



ENERGY ASSURANCE DAILY

Wednesday Evening, November 02, 2016

Major Developments

Update: Colonial's 1.37 Million b/d Line 1 Remains Shut November 2 after Explosion, Fire in Alabama October 31; Crews Await Site Access to Begin Repair Work

Colonial on Wednesday said it anticipates its main gasoline pipeline to remain shut for the remainder of this week after a large explosion and fire occurred in Shelby County, Alabama near the location where Line 1 leaked 6,000–8,000 barrels of gasoline in September. The explosion and fire occurred when a crew working on Line 1 struck the pipeline with a trackhoe used for excavating. Both lines were initially shut on Monday afternoon, but the 1.16 million b/d Line 2, which runs parallel to Line 1 and pumps diesel and jet fuel, was restarted at approximately 12:00 a.m. EDT on Tuesday. Local emergency responders contained the fire, which has been burning out under the supervision of local fire and emergency management personnel, and has significantly reduced in size over the last 24 hours. Colonial said once the fire is extinguished, excavation work at the incident site will commence and an operational plan will be executed to bring Line 1 back into the service. 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.

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

Reuters, 18:55 November 1, 2016

Alabama, Georgia, North Carolina Governors Issue Executive Orders to Waive Gasoline Transport Regulations November 1 after Colonial's Line 1 Shutdown October 31

The Governors of Alabama, Georgia, and North Carolina on Tuesday issued executive orders that waive commercial driver restrictions on delivering gasoline after an explosion and a fire shut down Colonial's 1.37 million b/d Line 1 in Shelby County on Monday. Alabama Governor Robert Bentley declared a State of Emergency that waives Federal Motor Carrier Safety regulations on hourly limits for truck drivers delivering gasoline and other fuels. Alabama's declaration is effective from November 1 through December 1, 2016, or until the emergency ceases to exist. Governor Nathan Deal also waived the regulations in Georgia from November 2 through November 15. In North Carolina, Governor Pat McCrory extended the Emergency Declaration stemming from Hurricane Matthew through December 3, 2016. Governor McCrory said gasoline was still being produced, however the ability to transport supply into North Carolina will be restricted. There is a limited amount of the gasoline in the line now, and impacts on supply to North Carolina could be seen in some areas between now and Friday. Trucks will begin delivering gasoline on Wednesday to an expanded service area across North Carolina, the Governor added. In an effort to conserve fuel, the governor has also suspended non-essential travel for state employees and directed the Department of Environmental Quality to work with the Department of Agriculture to increase access to supplies from northern states by waiving seasonal vapor pressure limitations.

<http://governor.alabama.gov/newsroom/2016/11/governor-bentley-declares-state-emergency-facilitate-granting-usdot-waiver-state-agencies-providing-assistance/>

<http://governor.nc.gov/press-release/governor-mccrory-takes-action-ensure-adequate-fuel-supplies-and-prohibit-price-gouging>

<https://gov.georgia.gov/press-releases/2016-11-01/deal-issues-executive-order-addressing-colonial-pipeline-explosion>

FPL's 693 MW Turkey Point Nuclear Unit 3 in Florida Reduced to 85 Percent by November 2

On the morning of November 1 the unit was operating at full power.

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

Update: Entergy's 1,075 MW Waterford Nuclear Unit 3 in Louisiana at Full Power by November 2

On the morning of November 1 the unit was operating at 45 percent after restarting on October 31. The unit was shut from full power on October 25 due to unknown causes.

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

SCE's 200 MW Eastwood Hydro Unit in California Shut by November 1

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201611011515.html>

Duke Energy Building Coal Ash Landfill at Its Shuttered Dan River Plant in North Carolina

Duke Energy Carolinas started construction of a lined landfill at the site of its shuttered Dan River Steam Station, large enough to bury about 1.7 million tons of coal ash. The N.C. Department of Environmental Quality issued a permit to build the 24-acre landfill last week and Duke began clearing land at the site Monday, after it completed demolition of the old coal plant. A 26-foot-wide storm-water pipe under the main coal-ash pond at the site collapsed in February 2014 and spewed up to 39,000 tons of toxic ash into the Dan River. That led the state to pass new legislation requiring that ash be stored more safely at Duke's 34 N.C. ash ponds. In many cases, including at Dan River, that means excavating the coal ash from existing ponds and dry, above-ground ash stacks and burying it in lined landfills.

<http://www.bizjournals.com/charlotte/news/2016/11/01/duke-energy-building-coal-ash-landfill-at-dan.html?ana=yahoo>

TransCanada Announces Plans to Sell Its U.S. Northeast Power Unit to Fund Columbia Pipeline Acquisition November 1

LS Power Equity Advisors, LLC announced on Wednesday that it signed an agreement to acquire approximately 3,950 MW of generation resources in the Northeastern U.S., through its affiliate Helix Generation, LLC, from TransCanada Corporation for \$2.2 billion in cash, subject to working capital and other adjustments. The portfolio consists of the following four generation facilities: the 2,480 MW Ravenswood multiple-unit generating natural gas facility in Queens, New York; the 778 MW Ironwood natural gas combined-cycle facility in Lebanon, Pennsylvania; the 560 MW Ocean State Power natural gas combined-cycle facility in Burrillville, Rhode Island; and the 132 MW Kibby wind farm in Franklin County, Maine. The transaction is expected to close in the first quarter of 2017, pending receipt of necessary regulatory approvals and third-party consents. TransCanada also plans to sell the TC Hydro business to Great River Hydro, an affiliate of ArcLight Capital Partners, for \$1.065 billion. Together the two sales are expected to realize approximately \$3.7 billion, and will be used to repay a portion of the \$6.9 billion loan used to help finance its acquisition of Columbia Pipeline Group earlier this year. TransCanada also said it expects to raise around \$2.39 billion from the bought deal common share offering with a syndicate of underwriters led by BMO Capital Markets, TD Securities, and RBC Capital Markets.

<http://www.transcanada.com/announcements-article.html?id=2099966&t>

<http://www.reuters.com/article/us-transcanada-results-idUSKBN12W51O>

NIPSCO Announces Plan to Retire 2,804 MW of Coal Generating Capacity by 2023

NIPSCO on Tuesday said it plans to retire about half of its coal-fired power generating capacity by the end of 2023 primarily because of new environmental regulations and low natural gas prices. The utility submitted its plan to the Indiana Utility Regulatory Commission to shut down its 604 MW Bailly Generating Station in Chesterton by mid-2018 and two units at its 2,201 MW Schahfer Generating Station in Wheatfield by the end of 2023. NIPSCO says it plans to rely primarily on its own generating capacity through 2019 to offset the closures but later may buy or build a combined-cycle gas turbine electric generating station to meet customer needs.

<https://www.nipsco.com/docs/default-source/press-releases-docs/nipsco-outlines-plans-for-electric-generation---final.pdf>

Reuters, 15:03 November 1, 2016

Total Cuts Production at Its 225,500 b/d Port Arthur, Texas Refinery November 2 Due to Colonial Pipeline Shutdown – Sources

Total SA cut gasoline production at its Port Arthur, Texas, refinery due to the shutdown of the Colonial Pipeline, sources familiar with plant operations said on Wednesday. In addition to cutting back production on the 76,000 b/d fluidic catalytic cracking unit (FCCU), the refinery is storing gasoline being produced in massive tanks at the refinery. Total is also considering shipping gasoline via barges if the Colonial Pipeline outage turns out to be lengthy.

Reuters, 12:32 November 2, 2016

President Obama Says U.S. Government Considering Alternate Routes for Energy Transfer's 1,172-Mile Dakota Access Pipeline Project in North Dakota November 2

President Barack Obama on Tuesday said the U.S. government was examining ways to reroute Energy Transfer Partners' \$3.8 billion Dakota Access Pipeline project and address concerns raised by Native American tribes. The U.S. Justice and Interior Departments along with the U.S. Army Corps of Engineers halted construction of part of the pipeline in September due to protests by Native American tribes who contend the pipeline would disturb sacred land and pollute waterways supplying nearby homes. The affected area includes land under Lake Oahe, a large and culturally important reservoir on the Missouri River where the pipeline was supposed to cross. Construction is continuing on sections of the pipeline away from the Missouri River, Phillips 66 said. The pipeline, being built by a group of companies led by Energy Transfer Partners, would bring Bakken shale oil from North Dakota to U.S. Gulf Coast refineries.

<http://finance.yahoo.com/news/obama-says-u-mulling-alternate-140924748.html>

Update: Valero Restarting CDU, Coker at Its 335,000 b/d Port Arthur, Texas Refinery November 1 – Sources

Valero Energy Corp was restarting the large crude distillation unit (CDU) and the coker at its Port Arthur refinery on Tuesday, sources familiar with plant operations said. The company reported a unit upset at the refinery on Monday, according to a regulatory filing.

Reuters, 18:36 November 1, 2016

Imperial Oil Reports Fire Extinguished at Its Sarnia, Ontario Facility November 1

Imperial Oil reported a fire in an operating unit and a release of hydrogen sulfide at its Sarnia, Ontario facility, according to a message on a community alerting system late Tuesday. Imperial said personnel extinguished the fire. Imperial operates a 121,000 b/d refinery and a chemical plant in Sarnia.

Reuters, 23:31 November 1, 2016

Reuters, 12:14 November 2, 2016

U.S. Crude Inventories Increase 14.4 Million Barrels October 28 – EIA

U.S. crude inventories rose 14.4 million barrels in the week to October 28, the Energy Information Administration (EIA) said on Wednesday, compared with expectations for an increase of 1 million barrels. U.S. crude imports increased by about 2 million b/d to just under 9 million b/d, the highest rate since September 2012. Crude stocks at the Cushing, Oklahoma, delivery hub rose 89,000 barrels, EIA said.

Reuters, 11:19 November 2, 2016

Natural Gas

Update: SoCalGas Requests Regulatory Approval to Replenish Natural Gas Supply at Its 86 Bcf Aliso Canyon Storage Facility in California November 1

Southern California Gas Co. (SoCalGas) on Tuesday requested regulatory approval to resume injection operations through approved wells at its Aliso Canyon storage facility. In support of this request, SoCalGas submitted a detailed status report on all 114 wells at the facility addressing the requirements of the California state-mandated Comprehensive Safety Review and provided additional information requested by state agencies, including a risk management plan for the facility. SoCalGas said it made infrastructure and technology enhancements including the installation of new inner metal tubing of every well approved for injection—in total, more than 40 miles of new steel piping; around-the-clock pressure monitoring of all wells in a 24-hour operations center; and an infrared fence-line methane detection system. The Division of Oil, Gas and Geothermal Resources and the California Public Utilities Commission are responsible for confirming that the conditions to resume injection operations at Aliso Canyon have been met.

<https://www.socalgas.com/1443740033631/Replenish-Natural-Gas-Supply-at-Aliso-Canyon-110116.pdf>

Other News

Nothing to report.

International News

Update: Shell Reopens Its 180,000 b/d Trans Niger Pipeline in Nigeria October 28 after Month-Long Shutdown

Nigeria's Trans Niger Pipeline, one of two conduits to export Bonny Light crude, reopened October 28 after a month-long shutdown, a spokeswoman for Shell said late Tuesday. The pipeline had been shut as a precautionary measure on September 26 after a fire was observed.

Reuters, 16:55 November 1, 2016

Militants Attack NNPC, Trans Forcados Pipelines in Nigeria

Militants in Nigeria's southern Niger Delta oil hub attacked a pipeline operated by the Nigerian National Petroleum Corporation (NNPC), the military and a witness said on Wednesday. In addition, a community leader said militants on Tuesday night bombed Nigeria's state-owned Trans Forcados oil pipeline. The Trans Forcados pipeline was bombed in July and resumed operations two days ago. Several feeder lines from onshore oilfields feed into Trans Forcados, which carries the crude to the 400,000 b/d Forcados oil export terminal owned by Shell. Militants began a wave of attacks on oil pipelines in January to push for a greater share of oil revenues. While the attacks have cut oil production by around a third in recent months, the oil minister said on Tuesday production was back up to 2.1 million b/d.

Reuters, 14:08 November 2, 2016

Reuters, 10:01 November 2, 2016

Libya's Oil Output at 590,000 b/d, Expected to Ramp Up to 800,000 b/d in 2017 – NOC

Libya is currently producing 590,000 b/d of oil, around the same level as late last month, the National Oil Corporation (NOC) said on Tuesday. National production has risen from about 290,000 b/d in mid-September after eastern forces seized several key oil ports from a rival faction and allowed the NOC to lift blockades there. The NOC said it hoped its production, excluding the output of NOC partners, would rise to 800,000 b/d in 2017, but that would depend on ports remaining open, blockades at western pipelines ending, and the NOC receiving sufficient funds for its operating budget. In addition, industry sources said Vitol will in November lift the first cargo of Libya's Es Sider crude oil since 2014. The 600,000 barrel shipment is expected to load mid-month from the Ras Lanuf terminal instead of its traditional Es Sider port.

Reuters, 16:26 November 1, 2016

Reuters, 7:19 November 2, 2016

Energy Prices

U.S. Oil and Gas Prices			
November 2, 2016			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	45.27	49.40	46.07
NATURAL GAS Henry Hub \$/Million Btu	2.53	2.76	1.94

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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