



marketing mix

TOM JAENICKE

‘Propane country’ open for business

CLEAN, RELIABLE, AFFORDABLE GAS ENERGY IS AVAILABLE EVERYWHERE

Homebuilders and home shoppers will be interested to know that more than 5 billion gallons of propane are consumed annually in the U.S. residential home market.

While propane only accounts for about 5 percent of the total energy market in the U.S., propane country covers much more real estate than natural gas utilities. Public and private gas utilities find it too expensive to deal with low-density populations that propane retailers can handle with lower-cost infrastructure. An above-ground or underground propane tank installation puts gas energy on-site, avoiding the need for an off-site natural gas main network.

We go everywhere, and we don’t need government or rate payer subsidies to do it.

I recently wrote an article for a Home Builders Association of Michigan magazine that detailed the many reasons why propane is a solid choice for the residential building market. Below are excerpts from that article. Statistics quoted are also available for your state from your state or regional propane association.

► THE MESSAGE TO MICHIGAN HOMEBUILDERS:

While residential use of propane in over 600,000 Michigan homes in all 83 counties keeps us No. 1 in the U.S., other Michigan propane uses include providing propane gas energy for over

8,000 farms, fuel for over 800 school buses, over 40 million gallons used in total for on-road vehicles and over 80 million gallons used for other commercial purposes. Gas grills, like the one in your backyard, account for over 15,000 grill tank refills or exchanges a year.

► WHY IS PROPANE SO POPULAR IN MICHIGAN?

1. Propane is a clean energy choice. In a source-to-usage-point comparison, propane emits significantly less CO2 compared to grid electricity for key residential applications like space heating, water heating and cooking. Propane systems can even help to earn points under green building programs like LEED for homes and the National Green Building Standard. Having a “green profile” and the accompanying energy savings are important to an increasing percentage of homebuyers.

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2. Propane is dependable. Technology and innovation have reached deeply into the propane energy sector. As an example, residential propane storage tanks are now commonly installed with usage monitors that feed usage and tank-level readings back to the propane retailer via cellular or satellite signals. Periodic refills are scheduled to ensure a continuous supply of propane that is reserved on-site. Homeowners can even get an app for their phones if they are interested in monitoring the amount

of propane left in their tanks. Propane tank monitoring technology has made propane runout anxiety a thing of the past for homeowners.

Propane can even make electric grid power reliable when a propane home standby generator is incorporated to bring power on within seconds of an outage. One of the strongest selling points for residential propane standby generators, besides unpredictable weather, is the growing number of nonemergency electrical outages in Michigan.

3. Propane is affordable. Most propane used in Michigan is sourced from liquid gases produced in the natural gas (methane) exploration and production process. There is an abundance of propane production and supply that allows the U.S. to export much more propane than is used in this country. This has helped to moderate the price of propane in comparison to other energy products. In Michigan, propane is typically about half the cost of electricity when compared on a cost-per-Btu basis and about a third more than the cost of natural gas. Michigan propane retailers operate in a highly competitive marketplace to keep propane prices affordable.

To bring energy costs even lower, the Michigan propane industry is offering installer rebates on high-efficiency equipment. You can find out more at mipropanerebates.com. You can also participate in the Propane Construction Research Program for additional incentives. Find out how to apply at propane.com/pcrp. **LPG**

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