



ENERGY ASSURANCE DAILY

Wednesday Evening, February 20, 2013

Electricity

PSE&G Unveils \$3.9 Billion, 10-Year Proposal to Strengthen Electric and Gas Systems Against Severe Weather in New Jersey

Public Service Electric and Gas Company (PSE&G) today proposed to invest \$3.9 billion during the next 10 years to proactively protect and strengthen its electric and gas systems against increasingly frequent severe weather conditions. PSE&G's "Energy Strong" program would include protecting more than 40 utility installations from storm surges, strengthening distribution lines, making the electric grid smarter and thereby easier to restore customers, and modernizing the gas distribution system. Key provisions of the plan include: raising, relocating or protecting all switching and substations affected by recent storms as well as those in newly designated flood zones; replacing and modernizing 750 miles of low-pressure cast iron gas mains in or near flood areas; deploying smart grid technologies to better monitor system operations to increase the company's ability to more swiftly deploy repair teams; improving pole distribution systems; creating redundancy in the system, reducing outages when damage occurs; moving 20 miles of overhead electric distribution lines underground; and protecting 9 natural gas metering stations and a liquefied natural gas station affected by Sandy or located in flood zones.

<http://www.pseg.com/info/media/newsreleases/2013/2013-02-20.jsp>

ComEd Reaches Grid Modernization Milestone with 2,700th Pole Replaced in Illinois

ComEd today announced that it replaced or reinforced more than 2,700 wood poles in its service territory in 2012, a 200 percent increase over previous years, and inspected and treated more than 137,000 poles. This effort has been part of a grid modernization program ComEd launched in 2012 under the Energy Infrastructure Modernization Act (EIMA), which was passed in 2011 by the Illinois General Assembly. ComEd is investing \$2.6 billion to upgrade and improve the reliability of its system as part of EIMA.

https://www.comed.com/newsroom/news-releases/Pages/newsroomreleases_02202013.pdf

National Infrastructure Advisory Council Working to Prepare for Cyber Threats to the Electric Grid

Baltimore Gas & Electric Co. CEO Kenneth DeFontes last Thursday warned lawmakers at a Congressional hearing on cybersecurity that cyber threats to the electric grid are fast evolving and demand "constant vigilance and close collaboration" among industry and government officials. DeFontes is working with a team of government officials and other utilities, part of the National Infrastructure Advisory Council, to figure out how to prepare for a possible outage due to a cyber attack. The council is assessing various strategies, from sharing information and communicating with the public, to protecting assets.

http://blogs.wsj.com/cio/2013/02/19/utilities-race-to-protect-electric-grid-before-disaster-strikes/?mod=yahoo_hs

NRC Increases Oversight at Constellation's Nine Mile Point Nuclear Unit 1 and at Entergy's FitzPatrick Nuclear Power Plant in New York

The U.S. Nuclear Regulatory Commission (NRC) on Tuesday announced it was increasing oversight at Constellation's Nine Mile Point Unit 1 and at Entergy's James A. FitzPatrick nuclear power plant, both located in New York. If a plant has more than three unplanned scrams during a period of 7,000 hours of operation, the plant is subjected to additional scrutiny from the NRC. At the end of 2012, the Nine Mile Point 1 rolling average for that indicator stood at 3.5. If the total number of unplanned power changes per 7,000 hours of operation exceeds six during that period of time, the NRC will step up its level of oversight. For FitzPatrick, that rolling average was tallied at 6.5 at the end of the fourth quarter of 2012. The increased oversight that will result will include a supplemental inspection at each site to provide assurance the companies that operate the plants understand the reasons for the indicator changes and that the issues have been appropriately evaluated and addressed.

<http://www.nrc.gov/reading-rm/doc-collections/news/2013/13-004.i.pdf>

Update: Midwest ISO Approves Dominion's Plan to Close Its 556 MW Kewaunee Power Station in Wisconsin

Dominion on Tuesday announced that the Midwest Independent System Operator (MISO) has concluded the shutdown and retirement of Kewaunee Power Station in northeastern Wisconsin will not affect the reliability of the regional electric transmission system. Dominion will proceed with its plans to close the 556 MW, single unit nuclear power station in the second quarter of 2013, as the company announced last fall. Following shutdown, Dominion plans to meet its obligations to the two utilities that purchase Kewaunee's generation through market purchases until the power purchase agreements expire in December 2013.

<http://dom.mediaroom.com/2013-02-19-Midwest-ISO-Concludes-That-Closing-Of-Kewaunee-Power-Station-Will-Not-Affect-Regional-Electric-Reliability>

Update: Southern's 830 MW Farley Nuclear Unit 1 in Alabama at Full Power by February 20

On the morning of February 19 the unit was operating at 74 percent.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2013/>

TMPA Shuts 453 MW Gibbons Creek Coal-Fired Unit 1 in Texas to Repair Piping Leak February 19

The Texas Municipal Power Authority (TMPA) reported it was planning to shut its Gibbons Creek Unit 1 Tuesday evening to repair a hot re-heat piping leak, according to a filing with the Texas Commission on Environmental Quality. The filing did not indicate how long the unit was expected to remain shut for repairs.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=179523>

LCRA Restarts Its 615 MW Fayette Coal-Fired Unit 2 February 15 after Boiler Tube Repairs

The Lower Colorado River Authority (LCRA) reported operators were scheduled to restart Fayette Unit 2 Friday morning following a maintenance outage to repair ruptured boiler tubes in the superheat section of the boiler, according to a filing with the Texas Commission on Environmental Quality. Operators discovered the tube ruptures February 10 and immediately shut the unit down to avoid further damage. Operators expected emissions due to startup procedures to continue for about 16 hours, until Saturday morning.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=179360>

Luz Solar Partner's 175 MW Luz Solar Units 3-7 in California Shut by February 19

The units entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201302191515.html>

Update: PNM Proposes Shutting Two Units, Installing Pollution Controls on Two Other Units at Its 1,800 MW Coal-Fired San Juan Generating Station in New Mexico

PNM Resources' New Mexico utility, PNM, the New Mexico Environment Department (NMED), and the U.S. Environmental Protection Agency (EPA) on February 15 agreed to pursue a revised plan for the San Juan Generating Station (SJGS) to work toward compliance with federal haze rules. The terms would result in the retirement of SJGS Units 2 and 3 by the end of 2017, and the installation of selective non-catalytic reduction technology on the remaining two units in early 2016. The terms of the plan primarily focus on how SJGS would meet the regional haze rule, but also include a natural gas plant to be built in the Four Corners region to partially replace the capacity from the retired coal units. Detailed replacement power strategies would be finalized separately from the haze agreement. The terms of the non-binding agreement would require several additional actions before becoming final, including approvals from the N.M. Environmental Improvement Board (EIB) and the EPA. EIB approval is projected for late October 2013, with EPA action in late 2014.

<http://www.pnmresources.com/press/releasedetail.cfm?ReleaseID=740828>

Pennsylvania PUC Approves PPL Project to Construct 69-kV Transmission Line in Pennsylvania

The Pennsylvania Public Utility Commission (PUC) on Thursday approved PPL Electric Utilities to begin siting and develop a construction plan for the Blooming Grove-Jackson and Peckville-Jackson 69-kV transmission line project. The 3.8-mile line in Jackson and Pocono townships will reduce the electrical load on the existing Blooming Grove-Jackson circuit and improve reliability for PPL customers in Jackson, Tobyhanna, and Pocono townships. Construction is expected to continue to June 2014.

<http://thetimes-tribune.com/news/business/small-ppl-line-to-be-improved-1.1445217>

Update: Entergy Seeks Texas Approval of Grid Transfer to ITC Holdings

Entergy Texas, Inc., in conjunction with ITC Holdings Corp. and ITC Midsouth LLC, on Tuesday filed a request with the Public Utility Commission of Texas to spin off Entergy Texas' electric transmission business and merge it into a subsidiary of ITC. The Texas filing is the final in a series of local and federal regulatory applications seeking approval for the transaction announced in December 2011 by Entergy Corporation and ITC. Entergy is seeking approval to transfer its transmission business, including approximately 15,400 circuit miles of interconnected 69-kV transmission lines and above and the associated substations, to ITC. Entergy's operating companies will continue to own and operate their respective distribution and generation businesses. The companies target a transaction close this year pending receipt of all required regulatory approvals and satisfaction of other closing conditions.

http://www.entergy.com/news_room/newsrelease.aspx?NR_ID=2674

<http://www.reuters.com/article/2013/02/20/utilities-entergy-itc-idUSL1N0BK06S20130220?feedType=RSS&feedName=governmentFilingsNews&rpc=43>

Multiple Outages Cut Power to More Than 20,000 PG&E Customers in California February 19

Multiple outages knocked out power to more than 20,000 Pacific Gas & Electric (PG&E) customers in San Rafael, California Tuesday night. In one incident, a vehicle hit a power pole and caused outages in southwestern San Rafael. In another incident, a substation problem caused outages in northern San Rafael, local officials said. PG&E restored all affected customers by Wednesday morning.

<http://sanrafael.patch.com/articles/more-than-15k-without-power-in-san-rafael>

Petroleum

Motiva Shuts FCCU after Malfunction at Its 600,000 b/d Port Arthur, Texas Refinery February 19 – Sources

Motiva Enterprises shut a fluidic catalytic cracking unit (FCCU) at its Port Arthur refinery Monday night after a malfunction, sources familiar with operations said on Tuesday. Operators were working to determine the cause of the malfunction and restore the unit to planned production rates, the sources said.

Reuters, 15:42 February 19, 2013

Phillips 66 Restarts FCCU after Electrical Trip at Its 247,000 b/d Sweeny, Texas Refinery February 14; Reports Coker and FCCU Emissions February 18

Phillips 66 reported it was restarting the Unit 27 fluid catalytic cracking unit (FCCU) at its Sweeny refinery on February 14 after an electrical feeder trip shut the unit, resulting in emissions from the FCCU and the coker, according to a filing with the Texas Commission on Environmental Quality. The refinery later reported emissions from a coker and from the Unit 27 FCCU on February 18 were due to a malfunction in the instrument air header, which led to a decision by operators to de-energize the electrostatic precipitators and thus created excess emissions.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=179402>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=179521>

Equipment Malfunction Shuts Compressor at Phillips 66's 247,000 b/d Belle Chasse, Louisiana Refinery February 14

Phillips 66 reported flaring at its Alliance refinery in Belle Chasse on Thursday was due to an equipment malfunction that shut a compressor, according to a filing with the U.S. National Response Center. Operators were attempting to stabilize the units and get the compressor back online.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1038534

Phillips 66 Reports Flaring at Its 362,000 b/d Wood River, Illinois Refinery February 19

Phillips 66 reported flaring and emissions of sulfur dioxide, nitrogen monoxide, and nitrogen dioxide were due to unknown reasons at its Wood River refinery on Tuesday, according to a filing with state pollution regulators.

Reuters, 04:00 February 20, 2013

Hydrotreating Unit Upset Causes Sulfur Dioxide Emissions at Tesoro's 96,860 b/d Wilmington, California Refinery February 15

Tesoro Corp. on Friday reported a hydrotreating unit upset at its Wilmington refinery Friday may have caused the release of about 1,900 pounds of sulfur dioxide, according to a filing with the South Coast Air Quality Management District.

Reuters, 18:33 February 15, 2013

CenterPoint Energy Holds Open Season for Crude Oil Gathering System in North Dakota

CenterPoint Energy, Inc. (CNP) on Tuesday announced that CenterPoint Energy Bakken Crude Services, LLC (CEBCS), an indirect, wholly-owned subsidiary of CNP, has commenced an open season to solicit binding long-term volume commitments from customers for a new crude oil gathering and transportation pipeline system. The system will gather crude oil from points located in North Dakota's Dunn and McKenzie Counties, and transport it to interconnections with interstate markets.

<http://investors.centerpointenergy.com/releasedetail.cfm?ReleaseID=741602>

NPPD Delays Timeline to Construct Transmission Lines Serving Pumping Stations for TransCanada's Proposed Keystone XL Crude Oil Pipeline in Nebraska

Nebraska Public Power District (NPPD) officials said last week that it is unlikely the utility will meet a requested deadline to construct infrastructure to support a proposed pipeline project. TransCanada Corp. has asked NPPD to finalize the construction of 115-kV transmission lines that would serve five pumping stations along the route of its proposed Keystone XL pipeline by the end of 2014. An NPPD official on Thursday said that the utility wasn't likely to achieve this timeline because construction had been delayed while TransCanada established a new route for the pipeline to avoid the environmentally sensitive Sandhills region. Nevada officials approved the new route earlier this month. NPPD now must restart its design and easement-acquisition processes for the new route. This preconstruction work could take 12–14 months to complete.

http://columbustelegram.com/news/local/govt-and-politics/nppd-xl-deadline-wishful-thinking/article_67716346-78ad-11e2-aa52-001a4bcf887a.html

Natural Gas

Update: Joint Venture Details Development Plans for Natural Gas Pipeline and LNG Export Terminal in Alaska

Executives from ExxonMobil Corp., ConocoPhillips, BP Plc, and TransCanada Corp. on Friday reported to Alaska Governor Sean Parnell that they have completed the concept selection phase on a project to advance North Slope natural gas development. The project would construct a 42-inch, 800-mile natural gas pipeline with a design rate of 3–3.5 billion cubic feet that would extend from a new natural gas treatment plant near Prudhoe Bay to a liquefaction plant and export terminal on the southern coast. Three trains at the liquefaction plant could process 15–18 million tons per annum. The project would also include storage tanks for the liquefied natural gas (LNG) and loading terminals, and would cost an estimated \$45 billion to \$65 billion. The companies said they would now work toward the next, unspecified decision points.

http://gov.alaska.gov/parnell_media/resources_files/letter021513.pdf

<http://www.gov.state.ak.us/parnell/press-room/full-press-release.html?pr=6376>

Update: Blue Racer Midstream Delays Startup Date at Natrium Natural Gas Processing and Fractionation Plant in West Virginia

Blue Racer Midstream, LLC, a joint venture of Dominion and Caiman Energy II, on Saturday said its Natrium natural gas processing and fractionation plant under development in West Virginia was “just weeks away from service.” The company had previously said the plant was on track to begin operation by December 2012. Natrium is expected to process 200 MMcf/d of natural gas and fractionate 36,000 barrels of ethane, propane, butane, and pentane daily, and could be expanded to serve market needs. The products will be able to reach multiple markets through a variety of delivery options, including truck, railroad, pipeline, and barge facilities. Blue Racer Midstream will also manage a Dominion Transmission pipeline connecting Natrium to the Dominion East Ohio gathering system, and a 90,000-gallon natural gas liquids storage facility under development in Flushing, Ohio that will connect by pipeline to the Marshall County Natrium facility.

<http://www.caimanenergy.com/news/dominion-caiman-energy-ii-form-blue-racer-midstream-15-billion-joint-venture-develop-utica>

<http://www.timesleaderonline.com/page/content.detail/id/544900/Flushing-to-house-gas-storage-facility.html?nav=5010>

SRU Repairs Cause Ongoing Sulfur Dioxide Emissions at DCP Midstream's 160 MMcf/d Goldsmith Gas Plant in Texas February 18

DCP Midstream reported its work to troubleshoot a faulty spectrometer on the sulfur recovery unit (SRU) at its Goldsmith plant was causing excess sulfur dioxide emissions, according to a filing with the Texas Commission on Environmental Quality. Operators expected ongoing emissions to continue until at least Friday morning.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=179452>

Southern Union Reports Flaring at Its 140 MMcf/d Keystone Gas Plant in Texas February 14 and 15

Southern Union Gas Services reported it was flaring acid gas at its Keystone plant on February 14 due to high concentration of hydrogen sulfide in the inlet gas stream, according to a filing with the Texas Commission on Environmental Quality. On February 15, the plant reported it was flaring low-pressure inlet gas after Unit 20 went down on high scrubber level, and an emperor field unit also went down.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=179376>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=179401>

Cold Temperatures Shut Unit at Enbridge's 50 MMcf/d Reinecke Gas Plant in Texas February 16

Enbridge reported Unit 77082 at its Reinecke plant shut down Saturday morning on scrubber level because the dump line froze off, 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=179458>

Equipment Malfunctions Shut Two AGI Units at Enbridge's Tilden Gas Plant in Texas February 18

Enbridge reported acid gas injector (AGI) Units 1 and 2 at its Tilden plant shut down on high discharge pressure Monday night after malfunctions on the generator and chiller caused that equipment to shut down.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=179533>

Other News

Mississippi River Waterway near Baton Rouge Remains Open after Barge Collision Knocks Transfer Hose Loose, Causes Spill February 14

The U.S. Coast Guard on Monday said it was responding to a report of an oil discharge on the Mississippi River near the Interstate 10 bridge in Baton Rouge, Louisiana. On February 14, at approximately 7:50 p.m. local time, two stationary barges were discharging fuel at a transfer station near the bridge on the Mississippi River when one was struck by a third barge transiting the area. The collision knocked a transfer connection hose loose and into the water. Operations were quickly secured following the incident and the Coast Guard and other state and local emergency officials were on scene to respond. Blessey Marine Services has assumed responsibility for the spill and has contracted OMI Environmental Solutions as the oil spill response organization. Sixteen-hundred feet of 18-inch hard boom have been deployed to contain the spill. The Coast Guard is investigating the cause of the incident. The waterway remains open, but all vessels transiting the area are advised reduce their speed near the site.

<http://www.uscgnews.com/go/doc/4007/1705911/Coast-Guard-responds-to-oil-spill-near-Baton-Rouge>

GreenHunter Halts Operations at Its Water Terminaling Facility in Ohio after 100 Protestors Raid Premises February 19

GreenHunter Energy, Inc., a diversified water resource, waste management, and environmental services company specializing in the unconventional oil and natural gas shale resource plays, announced that at approximately 10:30 a.m. EST Tuesday, GreenHunter Water's New Matamoras water handling facility in Washington County, Ohio was illegally raided by approximately 100 protestors. The actions of these trespassers forced the company to completely shut down the facility for approximately six hours before police from a number of different agencies arrived and forcibly removed the protestors from GreenHunter Water's property. Once all protestors were removed from the premises, full business operations were reinstated at approximately 4:00 p.m. EST Tuesday. The company had not seen any physical damages caused to its property or equipment. GreenHunter is continuing normal business operations at this facility.

<http://phx.corporate-ir.net/phoenix.zhtml?c=219127&p=irol-newsArticle&ID=1786615>

DOE Says One Tank Storing Radioactive Waste is Leaking at the Decommissioned Hanford Nuclear Production Complex in Washington State

Washington Governor Jay Inslee on Friday announced that the U.S. Department of Energy has determined that one of the single shell tanks storing radioactive waste at the decommissioned Hanford nuclear production complex is leaking liquids in the range of 150 to 300 gallons per year. The leaking tank was built in the 1940s and stabilized in February 1995, when all pumpable liquids were removed following agreement with the state. The tank now contains approximately 447,000 gallons of sludge, a mixture of solids and liquids with a mud-like consistency. This is the first tank that has been documented to be losing liquids since interim stabilization was completed in 2005. There are a total of 177 tanks at the Hanford site, 149 of which are single-shell tanks. DOE is developing a plan to address the leaking tank and to prevent further tank leaks at Hanford.

<http://www.governor.wa.gov/news/20130215.aspx>

International News

Petrobras Restarts Crude Oil Production at Its Pampo Platform Offshore Brazil February 18 after Temporary Interruption to Investigate Minor Oil Spill February 16–17

Brazilian state-run energy firm Petroleo Brasileiro, or Petrobras, confirmed Monday that it has restarted crude oil production at its Pampo platform in the offshore Campos Basin, where about 40 liters of oil leaked over the weekend. Production at the platform was temporarily interrupted Saturday and Sunday as a precautionary measure after crews spotted oil slicks in the area. Operators restarted production Monday after no further evidence of a spill was discovered. The cause of the leak was under investigation

http://www.rigzone.com/news/oil_gas/a/124396/Petrobras_Confirms_40Liter_Oil_Leak_at_Offshore_Platform

Bomb Hits 16-Inch Fuel Oil Pipeline in Northern Iraq for the Second Time in Four Days

The Iraqi Oil Ministry reported assailants again bombed and disabled a section of 16-inch pipeline carrying fuel oil from the Baji refinery to the northern province of Nineveh—the second such attack on the pipeline in the past four days. Workers repaired the pipeline, which transports about 1.8 million gallons a day to the province, after it was first bombed on Saturday, resuming operations later that evening. A second bomb blast Wednesday morning again halted flow, and firefighters were working to control the blaze and assess damage. The ministry said bombs and mines were planted around the blast area to prevent technical teams from reaching the area.

Reuters, 08:22 February 20, 2013

<http://www.foxnews.com/world/2013/02/20/bomb-targets-fuel-oil-pipeline-in-northern-iraq-for-second-time-in-week/>

Update: China Approves ConocoPhillips to Resume Operations at Penglai 19-3 Oilfield in Bohai Bay after 2011 Oil Spills

The Chinese State Oceanic Administration on Saturday approved ConocoPhillips to resume crude oil production at the Penglai 19-3 oilfield off the northeast coast of China, which was closed in 2011 after two oil spills into the Bohai Sea and its bay. Penglai 19-3 produced 62,000 barrels of oil a day before it was shut.

<http://finance.yahoo.com/news/china-says-conocophillips-resume-production-023424667.html>

<http://www.bloomberg.com/news/2013-02-16/conocophillips-given-approval-to-resume-production-at-penglai.html?cmpid=yahoo>

Pirates Storm Oil Service Ship Offshore Nigeria, Kidnap Six Foreigners February 20

Armed pirates who on Wednesday stormed an oil service ship offshore southern Nigeria and kidnapped six foreigners are demanding a \$1.3 million ransom for their return, according to local officials. The *Armada Tuah* vessel operated by the Lagos-based Century Group was attacked offshore Bayelsa.

<http://www.africareview.com/News/Pirates-kidnap-six-foreigners-in-Nigeria/-/979180/1699528/-/15s508gz/-/index.html>

Energy Prices

U.S. Oil and Gas Prices			
February 20, 2013			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	94.39	97.35	102.96
NATURAL GAS Henry Hub \$/Million Btu	3.23	3.20	2.47

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.

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<http://www.oe.netl.doe.gov/ead.aspx>

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