



ENERGY ASSURANCE DAILY

Monday Evening, January 30, 2012

Electricity

NRC Cautions TVA about Using Sand Baskets to Protect Its Nuclear Power Plants from Flooding along the Tennessee River

The U.S. Nuclear Regulatory Commission (NRC) notified the Tennessee Valley Authority (TVA) that the sand-filled, wire mesh baskets the utility has installed at dams to protect its nuclear facilities along the Tennessee River from floods could fail upon impact with debris, becoming damaged or pushed apart, causing a breach. If damaged, the utility would not have time to quickly repair the baskets because the flood would be in progress. A TVA spokesman said the utility would evaluate the NRC's notification and determine next steps. In 2010, TVA reported it would complete dam modifications handled by the U.S. Army Corps of Engineers by 2016. The NRC says the baskets are adequate over the short term. TVA nuclear facilities along the Tennessee River include the Browns Ferry, Watts Bar, and Sequoyah nuclear power plants, and the Bellefonte plant, which is currently under construction.

<http://www.tennessean.com/article/20120126/NEWS11/301260077/Regulators-say-flood-barriers-may-not-protect-TVA-s-nuclear-plants?odyssey=nav|head>

Transformer Issues Shut Exelon's 1,136 MW Byron Nuclear Unit 2 in Illinois January 30

The unit shut Monday morning, according to a spokeswoman at the U.S. Nuclear Regulatory Commission. Reuters, 12:00 January 30, 2012

Entergy's 1,075 MW Waterford Nuclear Unit 3 in Louisiana Reduced to 54 Percent by January 29

On the morning of January 28 the unit was operating at full power.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2012/>

Inland Empire Energy Center's 366 MW Gas-Fired Unit 2 Returns to Service in California by January 28; Its 376 MW Gas-Fired Unit 1 Shuts by January 28

Unit 2 returned from an unplanned outage. Unit 1 entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201201281515.html>

Watson Cogeneration's 417 MW Watson Gas-Fired Unit in California Reduced by January 28

The unit entered an unplanned curtailment of 237 MW.

<http://content.caiso.com/unitstatus/data/unitstatus201201281515.html>

California ISO Tells Calpine to Keep Operating Its 530 MW Sutter Natural Gas-Fired Power Plant Despite Poor Economics

The California ISO wants Calpine Corp. to continue operating its 530 MW Sutter natural gas-fired power plant in 2012, despite the weak market conditions that have made the facility uneconomical, Calpine said on Friday. Calpine wants compensation for keeping the Sutter plant operational. The California ISO filed last week with the U.S. Federal Energy Regulatory Commission (FERC) for a waiver to compensate Calpine to run Sutter this year. The ISO has said it wants Sutter to remain operational to help meet future energy needs in California, especially as environmental rules limiting the use of ocean water for cooling take effect over the next several years. Those rules could shut more than a dozen aging gas-fired plants.

Reuters, 15:36 January 27, 2012

United Steelworkers Union Could Strike on February 1 amid Contract Negotiations; Strike Could Shut-In 6 Percent of U.S. Refinery Capacity

The United Steelworkers (USW) union and oil companies resumed contract negotiations today, but USW leaders have warned that without a “more substantive response from the industry,” a strike may be necessary. According to reports, USW leaders told workers to prepare for a strike that could start as early as 12:01 AM EST Wednesday on the U.S. East Coast and then spread throughout the country. The USW could elect to continue talks if it feels progress is being made in negotiations. According to Reuters, USW members at refineries account for about one-third of U.S. capacity, and a strike could shut down 6 percent of U.S. refinery capacity. Most refiners use temporary replacement workers to maintain operations during strikes.

Reuters, 11:49 January 30, 2012

Gulf Coast Refiners May Need to Invest in Facility Modifications to Handle Growing Texas Shale Oil Production – Citgo Executive

Refining light, sweet, high-quality crude oil from shale regions in Texas may be profitable to refiners on the U.S. Gulf Coast, but companies will have to invest in crude distillation capacity and downstream units specifically designed to handle such oil, a Citgo executive said on Friday. Refineries in the region have built facilities to handle cheap, heavy sour crude from countries like Venezuela, Mexico, and Saudi Arabia, but growing production in the Eagle Ford region of Texas and in other U.S. shale deposits has made shale oil available at a discount, giving refiners an incentive to invest in modifications to their facilities.

Reuters, 18:50 January 27, 2012

Update: ConocoPhillips Restarts FCCU at Its 238,000 b/d Linden, New Jersey Refinery January 29

ConocoPhillips on Sunday restarted a 145,000 b/d gasoline-making fluid catalytic cracking unit (FCCU) at its Bayway refinery in Linden, New Jersey, according to traders. Reports on Friday said the company may shut the unit to fix a mechanical problem.

DJN, 12:19 January 30, 2012

Marathon Reports FCCU Emissions at Its 256,000 b/d Garyville, Louisiana Refinery January 27

Marathon Petroleum Corp. reported a continuous release of hydrogen cyanide from the gasoline-making fluid catalytic cracking unit (FCCU) at its Garyville refinery Friday afternoon, according to a filing with the U.S. National Response Center. The release was not secured at the time of the filing.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1001479

Total Restarts Units at Its 232,000 b/d Port Arthur, Texas Refinery January 27

Total Petrochemicals reported flaring as a result of restart activities in a filing with state pollution regulators Friday. The filing doesn't specify which units were restarting. Operators were planning a staged restart and a return to operational status as soon as possible.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=164164>

Momentary Power Blip Leads to Flaring at Alon's 67,000 b/d Big Spring, Texas Refinery January 27

Alon USA reported a momentary power blip on Friday caused a loss of hydrogen, which resulted in flaring from a control device, 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=164164>

Tesoro Shuts Process Unit, Reports Emissions at Its 93,500 b/d Kapolei, Hawaii Refinery January 28

Tesoro Corp. reported excess sulphur dioxide emissions resulted from the shutdown of a process unit at its Kapolei refinery on Saturday, according to a filing with the U.S. National Response Center. Operators were trying to restore the process unit, the filing said. The refinery reported January 20 that it had shut some processing units for maintenance and was operating other units at reduced rates after experiencing a series of brief power dips earlier in the week.

Reuters, 00:49 January 30, 2012

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1001590

Update: ConocoPhillips Shuts Flare Gas Compressor for Repairs at Its 362,000 b/d Wood River, Illinois Refinery January 27–28

ConocoPhillips performed repairs on a flare gas compressor on Thursday and Friday, according to filings with the Illinois Emergency Management Agency. Shutting the compressor resulted in flaring at the refinery, the filing said. Last week the company reported sulfur dioxide emissions and flaring associated with an incident involving an unspecified unit Thursday morning.

Reuters, 17:38 January 29, 2012

Equipment Malfunction Leads to Flaring at Marathon's 204,000 b/d Robinson, Illinois Refinery January 27

Marathon Petroleum Corp. reported an equipment malfunction at its Robinson refinery on Friday triggered flaring, according to filing with the Illinois Emergency Management Agency.

Reuters, 17:28 January 29, 2012

Natural Gas

Maine Natural Gas Proposes New Natural Gas Pipeline to Augusta, Maine

Maine Natural Gas (MNG) has begun discussions with potential customers for the development of a natural gas distribution system to serve Augusta, Maine. The first phase of the project would build a pipeline to tap into an existing interstate pipeline in Windsor. Depending on discussions with potential customers, MNG will apply for state and local permits this spring and hopes to begin the first phase of construction in 2012. A second phase of construction would cross the Kennebec and extend along Western Avenue and the Leighton Road to the North Augusta commercial area in 2013. The line will have sufficient capacity for expansion into the surrounding residential areas as well.

<http://www.prnewswire.com/news-releases/maine-natural-gas-proposes-new-gas-pipeline-to-augusta-138318589.html>

Cheniere Energy and KOGAS Sign Agreement to Export 0.5 Bcf/d from Sabine Pass LNG Terminal in Louisiana

Cheniere Energy Partners, L.P. announced today that its subsidiary, Sabine Pass Liquefaction, LLC has entered into a sale and purchase agreement (SPA) with Korea Gas Corporation (KOGAS) to sell 3.5 million tonnes per annum (mtpa), or roughly 0.5 Bcf/d, of liquefied natural gas (LNG) from train three of Cheniere's proposed LNG export facility at the Sabine Pass Terminal in Louisiana. Deliveries from train three are expected to occur as early as 2017. Cheniere owns the 4 Bcf/d Sabine Pass LNG receiving terminal located on the Sabine Pass Channel in western Cameron Parish, Louisiana and is developing a project to add liquefaction and export capabilities to the existing infrastructure.

<http://phx.corporate-ir.net/phoenix.zhtml?c=207560&p=irol-newsArticle&ID=1653972>

CenterPoint Energy Proposes 200 MMcf/d White Eagle Gathering System in Mississippi Lime Area in Oklahoma and Kansas

CenterPoint Energy Field Services, LLC (CEFS) announced today that it has begun initial routing activities for a proposed gas gathering and processing system in the Mississippi Lime area of north central Oklahoma and south central Kansas. The proposed White Eagle Gathering System would include up to 300 miles of high-pressure gas gathering lines and up to 200 MMcf/d of processing capacity with amine treating and nitrogen removal, depending on customer requirements. Contingent on ultimate customer commitments, portions of the system could be operational later this year or early next year.

<http://www.centerpointenergy.com/newsroom/newsreleases/208f79fe33d25310VgnVCM1000026a10d0aRCRD/>

Update: U.S. Army Corps of Engineers Submits Draft EIS on Proposed 500 MMcf/d Alaska Stand Alone Natural Gas Pipeline

The U.S. Army Corps of Engineers has submitted a draft Environmental Impact Statement (EIS) to the U.S. Environmental Protection Agency on the proposed 737-mile natural gas pipeline from Prudhoe Bay to Cook Inlet. The 24-inch, 500 MMcf/d Alaska Stand Alone Pipeline (ASAP) would be complete by 2019, according to the notice published in the Federal Register January 20. The line will initially carry up to 250 MMcf/d, according to the report.

http://newsminer.com/pages/full_story/push?blog-entry-State+submits+draft+impact+statement+on+small-diameter+pipeline%20&id=17336121&instance=blogs_editors_desk

Regency Reports Multiple AGI Compressor Shutdowns at Its 290 MMcf/d Waha Gas Plant in Texas January 27–29

Regency Energy Partners reported its acid gas injector (AGI) compressor went down on low suction pressure and low compressor speed in multiple filings with the Texas Commission on Environmental Quality over the weekend. Operators were making continued process parameter and mechanical adjustments to diagnose issues, resetting and restarting the compressor as necessary.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=164173>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=164168>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=164141>

Valve Position Error Shuts Turbine at DCP Midstream’s 160 MMcf/d Goldsmith Gas Plant in Texas January 27

DCP Midstream reported a turbine shut down at its plant Friday when a fourth-stage suction valve was out of position and shut down, according to a filing with state regulators. Operators realigned the valve and restarted the turbine.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=164160>

Acid Gas Compressor Shuts, Leads to Flaring at Targa’s 150 MMcf/d Sand Hills Gas Plant in Texas January 30

Targa reported acid gas compressor No. C-14 shut down Monday, resulting in flaring, according to a filing with the Texas Commission on Environmental Quality. Operators immediately put the compressor back online, ending the flaring.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=164189>

Other News

Ohio Ethanol Manufacturers Reject Vomitoxin Corn

Ohio ethanol makers have rejected corn from that state containing vomitoxin, the byproduct of a fungal disease usually found in wheat. Vomitoxin thrived under cool, wet weather this past autumn in Ohio, where heavy rains stalled the corn harvest and caused fungi to grow, according to specialists. The concentration of vomitoxin in corn byproducts such as distiller’s dried grain—a byproduct of ethanol manufacturing and a popular livestock feed—is three times that of whole corn kernels.

Reuters, 14:05 January 27, 2012

International News

CAPP Establishes Hydraulic Fracturing Operating Practices for Shale, Tight Natural Gas Development across Canada

The Canadian Association of Petroleum Producers (CAPP) today announced new Canada-wide hydraulic fracturing operating practices designed to improve water management and water and fluids reporting for shale gas and tight gas development across Canada. Developed by natural gas producers, the hydraulic fracturing operating practices apply to all CAPP members exploring for and producing natural gas in Canada. In September 2011, CAPP announced the industry’s Guiding Principles for Hydraulic Fracturing, which obligate CAPP members to sound wellbore construction, fresh water alternatives, recycling where feasible, voluntary water reporting, fracturing fluid disclosure, and technical advancement and collaboration. The operating practices announced today support the guiding principles for hydraulic fracturing and strengthen industry’s focus on continuous performance improvement.

<http://www.capp.ca/aboutUs/mediaCentre/NewsReleases/Pages/operating-practices-for-hydraulic-fracturing.aspx#dSmQzrDrBgQs>

Mexico Shuts Cayo Arcas Oil Export Port in Gulf of Mexico Due to Bad Weather

Officials shut Cayo Arcas, one of the country’s largest oil ports, on Sunday due to bad weather, the transport ministry said. Mexico ships almost all its crude oil exports to U.S. Gulf Coast refineries from three ports, including Cayo Arcas, Dos Bocas, and Coatzacoalcos.

Reuters, 17:09 January 29, 2012

Update: South Sudan Shuts 350,000 b/d of Oil Output January 29, Demands Border Deal with Sudan before Restarting Oil Output

South Sudan has totally shut down its roughly 350,000 b/d of oil output as of Sunday, according to the country's Minister of Petroleum and Mining, who also said the country would restart production only after it reaches a deal with neighboring Sudan regarding border security and the disputed Abyei region. The minister also demanded the release of seized cargoes of oil, the return of stolen crude, and for Sudan to cease its support of rebel groups in South Sudan.

<http://www.reuters.com/article/2012/01/29/southsudan-idUSL5E8CT09120120129>

Iran Considers Preemptive Ban on All Oil Exports to the European Union for 5–15 Years – Senior Iranian Lawmakers

Reuters, 10:35 January 29, 2012

Energy Prices

U.S. Oil and Gas Prices			
January 30, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	99.33	98.85	87.96
NATURAL GAS Henry Hub \$/Million Btu	2.59	2.25	4.41

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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