



ENERGY ASSURANCE DAILY

Friday Evening, May 18, 2012

Electricity

FERC Energy Reliability Assessment Raises Concerns about Power Supplies in California, Texas This Summer

The U.S. Federal Energy Regulatory Commission (FERC) on Thursday released its “Summer 2012 Energy Market and Reliability Assessment,” in which the commission raises concerns about power supplies in California and Texas, but concludes capacity reserves overall in the rest of the country appear adequate. In California the ongoing outage of both reactors at Southern California Edison’s (SCE) 2,150 MW San Onofre nuclear power plant could strain supply-demand conditions in Southern California, particularly in the San Diego area, should the two units remain offline during high-load periods this summer. SCE has kept both units offline since January to inspect and repair steam generator tubes, and it hasn’t estimated a restart date for either unit. In Texas, where load growth is outpacing generation development, generation supply may be strained if the state experiences another hot summer like last year. The Electric Reliability Council of Texas has forecast a reserve margin of 13.3 percent, which is below its target reserve margin of 13.75 percent.

<http://www.reuters.com/article/2012/05/17/utilities-ferc-summer-idUSL1E8GHC2220120517?feedType=RSS&feedName=financialsSector&rpc=43>
<http://www.ferc.gov/market-oversight/reports-analyses/mkt-views/2012/05-17-12.pdf>

PJM Board Approves Electric Transmission Upgrades to Ease Power Plant Retirements in U.S. East, Midwest

The PJM Interconnection Board announced in a press release yesterday that it has approved nearly \$2 billion in electric transmission upgrades intended to maintain reliable electric power supplies in the wake of recently announced power plant retirements. Since November, generation owners in PJM have announced plans to retire nearly 14,000 MW of generation between May 2012 and the end of 2015. The PJM Board approved more than 130 transmission upgrades related to the generation retirements. The projects range from simple equipment replacements to new substations to rebuilding existing transmission lines and building new lines. The upgrades will allow electricity to flow safely from other sources to replace the retiring generation. On a dollar basis, more than half of the improvements are in Ohio, where the proposed retirement of generators along Lake Erie will require significant transmission upgrades, particularly around Cleveland.

<http://www.pjm.com/~media/about-pjm/newsroom/2012-releases/20120517-Two-billion-dollars-of-upgrades-to-power-grid.ashx>

AES’s 215 MW Huntington Beach Gas-Fired Unit 4 in California Returns to Service by May 17

The unit returned from an unplanned curtailment of 124 MW.

<http://content.caiso.com/unitstatus/data/unitstatus201205171515.html>

AES’s 506 MW Redondo Gas-Fired Unit 7 in California Shut by May 17

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201205171515.html>

Update: Enterprise, Enbridge Announce Completion of Seaway Crude Oil Pipeline Reversal; First Flows Expected This Weekend

Enterprise Products Partners L.P. and Enbridge Inc. yesterday announced that modifications to the 500-mile, 30-inch Seaway crude oil pipeline allowing it to transport crude oil from Cushing, Oklahoma to the U.S. Gulf Coast have been completed. The pipeline is in the process of being commissioned, and the first flows of crude oil into the line are expected to begin this weekend. The reversal of the pipeline will initially provide 150,000 b/d of capacity, which is expected to increase to more than 400,000 b/d in the first quarter of 2013 with additional modifications and increased pumping capabilities.

<http://phx.corporate-ir.net/phoenix.zhtml?c=80547&p=irol-newsArticle&id=1697328>

Restart Continues at BP's 225,000 b/d Cherry Point, Washington Refinery Despite Emissions from Depressurizing Unit May 17

BP Plc reported sulfur dioxide emissions at its Cherry Point refinery early Thursday morning due to depressuring of an unspecified unit, according to a filing with the U.S. National Response Center. Operators had the unit under control, the filing said. A source familiar with refinery operations said that restart of the refinery was continuing despite the release. BP has been restarting the plant after an extended shutdown that began in February, when a fire damaged the crude distillation unit.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1011782

<http://uk.reuters.com/article/2012/05/18/refinery-operations-bp-cherrypoint-idUKH5E8E501K20120518>

Shell Shuts SRU after a Release at Its 329,800 b/d Deer Park, Texas Refinery May 17

Shell Oil Co. reported a release of materials Thursday night led operators to shut an unspecified unit and declare a level one shelter in place condition at its joint-venture Deer Park, Texas refinery, according to a filing with the U.S. National Response Center. On Friday a company spokeswoman said the refinery shut a sulfur recovery unit (SRU) following a release of materials, but operations had stabilized within an hour, and the refinery exited the level one shelter in place condition.

Reuters, 10:16 May 18, 2012

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1011871

SRU Upset Causes Emissions at Valero's 310,000 b/d Port Arthur, Texas Refinery May 16

Valero reported an upset at sulfur recovery unit No. 546 resulted in emissions at its Port Arthur refinery Wednesday night, according to a filing with the Texas Commission on Environmental Quality. Operators were investigating the incident at the time of the filing.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=168557>

Valero Reports Emissions Due to Unplanned Maintenance at Its 142,000 b/d Corpus Christi, Texas Refinery May 16

Valero on Wednesday reported a release of materials due to unplanned maintenance in Complex 1 at its Corpus Christi refinery, according to a filing with the U.S. National Response Center. Operators were shutting an unspecified unit as quickly as possible, according to the filing.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1011756

Citgo Restarts FCCU at Its 167,000 b/d Lemont, Illinois Refinery May 17

Citgo Petroleum Corp. restarted a fluid catalytic cracking unit (FCCU) at its Lemont refinery on Thursday, according to filing with state pollution regulators. The company is undertaking major maintenance on units at the refinery, and operators reported various mechanical malfunctions and emissions in regulatory filings this month.

Reuters, 04:01 May 18, 2012

Update: USW Members at Tesoro's Mandan, North Dakota Refinery Approve 3-Year Contract

United Steelworkers (USW) members at Tesoro Corp's Mandan refinery approved a 3-year contract with the company on Wednesday, Tesoro said in a statement. The agreement comes after 5 months of negotiations. Mandan USW members in April voted to authorize a strike if the union couldn't reach an agreement with Tesoro.

Reuters, 18:27 May 17, 2012

Update: California PUC Draft Decision Says Sacramento Natural Gas Storage's Proposed 7.5 Bcf Storage Facility Is 'Too Risky,' Cites Environmental Concerns

California Public Utilities Commissioner (PUC) Mike Florio said in a draft decision that Sacramento Natural Gas Storage LLC's 7.5 Bcf natural gas storage project is too risky to justify, citing potential environmental and public hazards. The project would use a depleted Sacramento natural gas reservoir, the Florin gas field, as a 7.5 Bcf gas storage facility. More long-term data collection is needed to know if stored gas could seep from the edges of the reservoir through lateral spreading under pressures that exceed the original reservoir pressure, the draft decision said.

http://www.downstreamtoday.com/news/article.aspx?a_id=36269

Regency Reports Unit Shutdowns at Its 290 MMcf/d Waha Gas Plant in Texas May 17

Regency Energy Partners reported a gasket failed on fifth-stage discharge pressure at its Waha gas plant early Thursday morning, shutting an acid gas compressor (AGC), according to a filing with the Texas Commission on Environmental Quality (TCEQ). Later that morning, an acid gas injector (AGI) compressor shut down due to a main circuit breaker failure, a second TCEQ filing said. Operators replaced the circuit breaker and restarted the AGI compressor.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=168555>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=168569>

Other News

Husky Announces Carbon Capture and Liquefaction Project at Its Lloydminster Ethanol Plant in Saskatchewan

Husky Energy Inc. on Thursday announced it is developing a carbon capture and liquefaction project at its 260 million litre/year Lloydminster Ethanol Plant in Saskatchewan for use in enhanced oil recovery projects at new and existing reservoirs in the area. In addition to the ethanol plant, Husky operates an 82,000 b/d upgrader facility and an asphalt plant in Lloydminster. The project involves capturing carbon dioxide from the ethanol plant, liquefying it, and transporting it by truck to heavy oil reservoirs located nearby, where it will be injected to displace oil and make it easier to extract.

http://www.huskyenergy.com/news/release.asp?release_id=1615703

<http://www.marketwatch.com/story/government-of-canada-invests-in-carbon-capture-and-storage-technology-2012-05-17>

<http://uk.reuters.com/article/2012/05/17/huskyenergy-idUKL1E8GHFIF20120517>

PGP to Restart Grain Processing Facility, Produce 110 MMGal/Yr. of Ethanol in Clearfield, Pennsylvania Later This Summer

Pennsylvania Grain Processing, LLC (PGP) yesterday closed on the purchase of a grain processing facility in Clearfield, Pennsylvania. The plant can process up to 40 million bushels of grain per year into 110 million gallons of ethanol and 330,000 tons of dry distiller's grain with solubles. PGP plans to restart production at the plant sometime during late June or early July.

<http://gantdaily.com/2012/05/16/pgp-announces-closure-on-grain-processing-facility/>

International News

Total Plugs Natural Gas Leak at the Ibewa 16 Well in Niger Delta Region May 18

Total E&P Nigeria Limited on Friday announced it has plugged a natural gas leak that began during drilling operations March 20 at the Ibewa 16 well, on Block OML 58 in Rivers State, Nigeria, according to a spokesman. Total reported in early April that it was shutting its onshore Obite natural gas production facilities after discovering "water and gas resurgence points" occurring as a consequence of the Ibewa natural gas leak. Total is now working to restart the Obite gas plant.

Reuters, 11:04 May 18, 2012

http://www.ng.total.com/06_total_nigeria_press/06_all-status-updates-on-oml58-ibewa-incident_ow.htm

Brazilian Navy Investigating 0.6-Mile Oil Stain Near Petrobras's 186,000 b/d Jubarte Offshore Field May 17

http://www.reuters.com/article/2012/05/17/us-brazil-oil-spill-idUSBRE84G0VC20120517?feedType=RSS&feedName=worldNews&utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+Reuters%2FworldNews+%28Reuters+World+News%29

Energy Prices

U.S. Oil and Gas Prices			
May 18, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	91.98	97.05	99.90
NATURAL GAS Henry Hub \$/Million Btu	2.60	2.36	4.25

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.

ENERGY ASSURANCE DAILY

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

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