

Selecting a Propane Provider

Propane retailers offer a variety of pricing agreements and delivery options. Take the time to get to know your local propane supplier and understand their range of products and services.

Propane prices are not regulated under Michigan law. The contract between customer and the propane retailer sets the terms of the agreement. It is in the customer's best interest to research options, ask questions, and get everything in writing.



Pricing Plans: Fixed vs. Variable

Budget plans, pre-pay plans, and fixed-price plans can offer consumers savings when compared to buying at market price. Knowing your tank size and your typical propane usage can help you get the best price and avoid over- or under-buying. Make sure you read your contract and understand the terms and conditions.

- **Budget plans** spread your projected annual propane cost over several months, evening out seasonal cost variations. This type of payment plan can lessen the financial burden associated with the onset of winter.
- **Pre-pay plans** are offered during the summer and allow you to pre-purchase propane at a fixed price. This allows you to know your expense ahead of time and avoid price spikes.
- **Price-cap and fixed-price plans** provide a guaranteed per-gallon price for the propane used during the heating season. Under a price-cap plan, your price will not exceed your established price-cap price per gallon, but can go down if the current market price drops. Some of these plans require an initial fee.

Price cap options typically have a higher per-gallon price than fixed price plans.

- **Market rate** contracts indicate you will pay the seller's daily rate for fuel. The market rate is influenced by many factors and can be highly variable. Because it is difficult to predict, it is recommended that customers who rely on propane as their primary heating fuel participate in a price protection program of some kind.

Ask About Fees and Other Charges

In addition to the cost of propane, there may be additional fees and charges associated with providing propane to the customer:

- Installations charges,
- Service charges,
- Pickup or disconnect charges,
- Lease or equipment rental charges, and
- Minimum annual usage requirements.

Ask your propane supplier for details on any potential charges before you sign a contract. Those fees can have a major impact on your total out-of-pocket costs.

Delivery Options

Most retailers offer a keep-full option that automatically refills your tank based on usage. Others allow you to monitor your usage and call when you need a delivery. Make sure you know how much advance time is needed to schedule a delivery.

If you are on a contract that combines pre-pay and keep-full options, dealers will continue to refill your tank automatically even if you have used up your pre-paid propane. Be aware that the price per gallon may increase after you have used up your pre-paid propane allotment.

Tanks: Rent or Own?

- **Renting or leasing a propane tank** from the propane retailer is convenient for most consumers. Safety and maintenance of the system is handled by the retailer. If you rent or lease a tank and decide to change retail marketers, you may be charged a pick-up fee.
Michigan law prohibits a propane dealer from delivering propane to a tank owned by another propane dealer.
- **Owning a tank** requires significant up-front investment and shifts responsibility for safety and maintenance onto the home-owner. Customer owned tanks allow households to comparison shop for prices at each fill. However, a customer who owns a tank has no guarantee of a contract for one-time or continuing service. Each new retailer who delivers propane must do a safety/inspection check and may charge a fee prior to filling the tank.

Switching Propane Retailers

If you are not satisfied with the service or prices of your current provider, it is possible to switch providers.

However, unless you own your tank, a new propane retailer cannot simply refill your current tank. A new tank must be leased through your new provider and there are some specific safety regulations that must be followed before the new tank can be set and the old one removed. Additionally, there may be fees associated with setting a new tank.

Comparison Questions

We recommend that you ask these questions when comparing propane retail marketers:

- What service and payment options do you provide?
- Do you offer a monthly budget plan?
- How is the price I will pay for propane determined? (annual usage, area of residence, or other criteria)
- What fees or other charges will be added on? Ask for a written list.
- How often will I receive delivery? What days are delivery days? Are deliveries made on weekends?
- How much will it cost to get delivery outside of my normal schedule?
- Do I have to call when I need propane, or will you schedule my delivery? If I call you for delivery, how much notice do you need?
- If I sign a pre-buy contract or participate in a budget plan and use less than expected, what are your policies related to a refund or credit?

Read the Contract

Make sure you understand the terms of the contract before you sign. If you do not understand something in your contract, ask. A written contract sets out the rights and responsibilities of both buyer and seller.

For more information, visit our website at:

michigan.gov/propane

To file a consumer complaint, contact the Michigan Attorney General's Office at:

1-877-765-8388

michigan.gov/ag