

Summary of Propane Supply and Security Act of 2014

Sen. Al Franken, Sen. Rob Portman, Sen. Tammy Baldwin

Rural residents in many areas of the U.S. depend on propane to heat their homes and livestock barns. This past winter, however, an extremely serious propane shortage in the Midwest, Northeast, and areas of the South caused skyrocketing prices and hurt homeowners and businesses. This bill would help prevent and respond to future propane shortages by targeting and addressing the root causes of last winter's shortage. The bill includes the following sections, following the short title (Section 1) and definitions (Section 2):

Section 3. Information Collection. The bill includes enhanced information-gathering tools for the Energy Information Administration (EIA) to better track propane supplies in order to make better forecasts. The EIA would publish storage levels at major market centers, including Conway, Kansas and Mont Belvieu, Texas.

Section 4. Coordinated Response to Emergencies. The delayed federal response to this past winter's crisis highlights the need for more coordinated leadership. The bill establishes the Secretary of Energy as the coordinator of federal and state emergency response efforts in the event of future shortages. Consistent with FERC action during the crisis, the bill clarifies that propane shipments can be prioritized in the event of an emergency.

Section 5. Definition of Consumer Propane Prices. The Propane Education Research Council conducts propane education, outreach, and research. But because of the way the Department of Commerce calculates consumer propane prices, PERC is limited in how it can utilize its own funds. The legislation fixes this issue by directing the Department of Commerce to more accurately calculate consumer propane prices.

Section 6. Regional Propane Reserve. Increased storage, particularly at the regional level, could avert future propane shortages. The bill directs the Secretary of Energy to study the effectiveness and feasibility of regional reserves of propane to mitigate future supply shocks. The Secretary could then submit a plan to Congress and to the President to establish such propane reserves.

Section 7. Storage Facility Loans for Propane Storage. The bill expands the list of equipment covered under the USDA storage facility loan program to also include propane tanks.

Section 8. Study of Jurisdiction. The bill directs the Government Accountability Office to look into whether propane at terminals and storage facilities is priced fairly.