



ENERGY ASSURANCE DAILY

Wednesday Evening, September 26, 2012

Electricity

ERCOT Approves Power Transmission Upgrades to Address Strains to the Grid Caused by Increased Oil & Gas Exploration and Production

The Electric Reliability Council of Texas (ERCOT) on Tuesday reported that increased oil and gas exploration and production activities, especially in West Texas, are straining some portions of the transmission grid. The board voted to endorse about \$57 million in transmission improvements recommended by the Regional Planning Group to increase transmission capacity in the Eagle Ford Shale area. South Texas Electric Cooperative seeks to increase capacity in Dimmit, La Salle, and McMullen to support future reliability of the system. Other steps under way to address strains to the grid include long-term transmission improvements, temporary changes to the grid during off-peak months, and additional training to increase market participants' understanding of the role of congestion revenue rights and how to access and use them to hedge against pricing risks.

http://www.ercot.com/news/press_releases/show/26312

Power Disruption to Feedwater and Recirculation Pumps Shuts Xcel's 578 MW Monticello Nuclear Unit in Minnesota September 25

Xcel Energy reported that during maintenance on 4160V Bus 12 ammeter at its Monticello nuclear plant Tuesday morning, a Bus 12 lockout occurred, removing power from a reactor feed pump and recirculation pump, which caused the reactor to scram, according to a filing with the U.S. Nuclear Regulatory Commission. Operators were investigating the cause of the shutdown, which was not expected to be lengthy, the company said.

Reuters, 17:42 September 25, 2012

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

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2012/20120926en.html>

Update: Constellation's 565 MW Nine Mile Point Nuclear Unit 1 in New York Restarts September 25, Ramps Up to 98 Percent by September 26

Constellation Energy's Nine Mile Point Unit 1 is returning from an outage that began September 20, when the unit automatically scrambled from full power due to a turbine trip. The cause of the turbine trip was under investigation at the time of the incident.

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

FirstEnergy's 1,235 MW Perry Nuclear Unit 1 in Ohio Reduced to 82 Percent by September 26

On the morning of September 25 the unit was operating at 96 percent.

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

Update: Mirant's 312 MW Pittsburg Gas-Fired Unit 5 in California Returns to Service by September 25

The unit returned from an unplanned outage that began by September 23.

<http://content.aiso.com/unitstatus/data/unitstatus201209251515.html>

Nevada Geothermal Power Predicts Declining Power Output at Its 34 MW Blue Mountain Faulkner 1 Geothermal Power Plant in Nevada

Nevada Geothermal Power Inc. (NGP) on Tuesday announced a recalibrated numerical simulation model and outlook projection for its Blue Mountain geothermal field predicts significantly lower power output, as compared to projections outlined in an October 2011 report. Base case temperature declines are projected to be on the order of 8°F/yr in the near-term rather than declines of around 3°F/yr as projected in 2011, and power output is projected to fall below the currently nominated average supply amount of 34 MW this year decreasing to about 15 MW by 2020. NGP has proposed locations for up to three additional wells: two injectors that would shift injection further to the northeast and northwest and one producer that would target the inferred zone of deep western heat after injection in this area has been relocated.

http://www.nevadageothermal.com/s/News.asp?ReportID=549352&_Type=News&_Title=Update-on-Projected-Availability-of-Geothermal-Resource-for-the-Blue-Mounta
<http://www.nevadageothermal.com/s/BlueMountain.asp>

Petroleum

Explosion Hits Irving's 300,000 b/d Saint John, New Brunswick Refinery September 26 – Local Media

An explosion occurred Wednesday morning at Irving Oil's Saint John refinery and injured one person, according to local media reports. The refinery is currently in the process of planned maintenance. A spokeswoman for the company was not immediately available.

Reuters, 11:37 September 26, 2012

Power Supply Malfunction Causes SRU Emissions at Valero's 142,000 b/d Corpus Christi, Texas Refinery September 25

Valero reported a power supply malfunction in Complex 7 at its Corpus Christi East Plant caused emissions Tuesday afternoon, according to a filing with the Texas Commission on Environmental Quality. The filing lists the sulfur recovery unit (SRU) No. 2 as among the sources of emissions.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=173960>

Natural Gas

Williams to Provide Gas Processing Services to Oil Sands Producer near Fort McMurray, Alberta; Expects to Recover 15,000 b/d of NGL/Olefins by 2018

Williams announced today that the company has signed a new long-term gas processing agreement with a producer in the Canadian oil sands. Under the agreement, Williams will extract, transport, fractionate, own, and market the natural gas liquids (NGLs) and olefins recovered from the offgas at the oil sands producer's upgrader near Fort McMurray, Alberta. Under the agreement, the NGL/olefins recovered are expected to be approximately 12,000 b/d by mid-2015 and grow to approximately 15,000 b/d by 2018. The NGL/olefins mixture will be fractionated at Williams's Redwater facilities into an ethane/ethylene mix, propane, polymer grade propylene, normal butane, an alkylation feed, and condensate. To support the new agreement, Williams plans to build a new liquids extraction plant and supporting facilities at the oil sands producer's upgrader. It also plans to build an extension of its Boreal Pipeline that will enable transportation of the NGL/olefins mixture to its expanded Redwater facility outside of Edmonton.

<http://www.b2i.us/profiles/investor/NewsPrint.asp?b=630&ID=57431&m=r1&pop=1&cat=1799&G=343>

Quicksilver Delays Horn River Natural Gas Pipeline in Northeastern British Columbia Due to Depressed Natural Gas Prices

Quicksilver Resources on Monday said it would delay building a pipeline to its Horn River shale gas assets in northeastern British Columbia by 15 months following an earlier decision to suspend drilling operations there for the rest of 2012 due to depressed natural gas prices. The company on September 7 reached an agreement with Nova Gas Transmission Ltd., a subsidiary of TransCanada PipeLines Ltd., to delay the targeted in-service date of the 100-km, 36-inch Komie North section of the proposed Horn River Mainline and meter station facilities from May 1, 2014 to August 1, 2015.

<http://www.calgaryherald.com/business/Quicksilver+delays+Horn+River+pipeline+2015/7291108/story.html>

Other News

BLM Announces Oil and Gas Lease Sale in the National Petroleum Reserve in Alaska

The U.S. Bureau of Land Management (BLM) will hold a oil and gas lease sale in the National Petroleum Reserve in Alaska (NPR-A) on November 7 in Anchorage, Alaska. The lease sale will include 400 tracts and cover approximately 4.5 million acres in the NPR-A, and builds on the December 2011 NPR-A sale that made 283 tracts and three million acres available.

<http://www.doi.gov/news/pressreleases/Administration-Announces-NPRA-Oil-and-Gas-Lease-Sale-in-November.cfm>

International News

Gunmen Explode 135,000 b/d Shabwa-Bir Ali Crude Oil Pipeline in Yemen September 25 – Ministry Official

Unidentified gunmen exploded a 135,000 b/d crude oil pipeline carrying product from Block 4 in Shabwa province to the Bir Ali terminal on the Gulf of Aden, an official at the oil and minerals ministry said on Tuesday. Officials had confirmed yesterday that saboteurs also blew up a 38-inch natural gas pipeline feeding Yemen LNG's Balhaf liquefied natural gas (LNG) export terminal on the Gulf of Aden. Both pipelines were shut due to the explosions.

<http://www.eia.gov/cabs/Yemen/Full.html>

<http://yemenpost.net/Detail123456789.aspx?ID=3&SubID=6019>

<http://www.foxnews.com/world/2012/09/25/attackers-blow-up-gas-and-oil-pipelines-in-yemen/>

Update: PDVSA's 645,000 b/d Amuay Refinery in Venezuela Operating at Half Capacity September 25 as It Restarts Units after Late-August Fire

Petroleos de Venezuela SA (PDVSA) on Tuesday said its Amuay refinery is operating at half of capacity and 80 percent of units have returned to service. PDVSA had shut the refinery August 25 after a gas explosion ignited a fire, damaging nine storage tanks and killing 48 people. Operators have been restarting processing units since September 3. The refinery is currently processing 360,000 b/d and expects to restart a final distillation unit "soon."

<http://www.bloomberg.com/news/2012-09-25/gulf-gasoline-slides-as-pdvs-a-amuay-refinery-restarts-units.html>

Energy Prices

U.S. Oil and Gas Prices			
September 26, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	89.53	95.29	79.80
NATURAL GAS Henry Hub \$/Million Btu	2.84	2.74	3.74

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

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

Please direct comments and questions to: ead@oe.netl.doe.gov