



ENERGY ASSURANCE DAILY

Thursday Evening, September 06, 2012

Major Developments

OE/ISER Situation Report: Hurricane Isaac

Hurricane Isaac made its first landfall on Tuesday, August 28 at 7:45 p.m. EDT in Plaquemines Parish, LA. Isaac made a second landfall along the coast of southeast Louisiana, just west of Port Fourchon, around 3:15 a.m. EDT on Wednesday, August 29. For details on the impact of this storm on customer outages, energy infrastructure issues, and restoration efforts see: Hurricane Isaac Situation Reports issued by the U.S. Department of Energy, Office of Electricity Delivery & Energy Reliability (OE/ISER), at the following URL:

http://www.oe.netl.doe.gov/named_event.aspx?ID=66

Electricity

Strong Winds and Rain Cut Power to 55,000 Utility Customers in Anchorage and Mat-Su, Alaska September 4

Blasts of wind and rain overnight Tuesday cut power to approximately 30,000 Municipal Light & Power customers and 25,000 Chugach Electric customers in Anchorage and Mat-Su, according to local reports. Both utilities hoped to restore electricity to all their affected customers by Wednesday night, though they warned it could take until Thursday morning to fully restore power.

<http://www.adn.com/2012/09/05/2611760/anchorage-begins-to-assess-storm.html>

Update: Entergy's 813 MW FitzPatrick Nuclear Unit in New York Reduced to 61 Percent by September 6

On the morning of September 5 the unit was operating at 74 percent.

<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 at Full Power by September 6

On the morning of September 5 the unit was operating at 56 percent.

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

Petroleum

Update: TransCanada Submits New Alternative Route for the Proposed 830,000 b/d Keystone XL Pipeline in Nebraska

TransCanada Corporation yesterday announced it has submitted a Supplemental Environmental Report (SER) to the Nebraska Department of Environmental Quality (NDEQ) with a preferred alternative route for the Keystone XL Pipeline in Nebraska. The new route is intended to address concerns about the environmentally sensitive Ogallala Aquifer in the Nebraska Sandhills region. The SER was also submitted to the U.S. Department of State (DOS) in connection with an application for a Presidential Permit for the 830,000 b/d pipeline, which is intended to run from the U.S./Canada border in Montana to Steele City, Nebraska. Upon approval from the DOS, TransCanada hopes to begin construction of Keystone XL in the first quarter of 2013, with completion slated for late 2014 or early 2015. Construction of the Gulf Coast Project (the portion of the Keystone XL pipeline running from Cushing, Oklahoma to Nederland, Texas) is expected to begin this summer, with an in-service date of mid- to late-2013.

<http://www.transcanada.com/6099.html>

<http://www.4-traders.com/TRANSCANADA-CORP-1411996/news/TransCanada-Corp-TransCanada-submits-new-Keystone-XL-route-in-Nebraska-14490693/>

Update: DKRW to Start Construction Phase of Its 11,600 b/d Coal-to-Liquids Medicine Bow Project in Wyoming

DKRW Advanced Fuels LLC on August 31 announced that its wholly owned subsidiary, Medicine Bow Fuel & Power LLC (MBPF), has entered into a contract with the Sinopec Engineering Group (SEG) to provide engineering, procurement, and construction services for the DKRW industrial gasification and liquefaction facility located at Medicine Bow in Carbon County, Wyoming. The Medicine Bow project is co-located with the Carbon Basin coal reserve owned by Arch Coal. Using bituminous coal from southern Wyoming, the Medicine Bow facility will produce 11,600 b/d of very low sulfur gasoline using General Electric gasification technology and methanol-to-gasoline technologies. The project will also capture 92 percent of the carbon dioxide (CO₂) generated throughout the development process and provide the liquefied CO₂ for use in the enhanced oil recovery market in the Rocky Mountain region. The company hopes to begin commercial operation by 2016.

<http://www.dkrwaf.com/News-Center-87.html>

<http://fuelfix.com/blog/2012/09/06/carbon-county-anxious-to-get-coal-to-gas-plant/>

Update: Shell Restarts Unspecified Units at Its 75,000 b/d Sarnia, Ontario Refinery September 5 after Lightning Strike September 4

Royal Dutch Shell Plc. on Wednesday said it was restarting some process units at its Sarnia refinery that were shut on Tuesday after lightning hit the facility, according to a posting on a community information line. Shell did not specify which units were affected or when normal operations were expected to resume.

Reuters, 16:27 September 5, 2012

Update: Justice Department Accuses BP of Gross Negligence in 2010 Deepwater Horizon Oil Rig Explosion, Spill in the Gulf of Mexico

<http://www.stuarthsmith.com/wp-content/uploads/2012/09/7229-2.pdf>

<http://www.forbes.com/sites/christopherhelman/2012/09/05/justice-dept-hammers-bp-for-gross-negligence-in-gulf-oil-spill/2/>

Natural Gas

CPUC Finds No Merit to Allegations of PG&E's Conducting Improper Pipeline Welding Practices

The California Public Utilities Commission (CPUC) on Wednesday issued a staff report on its investigation of whistleblower allegations regarding Pacific Gas and Electric Company's (PG&E) pipeline welding work, finding no instances in which welds were not inspected in compliance with federal and state gas pipeline safety regulations. CPUC staff launched an investigation in February when the United Association of Plumbers, Pipe Fitters, and Steamfitters Local Union Nos. 246 and 342 made a filing that included allegations that certain welds performed by PG&E on specific gas pipeline segments were problematic, that a non-independent process was used to inspect welds in PG&E's pipeline hydrotesting program, and that there was extensive corrosion and cracked coatings on the exterior surface of certain pipelines.

<http://www.cpuc.ca.gov/PUC/events/PGEWeldingPracticesReport.htm>

http://www.pge.com/about/newsroom/newsreleases/20120905/pgampe_responds_after_cpuc_finds_no_merit_to_allegations_of_improper_pipeline_welding_practices.shtml

Lone Star to Convert a 24-Inch Natural Gas Pipeline in West Texas to Carry NGLs

The U.S. Federal Energy Regulatory Commission has granted Transwestern Pipeline Co. LLC's request to abandon by sale to affiliate Lone Star NGL Pipeline LP an almost 60-mile segment of the West Texas lateral pipeline running between Monument Junction and Halley Junction in Winkler County, Texas. Lone Star will convert the 24-inch pipeline from carrying natural gas to carrying natural gas liquids (NGLs), to service producer/shippers in the West Texas area.

http://www.downstreamtoday.com/news/article.aspx?a_id=37144

NiSource Asks FERC to Approve Natural Gas Pipeline Modernization Program

NiSource Inc.'s Columbia Gas Transmission subsidiary on Tuesday filed a customer settlement in support of its comprehensive interstate natural gas pipeline modernization program with the U.S. Federal Energy Regulatory Commission (FERC). The parties have asked FERC to approve the settlement before the end of 2012.

Columbia Gas Transmission projects it will invest approximately \$4 billion over an extended period to modernize its system to improve system integrity and enhance service reliability and flexibility. Per the settlement, NiSource plans to replace 1,000 miles of its existing interstate transmission pipelines, upgrade natural gas compression systems, and increase in line checking capacities.

<http://ir.nisource.com/releasedetail.cfm?ReleaseID=704389>

<http://finance.yahoo.com/news/nisource-upgrade-infrastructure-223431303.html>

Unit Shutdown Results in Flaring at Southern Union's 140 MMcf/d Keystone Gas Plant in Texas September 4

Southern Union Gas Services reported it was intermittently flaring low-pressure gas at its Keystone plant after an Emperor unit went down during pigging operations Tuesday afternoon, according to a filing with the Texas Commission on Environmental Quality. Emissions related to this event continued until Wednesday morning, the filing said.

<http://www11.tceq.state.tx.us/oce/eeer/index.cfm?fuseaction=main.getDetails&target=173130>

Other News

Update: Purified Renewable Energy Prepares to Restart 25 MMGal/Yr. Ethanol Plant in Minnesota

The new owners of an ethanol plant near Buffalo Lake, Minnesota reported a brief fire September 3 caused minor damage and would delay restart activities for about a week. Purified Renewable Energy LLC in April bought the corn-based ethanol plant from former owner Minnesota Energy and has worked since then to prepare it for restart. The plant is officially permitted to process 25.3 million gallons of ethanol per year, but it could be expanded to process 35 MMgal/yr. in the future, according to a company official. Operators may also upgrade the plant to convert about 10–20 percent advanced feedstocks, such as food waste or sugar beets, the official said. Prior to its purchase in April 2012, the plant had been shut since April 2010, when Minnesota Energy closed the facility due to poor economics.

<http://www.ethanolproducer.com/articles/9079/minnesota-ethanol-plant-restarts-under-new-ownership>

International News

Unknown Computer Virus Strikes Qatari Natural Gas Producer RasGas' Office Computer Network August 27

Qatari natural gas producer RasGas on August 27 discovered an unknown computer virus had struck its office computer network, the company said in a statement. Operational systems both onsite and offshore are secure and the attack has not affected production at the Ras Laffan Industrial City plant or scheduled cargoes, the statement said. Rasgas' website and email servers have been offline since last week. A company spokeswoman was unable to say whether this was due to Rasgas shielding its electronic systems from more intrusions or the effect of the virus itself. News of the attack came just as Saudi Aramco was restoring its main network services impacted on August 15 by a malicious virus that originated from external sources and affected about 30,000 workstations. Some security experts have said the attacks could be related, given the timing and the apparent similarity of the infections.

<http://finance.yahoo.com/news/virus-origin-gulf-computer-attacks-210645216.html>

<http://www.reuters.com/article/2012/08/30/qatar-rasgas-idINL6E8JUD1K20120830>

Nigerian Naval Ships Free Oil Tanker Hijacked by Pirates Offshore Lagos September 4

Reuters, 11:22 September 5, 2012

<http://www.heraldnet.com/article/20120906/NEWS02/709069907>

Energy Prices

U.S. Oil and Gas Prices September 6, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	96.81	94.35	88.93
NATURAL GAS Henry Hub \$/Million Btu	2.87	2.64	4.12

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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