2023 SENATE ENERGY AND NATURAL RESOURCES

SB 2242

2023 SENATE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee
Peace Garden Room, State Capitol

SB 2242
2/2/2023

A bill relating to the Bank of North Dakota and the administration of the bulk propane storage tank revolving loan fund; to provide an appropriation; and to provide a continuing appropriation.

9:59 AM Chairman Patten opened the meeting.

Present are Chairman Patten and Senators Beard, Kannianen, and Kessel. Senators Boehm and Magrum are absent.

Discussion Topics:

- Pricing opportunities
- Customer supplies
- Bank loans
- Trucking product
- Storage bullets
- Propane retailers

10:01 AM Senator Robert Eberle introduced the bill.

10:04 AM Mike Rud, North Dakota Propane Gas Association spoke in favor of the bill and provided written testimony #18803.

10:08 AM Jarett Schatz Tri-N Propane Company spoke in favor of the bill and provided written testimony #18815.

10:09 AM Jason Behm, Behm Enterprises, INC., spoke in favor of the bill and provided written testimony #18816.

10:02 AM Joe Fouhy spoke in favor of the bill.

10:29 AM Chairman Patten states the public hearing will be left open until later this morning.

Additional written testimony:

Matt Perdue provided written testimony #18755.

11:36 AM Chairman Patten closed the meeting.

Rick Schuchard, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Judiciary Committee
Peace Garden Room, State Capitol

SB 2242
2/2/2023

A bill relating to the Bank of North Dakota and the administration of the bulk propane storage tank revolving loan fund; to provide an appropriation; and to provide a continuing appropriation

11:26 AM Chairman Patten opened the meeting.

Chairman Patten and Senators Magrum, Boehm, Beard, Kannianen, and Kessel are present.

Discussion Topics:

- Pricing opportunities
- Customer supplies
- Bank loans
- Trucking product
- Storage bullets
- Propane retailers

11:26 AM Darren Aldolfson spoke in favor of the bill.

11:29 AM Kelvin Hullet, Chief Business Officer, Bank of North Dakota, gave neutral oral testimony on the bill.

11:36 AM Chairman Patten closed the public hearing.

Rick Schuchard, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee
Peace Garden Room, State Capitol

SB 2242
2/2/2023

A bill relating to the Bank of North Dakota and the administration of the bulk propane storage tank revolving loan fund; to provide an appropriation; and to provide a continuing appropriation

11:53 AM Chairman Patten opened the meeting.

Chairman Patten and Senators Beard, Boehm, Kessel and Kannianen are present. Senator

Magrum is absent.

Discussion Topics:

- Pricing opportunities
- Customer supplies
- Bank loans
- Trucking product
- Storage bullets
- Propane retailers

11:53 AM The committee has discussion on the bill.

11:58 AM Chairman Patten closed the meeting.

Rick Schuchard, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee
Peace Garden Room, State Capitol

SB 2242
2/3/2023

A bill relating to the Bank of North Dakota and the administration of the bulk propane storage tank revolving loan fund; to provide an appropriation; and to provide a continuing appropriation.

9:24 AM Chairman Patten opened the meeting.

Chairman Patten and Senators Kannianen, Kessel, Boehm, Beard and Magrum are present.

Discussion Topics:

- Cost Analysis

9:24 AM Senator Boehm provided information verbally.

9:25 AM Chairman Patten states the committee will hold off on any action on the bill until they receive more information.

9:25 AM Chairman Patten closed the meeting.

Rick Schuchard, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee
Peace Garden Room, State Capitol

SB 2242
2/3/2023

A bill relating to the Bank of North Dakota and the administration of the bulk propane storage tank revolving loan fund; to provide an appropriation; and to provide a continuing appropriation.

11:33 AM Chairman Patten opened the meeting.

Chairman Patten and Senators Kessel, Kannianan, Beard, Boehm and Magrum are present.

Discussion Topics:

- Bill Discussion

11:33 AM Chairman Patten called for discussion on the bill.

11:39 AM Chairman Patten closed the meeting.

Rick Schuchard, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee
Peace Garden Room, State Capitol

SB 2242
2/3/2023

A bill relating to the Bank of North Dakota and the administration of the bulk propane storage tank revolving loan fund; to provide an appropriation; and to provide a continuing appropriation.

2:36 PM Chairman Patten opened the meeting.

Present are Chairman Patten and Senators Kessel, Kannianen, Boehm, Beard and Magrum are present.

Discussion Topics:

- Loan rates
- Commercial lending

2:37 PM Kylee Merkel, Bank of North Dakota took questions from the committee.

2:49 PM Senator Kannianen moved to amend the bill and reduce the bill language from fifty million dollars to fifteen million dollars. Motion seconded by Senator Beard.

2:49 PM Roll call vote taken.

Senators	Vote
Senator Dale Patten	Y
Senator Jeffery J. Magrum	Y
Senator Todd Beard	Y
Senator Keith Boehm	Y
Senator Jordan L. Kannianen	Y
Senator Greg Kessel	Y

Motion passes 6-0-0.

2:50 PM Senator Beard moved to Do Pass the bill as amended and refer to appropriations. Motion seconded by Senator Kessel.

2:50 PM Roll call vote taken.

Senators	Vote
Senator Dale Patten	Y
Senator Jeffery J. Magrum	Y
Senator Todd Beard	Y
Senator Keith Boehm	Y
Senator Jordan L. Kannianen	N
Senator Greg Kessel	Y

Motion passes 5-1-0

Senator Kessel will carry the bill.

This bill does not affect workforce development.

2:59 PM Chairman Patten closed the meeting.

Rick Schuchard, Committee Clerk

23.0873.01001
Title.02000

Adopted by the Senate Energy and Natural Resources Committee
February 3, 2023

DK
1/1
2-3-2023

PROPOSED AMENDMENTS TO SENATE BILL NO. 2242

Page 2, line 27, replace "$50,000,000" with "$15,000,000"

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2242: Energy and Natural Resources Committee (Sen. Patten, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (5 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2242 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

Page 2, line 27, replace "$50,000,000" with "$15,000,000"

Renumber accordingly

2023 SENATE APPROPRIATIONS

SB 2242

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2242
2/13/2023

A BILL for an Act relating to the Bank of North Dakota and the administration of the bulk propane storage tank revolving loan fund; to provide an appropriation; and to provide a continuing appropriation.

9:00 AM Chairman Bekkedahl opened the hearing on SB 2242.

Members present: **Senators Bekkedahl, Krebsbach, Burckhard, Davison, Dever, Dwyer, Erbele, Kreun, Meyer, Roers, Schaible, Sorvaag, Vedaa, Wanzek, Rust, and Mathern.**

Discussion Topics:

- Bulk propane storage
- Safety and efficiency
- Revolving loan fund
- Committee Action

9:00 AM Senator Erbele introduced the bill.

9:02 AM Mike Rudd, Executive Director, ND Propane and Gas Association, provided information verbally.

9:07 AM Kevin Hullet, Chief Business Development Officer, Bank of North Dakota, provided information verbally.

9:18 AM Senator Erbele moved DO PASS.

9:18 AM Senator Roers seconded.

9:20 AM Roll call vote.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator David S. Rust	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	Y
Senator Terry M. Wanzek	Y

Passed 16-0-0

Senator Boehm will carry the bill.

9:20 AM Chairman Bekkedahl closed the hearing.

Peter Gualandri on behalf of Kathleen Hall, Committee Clerk

REPORT OF STANDING COMMITTEE

SB 2242, as engrossed: Appropriations Committee (Sen. Bekkedahl, Chairman) recommends **DO PASS** (16 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2242 was placed on the Eleventh order on the calendar. This bill does not affect workforce development.

2023 HOUSE ENERGY AND NATURAL RESOURCES

SB 2242

2023 HOUSE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee
Coteau AB Room, State Capitol

SB 2242
3/3/2023

Relating to the Bank of North Dakota and the administration of the bulk propane storage tank revolving loan fund; to provide an appropriation; and to provide a continuing appropriation.

10:02 AM

Chairman Porter opened the hearing. Members present: Chairman Porter, Vice Chairman D. Anderson, Representatives Bosch, Conmy, Dockter, Hagert, Heinert, Ista, Marschall, Novak, Olson, Roers Jones, and Ruby. Absent: Rep Kasper.

Discussion Topics:

- Low interest loan program
- Storage capacity
- Loan guidelines
- Reliable energy source
- Seasonal demand spikes
- Propane marketers
- Revolving loan fund

Sen Robert Erbele, District 28, introduced SB 2242, oral testimony
Mike Rud, Executive Director, ND Propane Gas Association, Testimony 21906
Jarett Schat, Tri-N-Propane, Minot, serves on Board of Directors of the ND Propane Gas Association, Testimony 21907
Matt Purdue, ND Farmers Union, oral testimony
Kylee Merkel, Business Bank Manager, Bank of ND, oral testimony

Additional written testimony:
Jason Behm, Testimony 21730, 21731, and 21732

10:31 AM Chairman Porter closed the hearing.

Kathleen Davis, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee
Coteau AB Room, State Capitol

SB 2242
3/3/2023

Relating to the Bank of North Dakota and the administration of the bulk propane storage tank revolving loan fund; to provide an appropriation; and to provide a continuing appropriation.

11:11 AM

Chairman Porter opened the meeting. Members present: Chairman Porter, Vice Chairman D. Anderson, Representatives Bosch, Conmy, Dockter, Hagert, Heinert, Ista, Marschall, Novak, Olson, Roers Jones, and Ruby. Absent: Rep Kasper

Discussion Topics:

- Committee action

Rep Dockter moved a Do Pass and Rerefer to Appropriations on SB 2242, seconded by Rep Novak.

Representatives	Vote
Representative Todd Porter	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Liz Conmy	Y
Representative Jason Dockter	Y
Representative Jared Hagert	Y
Representative Pat D. Heinert	AB
Representative Zachary Ista	Y
Representative Jim Kasper	AB
Representative Andrew Marschall	Y
Representative Anna S. Novak	Y
Representative Jeremy Olson	Y
Representative Shannon Roers Jones	Y
Representative Matthew Ruby	Y

12-0-2 Motion carried. Rep Hagert is carrier.

11:13 AM meeting adjourned.

Kathleen Davis, Committee Clerk

REPORT OF STANDING COMMITTEE

SB 2242, as engrossed: Energy and Natural Resources Committee (Rep. Porter, Chairman) recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). Engrossed SB 2242 was rereferred to the **Appropriations Committee**.

2023 HOUSE APPROPRIATIONS

SB 2242

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Brynhild Haugland Room, State Capitol

SB 2242
3/13/2023

BILL for an Act to create and enact a new section to chapter 6-09 of the North Dakota Century Code, relating to the Bank of North Dakota and the administration of the bulk propane storage tank revolving loan fund

10:03 AM Chairman Vigesaa Called the meeting to order and roll call was taken-

Members present; Chairman Vigesaa, Representative Kempenich, Representative B. Anderson, , Representative Brandenburg, Representative Hanson, Representative Kreidt, Representative Martinson, Representative Mitskog, Representative Meier, Representative Monson, Representative Nathe, Representative J. Nelson, Representative O'Brien, Representative Richter, Representative Sanford, Representative Schatz, Representative Schobinger, Representative Strinden, Representative G. Stemen and Representative Swiontek.

Members not Present- Representative Bellew, Representative Mock, and Representative Pyle

Discussion Topics:

- Bulk Propane Storage
- Loan Maximum

Representative Porter- Explains the bill Rereferred from Energy and Natural Resources.

10:09 AM Chairman Vigesaa Closed the meeting for SB 2242

Risa Berube, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Brynhild Haugland Room, State Capitol

SB 2242
3/16/2023

BILL for an Act to create and enact a new section to chapter 6-09 of the North Dakota Century Code, relating to the Bank of North Dakota and the administration of the bulk propane storage tank revolving loan fund

9:38 AM Chairman Vigesaa Called the meeting to order and roll call was taken-

Members present; Chairman Vigesaa, Representative Kempenich, Representative B. Anderson, , Representative Brandenburg, Representative Hanson, Representative Kreidt, Representative Martinson, Representative Mitskog, Representative Meier, Representative Monson, Representative Nathe, Representative J. Nelson, Representative O'Brien, Representative Richter, Representative Sanford, Representative Schatz, Representative Schobinger, Representative Strinden, Representative G. Stemen and Representative Swiontek.

Members not Present- Representative Mock, and Representative Schatz

Discussion Topics:

- Verbal Amendment

Representative Kempenich-Section 2 line 27 replace 15 million with 5 million

Representative Kempenich- Move to adopt the amendment.

Representative Brandenburg Second the motion

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	Y
Representative Mike Brandenburg	Y
Representative Karla Rose Hanson	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative Corey Mock	A
Representative David Monson	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy Pyle	Y

Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	A
Representative Randy A. Schobinger	Y
Representative Greg Stemen	Y
Representative Michelle Strinden	Y
Representative Steve Swiontek	Y

Motion Carries 21-0-2

Representative Brandenburg- Move for a Do Pass as Amended

Representative Monson Second the motion

Representatives	Vote
Representative Don Vigesaa	N
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	N
Representative Mike Brandenburg	Y
Representative Karla Rose Hanson	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative Corey Mock	A
Representative David Monson	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	A
Representative Randy A. Schobinger	N
Representative Greg Stemen	Y
Representative Michelle Strinden	Y
Representative Steve Swiontek	Y

Motion Carries 18-3-2 Representative Brandenburg will carry the bill.

9:42 AM Chairman Vigesaa Closed the meeting for SB 2242

Risa Berube, Committee Clerk

23.0873.02001
Title.03000

Prepared by the Legislative Council staff for
the House Appropriations Committee
March 16, 2023

DR
1/1
3-17-2023

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2242

Page 1, line 3, replace "an appropriation" with "for a transfer"

Page 2, line 24, replace "**APPROPRIATION**" with "**TRANSFER**"

Page 2, line 24, after the boldfaced dash insert "**STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO**"

Page 2, line 25, remove "There is appropriated out of any moneys in the"

Page 2, remove line 26

Page 2, line 27, replace "the sum of $15,000,000, or so much of the sum as may be necessary," with "The office of management and budget shall transfer $5,000,000 from the strategic investment and improvements fund"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT

This amendment reduces the transfer from the strategic investment and improvements fund to the bulk propane storage tank revolving loan fund from $15 million to $5 million and makes technical corrections to the bill.

REPORT OF STANDING COMMITTEE

SB 2242, as engrossed: Appropriations Committee (Rep. Vigesaa, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (18 YEAS, 3 NAYS, 2 ABSENT AND NOT VOTING). Engrossed SB 2242 was placed on the Sixth order on the calendar.

Page 1, line 3, replace "an appropriation" with "for a transfer"

Page 2, line 24, replace "**APPROPRIATION**" with "**TRANSFER**"

Page 2, line 24, after the boldfaced dash insert "**STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO**"

Page 2, line 25, remove "There is appropriated out of any moneys in the"

Page 2, remove line 26

Page 2, line 27, replace "the sum of $15,000,000, or so much of the sum as may be necessary," with "The office of management and budget shall transfer $5,000,000 from the strategic investment and improvements fund"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT

This amendment reduces the transfer from the strategic investment and improvements fund to the bulk propane storage tank revolving loan fund from $15 million to $5 million and makes technical corrections to the bill.

2023 CONFERENCE COMMITTEE

SB 2242

2023 SENATE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee
Peace Garden Room, State Capitol

SB 2242
4/11/2023
Conference Committee

A bill relating to the Bank of North Dakota and the administration of the bulk propane storage tank revolving loan fund; to provide an appropriation; and to provide a continuing appropriation

10:30 AM Chairman Kessel opened the meeting.

Chairman Kessel and Senators Kannianen, Boehm and Representatives Hagert, Brandenburg and Conmy are present.

Discussion Topics:

- Retailers
- Amendments

10:31 AM The committee has discussion on amendment LC 23.0873.02001 and the bill.

10:34 AM Senator Kannianen moved to Accede to House Amendments. Motion is seconded by Senator Boehm.

Motion carried 6-0-0. Senator Boehm will carry the bill for the Senate and Representative Hagert will carry the bill for the House.

10:35 AM Chairman Kessel closed the meeting.

Rick Schuchard, Committee Clerk

Date: 4/11/2023
Roll Call Vote #: 1

2023 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. SB 2242 engrossed.

Senate Energy and Natural Resources Committee

Action Taken ☒ **SENATE accede to House Amendments**
☐ **SENATE accede to House Amendments and further amend**
☐ **HOUSE recede from House amendments**
☐ **HOUSE recede from House amendments and amend as follows**

☐ **Unable to agree**, recommends that the committee be discharged, and a new committee be appointed.

Motion Made by: *Kannianen* Seconded by: *Boehm*

Senators	*4/11*			**Yes**	**No**		**Representatives**	*4/11*			**Yes**	**No**
Kessel	P			X			*Hagert*	P			X	
Kannianen	P			X			*Brandenburg*	P			X	
Boehm	P			X			*Conmy*	P			X	
Total Senate Vote				3	0		Total Rep. Vote				3	0

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier Boehm House Carrier Hagert

LC Number _____ . _____ of amendment

LC Number _____ . _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

This amendment reduces the transfer from the strategic investment and improvements fund to the bulk propane storage tank revolving loan fund from $15 Million to $5 Million and makes technical corrections to the bill.

REPORT OF CONFERENCE COMMITTEE

SB 2242, as engrossed: Your conference committee (Sens. Kessel, Kannianen, Boehm and Reps. Hagert, Brandenburg, Conmy) recommends that the **SENATE ACCEDE** to the House amendments as printed on SJ page 1110 and place SB 2242 on the Seventh order.

Engrossed SB 2242 was placed on the Seventh order of business on the calendar.

TESTIMONY

SB 2242

NORTH DAKOTA Farmers Union

Contact:
Matt Perdue, Lobbyist
mperdue@ndfu.org I 701.641.3303

Testimony of
Matt Perdue
North Dakota Farmers Union
Before the
Senate Appropriations Committee
February 2, 2023

Chairman Bekkedahl and members of the committee,

Thank you for the opportunity to submit testimony on Senate Bill No. 2242. My name is Matt Perdue, and I am testifying on behalf of North Dakota Farmers Union's (NDFU) members.

NDFU supports SB 2242, which would establish a propane storage tank revolving loan fund at BND. This program would help retailers expand propane storage, which is important to North Dakota farmers. During the busy harvest season, farmers rely on propane for drying corn and other crops. Shortages of propane can slow harvest progress, creating serious economic costs for North Dakota producers. Increasing propane storage will help retailers pre-position adequate supplies to handle seasonal demand spikes.

NDFU respectfully requests a "Do Pass" recommendation on SB 2242. Thank you for your consideration.

NDPGA
North Dakota Propane Gas Association

Testimony SB 2242

Senate Energy and Natural Resources Committee

February 2, 2023

Chairman Patten and Members of the Committee:

For the record, my name is Mike Rud. I serve as the Executive Director of the North Dakota Propane Gas Association. On behalf of over 130 NDPGA members and the well over 1,000 North Dakotans they employ, we thank Senator Erbele for introducing this bill and urge a "DO PASS" recommendation on SB 2242.

ALL OF THE ABOVE ENERGY POLICY. That's been ND's goal from Day One!

In my role as an Empower ND commissioner for over a decade, this has been the mantra. The strategic partnerships being formed between North Dakota's long-standing and emerging energy industries enable all energy sectors to work together to meet state and national needs.

Propane is certainly part of that energy makeup. It's been a reliable energy source in North Dakota for nearly 100 years. The State currently has about 50,000 homes, farms and businesses using safe, efficient and affordable propane. Many of NDPGA's locally owned and operated businesses likely serve your communities in some capacity.

SB 2242 will go a long way towards helping ND propane retailers in enhancing services to well over 300 rural communities and hundreds of ag producers the industry currently serves today. While the loan pool will be administered by the Bank of North Dakota, the loans will be secured from private banks across the state, meaning the monies will stay in local communities and close to home.

1014 East Central Avenue • PO Box 1956 • Bismarck, ND 58502 • www.ndpropane.org • 701-223-3370 • Fax 701-223-5004

Passage of SB 2242 means retailers can potentially put 6-8 Million more gallons of storage capacity on the ground across the state in the next few years. That's good news for energy security in ND and very good news in the long run for state consumers. This low interest loan program will allow retailers to access the cash needed at very affordable interest rates at a key time in the industry's history.

NDPGA members are on hand today to present a very strong case for passage of this bill. These retailers will cover the changes the industry has experienced over the last decade due to pipeline supply issues as well as share a more in-depth cost analysis study relating to the proposed low interest loan program for retail propane storage.

I Thank you for your time and consideration regarding this important energy issue. I urge a "DO PASS" recommendation on SB 2242.

TRI-N-PROPANE
MINOT, NORTH DAKOTA
Phone: 701-839-5262

Testimony SB 2242
Senate Energy & Natural Resources Committee- February 2, 2023

Chairman Patten and Members of the Energy and Natural Resources Committee:

For the record, my name is Jarett Schatz. I would like to start by saying thank you to the committee for allowing me to speak on behalf of my propane company Tri-N Propane out of Minot. I also serve on the Board of Directors of the North Dakota Propane Gas Association. I appear today asking for a **"DO PASS"** recommendation on SB 2242.

NDPGA has been studying and working towards some type of low interest loan program for enhancing retail storage for over a year now. Our propane committee has worked many hours getting this bill put together for this legislative session. I wish to thank Senator Erbele and all the bill sponsors for working with NDPGA. I also want to thank the Bank of ND and those NDPGA members who served on the propane storage bill committee for drafting sound language.

A "DO PASS" recommendation on this bill would mean a lot to many propane retailers in the state. It would allow propane marketers to have more product on hand in times of peak demand like prolonged stretches of cold weather and the grain drying season.

This bill as written calls for 50 million dollars of low interest revolving loan pool money using the (SIIF) Strategic Investment and Improvement Fund for the purpose of enhancing propane storage capacity for our state marketers. BND would administer the loan program. It allows a maximum loan of 500,000 dollars per marketer with 15% down payment from a retailer. The loan would carry a 2% interest rate with a 15 year payback period. These loan guidelines will help us retain capital and save money on interest payments. That is huge for a small company like mine in a market where we have some of the tightest margins in the country as the graphs from the Energy Information Administration I have supplied in my testimony point out.

If you would refer to the cost analysis graph in my testimony, you can see pricing and cost comparison for different sized storage vessels I worked up with a regional vendor. A propane retailer could add up to (3) 30,000 gallon tanks to current bulk storage facility with the passage of SB 2242. Three 30,000 gallon tanks would be $538,350 with 15% down $80752.50 loan value would be $457,597.50 for a quick scenario.

My company would be one of the first in line to secure funding from this bill. It will greatly reduce logistic problems as well as storage shortfall. Most importantly, it would offer marketers and our customers piece of mind that we will have the propane on hand for their growing needs. Personally, my business would be looking to borrow around $300,000 to put in (2) 30,000 gallon tanks.

Again, I urge a "DO PASS" recommendation on SB 2242. Help our state propane marketers secure funding for our future expansion projects to ensure we give our customers the greatest service we can offer by having adequate storage for end users needs!

In closing I would like to again say thank you for allowing me the time to be a part of this great process while trying to stay ahead of industry issues for the state of North Dakota and its residents.

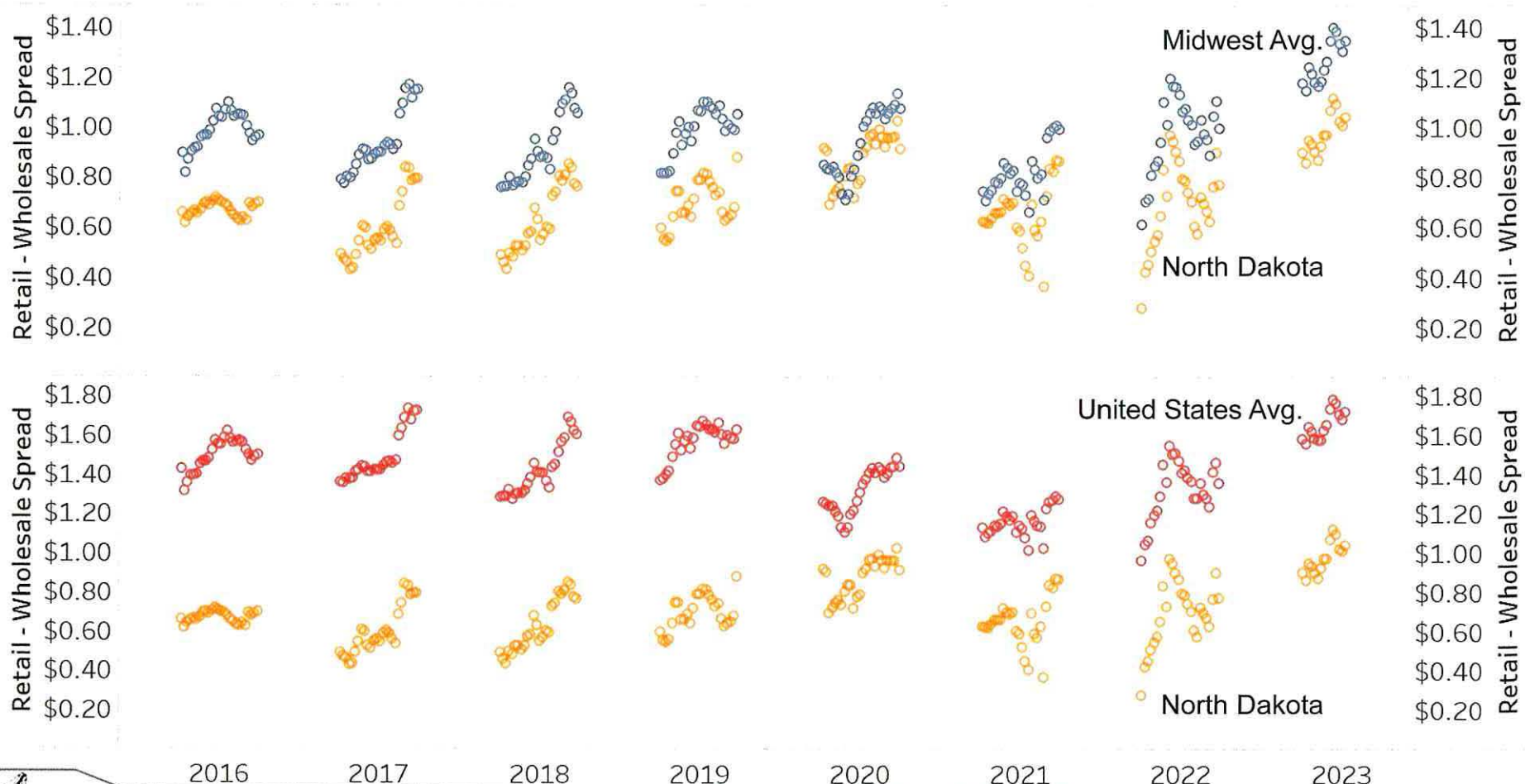
I would be happy to stand for any questions.

Regards,
Jarett Schatz

Residential Propane Prices Around the U.S.*

*Data Source: EIA

Residential – Wholesale Propane Price Spreads*



*Data Source: EIA

PROJECT COST COMPARISON

Tank Size	Tank Cost	Freight (Minot)	Foundation	Tank Trim	Piping	Pump Set & BH	Transport	Crane	Excavation	Electrical	Install Labor	Cost (each) Total Each
30,000	$ 108,000.00	$ 4,200.00	$ 7,850.00	$ 8,800.00	$ 1,200.00	$ 28,000.00		$ 3,900.00	$ 2,500.00	$ 5,000.00	$ 10,000.00	$179,450.00
45,000	$ 167,500.00	$ 7,500.00	$ 8,250.00	$ 18,000.00	$ 1,200.00	$ 28,000.00		$ 7,800.00	$ 5,000.00	$ 5,000.00	$ 11,000.00	$259,250.00
60,000	$ 204,000.00	$ 15,900.00	$ 8,250.00	$ 18,000.00	$ 2,000.00	$ 28,000.00		$ 4,000.00	$ 5,000.00	$ 8,000.00	$ 12,000.00	$305,150.00
90,000	$ 312,000.00	$ 21,900.00	$ 10,200.00	$ 18,000.00	$ 2,000.00	$ 28,000.00		$ 13,000.00	$ 5,000.00	$ 8,000.00	$ 14,000.00	$432,100.00

Tank Size	# of Tanks	Target Gallon	$ per gal
30,000	6	180,000	$5.11
45,000	4	180,000	$5.13
60,000	3	180,000	$4.71
90,000	2	180,000	$4.68

Multi-Container

Tank Size	Tank Cost	Freight (Minot)	Foundation	Tank Trim	Piping	Pump Set & BH	Transport	Crane	Excavation	Electrical	Install Labor	Adjusted Costs for Mutil Container install Project Total
30,000	$ 648,000.00	$ 25,200.00	$ 47,100.00	$ 52,800.00	$ 7,200.00	$ 28,000.00		$ 35,000.00	$ 20,000.00	$ 8,500.00	$ 48,000.00	$919,800.00
45,000	$ 670,000.00	$ 30,000.00	$ 33,000.00	$ 72,000.00	$ 4,800.00	$ 28,000.00		$ 26,000.00	$ 16,000.00	$ 8,500.00	$ 35,200.00	$923,500.00
60,000	$ 612,000.00	$ 47,700.00	$ 24,750.00	$ 54,000.00	$ 6,000.00	$ 28,000.00		$ 26,000.00	$ 12,000.00	$ 8,500.00	$ 28,800.00	$847,750.00
90,000	$ 624,000.00	$ 43,800.00	$ 20,400.00	$ 36,000.00	$ 4,000.00	$ 28,000.00		$ 48,000.00	$ 8,000.00	$ 8,500.00	$ 22,400.00	$843,100.00

BEHM ENTERPRISES, INC.

9500 72nd ST SW Minot, North Dakota 701.838.4550

Testimony SB 2242
Senate Energy & Natural Resources Committee - February 2, 2023

Chairman Patten and Members of the Energy and Natural Resources Committee:

My name is Jason Behm. I appreciate the opportunity to speak on behalf our company Behm Enterprises, Inc. We are a regional Propane and Fuel hauler based out of Minot. I am currently the National Propane Gas Association State Director for North Dakota. I also serve on the Board of Directors for the North Dakota Propane Gas Association. I appear today asking for a "DO PASS" recommendation on SB 2242.

Since the Cochin Pipeline was removed from service in April of 2014, ND has been short product. This shortage has been due to storage capacity and product flow. The Cochin pipeline used to supply 900,000 gallons of storage and would receive and disperse over 60,000 gallons per day. This loan would help marketers replace the supply that we lost. It would also help in times of need due to the extra storage capacity.

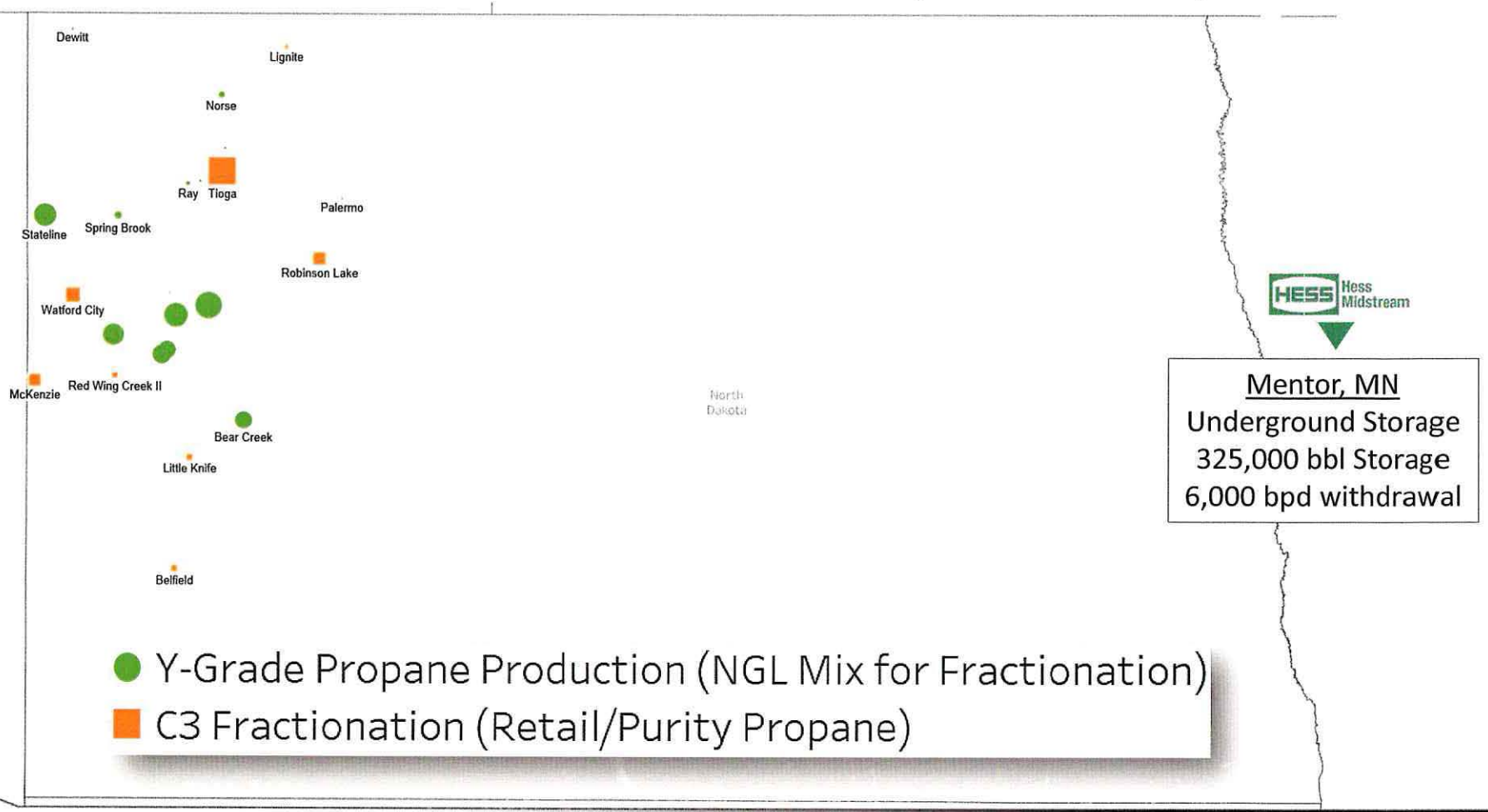
Although we have the Bakken Oilfield in Western ND, most of that product is either railed or piped out of state to storage caverns and facilities across the United States. It is even shipped overseas. We do not have the storage capacity to hold onto the gas here in our own state.

In the past month, we have hauled over 40% of our loads from Canadian facilities to North Dakota and Montana. As a state that has the resources to supply our own product, this makes no sense. A storage facility would greatly impact the amount of gas we could keep right here in ND.

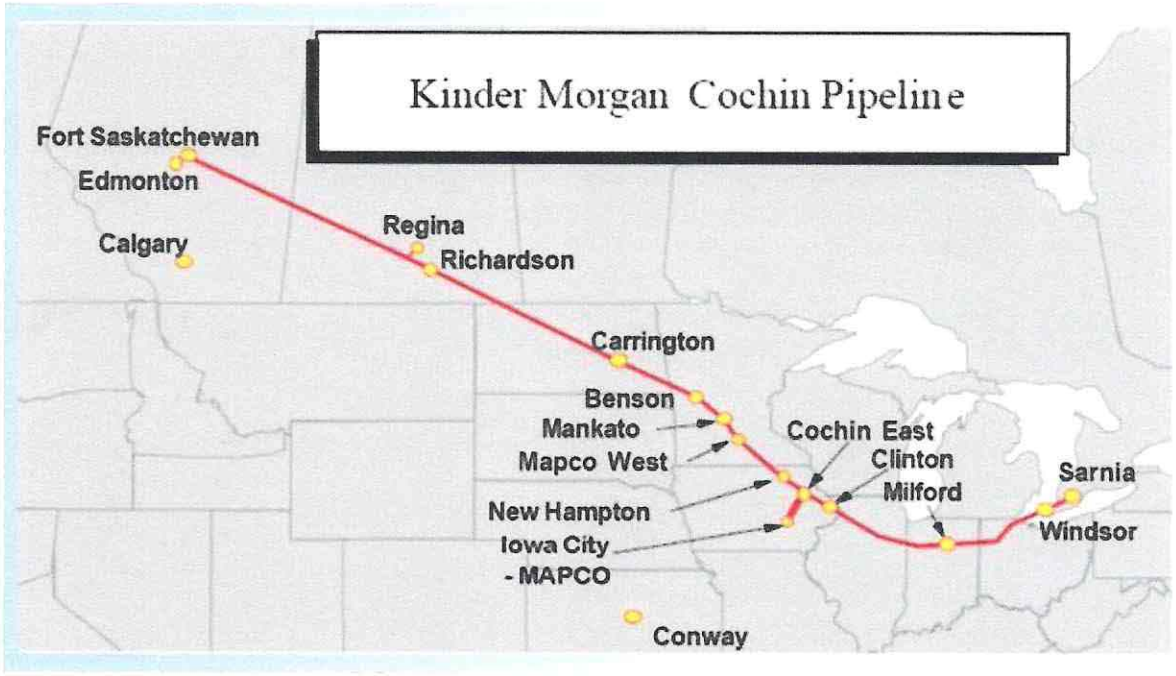
Please refer to the documents in my testimony relating to the Cochin pipeline for more impactive information on the changes since the Cochin Pipeline was shut down.

We, as a company, would not be purchasing storage under this bill. However, we would be hauling product to and from these facilities. Any extra storage capacity takes a huge weight off our shoulders and others in times of peak demand. It allows for proactive planning prior to long stretches of subzero weather or wet harvesting conditions, rather than reactive emergency waivers due to supply issues and long lines at terminals.

North Dakota Gas Plants Propane Output



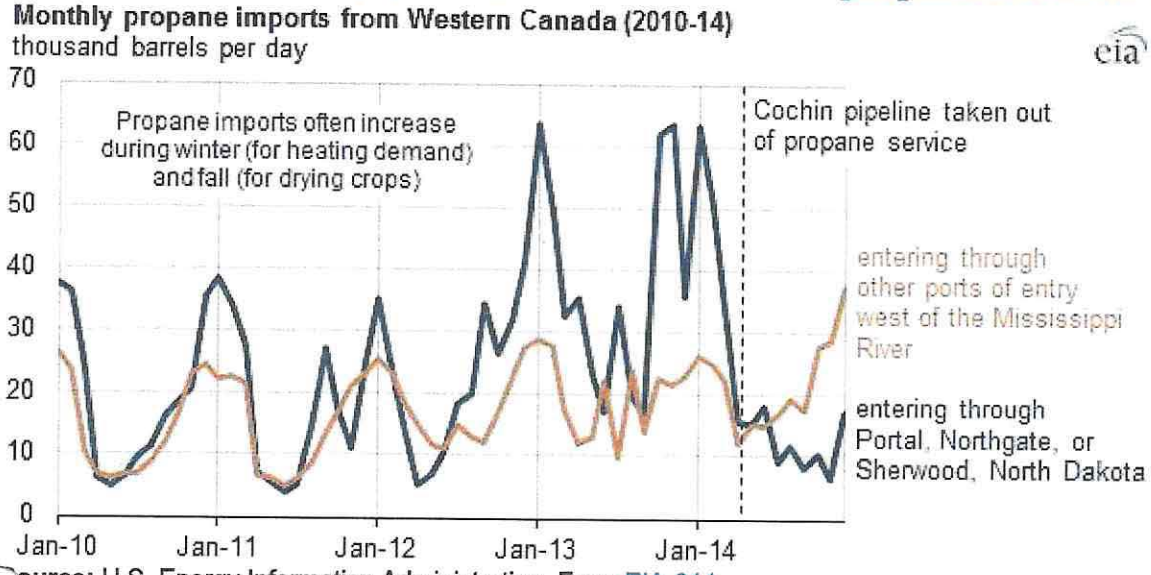
U.S. Customs and Border Patrol ports of entry for propane shipments on Cochin pipeline



Today in Energy

March 27, 2015

Without the Cochin pipeline, western Canadian propane seeks new outlets



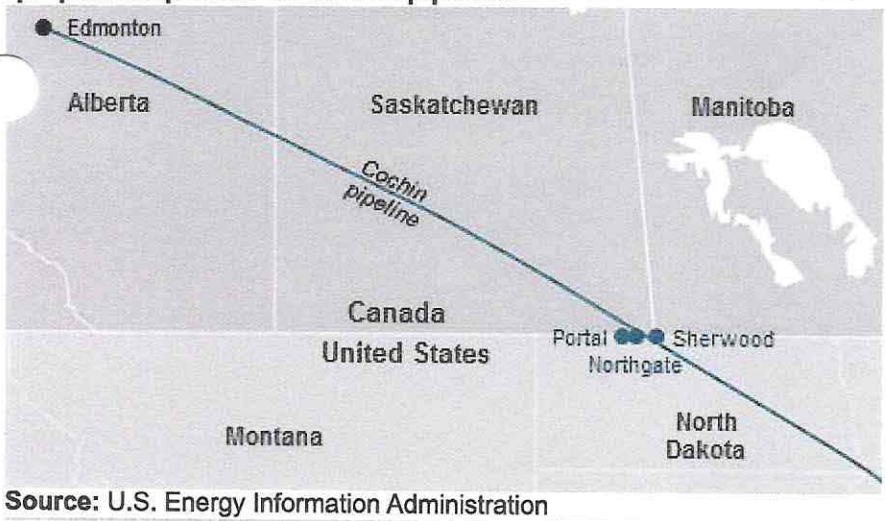
ource: U.S. Energy Information Administration, Form EIA-814

published March 27, 2015, 10:15 a.m., graph was corrected.

In April 2014, after 35 years of shipping propane from western Canada to the upper Midwest, the Cochin pipeline was removed from propane service, and in July repurposed to ship light petroleum liquids north from Illinois to western Canada. Without this pipeline, western Canadian propane production has been shipped by other existing transport modes or placed into inventory at Canadian storage facilities. Recently, the declining value of western Canadian propane has encouraged the development of projects to provide additional outlets for growing production.

Prior to its removal from propane service, the Cochin pipeline provided an effective outlet for western Canadian propane production. EIA tracks imports of propane by port of entry. Historically, propane imported from Canada on the Cochin pipeline had been reported at one of three border crossings into North Dakota: Portal, Northgate, and Sherwood. Imported propane on Cochin likely makes up most of the product reported at these locations. In 2013 and early 2014, propane imports at these three border crossings surpassed 60,000 barrels per day (bbl/d) in times of high demand for propane during winter heating or crop-drying seasons. The substantially diminished flows, approximately 10,000 bbl/d since April 2014, are assumed to be propane shipments by rail or truck.

U.S. Customs and Border Patrol ports of entry for propane shipments on Cochin pipeline

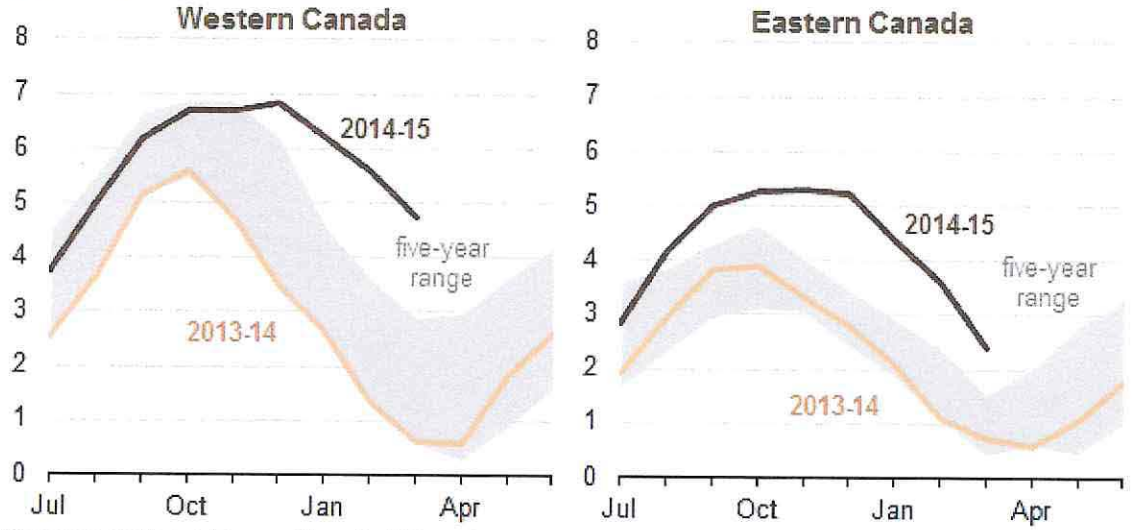


Source: U.S. Energy Information Administration

With decreased Canadian propane exports to the Midwest (as defined by Petroleum Administration for Defense District 2), there has been a rise in the use of the existing capacity of Canadian storage facilities. Western Canadian inventories at the start of March 2015 were more than six times higher than March 2014 levels, and eastern Canadian inventories were more than three times March 2014 levels, and more than double the five-year average.

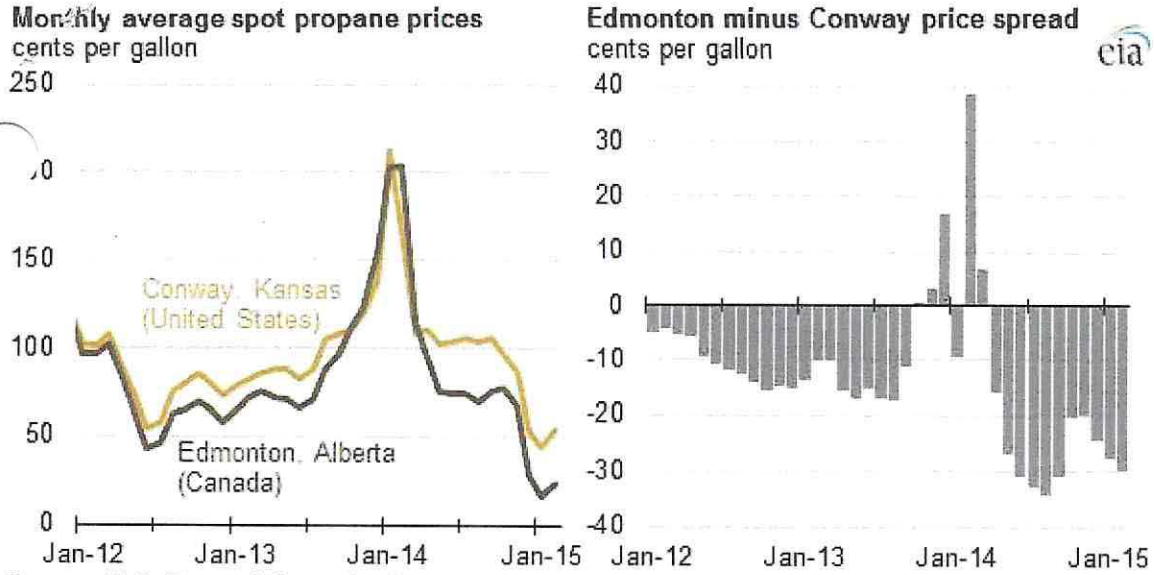
Canadian propane exports to the United States at other border crossings, where rail is the primary mode of transport, reached a record 37,600 bbl/d in December 2014. Propane has also been shipped out of western Canada in pipelines that carry a mixture of propane with other hydrocarbons; the mix is later processed to separate propane. For instance, propane mixed with other hydrocarbon gas liquids (HGL) is shipped out on the Enbridge pipeline system, and propane mixed with natural gas and other HGL is shipped out on the Alliance pipeline.

Canadian propane inventories (2013-15)
million barrels



Source: National Energy Board of Canada
Note: Western Canada inventories include underground storage in Alberta and Saskatchewan; Eastern Canada inventories include underground caverns in southern Ontario.

Higher utilization of existing storage and transportation capacity, coupled with increased propane production from shale gas plays in the United States, has placed downward pressure on Canadian propane prices. Before the 2013-14 winter, spot propane prices in Edmonton, Alberta, regularly traded at about $0.12/gallon below those in Conway, Kansas. This price difference generally reflected the cost of shipping propane by pipeline between the western Canadian and Midwestern markets. During the 2013-14 winter, prices at both locations were above $2.00/gallon at a time when high propane demand coincided with pipeline and processing facility maintenance outages and low inventory levels. Since then, Edmonton propane has sold at $0.27/gallon below the price at Conway, reflecting the higher transportation costs in the absence of Cochin's propane-shipping capacity.



Source: U.S. Energy Information Administration, based on Bloomberg

This widening price differential has prompted the development of other options for moving and using/consuming propane, including:

- A 22,000 bbl/d propane dehydrogenation (PDH) plant to process propane into propylene (an important petrochemical industry feedstock) that Williams Energy Canada plans to build in Alberta by 2018
- Four projects to build marine terminals to export liquefied petroleum gases to Asia, with potentially up to 150,000 bbl/d of capacity
- Two planned rail terminals from Keyera and Plains Midstream to provide approximately 85,000 bbl/d of additional rail capacity. The rail terminals would support the shipment of propane and butane to the West Coast marine terminals, Midwest markets, and Gulf Coast export terminals.

For a more detailed explanation of hydrocarbon gas liquid (HGL) supply and demand fundamentals, see EIA's HGL Market Trends and Issues report.

Principal contributor: Warren Wilczewski

9500 72nd ST SW Minot, North Dakota 701.838.4550

Testimony SB 2242
House Energy and Natural Resources Committee - March 3, 2023

Chairman Porter and Members of the House Energy and Natural Resources Committee:

My name is Jason Behm. I appreciate the opportunity to speak on behalf our company Behm Enterprises, Inc. We are a regional Propane and Fuel hauler based out of Minot. I am currently the National Propane Gas Association State Director for North Dakota. I also serve on the Board of Directors for the North Dakota Propane Gas Association. I appear today asking for a "DO PASS" recommendation on SB 2242.

Since the Cochin Pipeline was removed from service in April of 2014, ND has been short product. This shortage has been due to storage capacity and product flow. The Cochin pipeline used to supply 900,000 gallons of storage and would receive and disperse over 60,000 gallons per day. This loan would help marketers replace the supply that we lost. It would also help in times of need due to the extra storage capacity.

Although we have the Bakken Oilfield in Western ND, most of that product is either railed or piped out of state to storage caverns and facilities across the United States. It is even shipped overseas. We do not have the storage capacity to hold onto the gas here in our own state.

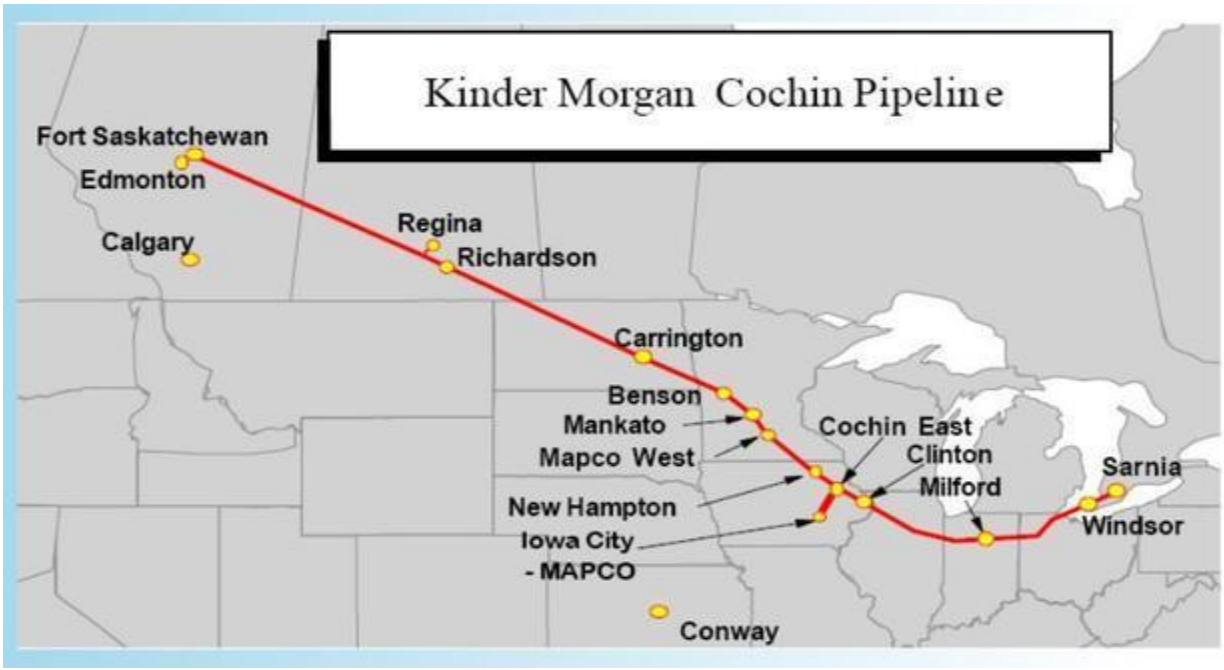
In the past months, we have hauled over 40% of our loads from Canadian facilities to North Dakota and Montana. As a state that has the resources to supply our own product, this makes no sense. A storage facility would greatly impact the amount of gas we could keep right here in ND.

Please refer to the documents in my testimony relating to the Cochin pipeline for more impactful information on the changes since the Cochin Pipeline was shut down.

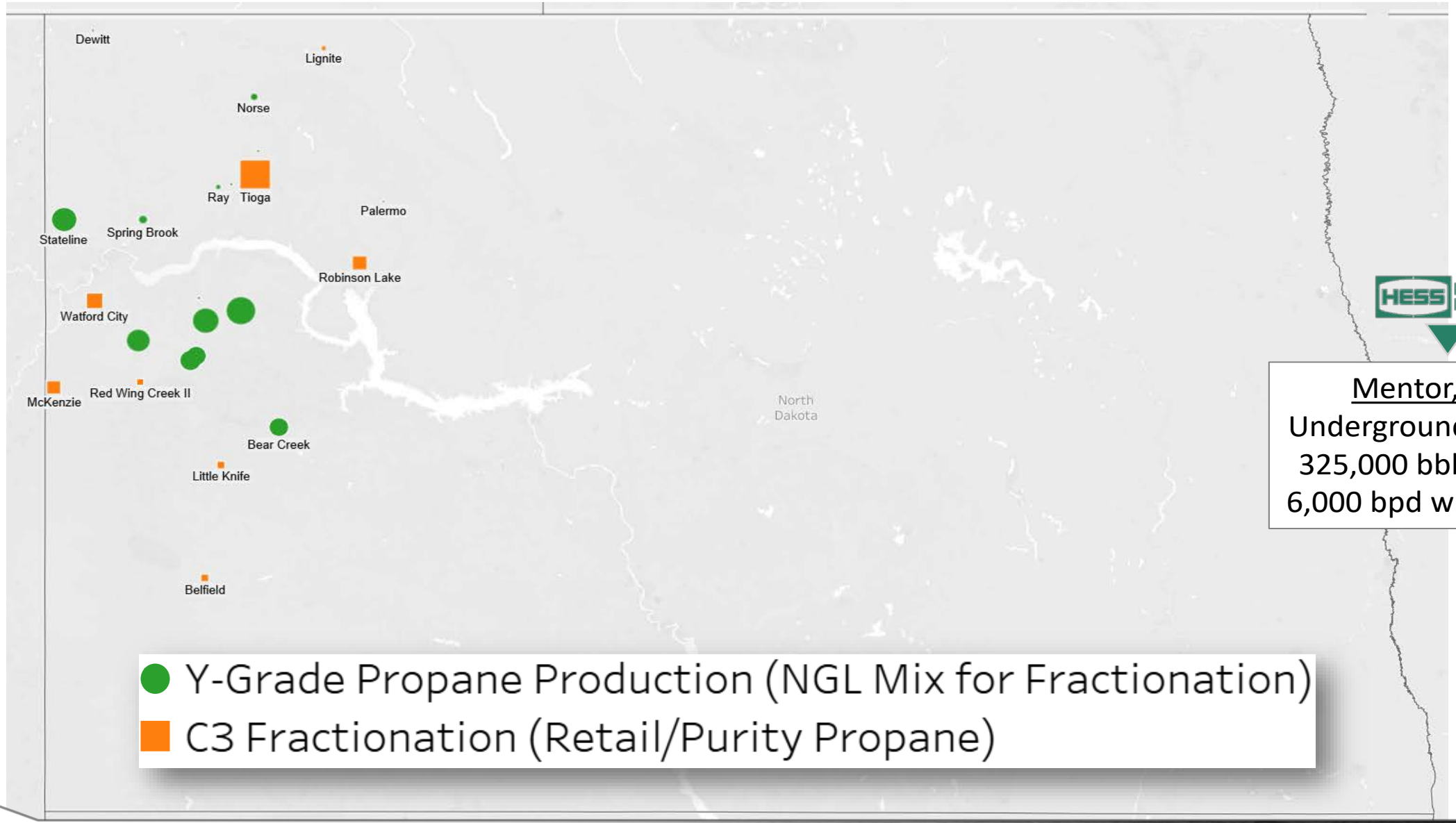
Any extra storage capacity takes a huge weight off our shoulders and others in times of peak demand. It allows for proactive planning prior to long stretches of subzero weather or wet harvesting conditions, rather than reactive emergency waivers due to supply issues and long lines at terminals.

I urge a DO Pass Recommendation on SB 2242..

U.S. Customs and Border Patrol ports of entry for propane shipments on Cochin pipeline



North Dakota Gas Plants Propane Output



HESS Hess Midstream

<u>Mentor, MN</u>
Underground Storage
325,000 bbl Storage
6,000 bpd withdrawal

NDPGA
North Dakota Propane Gas Association

Testimony SB 2242

House Energy and Natural Resource Committee

March 3, 2023

Chairman Porter and Members of the Committee:

For the record, my name is Mike Rud. I serve as the Executive Director of the North Dakota Propane Gas Association.

On behalf of over 130 NDPGA members and the well over 1,000 North Dakotans they employ, we thank Senator Erbele for introducing this timely bill and urge a "DO PASS" recommendation on SB 2242.

ALL OF THE ABOVE ENERGY POLICY. That's been ND's goal from Day One!

In my role as an Empower ND commissioner for over a decade, this has been the mantra. The strategic partnerships being formed between North Dakota's long-standing and emerging energy industries enable all energy sectors to work together to meet state and national needs.

Propane is certainly part of that energy makeup. It's been a reliable energy source in North Dakota for nearly 100 years. The State has about 50,000 homes, farms and businesses using safe, efficient and affordable propane. Many of NDPGA's locally owned and operated businesses likely serve your communities in some capacity.

Passage of SB 2242 means retailers can potentially put between 2-3 Million more gallons of storage capacity on the ground across the state in the next few years. That's good news for energy security in ND and very good news in the long run for state consumers.

1014 East Central Avenue • PO Box 1956 • Bismarck, ND 58502 • www.ndpropane.org • 701-223-3370 • Fax 701-223-5004

This low interest loan program will allow retailers to access the cash needed at very affordable interest rates at a key time in the industry's history.

I can tell you, NDPGA surveyed its membership again over the last few weeks. The appetite remains strong amongst marketers willing to participate in the loan program. I can say confidently, 75% of the loan pool is likely already spoken for at this time if SB 2242 becomes a reality.

Bottom Line: SB 2242 will go a long way towards helping ND propane retailers in enhancing services to well over 300 rural communities and hundreds of ag producers the industry relies on and serves today.

While the loan pool will be administered by the Bank of North Dakota, the loans will be secured from private banks across the state, meaning the monies will stay in local communities and close to home. **(BND officials are here to answer any questions you might have regarding the revolving loan perameters)**

NDPGA members have submitted on-line testimony as well as come to the Capitol today, presenting a very strong case for passage of this bill. These testimonies cover the changes the industry has experienced over the last decade due to pipeline supply issues as well as share a more in-depth cost analysis study relating to the proposed low interest loan program for retail propane storage.

I Thank you for your time and consideration regarding this important energy issue. I urge a "DO PASS" recommendation on SB 2242.

TRI-N-PROPANE
MINOT, NORTH DAKOTA
Phone: 701-839-5262

Testimony SB 2242
House Energy and Natural Resources Committee
March 3, 2023

Chairman Porter and Members of the House Energy and Natural Resources Committee:

For the record, my name is Jarett Schatz. I would like to start by saying thank you to the committee for allowing me to speak on behalf of my propane company Tri-N Propane out of Minot. I also serve on the Board of Directors of the North Dakota Propane Gas Association. I appear today asking for a **"DO PASS"** recommendation on SB 2242.

This bill as amended in the Senate, calls for 15 million dollars of low interest revolving loan pool money using the (SIIF) Strategic Investment and Improvement Fund for the purpose of enhancing propane storage capacity for our state marketers. BND would administer the loan program. It allows a maximum loan of 500,000 dollars per marketer with 15% down payment from a retailer. The loan would carry a 2% interest rate with a 15 year payback period.

These loan guidelines will help us retain capital and save money on interest payments. That is huge for a small company like mine in a market where we have some of the tightest margins in the country as the graphs from the Energy Information Administration I have supplied in my testimony point out.

If you would refer to the cost analysis graph in my testimony, you can see pricing and cost comparison for different sized storage vessels I worked up with a regional vendor. A propane retailer could add up to (3) 30,000 gallon tanks to current bulk storage facility with the passage of SB 2242. Three 30,000 gallon tanks would be $538,350 with 15% down $80752.50 loan value would be $457,597.50 for a quick scenario.

My company would be one of the first in line to secure funding from this bill. It will greatly reduce logistic problems as well as storage shortfall. Most importantly, it would offer marketers and our customers piece of mind that we will have the propane on hand for their growing needs. Personally, my business would be looking to borrow around $300,000 to put in (2) 30,000 gallon tanks.

It would mean a lot to many propane retailers in the state. It would allow propane marketers to have more product on hand in times of peak demand like prolonged stretches of cold weather and the grain drying season.

Help our state propane marketers secure funding for our future expansion projects to ensure we give our customers the greatest service we can offer by having adequate storage for end users needs!

In closing I would like to again say thank you for allowing me the time to be a part of this great process while trying to stay ahead of industry issues for the state of North Dakota and its residents.

I ask for a DO PASS recommendation on SB 2242 and would be happy to stand for any questions.

Regards,
Jarett Schatz

PROJECT COST COMPARISON

Cost (each)

Tank Size	Tank Cost	Frieght (Minot)	Foundation	Tank Trim	Piping	Pump Set &	Transport BH	Crane	Excavation	Electrical	Install Labor	Total Each
30,000	$ 108,000.00	$ 4,200.00	$ 7,850.00	$ 8,800.00	$ 1,200.00	$	28,000.00	$ 3,900.00	$ 2,500.00	$ 5,000.00	$ 10,000.00	$179,450.00
45,000	$ 167,500.00	$ 7,500.00	$ 8,250.00	$ 18,000.00	$ 1,200.00	$	28,000.00	$ 7,800.00	$ 5,000.00	$ 5,000.00	$ 11,000.00	$259,250.00
60,000	$ 204,000.00	$ 15,900.00	$ 8,250.00	$ 18,000.00	$ 2,000.00	$	28,000.00	$ 4,000.00	$ 5,000.00	$ 8,000.00	$ 12,000.00	$305,150.00
90,000	$ 312,000.00	$ 21,900.00	$ 10,200.00	$ 18,000.00	$ 2,000.00	$	28,000.00	$ 13,000.00	$ 5,000.00	$ 8,000.00	$ 14,000.00	$432,100.00

Multi-Container

Tank Size	# of Tanks	Target Gallon	$ per gal
30,000	6	180,000	$5.11
45,000	4	180,000	$5.13
60,000	3	180,000	$4.71
90,000	2	180,000	$4.68

Adjusted Costs for Mutil Container install

Tank Size	Tank Cost	Frieght (Minot)	Foundation	Tank Trim	Piping	Pump Set &	Transport BH	Crane	Excavation	Electrical	Install Labor	Project Total
30,000	$ 648,000.00	$ 25,200.00	$ 47,100.00	$ 52,800.00	$ 7,200.00	$	28,000.00	$ 35,000.00	$ 20,000.00	$ 8,500.00	$ 48,000.00	$919,800.00
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60,000	$ 612,000.00	$ 47,700.00	$ 24,750.00	$ 54,000.00	$ 6,000.00	$	28,000.00	$ 26,000.00	$ 12,000.00	$ 8,500.00	$ 28,800.00	$847,750.00
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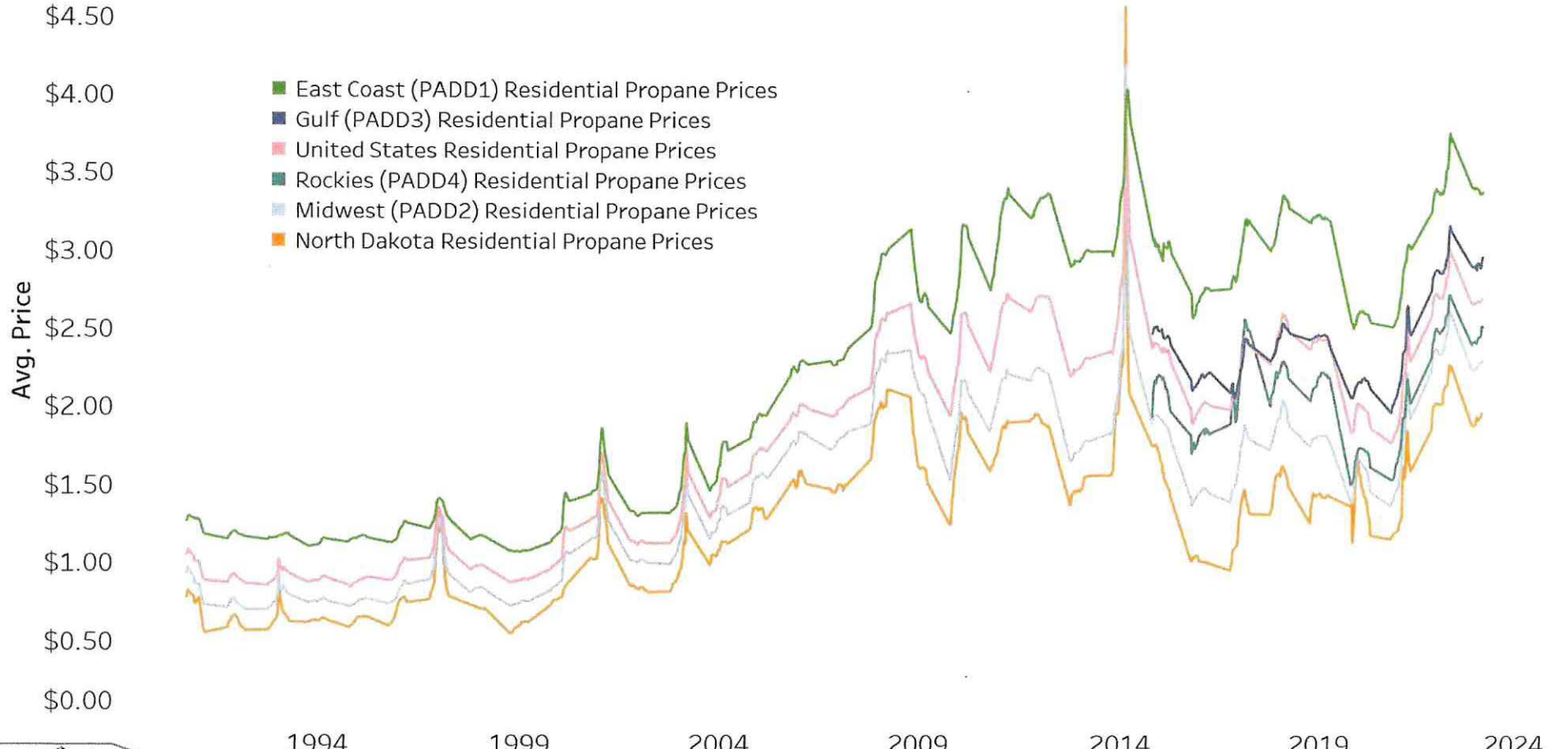
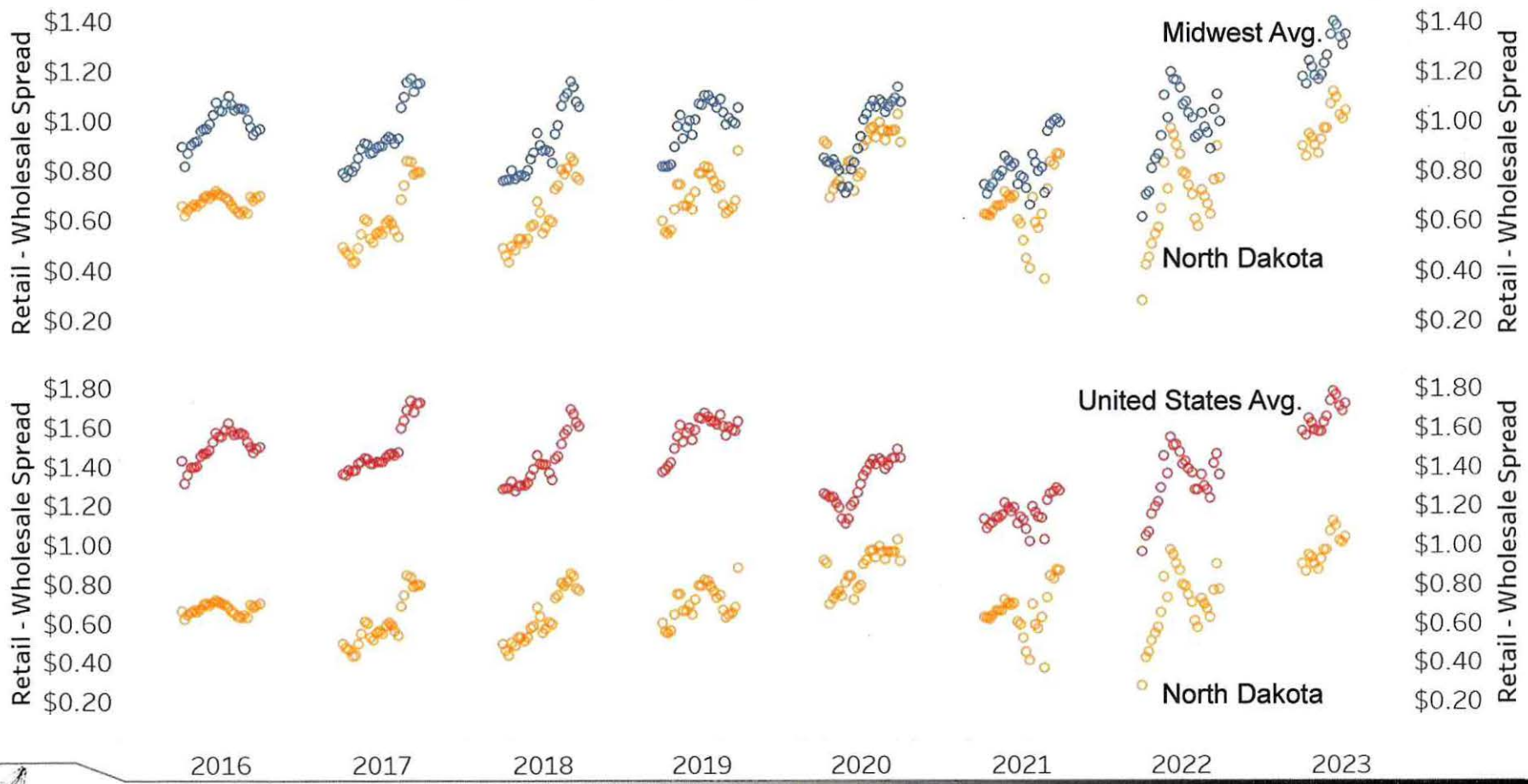
Residential Propane Prices Around the U.S.*



*Data Source: EIA

Residential – Wholesale Propane Price Spreads*



*Data Source: EIA