



ENERGY ASSURANCE DAILY

Monday Evening, January 7, 2013

Electricity

Georgia Power Seeks Approval to Retire 15 Units Totaling 2,061 MW, Convert 2 Others from Coal to Natural Gas Due to EPA Regulations, Poor Economics

Georgia Power today announced it is planning to request approval from the Georgia Public Service Commission (PSC) to decertify and retire 15 coal- and oil-fired generating units totaling 2,061 MW. The request to decertify Plant Branch coal-fired Units 3 and 4; Plant Yates coal-fired Units 1–5; Plant McManus oil-fired Units 1–2; and Plant Kraft coal-fired Units 1–3 and oil- and natural gas-fired Unit 4 will be included in Georgia Power's updated Integrated Resource Plan (IRP) that will be filed with the PSC on January 31. The company expects to ask for decertification of the units, other than Kraft 1–4, by the April 16, 2015 effective date of the U.S. Environmental Protection Agency's (EPA) Mercury and Air Toxics (MATS) rule. The company expects to seek a one-year extension of the MATS compliance date for Plant Kraft, and retire those units by April 16, 2016. Additionally, the company will ask to decertify the Boulevard 2 and Boulevard 3 combustion turbine generating units due to the costs to repair and operate the units. The company will also request that Plant Yates coal-fired Units 6–7 be converted to burn natural gas, also due to the MATS rule, other existing and expected environmental regulations, and economic analyses. The PSC is expected to vote on the decertification request in the summer of 2013.

<http://southerncompany.mediaroom.com/index.php?s=43&item=2734>

STP's 1,251 MW South Texas Nuclear Unit 2 in Texas Restarts, Ramps Up to 11 Percent by January 7 after Shutdown Due to Control Rod Malfunction January 4

STP Nuclear Operating Company restarted South Texas Unit 2 by Tuesday after manually tripping the unit Friday morning when two shutdown rods unexpectedly dropped during monthly control rod surveillance testing, according to a filing with the U.S. Nuclear Regulatory Commission. All systems responded as designed, and the cause of the two dropped rods was under investigation.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2013/20130107en.html>

Entergy's 1,207 MW Grand Gulf Nuclear Unit 1 in Mississippi Shuts Due to Turbine Trip January 4

Entergy Nuclear reported its Grand Gulf Unit 1 automatically scrammed late Friday night from what appeared to be a generator/turbine trip, according to a filing with the U.S. Nuclear Regulatory Commission. All systems responded as designed, and the incident was under investigation.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2013/20130107en.html>

NRC Plans Heightened Scrutiny of FirstEnergy's 3,758 MW Perry Nuclear Power Plant in Ohio to Address Safety Concerns

The U.S. Nuclear Regulatory Commission (NRC) told FirstEnergy Corp. in a December 28 letter that it will perform additional safety inspections of its Perry nuclear power plant in Ohio, after a supplemental inspection of Unit 1 revealed the plant has not adequately addressed safety concerns since four contractors were exposed to radiation on November 19, 2010.

<http://pbadupws.nrc.gov/docs/ML1236/ML12363A137.pdf>

<http://www.wkyc.com/news/story.aspx?storyid=276803>

GenOn's 246 MW Coolwater Natural Gas-Fired Unit 4 in California Shut by January 6

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201301061515.html>

PG&E's 154 MW Kerckhoff Hydro Unit 1 in California Shut January 6

The unit entered an unplanned outage.

<http://content.aiso.com/unitstatus/data/unitstatus201301061515.html>

Petroleum

Update: Motiva Shuts 325,000 b/d CDU Due to a Leak at Its 600,000 b/d Port Arthur, Texas Refinery January 6

Motiva Enterprises reported that it had to shut the new 325,000 b/d crude distillation unit (CDU) at its 600,000 b/d Port Arthur, Texas refinery after finding a leak while restarting the unit January 6. The refinery has been operating the CDU on partial circulation since December 18, when it was reduced to repair a minor leak. Operators began attempts to restart the unit in December after it was shut in June to repair extensive damage caused by a caustic leak. Motiva says it still expects the unit to be fully restarted in the early part of 2013.

Reuters, 11:06 January 7, 2013

Blower Malfunction Shuts FCCU, Causes Emissions at BP's 455,790 b/d Texas City, Texas Refinery January 6

BP Plc reported the fluid catalytic cracking unit (FCCU) at its Texas City refinery tripped offline due to the loss of a blower and caused emissions from the electrostatic precipitator stack.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=177720>

Compressor Trip Causes Flaring at Phillips 66's 247,000 b/d Sweeny, Texas Refinery January 6

Phillips 66 reported a compressor on Unit 26.2 at its Sweeny refinery tripped Monday, according to a filing with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=177708>

Update: Utah Regulator Solicits Public Comment on Proposed 29,000 b/d Expansion at HollyFrontier's 31,000 b/d Woods Cross, Utah Refinery

The Utah Division of Air Quality has extended a public comment period on a proposed expansion of HollyFrontier's Woods Cross refinery and the evaluation of its impact on air quality by two weeks, until January 18. HollyFrontier began a number of changes to modernize the refinery and increase processing capacity in 2007. Many of those changes have been implemented or are in the process of being implemented. To increase the capability to process crude produced in Utah's Uintah Basin, HollyFrontier is now seeking to modify previously approved processes that have not been implemented to increase processing of black wax crude from eastern Utah. The proposed revised modification includes the addition of a crude processing unit, a fluid catalytic cracking unit, a poly gasoline unit, a hydroisomerization unit (for lube oils), crude unloading bays, several storage tanks, and additional wastewater treatment. Overall, the processing capacity of the refinery is proposed to increase from a current level of 31,000 b/d to 60,000 b/d.

<http://www.sltrib.com/sltrib/politics/55566718-90/refinery-holly-state-pollution.html.csp>

http://www.airquality.utah.gov/Public-Interest/Holly_refinery/index.htm

PHMSA to Evaluate Pipeline Crossing Rules in Response to Spills Caused by Flooding, Riverbed Erosion

The U.S. Pipeline and Hazardous Materials Safety Administration (PHMSA) said in a recent report to Congress that a 2011 oil pipeline spill into Montana's Yellowstone River highlighted concerns about federal pipeline rules that require lines to be buried just 4 feet below riverbeds. PHMSA officials will next evaluate whether pipeline crossing rules such as the 4-foot depth requirement are sufficient, and it must deliver another report to Congress within the next year to update lawmakers on its plans.

<http://www.wdbo.com/ap/ap/transportation/apnewsbreak-floods-blamed-for-16-pipeline-spills/nTmFQ/>

Canadian Natural Resources Minister Says New Pipeline Capacity, Market Diversification are 'Utterly Crucial' to Address Oilsands Glut, Falling Prices for Canadian Crude

<http://www.thestarphoenix.com/business/Oliver+says+pipeline+capacity+concern/7773803/story.html>

Update: Nebraska Regulators Approve Revised Route for TransCanada's Proposed 830,000 b/d Keystone XL Crude Oil Pipeline

The Nebraska Department of Environmental Quality (NDEQ) on January 4 submitted its final evaluation of the revised route for TransCanada Corp.'s proposed Keystone XL pipeline to Governor Heineman, who has 30 days to make a final recommendation to the U.S. Department of State. TransCanada proposed the new route for the pipeline, which would transport 830,000 b/d of crude oil 1,200 miles from Hardisty, Alberta to Steele City, Nebraska, as an alternative intended to address concerns about the environmentally sensitive Ogallala Aquifer in the Nebraska Sandhills region. The NDEQ has concluded that the new route adequately avoids the areas that had been a source of concern. TransCanada will also need a Presidential Permit from the Department of State for the pipeline, which would cross the U.S./Canada border in Montana. The line would eventually connect with TransCanada's Gulf Coast pipeline in Oklahoma. Upon approval from the DOS, TransCanada hopes to begin construction of Keystone XL in the first quarter of 2013, with completion slated for late 2014 or early 2015.

http://www.rigzone.com/news/123226/Nebraska_Agency_Completes_Environment_Review_of_Keystone_XL
<https://ecmp.nebraska.gov/deq-seis/>

Natural Gas

MarkWest Announces Commercial Operations at Its 200 MMcf/d Mobley Processing Plant in West Virginia

MarkWest Energy Partners in December announced the start of operations at its Mobley natural gas processing facility in Wetzel County, West Virginia. The plant will support production from the Marcellus Shale. The facility is currently operating at 60 percent capacity but will ramp up rates as its customers increase production. Natural gas liquids (NGLs) recovered at Mobley are being transported via MarkWest's NGL pipeline gathering network to the 60,000 b/d Houston fractionation complex in Washington County, Pennsylvania. MarkWest is also constructing a second, 120 MMcf/d Mobley facility, which is scheduled for completion in the first quarter of 2013, and a third, 200 MMcf/d Mobley facility, which is scheduled for completion by fourth quarter of 2013.

http://www.theintelligencer.net/page/content_detail/id/579518/MarkWest-Opens-Processing-Plant.html?nav=515
<http://investor.markwest.com/phoenix.zhtml?c=135034&p=irol-newsArticle&ID=1766943&highlight=>

Update: Dominion to Move Forward with 1 Bcf/d Cove Point Liquefaction Project in Maryland

Dominion Resources said January 4 that it will move forward with its Cove Point Liquefaction project in Maryland, where it plans to build facilities to export 1 Bcf/d of liquefied natural gas (LNG), after a circuit court judge ruled that its agreement with environmental agencies allows it to build such facilities and export LNG. The Sierra Club argued that a 2005 agreement involving permitted activities at the Cove Point site prohibited exporting LNG. According to the judge, "there is no provision in the 2005 agreement explicitly prohibiting use of the facility for exporting LNG." Dominion said it would now move ahead with the engineering, marketing and regulatory review processes for the expansion. The company still needs approval for the project from the U.S. Department of Energy and the Federal Energy Regulatory Commission.

<http://dom.mediaroom.com/2013-01-04-Dominion-Cove-Point>
<http://baltimore.cbslocal.com/2013/01/04/judge-sides-with-dominion-resources-in-lng-dispute/>

Other News

U.S. Senators Call for Federal Investigation into Royalties on Coal Exports

Incoming chairman of the Energy and Natural Resources Committee, Senator Ron Wyden, and Senator Lisa Murkowski on Thursday sent a letter to the U.S. Interior Department calling for it to investigate whether coal companies are undervaluing coal they export in order to lower their royalty payments to the government. At issue is mining in the Powder River Basin in eastern Wyoming and Montana, which is chiefly on federal land. Mining companies pay a royalty to extract fuel from that region. The Department of the Interior has an existing investigation into the federal coal program, and the Government Accountability Office is also examining the program.

<http://uk.reuters.com/article/2013/01/04/usa-coal-investigate-idUKL1E9C42E720130104>

Sweetwater to Supply Cellulosic Sugar to Ace Ethanol's 47 MMGal/Year Ethanol Plant in Wisconsin; Agreement Part of Ace's Planned 7 Percent Shift Away from Corn

Sweetwater Energy, Inc. on Friday announced a long-term commercial agreement to supply Ace Ethanol LLC with cellulosic sugar over 16 years to support Ace's plans to shift as much as 7 percent of its 46 million-gallon annual production away from corn. The agreement entails Sweetwater placing one of its cellulosic facilities adjacent to the Ace Ethanol site in Wisconsin, and delivering enough refined monomeric sugar for Ace to produce up to 3.6 million gallons of ethanol per year during the initial phase of the relationship. Sweetwater will convert locally available cellulosic, non-food biomass into highly fermentable sugar, which Ace will then ferment into ethanol.

<http://www.bloomberg.com/sweetwater-to-supply-cellulosic-sugar-to-wisconsin-ethanol-plant.html>

<http://www.sweetwater.us/sweetwater-energy-and-ace-ethanol-begin-commercial-production-cellulosic-ethanol>

<http://www.aceethanol.com/index.cfm?show=10&mid=7>

International News

Russian Oil Production Reaches Post-Soviet Record at 10.37 MMb/d in 2012; Maintains Highest Output in the World

Russia's Energy Ministry on January 2 released data showing its crude output last year edged up almost 1 percent to a new post-Soviet high of 10.37 MMb/d, keeping Russian oil output the highest in the world last year, ahead of Saudi Arabia. Russia had established its previous post-Soviet record in 2011 when output stood at slightly more than 10 MMb/d. Russia aims to keep its crude production at no less than 10 MMb/d until 2020.

<http://uk.reuters.com/article/2013/01/02/uk-russia-oil-idUKBRE90107X20130102>

http://www.voanews.com/content/russias_2012_oil_output_reaches_post_soviet_high/1576511.html

http://www.rigzone.com/news/oil_gas/a/123188/Russias_2012_Oil_Output_Hits_PostSoviet_High

South Sudan to Delay Oil Exports Until at Least Mid-March Due to Security Conflicts with Neighboring Sudan

South Sudan will delay resuming oil exports until at least mid-March, even if the new African republic solves all security conflicts with Sudan at a presidential summit on Friday, an Oil Minister said. South Sudan had previously planned to resume exports through Sudan this month after the two sides signed several deals to end hostilities in September, but has delayed restarting oil wells because the two states have failed to agree on how to secure their disputed border. South Sudan's oil minister said both countries had made preparations to restart piping oil to Sudan's export terminal at Port Sudan but it would take two months to hit markets.

<http://www.voanews.com/content/no-south-sudan-oil-exports-until-march-reuters/1577326.html>

Colombian Rebels Blow Up Part of Ecopetrol's 120,000 b/d Cano Limon Pipeline

<http://www.worldbulletin.net/?aType=haber&ArticleID=101248>

Energy Prices

U.S. Oil and Gas Prices			
January 8, 2013			
	Today	Week Ago	Year Ago
CRUDE OIL			
West Texas Intermediate U.S.	92.98	91.40	102.41
\$/Barrel			
NATURAL GAS			
Henry Hub	3.19	3.36	2.98
\$/Million Btu			

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 EDT every Wednesday.

Natural Gas Weekly Update from EIA

<http://www.eia.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EDT every Thursday.

ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/ead.aspx>

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