



ENERGY ASSURANCE DAILY

Thursday Evening, September 12, 2013

Electricity

Extreme Heat, Equipment Problems Force PJM to Curtail Power to Avoid Uncontrolled Blackout September 10; Demand Response Keeps Grid Stable September 11

Due to unseasonably hot weather, PJM Interconnection, the electricity grid operator for 13 states and the District of Columbia, set a new record for September peak power use on Tuesday by meeting the demand for 144,370 MW. Tuesday's unusual, extreme heat combined with local equipment problems to create emergency conditions in Indiana, Michigan, Ohio, and Pennsylvania. PJM was forced to direct local utilities in those areas to immediately and temporarily cut electricity to some customers to avoid the possibility of an uncontrolled blackout over a larger area that would have affected many more people. PJM continued to monitor the grid Wednesday as supplies remained tight and electricity use was headed even higher until PJM called for demand response. Through demand response, customers voluntarily reduce their electricity use in exchange for payment. An estimated 5,949 MW of demand response resources (the largest amount of demand response PJM has ever received) were called on Wednesday. The peak demand for electricity on Wednesday was 142,071 MW. Demand for electricity Tuesday and Wednesday was higher than any day this summer except July 18. PJM credits generation performance and demand response for playing significant roles in balancing the supply and demand during the unusual conditions this week. On Thursday, peak demand in the PJM region is forecast to reach 130,481 MW at 3 p.m. eastern with available economic capacity of 158,213 MW.

<http://www.pjm.com/~media/about-pjm/newsroom/2013-releases/20130911-pjm-sets-record-september-peak-power-use.ashx>

<http://pjm.com/~media/about-pjm/newsroom/2013-releases/20130912-pjm-meets-high-electricity-demand-during-unusual-heat-wave.ashx>

<https://twitter.com/pjminterconnect>

Update: High Demand Strains Penelec Transmission Equipment, Knocks Out Power to 32,000 Customers Near Erie, Pennsylvania September 10; Power Restored September 11

FirstEnergy, the parent company of Penelec, reported service was restored early Wednesday to the approximately 32,000 customers near Erie, Pennsylvania, who lost power on Tuesday. The outage was blamed on the high heat and humidity which created a large demand on the transmission system, according to a company spokesperson. Some transmission equipment was taken out of service to prevent it from becoming overloaded. FirstEnergy (the parent company of Penelec) said the electric transmission company took steps Tuesday night to reinforce the supply of electricity, especially to northwestern Pennsylvania and parts of Ohio, to help meet the upcoming electric demand.

<http://www.goerie.com/article/20130911/NEWS02/309119901/Penelec-service-restored-to-Erie-region#>

DTE Reports 78,000 Customers Without Power After Severe Storms Hit Detroit, Michigan September 11

DTE Energy reported that 78,000 customers were without power after strong thunderstorms hit southeastern Michigan Wednesday evening. High winds brought down trees and power lines causing the outages in the Detroit Metro area as well as parts of West Michigan. As of Thursday morning 60,000 customers remained without power and DTE estimates the majority of customers should have power restored this evening.

<http://www.detroitnews.com/article/20130912/METRO08/309120055/60K-still-without-power-after-severe-weather-strikes-Metro-Detroit?odyssey=tab%7Ctopnews%7Ctext%7CFRONTPAGE>

<http://www.dteenergy.com/map/outage.html>

Wolf Creek's 1,165 MW Wolf Creek Nuclear Unit 1 in Kansas Shut September 11

Wolf Creek reported it shut down its nuclear unit on September 11 when the A train class 1E electrical equipment air conditioning unit was declared non-functional due to a possible failed compressor cylinder, as indicated by increased vibration. This failure could prevent the unit from performing its required function over its required mission time. All electrical systems remained available but were declared inoperable due to inadequate room cooling capability. On September 12, Wolf Creek reported it had an auxiliary feedwater actuation during the plant shutdown. The plant was in Mode 3, all control rods inserted, with reactor trip breakers closed when low steam generator levels prompted a manual reactor trip. A valid auxiliary feed actuation signal was received due to low steam generator levels. All auxiliary feedwater pumps started and operated as expected.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2013/20130912en.html>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2013/>

FirstEnergy's 1,235 MW Perry Nuclear Unit 1 in Ohio Reduced to 60 Percent September 11

FirstEnergy Corp. reported its Perry nuclear plant in Ohio was reduced to 60 percent power on Wednesday night for a control rod pattern adjustment. The plant was ramping up and should achieve full power later on Thursday, a company spokeswoman said. On the morning of September 11 the unit was operating at 88 percent, according to the Nuclear Regulatory Commission.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2013/>

Reuters, 6:56 September 12, 2013

Portland General Electric Reports Its 246 MW Coyote Springs Natural Gas-fired Power Plant in Oregon Out of Service Since August 24

Portland General Electric Co. reported its Coyote Springs natural gas-fired plant in Oregon has been out of service since August 24 due to equipment failures. Repairs to the plant are expected to be completed by mid-November 2013 and the plant will return online.

Reuters, 16:23 September 11, 2013

http://www.portlandgeneral.com/our_company/corporate_info/power_plants.aspx

Update: AES's 496 MW Redondo Gas-fired Unit 8 in California Returns to Service by September 11

The unit returned from an unplanned outage that began September 8.

<http://content.caiso.com/unitstatus/data/unitstatus201309111515.html>

AES's 336 MW Alamosa Gas-fired Unit 4 in California Reduced by September 11

The unit entered an unplanned curtailment of 236 MW.

<http://content.caiso.com/unitstatus/data/unitstatus201309111515.html>

LCRA Energizes 345 kV Bill Hill-to-Kendall Transmission Line in Texas September 5

The Lower Colorado River Authority (LCRA) said it energized a new 345 kV electric transmission line that links substations in Kendall and Schleicher counties in Texas. The 140 mile line was completed September 5, four months ahead of schedule. LCRA constructed the line as part of a state initiative to upgrade the electrical grid and relay power from wind farms in the Panhandle and West Texas.

<http://www.krmg.com/ap/ap/energy/140-mile-electric-transmission-line-working-texas/nZsgS/>

http://www.lcra.org/energy/trans/line_routing/project_list/bighillkendall.html

Consumers Energy to Begin Construction This Year on 105 MW Cross Winds Energy Park in Tuscola County, Michigan

Consumers Energy has signed a contract with Barton Malow Company for engineering, procurement, and construction services at its \$255 million Cross Winds Energy Park, a 105 MW wind farm in Tuscola County, Michigan. Once the contract is approved by the Michigan Public Service Commission, construction on the 62 wind turbines will begin later this year and into 2014 in Tuscola County's Akron and Columbia townships.

<http://www.consumersenergy.com/News.aspx?id=6486&year=2013>

Entergy Plans to Keep Five Remaining Nuclear Power Reactors in Service

Entergy Corp. announced in August that it would shut down its Yankee nuclear plant in Vernon, Vermont, when the plant's fuel cycle ends in the fourth quarter of 2014, due in part to weak natural gas and power prices. This was the fifth reactor closing announcement over the past 12 months. The company said it plans to keep its five remaining merchant nuclear power plants in service, according to a top executive. In addition to Yankee, Entergy owns two reactors at Indian Point in New York and one each at Palisades in Michigan, Pilgrim in Massachusetts, and FitzPatrick in New York.

Reuters, 9:38 September 12, 2013

Petroleum

Gasoline Production Cut at ExxonMobil's 149,000 b/d Torrance, California Refinery September 12 - Traders

Gasoline production was cut on Thursday at ExxonMobil's Torrance California, refinery, according to traders. An alkylation unit was shut at the refinery triggering heavy buying of gasoline by the company in West Coast markets, refined products markets traders said.

Reuters, 11:51 September 12, 2013

Update: Motiva Says Its 236,400 b/d Norco, Louisiana Refinery is Operating As Planned September 12 After Hydrocracker Problem

Motiva Enterprises said on Thursday its Norco refinery in Louisiana is operating as planned after flaring was reported due to a problem with the hydrocracker on September 3.

Reuters, 10:20 September 12, 2013

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1059086

Valero Delays 70,000 b/d Crude-Rail Offloading Facility at its Benicia, California Refinery

Valero Energy Corp. has delayed a plan to build an offloading facility to receive crude via rail at its northern California refinery to allow time for an environmental assessment to be done, according to the company's Chief Executive. The company had hoped to receive permits so it could build the facility by the fourth quarter this year to take up to 70,000 b/d at its 132,000 b/d San Francisco-area refinery in Benicia, California. The project has been pushed to the first quarter of 2015 to allow for those assessments.

Reuters, 10:55 September 12, 2013

Phillips 66, Targa End Deal to Supply 30,000 b/d of Crude by Rail to Ferndale, Washington Refinery

Phillips 66 has ended its five-year crude supply contract with Targa Resources Partners LP which was supposed to ramp up offloading capability to handle up to 30,000 b/d. No reason was given by either company for the end of the deal. The original deal was to deliver inland U.S. and Canadian heavy crude via rail to Targa's terminal to be loaded onto barges for delivery to Phillips 66's 100,000 b/d refinery in Ferndale, Washington. The deal also had allowed for crude delivery via barge to the refiner's 120,000 b/d San Francisco-area refinery in Rodeo, California.

Reuters, 18:06 September 11, 2013

Natural Gas

Xcel Shuts Off Natural Gas Service to 3,800 Boulder County, Colorado Customers Due to Flooding September 12

Xcel Energy said that due to extensive rains that have caused flooding in Boulder County, Colorado, and due to some damaged equipment, the local fire department requested it turn off natural gas service to customers in that area. Natural gas service to Coal Creek Canyon and Pinebrook Hills remains off. Two regulator stations serving Lyons are damaged and/or underwater so we have recently shut off service to the town as well. An outbound call campaign to customers in Lyons will be launched as soon as possible. There have also been reports of some electricity outages because of the flooding. The company said it will continue to monitor the situation and will send crews in to restore service when it is safe to do so.

<https://www.facebook.com/XcelEnergyCO>

Dominion Announces DOE Approval for LNG Exports to non-FTA Countries from Cove Point LNG Terminal in Maryland September 11

Dominion announced the Department of Energy (DOE) approved natural gas exports to non-Free Trade Agreement (FTA) countries from its Dominion Cove Point liquefied natural gas (LNG) facility on the Chesapeake Bay in Lusby, Maryland. The DOE previously approved Dominion's application to export to countries with Free Trade Agreements. Dominion's proposed facilities are expected to cost \$3.4 billion to \$3.8 billion. The company filed in March with the Federal Energy Regulatory Commission for approval of the proposed facilities. Pending receipt of regulatory approval and permits, construction is scheduled to begin in 2014, with an in-service date of 2017. The capacity of the facility is fully subscribed, with signed 20-year terminal service agreements.

<http://dom.mediaroom.com/2013-09-11-Dominion-Welcomes-DOE-Approval-For-Natural-Gas-Exports-From-Cove-Point>

Kinder Morgan Exporting 2 Bcf/d of Natural Gas to Mexico from Texas

Kinder Morgan Inc. is exporting 2 Bcf/d of natural gas to Mexico, according to the president and chief operating officer. The company had sought federal energy regulatory approval earlier this year to send more gas to Mexico and in June, it was granted a presidential permit to ship up to 700 MMcf/d of gas on the 95-mile Mier-Monterrey pipeline that runs between Starr County, Texas and Monterrey, Mexico. In July, Kinder Morgan Energy Partners signed long-term contracts with three customers in Mexico for more than 200 MMcf/d of capacity on the Kinder Morgan Texas and Mier-Monterrey pipelines.

Reuters, 12:07 September 12, 2013

Devon Reports Thermal Oxidizer Shut at Its 650 MMcf/d Bridgeport Gas Plant in Texas September 10

Devon Energy Corporation reported the thermal oxidizer (TO) suddenly shut down and could not be restarted. The TO was operating in backup to the regenerative thermal oxidizer that services the no. 4 and no. 5 amine plants, which are currently down for repairs. The shutdown resulted in the release of acid gas to the atmosphere from the vent stacks associated with the amine recovery vessels. The cause of the TO shutdown was determined to be a faulty low-fuel, pressure switch that failed electronically. Once the cause of the shutdown and failure to restart were determined, the pressure switch and flame detector were replaced, and the unit was restarted and returned to normal operation, which stopped the release of acid gas to the atmosphere.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=187916>

Southern Union Reports Unit Shut at Its Keystone Gas Plant in Texas September 10

Southern Union reported the inlet compression unit 20 started detonating because of high British thermal units (BTUs) due to problems in the cryogenic plant. This also caused inlet unit no. 23 to shut down. The high BTUs caused recompressor units 21 and 22 to not operate and the plant was unable to handle the gas it would get by operating inlet unit 23. The plant was still flaring.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=187907>

Enbridge Reports Compressor Trip, Emergency Shutdown at Its Tilden Gas Plant in Texas September 11

Enbridge reported the big foot no. 1 compressor tripped unexpectedly, resulting in loss of pressure to the plant causing an emergency shutdown. The acid gas injector (AGI) no. 2 then shut down on low suction pressure. Additional compression at the plant was started and established flows through the plant. Once acid gas was available, AGI no. 2 was restarted and stabilized.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=187959>

Other News

U.S. Overtaking Russia as Biggest Liquid Fuels Producer – IEA

The International Energy Agency (IEA) said on Thursday the U.S. will be the biggest producer of liquid fuels, outside of OPEC, this quarter due to booming shale oil and biofuels output. New sources of fuel have pushed U.S. liquids production to its highest for a generation, helping it rival Russian fuel output for the first time in a decade. U.S. oil and gas liquids production for the third quarter of this year is forecast at 11.2 million b/d ahead of Russia at 10.81 million b/d, according to the IEA.

Reuters, 11:10 September 12, 2013

Libya Declares Force Majeure on Three Oil Ports September 12

Libya's state National Oil Corp. (NOC) has declared force majeure on Mellitah, Zawiya, and Marsa al Hariga ports, following several weeks of shutdown, an NOC document showed on Thursday. The three ports have not been exporting crude oil for more than two weeks.

Reuters, 10:32 September 12, 2013

Saudi Arabia Ready to Meet Crude Demand – Oil Minister

Saudi Arabia is ready to supply whatever volume of crude is needed to meet demand after producing record high volumes of crude in August, the Saudi Oil Minister said on Thursday. Protests at oilfields and terminals in Libya saw output fall to 150,000 b/d in early September, down from 1.4 million b/d earlier this year.

Reuters, 4:13 September 12, 2013

Conoco to Partially Shut 350,000 b/d Ekofisk Platform in the North Sea

ConocoPhillips said it will partially shut down the Ekofisk 2/4J processing platform for repairs which may delay shipments of the oil which helps set the Brent benchmark. Conoco did not say how long the work would last, and the company declined to comment on its impact on production. The platform is a hub for Ekofisk production and has a processing capacity of 21.2 million cubic metres of gas and 350,000 b/d of oil. Loadings are expected to average 310,000 b/d in October and 240,000 b/d in September, according to export programs and trading sources.

Reuters, 11:50 September 12, 2013

Energy Prices

U.S. Oil and Gas Prices			
September 12, 2013			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	108.87	108.32	96.96
NATURAL GAS Henry Hub \$/Million Btu	3.65	3.61	2.82

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 & 1:00 PM ET every Wednesday.

Natural Gas Weekly Update from EIA

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

Updated after 2:00 PM ET every Thursday.

ENERGY ASSURANCE DAILY

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