



ENERGY ASSURANCE DAILY

Friday Evening, August 17, 2012

Electricity

Strong Storms Cut Power to More Than 28,000 Nashville Electric Service Customers in Tennessee August 16

Strong storms overnight Thursday knocked out power to more than 28,000 Nashville Electric Service customers in the Metro Nashville area. As of 3:00 PM local time Friday, approximately 1,592 of its customers remained without power.

<http://www.nespower.com/OutageMap/default.aspx>

<http://www.newschannel5.com/story/19300493/deadly-storms-prompt-warnings-cause-power-outages>

Reactor Coolant Pump Trip Shuts TVA's 1,126 MW Sequoyah Nuclear Unit 2 in Tennessee August 16

The Tennessee Valley Authority (TVA) reported its Sequoyah Unit 2 reactor automatically tripped from full power Thursday night on a single loop loss of flow, following a No. 4 reactor coolant pump (RCP) trip, according to the U.S. Nuclear Regulatory Commission. The cause of the RCP trip was under investigation at the time of the filing.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2012/20120817en.html>

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

Update: FPL's 510 MW Point Beach Nuclear Unit 1 in Wisconsin Restarts, Ramps Up to 28 Percent by August 17

Point Beach Unit 1 is returning from an outage that began August 14, when operators tripped the reactor after noticing the turbine governor valves closing in response to an Electro-Hydraulic Control System signal.

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

Update: AES's 332 MW Alamos Natural Gas-Fired Unit 3 in California Returns to Service by August 16

The unit returned from an unplanned outage that began by August 15.

<http://content.caiso.com/unitstatus/data/unitstatus201208161515.html>

Update: CDWR's 933 MW Hyatt-Thermalito Hydro Unit in California Returns to Service by August 16

The unit returned from a curtailment of 566 MW that began by August 14 and was due to planned and unplanned causes.

<http://content.caiso.com/unitstatus/data/unitstatus201208161515.html>

Coal-Fired Electricity Generation Falls to Lowest Level in 40 Years as Power Plant Operators Increasingly Switch to Natural Gas as Fuel Source

The U.S. Energy Information Agency (EIA) reported this month that U.S. energy-related CO₂ emissions for the first four months of this year fell to about 1992 levels, mainly because power plant operators are increasingly switching to low-priced and plentiful natural gas as a fuel source instead of dirtier-burning coal. A boom in natural gas production has come about largely because of hydraulic fracturing, which has given producers access to resources in large shale deposits in the U.S. Northeast and Midcontinent and has caused the wholesale price of natural gas to fall from \$7–8 per unit to about \$3 over the past four years. Power plant operators have made quick adjustments: In 2005, coal accounted for half the electricity generated in the United States. By March 2012, coal accounted for 34 percent, which is the lowest level since EIA began keeping records nearly 40 years ago. Projections for the year suggest that coal will account for about 37 percent of the nation's electricity, natural gas for 30 percent, and nuclear power for about 19 percent.

<http://finance.yahoo.com/news/ap-impact-co2-emissions-us-174651022.html>

White House Considering Potential SPR Release to Allay Rising Crude and Gasoline Prices, Prevent Energy Costs from Undermining Iran Sanctions

The White House on Friday confirmed that the Obama administration is considering a release from the Strategic Petroleum Reserve (SPR) as an option to help allay rising crude oil and gasoline prices, according to a spokesman. Another source with knowledge of the situation indicated the release was being considered also as an option to help prevent high energy costs from undermining the success of Iran sanctions. The administration is in early stages of discussion and a final decision appears far from imminent, according to an administration official.

<http://www.reuters.com/article/2012/08/17/usa-oil-reserves-whitehouse-idUSL2E8JHCJP20120817>

<http://www.reuters.com/article/2012/08/17/markets-asia-nymex-idUSL4E8JH09H20120817>

http://www.downstreamtoday.com/news/article.aspx?a_id=37002

DOT Proposes Rules Toughening Oversight of U.S. Pipeline System under the New Pipeline Safety Act

The U.S. Department of Transportation on Friday announced new proposed rules that will toughen oversight of the U.S. pipeline system and are meant to implement the pipeline safety act that Congress passed last year. The fine structure under the rule will be subject to a 30-day comment period and, if passed, will be effective from January 3, 2012, the day President Obama signed the act into law.

<http://www.reuters.com/article/2012/08/17/usa-pipelines-rulemaking-idUSL2E8JHCVU20120817>

Equipment Malfunctions Cause Emissions at Phillips 66's 247,000 b/d Sweeny, Texas Refinery August 15

Phillips 66 reported emissions at its Sweeny refinery Wednesday afternoon after an instrument air compressor tripped on high temperature due to a faulty exhaust regulator, and the backup diesel compressor failed to start up due to an electrical short, according to a filing with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=172367>

SRU Startup Causes Upset, Emissions at Motiva's 600,000 b/d Port Arthur, Texas Refinery August 15

Motiva Enterprises reported that during the startup of Sulfur Recovery Unit (SRU) No. 2 at its Port Arthur refinery Wednesday afternoon, the unit experienced an upset condition that resulted in high sulfur dioxide emissions from the Tail Gas Treating Unit 1 Incinerator stack, according to a filing with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=172374>

Tundra Energy to Add 410,000 Barrels of Oil Storage Capacity at Its Cromer, Manitoba Terminal in Canada

To meet the growing needs of crude oil producers and shippers in Manitoba and southeast Saskatchewan, Tundra Energy Marketing Limited is adding 410,000 barrels of oil storage to its terminal in Cromer, Manitoba. Tundra currently has 70,000 barrels of oil storage at Cromer. Site preparation is underway. Construction of the two tanks, each 205,000 barrels in size, will continue for approximately 15 months and they should be operational in the fourth quarter of 2013.

<http://www.marketwatch.com/story/tundra-to-increase-oil-storage-capacity-in-cromer-mb-2012-08-16>

Natural Gas

Power Failure Shuts Numerous Units at Exterran's 65 MMcf/d Dollarhide Gas Plant in Texas August 15

Exterran reported numerous units shut down due to a power failure Wednesday night, according to a filing with the Texas Commission on Environmental Quality (TCEQ). Operators reported also that Cat-3 went down on low water level Wednesday night, causing emissions until the following morning, according to another TCEQ filing.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=172364>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=172395>

Power Outage Shuts Acid Gas Injector Units 1 and 2 at Enbridge's Tilden Gas Plant in Texas August 15

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=172357>

Other News

Cliffs Natural Resources Halts Production at Its Pinnacle Mine Complex in West Virginia after Detecting Elevated Methane Gas Levels on August 13

Cliffs Natural Resources Inc. on Monday halted production and evacuated workers from the Pinnacle mine complex in West Virginia after detecting elevated methane gas levels. The condition was remediated the same day and will have no impact on operations, the company said in a filing with the U.S. Securities and Exchange Commission.

<http://www.reuters.com/article/2012/08/17/cliffs-mine-idUSL4E8JH45Q20120817>

U.S. Appeals Court Rules Trade Associations Have No Standing in Challenging U.S. Environmental Protection Agency's Approval of E15 Ethanol Blend

<http://www.reuters.com/article/2012/08/17/ethanol-court-idUSL2E8JH5DP20120817>

International News

Petrobras' Output Drops 1.1 Percent in First Half of 2012 amid Declines in Offshore Production, Frade Oilfield Closure

Petroleo Brasileiro SA (Petrobras) reported its first annual output drop since 2004 as offshore discoveries have failed to counter declines at aging fields. Output fell 1.1 percent amid declines at the offshore Campos Basin, maintenance-related shutdowns at platforms, and the closing of Chevron Corp.'s Frade field, where Petrobras has a minority stake. Chevron suspended drilling operations in the Frade oilfield after a November 2011 accident at a well in the field caused a spill. Petrobras's average oil output in Brazil fell to 2.018 MMb/d in the first half of 2012, compared with 2.022 MMb/d in all of 2011. Petrobras has been pumping less than 2 MMb/d since February, the month before Chevron shut the Frade oilfield. In April output fell to a 20-month low, Petrobras said on its website.

<http://www.bloomberg.com/news/2012-08-13/petrobras-output-drops-on-chevron-field-loss-corporate-brazil.html?cmpid=yahoo>

Crude Oil Production Falling in Mexico Due to Aging Fields, Underinvestment

The production of crude oil in Mexico peaked in 2008 at a rate of 3.2 MMb/d, according to the U.S. Energy Information Administration (EIA). In 2011, the country produced less than 3 MMb/d, due primarily to aging oilfields and years of underinvestment in oil exploration, according to analysts. Under its current policy, EIA says Mexico will have to start importing oil by 2020.

http://money.cnn.com/2012/08/17/news/economy/mexico-oil/index.html?source=yahoo_quote

Shell Says It Contained Pump Station Leak in Nigeria's Nembe Creek; Local Reports Indicate a More Significant Oil Slick

Shell Petroleum Development Corporation (SPDC) on Friday said it has contained oil that leaked from a failed pump within a flowstation on Nigeria's Nembe Creek, but local residents have disputed this, saying the spill had spread to mangrove swamps. A SPDC spokesman said that the failed pump was immediately shut down, and only some oil escaped from the seal into the saver pit in the flowstation.

<http://www.reuters.com/article/2012/08/17/nigeria-oilspill-idUSL6E8JGCS520120817>

Energy Prices

U.S. Oil and Gas Prices			
August 17, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	95.93	92.90	87.62
NATURAL GAS Henry Hub \$/Million Btu	2.78	2.89	3.98

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

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 PM Eastern Time. For more information, visit the Infrastructure Security and Energy Restoration (ISER) website at:

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

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