



ENERGY ASSURANCE DAILY

Tuesday Evening, May 22, 2012

Electricity

Update: FERC, NERC Release Joint Overview of the September 2011 Arizona-California Power Outages

The U.S. Federal Energy Regulatory Commission (FERC) and the North American Electric Reliability Corporation (NERC) released a report on their joint inquiry into the causes of the widespread, cascading blackout of portions of Arizona, Southern California, and Baja California, Mexico that occurred on September 8, 2011. Approximately 2.7 million customers lost power during the event, including the entirety of San Diego, making the September 8th blackout the largest power failure in California history, the report said.

<http://www.ferc.gov/EventCalendar/Files/20120517110643-A-4.pdf>

Coal Bunker Explosion Shuts Generating Unit at DTE's 1,547 MW St. Clair Power Plant in Michigan May 20

DTE Energy Co. said an explosion in a coal bunker at its St. Clair plant Sunday night injured one person and caused minor damage at the facility, shutting one of the plant's six generating units, according to a spokesman. The plant's fueling system was temporarily shut down following the explosion, as well. Four other generating units were running Monday, and the remaining unit was already shut for maintenance. DTE said the incident did not interrupt electrical service to its customers. The cause of the explosion was under investigation.

<http://www.detroitnews.com/article/20120521/METRO/205210387/1409/rss36>

Turbine Trip Shuts Entergy's 966 MW River Bend Nuclear Unit 1 in Louisiana May 21

Entergy reported River Bend nuclear Unit 1 automatically scrambled Monday afternoon due to a turbine trip/low condenser vacuum, according to a filing with the U.S. Nuclear Regulatory Commission (NRC). The low vacuum condition resulted from a loss of non-safety related switchgear that powers two of four circulating water pumps. Following the scram, reactor water level briefly lowered below level 3. The reactor was stable with pressure and temperature being controlled by the feed water system and main steam bypass valves, respectfully. Shortly after the scram, officials discovered and extinguished a small fire in a cable tray where power cables are routed through a manhole.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2012/20120522en.html>

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

TVA's 1,125 MW Sequoyah Nuclear Unit 1 in Tennessee Reduced to 20 Percent by May 22

On the morning of May 21 the unit was operating at full power.

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

NRG Restarts 893 MW Limestone Coal-Fired Unit 1 in Texas after Stop Valve Glitch May 19

NRG Texas reported Limestone Unit 1 tripped off line early Saturday morning during a main stop valve test, according to a filing with Texas Commission on Environmental Quality. Operators were testing the No. 2 valve when all the stop valves closed, the filing said. Operators resolved the valve issues later that morning and returned the unit to service.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=168616>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=168614>

TMPA to Restart Boiler at Its 453 MW Gibbons Creek Coal-Fired Unit 1 May 18 after Exciter Bearing Repairs

Texas Municipal Power Authority (TMPA) reported it was planning to restart a boiler May 18 after repairing exciter bearing No. 8, according to a filing with the Texas Commission on Environmental Quality. Startup procedures were expected to occur between 6:30 AM CST and 10:30 PM CST Friday, during which time emissions were possible, the filing said.

<http://www11.tceq.state.tx.us/oce/eeer/index.cfm?fuseaction=main.getDetails&target=168553>

Update: Crockett Cogeneration LP's 240 MW Crockett Gas-Fired Unit in California Returns to Service by May 21

The unit returned from an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201205211515.html>

Update: GenOn's 215 MW Mandalay Gas-Fired Unit 2 in California Returns to Service by May 21

The unit returned from an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201205211515.html>

AES's 225 MW Huntington Beach Gas-Fired Unit 3 in California Reduced by May 21

The unit entered an unplanned curtailment of 133 MW.

<http://content.caiso.com/unitstatus/data/unitstatus201205211515.html>

PJM Capacity Auction Secures Record Amounts of New Generation, Demand Response, Energy Efficiency

PJM Interconnection on Friday announced the results of its capacity market, the annual Reliability Pricing Model (RPM) auction, for resources to meet power supply needs for the 2015–2016 delivery year. The RPM auction procured 164,561 MW of capacity resources, including a record amount of new generation in one year, 4,900 MW. In addition to new generation, most of it natural gas-fired, the capacity auction also procured 14,833 MW of demand response, a 5 percent increase over last year, and energy efficiency, a 12 percent increase. The amount of demand response was also a record for PJM, as well as for renewable generation. Solar increased to 56 MW—a 22 percent increase over last year—and wind increased to 796 MW—a 15 percent increase.

<http://www.pjm.com/~media/about-pjm/newsroom/2012-releases/20120518-pjm-capacity-auction-secures-record-amounts-of-new-generation-demand-response-energy-efficiency.ashx>

New Jersey BPU Announces Three Natural Gas-Fired Power Plant Projects Clear PJM Capacity Auction

The New Jersey Board of Public Utilities (BPU) reported that three planned natural gas-fired power plants in New Jersey, whose combined capacity will be more than more than 2,000 MW, have cleared PJM's power capacity auction, the regulator said Monday. These include Hess Corp.'s 655 MW Newark plant, LS Power's 738 MW West Deptford combined-cycle plant, and a third, combined-cycle project that has not been publicly identified.

Reuters, 10:26 May 22, 2012

Petroleum

Kinder Morgan, Belle Fourche Pipeline Co. Announce Joint Open Season for 100,000 b/d Pony Express Crude Oil Pipeline from Bakken Shale to Cushing, Oklahoma

Belle Fourche Pipeline Company ("BFPL") and Kinder Morgan Pony Express Pipeline LLC ("Pony Express") on May 18 announced an open season soliciting shipper commitments for crude oil transportation service from a point near Baker, Montana to delivery points at Ponca City, Oklahoma and Cushing, Oklahoma. BFPL and Pony Express anticipate a joint ability to transport 100,000 or more barrels of oil per day under a joint tariff beginning in the fourth quarter of 2014. In separate open seasons, Pony Express will offer single pipeline oil transportation service from the Guernsey, Wyoming area and from the Denver-Julesburg Basin to Ponca City and Cushing.

<http://www.truecos.com/BFPL/5-18%20BFPL%20PXP%20Open%20Season%20Joint%20Announcement.pdf>

[http://www.reuters.com/article/2012/05/21/kindermorgan-ponyexpress-](http://www.reuters.com/article/2012/05/21/kindermorgan-ponyexpress-idUSL1E8GLFIM20120521?type=companyNews&feedType=RSS&feedName=companyNews&rpc=43)

[idUSL1E8GLFIM20120521?type=companyNews&feedType=RSS&feedName=companyNews&rpc=43](http://www.reuters.com/article/2012/05/21/kindermorgan-ponyexpress-idUSL1E8GLFIM20120521?type=companyNews&feedType=RSS&feedName=companyNews&rpc=43)

Update: Coking Unit Resumes Normal Operations at ExxonMobil's 344,500 b/d Beaumont, Texas Refinery May 21

ExxonMobil reported the coking unit at its Beaumont refinery had returned to normal operation by Monday, a company spokeswoman said. The unit shut when a wet gas compressor malfunctioned May 12.

<http://www.reuters.com/article/2012/05/21/refinery-operations-exxon-beaumont-idUSH5E8E501M20120521?type=companyNews&feedType=RSS&feedName=companyNews&rpc=43>

Flint Hills Reports Leak in Overhead Line on a Crude Tower at Its 288,468 b/d Corpus Christi, Texas Refinery May 22

Flint Hills Resources reported a leak in an overhead line on a crude tower led to a release of benzene and hydrogen sulfide at its Corpus Christi refinery Monday afternoon, according to a filing with the U.S. National Response Center. Operators were isolating the line to secure the release, the filing said.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1012209

BP Reports Sulfur Dioxide Emissions Due to Unspecified Malfunction at Its 225,000 b/d Cherry Point, Washington Refinery May 21

BP Plc reported emissions from a flare stack due to an unspecified malfunction at its Cherry Point refinery Monday morning, according to a filing with the U.S. National Response Center. The refinery had earlier reported the startup of a compressor was intermittently releasing sulfur dioxide on Sunday afternoon. The refinery has been restarting production units following a shutdown that began in mid-February, when a fire damaged the crude distillation unit. Full production is expected by the end of May.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1012118

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1012172

Update: USW Members at Tesoro's 120,000 b/d Anacortes, Washington Refinery Approve 3-Year Contract

United Steelworkers (USW) members at Tesoro Corp's Anacortes refinery approved a new 3-year contract with the company, the union said on Monday. The agreement comes after 5 months of negotiations. Anacortes USW members in April voted to authorize a strike if the union couldn't reach an agreement with Tesoro. The company continues to negotiate with USW members at the Martinez and Wilmington refineries in California; workers at both refineries are scheduled to vote this week on the contract.

Reuters, 16:52 May 21, 2012

Valve Leak on Chevron's Pipeline 2731 Spills Approximately 100 Gallons of Crude Oil in California

Chevron Corp. on Tuesday reported a release of about 100 gallons of crude oil due to a valve leak on Pipeline 2731 in McKittrick, California had been contained, according to a filing with the California Emergency Management Agency.

Reuters, 11:47 May 22, 2012

Abandoned Oil Containment Vessel Explodes, Kills 3 Workers in Arkansas May 21

An explosion in El Dorado, Arkansas on Monday killed three workers who were dismantling an abandoned containment vessel filled with residual oil vapors, the Arkansas Department of Emergency Management said. The blast occurred around 4:00 PM EST when vapors ignited inside one of the tanks.

http://www.cnn.com/2012/05/21/us/arkansas-fatal-blast/index.html?hpt=hp_bn1

Natural Gas

Update: FERC Approves Spectra's 800 MMcf/d New Jersey-New York Natural Gas Pipeline Expansion Project

Spectra Energy Corp. yesterday received approval from the U.S. Federal Energy Regulatory Commission (FERC) for its New Jersey-New York Expansion Project, which will transport new natural gas supplies to high-demand markets in northern New Jersey and New York City. The project includes a 20-mile expansion of the company's Texas Eastern Transmission and Algonquin Gas Transmission interstate pipeline systems, which will provide 800 MMcf/d of additional capacity to the region once completed in the fourth quarter of 2013.

<http://www.spectraenergy.com/Newsroom/News-Archive/Spectra-Energy-Receives-FERC-Certificate-for-New-Jersey-New-York-Expansion-Project/>

PG&E Reports More Than 120 Pressure Surges on Its Natural Gas Pipeline System in California Since 2011

Pacific Gas and Electric Co. (PG&E) has recorded more than 120 pressure surges on its gas system in less than 2 years, according to an internal email and a company statement last week. Federal regulations that went into effect this year require utilities to track and report pipeline pressure surges when they exceed maximum limits by a significant amount. Most of the surges PG&E has recorded on its 50,000-mile gas system have been minor, but most have occurred on distribution lines running under homes and businesses, which has raised safety concerns. The California Public Utilities Commission said in a statement that it was aware of PG&E's pressure surges and would investigate them.

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2012/05/20/MNRF1OEISL.DTL&ao=all>

Exterran Reports Unit Shutdown at Its 65 MMcf/d Dollarhide Gas Plant in Texas May 19

Exterran reported a Cat-15 unit went down Saturday evening on discharge cylinder temperature throw No. 1 and would not restart due to a bad starter, according to a filing with the Texas Commission on Environmental Quality. Mechanics at the plant were awaiting parts to replace the starter and expected the unit to be down for 24–48 hours.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=168626>

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

Enbridge reported acid gas injector (AGI) Units 1 and 2 went down due to fifth-stage high pressure discharge Monday morning. Operators responded to correct the situation, but both units shut again later that afternoon, according to filings with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=168668>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=168670>

Other News

Update: DOI Provides Final Details for Central Gulf Lease Sale 216-222; Makes Available 38.6 Million Acres of Unleased Areas in the U.S. Gulf of Mexico

The U.S. Department of Interior (DOI) on Thursday provided final details for the previously announced Central Gulf Lease Sale 216-222, in the U.S. Gulf of Mexico. The June 20, 2012 lease sale will make available all unleased areas in the Central Gulf of Mexico Planning Area, offshore Louisiana, Mississippi, and Alabama, including 7,276 blocks on about 38.6 million acres. The Bureau of Ocean Energy Management estimates the sale could result in the production of over 1 billion barrels of oil and more than 4 trillion cubic feet of natural gas.

<http://www.doi.gov/news/pressreleases/Salazar-Beaudreau-Announce-Final-Details-for-Upcoming-Central-Gulf-of-Mexico-Oil-and-Gas-Lease-Sale.cfm>

International News

Iran to Build New Oil Export Terminal outside the Strait of Hormuz

Iran is planning to build a new oil terminal outside the Strait of Hormuz, the oil ministry website said Monday, quoting the head of the Iranian Oil Terminals Company. The new 20 million-barrel export terminal will be built at Bandar Jask, on the Gulf of Oman coast of Iran. It is intended to protect Iranian exports in the Persian Gulf, acting as a back-up to the country's main export terminal at Kharg Island. The terminal is also expected to boost shipments of Caspian oil by connecting to a proposed 1 MMb/d crude oil pipeline extending from the Caspian Sea port of Neka.

<http://www.reuters.com/article/2012/05/21/iran-terminal-new-idUSL5E8GL82Z20120521>

Iraq Buys Unmanned Drones from U.S. to Protect Southern Oil Platforms, Infrastructure

Iraq's navy has purchased U.S. unmanned drones to help protect its southern oil platforms, from which most of the country's oil is shipped, according to an official from the Office of Security Cooperation in Iraq, which is part of the U.S. embassy. Iraqi security officials confirmed plans to use drones to protect oil infrastructure.

Reuters, 06:40 May 21, 2012

Energy Prices

U.S. Oil and Gas Prices May 22, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	91.46	94.54	98.51
NATURAL GAS Henry Hub \$/Million Btu	2.60	2.30	4.10

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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