



ENERGY ASSURANCE DAILY

Tuesday Evening, June 09, 2015

Electricity

SDG&E Investigating Partial Power Loss to 125,000 Customers in Southern California June 8

San Diego Gas & Electric (SDG&E) reported about 125,000 customers experienced a partial loss of power Monday morning throughout Southern Orange County. Customers began reporting low voltages around 7:30 a.m. PDT, and by 9:30 a.m. PDT the problem was resolved by switching to an alternate transmission line, said SDG&E spokeswoman. The outage was partial and customers didn't lose all power, but they would have noticed dim or flickering lights, the spokeswoman said. The cause of the flickering lights is under investigation.

<http://www.oregister.com/articles/sdg-665059--.html>

<http://patch.com/california/sanclemente/power-malfunction-dims-lights-san-clemente>

<https://twitter.com/sdge>

Squirrel Damages Substation Equipment Knocking Out Power to 45,000 PG&E Customers in Northern California June 8

Pacific Gas & Electric (PG&E) said a squirrel damaged equipment at the El Cerrito substation around 8:00 p.m. PDT, Monday night, knocking out power to 45,000 customers near San Francisco, California. PG&E said most of the power was restored by 10:30 p.m. PDT Monday.

<https://twitter.com/pge4me>

<https://m.pge.com/mobile#map>

http://www.contracostatimes.com/breaking-news/ci_28279454/pg-e-power-outage-hits-east-bay-cities

Burned Transmission Line Switch Knocks Out Power to Over 25,000 Riviera Utilities Customers in Alabama June 6

Over 25,000 Riviera Utilities customers in Baldwin County, Alabama, were without power for more than five hours on June 6 while crews worked to repair a burned transmission line switch.

<https://www.facebook.com/RivieraUtilities>

http://www.al.com/news/mobile/index.ssf/2015/06/baldwin_county_loses_power_hug.html

Update: Entergy's 966 MW River Bend Nuclear Unit 1 in Louisiana Restarts by June 8, Ramps Up to 33 Percent by June 9

On the morning of June 8 the unit had restarted and was operating at 3 percent. The unit was previously shut from 92 percent on June 1 due to low reactor water level.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2015/>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2015/20150602en.html>

Update: Entergy's 1,075 MW Waterford Nuclear Unit 3 in Louisiana at Full Power by June 9

On the morning of June 8 the unit was operating at 78 percent after restarting and ramping up to 10 percent on June 7. The unit was previously shut from full power on June 3 due to the loss of the main feedwater pump.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2015/>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2015/20150604en.html>

RRI Energy's Ormond Beach Gas-fired 741 MW Unit 1 and 775 MW Unit 2 in California Shut by June 8

The units entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201506081515.html>

Mirant's Pittsburg Gas-fired 312 MW Unit 5, 317 MW Unit 6, 530 MW Unit 7 in California Reduced by June 8

Unit 5 entered an unplanned curtailment of 172 MW, unit 6 entered an unplanned curtailment of 177 MW, and unit 7 entered an unplanned curtailment of 130 MW.

<http://content.caiso.com/unitstatus/data/unitstatus201506081515.html>

TVA to Add Natural Gas, Nuclear Generation to Meet 2030 Emissions Reduction Goals

The Tennessee Valley Authority (TVA) expects to cut carbon and other emissions over the next few years by adding nuclear and natural gas-fired generation and retiring more coal plants. The U.S. Environmental Protection Agency (EPA) in August or September was expected to release a final version of its proposed Clean Power Plan to reduce carbon emissions from existing power plants by 30 percent below 2005 levels by 2030. The EPA in an early draft said it would not focus on absolute carbon emission reductions but rather sought a reduction of carbon intensity from 2012 levels. If the 2012 baseline is used, TVA would still need to cut emissions by another 43 percent by 2030 because the EPA draft does not give the company proper credit for some carbon reductions, including a new nuclear reactor, TVA's CFO said. TVA expects to complete the 1,150 MW Watts Bar 2 nuclear reactor in Tennessee around December 2015. The reactor, which the company started building in the 1970s before stopping construction in the 1980s, will be the country's first new reactor since 1996 when Watts Bar 1 entered service. TVA serves nine million people in parts of seven U.S. Southeast states. The company has about 12,000 MW of coal-fired generation, 9,000 MW of gas, 6,700 MW of nuclear and 5,400 MW of hydro. That will transition into about 11,000 MW of gas, 8,000 MW of coal, 7,700 MW of nuclear and 5,400 MW of hydro by the end of 2018.

Reuters, 16:56 June 8, 2015

California Power Prices Lower in 2014 Due to Additional Solar Generation – ISO

The California Independent System Operator (CAISO) Department of Market Monitoring on Monday reported that the market remained competitive in 2014 even with record low hydro-electric generation and rising natural gas prices. Moderate loads and new solar generation helped offset these factors. New solar generation with over 1,700 MW of peak summer capacity and less congestion on regional power transmission lines helped keep the market competitive in 2014, CAISO said. Hydro production last year was about 70 percent of production in 2013, and 60 percent of output in 2012, CAISO said.

http://www.caiso.com/Documents/CaliforniaISO_MarketMonitorFindsMarketCompetitiveIn2014.pdf

U.S. Court Rejects Industry, State Challenge to EPA's Imminent Clean Power Proposal

The U.S. Court of Appeals for the District of Columbia Circuit on Tuesday rejected an industry and state challenge to the Environmental Protection Agency's (EPA) proposed Clean Power Plan rule to curb carbon dioxide emissions from existing power plants. A three-judge panel said the various lawsuits objecting to the plan were premature because the regulation has not yet been finalized. More than a dozen states and coal company Murray Energy Corp had urged the court to block the EPA proposal. The challengers had argued, in part, that the Clean Air Act prohibits the federal government from regulating power plants as it has proposed because the facilities are already covered by a separate regulation. They will get another chance to file lawsuits against the government when the regulation is issued. The EPA proposed the rule in June 2014 and has said it could issue a final version as soon as August.

Reuters, 10:57 June 9, 2015

<http://www2.epa.gov/carbon-pollution-standards/clean-power-plan-proposed-rule>

Petroleum

Update: CNRL Says Wildfire-Affected Output in Alberta Oil Sands to Return this Week

Canadian Natural Resources Ltd (CNRL) expects two oil sands projects in northern Alberta to return to normal rates of production this week—more than two weeks after output was first shut in by wildfires. Around 233,000 b/d, or roughly 10 percent of total oil sands production in Alberta, was shut in because of uncontrolled wildfires burning in the region. One fire cut off access to CNRL's 80,000 b/d Primrose site, forcing the company to halt operations and evacuate staff, while it also cut back production at its 30,000 b/d Kirby South project to 12,000 b/d after a third-party pipeline was shut down. Cenovus Energy Inc also evacuated its 135,000 b/d Foster Creek project in northern Alberta, which it operates as part of a joint venture with ConocoPhillips. The 32,000-hectare fire in the Lac la Biche area near the CNRL and Cenovus oil sands sites is still classed as out of control by the Alberta government, but has not grown in recent days. Oil sands workers were allowed back onto evacuated sites last week.

Reuters, 17:19 June 8, 2015

Update: Valero Preparing to Restart Its 180,000 b/d Memphis, Tennessee Refinery – Source

Valero Energy Corp was preparing to restart production units at its Memphis, Tennessee, refinery, which was hit by a power interruption on Sunday, sources familiar with plant operations said. The refinery planned to restart the smaller of two crude distillation units on Monday night and proceed with bringing the other production units into production on Tuesday, the sources said. The refinery lost power on Sunday due to a malfunction at a third-party power provider.

Reuters, 15:57 June 8, 2015

Shell Reports Restarting Unit at Its Scotford, Alberta Facility June 8

Royal Dutch Shell reported it was restarting a unit at its Scotford, Alberta, facility, according to a community information line message. Shell runs a 255,000 b/d oil sands upgrader facility and a 100,000 b/d refinery at Scotford.

Reuters, 18:49 June 8, 2015

Valero Reports HCU Shut at Its 210,000 b/d Corpus Christi, Texas West Refinery June 8

Valero Energy Corp reported pinhole leaks were discovered on a heat exchanger in the hydrocracker unit (HCU) of its Corpus Christi, Texas, refinery West plant. The leaks on the heat exchanger in the hydrocracker unit required a unit shutdown to facilitate repairs. The company said process gases would be routed to authorized control devices during the shutdown and the leak would be isolated to facilitate repairs.

Reuters, 18:30 June 8, 2015

Update: Shell Says Production Not Affected by Benzene Leak at Its 327,000 b/d Deer Park, Texas Refinery June 8

Reuters, 13:10 June 8, 2015

Update: Total Says Normal Operations Restored at Its 225,500 b/d Port Arthur, Texas Refinery June 8

Total SA said normal operations had been restored to the company's Port Arthur, Texas refinery by late on Monday morning following a malfunction on Sunday that affected the plant's three sulfur recovery units (SRUs). Sources familiar with plant operations said production on the refinery's two crude distillation units were not cut back due to the malfunction on the three SRUs. SRU malfunctions frequently force the refinery to cut back production.

Production of ultra-low sulfur diesel (ULSD) was reduced due to the malfunction of the SRUs, said the two sources. Production on the 30,000 b/d diesel hydrotreater 3 was cut back, the sources said. Two of the SRUs were requiring constant monitoring to smooth out their operations, the sources said.

Reuters, 13:08 June 8, 2015

Valero Reports Unscheduled Flaring at Its 132,000 b/d Benicia, California Refinery June 8

Reuters, 23:51 June 8, 2015

World Fuel Services Corporation Announces Settlement from 2013 Oil Train Derailment in Lac-Megantic, Quebec

World Fuel Services Corporation on Monday announced it entered into a settlement agreement with the Trustee for the U.S. bankruptcy estate of Montreal, Maine & Atlantic Railway Ltd., Montreal, Maine and Atlantic Canada Co. (MMAC), and the monitor in MMAC's Canadian bankruptcy to resolve claims arising out of the July 2013 train derailment in Lac-Megantic, Quebec. Under the terms of the settlement agreement, which is subject to approval by the creditors and courts involved in the U.S. and Canadian bankruptcies, the company will contribute \$110 million to a compensation fund established to compensate parties who suffered losses as a result of the derailment. The company expects that the full settlement amount will be covered by insurance. As part of the settlement, the company will also assign to the Trustee and MMAC certain claims it has against third parties arising out of the derailment.

<http://phx.corporate-ir.net/phoenix.zhtml?c=101792&p=irol-newsArticle&ID=2057333>

Enbridge's Sandpiper Pipeline Receives One of Two Minnesota Permits for Construction June 5

The Minnesota Public Utilities Commission (PUC) approved a certificate of need Friday for the proposed Sandpiper pipeline from North Dakota's Bakken oil fields to Superior, Wisconsin, but will hold separate proceedings on exactly which path it should take across northern Minnesota. While the PUC agreed 5-0 that the \$2.6 billion, 610-mile pipeline is necessary and in the public interest, commissioners didn't foreclose the possibility of rerouting it away from environmentally sensitive lakes, streams, and wetlands. Enbridge Energy still faces a lengthy environmental review of its proposed route and a proposed alternative for part of the route that avoids some lakes and wetlands. The PUC added requirements for the environmental review of the pipeline's route, including a study of the cumulative impacts of both the Sandpiper and Enbridge's proposal to replace its aging Line 3, which carries oil from Alberta's tar sands region to its terminal in Superior, and run the replacement pipeline partly along the Sandpiper route. North Dakota regulators have already approved Sandpiper.

http://mn.gov/puc/documents/pdf_files/press_release_sandpiper_cn-13-473.pdf

DOJ Says Enbridge to Pay \$4 Million, Restore Area Hit by 2010 Oil Spill in Michigan

The Department of Justice (DOJ) on Monday filed a proposed settlement requiring Enbridge Inc to complete natural resource restoration projects and pay about \$4 million following its 2010 oil pipeline spill in Michigan. The July 2010 spill dumped 800,000 gallons of oil and affected 38 miles of Michigan's Kalamazoo River. Enbridge last month reached a settlement with state officials to pay \$75 million over the incident.

http://www.downstreamtoday.com/news/article.aspx?a_id=47996

Natural Gas

U.S. Faces Ship Shortage for LNG Exports – Coast Guard

The expected boom in liquefied natural gas (LNG) exports from the U.S. risks being hampered by a lack of vessels to handle the trade, the head of the Coast Guard said on June 2. The LNG tanker market, currently experiencing oversupply due to weak demand for natural gas, could face a shortage of capacity in a few years. Several large projects are under construction on the U.S. Gulf coast, including Cheniere Energy's Sabine Pass, due to come on stream later this year, and Sempra Energy's Cameron LNG, set for completion in 2018.

http://www.downstreamtoday.com/news/article.aspx?a_id=47944

Update: Crews Prepare to Recover Ruptured Spectra Energy Pipeline in Arkansas River

Crews on Monday were preparing to recover a Spectra Energy Corp.-owned natural gas pipeline that ruptured in the Arkansas River, forcing closure of a two-mile section of the river near Little Rock. Spectra said the recovery process could begin Tuesday once conditions are safe enough to put divers in the water. The company provides gas to CenterPoint Energy in the Little Rock area. The leak in a 24-inch-wide backup pipeline occurred on May 31. A section of pipe traveled downstream and now lies along the north bank of the Arkansas River. The pipe will be cut into sections for safe removal, with some cuts made under water. Other cuts will take place once the pipe is raised onto a barge. The Coast Guard reopened the closed section of the river on Friday.

Reuters, 16:17 June 8, 2015

Update: Tallgrass Energy Says Force Majeure on REX Pipeline Remains in Effect June 9

Tallgrass Energy said the force majeure declared on Its Rockies Express Pipeline (REX) on April 19 remains in effect. Repairs were continuing on unit no. 2 at the Wamsutter Echo Springs Compressor Station and the company was projecting the unit would be returned to service on or about June 19. REX will continue to schedule down nominated quantities at the Wamsutter Echo Springs receipt point to 75,000 Dth/d.

<http://pipeline.tallgrassenergy.com/Pages/NoticeDetail.aspx?pipeline=501&type=CRIT>

Energy Transfer Partners Provides Details on Revolution Project in Western Pennsylvania

Energy Transfer Partners, L.P. (ETP) on Monday provided further details on its previously announced Revolution Project that will significantly increase its operations in the growing Marcellus and Upper Devonian production regions. To facilitate long-term gas gathering, processing, and fractionation agreements with EdgeMarc Energy, ETP has purchased approximately twenty miles of high pressure pipeline from EdgeMarc and will build a new cryogenic gas processing plant, a new fractionator and additional gas pipelines with gathering capacity in excess of 440 MMcf/d. The Revolution Pipeline originates in Butler County and will extend to ETP's Revolution Plant, a new cryogenic gas processing plant expected to be in-service by the second quarter of 2017. The residue gas from this plant will be delivered into ETP's Rover interstate pipeline for deliveries to downstream markets. The plant's natural gas liquids will be delivered to Sunoco Logistics' (SXL) Mariner East pipeline system for delivery to domestic and export markets. The project also includes a fractionation facility that will be constructed at SXL's Marcus Hook Industrial Complex in Pennsylvania, and is also expected to be operational by the second quarter of 2017.

<http://ir.energytransfer.com/phoenix.zhtml?c=106094&p=irol-newsArticle&ID=2057089>

Other News

Nothing to report.

International News

Kazakhstan's Kashagan Oilfield aiming for 370,000 b/d Output by End of 2017

The consortium developing Kazakhstan's giant Kashagan oilfield aims to achieve first-phase output of up to 370,000 b/d of oil by the end of 2017, the project's managing director said on Tuesday. Kashagan began production in September 2013 but output was halted a few weeks later after leaks were detected in its pipes. The North Caspian Operating Company developing the oilfield started replacing the pipelines this year, the group's managing director said, and output is expected to resume in the second half of 2016. The consortium includes Eni, ExxonMobil, Royal Dutch Shell, Total, China's CNPC, Japan's Inpex, and Kazakh state-run company KazMunaiGas.

Reuters, 2:46 June 9, 2015

Energy Prices

| U.S. Oil and Gas Prices | | | |
|--|-------|----------|----------|
| June 9, 2015 | | | |
| | Today | Week Ago | Year Ago |
| CRUDE OIL West Texas Intermediate U.S. \$/Barrel | 60.10 | 60.97 | 104.83 |
| NATURAL GAS Henry Hub \$/Million Btu | 2.65 | 2.60 | 4.66 |

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

Energy Assurance Daily provides a summary of public information concerning current energy issues. Published Monday through Friday to inform stakeholders of developments affecting energy systems, flows, and markets, it provides highlights of energy issues rather than a comprehensive coverage. *Energy Assurance Daily* is updated online Monday through Friday after 5:00 p.m. ET. For more information, visit the Infrastructure Security and Energy Restoration (ISER) website at:

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

Please direct comments and questions to: ead@oe.netl.doe.gov