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## **AOPL AT SENATE HEARING POINTS TO SPARE PIPELINE CAPACITY AVAILABLE TO MEET PROPANE NEEDS**

*WASHINGTON, DC* – Today, Andy Black, President and CEO of the Association of Oil Pipe Lines (AOPL), testified on last winter's propane prices and supplies at a hearing of the U.S. Senate Committee on Energy and Natural Resources. Also testifying were representatives of the U.S. Department of Energy, U.S. Federal Energy Regulatory Commission (FERC), local propane distributors and agriculture.

"There is enough pipeline capacity to transport propane supplies to where they are needed, so long as the owners and shippers of propane adequately plan for their winter demand prior to winter," testified Black.

Black described how the business of pipelines is to deliver energy products on behalf of shipping customers. Like Fed Ex or UPS, pipeline operators generally do not own the products they deliver. Pipeline operators earn revenue by making shipments for customers. The more pipelines deliver, the more money pipelines earn. So, pipeline operators have every financial incentive to make deliveries, including deliveries of propane, when they are requested by shipping customers.

This winter, when local propane supplies fell, pipeline operators were asked to help, and they responded. Operators ran their dedicated propane lines at maximum capacity. Operators of lines with multiple different products worked with customers to voluntarily defer other shipments so that propane shippers could ship propane. Pipeline operators participated fully in Department of Energy efforts during the crisis, and fully complied without challenge to orders and extensions from FERC to prioritize propane shipment requests.

Going forward, Black emphasized the simplest and most straightforward solution to tight winter propane supplies is for propane distributors and marketers to make use of the millions of barrels of spare pipeline capacity they have available to them throughout the year. Black highlighted how two legs of the Mid-America Pipeline (MAPL) system with a capacity of 48,000 barrels per day and 53,000 barrels per day deliver propane to Minnesota and Wisconsin respectively. While space on those pipelines was tight last December and January, both lines went many months during the spring and summer with very low utilization rates. On average, propane shippers use only 32 percent of the annual capacity available to Minnesota and only 50 percent of the annual capacity available to Wisconsin on these lines. That translates to nearly 12 million barrels of propane capacity going unused each year by Minnesota propane distributors, and 9.5 million barrels per year of propane capacity going unused each year by Wisconsin propane distributors.

Black also referenced data from the U.S. Energy Information Administration showing how propane inventories across the Midwest were below average levels throughout 2013, not just in the fall and winter. That indicated local and regional propane distributors did not take the deliveries necessary to maintain traditional inventories of propane when capacity was available and they had the chance in the spring and summer months.

Pipeline operators are actively building new pipelines where there is demand to connect to new U.S. crude oil and natural gas production regions. Pipeline operators are also eager for shipping customers to use existing underutilized pipelines throughout the year. Find the full Black testimony at <http://www.aopl.org>.

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