



ENERGY ASSURANCE DAILY

Friday Evening, November 16, 2012

Major Developments

OE/ISER Situation Report: Hurricane Sandy–Nor’easter

On November 7, a Nor’easter began to impact the U.S. Mid-Atlantic and Northeast with strong winds, rain, snow, and coastal flooding, as the region worked to recover from impacts caused by Hurricane Sandy, which made landfall on October 29. For details on the impact of these storms on customer outages, energy infrastructure issues, and restoration efforts, see: Hurricane Sandy–Nor’easter Situation Reports issued by the U.S. Department of Energy, Office of Electricity Delivery & Energy Reliability (OE/ISER) at the following URL:

http://www.oe.netl.doe.gov/named_event.aspx?ID=68

Update: Hess Resumes Production at Its 70,000 b/d Port Reading, New Jersey Refinery by November 16; Expects to Reach Full Rates Early Next Week

Hess Corp. on Friday reported it has resumed production at its Port Reading refinery after restarting the plant on Wednesday, following a shutdown in advance of Hurricane Sandy’s landfall on October 29. Operators expected the refinery to reach full rates early next week. The refinery also reported that a line damaged a wet-gas scrubber stack at the facility, according to a filing with state pollution regulators. The refinery would be “unable to use continuous emission monitor for approximately 2 to 3 weeks,” the filing said.

Reuters, 15:32 November 15, 2012

Reuters, 10:57 November 16, 2012

Update: Foreign Ships Move Nearly 3.2 Million Barrels of Fuel to U.S. Northeast Under Jones Act Waiver

The U.S. Department of Transportation’s Maritime Administration on Thursday reported that 12 foreign-flagged tankers loaded with 3.18 million barrels of oil products were dispatched, under a temporary waiver of the Jones Act, from the U.S. Gulf of Mexico to ports from Maryland to Maine to help aid in recovery efforts after Hurricane Sandy. The shipments included more than 1.75 million barrels of gasoline and more than 1.1 million barrels of diesel and other distillates. Under the waiver, which was issued on November 2 by the U.S. Department of Homeland Security, ships were to be loaded by Tuesday for delivery by November 20.

Reuters, 16:48 November 15, 2012

Enbridge Reduces Volumes by 18 Percent on Its 796,000 b/d Line 4 and 450,000 b/d Line 67 from Alberta to U.S. Midwest Until Month’s End Due to Unplanned Outages

Enbridge Inc. on Thursday said shipper nominations to transport volumes on two pipelines running from Alberta to the U.S. Midwest would be reduced by 18 percent for the rest of November due to unplanned outages and maintenance. The pipelines are Enbridge’s 796,000 b/d Line 4, running from Edmonton, Alberta to Superior, Wisconsin, and its 450,000 b/d Line 67, from Hardisty, Alberta to Superior. Together these lines carry nearly 60 percent of Canada’s oil exports to the United States. Enbridge had already rationed space on a number of U.S. Midwest pipelines earlier this month after shipper nominations exceeded available capacity. Canada-to-U.S. pipeline flows were also impacted earlier this week when TransCanada Corp. reduced rates on its Keystone pipeline due to power outages in Manitoba.

Reuters, 12:50 November 15, 2012

Two Dead, Two Missing after Explosion at Black Elk Energy Production Rig in the Gulf of Mexico Offshore Louisiana November 16

Black Elk Energy on Friday reported its personnel had extinguished a fire that broke out at a platform the company operates in the West Delta Block 32 in the Gulf of Mexico, about 17 miles southeast of Grand Isle, Louisiana. A Black Elk spokeswoman said the company was still gathering information about the fire. U.S. Coast Guard officials have said that initial reports indicate that maintenance workers were cutting into a pipe and that oil may have escaped, causing an explosion that ignited the fire. The platform was not producing oil or gas when the fire started, officials said, but 28 people were believed to be aboard. As of early this afternoon, two people were confirmed dead, at least two others were missing, and four others had been evacuated from the rig. Search and rescue helicopters were scouring the area.

Reuters, 11:55 November 16, 2012

<http://www.chicagotribune.com/news/sns-rt-us-offshore-firebre8af102-20121116,0,5601534.story>

http://www.cbsnews.com/8301-201_162-57551062/coast-guard-deadly-oil-rig-fire-off-la-coast/

Electricity

Analysis of Post-Storm Power Restorations Shows Utilities' Response to Sandy on Par with Responses to Other Major Storms

Citing data from the U.S. Department of Energy, an Associated Press analysis of outage times from other big hurricanes and tropical storms suggests that, on the whole, the response to Sandy by utility companies, especially in hardest-hit New York and New Jersey, was typical—or even a little faster than elsewhere after other huge storms.

http://www.washingtonpost.com/business/time-without-electricity-difficult-and-frustrating-but-similar-to-outages-of-other-big-storms/2012/11/16/b8a9bb20-2fc2-11e2-af17-67abba0676e2_story.html

Update: Entergy Utilities Receive Approval to Join MISO in December 13

Regulators in New Orleans and Mississippi on Thursday issued decisions supporting proposals by Entergy operating companies to transfer functional control of their transmission facilities to the Midwest Independent Transmission System Operator (MISO) in December 2013. These actions complete all of the retail regulatory decisions needed for the six Entergy operating companies to move forward with their plan to join MISO; the Louisiana Public Service Commission issued the first ruling in May, followed by Arkansas and Texas regulators in October.

http://www.entergy.com/news_room/newsrelease.aspx?NR_ID=2608

<http://www.reuters.com/article/2012/11/16/utilities-entergy-miso-idUSL1E8MG01J20121116?type=companyNews&feedType=RSS&feedName=companyNews&rpc=43>

Update: Exelon's 1,134 MW Limerick Nuclear Unit 1 in Pennsylvania at Full Power by November 16

On the morning of November 15 the unit was operating at 37 percent.

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

SCE&G Reports Cracks in Reactor Dome at Its 966 MW V.C. Summer Nuclear Power Plant in South Carolina

South Carolina Electric & Gas Company (SCE&G) on Wednesday confirmed it recently discovered flaws in four welded wholes where fuel rods are inserted in its V.C. Summer nuclear reactor dome, according to a spokeswoman. Operators are working to seal the cracks while the unit is currently offline for a refueling and maintenance outage. SCE&G reported the reactor dome flaws to the U.S. Nuclear Regulatory Commission in an October 30 filing, according to media reports.

<http://www.thestate.com/2012/11/15/2520136/cracks-found-at-nuclear-power.html#.UKUbeOTAdFs>

Update: State Coastal Commission Denies Permit for Offshore Seismic Study near PG&E's 2,160 MW Diablo Canyon Nuclear Power Plant in California

Citing concerns for marine life, the California Coastal Commission on Wednesday denied Pacific Gas & Electric (PG&E) a permit needed to map offshore earthquake faults near its Diablo Canyon nuclear power plant. The tests would involve firing sonic pulses into the ocean, where sensors on the seafloor would pick up the echoes to create 3-D maps of geologic faults that the utility said are needed to understand the seismic hazards around the facility. Diablo Canyon sits within three miles of two underwater earthquake faults. State law mandates that utilities conduct extensive seismic studies of nuclear facilities, but does not specify the type of research.

http://www.washingtonpost.com/business/calif-coastal-panel-rejects-utility-proposal-for-mapping-quake-faults-near-nuclear-plant/2012/11/14/13474bfe-2ec1-11e2-b631-2aad9d9c73ac_story.html

ATCO Electric Receives Approval for 500-kV Eastern Alberta Transmission Line

The Alberta Utilities Commission on Thursday approved ATCO Electric to build the Eastern Alberta Transmission Line, a 500-kV direct-current line that would extend from the Gibbons area northeast of Edmonton to an area near Brooks in southeast Alberta, and its associated converter stations and facilities. Construction on the line is expected to begin by early 2013.

<http://www.reuters.com/article/2012/11/16/idUS32932+16-Nov-2012+MW20121116>

<http://www.auc.ab.ca/news-room/news-releases/News%20Releases/2012/News%20Release%202012-01.pdf>

<http://www.auc.ab.ca/applications/decisions/Decisions/2012/2012-303.pdf>

U.S. Geothermal Receives Federal Grant that Moves Its 19.9 MW San Emidio Geothermal Power Project Closer to Operation in Nevada

<http://www.usgeothermal.com/SanEmidioProject.aspx>

<http://www.usgeothermal.com/NewsReleases/NR%2011-15-2012.pdf>

Petroleum

California Lawmakers Consider More Oil Refinery Oversight, State Fuel Reserve to Ensure Gasoline Supply after Price Spikes This Year

California State Senators at a hearing on Thursday proposed more oil refinery oversight and the creation of a state fuel reserve as possible measures to prevent future gasoline price spikes like those that occurred in May and October this year. Refinery industry representatives maintain that the price spikes were a normal market reaction to reductions in supply brought on by refinery outages or production rate reductions. Some industry analysts, however, have raised questions about whether West Coast refineries may have continued to produce oil products during maintenance shutdowns in May, and asked why price spikes weren't prevented by historically high inventories in October when unplanned shutdowns sent prices close to \$5 per gallon.

Reuters, 19:55 November 15, 2012

Phillips 66 Restarts Units at Its 362,000 b/d Wood River, Illinois Refinery after Completing Repairs – Trade Sources

Phillips 66 is bringing back online units at its Wood River refinery after completing repairs, trade sources said on Thursday. Phillips 66 took unspecified units offline for planned work at the refinery in late September. Operators had recently reported that a gas compressor trip and other, unspecified unit upsets had led to emissions at the refinery.

Reuters, 13:48 November 15, 2012

ExxonMobil Resumes Normal Operations at Its 344,500 b/d Beaumont, Texas Refinery after a Compressor Trip November 15

ExxonMobil reported it had returned its Beaumont refinery to normal operations Thursday after a compressor tripped that morning, causing emissions, according to a filing with the Texas Commission on Environmental Quality. The refinery expected no impacts to production.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=176095>

Update: BP Announces Resolution of All Criminal and Securities Claims by U.S. Government Related to April 2010 Deepwater Horizon Accident

As part of the resolution, BP has agreed to plead guilty to 11 felony counts of Misconduct or Neglect of Ships Officers relating to the loss of 11 lives; one misdemeanor count under the Clean Water Act; one misdemeanor count under the Migratory Bird Treaty Act; and one felony count of obstruction of Congress. Thirteen of the 14 criminal charges pertain to the accident itself and are based on the negligent misinterpretation of the negative pressure test conducted on board the Deepwater Horizon. The remaining criminal count pertains to two BP communications made to a member of Congress during the spill response about flow rate estimates. The aggregate amount of the resolution, including the resolution of criminal claims, claims by the U.S. Securities and Exchange Commission, and other federal claims, is approximately \$4.5 billion, with payments scheduled over a period of six years.

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7080497>

<http://www.nytimes.com/2012/11/16/business/energy-environment/in-bp-indictments-us-shifts-to-hold-individuals-accountable.html?partner=yahoofinance>

http://www.rigzone.com/news/oil_gas/a/122140/BP_Will_Pay_45B_in_Plea_Deal_over_Macondo

Cenovus Energy Moves Forward with Its Proposed 90,000 b/d Telephone Lake Oil Sands Project in Alberta

Foster Wheeler and Three Streams Engineering were jointly awarded the front-end engineering design contract for Cenovus Energy's proposed Telephone Lake steam-assisted gravity drainage central processing facility phase A development, the companies said on Thursday. The project, located in northern Alberta, is expected to have an initial production capacity of 90,000 b/d over two phases, and an estimated project life of up to 40 years. Cenovus' proposal is currently under review by regulators. If approved, construction may begin as early as 2014.

<http://www.hydrocarbonprocessing.com/Article/3118345/Latest-News/Foster-Wheeler-venture-wins-FEED-work-for-Canada-oil-sands-processing-site.html>

<http://www.cenovus.com/operations/oil/telephone-lake.html>

Natural Gas

Plant-Wide Upset Shuts AGI Unit at Regency's 290 MMcf/d Waha Gas Plant November 15

Regency Energy Partners reported an acid gas injector (AGI) unit shut down at its Waha plant on Thursday morning after the entire plant experienced an upset/shutdown due to unknown causes, according to a filing with the Texas Commission on Environmental Quality. Operators were investigating the incident and working to restart the plant.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=176093>

Compressor Valve Failure Shuts Unit at Southern Union's 140 MMcf/d Keystone Gas Plant in Texas November 14

Southern Union Gas Services reported its Keystone plant was flaring inlet gas after its Cat Unit 23 shut down Wednesday night due to a compressor valve failure, 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=176058>

Exterran Reports Emissions at Its 50 MMcf/d Reinecke Gas Plant in Texas November 14

Exterran reported it shut Unit 40046 at its Reinecke plant Wednesday morning after discovering a hole on the side of an engine block and a bent rod, according to a filing with the Texas Commission on Environmental Quality (TCEQ). Emissions related to the shutdown were expected to continue until Thursday morning. In a subsequent TCEQ filing, operators reported Unit 71050 went down Wednesday morning on high scrubber level after product stabilizer carried over, causing the scrubber to fill up.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=176065>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=176067>

Other News

Update: EPA Keeps Renewable Fuels Levels in Place after Considering State Requests for a Waiver

The U.S. Environmental Protection Agency (EPA) today announced that the agency has not found evidence to support a finding of severe "economic harm" that would warrant granting a waiver of the Renewable Fuels Standard (RFS). The EPA in August said it was seeking comments on requests for a waiver after governors from at least eight states and more than 180 members of Congress urged the agency to suspend the production mandate for corn-based ethanol, citing high grain prices following a severe U.S. drought. In a press release today, the agency said its decision was based on economic analyses and modeling done in conjunction with the U.S. Department of Agriculture and U.S. Department of Energy, and while it recognizes that this year's drought has created hardship in some sectors of the economy, particularly for livestock producers, waiving the RFS will have little, if any, impact on corn prices, household energy costs, or ethanol demand.

<http://www.epa.gov/otaq/fuels/renewablefuels/notices.htm>

<http://yosemite.epa.gov/opa/admpress.nsf/79c090e81f0578738525781f0043619b/980eb6b1c343640d85257ab800597a71!OpenDocument>

Update: Total Restarts Oil & Gas Production at 90,000 b/d OML 58 Block in Nigeria by November 13 after Month-Long Shutdown Due to Flooding

Total SA on Thursday reported it has restarted oil and gas production from its 90,000 b/d OML 58 block in Nigeria, which was shut down on October 13 due to severe flooding in the southeast Niger Delta region. Natural gas deliveries, which feed into the Nigeria Liquefied Natural Gas (LNG) terminal, were ramped up to 5.5 million cubic meters per day by November 13, but a force majeure on gas supply to Nigeria LNG will stay in place until it reaches 9 million cubic meters per day, a spokeswoman said. There was no update on how much oil output had been restored.

Reuters, 11:57 November 15, 2012

Update: South Korea Unveils Power Plan after Nuclear Power Plant Closures Increase Risk of Blackouts During Harsh Winter Weather

<http://www.reuters.com/article/2012/11/16/korea-power-idUSL3E8MG0PC20121116>

Energy Prices

U.S. Oil and Gas Prices			
November 16, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	86.53	86.04	101.65
NATURAL GAS Henry Hub \$/Million Btu	3.63	3.50	3.12

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

Energy Assurance Daily provides a summary of public information concerning current energy issues. Published Monday through Friday to inform stakeholders of developments affecting energy systems, flows, and markets, it provides highlights of energy issues rather than a comprehensive coverage. *Energy Assurance Daily* is updated online Monday through Friday after 5:00 PM Eastern Time. For more information, visit the Infrastructure Security and Energy Restoration (ISER) website at:

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

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