



ENERGY ASSURANCE DAILY

Wednesday Evening, February 08, 2012

Electricity

FirstEnergy to Retire Three Coal-Fired Power Plants in West Virginia, Cites EPA Air-Pollution Regulations

FirstEnergy Corp. announced today that its Monongahela Power Company subsidiary will be retiring three older coal-fired power plants in West Virginia by September 1, 2012. The decision to close the plants is based on the U.S. Environmental Protection Agency (EPA) Mercury and Air Toxics Standards (MATS), which were recently finalized, and other environmental regulations. The following plants will be retired: Albright Power Station, Willow Island Power Station, and Rivesville Power Station. The total capacity of these regulated plants is 660 MW, about 3 percent of FirstEnergy's total regulated and competitive generation portfolio. Recently, these plants served mostly as peaking facilities, generating, on average, less than 1 percent of the electricity produced by FirstEnergy over the past three years.

https://www.firstenergycorp.com/newsroom/news_releases/firstenergy_citingimpactofenvironmentalregulationswillirethre.html

Update: TVA Behind Schedule, Over Budget on 1,180 MW Watts Bar Nuclear Unit 2 Project in Tennessee

The Tennessee Valley Authority (TVA) said in a quarterly report last week that its project to complete a second nuclear power reactor at the Watts Bar plant in east Tennessee is behind schedule and over budget, due in part to regulatory changes expected from the U.S. Nuclear Regulatory Commission's Near-Term Task Force on last year's Fukushima nuclear accident in Japan. Delays will push the planned completion date from the last quarter of 2012 into 2013, TVA said, adding that it will revise project cost and schedule estimates by the end of next month. Delays to the Watts Bar 2 project may also affect TVA's plans to complete the 1,260 MW Bellefonte nuclear Unit 1 in northern Alabama, as the company has said it will not start working on the completion of the Bellefonte unit until after the initial fuel loading at Watts Bar 2.

Reuters, 13:37 February 7, 2012

Update: Exelon's 1,131 MW Byron Nuclear Unit 2 in Illinois Ramped Up to 53 Percent by February 8

On the morning of February 7 the unit was not operating.

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

Petroleum

Buckeye Pipeline Delays Sending Gasoline Supplies to New York and Pennsylvania Due to Weekend Shutdown of Supply Facility in Linden, New Jersey

Buckeye Pipeline said it plans to delay sending gasoline supplies to upstate New York by 24 hours and shut down supply into the Laurel, Pennsylvania system for about 12 hours on Wednesday due to a 48-hour shutdown of a primary gasoline supply facility feeding Buckeye's Linden, New Jersey facility over the weekend. The company has depleted the inventory available for outbound systems and will restart as supply inventory becomes available.

Reuters, 16:03 February 7, 2012

Power Snag Impacts FCCU, Alkylation Unit, and Hydrocracker at Motiva's 285,000 b/d Port Arthur, Texas Refinery February 7

Motiva reported a partial power failure at the refinery yesterday morning resulted in operational upsets impacting the plant's fluid catalytic cracking unit (FCCU), an alkylation unit, and a hydrocracking unit and overwhelmed the flare vapor recovery systems, according to a filing with state regulators. Operators routed excess gas to emergency flare systems and slowed, stabilized, or shut down impacted units in an effort to reduce flaring, according to the filing.

Reuters, 15:51 February 7, 2012

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=164552>

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1002332

Valero Says Production Unaffected by Overnight Power Failure at Its 310,000 b/d Port Arthur, Texas Refinery February 7

Valero Energy Corp. reported an amine treating unit snagged Tuesday night due to a power failure, causing sulfur dioxide emissions, according to a filing with the U.S. National Response Center. A company spokesman reported Wednesday that the refinery has restored normal operations and that production was unaffected by the electrical issues.

DJN, 10:40 February 8, 2012

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1002418

Alon Reports Alkylation Unit Snag, Flaring from Its 67,000 b/d Big Spring, Texas Refinery February 6

Alon USA reported emissions from an alkylation unit at its Big Springs refinery on Monday, saying several fuel gas vessels overpressured and were relieving to the flare, according to a filing with the Texas Commission on Environmental Quality. Operators were thawing a control valve in light ends services so excess gas could go back into process.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=164533>

Compressor Outage Leads to Emissions at ConocoPhillips' 362,000 b/d Wood River, Illinois Refinery February 7

ConocoPhillips reported a fuel gas recovery compressor outage on Tuesday led to more than 500 pounds of sulfur dioxide emissions, according to a filing with state regulators.

Reuters, 04:02 February 8, 2012

CVR Reports Unplanned Maintenance, Emissions from Its 115,700 b/d Coffeyville, Kansas Refinery February 7

CVR Energy Inc. reported a release of anhydrous ammonia from the process vent due to unplanned maintenance Tuesday afternoon, according to a filing with the U.S. National Response Center (NRC). In a second NRC filing, CVR reported hydrogen sulfide released from a vent due to maintenance activities.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1002389

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1002361

Canadian Natural Shuts Its 110,000 b/d Horizon Oilsands Upgrader in Alberta for Repairs

Canadian Natural Resources Ltd. shut the 110,000 b/d primary upgrader unit at its Horizon oilsands project earlier this week to allow the facility's fractionator vessel to cool off before beginning repairs, a company executive said. The unit will remain offline until repairs are complete. The executive doesn't expect the unit to remain shut down long enough to affect annual production estimates.

<http://www.calgaryherald.com/business/Horizon+oilsands+upgrader+shutdown+expected+short+term/6122033/story.html>

NuStar Energy LP to Expand Storage Capacity of St. James, Louisiana Crude Oil Terminal by 3 Million Barrels

NuStar Energy LP said Tuesday that it expects to complete a project to expand the St. James tank farm's storage capacity from 8 million to 11 million barrels in 2016.

<http://www.businessweek.com/ap/financialnews/D9SOOKA81.htm>

Plains All American Announces New Mississippian Lime Pipeline to Provide 175,000 b/d of Crude Oil to the Cushing Market

Plains All American Pipeline, L.P. (PAA) announced yesterday it plans to construct a new 170-mile pipeline to service the increasing Mississippian Lime crude oil production in northern Oklahoma and southern Kansas. This pipeline, in conjunction with the previously announced Medford-to-Cushing pipeline conversion, is designed to provide approximately 175,000 b/d of crude oil transportation capacity to the Cushing market and is expected to be completed in mid-2013. The Mississippian Lime pipeline will originate in Alfalfa County near Alva, Oklahoma and terminate at PAA's Cushing, Oklahoma crude oil storage facility. PAA plans to extend the pipeline from Alva northward into Kansas as demand warrants.

<http://www.b2i.us/profiles/investor/ResLibraryView.asp?ResLibraryID=50690&f=1&BzID=789&Nav=1&LangID=1&s=0&Category=117>

Update: Magellan to Begin Longhorn Pipeline Conversion and Reversal Project in Texas by 2013

Magellan Midstream Partners LP (MMP) plans to begin by 2013 its project to ship oil from the Eagle Ford region in south Texas to U.S. Gulf Coast refineries, a company executive said Tuesday in a call with investors. The company plans to reverse the flow of its Longhorn fuels pipeline, which currently ships fuel from Houston to El Paso, and convert it to bring crude oil from south Texas directly to refiners in Houston, instead of shipping it to storage hubs in Cushing, Oklahoma. After conversion and reversal, the line's initial capacity of 135,000 b/d could be increased to 225,000 b/d with enough interest from shippers.

<http://www.foxbusiness.com/news/2012/02/07/magellan-midstream-ceo-el-paso-houston-pipeline-not-fully-committed/>

Natural Gas

PG&E Verifies Safe Operating Pressures on All Urban Gas Pipelines in Northern and Central California

Pacific Gas and Electric Company (PG&E) has finished validating the safe operating pressures for all of its urban natural gas pipelines, the utility told the California Public Utilities Commission (CPUC) yesterday. During the engineering records review, PG&E verified the maximum allowable operating pressure for over 2,000 miles of transmission pipelines running through populated, or high-consequence, areas of Northern and Central California.

http://www.pge.com/about/newsroom/newsreleases/20120207/pge_verifies_safe_operating_pressures_on_all_urban_gas_pipelines.shtml

Williams Partners Seeks Commitments for 180 MMcf/d Atlantic Access Natural Gas Pipeline Project Serving Marcellus and Utica Shale Regions

Williams Partners L.P. is seeking binding commitments for the remaining capacity on Atlantic Access, a proposed expansion of its Transco interstate gas pipeline, to connect Marcellus and Utica Shale natural gas supplies originating in western West Virginia and Pennsylvania to markets in the U.S. Northeast, Mid-Atlantic, Southeast, and Gulf Coast regions by 2014. The proposed Atlantic Access project is anticipated to transport up to 180 MMcf/d of natural gas through approximately 350 miles of new pipeline extending from Marshall County, West Virginia and Butler County, Pennsylvania to Williams' Transco compressor station 195, located in York County, Pennsylvania.

<http://www.williamspl.com/profiles/investor/ResLibraryView.asp?ResLibraryID=50617&f=1&g=345&BzID=1296&Nav=0&LangID=1&s=0>

Progress Energy Resources to Shut-In Natural Gas Production in Northeastern British Columbia Due to Falling Gas Prices

Progress Energy Resources Corp. said in a release Tuesday that it will cut spending on developing its natural gas reserves in northeastern British Columbia until prices recover, holding off on bringing some recently drilled wells into production and shutting-in 10 percent of its gas production, which averaged 224.6 MMcf/d in the third quarter of 2011.

Reuters, 10:56 February 8, 2012

http://www.progressenergy.com/wp-content/uploads/2012/02/PRQ_2011_Reserves.pdf

Exterran to Shut-In Gas to Reduce Flaring During Compressor Repairs at Its 65 MMcf/d Dollarhide Gas Plant in Texas February 8

Exterran reported a compressor monitoring and operations assessment revealed anomalies that the company wants to address. It will shut the compressor to complete extensive preventive maintenance, including a vibration study.

Exterran will also shut-in field supplies to reduce the amount of gas it needs to flare during the compressor outage.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=164548>

Other News

Energy Department to Launch New Energy Innovation Hub Focused on Advanced Batteries and Energy Storage

U.S. Secretary of Energy Steven Chu announced yesterday plans to launch a new Energy Innovation Hub for advanced research on batteries and energy storage with an investment of up to \$120 million over five years. The hub will focus on accelerating research and development of electrochemical energy storage for transportation and the electric grid, including the exploration of new materials, devices, systems, and novel approaches for transportation and utility-scale storage.

<http://energy.gov/articles/energy-department-launch-new-energy-innovation-hub-focused-advanced-batteries-and-energy>

International News

Nothing to report

Energy Prices

| U.S. Oil and Gas Prices | | | |
|--|-------|----------|----------|
| February 8, 2012 | | | |
| | Today | Week Ago | Year Ago |
| CRUDE OIL West Texas Intermediate U.S. \$/Barrel | 98.75 | 98.40 | 86.47 |
| NATURAL GAS Henry Hub \$/Million Btu | 2.60 | 2.51 | 4.32 |

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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