



ENERGY ASSURANCE DAILY

Tuesday Evening, January 15, 2013

Electricity

NERC Reiterates Concerns about ERCOT's Looming Electric Capacity Shortage in Texas, Asks Council to Submit a Plan by April 30

The North American Electric Reliability Corp. (NERC) recently sent a letter to the Electric Reliability Council of Texas (ERCOT) asking it to submit by April 30 a plan to address a looming shortage of electric capacity expected in coming summers as the supply of electricity fails to keep pace with growing demand. The letter refers to a November NERC report that says given projected economic growth in Texas, ERCOT's supply outlook does not appear sufficient to meet normal summer peak demand, let alone demand during extreme or prolonged weather conditions. In December, ERCOT said the state's electric power reserve margin will fall to 13.2 percent this summer, below the agency's minimum target of 13.75 percent, and it has forecast a shrinking reserve margin each year through 2022. Although ERCOT raised wholesale power price limits last year to encourage investment in new generation, Texas regulators remain divided over a long-term solution.

<http://www.reuters.com/article/2013/01/15/utilities-texas-idUSL2N0AK5U720130115>

http://www.nerc.com/files/2012_LTRA_FINAL.pdf

http://www.ercot.com/news/press_releases/show/26358

Entergy's 1,207 MW Grand Gulf Nuclear Unit 1 in Mississippi Shuts Due to Turbine/Generator Trip January 14; Marks Third Unplanned Shutdown in 17 Days

Entergy Nuclear reported its Grand Gulf Unit 1 reactor scrambled at full power Monday evening due to what appeared to be a turbine/generator trip, according to a filing with the U.S. Nuclear Regulatory Commission. All systems responding as designed. This is the third Unit 1 turbine/generator trip Entergy has reported in less than three weeks: Outages that began December 29 and January 4 were due to the same cause.

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

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2013/20130115en.html>

Update: Kentucky Power to Retire Its 800 MW Big Sandy Coal-Fired Unit 2 in Kentucky in 2105 to Comply with Environmental Regulations

Kentucky Power, a unit of American Electric Power (AEP), on December 19 filed with the Kentucky Public Service Commission to outline its proposal to address environmental compliance at its Big Sandy Power Plant. This latest filing seeks approval to recover costs associated with transferring 50 percent of the ownership of the Mitchell Generation Station, currently owned by AEP Ohio, to Kentucky Power. The generation obtained from Mitchell would substantially replace the generation of the 800 MW Big Sandy coal-fired Unit 2, which will be retired from service in 2015. Kentucky Power seeks to obtain 50 percent of the output of Mitchell's 770 MW coal-fired Unit 1 and 790 MW coal-fired Unit 2, for a total transfer of 780 MW. The transfer also requires the approval of the U.S. Federal Energy Regulatory Commission. Kentucky Power has yet to definitively decide the future of Big Sandy's 278 MW coal-fired Unit 1, which is currently scheduled to be retired as a coal-fired generator in 2015.

<https://www.kentuckypower.com/info/news/ViewRelease.aspx?releaseID=1338>

Update: BP and Sempra Announce Commercial Operation of 141 MW Mehoopany Wind Farm in Pennsylvania

BP Wind Energy and Sempra US Gas & Power on January 8 announced full commercial operations had begun at the Mehoopany Wind Farm, located on a 9,000-acre site 20 miles northwest of Scranton, Pennsylvania. The 141 MW Mehoopany Wind Farm utilizes 88 GE xle 1.6-MW wind turbine generators. The entire power output has been sold under long-term power purchase agreements with Old Dominion Electric Cooperative and Southern Maryland Electric Cooperative Inc.

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7082649>

Update: NRC Begins Special Inspection at PPL's Susquehanna Nuclear Power Plant in Pennsylvania to Review Issues Regarding Unit 2 Unplanned Shutdown

The U.S. Nuclear Regulatory Commission (NRC) has begun a special inspection at PPL's Susquehanna nuclear power plant to review issues associated with an unplanned shutdown of the Unit 2 reactor on December 19, when the reactor was at 18 percent power as it was returning to service from an automatic shutdown that took place on December 16. An NRC regional administrator said that these shutdowns, along with an unplanned reactor shutdown that occurred on November 9, raise questions regarding operator performance, equipment reliability, and, in the most recent event, decision-making, and warrant further NRC investigation.

<http://www.nrc.gov/reading-rm/doc-collections/news/2013/13-002.i.pdf>

Update: PGE, BPA Announce Changes to Proposed 500-kV Cascade Crossing Transmission Project in Oregon

Portland General Electric (PGE) and the Bonneville Power Administration (BPA) on Monday announced they have signed a Memorandum of Understanding to pursue a modification to PGE's proposed Cascade Crossing Transmission Project. PGE initially proposed building a 215-mile, 500-kV transmission line from Boardman to Salem, Oregon. Under the modification, the line would begin at Boardman but terminate at a new Pine Grove substation that PGE would build about 18 miles southwest of Maupin. This would eliminate about 101 miles of the project from the Maupin area to Salem, avoiding most impacts to the Confederated Tribes of Warm Springs Reservation, the Mt. Hood and Willamette national forests, and private forest and agricultural land in Marion and Linn counties. PGE intends to file amendments to the public permitting processes for the project.

<http://investors.portlandgeneral.com/releasedetail.cfm?ReleaseID=733407>

Update: California Commission Faults SCE for Destroying Failed Utility Poles Before Inspection after 2011 Windstorm Caused Widespread Outages in San Gabriel Valley

The California Public Utilities Commission (PUC) on Monday released a report on its investigation of widespread power outages that were caused by a powerful windstorm that tore through the San Gabriel Valley November 30–December 1, 2011 and knocked out power to more than 440,000 utility customers, including nearly 250,000 Southern California Edison (SCE) customers. The investigation found that of the 248 utility poles that toppled during the windstorm, at least 21 had previous damage and were unstable due to termite destruction, dry rot, or other damage. Many of the failed poles were not available to be analyzed, however, because SCE destroyed most of them before they could be inspected, a violation of commission rules. The report calls on SCE to update its emergency response procedures and test them on a yearly basis.

http://www.latimes.com/news/local/la-me-edison-storm-20130115_0,3686092.story

<http://www.ocregister.com/news/faulted-383428-response-windstorm.html>

Constellation's 118 MW Ace Coal-Fired Unit in California Shut by January 14

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201301141515.html>

City of Vernon's 134 MW Malburg Gas-Fired Unit in California Shut by January 14

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201301141515.html>

Petroleum

BP Shuts Hydrocracker and Hydrotreating Unit at Its 265,000 b/d Carson, California Refinery after Fire January 14 – Traders

BP Plc shut a hydrocracking unit and a jet fuel hydrotreating unit at its Carson refinery Monday night after a small fire, according to trade sources. A company spokesman declined to discuss operations at the refinery.

Reuters, 01:02 January 15, 2013

Phillips 66 Restarts an Unspecified Unit at Its 120,000 b/d Rodeo, California Refinery January 9

Phillips 66 reported an unspecified unit restart at its Rodeo refinery early on January 9, according to a filing with local environmental regulators. No further detail is provided in the filing.

<http://www.nasdaq.com/article/refinery-status-flint-hills-shuts-unit-at-corpus-christi-refinery-20130114-00815>

Fire Damages FCCU-Related Equipment at Chevron's 279,000 b/d El Segundo, California Refinery January 13; Repairs Expected to Take 2 Weeks – Sources

A fire Sunday evening at Chevron Corp.'s El Segundo refinery damaged selective catalytic reduction equipment associated with the plant's fluid catalytic cracking unit (FCCU), according to a person with knowledge of the refinery's operations. Repairs are expected to take up to two weeks, another market source said. A Chevron spokesman said that an "incident" in one of the refinery's process units caused a power failure at the plant Sunday, resulting in the slowdown of several units. Aside from scheduled maintenance and the unit involved, the refinery was running normally; there was no significant fire; and there was nothing that would impact the process unit, the spokesman said. Local fire officials on Sunday responded to an incident at the refinery, where "a small ground fire" had been extinguished and gases were flaring. The refinery had reported flaring due to a failure in the FCCU in a filing with the California Emergency Management Agency on Sunday. The company had earlier reported planned flaring was scheduled at the refinery between January 13–23, according to a filing with the South Coast Air Quality Management District.

Reuters, 22:11 January 13, 2013

Reuters, 01:31 January 15, 2013

<http://www.bloomberg.com/news/2013-01-14/fire-at-chevron-el-segundo-oil-refinery-said-to-damage-equipment.html?cmpid=yhoo>

Update: Repairs to Leaking Pipe That Shut CDU at Motiva's 600,000 b/d Port Arthur, Texas Refinery January 10 Expected to Continue Until January 17–20 – Sources

Work continued on Monday to fix a leaking pipe that has twice halted the restart of a new 325,000 b/d crude distillation unit (CDU) at Motiva Enterprises' Port Arthur refinery, according to sources familiar with refinery operations. The repairs began on January 10 and were expected to take 7–10 days to complete. Two sections of the 60-inch pipe will be cut out and replaced in an effort to fix the leaks. Earlier attempts using patches were unsuccessful. The company still expects for the CDU to be fully re-started in the early part of this year, a 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.

Reuters, 15:25 January 14, 2013

ExxonMobil Reports No Impact to Production at Its 572,500 b/d Baytown, Texas Refinery after Two Workers Are Injured During a Delayed Coking Unit Overhaul January 12

Reuters, 16:23 January 14, 2013

Mechanical Malfunction Causes Butadiene Release at Shell's 329,800 b/d Deer Park, Texas Refinery January 11

Shell reported an unspecified mechanical malfunction caused a release of butadiene from a vent at its Deer Park refinery very early last Friday morning, according to a filing with the U.S. National Response Center. Operators were working to secure the unit but had not yet contained the release at the time of the filing.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1035393

Update: Flint Hills Reports Emissions after a Brief Fire at Its 288,468 b/d Corpus Christi, Texas Refinery January 14

Flint Hills Resources reported a release of materials to the flare at its Corpus Christi refinery early Monday morning was due to unknown causes, according to a filing with the U.S. National Response Center. The report indicated a fire was involved in the incident but had been extinguished. Operators were working to restart a blower at the time of the filing. A refinery spokeswoman had on Monday said an unspecified unit was shut in the East Plant section of the refinery after a seal pump fire was quickly extinguished.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1035619

BP Reports Sulfur Dioxide Emissions in Separate Incidents at Its 225,000 b/d Cherry Point, Washington Refinery January 11 and January 12

BP Plc reported an unspecified malfunction caused sulfur dioxide emissions from the No. 2 tail gas unit at its Cherry Point refinery Saturday night, according to a filing with the U.S. National Response Center. Operators were working to restart the unit at the time of the filing. A subsequent filing indicated a release of sulfur dioxide may have also occurred on Friday, January 11, due to a leaky valve. The exact cause of that release, however, was unknown at the time of the filing.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1035557

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1035712

Monroe Energy Shuts FCCU at Its 185,000 b/d Trainer, Pennsylvania Refinery December 30; Unit May Be Down for Almost Two Weeks – Traders

Monroe Energy shut a fluid catalytic cracking unit (FCCU) at its Trainer refinery on December 30, according to a jet fuel trader. The unit may be down for almost two weeks.

<http://www.foxbusiness.com/news/2013/01/07/refinery-status-fcc-unit-to-undergo-maintenance-2/>

Transformer Failure Leads to Flaring at United Refining's 65,000 b/d Warren, Pennsylvania Refinery January 14

United Refining reported a transformer failure caused flaring at its Warren refinery early Monday morning, according to a filing with the U.S. National Response Center. The flaring was ongoing and was expected to continue until the transformer could be replaced, expected later that morning.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1035630

Instrument Malfunction Causes Sulfur Dioxide Emissions at Marathon's 204,000 b/d Robinson, Illinois Refinery January 13

Marathon Petroleum Corp. reported an unspecified instrumental malfunction caused sulfur dioxide emissions at its Robinson refinery Sunday night, according to a filing with state pollution regulators.

Reuters, 04:16 January 14, 2013

Electrical Failure Causes Sulfur Dioxide Emissions at Citgo's 167,000 b/d Lemont, Illinois Refinery January 11

Citgo reported an unspecified electrical failure caused sulfur dioxide to release from a flare at its Lemont refinery very early last Friday morning, according to a filing with the U.S. National Response Center. The release had not yet been secured at the time of the filing.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1035397

Update: MDU Resources, Calumet Refining Moving Forward with Joint Venture to Build 20,000 b/d Diesel Refinery in North Dakota

WBI Energy, a subsidiary of MDU Resources Group, and Calumet Refining LLC are moving forward with plans to build near Dickinson, North Dakota a crude oil topping refinery designed to process 20,000 b/d of Bakken Shale oil into diesel and kerosene fuels. The North Dakota Department of Health has published notice of its intent to issue an air pollution control permit for the refinery, and has opened a 30-day public comment period that will end of February 4. Barring any delays, construction of the plant could begin this spring and is expected to take up to 20 months.

<http://www.prairiebizmag.com/event/article/id/13367/>

Update: Utah Upholds Permit for U.S. Oil Sands' Proposed PR Springs Oil Sands Mine in Eastern Utah

US Oil Sands Inc. on Monday announced that the Board of Directors of the Utah Division of Oil, Gas and Mining (DOG M) voted to support DOGM's previous approval of the Company's proposed PR Spring Oil Sands Project, affirming the project does not pose any significant potential impact to groundwater in the area. The United States' first commercial oil sands project seeks to develop bitumen leases in Utah's Book Cliffs, in the state's Uinta Basin. The new plant will produce 2,000 b/d of petroleum product from oil sands by 2013, in the start of what could grow into a larger operation. In 2010 environmental groups challenged the Company's mine permit through DOGM and the Utah Department of Environmental Quality, citing concerns about groundwater in the area. Both agencies have now upheld regulatory approval of the project.

<http://www.usoilsandsinc.com/documents/news/USO-2013-01-14-pressrelease.pdf>

U.S. Environmental Protection Agency Says Emissions from Shell's Arctic Drilling Operations Violated Air Permits in 2012

<http://finance.yahoo.com/news/epa-issues-shell-violation-notice-182141585.html>

Natural Gas

UGI, Tenaska Resources Announce Plans to Develop Marcellus Shale Natural Gas Resources in Pennsylvania

UGI Corporation on Monday announced that it has entered into agreements with Tenaska Resources, LLC to jointly develop natural gas resources in the Marcellus Shale region in north-central Pennsylvania. UGI Energy Services, Inc. will construct and operate approximately 20 miles of new gathering pipelines and related gas processing and compression facilities for wells that Tenaska intends to drill in Potter County, Pennsylvania. The first phase of construction is targeted for late 2013 or early 2014.

<http://www.ugicorp.com/press-room/ugi-corporation-news/news/news-details/2013/UGI-and-Tenaska-Resources-announce-Marcellus-Shale-development-agreements1132634/default.aspx>

Valve Malfunction Causes Emissions at Devon's 650 MMcf/d Bridgeport Gas Plant in Texas January 14

Devon Gas Services reported emissions at its Bridgeport plant very early Monday morning were due to a malfunction on process safety valve (PSV) No. 50135, which services the plant inlet gas system, according to a filing with the Texas Commission on Environmental Quality. Operators said the malfunction was caused by frozen moisture in the tubing line on the pilot-valve associated with the PSV. When the moisture melted, the valve controller caused the valve to open, while the inlet gas pressure was below the set pressure and in the normal range of operation.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=178031>

Power Surge Shuts Compressors at Regency's 70 MMcf/d Eustace Gas Plant in Texas January 11

Regency Energy Partners reported a power surge at its Eustace plant very early last Friday morning caused compressors to shut down, according to a filing with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=177959>

Other News

Update: Scoular Hopes to Reopen 55 MMGal/Year Pratt Ethanol Plant in Kansas by Spring 2013 after Selecting New Operator

The Scoular Company on Monday announced Pratt Biofuel Investors, LLC (PBI) was taking the lead in renovating the 55 million-gallon ethanol plant in Pratt, Kansas, with completion expected in the spring of 2013. Scoular acquired the Pratt ethanol plant and adjoining 1.8 million-bushel shuttle facility in 2011 from Gateway Plant, LLC. Since that time, Scoular has been operating the grain facility while seeking a qualified operating partner for the ethanol plant.

<http://www.scoular.com/news/2013/01/14/scoular-selects-partner-for-ownership-operation-of-kansas-ethanol-plant/>
<http://www.kansas.com/2013/01/14/2635981/new-owner-says-pratt-ethanol-plant.html>

International News

Update: Ecopetrol Restarts 70,000 b/d Cano Limon Pipeline in Colombia after Attack

http://www.downstreamtoday.com/news/article.aspx?a_id=38229

Energy Prices

U.S. Oil and Gas Prices			
January 15, 2013			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	93.88	92.96	98.58
NATURAL GAS Henry Hub \$/Million Btu	3.39	3.30	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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