



ENERGY ASSURANCE DAILY

Wednesday Evening, February 29, 2012

Electricity

Heavy Snowfall Cuts Power to at Least 43,000 WPS and Xcel Energy Customers in Wisconsin and Minnesota February 28–29

Snowstorms delivered up to a foot and a half of snow to portions of northern Wisconsin and central Minnesota Tuesday and Wednesday, causing power outages to at least 43,000 customers. Over 10,000 Wisconsin Public Service customers were without power this morning, according to local reports. The utility's latest outage reports indicate 2,240 customers remain without power this afternoon. Xcel Energy said the storm affected nearly 33,000 customers, according to local reports, but as of 4:10 PM CT was reporting less than 600 customers without power.

<http://www.xcelenergy.com/Outages>

<http://www.wisconsinpublicservice.com/outagesummary/view/outagegrid.aspx>

<http://www.wausaudailyherald.com/article/20120229/WDH0101/120229004/Update-Snow-closes-schools-causes-power-outages?odyssey=nav%7Chead>

http://www.wsaw.com/sunrise7/headlines/10000_WPS_Customers_Still_without_Power_140889403.html

<http://www.myfoxtwincities.com/dpp/news/minnesota/xcel-energy-power-outages-feb-29-2012#ixzz1nnzsyJon>

<http://www.kare11.com/news/article/964729/391/Heavy-snow-ice-on-lines-leaves-thousands-without-power>

Severe Storms, Tornadoes Cut Power to over 35,000 Utility Customers in U.S. Midwest February 28–29

Severe weather cut power to thousands across Missouri, Illinois, and Michigan overnight Tuesday and early Wednesday morning, and numerous tornadoes caused damage and killed at least nine people in Southern Illinois, as well. Ameren Illinois reported 12,300 customers were without power at the peak of the storm. As of latest reports, the utility had restored power to all but 3,700 customers. Southern Illinois Electric Cooperative reported 600 of its customers lost power due to the storm. As of this afternoon, it had reduced the number of outages to 98 customers. In Missouri, over 11,300 customers lost power due to severe storms early Wednesday morning, according to local reports, including 8,700 White River Electric Cooperative customers and 2,600 Southwest Electric Cooperative customers. In the Grand Rapids area of Michigan, Consumers Energy reported a peak of approximately 11,000 customers lost power due to the storm, according to local reports, but the utility expected to restore power by 8:00 AM this morning.

<http://www.siec.org/index.php/power-outage>

<http://apps.ameren.com/outage/outagemap.aspx?state=MO>

<http://www.wzzm13.com/news/article/201798/14/Power-outage-in-Kent-and-Ottawa-Counties>

<http://www.sj-r.com/breaking/x18905083/Thousands-without-power-after-southern-Illinois-storm>

<http://www.wpsdlocal6.com/news/local/Ameren-Illinois-sets-up-operations-center-to-direct-energy-restoration-efforts-after-storms-140861013.html>

<http://www.desmoinesregister.com/article/20120229/NEWS/120229005/1024/MULTIMEDIA/?odyssey=nav%7Chead>

<http://www.ktts.com/news/140843873.html>

http://ozarksfirst.com/fulltext?nxd_id=610682

PSE&G Substation Transformer Fails, Catches Fire February 28; Knocks out Power to 9,500 Customers in New Jersey

A large transformer at a Public Service Electric and Gas Company (PSE&G) substation failed and caught fire Tuesday afternoon, according to local officials, who said the transformer was apparently full of oil. The company was working to restore power to about 9,500 customers affected by the transformer fire.

<http://www.mycentraljersey.com/article/20120228/NJNEWS/302280024/Thousands-without-power-traffic-snarled-because-of-Edison-transformer-fire>

Entergy Disconnects 979 MW Indian Point Nuclear Unit 3 in Illinois from Grid February 28 Due to Auxiliary Transformer Issue

Entergy Corp. disconnected Unit 3 at the Indian Point nuclear power plant from the power grid late Tuesday due to an issue with an auxiliary electrical transformer, reports said. Operators had observed an increase in gases within the transformer oil during routine sampling, which is an indicator of potential transformer degradation, a company spokesman said in a statement. Repairs can be carried out only after the transformer is disconnected from the electrical generator, and the plant will return to service after the auxiliary transformer is disconnected and alternate power to the affected equipment is provided. The U.S. Nuclear Regulatory Commission reported Unit 1 was reduced to 13 percent power by Wednesday morning, and Unit 2 was operating at full power.

Reuters, 09:15 February 29, 2012

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

Exelon Reports Loss of Offsite Power to Its 1,168 MW Byron Nuclear Unit 1 in New York February 28; Both Units Operating at Plant

Operators at Byron Generating Station declared an unusual event for Unit 1 at 5:31 PM CDT Tuesday, when power coming in from outside of the nuclear facility was interrupted, the company said in a press release. Both units were operating at full power at the time of the release. The facility responded as designed, with one of the station's many redundant power sources providing electricity for Unit 1. A failed insulator in the station's switchyard is believed to be the cause for the loss of power. Technical crews were scheduled to begin work to replace the insulator Tuesday evening.

http://www.exeloncorp.com/Newsroom/pr_20120228_nuclear_unit1ue.aspx

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2012/20120229en.html>

Update: APS's 1,243 MW Palo Verde Nuclear Unit 1 in Arizona Ramped Up to 70 Percent by February 29

On the morning of February 28 the unit was operating at 40 percent.

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

Midwest Generation to Shut 326 MW Fisk and 532 MW Crawford Coal-fired Power Plants in Chicago – Sierra Club

Midwest Generation, a unit of the Edison International power company, agreed to shut two coal-fired power plants in Chicago, the Sierra Club said in a release Wednesday. Midwest Generation will shut the Fisk plant in 2012 and the Crawford plant by 2014, in accordance with an agreement signed by Midwest Generation, the Clean Power Coalition, and the City of Chicago. Officials at Midwest Generation were not immediately available for comment.

Reuters, 11:08 February 29, 2012

http://action.sierraclub.org/site/MessageViewer?em_id=229621.0

Dominion Virginia Power Proposes to Build 1,300 MW Natural Gas-Fired Power Station in Brunswick County, Virginia

Dominion Virginia Power announced yesterday that it proposes to build a combined-cycle, natural gas-fired power station in Brunswick County, Virginia. Dominion expects to ask the Virginia State Corporation Commission later this year for permission to build the Brunswick County Power Station, which would have a generating capacity of more than 1,300 MW, for completion by the summer of 2016. Output from the Brunswick County facility would replace the electricity generated by coal units at two eastern Virginia stations that are planned to be retired and would help meet customers' growing demand for electricity. Dominion already has received the necessary conditional use permits from the Brunswick County Board of Supervisors to build the station and has applied to the Virginia Department of Environmental Quality for the air permit.

<http://dom.mediaroom.com/index.php?s=26677&item=122737>

Update: FirstEnergy Submits Root Cause Report to NRC on Shield Building Cracks at Its 882 MW Davis-Besse Nuclear Power Plant in Ohio

FirstEnergy Nuclear Operating Company (FENOC) announced yesterday that it has submitted to the U.S. Nuclear Regulatory Commission (NRC) a root cause analysis report regarding the cause of the tight cracks identified in portions of the Davis-Besse Nuclear Power Station shield building during its fall 2011 reactor head replacement outage. The evaluation supports earlier analysis that concludes the structural integrity of the shield building remains intact, and the building is able to perform its safety function. FENOC's report indicates that absence of an exterior weatherproof coating on the shield building allowed moisture associated with the blizzard of January 1978 to migrate into the concrete, freeze and expand, causing tight, subsurface cracks in portions of the building. The report outlines a number of actions the company will take to address the cracks, including applying a weatherproof coating to protect the shield building's exterior walls, performing additional inspections to verify the cracks have not spread, and developing a long-term building monitoring plan.

https://www.firstenergycorp.com/newsroom/news_releases/firstenergy_nuclearoperatingcompanycompletesrootcausereportondav.html

Petroleum

U.S. Considering a Release from Strategic Petroleum Reserve amid Surging Gasoline Prices – Energy Secretary Chu

The United States is considering a release of oil from the Strategic Petroleum Reserve (SPR) to stem the surging price of gasoline, U.S. Energy Secretary Steven Chu told reporters Tuesday. The Secretary said "we're very concerned about what's happening in Iran" but noted that the reserves are intended to be used during times of oil supply disruptions.

<http://www.cnbc.com/id/46562682>

<http://www.politico.com/news/stories/0212/73408.html>

Update: BP's 225,000 b/d Cherry Point, Washington Refinery Continues to Produce an Unspecified Quantity of Fuel after Fire

A BP spokesman said that despite the crude distillation unit shutdown caused by a February 18 fire, the Cherry Point refinery continues to produce some unspecified quantity of fuel, drawing on crude oil components that had been stored at the site, according to reports today. The spokesman did not indicate how long the production could continue at the refinery.

<http://www.bellinghamherald.com/2012/02/29/2413998/no-estimate-yet-on-when-bp-cherry.html>

Update: Tesoro Restarts Process Units at Its 120,000 b/d Anacortes Refinery February 29 after Unplanned Repairs

Tesoro Corp. reported it was in the process of restarting unspecified process units at its Anacortes refinery after shutting them for unplanned repairs on February 24.

Reuters, 11:14 February 29, 2012

Full Pipelines Forced CVR to Cut Crude Runs at Its 115,700 b/d Coffeyville, Kansas Refinery in January and February – Executive

CVR Energy Inc. was forced to make unspecified reductions to its crude runs at its Coffeyville refinery in January and February, a company executive told analysts on Tuesday, due to limited space available in the Magellan Pipeline it uses to transport its refined products. A spokesman for Magellan Midstream Partners said refined product inventories were above the company's annual average, but were generally the same as this time last year. Many Midwest refineries are running at nearly full capacity to capture profits from low differentials for Canadian and Bakken crude oil, which has generated a glut of refined products in a region where there is little means to ship fuels to other markets.

Reuters, 16:34 February 28, 2012

Flint Hill Shuts Coker at Its 280,500 b/d Rosemount, Minnesota Refinery February 28

Flint Hills Resources shut down the No. 3 coker at its Rosemont refinery early Tuesday morning due to a flange leak causing hydrogen sulfide to release from a vessel, according to a filing with the U.S. National Response Center.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1004147

Motiva Reports Exchanger Leak at Its 236,400 b/d Norco, Louisiana Refinery February 28

Motiva Enterprises reported a release of fuoranthene from an exchanger due to overpressuring at its Norco refinery Tuesday night, according to a filing with the U.S. National Response Center. Operators had stopped the leak at the time of the filing.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1004285

Chalmette Reports Benzene Release at Its 192,500 b/d Chalmette, Louisiana Refinery February 28

Chalmette Refining reported a release of benzene from a tower due to unknown causes at its Chalmette refinery Tuesday night, according to a filing with the U.S. National Response Center. The company was performing an inspection to determine the cause of the emissions and had not secured the release, the filing said.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1004237

Chevron Reports Emissions at Its 45,000 b/d Salt Lake City, Utah Refinery February 29

Chevron reported a release of hydrogen sulfide from a leaking flare header at its Salt Lake City refinery Tuesday morning, according to a filing with the U.S. National Response Center. The company was taking steps to block the flare header at the time of the filing.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1004212

Shell to Restart Unspecified Process Unit at Its 100,000 b/d Scotford Refinery near Edmonton, Alberta February 29

Royal Dutch Shell Plc reported that it was restarting an unspecified unit at its Scotford refinery on Tuesday and expected associated flaring over the next few days, according to a community information line posting.

Reuters, 03:36 February 29, 2012

Update: HollyFrontier May Further Expand Capacity at Its 31,000 b/d Woods Cross, Utah Refinery

HollyFrontier Corp. announced it may further expand the capacity of its Woods Cross refinery to increase diesel fuel output, an executive told analysts on Tuesday. This second expansion is in addition to the 15,000 b/d crude processing capacity expansion project the company announced in January, which is slated to be finished in late 2014.

Reuters, 12:51 February 28, 2012

Update: Rangeland Expands COLT Crude Oil Hub Project in North Dakota; Delays Opening until May 2012

Construction of Rangeland Energy's COLT Hub began in May 2011. The company has expanded the original intended capacity of the facility, which includes three 120,000-barrel storage tanks, to add two more tanks of the same size. The facility will also include rail facilities able to accommodate 120-car unit trains and move more than 100,000 barrels per day by rail. The COLT Connector, a 21-mile, 10-inch bi-directional pipeline will connect the COLT Hub to the Beaver Lodge/Ramberg junction and will be capable of transporting an additional 70,000 b/d by pipeline. Rangeland is erecting an extra storage tank at Ramberg to help facilitate these movements. The expansion has further delayed the facility's opening, now slated for May 2012. It was originally planned to open in the first quarter of 2012 but was delayed by severe rains and flooding that hit the region last summer. The facility is intended to support producers in the Bakken and Three Forks Shale regions.

http://www.tankstoragemag.com/industry_news.php?item_id=4655

Enterprise, Enbridge to Conduct 200,000 b/d Supplemental Open Season for Crude Oil Pipeline from ECHO Terminal to Port Arthur/Beaumont Refining Market

Enterprise Products Partners L.P. and Enbridge Inc. announced today that they will hold a supplemental binding open commitment period for approximately 200,000 b/d of incremental volumes on the new crude oil pipeline the companies are building from the Enterprise Crude Houston (ECHO) terminal to the Beaumont/Port Arthur refining complex. The approximately 85-mile lateral is being constructed to support the Seaway reversal project and is expected to begin service early in 2014. The 500-mile Seaway line is scheduled to reverse flow to deliver 400,000 b/d of crude from Cushing, Oklahoma to the U.S. Gulf Coast by 2014, with an initial 150,000 b/d running south by June 1.

<http://phx.corporate-ir.net/preview/phoenix.zhtml?c=80547&p=irol-newsArticle&ID=1666855>

NiSource Gas Announces Major Midstream Infrastructure Project in Utica Shale Region of Ohio

NiSource Gas Transmission and Storage's (NGT&S) Midstream Services today announced a major midstream initiative in the liquids-rich fairway of the Utica play in eastern Ohio. The project includes the construction of an approximately 90-mile-long, large diameter wet and dry gas gathering system utilizing Columbia Gas Transmission's existing right of way along its north/south-running V-100 and V-138 systems, extending through Columbiana, Carroll, Jefferson, Harrison, Belmont, and Monroe counties. In conjunction with the gathering project, NGT&S has purchased a 200 MMcf/d cryogenic natural gas liquids processing plant that will be delivered in July 2012. NGT&S will also construct a dry gas line originating from the tailgate of the processing plant that will also gather additional dry gas produced in the Utica trend. The system will ultimately deliver gas to multiple interconnects including Texas Eastern (Spectra), Rocky Mountain Express (Kinder Morgan), and Columbia Gas. The project is expected to provide an initial transportation and processing capacity of 200 MMcf/d with significant expansion capabilities.

<http://www.ngts.com/en/about-us/news-room/2012-02-29-ngts-fairway-press-release.aspx>

DCP Midstream to Connect 20-Inch Pipeline to Sand Hills Pipeline to Provide NGL Takeaway Services in Permian Basin

DCP Midstream LLC today announced that DCP Sand Hills Pipeline LLC, a wholly owned subsidiary of DCP Midstream LLC, has executed a transaction with Odessa Fuels LLC to purchase approximately 60 miles of existing 20-inch pipeline in Andrews and Ector counties in West Texas. DCP will connect this stretch of line to the Sand Hills Pipeline, providing incremental natural gas liquids transportation services to the Mont Belvieu market for Permian Basin producers. This newly acquired segment is expected to be placed into NGL service in the second quarter of 2013. Construction of the Sand Hills Pipeline is well under way, with segments serving Eagle Ford Shale producers to be placed in service early in the third quarter of 2012.

<https://www.dcpmidstream.com/pdf/Sand%20Hills%20news%20release%2002-28-2012.html>

PDC Mountaineer to Suspend Drilling in the Marcellus Shale Due to Depressed Natural Gas Prices

Petroleum Development Corporation today announced the company's joint venture, PDC Mountaineer, LLC, has elected to temporarily suspend drilling in the Marcellus Shale play due to the current depressed natural gas price environment. PDCM is currently drilling its third horizontal Marcellus well in 2012 and plans to drill one additional well prior to suspending drilling operations. PDCM also plans to proceed with the completion of seven wells over the next several months, including three wells that were drilled in 2011.

<http://investor.petd.com/releasedetail.cfm?ReleaseID=652684>

Exterran Reports Engine Shutdown at Its 50 MMcf/d Reinecke Gas Plant in Texas February 27

Exterran reported its Engine No. 74156 went down on inadequate compressor oil pressure Monday, according to a filing with the Texas Commission on Environmental Quality. Mechanics tried to adjust engine settings but could not get the engine to run.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=165448>

Other News

Consol Energy to Idle Longwall Mining Unit, Reduce Continuous Mining Operations at Blacksville No. 2 Mine in West Virginia

Consol Energy reported it will indefinitely idle the Blacksville No. 2 longwall mining unit in northern West Virginia, and cut back continuous mining operations there to four days a week, to cope with reduced coal demand caused by mild winter weather and low gas prices, according to news reports Tuesday. The company expects monthly production to be reduced by about 400,000 tons for as long as Blacksville No. 2 unit operates on this reduced schedule.

Reuters, 16:39 February 28, 2012

International News

Nothing to report.

Energy Prices

U.S. Oil and Gas Prices			
February 29, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	105.32	105.69	97.13
NATURAL GAS Henry Hub \$/Million Btu	2.44	2.63	3.81

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 & 1:00 PM EDT every Wednesday.

Natural Gas Weekly Update from EIA

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

Updated after 2:00 PM EDT every Thursday.

ENERGY ASSURANCE DAILY

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

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