



# ENERGY ASSURANCE DAILY

Thursday Evening, September 20, 2012

## Electricity

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### **NYISO Identifies Reliability Needs between 2013 and 2022**

The New York Independent System Operator (NYISO) on Tuesday issued its *2012 Reliability Needs Assessment* (RNA), a review of the reliability of the New York bulk power system over the next 10-year planning period (2013–2022). The 2012 RNA identifies two types of reliability issues: transmission security violations, which refer to the ability of the power system to withstand disturbances without interruption of power delivery, and resource adequacy violations. NYISO has raised its concerns about resource adequacy mainly because generation modeled in the 2012 RNA is about 1,000 megawatts less than previous estimates due to retirements or mothballing of generating units. Based on the finding of reliability needs in the *2012 RNA*, NYISO will next work to develop and issue a comprehensive reliability plan that will determine how the reliability needs identified in the RNA can be resolved. [http://www.nyiso.com/public/webdocs/newsroom/press\\_releases/2012/pr\\_09182012\\_2012\\_rna.pdf](http://www.nyiso.com/public/webdocs/newsroom/press_releases/2012/pr_09182012_2012_rna.pdf)  
[http://www.nyiso.com/public/webdocs/services/planning/reliability\\_assessments/2012\\_RNA\\_Final\\_Report\\_9-18-12\\_PDF.pdf](http://www.nyiso.com/public/webdocs/services/planning/reliability_assessments/2012_RNA_Final_Report_9-18-12_PDF.pdf)

### **PPL Montana to Mothball 154 MW J.E. Corette Coal-Fired Power Plant in Montana in April 2015 Due to EPA Regulations, Poor Economics**

PPL Montana on Wednesday announced it will place the J.E. Corette power plant in Billings into long-term reserve status beginning in April 2015 due to the effects of pending U.S. Environmental Protection Agency (EPA) regulations and economic factors. The costs to meet the emission reductions required by EPA's Mercury and Air Toxics Standards would be too great to justify in the current wholesale power market in the Northwest, PPL Montana said. PPL Montana plans to operate the Corette plant until requirements of the Mercury and Air Toxics Standard take effect in April 2015. The plant will then be mothballed. <http://www.pplmontana.com/news/PPL+Montana+announces+plan+to+place+Corette+power+plant+in+reserve+status+091912.htm>

### **Virginia Regulators Considering Dominion's Proposal to Build and Operate Up to 30 MW of Solar Generation Facilities at Various Locations**

The Virginia State Corporation Commission (SCC) on Wednesday heard testimony from Dominion Virginia Power seeking permission to move forward with a proposal to build and operate up to 30 megawatts of company-owned solar generation facilities at 30 to 50 locations, part of the company's broader solar energy program. In pre-filed testimony, the commission's staff said regulators could either approve or deny the application outright, or approve it with various changes that would minimize customer costs. The commission does not have a specific time frame to make a decision, but Dominion is seeking to construct and operate the first portion of the generation sites by the end of 2013. <http://finance.yahoo.com/news/va-regulators-considering-dominion-solar-193350179.html>

### **Update: DTE's 1,089 MW Fermi Nuclear Unit 2 in Michigan Restarts September 19, Ramps Up to 45 Percent by September 20**

DTE Energy's Fermi nuclear Unit 2 is returning from an outage that began September 14, when the reactor automatically scrammed due to an onsite loss of the 120-kV switchyard. An investigation in the cause of the loss of power was ongoing at the time of the original filing with the U.S. Nuclear Regulatory Commission. <http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2012/>

## **Update: Dominion's 1,130 MW Millstone Nuclear Unit 3 in Connecticut at Full Power by September 20**

On the morning of September 19 the unit was operating at 75 percent.

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

## **Update: Cabrillo Power's 106 MW Encina Natural Gas-Fired Unit 1 in California Returns to Service by September 19**

The unit returned from an unplanned outage that began by September 17.

<http://content.aiso.com/unitstatus/data/unitstatus201209191515.html>

## **AES's 225 MW Huntington Beach Natural Gas-Fired Unit 3 in California Shut, 215 MW Huntington Beach Natural Gas-Fired Unit 4 Reduced by September 19**

Unit 3 entered an unplanned outage, and Unit 4 entered an unplanned curtailment of 124 MW.

<http://content.aiso.com/unitstatus/data/unitstatus201209191515.html>

<http://content.aiso.com/unitstatus/data/unitstatus201209191515.html>

## **Petroleum**

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### **Philadelphia Energy Solutions Hopes to Process Up to 55 Percent Midcontinent Crudes at Its 330,000 b/d Philadelphia, Pennsylvania Refinery; Announces Other Modification Plans**

Philadelphia Energy Solutions, the new Sunoco-Carlyle Group joint venture operating the 330,000 b/d Philadelphia refinery, on Wednesday announced it hopes to rely on Midcontinent crudes for as much as 55 percent of the refinery's capacity in coming years, the company's CEO Phil Rinaldi said. The refinery will slowly ramp up its Bakken inputs from about 20,000 b/d currently to between 140,000–180,000 b/d, Rinaldi said. To do this, it will build a high-speed rail unloader to move the oil from trains. The company also plans to upgrade its residual catalytic cracker and convert an existing moderate distillate desulfurization unit into a mild hydrocracker to increase yields and improve the quality of products, he said. The mild hydrocracker would create "a bridge" that would allow the refinery to better process Marcellus Shale gas. With a steady flow of gas, the company would then build a hydrogen plant, a 600–700 MW cogeneration power plant, and an estimated 1 million ton/year urea ammonium nitrate plant, Rinaldi said. A gas-to-liquids project might follow, he added. Rinaldi estimated plans for these project could take shape in the next 5 years.

<http://www.platts.com/RSSFeedDetailedNews/RSSFeed/Oil/6639408>

### **BP in Advanced Talks to Sell Its 455,790 b/d Texas City, Texas Refinery to Marathon Petroleum Corp. to Help Cover Costs for 2010 Gulf of Mexico Oil Spill – Source**

BP Plc is in advanced talks to sell its Texas City refinery to Marathon Petroleum Corp. as part of its efforts to cover costs for the U.S. Gulf of Mexico oil spill in 2010, the *Financial Times* reported on Wednesday, citing a source familiar with the matter. A BP spokesman declined to comment on the specifics of the deal, but said the company remains on track to announce a sale by the end of the year.

<http://www.google.com/hostednews/afp/article/ALeqM5hjBgj9c3pXj0mZm2uCGe8ZtdIYwQ?docId=CNG.a135488fc7fc21d5ca0e8f7a41f4fa38.11>

[http://articles.marketwatch.com/2012-09-19/markets/33939013\\_1\\_texas-city-refinery-bp-spokesman-scott-dean-bp-plc](http://articles.marketwatch.com/2012-09-19/markets/33939013_1_texas-city-refinery-bp-spokesman-scott-dean-bp-plc)

### **SRU Electrical Malfunction Causes Emissions at Delek's 60,000 b/d Tyler, Texas Refinery September 18**

Delek US Holdings reported an electrical malfunction at its sulfur recovery unit (SRU) No. 2 resulted in excess emissions at its Tyler refinery Tuesday morning, according to a filing with the Texas Commission on Environmental Quality. Emissions continued until overnight Wednesday, the filing said.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=173649>

### **Unspecified Malfunction Causes Emissions at Phillips 66's 146,000 b/d Borger, Texas Refinery September 18**

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=173657>

## **Swift Energy Updates Operations and Production Forecasts in Louisiana Following Hurricane Isaac**

Swift Energy Company on Wednesday announced it has begun the resumption of production operations at its Lake Washington Field in Plaquemines Parish and Bay de Chene Field in Jefferson and Lafourche Parishes, which were shut-in beginning on August 26 due to Hurricane Isaac. After comprehensive assessment of production and safety systems, Lake Washington and Bay de Chene incurred relatively minor damage. Repairs to infrastructure are not expected to require significant capital expenditures, but prolonged poor weather has further delayed the resumption of field-wide operations in Lake Washington. The Company estimates that approximately 25–30 percent of its Lake Washington production has been brought back online, with the remaining production shut-in until minimal, but critical, repairs are made to the CM3 and Caseload facilities. While the longer term prospects of the field remain intact, the company currently expects its full year production levels will be approximately 225,000 barrels of oil equivalent lower than previously forecast as a result of shut-ins related to Hurricane Isaac.

<http://www.swiftenergy.com/NEWSROOM/PRESS-RELEASES/2012/R120919.htm>

## **Upward of 80,000 b/d of Canadian Crude Moving to Market on Rail Cars; Could Reach 200,000 b/d Next Year – Industry Source**

Industry sources indicate upward of 80,000 b/d of Canadian crude oil is now moving to market on rail cars, a significant increase from last year at this time, when 5,000 b/d was shipped by rail. By next year, industry experts estimate rail will move 200,000 b/d from sources in Western Canada to markets on the Gulf Coast and in the U.S. Northeast, California, and Central and Eastern Canada. The rise of rail comes as the industry scrambles to gain better prices for Canadian oil, which has experienced deep discounts because of capacity constraints on existing pipelines and oversupplied U.S. Midwest markets. Canadian National Railway (CN) has increased its number of loading sites from 3 to 14. CN expects to average nearly 50,000 b/d of oil in rail cars this year. Canadian Pacific Railway (CP) recently raised its forecast to over 100,000 b/d next year, although much of that is U.S. oil from North Dakota.

[http://www.downstreamtoday.com/news/article.aspx?a\\_id=37219](http://www.downstreamtoday.com/news/article.aspx?a_id=37219)

## **Natural Gas**

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### **EPNG Withdraws Request to Abandon Six Southwest Compression Facilities on Its North Mainline and San Juan Triangle Systems in New Mexico and Arizona**

El Paso Natural Gas Company, L.L.C. (EPNG) on September 7 filed a notice to withdraw from the U.S. Federal Energy Regulatory Commission (FERC) its request to abandon, in place, compressor facilities located at six compressor stations on EPNG's North Mainline and San Juan Triangle Systems in New Mexico and Arizona. EPNG said that since the recent acquisition of El Paso Corporation by Kinder Morgan, Inc., the company had determined it would no longer pursue the abandonment of the compressor facilities at this time. EPNG had filed the abandonment request with FERC in early January, citing a decline in demand for firm natural gas transportation out of the San Juan Basin and high operation and maintenance and other costs. The plan had run into opposition from shippers on EPNG's system, claiming the plan to reduce gas transportation capacity by closing compression facilities would create artificial capacity constraints in the San Juan Triangle and along the North Mainline.

<http://westernpipelines.elpaso.com/Ferc/FERC%20Documents/EPNG/CP12-45%20Notice%20of%20Withdrawal%20of%20Application.pdf>

[http://www.downstreamtoday.com/news/article.aspx?a\\_id=37234](http://www.downstreamtoday.com/news/article.aspx?a_id=37234)

### **Amine System Snag Shuts AGI Compressor at Regency's 290 MMcf/d Waha Gas Plant in Texas September 18**

Regency Energy Partners reported irregular natural gas flow/concentration from the amine system to the acid gas injector (AGI) compressor at its Waha gas plant caused the AGI compressor to shut down Tuesday night, according to a filing with the Texas Commission on Environmental Quality. Emissions related to the shutdown continued until Wednesday morning, the filing said. The plant had reported a similar shutdown the day before, as well.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=173661>

### **Kinder Morgan Reports Flaring During Valve Repairs at Its 60 MMcf/d Snyder Gas Plant in Texas September 19**

Kinder Morgan reported it was flaring inlet gas at its Snyder plant on Wednesday while it made repairs to a discharge valve on its 40 pound gathering system, according to a filing with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=173616>

### **Update: Valero Restarts Its 120 MMGal/Yr. Albion Ethanol Plant in Nebraska and Its 110 MMGal/Yr. Linden Ethanol Plant in Indiana amid Improved Economics**

Valero Energy on Wednesday said it has restarted operations at its ethanol plants in Albion, Nebraska and Linden, Indiana as the impending harvest has helped improve margins, according to a spokesman. Valero idled the plants in June citing poor economics caused by high corn prices.

<http://www.hydrocarbonprocessing.com/Article/3091634/Latest-News/Valero-restarts-US-ethanol-plants-as-margins-swell.html>

## International News

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### **Update: Mexico to Import 450–500 MMcf/d of Natural Gas Supplies to Avoid Shortages, Price Hikes after Compressor Station Explosion and Fire September 18**

Mexico's state-owned oil company Petroleos Mexicanos (Pemex) will import more natural gas to avoid shortages and possible price hikes after an explosion at a natural gas compression station near the U.S. border on Tuesday shut a major pipeline and disrupted supplies in the region, a company official said on Wednesday. The explosion and ensuing fire killed 29 people and injured dozens more. The facility receives natural gas and condensates from the company's Burgos production complex for transfer to its gas and petrochemical division. Pemex said the accident has reduced volumes from Burgos by 700 MMcf/d. To compensate, Mexico plans to import 250–300 MMcf/d from the United States via pipelines and another 200 MMcf/d through the Altamira liquefied natural gas import terminal on the Gulf of Mexico.

Reuters, 00:08 September 20, 2012

### **Lightning Sets Fire to Two Naphtha Storage Tanks at PDVSA's 146,000 b/d Refinery in Venezuela September 20; Officials Expect No Impact to Operations**

Venezuela's state-owned oil company Petroleos de Venezuela SA (PDVSA) reported a fire at its El Palito refinery was caused by lightning during an electrical storm, according to a senior company official. Lightning set fire to two naphtha storage tanks that are "some distance" from production units at the refinery, and the incident was not expected to impact operations. Officials expected to extinguish the fire by the end of the day today.

<http://www.reuters.com/article/2012/09/20/venezuela-refinery-idUSL1E8KK2I120120920>

### **Iraq Approves Pipeline-Construction Contract for Its Zubair Oilfield; Part of Development Effort to Increase Output to 1.2 MMb/d by 2017**

Iraq has approved a \$358.8 million contract with Italy's SICIM and Dubai-based Drake and Scull to lay pipelines in the southern Zubair oilfield, a government spokesman said on Wednesday. The deal is part of a series of contracts aimed at developing Zubair, which officials say should have an output of 1.2 MMb/d by 2017. Under the new contract, the companies will build pipelines to transport crude from oil wells to production facilities, and to carry oil exports from Zubair to a crude storage depot. Oil companies ENI, Occidental Petroleum Corp., and KOGAS in 2010 signed a 20-year deal with Iraq to develop Zubair, whose production is currently at 270,000 b/d.

<http://www.reuters.com/article/2012/09/19/iraq-oil-zubair-idUSL5E8KJDKW20120919?type=marketsNews&feedType=RSS&feedName=marketsNews&rpc=43>

### **Kurdistan Sees Oil Exports Rising to 250,000 b/d or More in 2013**

Kurdistan's energy minister on Tuesday said the autonomous region could ramp up oil exports to 250,000 b/d or more next year after having reached a deal with the central government in Baghdad last week that put an end to a dispute over oil payments. The Kurdistan Regional Government on Friday had said it would maintain oil exports at the current rate of 140,000 b/d this month before raising the rate to 200,000 b/d for the rest of the year.

<http://www.reuters.com/article/2012/09/18/kurdistan-oil-idUSL5E8KINOY20120918?type=marketsNews&feedType=RSS&feedName=marketsNews&rpc=43>

### **Eni Contains Oil Spill near Obama Flowstation in Nigeria; Cause and Size of Spill Still Under Investigation**

Eni SpA on Tuesday said it has contained an oil spill that occurred last week about 10 kilometers from its Obama flowstation in Nigeria, according to a spokeswoman. The cause and size of the spill were still under investigation, the spokeswoman said.

[http://www.rigzone.com/news/oil\\_gas/a/120778/Eni\\_Says\\_Oil\\_Spill\\_Near\\_Nigerian\\_Asset\\_Contained](http://www.rigzone.com/news/oil_gas/a/120778/Eni_Says_Oil_Spill_Near_Nigerian_Asset_Contained)

## BP Shuts 11,000 b/d Ula Norwegian North Sea Oilfield September 12 after Oil and Gas Leak from Platform

The Norwegian Petroleum Safety Authority (PSA) on Tuesday said it is investigating a substantial oil leak at the BP Plc-operated Ula oil field in the North Sea. Production has been suspended since the leak occurred September 12, and all personnel have been evacuated, the PSA said. A BP spokeswoman confirmed that both oil and gas had leaked from the Ula platform and had been almost entirely contained, but said it was too early to estimate how much. The field produced 13,200 b/d on average in 2011 and is expected to produce an average of 11,000 b/d this year. The PSA has permitted BP to restart production at its own discretion once repairs ensure safe operation.

[http://www.rigzone.com/news/oil\\_gas/a/120775/Norway\\_Investigates\\_Substantial\\_Leak\\_At\\_BPs\\_Ula\\_Oil\\_Field](http://www.rigzone.com/news/oil_gas/a/120775/Norway_Investigates_Substantial_Leak_At_BPs_Ula_Oil_Field)  
<http://www.reuters.com/article/2012/09/19/bp-leak-idUSL5E8KJA7820120919>

## Energy Prices

U.S. Oil and Gas Prices			
September 20, 2012			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	91.85	98.27	86.96
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	2.70	2.96	3.78

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](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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