



ENERGY ASSURANCE DAILY

Friday Evening, March 23, 2012

Electricity

Update: AEP to Retire 4,600 MW of Coal-Fired Generation in PJM and Southwest Power Pool; Retirements are Less than Previously Planned

American Electric Power (AEP) Thursday made official notifications to regional reliability organizations PJM Interconnection and Southwest Power Pool (SPP) of the company's plan to retire more than 4,600 MW of coal-fired power generation, primarily to comply with a series of U.S. Environmental Protection Agency (EPA) regulations. The plan submitted today differs slightly from the nearly 6,000 MW of anticipated retirements AEP announced in June 2011. The differences are due to the retirement of the 450 MW Sporn Unit 5 in February 2012 (which was included in the June 2011 plan) and the company's decision to request regulatory approval in Kentucky to retrofit the 800 MW Big Sandy Unit 2 with environmental control equipment rather than retiring the unit. AEP also originally planned to rebuild Big Sandy Unit 1 to be fired with natural gas but now plans to retire that unit. An AEP executive said the utility has concerns about the potential impact these plant retirements will have on the reliability of the electrical grid, as its retiring units were required to run to meet peak demand last summer, according to the release.

<http://www.aep.com/newsroom/newsreleases/?id=1754>

Update: CAISO Proposes Recalling AES's 450 MW Huntington Beach Natural Gas-Fired Units 3 and 4 to Maintain Grid Reliability in Southern California

The California Independent System Operator (CAISO) told its board Thursday that recalling two natural gas-fired units at AES Corp.'s Huntington Beach power plant, along with transmission upgrades and stepping up conservation efforts, could help mitigate against power interruptions in San Diego and southern Orange County should the ongoing shutdown of both San Onofre nuclear reactors continue. Southern California Edison, which operates the San Onofre nuclear power plant, has kept both units offline since January to test and inspect steam generators, which have been flagged for unusual tube degradations. Recalling Huntington Units 3 and 4, which AES retired at the end of 2011, would add 450 MW of generation in Southern California and bolster the transmission system to allow power from outside the state to flow to San Diego, according to a CAISO executive.

<http://www.reuters.com/article/2012/03/22/utilities-california-summer-idUSL1E8EMAE820120322?type=companyNews&feedType=RSS&feedName=companyNews&rpc=43>
<http://www.latimes.com/news/local/la-me-0323-san-onofre-20120323,0,2483335.story>

Update: CPUC Orders California Utilities to Negotiate a Contract with Calpine to Keep Its 530 MW Sutter Natural Gas-Fired Power Plant Operating Despite Poor Economics

The California Public Utilities Commission (CPUC) on Thursday approved a resolution ordering Pacific Gas & Electric, Southern California Edison, and San Diego Gas & Electric utilities to negotiate to enter into a contract with Calpine's Sutter Energy Center to keep it running this year, according to reports. Calpine has said that wholesale market revenues alone are insufficient to keep the plant in operation. The California Public Utilities Commission (CPUC) said in a statement that its resolution "acknowledged that Sutter's capacity and operational flexibility will be needed for system reliability in coming years."

Reuters, 17:56 March 22, 2012

http://docs.cpuc.ca.gov/PUBLISHED/COMMENT_RESOLUTION//157581.htm

CPUC Approves Sempra, Terra-Gen to Sell 684 MW of New Wind-Generated Energy to California Utilities

The California Public Utilities Commission (CPUC) on Thursday approved Sempra Energy and Terra-Gen Power LLC to sell wind energy from two projects they're developing in the United States and Mexico to California utilities, according to reports. San Diego Gas & Electric (SDG&E) will buy output from Sempra's 156 MW Energia Sierra Juarez project in Baja California, Mexico. Southern California Edison (SCE) will buy output from four additional phases of Terra-Gen's 1,550 MW Alta Wind Energy Center in Tehachapi, California. These four phases include the 168 MW seventh and 132 MW ninth phases, which are expected to enter operation in January 2013, and the 138 MW tenth and 90 MW eleventh phases, which are expected to enter operation in January 2015. The seven remaining segments, totaling 1,020 MW of capacity, were operational at the end of last year.

<http://www.bloomberg.com/news/2012-03-22/sempra-terra-gen-get-california-approval-for-wind-power-deals.html?cmpid=yhoo>

NPPD Terminates Unusual Event at Its 774 MW Cooper Nuclear Power Plant in Nebraska after Freon Leak March 22

The Nebraska Public Power District (NPPD) terminated an unusual event at its Cooper nuclear power plant in Nebraska after it isolated a freon leak on Thursday, according to a filing with the U.S. Nuclear Regulatory Commission (NRC). Operators reported a freon leak from a glycol compressor in the sub-basement of the plant's augmented radioactive waste building, the report states. This created a potentially unsafe localized atmosphere in that area. Operators later isolated the freon leak and at 11:42 CDT the plant exited the unusual event condition. The unit was operating at full power by early Friday, according to the NRC.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2012/20120323en.html>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2012/20120323ps.html>

Petroleum

EPA Considers Gasoline-Requirements Waiver in Western Pennsylvania to Ease Potential Supply Constraints Caused by Refinery Closures

The U.S. Environmental Protection Agency (EPA) is working with state and federal officials on potentially waiving clean gasoline requirements in western Pennsylvania to help ease a potential fuel shortage caused by the closure of at least two refineries in the region, an EPA source said on Thursday. The waiver would allow the use of reformulated gasoline in western Pennsylvania in place of low Reid Vapor Pressure gasoline, which may be in short supply after closures. Pennsylvania has not yet officially asked for the waiver, but it may do so in the summer, according to a March 20 letter from the Pennsylvania Department of Environmental Protection. Meanwhile, a bill requesting a permanent change in gasoline specifications for the Pittsburgh area passed the Pennsylvania State Senate and is awaiting vote in the state House of Representatives.

Reuters, 14:51 March 22, 2012

Magellan Shuts 12-Inch Oil Products Pipeline March 21 after Diesel Leak in Illinois

Magellan Midstream on Friday reported it had completed repairs on a 12-inch refined products pipeline in Kane County, Illinois after discovering approximately 250 barrels of diesel fuel had leaked and shutting the line Wednesday night. The pipeline runs between Iowa City, Indiana and Franklin Park, Illinois. The incident was not expected to impact operations at supply terminals in Iowa, Illinois, or elsewhere, a Magellan spokesman said, but the company could not estimate when the pipeline would resume operations. The cause of the leak is under investigation.

Reuters, 11:16 March 23, 2012

<http://www.reuters.com/article/2012/03/22/pipeline-operations-magellan-idUSL1E8EM64720120322?feedType=RSS&feedName=marketsNews&rpc=43>

Marathon Reports Unspecified Unit Upset, Emissions from Its 490,000 b/d Garyville, Louisiana Refinery March 22

Marathon Petroleum Corp. reported an unspecified unit upset Thursday afternoon was causing a release of hydrogen sulfide and sulfur dioxide to the air from its Garyville refinery, according to a filing with the U.S. National Response Center. Operators had not secured the release at the time of the filing.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1006596

Natural Gas

AGI Units Shut on High Discharge Pressure at Enbridge's Tilden Gas Plant in Texas March 21

Enbridge reported acid gas injector (AGI) Units 1 and 2 shut down on fifth-stage high discharge pressure Wednesday, according to a filing with the Texas Commission on Environmental Quality. Operators immediately responded to correct the situation, but the filing doesn't specify what caused the incident. All process gas was routed to flare to mitigate emissions.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=166324>

Other News

Nothing to report

International News

Update: Valero Begins Shutdown Procedures at Its 235,000 b/d Aruba Refinery March 23

Valero Energy Corp. on Friday said it has begun shutdown procedures at its Aruba refinery and expects all main production units to be offline by end of March, according to reports. The company announced March 19 that it was shutting the refinery due to unfavorable economics.

Reuters, 09:24 March 23, 2012

Update: Iraq's Floating Oil Export Terminal Resumes Operations Offshore Basra March 22 after Bad Weather

The terminal resumed operations and loading late on Thursday, according to sources at the South Oil Co. Storms had halted exports from the new 900,000 b/d single-point mooring since March 13, after the first shipment of 2 million barrels was loaded. The terminal was loading at a rate of 576,000 b/d, according to shipping data tracked by Reuters.

<http://www.reuters.com/article/2012/03/23/iraq-oil-terminal-idUSL6E8EN52J20120323>

Energy Prices

U.S. Oil and Gas Prices			
March 23, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	106.80	105.80	102.20
NATURAL GAS Henry Hub \$/Million Btu	2.19	2.07	4.05

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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