

The Crisis Hits – *Now What?*

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What Triggers A Fuel Crisis?

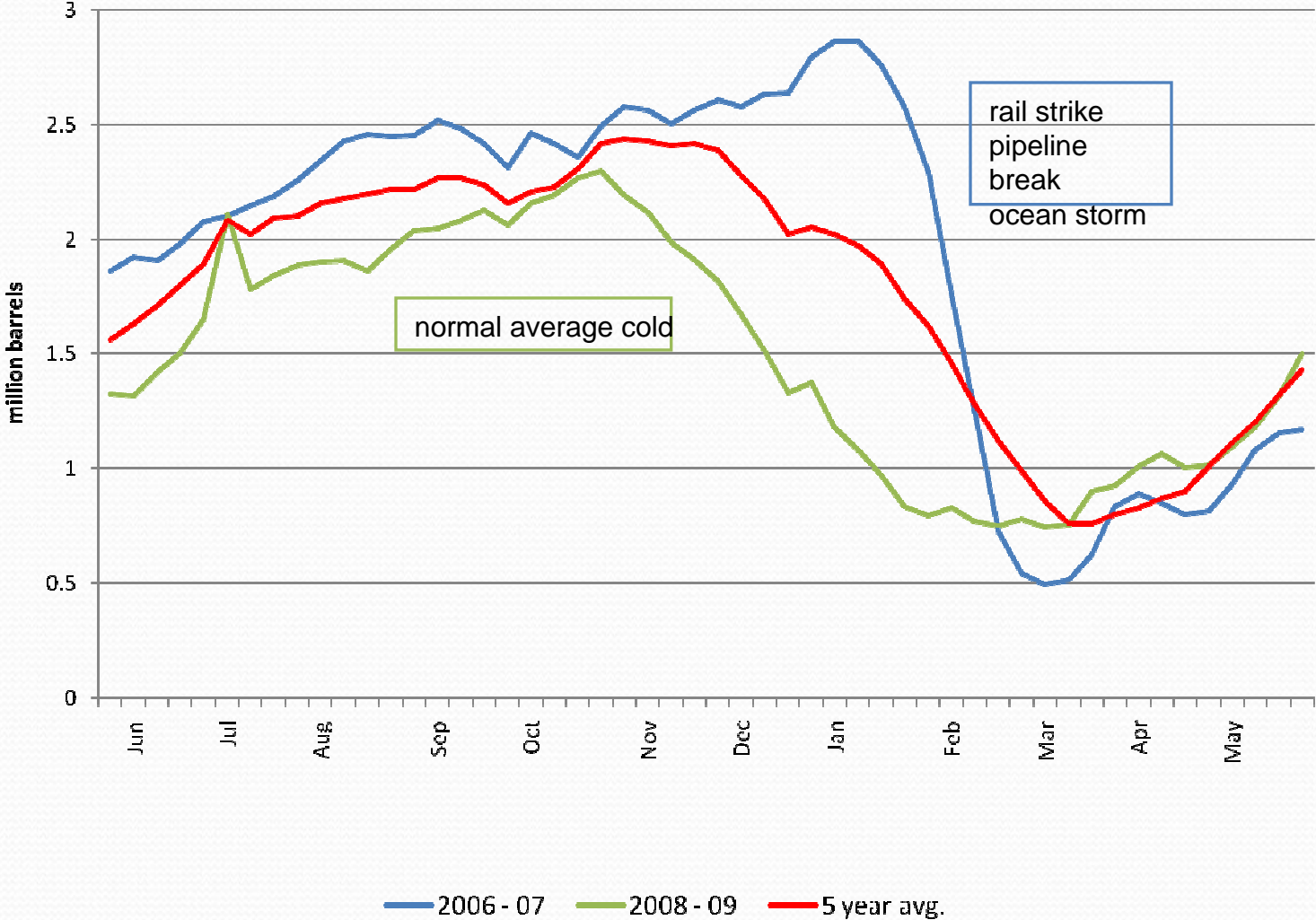
● Demand Factors

- Brief intense cold
- Sustained seasonal cold
- Non-traditional users
(interruptible natural gas demand)
- Lack of secondary and/or tertiary stock build
- High Prices

● Supply Factors

- Low inventories at start
- Strong seasonal inventory reduction
- Ice & snow bottlenecks
- Weak resupply effort
- Pipeline disruptions
- Shipping delays
- High Prices

Mid-Atlantic Propane Inventories



New York Response Effort

Four-Stage Response Hierarchy – Step 1

- Increased Monitoring – of one or more portions of the energy supply and/or distribution system
 - Watch EIA weekly data.
 - Monitor and analyze spot market prices on daily basis
 - Not just collect, you need to understand!
 - Begin discussion with industry associations about event.
 - Advise NYSERDA president, Governors staff, Legislature (Energy Committees), SEMO, and relevant state agencies of increase monitoring effort.
 - Just be more attuned to supply and demand factors:
 - Infrastructure - temperatures - inventories

Four-Stage Response Hierarchy – Step 2

- Market Coordination – active coordination between industry and State agencies to moderate event
 - Actively discuss situation with industry associations and supply companies: retail, wholesale, terminals, pipelines, barges, etc.
 - Ask SHOPP program companies for their understanding and interpretation of situation. (ALL staff make calls each week)
 - Develop situation reports & distribute to NYS agencies & Governors Office.
 - Develop SEMO specific “Situation Report” for inclusion in their local government email distribution alert system.
 - County emergency coordinators are now involved. My contact info is included. They inform me as warranted.
 - The SEMO “Situation Report” continues at least once per week until the event has concluded.

Four-Stage Response Hierarchy – Steps 3 & 4

- Step 3 - Public Action – public asked to moderate demand
 - NYS Energy Emergency Plan has numerous steps outlined to mitigate the situation
 - Continue Step 2 effort as vigorously as possible.
- Step 4 - Emergency Declaration – Governor declares an emergency. NYS law grants Governor or Governor's designee broad powers.
 - See NYS Energy Emergency Plan.

Best Practices To Prepare For Season: For Both Companies & Governments

- Update your contact list and information. Has someone retired or changed jobs?
- Meet and know each other, gain trust!
- Which company/agency to call for what you need?
 - Who at the company? Who at the agency?
- State governments are not the same. Neither are companies.
- What data do you need to know to understand the situation?
- Know the fuel supply system:
 - Understand how it works
 - When it operates
 - When it is shutdown (Butane)
 - What are its limitations

What Industry Needs To Know

- Which state agency to call?
- Who do you need to call at each agency?
 - Fuel waivers – DEC?
 - Driver Hours – DOT?
 - Does there need to be a declared emergency? Not in NY.
- There are many different ways states operate, companies need to know each.
- Who is the person you need to reach? 24 x 7 contact information.
- How receptive are the state officials?

What State Officials Need to Know

- Who to inform in your state government; who in Governors Office, which agencies and who.
- Who are the largest suppliers and companies?
- Energy Industry Trade Association representatives
 - 24 x 7 contact information
- Critical, fuel specific, supply facilities. What happens when primary supply sources are dry. What is plan B & C! Is there one?
 - Selkirk is backup to ocean terminals and Vis-a-versa! Both dry!
 - So now what? Trucks hit the road! Next stop, Ohio.
- How far away are other supply sources?
- Does industry have the capacity to get meaningful supplies from these sources?

Lessons Learned

- Everyone, take the opportunity to learn from the events of each season.
- Analyze and understand what has happened, why, and are there steps that can be taken to improve the issue.
- Example: NYS interruptible natural gas inventory requirements.
- Meet and greet each other!



DISCUSSION and QUESTIONS

Preseason Preparations

- **Summer**

- Watch inventory builds, petroleum fuels & natural gas
- Watch crude oil and retail price activity
- NYSERDA “Heating Fuels Report” twice per month

- **Fall**

- Re-establish contacts with gas utilities, oil trade associations, selected dealers, and terminal operators
- SHOPP Survey goes from twice per month to weekly
- NYSERDA “Heating Fuels Report” goes weekly
- Heating Oil & Propane trade association and company meetings (TEPPCO Shippers meeting)
- NYSERDA Winter Fuels Meeting
- DPS, NYSERDA, ESPA, & NEGA Meeting

Fall Preparations, cont.

- NYSERDA Winter Fuels Meeting
 - Present Situation, Supply, Demand, Price presentation
 - All relevant NYS Agencies
 - US Coast Guard & US DOT
 - Heating Oil, Propane, Natural Gas Associations
 - Interested Groups; Environmental, Business, Transport, Electric Generation, etc.
 - Everyone on the same page and whom to call.
 - Sometimes EIA!
 - 2008 – 09 held July 7! \$150/bbl crude
- US Coast Guard Ice Breaking Meeting, December
- TEPPCO pipeline shippers meeting.
- If asked, Statewide Supply, Demand, Price presentation

Dissemination of Information

- Commutate as much as possible!
- Concern about spillover effects of one fuel vs. another.
 - Interruptible natural gas service & petroleum fuels alert system.
- Greater interaction between government & pipelines, and for natural gas, LDC's.
- Secondary information flow (**e-mail & fax**).
 - Distribution terminals.
 - Local delivery companies.
 - System Alerts, OFO's, anticipation of interruption.

Benefits of Informational Flow

- Informs NYS Government.
 - Governor, State Agencies, Legislative Staff
- Informs SEMO, which alerts.
 - New York State counties & local governments.
- Open dialog between government and industry; improves trust and understanding.
- Alerts the secondary and tertiary levels of the distribution system and retail dealers.

NYS Agencies w/Heating Responsibilities

Industry Note: Most states have variations!

- NYSERDA – liquid fuels, coal, advises Governor when to declare Energy Emergency
- Dept. of Public Service - Natural Gas & Electric, LDC's
 - Interstate Agent for US Office Pipeline Safety
- State Emergency Management Office (SEMO)
 - Manages any emergency or near emergency
- Dept. Environmental Cons. – Fuel sulfur content waivers
- Dept. of Transportation – Driver Waivers
- Consumer Protection Board – Consumer interaction
- Off. Temp. Disability Assistance – social services