



# ENERGY ASSURANCE DAILY

Thursday Evening, May 03, 2012

## Electricity

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### **Update: FirstEnergy to Delay Closing 3 Coal-Fired Plants in Ohio until 2015 for Transmission Upgrades**

FirstEnergy Corp. will delay the September 2012 closings of three coal-fired power plants in northeast Ohio for 3 years while it upgrades some transmission lines, a company spokesman said. The three plants, which are located in Cleveland, Eastlake, and Ashtabula, will operate only when demand increases, the spokesman said. PJM Interconnections asked the company to upgrade its transmission lines before closing the plants, to keep them online as a backup to ensure enough power generation during the upgrades. FirstEnergy announced earlier this year that it would retire six coal-fired plants in Ohio, Pennsylvania, and Maryland by September in response to the U.S. Environmental Protection Agency Mercury and Air Toxics Standards and other environmental regulations. The closings in Pennsylvania and Maryland, along with three others in West Virginia, still remain on track for closing by September.

<http://finance.yahoo.com/news/ohio-utility-delay-closings-3-210732715.html>

### **Progress Energy Delays In-Service Date of First Reactor to 2024, Increases Cost Estimate for Proposed 2,200 MW Levy Nuclear Power Plant in Florida**

Progress Energy Inc. has delayed the in-service date for the first reactor at the proposed Levy County nuclear power plant to 2024, with the second unit following 18 months later, and increased the cost estimate for the project to between \$19 and \$24 billion, according to a statement. The company plans to construct and operate two 1,100 MW reactors at the site and had previously estimated Unit 1 to come online in 2021, at an estimated cost of \$17 to \$22 billion. It has pushed back the schedule and raised the cost estimate because of low customer demand, an economic slowdown, uncertainty over potential carbon regulations, and low natural gas prices, the statement said.

<http://www.reuters.com/article/2012/05/02/utilities-progress-levy-idUSL1E8G28LQ20120502?feedType=RSS&feedName=rbssFinancialServicesAndRealEstateNews&rpc=43>  
<https://www.progress-energy.com/company/media-room/news-archive/press-release.page?title=Progress+Energy+Florida+files+annual+nuclear+cost-recovery+clause+projections+with+the+Florida+Public+Service+Commission&pubdate=05-01-2012>

### **Edison Refutes Reports, Says It Has Not Yet Established Target Restart Dates at San Onofre Nuclear Plant in California**

Reports Wednesday erroneously indicated Edison International officials had publicly established a plan to bring San Onofre nuclear Unit 2 back online June 1 and Unit 3, 15–30 days later. An Edison spokeswoman said those dates were not current: the company must first submit a repair plan to the U.S. Nuclear Regulatory Commission (NRC) for approval and hold a public meeting before either unit can come back online, which she said is unlikely to happen before June 1. An NRC spokesman said Edison has not provided the agency with any target startup dates. Both units at the nuclear plant have been offline since January for inspections of the steam generators, whose tubes have been flagged for unusual degradations.

<http://latimesblogs.latimes.com/lanow/2012/05/san-onofre-outage-costs.html>

### **Update: Indiana-Michigan Power's 1,060 MW D.C. Cook Nuclear Unit 2 in Michigan Ramped Up to 65 Percent by May 3**

Unit 2 is returning from an outage that began April 30, when the main turbine tripped, shutting the unit. The cause of the turbine trip was under investigation May 1.

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

## **Update: AES's 496 MW Redondo Gas-Fired Unit 8 in California Returns to Service by May 2**

The unit returned from an unplanned curtailment of 246 MW.

<http://content.caiso.com/unitstatus/data/unitstatus201205021515.html>

## **OPG Clears Federal Environmental Assessment of Its 4,800 MW Expansion Plan at Darling Nuclear Power Station near Toronto**

Canada's natural resources minister said on Wednesday he had approved Ontario Power Generation's (OPG) plans to expand the Darlington nuclear power station near Toronto, a project that would add four new reactors generating up to 4,800 MW, according to reports. An environmental assessment had indicated the project is not likely to cause adverse effects. OPG now awaits a decision from the Canadian Nuclear Safety Commission on the issuance of the site preparation license, the first of three licenses required to build and operate a new nuclear facility in Canada.

Reuters, 17:31 May 2, 2012

<http://www.opg.com/news/20120502DNNP%20EA%20decision%20Media%20Release%20FINAL.pdf>

## ***Petroleum***

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### **Update: Enterprise Set to Complete Construction, Reverse Flow on Seaway Crude Pipeline from Cushing to the Gulf Coast by May 17**

Enterprise Products Partners on Wednesday reported it was on schedule to complete construction and begin reversing the flow on the Seaway crude oil pipeline from Cushing, Oklahoma to the Texas Gulf Coast as early as May 17, according to a statement. The company has contracted roughly two-thirds of the initial 150,000 b/d capacity of the pipeline, an executive said.

<http://www.reuters.com/article/2012/05/02/seaway-idUSL1E8G28BI20120502>

<http://phx.corporate-ir.net/preview/phoenix.zhtml?c=80547&p=irol-newsArticle&ID=1690187>

### **Update: Tesoro Expects First Bakken Crude Oil Rail Deliveries to Anacortes, Washington Refinery in September, Ahead of Schedule**

Tesoro Corp. will finish ahead of schedule a project to bring crude oil from the Bakken shale in North Dakota to its refinery in Anacortes, Washington, a company executive said Thursday. The company is constructing a rail line that will start deliveries in September, ahead of its previously scheduled fourth-quarter start date. Tesoro estimates it will receive one unit train delivery of crude oil every other day, which will amount to 40,000 b/d of crude.

DJN, 08:36 May 3, 2012

### **Update: Shell Secures One of Last Permits Needed for Exploratory Drilling in the Arctic Ocean offshore Alaska**

Royal Dutch Shell announced Wednesday that it has obtained one of the last permits it needs to begin drilling in the Chukchi and Beaufort seas this summer, according to reports. The National Marine Fisheries Service approved an incidental harassment authorization after determining Shell can proceed with exploratory drilling without harming certain marine life. Shell still requires approvals from the Interior Department and Fish and Wildlife Services.

[http://www.rigzone.com/news/article.asp?a\\_id=117564](http://www.rigzone.com/news/article.asp?a_id=117564)

### **Offshore Drilling Rig Sustains Significant Damage, Minor Leak after Collision with Oil Products Tanker in Texas Channel May 2**

A 750-foot oil products tanker, the F8 Pride, on Wednesday morning collided with a floating offshore drilling rig owned by Rowan Companies Inc. as it headed inbound in the Aransas Pass Channel near Corpus Christi on the Texas Gulf Coast, the U.S. Coast Guard said. The rig sustained "significant damage" and had a minor leak of hydraulic oil from a damaged crane, the Coast Guard said.

<http://uk.reuters.com/article/2012/05/02/tanker-rig-collision-idUKL1E8G2KV920120502>

### **Delek Reduced Rates at Its 70,000 b/d El Dorado, Arkansas Refinery April 30 after ExxonMobil Shut North Pipeline**

Delek US Holdings Inc. said it reduced rates Monday by more than 25 percent, to 55,000 b/d, at its refinery in El Dorado as a result of the closure of ExxonMobil's North Pipeline over the weekend, an executive said during a conference call with investors. Delek was monitoring the situation closely and working to partially replace scheduled shipments on the North Pipeline, the executive said.

DJN, 11:05 May 3, 2012

### **BP Restarts Ultracracker at Its 455,790 b/d Texas City, Texas Refinery May 3**

BP Plc reported the ultracracker at its Texas City refinery will resume normal operations today, according to a filing with the Texas Commission on Environmental Quality. BP Plc reported lightning struck a unit and knocked out a compressor at its Texas City refinery April 20, igniting a small fire. Local media reported the lighting struck an ultracracker at the refinery.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=168012>

### **Chalmette Refining Restores Normal Operations at Its 192,500 b/d Chalmette, Louisiana Refinery after Power Blip May 2**

Chalmette Refining restarted a unit and restored normal operations at its Chalmette refinery following a temporary weather-related power loss on Wednesday, according to a filing with the U.S. National Response Center. The refinery reported no impact to production, the filing said.

Reuters, 00:11 May 3, 2012

### **Update: ExxonMobil Reports Minimal Impact to Production at 572,000 b/d Baytown, Texas Refinery after HCU Malfunction May 1**

ExxonMobil Corp. reported only minimal impact on production at its Baytown refinery after a malfunction on a hydrocracking unit Tuesday, according to reports. The company reported in a filing with state regulators a compressor trip Tuesday evening caused the HCU to shut, resulting in emissions and flaring.

Reuters, 17:57 May 2, 2012

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=168050>

### **ExxonMobil Reports Minor Oil Spill at Its 149,500 b/d Torrance, California Refinery May 2**

Exxon Mobil reported a release of greater than one barrel of oil to the soil from its Torrance refinery Wednesday afternoon, according to a filing with the U.S. National Response Center. The refinery was still operating and reported no impact to production at the time of the filing.

[http://www.nrc.uscg.mil/reports/rwservlet?standard\\_web+inc\\_seq=1010327](http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1010327)

## **Natural Gas**

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### **Mojave Pipeline Company Declares Force Majeure on Its Natural Gas Pipelines 1901 and 1902 in California after Leak**

Mojave Pipeline Company, a unit of El Paso Corporation, on Wednesday declared force majeure on its Mojave Pipeline Line 1901 and Line 1902 after an incident involving a release of natural gas near the junction of those two lines in Arvin, California, according to a critical notice posted by the company. Mojave Pipeline has isolated portions of lines 1901 and 1902 effective immediately and has requested several locations reduce, shut-in, or divert their scheduled volumes. The Mojave Pipeline has a capacity of 400 MMcf/d.

[http://passportebb.elpaso.com/ebbmasterpage/Notices/NoticesAutoTable.aspx?code=MOPC&status=Notice&name=Critical Notices&sParam1=2&sParam3=635&sParam14=D&details=Y](http://passportebb.elpaso.com/ebbmasterpage/Notices/NoticesAutoTable.aspx?code=MOPC&status=Notice&name=Critical%20Notices&sParam1=2&sParam3=635&sParam14=D&details=Y)

[http://205.254.135.7/pub/oil\\_gas/natural\\_gas/analysis\\_publications/ngpipeline/western.html](http://205.254.135.7/pub/oil_gas/natural_gas/analysis_publications/ngpipeline/western.html)

### **DCP Midstream Announces Several Projects to Develop NGL Gathering and Processing Infrastructure in U.S. Midcontinent**

DCP Midstream LLC announced yesterday several projects underway in the Midcontinent to supply producers with full-value chain service, including natural gas liquids (NGL) takeaway services to the Mont Belvieu, Texas market. The company is upgrading its 600 MMcf/d National Helium Plant in Liberal, Kansas to enable it to achieve deep-cut NGL extraction. It will also increase the interconnectivity of National Helium with its gas gathering and processing systems in the Texas Panhandle and central Oklahoma for improved flexibility. DCP Midstream is extending its gas gathering infrastructure in the Texas and Oklahoma panhandle areas and western Oklahoma to accommodate more than 250 MMcf/d of liquids rich gas in the growing Granite Washington, Woodford Cana, Tonkawa, Marmaton, and Cleveland plays. The company is also constructing gathering systems in the western and eastern Mississippi Lime play to meet the needs of multiple producers that have dedicated up to 1 million acres of land to DCP.

<https://www.dcpmidstream.com/INVESTORS%20AND%20NEWS/Pages/2012NewsReleases.aspx>

## **Alaska Approves TransCanada's Request to Amend North Slope Natural Gas-Development Plans; New Plan Is to Export LNG to Markets in Asia**

Alaska's Natural Resources Commissioner and Revenue Commissioner on Wednesday approved a project plan amendment that will allow TransCanada Corp. to switch its plans for a North Slope natural gas pipeline, according to reports. TransCanada is cancelling long-held plans for an overland, 1,700-mile pipeline to Alberta and has proposed instead a shorter pipeline project that would aim to export liquefied natural gas (LNG) by tanker vessel to markets in Asia. Next TransCanada must apply for approval from the U.S. Federal Energy Regulatory Commission by October 2014.

<http://www.reuters.com/article/2012/05/03/alaska-gas-idUSL1E8G304720120503?feedType=RSS&feedName=marketsNews&rpc=43>

## **Imperial Oil Considering Plan to Build LNG Export Terminal on Canadian West Coast**

Imperial Oil Ltd is considering a plan to build a liquefied natural gas (LNG) plant on Canada's West Coast that could take gas from the Horn River shale-gas field it is developing with its majority owner, ExxonMobil Corp., as well as from other fields and export it to Asian markets, an executive said in a conference call Wednesday. Planning for such a development is still in the "very early days," the executive said.

<http://www.reuters.com/article/2012/05/02/imperialoil-idUSL1E8G2CXB20120502>

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## **Other News**

### **Thieves Steal 800 Pounds of Copper from Transformer at Shopping Mall in Albuquerque, New Mexico May 2**

<http://www.kob.com/article/stories/s2604561.shtml>

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## **International News**

### **Update: Construction on UAE's 1.4 MMb/d Hormuz Bypass Pipeline Complete; Exports to Start by August – Oil Minister**

United Arab Emirates (UAE) Oil Minister Mohammed al-Hamli said Thursday that construction on a pipeline that will bypass the Strait of Hormuz is complete and exports will start by August. The pipeline links the Habshan oilfields to the port of Fujairah, an oil storage terminal outside the Strait of Hormuz on the Gulf of Oman. It will have an initial rate of 1.4 MMb/d, but its capacity could rise to 1.8 MMb/d on demand.

<http://www.reuters.com/article/2012/05/03/uae-oil-pipeline-idUSL5E8G3FNB20120503>

### **Iran Oil Output Falls to 20-Year Low in April as Sanctions Continue**

Iran's crude oil production has fallen to the lowest level in 20 years as international sanctions continue to pressure the government in Tehran, according to data released Wednesday. Industry consultants JBC Energy reported Iran's output fell by 150,000 b/d over a 2-month period to reach 3.2 million barrels in April, the lowest rates since 1990, when the country was working to recover from a war with Iraq.

<http://www.ibtimes.com/articles/336345/20120502/iran-sanctions-oil-tanker-eu.htm>

### **India's Two Biggest Importers of Iranian Crude to Cut Shipments from Iran by 15 Percent Due to U.S. Pressure – Report**

<http://india.nydailynews.com/newsarticle/524d566908cbe33843d951392d6aebb4/india-to-cut-back-on-iran-oil-purchases-report>

### **Japan to Shut Last Nuclear Reactor for Inspection May 5; Nuclear Cutback Could Increase Oil Demand by 450,000–800,000 b/d**

Japan is scheduled on May 5 to shut for inspection the country's last operating nuclear reactor, Hokkaido Electric Power's Tomari Unit 3. Officials ordered all nuclear reactors shut for stress tests after the March 2011 Fukushima Dai'ichi disaster; plans to restore operation to some reactors by this month have been stalled by local opposition. Officials now say Japan will have to rely "momentarily" on other energy sources to produce electricity, including liquefied natural gas (LNG), crude oil for direct burning, and residual fuel oil. Energy analysts say utilities have maximized gas-fired electricity output in the country. This has led oil traders to estimate the nuclear cutback in Japan could add between 450,000 and 800,000 b/d to world demand for crude and fuel oil.

<http://www.ft.com/intl/cms/s/0/a08dd0dc-94fc-11e1-ad72-00144feab49a.html#axzz1toizZt26>

## Energy Prices

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U.S. Oil and Gas Prices			
May 3, 2012			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	102.78	104.66	111.29
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	2.31	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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