



ENERGY ASSURANCE DAILY

Wednesday Evening, October 13, 2010

Electricity

Update: Exelon's 1,116 MW Peach Bottom Nuclear Unit 2 in Pennsylvania at Full Power by October 13

The Nuclear Regulatory Commission reported that on the morning of October 12 the unit was operating at 82 percent.

Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2010/>

Cabrillo Power's 106 MW Encina Gas-Fired Unit 1 in California Shut by October 12

According to the California Independent System Operator, the unit reported an unplanned outage by October 12.

<http://www.caiso.com/unitstatus/data/unitstatus201010121515.html>

CPS Energy Shuts 750 MW J.K. Spruce Coal-Fired Unit 2 in Texas by October 13

CPS Energy shut its recently-opened, 750 MW J.K. Spruce coal-fired Unit 2 in Texas to fix or replace the unit's main transformer, according to the San Antonio Business Journal. The company finished the plant in May 2010.

<http://sanantonio.bizjournals.com/sanantonio/stories/2010/10/11/daily24.html>

Update: Energy Northwest Plans 346 MW Gas-Fired Power Plant at Port of Kalama in Washington

The company hopes to break ground on the Kalama Energy Center in the summer of 2011; it aims to open the project by the summer of 2013.

http://tdn.com/news/local/article_9aca54e8-d696-11df-a920-001cc4c002e0.html

Update: AEP, MidAmerican Transmission Joint Venture Completes SMARTransmission Study October 12

Electric Transmission America (ETA), a joint venture between subsidiaries of American Electric Power (AEP) and MidAmerican Energy Holdings Company, yesterday released the Phase Two report for a study of the transmission needed in the Upper Midwest to support renewable energy development and transport that energy to population and electricity load centers. Quanta Technology LLC evaluated transmission alternatives designed to support the integration of 56.8 GW of nameplate wind generation within the study area. The Phase Two work determined that the conceptual transmission overlays identified in the first phase of the study would have similar economic and environmental impacts. The alternatives include a conceptual overlay that totals nearly 8,000 miles and uses primarily 765-kilovolt (kV) extra-high voltage (EHV) transmission lines, one that totals over 7,600 miles and includes both 765-kV and high-voltage, direct-current (HVDC) lines, and one totaling more than 8,600 miles that combines over 4,400 miles of 345-kV and 3,900 miles of 765-kV transmission lines.

<http://www.aep.com/newsroom/newsreleases/?id=1641>

Petroleum

Tesoro Extinguishes Fire at 166,000 b/d Refinery near Martinez, California October 10

A fire broke out in a holding tank at Tesoro's 166,000 b/d Golden Eagle refinery near Martinez, California on October 10, but the company extinguished the fire within about three hours. It was not clear if the incident had any impact to production.

<http://www.martinezgazette.com/news/story/i1531/2010/10/12/tesoro-fire-erupts-level-two-warning-activated>

ExxonMobil Sees No Impact on Production after Brief Oil Spill at 567,000 b/d Baytown, Texas Refinery October 11

A "leak at the tank mixer seal" spilled an unspecified quantity of crude oil at ExxonMobil's 567,000 b/d Baytown, Texas refinery on October 11, the company said in a filing with state regulators. The "mixer seal was isolated," according to the filing. The incident lasted just 15 minutes and did not affect production.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=145971>

<http://www.bloomberg.com/news/2010-10-12/exxon-reports-oil-leak-from-tank-at-baytown-refinery-update1-.html>

Update: ExxonMobil Plugs Hydrogen Sulfide Leak at 192,500 b/d Chalmette, Louisiana Refinery by October 11

ExxonMobil repaired a hydrogen sulfide leak at its 192,500 b/d Chalmette, Louisiana refinery by October 11, but it was unclear if the facility remained at reduced rates, according to a spokesman. The spokesman said previously that the incident had impacted production. It also remained unknown, as of latest reports, whether the hydrogen sulfide leak was to blame for the death last week of a contractor at the facility.

<http://af.reuters.com/article/energyOilNews/idAFN1112595420101011>

Update: Strikes Could Lead to Product Shortages in France over Next Two Weeks: IEA

Striking workers continued to block multiple refineries and the Fos Lavera oil port in France on October 13, and the International Energy Agency (IEA) said the disruptions could lead to fuel shortages within the next two weeks. France had tapped its emergency oil reserves by October 13, but the nation had still managed to preserve its minimum emergency inventory levels, the IEA said. Some 85 ships, including 56 fuel carriers, were waiting to enter the Fos Lavera port by October 12, and workers were preventing oil deliveries to eight of France's 12 refineries, as of latest reports. The refinery strike is part of a broader, nationwide protest – involving multiple industries – against the government's bid to up the retirement age. It has compounded the impact of the separate, weeks-long strike at the Fos Lavera port. The Fos Lavera strike had already forced six French refineries and one Swiss facility to reduce production; the latest strikes only exacerbated the problem, further curbing rates and leading Total to begin shutting at least two of its refineries. France's refineries can process nearly 2 million b/d of crude.

<http://www.businessweek.com/news/2010-10-13/french-oil-terminal-strike-may-cause-fuel-shortages-ia-says.html>

<http://www.reuters.com/article/idUSLDE69C09R20101013>

<http://www.montrealgazette.com/business/French+strikes+refining/3662428/story.html>

Reuters, 06:23 October 13, 2010

IEA Expects Global Crude Oil Demand to Rise in 2010 and 2011

The International Energy Agency (IEA) expects global crude oil demand to average 86.94 million b/d in 2010 and 88.16 million b/d in 2011, the agency said in its Oil Market Reports on October 13. The 2010 figure marks a 2.1 million b/d increase from 2009, and the 2011 total represents a 1.2 million b/d rise from 2010.

<http://in.reuters.com/article/idINIndia-52161320101013>

<http://omrpublic.iea.org/>

Kazakhstan Hopes to Boost Oil Exports by 1.69 Million b/d over Next Decade: Prime Minister

Kazakhstan plans to increase oil exports from 1.31 million b/d at present to 3 million b/d by 2020, the nation's Prime Minister said on October 13.

http://www.rigzone.com/news/article.asp?a_id=99979

Natural Gas

Update: PG&E Announces Program to Enhance Natural Gas Pipeline Safety and Reliability in California

Pacific Gas and Electric Company (PG&E) announced yesterday a program to strengthen the utility's natural gas transmission system through a combination of targeted investment, research and development, improved processes and procedures, and tighter coordination with public agencies. The move follows the fatal September explosion along the company's natural gas pipeline in San Bruno, California. The program, or Pipeline 2020, will focus the company's efforts on five major areas: modernizing critical pipeline infrastructure, expanding the use of automatic or remotely operated shut-off valves, spurring development of next-generation inspection technologies, developing industry-leading best practices, and enhancing public safety partnerships.

http://www.pge.com/about/newsroom/newsreleases/20101012/pge_announces_pipeline_2020_program_for_enhancing_natural_gas_pipeline_safety_and_reliability.shtml

Sawgrass Storage LLC Launches Open Season for Proposed 25-40 Bcf Natural Gas Storage Project in Louisiana

Sawgrass Storage LLC, a joint venture between subsidiaries of Nicor, Inc. and Samson Contour Energy E&P, LLC, launched a non-binding open season yesterday for a proposed natural gas storage facility near Perryville, Louisiana, the company said in a release. The facility would have an initial capacity of up to 25 Bcf, but could be expanded to 40 Bcf. It would have a firm injection capacity of 250 MMcf/d and a withdrawal capacity of 625 MMcf/d. The company plans to begin service on June 1, 2012.

http://www.marketwatch.com/story/sawgrass-storage-llc-announces-non-binding-open-season-for-proposed-natural-gas-storage-facility-and-hub-in-northeast-louisiana-2010-10-12?reflink=MW_news_stmp
<http://www.sawgrassgas.com/media/overview.html>

Other News

NASEO, DOE, EIA Hold 2010/2011 Winter Fuels Outlook Conference October 13

The National Association of State Energy Officials (NASEO) hosted the 2010-2011 Winter Fuels Outlook Conference on October 13. The U.S. Department of Energy's (DOE) Office of Electricity Delivery and Energy Reliability (OE) and the U.S. Energy Information Administration (EIA) sponsored the event. The speakers were as follows:

- Patricia Hoffman, Assistant Secretary of OE, introduced the conference and the speakers. She overviewed DOE's work to promote situational awareness, discussed two reports – one on copper wire theft and another on hardening and resiliency – that her office prepared, and talked about DOE's efforts to implement projects related to smart grid and cyber security.
- Michael Halpert, Deputy Director of the Climate Prediction Center at the National Oceanic & Atmospheric Administration, gave the U.S. winter weather forecast. From December 2010-February 2011, he said it would be warmer than usual in the south central part of the United States, and particularly in East Texas. He said it would be warmer from Georgia and Tennessee to Arizona and Utah, but colder in Northern California, the northern Plains states, the Pacific Northwest States, and Alaska. Katherine Spector, a Commodities Strategist at CIBC World Markets Corp., overviewed the world oil market. CIBC, she said, expects WTI crude oil prices to average \$80/barrel during 2011. The prediction is the product of multiple, offsetting factors: weak economic conditions and a modest increase in demand should push prices downward, but a weak U.S. dollar and geopolitics should drive prices upward. CIBC expects demand to increase more significantly in 2012 as economic conditions improve.
- Richard Newell, Administrator at the Energy Information Administration (EIA), projected U.S. heating bills to rise 3 percent (about \$24) during the coming winter season, due in part to higher prices. He said warmer weather would moderate prices in the south, but colder weather would drive prices upward in the northeast.
- Manning Feraci, Vice President of Federal Affairs at the National Biodiesel Board, discussed the U.S. biofuels market. He said the expiration of a federal blenders' tax credit had destabilized the market and forced companies to shut production. Refiners, he said, have the capacity and feedstocks available to meet the federal mandate for biofuels production.
- Jane Van Ryan, a Senior Manager at the American Petroleum Institute, talked about the transition to ultra low sulfur diesel. She said the shift had gone smoothly for motor vehicles. Van Ryan navigated a website – www.clean-diesel.org – with information about the transition.
- Bobby Brown, Director of Communication and Information Systems Security at EnerNex Corporation, discussed cyber security. Brown emphasized the importance of integrating cyber security systems – that is, ensuring that systems work together to combat the threat of cyber attacks. He also expressed the importance of implementing effective systems engineering up front and declared optimism about smart meters, and the potential for engineers to protect meters from cyber attacks.
- David Lugar, Vice President of Supply and Logistics at AmeriGas Partners, L.P., gave the propane forecast. He said propane stocks were critically low in New England – 75 percent below average – due in part to problems unloading cargos at Providence, Rhode Island. He said that primary storage and tertiary storage were okay, but that there was a bottleneck getting propane from primary to tertiary storage.
- Richard Smead, Director of Navigant Consulting, Inc., said the natural gas market was oversupplied. In spite of low prices, companies continue to drill for natural gas in shale formations, according to Smead.

- Alice Lippert, Senior Technical Advisor at OE, discussed OE’s efforts to work with localities and states on energy assurance planning. Specifically, she outlined the office’s six-step strategy to implement American Recovery and Reinvestment Act (ARRA) funding for energy assurance planning at the local and state levels. Jeffrey Pillon, Director of Energy Assurance Programs at NASEO, also discussed local and state energy assurance planning. He said that NASEO had posted guidelines to help states implement energy assurance plans. Within that framework, he said NASEO was working with states to implement more-specific plans, and encouraging states to coordinate efforts with one another.

To read a list speakers and view presentations, please click on the link below.

<http://www.naseo.org/events/winterfuels/2010/agenda.htm>

EPA Grants E15 Waiver for Newer Vehicles October 13

The U.S. Environmental Protection Agency (EPA) granted a waiver for sales of E15 – fuel containing up to 15 percent ethanol - to 2007 model year vehicles or newer cars and light trucks, the agency said on October 13. The decision followed extensive testing by the Department of Energy (DOE) and represents the first of a number of actions that are needed from federal and state agencies, and industry in order to commercialize E15 gasoline blends. The EPA said it planned to decide whether to permit the use of E15 in model year 2001 to 2006 vehicles after it receives the results of additional testing from DOE. It expected DOE to complete that testing in November.

<http://yosemite.epa.gov/opa/admpress.nsf/d0cf6618525a9efb85257359003fb69d/bf822ddbec29c0dc852577bb005bac0f!OpenDocument>

Kinder Morgan to Install Seven Gasoline/Ethanol Blending Tanks in Carteret, New Jersey

Kinder Morgan plans to install seven gasoline/ethanol blending tanks – representing a combined 1.035 million barrels of storage capacity – at a facility in Carteret, New Jersey, according to a company official. The company plans to open three of the tanks by early next summer, and the last four by the end of next year.

<http://www.mycentraljersey.com/article/20101012/NEWS/10120349/-60M-redevelopment-project-in-Carteret-progressing>

Energy Prices

U.S. Oil and Gas Prices			
October 13, 2010			
	Today	Week Ago	Year Ago
CRUDE OIL			
West Texas Intermediate U.S.	83.20	83.66	73.84
\$/Barrel			
NATURAL GAS			
Henry Hub	3.40	3.51	3.96
\$/Million Btu			

Source: Reuters

Energy Notes

Iberdrola Renewables Plans 30 MW Solar Power Project near Alamosa, Colorado – Company to Break Ground in 2010, Open Facility at End of 2011

http://www.iberdrolarenewables.us/rel_10.10.12a.html

SunEdison Plans 17.3 MW Solar Power Project in Davidson County, North Carolina

<http://www.memc.com/index.php?view=investors&c=106680&p=irol-news>

Three Men Accused of Stealing almost 1,000 Pounds of Copper Wire from Stored Drilling Rigs in Odessa, Texas

<http://www.istockanalyst.com/article/viewiStockNews/articleid/4575427>

PacifiCorp Receives Water Quality Permit from State Department of Ecology to Remove Condit Dam along White Salmon River in Washington – Removal Expected to Begin in 2020

http://seattletimes.nwsourc.com/html/localnews/2013142610_apwadamremoval1stldwritethru.html

Avista Plans Smart Grid Projects in Spokane and Pullman, Washington – Company to Deploy Distribution Management System, Intelligent End Devices, and a Communications Network along 72 Distribution Circuits and 17 Substations

<http://www.prnewswire.com/news-releases/efacec-ac-helps-smarten-the-grid-for-avista-customers-in-spokane-and-pullman-washington-104796879.html>

North Carolina Utilities Commission Says Wood Chips Qualify as Renewable Fuel, Even if Utility Does not Replace Trees

<http://charlotte.bizjournals.com/charlotte/stories/2010/10/11/daily18.html?ana=yfcpc>

Georgia Power Plans Tornado-Response Drill at 800 MW Coal-Fired Plant Hammond in Georgia October 13

http://romenews-tribune.com/view/full_story/9867877/article-Tornado-response-drill-to-be-held-at-Plant-Hammond-Wednesday?instance=home_news_lead_story
<http://www.georgiapower.com/about/pdf/Plant%20Hammond%20bro.pdf>

Motiva Plans 3.4 Million Gallon Gasoline Storage Tank at Terminal in Apex, North Carolina

<http://www.carynews.com/2010/10/12/21180/neighbors-fret-over-tank-yard.html>

IEA Says Iran May Not be Able to Maintain Self-Sufficiency in Gasoline Production – Agency Says Iran’s Increased Gasoline Output has Led to Shortages of Other Petrochemical Products

<http://news.alibaba.com/article/detail/energy/100402002-1-iea-says-iran-may-sustain.html>

Citing Economics, Bahrain Petroleum Company Abandons Oil Storage and Export Terminal on Sitra Island, Bahrain

http://www.steelguru.com/middle_east_news/Oil_storage_and_export_facility_not_feasible_anymore_-_BAPCO/169602.html

OPEC Not Expected to Change Production Quota during October 14 Meeting: OPEC President

Reuters, 07:33 October 13, 2010

Operators Shut SRU to Replace Line to Incinerator at Coyanosa Gas Plant in Texas October 12

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=145980>

Pennsylvania Environmental Quality Board Approves Proposed Rules that Would Require Drillers to Report Chemicals Used in Hydraulic Fracturing Process

<http://www.prnewswire.com/news-releases/environmental-quality-board-approves-improved-well-construction-standards-to-prevent-gas-migration-protect-public-and-environment-104813794.html>

Copper Prices Rise to Highest Levels in More than Two Years in London and New York October 13

Reuters, 03:19 October 13, 2010

Links

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

Natural Gas Weekly Update from EIA

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

Updated after 2:00 PM EST every Thursday.

ENERGY ASSURANCE DAILY

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

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