



# ENERGY ASSURANCE DAILY

Thursday Evening, September 08, 2016

## *Electricity*

---

### **Damaged Circuit Knocks Out Power to 22,500 PSEG Customers in New Jersey, New York September 7**

PSEG reported about 22,500 customers in New Jersey and New York were without power for about two hours on Wednesday night. Power was fully restored by 10:15 p.m. EDT Wednesday. The outage was the result of a damaged circuit at a Jersey City substation, according to PSEG.

<http://outagecenter.pseg.com/external/default.html>

<http://newyork.cbslocal.com/2016/09/07/udson-county-power-outage/>

[http://www.nj.com/udson/index.ssf/2016/09/17k\\_without\\_power\\_in\\_union\\_city\\_west\\_new\\_york.html](http://www.nj.com/udson/index.ssf/2016/09/17k_without_power_in_union_city_west_new_york.html)

### **Entergy's 1,207 MW Grand Gulf Nuclear Unit 1 in Mississippi Reduced to 82 Percent by September 8**

The unit was reduced from full power due to the loss of a residual heat pump.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2016/>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2016/20160908en.html>

### **APS's 1,243 MW Palo Verde Nuclear Unit 1 in Arizona Shut September 8**

The unit shut from full power due to a pressurizer main spray valve that was stuck open.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2016/>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2016/20160908en.html>

### **Exelon Reports Its Nuclear Plants Ran at Nearly 97 Percent Capacity during High Demand Summer Months**

Exelon on Wednesday said its fleet of 13 nuclear power plants ran at an average 96.9 percent capacity factor through June, July, and August, despite hotter than average summer temperatures and more than 30 hot weather alerts from regional grid operators. According to the National Oceanic Atmospheric Administration, June and July 2016 recorded the warmest average temperatures since 2012 for Illinois and Pennsylvania, and since 2013 for New Jersey, New York, and Maryland—the five states where Exelon owns and operates nuclear plants. Exelon is one of the largest competitive U.S. power generators, with more than 32,700 megawatts of nuclear, gas, wind, solar and hydroelectric generating capacity comprising one of the nation's cleanest and lowest-cost power generation fleets.

<http://finance.yahoo.com/news/exelon-nuclear-stations-deliver-summer-205000153.html>

### **PBF Requests Permit to Expand Ethanol Operations at Its 182,200 b/d Delaware City, Delaware Refinery August 15**

PBF Energy on August 15 filed with the Delaware Department of Natural Resources and Environmental Control (DNREC) an application for a permit to significantly increase the amount of ethanol being stored and shipped from its Delaware City refinery. PBF plans to increase its ethanol handling capacity from 84,000 gallons per day to 420,000 gallons per day – a five-fold increase. Currently, the gasoline additive is shipped to the refinery from other states by barge, stored, and then blended with gasoline blendstocks before the finished gasoline is shipped to customers across the country. According to the plan, the expanded capacity would also allow the refinery to act as depot that receives, stores, and ships ethanol to other refineries along the East Coast – potentially cutting costs for those facilities that now pay to have ethanol shipped to them directly. PBF Energy says it hopes to begin work on the project in late 2016 and begin full production by the first quarter of 2017.

<http://www.delawareonline.com/story/money/business/2016/09/07/refinery-seeks-permit-expand-ethanol-operations/89925398/>

### **Update: ExxonMobil Says Operations Normal at Its 502,200 b/d Baton Rouge, Louisiana Refinery September 7 after Flooding in August**

ExxonMobil Corp said on Wednesday operations at its Baton Rouge, Louisiana, refinery had returned to normal following flooding in August. The flooding temporarily shut a facility for storing propane and butane produced by the refinery, forcing ExxonMobil to shut one crude distillation unit (CDU) and curtail production on a second CDU. Reuters, 21:05 September 7, 2016

### **Update: Marathon Reports Eight Workers Exposed to HF Acid at Its 459,000 b/d Galveston Bay, Texas Refinery September 7**

Marathon Petroleum Corp reported eight contract workers were taken to a hospital for evaluation after being exposed to a “trace amount” of hydrofluoric (HF) acid on Wednesday at its Galveston Bay, Texas refinery. Contractors were performing work on a pump on the 31,500 b/d alkylation 3 unit when the release occurred, said sources familiar with plant operations. A Marathon spokesman said it was “a minor release of propane and a trace amount of hydrofluoric acid” and the release was immediately isolated and contained. HF acid is used as a catalyst in the conversion of refining byproducts into gasoline components. Marathon began an investigation to determine the cause of the release. The alkylation 3 unit at the refinery remains in production, the sources said.

Reuters, 16:28 September 7, 2016

### **Update: ExxonMobil Returns HCU to Production at Its 344,500 b/d Beaumont, Texas Refinery September 7 – Sources**

ExxonMobil Corp returned the 65,000 b/d hydrocracking unit (HCU) to normal production on Wednesday at the company’s Beaumont, Texas refinery, said Gulf Coast market sources. The unit was placed on circulation on Sunday to repair a leak, the sources said. When on circulation, a refining unit remains at operating temperature and circulates feedstock, but does not produce anything.

Reuters, 17:14 September 7, 2016

### **PBF’s SRU Returns to Normal Operations after Malfunction at Its 192,500 b/d Chalmette, Louisiana Refinery September 7 – Sources**

A sulfur recovery unit (SRU) returned to normal operation after a malfunction at PBF Energy’s Chalmette, Louisiana, refinery, Gulf Coast market sources said on Wednesday. The refinery has two SRUs, which extract sulfur from hydrogen sulfide taken from motor fuel feedstocks in compliance with U.S. environmental rules.

Reuters, 17:05 September 7, 2016

## **DOE Advances Crude Oil Reserve Revamp Plan Funded Through Oil Reserve Sales**

The Obama administration sent Congress a plan to modernize the country's emergency oil reserves, a step that could set in motion a sale of about 8 million barrels from the reserves later this year in order to partially fund the revamp, the Energy Department (DOE) said on Wednesday. Under the \$1.5-\$2 billion revamp plan, three dedicated marine terminals would be added to the Strategic Petroleum Reserve (SPR), a string of 60 heavily-guarded underground caverns on the Texas and Louisiana coasts. Also, aging equipment for oil processing, firefighting, and security would be repaired or replaced at the SPR. Congress created the SPR in 1975, after the Arab oil embargo spiked oil prices and spurred shortage panics. It now holds 695 million barrels of crude—or about a five weeks supply. It is the world's largest government-owned emergency oil reserve. In order to fully fund the revamp program, Congress would need to approve a series of oil sales worth \$2 billion from fiscal 2017 to 2020.

<http://www.energy.gov/fe/downloads/long-term-strategic-review-ltsr-us-strategic-petroleum-reserve-spr-report-congress>

[http://www.downstreamtoday.com/news/article.aspx?a\\_id=53425](http://www.downstreamtoday.com/news/article.aspx?a_id=53425)

## **U.S. Crude Oil Inventory Falls 14.5 Million Barrels September 2 – EIA**

U.S. crude inventories fell 14.5 million barrels during the week ending September 2, compared with expectations for an increase of 225,000 barrels, the U.S. Energy Information Administration (EIA) said on Thursday. The drop is the biggest weekly drawdown since 1999 as imports to the Gulf Coast hit a record low, which analysts attributed to Tropical Storm Hermine. Imports into the U.S. Gulf Coast fell to a record low of 2.48 million b/d, according to the EIA, while overall, U.S. crude imports fell last week by 1.7 million b/d. Crude stocks at the Cushing, Oklahoma delivery hub fell by 434,000 barrels, EIA said.

Reuters, 11:45 September 8, 2016

## **U.S. Judge Halts Fracking Plan for Federal Lands in California September 7**

A U.S. judge on Wednesday halted a plan to allow fracking on public lands in central California, saying a plan by the U.S. Department of the Interior's Bureau of Land Management (BLM) should have taken a "hard look" at the potential impact of the process. The ruling was at least the second setback in three years for fracking in California, and came as the Obama administration's rules for hydraulic fracturing on federal lands have been tied up in another court. The BLM, which periodically leases out land to private producers, offered a plan that would have allowed fracking on about a quarter of new wells drilled on some 1 million acres across central California. The final outcome is not clear as the judge asked both sides for a further briefing on September 21 as the case enters its remedy phase. Fracking, currently regulated at the state level, involves injection of large amounts of water, sand and chemicals underground at high pressure to extract oil or natural gas.

Reuters, 16:29 September 7, 2016

## ***Natural Gas***

---

### **NextDecade Receives DOE Authorization to Export LNG to Free Trade Agreement Countries September 7**

NextDecade, LLC on Wednesday announced that the United States Department of Energy (DOE) authorized the export of Liquefied Natural Gas (LNG) from its proposed Rio Grande LNG facility to Free Trade Agreement (FTA) countries. Responding to the application filed in December 2015, the DOE on August 17 authorized the export of tonnage equivalent to approximately 3.6 Bcf/d natural gas for a 30-year term, subject to the project's continued compliance with customary regulatory obligations as determined by all relevant agencies. In November 2015, NextDecade announced it had signed non-binding agreements for 14 Metric tonnes per annum of LNG with customers across Asia and Europe. Since then, that number has grown to 30 Mtpa. NextDecade expects to receive FERC approval for Rio Grande LNG in 2017 with initial LNG exports shipping by the end of 2020.

<http://next-decade.com/2016/09/rglng-receives-doe-fta-export/>

### **Regency Reports Third Party Power Outage at Its 290 MMcf/d Waha Gas Plant in Texas August 7**

Regency reported a power outage due to a third party provider. Once power was restored, the acid gas injector (AGI) breaker was reset and the AGI compressor was restarted.

<http://www2.tceq.texas.gov/oc/eer/index.cfm?fuseaction=main.getDetails&target=243154>

## Other News

---

### Update: USGS Revises Magnitude of September 3 Earthquake in Oklahoma; Strongest Recorded in State

An earthquake in Oklahoma on September 3 was revised to a magnitude 5.8, from 5.6, making it the strongest on record in the state, the U.S. Geological Survey (USGS) said on Wednesday. The earthquake prompted the state's oil and gas regulator, the Oklahoma Corporation Commission, to order 37 oil and gas wastewater disposal wells shut in a 725-square-mile area around Pawnee. The USGS said the magnitude revision from an initial 5.6 was based on further analysis of seismic recordings. Oklahoma has experienced an increase in earthquakes during the past few years, registering 2.5 earthquakes daily of magnitude 3 or greater—a seismicity rate 600 times greater than before 2008, according to the Oklahoma Geological Survey.

Reuters, 17:41 September 7, 2016

## International News

---

### China's State Oil Reserve Tanks to Be Filled in Late 2016 after Delays – Sources

China completed construction last month of 19 million barrels of new tanks for its state crude oil reserves and expects to start filling them late this year, two industry sources with knowledge of the project said on Thursday. The new tanks, built on Aoshan Island off China's east coast after several delays, are able to store about three days' worth of imports. The facility was originally planned to start operation around 2012, and analysts had anticipated in late 2015 the site would be in use by the first quarter of this year. The depots add to an existing state reserve tank farm at the same site and take the total on Aoshan Island to 50 million barrels. The earlier batch of tanks of about 31.5 million barrels were filled by early 2009, the sources said. The new tanks come under phase two of Beijing's strategic reserve plan, but have been delayed several times due to long regulatory approvals and land use issues, said the two sources. The site, including the new tanks, is operated by state-owned Sinochem Corp, which has long owned commercial storage in the Zhoushan area of Zhejiang province, where Aoshan Island is located. Beijing said last Friday that its state crude oil reserves at the start of 2016 reached 234 million barrels, about enough to cover 33 days of net oil imports. China started the strategic stockpiling program in 2006 and aims for eventually holding 90 days' of net imports, equivalent to the standard for Organisation for Economic Co-operation and Development nations.

Reuters, 6:24 September 8, 2016

### Libya's NOC Offers Export of Sirtica Crude Oil from Ras Lanuf Port – Traders

Libya's state oil firm National Oil Corp. (NOC) has offered a cargo of Sirtica crude for export from its Ras Lanuf terminal, several traders said, the first attempt since the terminal was shut in 2014. The cargo is expected to load during the last 10 days of September. NOC chartered the Syra tanker this week to lift crude from the port for its 120,000 b/d Zawia refinery. Ras Lanuf, along with neighboring Es Sider port, have been blockaded by Libya's Petroleum Facilities Guard although a deal was recently brokered to empty storage tanks. The Zueitina port, also blockaded, was reopened in August.

Reuters, 6:43 September 8, 2016

## Energy Prices

---

U.S. Oil and Gas Prices			
September 8, 2016			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b>			
<b>West Texas Intermediate U.S.</b>	47.58	43.12	45.87
\$/Barrel			
<b>NATURAL GAS</b>			
<b>Henry Hub</b>	2.83	2.94	2.67
\$/Million Btu			

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](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

---

*Energy Assurance Daily* provides a summary of public information concerning current energy issues. Published Monday through Friday to inform stakeholders of developments affecting energy systems, flows, and markets, it provides highlights of energy issues rather than a comprehensive coverage. *Energy Assurance Daily* is updated online Monday through Friday after 5:00 p.m. ET. For more information, visit the Infrastructure Security and Energy Restoration (ISER) website at:

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

Please direct comments and questions to: [ead@oe.netl.doe.gov](mailto:ead@oe.netl.doe.gov)