



ENERGY ASSURANCE DAILY

Wednesday Evening, October 05, 2016

Storm Watch

Update: Downgraded Category 3 Hurricane Matthew Remains on Track to Hit U.S. East Coast, Mandatory Evacuations Begin October 5

Hurricane Matthew on Wednesday remained on track toward the Bahamas and Florida's eastern coast after battering Haiti and Cuba on Tuesday with winds up to 140 mph and torrential rains. Matthew was a Category 4 hurricane through Tuesday but was downgraded to a Category 3 early on Wednesday, the National Hurricane Center (NHC) said. Maximum sustained winds eased to about 120 mph by late Wednesday morning but the NHC said the hurricane was likely to strengthen again slightly in the coming days. The eye of the storm was about 70 miles south of Long Island in the Bahamas as of 2:00 p.m. EDT on Wednesday and it was expected to be very near the east coast of Florida by Thursday evening, the NHC said. Hurricane and tropical storm warnings were extended along the east coast of Florida as the storm moved north. Florida Governor Rick Scott warned residents to prepare for a possible direct hit that could be catastrophic and South Carolina Governor Nikki Haley on Tuesday declared a state of emergency. Both states have ordered mandatory and voluntary evacuations beginning on Wednesday afternoon. The NHC said tropical storm or hurricane conditions could affect parts of Georgia, South Carolina, and North Carolina later this week, even if the center of Matthew remained offshore.

<http://www.reuters.com/article/us-storm-matthew-idUSKCN1250G2>

<http://governor.sc.gov/Pages/default.aspx>

<http://www.flgov.com/2016/10/05/47411/>

Electricity

Duke Energy, SCE&G Prepare for Potential Impacts from Hurricane Matthew along East Coast October 5

Duke Energy and South Carolina Electric & Gas Company (SCE&G) on Wednesday were monitoring Hurricane Matthew and preparing for potential impacts in Florida, South Carolina, and North Carolina. The latest models show a shift to the west, which puts the storm on a direct path with the North Carolina coast late Friday into early Saturday, Duke Energy's lead meteorologist said. Based on that information, Duke is asking its power restoration employees to prepare to travel later this week. Duke Energy said it has a detailed storm response plan and as part of its preparation, it was checking equipment, supplies, and inventories to ensure adequate materials were available to make repairs and restore power outages. SCE&G was encouraging its customers to prepare for potential impacts of severe weather, which could include power outages.

<https://www.sceg.com/about-us/newsroom/2016/10/03/sce-g-monitoring-hurricane-matthew-offers-safety-and-preparedness-tips>

<https://news.duke-energy.com/releases/in-the-carolinas-duke-energy-meteorologists-keeping-a-close-eye-on-hurricane-matthew>

Update: Progress Energy's 872 MW Brunswick Nuclear Unit 1 in North Carolina at Full Power by October 5

On the morning of October 4 the unit was operating at 72 percent, reduced from full power on October 3.

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

Update: Exelon's 1,163 MW Byron Nuclear Unit 1 in Illinois at Full Power by October 5

On the morning of October 4 the unit was operating at 71 percent, reduced from full power on October 3.

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

Update: Calpine's 135 MW Gas-fired Unit in California Returns to Service by October 4

The unit returned from a planned and unplanned outage that began on October 3.

<http://content.aiso.com/unitstatus/data/unitstatus201610041515.html>

AES's 226 MW Huntington Beach Gas-fired Unit 1 in California Reduced by October 4

The unit entered an unplanned curtailment of 126 MW.

<http://content.aiso.com/unitstatus/data/unitstatus201610041515.html>

PG&E's 119 MW Belden Hydro Unit in California Shut by October 4

The unit entered an unplanned outage.

<http://content.aiso.com/unitstatus/data/unitstatus201610041515.html>

ERCOT Asks Consumers to Continue Conservation through October 5

The Electric Reliability Council of Texas (ERCOT), the grid operator for most of Texas, on Wednesday was asking electric consumers in the Lower Rio Grande Valley area to continue reducing electric use where possible until 7 p.m. CDT. ERCOT continues to have limited generation resources available, and temperatures remain high, ERCOT's director of System Operations said. This conservation request is limited to the Lower Rio Grande Valley and the ERCOT grid was not experiencing any system-wide issues.

<http://www.ercot.com/news/releases/show/108128>

PSEG to Retire Its 660 MW Hudson, 768 MW Mercer Coal-fired Power Plants in New Jersey on June 1, 2017

PSEG on Wednesday announced it will retire its Hudson Generation Station in Jersey City and its Mercer Generation Station in Hamilton Township on June 1, 2017. The sustained low prices of natural gas have put economic pressure on these plants for some time, PSEG said, adding it could not justify the significant investment required to upgrade these plants to meet the new reliability standards. The plants have been infrequently called on to run and neither plant cleared the last two PJM capacity auctions, PSEG's president and chief operating officer said. The company said it was evaluating all options for future use of the sites.

https://www.pseg.com/info/media/newsreleases/2016/2016-10-05.jsp#.V_UvA_krKCg

PECO Reports Over 1,300 System Projects Completed to Enhance Natural Gas, Electric Service for PECO Customers in Pennsylvania

PECO reported it completed more than 1,300 projects during the second quarter of 2016 including equipment inspections, repairs and replacements, and preventive maintenance on the company's natural gas transmission and distribution system. From April through June 2016, PECO inspected 1,070 miles of natural gas main, completed more than 3,700 valve inspections, and replaced nearly 11 miles of natural gas main with plastic pipe, which enhances safety, is more durable and improves service. The company said it invests more than \$500 million each year to enhance its system infrastructure through preventive maintenance and equipment upgrades. Through PECO's System 2020 plan, the company is investing an additional \$274 million during the next five years to install advanced equipment and reinforce the local electric system, making it more weather resistant and less vulnerable to storm damage.

<https://www.peco.com/News/Pages/Press%20Releases/Morethan1300SystemProjectsCompletedtoEnhanceNaturalGasandElectricServiceforPECOCustomers10042016.aspx>

Petroleum

CVR Reports Hydrocracker Emissions at Its 70,000 b/d Wynnewood, Oklahoma Refinery October 4

CVR Energy reported excess hydrogen sulfide emissions from the hydrocracker flare at its Wynnewood, Oklahoma refinery on October 4, according to a filing with the Oklahoma Department of Environmental Quality. On October 3, CVR reported excess opacity from the fluid catalytic cracking unit regenerator at the refinery.

Reuters, 12:08 October 5, 2016

Phillips Reports Steam Valve Leak at Its 146,000 b/d Borger, Texas Refinery October 5

Phillips 66 reported a third-party steam facility will be taken down to replace a leaking steam valve at its Borger refinery, according to a filing with the Texas Commission on Environmental Quality. Phillips said the third party outage is projected to be from October 10–15. In addition, emissions were reported from the gas oil desulphurization unit at the refinery.

Reuters, 1:15 October 5, 2016

NGL Energy Announces Commencement of Line Fill for Its 340,000 b/d Grand Mesa Pipeline from Colorado to Oklahoma October 4; Commercial Operations to Begin November 1

NGL Energy Partners LP (NGL) on Tuesday announced that its subsidiary, Grand Mesa Pipeline, LLC, commenced line fill for its newly-constructed crude oil pipeline system from Weld County, Colorado to Cushing, Oklahoma. The pipeline is on schedule to be in commercial service on November 1, 2016. Construction of the Lucerne and Riverside origin stations in Colorado and the connection to the mainline pipeline is complete. The Grand Mesa Pipeline system includes an undivided joint ownership interest with Saddlehorn Pipeline Company, LLC in a newly constructed 20-inch crude oil transportation pipeline. The initial capacity of the pipeline is 340,000 b/d, of which Grand Mesa owns 150,000 b/d. The Saddlehorn portion of the pipeline became operational in August 2016. Grand Mesa delivers crude oil to the destination point at NGL's 4.6 million barrel storage terminal in Cushing, Oklahoma. <http://www.businesswire.com/news/home/20161004006586/en/NGL-Energy-Partners-LP-Announces-Commencement-Line>

Caelus Energy Confirms 6 Billion Barrel Light Oil Discovery on North Slope of Alaska October 4

Caelus Energy Alaska, LLC announced Tuesday that its subsidiary, Caelus Energy Alaska Smith Bay LLC, made a significant light oil discovery on its Smith Bay state leases on the North Slope of Alaska. Based on two wells drilled in early 2016 as well as 126 square miles of existing 3D seismic, Caelus estimates the oil in place under the current leasehold to be 6 billion barrels. Furthermore, the Smith Bay fan complex may contain upwards of 10 billion barrels of oil in place when the adjoining acreage is included. Due to the favorable fluids contained in the reservoir, Caelus expects to achieve recovery factors in the range of 30–40 percent. The Smith Bay development has the potential to provide 200,000 b/d of light, highly mobile oil that would both increase Trans-Alaska Pipeline System (TAPS) throughput volumes and reduce the average viscosity of oil in the pipeline, extending its long term viability. Caelus is studying and planning the facilities build out, which will process and transport the oil to TAPS.

<http://caelusenergy.com/caelus-confirms-large-scale-discovery-on-the-north-slope-of-alaska/>

U.S. Crude Oil Inventories Fall 3 Million Barrels September 30 – EIA; Crude Exports Hit 657,000 b/d in August – U.S. Census Bureau;

U.S. crude inventories fell by 3 million barrels in the week to September 30, the U.S. Energy Information Administration (EIA) said on Wednesday. Crude stocks at the Cushing, Oklahoma delivery hub rose by 569,000 barrels and crude imports fell last week by 58,000 b/d, EIA said. U.S. crude oil exports reached 657,000 b/d in August compared with 474,000 b/d in July, foreign trade data from the U.S. Census Bureau showed on Wednesday.

Reuters, 8:58 October 5, 2016

Reuters, 10:33 October 5, 2016

Update: PUC Reduces Minimum Withdrawal Capacity SoCalGas Must Maintain from 420 MMcf/d to 207 MMcf/d at Its Aliso Canyon Facility in California

California's Public Utilities Commission (CPUC) last week reduced the required minimum withdrawal capability Southern California Gas (SoCalGas) must maintain at Aliso Canyon from 420 MMcf/d to 207 MMcf/d, which the utility said could hasten the return to service of the field that was shut after a massive methane leak in 2015. SoCalGas, a unit of California energy company Sempra Energy, shut its biggest storage field in October 2015, due to a massive methane leak that was not plugged until February 2016. The state required the utility to keep 15 Bcf of gas in the 86 Bcf facility, with gas to be withdrawn only in an emergency to guard against blackouts and prevent the region's power plants from running out of fuel. There were no blackouts over the latest summer, in part because power consumers reduced usage and actual temperatures during a heat wave in June were not as hot as forecast. Before the leak, Aliso Canyon was able to deliver almost 1.9 Bcf/d, according to federal data. The reduction in required withdrawal capacity means fewer wells must be kept ready for withdrawal, and may assist in more quickly completing the state-mandated comprehensive safety review and safely resume injection operations at the facility, a SoCalGas spokeswoman said. Under state law, SoCalGas cannot inject gas into Aliso Canyon until the California Division of Oil, Gas and Geothermal Resources (DOGGR) approves the company's testing of the 114 wells at the facility to ensure their safety. In addition to DOGGR, the PUC must also determine the field is safe to operate. According to its latest report on September 16, SoCalGas said 23 wells passed all safety tests, 15 awaited test results, and 76 were temporarily out of operation. Reuters, 12:05 October 5, 2016

PSC Hearing Begins on Mountaineer Gas' Pipeline Expansion Plan in West Virginia October 5

West Virginia's Public Service Commission (PSC) on Wednesday began a two-day hearing on Mountaineer Gas Co.'s proposed \$45 million natural gas distribution line expansion in the Eastern Panhandle. The distribution line would run 56 miles through Morgan, Jefferson, and Berkeley counties. Mountaineer Gas has said a 27-mile distribution line would run from a Columbia Gas transmission line in Pennsylvania to Berkeley Springs and then onto the north end of Martinsburg. The proposed second phase would run a 29-mile line extension from Martinsburg to Charles Town and Shepherdstown. Reuters, 2:31 October 5, 2016
<http://www.psc.state.wv.us/>

Other News

Nothing to report.

International News

Ecopetrol's 210,000 b/d Cano Limon Pipeline in Colombia Halted Due to Bomb Attack – Sources

Pumping operations on Ecopetrol's Cano-Limon Covenas pipeline in Colombia were halted following a bomb attack on Tuesday by leftist ELN rebels, sources said. The attack occurred in Saravena, in Arauca province, near the border with Venezuela, a source said. Military sources blamed the attack on the National Liberation Army, or ELN, rebels, who regularly attack oil installations despite announced peace talks with the government. The 485-mile pipeline transports crude from oil fields operated by Occidental Petroleum to the Caribbean port of Covenas. Ecopetrol said it would be sending staff to the site to repair tubing, which usually takes several days, depending on security conditions. Production and exports were not affected by the attack. Reuters, 11:15 October 5, 2016

Energy Prices

U.S. Oil and Gas Prices			
October 5, 2016			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	49.70	47.02	46.23
NATURAL GAS Henry Hub \$/Million Btu	2.83	3.03	2.26

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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