



# ENERGY ASSURANCE DAILY

Wednesday Evening, May 02, 2012

## Electricity

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### **FERC, NERC Joint Report on September 2011 Blackout in U.S. Southwest, Mexico Calls for Improved Planning**

The Federal Energy Regulatory Commission (FERC) and North American Electric Reliability Corp. (NERC) on Tuesday issued a joint report on the September 8, 2011 blackout that cut power to approximately 2.7 million utility customers in Arizona, Southern California, and Baja California. The outage began when a worker at an Arizona substation accidentally tripped Arizona Public Service's 500 kV Hassayampa-North Gila transmission line, setting off a chain of events that led to the loss of 4,300 MW of generation. The joint report concludes that the initial event should not have triggered such a massive blackout. Rather, the blackout stemmed from inadequate planning and a lack of awareness of system operating conditions on the day of the event. The report recommends that transmission operators and balancing authorities improve how they plan for operations to account for the status of facilities outside their individual systems, the effect of external operations on their own systems, and how operation of transmission facilities under 100 kV can affect the reliability of the bulk power system.

<http://www.reuters.com/article/2012/05/01/utilities-blackout-california-idUSL1E8G1GF020120501?feedType=RSS&feedName=rbssEnergyNews&rpc=43>  
[http://www.nerc.com/fileUploads/File/News/PR\\_AZOutage01MAY12.pdf](http://www.nerc.com/fileUploads/File/News/PR_AZOutage01MAY12.pdf)

### **Snakes Cause Equipment Failure, Knock Out Power to More Than 40,000 Dominion Customers in Central Virginia May 1**

Dominion Virginia Power reported snakes caused two Tuesday night power outages across Central Virginia, according to reports. Around 8:30 PM eastern time 10,000 Dominion customers lost power after unspecified equipment failed a power substation, which Dominion later determined was caused by a snake. A second outage Tuesday night affected around 33,000 customers, the utility reported, and was caused when a snake on a substation breaker caused equipment failure.

<http://wtnv.com/2012/05/01/two-separate-power-outages-within-hours/>

### **Blown Wires at Substation Cut Power to 20,000 PG&E Customers in California May 1**

A transformer blew at a Pacific Gas & Electric (PG&E) substation in Walnut Creek, California Tuesday morning, cutting power to about 20,000 customers, according to reports.

<http://blog.sfgate.com/incontracosta/2012/05/01/photo-the-blown-wires-leading-to-the-transformer-at-the-pge-substation-in-walnut-creek/>

### **Update: PG&E's 1,087 MW Diablo Canyon Nuclear Unit 2 in California at Full Power by May 2**

Unit 2 is returning from an outage that began April 25, when Pacific Gas & Electric (PG&E) manually shut the unit due to an influx of sea salp—a small, jellyfish-like organism—in the intake structure.

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

### **AES's 332 MW Alamosa Gas-Fired Unit 3 in California Reduced by May 1**

The unit entered an unplanned curtailment of 202 MW.

<http://content.aiso.com/unitstatus/data/unitstatus201205011515.html>

### **AEP Restarts 558 MW Welsh Coal-Fired Unit 3 in Texas May 2 after Bus Fault May 1**

American Electric Power (AEP) reported a fault on the B 4-kV bus caused the unit to trip Tuesday night, according to a filing with the Texas Commission on Environmental Quality (TCEQ). Operators were restarting the unit later that night, subsequent TCEQ filings said.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=168004>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=168005>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=168006>

### **NRG Restarts 956 MW Limestone Coal-Fired Unit 2 in Texas May 2 after Repairing Current Transformers May 1**

NRG Texas reported operators took the Limestone Unit 2 offline Tuesday afternoon to work on the current transformers (CTs) in the switch yard, according to a filing with the Texas Commission on Environmental Quality. The CTs were making noise and needed replacement, the filing said. Operators were returning the unit to service Wednesday morning.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=167997>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=168009>

### **TMPA Restarts 453 MW Gibbons Creek Coal-Fired Unit 1 in Texas after Flame Failure Trips Boiler May 1**

The Texas Municipal Power Authority (TMPA) reported the Gibbons Creek unit tripped Tuesday morning when a boiler flame failed, according to a filing with the Texas Commission on Environmental Quality. Immediately after the boiler trip, the electrostatic precipitator (ESP) was taken out of service until a purge of flammable gasses could be completed to protect the equipment and personnel. Operators returned the ESP to service later that morning when the purge was complete. Operators then restarted the boiler.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=168033>

### **FirstEnergy Begins Construction on 138 kV Black River Electrical Substation, Transmission Lines in Lorain, Ohio**

FirstEnergy Corp. broke ground today to begin construction on the new Black River Substation and associated transmission lines in Lorain, Ohio, the utility announced in a press release. The substation will provide 138 kV of power to support the new arc furnace Republic Steel is building at its Lorain facility. The new substation also will have the capacity to supply power to much of the City of Lorain. Ultimately, the new substation is expected to replace the existing Edgewater Substation and transmission lines along the Lake Erie waterfront. The substation is expected to be online by June 2013.

[https://www.firstenergycorp.com/newsroom/news\\_releases/firstenergy\\_breaksgroundforelectricalsubstationinlorain.html](https://www.firstenergycorp.com/newsroom/news_releases/firstenergy_breaksgroundforelectricalsubstationinlorain.html)

## ***Petroleum***

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### **Marathon Considering Reversal of 1.2 MMb/d Capline Pipeline to Ship Crude from U.S. Midwest to Gulf Coast**

Marathon Petroleum Corp. is exploring the possibility of reversing its jointly owned 1.2 MMb/d Capline pipeline to bring oil from the U.S. Midwest to Gulf Coast refineries, a company executive said Tuesday. The 630-mile pipeline currently ships oil from Louisiana to Illinois, but consistently low volumes have led Marathon to consider a reversal to move a glut of crude from Canadian oil sands and Midwestern shale formations to the Gulf Coast. Marathon has acknowledged, however, that it remains important to have a source of Gulf Coast crude to feed refineries in the north, including Marathon's 212,000 b/d Catlettsburg, Kentucky refinery.

[http://www.downstreamtoday.com/news/article.aspx?a\\_id=36149](http://www.downstreamtoday.com/news/article.aspx?a_id=36149)

## **TransCanada May Convert Part of Canadian Natural Gas Mainline to Carry Crude from Alberta to Refineries in Eastern Canada**

TransCanada Corp. may convert part of its Canadian natural-gas mainline to carry crude from the oil sands of northeastern Alberta to refineries in eastern Canada, an executive said Friday. The mainline system has been operating at less than half its capacity due to a decline in demand for gas, and eastern Canadian refiners are seeking access to western crude, which is less expensive than imports. Idled tubes in the six-line system could transport anywhere from 300,000–800,000 b/d, depending on the size of the pipelines and other factors, according to the executive, who said it is too early to estimate a potential in-service date. The mainline Line 1 converted in 2010 to oil for the Canadian portion of TransCanada's first Keystone oil pipeline to Steele City, Nebraska.

<http://www.thestar.com/business/article/1169577--TransCanada-may-move-Alberta-oil-east-through-gas-pipeline>  
<http://www.vancouversun.com/business/energy-resources/6542584/story.html>

## **Update: Shell Proceeding with 300,000 b/d Houma-to-Houston Pipeline Reversal Project; Expects to Begin Service by 2013**

Shell Pipeline announced Tuesday that it has successfully concluded its binding open season period for firm capacity on the Houma-to-Houston pipeline system reversal project ("Ho-Ho Reversal") and is proceeding with next steps to develop and execute the project. The project will reverse the existing Ho-Ho service to connect the Houston and Port Arthur, Texas markets with the Louisiana markets. It will provide pipeline access to approximately 300,000 b/d of additional crudes to refineries along the U.S. Gulf Coast, including crudes from the Eagle Ford and Bakken shale plays, as well as crude supplies in the Cushing, Oklahoma area. Subject to regulatory approval, the Ho-Ho Reversal is expected to begin service in 2013.

[http://www.shell.us/home/content/usa/aboutshell/media\\_center/news\\_and\\_press\\_releases/2012/05012012\\_hoho.html](http://www.shell.us/home/content/usa/aboutshell/media_center/news_and_press_releases/2012/05012012_hoho.html)

## **Update: ExxonMobil's 160,000 b/d North Line Crude Pipeline Remains Shut after Oil Spill April 28; Says Its 502,000 b/d Baton Rouge, Louisiana Refinery Unaffected by Shutdown**

ExxonMobil Corp. said Wednesday that the 160,000 b/d North Line crude pipeline in Louisiana remains shut after an oil spill occurred over the weekend, according to a company spokeswoman. The cause of the spill is still under investigation. The company also reported its Baton Rouge refinery has been unaffected by the shut pipeline. ExxonMobil has not estimated a restart date. The U.S. Pipeline and Hazardous Materials Safety Administration said on Tuesday it will continue to monitor the situation.

DJN 09:58, May 2, 2012

Reuters, 14:30 May 2, 2012

## **HCU Trips Due to Unspecified Cause, Triggers Emissions at ExxonMobil's 572,000 b/d Baytown, Texas Refinery May 1**

ExxonMobil reported a hydrocracking unit (HCU) tripped offline Tuesday evening at its Baytown refinery in Texas, causing a release of hydrogen sulfide into the atmosphere, according to a filing with the U.S. National Response Center. The filing does not say why the HCU tripped. Operators were depressurizing the unit at the time of the filing.

[http://www.nrc.uscg.mil/reports/rwservlet?standard\\_web+inc\\_seq=1010270](http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1010270)

## **Hydrocracker Down at Tesoro's 166,000 b/d Martinez, California Refinery – Traders**

Tesoro Corp. has taken a hydrocracking unit (HCU) out of service at its Golden Eagle refinery in Martinez, California and expects the unit to be out of service for 2 weeks, according to marketers and traders doing business with the company.

DJN, 10:30 May 2, 2012

## **Leaking Valve Leads to Emissions at Valero's 310,000 b/d Port Arthur, Texas Refinery April 30**

Valero Energy Corp. reported emissions at its Port Arthur refinery Monday morning occurred due to a leaking valve, according to a filing with the U.S. National Response Center. Operators located and closed the leaking valve.

[http://www.nrc.uscg.mil/reports/rwservlet?standard\\_web+inc\\_seq=1010191](http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1010191)

## **Shell Shuts Unspecified Unit after Upset Leads to Flaring at Its 329,800 b/d Deer Park, Texas Refinery May 1**

Shell reported an unspecified process-unit upset at its Deer Park refinery Tuesday morning was causing materials to be routed to the flare, according to a filing with the U.S. National Response Center. Operators shut the unit and are investigating the cause of the upset, the filing said.

[http://www.nrc.uscg.mil/reports/rwservlet?standard\\_web+inc\\_seq=1010211](http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1010211)

## **Tesoro Prepared to Operate Refineries if USW Members Strike – CEO**

Tesoro Corp. is prepared to continue operating its refineries in Los Angeles, San Francisco, Washington state, and North Dakota in the event of a strike by United Steelworkers (USW) union members, Tesoro President and Chief Executive Gregory Goff said in an interview on Tuesday. Contracts with USW members at the four refineries expired but have been extended during negotiations, which are focused on bargaining rights over benefit changes in the current contract, a USW spokeswoman said. Workers at each of the refineries voted to authorize a strike, but they have not scheduled strikes in any location. Tesoro's contingency plans at the Martinez, California refinery near San Francisco, for example, would involve temporarily stopping production but continuing operation as a refined products terminal while replacement workers are trained. Once replacement workers are trained, the refinery would resume normal production.

Reuters, 20:23 May 1, 2012

## **Natural Gas**

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### **Eagle Rock Reports Explosion, Fire at Its 80 MMcf/d Phoenix-Arrington Ranch Natural Gas-Processing Plant in Texas April 30**

Eagle Rock Energy Partners L.P. reported an accident Monday at its 80 MMcf/d Phoenix-Arrington Ranch natural gas-processing plant caused an explosion and started a fire, according to a release. The company believes the incident damaged only the inlet header system and did not extend to the cryogenic unit or processing towers. Operators were diverting all inlet natural gas volumes to other Eagle Rock facilities in the area when possible; otherwise they were shutting-in volumes or exploring other options to offload gathered volumes until the facility returns to service. Operators were still investigating the cause of the accident and could not provide an estimate of when the plant would restart. The fire burned itself out by Tuesday.

<http://ir.eaglerockenergy.com/phoenix.zhhtml?c=200871&p=RssLanding&cat=news&id=1689384>

### **Enbridge Reports AGI Unit Shutdown at Its Tilden Gas Plant in Texas May 2**

Enbridge reported its acid gas injector (AGI) Unit 1 went down early Wednesday morning due to low first-stage suction pressure. Operators immediately responded to correct situation and minimized emissions by sending all vented gas to the flare.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=168010>

## **Other News**

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### **U.S. Energy Department, Partners Complete Successful Field Trial of Methane Hydrate Production Technologies**

U.S. Energy Secretary Steven Chu announced today the completion of a successful, unprecedented test of technology in the North Slope of Alaska that was able to safely extract a steady flow of natural gas from methane hydrates—a vast, entirely untapped resource that holds potential for U.S. energy security. The Department partnered with ConocoPhillips and Japan Oil, Gas and Metals National Corp. to complete the test. Building upon this initial, small-scale test, the Department is launching a new research effort to conduct a long-term production test in the Arctic as well as research to test additional technologies that could be used to locate, characterize, and safely extract methane hydrates on a larger scale in the U.S. Gulf Coast.

<http://energy.gov/articles/us-and-japan-complete-successful-field-trial-methane-hydrate-production-technologies>

## U.S. Energy Department Announces New Mapping Initiative to Advance North American Carbon Storage Efforts

<http://energy.gov/articles/energy-department-announces-new-mapping-initiative-advance-north-american-carbon-storage>

## CORE BioFuel Inc. Selects Technip to Engineer Wood-to-Gasoline Biorefinery

CORE BioFuel Inc. announced in a press release today that it has selected Technip to complete the construction engineering of its first wood-to-gasoline biorefinery. CORE's Green Gasoline plant will produce 67 million litres of renewable gasoline and generate over 20 million litres of water annually from wood waste, according to the release.

[http://www.corebiofuel.com/news\\_pdfs/CORE-BioFuel-News-Release-5.2.12.pdf](http://www.corebiofuel.com/news_pdfs/CORE-BioFuel-News-Release-5.2.12.pdf)

## International News

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### Sudan Restarts Oil Production at 60,000 b/d Heglig Oilfield after Month-Long Shutdown Due to Ongoing Conflict with South Sudan

[http://www.rigzone.com/news/article.asp?a\\_id=117527](http://www.rigzone.com/news/article.asp?a_id=117527)

## Energy Prices

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U.S. Oil and Gas Prices			
May 2, 2012			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	105.31	103.09	113.15
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	2.29	1.99	4.60

Source: Reuters

## Links

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*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](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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