



# ENERGY ASSURANCE DAILY

Tuesday Evening, September 18, 2012

## ***Electricity***

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### **Update: Entergy Provides Update on Financial Effects, Recovery Efforts after Hurricane Isaac**

Entergy Corp. on Tuesday provided an update on preliminary financial effects, liquidity resources, and recovery initiatives after Hurricane Isaac struck southeastern Louisiana in late August and left more than 787,000 Entergy customers (non-coincident peak) without electricity in Louisiana, Mississippi, and Arkansas. Isaac was the fourth-most significant storm in Entergy's history in terms of outages. The only storms with larger outages have been Hurricane Katrina with 1.1 million affected customers, Hurricane Gustav with 964,000 affected customers, and Hurricane Rita with 800,000 affected customers. Once conditions after Isaac were safe enough for the utility to commence restoration, crews restored power to 92 percent of customers within 5 days, and to more than 99 percent of customers within 6 days. Entergy estimates that total restoration costs for the repair and/or replacement of the electrical facilities in areas with damage from Hurricane Isaac to be in the range of \$400–\$500 million.

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

[http://www.entergy.com/news\\_room/newsrelease.aspx?NR\\_ID=2550](http://www.entergy.com/news_room/newsrelease.aspx?NR_ID=2550)

### **NRC Chairman Says Safety Culture a Critical Lesson Learned from Fukushima; Notes U.S. Progress on Implementing Post-Fukushima Efforts**

The U.S. Nuclear Regulatory Commission Chairman Allison Macfarlane on Monday said that the importance in facilitating and maintaining a "safety culture" is among the key lessons of the Fukushima-Daiichi disaster and told international regulators the United States is beginning the process of transitioning implementation of its post-Fukushima efforts into the daily routine of reactor regulation. Speaking in Austria to the International Nuclear Safety Group Forum at the start of the International Atomic Energy Agency's annual General Conference, the chairman also emphasized the importance of strong inspection and enforcement programs with transparent processes and objective criteria.

<http://www.nrc.gov/reading-rm/doc-collections/news/2012/12-102.pdf>

<http://www.nrc.gov/reading-rm/doc-collections/commission/speeches/2012/s-12-011.pdf>

### **Update: SDG&E Reaches \$6.4 Million Settlement for Witch Creek Southern California Wildfires in October 2007; Fires Sparked after Utility's Transmission Line Malfunctioned**

San Diego Gas & Electric Co. (SDG&E) has reached a \$6.4 million settlement with the United States for damages sustained during the Witch Creek Wildfires of October 2007, which damaged about 44,000 acres of federal land in the Cleveland National Forest east of San Diego. An investigation revealed the fires started after one of SDG&E's high-voltage power lines malfunctioned during strong winds. The utility has already settled claims with state, county, and city governments.

<http://www.wtsp.com/news/national/article/274173/81/San-Diego-utility-to-pay-6M-for-2007-wildfires>

<http://www.nbcсандiego.com/news/local/SDGE-Settles-with-Feds-for-64M-for-Wildfire-Damages-170097876.html>

### **Panda Power Funds Secures Financing for 758 MW Sherman Natural Gas-Fired Power Plant in Texas**

Panda Power Funds today announced that its affiliate Panda Sherman Power, LLC has successfully completed the financing on its planned 758 MW natural gas-fired, combined-cycle power plant in Sherman, Texas. The company will immediately start construction and expects commercial operations to begin by the end of 2014. Earlier this month, Panda broke ground on a similar power plant in Temple, Texas that is scheduled for completion in mid-2014. Reuters, 10:58 September 18, 2012

<http://www.marketwatch.com/story/panda-power-funds-secures-financing-for-sherman-texas-power-plant-2012-09-18>

## **Cabrillo Power's 106 MW Encina Natural Gas-fired Unit 1 in California Shut by September 17**

The unit entered an unplanned outage.

<http://content.aiso.com/unitstatus/data/unitstatus201209171515.html>

## **Petroleum**

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### **West Shore Restarts Badger Petroleum Products Pipeline September 17 after Repairs Following Late-August Jet Fuel Leak near Chicago**

West Shore Pipe Line Co on Tuesday said it restarted a section of its Badger pipeline system near Palos Park, Illinois on Monday morning after completing repairs following a late-August jet fuel leak. The petroleum products line had leaked about 1,000 barrels of jet fuel.

Reuters, 11:49 September 18, 2012

### **Update: ExxonMobil Reports Normal Operations at Gulf of Mexico Offshore Facilities, Provides Update on Louisiana Refineries after Hurricane Isaac**

ExxonMobil reported its Gulf of Mexico offshore facilities have resumed normal operations after Hurricane Isaac, according to an update on the company's website. ExxonMobil reported also that its 192,500 b/d Chalmette, LA refinery has returned to normal operations, and operators were working to resume normal operations at the 503,000 b/d Baton Rouge, LA refinery as soon as possible.

[http://www.exxonmobil.com/Corporate/safety\\_response\\_storm.aspx](http://www.exxonmobil.com/Corporate/safety_response_storm.aspx)

### **Coker Damaged in July Fire Running at Normal Rates at BP's 413,000 b/d Whiting, Indiana Refinery – Source**

BP Plc is operating the coker unit at its Whiting refinery at normal rates after repairs following a fire in July, according to a source familiar with refinery operations. Industry research group IIR Energy had said last month that operators restarted the coker unit around August 14 but would run it at half capacity for several weeks as they fixed the coker drum, which was damaged in a fire July 23.

Reuters, 12:43 September 18, 2012

### **Update: Delta Readying Units for Restart at Its 185,000 b/d Trainer, Pennsylvania Refinery – Source**

Delta Air Lines subsidiary Monroe Energy continues to restart units at its Trainer, Pennsylvania refinery after conducting a plant-wide turnaround. The crude distillation unit at refinery is heating up and on circulation in preparation for restart, according to a source familiar with the situation. The sulfur recovery unit is also ready for restart, but unforeseen issues with the 53,000 b/d fluid catalytic cracking unit will delay the restart of that unit for at least a week and maybe longer, the source said. The second crude oil heater is undergoing extensive maintenance and is expected to come back up in a week or so, the source said. Delta purchased Phillips 66's idled 185,000 b/d Trainer refinery in June and has been preparing to restart the facility, which has been idle since September 2011.

Reuters, 11:39 September 18, 2012

### **FCCU Snag Leads to Flaring at Alon's 67,000 b/d Big Spring, Texas Refinery September 16**

Alon USA Energy, Inc. reported it was flaring from a fluid catalytic cracking unit (FCCU) at its Big Spring refinery Sunday night due to over-pressuring, 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=173590>

### **Tesoro Shuts Unspecified Unit at Its 166,000 b/d Martinez, California Refinery September 15 Due to Leak**

Tesoro Corp. reported it shut an unspecified unit at its Martinez refinery Saturday due to a leak, according to a filing with the Contra Costa County Health Department Hazardous Materials Program. The refinery was repairing the unit, the filing said.

Reuters, 11:49 September 18, 2012

## **Gibson Announces Commencement of 800,000 barrel Oil Storage Expansion Project and Potential Crude-to-Rail Opportunity at Its Hardisty Terminal in Alberta**

Gibson Energy Inc. on Monday announced two expansion opportunities at its Hardisty Terminal near Hardisty, Alberta. Subsequent to a previously announced open season, Gibson has received sufficient, long-term, committed customer support to begin construction of two 400,000-barrel oil storage tanks. Located immediately adjacent on the East boundary of the existing Gibson's Hardisty Terminal, the two tanks will form the initial anchor for an expansion of the facility. Site preparation for the two tanks is scheduled to start in the fourth quarter of 2012. Commissioning is expected to occur in early 2014. Gibson also announced Monday that it has signed a Letter of Intent with a major unit train developer to explore unit train shipments from the Hardisty area. The proposed facility would use Canadian Pacific's North Main Line for transporting crude by rail to markets across North America. <http://gibsons.mediaroom.com/index.php?s=22594&item=132947>

## **Natural Gas**

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### **Update: DOE Says Report Examining LNG Exports Now Expected by Year-End, Not Late Summer**

The Obama administration on Monday said a report examining the economic impact of expanding U.S. liquefied natural gas (LNG) exports is now expected to be completed by the end of the year. The report, which was commissioned by the U.S. Department of Energy (DOE), was originally scheduled for publication in March and had been previously delayed until late this summer. DOE has said it will not make any decision on allowing further LNG exports until the analysis is completed. The department has approved exports from just one project so far, Cheniere Energy's Sabine Pass terminal.

<http://www.chicagotribune.com/news/sns-rt-us-usa-lng-reportbre88g1e1-20120917,0,2608749.story>

### **Update: Trunkline Gas Co. Tells FERC That Converting Natural Gas Pipeline to Carry Crude Oil Will Not Lead to Supply Shortages in Michigan**

Trunkline Gas Company, a unit of Energy Transfer Partners, on Friday filed with the U.S. Federal Energy Regulatory Commission (FERC) a response to end-user claims that its planned conversion of a natural gas pipeline to carry crude oil would lead to supply shortages. Trunkline had on July 26 filed a request with FERC to shut down 770 miles of natural gas transmission pipelines across several states and either abandon them or eventually convert them to transport crude oil from the Midwest down to the U.S. Gulf Coast refineries. Trunkline has not indicated the intended size of the crude line or a timetable for the conversion. Numerous parties in Michigan have filed objections to Trunkline's plan, however, because the system supplies much of the state's natural gas. In response, the company told FERC that "Trunkline's natural gas delivery capacity into the state of Michigan will remain the same both before and after the proposed abandonment." The company also said it has no firm shipper commitment for natural gas at tariff rates.

<http://www.reuters.com/article/2012/09/14/energy-trunkline-oil-idUSL1E8KEA3R20120914?type=marketsNews&feedType=RSS&feedName=marketsNews&rpc=43>

### **Update: FERC Postpones Review of TransCanada's Alaska Natural Gas Pipeline Project While the Company Assesses Alternatives to Commercialize North Slope Gas**

The U.S. Federal Energy Regulatory Commission (FERC) reported late last month that it is postponing an environmental review of TransCanada Corp's proposed Alaska Pipeline Project (APP) to build a natural gas pipeline serving North Slope reserves until the company decides whether it will proceed with a pipeline to serve North American markets or embark on a project to liquefy and export natural gas to foreign markets from a terminal somewhere in south-central Alaska. TransCanada in late July announced it would conduct a non-binding public solicitation of interest to identify parties potentially interested in both options. Depending on the response to that solicitation, TransCanada is expected to file an application with the commission in October 2014. APP is a joint effort between affiliates of TransCanada and ExxonMobil Corp.

[http://www.downstreamtoday.com/news/article.aspx?a\\_id=37212](http://www.downstreamtoday.com/news/article.aspx?a_id=37212)

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

<http://www.ferc.gov/legal/staff-reports/angta-fourteenth.pdf>

## **Caballo Energy to Build 60 MMcf/d Carmen Gas Processing Plant in Northwest Oklahoma to Serve the Mississippi Lime and Cana Woodford Shale Plays**

Caballo Energy announced today that the company is building a new cryogenic processing plant to serve expanding natural gas production in the liquids-rich Mississippi Lime and Cana Woodford Shale plays. The Carmen Gas Processing Plant will have the capacity to process 60 million cubic feet of natural gas per day (MMcf/d), bringing Caballo's processing capacity in the region to approximately 100 MMcf/d. The Carmen plant will be in service by the end of the first quarter of 2013. The new Carmen plant and Caballo's existing Eagle Chief plant serve the company's Eagle Chief system, which includes more than 600 miles of natural gas gathering pipelines and compression facilities that deliver processed gas to the ONEOK Gas Transportation and Panhandle Eastern Pipeline. Natural gas liquids (NGL) are delivered to the ONEOK NGL Pipeline.

<http://www.caballoenergy.com/news-caballo-announces-cryogenic-processing-plant.php>

## **Regency Reports Repeated AGI Unit Snags, Emissions at Its 290 MMcf/d Waha Gas Plant in Texas September 14-16**

Regency Energy Partners reported irregular inlet gas flow to the amine system Friday morning resulted in the shutdown of the acid gas injector (AGI) compressor, according to a filing with the Texas Commission on Environmental Quality (TCEQ). Emissions related to the upset continued until that evening, the filing said. On Saturday morning, the AGI unit shut down on low circulation of the glycol system due to a failed transmitter, according to another TCEQ filing. Emissions were again recorded until the evening that day. Overnight Sunday, the acid gas compressor shut down on a first-stage high-level alarm after the scrubber filled with foam, which led to the flaring of acid gas until operators could remove the foam, according to another TCEQ filing.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=173545>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=173535>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=173552>

## **Faulty Analyzer Causes Excess Sulfur Dioxide Emissions at DCP Midstream's 160 MMcf/d Goldsmith Gas Plant in Texas September 17**

DCP Midstream reported Monday morning its Goldsmith gas plant was intermittently releasing excess sulfur dioxide emissions from its tail gas incinerator due to a faulty analyzer, according to a filing with the Texas Commission on Environmental Quality. Operators believed the emissions levels reported by the analyzer were inaccurate, but they were investigating the ongoing event at the time of the filing and estimated emissions could continue through Wednesday afternoon.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=173581>

## **Compressor Valve Failure Leads to Flaring at Southern Union's 140 MMcf/d Keystone Gas Plant in Texas September 15**

Southern Union Gas Services reported it was flaring low-pressure gas at its Keystone plant Saturday after compressor valves on Unit 23 went out from continual usage, forcing operators to shut the unit, 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=173546>

## **Exterran Reports Emissions after Restarting Unspecified Engines at Its 50 MMcf/d Reinecke Gas Plant in Texas September 15**

Exterran reported emissions at its Reinecke gas plant Saturday afternoon after restarting unspecified engines, 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=173551>

## **Other News**

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Nothing to report.

### Japan Sets Policy to Phase Out Nuclear Power Plants by 2040

Japan on Friday issued a new long-term energy policy that seeks to phase out nuclear power by 2040, although it includes caveats that appear to allow some plants to operate past the new deadline and is subject to change given the long lead time. The government must now build consensus for reopening the vast majority of the country's reactors, which were idled after the accident, amid public opposition to restarts until better safety regulations are in place. Before the March 2011 accident at the Fukushima Daiichi plant, Japan relied on nuclear power to provide about 30 percent of its electricity. Since then, Japanese utilities have been forced to buy oil and natural gas to meet the nuclear shortfall since the reactors were taken offline.

[http://www.nytimes.com/2012/09/15/world/asia/japan-will-try-to-halt-nuclear-power-by-the-end-of-the-2030s.html?pagewanted=all&\\_moc.semityn.www](http://www.nytimes.com/2012/09/15/world/asia/japan-will-try-to-halt-nuclear-power-by-the-end-of-the-2030s.html?pagewanted=all&_moc.semityn.www)

### Update: South Sudan Will Be Able to Produce at Only 70 Percent Capacity When Oil Output Resumes Due to Infrastructure Damage, Lack of Resources – Finance Minister

South Sudan will be able to pump crude oil at only about 70 percent of its former capacity when it finally resumes crude production after shutting down all its wells nearly 8 months ago, the finance minister said on Tuesday. The country recently resolved a long-running dispute with Sudan over how much the landlocked South Sudan should pay to transport its oil through Sudan. The dispute led to the shutdown in January of South Sudan's 350,000 b/d output. Even after producers resume production, the minister said, it will not be possible to pump at full capacity due to damaged infrastructure and a lack of resources.

Reuters, 11:58 September 18, 2011

### Shell to Resume Operations at Majnoon Oilfield in Iraq by Q1 2013; Targets 175,000 b/d Output at Majnoon by April 2013 – Company Official

Royal Dutch Shell expects to resume production at its Majnoon oilfield in Iraq in the first quarter of 2013, a company official said on Tuesday. Shell then expects to lift production to 175,000 b/d by March or April of next year, the official said.

Reuters, 10:11 September 18, 2012

### Update: Brazil Regulator ANP Appeals Ban on Transocean, Chevron Operations Citing Potential Harm to Oil Exploration

<http://finance.yahoo.com/news/brazil-oil-agency-anp-appeals-234931281.html>

<http://www.bloomberg.com/news/2012-09-17/transocean-brazil-ban-said-to-hinder-petrobras-output-growth-1.html?cmpid=yahoo>

## Energy Prices

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U.S. Oil and Gas Prices			
September 18, 2012			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> West Texas Intermediate U.S. \$/Barrel	96.10	96.93	89.40
<b>NATURAL GAS</b> Henry Hub \$/Million Btu	2.83	2.66	4.04

Source: Reuters

## Links

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

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