



# ENERGY ASSURANCE DAILY

Thursday Evening, August 02, 2012

## Major Developments

---

### **Update: Enbridge Completes Repairs on Its 317,600 b/d Line 14 in Wisconsin August 1; Still Unclear When Line Will Restart**

Enbridge Inc. on Wednesday said it has completed repairs to its Line 14 crude oil pipeline and submitted a restart plan to the U.S. Pipeline and Hazardous Materials Safety Administration (PHMSA), but it is unclear how long it will take to receive approval to restart. PHMSA on Tuesday delivered a corrective order to Enbridge that prohibits the company from restarting the pipeline until it can show regulators it has met safety standards, which will include testing the pipeline, evaluating previous inspections, and commissioning an independent probe of its integrity management. Operators shut and isolated the 24-inch pipeline July 27 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.

<http://in.reuters.com/article/2012/08/02/enbridge-neb-idINL2E8J1EAF20120802>

## Electricity

---

### **PURA Issues Final Decision on Performance of Connecticut Utilities during Two Fall Storms in 2011; Says CL&P was 'Deficient and Inadequate' in Its Response**

The Connecticut Public Utilities Regulatory Authority (PURA) yesterday issued its final decision regarding the performance of the state's electric distribution companies and other public service companies in preparing for and responding to last fall's two storms—Hurricane Irene (rated as a tropical storm, when it made landfall in Connecticut), and the October snow storm. In its final decision, PURA concludes the state's largest electric distribution company, Connecticut Light & Power (CL&P), was "deficient and inadequate" in several areas of its preparations and response to the two 2011 storms and the power outages they caused. PURA has ordered CL&P to develop a plan to establish a "heightened state of readiness" in preparation for future storms and to take steps to address issues such as tree trimming, communications, and securing mutual assistance.

<http://www.ct.gov/pura/cwp/view.asp?A=4144&Q=508720>

<http://www.ct.gov/pura/lib/pura/pressreleases/2012/110909finaldecision.pdf>

### **Con Edison Reduces Voltage 5 Percent in Some Bronx and Manhattan Neighborhoods August 2 While Crews Repair Electrical Equipment**

Consolidated Edison today announced it was implementing a 5-percent voltage reduction in some areas of the Bronx and Manhattan while crews made repairs to electrical equipment. Con Edison is not asking residents in those neighborhoods to take any special conservation measures at this time. The 5-percent voltage reduction has been implemented as a precaution while repairs are made to equipment serving those communities.

<http://www.coned.com/newsroom/news/pr20120802.asp>

### **ERCOT Sets Electric Use Record at 65,790 MW in Texas July 31**

Electric demand on the Electric Reliability Council of Texas (ERCOT) grid peaked at 65,790 MW Tuesday, setting a new July record. The previous July record of 65,432 MW occurred on July 27, 2011. ERCOT's all-time peak demand record occurred on August 3, 2011, when electric use topped out at 68,379 MW. In a news release yesterday, ERCOT said that although it had sufficient generation to serve Tuesday's electric use and other new records set in June, consumers were still urged to conserve power use especially during peak hours of 3:00–7:00 PM on hot summer days.

[http://www.ercot.com/news/press\\_releases/show/26270](http://www.ercot.com/news/press_releases/show/26270)

### **Valve Snag Trips Luminant's 750 MW Martin Lake Coal-Fired Unit 1 in Texas August 1**

Luminant reported Martin Lake Unit 1 tripped Wednesday morning after a condensate recirculation valve stuck open, causing the deaerator tank to empty, according to a filing with the Texas Commission on Environmental Quality. All three units at the 2,250 MW Martin Lake plant were down earlier this week when a boiler control malfunction tripped Unit 1 and, shortly thereafter, Units 2 and 3 tripped due to a suspected loss of primary air that coincided with the Unit 1 trip.

<http://www11.tceq.state.tx.us/oce/eeer/index.cfm?fuseaction=main.getDetails&target=171794>

### **Update: APS Reduces 1,247 MW Palo Verde Nuclear Unit 3 in Arizona to 80 Percent July 30 for Repairs after Feedwater Leak**

Arizona Public Service (APS) on Wednesday said its Palo Verde nuclear Unit 3 in Arizona had been operating at 80-percent power since Monday to allow workers to make repairs following a feedwater leak. The company said the unit would remain at 80-percent power until the repair work was completed, according to a spokeswoman. Palo Verde nuclear Units 1 and 2 continue to operate at full power.

<http://www.reuters.com/article/2012/08/01/utilities-operations-aps-palo-idUSL2E8J1FEW20120801?feedType=RSS&feedName=utilitiesSector&rpc=43>

### **Update: Exelon's 1,131 MW Byron Nuclear Unit 2 in Illinois Ramped Up to 98 Percent by August 2**

On the morning of August 1 the unit was operating at 87 percent. Byron nuclear Unit 1 has been operating at reduced power since June 27.

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

### **Update: Blythe Energy's 493 MW Blythe Gas-Fired Unit in California Returns to Service by August 1**

The unit returned from a curtailment of 253 MW that began by July 31 and was due to planned and unplanned causes.

<http://content.caiso.com/unitstatus/data/unitstatus201208011515.html>

### **Update: PG&E's 407 MW Helms Hydro Unit 1 in California Returns to Service by August 1**

The unit returned from an unplanned outage that began by July 26.

<http://content.caiso.com/unitstatus/data/unitstatus201208011515.html>

### **Crockett Cogeneration's 240 MW Crockett Gas-Fired Unit in California Shut by August 1**

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201208011515.html>

### **NRC Issues Safety Evaluation Report with Open Items for Exelon's Limerick Nuclear Plant License Renewal Application**

The U.S. Nuclear Regulatory Commission (NRC) has issued a Safety Evaluation Report (SER) with open items on the license renewal application for the Limerick Nuclear Generating Station, Units 1 and 2, in Pennsylvania. Exelon Generation Co., LLC, submitted an application to the NRC in June 2011 to extend the Limerick operating licenses by 20 years. The current 40-year operating licenses expire on Oct. 26, 2024, for Unit 1 and June 22, 2029, for Unit 2. The open items detailed in the SER concern operating experience for aging-management programs and corrosion of the steel liner of the suppression pools and their internal pipes, called "downcomers." A boiling water reactor's suppression pool is a large reservoir of water beneath the reactor designed to cool steam rapidly in the event of a loss-of-coolant accident. After Exelon provides satisfactory information to resolve the open items, the NRC staff will present its final conclusions on the license renewal application in an update to this SER.

<http://pbadupws.nrc.gov/docs/ML1221/ML12214A326.pdf>

### **Fire Shuts Diesel Hydrotreater at HollyFrontier's 125,000 b/d Tulsa, Oklahoma Refinery August 2**

HollyFrontier reported its emergency response team had contained a fire at its Tulsa East refinery Thursday morning. The Oklahoma Department of Environmental Quality on Thursday said the fire occurred at a diesel hydrotreater unit at the refinery, according to a statement. Local reports said a large fire caused a loud explosion sometime before 3:00 AM local time. The cause of the fire was under investigation.

Reuters, 11:45 August 2, 2012

[http://www.washingtonpost.com/national/fire-crews-battle-fire-at-oil-refinery-in-tulsa-okla-neighbors-reportedly-heard-explosion/2012/08/02/gJQAISVIRX\\_story.html](http://www.washingtonpost.com/national/fire-crews-battle-fire-at-oil-refinery-in-tulsa-okla-neighbors-reportedly-heard-explosion/2012/08/02/gJQAISVIRX_story.html)  
<http://online.wsj.com/article/BT-CO-20120802-717983.html>

### **Phillips 66 Reports FCCU Emissions During Rapper System Repairs at Its 247,000 b/d Sweeny, Texas Refinery August 2**

Phillips 66 reported it would on Thursday begin repairs to fix a short circuit detected this week at its Sweeny refinery, according to a filing with the Texas Commission on Environmental Quality. The short circuit was causing a portion of the rapper system to operate abnormally and had ultimately led to emissions, the filing said. After locating the problem and making the necessary repairs, operators will return the system to service. The filing lists a fluid catalytic cracking unit (FCCU) as a source of emissions, which were expected to continue until August 9.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=171741>

### **HDS Unit Snag Leads to Emissions at Valero's 142,000 b/d Corpus Christi, Texas Refinery August 1**

Valero Energy Corp. on Wednesday reported a compressor malfunction on hydro desulphurization (HDS) No. 12 caused emissions early Wednesday morning, according to a filing with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=171772>

### **Compressor Trip Triggers Flaring at Chevron's 245,271 b/d Richmond, California Refinery August 1**

Chevron Corp. reported a flaring event after a compressor tripped offline at its Richmond, California refinery on Wednesday, according to a filing with state pollution regulators. There had been no impact to the community, the filing said.

<http://www.reuters.com/article/2012/08/01/refinery-operations-chevron-richmond-idUSEMS071MHX20120801?feedType=RSS&feedName=rbssEnergyNews&rpc=43>

### **Shell Restarts Unspecified Unit at Its 100,000 b/d Scotford, Alberta Refinery August 2**

Royal Dutch Shell Plc on Thursday said it was restarting an unspecified unit at its Scotford refinery near Edmonton, Alberta, according to a notice on a community information line. Shell said the startup might result in intermittent flaring for 12 hours beginning Thursday morning, but there was no impact to production associated with the activity, according to the notice.

Reuters, 01:32 August 2, 2012

### **Phillips 66 Receives Mississippi Lime Crude Oil at Its 198,400 b/d Ponca City, Oklahoma Refinery; Works to Increase Use of U.S. Midcontinent Crude Oil at Its Refineries**

Phillips 66 CEO Greg Garland on Wednesday detailed plans the company has to increase the amount of crude its refineries receive from the U.S. Midcontinent region. "We're looking at pipeline, rail, truck, and barge—any way we can get advantaged crude there," Garland said during a call with investors. The company's 198,400 b/d Ponca City refinery in Oklahoma is receiving crude oil from the Mississippi Lime shale formation, and its 247,000 b/d Alliance refinery in Belle Chasse, Louisiana is receiving Midcontinent crude oil. Phillips 66 will also expand the export capacity of the Alliance refinery to about 220,000 b/d by 2013, Garland said.

DJN, 11:24 August 1, 2012

## **Update: Magellan to Start Crane-to-Houston Crude Oil Pipeline at Partial Capacity of 75,000 b/d by Early 2013; Ramp Up to Full 225,000 b/d Capacity by Mid-2013**

Magellan Midstream Partners on Wednesday said it plans to start transporting 75,000 b/d of crude oil through its Crane-to-Houston pipeline in early 2013, according to a spokesman during a second-quarter earnings call. The company expects to ramp the pipeline up to its full 225,000 b/d capacity by mid-2013. The company in July 2010 first announced the project to reverse and convert an existing petroleum products pipeline to allow it to deliver crude oil from West Texas to its terminal in East Houston. In March 2011 Magellan said it was expanding the planned capacity of the pipeline from 135,000 to 225,000 b/d after a successful open season. Magellan is still in the process of purging the pipeline.

<http://www.reuters.com/article/2012/08/01/magellan-crudepipelines-idUSL2E8J1DA820120801?feedType=RSS&feedName=marketsNews&rpc=43>  
<http://www.magellanlp.com/magellannews.aspx?id=2147483733>

## **Enbridge May Expand the Capacity of Its 240,000 b/d Line 9 in Eastern Canada after Reversing Flow – President**

Enbridge Inc. on Thursday said it was assessing whether to expand its 30-inch Line 9 oil pipeline in Eastern Canada beyond its current capacity of 240,000 b/d after it completes a project to reverse the pipeline's flow, according to the company's president. The Canadian National Energy Board on July 27 announced it had granted conditional approval to Enbridge to reverse an approximately 194-km segment of Line 9 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.

Reuters, 09:28 August 2, 2012

## **Marathon to Reduce Rig Count in Bakken, Eagle Ford, and Anadarko Woodford Shale Plays amid Low Commodity Prices**

Marathon Oil Company on Wednesday said it would reduce for the remainder of 2012, and perhaps into 2013, the rig count in the North Dakota Bakken and Oklahoma Anadarko Woodford shale plays due to low commodity prices, especially in inland U.S. crude and natural gas liquids markets. In its second-quarter earnings release the company said it will also reduce the rig count in the Texas Eagle Ford shale play, but it expected to fully execute its growth plans with fewer rigs due to increased drilling efficiency.

[http://www.marathonoil.com/News/Press\\_Releases/Press\\_Release/?id=697239](http://www.marathonoil.com/News/Press_Releases/Press_Release/?id=697239)

## **Natural Gas**

---

### **Update: Williams Partners Announces 800 MMcf/d Leidy Southeast Expansion Project in Northern Pennsylvania**

Williams Partners L.P. yesterday announced that it has received interest from shippers to expand its existing Transco pipeline Leidy Line in northern Pennsylvania by up to 800 MMcf/d of natural gas by late 2015. The Leidy Southeast expansion project is being designed to serve the growing needs of local gas distribution companies and electric power generators along the Atlantic Seaboard and throughout the Southeastern United States. The company is currently finalizing shipper agreements and expects to initiate pre-filing with the Federal Energy Regulatory Commission in early 2013. The final scope and cost of the project will be determined by the results of shipper negotiations. The Leidy Southeast expansion represents a portion of Williams' previously announced Atlantic Access project, which proposed firm transportation options from various Marcellus shale supply regions in Pennsylvania and West Virginia.

<http://www.williamspl.com/profiles/investor/ResLibraryView.asp?ResLibraryID=56181&BzID=1296&g=345&Nav=0&LangID=1&s=0>

## **Natural Gas an Important and Viable Fuel for the U.S. Transportation Sector – National Petroleum Council Report**

The National Petroleum Council on Tuesday released a report, “Advancing Technology for America’s Transportation Future,” detailing the results of a 2-year study examining alternative fuel options for on-road transportation in the United States. The report concludes that natural gas is a promising fuel from both an economic and technological perspective. The potential for a long-term and low-cost domestic supply of natural gas provides a compelling economic driver for the increased use of natural gas for transportation, according to one analyst quoted in the report. In addition to natural gas, the study analyzed four other fuel pathways, including hydrocarbon liquids, biofuels, electricity, and hydrogen, as well as the fuel-vehicle systems that may develop over the next several decades.

[http://www.npc.org/FTF-report-080112/FTF\\_Report\\_Summary-080112.pdf](http://www.npc.org/FTF-report-080112/FTF_Report_Summary-080112.pdf)

<http://pdf.reuters.com/pdfnews/pdfnews.asp?i=43059c3bf0e37541&u=urn:newsml:reuters.com:20120802:nPnTO97>  
[1](#)

---

## **Other News**

### **Drought Strains U.S. Oil and Gas Industry as Producers Scramble to Find Water for Use at Shale Wells**

As a severe drought continues to plague more than 60 percent of the United States, oil and gas producers are hampering to find water for use at their wells employing hydraulic fracturing—the practice of pumping pressurized water, sand, and chemicals into shale rock to release hydrocarbons. A single shale well takes between 2 and 12 million gallons of water to frack, and some oil and gas producers are having difficulty acquiring water. The CEO of Breitling Oil and Gas, Chris Faulkner, said that officials in two Pennsylvania counties have stopped issuing permits for oil companies to draw water from rivers, which has forced the company to find alternative sources. In Kansas, Faulkner said, much of the industry’s water comes from wells owned by farmers, who are charging increasingly more per barrel. As a result, Breitling has put on hold 10–12 percent of the wells it planned on fracking. That percentage is expected to rise if the drought continues. Similar problems are happening at companies industry-wide, according to analysts.

<http://www.newscentralga.com/weather/blog/Drought-strains-US-oil-production-164495686.html>

### **Update: U.S. Ethanol Output Rebounds from Lowest Rate in More Than 2 Years Despite Continued Drought, Poor Economics**

U.S. ethanol production output rose last week for the first time in seven weeks, according to data released by the U.S. Energy Information Administration. Output rose 13,000 barrels to 809,000 b/d in the week that ended July 27. The previous week’s rate of 796,000 b/d was the lowest rate since June 2010, when the EIA first began tracking ethanol production. The increase comes despite continued poor economics in the ethanol industry, which is struggling for supplies as a severe drought threatens the corn harvest and has pushed prices to record highs. Between June 8 and July 20, the ethanol industry reduced corn consumption by 13.5 percent and roughly 25 ethanol plants were idle, according to the Renewable Fuels Association.

Reuters, 11:26 August 1, 2012

[http://www.eia.gov/dnav/pet/PET\\_SUM\\_SNDW\\_A\\_EPOOXE\\_YOP\\_MBBLPD\\_W.htm](http://www.eia.gov/dnav/pet/PET_SUM_SNDW_A_EPOOXE_YOP_MBBLPD_W.htm)

---

## **International News**

### **Update: Kurdistan to Restart 100,000 b/d of Crude Oil Exports after Months of Curtailments Due to Payment Disputes with Baghdad**

The Kurdistan Regional Government (KRG) on Wednesday said it will restart oil exports this week in an effort to build confidence with the central government in Baghdad. The KRG has curtailed exports from its northern oilfields for the past four months, claiming Baghdad has not paid its producers for the oil. The KRG said it has “persuaded” international oil companies working in northern oilfields to restart exports at a rate of 100,000 b/d for a month, according to the statement. If payments from Baghdad are forthcoming during that time, the KRG could swiftly increase that rate to 200,000 b/d. Crude oil produced in Kurdistan’s northern oilfields is fed into Iraq’s Kirkuk export stream and sold onto world markets via the Turkish Mediterranean port of Ceyhan. The KRG export curtailments have cut Kirkuk shipments by 25 percent to below 300,000 b/d. A senior Iraqi oil official said resumed volumes from Kurdistan could “very easily” push Iraq’s export volumes in August to a new post-war record of 2.6 MMb/d. Iraq’s exports rose above 2.5 MMb/d in July.

Reuters, 13:01 August 1, 2012

## Energy Prices

---

U.S. Oil and Gas Prices			
August 2, 2012			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	87.75	89.65	94.32
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	3.20	3.19	4.41

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](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

---

*Energy Assurance Daily* provides a summary of public information concerning current energy issues. Published Monday through Friday to inform stakeholders of developments affecting energy systems, flows, and markets, it provides highlights of energy issues rather than a comprehensive coverage. *Energy Assurance Daily* is updated online Monday through Friday after 5:00 PM Eastern Time. For more information, visit the Infrastructure Security and Energy Restoration (ISER) website at:

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

Please direct comments and questions to: [ead@oe.netl.doe.gov](mailto:ead@oe.netl.doe.gov)