

Cabinet Heaters: The Great Debate of '08

*Cabinet heaters, DHS, high prices...
tough topics keep board members busy.*

Actually, the debate over the industry's support of reintroducing cabinet heaters dates back to the beginning of this decade, but it may have come to a head at the February National Propane Gas Association (NPGA) board meeting held in San Diego.

After much discussion and presentations on the subject in the Marketer and State/District Directors meeting, members voted against continuing to work on the initiative. The vote followed a presentation by Dr. Rod Osborne of Battelle and Denise Beach of NPGA, who provided an update on Battelle's project covering fire testing and other research. Glenn Saunders of White Mountain Oil & Propane, who also is the chairman of the Propane Education & Safety Council (PERC), reviewed the council's efforts to date on its outreach program promoting cabinet heaters to fire service personnel.

Those attending the Marketer State/District Director meeting covered a gamut of related topics and questions in favor of and against the association promoting the use of cabinet heaters in residences. A number of attendees believe the estimated 30-40 MMgal. of fuel the market might generate are worth pursuing. They see Europe's positive experience with cabinet heaters as an example that will increase sales here. Getting heaters accepted might lead to a number of other indoor, stand-alone appliances that could be fueled from composite cylinders. Others questioned the market estimate as well as the possibility that fire officials will accept the appliance.

Several asked how popular the appliances would be, since electric heaters are flying out the doors of discount stores at less than \$20 each and cabinet heaters will be priced much higher and cost more to operate. A couple of marketers pointed out there were many who are already using similar heaters that are designed for an agriculture/commercial setting, and which are available at several hardware and agri-

cultural supply stores. Andy Redus of Admiral Propane, who has been in favor of the initiative, said he spent time filling cylinders at his plant so he could ask customers what they were using the gas for. He confirmed that these units are in use inside homes.

Design and technical questions were also part of the debate. Mike Pitts of Mississippi Tank and chairman of the Technology, Standards and Safety Committee, said his group needed more guidelines from the board so it could proceed with its work on the initiative.

Ultimately, the board overwhelmingly voted to suspend expenditure of the association's resources in support of developing a cabinet heater for residential use in conjunction with a composite cylinder. The vote included suspending the current work by the Technology, Standards and Safety Committee. It did not diminish NPGA's commitment to market-driven advocacy, according to Rick Roldan, NPGA's president and CEO. He believes the debate helps membership and staff better prioritize goals according to their potential to open markets.

The Department of Homeland Security (DHS) and its chemical security regulations was another hot topic among board members, who heard NPGA staff discuss the lawsuit to stop enforcement of the mandates. The suit was filed against DHS in January, with the association and Northwest Gas as plaintiffs (*BPN*, March, p. 23). While the court denied the injunction based on whether those with storage would be irreparably harmed by the mandates, the judge did not rule whether or not the plaintiffs stand a likelihood of success on the merits.

In addition to exploring its legal options on the lawsuit, NPGA detailed its plans to further enlist Congress' support through an industry grass-roots campaign. Information on the campaign and a form letter were sent to state associations and members and are posted on NPGA's website, www.npga.org. At about the same time as the meeting, the House Committee on Homeland Security was preparing to schedule a mark-up session on the DHS reauthorization bill, which



At the meeting, Tom Nunan (right), a long-time NPGA board member, was honored by NPGA chairman Keith McMahan for his work and accomplishments on behalf of the industry, including his term on the PERC council and as chairman.

contains numerous provisions that will further complicate a company's compliance (see article on p. 41).

High prices and the effects of unregulated market speculation were debated by the Government Affairs Committee and board. Members were in favor of NPGA further working with other industries that are supporting bolstering regulations on speculative trading. However, a few members cautioned that the industry shouldn't be in favor of additional regulations that will make industry trading activity difficult. These members noted that the falling value of the dollar was also playing a part in rising energy prices.

Supplies are in decent shape for this time of year, according to a report given by the International Committee, whose members also reviewed infrastructure and logistic issues in their meeting. These latter two subjects are of concern to some members who pointed to several issues with railroads and transports. New railroad surcharges are being levied in some regions, while in others they are being raised. An infrastructure task force will be taking up the subject and will be looking critically at the movement of product from primary to secondary storage. NPGA also recently joined the Consumers United for Rail Equity organization, which is working to revoke the railroads' anticompetitive exemptions and to seek more equitable regulations from the Surface Transportation Board.

In his report, Roldan enumerated a number of challenges the industry is facing and efforts by his staff and membership since the last meeting. NPGA asked the board to approve a position paper on global warming (*BPN*, March, p. 21),



To endorse the reintroduction of cabinet heaters or not was the big question of the day for more than one committee. A standing-room-only crowd spent a considerable amount of time debating the issue after listening to a report on the subject by Dr. Rod Osborne of Battelle and Denise Beach of NPGA.

which he explained is necessary to help position the industry in the debate that Congress and the nation's leaders are pursuing. The position paper will be available to members and will be distributed to members of Congress and the Senate. As part of the board's discussion on the topic, Mike Gorham of Northwest Gas hosted a screening of the documentary, "The Great Global Warming Swindle," which was well attended. At least two congressional leaders are expected to propose legislation that will set goals for greenhouse gas emissions.

In this election year, the PropanePAC has set a goal of raising more than \$200,000 this year. The PAC's chairman, Chris Cafarella of United Energy, said it is pushing the new NPGA Individual Membership category as a new tool for reaching additional contributors and a new major donor program is being launched.

—Ann Rey