



# ENERGY ASSURANCE DAILY

Tuesday Evening, December 06, 2011

## *Electricity*

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### **Update: FirstEnergy's 882 MW Davis-Besse Nuclear Unit in Ohio Restarts, Ramps Up to 23 Percent December 6**

FirstEnergy Corp. announced today that the plant began producing electricity at 7:23 AM EST this morning following replacement of the reactor vessel head and other scheduled maintenance. The plant, currently operating at 23 percent power, is expected to reach full power this week. Operators shut the unit on October 1 to install the new reactor head and later discovered hairline, subsurface cracks on the containment building. The U.S. Nuclear Regulatory Commission (NRC) said Friday that FirstEnergy had provided reasonable assurance that the plant's shield building is capable of performing its safety functions and that the utility could proceed with restarting the plant.

<http://www.nrc.gov/reading-rm/doc-collections/news/2011/11-036.iii.pdf>

[https://www.firstenergycorp.com/newsroom/news\\_releases/davis-besse\\_nuclearpowerstationreturnstoserviceafteroutagetoinst.html](https://www.firstenergycorp.com/newsroom/news_releases/davis-besse_nuclearpowerstationreturnstoserviceafteroutagetoinst.html)

### **AEP to Install Scrubber System at 800 MW Big Sandy Coal-Fired Unit 1 in Kentucky to Meet EPA Regulations, Plans to Retire 278 MW Coal-Fired Unit 2 by the End of 2014**

Kentucky Power Company, an operating unit of American Electric Power (AEP), on Monday announced plans to install pollution-control equipment at its Big Sandy Power Plant near Louisa to meet increasingly stringent federal environmental regulations issued by the U.S. Environmental Protection Agency (EPA). The utility will construct a dry flue gas desulfurization or "scrubber" system on the plant's 800 MW coal-fired Unit 1 and expects to complete the project sometime in 2016, pending regulatory approvals. In June, AEP announced it would convert Unit 1 to burn natural gas, but it has since decided that installing the scrubber system is the most cost effective way to meet its environmental obligations, according to a press release. AEP currently plans to retire the plant's 278 MW Unit 2 at the end of 2014, but it continues to evaluate alternative options.

<https://www.kentuckypower.com/info/news/viewRelease.aspx?releaseID=1163>

### **PSE&G's 1,096 MW Salem Nuclear Unit 1 in New Jersey Reduced to 83 Percent by December 6**

The Nuclear Regulatory Commission reported that on the morning of December 5 the unit was operating at full power.

Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2011/>

### **Update: Indiana-Michigan Power's 1,000 MW D.C. Cook Nuclear Unit 1 in Michigan at Full Power by December 6**

The Nuclear Regulatory Commission reported that on the morning of December 5 the unit was operating at 77 percent.

Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2011/>

### **Update: SCE's 1,126 MW San Onofre Nuclear Unit 3 in California Returns to Service by December 5**

According to the California Independent System Operator, the unit reported a return from an unplanned curtailment of 211 MW.

<http://content.caiso.com/unitstatus/data/unitstatus201112051515.html>

## **Update: Sycamore Cogeneration's 360 MW Natural Gas-Fired Unit in California Returns to Service by December 5**

According to the California Independent System Operator, the unit reported a return from an unplanned curtailment of 195 MW.

<http://content.aiso.com/unitstatus/data/unitstatus201112051515.html>

## **Dynegy's 756 MW Moss Landing Gas-Fired Unit 7 in California Shut by December 5**

According to the California Independent System Operator, the unit reported an unplanned outage on December 5.

<http://content.aiso.com/unitstatus/data/unitstatus201112051515.html>

## **First Nations to Develop 230 kV Transmission Line to Connect the Northwestern Ontario Grid to Remote Communities**

Numerous aboriginal—or First Nation—communities in Northwestern Ontario are forming a company called Wataynikaneyap Power to design, permit, construct, own, and operate a 230 kV transmission line to connect the existing grid near Pickle Lake to remote First Nations communities. The two-phase project will first reinforce the grid at Pickle Lake and then extend the grid to service remote communities. The company plans to begin community consultations and an environmental assessment in early 2012.

CNW, 10:21 December 6, 2011

## ***Petroleum***

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### **Colonial Pipeline Shuts Distillate Mainline after Brief System Integrity Issue, Diesel Fuel Release at Its Booster Station in Eastern Alabama December 6**

Colonial Pipeline on Tuesday reported a system integrity issue involving a small release of diesel fuel at a Colonial booster station in eastern Alabama earlier in the day. Colonial shut its distillate mainline between Collins, Mississippi and Greensboro, North Carolina but expected to restart it later today, according to a spokesman.

DJN, 11:00 December 6, 2011

### **Update: High Level Shutdown Leads to Hydrogen Sulfide Flaring at Alon's 67,000 b/d Big Spring, Texas Refinery December 6**

Alon USA on Tuesday reported a release of hydrogen sulfide to the flare due to a high-level shutdown. On Monday the company reported that a wet gas compressor tripped offline due to a high level fault, according to a filing with state regulators.

Reuters, 00:07 December 6, 2011

<http://www11.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=162424>

### **Enbridge Announces Berthold Rail Project to Expand North Dakota Crude Oil Terminal by 80,000 b/d**

Enbridge Energy Partners, L.P. (the Partnership) today announced a project to expand capacity at its Berthold, North Dakota terminal by 80,000 b/d. The project will include the construction of a double-loop unit-train facility, crude oil tankage, and other terminal facilities adjacent to its existing facilities near Berthold. The project will have the ability to stage three unit-trains at Berthold at any given time. After an initial 10,000 b/d Phase I startup in July 2012, the full 80,000 b/d of rail export capacity is scheduled to be in-service in early 2013. The Berthold Rail Project complements the Partnership's Bakken Expansion Program and integrates the Partnership's gathering pipeline capacity in western North Dakota and eastern Montana created by its Bakken Access Program with increased North Dakota export capacity.

[http://www.enbridgepartners.com/Reports/reportif\\_partners.aspx?pl=0&rptSite=5&rpt=%2fphoenix.zhtml%3fc%3d63707%26p%3dirol-news%26nyo%3d0&tmi=475&tmt=5](http://www.enbridgepartners.com/Reports/reportif_partners.aspx?pl=0&rptSite=5&rpt=%2fphoenix.zhtml%3fc%3d63707%26p%3dirol-news%26nyo%3d0&tmi=475&tmt=5)

## **FWS and EPA Confirm ConocoPhillips' Alpine Satellite Development Plan in National Petroleum Reserve-Alaska is Acceptable, Contingent on Environmental Mitigations**

Two federal agencies have reached an agreement with ConocoPhillips regarding the company's proposed Alpine Satellite Development Plan (CD-5) in the National Petroleum Reserve-Alaska (NPRa). The agreement fulfills a request from the U.S. Army Corps of Engineers that the U.S. Fish & Wildlife Service (FWS) and the U.S. Environmental Protection Agency (EPA) evaluate the environmental impacts associated with ConocoPhillips' revised project. The Corps is expected to carry out the remaining steps associated with the permit review in the coming weeks. The agreement confirms that the construction of a pipeline and bridge over the Nigliq Channel of the Colville River is acceptable to the resource agencies so long as environmental mitigations and other changes are outlined in the permit application. The National Petroleum Reserve-Alaska is a 22.6 million acre area managed by the Department of the Interior's Bureau of Land Management. Estimates indicate that the NPRa contains more than one billion barrels of technically recoverable oil. Upon regulatory approval, ConocoPhillips expects to produce up to 18,000 b/d at CD-5, but the bridge and tunnel could open up much greater access to the reserve.

<http://www.reuters.com/article/2011/12/06/usa-alaska-pipeline-idUSN1E7B418V20111206?feedType=RSS&feedName=rbssEnergyNews&rpc=43>  
<http://www.doi.gov/news/pressreleases/Federal-Resource-Agencies-Reach-Agreement-in-Principle-on-CD-5-Project-Clearing-Way-for-Potential-Approval-in-National-Petroleum-Reserve-in-Alaska.cfm>

## **Husky Energy Estimates 10 Billion Barrels of Crude May be Recoverable from Carbonates in Alberta Oil Sands Properties**

Husky Energy Inc. on Monday announced new estimates that indicate the carbonates in its Alberta oil sands properties might hold as much as 10 billion barrels of crude oil. Carbonates are limestone rocks containing crude and have so far resisted efforts at commercial production. Husky Energy has begun pilot operations using vertical wells to tap into the carbonate resources. A recently completed third-party estimate indicates the company's oil sands properties may contain 28 billion barrels of oil, of which 10 billion barrels are considered a "contingent best estimate recoverable resource," according to news reports Monday.

<http://www.theglobeandmail.com/report-on-business/husky-energy-hopes-to-tap-new-type-of-oil-sands-reservoir/article2260899/>

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## **Natural Gas**

### **El Paso Natural Gas Company Warns that Strained Operating Conditions are Possible on its 6.2 Bcf/d Pipeline System Due to High Demand and Well Freeze-Offs December 6**

El Paso Natural Gas Company, a subsidiary of El Paso Corp., warned in a web posting Tuesday morning that cold weather conditions would likely force it to declare strained operating conditions on its 6.2 Bcf/d natural gas pipeline system that transports natural gas production in west Texas and Colorado basins to customers in California, Arizona, and Nevada. It notified its customers that frigid temperatures are causing low linepack conditions for two reasons: utilities are pulling excess gas off the line to meet rising heat demand from customers, and wells are freezing off and could cut supplies on the pipeline. Later Tuesday, El Paso cancelled the warning and reduced the probability of strained operating conditions to low. According to an energy consultant, 400 MMcf/d of natural gas production has been shut-in due to well freeze-offs in the San Juan and Permian basins in west Texas and northern New Mexico, where El Paso operates part of the pipeline system. The consultant said that El Paso's pipeline was operating at 86 percent capacity on Tuesday morning, down from 96 percent capacity on Monday evening.

Reuters, 11:57 December 6, 2011

<http://passportebb.elpaso.com/ebbmasterpage/Notices/NoticesAutoTable.aspx?code=EPNG&name=Critical%20Notices&status=Notice&sParam2=C&sParam14=S>  
<http://passportebb.elpaso.com/tariffs/images/EPNG.gif>

### **Boiler Trip Shuts Refrigeration Unit, Leads to Flaring at Copano Processing's 700 MMcf/d Houston Central Gas Plant in Texas December 5**

Copano Processing reported Monday that the facility lost its No. 2 boiler, which reduced the amount of 600# steam being produced. Operators had to shut down the refrigeration unit, which caused the debutanizer to pressure up and flare. Operators later got the boiler and refrigeration unit back on line, and flaring ceased shortly thereafter.

<http://www11.tceq.state.tx.us/oce/eeer/index.cfm?fuseaction=main.getDetails&target=162463>

## **Exterran Reports Unit Shutdown, Flaring at Its 50 MMcf/d Reinecke Gas Plant in Texas December 5**

Exterran on Monday reported that Unit 77081 went down due to lubrication shutdown. An inspection indicated the blocks needed changing. The company was asking its customers to shut-in its wells to reduce emissions.

<http://www11.tceq.state.tx.us/oce/eeer/index.cfm?fuseaction=main.getDetails&target=162471>

## **SRU Shutdown Leads to Flaring at DCP Midstream's Sneed Booster Station in Texas December 5**

Operators could not restart the station's sulfur recovery unit (SRU) when it shut down Monday, causing acid gas to route to the flare, according to a filing with the Texas Commission on Environmental Quality. The filing doesn't indicate why the SRU shut down or what operators were doing to resolve the situation.

<http://www11.tceq.state.tx.us/oce/eeer/index.cfm?fuseaction=main.getDetails&target=162445>

## **Update: Merchant Energy Holdings Commences Service at 18.9 Bcf East Cheyenne Gas Storage Project in Colorado December 6**

Merchant Energy Holdings, LLC commenced service at its East Cheyenne Gas Storage (ECGS) project in Logan County, Colorado, December 6, according to news reports. ECGS has approximately 18.9 Bcf of working natural gas capacity and is the first operational independent natural gas storage facility in the Rocky Mountain region. The facility began base gas injections in early November and expects to have withdrawal facilities in place during the first quarter of 2012.

MKW, 09:31 December 6, 2011

## **Regency, Chesapeake Energy, and Anadarko to Build 125 MMcf/d Gas Processing Facility to Serve Bone Spring and Avalon Shale Production in Texas**

Regency Energy Partners LP announced Monday that it will build a processing facility in Ward County, Texas to process natural gas delivered from the liquids-rich Bone Spring and Avalon Shale formations. The new facility will be built through a joint venture with Anadarko Pecos Midstream LLC, a wholly owned subsidiary of Anadarko Petroleum Corporation, and an affiliate of Chesapeake Energy Corporation. The project will consist of the construction of two plants, a 25 MMcf/d refrigeration plant and a 100 MMcf/d cryogenic processing plant. The initial start-up of the refrigeration unit is expected to be in-service by the second quarter of 2012, with full facilities available by the fourth quarter of 2012.

<http://phx.corporate-ir.net/phoenix.zhtml?c=194063&p=irol-newsArticle&ID=1636361>

## **Other News**

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### **Update: Government Lenders Force Range Fuels to Liquidate Planned 100 MMGal/Yr. Cellulosic Ethanol Plant in Georgia after Failing to Produce Fuel**

Range Fuels Inc., a cellulosic ethanol company backed by federal loans and grants, is being forced by the government to liquidate its Soperton, Georgia factory after failing to produce the fuel. Range Fuels shuttered the factory in January, citing technical problems that caused it to run at half rates and because it produced cellulosic methanol, a fuel the U.S. Environmental Protection Agency doesn't consider eligible for use to meet federal biofuel targets. Construction on the factory began in 2007, and Range Fuels initially intended to produce 20 MMGal/Yr. in 2008 and expand capacity to more than 100 MMGal/Yr. by 2009, according to an interview with an investor in 2007.

<http://www.bloomberg.com/news/2011-12-02/range-fuels-cellulosic-ethanol-plant-fails-as-u-s-pulls-plug.html>

## Energy Prices

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U.S. Oil and Gas Prices December 6, 2011			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	101.08	99.77	88.87
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	3.38	3.09	4.23

Source: Reuters

## Energy Notes

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**BP Says Halliburton ‘Intentionally’ Destroyed Results of Slurry Testing for Blown-Out Macondo Well in U.S. Gulf of Mexico to Avoid Its Use in Spill Litigation**

<http://www.wtvr.com/business/sns-rt-us-bp-halliburtonre7b50ki-20111206.0.4361067.story?track=rss>

**Nearly 8,000 Southern California Edison Customers Still without Power in California December 6 Following Last Week’s Santa Ana Wind Storms**

<http://twitter.com/socal Edison>

**Car Crashes into Power Pole, Knocks out Power to over 12,300 PG&E Customers near Sacramento, California December 5**

<http://www.news10.net/news/article/166521/2/Stockton-car-crash-leaves-thousands-without-power>

**Primary Acid Gas Compressor Shuts Due to Low Acid Gas Rates, Low Interstage Pressure at West Texas Gas’s 12 MMcf/d Big Lake Gas Plant in Texas December 5**

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=162457>

## Links

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***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 & 1:00 PM EST every Wednesday.

***Natural Gas Weekly Update*** from EIA

<http://www.eia.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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