



ENERGY ASSURANCE DAILY

Tuesday Evening, February 17, 2015

Major Developments

Winter Storm Knocks Out Power to Over 622,000 Customers in Southeast February 15–17

A winter storm producing snow and ice moved across the Southeast, starting Sunday night in Arkansas and moving eastward Monday and Tuesday, knocking out power to 622,243 customers. As of 3:30 p.m. EST, 247,567 customers remained without power. Georgia Power said it has over 3,500 crew and other resources working and evaluating the damage to restore power as quickly as possible. The company said some areas should be restored by 10 p.m. tonight. Entergy said most customers will be back on by 10 p.m. Tuesday and a few of the more difficult cases will carry over into Wednesday. Duke Energy said it expects to have storm-related outages restored by 11 p.m. on Wednesday. However, most customers will be restored sooner. Duck River Electric reported one of the Tennessee Valley Authority’s 161-kV transmission poles fell on the Boynton Valley substation and a back-feeding solution will be tried, but load is heavy on the system due to high demand.

Southeast Customer Power Outages			
February 15–17, 2015			
Electric Utility	State	Peak	Latest Reported
Entergy	AR/MS	30,000	6,952
Georgia Power	GA	190,000	41,089
Georgia EMC	GA	134,000	89,496
Beauregard Electric Co-op	LA	26,477	0
Duke Energy	NC/SC	191,000	83,338
N.C. Electric Co-ops	NC	18,000	3,758
Fort Loudoun Electric Co-op	TN	15,125	14,071
Duck River Electric Member Corp	TN	13,041	7,627
Lauren Electric Co-op	SC	4,600	1,236
TOTAL*		622,243	247,567

*Total outages represent only electric utilities listed in this table.

Sources:

- http://stormcenter.entergy.com/article.aspx?NR_ID=471
- <http://outagemap.georgiapower.com/external/default.html>
- https://twitter.com/georgiapower?WT.svl=tw3&hp=dm_db_twitter
- <http://georgiaemc.com/emcs-make-progress-in-power-restoration-2>
- <http://georgiaemc.com/storm-center/current-outages>
- <http://www.becioutage.org/>
- <http://www.dremc.com/outage-update/>
- <https://twitter.com/duckriveremc>
- <http://www.duke-energy.com/news/releases/2015021702.asp>
- <http://outagemap.duke-energy.com/ncsc/default.html>
- <https://twitter.com/DukeEnergy>
- <https://twitter.com/NCElectriccoop>
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- <http://news.blog.ajc.com/2015/02/17/winter-storm-more-than-225k-without-power/>
- <http://onlineathens.com/breaking-news/2015-02-17/more-225000-without-power-georgia-after-ice-storm>
- <http://www.wbir.com/story/weather/2015/02/16/icy-trees-falling-causing-some-power-outages/23528379/>

CSX Train Hauling North Dakota Oil Derails, Catches Fire in West Virginia February 16; Governor Declares State of Emergency

Twenty-five cars of a 109-car CSX Corp unit train hauling North Dakota Bakken crude derailed on Monday at 1:20 p.m. EST near Mount Carbon, West Virginia. The derailment forced the evacuation of two towns. At least one tank car fell into Armstrong Creek, a tributary of the Kanawha River, and another car slammed into a house and burst into flames, according to local officials. Clean-up was expected to take several days, as the fires burn themselves out. There were no injuries reported. CSX said the train was hauling 109 cars from North Dakota to Yorktown, Virginia, where Plains All American Pipeline operates a crude oil transloading terminal, which receives oil by train, stores it, and loads it on to barges for further delivery to East Coast Refineries. All of the cars involved in the accident were the newer CPC 1232 models. A local official said that nine or 10 of the cars had exploded at intervals of about every half hour. He said all but 14 of the cars on the train had been pulled out of harm's way. Heavy snow and freezing temperatures were hindering efforts to deal with the incident. CSX said Monday it was working to contain oil found in Armstrong Creek, which runs parallel to CSX tracks, and water utilities that draw water intake from the nearby Kanawha River are taking precautions. The fires damaged Appalachian Power transmission lines, knocking out power to about 900 customers shortly after the train derailed. West Virginia Governor Earl Ray Tomblin issued a state of emergency for Kanawha and Fayette counties after the derailment.

<http://www.csx.com/index.cfm/media/press-releases/1015-pm-monday-february-16-2015-csx-responds-to-west-virginia-derailment/>

<http://www.wvgazette.com/article/20150216/GZ01/150219451/1101>

Reuters, 21:46 February 16, 2015

CN Railway Says Its Main Line from Quebec to Manitoba Remains Blocked February 16 after Crude Oil Train Derailment in Ontario February 14

Canadian National Railway (CN) said its main railway line across the country remained blocked on Monday after a train carrying crude oil derailed in northern Ontario Saturday, setting seven rail cars on fire. The derailment is obstructing trains running between Montreal and Winnipeg, Manitoba and shipments along the corridor will be delayed by at least 24 hours, CN said. The train, heading from Alberta's oil sands to eastern Canada, derailed late Saturday about 50 miles south of Timmins, Ontario. CN said 29 of 100 cars were involved and seven had caught fire. A CN spokesman said the derailed cars were safely from the right of way, allowing workers to get closer to the core of the derailment, where a fire was burning. A crude oil spill is being contained in the derailment area, CN said. Investigators from Canada's Transportation Safety Board are on site. CN said no waterways appear to have been affected by the spill.

Reuters, 11:34 February 16, 2015

Electricity

Entergy's 653 MW Pilgrim Nuclear Unit 1 in Massachusetts Shut Ahead of Snowstorm February 14

Entergy said the plant was taken off line from full power in preparation of a potential loss of offsite power or the grid's inability to accept the power Pilgrim generates due to a snowstorm.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2015/>

<http://www.capecodtoday.com/article/2015/02/15/28947-pilgrim-nuclear-taken-offline-saturday>

Constellation's 835 MW Calvert Cliffs Nuclear Unit 2 in Maryland Shut by February 16

On the morning of February 15 the unit was operating at full power.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2015/>

Update: Duke Energy's 1,100 MW McGuire Nuclear Unit 1 in North Carolina Restarts by February 14, Ramps Up to Full Power by February 15

By the morning of February 14 the unit had restarted and was operating at 77 percent.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2015/>

FPL's 839 MW Saint Lucie Nuclear Unit 2 in Florida Shut by February 16

On the morning of February 15 the unit was operating at 50 percent, down from full power on February 14.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2015/>

Update: Entergy's 1,207 MW Grand Gulf Nuclear Unit 1 in Mississippi Restarts by February 15, Ramps Up to 44 Percent by February 17

On the morning of February 16 the unit was operating at 18 percent after restarting and ramping up to 5 percent by February 15. The unit shut from full power on February 7 due to an automatic reactor scram caused by a generator/turbine trip.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2015/>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2015/20150209en.html>

Update: San Diego Gas & Electric's 575 MW Palomar Gas-fired Unit in California Returns to Service by February 15

The unit returned from an unplanned curtailment of 300 MW that began by February 13.

<http://content.caiso.com/unitstatus/data/unitstatus201502151515.html>

Update: Blythe Energy, LLC's 493 MW Gas-fired Unit in California Returns to Service by February 16

The unit returned from an unplanned curtailment of 253 MW that began by February 10.

<http://content.caiso.com/unitstatus/data/unitstatus201502161515.html>

Update: AES's 175 MW Redondo Gas-fired Unit 6 in California Returns to Service by February 14

The unit returned from an unplanned outage that began by February 9.

<http://content.caiso.com/unitstatus/data/unitstatus201502141515.html>

Petroleum

Update: USW Says Refinery Strike Could Spread Over Safe Staffing; Talks Schedule to Resume February 18

A strike by U.S. refinery workers that passed into its seventeenth day on Tuesday could spread if there is no progress in talks this week with plant owners on safe staffing levels, said the lead negotiator for the United Steelworkers union (USW). About 5,200 workers from 11 plants, including nine refineries accounting for 13 percent of U.S. capacity, were walking picket lines after talks between the USW and Shell Oil Co failed to reach an agreement on a new national contract. Face-to-face negotiations between the two sides are scheduled to resume on Wednesday, after being recessed for a week. Shell said it needed the time to fulfill a union information request about the use of contractors by refiners. The USW has said the company is also considering a counterproposal from the union. A Shell spokesman said the company looks forward to resuming talks this week to reach "a mutually satisfactory agreement."

Reuters, 20:39 February 16, 2015

Motiva Shuts CDU, Hydrocracker Due to Leaks at Its 600,250 b/d Port Arthur, Texas, Refinery February 16 – Sources

Motiva Enterprises shut its 195,000 b/d crude distillation unit (CDU), the second largest at its Port Arthur, Texas, refinery on Tuesday morning due to a leak in a pipe, said sources familiar with plant operations. Crews were trying to determine exactly which part of VPS-4's piping was leaking and how long it might take to fix it, the sources said. Production has been slowed on several other units at the refinery due to the shutdown of VPS-4 on Tuesday, the sources said. The Port Arthur refinery's 60,000 b/d hydrocracking unit called HCU 2 was shut on Monday due to a leaking seal on the unit's compressor, sources said.

Reuters, 12:10 February 17, 2015

ExxonMobil Cuts Back CDU Production at Its 344,600 b/d Beaumont, Texas Refinery February 13 – Sources

ExxonMobil cut back production on a large crude distillation unit (CDU) at its Beaumont, Texas refinery due to thinned piping, said sources familiar with operations at the plant. The sources did not know by how much production was reduced on the 240,000 b/d Crude B Unit, which is the larger of two CDUs, the sources said. In addition to the CDU, a 45,000 b/d coking unit, a 16,000 b/d alkylation unit, a 4,200 b/d dewaxing unit, and 5,000 b/d gas treating unit, are operating at reduced levels due to thinned piping at the refinery.

Reuters, 17:49 February 13, 2016

Flint Hills Reports Flaring at Its 293,000 b/d Corpus Christi, Texas Refinery February 16

Reuters, 20:55 February 16, 2015

LyondellBasell Reports Unit Upset at Its 263,776 b/d Houston, Texas Refinery February 13

Reuters, 14:56 February 13, 2016

Phillips 66 Reports Unit Upset at Its 120,200 b/d Rodeo, California Refinery February 14

Phillips 66 reported a unit upset led to flaring at its Rodeo refinery in northern California on Saturday, according to a filing with Contra Costa Health Services. The filing did not specify the unit involved or say if there had been any impact on production.

Reuters, 3:44 February 17, 2015

Targa Reconsiders Plan to Build Condensate Splitter at Its Houston Ship Channel Terminal in Texas

Sharply lower oil prices have prompted Targa Resources Partners LP to reconsider its plan to build a condensate splitter at its Houston Ship Channel terminal, the Chief Executive said on Friday. The company hasn't ruled it out but Targa and its partner Noble Americas Corp which agreed last year to support the project with a long-term contract, have now modified that deal to allow for a splitter, a new terminal, or "perhaps both."

Reuters, 16:43 February 13, 2015

TransCanada Says Its Keystone XL Southern Leg Moving 400,000 b/d from Oklahoma to Texas

TransCanada Corp said on Friday its Gulf Coast pipeline, which carries crude oil from Cushing, Oklahoma, to Nederland, Texas, is currently moving just less than 400,000 b/d. The 487-mile pipeline, the southern leg of the company's Keystone XL project, was put in service in January 2014. It has the capacity to handle 700,000 b/d.

Reuters, 16:34 February 13, 2015

Montana Governor Calls for Deeper Pipelines after Oil Spills

Montana's governor, Steve Bullock, called on the Obama administration Friday to strengthen rules that require oil pipelines to be buried just 4 feet beneath major waterways, after two breaches that spilled a combined 93,000 gallons of crude into the Yellowstone River. River scouring due to flooding or an ice jam is being investigated as a possible cause of a spill last month that dumped about 30,000 gallons into the Yellowstone upstream of Glendive, temporarily contaminating the city's water supply. Bullock said Friday in a letter to Transportation Secretary Anthony Fox that he wants existing lines surveyed to determine how deeply they're buried. The governor also asked for more federal inspectors in Montana, which has only one overseeing 3,800 miles of pipelines in the state. Federal rules that require lines to be buried at least 4 feet beneath riverbeds were last considered for changes after the Yellowstone spill. Government officials determined 4 feet was sufficient in 2013, after a two-year review.

http://www.downstreamtoday.com/news/article.aspx?a_id=46468

<http://governor.mt.gov/>

Natural Gas

Dominion Transmission Inc. Issues Force Majeure Advisory at Its Borger Station in New York February 16

On February 16, Unit 4 at Dominion Transmission Inc's (DTI's) Borger Station in Tompkins County, New York went down due to an unscheduled equipment outage. DTI is continuing to work towards restoring the unit, including evaluations on the schedule for repairs and restoration of the unit. DTI said all primary obligations can be met with the pressures/flows existing in its system in the affected areas. No secondary or interruptible services are available in this area. However, due to anticipated customer loads, customers in the affected areas are advised that in the event the necessary repairs cannot be made, DTI may issue a force majeure notice which will likely affect primary deliveries in Tennessee-Morrisville, Niagara Mohawk-Biddlecum Road, and Niagara Mohawk-Oneida.

https://escript.dom.com/jsp/info_post.jsp?&company=dti#

CP Railway, Teamsters Canada Union Strike Ends as Both Sides Agree to Arbitration

Canadian Pacific Railway (CP) and the Teamsters Canada union have agreed to seek mediated arbitration, ending a one-day strike, Canada's labor minister said on Monday. The government had planned to introduce back-to-work legislation on Monday afternoon to force more than 3,000 locomotive engineers and conductors represented by the Teamster Canada Rail Conference (TCRC) union back on the job. CP and the Teamsters Canada union failed to agree on terms including scheduling and rest time, prompting train engineers and conductors to walk off the job on Sunday. CP had reached a deal with another union, Unifor, which represents safety and maintenance workers.

Reuters, 16:35 February 16, 2015

http://www.cn.ca/en/media/2015/02/pressrelease_20150214060059_8838

International News

IEA Says Middle East Militancy Poses 'Major Challenge' for Oil

The rise of the Islamic State (IS) in Iraq and Syria presents a major challenge for the investment necessary to prevent an oil shortage in the next decade, the International Energy Agency's (IEA's) chief economist said on Tuesday. The Chief economist said the security problems caused by Daesh (IS) and others are creating a major challenge for the new investments in the Middle East and if those investments are not made today we will not see that badly needed production growth around the 2020s. He further said the appetite for investments in the Middle East is close to zero, mainly as a result of the unpredictability of the region. IEA's most recent analysis suggests global upstream oil and gas investment will fall a record 17 percent in 2015 to about \$580 billion.

Reuters, 5:16 February 17, 2015

Iraq's KRG Prime Minister Threatens to Withhold Oil Exports without Budget Share

Iraq's semi-autonomous Kurdistan Regional Government (KRG) may withhold crude oil exports if Baghdad does not send its share of the budget, Kurdish Prime Minister Nechirvan Barzani said on Monday following talks aimed at resolving the dispute. He said the KRG remained fully committed to the temporary oil export agreement reached in December, but that Baghdad had only offered to send \$300 million, "less than half of what we agreed on earlier." The KRG agreed in December to export 550,000 b/d of oil from its own fields and Kirkuk via Baghdad's state marketer SOMO. In return, Baghdad would reinstate budget payments to the Kurds, which it cut in 2014 as punishment for the region's moves to export oil independently.

Reuters, 10:43 February 16, 2015

Libya's Oil Flows Disrupted Due to Bomb Attack on Pipeline from El Sarir Field to Hariga Port

Crude flows to Libya's Hariga port from the southeastern El Sarir oilfield remain disrupted after sabotage on a pipeline, a spokesman for state oil firm AGOCO said on Monday. On Saturday, the pipeline just north of the Sarir field was damaged and set on fire, officials have said. Maintenance teams were working on repairing the damage, said a spokesman for AGOCO which operates Hariga and Sarir. Hariga, located in the eastern city of Tobruk, was the last port in Libya exporting crude until the pipeline closure. All other Libyan ports and most fields have stopped working due to chaos and fighting. Two offshore fields still export crude.

Reuters, 9:11 February 16, 2015

Libyan Oil Exports Nearly Completely Shut as Violence Spreads

Libya's oil exports have collapsed to just a trickle from two small offshore platforms, officials and industry sources said on Tuesday, as violence in the country has shut all major ports. No crude oil tanker has departed Libya in the past week, industry sources say and ship tracking shows, with supplies to the last operating port of Hariga disrupted over the weekend by a pipeline fire. Libya, which relies on oil revenue for almost its entire budget, is producing less than 200,000 b/d, down from 1.6 million b/d before the civil war and around 900,000 b/d as recently as October 2014. Most of the oil it is managing to extract is consumed by the Zawiya refinery near Tripoli, which is struggling to produce enough fuel for domestic use. Only 70,000 to 80,000 b/d are being exported from the two offshore platforms of Bouri and Al-Jurf, which a spokesman for the National Oil Corp said were working normally. They can take between five and 10 days to produce enough oil to fill a single tanker.

Reuters, 10:04 February 17, 2015

Eni Says Production in Libya Continues with Limited Expatriate Staff February 17

Eni said on Tuesday it had reduced the number of expatriates working in Libya but was continuing to produce oil and gas in a regular way in the country. An Eni spokesman said its expatriates and local workers in Libya were enough to guarantee normal production activities in the country. Italy, which has traditionally had close ties with the oil producing country, closed its embassy in Tripoli on Sunday and called for U.N. action to calm the worsening conflict there, although Prime Minister Matteo Renzi has held back from seeking military action. State-controlled Eni operates two offshore fields near Tripoli and has acreage in the Libyan desert, producing the gas transported to Italy via the Greenstream pipeline.

Reuters, 9:31 February 17, 2015

Energy Prices

U.S. Oil and Gas Prices			
February 17, 2015			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	50.99	50.01	100.51
NATURAL GAS Henry Hub \$/Million Btu	2.73	2.60	5.88

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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Please direct comments and questions to: ead@oe.netl.doe.gov