



# ENERGY ASSURANCE DAILY

Monday Evening, August 20, 2012

## ***Electricity***

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### **California Suspends ‘Resource Shuffling’ Provision of Carbon Market Rules to Avoid Power Supply Disruptions in Western States**

The California Air Resources Board (ARB) on Thursday said it would delay by 18 months a provision of its carbon cap-and-trade program addressing imported electricity. Mary Nichols, chair of the California ARB, wrote in a letter to Philip Moeller, a commissioner at the U.S. Federal Energy Regulatory Commission (FERC), that the state needs more time to define its “resource shuffling” provision, which targets out-of-state power producers that may modify their contracts with California utilities to deliver only lower-emission power to the state while sending higher-emission power to states without carbon limits. The rules require importers to annually attest they have not engaged in resource shuffling during the previous year of a compliance period—i.e., by simply funneling more of their clean electricity generation into the state. Earlier this month, Moeller called on California Governor Jerry Brown to suspend enforcement of the resource shuffling provision because it could disrupt the power supply in California and neighboring western states and harm the economy, and because the provision’s rules were too vague and the definition of the practice was unclear. California imports about 25 percent of its electricity from over state lines. The ARB said the timeline for implementing the cap-and-trade program, which will hold its first auction in November, will not be affected by the provision’s suspension.

<http://wtaq.com/news/articles/2012/aug/20/california-suspends-co2-market-rule-on-electricity-imports/>

### **Update: TVA’s 1,126 MW Sequoyah Nuclear Unit 2 in Tennessee Restarts August 19, Ramps Up to Full Power by August 20**

Sequoyah Unit 2 returned to full power following an outage that began August 2, when an electrical issue in one of the four reactor coolant pumps (RCP) caused it to trip.

<http://www.pennenergy.com/index/power/display/0725883762/articles/pennenergy/power/nuclear/2012/august/tva-sequoyah-unit.html>

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

### **Update: Constellation’s 825 MW Calvert Cliffs Nuclear Unit 1 in Maryland Restarts August 17, Ramps Up to Full Power by August 19**

Calvert Cliffs Unit 1 is returning from an outage that began August 12, when operators shut the reactor after its control element assembly (CEA) No. 9 fully inserted (CEA dropped) into the core.

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

### **NPPD’s 764 MW Cooper Nuclear Unit in Nebraska Reduced to 65 Percent by August 20**

Nebraska Public Power District (NPPD) reduced power at its Cooper nuclear power plant to 65 percent to undertake planned maintenance involving the removal of sand and silt from a valve that has river water flowing through it, according to a spokeswoman, who said she could not estimate when the plant would return to full power.

Reuters, 08:28 August 20, 2012

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

### **Update: Xcel’s 578 MW Monticello Nuclear Unit in Minnesota Restarts August 18, Ramps Up to 85 Percent by August 19**

Xcel Energy’s Monticello nuclear unit is returning from an outage that began August 14, when operators shut the reactor to repair a gasket on a pipe flange.

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

## **Update: FPL's 510 MW Point Beach Nuclear Unit 1 in Wisconsin at Full Power by August 19**

Point Beach Unit 1 is returning from an outage that began August 14, when operators tripped the reactor after noticing the turbine governor valves closing in response to an Electro-Hydraulic Control System. Operators restarted the unit by August 17.

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

## **CDWR's 933 MW Hyatt-Thermalito Hydro Unit in California Reduced by August 19**

The unit entered a curtailment of 566 MW due to planned and unplanned causes. The unit had entered a similar curtailment by August 17 and had returned to full service by August 18.

<http://content.caiso.com/unitstatus/data/unitstatus201208191515.html>

<http://content.caiso.com/unitstatus/data/unitstatus201208181515.html>

<http://content.caiso.com/unitstatus/data/unitstatus201208171515.html>

## **AES's 496 MW Redondo Natural Gas-Fired Unit 8 in California Returns to Service by August 18**

The unit returned from an unplanned outage that began by August 12. Prior to the outage, the unit had been curtailed by 70 MW since August 10 due to unplanned causes.

<http://content.caiso.com/unitstatus/data/unitstatus201208181515.html>

<http://content.caiso.com/unitstatus/data/unitstatus201208121515.html>

<http://content.caiso.com/unitstatus/data/unitstatus201208101515.html>

## **Inland Empire Energy Center's 376 MW Inland Empire Natural Gas-Fired Unit 1 in California Returns to Service by August 17**

The unit returned from an unplanned outage that began by August 12.

<http://content.caiso.com/unitstatus/data/unitstatus201208171515.html>

## **Update: Sycamore Cogeneration's 360 MW Sycamore Natural Gas-Fired Unit in California Returns to Service by August 12; Operators Reduce Unit Again by August 17**

The unit had been curtailed by 130 MW since August 2 and returned to full service by August 12. Later that week, operators again curtailed the unit, by 120 MW, due to unplanned causes.

<http://content.caiso.com/unitstatus/data/unitstatus201208171515.html>

<http://content.caiso.com/unitstatus/data/unitstatus201208131515.html>

## **GenOn's 320 MW Etiwanda Natural Gas-Fired Unit 3 in California Returns to Service by August 19**

The unit returned from an unplanned outage that began by August 17.

<http://content.caiso.com/unitstatus/data/unitstatus201208191515.html>

<http://content.caiso.com/unitstatus/data/unitstatus201208171515.html>

## **GenOn's 215 MW Mandalay Natural Gas-Fired Unit 2 in California Returns to Service by August 19**

The unit returned from an unplanned outage that began by August 18.

<http://content.caiso.com/unitstatus/data/unitstatus201208191515.html>

<http://content.caiso.com/unitstatus/data/unitstatus201208181515.html>

### **Kitimat Clean Ltd. Proposes 550,000 b/d Oil Refinery in Kitimat, British Columbia to Process Oil Sands Crude from Enbridge's Proposed Northern Gateway Pipeline**

David Black on Friday announced that his company, Kitimat Clean Ltd., is submitting an Environmental Assessment Application to build an oil refinery in Kitimat, British Columbia that will have the capacity to process all of the output of the proposed Enbridge Northern Gateway pipeline. The refinery will be designed specifically for processing Alberta oil sands heavy crude oil, and its refined products will be marketed throughout the Pacific Rim. The plant will process up to 550,000 b/d of dilbit (condensate diluent and Alberta oil sands bitumen). The diluent will be separated and returned to Edmonton via the proposed Enbridge secondary pipeline. The plant will produce 240,000 b/d of diesel, 100,000 b/d of gasoline, and 50,000 b/d of kerosene, or aviation fuel. The company hopes to begin construction in 2014 and conclude by 2020. The refined fuels will be piped forty kilometers south of the Dubose property to a marine terminal site on the Douglas Channel. Enbridge currently plans to use this site as its proposed crude oil shipping terminal. Petroleum coke and sulphur by-products will be loaded onto ships at Kitimat if a bulk marine terminal is available or shipped by rail to Ridley Island at Prince Rupert for loading. The company plans also to build a natural gas cogeneration facility at the Dubose site that will provide steam and electric power for the refinery.

<http://kitimatclean.ca/press-releases/>

### **Tesoro Resuming Normal Operations at Its 139,000 b/d Wilmington, California Refinery August 20 after Unit Trip**

Tesoro Corp. was resuming normal operations at its Wilmington, California refinery after a unit trip, a company spokeswoman said Monday. The event had no impact on the refinery's ability to meet customer commitments, the spokeswoman said. The company had reported flaring on Saturday after a hydrogen supplier reported a breakdown at the refinery, according to filings with California pollution regulators.

Reuters, 11:01 August 20, 2012

### **Update: Chevron Restarted Hydrotreater Units at Its 245,271 b/d Richmond, California Refinery August 11**

Chevron Corp. restarted gasoil hydrotreaters at its Richmond, California refinery on August 11, according to a filing with the Contra Costa County Health Department Hazardous Materials Program. Chevron has continued to produce transportation fuels at at least 50 percent capacity since August 6, when a fire shut the refinery's crude distillation unit No. 4.

Reuters, 13:38 August 17, 2012

### **Update: Shell Restarts Flexicoker Unit at Its 156,400 b/d Martinez, California Refinery August 15; Provides More Details on Cause of August 13 Hydrocracking Unit Fire**

Royal Dutch Shell Plc. restarted a flexicoker unit at its Martinez refinery August 15, according to filings with the Contra Costa Health Department Hazardous Materials Program. A pressure relief valve failed on the debutanizer column on the flexicoker on August 14, releasing mercaptin and hydrogen sulfide, the filings said. Shell had also reported a small fire in the light oil processing unit at the refinery August 13. That fire was caused by a leak of lubricating oil from a compressor on the hydrocracking unit, according to the filings. The compressor involved in the fire was in normal operation at the time the fire started. When the fire was discovered, the unit was shut down.

Reuters, 13:34 August 17, 2012

### **Sinclair Restarts Sulfur Unit August 17 after Sustaining Damage during Power Outage at Its 80,000 b/d Sinclair, Wyoming Refinery August 16**

Sinclair Oil Corp. reported a sulfur processing unit was damaged after a power outage at its Sinclair refinery on Thursday, according to a statement. Operators began restart procedures on Friday and expected the process to span over the next week, the statement said.

Reuters, 18:05 August 17, 2012

### **Unspecified Instrument Malfunction Leads to Flaring at ExxonMobil's 344,500 b/d Beaumont, Texas Refinery August 17**

ExxonMobil reported an unspecified instrument malfunction resulted in flaring at its Beaumont refinery overnight Friday-Saturday, according to a filing with the Texas Commission on Environmental Quality. The filing lists a catalytic hydrodesulphurization unit and a sulfur recovery unit as sources of emissions.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=172435>

## **Storm Cuts Power, Causes Emissions at Delek's 60,000 b/d Tyler, Texas Refinery August 17**

Delek US Holdings reported emissions at its Tyler refinery after an electrical storm caused a power interruption Friday morning, according to a filing with the Texas Commission on Environmental Quality. The filing lists a fluid catalytic cracking unit and a sulfur recovery unit as sources of emissions, which continued until Sunday night.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=172428>

## **Genesis Energy Starts Service at New Crude Oil Unloading Terminal along the Alabama & Gulf Coast Railway in Florida**

The Alabama & Gulf Coast Railway (AGR), a RailAmerica Inc. property, on Thursday announced it is now serving a new crude oil-unloading terminal developed by Genesis Energy, L.P. The Walnut Hill, Florida terminal, which started service on August 13, is designed to receive approximately 100-car unit trains of crude oil via the AGR from various shale regions in the United States and Canada. The facility will have the capability to unload roughly 75,000 barrels at a time. After being transported in unit trains along the AGR, the crude oil will be off-loaded into fixed storage tanks and then injected into Genesis Energy, L.P.'s existing Jay pipeline system for direct deliveries to the Saraland, Alabama refinery and indirect delivery, through third-party common carriers, to multiple potential markets in the Southeast.

<http://www.sacbee.com/2012/08/16/4732708/genesis-energy-lp-develops-crude.html>

<http://www.genesisenergy.com/assets/Investors/Presentations/pres05-12.pdf>

## **Update: International Energy Agency Says There Is No Need to Release Oil from Strategic Petroleum Reserves after White House Floats Idea; Says Market Is 'Sufficiently Supplied'**

<http://www.reuters.com/article/2012/08/17/iea-oil-release-idUSL2E8JH7ZZ20120817>

[http://www.rigzone.com/news/oil\\_gas/a/120079/IEA\\_Head\\_Says\\_No\\_Contact\\_with\\_US\\_Govt\\_Over\\_Reserve\\_Release](http://www.rigzone.com/news/oil_gas/a/120079/IEA_Head_Says_No_Contact_with_US_Govt_Over_Reserve_Release)

## **Natural Gas**

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### **Update: ExxonMobil, Qatar Petroleum JV Seeks Permission to Reverse Golden Pass LNG Terminal on Texas Gulf Coast to Export U.S. Shale Gas**

Golden Pass Products LLC, a joint venture of Exxon Mobil Corp. and Qatar Petroleum, is seeking U.S. authorities' permission to export liquefied natural gas (LNG) from its Golden Pass LNG terminal near Port Arthur, Texas to countries with which the United States has a free-trade treaty, the *Wall Street Journal* said, quoting an executive. The plan would involve converting the import terminal into a facility capable of exporting 15.6 million tons of LNG per year, the newspaper said.

Reuters, 21:52 August 17, 2012

### **Antero Shuts Marcellus Shale Gas Well in West Virginia after Fire Ignites During Drilling Operations August 17**

Workers were in the early stages of drilling a Marcellus shale gas well—at the Cottrill No. 3 well on Antero's Southern pad in north-central West Virginia—when a spark ignited methane gas several hundred feet underground early Friday, sending up a fireball and triggering a blaze that burned for about an hour on the floor of the rig, officials said. Antero shut down the operation, and the state Department of Environmental Protection (DEP) is investigating the incident. The rig was damaged badly enough that a new one may be needed if and when Antero resumes drilling, according to a DEP official.

[http://www.pressconnects.com/article/20120817/NEWS01/308170021/3-injured-gas-well-fire-during-Marcellus-shale-drilling?odyssey=tab%7Ctopnews%7Ctext%7CFRONTPAGE&nclick\\_check=1](http://www.pressconnects.com/article/20120817/NEWS01/308170021/3-injured-gas-well-fire-during-Marcellus-shale-drilling?odyssey=tab%7Ctopnews%7Ctext%7CFRONTPAGE&nclick_check=1)

## Other News

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### Low Water Strands 93 Vessels on Mississippi River after U.S. Coast Guard Shuts 11-Mile Stretch for Maintenance

The U.S. Coast Guard on Monday said 54 southbound vessels and 39 northbound vessels were stranded by low water on the Mississippi River near Greenville, Mississippi after it closed an 11-mile stretch of the drought-parched waterway for dredging and to replace missing navigation buoys. Shipping industry sources said the river was closed on Friday, although navigation restrictions have been in place in the area since a vessel ran aground at the location on August 11.

Reuters, 11:41 August 20, 2012

## International News

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### Officials Accuse FARC Rebels of Blowing Up Ecopetrol Oil Pipeline in Southwest Colombia August 19

The Revolutionary Armed Forces of Colombia, known as the FARC, are accused of blowing up an Ecopetrol oil pipeline in southwestern Colombia early Sunday, local officials said. The explosion occurred near the port city of Tumaco, which has been without power for the past 10 days following an earlier rebel attack on its electricity grid. Ecopetrol said the attack has forced it to shut the 185-mile pipeline, which extends from Ecuador to Tumaco. The Colombian Ministry of Defense reports that attacks on Colombia's oil industry have increased this year, with 67 incidents between January and June 2012, compared to 84 during all of 2011.

<http://www.bbc.co.uk/news/world-latin-america-19313952>

## Energy Prices

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U.S. Oil and Gas Prices			
August 20, 2012			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	95.82	92.27	82.55
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	2.70	2.84	3.98

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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