



ENERGY ASSURANCE DAILY

Thursday Evening, March 22, 2012

Electricity

SCE, CAISO Developing Contingency Plan to Maintain Grid Reliability Should SCE's 2,150 MW San Onofre Nuclear Power Plant in California Remain Shut

Southern California Edison (SCE) and the California Independent System Operator (CAISO) are working to develop a contingency plan to maintain adequate electricity supply in Southern California this summer should the ongoing shutdown of both San Onofre nuclear reactors continue, according to a plant spokeswoman and CAISO officials. SCE has kept both units offline since January to test and inspect steam generators, which have been flagged for unusual tube degradations. Eight steam generator tubes recently failed pressure tests at the Unit 3 nuclear reactor, which prompted CAISO to consider contingency options, including stepping up conservation efforts, calling on retired plants to replace lost nuclear power, and accelerating transmission improvements. A CAISO official wrote in an internal memo that if both San Onofre units remain offline, "Southern California may face local reliability issues," which could increase the need to implement rolling blackouts to balance supply and demand.

<http://www.reuters.com/article/2012/03/21/utilities-california-sanonofre-idUSL1E8ELSYE20120321?feedType=RSS&feedName=marketsNews&rpc=43>

Enbridge Acquires 50 MW Silver State North Solar Project under Development in Nevada

Enbridge, Inc. and First Solar, Inc. announced today that Enbridge has acquired a 100 percent interest in the 50 MW Silver State North photovoltaic project that First Solar has developed and constructed in Clark County, Nevada, 40 miles south of Las Vegas. Silver State North is expected to begin commercial operation by May 2012. NV Energy will purchase the energy output under a 25-year power purchase agreement approved in 2010 by the Public Utilities Commission of Nevada.

<http://investor.firstsolar.com/releasedetail.cfm?ReleaseID=658871>

Petroleum

Power Outage Shuts FCCU, Hydrotreater and Hydrocracker at Motiva's 285,000 b/d Port Arthur, Texas Refinery March 20; FCCU Restarting March 21; NPC Unit Upset March 22

Motiva Enterprises reported FCCU 3, a hydrotreater, and a hydrocracker were affected by a power outage during an electrical storm Tuesday, according to a filing with the Texas Commission on Environmental Quality (TCEQ). Motiva was restarting the fluidic catalytic cracking unit (FCCU) on Wednesday, according to sources familiar with refinery operations. Operators put the FCCU on circulation during the outage, the source said. Motiva on Thursday reported an operational upset at a NPC unit caused emissions, according to another TCEQ filing. Impacted process units slowed down and stabilized in an effort to reduce emissions, according to the filing, which does not specify which units were impacted.

Reuters, 16:36 March 21, 2012

Reuters, 10:46 March 22, 2012

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=166267>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=166305>

Product Storage Tank Floating Roof Tilts Due to Heavy Rain, Releases Vapor Emissions at Total's 232,000 b/d Port Arthur, Texas Refinery March 20

Total Petrochemicals reported a product storage tank floating roof tilted due to heavy rain at the refinery last Tuesday, releasing vapor emissions from the seal area of the roof, according to a filing with the Texas Commission on Environmental Quality. Operators were investigating the incident at the time of the filing.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=166270>

Incinerator Trips during Severe Weather, Leads to Emissions at Valero's 310,000 b/d Port Arthur, Texas Refinery March 20

Valero Energy Corp. reported a SCOT-1 incinerator tripped during severe weather on Tuesday, according to a filing with the Texas Commission on Environmental Quality. Operators were unable to restart the incinerator and were investigating the incident at the time of the filing. Operators also activated the refinery sulfur shedding plan to reduce acid gas production within the refinery. A Valero spokesman said Thursday the incident had no material impact on production at the refinery.

Reuters, 09:27 March 22, 2012

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=166288>

USW Members Approve Labor Contract at Tesoro's 93,500 b/d Kapolei, Hawaii Refinery

United Steelworkers (USW) union members at Tesoro Corp.'s Kapolei refinery approved a new contract, a USW spokeswoman said on Wednesday. Though workers at five other Tesoro refineries in the United States are threatening to strike amid labor contract negotiations, workers in Hawaii approved the agreement to facilitate Tesoro's plans to sell the Kapolei plant, according to the spokeswoman, who said workers hoped the plant would stay open if sold. In January Tesoro announced its plan to sell its Hawaii operations in an effort to concentrate its focus on the U.S. Midcontinent and West Coast operations.

Reuters, 11:36 March 21, 2012

Natural Gas

Oil Companies Close to Agreement with Alaska Authorities to Develop Point Thomson Field on Alaska North Slope, Opening Way for Alaska Gas Pipeline and LNG Exports

BP, ExxonMobil, ConocoPhillips, and Alaska state authorities expect to reach agreement next week over a long-running lease dispute at Point Thomson, a large oil and gas field on Alaska's North Slope, which has proven reserves of 35 Tcf of gas—representing about one-eighth of U.S. total reserves—and undiscovered resources estimated at 236 Tcf, according to reports. Governor Sean Parnell has argued that BP, ExxonMobil, ConocoPhillips, and Chevron have been too slow to produce oil and gas at Point Thomson, having agreed to a development plan in 1977, and wants to take their lease away. Industry executives have said that project proposals have been recently stymied by weak natural gas prices. A settlement would clear the way to hasten a commercial assessment of a large gas pipeline to Alaska's southern coast, from where liquefied natural gas (LNG) could be shipped to China and other Asian countries.

<http://www.ft.com/intl/cms/s/0/448b66c6-7343-11e1-aab3-00144feab49a.html#axzz1pIC1EEcx>

Copano Completes Processing Upgrade at Its 200 MMcf/d Houston Central Gas Plant in Texas

Copano Energy, L.L.C. announced Tuesday that repairs to its Houston Central cryogenic processing facility have been completed. The newly upgraded plant on March 13 began producing natural gas liquids (NGLs) that meet downstream specifications, and it is currently processing approximately 200 MMcf/d of rich natural gas.

<http://www.prnewswire.com/news-releases/copano-provides-update-on-houston-central-complex-cryogenic-processing-upgrade-project-143449716.html>

Other News

Obama Highlights Administration's Strategy to Promote Clean Energy Research

President Obama is scheduled to travel to Ohio State University (OSU) this afternoon to highlight collaborations between the Advanced Research Projects Agency for Energy (ARPA-E), the University, and the Energy Department on training programs for jobs in the advanced vehicle, solar, and nuclear industries. The President will also introduce new and continuing efforts to support his all-out, all-of-the-above strategy for American energy, including supporting smaller, safer, cleaner, and cheaper next-generation nuclear reactors; developing smart grid technology; funding research to develop advanced biofuels; and building vehicles with greater fuel efficiency.

<http://energy.gov/articles/fact-sheet-obama-administration-commitment-american-made-energy>

Obama Announces Executive Order to Improve Permitting Process for Infrastructure Projects

President Obama announced in Cushing, Oklahoma today a new *Executive Order on Improving Performance of Federal Permitting and Review of Infrastructure Projects*, which will direct federal agencies to, by the end of April, identify regionally and nationally significant infrastructure projects that will be tracked on the Federal Infrastructure Dashboard so that federal permitting and review schedules and progress for these important projects are available online. The EO sets up a steering committee chaired by the Office of Management and Budget's Chief Performance Officer and directs it to develop a federal government-wide plan by the end of May that includes clear deliverables and timelines for reducing the amount of time it takes to make permitting and review decisions. As part of this effort, the President will also issue a specific memorandum in Cushing directing federal agencies to expedite TransCanada's Cushing Pipeline and other pipelines that relieve bottlenecks as the top priority of the new EO's permitting process.

<http://www.platts.com/RSSFeedDetailedNews/RSSFeed/Oil/6084508>

<http://energy.gov/articles/fact-sheet-obama-administration-commitment-american-made-energy>

International News

Update: Iraq Oil Minister Says Weather, Not Technical Problems, Has Delayed Oil Exports from Floating Terminal Offshore Basra

Oil Minister Abdul Kareem Luaibi on Thursday said that storms hitting the Persian Gulf—and not technical glitches, as previously reported—were to blame for a halt in exports from the new 900,000 b/d single-point mooring, which loaded its first shipment of 2 million barrels by March 13, but has been shut since then. A second tanker is about to begin loading there, the Minister said. On Tuesday two sources at the state-owned South Oil Company said technical glitches were causing the halt in exports.

<http://www.reuters.com/article/2012/03/22/iraq-terminal-idUSL6E8EM5BD20120322?feedType=RSS&feedName=marketsNews&rpc=43>

Energy Prices

U.S. Oil and Gas Prices			
March 22, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	104.78	105.78	103.62
NATURAL GAS Henry Hub \$/Million Btu	2.21	2.13	3.99

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 and 1:00 PM Eastern Time every Wednesday.

Natural Gas Weekly Update from EIA

<http://www.eia.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM Eastern Time every Thursday.

ENERGY ASSURANCE DAILY

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

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