



# ENERGY ASSURANCE DAILY

Friday Evening, January 24, 2014

## *Major Developments*

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### **Midwest Propane Prices Surge on Supply Shortage; U.S. DOT Issues Truck Driver Hours-of-Service Waivers for 31 States to Help Supply Move**

Propane prices at the Midwest supply hub in Conway, Kansas, traded at \$4.30 per gallon amid a cold snap on Friday, up \$2.55 or 230 percent from \$1.75 per gallon last Friday before the cold weather began, according to data compiled by Reuters. On Thursday, propane had traded close to \$5 per gallon. Midwest propane markets have been squeezed by supply shortages as increased demand due to cold weather has coincided with already low inventories. Inventories of propane and propylene in the Midwest fell by 1.34 million barrels to 10.2 million last week, according to the Energy Information Administration. Kinder Morgan Energy Partners LP said its Cochin pipeline, which transports propane to the Midwest from Alberta, is operating below capacity at about 50,000 b/d because there isn't enough supply in Western Canada to fill the line. The National Propane Gas Association said on Thursday the states of Wisconsin, Minnesota, and Missouri were worst hit by propane shortages and that it has heard that some retailers have run out of supplies, although no customer outages have been reported. To help ease the shortage, the U.S. Department of Transportation (DOT) has issued a regional order for the Midwestern, Eastern, and Southern regions which will allow transporters to move propane more freely throughout the most affected regions. The rare regional orders apply to 10 Midwest, 14 Eastern, and 9 Southern states. A total of 31 states so far have individually issued Hours of Service relief.

<http://in.reuters.com/article/2014/01/24/us-energy-propane-shortage-idINBREA0N0AB20140124>

<http://www.bloomberg.com/news/2014-01-23/midwest-propane-jumps-to-record-premium-as-supplies-fall.html>

<http://www.npga.org/i4a/pages/index.cfm?pageid=1857>

## *Electricity*

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### **Entergy's 510 MW Vermont Yankee Nuclear Unit in Vermont Reduced to 87 Percent by January 22, Returns to Full Power by January 23**

Entergy reported its Vermont Yankee nuclear power plant in Vernon, Vermont was reduced to 87 percent power by Wednesday night after a fuse located in an electrical control circuit for the condenser steam jet air ejectors blew out. The fuse was replaced and the plant returned to full power after about 6 hours on Thursday morning.

<http://rutlandherald.com/article/20140123/THISJUSTIN/701239926/0/NEWS01>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2014/20140122ps.html>

### **Entergy's 1,207 MW Grand Gulf Nuclear Unit 1 in Mississippi Ramps Up to 88 Percent by January 24**

On the morning of January 23 the unit was operating at 79 percent from full power on January 22, according to the Nuclear Regulatory Commission.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2014/>

## **ISO New England Tells Power Plant Operators in New Hampshire to Fire Up Jet Fuel Generators to Prop Up Energy Grid January 23**

New Hampshire utility operators said tight natural gas supplies and a spike in prices tied to the extreme cold forced an unusual request to fire up costly, jet fuel-powered turbines to keep the regional power grid running. At Public Service Company of New Hampshire's 496 MW Merrimack Station coal-fired plant in Bow, New Hampshire operators were told by ISO New England to be ready to run the turbines all day Thursday. ISO New England anticipated only about 25 percent of the natural gas capacity would be available. A spokesman for Public Service Company of New Hampshire said they are normally only used for 10–20 hours a year. The turbines have been run more than twice that time in January alone.

<http://www.fosters.com/apps/pbcs.dll/article?AID=/20140123/AP02/301239977/-1/FOSNEWS0409>

## ***Petroleum***

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### **Phillips 66 to Proceed With 180,000 b/d Cross-Channel Connector Project in Texas**

Phillips 66 Pipeline LLC on Thursday said it will proceed with developing the Cross-Channel Connector project which will expand the capacity to transport refined petroleum products across the Houston Ship Channel in Texas via pipeline. The company completed a successful open season for the Cross-Channel Connector after receiving shipper commitments to utilize the additional capacity. In addition, Phillips 66 Pipeline LLC received positive response to a potential phase two of the project and is proceeding with an evaluation of this expansion. The Cross-Channel Connector project leverages existing assets and will combine a reactivated pipeline under the Houston Ship Channel along with the expansion of an active line in Pasadena. The company plans to connect to Magellan's refined product pipeline which will allow the Cross-Channel Connector to transport refined petroleum products from the south side of the Houston Ship Channel to the Magellan Midstream Partners and Kinder Morgan Energy Partners systems on the north side of the channel at Galena Park and East Houston. The company anticipates the project could be complete as early as the fourth quarter of 2014, subject to the receipt of necessary permits and regulatory approvals. The Cross-Channel Connector is expected to have an initial system capacity of up to 180,000 b/d. Phase two of the expansion could add an additional 50,000 b/d of capacity.

[http://www.phillips66.com/EN/newsroom/news\\_releases/2014NewsReleases/Pages/01-23-2014.aspx](http://www.phillips66.com/EN/newsroom/news_releases/2014NewsReleases/Pages/01-23-2014.aspx)

### **Texas' Houston Ship Channel Traffic Stopped Due to Cold, Wind January 23, Resumes January 24 – Coast Guard**

Ship traffic was halted along the Houston Ship Channel on Thursday night after a strong blast of cold weather raised gale force winds along the Texas Coast, the U.S. Coast Guard said. Ship pilots called a halt to guiding vessels along the 53-mile Channel connecting the nation's busiest petrochemical port to the Gulf of Mexico at 8:15 p.m. CST Thursday, the Coast Guard said. Earlier on Thursday, ship pilots stopped guiding vessels to the ports of Galveston and Texas City, Texas due to high winds. On Thursday afternoon, the Coast Guard warned mariners that the cold front could bring gale force winds to the area. By Friday afternoon, the Channel had resumed operations, according to the Coast Guard.

Reuters, 22:52 January 23, 2014

Reuters, 13:41 January 24, 2014

### **Canada, U.S. Transportation Safety Boards Urge Tougher Crude-by-Rail Safety Rules After Recent Train Accidents**

The Transportation Safety Board of Canada (TSB) and the U.S. National Transportation Safety Board (NTSB) on Thursday issued strong recommendations to improve the safe transportation of crude oil by rail. Crude oil hauled by rail needs to be shipped in stronger tank cars and on safer routes, transportation investigators in the U.S. and Canada said following a series of accidents in North America. The NTSB and TSB issued the recommendations as part of a probe into the deadly July derailment of crude rail cars in Lac-Mégantic, Quebec. The large-scale shipment of crude oil by rail didn't exist ten years ago, and our safety regulations need to catch up with this new reality, the NTSB chairman said, citing concerns about "the major loss of life" in accidents involving oil transported by rail. TSB recommended tougher standards for the type of tank car involved in the Lac-Mégantic disaster, improved route planning, and requirements for detailed emergency-response plans in communities where oil shipments travel. The NTSB made recommendations to make the tank cars safer in 2009. Neither agency has the power to issue or enforce standards, which are overseen by agencies such as the U.S. Transportation Department and Transport Canada.

<http://www.hydrocarbonprocessing.com/Article/3301219/Latest-News/Canada-US>

## **Philadelphia Energy Reports 55 Barrel Crude Oil Spill at Its 335,000 b/d Philadelphia, Pennsylvania Refinery January 23**

Philadelphia Energy reported 50 barrels of crude oil discharged from its Philadelphia refinery onto the ground and into a storm drain, according to the National Response Center. In addition, about 5 barrels of oil discharged into the Delaware River.

[http://www.nrc.uscg.mil/reports/rwservlet?standard\\_web+inc\\_seq=1071934](http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1071934)

Reuters, 1:07 January 24, 2014

## **Total Reports Flaring at Its 233,500 b/d Port Arthur, Texas Refinery January 22**

Total reported flaring at its Port Arthur refinery when a pressure safety valve lifted in the delayed coker unit. The upset condition was corrected and returned to normal operation.

Reuters, 16:08 January 23, 2014

## ***Natural Gas***

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Nothing to report.

## ***Other News***

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### **EPA May Lower 2013 Target for Cellulosic Ethanol As Producers Struggle To Supply the Market**

The Environmental Protection Agency (EPA) informed oil industry groups on Thursday that it will reconsider the 2013 target for advanced ethanol made from grasses, trees, and crop waste as producers struggle to make enough of the fuel. Oil industry groups had petitioned the EPA last year to lower the target because oil refiners would be required to buy millions of dollars worth of credits if cellulosic ethanol was unavailable. Cellulosic ethanol producers were on track to make only about 1 million gallons of cellulosic ethanol last year, well short of the federal mandate of 6 million gallons. The EPA said in the letters on Thursday it would initiate a notice and comment rule making period to reconsider the cellulosic ethanol mandate.

[http://www.downstreamtoday.com/news/article.aspx?a\\_id=42090](http://www.downstreamtoday.com/news/article.aspx?a_id=42090)

## ***International News***

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Nothing to report.

## ***Energy Prices***

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<b>U.S. Oil and Gas Prices</b>			
January 24, 2014			
	<b>Today</b>	<b>Week Ago</b>	<b>Year Ago</b>
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	96.62	94.32	95.58
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	5.55	4.33	3.53

Source: Reuters

## Links

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***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](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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