



ENERGY ASSURANCE DAILY

Tuesday Evening, September 16, 2014

Electricity

Severe Heat Wave Prompts Record Electricity Use, Causes Power Outages in Southern California September 15–16

A severe heat wave hit Southern California on Monday and was expected to continue throughout the week, prompting record electricity use and causing thousands of power outages. Utility companies Southern California Edison (SCE), Los Angeles Department of Water & Power (LADWP), and San Diego Gas & Electric Co. (SDG&E) asked their customers to conserve energy as the forecasted heat wave was resulting in utility-equipment failure and small-scale power outages. SCE reported 15,000 customers lost power on Monday and as of 3:00 p.m. EDT today, 7,601 customers remained without power. LADWP reported 6,227 customers, and SDG&E reported 182 customers were without power as of 3:00 p.m. EDT today. The California Independent System Operator (CAISO) said electricity consumption during the heat wave could exceed the summer's previous peak of 44,200 MW on July 30 and issued a Restrictive Maintenance Operations notice for the Southern California region effective September 16. The notice cautions market participants to avoid actions that may jeopardize generator and/or transmission availability. LADWP customers on Monday set an all-time record for peak energy demand of 6,196 MW, surpassing the previous all-time record of 6,177 MW set on September 27, 2010. The LADWP forecasts that it will break Monday's record again on Tuesday and exceed 6,200 MW as heat-storm temperatures continue, and with significant strain on the local neighborhood grids, additional localized outages are expected. SDG&E activated its Capacity Bidding Program, Critical Peak Pricing Program, and Summer Saver events for today.

<http://newsroom.edison.com/releases/severe-heat-wave-forecast-to-continue-for-southern-california-areas-2759860>
<https://www.sce.com/wps/portal/home/outage-center/outage-map/outage-list-view/list%20of%20current%20outages>
<http://www.ladwpnews.com/go/doc/1475/2243054/>
https://www.ladwp.com/ladwp/faces/header/outageinformation?_afLoop=
<http://www.sdge.com/demand-response-program-status>
<http://www.sdge.com/safety/outages/outage-map>
<http://www.caiso.com/informed/Pages/Notifications/NoticeLog.aspx>
<http://www.bloomberg.com/news/2014-09-15/los-angeles-power-use-near-record-as-heat-wave-prompts-warnings.html?cmpid=yhoo>
<http://www.nbcnewyork.com/news/national-international/SoCal-Heat-Wave-Has-Power-Officials-on-High-Alert-275233771.html>
<http://www.latimes.com/local/lanow/la-me-ln-la-heat-wave-power-outage-20140916-story.html>

Update: FPL's 693 MW Turkey Point Nuclear Power Plant Approved for Additional Cooling Water September 11

The South Florida Water Management District approved an emergency request from the Turkey Point nuclear power plant September 11 that would add 14 million gallons of water per day to the canals near the power plant used for cooling. Plant operators stated that below-average rainfall caused temperatures and salinity in the canals to rise, causing an algae bloom that trapped heat in the canals, limiting available cooling water to the plant.

<http://www.wctv.tv/weather/headlines/Nuclear-Power-Plant-Approved-for--274906151.html>

Update: PPL's 1,111 MW Susquehanna Nuclear Unit 2 in Pennsylvania Ramps Up to 50 Percent by September 16

On the morning of September 15 the unit was operating at 19 percent after restarting by September 14. Operators shut unit 2 from full power September 6 to inspect its turbine blades.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2014/>

<http://pplweb.mediaroom.com/index.php?s=12270&item=137091>

Update: TVA's 1,155 MW Browns Ferry Nuclear Unit 1 in Alabama Ramps Up to 85 Percent by September 16

On the morning of September 15 the unit was operating at 61 percent, down from 92 percent by September 12.
<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2014/>

RRI Energy, Inc.'s 215 MW Mandalay Gas-fired Unit 1 in California Shut by September 15

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201409151515.html>

Duke Energy Commits \$500 Million to North Carolina Solar Power Expansion

Duke Energy on Monday announced a \$500 million commitment to a major expansion of solar power in North Carolina. The company will acquire and construct three solar facilities—totaling 128 MW of capacity—including the largest solar photovoltaic (PV) facility east of the Mississippi River. The three facilities will be located in Bladen, Duplin, and Wilson counties. Duke Energy also signed power-purchase agreements with five new solar projects in the state, representing 150 MW of capacity. Together, the eight projects will have a capacity of 278 MW. The \$500 million commitment includes the investment in the three facilities and the value of the five long-term power-purchase contracts.

<http://www.duke-energy.com/news/releases/2014091501.asp>

Petroleum

Buckeye Reports Unplanned Outage on Its L162 Petroleum Product Pipeline in Illinois September 15

Buckeye Partners reported its L162 pipeline from Dupou to Decatur, Illinois experienced an unplanned shutdown at 6:20 p.m. local time on Monday. There was no product released and the outage was projected to last for an extended period of time, according to Buckeye.

Reuters, 12:52 September 16, 2014

Reuters, 12:51 September 16, 2014

ExxonMobil Working to Restore Normal Operations after Pipe Failure at Its 344,600 b/d Beaumont, Texas Refinery September 15

ExxonMobil Corp confirmed that one of the process units experienced a pipe failure yesterday, resulting in an emissions event at its Beaumont, Texas refinery. ExxonMobil said it was working to minimize emissions and that there was no impact to production and contractual obligations continue to be met.

Reuters, 11:22 September 16, 2014

Motiva Reports Upset at Its 600,250 Port Arthur, Texas Refinery September 16

Motiva Enterprises said its Motiva Port Arthur, Texas refinery experienced an upset, which resulted in emissions, but did not affect operations. Motiva also reported a loss of primary containment that resulted in emissions from the fluid catalytic cracking unit, according to a filing with the Texas Commission on Environmental Quality.

Reuters, 12:18 September 16, 2014

Reuters, 8:34 September 16, 2014

Update: Hawaii Independent Energy Says Processing Units at Its 94,000 b/d Kapolei, Hawaii Refinery Remain Operational September 15

Hawaii Independent Energy, a subsidiary of Par Petroleum, said the processing units at its Kapolei, Hawaii refinery remain in operation following the shutdown of a flare gas recovery compressor September 13.

Reuters, 14:47 September 15, 2014

Valero Report Flaring at Its 78,000 b/d Wilmington, California Refinery September 15

Reuters, 14:57 September 15, 2014

Spectra Energy and Northeast Utilities Announce 1 Bcf/d Access Northeast Natural Gas Project

Spectra Energy Corp, Spectra Energy Partners, and Northeast Utilities today announced details of the Access Northeast project, designed to reliably meet growing demand for natural gas in New England while providing environmental and economic benefits to the region. This project will help deliver increased, guaranteed daily supplies of natural gas to consumers, as well as enhanced service on peak days for strategic natural gas-fueled electric generation plants, to address New England's reliability concerns and reduce costs paid by the region's electric and gas consumers. The gas pipeline expansion project will enhance the Algonquin and Maritimes pipeline systems, using existing routes to minimize effects on communities, landowners, and the environment. The project will be scalable to meet growing needs by expanding access to clean, abundant, and affordable natural gas, and will be capable of reliably delivering in excess of 1 Bcf/d to serve the region's most efficient power plants and meet increasing demand from heating customers. Access Northeast has an anticipated in-service date of November 2018. <http://www.spectraenergy.com/Newsroom/News-Archive/Spectra-Energy-and-Northeast-Utilities-Announce-New-England-Energy-Reliability-Solution/>

Kinder Morgan Seeks FERC Approval for Natural Gas Pipeline in Massachusetts

Kinder Morgan on Monday filed a request with the Federal Energy Regulatory Commission (FERC) seeking approvals for a 250-mile natural gas pipeline project running from Richmond to Dracut in northern Massachusetts. The company used "pre-filing procedures" to help identify environmental issues before a formal application is filed. The company will submit detailed draft environmental reports that the public, including affected landowners, will be able to comment on during the process.

Reuters, 11:45 September 16, 2014

New England Natural Gas Market Well Supplied, Not Taking Full Advantage of Available Infrastructure – GDF Suez VP

New England's natural gas market is well supplied throughout most of the year and average annual pipeline capacity usage is on the low side, according to Guy Braden, Senior Vice President of Commercial Operations for GDF Suez Gas North America. The supply situation disincentives large consumers like power generators to enter long-term contractual agreements – that would essentially require them to take long-term bets on natural gas prices – and rather source gas from the spot market, where prices have been historically low in recent years. However, when extremely cold weather moves, spot market prices spike. According to Braden, there is sufficient capacity to meet the needs of the market but those who really need gas are the power generators and they have no cost-recovery mechanism to secure liquefied natural gas (LNG) or pipeline capacity in advance. Talks are underway with power generators and the independent system operator (ISO) about sharing the risk associated with securing supply that can be used during periods of extreme demand. Companies pay a premium for the option to access supply during cold snaps so they are not beholden to spot market volatility. The ISO is working on a program to help equitably share the cost of those option premiums. If these issues can be worked out, however, using LNG and existing infrastructure could be an easier, more cost-effective solution than constructing new pipeline capacity, he contends.

Reuters, 11:06 September 16, 2014

Update: Chevron Reports Minimal Impact on Gas Production after Deadly Accident Shuts Natural Gas Pipeline in Gulf of Mexico

Chevron Corp said Monday a blast on a natural gas gathering pipeline into the Henry Hub supply hub in Louisiana on Saturday that killed one worker interrupted "minimal gas production" and it rerouted most of the affected production from the blast to an alternative gas system. Chevron said workers were performing routine maintenance on a Chevron Midstream Pipeline gas gathering line in offshore Louisiana waters when the accident occurred and that a suspected platform valve blowout may have been the cause. The unit that operates the line was continuing to depressurize the line offshore to allow a safe repair onshore, according to Chevron. The company said a small amount of gas condensate was released into the water but dissipated. The pipeline platform continues to be shut in.

Reuters, 12:40 September 15, 2014

Transco Repairing Leak on Its Southeast Louisiana Lateral Pipeline September 16

Williams Cos Inc's Transcontinental Gas Pipeline Co LLC (Transco) unit on Tuesday said natural gas flow would be unavailable to several locations on its Southeast Louisiana Lateral pipeline (SELA) following the discovery of a leak. Repairs on the pipeline were expected to take seven to 10 days, a website posting said. Transco's more than 10,000-mile gas pipeline system has the capacity to carry 9.7 Bcf/d from the Gulf Coast to 12 Southeast and Atlantic Seaboard states, including New York City.

<http://www.1line.williams.com/1Line/wgp/download?delvid=6011668&hfNoticeFlag=Y&hfDownloadFlag=false&hfFileName=download.html>

Reuters, 8:49 September 16, 2014

Atlas Pipeline Announces Start-Up of 200 MMcf/d Edward Gas Plant in West Texas

Atlas Pipeline Partners, L.P. (APL) on Monday announced that it successfully brought into service its previously announced 200 MMcf/d Edward processing plant in the Permian Basin. The incremental capacity, located in Upton county near the 112 MMcf/d Benedum plant, is fully integrated into the WestTX system and can process producer volumes from anywhere across APL's footprint. Management expects the next processing expansion, the previously announced Buffalo plant, to be in service in mid-2015. The addition of the Buffalo plant would add a further 200 MMcf/d of processing capacity.

<http://phx.corporate-ir.net/phoenix.zhtml?c=113240&p=irol-newsArticle&ID=1968184&highlight>

Other News

Nothing to report.

International News

Libya's 340,000 b/d El Sharara Oilfield Cuts Output after Rockets Nearly Hit Refinery

Libya's National Oil Corp (NOC) cut output "slightly" from the El Sharara oilfield as a precaution after rockets landed near the 120,000 b/d Zawiya refinery, to which it is linked, an NOC spokesman said on Tuesday. Libya's oil production had made a comeback, hitting 870,000 b/d on Sunday, after several ports in the east reopened following the end of a blockage by a group of rebels campaigning for autonomy.

Reuters, 11:04 September 16, 2014

OPEC's Secretary General Expects OPEC to Lower Output Target for 2015

OPEC's secretary general, Abdullah al-Badri, said he expected the group to lower its oil output target when it meets in late November, which would be its first formal output cut since the 2008 financial crisis. Oil dropped below OPEC's preferred level of \$100 a barrel last week. Al-Badri said he expects production will be around 29.5 million b/d in 2015 as OPEC forecasts lower demand for its crude due to rising supplies from the United States and other countries outside the group.

Reuters, 10:26 September 16, 2014

Update: Nexen's 200,000 b/d Buzzard Oilfield Experiences New Outage September 16 – Traders

Britain's North Sea Buzzard oilfield experienced a new outage early on Tuesday morning, traders said, as it continued to struggle to return from maintenance. Two market participants reported hearing that the field had experienced a trip in the early hours of the morning. The field is understood to have been down for about 12 hours but was starting to ramp up, traders said. Buzzard has had a stop-start return from seasonal maintenance with repeated shutdowns.

Reuters, 11:10 September 16, 2014

Energy Prices

U.S. Oil and Gas Prices			
September 16, 2014			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	94.68	92.94	107.12
NATURAL GAS Henry Hub \$/Million Btu	3.91	3.85	3.73

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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