



ENERGY ASSURANCE DAILY

Tuesday Evening, August 21, 2012

Electricity

Update: U.S. Appeals Court Vacates EPA's Cross-State Air Pollution Rule

The U.S. Court of Appeals for the D.C. Circuit on Tuesday vacated the U.S. Environmental Protection Agency's (EPA) Cross-State Air Pollution Rule (CSAPR), ruling that CSAPR exceeds EPA's powers under the Clean Air Act (CAA). Under CSAPR, the EPA aimed to control sulfur dioxide and nitrogen oxide emissions from power plants by preventing emissions from those plants from crossing state lines. CSAPR also would have established a cap-and-trade system that power producers could use to comply with the emission limits by buying, trading, and selling pollution permits. The court sent the rule back to EPA for revision and said the agency could administer its existing Clean Air Interstate Rule in the interim. Power generators had contested the rule, arguing that the initial January 1, 2012 implementation date did not give them enough time to design and install pollution control equipment needed to comply with the rules. Texas, along with various industry associations, had also challenged the EPA by arguing the rule would cause undue financial burden on power producers and could make the power market less reliable by forcing companies to shut some older plants.

Reuters, 11:13 August 21, 2012

[http://www.cadc.uscourts.gov/internet/opinions.nsf/19346B280C78405C85257A61004DC0E5/\\$file/11-1302-1390314.pdf](http://www.cadc.uscourts.gov/internet/opinions.nsf/19346B280C78405C85257A61004DC0E5/$file/11-1302-1390314.pdf)

<http://thehill.com/blogs/e2-wire/e2-wire/244531-federal-court-nixes-major-epa-air-pollution-rule>

Transformer Explosion Cuts Power to Most of Penelec's Customers in Erie, Pennsylvania August 20

A Penelec electrical transformer exploded at about 1:15 PM EDT on Monday, knocking out power to Penelec customers in Erie, Pennsylvania. A utility spokesman said yesterday afternoon that he did not know the extent of the outage or how many customers were affected, but he estimated much of Erie was without power. The explosion also cut power to the Erie City Water Authority's Chestnut Street Pump Station. An authority executive said its 52,000 customers were being served by stored water during the outage. Penelec expected to restore power by 3:30 PM on Monday.

[http://www.goerie.com/article/20120820/NEWS02/308209927/Power-out-along-Erie-bayfront-west-side-\(Update%3A-2%3A15-pm\)](http://www.goerie.com/article/20120820/NEWS02/308209927/Power-out-along-Erie-bayfront-west-side-(Update%3A-2%3A15-pm))

SCE Responds to NRC Special Inspection Report 'Greater than Green' Finding at SCE's San Onofre Nuclear Generating Station in California

Southern California Edison (SCE) on Thursday reported it received a final Special Inspection Report from the U.S. Nuclear Regulatory Commission (NRC) noting a "Greater than Green" classification for a SCE self-reported finding from 2011 at the San Onofre Nuclear Generating Station. The classification means the finding has more than very low security significance and may require additional commission inspections. The finding is described in the commission report as "failure to develop a site procedure which addressed the need to conduct a cyber-security analysis of electronic devices designated for Safeguards Information (SGI) use." SGI is information that is related to the overall security of the plant and has restricted access. SCE said it corrected the deficiency when operators discovered it last year, and it has since implemented best practices for information security to ensure it doesn't happen again. Details on the specifics of the finding are not available due to security regulations that are established by the commission and federal law.

http://www.edison.com/files/SONGS_SCERespondstoSpecialInspectionReport.pdf

Update: State Regulator Approves Seismic Study near PG&E's Diablo Canyon Nuclear Power Plant in California

The California State Lands Commission on Monday voted to approve a proposed seismic study Pacific Gas & Electric (PG&E) would like to conduct to map fault lines off California's central coast, near the 2,160 MW Diablo Canyon nuclear power plant in San Luis Obispo County, and gauge hazards posed by potential earthquakes. PG&E and regulators want to ensure the facility is capable of withstanding an earthquake along one or more of four nearby fault lines. After an earthquake and tsunami off the coast of Japan in March 2011 triggered a nuclear meltdown at the Fukushima Daiichi power plant, PG&E began fast-tracking the seismic study and agreed to delay pursuing federal relicensing of the Diablo plant until the seismic study is complete. Pending additional approvals from federal and other state agencies, PG&E hopes to complete the study this winter.

<http://www.reuters.com/article/2012/08/21/usa-seismic-california-idUSL2E8JL00C20120821?feedType=RSS&feedName=marketsNews&rpc=43>

Update: Xcel's 578 MW Monticello Nuclear Unit in Minnesota at Full Power by August 21

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. Operators restarted the unit on August 18.

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

Update: Xcel's 522 MW Prairie Island Nuclear Unit 1 in Minnesota Restarts August 19, Ramps Up to 29 Percent by August 21

Xcel Energy's Prairie Island Unit 1 is returning from an outage that began August 14, when operators shut the reactor after discovering exhaust leaks on both emergency diesel generators.

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

Update: Crockett Cogeneration's 240 MW Crockett Natural Gas-fired Unit in California Returns to Service by August 20

The unit returned from an unplanned outage that began by August 1.

<http://content.caiso.com/unitstatus/data/unitstatus201208201515.html>

GenOn's 215 MW Mandalay Natural Gas-Fired Unit 2 in California Shut by August 20

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201208201515.html>

Update: Ormat Announces Commercial Operation of Its 30 MW McGinness Hills Geothermal Power Plant in Nevada

Ormat Technologies, Inc. on Monday announced that NV Energy approved the July 1, 2012 commercial operation date for the 30 MW (net capacity) McGinness Hills geothermal power plant located in Lander County, Nevada. The power plant is selling electricity to NV Energy under a 20-year power purchase agreement.

<http://www.ormat.com/news/latest-items/ormat-announces-commercial-operation-mcginness-hills-geothermal-power-plant>

<http://www.ormat.com/news/latest-items/nv-energy-approves-commercial-operation-date-mcginness-hills-geothermal-power-plan>

Petroleum

Chemical Safety Board Says Vapor Cloud Enveloped 20 Workers Just before Fire Ignited at Chevron's 245,271 b/d Richmond, California Refinery August 6

U.S. Chemical Safety Board (CSB) Chairman Rafael Moure-Eraso on Monday said that the August 6 fire at Chevron Corp.'s Richmond refinery was a "close call" for the surrounding community, and that the CSB was "extremely pleased that there hasn't been any loss of life," according to local media reports. Moure-Eraso's comments came after the board released photos of a large vapor cloud rising from the refinery just before black smoke signaling burning hydrocarbons appeared. The CSB said the vapor cloud enveloped about 20 workers before the fire erupted. Chevron later issued a statement saying the vapor cloud may not have led to the fire; rather, it could have been a by-product of fire-fighting efforts.

http://articles.chicagotribune.com/2012-08-21/news/sns-rt-us-refinery-fire-chevron-probebre87k05l-20120820_1_vapor-cloud-west-coast-refined-products-chevron-california

Update: ExxonMobil Restores Normal Operations at Its 344,500 b/d Beaumont, Texas Refinery by August 20 after Power Outage Last Week

ExxonMobil Corp. restored normal operations at its Beaumont refinery by Monday following a power outage last week, according to a spokeswoman. Operators reported a power failure early last Wednesday, August 15, resulted in multiple unit upsets and emissions at the refinery. At that time, operators said they anticipated some impact to production, but ExxonMobil has not disclosed the amount of any production losses.
Reuters, 13:33 August 20, 2012

Ultracracker Compressor Trip Leads to Emissions at BP's 455,790 b/d Texas City, Texas Refinery August 20

BP Plc reported an ultracracker compressor tripped at its Texas City refinery Monday morning, causing the unit to depressure equipment to the refinery flare system, according to a filing with the Texas Commission on Environmental Quality. The filing lists Flare 3, the ULC Flare, and the Ultracracker Flare as sources of emissions.
<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=172488>

Total Shuts SRU after Unspecified Equipment Malfunction at Its 232,000 b/d Port Arthur, Texas Refinery August 19

Total Petrochemicals reported an equipment malfunction at its Port Arthur refinery Sunday night forced operators to shut Sulfur Recovery Unit (SRU) No. 881, which resulted in elevated emissions, according to a filing with the Texas Commission on Environmental Quality. The filing lists Unit 881 and the SRU No. 5 Incinerator Stack as sources of emissions.
<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=172463>

Power Blip Causes Flaring at PBF Energy's 125,600 b/d Toledo, Ohio Refinery August 21

A power blip caused flaring at PBF Energy's Toledo refinery Tuesday afternoon, according to a spokeswoman quoted by local media. The flaring lasted about 30 minutes, after which operators were planning to restart equipment, the spokeswoman said.
Reuters, 11:10 August 21, 2012

Update: Sinclair Says Its 80,000 b/d Sinclair, Wyoming Refinery Is Operating at 60 Percent Capacity after Restarting August 17

Sinclair Oil Corp. said its Sinclair, Wyoming refinery was operating at 60 percent capacity on Monday after being restarted over the weekend. Operators shut the refinery August 16 after a power outage damaged a sulfur processing unit. Sinclair began restart procedures August 17 and expected the process to span over the next week, according to a statement.
Reuters, 13:10 August 20, 2012

BP Recalls Contaminated Gasoline Shipped from Its Whiting, Indiana Refinery August 13-17

BP Plc alerted Northwest Indiana fuel distributors that it was recalling unleaded regular gasoline shipped from the company's Whiting, Indiana fuel storage terminal from August 13-17 because the fuel was contaminated, according to a spokesman. Reports did not indicate in what way the fuel was contaminated, but it was said to have caused engine problems for at least 30 cars in the area.
<http://topnews.us/content/250109-global-oil-major-bp-recalls-contaminated-gasoline>

Alon Considers Refining Crude Oil at Its Bakersfield, California Refinery to Take Advantage of Cheap Midcontinent Crude, Monterey Shale Oil

Along USA Energy Inc. confirmed this month that it is considering whether to start processing oil at its Bakersfield, California refinery, which has not refined crude oil in more than 3 years. The company said it was in advanced discussions to move relatively inexpensive Midcontinent light crude to its California refining system via new rail facilities and existing pipelines, according to the CEO in a conference call August 9. It's unclear, however, whether Alon would process that crude in Bakersfield or at its southern Los Angeles County refinery. The Bakersfield plant has processed only vacuum gas oil left over from its L.A. County complex since reopening under Alon's ownership in June 2011. Alon said it might resume crude oil refining in Bakersfield not only because of the lower cost of Midcontinent oil, but also because of high expectations for the Monterey Shale oil formation underlying much of the southern Central Valley.
<http://www.alonusa.com/refining/california-refineries>
<http://www.equities.com/news/headline-story?dt=2012-08-20&val=397395&cat=energy>

Update: Industry Reports Suggests Enterprise's 6 Million-Barrel ECHO Oil Terminal in Texas Far from Complete

An industry report indicates that Enterprise Product Partners is behind schedule in building its 6 million-barrel Enterprise Crude Houston Oil (ECHO) terminal in southeast Harris County, Texas. The terminal, when complete, will serve as a receipt point for crude delivered from the Eagle Ford shale in South Texas. The first three oil tanks, which will hold a total of 750,000 barrels, were completed last month. Enterprise has yet to begin, however, the construction of another two tanks holding 400,000 barrels, according to a report issued by Genscape and DigitalGlobe that analyzes satellite imagery to report on infrastructure developments in and around the Eagle Ford shale. Genscape estimates it will take 300 days to finish those two tanks, pushing completion of the project to next May at the earliest. In February, Enterprise said it hoped to begin service at ECHO by the second quarter of 2012, but it gave no timeline for reaching its planned capacity of 6 million barrels.

<http://www.ogi.com/articles/2012/02/enterprise-to-expand-echo-crude-oil-terminal.html>

<http://www.reuters.com/article/2012/08/21/oil-terminal-echo-idUSL2E8JKFTU20120821>

Update: Sunoco to Move Forward with 150,000 b/d Permian Express Phase I to Increase Crude Oil Outflow from West Texas to U.S. Gulf Coast

Sunoco Logistics Partners L.P. announced today that it has received enough binding commitments to enable Permian Express Phase I, a project to transport West Texas crude oil to Gulf Coast markets, to proceed. Although sufficient commitments have been received for this project to move forward, the binding open season continues and will close on September 6, 2012. As previously announced, Permian Express Phase I will reverse Sunoco's Worthamto-Wichita Falls pipeline and utilize excess capacity on the southern leg of the West Texas Gulf pipeline system to create continuous pipeline service from Wichita Falls, Texas to Nederland/Beaumont, Texas markets. An initial capacity to transport approximately 90,000 b/d to Nederland will be operational by the first quarter of 2013. Full capacity of 150,000 b/d is expected by the second half of 2013.

<http://www.sunocologistics.com/Investors/News-Releases/44/>

<http://www.sunocologistics.com/release.pdf>

Update: Inter Pipeline's Polaris Pipeline System Enters Commercial Service to the Kearl Oil Sands Project in Alberta

Inter Pipeline Fund on Monday announced that it has completed construction and entered commercial service on a new pipeline lateral and facilities from the Polaris pipeline system to the Kearl oil sands project owned by Imperial Oil Resource Ventures Limited. Imperial has contracted for 60,000 b/d of firm capacity on the Polaris pipeline system. The Polaris pipeline system is currently being expanded to provide diluent service to the Christina Lake, Narrows Lake, and Foster Creek projects owned by Cenovus and ConocoPhillips. Upon completion, capacity on the Polaris system is expected to increase from approximately 120,000 b/d to 820,000 b/d. Inter Pipeline has announced long-term shipping arrangements representing approximately 50 percent of total expansion capacity and is pursuing opportunities to attract new third-party shippers to the system.

<http://interpipelinefund.mwnewsroom.com/press-releases/inter-pipeline-fund-polaris-pipeline-system-enter-tsx-ipl-un-201208200812936001>

Update: JAPEX Postpones Final Investment Decision on Its Hangingstone Oil Sands Expansion Project in Alberta

Japan Petroleum Exploration Co. (JAPEX) on Monday said it was delaying a final investment decision on its Hangingstone oil sands expansion project in Alberta until at least the end of this year, or whenever Alberta regulators give the company permission to proceed. The company had previously planned to make a decision by mid-2012. The project aims to expand bitumen output at the Hangingstone facility by 25,000–30,000 b/d from the current production rate of around 7,000 b/d. The company now expects to begin output from the expansion in January–June 2016. It had previously targeted a mid-2015 start date.

<http://community.nasdaq.com/News/2012-08/market-chatter-japex-delays-canada-oil-sands-investment-decision-canadas-nexen-involved-in-project.aspx?storyid=165262>

Boardwalk Advances 450 MMcf/d Southeast Market Expansion Project

Boardwalk Pipeline Partners LP subsidiary Gulf South Pipeline Co. LP on Sunday said it has received enough binding commitments to move forward with its proposed Southeast Market Expansion project, which will install a new 450 MMcf/d pipeline connecting natural gas supplies in East Texas and northern Louisiana with markets in the U.S. Southeast. Pending approval from the U.S. Federal Energy Regulatory Commission, Boardwalk expects to place the pipeline into service in the fourth quarter of 2014.

<http://www.ogj.com/articles/2012/08/boardwalk-advances-southeast-market-expansion-gas-line-project.html>

Regency Reports AGI Compressor Shutdowns, Flaring at Its 290 MMcf/d Waha Gas Plant in Texas August 19

Regency Energy Partners reported an acid gas injector (AGI) compressor shut down on first-stage suction pressure Sunday afternoon after the No. 3 re-compressor went down, according to a filing with the Texas Commission on Environmental Quality. Later that day, the AGI compressor shut down on third-stage discharge pressure and high fourth-stage inlet pressure. Operators adjusted valve pockets to balance the pressure problems, the filing said.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=172489>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=172443>

Turbine Fan Snag Causes Emissions at DCP Midstream's 160 MMcf/d Goldsmith Gas Plant in Texas August 17

DCP Midstream reported emissions at its Goldsmith plant overnight Friday–Saturday after an enclosure fan on its B-turbine failed to start, 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=172434>

Southern Union Reports Unit Shutdowns, Flaring at Its 140 MMcf/d Keystone Gas Plant in Texas August 18–20

Southern Union Gas Services reported it was flaring inlet gas overnight Saturday–Sunday at its Keystone plant after Unit 23 went due to high front-end pressure Saturday night, according to a filing with the Texas Commission on Environmental Quality (TCEQ). Unit 23 shut again Monday morning due to electrical problems on a cooling fan, another TCEQ filing said.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=172477>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=172440>

Cylinder Piston Snag Shuts Compressor, Leads to Flaring at WTP's 50 MMcf/d East Vealmoor Gas Plant in Texas August 18

WTP Gas Processing LP reported an inlet gas compressor shut at its East Vealmoor plant Saturday due to a loose connection on the on the cylinder piston, resulting in flaring that continued until Sunday, 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=172439>

Other News

Update: EPA Calls for Comments on Proposed Waiver of Renewable Fuel Standard; Georgia Governor Joins Other States in Requesting Relief amid Continued Drought

The U.S. Environmental Protection Agency (EPA) on Monday said it is seeking comment on requests from the governors of Arkansas and North Carolina for a waiver of the Renewable Fuel Standard and matters relevant to EPA's consideration of those requests. The governors recently urged the EPA to fully waive or reduce its production mandate for corn-based ethanol, in an effort to bring down prices for the grain that have surged during a severe drought that has reduced the yield potential of developing crops. The governors have argued the grain is needed to feed livestock. The governors of Delaware and Maryland made similar requests earlier this month, and Georgia Governor Nathan Deal joined the call this week, as well. The Clean Air Act allows the EPA to waive the national volume requirements of the renewable fuel standard program in whole or in part if implementation of those requirements would severely harm the economy or environment of a state, a region, or the United States, or if the EPA determines that there is inadequate domestic supply of renewable fuel.

Reuters, 11:37 August 21, 2012

<http://www.epa.gov/otaq/fuels/renewablefuels/documents/2012-rfs-waiver-request-comment.pdf>

Ambre Energy Submits Environmental Review for Morrow Pacific Project to Export Coal through U.S. Northwest to Asia

Ambre Energy has submitted an environmental review to federal and state regulators as part of a proposal to export coal through the U.S. Northwest to Asia, starting as early as next year. The company's Morrow Pacific project would use covered barges to move Powder River Basin coal from Montana and Wyoming from Boardman, Oregon through the Columbia River Gorge and on to Port Westward, a Port of St. Helens industrial park, directly loading coal onto ocean cargo ships. The company is targeting shipments of 8.8 million tons of coal per year. Ambre already signed contracts to supply coal to two South Korean utilities. It is also proposing a train-fed terminal in Longview, Washington.

http://www.oregonlive.com/environment/index.ssf/2012/08/will_coal_barges_clog_the_colu.html

International News

Update: South Sudan Expects to Restart Some Crude Oil Production in December, More after June 2013 – Government Official

South Sudan expects to restart production of Dar Blend oil in December and Nile Blend oil sometime after June next year, a South Sudanese official said on Tuesday. Earlier this month the country said it would resume production in September. The country recently resolved a long-running dispute with Sudan over how much the landlocked South Sudan should pay to transport its oil through Sudan. The dispute led to the shutdown in January of South Sudan's 350,000 b/d output. Sudan has said it wants a border security agreement before oil flows resume, but even after a final deal is set, output would not immediately restart, the official said. It will take months to repair damage, rehire and reassign staff, flush and refill pipelines, and load the first tankers.

Reuters, 10:23 August 21, 2012

Saboteurs Blow Up Natural Gas Pipeline Feeding the Balhaf LNG Export Terminal in Yemen August 20

Yemen LNG on Tuesday confirmed unnamed saboteurs just after midnight last night bombed a 38-inch pipeline transferring natural gas from Maarib to the Balhaf liquefied natural gas (LNG) export terminal on the Gulf of Aden. The 200-mile pipeline has been repeatedly sabotaged, most recently in March and April this year by suspected al Qaeda-linked militants.

http://www.upi.com/Business_News/Energy-Resources/2012/08/21/Yemeni-natural-gas-pipeline-bombed/UPI-66341345548278/

http://www.downstreamtoday.com/news/article.aspx?a_id=37018

State Department Says Oil Firms Should Not Bypass Baghdad Government in Oil Exploration or Production Contracts with Kurdistan

The U.S. State Department on Monday said it has urged U.S. oil companies not to bypass Iraq's central government by signing oil exploration or production deals directly with the Kurdistan Regional Government (KRG). Companies including Chevron and ExxonMobil from the United States, France's Total, and Russia's Gazprom have signed deals with the KRG.

http://www.rigzone.com/news/oil_gas/a/120118/US_Says_Oil_Firms_Should_Respect_Baghdad_Government

Energy Prices

| U.S. Oil and Gas Prices | | | |
|--|-------|----------|----------|
| August 21, 2012 | | | |
| | Today | Week Ago | Year Ago |
| CRUDE OIL West Texas Intermediate U.S. \$/Barrel | 97.22 | 93.28 | 82.55 |
| NATURAL GAS Henry Hub \$/Million Btu | 2.75 | 2.77 | 3.98 |

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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