



ENERGY ASSURANCE DAILY

Tuesday Evening, May 07, 2013

Electricity

California ISO Reports Reliability Concerns for Southern California This Summer

The California Independent System Operator (ISO) on Monday released its 2013 summer assessment, which forecasts an adequate supply of electricity for most of California, while indicating continued reliability concerns in Southern California due to the shutdown of Southern California Edison's 2,200 MW San Onofre Nuclear Generating Station. Both San Onofre reactors have been shut since January 2012 due to premature steam generator tube wear. The ISO is assuming both San Onofre units will remain shut, that AES Corp.'s Huntington Beach Units 3 and 4 will provide no supply following their planned retirement, and that a growing economy will increase electricity peak demand by more than 2 percent as compared to last year. For these reasons, the summer assessment concludes reliability risks to southern Orange and San Diego counties are "marginally more challenging" this summer, but still within planning standards. A contingency plan developed by local utilities, State energy agencies, and the ISO includes converting the retired Huntington Beach units to synchronous condensers, which will provide voltage support. Also, newly installed transmission upgrades in the Los Angeles Basin will increase the ability of local transmission lines to carry imported power into the area.

http://www.caiso.com/Documents/2013SummerLoads_ResourcesAssessment.pdf

http://www.caiso.com/Documents/SummerOutlook_PowerGridIdentifiesLocalReliabilityConcerns_SouthernCaliforniaDuringHeatWaves.pdf

Update: Leaking Water Tank at Entergy's Palisades Nuclear Power Plant Sends 79 Gallons of 'Very Slightly Radioactive Water' into Lake Michigan – NRC

The U.S. Nuclear Regulatory Commission (NRC) on Monday said that 79 gallons of "very slightly radioactive water" leaked from a tank at Entergy Corp.'s Palisades Nuclear Power Plant into Lake Michigan but posed no risk to human health because the radioactive material was further diluted when it entered a storage basin before flowing into the lake. Operators shut the plant Sunday morning after discovering the leak rate from the tank had increased from about 1 gallon on Friday to about 90 gallons Saturday, an NRC spokeswoman said. Water from the tank is no longer reaching the lake. The NRC is sending a metallurgy expert to the plant to inspect the leaky tank once it is fully drained and to pinpoint the source of the leak. The same tank sprang a leak in 2012, and some of the water caused water seepage into the plant's control room.

<http://finance.yahoo.com/news/nrc-very-slightly-radioactive-water-202133409.html>

Wolf Creek Shuts Its 1,165 MW Wolf Creek Nuclear Unit 1 in Kansas May 6 Due to Air Conditioning Unit Malfunction

Wolf Creek Nuclear Operating Corporation reported the Class 1E Air Conditioning Unit SGK05A, which cools safety electrical Train 'A' equipment, was declared non-functional Monday evening, forcing operators to declare numerous related electrical equipment inoperable and initiate a plant shutdown from full power. Except for the air conditioning unit, all electrical systems remained functional but were declared inoperable due to inadequate room cooling capability.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2013/>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2013/20130507en.html>

Update: TVA's 1,118 MW Browns Ferry Nuclear Unit 2 in Alabama Ramped Up to 86 Percent by May 7

Browns Ferry 2 is returning from an outage that began March 14, when operators shut the unit to repair a reactor core isolation cooling system valve. Operators restarted the unit by May 5.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2013/>

Update: AES's 336 MW Alamitos Natural Gas-Fired Unit 4 in California Returns to Service by May 6

The unit returned from an unplanned outage that began by May 5.

<http://content.caiso.com/unitstatus/data/unitstatus201305061515.html>

Petroleum

BP Starts Operation of New Hydrogen Production Unit, Diesel Hydrodesulfurization Unit at Its 225,000 b/d Cherry Point, Washington Refinery in April

BP Plc reported that startup procedures on a new hydrogen production unit and diesel hydrodesulfurization unit (DHDS) began in early April, and that the DHDS began producing final product by April 17, according to a filing with the Northwest Clean Air Agency. The refinery completed the construction of the two new units and the retrofitting of existing hydrocracker heaters as part of its "Clean Diesel Project," which was launched in May 2011 to meet Federal air quality regulations. The new and upgraded units produce ultra low-sulfur diesel fuel, which is expected to address or exceed federally mandated on-road diesel specifications.

Reuters, 17:54 May 3, 2013

<http://www.hydrocarbonprocessing.com/BP-caps-clean-diesel-work-at-Washington-refinery.html>

BP Could Begin Startup Procedures on Upgraded CDU at Its 413,000 b/d Whiting, Indiana Refinery at the End of May – Sources

BP Plc plans to begin the startup of an upgraded crude distillation unit (CDU) at its Whiting refinery at the end of May or in early June, according to sources familiar with refinery operations. BP shut the CDU, called Pipestill 12, in November to begin the project, which will increase the refinery's capacity to process Canadian crude oil from 80,000 b/d to 350,000 b/d. Two other CDUs at the Whiting refinery remain in operation. A BP spokesman said the project remains on schedule for completion in the second half of this year.

Reuters, 16:57 May 6, 2013

Flint Hills Reports Coker Unit Fire at Its 280,500 b/d Saint Paul, Minnesota Refinery May 3

Flint Hills Resources reported a fire in the coker unit at its Saint Paul refinery Friday morning caused a release of hydrogen sulfide, according to a filing with the U.S. National Response Center. Operators were investigating the incident and were unsure whether the release had been secured at the time of the filing.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1045896

Update: Motiva Confirms Its 600,000 b/d Port Arthur, Texas Refinery Resumed Planned Rates by May 6

Motiva Enterprises confirmed reports that its Port Arthur refinery was operating at planned production rates Monday after completing a plant-wide restart last week following an April 14 power outage. Sources familiar with operations at the refinery had reported the news yesterday.

Reuters, 17:11 May 6, 2013

Alon Reduces Feed to DHT, FCCU after Valve Malfunction Shuts Both SRUs at Its 67,000 b/d Big Spring, Texas Refinery May 6

Alon USA Energy Inc. reported that a plugged instrument at its Big Spring refinery caused the acid gas feed valve to the No. 1 sulfur recovery unit (SRU) to shut Monday afternoon, according to a filing with the Texas Commission on Environmental Quality. This caused the acid gas flow to shift toward the No. 2 SRU, increasing the flow rate to that unit, which caused SRU-2 to trip, causing emissions from the flare and both incinerators. Operators reduced charge at the diesel hydrotreater (DHT), LDH, and fluid catalytic cracking unit (FCCU) and shut the sour water stripper.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1046212

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=182483>

Compressor Trip Causes Sulfur Dioxide Emissions at ExxonMobil's 503,000 b/d Baton Rouge, Louisiana Refinery May 5

ExxonMobil reported a compressor trip at its Baton Rouge refinery Sunday morning caused a release of sulfur dioxide to the flare, according to a filing with the U.S. National Response Center.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1046075

Crude Oil Discharges from Marine Loading Dock at Shell's 145,000 b/d Anacortes, Washington Refinery May 5

Shell Oil Products USA reported that crude oil discharged from a marine loading at the dock of its Puget Sound Refinery in Anacortes just past midnight on Sunday, according to a filing with the U.S. National Response Center. Operators had applied boom and were "pumping the arm down," but had not yet contained the release, the filing said.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1046070

Chevron Reports Flaring at Its 245,271 b/d Richmond, California Refinery May 2

Chevron Corp. reported flaring at its Richmond refinery Thursday, according to a filing with the Contra Costa Health Department Hazardous Materials Program. The refinery resumed the operation of a crude distillation unit on April 26 following an extended shutdown due to a fire last August, and operators expect to resume full operations sometime in the second quarter.

Reuters, 15:24 May 3, 2013

FCCU Resumes Planned Rates at Valero's 135,000 b/d Wilmington, California Refinery May 6

Valero Energy Corp. reported a fluid catalytic cracking unit (FCCU) at its Wilmington refinery resumed planned rates on Monday.

Reuters, 10:18 May 6, 2013

Chevron Reports Minor Lube Oil Leak at Its 279,000 b/d El Segundo, California Refinery by May 6

Chevron Corp. reported that lube oil leaked from a line at its El Segundo refinery into a reservoir used as an emergency fire suppression water supply, according to a filing with the California Emergency Management Agency. Reuters, 14:36 May 6, 2013

Suncor Shuts Gasoline Unit for Repairs at Its 140,000 b/d Edmonton, Alberta Refinery by May 6

Suncor Energy Inc. reported operators at its Edmonton refinery discovered corrosion in a line leading to a flare during a planned maintenance turnaround, forcing the shutdown of a gasoline unit for repairs.

<http://www.reuters.com/article/2013/05/06/markets-cancrude-idUSL2N0DN1RT20130506?type=companyNews&feedType=RSS&feedName=companyNews&rpc=43>

Blueknight and Silverado Announce Plans to Develop Silver Eagle Crude Oil Pipeline Project in East Texas

Blueknight Energy Partners, L.P. (BKEP) on Monday announced its intention to form a joint venture with Silverado Pipeline, LLC to co-develop and reactivate a 200-mile crude oil pipeline between Longview and Houston, Texas. The Silver Eagle Pipeline project will include the activation of approximately 200 miles of existing 10-inch and 12-inch pipeline owned by Silverado, adding necessary crude oil storage, and providing connectivity to the Houston market. Subject to commitments from shippers, BKEP and Silverado intend to form a joint venture to manage the reactivation of the pipeline, which is expected to take approximately 1 year to complete.

<http://investor.bkep.com/profiles/investor/ResLibraryView.asp?ResLibraryID=62241&GoTopage=1&Category=1029&BzID=1505&G=386>

Update: Enbridge to Pursue Additional Expansion of Its 180,000 b/d Southern Lights Diluent Pipeline from Chicago to Edmonton, Alberta after Successful Open Season

Enbridge on Monday announced the successful completion of an open season to solicit commitments from shippers for 50,000 b/d of capacity on the Southern Lights Pipeline. Based on the success of the open season, and the fact that the current capacity available for contracts has been fully subscribed, Enbridge will now pursue an expansion of the Southern Lights system to reach an estimated annual capacity of 275,000 b/d. Enbridge plans to hold an open season for the expansion capacity later this year.

<http://www.enbridge.com/MediaCentre/News.aspx?yearTab=en2013&id=1716612>

Natural Gas

Nothing to report.

Other News

Colorado State University Forecasts Active Hurricane Season

The Department of Atmospheric Science at Colorado State University (CSU) on April 10 released its first forecast for the upcoming hurricane season, which indicates the season could bring enhanced activity compared with the 1981–2010 climatology. The forecasters also anticipate an above-average probability for major hurricanes making landfall along the United States coastline and in the Caribbean.

<http://hurricane.atmos.colostate.edu/Forecasts/2013/apr2013/apr2013.pdf>

http://www.rigzone.com/126239/Musings_Oil_Industry_On_Alert_Active_Hurricane_Season_Forecast

BSEE Initiates Deepwater Oil and Gas Containment Exercise in the Gulf of Mexico

The U.S. Bureau of Safety and Environmental Enforcement (BSEE) on April 30 launched an unannounced exercise to deploy critical pieces of well control equipment to the ultra-deep seabed of the Gulf of Mexico. The exercise employs Helix Well Containment Group's capping stack system, equipment that is used to stop the flow of oil and gas in the event that a blowout preventer is ineffective, with Noble Energy serving as the designated operator. Following the Deepwater Horizon explosion and oil spill in 2010, the Interior Department undertook reforms that include requiring operators to demonstrate they have immediate access to surface and subsea containment resources that would promptly respond to a blowout or other loss of well control, several components of which were tested in the exercise initiated April 30.

<http://www.bsee.gov/BSEE-Newsroom/Press-Releases/2013/Press04302013.aspx>

Update: Indiana Gasification Says Its Project to Build a Coal-Gasification Plant in Rockport Is 'Likely Dead' after State Passes Bill Requiring Additional Review

Indiana Gasification LLC has said that the recent passage of a bill in the State legislature has likely killed the company's proposed project to build a coal-gasification plant in Rockport, Indiana. The plant would convert approximately 3.85 million tons per year of Illinois Basin coal into 47 trillion Btu per year (roughly 126 MMcf/d) of substitute natural gas (SNG) and 5.5 million tons per year of liquefied carbon dioxide (CO₂). State lawmakers on April 27 approved legislation requiring State regulators to give a new review to a contract that mandates Indiana to buy about 80 percent of the proposed plant's SNG. An Indiana Gasification spokesman on Wednesday said the new standards would add at least 2 years of delays and make financing impossible. The legislation also effectively killed Denbury Resources' plans to build a proposed 440-mile pipeline to transport CO₂ from Indiana to Mississippi, where producers could use it to extract remaining oil from depleted Gulf Coast oil fields.

<http://www.midwestenergynews.com/2013/05/03/as-indiana-gasification-plant-stalls-so-does-co2-pipeline/>

<http://www.wndu.com/news/headlines/Ind-coal-gas-bill-stalls-CO2-pipeline-project-206096291.html?ref=291>

Update: Dominion Breaks Ground on Project to Develop 14.9 MW Bridgeport Fuel Cell Power Project in Connecticut

<http://dom.mediaroom.com/2013-05-03-Dominion-Breaks-Ground-At-Largest-Fuel-Cell-Power-Project-In-North-America>

International News

South Sudan Restarts Production of 125,000 b/d at Palouge Oilfield by May 5; Hopes to Ramp Up to 180,000 b/d in a Month

Dar Petroleum on Sunday restarted production from the Palouge oilfield in South Sudan at a reduced rate of 125,000 b/d and a month later than initially predicted, and said production would ramp up to 180,000 b/d within a month. South Sudan is slowly restarting production in the country after a shutdown of more than a year due to a dispute with Sudan over transit fees that has halted the flow of 350,000 b/d since January 2012.

<http://in.reuters.com/article/2013/05/05/southsudan-oil-idINL6N0DM0QF20130505>

Energy Prices

U.S. Oil and Gas Prices			
May 7, 2013			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	95.30	93.21	97.29
NATURAL GAS Henry Hub \$/Million Btu	3.93	4.28	2.30

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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