U.S. DEPARTMENT OF ENERGY
Office of Electricity Delivery and Energy Reliability
Infrastructure Security and Energy Restoration

ENERGY ASSURANCE DAILY

Thursday Evening, May 31, 2012

Electricity

Update: FERC-NERC Staff Report on October 2011 Northeast Transmission Outage Stresses Vegetation Management

Damaged electric distribution lines were the major cause of the widespread Northeastern customer outages during the October 2011 snowstorm, but utilities can apply lessons learned from the storm to improve performance and enhance reliability of their transmission lines in advance of the next storm, staff of the Federal Energy Regulatory Commission (FERC) and North American Electric Reliability Corporation (NERC) said in a joint report published yesterday. The report finds 74 transmission lines and 44 transmission substations experienced outages due to the storm, and nearly three-quarters of the transmission line outages occurred when healthy trees, most located outside of utility rights-of-way, fell onto the lines uprooted by the weight of the snow compounded by the soft, wet ground.
http://www.nerc.com/fileUploads/File/News/Northeast%20Outage053112.pdf
http://www.nerc.com/fileUploads/File/News/NE%20Outage%20Report-05-31-12.pdf

NERC Summer Reliability Assessment Finds Adequate Reserve Margins in Most Regions; ERCOT Below Reserve Capacity Targets

Most of North America has sufficient resources available to meet summer peak demands, the North American Electric Reliability Corporation's (NERC) *2012 Summer Reliability Assessment* finds. However, planning reserve margins in the Electric Reliability Council of Texas (ERCOT) assessment area are projected to be below the NERC Reference Margin Level, the threshold by which resource adequacy is measured. In California, reserves are projected to be tight, but manageable, through the summer months. Since summer 2011, capacity resources have grown across North America by approximately 12,310 MW, most notably within the SERC Reliability Corporation and the Northeast Power Coordinating Council areas. Compared to the 2011 projections, NERC-wide total peak demand forecast is 3,700 MW lower. The largest increase in peak demand is expected in ERCOT, where a 1.7 percent increase is projected.
http://www.nerc.com/fileUploads/File/News/Summer%20Assessment%2030May12.pdf
http://www.nerc.com/files/2012SRA.pdf

SCE&G Announces Plans to Retire 881 MWs of Coal-Fired Generation in South Carolina by 2018 Due to Environmental Regulations

As part of its annual Integrated Resource Plan (IRP) filed yesterday with the Public Service Commission of South Carolina, South Carolina Electric & Gas (SCE&G) announced plans to retire up to six coal-fired generating units at three locations by the end of 2018. The units range in age from 45 to 57 years and are SCE&G's oldest and smallest coal-fired units. The company determined that adding costly environmental control equipment to these older plants to ensure compliance with new regulations from the U.S. Environmental Protection Agency would not be a good business decision. The plans SCE&G outlined in its IRP include:

- Retiring 136 MW Unit 1 at the Canadys Plant near Walterboro by the end of 2012;
- Switching 100 MW Unit 3 at the Urquhart Plant near Aiken from coal to entirely natural gas by the end of 2012;
- Switching 146 MW Units 1 and 2 at the McMeekin Plant near Irmo and 136 MW Unit 2 and 217 MW Unit 3 at the Canadys Plant from coal to entirely natural gas by 2015;
- Retiring the remaining two units (Unit 2 and Unit 3) at Canadys by the end of 2017;
- Retiring both Units 1 and 2 at the McMeekin Plant by the end of 2018; and
- Retiring Unit 3 at Urquhart by the end of 2018.

http://www.scana.com/en/news-room/current-news-releases/sceg-announces-plans-to-retire-a-portion-of-its-coal-fired-generation.htm

Update: AEP Drops Request to Install Scrubber to Keep Its 800 MW Big Sandy Coal-Fired Unit 2 in Kentucky in Operation; Re-evaluates All Options

American Electric Power's Kentucky utility withdrew its request to install environmental control equipment to keep its 800 MW Big Sandy coal-fired Unit 2 in operation, a spokesman said Wednesday. The company initially announced, in June 2011, that it would retire the unit as part of a plan to retire 6,000 MW of coal-fired generation to meet stricter emission rules issued by the U.S. Environmental Protection Agency. In March 2012, Kentucky Power said it would instead install a scrubber on the unit to keep it in operation because it was concerned about potential impacts to the grid. In yesterday's announcement, the spokesman said that changing market conditions over the last few months have prompted Kentucky Power to re-evaluate all its options, which may still include installing a scrubber. The company has determined, he said, that more generation will be available in the Kentucky market in the 2015–2016 timeframe than previously thought.
http://www.reuters.com/article/2012/05/30/utilities-aep-bigsandy-idUSL1E8GUC2J20120530?type=companyNews&feedType=RSS&feedName=companyNews&rpc=43

DTE Installing Emissions Control Systems on Four 16 MW Coal-Fired Generating Units at Its Monroe Power Plant in Michigan

DTE Energy announced yesterday that demolition work resumed last week on one of the two original 800-foot exhaust stacks at its Monroe Power Plant in Michigan. The original stacks are being replaced by new 580-foot stacks built to support the operation of new flue gas desulfurization systems (FGDs), emissions control systems also known as scrubbers. All four 16 MW generating units will be operating with scrubbers by 2014. The operation of an FGD and an SCR or each generating unit will assure that the plant will meet new federal emissions standards that will take effect January 1, 2015.
http://dteenergy.mediaroom.com/2012-05-30-Monroe-Power-Plant-stack-demolition-resumes
http://dteenergy.mediaroom.com/index.php?s=26817&item=72152

Update: NRC Conducts Augmented Inspection at Entergy's 966 MW River Bend Nuclear Unit 1 in Louisiana after May 24 Shutdown

The U.S. Nuclear Regulatory Commission (NRC) has sent an Augmented Inspection Team (AIT) to the River Bend nuclear power plant to review the circumstances surrounding a shutdown of the reactor caused by an electrical switchgear malfunction on May 24. The plant, operated by Entergy Operations, is located in St. Francisville, Louisiana. On May 24, operators manually shut down the reactor after an electrical fault occurred in a main feedwater pump. Protective relays should have isolated the electrical fault. Instead, in a cascading effect, other pieces of equipment were affected, causing a loss of main feedwater to the reactor core. The plant's Reactor Core Cooling Isolation System activated as designed to provide cooling to the reactor core. Plant personnel are continuing to investigate the cause of the failure and determine necessary repairs.
http://www.nrc.gov/reading-rm/doc-collections/news/2012/12-020.iv.pdf

Exelon's 1,134 MW Limerick Nuclear Unit 2 in Pennsylvania Reduced to 20 Percent by May 31

Operators shut Limerick Unit 2 earlier this month for a scheduled maintenance outage. The unit restarted May 26 and was operating at 87 percent by May 30.
http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2012/

Update: Energy Northwest's 1,107 MW Columbia Generating Station Nuclear Unit in Washington Ramped Up to 70 Percent by May 31

On the morning of May 30 the unit was operating at 18 percent.
http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2012/

AEP Shuts 690 MW Oklaunion Coal-Fired Unit in Texas for Unplanned Maintenance, Repairs May 31

http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=168870

TMPA Shuts 453 MW Gibbons Creek Coal-Fired Unit in Texas May 31 to Repair External Waterwall Leak

Texas Municipal Power Authority (TMPA) reported plans to initiate an outage maintenance period today to allow repairs to an external waterwall leak, according to filings with the Texas Commission on Environmental Quality. TMPA estimated it would restart the unit boiler later this evening.
http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=169082
http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=169081
http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=169084

Luminant Restarts 583 MW Monticello Coal-Fired Unit 2, Two 800 MW Oak Grove Coal-Fired Units in Texas after Repairs

Luminant restarted three North Texas coal-fired power units in the past few days, in time to meet high demand this summer, a spokesman said on Wednesday. Texas set a record for power use in May on Tuesday, and the Electric Reliability Council of Texas has warned the hot weather forecast this summer will strain power resources. The restarted units include the 583 MW Monticello coal-fired Unit 2 in Titus County and two 800 MW coal-fired units at the Oak Grove plant in Robertson County, the spokesman said. Monticello Unit 2 had been shut since mid-December to address a main power transformer failure. The units at Oak Grove plant were shut in March and April to repair turbine bearing packing damage.
Reuters, 15:09 May 30, 2012

Petroleum

Motiva Celebrates Completion of Expansion Project at Port Arthur, Texas Refinery; Facility Is Now Biggest U.S. Refinery with Capacity of 600,000 b/d

A ceremony held today at the Motiva Enterprise's Port Arthur, Texas refinery celebrated the completion of a 5-year construction project that more than doubled the facility's processing capacity to 600,000 b/d of crude. Motiva's Port Arthur refinery has now surpassed ExxonMobil Corp's 560,640 b/d Baytown, Texas refinery to become the largest refinery in the United States. The refinery's pre-expansion capacity was 285,000 b/d, and it had processed mostly medium-sour crude. The expansion gives it the flexibility to process heavier crudes from South America and potentially from Canada, as well as light-sweet domestic crudes. Motiva Enterprises is a joint venture between Shell Oil Company and Saudi Aramco, Saudi Arabia's state-owned oil company.
Reuters, 12:04 May 31, 2012
http://www.motivaenterprises.com/home/content/motiva/media_center/2012/05312012_par.html

BP Restores Normal Operations at Its 225,000 b/d Cherry Point, Washington Refinery May 31 after HCU Compressor Malfunction May 30 – Sources

BP Plc's Cherry Point refinery was operating normally today after a malfunction on a hydrocracking unit (HCU) yesterday, according to sources familiar with refinery operations. The refinery reported an inoperable HCU compressor was causing an unknown amount of sulfur dioxide to release to the flare Wednesday afternoon, according to a filing with the U.S. National Response Center. Operators were slowing units until a solution could be made, the filing said.
Reuters, 10:36 May 31, 2012
http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1013081

FCCU, Alky Units to Reach Planned Rates at Valero's 125,000 b/d Meraux, Louisiana Refinery after Maintenance Shutdown was Extended Due to Economics

Valero Energy Corp. is restarting a fluid catalytic cracker unit (FCCU) and alkylation units at its Meraux refinery and hopes to increase the units to planned rates over the next several days, a company spokesman said on Thursday. Earlier this month, Valero said it was evaluating the economics of restarting the units at the refinery, which have been shut for maintenance since January.
Reuters, 09:52 May 31, 2012
http://online.wsj.com/article/BT-CO-20120516-714879.html

Shell Expects No Impact to Production after Restarting Unspecified Unit at Its 100,000 b/d Scotford, Alberta Refinery May 30

Royal Dutch Shell Plc said it anticipated no impact to production from restart of an unspecified unit at its Scotford refinery near Edmonton, according to a notice on a community information line on Wednesday.
Reuters, 15:56 May 30, 2012

Train Delivers 104 Tank Cars of Bakken Crude Oil from North Dakota to Irving's Saint John, New Brunswick Refinery

A train carrying 104 tank cars of crude oil from the Bakken Shale region in North Dakota came through Maine last weekend on its way to the 300,000 b/d Irving Oil refinery in Saint John, New Brunswick. Each car carried roughly 700 barrels of oil. This "test train" was the first of what could be a steady flow of crude oil delivered by train to the Irving refinery.
http://www.kjonline.com/news/oil-crossing-maineby-way-of-railroad_2012-05-29.html

Update: North Dakota Regulators Approve Site Plan for Enbridge's Berthold Rail Crude Oil-Export Terminal

The North Dakota Public Service Commission approved Enbridge Inc.'s site plan for the proposed expansion of its Berthold terminal, which will include the construction of a double loop unit train facility, crude oil tankage, and other terminal facilities. In approving the project, PSC Chairman Tony Clark noted about one-quarter of North Dakota's oil exports are shipped by rail. The state has almost a dozen rail terminals for loading oil.
http://finance.yahoo.com/news/enbridge-building-nd-oil-rail-142327023.html

Update: Alberta Energy Regulator Approves Cenovus's 130,000 b/d Narrows Lake Oil Sands Project in Alberta

Cenovus Energy Inc. announced yesterday it has received approval from the Alberta Energy Resources Conservation Board to proceed with its Narrows Lake oil sands project. Narrows Lake is just north of Cenovus's currently operating Christina Lake facility, near Conklin in northern Alberta. The project is anticipated to have gross production capacity of 130,000 b/d and be developed in three phases. Ground work for the initial phase of 45,000 b/d is expected to begin this fall. First production at Narrows Lake is anticipated in 2017. The company plans to use steam-assisted gravity drainage in the oil sands to develop Narrows Lake, and it plans to initially demonstrate solvent aided process (SAP) on 25 percent of the wells and eventually phase in SAP across the entire Narrows Lake operation.
http://www.cenovus.com/news/news-releases/2012/0530-narrows-lake-approval.html

Update: High Prairie Pipeline Could Postpone or Cancel Its Proposed 150,000 b/d Pipeline Project in North Dakota Due to Logistical Problems

High Prairie Pipeline, a subsidiary of Saddle Butte Pipeline LLC, said its proposed 450-mile, 16-inch crude oil pipeline project could be scrapped because Enbridge Energy Partners LP has allegedly refused to allow a connection to the its terminal at Clearbrook, Minnesota. High Prairie wants to force Enbridge to take its North Dakota crude deliveries, and has brought a formal complaint to the Federal Energy Regulatory Commission (FERC). Earlier this month, FERC dismissed a less-formal complaint on the issue, concluding High Prairie does not have the authority to order an oil pipeline carrier to provide an interconnection with another carrier. An Enbridge executive said its mainline network in North Dakota has been running at capacity since 2006; it does not have the capacity to meet High Prairie's demands. High Prairie had hoped to have the pipeline operational by next year. Depending on the outcome of its complaint with FERC, it could postpone or cancel the project altogether.
http://www.cnbc.com/id/47630777

Pace Pipeline Spills 22,000 Barrels of Oil Mixture into Alberta Muskeg; Operators Still Working to Contain the Spill

A pipeline Pace Oil & Gas Ltd. uses for water injection has released 22,000 barrels of oil and water into muskeg in the far northwest of Alberta. The pipeline was carrying an emulsion that was roughly 70 percent water and 30 percent oil. The leak, which was discovered May 19, has not yet been contained, although Pace claims it is "very close," an executive said in an interview Wednesday. The leak was detected roughly 20 kilometres southeast of Rainbow Lake, which is 165 km south of the Northwest Territories border.
http://www.theglobeandmail.com/globe-investor/pipeline-spill-sends-22000-barrels-of-oil-mix-into-alberta-muskeg/article2447765/
http://www.thepressreleasewire.com/client/print_page/release_print.jsp?actionFor=1620293

Natural Gas

DOE Suspends Natural Gas Export Applications until It Completes Study of Export Impacts Late This Summer

The U.S. Department of Energy has suspended its consideration of applications to export natural gas from the United States until a study of the impact of exports on domestic energy consumption, production, and prices is completed, an agency spokesman said in an email yesterday. The first part of the study was published in January. The second part, which will assess the broader economic effects of increased natural gas exports, is ongoing, but the agency expects to release results late this summer, the spokesman said. The study was initiated after complaints from several U.S. lawmakers who said sales overseas might increase prices at home.
http://www.bloomberg.com/news/2012-05-31/u-s-natural-gas-export-permits-delayed-until-late-summer.html?cmpid=yhoo

Mechanical Malfunction Shuts AGI Compressor on High Suction Pressure at Regency's 290 MMcf/d Waha Gas Plant in Texas May 30

Regency Energy Partners reported an acid gas injector (AGI) compressor went down Wednesday morning due to high suction pressure/low revolutions per minute, according to a filing with the Texas Commission on Environmental Quality. The high suction pressure was caused when a mechanical malfunction led to irregular inlet gas volume, the filing said. Operators were replacing valves to correct the situation.
http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=169080

Damaged Parts Shut Unit at Exterran's 65 MMcf/d Dollarhide Gas Plant in Texas May 30

Exterran reported its Cat-5 unit went down Wednesday morning due to a busted distance piece, piston rod, and cross head, according to a filing with the Texas Commission on Environmental Quality. Mechanics were scheduled to replace the damaged parts today.
http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=169091

ExxonMobil Evaluating Natural Gas Exports from U.S. Gulf, Canada – CEO

Exxon Mobil Corp. said it is considering the possibility of exporting natural gas from the U.S. Gulf Coast and Canada as new shale drilling has made enough new natural-gas reserves available to meet domestic demand for years to come and allow exports, Chief Executive Rex Tillerson said Wednesday.
http://www.rigzone.com/news/article.asp?a_id=118251

Niska Gas Brings 15 Bcf Storage Expansion into Service at Its Wild Goose Facility in California

Niska Gas Storage Partners LLC announced it has placed in service an additional 15 Bcf of storage capacity at its Wild Goose facility in California, according to a recent news release. The project included injection/withdrawal enhancements and improvements to pipeline connections with utility Pacific Gas & Electric, the release said.
http://www.downstreamtoday.com/news/article.aspx?a_id=36359

Williams Partners' Transco Pipeline Announces Open Season for 600 MMcf/d Dalton Expansion Project

Williams Partners L.P. announced today that it is initiating a non-binding open season from May 30 to June 28, 2012, for an expansion of its Transco interstate pipeline to provide incremental firm natural gas transportation capacity to markets in northern Georgia and Alabama by 2016. The Dalton Expansion Project is being designed to provide up to 600 MMcf/d of incremental firm transportation service on Williams Partners' Transco pipeline from interconnections accessing Marcellus natural gas production at its Zone 6 Station 210 pooling point to delivery points in northern Georgia and Alabama. The Transco pipeline is an approximately 10,000-mile transmission pipeline system which transports natural gas to markets throughout the northeastern and southeastern United States.
http://www.onlinemarketnews.org/williams-partners-transco-pipeline-announces-open-season-for-dalton-expansion-marketwatch-press-release

Other News

Seattle City Council Passes Resolution Opposing the Development of Coal-Export Terminals in Washington State

The Seattle City Council on Tuesday unanimously passed a resolution opposing the development of coal-export terminals in Washington state, citing concerns about increased train traffic and potential harm to public health and the environment. The federal government is currently reviewing at least six proposals to build coal-export facilities in Washington and Oregon, to ship coal from the Powder River basin of Montana and Wyoming to markets in Asia. If built, at least 100 million tons of coal a year could move through the Northwest for export to Asia. The City Council does not have a direct role in regulatory decisions involving export terminals, but it could impact decisions regarding trains traveling through Seattle.
http://seattletimes.nwsource.com/html/localnews/2018311954_apwanorthwestcoalexports3rdldwritethru.html

Update: Gevo Announces Startup of Commercial Biobased Isobutanol Plant in Minnesota

Gevo, Inc. announced last week it has begun startup of the world's first commercial biobased isobutanol production plant located in Luverne, Minnesota. Gevo retrofitted the Luverne ethanol plant to use its own yeast and fermentation technology to produce isobutanol from corn starch. Gevo plans to slowly ramp up production and hopes to produce approximately 1 million gallons per month by the end of this year, and full-capacity rates of 18 million gallons per year by the end of 2013. It expects to ship the first rail cars of the chemical to its customer Sasol around the end of June. Sasol will use the isobutanol as a feedstock in its chemical products, although the organic compound can also be used as an alternative to gasoline. The company is planning to start another larger facility in Redfield, South Dakota next year.
http://ir.gevo.com/phoenix.zhtml?c=238618&p=irol-newsArticle&ID=1699401
http://www.reuters.com/article/2012/05/24/us-gevo-biofuels-idUSBRE84N1KN20120524

International News

Update: Iran Blames "Flame" Malware for Affecting Oil Facility Computer Systems in Late April

A senior Iranian military official said Wednesday that a computer virus known as "Flame" was responsible for briefly affecting Iranian computer systems late last month. Iran reported a breach April 22 when a virus was detected inside the control systems at Kharg Island, Iran's largest crude oil-export facility, and it was believed to have also been responsible for knocking offline the websites of the Iranian oil ministry and national oil company. The official said that Iranian experts had detected and defeated the Flame virus, and that all data that had been lost were retrieved.
http://www.google.com/hostednews/ap/article/ALeqM5jCs_9NmCUz0zKecVG4qgOKSI4iow?docId=1c4783e3b48a4c40b0d10872ff76fa90

Colombian-Venezuelan Pipeline Will Transport 500,000 b/d of Crude Oil to Pacific

The Colombian-Venezuelan crude oil pipeline will transport 500,000 b/d from the Orinoco Oil Belt and developing areas in Colombia to the Pacific Ocean, a Venezuelan Oil and Mining Ministry official recently told the South American Energy Council in Caracas.
http://www.downstreamtoday.com/news/article.aspx?a_id=36370

Secretary Clinton to Assert U.S. Interest in Arctic O&G Prospects, Navigational Rights and Routes during Visit to Norway

http://www.reuters.com/article/2012/05/31/arctic-clinton-idUSL4E8GU44J20120531?type=companyNews&feedType=RSS&feedName=companyNews&rpc=43

Energy Prices

U.S. Oil and Gas Prices May 31, 2012			
	Today	**Week Ago**	**Year Ago**
CRUDE OIL **West Texas Intermediate U.S.** $/Barrel	86.90	90.77	102.89
NATURAL GAS **Henry Hub** $/Million Btu	2.39	2.60	4.63

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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