



ENERGY ASSURANCE DAILY

Wednesday Evening, February 09, 2011

Electricity

Citing Cold Weather, Power Plant Shutdowns, ERCOT Encourages Customers to Conserve Energy in Texas February 8

Citing forecasts for “severe cold weather” and lingering shutdowns at in-state power plants, Texas grid operator Electric Reliability Council of Texas (ERCOT) yesterday encouraged customers to reduce electricity consumption during peak hours – 6 to 9 AM and 4 to 8 PM – over the next few days. Some 2,700 MW of generation capacity remain offline due to “unplanned or forced outages,” according to ERCOT. ERCOT ordered in-state utilities to conduct rolling blackouts last week as extreme weather led to high electricity demand and unscheduled shutdowns at numerous power plants. The operator said customer conservation would reduce the chances for another round of rolling outages.

http://ercot.com/news/press_releases/2011/nr02-08-11

Exelon Considers Uprates/Upgrades to Boost Nuclear Power Capacity by 1,300 to 1,500 MW in U.S. Midwest and Mid-Atlantic Regions by 2017

The company operates ten nuclear power plants with 17 reactors in the U.S. Midwest and mid-Atlantic regions.

<http://www.prnewswire.com/news-releases/exelon-nuclears-strong-2010-performance-reflects-commitment-to-safety-reliability-uprates-program-115601839.html>

Iberdrola Plans 304 MW Blue Creek Wind Farm in Ohio

FirstEnergy Solutions plans to purchase 100 MW of output from the facility beginning in October of 2012.

<http://www.firstenergycorp.com/NewsReleases/2011-02-08%20FirstEnergy%20Solutions%20and%20Iberdrola%20Renewables%20Si.pdf>

First Solar Plans 250 MW Silver State South Solar Power Project near Primm, Nevada

Southern California Edison (SCE) plans to purchase 250 MW of electricity from First Solar's proposed Silver State South solar power project near Primm, Nevada, First Solar said on February 9. The project is expected to enter service as soon as 2014 and be fully operational by May 2017. It would interconnect with SCE's planned Eldorado-Ivanpah 220-kV transmission line.

<http://investor.firstsolar.com/phoenix.zhtml?c=201491&p=irol-newsArticle&ID=1526935&highlight=>

Update: TransAlta to Permanently Retire Units 1 and 2 at 2,126 MW Sundance Coal-Fired Power Plant in Alberta, Canada – Units Produced 560 MW of Electricity

TransAlta Corporation shut the units in mid-December 2010 after testing indicated that boiler tube conditions were no longer at design limits. The company declared force majeure in early January, and said yesterday that – after inspecting the units' boilers and reviewing the terms and conditions of the Power Purchase Arrangement – it could not economically return the units to service. The units produced 560 MW of electricity, combined. The Sundance facility has four other units.

<http://www.transalta.com/newsroom/news-releases/2011-02-08/transalta-issues-notice-termination-sundance-1-and-2-power-purchas>

<http://www.reuters.com/article/2011/02/08/transalta-idUSN0810767820110208>

Update: Valero Restarts FCC at 310,000 b/d Port Arthur, Texas Refinery February 8

The gasoline-producing fluid catalytic cracking unit (FCC) shut on February 7 due to "a loss of steam pressure," Dow Jones reported.

<http://online.wsj.com/article/BT-CO-20110209-712380.html>

Citgo Shuts FCC at 163,000 b/d Corpus Christi, Texas Refinery February 7

Citgo shut the No 1. fluid catalytic cracking unit (FCC) "to conduct repairs to the expansion joint above the Regenerator Slide Valve," it said in a filing with state regulators. The joint sprung a leak, and that led to "the release of regenerated catalyst," according to the filing.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=150491>

Update: Refinery Issues Lead to Gasoline Shortages in Silver City, New Mexico February 8

Multiple service stations ran out of gasoline in the Silver City, New Mexico area on February 8, a local news source said, after last week's power disruptions and freezing temperatures forced shut Western Refining's 125,000 b/d refinery in El Paso, Texas. Panic buying appeared to exacerbate the problem. One gas station reported: "Due to power outages caused by last week's storm, gas production is behind." Western Refining, meanwhile, said it was still supplying gasoline to its contracted customers, but warned that it might not be able to sell to customers who purchased on the spot market.

http://www.scsun-news.com/ci_17334864

Update: Alon to Return 70,000 b/d Big Spring, Texas to Full Rates by End of February 8

Citing "extreme weather," Alon reduced rates by 15,000-20,000 b/d by February 2, according to a previous source. The company expected to return the facility to full rates by the end of yesterday, it said.

<http://online.wsj.com/article/BT-CO-20110208-713479.html>

<http://www.bloomberg.com/news/2011-02-02/alon-cuts-rates-at-texas-plant-after-extreme-weather-update2-.html>

Pirates Hijack Greek-Flagged Oil Tanker Offshore Oman February 9 – Vessel was En Route to United States

Pirates hijacked the Greek-flagged Irene SL oil tanker on February 9 about 220 miles offshore Oman, according to Greece's Merchant Marine Ministry. The ship was carrying about 2 million barrels of crude oil. It was en route from the Persian Gulf to the U.S. Gulf of Mexico.

http://www.google.com/hostednews/ap/article/ALeqM5jsKot6NhXwOkpv_MBEv_12ou7XLw?docId=a7bf0628b3884763a8fbbab0d04f86eb

Update: TransCanada Begins Commercial Deliveries along 591,000 b/d, Nebraska-to-Oklahoma Cushing Extension Oil Pipeline by February 8

TransCanada began commercial deliveries of crude oil along the 591,000 b/d, 298-mile, Steele City, Nebraska-to-Cushing, Oklahoma phase of its Keystone Pipeline System, the company said on February 8. The project's first phase stretches from Alberta, Canada to Wood River and Patoka, Illinois. The third phase, known as Keystone XL, would transport crude from Hardisty, Alberta to refineries along the U.S. Gulf Coast. TransCanada was operating the line below capacity, at about 450,000 b/d, as it ramped up the new phase, a company official said.

<http://www.transcanada.com/5641.html>

<http://af.reuters.com/article/energyOilNews/idAFN089715720110208>

<http://www.theglobeandmail.com/report-on-business/transcanada-ramps-up-oil-supply-in-new-cushing-line/article1897969/>

Eni Begins Production at Planned 28,000 b/d Nikaitchuq Oilfield Offshore North Slope, Alaska by February 9

The field contains an estimated 220 million barrels of recoverable reserves.

http://www.eni.com/en_IT/media/press-releases/2011/02/2011-02-09-nikaitchuq.shtml

Update: Enterprise Products Says Main Facilities Remain Operational after Explosions and Fire at 305,000 b/d NGL Fractionation Facility in Mont Belvieu, Texas

A pipeline exploded in a storage facility at Enterprise Products Partners' 305,000 b/d natural gas liquids (NGL) fractionation facility in Mont Belvieu, Texas yesterday afternoon, prompting a fire that continued to burn into the evening, multiple news and company sources reported. The fire burned out by February 9 but one worker remained missing. Despite the explosion, the site's main facilities – including the NGL fractionators, the propylene fractionators, the butane isomerization units, the octane enhancement facilities, north and east facilities, and the import/export terminals – were not damaged and remained operational, the company said in a release. ONEOK Partners, separately, said it shut its adjacent 160,000 b/d fractionators, MB-1, as a precautionary measure. ExxonMobil's 567,000 b/d Baytown, Texas refinery and petrochemical complex were online and "running with minimal impacts," according to a company spokesman.

<http://www.chron.com/disp/story.mpl/chronicle/7418224.html>

<http://www.chron.com/disp/story.mpl/metropolitan/7419912.html>

<http://phx.corporate-ir.net/phoenix.zhtml?c=80547&p=irol-newsArticle&id=1526644&highlight=>

<http://ir.oneok.com/ReleaseDetail.cfm?ReleaseID=548598&ReleaseType=OKS%20General>

<http://www.reuters.com/article/2011/02/09/exxon-enterprise-baytown-idUSN0915412220110209>

<http://www.ogj.com/index/article-display/0225666157/articles/oil-gas-journal/processing-2/20100/february-2011/fire-extinguished.html>

Update: Fewer than 1,000 Customers Remain without Natural Gas Service in New Mexico February 9

New Mexico Gas restored natural gas to most of the 32,000 customers who lost service during last week's cold spell by February 9, a local news source said. The company said the customers who remained without gas were not home when workers came to restore service.

<http://www.kob.com/article/stories/S1965810.shtml?cat=517>

Despite Weather-Induced Shutdowns during Last Week's Cold Spell, Natural Gas Producers Performed "Admirably" in Texas: Texas Energy Reliability Council

Despite weather-related problems and power disruptions that forced offline significant production capacity, natural gas producers performed "admirably" in Texas last week, the chairman of the Texas Energy Reliability Council told the Texas Railroad Commission. The state had enough natural gas reserves to make up for the lost output; there were no gas shortages, he said.

<http://www.chron.com/disp/story.mpl/ap/tx/7418867.html>

Citing Weather-Related Equipment Issues, DCP Declares Force Majeure at Roberts Ranch Gas Plant in Texas by February 8 – Multiple Tank Batteries Report Impact as DCP Asks for 40 Percent Reduction in Gas Sales

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=150481>

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=150465>

Update: Hours-of-Service Waivers Remain Active in 12 States February 9

Kansas, Massachusetts, New Jersey, Ohio, and Oklahoma issued hours-of-service waivers for trucks delivering propane and home heating fuels on February 1-5 as similar waivers expired in Pennsylvania, Virginia, and North Carolina on February 7-8, according to the National Propane Gas Association's website. Twelve states – Connecticut, Kansas, Maine, Massachusetts, Missouri, New Hampshire, New Jersey, New York, Ohio, Oklahoma, Rhode Island, and South Carolina – had active waivers, as of latest reports.

<http://www.npga.org/i4a/pages/index.cfm?pageid=832>

Update: New Jersey Governor Vetoes Liberty Natural Gas' Proposed 2.4 Bcf/d LNG Project Offshore State February 8

New Jersey Governor Chris Christie vetoed Liberty Natural Gas LLC's proposal to construct a 2.4 Bcf/d LNG terminal offshore Asbury Park, New Jersey on February 8, citing "unacceptable risks to the state's residents, natural resources, economy, and security." Christie said the project would threaten the state's tourism and fishing industries. Liberty had hoped to open the facility by 2014. The company, after the veto, said it was "hopeful" it would "be allowed to get our message out. The issue is whether the state and federal parties will let us proceed to change our project as needed."

<http://www.bloomberg.com/news/2011-02-08/nj-governor-vetoes-liquefied-natural-gas-operation.html>

Plains All American Plans New LPG Pipeline System, Related Upgrades to Existing LPG Processing Facility near Bakersfield, California

Plains All American Pipeline, L.P. (PAA) plans to construct a new liquefied petroleum gas (LPG) pipeline system and complete related upgrades to its existing Shafter LPG processing facility near Bakersfield, California, the company said on February 8. The 10,000-plus b/d, 15-mile LPG pipeline system would connect the Shafter facility with Occidental's Elk Hills gas processing plant and related infrastructure. PAA also plans to enhance the storage and rail capabilities at the Shafter facility. The company aims to open the project, dubbed the Shafter Expansion project, during the third quarter of 2012.

<http://www.b2i.us/profiles/investor/ResLibraryView.asp?BzID=789&ResLibraryID=43395&Category=117>

EPA Submits Draft Hydraulic Fracturing Study Plan to Independent Scientists for Review February 8

The U.S. Environmental Protection Agency (EPA) yesterday submitted its draft study plan on hydraulic fracturing for review to the agency's Science Advisory Board (SAB), a group of independent scientists. EPA scientists, under the current administration and at the direction of Congress, are undertaking a study of hydraulic fracturing to better understand any potential impacts it may have, including on groundwater. The scope of the proposed research includes the full lifespan of water in hydraulic fracturing, from acquisition of the water, through the mixing of chemicals and actual fracturing, to the post-fracturing stage, including the management of flowback and produced or used water and its ultimate treatment and disposal. The SAB plans to review the draft plan March 7-8, 2011. Initial research results and study findings are expected to be made public by the end of 2012, with the goal of an additional report following further research in 2014.

<http://yosemite.epa.gov/opa/admpress.nsf/d0cf6618525a9efb85257359003fb69d/26195e235a35cb3885257831005fd9cd!OpenDocument>

Update: After Weekend Explosion and Fire along Pipeline, Egypt to Resume Natural Gas Deliveries to Israel by February 17

http://www.downstreamtoday.com/news/article.aspx?a_id=25603

Other News

Update: INEOS New Planet BioEnergy Breaks Ground on Proposed 8 MMGal/Yr. Waste-Based Cellulosic Ethanol Plant in Vero Beach, Florida February 9

The Indian River BioEnergy Center would process yard, vegetative, and household wastes. It would produce 8 MMGal/Yr. of cellulosic ethanol and 6 MW of electricity. The company expects to begin production in mid-2012.

<http://www.prnewswire.com/news-releases/ineos-bio-jv-breaks-ground-on-1st-advanced-waste-to-fuel-commercial-biorefinery-in-us-115630984.html>

Energy Prices

U.S. Oil and Gas Prices			
February 9, 2011			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	85.94	89.12	72.84
NATURAL GAS Henry Hub \$/Million Btu	4.24	4.42	5.47

Source: Reuters

Energy Notes

Despite Service Workers' Strike, Suez Canal Remains Open to Traffic February 8

<http://www.businessweek.com/news/2011-02-08/suez-canal-still-operating-as-service-workers-strike.html>

Electrical Fire Triggers Manhole Explosion, Cuts Power to PECO Customers in Pottstown, Pennsylvania February 8

<http://pottsmmerc.com/articles/2011/02/08/news/doc4d5207f243ca7397607977.txt?viewmode=fullstory>

SDG&E to Purchase 26 MW of Electricity from NRG Solar's Proposed Solar Power Facility in Borrego Springs, California

http://public.sempra.com/newsreleases/viewpr.cfm?PR_ID=2577&Co_Short_Nm=SDGE

Tesoro Sees No Impact on Production after Process Upset at 93,500 b/d Kapolei, Hawaii Refinery February 6

<http://www.bloomberg.com/news/2011-02-08/tesoro-hawaii-plant-operating-normally-after-process-upset-.html>

Update: After Cyclone Bianca, Woodside Petroleum, Apache Corp Restart Oil Production Offshore Australia by February 9

<http://www.reuters.com/article/2011/02/09/idUSL3E7D90AQ20110209>

Update: BG Group Resumes Drilling Operations in Egypt by February 8 – Protests Led Company to Halt Some Operations in January, but Suspension Did Not Impact Production or LNG Manufacturing

<http://www.bloomberg.com/news/2011-02-08/bg-group-restarts-drilling-in-egypt-after-civil-unrest-subsides.html>

Freezing Issues at Downstream Gas Plant Leads to Flaring at XTO Energy's Russell Compressor Station in Texas February 8-10

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=150435>

Failure of Blower Controller Forces Shut Tilden Gas Plant in Texas February 8 – Facility Reports Separate Transmitter Failure, Emissions Event February 8

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=150439>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=150464>

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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