



ENERGY ASSURANCE DAILY

Thursday Evening, August 09, 2012

Electricity

Thunderstorms Cut Power to 27,000 Kansas City Power & Light Customers in Kansas City August 8

<http://www.thenewstribes.com/2012/08/09/us-over-27000-without-power-in-kansas-city/>

Thunderstorm, Strong Winds Cut Power to 38,000 BC Hydro Customers in Vancouver August 7

A thunderstorm with strong winds struck Metro Vancouver Tuesday night, knocking out power to more than 38,000 BC Power customers in the area. The utility expected to fully restore power by Wednesday afternoon.

<http://www.vancouversun.com/Thousands+still+without+power+Vancouver+after+wild+thunderstorm/7060160/story.html>

Con Edison Reduces Voltage in Manhattan Neighborhoods August 9 Due to Electrical Equipment Problems

Consolidated Edison reported early Thursday morning it has reduced voltage by 5 percent to several neighborhoods in Manhattan due to problems on electrical equipment. The voltage reduction was implemented as a precaution to protect equipment and maintain service as crews work to repair the problems, Con Edison said in a press release.

The equipment problems have no effect on the rest of the Con Edison system.

<http://www.coned.com/newsroom/news/pr20120809.asp>

Entergy's 858 MW Arkansas Nuclear Unit 2 in Arkansas Trips Due to High Reactor Coolant System Pressure August 8

Entergy Arkansas reported its Arkansas Nuclear One Unit 2 reactor automatically tripped from full power Wednesday morning due to High Reactor Coolant System Pressurizer Pressure, which was caused by a Main Turbine trip due to high condenser back pressure from a degraded vacuum condition, according to a filing with the U.S. Nuclear Regulatory Commission. The plant transitioned to supplying the steam generators using the Auxiliary Feedwater system. An investigation into the cause of the trip was ongoing.

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

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2012/20120809en.html>

Update: FirstEnergy's 1,235 MW Perry Nuclear Unit 1 in Ohio Reduced to 73 Percent by August 9

On the morning of August 8 the unit was operating at 91 percent.

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

Calpine's 135 MW Gilroy Gas-Fired Unit in California Returns to Service by August 8

The unit returned from an unplanned outage that began by August 7.

<http://content.caiso.com/unitstatus/data/unitstatus201208081515.html>

AES's 506 MW Redondo Gas-Fired Unit 7 in California Shut by August 8

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201208081515.html>

PJM Says Two U.S. Mid-Atlantic Power Transmission Line Projects No Longer Necessary to Maintain Grid Stability

PJM Interconnection on Wednesday said it has recommended the removal of the Potomac Appalachian Transmission Highline (PATH) and the Mid Atlantic Power Pathway (MAPP) projects from its regional transmission plans, because its “updated analysis no longer shows a need for the lines to maintain grid stability,” according to a release. American Electric Power Co. (AEP) and FirstEnergy Inc. in 2007 first proposed building the 765-kV, 275-mile PATH transmission line from West Virginia to Maryland. Pepco Holdings Inc. in 2008 first proposed the 500-kV, 230-mile MAPP transmission line from Virginia to New Jersey. Both lines were already delayed, and in 2011 AEP and FirstEnergy sought to withdraw their application for PATH after PJM suspended the project. PJM said the slow economy has reduced growth of electricity usage, and its latest capacity auction added 4,900 MW of new generation and 14,833 MW of demand response resources, which more than offsets planned retirements of about 16,000 MW of mostly coal-fired plants in PJM over the next few years.

<http://www.reuters.com/article/2012/08/08/utilities-pjm-transmission-idUSL2E8J8BAS20120808?feedType=RSS&feedName=marketsNews&rpc=43>

NRG Energy to Add 75-MW Natural Gas-Fired Unit at Its W.A. Parish Power Plant in Texas by Summer 2013

NRG Energy has accelerated construction of a 75 MW natural gas-fired combustion turbine at its W.A. Parish coal-fired plant near Houston for operation next summer in an effort to help the State avert looming power shortages, officials said on Wednesday. The Electric Reliability Council of Texas has urged generation owners and developers to install new generation by 2014, when it has said power reserves will drop to single-digit levels, increasing the likelihood of rolling outages. Once in service, operators will be able to start up the new “peaker” unit in just minutes as needed to meet high demand.

<http://www.reuters.com/article/2012/08/08/utilities-texas-nrg-idUSL2E8J890V20120808?feedType=RSS&feedName=marketsNews&rpc=43>

Xcel Energy to Install 23 MW Diesel-Fired Turbine at New Quay County Power Plant in New Mexico as Standby Source of Power

Xcel Energy on Tuesday launched a project to bring a combustion turbine from an existing facility just north of Borger, Texas to the new Quay County Generating Station, adjacent to the company’s Campbell Street Substation in north Tucumcari, New Mexico. The 23-MW, diesel-fired turbine will serve primarily as a standby source of power if service is interrupted on the main transmission line feeding the city from Clovis. Xcel Energy previously operated a power facility in downtown Tucumcari in the same manner, but the older diesel generation facility had not been used for several years because of the age and condition of the generators. The gas turbine generator will be moved from Texas after the 2012 summer peak season and will be operational by late spring 2013.

http://www.xcelenergy.com/About_Us/Energy_News/News_Releases/Xcel_Energy_to_break_ground_on_Quay_County_power_plant

NRC, FEMA Seek Public Input in Updating Emergency Preparedness Guidance

The U.S. Nuclear Regulatory Commission (NRC) and the Federal Emergency Management Agency (FEMA) will meet with the public, state/local officials, and other interested groups August 22 in Kansas City, Missouri to discuss a proposed update to the agencies’ guidance for emergency preparedness plans at U.S. nuclear power plants. Both the NRC and FEMA currently evaluate those plans using a single set of requirements, “Criteria for Preparation and Evaluation of Radiological Emergency Response Plans and Preparedness in Support of Nuclear Power Plants.” The agencies are starting what is expected to be a multiyear process for revising these criteria to incorporate what’s been learned since the guidance was published in 1980.

<http://pbdupws.nrc.gov/docs/ML1222/ML12220A534.pdf>
<http://www.nrc.gov/reading-rm/doc-collections/nuregs/staff/sr0654/>

Update: Chevron's 245,271 b/d Richmond, California Refinery Continues to Produce Transportation Fuel at Reduced Rates August 8

Chevron Corp. on Wednesday said its Richmond refinery is continuing to produce transportation fuel at reduced levels following a fire on Monday that shut the facility's crude distillation unit (CDU), according to a company official. Operators on Wednesday ended a controlled burn-off of feedstock left in the shut CDU. A small fire from a leak near the crude unit on Wednesday morning lasted about three minutes, a plant official said, and there's still risk a small fire could break out in the lines that are damaged. No timetable has been set for returning the crude unit to production, a spokeswoman said.

Reuters, 21:11 August 8, 2012

<http://uk.reuters.com/article/2012/08/09/idUKL2E8J8CTC20120809?feedType=RSS&feedName=tnBasicIndustries-SP>

Update: BP Began Restarting Coker at Its 413,000 b/d Whiting, Indiana Refinery This Week – Sources

BP Plc. began restarting a coker unit this week at its Whiting refinery, according to sources familiar with refinery operations. The coker had been shut since July 23, when it was damaged in a fire. Traders had said the refinery cut run rates during the coker outage. A BP spokesman declined comment.

Reuters, 12:18 August 9, 2012

Sinclair Reports Small Fire at Its 80,000 b/d Sinclair, Wyoming Refinery August 5

Sinclair Oil Corp. on Wednesday reported a small fire occurred at its refinery near Rawlins late Sunday night, according to a spokesman, who said he didn't know the cause of the fire.

http://trib.com/business/energy/small-fire-at-wyoming-refinery-injures-contract-worker/article_9fc0cc28-4419-5fa1-a983-9a1ff8a90a87.html?comment_form=true

Unspecified Process Upset Causes Emissions at Phillips 66's 146,000 b/d Borger, Texas Refinery August 7

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=172043>

Alon to Move Light U.S. Inland Crude to California Refineries via New Rail Facilities and Existing Pipelines – CEO

Alon USA Energy Inc. is in "advanced discussions" to move cheap inland U.S. light crude to its California refining system via new rail facilities and existing pipelines, the company's CEO said during a conference call Thursday. Alon would "more likely than not" start by moving Bakken crude oil, but the executive declined to provide details, saying only that the expected volumes shipped would be significant. The company is considering a "unit train concept" with a new rail terminal and expects to submit permit applications "within the next few days." It hopes to complete rail facilities by the third or fourth quarter next year, the executive said. Alon operates three refineries in Paramount, Long Beach, and Bakersfield, California that work together as one unit known collectively as the California Refineries. The refineries produce CARBOB gasoline, CARB diesel, jet fuel, asphalt and other petroleum products, with a throughput of 94,000 barrels per day.

<http://in.reuters.com/article/2012/08/09/alon-rail-idINL2E8J97OQ20120809>

<http://www.alonusa.com/refining/california-refineries>

Delek to Increase Rail Deliveries of U.S. Inland and Canadian Heavy Crude at Its 83,000 b/d El Dorado, Arkansas Refinery – Executive

Delek U.S. Holdings Inc. on Wednesday said the company will ramp up crude oil deliveries via rail at its El Dorado refinery, in an effort to cut costs by accessing less-expensive U.S. inland and Canadian heavy crude and to compensate for the lengthy outage on ExxonMobil's North Pipeline, which ruptured and was subsequently shut in late April, according to an executive during a recent conference call. Introducing rail deliveries allowed the refinery to operate at 64,000 b/d in the second quarter and 70,000 b/d last month despite the pipeline's shutdown. In May and June, the company received about 2,000 b/d of crude oil from North Dakota's Bakken shale, Texas' Eagle Ford shale, Cushing, Oklahoma, and Canada. Delek expects deliveries from these sources in August to average 9,000 b/d, and it could increase deliveries to 15,000 b/d as necessary. The company also plans to add another 10,000 b/d of incoming heavy crude via rail with a new unloading facility at the El Dorado refinery, the executive said.

<http://www.reuters.com/article/2012/08/08/delek-rail-idUSL2E8J86R020120808?feedType=RSS&feedName=financialsSector&rpc=43>

U.S. Rail Deliveries of Oil from January–June 2012 Increased 38 Percent over Last Year; Increased 51 Percent in June Alone – AAR

The Association of American Railroads (AAR) reported 241,000 rail tanker cars hauled crude oil and petroleum products during the first six months of the year, a 38 percent increase over the same period in 2011. In the month of June alone, rail deliveries increased 51 percent over their 2011 levels for the month. Analysts attribute much of the increase in rail deliveries to the oil boom in North Dakota, where production has exceeded pipeline capacity.

<http://www.minyanville.com/sectors/transportation/articles/oil-crude-energy-bp-rail-bakken/8/8/2012/id/43038?camp=syndication&medium=portals&from=yahoo>

Phillips 66 Holds Off on Project to Expand ULSD Output at Its 247,000 b/d Belle Chasse, Louisiana Refinery Due to ‘Market Economics’

Phillips 66 has elected to hold off on a project to boost its Alliance refinery’s output of ultra-low sulfur diesel (ULSD), citing “market economics” and long-term supply and demand forecasts for its product, according to a spokesman who declined to comment further on the project. The refinery received a permit on July 25 to expand a diesel hydrotreater and gulfining unit, according to a filing with state regulators. Alliance can produce 120,000 b/d of heating oil and diesel and jet fuel, according to a company report.

<http://www.bloomberg.com/news/2012-08-09/phillips-66-puts-alliance-refinery-diesel-fuel-project-on-hold.html>

Natural Gas

Update: Chevron Purges Inventory after Declaring Force Majeure at Natural Gas Cavern near Sinkhole in Louisiana; Other Producers Report Curtailments, Adjustments

Chevron Corp. reported its subsidiary Bridgeline Holdings’ decision to declare force majeure on its NS1 natural gas storage cavern near Napoleonville, Louisiana on Tuesday was taken as “a precaution to protect public safety and the environment,” according to a spokesman. Seismic events were reported shortly before a sinkhole formed near the storage cavern August 3. There has been no indication that gas is leaking from the facility, the spokesman added. Bridgeline has asked customers to cut all nominations of gas into the storage cavern and to begin reducing their current storage inventory to 40 percent of each of their currently contracted amount. Natural gas traders said Chevron’s decision to purge its stores in the cavern could push an additional 4–5 Bcf of natural gas on the market. Crosstex Energy shut a portion of its 36-inch natural gas pipeline, curtailing about 150 MMcf/d, after it was discovered bent but not leaking August 4, according to a spokeswoman. Enterprise Product Partners, owner of the Arcadian Gas Pipeline System, said it was forced to shut two 20-inch natural gas pipelines near the area, according to a spokesman. Operators rerouted the natural gas to continue deliveries on schedule, he added. The Louisiana Department of Natural Resources said the potential failure of a mining cavern in a salt dome owned by Texas Brine Co LLC could have caused the sinkhole, according to local news sources.

<http://finance.yahoo.com/news/chevron-files-force-majeure-natgas-174120189.html>

<http://www.reuters.com/article/2012/08/08/chevron-natgas-idUSL2E8J86C720120808?feedType=RSS&feedName=marketsNews&rpc=43>

Glycol Pump Snag Shuts AGI Compressor at Regency’s 290 MMcf/d Waha Gas Plant in Texas August 7

Regency Energy Partners reported glycol pump snag caused the acid gas injector (AGI) compressor to go down at its Waha Gas Plant Tuesday morning, according to a filing with the Texas Commission on Environmental Quality. Operators repaired the pump and restored normal operations early that afternoon, the filing said.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=172024>

Southern Union Reports Flaring after Upsets Shut Multiple Units at Its 140 MMcf/d Keystone Gas Plant in Texas August 6

Southern Union Gas Services reported it was flaring low-pressure gas at its Keystone gas plant after an unspecified plant upset shut Unit 23 and the GMB late Monday morning, according to a filing with the Texas Commission on Environmental Quality (TCEQ). Later that day, an expander shut down for unspecified reasons, causing Units 17, 18, 21, and 22 to shut down, as well, according to another TCEQ filing.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=171993>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=171995>

Lube Oil System Snag Shuts Cat-15 Unit Several Times, Leads to Emissions at Exterran's 65 MMcf/d Dollarhide Gas Plant in Texas August 8–9

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=172071>

Other News

Agri-Energy to Suspend Production at Its 42 MMGal/Yr. Ethanol Plant in Kansas October 1 Due to Poor Economics; Has Operated at 80 Percent Capacity since April 1

East Kansas Agri-Energy LLC announced plans to temporarily suspend production at its ethanol plant in Garnett, Kansas starting October 1, citing scarce supplies of corn and high corn prices due to a prolonged drought and slowing demand for gasoline, which has resulted in surplus ethanol stocks. The company will monitor the situation with hopes to resume production as soon as market conditions allow, an executive said in a statement. The plant has been operating at 80 percent capacity since April 1.

Reuters, 12:10 August 9, 2012

Update: Pennsylvania Grain Resumes Operations at 110 MMGal/Yr. Ethanol Plant in Clearfield, Pennsylvania July 16

Pennsylvania Grain Processing LLC, an affiliate of Zeeland Farm Services Inc., on July 16 resumed operations at a 110 MMGal/Yr. ethanol plant in Clearfield, Pennsylvania. The plant is ramping up to full capacity and is currently operating at around 90 percent capacity, according to the facility's general manager. The plant's former owner, Bionol Clearfield, began operations in early 2010, but then idled the facility after filing for bankruptcy in June 2011. Bionol sold the facility to Zeeland last spring.

<http://www.ethanolproducer.com/articles/9015/pa-ethanol-plant-restarts-in-midst-of-widespread-drought>

EIA Reduces Annual Ethanol Production Estimates by 3.3 Percent; Says It Expects Production to Recover in Second Half of 2013

The U.S. Energy Information Administration (EIA) reduced its yearly ethanol production estimates by 3.3 percent, from 900,000 b/d to 870,000 b/d, and said it expects ethanol production to recover in the second half of 2013. Ethanol production has declined somewhat steadily since June as drought conditions have threatened corn harvests throughout the U.S. Midwest, pushing prices for the grain to record highs.

<http://www.hydrocarbonprocessing.com/Article/3072940/Latest-News/US-lowers-yearly-ethanol-production-outlook-by-3.html>

International News

Update: Mexico Closes Three Main Oil Export Ports in Gulf of Mexico as Tropical Storm Ernesto Brings Heavy Rainfall August 8–9; Pemex Reports No Impact to Production

Tropical Storm Ernesto brought significant rain without major damage to the Yucatan Peninsula after moving through the southern Gulf of Mexico overnight Wednesday–Thursday. Mexican officials on Wednesday closed the country's three main oil export hubs in the Gulf of Mexico, ports Cayo Arcas, Dos Bocas, and Coatzacoalcos, in anticipation of the storm. State oil company Petroleos Mexicanos (Pemex) said it had evacuated 61 workers from a drilling platform and had taken other safety precautions, but production had not been affected.

<http://www.businessweek.com/ap/2012-08-09/ernesto-skirting-coast-on-way-to-flood-prone-area>

Update: South Sudan to Restart Oil Production in September; Expects to Reach Full 350,000 b/d Output within 1 Year

After resolving this weekend an ongoing dispute with Sudan over oil pipeline fees, South Sudan now hopes to resume oil production in September but says it may take a year to return to full capacity, according to an African Union official. A long-running dispute over how much the landlocked South Sudan should pay to transport its oil through Sudan led to the shutdown in January of South Sudan's 350,000 b/d output. An official said Tuesday the country will initially focus its restart efforts on the Upper Nile region, where it produces its Dar Blend crude oil, and it hopes to start production at a rate 150,000 b/d and build over the next year.

Reuters, 13:01 August 7, 2012

Energy Prices

U.S. Oil and Gas Prices			
August 9, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	93.58	87.75	81.70
NATURAL GAS Henry Hub \$/Million Btu	2.97	3.20	4.00

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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