



ENERGY ASSURANCE DAILY

Wednesday Evening, December 19, 2012

Electricity

Update: Entergy's 1,207 MW Grand Gulf Nuclear Unit 1 in Mississippi Ramped Up to 95 Percent by December 19

Entergy's Grand Gulf Unit 1 restarted December 15 after an outage that began by December 9. Operators shut the unit to complete maintenance on the main turbine generator systems and to test and repair several plant components, according to a spokeswoman.

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

<http://www.bloomberg.com/news/2012-12-18/entergy-power-boost-in-mississippi-lifts-nuclear-output.html>

Update: Entergy's 813 MW FitzPatrick Nuclear Unit in New York at Full Power by December 19

On the morning of December 18 the unit was operating at 75 percent.

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

Update: NextEra Energy Commissions 400 MW Limon Wind Project in Colorado

NextEra Energy Resources, LLC on Tuesday announced it has commissioned its Limon I and II Wind Energy Centers in Colorado. The twin 200-MW projects are owned and will be operated by affiliates of NextEra Energy Resources. Each Limon project consists of 125 GE 1.6-MW wind turbines. The project also includes a 45-mile, 345-kV transmission line that interconnects the wind farms to the Missile Site substation in Arapahoe County. All of the power from both projects is being sold to Xcel Energy under long-term contracts.

<http://www.nexteraenergyresources.com/news/contents/2012/102912.shtml>

<http://www.nexteraenergyresources.com/news/contents/2012/121812.shtml>

Update: Minnesota Power Commissions 210 MW Bison 2 and 3 Wind Farms in North Dakota

Minnesota Power, a division of ALLETE, Inc., today announced it has commissioned the Bison 2 and Bison 3 wind farms near New Salem, North Dakota, each consisting of 35 Siemens AG 3-MW turbines, supplying a total of 210 MW. Minnesota Power's Bison project was launched in 2010. The 82-MW Bison 1 wind farm was commissioned in late January this year.

<http://investor.alletem.com/releasedetail.cfm?ReleaseID=727808>

Update: First Wind, Avista Start Commercial Operations at 105 MW Palouse Wind Project in Eastern Washington

First Wind and Avista Corp. on Tuesday announced they have completed construction on the 105 MW Palouse Wind project and begun commercial operations in Eastern Washington. The project features 58 Vestas V100 1.8-MW turbines. Avista is purchasing the energy produced by the Palouse Wind project under a 30-year power purchase agreement and will take delivery of the power through a direct interconnect to the Avista 230-kV Benewah-to-Shawnee transmission line.

<http://www.firstwind.com/sites/default/files/Palouse%20COD%20and%20CIRI%20121812%20FINAL.pdf>

Sharyland Utilities Hires ABB to Install 150 MW HVDC Converter Station in Texas to Boost Power Exchange with Mexico

Swiss multinational corporation ABB Ltd on Tuesday announced Sharyland Utilities L.P. awarded it a contract to supply and install a 150 MW high-voltage direct current (HVDC) converter station in Mission, Texas, where an identical installation was delivered by ABB in 2007. The two stations, part of the Railroad DC Tie Expansion project, will work in parallel to provide a transmission capacity of up to 300 MW. This will increase the power transfer capacity between Texas and Mexico and secure power supply. The station is scheduled to go into operation in 2014.

<http://www.abb.com/cawp/seitp202/33dc7262e2aef3c8c1257ad80042ecf6.aspx>

Petroleum

Update: Buckeye Completes Temporary Repairs, Resumes Normal Operations on Its 140,000 b/d Petroleum Products Pipeline in New Jersey December 18

Buckeye Partners on Tuesday resumed normal operations on its 140,000 b/d petroleum products pipeline after installing a temporary repair sleeve to address a leak along a segment of the pipeline in Hillsborough, New Jersey, according to a company spokesman. Buckeye shut the pipeline, which runs from Linden, New Jersey to Macungie, Pennsylvania, on December 10 after detecting a gasoline spill. The cause of the leak was still under investigation, the spokesman said. A permanent fix for the pipeline will result in another temporary shut-down, which has not yet been scheduled.

<http://www.reuters.com/article/2012/12/18/buckeye-pipeline-idUSL1E8NIBMS20121218>

<http://www.bloomberg.com/news/2012-12-18/new-york-gasoline-falls-as-buckeye-finishes-pipe-repairs.html>

Update: Motiva to Operate 325,000 b/d CDU on Partial Circulation During Repairs at Its 600,000 b/d Port Arthur, Texas Refinery

Motiva Enterprises LLC said it will operate on partial circulation its new 325,000 b/d crude distillation unit (CDU) at the Port Arthur refinery beginning sometime Tuesday to conduct maintenance on a “minor leak,” according to a spokeswoman. The unit will likely not be repaired before Friday or Saturday, sources familiar with operations said on Tuesday. Earlier on Tuesday, sources said the company was planning to shut the unit to repair the leak that caused a small fire Monday, which was thought to be due to vapor leaking from around a clamp. Motiva was first forced to shut the unit shortly after it was commissioned due to a June 9 fire, after which extensive corrosion was discovered in the CDU’s vessels and piping due to a caustic leak. Operators began attempts to restart the unit this month after six months of repairs.

<http://www.reuters.com/article/2012/12/18/markets-oil-idUSL1E8NI1TV20121218>

<http://www.reuters.com/article/2012/12/18/refinery-motiva-operations-leak-idUSL1E8NI4E620121218>

Valero Starts Up New 60,000 b/d Hydrocracker Unit at Its 310,000 b/d Port Arthur, Texas Refinery by December 18

Valero Energy Corp. on Tuesday reported it has begun operations on a new 60,000 b/d hydrocracker at its Port Arthur refinery and is increasing toward planned rates on schedule. The company is also constructing a new 60,000 b/d hydrocracker at its 270,000 b/d Norco, Louisiana refinery and is on schedule to bring the unit into operation during the second quarter of 2013. Valero is pursuing projects and permits to expand throughput capacity to 75,000 b/d at each of the new hydrocrackers. Upon permit approval, these expansion projects are expected to be complete in 2015.

Reuters, 16:28 December 18, 2012

Montana Land Board Approves Route for TransCanada’s Proposed 830,000 b/d Keystone XL Crude Oil Pipeline

The Montana State Land Board on Monday approved nearly 40 easements to allow TransCanada to build its proposed Keystone XL crude oil pipeline through the state. The proposed pipeline would transport 830,000 b/d of crude oil 1,200 miles from Hardisty, Alberta to Steele City, Nebraska. TransCanada still needs a presidential permit from U.S. State Department authorizing an interconnection/border crossing at the United States-Canada border before the company can move forward with construction. The Keystone XL pipeline is intended to eventually connect with TransCanada’s Gulf Coast pipeline in Oklahoma, which would allow oil from Canada to reach Texas.

<http://www.kaj18.com/news/mt-land-board-approves-keystone-xl-easements/>

<http://bismarcktribune.com/montana-land-board-approves-pipeline-lease>

TransCanada Factoring a Stringent Regulatory Environment into Plans for New Pipelines – CEO

TransCanada Corp. CEO Russ Girling on Monday said that, moving forward, the company won't start procuring materials or securing land for proposed pipeline projects until it knows for sure it has secured regulatory approval. In the past, Girling said, companies could line up materials and land in parallel with the regulatory review, and the whole process from conception to startup would take two or three years. The timeframe now is more likely to reach six or seven years, Girling said. In the past, regulators were mainly concerned with how the pipeline could be built in the safest way possible. They may impose some conditions, but companies could expect a permit by the end of the process. Now regulators seem to mainly consider whether pipelines should be built at all. Companies proposing pipeline projects should not operate under the assumption a permit will be approved.

<http://www.newstalk1010.com/Article.aspx?id=357681>

Update: BP Investigates Potential Sources of Surface Sheen near the Deepwater Horizon Accident Site in the U.S. Gulf of Mexico

BP Plc on Tuesday announced it has again confirmed the integrity of the Macondo well and its associated relief wells following a recent subsea survey to identify potential sources of a surface sheen near the Deepwater Horizon accident site in the Gulf of Mexico. The Macondo well was capped on July 15, 2010, and permanently sealed with cement on September 19, 2010. Under a plan approved by the U.S. Coast Guard, BP and Transocean deployed submersible remotely operated vehicles early last week to determine whether there is residual oil still trapped under wreckage on the sea floor that may be escaping and causing the sheen on the water's surface. The Coast Guard has said the sheen is not recoverable and poses no risk to the shoreline. During the four-day survey, no conclusive evidence of hydrocarbons leaking was observed from any of the surveyed areas. However, a white, cloudy substance appeared to be emanating from several places on the overturned rig, and samples of the substance were collected. BP will review the results of the investigation with the Coast Guard.

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7081561>

Update: ConocoPhillips Settles Federal, State Environmental Claims over Kuparuk Oil Spills in Alaska in 2006 and 2007

ConocoPhillips Alaska Inc. has agreed to federal and state civil penalties of about \$200,000 for spills of crude oil and contaminated water from corroded pipe in Alaska's Kuparuk Oil Field in 2006 and 2007. Settlement figures were announced separately by the U.S. Environmental Protection Agency and the Alaska Department of Environmental Conservation. Both spills were blamed on corrosion in flow lines, which carry a mix of crude oil, water, gas, and solids from production wells to processing centers.

<http://finance.yahoo.com/news/conocophillips-reaches-deals-over-alaska-231927188.html>

Natural Gas

PG&E Verifies Strength of 194 Miles of Natural Gas Transmission Pipeline in California

Pacific Gas and Electric Company (PG&E) on Tuesday announced that it validated the safe operating pressure of an additional 194 miles of natural gas transmission pipeline in 2012 through hydrostatic pressure testing and records validation. These activities were completed in areas throughout Northern and Central California as part of PG&E's Pipeline Safety Enhancement Program (PSEP). Since PSEP projects launched in 2011, PG&E has tested a total of 409 miles of gas transmission pipeline. This year PG&E has also installed more than 34 miles of new transmission pipeline, installed 37 automated valves to allow for remote or automated shut-off in the event of rupture, and retrofitted 78 miles of pipeline to accommodate upgraded line-inspection "smart pigs." Through the end of 2014, the utility plans to pressure test or validate 783 miles of gas transmission pipeline, replace 185 miles of pipeline, automate more than 220 valves, and upgrade nearly 200 miles of pipeline to accommodate smart pigs.

http://www.pge.com/web/about/newsroom/newsreleases/20121218/pgampe_verifies_strength_of_194_miles_of_pipeline_in_2012_begins_construction_of_state-of-the-art_gas_control_center1.shtml

PG&E Begins Construction of Gas Control Center in California

Pacific Gas & Electric Company (PG&E) on Tuesday announced it has started construction on a gas control center at its new Gas Operations headquarters in San Ramon, California. The center will serve as a central location from which PG&E will monitor the safe and reliable operation of its 6,700 miles of natural gas transmission pipeline and 42,000 miles of smaller-diameter distribution mains. Completion of the gas control center is expected in the second quarter of 2013.

http://www.pge.com/web/about/newsroom/newsreleases/20121218/pgampe_verifies_strength_of_194_miles_of_pipeline_in_2012_begins_construction_of_state-of-the-art_gas_control_center1.shtml

Shell Cancels Plans for Coalbed Methane Gas Project in British Columbia, Cites Weak Natural Gas Prices, Concerns from Local Community

Royal Dutch Shell Plc on Tuesday said it has cancelled its plans for a coalbed methane gas project near the Pacific Coast in British Columbia, citing weak natural gas prices and in an effort to address concerns from the local community. Shell had drilled three exploration wells in the region. Following protests, the government in 2008 imposed a moratorium on development that was due to expire on Tuesday. Shell agreed to relinquish its land tenures in the Klappan region, which the local aboriginal community has identified as having special cultural and spiritual significance. It will use C\$20 million of royalty credits earned from the transaction to build a water recycling plant at the Gundy gas field in Northeast British Columbia. In addition, the provincial oil and gas authority said Tuesday it will not issue any more drilling rights in the Klappan area.
Reuters, 12:51 December 18, 2012

AGI Unit Shutdowns Cause Emissions at Regency's 290 MMcf/d Waha Gas Plant in Texas December 17

Regency Energy Partners reported an acid gas injector (AGI) compressor at its Waha plant shut down late Monday night due to an amine system pressure fluctuation, according to a filing with the Texas Commission on Environmental Quality. On Tuesday, a communications/control malfunction caused the AGI compressor to shut down again. Operators were troubleshooting and repairing the unit at the time of the filing.

<http://www11.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=177295>

<http://www11.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=177294>

Regency Reports Emissions at Its 70 MMcf/d Eustace Gas Plant in Texas December 17

Regency Energy Partners reported emissions from its Eustace plant Monday afternoon after a valve positioned failed on a high-pressure flash tank, according to a filing with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=177260>

Pump Failure Shuts AGI Unit at Enbridge's Tilden Gas Plant in Texas December 18

Enbridge reported that the acid gas injector (AGI) unit No. 2 at its Tilden plant went down Tuesday morning due to a lube oil pump fault, according to a filing with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=177281>

Other News

NRC to Further Examine Solar Flare Issues Raised in Rulemaking Petition

The U.S. Nuclear Regulatory Commission (NRC) on Tuesday reported it has determined its rulemaking process can appropriately consider a petition on maintaining the safety of used nuclear fuel at U.S. reactors if an extreme solar flare disables the electrical grid. The petition, filed in March 2011, suggests a massive solar flare could potentially disable large portions of the U.S. electrical grid for an extended period of time. The petition further suggests that nuclear power plants would then run out of fuel to power the emergency systems that maintain pools of water where used nuclear fuel is kept safe. The petition asked the NRC to amend its regulations so that U.S. reactors would have backup spent fuel pool systems capable of operating automatically for two years without fuel resupply. The staff's analysis concludes the NRC rulemaking process can appropriately handle further examination of the issues in the petition. The first step will be monitoring the progress of several Fukushima-related activities designed to enhance plants' abilities to keep spent fuel pools safe. If the staff concludes these activities fall short of resolving the petition's concerns, the agency will work to develop a technical basis for the petition's suggested rule change.

<http://pbadupws.nrc.gov/docs/ML1235/ML12353A410.pdf>

BlendStar Starts Operations at Its 300 MMGal/Year Ethanol Terminal in Alabama

Green Plains Renewable Energy, Inc. announced today that BlendStar LLC, its wholly-owned subsidiary, has completed construction and has begun operations at its 96-car unit train terminal in Birmingham, Alabama. The new terminal is served by the BNSF Railway and has a throughput capacity of 300 million gallons of ethanol annually. BlendStar has unloaded the first unit train of ethanol and expects the terminal to be at full capacity in January 2013. The Birmingham terminal currently has 160,000 barrels of storage and a four-lane covered truck rack, both with expansion capabilities.

<http://investor.gpreinc.com/releasedetail.cfm?ReleaseID=727831>

Libyan Oil Output Returns to Normal after Pipeline Leak, Protests Cut Production Last Week; Exports Not Yet Affected by Port Strike – Official

Output of Libya's two main crude oil streams, Es Sider and El Sharara, has returned close to normal levels after a pipeline leak and protests forced operators to cut production last week, officials at Libya's National Oil Corporation said. Exports of Es Sider were halted for about a week after a leak on a major pipeline connecting four oil fields to the oil terminal forced operator Waha Oil Company to cut some output. Total output is usually around 320,000 b/d from four fields—Waha, Gialo, Dahra, and Samah. A Waha official said corrosion problems had caused the leak, forcing operators to shut the pipeline for repairs for a few days. El Sharara production returned to around 330,000 b/d as of late Tuesday after protests in the southern area around Obari led operating company Akakus to reduce and then completely halt production for several days last week for safety reasons. Production is expected to reach its normal 350,000 to 360,000 b/d later on Wednesday. Protests have also led to a port strike at the Ras Lanuf oil terminal, but an official of the state-owned Arabian Gulf Oil Company said the strike is not currently affecting exports of crude and petroleum products.

<http://uk.reuters.com/article/2012/12/19/libya-oil-idUKL5E8NJ92920121219>

<http://www.platts.com/RSSFeedDetailedNews/RSSFeed/Oil/8004743>

Sudan, South Sudan Border Security Talks Are Deadlocked; Impasse Could Prolong Shutdown of Oil Exports – South Sudan Negotiator

<http://thepeninsulaqatar.com/business/218593-sudan-s-sudan-talks-stumble-oil-threatened.html>

Pirates Storm Medallion Marine Oil Tanker Offshore Niger Delta Region in Nigeria, Kidnap Five Crew Members

<http://economictimes.indiatimes.com/news/politics-and-nation/pirates-storm-oil-tanker-off-nigeria-kidnap-five-indians/articleshow/17678685.cms>

Fuel Thieves Cause Explosion at Site of Vandalized Nigerian National Petroleum Corporation Oil Pipeline in Lagos December 17

<http://pmnewsnigeria.com/2012/12/18/fuel-theft-pipeline-explodes-in-lagos/>

Energy Prices

U.S. Oil and Gas Prices			
December 19, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	88.86	85.71	93.70
NATURAL GAS Henry Hub \$/Million Btu	3.29	3.39	3.01

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.

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