviews with 25 industry stakeholders (Executive Committee and State Association Executives) lasting between 45 and 60 minutes. The purpose of the interviews was to gain an updated perspective of stakeholder issues and aspirations, to understand market forces, gauge the overall relevancy of the NPGA mission and score specific strategic choices facing the association.

Member Survey (April 2017) – 377 NPGA members completed the survey asking questions on topics such as: association mission, safety programs, advocacy priorities, and regulatory issues. The results informed the topics of the Regional Challenge Catalog.

Regional Challenge Catalog (May 2017) – Set of regional topics distributed to State Association Executives and State Volunteers for feedback on level of importance and prioritization within each state and region. The results were discussed at the 2017 Presidential Forum.

Marketer Clipboard Exercise (June 2017) – Issues from the Regional Challenge Catalog were presented to the Marketers for feedback and brainstorming on ways to confront those issues during the district meetings of the Marketers Section meeting during the Summer Board of

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Directors Meeting. Identifying and gaining consent around these strategic imperatives has been the foundation of this plan.

Influencer Interviews (July 2017) – Davies completed 12 interviews with industry “opinion influencers” who have a good background in the industry but are independent of NPGA. Each participant was asked to articulate the NPGA mission in their own language. Most did this with ease and, collectively, demonstrated a high level of understanding of NPGA mission. Nearly all of the study participants were able to provide specific examples of “on-mission” activities and programs.

Measuring Results

The main control mechanism for ensuring progress toward meeting strategic objectives has been the Executive Committee of NPGA. That policy will remain in effect for the term of this proposed plan. In addition, progress will be reported to the Board of Directors at regular meetings of the board. The general membership will gain awareness through NPGA reports, the 90-Criticals Reports, the NPGA Annual Report and the newly revised NPGA website.

Finally, the strategic objectives and tactics recommended in the proposal will form the basis of the personnel performance plans of each NPGA staff member.