



# ENERGY ASSURANCE DAILY

Tuesday Evening, July 31, 2012

## ***Major Developments***

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### **Update: Enbridge Could Restart 317,600 b/d Line 14 Crude Oil Pipeline in Wisconsin August 1 after Completing Repairs – Officials**

Enbridge Energy Partners, LP on Monday said repairs to its Line 14 crude oil pipeline in Wisconsin could be complete as early as Tuesday, but the U.S. Pipeline and Hazardous Materials Safety Administration must give the company permission to restart the pipeline after it makes its own inspection. The Wisconsin Department of Natural Resources on Tuesday said that Enbridge should receive approval from federal regulators to restart the pipeline by the evening of August 1, according to a spokesman. Operators shut and isolated the 24-inch pipeline Friday afternoon after discovering an estimated 1,200 barrels of crude oil had spilled near Grand Marsh, Wisconsin. Line 14 predominantly transports light crude oil to Chicago-area refineries. It is part of Enbridge's Lakehead System, a 2.5 million b/d network that is the main conduit for Canadian crude oil exports. With record-high U.S. oil inventories in the Midwest, analysts and traders have said the shutdown should not pose a threat to crude-market supplies unless it is prolonged. Citgo Petroleum Corp., however, on Monday said the pipeline outage was having an impact on production at its 167,000 b/d Lemont, Illinois refinery.

Reuters, 14:10 July 30, 2012

<http://www.reuters.com/article/2012/07/31/enbridge-pipeline-restart-idUSL2E8IV4YJ20120731>

<http://www.vancouversun.com/business/Enbridge+Line+repairs+wrap+Tuesday/7014360/story.html>

## ***Electricity***

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### **Strong Storms Cut Power to More Than 66,000 Consumers Energy Customers in West Michigan July 30–31**

A series of strong thunderstorms pushed through West Michigan overnight Monday–Tuesday, cutting power to more than 66,500 Consumers Energy customers at the peak of the storms, the utility said in a statement. As of 11:30 AM local time this morning, approximately 24,500 Consumers Energy customers remained without power. The utility expected to restore power to a majority of its affected customers by midnight Tuesday. Customers in the hardest-hit counties may not receive electric service until late Wednesday afternoon, the utility said.

<http://www.woodtv.com/dpp/news/strong-storms-push-through-west-mi>

### **Overnight Thunderstorms Knock Out Power to 46,000 Alabama Power Customers in Alabama July 31**

<http://www.cbs42.com/content/localnews/story/Thousands-without-power-after-overnight-storms/QM9eEZWxGkudy6bRLbnolA.csp>

### **Update: Exelon's 1,134 MW Limerick Nuclear Unit 2 in Pennsylvania Restarts July 30, Ramps Up to 63 Percent by July 31**

Limerick nuclear Unit 2 is returning from an outage that began July 27, when operators shut the unit to replace a valve on the plant's steam piping system.

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

### **Update: Exelon's 619 MW Oyster Creek Nuclear Unit in New Jersey at Full Power by July 31**

Oyster Creek nuclear plant is returning from an outage that began July 23, when Exelon Nuclear declared an unusual event at the facility after the loss of offsite power caused the reactor to automatically scram from 100 percent power. Officials believe the loss of power resulted from a ground on a 230-kV line that provides power to the plant. Operators restored offsite power in less than two hours, but Exelon kept the unit shut until July 28 to perform maintenance.

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

### **Update: FirstEnergy's 1,235 MW Perry Nuclear Unit 1 in Ohio at Full Power by July 31**

On the morning of July 30 the unit was operating at 89 percent.

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

### **Update: Southern's 830 MW Farley Nuclear Unit 1 in Alabama at Full Power by July 31**

Farley nuclear Unit 1 is returning from an outage that began July 27, when operators took the unit offline to conduct post-maintenance testing on a diesel generator. Electricity production resumed at 11:01 AM CT yesterday, Southern Company said.

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

[http://www.southerncompany.com/news/iframe\\_pressroom.aspx](http://www.southerncompany.com/news/iframe_pressroom.aspx)

### **Energy Northwest's 1,107 MW Columbia Generating Station Nuclear Unit in Washington at Full Power by July 31**

Energy Northwest's Columbia nuclear power plant on Monday returned to full power after being reduced since Saturday to 85 percent power, according to a company spokesman. The Bonneville Power Administration had asked Energy Northwest to reduce the nuclear unit's power due to high water levels in the federal hydroelectric system and low weekend demand, according to the spokesman, who noted that such weekend reductions were common this time of year.

Reuters, 16:40 July 30, 2012

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

### **APS's 1,247 MW Palo Verde Nuclear Unit 3 in Arizona Reduced to 80 Percent by July 31**

On the morning of July 30 the unit was operating at full power.

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

### **NCPA's 247 MW Collierville Aggregate Hydro Units 1 and 2 in California Reduced by July 30**

The unit entered an unplanned curtailment of 121 MW.

<http://content.aiso.com/unitstatus/data/unitstatus201207301515.html>

## ***Petroleum***

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### **Citgo Shuts FCCU Due to an Equipment Issue at Its 167,000 b/d Lemont, Illinois Refinery July 28**

Citgo Petroleum Corp. reported a fluid catalytic cracking unit (FCCU) at its Lemont refinery was shut for maintenance following an equipment issue last Saturday, according to a company official. Citgo expects to complete repairs within the week, the official said.

Reuters, 14:06 July 30, 2012

### **Update: Sunoco May Restart FCCU at Its 335,000 b/d Philadelphia, Pennsylvania Refinery July 31 – Source**

Sunoco Inc. may restart a fluid catalytic cracking unit (FCCU) today at its Philadelphia refinery, according to a source with knowledge of the situation. Sunoco had reported it shut FCCU No. 868 at the Point Breeze section of the refinery on July 23 due to high vibrations, according to a filing with Philadelphia pollution regulators.

Reuters, 10:28 July 31, 2012

<http://www.bloomberg.com/news/2012-07-31/gasoline-falls-as-sunoco-refinery-unit-enbridge-pipe-may-start.html>

### **Update: Valero Says Crude Unit Fire at 135,000 b/d Meraux, Louisiana Refinery July 23 Was Likely Caused by Attempts to Restart Units after Power Outage July 20**

Valero Energy Corp. has said that attempts to restart units its Meraux refinery July 21 after a power outage the night before likely led to the July 23 fire in the refinery's crude unit, according to a filing with the Louisiana Department of Environmental Quality. Valero has kept all units refinery shut for assessment and repairs since the fire.

[http://www.nola.com/environment/index.ssf/2012/07/valero\\_energy\\_corps\\_refinery\\_f.html](http://www.nola.com/environment/index.ssf/2012/07/valero_energy_corps_refinery_f.html)

### **Process Unit Trip Leads to Emissions at BP's 225,000 b/d Cherry Point, Washington Refinery July 30**

BP Plc reported a process unit tripped to the No. 1 incinerator for unknown reasons at its Cherry Point refinery Monday morning, releasing sulfur dioxide to the atmosphere, according to a filing with the U.S. National Response Center. Operators reduced and minimized rates, stabilizing the process unit, but the release had not yet been secured at the time of the filing.

[http://www.nrc.uscg.mil/reports/rwservlet?standard\\_web+inc\\_seq=1019375](http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1019375)

### **Update: PBF Restarts CO Boiler at Its 190,000 b/d Delaware City, Delaware Refinery July 27**

PBF Energy Inc. reported it restarted a carbon monoxide (CO) boiler at its Delaware City refinery shortly after its failure on Friday. The company had reported a CO boiler failure Friday night in a filing with state pollution regulators.

Reuters, 13:17 July 30, 2012

### **Update: BP to Upgrade Crude Unit at 413,000 b/d Whiting, Indiana Refinery to Process More Heavy Crude; Part of Refinery Will Be Offline during Fourth Quarter 2012**

BP Plc on Tuesday announced new details involved in its Whiting Refinery Modernization Project, according to reports. BP's modernization project involves repositioning Whiting to run heavier oil and increase gasoline and diesel production by about 40,000 b/d, according to the refinery's website. It involves a new crude distillation unit, a 100,000 b/d coker, new gas oil hydrotreating and sulfur recovery units, and infrastructure improvements. BP reported Tuesday that part of the refinery will go offline during the fourth quarter of this year so operators can reconfigure the largest of three crude units. The company hopes to complete the modernization project by the second quarter of 2013.

[http://www.bp.com/liveassets/bp\\_internet/globalbp/STAGING/global\\_assets/downloads/A/abp\\_refineries\\_whiting\\_refinery\\_modernization\\_project\\_dec2011.pdf](http://www.bp.com/liveassets/bp_internet/globalbp/STAGING/global_assets/downloads/A/abp_refineries_whiting_refinery_modernization_project_dec2011.pdf)

<http://www.foxbusiness.com/news/2012/07/31/bp-whiting-refinery-seen-offline-from-4q-to-mid-2013-cfo/>

[http://www.nwintimes.com/business/local/bp-sets-whiting-refinery-upgrade-details/article\\_0f4ee647-c3ca-59d7-a2a4-b730e39db6f5.html](http://www.nwintimes.com/business/local/bp-sets-whiting-refinery-upgrade-details/article_0f4ee647-c3ca-59d7-a2a4-b730e39db6f5.html)

### **Update: Canada NEB Approves Enbridge's Application to Reverse Flow on Segment of 240,000 b/d Line 9, to Ship Oil Eastward from Western Canada to Hamilton, Ontario**

The Canadian National Energy Board (NEB) on Friday announced its decision to grant conditional approval to Enbridge Pipelines Inc. to reverse an approximately 194-km segment of its 30-inch Line 9 oil pipeline between the Sarnia Terminal in Ontario and the North Westover Pump Station, near Hamilton, Ontario, to flow in an eastward direction. Line 9 currently carries low volumes of imported oil westward to refineries in Sarnia. The proposed project, which involves infrastructure additions and modifications at four existing sites along the pipeline segment, would allow Enbridge to ship 152,000 b/d of light crude oil from western Canada eastward to its Westover terminal. Enbridge has also proposed that the pipeline might be modified to carry a range of crude oil products, including heavy crude from the oil sands. The Board's current decision, however, only allows Enbridge to reverse the line from Sarnia to Hamilton. If Enbridge wants to transport heavy crude, it must first apply to the board for permission, the ruling said.

<http://www.thestar.com/business/article/1234439--enbridge-ontario-pipeline-project-approved>

<http://www.neb-one.gc.ca/clf-nsi/rthnb/nwsrls/2012/nwsrls13-eng.html>

## **Rising North American Oil Supply Continues to Reveal Infrastructure Mismatches – Ernst & Young Report**

According to Ernst & Young's recently released U.S. oil and gas quarterly outlook, growing oil supplies from unconventional fields in the U.S. and Canada have created significant logistics constraints, bottlenecks, and considerable investment needs. In addition, new supply and demand trends/patterns have revealed widespread infrastructure mismatches, with pipelines being in the "wrong place," carrying crude in the "wrong direction," and/or transporting the "wrong products." These infrastructure constraints and mismatches are reflected in the price disconnects in the Midwestern region over the last 18 months.

<http://www.ey.com/US/en/Newsroom/News-releases/Rising-North-American-oil-supply-continues-to-reveal-infrastructure-mismatches>

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## **Natural Gas**

### **TransCanada Solicits Interest in Alaska Pipeline Project Serving Alaska's North Slope**

TransCanada on Monday announced that its Alaska Pipeline Project (APP) will conduct a non-binding public solicitation of interest in securing capacity on a potential new pipeline system to transport Alaska's North Slope natural gas. The project aims to identify parties potentially interested in making future capacity commitments on a pipeline system from the Alaska North Slope to a gas liquefaction terminal at a tidewater location in south-central Alaska or to an interconnection point near the border of British Columbia and Alberta in Canada.

[www.thealaskapipelineproject.com](http://www.thealaskapipelineproject.com)  
<http://www.transcanada.com/6086.html>

### **Loss of Power Causes Plant-Wide Shutdown at Devon's 65 MMcf/d Jameson Gas Plant in Texas July 29**

Devon Gas Services LP reported a loss of power to the Jameson plant's instrumentation and controls system resulted in a plant-wide shutdown Sunday night that continued until Monday evening, according to a filing with the Texas Commission on Environmental Quality. Not all equipment had returned to service at the time of the filing. Operators believed the outage was caused by a failure in the voltage regulator, but the cause was still under investigation.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=171665>

### **AGI Compressor Shuts on High Discharge Pressure, Triggers Flaring at Targa's 150 MMcf/d Sand Hills Gas Plant in Texas July 28**

Targa reported the acid gas injector (AGI) compressor No. C-14 shut down on high third-stage discharge pressure Saturday morning, resulting in flaring from the F-4 acid gas flare, according to a filing with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=171622>

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## **Other News**

### **Consol Says Conveyor Belt System-Collapse in Southwestern Pennsylvania Could Affect Operations at Its Bailey and Enlow Fork Coal Mines for 2 Weeks**

Consol Energy Inc. on Monday said a "structural failure" of an above-ground conveyor belt system caused two conveyor belts to collapse in southwestern Pennsylvania, affecting operations at two mines and possibly delaying some export shipments. The conveyor belts move coal from the Bailey and Enlow Fork mines to the Bailey Preparation Plant. Consol said coal shipments from the Bailey and Enlow Fork mines could be affected for the next two weeks. If one of the two collapsed belts returns to service during that time, the mines could operate at an estimated 60 percent of capacity, the company said. Consol does not expect to curtail any domestic sales due to the incident because all its other Northern Appalachian mines are operating normally, but overseas shipments could be affected.

Reuters, 10:56 July 30, 2012

**Three Power Grids Fail, Knock Out Power to 620 Million People from New Delhi to Kolkata in India July 31**

Three regional power grids in northern and eastern India failed early Tuesday afternoon, cutting off power to approximately 620 million people. The massive failure occurred a day after a similar grid failure cut power to 360 million people, raising serious concerns about India’s energy infrastructure. Tuesday’s blackout engulfed 20 states in the north and east, whose grids together account for about 40 percent of India’s total electricity-generating capacity, according to the Central Electricity Authority. State-owned Power Grid Corp. of India Ltd. manages power lines in the northern and eastern regions. NTPC Ltd. and Reliance Power Ltd. (RPWR) operate power stations in north India that feed electricity into the national grid. NTPC shut down 62 generating units, whose capacity is 14,000 MW (36 percent of NTPC’s capacity), as a precaution, the company’s chairman said. Power Minister Sushil Kumar Shinde blamed the new crisis on states taking more than their allotted share of electricity. Chairman of Power Grid Corp. said the system was meeting nearly 50 percent of power needs in northeast by the afternoon and hoped to have full power restored by 7:00 PM local time. In the meantime, the widespread use of backup generators kept some power running to major businesses and key facilities such as hospitals and airports.

<http://www.bloomberg.com/news/2012-07-31/india-power-grid-collapses-for-second-time-in-two-days.html?cmpid=yhoo>

<http://www.usatoday.com/news/world/story/2012-07-31/india-power-outage/56600520/1>

**ELN Kidnaps Two Oil Workers in Colombia July 24, Threatens Further Attacks on Oil Pipelines, Infrastructure**

The Eastern War Front of the National Liberation Army (ELN) on Monday acknowledged it is responsible for last week’s kidnapping of two pipeline-company employees working in the northeastern province of Arauca, according to a statement sent to the victim’s families. On July 24 ELN kidnapped two female contractors working on the Bicentennial Oil Pipeline (OBC), which is intended to transport crude from oil fields in Arauca to the Caribbean port of Coveñas. In the statement the ELN also took responsibility for the recent killing of a manager of OBC contractor Sicim and for a bombing at an oil pumping station. ELN also vowed in the statement to continue its “political-military” action against the oil sector, threatening further attacks on oil pipelines in the northeastern Norte de Santander department, such as the 770-km Caño Limon-Coveñas pipeline, owned by Ecopetrol. ELN kidnapped 11 employees of Consorcio Casanare Avanzada, one of the contracting firms on the OBC, for a week earlier this year.

<http://latino.foxnews.com/latino/news/2012/07/30/colombian-insurgents-admit-kidnapping-pipeline-employees/>  
<http://colombiareports.com/colombia-news/news/25313-eln-confirms-kidnapping-of-female-oil-workers.html>

**Eni SpA Subsidiary Worker Drowns, Another Is Wounded during Attack in Nigeria’s Oil Delta July 26**

A worker for the local subsidiary of Italian oil company Eni SpA drowned after “sea robbers” on Thursday attacked an Eni speedboat carrying workers away from an oil platform in Bayelsa state, in the Niger Delta. Another worker suffered a gunshot wound to his leg during the attack. Eni confirmed the attack and said the gunmen stole the boat.

<http://www.greenfieldreporter.com/view/story/81187aff18264250a8078231230b2fd8/AF--Nigeria-Oil-Unrest>

**Energy Prices**

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<b>U.S. Oil and Gas Prices</b>			
July 31, 2012			
	<b>Today</b>	<b>Week Ago</b>	<b>Year Ago</b>
<b>CRUDE OIL</b>			
<b>West Texas Intermediate U.S.</b>	88.80	88.40	95.58
\$/Barrel			
<b>NATURAL GAS</b>			
<b>Henry Hub</b>	3.14	3.05	4.41
\$/Million Btu			

Source: Reuters

## Links

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***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](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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