



ENERGY ASSURANCE DAILY

Friday Evening, April 11, 2014

Electricity

FERC Taking Steps to Prevent Disclosure of Sensitive Material Related to the Electric Grid – Acting Chairwoman

Cheryl LaFleur, acting chairwoman of the Federal Energy Regulatory Commission (FERC), said Thursday that her agency was taking steps to improve handling of classified national security information, following a report that officials improperly allowed widespread access to a document that outlined specific physical threats to the nation's electric grid. A document created by the commission in response to an April 2013 attack on a Pacific Gas & Electric Co. substation near Metcalf, California, should have been kept secret as a national security matter, Energy Department Inspector General Gregory Friedman said Wednesday. Instead the information was provided in whole or in part to federal and industry officials in unsecured settings. The FERC has directed the North American Electric Reliability Corporation (NERC) to develop physical security standards for the grid by early June.

<http://www.ferc.gov/CalendarFiles/20140410095908-LaFleur-testimony-04-10-14.pdf>

<http://www.brudenton.com/2014/04/10/5096136/energy-regulator-steps-underway.html>

PG&E Announces Reward for Information on 2013 Metcalf Substation Attack in California

Pacific Gas and Electric Company (PG&E) announced Thursday that it is contributing a \$250,000 reward for information leading to the arrest and conviction of the perpetrator(s) who fired gunshots that caused extensive damage to its Metcalf Transmission Substation near San Jose, California nearly one year ago. Over the past year, PG&E's Electric Operations team has partnered closely with federal, state, and local agencies to enhance the security of critical substations across its service territory. These efforts include security guards to provide 24/7 coverage; trimming back undergrowth around substations to remove potential hiding places; fencing and shielding to obstruct views and protect critical substation components enhanced camera technology; and increased lighting. In addition to the actions PG&E has already taken at critical facilities, the company was investing approximately \$100 million over the next three years on substation security for its highest priority facilities. Among other measures, PG&E's plans include enhanced intruder detection systems and buffer zones through additional fencing.

http://www.pge.com/about/newsroom/newsreleases/20140410/pge_announces_reward_for_information_on_metcalf_substation_attack.shtml

Update: PSE&G's 1,096 MW Hope Creek Nuclear Unit 1 in New Jersey Restarts by April 10, Ramps Up to 18 Percent by April 11

On the morning of April 10 the unit was operating at 2 percent. Unit 1 shut from full power late April 8 after one of the two steam generator feed pumps stopped working. The snag led to low water levels inside the steam generators, requiring the manual reactor trip, a company spokesman said.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2014/>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2014/20140409en.html>

Update: Southern's 1,149 MW Vogtle Nuclear Unit 2 in Georgia Ramps Up to 87 Percent by April 11

By the morning of April 10 the unit had restarted and ramped up to 37 percent. Unit 2 automatically shut from full power early on April 8 due to a change in the feed water level. There was no radiological release or injuries, and the cause of the shutdown was under investigation, the company said.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2014/>

Update: TVA's 1,118 MW Browns Ferry Nuclear Unit 3 in Alabama at Full Power by April 11

On the morning of April 10 the unit was operating at 83 percent, down from full power on April 9.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2014/>

Update: Entergy's 1,207 MW Grand Gulf Nuclear Unit 1 in Mississippi Reduced to 77 Percent by April 11

On the morning of April 10 the unit was operating at 90 percent, up from 80 percent on April 9. The unit was operating at 60 percent on April 6 before reducing to 40 percent by April 7.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2014/>

Petroleum

Thinned Pipe Walls Led to 2009 Explosion, Fire at Silver Eagle's 10,250 b/d Woods Cross Refinery in Utah – U.S. Chemical Board

A massive explosion and fire at the Silver Eagle refinery on November 4, 2009, in Woods Cross, Utah, which damaged over 100 homes in a nearby neighborhood, was caused by a rupture in a pipe that had become dangerously thin from corrosion, the U.S. Chemical Safety Board (CSB) reported Thursday. The CSB released a detailed expert metallurgical report that was commissioned in the course of its ongoing investigation of the incident. The catastrophic rupture occurred in a ten-inch pipe at the bottom of a reactor in the mobil distillate dewaxing unit. It led to a massive release of hydrogen, which caught fire immediately and exploded, sending a blast wave across the refinery into a subdivision. The metallurgical failure study and analysis performed for the CSB by Exponent, a Texas-based engineering and scientific consulting company, details findings from laboratory examination of pipe segments recovered after the incident. The report also examines the history of the pipe that ruptured, determining that the component that failed had no record of ever being inspected for corrosion as it thinned over the years.

<http://www.csb.gov/-csb-releases-analysis-showing-cause-of-rupture-and-hydrogen-blast-in-2009-silver-eagle-refinery-accident-in-woods-cross-utah-pipe-walls-thinned-due-to-corrosion-that-went-uninspected-for-years/>

NuStar Adds Third Ship Dock to Port of Corpus Christi, Texas Increasing Loading Capacity to 400,000 b/d

NuStar Energy added a third ship dock to the port of Corpus Christi, Texas, doubling its loading capacity to 400,000 b/d at the port, which is near the Eagle Ford formation in south Texas. The addition went into operation in mid-February and allows NuStar's operation to handle Panamax-class vessels, which can carry 350,000 to 500,000 barrels, at loading rates of up to 30,000 barrels per hour. NuStar can now participate in the global crude market if the decades-old U.S. ban on crude exports is lifted. The dock project was part of NuStar's \$185 million, multi-phase build-out of the company's South Texas Crude Oil pipeline. NuStar's marketing director, Danny Oliver, said the pipeline will be moving 350,000 b/d to Corpus by mid-2015, up from 250,000 b/d.

Reuters, 18:34 April 10, 2014

U.S. Development Group Seeking Permit to Build 45,000 b/d Oil-by-Rail Terminal on Washington Coast

U.S. Development Group was seeking permits to build an oil terminal at the Port of Grays Harbor in Washington that would bring about one unit train to the facility every two days. The proposed terminal is one of several in Washington that together would bring millions of barrels of oil by train from the Bakken region of North Dakota and Montana. About 17 million barrels of oil were shipped across Washington last year—mostly to refineries in Anacortes and Cherry Point near Bellingham. That number was expected to triple this year, according to U.S. Sen. Patty Murray, who chaired a congressional hearing Wednesday on oil shipments by train.

<http://www.columbian.com/news/2014/apr/10/Third-oil-by-rail-terminal-proposed-Wash-coast/>

Update: Citgo Says All Units at Its 174,500 b/d Lemont, Illinois Refinery at Planned Rates April 10

Citgo Petroleum Corp. said on Thursday that a unit upset at its Lemont, Illinois, refinery was a minor issue and units were operating at planned rates. The refinery had reported the upset on Tuesday, according to a filing with state pollution regulators.

Reuters, 15:43 April 10, 2014

Valero Reports Flaring at West Plant of Its 200,000 b/d Corpus Christi, Texas Refinery April 11

Valero Energy Corp. reported flaring at its Corpus Christi, west plant in Texas, according to a Corpus Christi Emergency Information System phone line message. The company runs a 200,000 b/d refinery in Corpus Christi. Reuters, 7:33 April 11, 2014

Valero Reports Unplanned Flaring at Its 132,000 b/d Benicia, California Refinery April 8

Valero Energy Corp. reported unplanned flaring at its refinery in Benicia, California, according to a notice with the California Emergency Management Agency on Tuesday. Reuters, 20:35 April 10, 2014

Shell Restarting Unit at Its 100,000 b/d Scotford, Alberta Refinery April 11

Royal Dutch Shell was restarting an unspecified unit at its Scotford refinery near Edmonton, Alberta, the company said in a message posted on a community information line on Friday. There could be flaring over the next 24 hours but there will be no material impact on production, the company said. Reuters, 4:07 April 11, 2014

Natural Gas

Update: Gastar Resumes Marcellus Shale Production at Reduced Rate Following Williams' Pipeline Rupture

Gastar Exploration Inc. reported Thursday that production from its Marshall County, West Virginia, operations resumed Wednesday night at reduced rates following a 4.5 day shut-in that resulted from the April 5 rupture of a natural gas pipeline operated by Williams Partners. Gastar was on Thursday producing at a gross rate of approximately 50 MMcf/d of natural gas from the Marcellus Shale formation, which was approximately 19 percent less than average daily production volumes in March. Gas production is now flowing into a larger pipeline Williams operates to the south of Gastar's acreage that feeds the Ft. Beeler station. Williams informed Gastar that it expects to complete repairs and resume normal pipeline operations in approximately three weeks.

<http://www.gastar.com/releasedetail.cfm?ReleaseID=839603>

Southern Union Reports Valve Shut at Its Keystone Gas Plant in Texas April 9

Southern Union reported a valve slammed shut at its Keystone gas plant. The West Eunice gas was backed out and everything was brought back online.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=196568>

Other News

Nothing to report.

International News

Libya's Western Zawiya Oil Port Closed by Protesters April 11

Libya's western Zawiya oil terminal was closed by protesters preventing some oil product tankers from discharging, a government statement said on Friday. Local citizens demonstrating against the General National Council, the country's parliament, blocked the entrance to the port preventing oil workers from entering. The connecting oilfield El Sharara and the pipeline itself have been blocked by other protest groups since March.

Reuters, 11:16 April 11, 2014

Kazakhstan's Kashagan Oilfield Not Expected to Produce Much This Year – Total

Total does not expect much oil output, if any, from the giant Kashagan oilfield in Kazakhstan this year and it is awaiting results of further analyses to assess the costs and delays facing its consortium partners. Production at the offshore deposit started in September but halted in early October after the detection of gas leaks in the \$50 billion project's pipeline network. Kazakh Oil and Gas Minister Uzakbai Karabalin said this week that output may not restart this year if test results, expected in May, show cracks in the offshore part of the network.

Reuters, 11:46 April 11, 2014

Iran's February Oil Exports 650,000 b/d Above West's Sanctions Cap – IEA

The International Energy Agency's (IEA's) monthly report revised February's global crude imports from Iran upwards by 240,000 b/d to 1.65 million b/d, the highest since June 2012. Under a deal signed in November between Iran and the United States, Russia, China, United Kingdom, France, and Germany that came into effect in January of this year, Iran's exports are supposed to be held at an average 1 million b/d for the six months to July 20. Reuters, 8:56 April 11, 2014

Energy Prices

U.S. Oil and Gas Prices			
April 11, 2014			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	104.23	101.17	93.21
NATURAL GAS Henry Hub \$/Million Btu	4.57	4.48	4.07

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.

ENERGY ASSURANCE DAILY

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

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