

News : Hurricane Idalia to hit Florida Gulf Coast, likely cutting energy demand, prices

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Published on - Tue, 29 Aug 2023 15:21:50 EST | Modified on - Tue, 29 Aug 2023 16:11:15 EST

- Florida, Georgia prepare for emergency
- More than 17,000 mobilized to restore service

Hurricane Idalia is forecast to hit the Florida Gulf Coast early Aug. 30 as a major hurricane and emerge into the Atlantic along the coast of the Carolinas Aug. 31, probably cutting power to hundreds of thousands, weakening power and natural gas demand and prices.

And while Idalia appears to be staying clear of most Gulf of Mexico offshore oil and gas platforms, producers have begun taking precautions, as they did in September 2022 ahead of Hurricane Ian, which also made landfall on Florida's western coast.

As of 11 am ET Aug. 29, the storm's maximum sustained winds had strengthened to 85 mph, according to the National Hurricane Center.

"Rapid intensification is expected before landfall, and Idalia is forecast to be a major hurricane when it reaches the Gulf Coast of Florida [Aug. 30] morning," the National Hurricane Center said.

A storm qualifies as a major hurricane when maximum sustained winds near the center of the storm exceed 110 miles per hour. On the Saffir-Simpson Hurricane Wind Scale, the major categories of storm are Category 3 with speeds of 111-129 mph, Category 4 with speeds of 130-156 mph and Category 5 with speeds of 157 mph or higher.

The five hurricanes that made landfall in Florida since 2020 resulted in an average load decrease of 5.6% during the storms, compared with averages of the previous 10 days. Hurricane Ian, the only major hurricane to hit during that time, resulted in a 28.6% drop in load, a 41.1% drop in wholesale on-peak power bilateral indexes, a 7.8% drop in power burn and a 16.4% drop in spot gas prices.

However, the Intercontinental Exchange had no trading activity the morning of Aug. 29 regarding Southeast US bilateral power. S&P Global Commodity Insights Platts assessed Florida bilateral power at \$41/MWh for Aug. 29 delivery, down \$4.75/MWh, and the previous seven-day average was \$58.93/MWh.

Florida Gas Zone 3 spot gas so far on Aug. 29 has been about \$2.89/MMBtu for Aug. 30 delivery, compared with \$3.05/MWh for Aug. 29 delivery.

Emergency preparations

Florida Governor Ron DeSantis has declared a state of emergency and mobilized 1,100 people to respond in affected areas, and President Joe Biden has approved an emergency declaration, which allows the US Department of Homeland Security and the Federal Emergency Management Agency to coordinate disaster relief efforts.

The storm's current path shows it entering the Florida Peninsula in the Duke Energy Florida utility footprint, and Duke has mobilized about 4,500 people to help restore service once it is safe to do so.

NextEra's Florida Power & Light said Aug. 29 it had mobilized about 12,000 people and activated 18 staging, parking and processing sites to help restore service safely.

One of the key concerns is storm surge, with levels on the Florida coast expected to range from one to two feet a longer distance from the storm's center to as much as 15 feet along the coast from the Aucilla River to Yankeetown.

Impact on Georgia, Carolinas

The National Hurricane Center currently forecasts Idalia to enter Georgia the afternoon of Aug. 30 as a Category 1 hurricane and exit as a tropical storm to the Atlantic Aug. 31 along either the South Carolina or the southern North Carolina coast.

Georgia Governor Brian Kemp has directed the Georgia Emergency Management and Home Security Agency to activate the State Operations Center to prepare for any impact.

Georgia Power has said it is "ready to respond to any service interruptions safely and as quickly as possible."

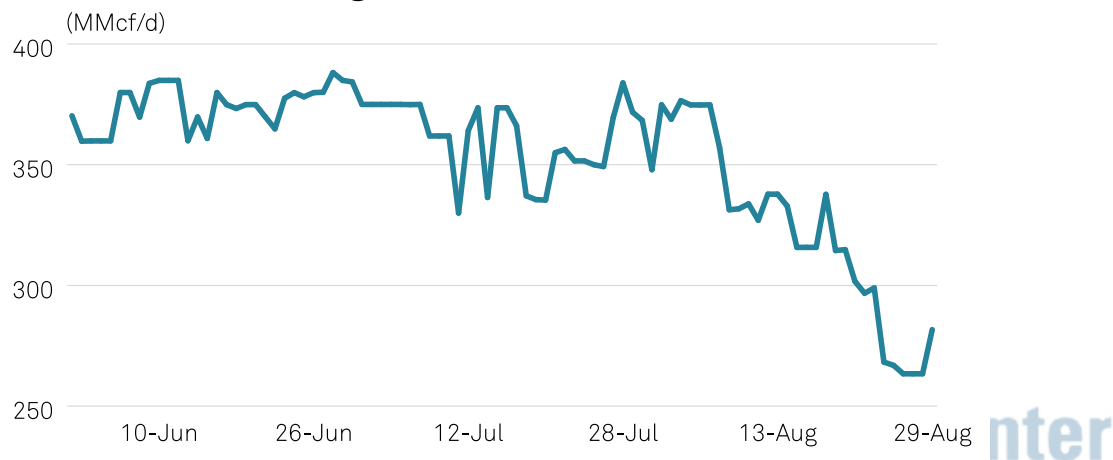
Georgia Power spokesman Andrew Vickery said his company prepares "all year for severe weather."

"As far as staging is concerned, we're still keeping an eye on the weather forecast," Vickery said Aug. 29. "Where the storm has the most impact, we'll direct resources accordingly."

On Aug. 28, Platts assessed Into Southern bilateral power at \$29.50/MWh for Aug. 29 delivery, down \$5.50 on the day, and compared with a previous seven-day average of \$45.29/MWh. Transco Zone 4 gas, important for Into Southern power pricing, was trading around \$2.75/MMBtu on Aug. 29 for Aug. 30 delivery, down from \$2.865/MMBtu on Aug. 28 for Aug. 29 delivery.

Santee Cooper, the utility that serves much of the South Carolina coastal area in the storm's current forecast path, said it is making preparations for the storm's impact, including ensuring vehicles are fueled, double-checking communications equipment and securing sufficient supplies to restore service as needed.

Elba Island LNG feedgas demand



Source: S&P Global Commodity Insights

Along the Georgia coastline, LNG feedgas deliveries to Kinder Morgan's Elba Island LNG export terminal have averaged about 270 MMcf/d in the week to Aug. 29, or less than 70% of the maximum observed deliveries to the facility and a decline of more than 40 MMcf/d from the previous week.

"We are monitoring Hurricane Idalia's progress and activating our hurricane preparedness plans as needed," Kinder Morgan spokesperson Katherine Hill said in an email. "We do not expect Elba's operations to be significantly impacted by the storm at this time. We continue to work closely with local public officials to determine changes to port conditions that might impact Elba's ship traffic as the storm gets closer."

Impact to Gulf of Mexico oil, gas

Chevron began evacuating non-essential personnel from their Blind Faith and Petronius platforms Aug. 28. Petronius, located in about 1,750 feet of water, is in the Viosca Knoll area of the Gulf, about 130 miles southeast of New Orleans. Blind Faith is located further south, in the Mississippi Canyon region of the Gulf, in about 7,000 feet of water.

Otherwise, "production at all our Chevron-operated Gulf of Mexico assets remain at normal levels," the major said in an Aug. 28 statement, adding it would continue to "closely" monitor the developing storm. Additionally, the company had already evacuated all personnel from their Genesis facility which is currently being decommissioned.

Major producer BP did not foresee any impact from Idalia and is monitoring the storm, the company said Aug. 29.

Other producers including Shell and W&T Offshore could not be reached for comments.

At its peak, Hurricane Ian caused producers to briefly shut in roughly 190,400 b/d of crude and 184,000 Mcf/d of natural gas, equivalent to 11% and 9% of US Gulf of Mexico output, according to the US Bureau of Environmental Enforcement.

Impact on refined products

Florida depends largely on waterborne refined products, as there are no refineries in the state.

Florida's refined products imports primarily enter Port Canaveral and Port Everglades on the east coast, Kpler vessel tracking data shows. However, Kpler data does not include barges.

Canaveral was closed to inbound traffic Aug. 29, while Everglades was open, according to the US Coast Guard.

Refined products are also imported into Kinder Morgan's Tampa terminals, and then delivered via Kinder's 110-mile Central Florida pipeline to Orlando.

The US Coast Guard said that effective Aug. 29 the ports of Tampa, Manatee, St. Petersburg and Ft. Meyers were closed to traffic.

The Central Florida pipeline was shut briefly in late September 2022 after Hurricane Ian swept across Florida, closing several Kinder Morgan terminals.

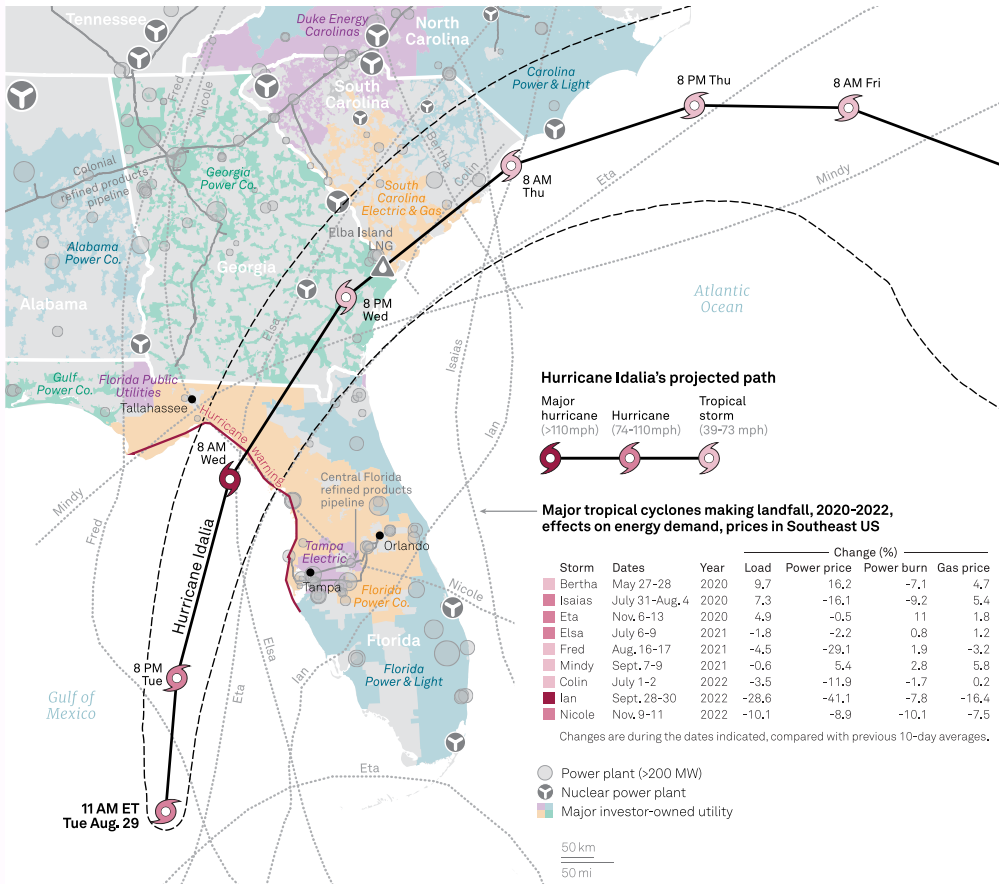
The Central Florida Pipeline moves gasoline and denatured ethanol via a 16-inch line and diesel and jet fuel via an 18-inch line.

Northern Florida is supplied by the Colonial Pipeline, which is currently outside of Idalia's projected cone.



Idalia threatens Florida, Southeast energy systems, demand

Hurricane Idalia is forecast to generate winds greater than 110 mph, becoming a major hurricane, by the time it makes landfall Aug. 30 between Tallahassee and Tampa, Florida, and is forecast to persist as a tropical storm as it crosses into the Atlantic Aug. 31 along coast of the Carolinas. Utilities have mobilized about 17,000 people to prepare to restore service, but power and natural gas demand and prices will likely weaken temporarily.



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