



ENERGY ASSURANCE DAILY

Wednesday Evening, July 20, 2016

Electricity

Storms Cut Power to More Than 118,500 Customers across the Eastern U.S. July 19

Severe storms ripped through the Eastern U.S. on Tuesday night, knocking out power to at least 118,572 customers across several states. As of 3:30 p.m. EDT, 14,692 customers remained without power. Dominion Virginia Power incurred the most outages, with approximately 71,000 customers losing power, primarily in central Virginia. A Dominion spokeswoman said the utility made arrangements overnight for additional crews to travel to the Richmond area to support restoration work beginning at 6:00 a.m. EDT, Wednesday. Crews must get to nearly 500 locations to make repairs before power will be restored to all customers, she said. The table below shows total affected customers and the latest reported outages by utility. The “Affected” column shows the total count of customers that lost power at one point or another over the course of the storm for each utility. These outages may not have occurred concurrently and are not the same as peak outages.

Eastern U.S. Customer Power Outages			
July 19–20			
Electric Utility	State	Affected	Latest Reported
PEPCO	DC/MD	12,000	411
Georgia Power	GA	21,500	260
Duke Energy	NC	5,572	1,284
Nashville Electric Service	TN	8,500	70
Dominion Virginia Power	VA	71,000	12,667
TOTAL*		118,572	14,692

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

Sources:

- https://www.washingtonpost.com/local/public-safety/powerful-thunderstorm-sweeps-through-area-as-midnight-nears/2016/07/19/4031c126-4e2a-11e6-a7d8-13d06b37f256_story.html
- http://www.richmond.com/news/local/article_e2d2e6a4-5393-5250-ac62-5bf65cdf9178.html
- <http://outagemap.dom.com.s3-website-us-east-1.amazonaws.com/external/default.html>
- <http://wtvr.com/2016/07/20/dominion-power-update-storm/>
- <http://www.wbtv.com/story/32485880/power-restored-to-homes-after-storms-roll-through-nc>
- <https://twitter.com/georgiapower>
- <http://wrbl.com/2016/07/19/microburst-storm-outage-report/>
- <http://www.tennessean.com/story/news/afternoon/2016/07/19/over-8500-people-without-power-brentwood/87305258/>

Substation Failure Cuts Power to 68,000 Customers in Southeast Idaho July 19

A capacitor bank failure and fire at the Goshen Substation in Shelley caused a loss of power to 68,000 Rocky Mountain Power and Fall River Electric Customers in southeast Idaho Tuesday evening. Power was fully restored a few hours later, according to local media.

- http://idahostatejournal.com/news/local/massive-power-outage-impacting-nearly-rocky-mountain-power-customers-in/article_04f4bed2-8d94-51e8-826a-5f111263f30e.html
- http://www.kpvi.com/news/massive-power-outage-impacting-three-state-region/article_f6fe884c-4e09-11e6-b10b-734def26ad5a.html

Severe Weather Cuts Power to Nearly 27,000 Ameren Missouri Customers across St. Louis Area July 19

Severe weather was responsible for nearly 27,000 outages across St. Louis City and St. Louis, Jefferson and St. Charles Counties as of 10:00 p.m. CDT Tuesday night, Ameren Missouri said. As of 1:30 p.m. Wednesday, 2,345 customers remained without power.

<http://www.stltoday.com/news/local/metro/storm-leaves-more-than-temporarily-without-power-in-st-louis>
<http://apps.ameren.com/outage/OutagebyZip.aspx?state=MO>

Update: Mesquite's 155 MW Mesquite Solar Unit 1 in California Returns to Service by July 19

The unit returned from an unplanned outage that began July 18.

<http://content.caiso.com/unitstatus/data/unitstatus201607191515.html>"

Update: RRI Energy's 775 MW Ormond Beach Gas-fired Unit 2 in California Returns to Service by July 19

The unit returned from an unplanned curtailment of 375 MW that began March 8.

<http://content.caiso.com/unitstatus/data/unitstatus201607191515.html>
<http://content.caiso.com/unitstatus/data/unitstatus201603081515.html>

U.S. Power Sector Gas Usage Seen at Record Levels This Week Due to Heat Wave

U.S. power generators are expected to burn record amounts of natural gas this week as consumers crank up their air conditioners to escape a heat wave blanketing the country. Gas used to generate power was expected to reach 43.3 Bcf/d on Friday, according to data from Thomson Reuters Supply Chain & Commodities Research (SC&CR). That would top the current record of 42.1 Bcf/d set on July 29, 2015, also during a heat wave. High temperatures in the biggest U.S. cities were expected to top 90 degrees Fahrenheit on Friday, with New York at 92, Los Angeles at 91, Chicago at 93, and Houston at 94, according to meteorologist AccuWeather. Looking ahead, Thomson Reuters projects power generators will consume over 40 Bcf/d of natural gas on 11 of the next 15 days through early August. The first time the electric sector used as much gas was in 2015 when it burned that amount on four days during the month of July. Gas is expected to overtake coal as the country's primary source of power generation on an annual basis in 2016 for the first time in history. Generators have already burned more gas than coal to produce power in nine out of the past 10 months through April when coal use fell to its lowest monthly level since 1978, according to Federal energy data. Gas has overtaken coal as it is cleaner to burn and the cheaper fuel due primarily to years of record-breaking production from shale fields, at least for now. In 2015, gas prices at the Henry Hub benchmark in Louisiana fell to \$2.61 per million British thermal units (mmBtu), the lowest level since 1999. After utilities left record amounts of gas in storage after the warmer-than-normal winter of 2015-16, prices so far this year have averaged just \$2.12 per mmBtu. Analysts forecast gas will average about \$2.37 per mmBtu in 2016. While some regions must run coal-fired plants to meet power demand because there are not enough gas plants available, energy traders have said most generators who can burn either gas or coal likely will not start burning coal until gas rises over \$3 per mmBtu. Gas prices are not expected to top that key \$3 level until December, according to the latest futures prices on the New York Mercantile Exchange.

Reuters, 12:34 July 20, 2016

Petroleum

Phillips 66 Reduces FCCU Feed after Compressor Trip at Its 247,000 b/d Sweeny, Texas Refinery July 19

Phillips 66 operators reported that a compressor at its Sweeny, Texas refinery tripped offline at 12:51 a.m. CDT Tuesday due to a false high level in the steam knock out drum, which resulted in emissions from the coker flare and Unit 3 fluid catalytic cracking unit (FCCU), according to a filing with state regulators.

<http://www2.tceq.texas.gov/oce/eer/index.cfm?fuseaction=main.getDetails&target=239312>

Valero Reports FCCU Shutdown, Restart at Its 168,000 b/d McKee, Texas Refinery July 19–20

Valero operators reported emissions at its McKee, Texas refinery on Tuesday morning, which were due to high vibration in the powertrain that resulted in the fluid catalytic cracking unit (FCCU) shutdown and subsequent restart, according to a filing with state regulators. The emissions event ended early the following morning, on July 20, the filing said.

<http://www2.tceq.texas.gov/oce/ee/index.cfm?fuseaction=main.getDetails&target=239315>

Tesoro Reports Oil Sheen near Its 256,830 b/d Carson, California Refinery July 20

Tesoro operators reported an “unknown oil sheen” in the Dominguez Channel near its Carson, California refinery, which measured about 200 feet by 25 feet, according to a filing with the California Emergency Management Agency. The filing said the release did not come from the refinery, however, and that no containment had been setup at the time of the filing.

Reuters, 11:16 July 20, 2016

Tesoro Resumes Normal Operations after Unplanned Maintenance at Its 120,000 b/d Anacortes, Washington Refinery July 20

Tesoro Corp. on Wednesday said it had resumed normal operations at its 120,000 b/d Anacortes refinery in Washington state after conducting unplanned maintenance at the end of June. A representative for the company would not specify the nature of the work, but energy monitoring service Genscape in late June reported a fluid catalytic cracking unit had shut down at the facility.

Reuters, 11:49 July 20, 2016

Vancouver Bans Future Oil Refineries, Facilities in the City July 18

The Vancouver City Council has voted to prohibit new or expanded crude oil storage facilities in the City of Vancouver, Washington. The unanimous vote Monday night won't affect a massive crude-by-rail facility proposed at the Port of Vancouver—a project proposed by Tesoro Corp. and Savage Cos. and currently under review by a state energy panel. The city's ban would prohibit the expansion of existing and new crude oil refineries and facilities that process less than 50,000 b/d of crude oil. The city's emergency moratorium prohibiting such oil facilities expires in August.

Reuters, 18:31 July 19, 2016

<http://www.columbian.com/news/2016/jul/18/unanimous-city-council-vote-bans-oil-facilities-in-vancouver/>

Tallgrass Pony Express Pipeline Announces Open Season to Transport Light Crude from Colorado to Oklahoma

Tallgrass Pony Express Pipeline, LLC today announced a binding open season soliciting shipper commitments for light crude petroleum transportation service from the Buckingham receipt point in Weld County, CO, on the Northeast Colorado Lateral of Pony Express to delivery points at Ponca City and Cushing, OK, under a Local Tariff. The light crude petroleum, also known as condensate, will be batched as a fourth common quality stream on the pipeline. Based on commitments received in this binding open season, Pony Express plans to add new capacity to provide the light crude transportation service from Colorado to Oklahoma. Pony Express expects the open season to end on Aug. 31, 2016. The Pony Express System is an approximately 764-mile crude oil pipeline originating in Guernsey, WY, and northeast Colorado, and terminating at the oil hub of Cushing, OK. With a design capacity to transport 320,000 b/d, Pony Express links new and emerging oil plays such as the Bakken, the Powder River Basin and the Niobrara Shale to markets across the country.

<http://ir-tep.tallgrassenergyllp.com/file/Index?KeyFile=35143771>

<http://www.tallgrassenergyllp.com/Pipelines/PonyExpress/>

DOJ, EPA, Enbridge Reach \$177 Million Settlement After 2010 Oil Spills in Michigan and Illinois

The U.S. Department of Justice and the U.S. Environmental Protection Agency today announced a settlement with Enbridge Energy Limited Partnership and several related Enbridge companies to resolve claims stemming from its 2010 oil spills in Marshall, Michigan, and Romeoville, Illinois. Enbridge has agreed to spend at least \$110 million on a series of measures to prevent spills and improve operations across nearly 2,000 miles of its pipeline system in the Great Lakes region. Enbridge will also pay civil penalties totaling \$62 million for Clean Water Act violations—\$61 million for discharging at least 20,082 barrels of oil in Marshall and \$1 million for discharging at least 6,427 barrels of oil in Romeoville.

<https://www.justice.gov/opa/pr/united-states-enbridge-reach-177-million-settlement-after-2010-oil-spills-michigan-and>

New Mexico Gas Co. Plans Natural Gas Pipeline to Mexico

New Mexico Gas Co. says it will seek a federal permit to begin building a natural gas pipeline from southern New Mexico to Mexico, according to a company spokesman. The project would enlarge and extend the company's existing pipeline in Santa Teresa by about 5 miles to the U.S.-Mexico border. Additional facilities would be required on the Mexican side of the border before exports of gas could begin. The spokesman said the company expects the permit process will take a few months.

<http://www.abqjournal.com/810801/gas-co-proposes-5-million-pipeline-to-mexico.html>

Hawaiian Electric withdraws Request for Approval of LNG Contract and Generation Upgrades

Following the termination of the proposed merger with NextEra Energy, the Hawaiian Electric Companies (HECO) on Tuesday withdrew their applications for approval of a liquefied natural gas (LNG) contract with Fortis Hawaii Energy Inc., plans to upgrade its Kahe Power Plant to use natural gas, and a waiver from competitive bidding to upgrade the plant. In a press release posted at the company's website, HECO said that "because of the resources these specific combined projects required, one condition of the LNG contract was approval of the proposed merger with NextEra Energy." On Monday, NextEra Energy announced it would no longer pursue the merger after the application was dismissed without prejudice by the Hawaii Public Utilities Commission.

<https://www.hawaiianelectric.com/hawaiian-electric-withdraws-request-for-approval-of-lng-contract-and-generation-upgrades>

First Cargo of LNG Set to Pass Through Newly Expanded Panama Canal July 25

Royal Dutch Shell Plc's Maran Gas Apollonia vessel is scheduled to pass through the newly expanded Panama Canal on July 25 after loading LNG from the U.S. Gulf Coast, according to the Panama Canal Authority, which oversees the locks' operations. BP's British Merchant LNG tanker is expected to become the second to pass through the canal the following day, and a third tanker is slated for early August, the agency said in a statement late Monday. The vessels will become the first to take advantage of a multibillion-dollar expansion that widened the canal enough to handle massive LNG tankers. Its opening stands to increase the potential for American shale gas exports, which began just five months ago, by cutting shipping costs and times from the U.S. to the west coast of Latin America and to Asia. The canal expansion, which went into service in late June, allows access to 90 percent of the world's LNG tanker fleet, up from 6 percent before, according to an analyst with the U.S. Energy Information Administration. The U.S. Gulf Coast may be sending 35 million to 38 million tons annually on about 550 tankers through the Panama Canal by 2021, the analyst said.

http://www.downstreamtoday.com/news/article.aspx?a_id=52827

Other News

Nothing to report.

International News

Update: East Libyan Oil Terminal of Hariga Resumes Exports after Wage Protest Ends

Oil exports at the eastern Libyan terminal of Hariga have resumed after a pay protest by guards ended, the port's manager said on Wednesday. Hariga has an export capacity of about 120,000 b/d, and its closure on Sunday had forced the major Libyan oil field of Sarir to suspend production of about 100,000 b/d by Tuesday. Production was to remain suspended despite the reopening of the Hariga export terminal, a spokesman said on Wednesday. The suspension will last until Libya's eastern state oil firm AGOCO received money for equipment and to pay debts, the spokesman said.

Reuters, 05:47 July 20, 2016

http://www.rigzone.com/news/oil_gas/a/145739/Libyan_Hariga_Oil_Port_Resumes_Work_But_Sarir_Field_Stays_Shut

Energy Prices

U.S. Oil and Gas Prices			
July 20, 2016			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	44.91	44.82	50.06
NATURAL GAS Henry Hub \$/Million Btu	2.81	2.75	2.84

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>

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