



ENERGY ASSURANCE DAILY

Wednesday Evening, September 02, 2015

Electricity

Update: Over 13,000 Customers Remain Without Power September 2 after Strong Storm, High Winds Hit Washington, British Columbia August 29

Restoration was continuing in Washington and British Columbia after a strong storm with winds up to 70 mph knocked out power to 710,000 BC Hydro, 224,000 Puget Sound Energy (PSE), and 175,000 Snohomish PUD customers on Saturday. BC Hydro on Tuesday increased its total estimated customer outages by an additional 180,000 customers from a previous estimate of 530,000. The storm is believed to be the single largest outage event in BC Hydro's history. Snohomish PUD said this was the strongest summer storm ever to hit Western Washington and Snohomish County—and one of the biggest in PUD history. As of 3:30 p.m. EDT Wednesday, 413 BC Hydro, 1,372 PSE, and 11,500 Snohomish PUD customers remained without power.

<https://pse.com/accountsandservices/ServiceAlert/Pages/Outage-Map.aspx?WT.ac=Flyout-OutageMap>

<https://twitter.com/PSETalk>

<http://pse.com/accountsandservices/ServiceAlert/Pages/Updates.aspx>

<http://www.snopud.com/newsroom/StormUpdates.ashx?p=1180>

<https://twitter.com/snopud>

<https://www.bchydro.com/outages/orsTableView.jsp>

<https://twitter.com/bchydro>

<https://www.bchydro.com/news/conservation/2015/windstorm-outages-updates.html>

Update: Restoration Nearly Complete September 2 after Monsoon, High Winds Knock Out Power to 73,000 Customers in Arizona August 31

Power restoration was nearly complete on Wednesday after a monsoon with high winds knocked out power to 51,000 APS and 22,000 Salt River Project (SRP) customers Monday night. Wind gusts of up to 74 mph were reported. As of 12:30 p.m. EDT Wednesday, 2,900 APS customers remained without power and APS expects those to be restored by late tonight. SRP reported all customers had power restored as of noon EDT Wednesday.

<https://www.aps.com/en/globalservices/outagecenter/Pages/home.aspx?src=qlrhome>

<https://twitter.com/@apsfyi>

<https://twitter.com/SRPconnect>

Update: AES's 498 MW Alamitos Gas-fired Unit 5 in California Returns to Service by September 1

The unit returned from an unplanned outage that began on August 27.

<http://content.caiso.com/unitstatus/data/unitstatus201509011515.html>

Cabrillo Power's 104 MW Encina Gas-fired Unit 2 in California Shut by September 1

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201509011515.html>

BHE Renewables' 310 MW Solar Unit 1 in California Shut by September 1

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201509011515.html>

BHE Renewables' 276 MW Solar Unit 2 in California Shut by September 1

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201509011515.html>

Update: ExxonMobil's Plan to Restart Its 149,500 b/d Torrance, California Refinery Could Be Delayed

ExxonMobil Corp may no longer resume production this month at its Torrance, California refinery as previously expected after the refinery was shut following a February 18 explosion. The South Coast Air Quality Management District (SCAQMD) canceled a Wednesday hearing to consider granting a permit that would allow the refinery to restart at 65 percent of normal capacity. Regulators said the hearing had been delayed to a future date to be determined, but declined to comment further. Nearly three weeks ago, SCAQMD unveiled ExxonMobil's proposed restart plan, which involves using older emissions-cutting equipment and making other adjustments to run the plant at reduced rates until final fixes are done. If ExxonMobil's plan was approved, Torrance could restart by mid- to late September, but if not, the plant could remain shut until the end of the year. The same day that SCAQMD unveiled ExxonMobil's restart proposal, California's Division of Occupational Safety and Health (Cal/OSHA) said it had issued 19 citations with \$556,000 in penalties to ExxonMobil for safety violations stemming from the Torrance explosion. The refinery cannot restart until Cal/OSHA deems it safe to operate, whether or not SCAQMD approves Exxon's plan. ExxonMobil's spokesman said on Tuesday that the company has appealed Cal/OSHA's citations, and a spokeswoman for the refinery said that Exxon continued to "work closely" with the SCAQMD on a potential restart plan.

Reuters, 17:40 September 1, 2015

Update: PES Restarting Reformer at Its 335,000 b/d Philadelphia, Pennsylvania Refinery September 2 after Small Fire September 1 – Source

Philadelphia Energy Solutions (PES) was restarting a 45,000 b/d reformer in the Girard Point section of its Philadelphia, Pennsylvania refinery after it was shut on Tuesday due to small fire, a source familiar with the plant's operations said. The associated crude unit is running at reduced rates until the reformer restart, the source added.

Reuters, 8:09 September 2, 2015

Update: Valero Restarts Hydrocracking Unit at Its 335,000 b/d Port Arthur, Texas Refinery September 2 – Sources

Valero Energy Corp began restarting the smaller of two hydrocracking units at the company's Port Arthur, Texas refinery on Wednesday morning, sources familiar with plant operations said. An exclusion zone was set up around the 45,000 b/d hydrocracker on Wednesday morning to keep nonessential personnel away from the unit during the restart, which brings greater risk of explosion or fire than normal operations. The small hydrocracker was shut on Sunday after the refinery lost steam supplied by a third-party provider, according to sources. The larger 57,000 b/d hydrocracker was shut on August 7 for a planned seven-week overhaul.

Reuters, 11:58 September 2, 2015

Flint Hills Reports Compressor, Coker Shut at Its 293,000 b/d Corpus Christi, Texas Refinery September 1, Flaring September 2

Flint Hills Resources reported the shutdown of the coker wet gas compressor at its Corpus Christi, Texas refinery on Tuesday due to "a rain event which moved through the Corpus Christi area at that time." Refinery personnel also shut the coker unit and re-routed flare gas to the fluid catalytic cracking unit.

Reuters, 15:14 September 1, 2015

FCCU Shut Due to Bad Weather at Marathon's 84,000 b/d Texas City, Texas Refinery September 2 – City Emergency Manager

Marathon Petroleum Corp reported the shutdown of a fluid catalytic cracking unit (FCCU) at its Texas City, Texas refinery because of bad weather on Tuesday, the city's emergency manager said. The shutdown caused flaring, the Emergency Management Director said, adding that he was not aware if the unit had been restarted. Energy intelligence provider Genscape reported the shutdown of multiple units at the refinery, including a 50,000 b/d crude distillation unit, a 58,500 b/d FCCU, a 13,800 b/d alkylation unit, and a sulfur recovery unit.

Reuters, 17:14 September 2, 2015

Shell Reports Unit Shut at Its Scotford, Alberta Facility September 2

Royal Dutch Shell Plc reported a unit was shut down at its Scotford, Alberta facility resulting in flaring for the next 48 hours, according to a community line. The Scotford facility houses a 100,000 b/d refinery and a 255,000 b/d oil sands upgrader

Reuters, 12:29 September 2, 2015

Update: Nexen Energy to Shut Its Long Lake, Alberta Oil Sands Operation to Comply with AER's Suspension Order

Nexen Energy is shutting down its Long Lake oil sands operations in northern Alberta in response to the Alberta Energy Regulator's (AER) emergency regulatory order, a company spokeswoman said on Tuesday. The AER ordered Nexen to shut in 95 pipelines at the Long Lake facility last Friday as part of an investigation into one of the largest-ever oil-related pipeline spills on North American soil, discovered in July. Nexen estimated the shutdown process would take up to two weeks as it suspends pipeline operations and attempts to demonstrate to the AER that its pipelines are safe. A Nexen spokeswoman said the suspension order was not expected to have any material impact on operations or financial conditions. The order came three days after Nexen gave the regulator an internal company audit that revealed it was breaking some pipeline safety rules related to maintenance. Last week's order suspended 15 pipeline licenses for 95 pipelines that carry a range of products including crude oil, natural gas, salt water, fresh water, and emulsion, the AER said. Nexen apologized for the spill in July, explaining that it would likely take months to find the root cause of the leak, which released more than 31,500 barrels of emulsion, a mixture of bitumen, water and sand. The AER said it would not lift the suspension order until the company demonstrates that it can operate its pipelines safely. Prior to the spill, Long Lake was producing about 50,000 b/d of bitumen, which is upgraded on site into refinery-ready synthetic crude. The upgrader also processes raw bitumen from other oil sands projects.

<http://www.nexencnooltd.com/en/AboutUs/MediaCentre/FeatureArticles/2015/AERSuspension.aspx>

Reuters, 17:16 September 1, 2015

Texas Railroad Commission Clears XTO Energy of Causing Earthquakes

The Texas Railroad Commission determined that a series of small earthquakes in North Texas likely wasn't caused by drilling operations by XTO Energy, an ExxonMobil subsidiary. The preliminary findings mark the first decision by the commission since it was authorized last year to consider whether seismological activity was caused by injection wells, which store briny wastewater from hydraulic fracturing. The commission ordered hearings after a university study suggested two companies' wells were responsible for quakes that shook Reno, Texas in 2013 and 2014. Commission investigators concluded that a well where XTO Energy pumps millions of gallons of the wastewater likely didn't cause the quakes, but also said there wasn't enough evidence to demonstrate the earthquakes were naturally occurring. Parties have 15 days to respond.

<http://www.chicoer.com/business/20150901/texas-regulator-clears-oil-and-gas-company-of-causing-quakes>

U.S. Crude Oil Stocks Rise as Refinery Runs Fall – EIA

U.S. crude oil stockpiles rose unexpectedly last week as refinery throughput fell for a fourth week and imports jumped, data from the Energy Information Administration (EIA) showed on Wednesday. Crude inventories rose 4.7 million barrels to 455.4 million in the week to August 28, the biggest one-week rise since April, compared with analysts' expectations for stocks to remain unchanged. Crude stocks at the Cushing, Oklahoma delivery point for U.S. crude futures fell 388,000 barrels to 57.3 million barrels, EIA said. Analysts expect inventories at Cushing to rise this fall as refiners shut for maintenance, potentially exceeding a record 62.2 million barrels reached this past spring. Refinery crude runs fell 269,000 b/d to 16.4 million b/d, EIA data showed. Refinery utilization rates fell 1.7 percentage points to 92.8 percent of capacity. Due to a series of unexpected outages and incidents, U.S. refinery output has fallen for four straight weeks, after reaching a record high of over 17 million b/d in late July.

Reuters, 11:27 September 2, 2015

Natural Gas

Husky Reports Major Subsea Gas Leak Offshore Newfoundland August 31

Husky Energy Inc reported a major gas leak from subsea equipment in an oil-producing drill center serving the White Rose field 217 miles off the coast of Newfoundland, regulators said on Wednesday. The Canada-Newfoundland and Labrador Offshore Petroleum Board said the leak occurred on August 31 and Husky estimates 8938 kilograms of natural gas was released into the sea. The leak was shut off within 12 minutes of the first alarm sounding, according to the regulator. A Husky spokeswoman said an inspection on Tuesday by an underwater remote-operated vehicle showed there was a problem with a gas lift jumper, a piece of flexible pipe connecting some of the subsea components in the drill center. The company said it was in the early stages of its investigation and cannot provide a repair timeline at present. Oil production is ongoing at the White Rose field, although the gas lift has been switched off to two of the wells that were supplied by the damaged jumper. The provincial offshore regulator said it is reviewing the incident.

<http://www.cnlopb.ca/incidents/ibsep022015.php>

Reuters, 10:49 September 2, 2015

Williams' Transco Completes 270,000 dth/d Virginia Southside Expansion September 1

Williams on Tuesday announced it placed into service a major expansion of its Transco natural gas pipeline to fuel new electric-power generation in Virginia and serve increasing local distribution demand in North Carolina. The Virginia Southside Expansion is providing 270,000 dth/d of incremental transportation capacity. The expansion consists of approximately 100 miles of new, 24-inch diameter pipeline extending from the Transco mainline in Pittsylvania County, Virginia, and into Halifax, Charlotte, Mecklenburg, and terminating in Brunswick County, Virginia. Transco placed the majority of the pipe parallel to its own existing pipeline, alongside an existing utility corridor. In addition, Transco added more than 21,000 horsepower of compression at Station 165 in Pittsylvania County, Virginia. Transco delivers natural gas to customers through its 10,200-mile pipeline network whose mainline extends nearly 1,800 miles between South Texas and New York City.

<http://investor.williams.com/press-release/williams/williams-transco-completes-virginia-southside-expansion>

Other News

Nothing to report.

International News

Update: Shell Nigeria Lifts Force Majeure on Bonny Light Exports September 2

Shell's Nigerian unit, Shell Petroleum Development Company, on Wednesday lifted force majeure on Bonny Light exports following the repair and reopening of the Trans Niger Pipeline (TNP) and Nembe Creek Trunkline (NCTL). The force majeure was declared on August 27 after the two key pipelines were shut due to a leak and theft. The TNP was repaired after an investigation found that the leak was caused by an illegal connection that failed, Shell said in a notice, adding that a number of crude theft points were removed from the NCTL. Planned exports of 162,000 b/d of Bonny Light in September accounted for just over 8 percent of Nigeria's total planned exports of nearly 2 million b/d.

Reuters, 12:43 September 2, 2015

Venezuela, China Sign Deal for \$5 Billion Loan to Boost Oil Output – President Maduro

Venezuela and China signed a deal for a \$5 billion loan designed to increase Venezuela's oil production, President Nicolas Maduro said. President Maduro said the loan was destined "to increase oil production in a gradual way in coming months." A source at Venezuelan state-run oil company PDVSA told Reuters in March that China was set to extend a special \$5 billion loan that would likely stipulate hiring Chinese companies to boost output in the company's mature oil fields. President Maduro also said that Venezuela currently sends around 700,000 b/d of oil to China.

http://www.rigzone.com/news/oil_gas/a/140403/Maduro_China_Signs_Off_on_5B_Loan_to_Boost_Venezuela_Oil_Output#sthash.jUbjm2sk.dpuf

Energy Prices

U.S. Oil and Gas Prices			
September 2, 2015			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	46.25	38.48	93.35
NATURAL GAS Henry Hub \$/Million Btu	2.75	2.70	4.03

Source: Reuters

Links

This Week in Petroleum from the U.S. Energy Information Administration (EIA)

<http://www.eia.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM ET every Wednesday.

Natural Gas Weekly Update from EIA

<http://www.eia.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM ET every Thursday.

ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/ead.aspx>

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