



ENERGY ASSURANCE DAILY

Wednesday Evening, May 23, 2012

Electricity

New ERCOT Report Reinforces Long-Term Electric Resource Adequacy Concerns in Texas

The Electric Reliability Council of Texas (ERCOT) on Tuesday released a report reiterating the grid operator's concerns regarding potential electricity shortages within the coming decade as electric use in Texas continues to hit new records. The newly revised "Report on the Capacity, Demand, and Reserves in the ERCOT Region" (CDR) shows a reserve margin of 9.8 percent as soon as 2014, and a margin of 6.9 percent by 2015. These estimates are well below ERCOT's 13.75 percent target reserve margin. Although the long-term report projects a negative reserve margin by 2022, the outlook for summer 2013 actually has improved since the previous CDR was released in December 2011. Since then, about 1,240 MW of previously mothballed capacity has returned to service, and nearly 600 MW of new renewable power has begun operations within ERCOT.

http://www.ercot.com/news/press_releases/show/518

<http://www.ercot.com/content/news/presentations/2012/CapacityDemandandReserveReport-2012.pdf>

Electrical Substation Failure Briefly Cuts Power to 26,000 Huntsville Utilities Customers in Alabama May 20

Huntsville Utilities restored power to 26,000 customers in Alabama Sunday night after an electrical substation failed when a power line switch serving an industrial plant failed, a utility spokesman said. Workers repaired the switch and restored power within about 2 hours, he said.

http://blog.al.com/breaking/2012/05/power_out_for_26000_customers.html

Entergy Shuts 653 MW Pilgrim Nuclear Unit 1 in Massachusetts May 22 Due to Degrading Main Condenser Vacuum

Entergy reported on Tuesday that during a planned power reduction to support thermal backwash of the main condenser, a manual reactor scram was inserted due to degrading main condenser vacuum. The reactor was operating at approximately 35 percent power at the time of the scram. The cause of the degraded vacuum is currently under investigation, according to a filing with the U.S. Nuclear Regulatory Commission. An Entergy spokesman said the unit will remain shut until investigators understand what happened.

<http://www.wggb.com/2012/05/22/pilgrim-nuclear-power-plant-shut-down/>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2012/20120523en.html>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2012/20120522ps.html>

Transformer Glitch Cuts Power, Shuts TVA's 1,118 MW Browns Ferry Nuclear Unit 3 in Alabama May 22

Tennessee Valley Authority (TVA) reported on Tuesday, the Browns Ferry Unit 3 reactor automatically scrambled due to de-energization of Reactor Protection System, which occurred when a transformer glitch cut power to the unit. Operators restored power through alternate feeder breakers and are investigating the incident, according to a filing with the U.S. Nuclear Regulatory Commission.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2012/20120523en.html>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2012/20120522ps.html>

Update: AES's 225 MW Huntington Beach Gas-Fired Unit 3 in California Returns to Service by May 22

The unit returned from an unplanned curtailment of 133 MW.

<http://content.caiso.com/unitstatus/data/unitstatus201205221515.html>

Update: NRC Renews Operating License for Energy Northwest's 1,107 MW Columbia Nuclear Generating Station in Washington through December 2043

The U.S. Nuclear Regulatory Commission has renewed the operating license for the Columbia Generating Station, located in Benton County, Washington, for an additional 20 years. The new license will expire on December 20, 2043. The renewal, signed May 22, comes after safety and environmental reviews of the application submitted by Energy Northwest, the plant's operator, on January 20, 2010.

<http://www.nrc.gov/reading-rm/doc-collections/news/2012/12-061.pdf>

Update: Bruce Power Delays In-Service Date for 750 MW Bruce A Nuclear Unit 2 in Ontario after Generator System Incident Causes Damage

TransCanada Corporation confirmed May 18 the in-service date of the Bruce A Unit 2 reactor at the Bruce Power nuclear power facility in Ontario will be delayed. In the lead-up to synchronizing Unit 2 to the electrical grid, an incident occurred in the generator system that caused some damage. An analysis of the situation is underway and will be followed by a plan that details a repair schedule and updated timelines for an in-service date. This will likely mean Unit 2 will not be synchronized to the Ontario electrical grid in the second quarter of 2012, as previously stated. Refurbishment of the 750 MW Unit 1 reactor at Bruce Power is progressing as planned and it is expected to begin commercial operations in mid-third quarter 2012.

<http://www.transcanada.com/6048.html>

Update: RMT, First Wind Announce Construction of 105 MW Palouse Wind Project in Washington

RMT, Inc. joined First Wind on May 1, 2012, to commemorate the start of major construction at the Palouse Wind project in northern Whitman County, Washington. RMT will install 58 Vestas 1.8-MW wind turbines at the site, as well as a 34.5-kV electrical collection system, transmission line, and substation. The project is expected to be online and operational before the end of 2012.

http://www.rmtinc.com/utility/press_palouse_groundbreaking.php

BOEM Gauges Industry Interest in Deepwater Wind's Proposed Rhode Island Wind Energy Transmission System

The Bureau of Ocean Energy Management (BOEM) yesterday issued a request to determine whether there is competitive interest in the construction of a transmission system between the Rhode Island coastline and Block Island, a step in evaluating a transmission project proposed by Deepwater Wind that would deliver electrical power from its proposed 30 MW Block Island Wind Farm in state waters. If BOEM receives indications of competitive interest from qualified entities in response to today's notice, the bureau may decide to move forward with the right-of-way grant issuance process using competitive procedures.

<http://www.boem.gov/BOEM-Newsroom/Press-Releases/2012/press05222012.aspx>

Alberta Utilities Commission Approves Hanna Region Transmission Development Projects Linking Wind-Powered Generation, Pump Stations to Grid

The Alberta Utilities Commission (AUC) on May 8 approved 10 related electric transmission projects in the Hanna region of Alberta proposed by ATCO Electric Ltd. and AltaLink Management Ltd. The projects include the installation of 300 kilometers of contiguous transmission line connecting the Provost area to the area around Oyen and west to the Drumheller area; 24 kilometers of transmission line connecting new facilities with existing facilities in Sheerness, Oyen, and Monitor; six new substations; alteration of three substations; five new 240-kV lines; six new 144-kV lines; and the alteration of some 144-kV and 72-kV lines. ATCO plans to begin construction of substations in May and the line in June, a spokeswoman said. The projects were proposed in response to a regional load forecast from the Alberta Electric System Operator, which estimated 700 MW of new wind-powered generation would need connections to the grid by 2017. In its decision, the AUC noted that in addition to the 700 MW of forecast wind generation, 105 MW may be needed for two TransCanada Corp. pump stations as part of its proposed Keystone XL pipeline to transmit oil to the United States.

http://www.downstreamtoday.com/news/article.aspx?a_id=36312

<http://www.auc.ab.ca/applications/decisions/Decisions/2012/2012-120.pdf>

Magellan Pipeline Considers Making 50,000 b/d Products Pipeline from Texas to Oklahoma Bi-Directional

Magellan Pipeline is considering making its 12-inch, 50,000 b/d products pipeline from Frost, Texas, to Wynnewood, Oklahoma bi-directional to accommodate market needs, a company executive said Monday. The line currently flows north to Wynnewood, but a build of refined products in the Midwest may make it advantageous to allow that flow to head south as needed, he said. The company is planning to make a decision on the project this summer. If approved, the line could be bi-directional by the end of the year, he said.

<http://www.platts.com/RSSFeedDetailedNews/RSSFeed/Oil/6316751>

Update: Kinder Morgan Finalizes Shipper Commitments for 450,000 b/d Expansion of Trans Mountain Pipeline in Western Canada

Kinder Morgan Energy Partners, L.P. today announced that shippers have signed binding 20-year contracts for approximately 510,000 b/d of capacity in support of expanding the 1,150-km Trans Mountain pipeline system, which transports crude oil and refined petroleum products from Edmonton, Alberta to marketing terminals and refineries in the central British Columbia region and the greater Vancouver area. Based on these finalized commitments, the proposed expansion will increase capacity on Trans Mountain from approximately 300,000 b/d to about 750,000 b/d, the company said in a press release. The final commitments were about 150,000 b/d less than the company announced on April 12 following the open season, because a few shippers failed to obtain their boards' approvals. The project will continue with consultations and regulatory application preparation as previously announced.

<http://phx.corporate-ir.net/phoenix.zhtml?c=119776&p=irol-newsArticle&ID=1699029>

Production Unaffected by Crude Tank Overflow at BP's Prudhoe Bay Oil Field in Alaska May 21

BP Exploration (Alaska) Inc. reported about 4,200 gallons (100 barrels) of crude oil and a smaller amount of produced water overflowed from a tank at a Prudhoe Bay flow station Monday afternoon, state officials said Tuesday. Production at Prudhoe Bay was unaffected by the incident, a BP spokesman said. The spill was caused when instruments and valves that are supposed to control the tank volume failed, he said. All the spilled product was caught in a secondary containment structure that surrounds the tank.

<http://www.reuters.com/article/2012/05/23/bp-spill-idUSL4E8GN0N120120523?type=companyNews&feedType=RSS&feedName=companyNews&rpc=43>

Colorado Supreme Court Ruling Blocks Sinclair's Wyoming-Colorado Petroleum Pipeline Project

Colorado Supreme Court on Monday reversed a 2009 appeals court decision that would have granted Sinclair Pipeline Co. authority to condemn property to build a new 10-inch petroleum pipeline from Wyoming to a Commerce City, Colorado refinery. In its decision, the court said though pipelines are clearly listed for eminent domain in state laws, oil or petroleum were not expressly mentioned as products those pipelines would convey. The court said oil and gas companies could negotiate easements with landowners, but they could not forcefully take over any property.

<http://www.wyomingbusinessreport.com/article.asp?id=63084>

http://www.courts.state.co.us/userfiles/file/Court_Probation/Supreme_Court/Opinions/2009/09SC966.pdf

Update: USW Members at Tesoro's 166,000 b/d Martinez, California Refinery Reject Contract Offer, Authorize a Strike

United Steelworkers (USW) members at Tesoro Corp.'s Martinez refinery voted late Monday to reject management's contract offer and authorize a strike, according to a USW spokeswoman. Workers have not yet set a date for a strike, which could temporarily halt production at the facility. Tesoro has said that if workers do strike, the refinery was prepared to assume operations with other qualified personnel, operating first as a product terminal until new workers are trained to handle production.

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2012/05/22/BU4V1IOM2FC.DTL>

Shell Reports Emissions at Its 329,800 b/d Deer Park, Texas Refinery May 22

Shell Oil Co. reported that a relief valve lifted to flare Tuesday morning, causing a release of benzene at its joint-venture Deer Park, Texas refinery, according to a filing with the U.S. National Response Center. Workers secured the unit and made operational changes to rectify the problem, the filing said.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1012314

Natural Gas

TransCanada Announces Non-Binding Open Season for Expansion of ANR's Lebanon Lateral Project

TransCanada Pipelines on Monday began a non-binding open season to gauge shipper interest in proposed changes to ANR's Lebanon Lateral Project, which is intended to move natural gas from the Marcellus and Utica shale production areas to Lebanon, Ohio. From Lebanon, ANR can provide transportation north to markets in Michigan, Indiana, Illinois, and Wisconsin or to U.S. Gulf Coast markets and delivery points as far south as Patterson, Louisiana. ANR's receipt capacity at Lebanon would initially be 350,000 MMcf/d but could be expanded to 620 MMcf/d. On November 1, 2012, existing capacity on ANR from Lebanon south to Patterson, Louisiana will be limited to approximately 112 MMcf/d, but it can be expanded as part of the project depending on customer interest. The project could be in-service as early as November 1, 2012. Expansion of the initial capacity beyond 350 MMcf/d would have a later in-service date that will depend on the additional permitting and construction required.

<http://www.anrpl.com/documents/CMA/WhatsNew/ANR%20Lebanon%20Lateral%20Project.pdf>

Valve Malfunction Shuts AGI Compressor at Regency's 290 MMcf/d Waha Gas Plant in Texas May 22

Regency Energy Partners reported an acid gas injector (AGI) compressor shut down Tuesday afternoon on No. 3 cylinder hot valves, according to a filing with the Texas Commission on Environmental Quality. Operators repaired the valves and restarted the compressor later that evening.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=168739>

Atlas Pipeline Reports Mechanical Failure, Unit Shutdown at Its 195 MMcf/d Midkiff Gas Plant in Texas May 22

Atlas Pipeline reported a B-20 unit went down Tuesday morning with a bad head and rod, according to a filing with state regulators. Maintenance workers were replacing the bad parts, and the shutdown was expected to continue until Wednesday.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=168737>

High Discharge Pressure Causes Repeated AGI Unit Shutdowns at Enbridge's Tilden Gas Plant in Texas May 22

Enbridge reported acid gas injector (AGI) Units 1 and 2 went down on fifth-stage high discharge pressure twice yesterday morning, according to filings with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=168731>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=168732>

Other News

Teamsters Canada Union Workers Strike Against Canadian Pacific Railway; Oil Industry Reports Minimal Impact

Teamsters Canada union workers on Wednesday began a strike against Canadian Pacific railway, suspending freight services across Canada. The railway extends nearly 14,900 miles (24,000 kilometers) across Canada and into the United States, and the strike halted shipments of oil, coal, and other goods Wednesday. Cenovus Energy Inc. said it ships relatively little of its Saskatchewan oil production by rail, but the strike has forced it to seek pipeline space for 2,000 b/d, which the company was confident it would find. Crescent Point Energy normally moves about 8,000 b/d of its Saskatchewan oil production by rail, but it was expecting little impact on its ability to move crude to market. Representatives from both Teamsters Canada and Canadian Pacific have said negotiations will continue Wednesday.

http://www.google.com/hostednews/ap/article/ALeqM5gY010Lfwdr1Ex4ekIS3Gvtm_HzQ?docId=1cfbd200f1934857bfb8f4ec841edc2

<http://www.vancouversun.com/business/Rail+customers+view+strike+with+alarm/6666876/story.html>

International News

Saudi Arabia's March Oil Output Exceeds Russia's; Becomes World's Leading Producer for the First Time in 6 Years

Oil production in Saudi Arabia rose to 9.923 MMb/d in March from 9.853 MMb/d in February, surpassing Russia as the world's largest producer for the first time in 6 years, data from the Joint Organization Data Initiative showed Sunday. Russia's output in March dropped to 9.920 MMb/d from 9.943 million barrels a day in February.

http://www.rigzone.com/news/article.asp?a_id=118026

Energy Prices

U.S. Oil and Gas Prices			
May 23, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	89.25	92.78	97.28
NATURAL GAS Henry Hub \$/Million Btu	2.55	2.38	4.27

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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