



ENERGY ASSURANCE DAILY

Friday Evening, March 18, 2011

Electricity

AES's 506 MW Redondo Gas-Fired Unit 7 in California Shut by March 17

According to the California Independent System Operator, the unit reported an unplanned outage by March 17.

<http://www.caiso.com/unitstatus/data/unitstatus201103171515.html>

Update: Watson Cogeneration's 417 MW Watson Cogeneration Company Gas-Fired Unit in California Returns to Service by March 17

According to the California Independent System Operator, the unit reported a return from an unplanned curtailment of 202 MW.

<http://www.caiso.com/unitstatus/data/unitstatus201103171515.html>

TransAlta's 381 MW Keephills Coal-Fired Unit 2 in Alberta Shut by March 17

Reuters, 08:32 March 18, 2011

AEP's 528 MW Welsh Coal-Fired Unit 3 in Texas Starts Up March 17

The unit tripped on March 11 due to a loss of furnace pressure.

<http://www11.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=152088>

Federal Judge Upholds NRC's Fire-Protection Rules Exemption for Entergy's Indian Point Nuclear Unit in New York

The exemption from the Nuclear Regulatory Commission (NRC) allows Entergy to continue using material to protect electronic cables that can only withstand fire for 27 to 48 minutes, rather than the required one hour.

<http://www.businessweek.com/ap/financialnews/D9M0BECG3.htm>

Following White House Request, NRC Announces Plan on March 17 to Perform Comprehensive Safety Review of all U.S. Nuclear Plants

The chairman of the Nuclear Regulatory Commission (NRC) announced at the White House that the NRC will study the ability of nuclear reactors in the U.S. to withstand natural disasters. The owners of the 104 U.S. nuclear power plants have separately announced that they will inspect their facilities to verify they are able to maintain safe operations in the event of a disaster greater in scale than their plants were originally designed to withstand.

<http://www.nytimes.com/cwire/2011/03/18/18climatewire-us-nuclear-plants-to-get-new-safety-reviews-79912.html>

Union of Concerned Scientists Publishes Report Detailing "Near-Misses" at U.S. Nuclear Power Plants in 2010

To view the report, click here: http://www.ucsusa.org/assets/documents/nuclear_power/nrc-2010-full-report.pdf

<http://www.bloomberg.com/news/2011-03-17/progress-energy-led-u-s-nuclear-near-misses-group-says-1-.html?cmpid=yahoo>

Petroleum

Upset Leads to Flaring at Valero's 144,000 b/d Benicia, California Refinery March 17

A company spokesman said that the event is not expected to cause a material impact on production, and there were no injuries reported. DJN, 13:43 March 18, 2011

Reuters, 12:12 March 18, 2011

Operators Shut 92,000 b/d HOC Again at Valero's 315,000 b/d Corpus Christi, Texas Refinery by March 18

The heavy oil cracker (HOC) was originally shut down on March 16 for repairs at the refinery's West Plant. The unit was restarted, but then shut once more to perform more repairs at the West Plant by March 18. The West and East Plants of Valero's Corpus Christi refinery have a combined capacity of about 315,000 b/d.

Reuters, 09:47 March 18, 2011

DJN, 12:49 March 18, 2011

Compressor Trips at Coffeyville Resources's 115,700 b/d Coffeyville, Kansas Refinery by March 18

The tripped compressor led to a release of hydrogen sulfide from a coker flare. The cause of the trip was not reported.

Reuters, 00:07 March 18, 2011

Fire Breaks Out on Cooling Tower at Sunoco's 335,000 b/d Philadelphia, Pennsylvania Refinery March 17

The fire broke out at 4:30 P.M. and was extinguished by 5:30 P.M. One employee was injured, but it was unclear if there was any impact on production.

Reuters, 05:53 March 18, 2011

Update: Oil Prices Drop after Libyan Government Announces Ceasefire March 18

Oil dropped more than \$2 per barrel after a Libyan government official announced an unconditional ceasefire with rebels on March 18. Prices originally rose after the United Nations Security Council adopted a resolution establishing a no-fly zone over Libya on March 17. The United States voted in favor of the resolution which paves the way for potential air strikes in Libya. As of latest reports, Libya has halted all flights around the country.

<http://www.latimes.com/news/nationworld/world/la-fg-libya-cease-fire-20110319,0,1599381.story>

<http://www.businessweek.com/news/2011-03-18/oil-retreats-after-libya-says-it-will-halt-all-military-action.html>

<http://www.sfgate.com/cgi-bin/article.cgi?file=/c/a/2011/03/18/MNF41IE3MB.DTL>

Update: Rebels Seize Libyan State-Owned Gasoline Tanker

International traders said on March 18 that the incident is likely to deter further business with the rebel-controlled Agoco oil company.

Reuters, 13:23 March 18, 2011

Plains Marketing Plans Three Petroleum Storage Tanks with Joint Capacity of 1 Million Barrels of Crude Oil at its Patoka Terminal in Vernon, Illinois March 17

Plains Marketing announced on March 17 it has contracted Willbros Group to build the storage tanks.

<http://www.willbros.com/fw/main/default.asp?DocID=160&reqid=1540502>

Petrobras Receives Permission from BOEMRE to Use FPSO in the U.S. Gulf of Mexico for the First Time

The Bureau of Ocean Management, Regulation and Enforcement (BOEMRE) gave Petrobras permission to use a floating production, storage and offloading (FPSO) unit at the company's oil and gas Cascade-Chinook project. The FPSO will have a capacity of 80,000 b/d of oil and 16 MMcf/d of natural gas. This marks the first time that an FPSO unit will be used in U.S. waters in the Gulf of Mexico.

http://www.upi.com/Science_News/Resource-Wars/2011/03/18/Petrobras-gets-permit-for-US-deep-waters/UPI-87891300453143/

ExxonMobil to Increase Production by About 1.4 Million boe/d Worldwide by 2016

Oil is due to account for about 80 percent of that figure, with gas making up the balance. The company produced an average of 4.5 Million boe/d in 2010.

http://www.pennenergy.com/index/petroleum/display/7892710017/articles/oil-gas-journal/drilling-production-2/20100/march-2011/exxonmobil_oil_to.html

Nearly 5 Bcf/d of Added Natural Gas Delivery May Be Needed Over Next 15 Years to Provide Back-Up Generation for Renewable Electricity Sources: INGAA Foundation

A new study commissioned by the Interstate Natural Gas Association of America (INGAA) indicates that natural gas-fired generation is expected to increase as a back-up generation source for intermittent renewable sources of electricity. INGAA expects up to 5 Bcf/d of incremental delivery capability, at a cost of between \$2 billion and \$15 billion, could be needed over the next 15 years for this purpose.

To view the report, click here: <http://www.ingaa.org/cms/31/7306/9622.aspx>
<http://www.ingaa.org/cms/6211/11509.aspx>

Federal Judge Allows Northern Natural Gas to Condemn 9,100 Acres of Land in Kansas to Contain Natural Gas March 15

The company plans to contain gas migrating from its underground Cunningham Storage Field in Kansas.

<http://www.businessweek.com/ap/financialnews/D9M0B2S00.htm>

Update: PG&E Announces Plans to Test or Replace about 8 Percent of its 1,805 Miles of Natural Gas Pipelines in “High-Consequence Areas” in California March 15

According to Pacific Gas and Electric (PG&E), the company will hydrostatically test or replace about 150 miles, or over 8 percent, of the company’s 1,805 miles of natural gas pipelines in “high-consequence areas.” The decision was made following a study of the company’s pipeline records ordered by the state of California after the September 9, 2010 San Bruno pipeline explosion.

http://www.pge.com/about/newsroom/newsreleases/20110315/pge_submits_records_to_california_public_utilities_commission_that_document_pressure_tests_or_historical_operating_pressure_for_over_90_of_natural_gas_pipelines_in_high_consequence_areas.shtml
<http://www.platts.com/RSSFeedDetailedNews/RSSFeed/NaturalGas/6915291>

Other News

First Solar Plans Facility to Produce 250 MW of Photovoltaic Solar Modules per Year in Mesa, Arizona March 17

Construction is due to begin in the second quarter of 2011 and last one year. The facility would roughly double First Solar’s capacity to produce thin-film photovoltaic modules to 500 MW per year.

http://online.wsj.com/article/SB10001424052748703818204576206743088218456.html?mod=googlenews_wsj

Piedmont BioProducts Plans to Open 60,000 Gallons per Day Biomass Refinery in Pittsylvania County, Virginia

The refinery, which would convert organic material into oil, would at first produce about 6,000 gallons per day, and would later be expanded to about 60,000 gallons per day. The company hopes to begin construction in 2012 and begin production in late 2012 or early 2013.

<http://www.therepublic.com/view/story/88eff0571f9f4cd7912f887d796fc41d/VA--Biomass-Refinery/>

Japanese Earthquake/Tsunamis

Update: Tokyo Electric Power Continues Efforts to Prevent Complete Meltdown at Fukushima Daiichi Nuclear Plant in Japan

Tokyo Electric Power Company (Tepco) continued to use military fire trucks at the earthquake-and-tsunami stricken plant in an attempt to cool the reactors and spent nuclear fuel. Tepco especially targeted reactor No. 3 where spent fuel pools contain plutonium. Tepco plans to run a power cable to reactors No. 1, 2, and 4 by the morning of March 19, which would allow the company to restart water pumps, but radiation levels have slowed progress. Japanese engineers have said that entombing the plant with concrete and sand could be used as a last resort to prevent the spread of radiation. Reactor No. 1’s fuel rods were damaged after last Saturday’s explosion, reactor No. 2 has core damage prompted by Tuesday’s explosion, while reactor No. 4 was hit by an explosion on Tuesday and a fire on Wednesday. Water levels are dangerously low at fuel pools in reactors No. 3 and 4.

Reuters, 04:53 and 10:25, March 18, 2011

<http://www.bbc.co.uk/news/world-12783832>

Update: Japan's Nuclear Safety Agency Raises Incident Level at Tepco's Fukushima Daiichi Reactors No. 1, 2, and 3 to "Level 5" on the INES Scale

Level 5 on the International Nuclear Events Scale (INES) signifies an "accident with wider consequences," with "limited release" of radioactive materials. Level 5 was also the rating given to the 1979 Three Mile Island partial meltdown in Pennsylvania and the 1957 Windscale reactor fire in the United Kingdom. Fukushima Daiichi's reactor No. 4 is currently rated at level 3, meaning a "serious incident." Reactors No. 1, 2, and 4 at the Fukushima Daiichi plant have also been rated at level 3.

Reuters, 10:25 March 18, 2011

<http://www.bbc.co.uk/news/world-12783832>

<http://www.iaea.org/newscenter/news/tsunamiupdate01.html>

For more information on INES, click here: <http://www-ns.iaea.org/tech-areas/emergency/ines.asp>

Update: U.S. Department of Energy Organizing Team of 39 People with More than 17,000 Pounds of Equipment to Assist Japan

<http://www.energy.gov/news/10178.htm>

World Health Organization Believes Radiation from Stricken Nuclear Plant Is Localized and Does Not Pose an Immediate Risk to Human Health

Reuters, 10:25 March 18, 2011

Reports indicate 9,702 MW of Nuclear Generation and 10,796 MW of Thermal Generation Are Offline in Japan – Japan Has a Total Electric Power Capacity of 241,470 MW

Reuters, 04:53 March 18, 2011

Update: Japanese Refineries Boost Supply while Fires Continue at Cosmo Oil's Ichihara Refinery in Chiba

A total of 600,000 b/d of refining capacity remains shut nationwide. Two refineries will likely remain shut for months due to major damage, while two others are undergoing safety checks. Cosmo Oil Company's 220,000 b/d Ichihara refinery in Chiba is still completely offline as a fire burns in the natural gas tank farm. Workers have not been able to enter the facility due to the fire. Cosmo Oil plans to boost processing by 50,000 b/d at its 125,000 b/d Yokkaichi refinery and by 30,000 b/d at its 110,000 b/d Sakaide refinery to make up for lost production at Ichihara. The company also plans to import gasoline and jet fuel while canceling diesel exports this month. METI estimates that oil product needs in the areas affected by the earthquake are 240,000 b/d, and has asked western Japanese refiners to boost supply runs of products to affected areas by 130,000 b/d. Western Japanese refiners have a combined capacity of 1.7 MMb/d and are due to raise run rates from 80 percent to 95 percent.

MKW, 11:07 March 18, 2011

<http://www.prnewswire.com/news-releases/japan-demand-to-hit-oil-market-at-tricky-time-118199704.html>

<http://www.bloomberg.com/news/2011-03-18/cosmo-oil-to-boost-processing-at-yokkaichi-sakaide-plants-1-.html>

Energy Prices

U.S. Oil and Gas Prices			
March 18, 2011			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	100.70	101.40	82.07
NATURAL GAS Henry Hub \$/Million Btu	3.98	3.78	4.27

Source: Reuters

Energy Notes

More than 3,000 Rocky Mountain Power Customers Lose Power for about 30 Minutes after Vandals Damage Company's Substation in West Jordan, Utah March 15

<http://www.sltrib.com/sltrib/home/51436460-76/power-substation-west-jordan.html.csp>

Chesapeake Energy and Clarita Operating Extend Shutdowns of Natural Gas Waste Fluid Injection Wells in Arkansas as Researchers Study Potential Links between Operations and Earthquake Activity March 17

<http://ap.thecabin.net/pstories/state/ar/20110317/801210154.shtml>

Two Empty Consol Energy Barges Break Loose from Tug, Strike Third Barge Hauling Lubricating Oil on the Ohio River March 16: USCG

http://www.pittsburghlive.com/x/pittsburghtrib/news/pittsburgh/s_727763.html#

Production Unaffected at Suncor's Oil Sands after Fuel Truck Catches Fire at Firebag Site Near Fort McMurray, Alberta March 15 – Canadian Syncrude Prices Briefly Jumped Due to the News

<http://ca.news.yahoo.com/1-truck-fire-near-oil-sands-prompts-brief-20110315-104859-859.html>

Operators Restore Control Room Boundary after Discovering Open Piping Penetrating the Boundary at Dominion's Millstone Nuclear Plant in Connecticut March 17-18

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2011/20110318en.html>

AGI No. 2 Shuts, Restarts on High Discharge Temperature Alarm at Tilden Gas Plant in Texas March 18

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=152124>

DCP Midstream Shuts Natural Gas Plant, Leaving Multiple Producing Facilities Unable to Send Gas in Texas March 17-18

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=152129>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=152105>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=152112>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=152121>

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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