



ENERGY ASSURANCE DAILY

Monday Evening, January 14, 2013

Electricity

Entergy Making Preparations as Severe Weather Threatens Its Service Territories in the Gulf States January 14

Entergy Mississippi, Inc. reported it was prepared to respond to any power outages in the Delta region that could be caused by a winter weather system moving across the state today. The National Weather Service on Monday issued an ice storm warning for the Delta region of Mississippi as well as parts of Arkansas and Louisiana, as a cold front was expected to bring freezing rain to parts of the Southeast and moderate to heavy rainfall to parts of the Mid-Atlantic and Southeast on Monday and Tuesday. Meanwhile Entergy Gulf States Louisiana said on Sunday it was monitoring rainfall in the Town of Lake Arthur after runoff from the Mermentau River was creating the potential for Lake Arthur to breach its levees over the weekend. Jefferson Davis Parish has declared a state of emergency, and town officials have asked residents living in low-lying areas of Lake Arthur to voluntarily evacuate. As of the latest media reports Monday afternoon, the levees had not yet been breached.

<http://www.hpc.ncep.noaa.gov/discussions/hpcdiscussions.php?disc=pmdspd>

http://www.entergy.com/news_room/newsrelease.aspx?NR_ID=2645

http://www.entergy.com/news_room/newsrelease.aspx?NR_ID=2646

NYS2100 Commission Releases Preliminary Report on Improving the Strength and Resilience of New York State's Infrastructure

Today, the NYS2100 Commission appointed by Governor Cuomo after Hurricane Sandy to make recommendations to strengthen and make more resilient the State's infrastructure released its preliminary report and recommendations. The commission's report includes short- and long-term recommendations in the areas of energy, transportation, land use, insurance, and infrastructure financing, as well as cross-cutting recommendations that are common to these sectors. Governor Cuomo will be reviewing the recommendations as part of the effort to help protect New York from future storms and natural disasters.

<http://www.governor.ny.gov/assets/documents/NYS2100.pdf>

<http://www.governor.ny.gov/press/01112013NYS2100-Commission>

New Jersey Senator Proposes 'Public Utility Reliability Investment Act' to Increase Utility Service Reliability in the Wake of Hurricane Sandy

New Jersey State Senator Raymond Lesniak has proposed the "Public Utility Reliability Investment Act," which would require public utilities to file with the Board of Public Utilities infrastructure improvement plans to increase service reliability. In hearings before the legislative committees in the wake of Hurricane Sandy last year, utility executives outlined initiatives that could help maintain reliability and improve restoration of power during extreme weather, including installing smart meters; building more substations and switching stations; and pursuing more aggressive tree-trimming policies. Lesniak said his bill would encompass many of those proposals, particularly rebuilding and relocating utility substations and transfer stations.

<http://southbrunswick.patch.com/articles/who-pays-to-upgrade-the-grid>

http://www.njleg.state.nj.us/2012/Bills/S2500/2429_11.HTM

Update: Arizona Public Service's 1,247 MW Palo Verde Nuclear Unit 3 in Arizona at Full Power by January 13

Palo Verde Unit 3 had been reduced to 46 percent power by January 8, and to 40 percent power by January 9. Arizona Public Service has not publicly said why it reduced the reactor's power.

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

Update: Entergy's 1,207 MW Grand Gulf Nuclear Unit 1 in Mississippi at Full Power by January 12

Grand Gulf Unit 1 has returned to full power after an outage that began January 4, when the reactor automatically scrammed from what appeared to be a generator/turbine trip. Operators restarted the unit by January 8.

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

LCRA Restarts 615 MQ Fayette Coal-Fired Unit 2 in Texas January 10 after Rain Causes Transformer Trip January 9

The Lower Colorado River Authority (LCRA) reported its Fayette Unit 2 was scheduled to begin startup procedures Thursday night (January 10) following a unit trip that had occurred the day before, according to a filing with the Texas Commission on Environmental Quality. The unit trip occurred due to the failure of the 2B1 Station Service Transformer after rain water got inside the relay pressure switch of the transformer. Startup procedures were expected to be completed in approximately 20 hours.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=177969>

Update: Duke Announces Commercial Service at Its 402 MW Los Vientos Windpower Projects in Texas

Duke Energy Renewables today announced its Los Vientos I and II wind power projects in south Texas were completed and placed into service in late December. All of the output and associated renewable energy credits from the 200 MW Los Vientos I Windpower Project in Willacy County are being sold to CPS Energy under a 25-year agreement. Austin Energy is buying all of the output and associated renewable energy credits from the 202 MW Los Vientos II Windpower Project, sited in Willacy and Cameron Counties.

<http://www.duke-energy.com/news/releases/2013011401.asp>

Update: Mirant's 312 MW Pittsburg Natural Gas-Fired Unit 5 in California Shut by January 11; 317 MW Pittsburg Natural Gas-Fired Unit 6 Returns to Service by January 12

Pittsburg Unit 5 entered an unplanned outage. Pittsburg Unit 6 returned from an unplanned outage that began by January 7.

<http://content.caiso.com/unitstatus/data/unitstatus201301121515.html>

Update: San Diego Gas & Electric's 575 MW Palomar Natural Gas-Fired Unit in California Returns to Service by January 11

The unit returned from an unplanned curtailment of 300 MW that began by January 10.

<http://content.caiso.com/unitstatus/data/unitstatus201301111515.html>

CDWR's 933 MW Hyatt-Thermalito Hydro Unit in California Reduced by January 11

The unit entered a curtailment of 639 MW that was due to planned and unplanned causes.

<http://content.caiso.com/unitstatus/data/unitstatus201301111515.html>

AES's 175 MW Redondo Natural Gas-Fired Unit 6 in California Shut by January 11

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201301111515.html>

Petroleum

Update: Enbridge Restarts Newly Expanded 400,000 b/d Seaway Crude Oil Pipeline from Cushing to Gulf Coast January 11

Seaway Crude Oil Pipeline Company LLC, a 50/50 joint venture owned by affiliates of Enterprise Products Partners and Enbridge Inc., on Friday announced that service on the 500-mile, 30-inch Seaway crude oil pipeline between Cushing, Oklahoma and the Gulf Coast resumed today, with approximately 400,000 b/d of capacity now available to shippers. Service was suspended on January 2 so that the remaining pump station connections could be completed allowing capacity to be increased from approximately 150,000 b/d. In addition to the pipeline that transports crude oil from Cushing to the Gulf Coast, the Seaway system is comprised of a terminal and distribution network originating in Texas City, Texas, which serves refineries locally and in the Houston area. The Seaway system also includes dock facilities at Freeport and Texas City.

www.seawaypipeline.com

<http://www.enbridge.com/MediaCentre/News.aspx?yearTab=en2013&id=987>

Brief Electrical Fire Shuts CDU at Phillips 66's 362,000 b/d Wood River, Illinois Refinery January 12; Repairs May Take 'a Couple of Days'

Phillips 66 reported a crude distillation unit (CDU) at its Wood River refinery was temporarily shut following a fire on Saturday, according to a spokesman. At approximately 5:00 p.m. local time, an electrical fire occurred in a piece of equipment that supports one of the refinery's crude units, the spokesman said. He did not identify the unit where the fire broke out, but the refinery filed a notice Saturday with the Illinois Emergency Management Agency about a fire on an above-ground crude oil storage tank. The spokesman said that repairs were underway and that the crude unit was expected to return to production in "a couple of days." The CDU is one of three at the Wood River refinery. Reuters, 12:25 January 13, 2013

Update: Motiva Confirms CDU Shutdown at Its 600,000 b/d Port Arthur, Texas Refinery; Reports Sump Pump Leak in Separate Incident January 12

Motiva Enterprises has stopped restart procedures on a new 325,000 b/d crude distillation unit (CDU) at its Port Arthur refinery after a leak developed on a pipe carrying heated crude oil to the CDU, sources familiar with refinery operations said. The leak was discovered under a clamp where a previous leak was found in December. A Motiva spokeswoman confirmed the new CDU was shut, and said the company anticipates "making the necessary adjustments/repairs and returning the unit to normal operation in an expeditious manner." The company still expects for this unit to be fully re-started in the early part of this year, the spokeswoman said. Operators began attempts to restart the unit in December after it was shut in June to repair extensive damage caused by a caustic leak. In a separate incident, the refinery on Saturday reported a discharge of light cycle gas oil from a sump in the tank farm was due to unknown causes, according to filings with the U.S. National Response Center and the Texas Commission on Environmental Quality.

<http://www.equities.com/news/headline-story?dt=2013-01-13&val=918105&cat=energy>

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1035552

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=177984>

FCCU Resumes Normal Operations at BP's 455,790 b/d Texas City, Texas Refinery after Electrical Short January 11

BP Plc reported the No. 1 fluid catalytic cracking unit (FCCU) at its Texas City refinery was resuming normal operations Friday night after an electrical short that morning had caused a temporary loss of steam, which caused the unit to become unstable and caused emissions from the electrostatic precipitator (ESP) stack and the FCCU No. 1, according to filings with the Texas Commission on Environmental Quality. On Saturday, operators reported they were investigated why emissions from the ESP stack and FCCU No. 1 had exceeded permitted levels for 18 minutes early that morning. On Sunday, operators reported they were pumping down Tank 19 at the facility after discovering a pinhole leak.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=177951>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=177958>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=177981>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=177989>

Flint Hills Shuts Unspecified Unit after a Brief Seal Pump Fire at Its 288,468 b/d Corpus Christi, Texas Refinery January 14

Flint Hills Resources on Monday said an unspecified unit was shut in the East Plant section of its Corpus Christi refinery after a seal pump fire was quickly extinguished, according to a spokeswoman. The shutdown caused a flaring, which had been reported to local emergency officials.

<http://www.hydrocarbonprocessing.com/Article/3140872/Latest-News/Flint-Hills-reports-seal-pump-fire-at-Corpus-refinery.html>

Chevron Expects No Impact to Customers after Power Outage Shuts Several Units at Its 45,000 b/d Salt Lake City, Utah Refinery January 10

Chevron Corp. said it was restarting processing units at its Salt Lake City refinery after several units shut down by a power outage on Thursday night, a spokesman said in an email. Units were coming back online as operators confirmed their readiness, the spokesman said. The refinery did not anticipate the incident to impact customer orders.

Reuters, 02:02 January 14, 2013

Kinder Morgan to Expand Terminal Network on Houston Ship Channel

Kinder Morgan Energy Partners, L.P. (KMP) today announced an expansion project and acquisition that will provide additional infrastructure to help meet growing demand for liquids storage and dock services along the Houston Ship Channel. The project will involve the purchase of 42 acres, construction of a new ship dock to handle ocean-going vessels, and building storage tanks to hold 1.2 million barrels of liquids. KMP has entered into a letter of intent with a major ship channel refiner to develop six 150,000-barrel tanks and four 75,000-barrel tanks with connectivity to its Galena Park Terminal and to the refiner's location. The property will be used to provide dock services for up to eight vessels a month for the refinery and four vessels a month for KMP's terminal.

<http://phx.corporate-ir.net/phoenix.zhtml?c=93621&p=irol-newsArticle&ID=1774062>

Natural Gas

AGI Compressor Shutdown Causes Ongoing Emissions at Regency's 290 MMcf/d Waha Gas Plant in Texas January 14

Regency Energy Partners reported an acid gas injector (AGI) compressor shut down on low/no flow oil lubricator at its Waha plant. Upon restart the vent valve failed to open, preventing operators from restarting the compressor. Emissions were expected to continue until tomorrow, when the valve can be replaced.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=178008>

DCP Midstream Reports Propane Emissions at Its 165 MMcf/d Rock Creek Gas Plant in Texas January 9

DCP Midstream reported excess emissions from the propane system at its Rock Creek plant on January 9 occurred after a valve was inadvertently left open following maintenance activities, 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=177950>

Southern Reports Flaring at Its 140 MMcf/d Keystone Gas Plant in Texas January 10

Southern Union Gas Services reported it was flaring low-pressure gas at its Keystone plant last Thursday night after field compressors upstream shut down, causing the low-pressure system to overload, according to a filing with the Texas Commission on Environmental Quality. While the field compressors were down, Unit 20 shut down on hot valves, the filing said. Emissions related to these incidents continued until Friday night.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=177970>

National Oceanic and Atmospheric Administration, University of Colorado Joint Study Finds High Methane Leaks from Two Natural Gas Production Sites in Colorado and Utah

<http://www.nature.com/news/methane-leaks-erode-green-credentials-of-natural-gas-1.12123#/b1>

<http://blogs.edf.org/energyexchange/2013/01/04/measuring-fugitive-methane-emissions/>

Other News

Nothing to report

International News

Iraq Threatens to Seize Unauthorized Oil Exports, Sue Dealers after Kurds Begin Crude Exports to Turkey

Iraq has threatened to seize oil exports made without its consent and sue companies involved in the trade after the Kurdish Regional Government (KRG) began unilaterally exporting oil. The KRG on Friday confirmed that its territory began in the past few days shipping crude oil from the Taq Taq field into Turkey by tanker truck, according to a spokesman. An independent industry report said the Kurds have been shipping about 15,000 b/d to the Turkish port of Mesfin. The KRG spokesman declined to say how much oil had been shipped. The move appears to have triggered Baghdad's threat. The KRG insisted that it remains open to talking with Baghdad about the new exports within the framework of a comprehensive negotiation.

<http://finance.yahoo.com/news/iraq-threatens-seize-oil-shipments-121156987.html>

<http://www.equities.com/news/headline-story?dt=2013-01-13&val=918111&cat=energy>

Iraq to Increase Southern Oil Storage Capacity to Avoid Export Bottlenecks Caused by Bad Weather, Technical Problems

The head of Iraq's state-run South Oil Company, speaking at the opening of a new 1 million-barrel storage facility near the southern city of Basra, on Monday said the country hoped to increase storage capacity by an additional 2 million barrels to 8.5 million barrels by the end of 2013. The official said the increase would help Iraq avoid export bottlenecks caused by bad weather or technical problems. Iraq's oil exports fell to 2.34 MMB/d in December from 2.62 MMB/d in November due to rough weather and technical problems with a single point mooring terminal in the Gulf. Shipping sources also indicated that bad weather had cut oil exports from Iraq's Basra ports to 960,000 b/d on Sunday from 2.35 MMB/d a day earlier.

<http://english.alarabiya.net/articles/2013/01/14/260436.html>

<http://www.arabianbusiness.com/bad-weather-hits-iraq-s-oil-exports-485565.html>

Oman Considering Building 200 Million-Barrel Crude Oil Storage Hub and Export Terminal at Ras Markaz on Shore of Arabian Sea – Ministry of Oil & Gas

http://www.tankstoragemag.com/industry_news.php?item_id=5810

Energy Prices

| U.S. Oil and Gas Prices | | | |
|--|-------|----------|----------|
| January 14, 2013 | | | |
| | Today | Week Ago | Year Ago |
| CRUDE OIL West Texas Intermediate U.S. \$/Barrel | 93.36 | 92.98 | 98.58 |
| NATURAL GAS Henry Hub \$/Million Btu | 3.18 | 3.19 | 2.70 |

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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