



Propane Standby Systems Offer Several Benefits To Commercial And Industrial Natural-Gas Consumers.

Benefit 1: Cost Savings - Firm versus Interruptible Natural-Gas Supply

Many gas utilities; pipelines and gas marketers sell and deliver gas on both a "firm" basis and on an "interruptible" basis. What's the difference? Firm supply promises delivery regardless of huge swings in the demand for gas due to weather and other energy-market forces. This "must-deliver" requirement establishes priorities for everyone in the supply chain - from gas producers to gas transmission pipelines to local gas utilities. By comparison, interruptible gas supply is generally on a "best-efforts" basis, allowing for potential curtailment of some or all gas at a particular location during periods of peak demand. For the consumer, the ability to purchase gas on an interruptible basis often yields savings of 30% to 40% or more on a year-round basis compared to firm service. A basic element in this equation is the consumer's need for a standby or "backup" fuel source for use during curtailment periods. Propane standby systems provide a continuous supply of clean gas energy (usually in the form of propane-air) to replace natural gas.

Benefit 2: Enhanced Reliability of Gas Supply

Supply versus demand is not the only factor affecting the delivery of natural gas. Natural gas is delivered via an underground piping network. If a section of pipe is damaged via construction or if other failures of pipeline equipment occur, natural-gas supply can be disrupted with very little notice. By storing propane on site, a consumer can ensure its operations continue in the event of supply disruption. In this context, propane standby systems can easily be viewed as a form of business-interruption insurance. The premiums for this insurance are paid through reduced natural-gas cost (firm versus interruptible).

Benefit 3: Flexibility and Market Access

Around the world, competition is a driving force in virtually every facet of energy markets. Many consumers already purchase natural gas and transportation services from competitive sources. A propane standby system can be a significant asset in this new marketplace, allowing an individual consumer to access and manage a broader range of gas supply and transportation options. For example, a standby system can be operated to "balance" contractual obligations, thus avoiding penalties and/or unwanted complexity in transactions.