



ENERGY ASSURANCE DAILY

Monday Evening, February 27, 2012

Electricity

High Winds Leave over 53,000 Customers without Power from Ohio to New Hampshire February 24–26

Strong, gusting winds moved through the U.S. Northeast Friday and Saturday, downing trees and knocking out power to 53,584 customers from Ohio to New Hampshire. Reports of wind-related outages began Friday night in eastern Ohio, along the Ohio River Valley, and into western Pennsylvania. Ohio Edison and Penn Power were reporting more than 5,000 customers without power in the Ohio Valley and crossing over into Mercer and Crawford Counties, Pennsylvania. Customers in and around Pittsburgh were affected Friday night as well, including 4,500 Duquesne Light customers and 8,500 Allegheny Power customers. Most customers had their power restored by late Friday or early Saturday morning. The winds moved across Connecticut, Massachusetts, and New Hampshire Saturday afternoon. Connecticut Light & Power reported 1,554 outages scattered across the state Saturday afternoon, and National Grid and NSTAR reported 5,500 and 12,000 customers without power in Massachusetts, respectively. In New Hampshire, approximately 16,500 customers were without power shortly before noon Saturday, mostly in the southern portions of the state, including 15,000 Public Service of New Hampshire customers, 1,000 New Hampshire Electric Co-op customers, and 500 National Grid customers. Nearly all customers in these states had their power restored by Saturday night, according to local reports.

<http://www.boston.com/Boston/metrodesk/2012/02/high-winds-leave-thousands-without-power-ferries-canceled/L3usLdVePQuEk7a6NO1NMK/index.html>

<http://www.unionleader.com/article/20120225/NEWS11/120229934>

<http://www.nashuatelegraph.com/news/951398-196/hundreds-in-nashua-without-power-saturday-afternoon.html>

<http://www.newstimes.com/news/article/Wind-causes-scattered-power-outages-3360862.php>

<http://www.wytv.com/mostpopular/story/High-Winds-Knock-Down-Trees-Cause-Power-Outages/WI9UnPLKNk2MLY5a2s3jng.csp>

http://www.fosters.com/apps/pbcs.dll/article?AID=/20120226/GJNEWS_01/702269920

<http://www.ctpost.com/news/article/Strong-winds-causing-power-outages-3360783.php>

http://www.pittsburghlive.com/x/valleynewsdispatch/s_783555.html

Car Accident Cuts Power to 25,000 Progress Energy Customers in St. Petersburg, Florida February 25

A driver struck a power pole Saturday, affecting two substations, according to Progress Energy. Power was restored that afternoon.

<http://www.wtsp.com/news/article/240795/250/25000-Progress-Energy-customers-without-power-following-car-accident>

Update: Constellation's 565 MW Nine Mile Point Nuclear Unit 1 in New York Restarts February 24, Ramps Up to Full Power by February 27

Constellation Energy shut the unit February 19 to repair a leaking cooling water system valve.

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

Dominion's 1,130 MW Millstone Nuclear Unit 3 in Connecticut Reduced to 75 Percent by February 26

On the morning of February 25 the unit was operating at full power.

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

FPL's 693 MW Turkey Point Nuclear Unit 3 in Florida Shut by February 26

On the morning of February 25 the unit was operating at 50 percent.

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

TVA's 1,118 MW Browns Ferry Nuclear Unit 3 in Alabama Reduced to 49 Percent by February 25

On the morning of February 24 the unit was operating at 99 percent.

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

AEP Restarts 721 MW Pirkey Coal-Fired Unit 1 in Texas February 26 after Boiler Repairs

AEP reported it was restarting the unit after boiler repairs, minimizing opacity where possible, according to a filing with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=165319>

APS's 1,243 MW Palo Verde Nuclear Unit 1 in Arizona Reduced to 40 Percent by February 26

On the morning of February 25 the unit was operating at full power.

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

BOEM Identifies Wind Energy Area Offshore Rhode Island and Massachusetts

The Bureau of Ocean Energy Management (BOEM) today announced that it has identified a Wind Energy Area off the coasts of Rhode Island and Massachusetts. The area is one of several along the Atlantic coast with high wind potential that BOEM is evaluating for commercial wind leasing. Before any leases are offered, BOEM will complete an environmental assessment to determine impacts associated with issuing leases in the Wind Energy Area. In addition, BOEM will conduct comprehensive site-specific National Environmental Policy Act review, including opportunities for public comment, for the construction of any proposed wind power facility. The bureau expects to identify additional areas in the northeast and off the southern Atlantic states later this year.

<http://www.boem.gov/BOEM-Newsroom/Press-Releases/2012/press02242012.aspx>

Petroleum

Closing Sunoco's Philadelphia, Pennsylvania Refinery Could Significantly Impact Northeast Petroleum Product Markets – EIA Report

The U.S. Energy Information Administration (EIA) today released a report on the potential impacts of reductions in refinery activity on U.S. Northeast petroleum products markets, which updates and expands upon a December 2011 EIA report on the same topic. In the report, EIA concludes that the market has to date transitioned rather smoothly following the closures of ConocoPhillips' Trainer refinery and Sunoco's Marcus Hook refinery in Pennsylvania, in part because the closures have been partially offset by the startup of PBF Energy's Delaware City refinery in October 2011. Sunoco's plans, however, to close its Philadelphia refinery by July 2012 if no buyer is found could result in a significant impact to Northeast petroleum product markets. Replacement supplies shipped from refineries elsewhere in the country may be hindered by transportation constraints with highly uncertain price impacts. If adequate replacement supplies cannot be supplied in the short-term, prices could spike. Over the long-term, higher prices and possibly higher price volatility could result from longer supply chains. Although industry will have a financial incentive to serve all markets in the Northeast, companies are not likely to make significant investments in new logistical arrangements until the status of Sunoco's Philadelphia refinery is known.

<http://www.eia.gov/analysis/petroleum/nerefining/update/>

<http://www.eia.gov/analysis/petroleum/nerefining/update/pdf/neprodmkts.pdf>

ConocoPhillips Reports FCCU Shutdown, Restart at Its 146,000 b/d Borger, Texas Refinery February 26

ConocoPhillips reported an unspecified process upset on its fluid catalytic cracking unit (FCCU) No. 29 Sunday, according to a filing with the Texas Commission on Environmental Quality. The refinery reported emissions associated with the shutdown and startup of the unit, according to the filing.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=165344>

Valero Reports Flaring at Its 310,000 b/d Port Arthur, Texas Refinery February 24

Valero reported flaring Friday that was expected to last through Sunday, according to a filing with the Texas Commission on Environmental Quality. The filing does not identify the units responsible for the flaring, saying only that the event is still under investigation.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=165333>

Update: PBF Energy Reports Normal Operations following Crude Tank Leak at Its 180,000 b/d Paulsboro, New Jersey Refinery February 24

PBF Energy said on Friday that operations were normal at its Paulsboro refinery following a crude oil storage tank leak that spilled approximately 157,000 barrels of oil into an emergency containment area Thursday afternoon. A spokesman said the company is cleaning up the oil spill and repairing the leak.
Reuters, 15:19 February 24, 2012

Update: TransCanada Set to Re-Apply for Keystone XL Permit, Proceeding with Gulf Coast Project

TransCanada Corporation announced today it has sent a letter to the U.S. Department of State (DOS) informing the Department the company plans to file a Presidential Permit application (cross border permit) in the near future for the Keystone XL Project from the U.S./Canada border in Montana to Steele City, Nebraska. TransCanada would supplement that application with an alternative route in Nebraska as soon as that route is selected. The company also informed the DOS that what had been the Cushing to U.S. Gulf Coast portion of the Keystone XL Project has its own independent value to the marketplace and will be constructed as a stand-alone Gulf Coast Project, not part of the Presidential Permit process. Pending regulatory approvals, the company anticipates the Gulf Coast Project to be in service in mid-to-late 2013.

<http://www.transcanada.com/5966.html>

Alberta Government Declines Support for Teedrum Inc.'s Proposed 125,000 b/d Alberta First Nations Energy Centre

Alberta's government declined support for a project proposed by Teedrum Inc. and a number of Alberta aboriginal groups to develop the Alberta First Nations Energy Centre, an upgrader that would process 125,000 b/d of bitumen from the oil sands into synthetic crude oil, diesel, jet fuel, and other products. Developers sought to process 93,000 b/d of bitumen the Alberta government would receive in lieu of royalties from oil sands projects, a plan similar to at least one other deal the province signed last year. The provincial energy minister, however, refused to finalize the agreement, citing insufficient engineering and development work to demonstrate that the project was feasible. Lacking provincial support, the project's developers will have to either get the government to reconsider its decision or operate as an independent upgrader without an assured supply of feedstock, perhaps with foreign backers.

Reuters, 17:09 February 24, 2012

Natural Gas

Plains Reports Fire at Its 150 MMcf/d Basile Gas Processing Plant in Louisiana February 25

Plains All American Pipeline, L.P. subsidiary Plains Gas Solutions experienced a fire Saturday afternoon at its Basile gas processing facility located near Eunice, Louisiana, the company said in a release. The cause, extent of the damage, and time required to repair the facility were unknown at the time of the release. The company noted also that the fire had not impacted operations at area gas producers, third party gas processing facilities, or natural gas pipelines.

<http://ir.paalp.com/profiles/investor/ResLibraryView.asp?ResLibraryID=51907&BzID=789&Nav=1&LangID=1&Category=117>

Power Outage Leads to Shut-ins at Kinder Morgan's 147 MMcf/d Yates Gas Plant in Texas February 24

Kinder Morgan reported high winds caused a power outage at the Yates gas plant Friday, shutting generators and plant compressors. Compressor shutdowns caused the gas gathering system to pressure up, which led to flaring. Operators shut-in 200 MMcf/d of gas to regain control of rising gas gathering pressure.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=165305>

Sulfur Plant Shuts Due to Pump Failure at DCP Midstream's 160 MMcf/d Goldsmith Gas Plant in Texas February 26

DCP Midstream reported its sulfur plant on Saturday shut down on high acid gas scrubber level due to broken coupling on the north acid gas scrubber pump, according to a filing with the Texas Commission on Environmental Quality. Operators started the south acid gas scrubber pump to drain the liquids from the vessel and restarted the sulfur plant.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=165342>

Other News

Kinder Morgan and Martin Midstream Announce Pecos Valley Rail Terminal Joint Venture in Permian Basin of West Texas

Kinder Morgan Energy Partners, L.P. and Martin Midstream Partners L.P. today announced a new joint venture, Pecos Valley Producer Services LLC, to develop a multi-commodity rail terminal in Pecos, Texas. The terminal will offer a variety of services to producers in the Permian Basin, including crude oil hauling, storage, transloading, and marketing. It will also provide producers access to light Louisiana sweet crude oil markets. Kinder Morgan and Martin Midstream Partners will offer immediate natural gas liquids storage, takeaway, and fractionation services, and it will seek to develop natural gas and crude gathering and processing systems within the area. Additionally, the joint venture has held initial discussions to develop a frac sand unit train terminal to service Reeves County and surrounding counties. The first stage of the terminal is expected to be completed and operational by May 2012. Total railcar capacity is anticipated to be 300 to 600 per day based on demand.

<http://phx.corporate-ir.net/phoenix.zhtml?c=119776&p=irol-newsArticle&ID=1665865>

GP Strategies Completes Construction of Public Liquefied Natural Gas Fueling Station in Louisiana; Station Can Accommodate over 100 Trucks Daily

<http://newsroom.gpstrategies.com/index.php?s=26117&item=122503>

International News

Pemex Shuts Crude Export Terminals in Gulf of Mexico Due to Bad Weather February 25–26

Petroleos Mexicanos closed the Cayo Arcas oil export terminal due to bad weather Sunday, the country's Merchant Marine said Sunday on its website. Oil export terminals Coatzacoalcos and Dos Bocas closed Saturday and remained shut the following day, the Merchant Marine said in the report.

<http://www.bloomberg.com/news/2012-02-26/pemex-shuts-third-crude-export-terminal-as-bad-weather-persists.html>

Pemex Announces 100 Percent Oil Reserve Replacement Rate in 2011; Inaugurates New Bicentennial Deepwater Drilling Platform

Reuters, 19:39 February 26, 2012

Energy Prices

| U.S. Oil and Gas Prices | | | |
|--|--------------|-----------------|-----------------|
| February 27, 2012 | | | |
| | Today | Week Ago | Year Ago |
| CRUDE OIL West Texas Intermediate U.S. \$/Barrel | 108.95 | 102.96 | 96.41 |
| NATURAL GAS Henry Hub \$/Million Btu | 2.60 | 2.47 | 3.81 |

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>

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