



ENERGY ASSURANCE DAILY

Wednesday Evening, October 1, 2014

Electricity

Grid Resiliency Demonstrated During January 2014 Polar Vortex – NERC

The bulk power system showed its resiliency during the January 6-8, 2014 polar vortex weather event, according to a report by the North American Electric Reliability Corporation (NERC). NERC's Polar Vortex Review showed that bulk power system reliability was maintained despite sustained record-low temperatures occurring over a large geographic area in North America. Many areas experienced day-time high and overnight-low temperatures that were between 20 degrees and 30 degrees below normal, with 49 cities setting new record lows. Generation and transmission operators in North America responded well to prevent major impacts to the bulk power system, said James Merlo, NERC director of Reliability and Risk Management. Key factors during the event included fuel deliverability issues, natural gas pipeline outages, gas service interruptions, frozen electricity, and gas equipment and other extreme cold weather operating challenges. During the event, grid operators employed techniques, such as voltage reduction and demand-side management to ensure the bulk electric system reliability was maintained.

<http://www.nerc.com/news/Headlines%20DL/Polar%20Vortex%20Review%20Release%2030SEP14.pdf>

http://www.nerc.com/pa/rrm/January%202014%20Polar%20Vortex%20Review/Polar_Vortex_Review_29_Sept_2014_Final.pdf

Dominion Virginia Power Finds Two Damaged Nuclear Fuel Rods at Its 917 MW North Anna Unit 2 During September Refueling

The operators of the North Anna 2 nuclear power plant in Louisa County, Virginia found two damaged nuclear fuel rods during a scheduled refueling in September. The damage was caused by baffle jetting and caused about 15 fuel pellets to come out of the rods but was contained within the reactor system and did not pose a threat of release.

http://www.newsadvance.com/work_it_lynchburg/news/two-nuclear-fuel-rods-found-damaged-during-north-anna-power/article_2acf3bfe-48a2-11e4-918b-001a4bcf6878.html

Update: 493 MW Blythe Energy Center Gas-fired Unit in California Returns to Service by September 30

The unit returned from an unplanned curtailment of 253 MW that began by September 29.

<http://content.aiso.com/unitstatus/data/unitstatus201409301515.html>

Petroleum

API, AAR Ask DOT to Allow 7 Years to Retrofit Existing Crude Oil Tank Cars

The American Petroleum Institute (API) and Association of American Railroads (AAR) were asking the U.S. Department of Transportation (DOT) to allow them as long as seven years to retrofit existing tank cars that transport highly volatile crude oil, the president of API said Tuesday. API and AAR are asking DOT for 6–12 months for rail tank car manufacturers to gear up to retrofit tens of thousands of cars and another three years to retrofit older cars. The two industries also want three years after that to retrofit newer tank cars manufactured since 2011, known as 1232 cars. In July, the DOT proposed that older cars be retrofitted within two years. The longer requested timeline reflects the need to allow tank car manufacturers time to expand their operations while still producing new tank cars, according to API's president. DOT's more aggressive timeline could harm consumers by disrupting the production and transportation of goods that play major roles in the economy, including chemicals, gasoline, crude oil and ethanol, he said. Rail shipments of crude have increased from a few thousand carloads a decade ago to 434,000 carloads last year.

http://www.downstreamtoday.com/news/article.aspx?a_id=44689

<http://www.api.org/news-and-media/news/newsitems/2014/sept-2014/api-offers-feedback-to-dot-on-crude-by-rail-proposals>

Shell Says Its 300,000 b/d Louisiana to Texas Westward Ho Pipeline Project on Hold

Royal Dutch Shell Plc put its Louisiana to Texas Westward Ho oil pipeline project on hold as newer pipelines swamped the region with hundreds of thousands of barrels of domestic light sweet crude per day. The company confirmed on Tuesday that it decided to delay construction on the pipeline to focus on securing more commitments from shippers. The line had been slated to start up in the third quarter of 2015, but the company estimated construction would wrap up in 2017, a spokeswoman said. Shell has twice cut the proposed capacity from an initial 900,000 b/d to 600,000 b/d in 2011, and again to 300,000 b/d in mid-2012, after shippers submitted fewer binding commitments. Westward Ho was proposed to move light sweet crude oil from the St. James, Louisiana, crude terminal to markets and pipeline connections just across the Texas state line in Port Arthur and Nederland. Reuters, 19:40 September 30, 2014

Enbridge's Planned Sandpiper Oil Pipeline from Minnesota to Wisconsin Delayed Until 2017

Enbridge Inc said on Tuesday it did not expect its planned Sandpiper oil pipeline taking crude from the Bakken oilfield to its mainline system to be in service until 2017, a year later than originally forecast. Enbridge's chief executive said the delay was caused by the Minnesota regulator's decision to split a review of the need for the line and its routing into two separate hearings. Sandpiper will add a new, 225,000 b/d line, running from Beaver Lodge, North Dakota to Clearbrook, Minnesota, and a 375,000 b/d line from Clearbrook to Superior, Wisconsin, where it will meet Enbridge's mainline system, which carries the bulk of Canada's crude exports to Midwest refiners. Reuters, 14:06 September 30, 2014

Enbridge Could Expand Mainline by Up to 500,000 b/d If Demand Remains Strong

Enbridge Inc said on Tuesday it may have to build new pipeline capacity from its Superior, Wisconsin, storage hub if oil shipments from Canada and the Bakken shale field of North Dakota keep expanding. The company said Enbridge could handle up to 500,000 b/d more on its 2.5 million b/d system once it completes rebuilding its Line 3 pipeline from Alberta to Superior and finishes its Sandpiper pipeline serving the Bakken in 2017. Canada currently produces about 3.5 million b/d and ships nearly 3 million b/d to the U.S. According to industry forecasts, Canada's production will rise to nearly 5 million b/d by 2020. If growth in Canada or North Dakota is stronger than anticipated, Enbridge said it can accommodate the increased flows on its mainline system, which handles the lion's share of Canadian exports. To reach that capacity, the Sandpiper project from the Bakken oil field in North Dakota to the Mainline could be expanded by up to 160,000 b/d, while Line 3, which starts in Edmonton, Alberta, will have unused capacity into Superior of 370,000 b/d.

http://www.rigzone.com/news/oil_gas/a/135244/Enbridge_Eyes_Mainline_Oil_Pipe_Expansion_If_Demand_Strong#sthash.xeRrP3Cl.dpuf

Update: Kinder Morgan Announces Open Season Extension of Its 167,000 b/d Palmetto Project to Serve New Southeast Markets

Kinder Morgan Energy Partners, L.P. on Tuesday announced an extension of the binding open season to solicit commitments for the proposed Palmetto Project, which offers shippers a new refined products service to move gasoline, diesel, and ethanol from Louisiana, Mississippi, and South Carolina to points in South Carolina, Georgia, and Florida. The binding open season, which originally ended September 30, 2014, was extended to October 30. The project has a design capacity of 167,000 b/d and would consist of a segment of expansion capacity that Palmetto would lease from Plantation Pipe Line Company between Baton Rouge, Louisiana, and Belton, South Carolina. A new 360-mile pipeline from Belton, South Carolina, to Jacksonville, Florida, would also be constructed as part of the project.

<http://phx.corporate-ir.net/phoenix.zhtml?c=93621&p=irol-newsArticle&ID=1972504&highlight>

Phillips 66's 44,500 b/d Santa Maria, California Upgrading Facility Proposes Adding Crude Oil Trains to Operation

Phillips 66's Santa Maria upgrading facility wants to add oil trains to its operation and hosted an open house about the project Tuesday night so locals could ask questions and share their concerns about the proposal. The upgrading facility wants to bring in up to five trains with 80 railcars per train to transport crude oil and would have to add 44,000 feet of track on the property near Nipomo, California to do so. A spokesperson for the Phillips 66 upgrading facility says the proposed rail project is solely on their property, and claims it would not be an issue for people who live nearby.

<http://www.ksby.com/news/phillips-66-santa-maria-refinery-proposes-adding-crude-oil-trains-to-operation/>

Valero Reports SRU Process Upset at Its 330,000 b/d Port Arthur, Texas Refinery September 30

Valero Energy Corp reported a process unit upset of sulfur recovery unit (SRU) 545 resulted in excess emissions at the incinerator stack, according to a filing with the Texas Commission on Environmental Quality.
Reuters, 17:13 September 30, 2014

Total Reports Normal Operations at Its 225,000 b/d Port Arthur, Texas Refinery after Unit Upset

Total SA reported emissions at its Port Arthur, Texas, refinery after an equipment upset. The upset was sudden, unexpected but short-lived and the units returned to normal operation, according to a filing with the Texas Commission on Environmental Quality.
Reuters, 16:54 September 30, 2014

Motiva Reports Unit Upset Led to Flaring at Its 600,000 b/d Port Arthur, Texas Refinery October 1

Reuters, 12:43 October 1, 2014

Shell Reports Temporary Power Outage at Its 75,000 b/d Sarnia, Ontario Refinery September 30; No Material Impact on Production

Reuters, 14:08 September 30, 2014

Natural Gas

Update: Transco Says Southeast Louisiana Lateral Repairs Completed September 30

Williams Cos Inc's Transcontinental Gas Pipeline Co (Transco) said repairs on the Southeast Louisiana Lateral (SELA), located onshore at Station 62 in Gibson (Terrebonne Parish), Louisiana and offshore in the Ship Shoal Block 47 area, were completed. During the repair work, Transco was notified by the operator of the South Timbalier Block 300 platform of an internal leak on Transco's existing 24-inch shut down valve departing the platform. Repairs on this platform will take at least six weeks and several offshore receipt points will remain shut in as a result, according to Transco.

Reuters, 16:48 September 30, 2014

<http://www.1line.williams.com/1Line/wgp/download?delvid=6040391&hfNoticeFlag=Y&hfDownloadFlag=false&hfFileName=download.html>

Consumers Energy's New 24-mile Southwest Michigan 1200B Pipeline Began Commercial Operation September 18

Consumers Energy has built a 24-mile natural gas pipeline in southwestern Michigan that's part of a \$120 million project. The pipeline runs through St. Joseph and Branch counties and completes a 90-mile pipeline corridor, which the utility said will increase reliability and safety for its natural gas customers. Commercial operation of the 1200B Pipeline began September 18.

<http://www.consumersenergy.com/News.aspx?id=7479&year=2014>

Reuters, 6:47 October 1, 2014

DCP Midstream Reports Excess Emissions at Its 160 MMcf/d Goldsmith Gas Plant in Texas September 30

DCP Midstream reported the tail gas analyzer locked down causing excess emissions on the sulfur recovery unit (SRU) incinerator. Once the analyzer was rebooted, the incinerator emissions fell back within normal level.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=204389>

Other News

Nuclear Waste Isolation Pilot Plant in New Mexico May Remain Shut Until 2019 Following Radiation Leak – DOE

The Waste Isolation Pilot Plant nuclear waste dump in New Mexico, closed by a radiation leak, may not be fully operational until 2019, and the facility will need at least \$240 million to pay for the initial recovery, a U.S. Energy Department official said on Tuesday. Operations at the plant, where radiological debris from U.S. nuclear labs and weapons sites is disposed of in a salt mine half a mile below ground, were suspended in February after an accident released high levels of radiation and contaminated 22 workers. Findings from a preliminary investigation of the accident suggest at least one barrel of plutonium-tainted waste from Los Alamos National Laboratory near Santa Fe ruptured after being stored at the underground dump. The dump, managed for the department by contractor Nuclear Waste Partnership LLC, could begin disposing of waste already in place at the complex in the southeastern New Mexico desert as early as 2016, the acting assistant secretary for the Energy Department's Office of Environmental Management said. The facility may not be fully operational until 2019 in a long-term recovery plan that calls for a new ventilation system and exhaust shaft in the salt mine.

Reuters, 19:00 September 30, 2014

International News

Gulf Keystone Returns All Staff to Iraqi Kurdistan after August Evacuations

Oil producer Gulf Keystone Petroleum returned all staff to its operations in Iraqi Kurdistan after evacuating international contractors from the region due to escalating violence in August. Production at the Kurdistan-focused company's flagship Shaikan field was only affected by security threats for one day in August and the oil producer said it was continuing to increase output from the field to 40,000 b/d by around the end of the year. Daily production levels at the field have averaged 23,000 barrels since the firm's last market update on August 28, Gulf Keystone said.

Reuters, 5:37 October 1, 2014

Energy Prices

U.S. Oil and Gas Prices			
October 1, 2014			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	91.96	90.83	101.42
NATURAL GAS Henry Hub \$/Million Btu	4.14	3.87	3.48

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

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