



ENERGY ASSURANCE DAILY

Tuesday Evening, January 28, 2014

Major Developments

Update: Xcel Lifts All Conservation Appeals as Natural Gas System Returns to Normal in Upper Midwest After Flows Restored on TransCanada Pipeline's Emerson Lateral

Xcel Energy officials lifted all conservation appeals Monday as the company's natural gas system returned to normal operations. The appeal for customers in western Wisconsin was lifted at noon, while customers in Minnesota and eastern North Dakota began dialing up thermostats late in the morning. The company lifted the appeals at intervals to help control demand and ensure safe operations. The conservation appeals were issued late Saturday, after an explosion early that morning ruptured a TransCanada pipeline in Manitoba, and two nearby pipelines were shut down for inspections. One of the pipelines resumed operations late Sunday. The pipeline that exploded was one of two supplying the Manitoba Hydro natural gas distribution system in the area. Although only one was damaged, TransCanada had to shut off the gas supply to the second pipeline as a safety precaution in order to make repairs to the damaged pipeline. TransCanada was planning to resume gas to the distribution system in two stages. The first stage would provide gas to rural municipalities north of the damaged section by Monday evening. The second stage, which would begin four hours after the first stage, was expected to provide gas to the area south of the damaged section. Most of the affected customers were expected to have gas restored by noon Central Time today.

http://www.xcelenergy.com/About_Us/Energy_News/News_Releases/Company_lifts_all_conservation

<http://www.cbc.ca/news/canada/manitoba/transcanada-pipelines-seeking-cause-of-manitoba-explosion-1.2512312>

<http://www.hydro.mb.ca/safety/emergencies.shtml>

Electricity

PJM Asks Consumers to Conserve Electricity Due to Extreme Cold Weather January 28

PJM Interconnection, the electricity grid operator for more than 61 million people in 13 states and the District of Columbia, was asking consumers to conserve electricity on Tuesday. The call for conservation was prompted by another wave of frigid weather pushing up the demand for electricity. The request was being made throughout the entire area served by PJM. The demand for electricity and the need for conservation was expected to be highest Tuesday evening. PJM asks consumers to conserve electricity, if health permits—especially from 6 a.m. to 10 a.m. on Tuesday as well as between 5 p.m. to 9 p.m.

<http://www.pjm.com/~media/about-pjm/newsroom/2014-releases/20140127-pjm-asks-consumers-to-conserve-electricity-on-tuesday.ashx>

NRC Dispatches Special Inspection Team to Constellation's 1,660 MW Calvert Cliffs Nuclear Power Plant in Maryland After January 21 Shutdown of Both Units

The Nuclear Regulatory Commission (NRC) has initiated a Special Inspection at the Calvert Cliffs nuclear power plant in Lusby, Maryland. The inspection will further review an unplanned shutdown of both reactors at the site that occurred on January 21. The inspection team began its work on Monday at the plant and will evaluate what happened during the event, including the response by plant operators and safety systems. The inspection will also examine the event's causes and any related issues. During a winter storm on January 21, an electrical supply system that distributes some of the off-site power to the plant was temporarily interrupted. Snow and ice appear to have affected a ventilation louver filter, causing an electrical fault, or short-circuit. Breakers tripped, or opened, as designed to clear the fault, shutting down the electrical supply system. Subsequently, several electric-powered plant systems and components shut down, including motors for moving control rods and circulating-water pumps for unit 2, triggering an automatic plant shutdown. The electricity loss also caused the unit 1 main turbine control circuit to malfunction, which led to the automatic shutdown of unit 1. Both of the pressurized-water reactors were safely taken out of service following the power interruption, and there were no impacts on public health and safety.

<http://pbdupws.nrc.gov/docs/ML1402/ML14027A246.pdf>

Update: Midwest Spot Propane Prices Fall Below \$3 per Gallon January 27

Spot propane prices at the key storage and trading hub in Conway, Kansas, eased below \$3 per gallon on Monday, traders and brokers said, after jumping to near \$5 last week as the extreme cold in the U.S. caused a surge in demand for the heating fuel. Propane prices for January delivery traded as low as \$2.60 per gallon late on Monday in Kansas, with offers subsequently seen at \$2.50 per gallon. Trading had started at \$4, steady to where prices were seen late on Friday. Propane prices at the Conway hub more than doubled last week compared with where they ended the week on January 17, when supply was trading around \$1.75 per gallon. At the Gulf Coast storage hub at Mont Belvieu, Texas, spot propane prices for January delivery traded about a penny weaker at \$1.51 per gallon. With many affected states easing restrictions on limits on driving hours for truck drivers, prices at the Mont Belvieu hub have attracted trucks from out of state. A source at a company with trucks in line at the Mont Belvieu hub said the wait was up to 10 hours on Monday. Another propane broker said that talk of possible cancellations of exports from the Gulf Coast to Europe, where the winter has been milder, also helped lower prices in the Midwest and helped keep prices in Texas muted.

Reuters, 17:34 January 27, 2014

Alyeska's Trans-Alaska Pipeline System, Tanker Loadings Not Affected as Avalanches Blocks Road Access to Port of Valdez

Road traffic to Valdez, Alaska, was cut off from the rest of the state after an avalanche on Friday, followed by another on Saturday, blocked the only road into the coastal community, an Alaska Department of Transportation and Public Utilities spokesperson said on Monday. A spokesperson for Alyeska Co., which operates the Trans-Alaska Pipeline System (TAPS) that delivers 550,000 b/d from the North Slope to the Port of Valdez, said the avalanches have not disrupted throughput because the pipeline is buried beneath the avalanche area. They have also had no effect on the tanker loading terminal or deliveries, the Alyeska Co. spokesperson said. The original TAPS design engineers took the terrain and conditions into account and there are valves in the area that were being monitored, the Alyeska Co. spokesperson said.

Reuters, 22:59 January 27, 2014

Monroe Energy Reports Crude Oil Spill at Its 185,000 b/d Trainer, Pennsylvania Refinery January 27

Monroe Energy LLC reported a discharge of an unknown amount of crude oil from its refinery in Trainer, Pennsylvania, a filing with the National Response Center showed on Tuesday. Another filing on Monday reported an unknown sheen from an unknown source on the Delaware River, to which contractors from Monroe Energy were responding. Upon further investigation it was determined that the source of the discharge was Monroe's refinery at Trainer, an updated National Response Center report, made public on Tuesday, said.

Reuters, 00:58 January 28, 2014

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1072237

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1072243

Sunoco Reports Furnace Oil Release at Marcus Hook, Pennsylvania Terminal January 27

Sunoco Logistics reported a discharge of furnace oil into the Delaware River from a leaked flange on piping at the facility, according to a filing with the National Response Center.

Reuters, 00:30 January 28, 2014

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1072251

Update: Chevron Working to Restore Process Unit After Power Blip at Its 279,000 b/d El Segundo, California Refinery

Chevron Corp. said on Monday it was working to bring a process unit at its refinery in El Segundo, California, back to normal operating rates after it was hit by a power disruption on Saturday. Utility service to that portion of the refinery was quickly re-established, a statement from the company said. Yesterday, the company reported that one of two crude distillation units was shut on Saturday by a power failure at the refinery, according to a notice filed with the U.S. National Response Center.

Reuters, 15:42 January 27, 2014

Shell Reports Coker Unit Start-up at Its 156,400 b/d Martinez, California Refinery January 27

Royal Dutch Shell Plc reported the start-up of a coking unit at its refinery in Martinez, California, on Monday, according to a filing with the California Emergency Management Agency. A separate filing had reported the startup of an unspecified unit at the refinery.

Reuters, 18:25 January 27, 2014

Update: Shell Says Operations Returned to Normal After Fire at Its 329,800 b/d Deer Park, Texas Refinery January 27

Royal Dutch Shell Plc said on Monday its refinery in Deer Park, Texas, had returned to normal operations after a fire on January 22.

Reuters, 17:16 January 27, 2014

Alon Postpones Turnaround at Its 67,000 b/d Big Spring, Texas Refinery January 27

Alon USA Energy Inc. on Monday said it had postponed a planned turnaround at its refinery in Big Spring, Texas, to the second quarter of this year from the first quarter. The delay allows Alon to better integrate the implementation of the vacuum tower project with the turnaround, reducing the down time required to complete the work while also reducing costs, the company said. The vacuum tower project would increase the refinery's ability to handle lighter shale crude oils and also its distillate production by an estimated 2,000 b/d, it added. Alon said that due to the postponement, throughput at the refinery was expected to average 73,000 b/d for the first quarter.

Reuters, 18:55 January 27, 2014

Natural Gas

Enbridge Reports AGI Trip at Its Tilden Gas Plant in Texas January 28

Enbridge reported acid gas injector (AGI) no. 2 tripped due to fourth stage high discharge pressure. Plant personnel discovered leaking valves on compressor fifth stage and replaced the leaking valves. AGI no. 2 was restarted and stabilized.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=193502>

Other News

Nothing to report.

International News

Lukoil Sees Iraqi West Qurna-2 Output Rising to 400,000 b/d by Fall 2014

Lukoil expects to reach production of 400,000 b/d at its Iraqi West Qurna-2 field this fall with initial output of 120,000 b/d seen in April to May, the company's CEO said on Tuesday. West Qurna-2 is the world's second-largest undeveloped field with recoverable reserves estimated at around 14 billion barrels. Lukoil holds a 75 percent stake in West Qurna-2 and its output is expected to peak at 1.2 million b/d.

http://www.rigzone.com/news/oil_gas/a/131308/Lukoil_Sees_Iraqi_West_Qurna2_Output_Rising_to_400000_Bpd

Militant Attacks Hurt Oil, Gas Field Work in Western Iraq – Deputy Prime Minister for Energy

Spillover militant attacks from the civil war in Syria have hindered development of Iraq's vast gas reserves in the western region and its Qayara and Najmah oilfields, the Iraqi deputy prime minister for energy said on Tuesday. Attacks have increased overall and many have hit the oil pipeline delivering Iraq's Kirkuk crude oil to the port of Ceyhan in Turkey. The Iraqi Turkish pipeline was blown up 54 times during 2013, averaging once a week but yet the country managed to repair and use that pipeline and pump on average 250,000 b/d last year, the deputy prime minister for energy said. Operations in southern oilfields that provide the bulk of Iraq's oil exports remained unaffected, he said.

Reuters, 4:49 January 28, 2014

Algeria's In Amenas Gas Plant Expected Back to Full Capacity in Weeks After January 2013 Militant Attack

Algeria's In Amenas gas plant, which was attacked by Islamist militants a year ago, will be operating at full capacity within weeks as work on the last of its three processing units is nearing completion, a senior Algerian energy official said. In Amenas produced about 11.5 percent of Algeria's natural gas output before the attack and full resumption would free up more of the fuel for export to Europe. Two thirds of capacity is already on stream and the last unit will start in a few weeks so In Amenas will be back at full capacity in a few weeks, a senior adviser to Algeria's energy minister said on Tuesday. He said the capacity of the site was about 30 million cubic metres per day and that it was currently producing around 20 million cubic metres. Norway's Statoil, which operates In Amenas with BP and Algeria's state-owned Sonatrach, said in May that production at the second of the three processing trains had resumed but that it was unclear when then third would reopen. Forty oil workers died at In Amenas in January 2013 after the militants took expatriates hostage during a four-day siege that ended when Algerian forces stormed the site. Algerian officials said new security reinforcements and a landing pad were in place at the desert complex. BP's Chief Executive said in October that expansion projects for In Amenas and In Salah gas producing sites would not get going in 2014 as planned.

Reuters, 12:29 January 28, 2014

United Arab Emirates Considers Importing North American Gas

The United Arab Emirates (UAE), a Gulf OPEC oil producer, said it was looking at the possibility of importing natural gas from North America.

http://www.downstreamtoday.com/news/article.aspx?a_id=42113

Energy Prices

U.S. Oil and Gas Prices			
January 28, 2014			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	97.43	94.53	95.62
NATURAL GAS Henry Hub \$/Million Btu	5.69	4.41	3.42

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>

Please direct comments and questions to: ead@oe.netl.doe.gov