

DECEMBER 2017

## WINTER FUELS OUTLOOK

*U.S. ENERGY INFORMATION ADMINISTRATION, OCTOBER 2017*

EIA forecasts that average household expenditures for all major home heating fuels will rise this winter because of expected colder weather and higher energy costs. Average increases vary by fuel, with natural gas expenditures forecast to rise by 12%, home heating oil by 17%, electricity by 8%, and propane by 18%. Most of the increase reflects expected colder weather rather than higher energy costs. A warmer-than-forecast winter would see lower increases in expenditures, and a colder-than-forecast winter would see higher increases in expenditures.

For purposes of this outlook, EIA considers the winter season to run from October through March. The average household winter heating fuel expenditures discussed in this supplement are a broad guide to changes compared with recent winters. Fuel expenditures for individual households are highly dependent on the size and energy efficiency of individual homes and their heating equipment, along with thermostat settings, local weather conditions, and market size.

Temperatures this winter, based on the most recent forecast of heating degree days from the National Oceanic and Atmospheric Administration (NOAA), are expected to be colder than last winter across the country. However, last winter was significantly warmer than normal. On average, temperatures across the United States are expected to be 13% colder than last winter, with forecasts ranging from 27% colder than last winter in the

South region to 4% colder than last winter in the West.

Despite the expectation of colder temperatures compared with last winter, temperatures across the eastern United States are expected to be comparable to the average of the previous five winters. In the West, temperatures are forecast to be about 7% colder than the previous five-winter average. However, recent winters provide a reminder that weather can be unpredictable; the winters of 2013–14 and 2014–15 were generally colder than normal, while the past two winters were much warmer than normal. Recognizing this potential variability, the Winter Fuels Outlook includes forecasts for scenarios where heating degree days in all regions are 10% higher (colder) or 10% lower (warmer) than forecast.

**Natural Gas** – Nearly half of all U.S. households heat primarily with natural gas. EIA expects households heating primarily with natural gas to spend \$69 (12%) more this winter compared with last winter. The increase in forecast expenditures compared with last winter is driven by a 9% increase in consumption and 2% increase in price. For the winter of 2017–18, residential natural gas prices are forecast to average \$10.36 per thousand cubic feet (Mcf) and average consumption is forecast to total 62 Mcf per household. The increase in consumption reflects forecast heating degree days that are 13% higher this winter compared with last winter.

Although forecast residential natural gas prices are expected to be 2% higher this winter compared with last winter, Henry Hub spot prices are expected to average \$3.18 per million British thermal units (MMBtu) (\$3.30/Mcf) this winter, which is 5% higher than last winter. Higher forecast Henry Hub prices reflect higher expected use of natural gas across all consuming sectors and higher expected natural gas exports. Increases in Henry Hub prices generally pass through to residential prices slowly over a long period. The rates utilities charge for delivered natural gas can be set by state utility commissions a year or more in advance and reflect the cost of natural gas purchased over many months. Also, residential prices include charges to cover utility operating costs and the cost to transport and distribute natural gas that are not directly linked to spot market prices.

EIA projects natural gas inventories will total 3.8 trillion cubic feet (Tcf) at the end of October, based on expected injection rates. During the first three months of the 2017 injection season, which starts in April, the rate of natural gas inventory builds was lower than the five-year average. However, cooler-than-average temperatures in August reduced the use of natural gas for electricity generation, which contributed to builds that were above the five-year average during August 2017 and September 2017.

For the complete article, visit  
[www.eia.gov/outlooks](http://www.eia.gov/outlooks)

## 'An Energy Revolution'

American Gas, October 2016

Energy Secretary Rick Perry has a goal: to bring the same innovation and curiosity he relied on as governor of Texas to maintain a secure and reliable network of energy sources to benefit and protect our nation. He talks to American Gas about the challenges he faces, the future of U.S. energy dominance and how he sees natural gas as an important part of our growing energy portfolio.

AG: It seems there is a strong pushback from some environmentalists about the use of any fossil fuels, including natural gas, to power the nation's future. What is the role of natural gas in our nation's energy mix, and how can it provide for the nation's growing demand for energy? What will your message be to those who fight pipeline expansions or any additional use of natural gas to fuel the future?

RP: Natural gas, just like all other sources of energy, plays a key role in ensuring the national security and economic stability of the United States and our allies. This administration is looking forward to finally unleashing American energy dominance after years of energy policies that put what was best for the country aside to promote a specific political agenda. We need a broad mix of energy sources to sustain our nation, and natural gas is a critical element of our energy portfolio. Not only is it an economically viable fuel source, but it's also an environmentally viable fuel source.

As secretary of energy, I want to reaffirm that you can be pro-economy and pro-environment. Researching and developing natural gas technologies and building the necessary infrastructure to support these technologies is one way we can accomplish those goals. Our experiences in Texas prove we can do both. During my time as governor, the Texas economy and population grew dramatically. Critics assumed

pollution and the ozone levels would exponentially rise in the Lone Star State due to these facts, as well as our increase in fossil fuel production. They were wrong. We drove down nitrogen oxide, sulfur dioxide and carbon dioxide. Much of this can be attributed to cleaner-burning natural gas.

AG: Sticking with the topic of natural gas and renewable energy, what opportunities exist for natural gas and renewable energy to work together-and to complement each source?

RP: At the Department of Energy, we are implementing an all-of-the-above energy strategy in order to utilize all forms of American natural resources. This includes nuclear, wind, hydro, solar, geothermal, coal, oil, natural gas and more. By utilizing all of these, we can create a broad energy portfolio that secures maximum energy stability, efficiency and cost effectiveness for the American taxpayer.

AG: What do you see as the role of natural gas in the nation's energy mix in four years, eight years, 20 years and even 50 years?

RP: The future is bright for natural gas. We're at the front end of an energy revolution due to the breakthrough of shale natural gas that has driven down American energy costs over the last decade. In addition, growing production and development of liquefied natural gas is transforming the United States into a leading exporter of natural gas. Both American consumers and our allies across the globe will benefit from the United States' innovation, especially on the natural gas front. I can't tell you what the future will hold, but I can tell you that it will be bright.

For the complete article, visit  
[www.ag.org](http://www.ag.org)

## 2018 Membership Dues Mailed!

Invoices for the 2018 membership dues have been mailed out. If you did not receive your invoice or it was sent to you in error, please let Diane know at 763-424-1841 or [dswintek@blueflame.org](mailto:dswintek@blueflame.org)

Membership benefits include: Your company name and website listed on our website, networking opportunities, member rates to association events, advertising opportunities, opportunities to promote at the Minnesota State Fair in the Blue Flame Lodge or at seminars, etc.

**Please renew!** Our members are our strength! Your dues enable the Minnesota Blue Flame to continue to support the natural gas industry in Minnesota. Thank you!

## Mark Your 2018 Calendars:

Tuesday, June 5

Blue Flame Fishing/Networking Event

Thursday, June 14

Blue Flame Golfing/Networking Event  
 Cannon Falls Golf Club

Thursday, August 23

Labor Day, Monday, Sept. 3  
 Minnesota State Fair

Tuesday, September 18

Commercial/Industrial Conservation Conference

## High Tech, Soft Touch

Robert Bittner, American Gas, October 2017

New technologies featuring natural gas aren't just benefiting residential and business customers. They're helping to build stronger partnerships, further reinforcing the valued role of natural gas in our daily lives.

With each passing month, it seems American homes and businesses are getting smarter, offering improved efficiency, cost savings, security and peace of mind. How can natural gas play a role? Advanced heat pump technology, a hybrid system combining heating, cooling and backup electricity, and a new kind of meter – these are just a few examples of the technologies that are on the way to deliver smarter utility service while also strengthening the relationship between gas providers and consumers.

### MORE COMFORT, LESS COST -

Michael Garrabrant, founder and CEO of Stone Mountain Technologies Inc., based in Tennessee, says his company's forthcoming product-a thermal-driven heat pump powered by natural gas-will make homes and businesses more comfortable at a lower cost and with less environmental impact.

A TDHP uses heat energy from natural gas to drive a thermodynamic heat-pump cycle based on the single-effect ammonia-water absorption process, producing heating or cooling (or both at the same time). The TDHP is located outside the home or business and is connected to the heating load indoors via a simple water loop. In a typical residential forced-air heating system, the heated water feeds an indoor air-handler, distributing warm air throughout the building. For businesses

such as full-service restaurants, the unit can supply hot water for most or all washing and related kitchen needs, or it can be configured to deliver the required base heating load.

Like electrical heat pumps, the TDHP draws a portion of its delivered heat from outside air. Unlike electrical heat pumps, though, Stone Mountain's natural gas-fueled equipment works well in cold weather, does not add to electric grid congestion and reduces electrical heating costs, according to Garrabrant. He believes his company is the first developer of this kind of scalable and cost-effective technology.

"For consumers, the primary benefit is monthly utility-bill savings. We can cut their gas/heating costs by 30 to 50 percent for both space and water heating. That's significant," said Garrabrant. "But with our ability to control precisely the temperatures we deliver, we also can provide a more comfortable heating technology, compared with a single-speed gas furnace or electric heat pump."

In addition, Garrabrant points out that the technology offers a strong argument against the idea that fossil fuels can be replaced by electric heat pumps. "Our pumps provide an 'arrow in the quiver' for gas utilities. The TDHP will provide more efficiency at a much lower cost than an electricity-based solution."

The TDHP is expected to come to market by late 2019 or early 2020.

**TRIPLE THE BENEFITS** – When it comes to technology, consumers are increasingly at ease with the economies and

efficiencies that come with bundling related services such as cable, internet, and telephone. M-Trigen, based in Texas, is tapping into that trend with its new three-in-one PowerAire, a unit capable of supplying heating, cooling and electricity, all fueled by natural gas. While it can function as a backup generator in the event of an outage, its main function is to be the driving force behind a building's daily heating and cooling needs.

Depending on an area's specific electric costs, the company believes that consumers could save 30 to 70 percent on their electric bill by fueling their systems with natural gas instead.

The PowerAire doesn't replace existing HVAC equipment; it becomes the primary compressor for those systems.

Although it is not intended as a whole-home backup generator, critical circuits can be run into a subpanel inside the PowerAire. "In a blackout, our unit will power the critical load that's on the subpanel," said Giampetroni (Dan Giampetroni, M-Trigen's vice president of sales and marketing). "Our inverter converts the energy into AC power for those circuits."

Given the combined cost of the unit and installation, which is typically in the \$35,000 - \$45,000 range, Giampetroni says the PowerAire is more likely to fit the needs of commercial property owners than typical homeowners.

For the complete article, visit  
[www.agi.org](http://www.agi.org)

## QUOTE OF THE QUARTER

*"It's not what's under the Christmas tree that matters; it's who's around it..."*

*Author: Charlie Brown*

# Member News

## Campbell-Sevey Earns Xcel's Energy Efficiency Partner Award...Again!

Blue Flame member Campbell-Sevey announced that they earned Xcel Energy's Energy Efficiency Partner Award for the third year in a row!

Xcel Energy's Efficiency Marketing team created the Energy Efficiency Partner Award to recognize the Trade Partners that make the largest contributions to their energy efficiency programs.

Campbell-Sevey was named one of Xcel's top tier partners and based on their participation has won the award for 2017. This follows their earning that same designation in 2015, when the award program started, and again in 2016.

Campbell-Sevey is proud to be recognized for their efforts to maximize energy efficiency for their customers.

## Michael Mayerchak & Rory Lenton Retiring! Both Receive Outstanding Service Awards

Michael Mayerchak with Xcel Energy will be retiring December 29, 2017, and Rory Lenton with Minnesota Energy Resources will be retiring January 2, 2018. Michael and Rory have been long-time members with the Blue Flame and have served on the Residential/State Fair Committee. Their leadership and hard work for the Blue Flame is greatly appreciated and they will be missed! Both were recognized with Outstanding Service Awards for their above and beyond service and leadership to the Blue Flame. We wish them the very best as they start their retirement!

## Upcoming 2018 Shows

**Energy Design Conference & Expo** - February 19-21, 2018 at the DECC (Duluth Entertainment Convention Center). For more information go to [www.duluthenergydesign.com](http://www.duluthenergydesign.com). Early bird registration ends February 1, 2018.

**Home & Garden Show** – March 30-April 1 and April 6-8, 2018 at the Minneapolis Convention Center. For more information go to [www.homeandgardenshow.com](http://www.homeandgardenshow.com)

## INTERESTED IN JOINING THE ASSOCIATION?

Contact Diane at [dswintek@blueflame.org](mailto:dswintek@blueflame.org) or visit our website at [www.blueflame.org](http://www.blueflame.org) Associate memberships are \$200 per year.

**Join the team now!**

**Benefits to joining:**

Website exposure on Blue Flame website (Natural Gas Product Finder), Networking Opportunities, Industry Contacts, Advertising Opportunities, Member rates (reduced rates) for Association events, seminars, etc., and many more.

## INTERESTED IN JOINING A COMMITTEE?

The State Fair/Residential Committee is in need of additional members, if you can help, please contact Diane.

## Ballots are Tallied! 2018 Board of Directors

### Officers:

#### **President:**

Greg Olson, Xcel Energy

#### **Vice-President:**

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JeffLarson, Minnesota Energy Resources

Mike Morgan, John J. Morgan Company

The Minnesota Blue Flame thanks these directors for volunteering their time and talents to help direct and lead the Association in 2018!

**Wishing You & Your Family A Merry Christmas & a Happy New Year!**



**Have something to submit?**

**E-mail change?**

If you would like to submit information to be considered for the next member newsletter or have an e-mail change, contact Diane at [dswintek@blueflame.org](mailto:dswintek@blueflame.org)

The logo consists of two overlapping circles, one green and one blue, forming a stylized 'E' shape. To the right of the logo, the words "ENERGY INSIGHT, INC." are written in a bold, sans-serif font, with "ENERGY" in a larger font size than "INSIGHT, INC.".

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# SAVE ENERGY & MONEY

The image shows a large, shiny metal pipeline being lowered or positioned by a crane. In the background, there's a yellow excavator and some green trees. The ProSource Technologies logo is at the top left, and the company's services are listed in the center.



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