



ENERGY ASSURANCE DAILY

Thursday Evening, June 14, 2012

Electricity

CDWR to Replace Coal-Fired Power from Nevada with Natural-Gas Fired Generation from NCPA's 255 MW Lodi Energy Center under Construction in California

The California Department of Water Resources (CDWR) announced this week that, in an effort to cut greenhouse gas emissions, it will stop buying power from a coal-fired power plant in Nevada next year and replace it with renewable sources of energy and natural gas-fired generation in California. CDWR will divest its two-thirds interest in the 255 MW Unit 4 at NV Energy's Reid Gardner coal-fired plant in Nevada by July 2013. It will replace that energy in part by tapping its one-third interest in Northern California Power Agency's (NCPA) 255 MW Lodi combined-cycle, natural gas-fired plant, which is currently under construction and expected to enter service in July 2012. Lodi, California is about 80 miles east of San Francisco.

[http://www.reuters.com/article/2012/06/13/utilities-cdwr-reidgardner-](http://www.reuters.com/article/2012/06/13/utilities-cdwr-reidgardner-idUSL1E8HDEN120120613?feedType=RSS&feedName=utilitiesSector&rpc=43)

[idUSL1E8HDEN120120613?feedType=RSS&feedName=utilitiesSector&rpc=43](http://www.reuters.com/article/2012/06/13/utilities-cdwr-reidgardner-idUSL1E8HDEN120120613?feedType=RSS&feedName=utilitiesSector&rpc=43)

<http://www.ncpa.com/images/stories/Generation%20Services/0611%20LEC%20Final%20Brochure.pdf>

<http://www.energy.ca.gov/sitingcases/loDI/index.html>

ThermoEnergy and ITEA S.p.A. Announce Plans to Construct 50 MW Pilot Clean Coal-Fired Power Plant, 320 MW Commercial Clean Coal-fired Plant in the United States

ThermoEnergy Corp. and ITEA S.p.A. today announced that they will work together to promote, finance, design, and construct a 50 MW pilot plant and a 320 MW commercial facility in the United States using a clean coal technology called pressurized oxy-combustion. Unity Power Alliance expects to begin building the 50 MW pilot plant next year, to serve as a gateway to a subsequent project to build the 320 MW commercial power plant.

<http://www.thermoenergy.com/media-center/press-releases?detail=1123>

CDWR's 933 MW Hyatt-Thermalito Hydro Unit in California Reduced by June 13

The unit entered a curtailment of 694 MW due to planned and unplanned causes.

<http://content.caiso.com/unitstatus/data/unitstatus201206131515.html>

Sycamore Cogeneration's 360 MW Sycamore Natural Gas-Fired Unit in California Reduced by June 13

The unit entered an unplanned curtailment of 125 MW.

<http://content.caiso.com/unitstatus/data/unitstatus201206131515.html>

Update: Cabrillo Power's 104 MW Encina Gas-Fired Unit 2 in California Returns to Service by June 13

The unit returned from an unplanned outage that began by June 12.

<http://content.caiso.com/unitstatus/data/unitstatus201206131515.html>

Update: Kinder Morgan's 300,000 b/d Crude/Condensate Pipeline Begins Service Moving Product from Eagle Ford Shale to Texas Gulf Coast

Kinder Morgan Energy Partners, L.P. today announced its 300,000 b/d Kinder Morgan crude/condensate pipeline (KMCC) is in service and available to transport volumes to the Houston Ship Channel. The pipeline, which is comprised of 65 miles of new-build construction and 113 miles of converted natural gas pipeline, originates in the Eagle Ford Shale and delivers crude/condensate to multiple terminaling facilities that provide access to local refineries, petrochemical plants, and docks on the Texas Gulf Coast. In addition to its connectivity to third-party terminaling facilities, KMCC will tie into Kinder Morgan's planned petroleum condensate processing facility to be located near the company's Galena Park terminal on the Houston Ship Channel. This facility will have an initial throughput capacity of 50,000 b/d and can be expanded up to 100,000 b/d. The project is in the final design phase and is expected to be in service by the first quarter of 2014.

<http://phx.corporate-ir.net/phoenix.zhtml?c=119776&p=irol-newsArticle&ID=1705408>

BP Starts Up Galapagos Development in U.S. Gulf of Mexico

BP Plc announced yesterday that on June 3 it began the initial start-up of the Galapagos development in the deepwater U.S. Gulf of Mexico, one of a series of new major upstream projects that the company expects to bring into production this year. The Galapagos development includes three deepwater fields—Isabela, Santiago, and Santa Cruz—and increases the capability of an offshore production hub for BP. BP expects net production to the company from Galapagos to ramp up to a target of 26,000 b/d over the next 4–6 weeks (BP owns a 56 percent stake in the field). A new production flowline loop has been added to carry output to the nearby Na Kika host facility, a BP-operated platform located roughly 140 miles southeast of New Orleans in 6,500 feet of water. The Na Kika facility, with a production capacity of 130,000 barrels of oil equivalent per day, has been modified to handle output from the three fields. Full ramp-up of the project is expected around the end of June.

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7075258>

<http://www.reuters.com/article/2012/06/12/us-bp-idUSBRE85B0UB20120612>

Carlyle Closing in on Deal to Purchase Sunoco's 335,000 b/d Philadelphia, Pennsylvania Refinery

Carlyle Group is closing in on a deal to purchase Sunoco's Philadelphia refinery, according to three people familiar with the matter. In mid-April Sunoco entered into exclusive discussions with Carlyle regarding a potential purchase. Sunoco continues to operate the plant but has said it will begin idling the facility's main processing units in August if it cannot reach a deal to sell. The exclusivity deal Sunoco and Carlyle signed in April expires Friday, June 15. It's unclear whether the two companies will finalize a transaction before then, but they could opt to extend the exclusivity deal in the meantime.

<http://www.cnbc.com/id/47811097>

ExxonMobil Expects an Impact to Production after Compressor Trips on Hydrocracker at Its 344,500 b/d Beaumont, Texas Refinery June 12

ExxonMobil Corp. said today it anticipates some impact on production at its Beaumont refinery after a process compressor tripped on a hydrocracker unit Wednesday night, according to a spokeswoman, who added that the refinery expects to meet all its contractual commitments. The refinery reported emissions from flares and from the hydrocracker as a result of the incident in a filing with the Texas Commission on Environmental Quality. Operators were working to restore normal operations at the time of the filing.

Reuters, 20:47 June 13, 2012

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=169695>

LyondellBasell Reports Flaring at Its 270,600 b/d Houston, Texas Refinery June 14

LyondellBasell reported it was venting steam at its Houston refinery on Thursday, according to a message recorded on the local Community Awareness and Emergency Response line. The refinery said the event may result in noise noticeable outside the complex, but it did not identify the reason for the incident.

Reuters, 05:54 June 14, 2012

Unplanned Maintenance Leads to Flaring at CVR's 115,700 b/d Coffeyville, Kansas Refinery June 13

CVR Energy Inc. reported unplanned maintenance at its Coffeyville refinery caused a release of ammonia to the flare just after midnight on Wednesday, according to a filing with the U.S. National Response Center. Operators were "maintaining control of the process" but had not yet secured the release at the time of the filing.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1014393

Natural Gas

Update: ConocoPhillips Resumes Exports from 1.5 MPTA Kenai, Alaska LNG Terminal

ConocoPhillips has resumed shipments from its 1.5 million tonnes per annum (mtpa) liquefied natural gas (LNG) terminal in Kenai, Alaska, a company spokeswoman said Wednesday. A shipment of LNG was sent last month to Japan, and the facility expects to deliver four or five cargoes of Alaska LNG this year, all of them to Japan, the spokeswoman said. The 42-year-old facility was scheduled to shut down early in 2011, but energy shortages caused by the Japanese earthquake and tsunami spurred a temporary demand in Asia for extra deliveries. Shipments continued until November 2011, when the plant closed for the winter. The May shipment was the first since last fall. Plans for the facility beyond 2012 are unclear, but "all potential uses for the plant depend on local needs, the volume of Cook Inlet natural gas production, or the availability of a natural gas via a pipeline from the North Slope to Southcentral Alaska," the spokeswoman said in an email.

<http://finance.yahoo.com/news/conocophillips-restarts-lng-exports-alaska-043842350.html>

Update: FERC Vacates Order on Cheniere's Proposed LNG Import Terminal near Corpus Christi, Texas

The U.S. Federal Energy Regulatory Commission (FERC) on June 8 vacated an April 2005 Order authorizing Cheniere Energy and its partners to construct and operate a 2.6 Bcf/d import-only liquefied natural gas (LNG) terminal near Corpus Christi, Texas, citing Cheniere's lack of progress on the project. In March 2012, Cheniere applied with FERC to build instead a 1.8 Bcf/d LNG export terminal at Corpus Christi, on the site originally planned for the import terminal. That application is currently pending review.

<https://ferc.gov/EventCalendar/Files/20120608172301-CP04-37-000.pdf>

PG&E Natural Gas Line Ignites During Maintenance, Causes Four-Alarm Fire in San Francisco June 12

A Pacific Gas & Electric (PG&E) natural gas line ignited as a worker was hooking the line up to a building in San Francisco's Portola neighborhood on Tuesday, officials said. The four-alarm blaze, which was first reported around 3:45 PM local time, damaged two buildings and critically injured the worker involved. The blaze was contained after the line was shut off around 6:00 PM.

<http://www.kmph.com/story/18773254/worker-badly-injured-after-gas-line-sparks-sf-fire>

Power Outage Leads to Flaring at Atlas Pipeline's 195 MMcf/d Midkiff Gas Plant in Texas June 13

Atlas Pipeline reported a severe thunderstorm Wednesday caused an outage at its third-party power provider's substation, forcing operators at the gas plant to mitigate emissions by flaring, according to a filing with state regulators. Sheryland Utilities was making repairs to the substation at the time of the filing.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=169670>

Power Outage Shuts DCP Midstream's 160 MMcf/d Goldsmith Gas Plant in Texas June 12

DCP Midstream reported a lightning strike during severe storms Tuesday night blew a fuse on the main electrical power line, resulting in a loss of power to the plant and causing the plant to shut down, according to a filing with the Texas Commission on Environmental Quality. The plant shut out approximately 80 MMcf of field gas to minimize the flaring of acid gas and natural gas. Operators were working to restart process units at the time of the filing.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=169667>

Severe Storms Cut Power to Booster Station, Leads to Flaring at DCP Midstream's 70 MMcf/d Fullerton Gas Plant in Texas June 12

DCP Midstream reported severe storms knocked out the power to its South Fullerton booster Tuesday night, which caused the low-pressure gas flare control valve to over-pressure and open, flaring low-pressure gas. Once power was restored the following day, operators were able to make adjustments and stop the flaring.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=169697>

Equipment Malfunction Shuts Compressor at ExxonMobil's 135 MMcf/d Salt Creek Gas Plant in Texas June 12

ExxonMobil reported that compressor K3502 went down overnight June 12–13, which led to flaring, according to a filing with the Texas Commission on Environmental Quality. An investigation of the incident revealed the unit went down on high vibrations due to equipment malfunctions. The unit will remain down until replacement parts arrive, the filing said.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=169623>

Bad Fuel Shuts 2 Engines at Exterran's 50 MMcf/d Reinecke Gas Plant in Texas June 11

Exterran reported Engines 77081 and 77082 went down due to poor fuel Monday afternoon, according to a filing with the Texas Commission on Environmental Quality. Operators minimized emissions and made adjustments to the fuel, restarting the engines later that day.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=169578>

Other News

Federal Judge Limits Expanding Sales from Gevo's New Biobased Isobutanol Plant in Minnesota as Company Faces Patent Infringement Fight in Court

A federal judge on Tuesday placed a temporary restraining order banning expanded sales of isobutanol from Gevo Inc.'s newly commissioned biofuel plant in Luverne, Minnesota while she considers an injunction request from Butamax Advanced Biofuels, which is suing Gevo over patent rights on the processing technology. Gevo announced last month it had begun startup of the world's first commercial biobased isobutanol production plant in Luverne, where it plans to slowly ramp up production to full-capacity rates of 18 million gallons per year by the end of 2013. Gevo and Butamax are both suing each other for patent infringement in the U.S. District Court in Delaware; two trials are set for 2013. The temporary restraining order issued Tuesday will not affect shipments to Gevo's existing clients, Sasol and the U.S. Air Force.

<http://www.startribune.com/business/158954175.html>

Celanese Plans Methanol Plant for Houston

Celanese Corporation today announced its intention to construct and operate a methanol production facility at its Clear Lake, Texas acetyl complex. The company plans to utilize its existing infrastructure to capture the opportunities created by abundant and affordable U.S. natural gas supplies. Following necessary approvals, Celanese intends to construct a 1.3 million metric ton per year facility with anticipated start-up after July 1, 2015. A significant portion of the methanol produced would be used to support the company's operations. The company expects to partner with one or more additional entities interested in the remaining methanol.

http://www.celanese.com/index/mr_index/mr_news/mr_news_fullpage.htm?id=43443

International News

BP Releases Annual Review of World Energy; Highlights Disruptions to Supplies and 'Ever-Increasing' Demand

<http://www.bp.com/extendedgenericarticle.do?categoryId=2012968&contentId=7075274>

<http://www.bp.com/sectionbodycopy.do?categoryId=7500&contentId=7068481>

Energy Prices

| U.S. Oil and Gas Prices | | | |
|--|-------|----------|----------|
| June 14, 2012 | | | |
| | Today | Week Ago | Year Ago |
| CRUDE OIL West Texas Intermediate U.S. \$/Barrel | 83.27 | 85.02 | 99.00 |
| NATURAL GAS Henry Hub \$/Million Btu | 2.18 | 2.41 | 4.59 |

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

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