



ENERGY ASSURANCE DAILY

Thursday Evening, January 30, 2014

Electricity

Southern Co. Working to Finalize \$8.3 Billion DOE Nuclear Loan Guarantee for 2,200 MW Expansion at its Vogtle Nuclear Plant in Georgia

Southern Co.'s Chairman said on Wednesday that the company was working with the Department of Energy (DOE) to finalize an \$8.3 billion loan guarantee for its two-reactor expansion at the Vogtle nuclear plant in Georgia. Southern's Georgia Power unit is leading a utility consortium that is building two 1,100 MW Westinghouse AP1000 reactors at a projected cost exceeding \$14 billion. The Vogtle loan guarantee, announced in 2010, was expected to be finalized in 2012, but negotiations bogged down over terms and costs and were complicated by DOE requirements added after the much-publicized bankruptcy in 2011 of solar panel maker Solydra which had received loan guarantees. The new reactors won't begin producing power until late 2017 and late 2018, a year later than initially planned.

<http://finance.yahoo.com/news/southern-co-working-finalize-8-201621896.html>

Update: FirstEnergy's 821 MW Beaver Valley Nuclear Unit 1 in Pennsylvania Ramps Up to 46 Percent by January 30

On the morning of January 29 the unit had restarted and was operating at 15 percent, according to the Nuclear Regulatory Commission. The unit shut January 6 due to a transformer failure.

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

Update: Dynergy's 335 MW El Segundo Gas-fired Unit 4 in California Returns to Service by January 29

The unit returned from an unplanned outage that began by January 24.

<http://content.caiso.com/unitstatus/data/unitstatus201401291515.html>

Petroleum

Update: Midwest Propane Prices Spike as Inventories Hit Record January Low

Spot propane for January delivery at the Conway, Kansas, supply hub traded from \$2.75 to \$2.85 per gallon on Wednesday after trading as low as \$2.10 per gallon the previous day, according to data compiled by Reuters. Immediate supply, known as wet barrels, with the buyer taking delivery on the day of the trade, traded as strong as \$3.04 per gallon. Midwest propane stocks have decreased 32 percent since the start of the year, with stocks falling to 8.8 million from 13.1 million over the past four weeks, according to the EIA data. The drop puts stockpiles 50 percent below the level in the same period in 2013, when inventories stood at 17.2 million barrels. Demand for the heating fuel driven by frigid temperatures sent spot prices at Conway to a record near \$5 per gallon last week and had trucks from the region making the journey to the Texas Gulf Coast seeking supply. Spot prices more than doubled last week in Conway compared with where they ended the week on January 17, when supply was trading around \$1.75 per gallon.

Reuters, 18:20 January 29, 2014

<http://www.eia.gov/petroleum/supply/weekly/>

New York Governor Orders Emergency Response Review for Oil Rail Shipments

New York Governor Andrew Cuomo on Wednesday announced an executive order directing several state agencies to do a top-to-bottom review of safety procedures and emergency response preparedness related to shipments of volatile crude oil from the Bakken oil fields in North Dakota in light of a series of out-of-state accidents, including one in Quebec that leveled a part of a town and left 47 people dead. Also, the New York State Commissioners of Environmental Conservation, Transportation, Health, and Homeland Security and Emergency Services issued a letter calling on federal authorities to take immediate actions to protect the state's communities and natural resources from these potential disasters. Such actions should include the expedited adoption of permanent federal regulations based upon a comprehensive reassessment of the safety of shipments of crude oil, the implementation of stronger tank car safety and design standards, and upgraded measures to prevent and respond to crude oil spills on rivers. The rail transport of Bakken crude oil from North Dakota has gone from next to nothing four years ago to 800,000 b/d now nationally. Bakken crude travels over approximately 1,000 miles of New York rail and via ship and barge on the Hudson River from the Port of Albany, bound for refineries in Canada and the mid-Atlantic states. According to recent reports, The Port of Albany handles some 40,000 carloads annually or about 120 per day.

<http://www.governor.ny.gov/press/01292014-crude-oil-rail-safety>

U.S. Chemical Safety Board Seeks More Refinery Oversight After 2010 Explosion at Tesoro's 120,000 b/d Anacortes Washington Refinery

Federal chemical safety investigators recommended tougher state and federal oil refinery oversight after a 2010 explosion and fire at Tesoro Corp.'s Anacortes refinery in Washington that killed seven workers. In the draft report released late Wednesday, the U.S. Chemical Safety Board says Washington should implement a more proactive safety system at refineries to prevent future accidents. It also calls on the U.S. Environmental Protection Agency to work with the industry to come up with a new regulation requiring chemical facilities to make their operations inherently safer, such as replacing a material with one that's less hazardous or reducing the amount of hazardous material stored and used. It also recommends that state regulators audit all petroleum refineries in the state to prevent the kind of equipment failure that occurred at Tesoro's facility.

<http://www.csb.gov/csb-investigation-finds-2010-tesoro-refinery-fatal-explosion-resulted-from-high-temperature-hydrogen-attack-damage-to-heat-exchanger/>

http://www.downstreamtoday.com/news/article.aspx?a_id=42146

Philadelphia Energy Solutions Begins Turnaround After Unplanned Outage at Its 335,000 b/d Philadelphia, Pennsylvania Refinery January 29

Philadelphia Energy Solutions' Philadelphia refinery began a turnaround Wednesday that was originally scheduled for February, after an unplanned outage shut units, according to a person familiar with operations at the site. The turnaround maintenance includes 38 days of work on the no. 868 fluid catalytic cracker at the Point Breeze section of the plant. Other 860-series units, including an alkylation unit and distillate hydrotreater, will also shut as part of the planned work, according to the person. Crews will remove the no. 210 crude unit from service for 28 days of work that will boost the plant's ability to process Bakken oil. The refinery was trying to restart units at the larger Girard Point section. That plant lost steam to power its units earlier yesterday when its three boilers shut down, a second person familiar with the situation said. The refinery was able to restart a boiler and has been attempting to start units with the one boiler in operation, the person said.

<http://www.bloomberg.com/news/2014-01-29/philadelphia-refinery-said-to-begin-turnaround-after-outage.html?cmpid=yhoo>

Citgo Delays Restart of Vacuum Unit at Its 167,000 b/d Lemont, Illinois Refinery Due to Cold Weather

The restart of a repaired vacuum distillation unit (VDU) at Citgo Petroleum Corp.'s Lemont, Illinois, refinery has been delayed by cold weather until this coming weekend at the earliest, the Illinois Environmental Protection Agency (EPA) said on Thursday. Citgo had been authorized by the agency to complete the restart of the VDU by Wednesday, but that was delayed due to the extreme cold weather this week across the Chicago metropolitan area, an Illinois EPA spokesperson said.

Reuters, 11:39 January 30, 2014

Phillips 66 Reports Process Unit Upset at Its 362,000 b/d Wood River, Illinois Refinery January 30

Phillips 66 reported a process unit upset at its Wood River refinery in Roxana, Illinois, which led to sulfur dioxide and nitrogen dioxide emissions, a filing with the Illinois Emergency Management Agency pollution regulator showed. The incident led to a processor trip which caused flaring, the filing said.

Reuters, 4:13 January 30, 2014

Valero Reports Unspecified Shutdown at Its 85,000 b/d Ardmore, Oklahoma Refinery January 27

Valero Energy Corp. reported there was an unspecified shutdown on Monday at its refinery in Ardmore, Oklahoma, according to a filing with the Oklahoma Department of Environmental Quality that was made public on Wednesday. The filing did not specify the unit that was shut down or the cause of the incident.
Reuters, 13:55 January 29, 2014

Suncor Says Unit Closed after Fire at Its 93,000 b/d Commerce City, Colorado Refinery January 28

Suncor Energy Inc. said on Wednesday it had closed a unit at its Commerce City, Colorado, refinery after a fire on Tuesday. A spokeswoman for the company said that one person suffered minor injuries in the fire but it was quickly extinguished. The affected unit, which was not specified, was shut down.
Reuters, 16:01 January 29, 2014

Alon Says Operations Normal After Sulfur Unit Snag at Its 67,000 b/d Big Spring, Texas Refinery January 28

Alon USA Energy Inc. reported that operations were brought to normal following a malfunction in sulfur recovery unit no. 1, at its refinery in Big Spring, Texas, according to a filing with the Texas Commission on Environmental Quality on Wednesday. An electrical failure led to the incident, the filing said.
Reuters, 15:02 January 29, 2014

PBF Reports Sulfur Dioxide Emissions at Its 190,000 b/d Delaware City, Delaware Refinery January 29

PBF Energy Inc. reported sulfur dioxide emissions due to a freeze-up of a control switch at its refinery in Delaware City, Delaware, on Wednesday, according to a filing with state pollution regulators.
Reuters, 11:03 January 29, 2014

Enbridge Income Fund Approves Pipeline Connection to 30,000 b/d Tundra Crude Oil Rail Terminal in Manitoba January 29

Enbridge Income Fund has approved the construction of a pipeline interconnection between the Enbridge Pipelines (Saskatchewan) Inc. system and a crude oil rail terminal near Cromer, Manitoba owned by Tundra Energy Marketing Limited. The connection is expected to be in-service in the fourth quarter of 2014. It will be capable of delivering segregated batches of either light sweet, light sour, or Midale crude oil from the Westspur and Bakken Expansion pipelines into Tundra's rail terminal, which is directly served by Canadian National Railway. The rail terminal is currently capable of handling 30,000 b/d with an ultimate capacity in excess of 60,000 b/d.
<http://www.enbridgeincomefund.com/Read-the-Latest-News/News-Releases.aspx#yearTab=en2014&id=1803246>

Enbridge Announces Expansion Plans, Construction of 350,000 Barrel Tank at Its Sunday Creek Terminal in Alberta January 29

Enbridge on Wednesday announced that it will construct additional facilities at its Sunday Creek Terminal, located in the Christina Lake area of northern Alberta, to support production growth from the Christina Lake oil sands project operated by Cenovus Energy and jointly owned with ConocoPhillips. The expansion includes development of a new site adjacent to the existing terminal, construction of a new 350,000 barrel tank with associated piping, pumps, and measurement equipment, as well as civil work for a future tank. The existing Sunday Creek Terminal was put into service in August 2011. The targeted in-service date is in the third quarter of 2015.
<http://www.enbridge.com/MediaCentre/News.aspx?yearTab=en2014&id=1802982>

Southcross Energy Announces Commencement of Construction of 300 MMcf/d Webb Pipeline to Ship Rich Gas from Eagle Ford Shale to Corpus Christi, Texas

Southcross Energy Partners, L.P. on Wednesday announced that it had commenced construction of the new 24-inch diameter, 94-mile long Webb Pipeline in the rich gas area of the Eagle Ford shale in South Texas. Southcross has also initiated construction of a five mile extension of its McMullen Pipeline to connect to the new pipeline. The Webb pipeline will extend from Webb County near Encinal, Texas, to McMullen County near Tilden, Texas. At Tilden, the new Webb Pipeline will connect to the extension of Southcross' existing McMullen Pipeline. This new project will allow rich gas sourced from Webb County to flow to Southcross' processing and fractionation complex near Corpus Christi, Texas. Pipeline engineering, procurement and right-of-way purchasing is underway and the pipeline is expected to be in service in the fourth quarter of 2014.

<http://investors.southcrossenergy.com/phoenix.zhtml?c=251376&p=irol-newsArticle&ID=1894898>

ConocoPhillips Unit Asks DOE for Blanket Authorization to Export LNG from Alaska to Non-Free Trade Agreement Countries on a Short-Term Basis

ConocoPhillips Alaska Natural Gas Corp. (CPANCC) requested an authorization to export liquefied natural gas (LNG) from Alaska to countries that do not have free trade agreements with the U.S., according to a filing from the Department of Energy (DOE). CPANCC said it wants the government to give approval for the equivalent of up to 40 billion cubic feet of natural gas in total over a two-year period. The LNG would be exported from facilities located in the Cook Inlet near Kenai, Alaska, the DOE said in a filing posted on Wednesday in the Federal Register. The request is subject to a public comment period that ends on February 28.

<https://www.federalregister.gov/articles/2014/01/29/2014-01713/conocophillips-alaska-natural-gas-corporation-application-for-blanket-authorization-to-export>

http://www.rigzone.com/news/oil_gas/a/131338/ConocoPhillips_Unit_Asked_For_LNG_Export_Permit_From_Alaska

Atlas Pipeline Reports Flaring Inlet Gas at Its 195 MMcf/d Midkiff Gas Plant in Texas January 29

Atlas Pipelines reported it had to shut the consolidator plant due to high dew point on the side/bottom reboiler inlet screen at its Midkiff gas plant. The screens were replaced and compression was restored. Flares were used to minimize emissions.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=193604>

Other News

Nothing to report.

International News

Iraq Plans to Triple Its Oil Output Capacity to 9 Million b/d by 2020

Iraq intends to triple its oil production capacity to 9 million b/d by 2020, the country's deputy prime minister for energy said on Thursday. Baghdad's aim is to boost its economy and challenge Saudi Arabia as OPEC's swing producer, according to The Telegraph.

<http://www.moneynews.com/Markets/Iraq-oil-output-OPEC/2014/01/30/id/549871>

Energy Prices

U.S. Oil and Gas Prices			
January 30, 2014			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	98.25	97.69	97.74
NATURAL GAS Henry Hub \$/Million Btu	5.20	5.55	3.14

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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