



ENERGY ASSURANCE DAILY

Tuesday Evening, February 09, 2016

Electricity

Wind Gusts Knock Out Power to 27,000 Clay Electric Customers in Florida February 9

Wind gusts affected several electric transmission and distribution assets, knocking out power to 27,400 Clay Electric customers on Tuesday morning near Jacksonville, Florida. About 23,000 of those customer outages were due to a loss of power on a Florida Power & Light transmission line, which serves three Clay Electric substations: Fleming Island, Russell, and Brickyard. Additionally, outages at feeders 1 and 2 from the Maxville substation were affecting 2,100 customers after a tree fell and interfered with power lines serving the substation. Finally, an outage at the Green Cove substation left 2,300 customers without power, and the cause was still under investigation. As of 3:30 p.m. EST Tuesday, 1,599 customers remained without power.

<http://outagemap.clayelectric.com/>

<https://www.facebook.com/ClayElectric/>

<http://www.firstcoastnews.com/news/local/power-outage-affects-more-than-25000-in-clay-county/38002142>

South Carolina Sues DOE over Unfinished Nuclear Fuel Project February 9

The South Carolina Attorney General's Office released a statement on Tuesday indicating the State has filed a lawsuit in federal district court against the U.S. Department of Energy after the agency allegedly made inadequate promises regarding the completion of a mixed-oxide (MOX) project aimed at converting nuclear weapon components into nuclear power plant reactor fuel. The program is intended to turn weapons-grade plutonium into commercial nuclear reactor fuel to fulfill a nonproliferation deal with Russia. Under the agreement, Russia and the U.S. agreed to dispose of at least 34 metric tons apiece of weapons-grade plutonium, enough material for about 17,000 nuclear warheads, which would then be turned into commercial nuclear reactor fuel. The project at the Savannah River Site, along the South Carolina-Georgia border, is years behind schedule and billions over its original budget. Because the facility wasn't operational by a January 1 deadline, the federal government was supposed to remove 1 metric ton of plutonium from South Carolina or pay fines of \$1 million a day for economic and impact assistance—up to \$100 million yearly—until either the facility meets production goals or the plutonium is taken elsewhere for storage or disposal. The suit also seeks daily fines of \$1 million and the plutonium removal. The Attorney General's Office has been working to protect the MOX facility for more than two years. In March 2014, the office took legal action against the federal government when President Obama announced plans to halt construction on the site. An agreement was reached when the Department of Energy promised to continue funding the project through the end of the fiscal year. This lawsuit requires the federal government to halt any further shipments of plutonium into South Carolina and provide the statutory economic and impact assistance to the state.

<http://www.scag.gov/archives/26773>

Reuters, 14:01 February 9, 2016

FirstEnergy's 1,235 MW Perry Nuclear Unit 1 in Ohio Shut by February 8

The unit shut from full power following the involuntary opening of two safety relief valves (SRVs), which led to an increased in temperature within the suppression pool, triggering operators to shut the reactor. An investigation into why the two SRVs opened is underway.

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

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2016/20160209en.html>

Update: Exelon's 855 MW Quad Cities Nuclear Unit 1 in Illinois at Full Power by February 9

On the morning of February 8 the unit was operating at 87 percent, reduced from full power on February 7.

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

SCE's 242 MW Solar Ranch Unit 1 in California Shut by February 8

The unit entered an unplanned outage.

<http://content.aiso.com/unitstatus/data/unitstatus201602081515.html>

RRI Energy's 741 MW Ormond Beach Gas-fired Unit 1 in California Shut by February 8

The unit entered an unplanned outage.

<http://content.aiso.com/unitstatus/data/unitstatus201602081515.html>

RRI Energy's 775 MW Ormond Beach Gas-fired Unit 2 in California Shut by February 8

The unit entered an unplanned outage.

<http://content.aiso.com/unitstatus/data/unitstatus201602081515.html>

Dynegy's 510 MW Moss Landing Gas-fired Unit 2 in California Reduced by February 8

The unit entered an unplanned curtailment of 260 MW.

<http://content.aiso.com/unitstatus/data/unitstatus201602081515.html>

Petroleum

Update: Obama Budget Seeks \$10.25 per Barrel Tax on Oil Phased in Over 5 Years February 9

President Barack Obama's 2017 budget proposal released on Tuesday calls for a \$10.25 per barrel tax on oil phased in over five years and adjusted annually for inflation. The President's proposal would aim to raise \$319 billion over 10 years and about 15 percent of the revenue would be allocated for federal relief to households with particularly burdensome energy costs. The U.S. Treasury clarified that the tax would apply to domestically produced oil as well as imports, but not to U.S. exports. The plan would also temporarily exempt home heating oil from the tax. The proposed tax is slightly higher than what the White House claimed last Thursday, citing a \$10 per barrel tax to be paid by oil companies in order to boost spending on transportation infrastructure, including mass transit, high speed rail, and autonomous vehicles.

<https://www.whitehouse.gov/omb/budget/Overview>

<https://www.treasury.gov/about/budget-performance/budget-in-brief/Documents/FY17FactSheet.pdf>

Reuters, 13:53 February 9, 2016

<https://www.oe.netl.doe.gov/docs/eads/ead020516.pdf>

Phillips 66 Reports Compressor Trip at Its 336,000 b/d Wood River, Illinois Refinery February 9

Phillips 66 reported the flow gas recovery compressor tripped on low suction at its Wood River, Illinois refinery, according to a filing with the Illinois Emergency Management Agency.

Reuters, 4:09 February 9, 2016

Chevron Reports Flaring, Normal Operations at Its 245,271 b/d Richmond, California Refinery February 8

Chevron Corp said its Richmond, California refinery experienced some intermittent flaring activity, but the facility continued to operate at normal capacity and production levels.

Reuters, 17:39 February 8, 2016

Tesoro Reports Major Unit Startup at Its 166,000 b/d Martinez, California Refinery February 2

Tesoro Corp reported a major unit startup at its Martinez, California refinery, according to a filing with Contra Costa Health Services.

Reuters, 18:44 February 8, 2016

Phillips 66 Reports Flaring at Its 120,200 b/d Rodeo, California Refinery February 1

Phillips 66 reported flaring at its Rodeo, California refinery, according to a filing with the California Emergency Management Agency.

Reuters, 18:40 February 8, 2016

Update: SoCalGas Reports First Relief Well Nearing Intercept Target at Its 86 Bcf Aliso Canyon Underground Natural Gas Storage Facility in California February 8

Southern California Gas Company (SoCal Gas) on Monday said it was continuing to make progress on the first of two relief wells, reaching a measured depth of 8,600 feet. As drilling crews zero-in on the intercept point, more time for analysis and precision is required, naturally slowing the drilling and ranging process. Multiple ranging runs were completed last week to confirm the position and relationship of the relief well to the target well. SoCalGas said it remains on schedule to stop the leak by late February or sooner and crews were continuing to set up rig equipment on the second relief well.

<https://www.alisoupdates.com/main>

California DOC Announces Temporary Natural Gas Storage Facility Inspection Mandate February 5 in Response to Aliso Canyon Emergency Declaration

The California Department of Conservation (DOC) on Friday announced that the California Office of Administrative Law (OAL) approved a mandate of new regulations in order to strengthen state oversight of oil and gas storage in California including multiple testing, inspection, and monitoring requirements for all wells in the state. The emergency regulations were generated in response to the Governor's January 6 emergency declaration due to the ongoing Southern California Gas Company natural gas leak at its Aliso Canyon storage facility. Effective immediately, the regulations require that all natural gas storage operators complete enhanced inspections as well as integrity testing at every gas well in California for a period of six months, which can be extended as necessary. A DOC official added that the agency intends to make the emergency regulations a permanent requirement in California and is committed to stringent oversight measures in order to ensure the health, safety, and environmental protection of the State.

<http://www.conservation.ca.gov/index/Documents/2016-03%20Emergency%20regulations%20for%20natural%20gas%20storage%20wells%20go%20into%20effect.pdf>

Enable Gas Transmission Declares Force Majeure Due to Unplanned Maintenance at Its Cove Compressor Station in Arkansas February 9

Enable Gas Transmission (EGT) on Tuesday declared force majeure to notify its shippers of unplanned maintenance at its Cove Compressor Station. EGT said it will begin troubleshooting and repairing its Cove Compressor Station, located in Polk County, Arkansas and in EGT's South Pooling Area. The Cove Compressor Station impacts EGT's ability to move gas from West to East through the Chandler Compressor Station, limiting the capacity through the Chandler Compressor Station on EGT's system to approximately 900 MMcf/d. During the unplanned maintenance, non-core nominations in EGT's West 1, West 2, and the western portion of the Neutral Pooling area may be impacted.

<http://pipelines.enablemidstream.com/viewReport.aspx?Pipeline=EGT&ReportType=NOTICES:CriticalNotices&URL=http://pipelines.centerpointenergy.com/stellent/groups/public/documents/ebb/cnp292280.htm>

Tennessee Gas Pipe Line Issues Operational Flow Order to Manage Imbalances in Zones 5, 6 February 9

Due to colder weather and anticipated increased demand, Tennessee Gas pipeline (TGP) has limited operational flexibility to manage imbalances in Zones 5 and 6 until further notice. Effective for the gas day of Tuesday, February 9, and until further notice, TGP requires all delivery point operators in Zones 5 and 6 to keep actual daily takes out of the system equal to or less than scheduled quantities regardless of their cumulative imbalance position. All receipt point operators in Zones 5 and 6 are required to keep actual daily receipts into the system equal to or greater than scheduled quantities regardless of their cumulative imbalance position.

http://pipeline2.kindermorgan.com/Notices/NoticeDetail.aspx?code=TGP¬c_nbr=358507&date=2/9/2016&subject=¬c_type=-1¬c_sub_type=-1¬c_ind=C

Transco Gas Pipe Line Issues Imbalance Operational Flow Order in Zones 4–6 February 9

Transco issued an imbalance operational flow order for Zones 4, 5, and 6 in order to manage imbalances and recommended shippers maintain a concurrent balance of receipts and deliveries.

<http://www.1line.williams.com/1Line/wgp/download?delvid=7068999&hfNoticeFlag=Y&hfDownloadFlag=false&hfFileName=download.html>

Regency Reports AGI Compressor Shut at Its 290 MMcf/d Waha Gas Plant in Texas February 8

Regency reported the acid gas injector (AGI) compressor shut on hydrogen sulfide alarms. The hydrogen sulfide alarm was reset and the AGI compressor was reset and restarted.

<http://www2.tceq.texas.gov/oce/eeer/index.cfm?fuseaction=main.getDetails&target=227330>

Other News

North Carolina DEQ Fines Duke Energy \$6.6 Million for Coal Ash Spill

The North Carolina Department of Environmental Quality (DEQ) on Tuesday fined Duke Energy \$6.6 million for environmental pollution related to a big spill of liquefied coal ash in 2014. The fine covers violations that Duke Energy admitted when it pleaded guilty to federal pollution crimes nine months ago and agreed to pay \$102 million in fines and restitution, the DEQ said. The company could face further civil penalties related to the February 2014 coal ash spill at the company's Dan River power plant in Eden, the DEQ said. Duke Energy is reviewing whether to challenge the fine, the company said.

http://portal.ncdenr.org/c/journal/view_article_content?groupId=4711509&articleId=27717661

Reuters, 14:01 February 9, 2016

International News

Venezuelan Crude Oil Sales to U.S. Falls 14 Percent in January

Venezuela's crude oil exports to the U.S. fell 14.3 percent in January versus the previous month to 643,935 b/d due to lower sales of diluted crude oil (DCO) to regular customers, according to Reuters trade flows data. State-run oil company PDVSA and its joint ventures sent a total of 43 crude cargoes to the U.S. PDVSA's refining unit Citgo Petroleum was the main receiver. Other importers included Phillips 66, Valero Energy, and Chevron Corp. Sales of DCO made with Venezuelan extra heavy crude and naphtha decreased 39 percent but shipments of Merey blend made with different types of crude rose 13.4 percent to 138,680 b/d, according to the data. Venezuela exported 772,880 b/d of crude to the U.S. last year, an increase versus record lows of 2013 and 2014.

http://www.downstreamtoday.com/news/article.aspx?a_id=51000

Colombia's 210,000 b/d Cano Limon Pipeline Attacked, Pumping Halted February 8

Pumping of crude oil on Colombia's Cano Limon pipeline was halted after two bomb attacks late on Monday, state-run oil company Ecopetrol said. Ecopetrol operates the 485-mile pipeline, which transports oil from the northeastern province of Arauca to the Caribbean coast, on behalf of Occidental Petroleum Corp. The two attacks, one in Boyaca province and the other in Arauca, required the company to suspend the pipeline's pumping operations, a spokesman said.

Reuters, 11:44 February 9, 2016

Energy Prices

U.S. Oil and Gas Prices			
February 9, 2016			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	27.91	29.85	53.17
NATURAL GAS Henry Hub \$/Million Btu	2.22	2.18	2.55

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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