

## Twin Feathers Response to NPGA Propane Supply Planning Task Force document from May 2014:

One result from the past winter, was the NPGA's creation of the Supply and Infrastructure Task Force that was created to "address the various challenges the winter posed for the industry and to make recommendations for future action". A "future action" step was made in May when this group created a "Propane Supply Planning" document. Over a series of posts, we will take a look at specific items within this document as well as provide a complete copy for your own review.

Flip to page two of the document and there are eight subject areas that the Task Force has highlighted in the 'Recommendations for Marketers in Supply Planning'. I did a quick double-take after reading items one to seven. . . .these are all things that Twin Feathers has been advocating, educating and working with clients on for the last 16 years.

Reading further, page 6 of the report caused another double-take. Here are five sentences from that page that are worth review:

**"At one time, supply planning in the propane industry may have been as simple as sitting down with a key supplier each spring. With changing conditions and economics, this is no longer the case. The Working Group strongly recommends that marketers seek third-party expert advice in the creation and implementation of their supply plans. . . .The Working Group also recommends that marketers look beyond their traditional suppliers in seeking advice and consultation. While any given supplier may generally be knowledgeable about a particular area market, it may also be biased by its desire to serve and retain a customer's business. Therefore, the Working Group recommends seeking unbiased advice from a supply expert who can act independently and serve to protect the client's financial interest."** (emphasis added by Twin Feathers).

Due to my roots as a CPA, the word "independently" rings strong and clear. And the mantra "serve to protect" is a course of action that can only be fully performed if incentive structures are properly aligned. Over the past few years, the rush for firms to become 'midstream asset players' have shifted the focus away from serving the customer to a focus on serving the asset. This places the customer in a position where an independent voice can help differentiate what choices truly "serve to protect" their interests.

The last paragraph to this section of the document has a final sentence: **"While there may be costs in obtaining supply planning advice, this cost can be looked at as a type of insurance policy to help ensure that vital supply is available when needed."** If you hear someone make the pitch, "we can offer this service for free", you should be ware. Nothing comes free and nine times out of ten, a cheap cost for a service or product is typically a clear indication of the quality of that product or service.

If you've read this far, one of two thoughts are rolling around in your mind: first, you agree with the advice and may have received the benefit of third-party assistance this past winter. Second, you see this post as merely self-serving and don't see value in third-party assistance.

Firmly agree with part of the second thought process: this is self-serving. The value of third-party assistance however, has made Twin Feathers successful for over sixteen years and the importance of that service is now clearly being recognized by a national industry group. If we weren't proud of our efforts and of the fact that our overall goal is to provide an independent and transparent service to our customers, then any silence on this topic should be raise concern within the retail propane community.