



ENERGY ASSURANCE DAILY

Friday Evening, September 16, 2016

Major Developments

Update: Colonial Pipeline to Begin Excavation, Repair on Its 1.37 Million b/d Line 1 in Alabama September 16; May Construct Temporary Bypass Section

Colonial Pipeline said on Friday that it plans to begin excavation operations to repair the impacted section of pipe on its main gasoline pipeline – Line 1 – after a leak was discovered near Helena, Alabama on September 9. In addition, the company revised its spill volume estimate to a range of 6,000 to 8,000 barrels (252,000 – 336,000 gallons) with gasoline recovery efforts continuing as safety conditions allow. Colonial said on Friday its crews will continue repair work throughout the weekend, and are simultaneously exploring alternatives, including the construction of a temporary segment of pipeline (bypass) around the leak site in order to allow Line 1 to return to service as rapidly and safely as possible. As a contingency plan, Colonial on Wednesday began shipping gasoline on its 1.16 million b/d distillate Line 2 to its Atlanta junction point, where gasoline can be re-injected into Line 1 downstream of the impacted segment, albeit at a reduced capacity; and restarted Line 1 upstream of the impacted segment, enabling limited deliveries to points between Houston and Boligee, Alabama. In addition, fuel shippers continue to implement contingency plans in order to further mitigate potential disruptions to their operations. The Colonial pipeline system connects Gulf Coast refineries with markets across the southern and eastern United States through more than 5,500 miles of pipeline, delivering gasoline, diesel, jet fuel, and other refined products. Lines 1 and 2 run from Houston, Texas to Greensboro, North Carolina, supplying markets in Mississippi, Alabama, Tennessee, South Carolina, and North Carolina. Colonial's Lines 3 and 4 move fuels north from Greensboro to markets in Virginia, Maryland, Pennsylvania, and New Jersey before terminating in the New York Harbor area.

<https://helena.colonialresponse.com/>

Georgia, South Carolina, Alabama Governors Suspend Truck Driver Hours of Service Requirements to Mitigate Gasoline Shortages in Response to Capacity Reductions on Colonial Pipeline's Line 1; Tennessee Monitoring Outage

The Governors of Georgia, South Carolina, and Alabama declared states of emergency on Wednesday and Thursday after Colonial Pipeline's main gasoline pipeline – the 1.37 million b/d Line 1 – was shut last Friday due to the discovery of a gasoline leak near Helena, Alabama. The orders, which remain in effect until September 24 in Georgia, September 21 in South Carolina, and October 14 in Alabama, waive Federal Motor Carrier Safety regulations limiting the operating hours for commercial truck drivers delivering gasoline and other fuels. The Tennessee Governor's said it was monitoring the situation before deciding whether to lift trucking restrictions.

https://gov.georgia.gov/sites/gov.georgia.gov/files/related_files/document/09.16.16.01.pdf

<https://www.epa.gov/sites/production/files/2016-09/documents/fuelwaiverconcerningatlantaandnashville91416.pdf>

<http://gov.georgia.gov/press-releases/2016-09-16/deal-extends-executive-order>

Reuters, 16:31 September 16, 2016

Electricity

Update: NPPD's 764 MW Cooper Nuclear Unit in Nebraska Ramps Up to 90 Percent by September 16

On the morning of September 15 the unit was operating at 77 percent, reduced from 89 percent on September 14.

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

Alberta Will Support 5,000 MW of New Renewable Energy Capacity By 2030

The province of Alberta said on Tuesday it will support the creation of 5,000 MW of additional renewable energy capacity by 2030 to help achieve goals laid out in its climate plan last year. The Minister of Environment and Parks said Alberta now has a firm target of 30 percent of electricity used in the province coming from renewable sources such as wind, hydro, and solar. The province will release more details of its renewables program in November.
Reuters, 1:55 September 14, 2016

Petroleum

Update: Sunoco's 200,000 b/d Permian Express II Pipeline to Be Repaired by September 16; Working with Regulators on Restart Plan

Repairs on Sunoco Logistics' Permian Express II pipeline are slated to be complete by Friday, although the company continues to work with regulators on a return to service plan. Regulators issued Sunoco a corrective action order this week after the line spilled 800 barrels of oil near Sweetwater, Texas on September 10. Sunoco is required to keep a segment of the system shut until regulators authorize a written restart plan.

Reuters, 11:09 September 16, 2016

Phillips 66 Cuts FCCU Rates after Operational Issue at Its 238,000 b/d Linden, New Jersey Refinery September 16

Phillips 66 on Friday cut rates on a 150,000 b/d fluid catalytic cracking unit (FCCU) after a compressor blew, according to a source familiar with the plant's operations.

Reuters, 15:09 September 16, 2016

Citgo Shuts FCCU after Steam Leak at Its 157,500 b/d Corpus Christi, Texas Refinery September 16

Citgo Petroleum Corp reported the fluid catalytic cracking unit 1 (FCCU 1) experienced a shutdown due to loss of steam pressure from a steam leak at the east plant of its Corpus Christi, Texas refinery. The steam leak was isolated for repairs, according to a filing with the Texas Commission on Environmental Quality.

Reuters, 12:09 September 16, 2016

DEC to Prepare Draft Environmental Impact Statement for Pilgrim Transportation's 170 Miles of Pipeline in New York

The Department of Environmental Conservation (DEC) and NYS Thruway Authority on Thursday announced that they will undertake and prepare a draft Environmental Impact Statement for Pilgrim Transportation of New York's Pilgrim Pipelines project. The draft Environmental Impact Statement is a detailed review of the proposal's impact on climate, clean air and water, and more. It will also come with a proposed oil heating facility at the Port of Albany, which would permanently relegate Albany to be a natural global oil transport hub. The pipelines will span nearly 170 miles from Albany to New Jersey, going through six New York counties. The DEC and Thruway Authority say the pipeline has potential for significant adverse impacts to the environment and communities.

<http://news10.com/2016/09/15/dec-orders-review-for-pilgrim-pipeline/>

North Dakota Output Rises to 1.03 Million b/d in July – Industrial Commission

Oil production in North Dakota rose nearly 2,400 b/d to 1.03 million b/d in July, state Industrial Commission data showed on Friday, after a large drop in June output. Bakken and Three Forks oil production was some 977,000 b/d in the month.

Reuters, 11:31 September 16, 2016

Natural Gas

Cheniere Announces Substantial Completion of Train 2 at Its Sabine Pass Liquefaction Project in Louisiana September 16

Cheniere Energy Partners, L.P. on Friday announced that substantial completion of Train 2 of the Sabine Pass liquefaction project in Cameron Parish, Louisiana (the SPL Project) was achieved on September 15. Commissioning has been completed and Cheniere Partners' EPC partner Bechtel Oil, Gas and Chemicals, Inc. is turning over care, custody, and control of Train 2 to Cheniere Partners. This turnover will be done in coordination with a previously announced planned outage to improve performance of the flare systems at the SPL Project, as well as to perform scheduled maintenance to Train 1 and other facilities. Under a sale and purchase agreement (SPA) with Gas Natural Fenosa LNG GOM Ltd. (GNF), the date of first commercial delivery (DFCD) for Train 2 of the SPL Project is expected to occur in August 2017 upon which the SPA's 20-year term commences. Prior to DFCD, GNF has certain rights to early cargoes produced from Train 2 as described in the SPA. Cheniere Partners, through its subsidiary, Sabine Pass Liquefaction, LLC (SPL), is developing and constructing natural gas liquefaction facilities at the Sabine Pass LNG terminal adjacent to the existing regasification facilities. Cheniere Partners, through SPL, plans to construct over time up to six liquefaction trains, which are in various stages of development and construction. Trains 1 and 2 have achieved substantial completion; Train 3 is undergoing commissioning; Trains 4 and 5 are under construction; and Train 6 is fully permitted. Each liquefaction train is expected to have a nominal production capacity of approximately 4.5 million tonnes per annum (mtpa) of LNG. SPL has entered into six third-party LNG sale and purchase agreements (SPAs) that in the aggregate equate to approximately 19.75 mtpa of LNG and commence with DFCD of Trains 1 through 5 as specified in the respective SPAs.

<http://phx.corporate-ir.net/phoenix.zhtml?c=207560&p=irol-newsArticle&ID=2203272>

Other News

Nothing to report.

International News

Update: Iraq Oil Export Pipeline Repaired, Shipments to Resume in 24 Hours – NOC Sources

An oil pipeline linking Iraq's Kirkuk fields to Turkey's Ceyhan port was repaired on Friday and export levels were expected to return to normal rates of more than 90,000 b/d within 24 hours, two sources at the state-run North Oil Company (NOC) said. Operations were halted on Monday morning because of a "technical defect" in the pipeline from a field near Dibis, 30 miles northwest of Kirkuk, which caused crude to spill.

Reuters, 1:52 September 16, 2016

Energy Prices

U.S. Oil and Gas Prices			
September 16, 2016			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	42.99	45.83	47.07
NATURAL GAS Henry Hub \$/Million Btu	2.95	2.84	2.73

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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