



ENERGY ASSURANCE DAILY

Tuesday Evening, August 16, 2011

Electricity

Update: Nearly 10,000 LG&E Customers Remain Without Power in Kentucky August 16

About 9,900 LG&E customers remained without power on the morning of August 16 as LG&E continued efforts to restore power to the 128,000 customers who lost power during thunderstorms on the night of August 13. LG&E expects most of its customers to be restored August 16 but expects customers in heavily damaged areas to remain without power until August 17.

<http://stormcenter.lge-ku.com/default.html>

<http://www.lge-ku.com/>

Update: STP's 1,251 MW South Texas Nuclear Unit 2 in Texas Ramps Up to 45 Percent by August 16

The unit ramped up to 45 percent of capacity by early August 16, up from 18 percent on the morning of August 15. The unit was operating at full power on the morning of August 14.

Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2011/>

Enbridge to Undertake 550-600 MW Montana-Alberta Transmission Line Project

Enbridge Inc. announced August 16 that it would buy Tonbridge Power Inc., a company whose main business is developing the MW Montana-Alberta Tie Line (MATL). MATL is a two phase 215-mile transmission project designed to export wind power from the U.S. to Canada. Tonbridge had earlier said that it would need \$50 million in additional funding to complete the project, raising doubts about the project's future. Following the acquisition, Enbridge will inject the money needed to finish MATL's first 300 MW phase as well as a low cost second phase expansion to 550-600 MW.

<http://www.theglobeandmail.com/globe-investor/enbridge-buys-tonbridge-for-power-line-project/article2131334/>

<http://www.enbridge.com/MediaCentre/News.aspx?yearTab=en2011&id=1486443>

DOE Finalizes \$102 Million Loan Guarantee for 50.6 MW Maine Wind Project

U.S. Energy Secretary Steven Chu announced on August 15 that the Department of Energy finalized a \$102 million loan guarantee to Record Hill Wind, LLC. The loan guarantee, in conjunction with an investment by the Yale University Endowment, will support the Record Hill wind project, which consists of a 50.6 MW wind power plant with 22 turbines, an eight mile transmission line and associated interconnection equipment to interconnect with Central Maine Power.

<http://www.doe.gov/articles/department-energy-finalizes-102-million-loan-guarantee-record-hill-wind-llc-maine-wind>

Solar Power Companies to Build 9.7 MW Solar Project in New Jersey; Set Goal of Developing 300 MW of Solar Power in New York and New Jersey

Developer KDC Solar LLC has awarded an EPC contract to SPI Solar to construct a 9.7 MW fixed-ground-mount, distributed generation solar energy facility for the headquarters of a pharmaceutical company in New Jersey. The award is part of a 3-year contract between signed in June 2011 agreement under which KDC Solar will offer a minimum of 150 MW of solar projects to SPI Solar and sets a goal of jointly developing 300 MW of solar power in New York and New Jersey.

Unspecified Process Units Shut at Tesoro's 94,000 b/d Kapolei, Hawaii Refinery August 15

A spokesman for the refinery said the units were shut August 15 following the failure of a piping component. As a result, rates at some refinery units were adjusted. As of August 16, repairs to the process units had been completed and the affected units were being restarted. The affected units are expected to reach planned rates by "mid-week" and the company does not expect an impact on product supply.

<http://www.nasdaq.com/asp/stock-market-news-story.aspx?storyid=201108161247dowjonesdjonline000212&title=tesoro-shut-down-some-process-units-at-hawaii-refinery>

Update: Imperial Oil Restarting 82,000 b/d Dartmouth, Nova Scotia Refinery

On August 15 the company said it was restarting the refinery and expects a return to normal rates by the end of the week. The refinery had been shut since a power outage on July 21 that prompted the company to move up planned repairs. The refinery outage contributed to some fuel shortages on Canada's East Coast.

<http://af.reuters.com/article/commoditiesNews/idAFN1E77E1FX20110815>

Update: All Units Remain Shut at Valero's 195,000 b/d Memphis, Tennessee Refinery August 15

According to Dow Jones Newswires, Valero Energy Corp. said August 15 that all production units remained offline at the refinery, which was forced to shut down after an August 5 fire. The company does not have an estimate for when the units will be restarted. Due to potential fuel shortages caused by the shutdown, the EPA granted a waiver allowing the use of winter-grade fuel in western Tennessee.

<http://www.nasdaq.com/asp/stock-market-news-story.aspx?storyid=201108161049dowjonesdjonline000164&title=refinery-statuspbf-reduces-toledo-refinerys-fccu-production-rate>

North Sea Oil Find Estimated at 0.5-1.2 Billion Barrels of Recoverable BOE

Norway's Statoil has confirmed that its oil discovery in the Aldous Major South prospect of the North Sea is connected to Avaldsnes discovery made by Sweden's Lundin Petroleum and estimated the combined size of the two discoveries at 500 million-1.2 billion barrels of oil equivalent, possibly making it the largest find so far in 2011.

<http://uk.reuters.com/article/2011/08/16/uk-statoil-discovery-idUKTRE77F48B20110816>

TransCanada Launches Binding Open Season for Cushing Marketlink to Port Arthur and Houston

TransCanada Corporation on August 15 launched a binding open season to obtain additional firm commitments from interested parties for the Cushing Marketlink Project to transport crude oil from Cushing, Oklahoma to Port Arthur and Houston, Texas. TransCanada held a successful open season in 2010 allowing the project to proceed subject to regulatory approvals and provide transportation of U.S. crude oil production from Cushing to Port Arthur by mid-2013. The company is now seeking additional commitments to deliver crude oil to Port Arthur as well as commitments for new service to Houston set to open in 2014. Transportation service to Houston is dependent on the proposed Keystone Pipeline System extension to Houston being built. The Cushing Marketlink Project would deliver crude oil using pipeline facilities that form part of TransCanada's proposed Keystone XL System.

<http://www.transcanada.com/5817.html>

Vitol Midstream and Blueknight Energy Partners Announce Plans to Construct 1 Million Barrel Crude Oil Terminal in West Texas

Vitol Midstream, LLC and Blueknight Energy Partners, L.P. on August 15 announced they have entered into agreements for the construction and operation of a 1 million barrel crude oil terminal and six unloading stations for trucks in Midland, Texas. Vitol Midstream has secured pipeline connectivity agreements with Centurion Pipeline L.P. and Enterprise Crude Pipeline LLC that will allow the storage site to expand along with market demands.

<http://www.vitol.com/latest-news/135-vitol-group-and-blueknight-energy-partners-announce-plans-to-construct-new-crude-oil-terminal-in-midland-texas/english?page=4>

Update: New Petition Filed to Block Exxon's Plan to Transport Oversized Oil Sands Equipment across Idaho

Opponents filed a petition August 15 asking the Idaho Transportation Department to reject a hearing officer's findings in a disputed case that involves granting permits to Exxon Mobil Corp. to haul dozens of oversized loads from the port in Lewiston, Idaho along U.S. Highway 12 to Montana en route to oil sands in southern Alberta. The opponents claim the shipments pose a risk to public safety and the environment.

http://www.forbes.com/feeds/ap/2011/08/16/business-energy-us-megaloads-hearing-appeal-idaho_8625621.html

Natural Gas

Update: TransCanada's 407 MMcf/d Bison Natural Gas Pipeline in Wyoming Resumes Some Natural Gas Shipping

The Pipeline and Hazardous Materials Safety Administration (PHMSA) is allowing the repaired 30-inch Bison Pipeline to transport 230 MMcf/d of natural gas while TransCanada investigates the cause of a July 20 rupture that shut the line and led the company to declare force majeure on contracted shipments. On August 15, TransCanada announced that the inline inspections scheduled to be completed on August 12 would be extended through August 22 and indicated that the force majeure declaration will remain in place until PHMSA gives the approval to increase shipments. The Bison Pipeline transports gas from the Power River Basin in Wyoming to the Northern Border Pipeline in North Dakota, which transports the natural gas to customers in the Midwest.

http://trib.com/news/state-and-regional/article_1f1b3fd8-3c0e-5965-b8f1-87e83828cc39.html

<http://www.bisonpipelinellc.com/>

Recently Completed Ruby Pipeline from Wyoming Ramps up Volumes to 500 MMcf/d

The 1.5 Bcf/d pipeline, which carries gas from Wyoming to an interconnection point on the Oregon-California border, ramped up flows to 500 MMcf/d on August 2. The pipeline had been flowing at an average of 58 MMcf/d since it began service in July 2011. Analysts expect Ruby to ramp up flows gradually over the next few months but do not expect the line to reach full capacity before the end of the year.

Reuters, 15:40 August 15, 2011

Flint Hills, GVEA Begin Engineering for LNG Liquefaction Plant on Alaska North Slope

Flint Hills Resources and Golden Valley Electric Association of Fairbanks have begun engineering on a natural gas liquefaction plant at Prudhoe Bay on the North Slope and plan to build the facility in time for deliveries in 2014.

The project would involve trucking of LNG from the North Slope to Fairbanks on the Dalton Highway. The LNG proposal will require approvals by the Regulatory Commission of Alaska, which will have to approve Golden Valley's passing its share of costs for engineering and building the LNG plant at Prudhoe Bay and a regasification plant near Fairbanks on to Interior Alaska ratepayers.

http://www.downstreamtoday.com/news/article.aspx?a_id=27579

Contractor Strikes BP's Urban 16-inch Sweet Gas Gathering Pipeline, Causes Release in Texas August 15

According to a filing with Texas regulators, a third party contractor not working for BP struck the pipeline at approximately 9:30 AM local time on August 15. The contractor was digging a pit at a non BP well location. BP became aware of the strike at 11:00 AM and pipeline was isolated and the area secured. Approximately 12,774 lbs of natural gas was released.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=158046>

Other News

Nothing to report.

Energy Prices

U.S. Oil and Gas Prices			
August 16, 2011			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	87.30	83.68	75.44
NATURAL GAS Henry Hub \$/Million Btu	4.05	4.00	4.42

Source: Reuters

Energy Notes

Federal Judge Rejects Obama Administration Policy That Had Required More Extensive Environmental Review of Some Oil & Gas Drilling Permits on Public Lands

<http://www.nytimes.com/gwire/2011/08/15/15greenwire-judge-nixes-tighter-us-oversight-of-oil-and-gas-8074.html>

Environmental Groups Sue to Overturn Air Pollution Permit Granted to Sunflower Electric to Build One 895 MW Unit at its Existing Coal-fired Power Plant in Kansas

<http://www.ens-newswire.com/ens/aug2011/2011-08-15-092.html>

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 EDT every Wednesday.

Natural Gas Weekly Update from EIA

<http://www.eia.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EDT every Thursday.

ENERGY ASSURANCE DAILY

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

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