



ENERGY ASSURANCE DAILY

Wednesday Evening, August 24, 2011

Major Developments

USGS Estimates Marcellus Shale Contains About 84 Tcf of Undiscovered, Technically Recoverable Natural Gas, 326 Tcf Fewer Than Predicted by EIA

According to an operations research analyst at the Energy Information Administration (EIA), the new numbers from the U.S. Geological Survey (USGS) will supersede EIA's higher estimate. The new Marcellus Shale gas estimate is still significantly higher than USGS's previous 2002 assessment of 2 Tcf of gas. USGS also now estimates that the Marcellus Shale contains 3.4 billion barrels of undiscovered, technically recoverable natural gas liquids (NGLs), up from its previous assessment of 10 million barrels of NGLs.

http://www.rigzone.com/news/article.asp?a_id=110428

<http://www.bloomberg.com/news/2011-08-23/u-s-to-slash-marcellus-shale-gas-estimate-80-.html>

Electricity

Update: Following Hurricane Irene, About 140,000 PREPA Customers Remain without Power in Puerto Rico August 24, Down from Peak of About 950,000

According to the Puerto Rico Electric Power Authority's (PREPA) website, 1,416,168 customers (representing 91 percent of total customers) currently have electricity across the island this afternoon. PREPA said that nine percent of its customers remain without electricity, implying a current outage of about 140,000. That number is down from a peak outage of about 950,000, according to local Spanish-language sources. Hurricane Irene is now headed towards the U.S. mainland; officials have declared a mandatory evacuation will come into effect in parts of coastal North Carolina as of 5 a.m. August 25.

<http://www.prepa.com/spanish.asp?url=http://www.aeepr.com/noticias.asp>

<http://www.aeepr.com/noticiasread.asp?r=BZSOPRZTEP>

<http://www.vocero.com/puerto-rico-es/unos-800-mil-abonados-sin-servicio-de-energia-electrica>

<http://www.elnuevodia.com/sinaguacercade81190abonados-1047954.html>

<http://edition.cnn.com/2011/WORLD/americas/08/24/tropical.weather/>

Storms and Winds Knock Out Power to 46,950 SWEPCO Customers in Louisiana and Texas August 24

Southwestern Electric Power Company (SWEPCO) is reporting 34,694 customers in Louisiana and 12,256 customers in Texas are currently without power.

<https://www.swepco.com/outages/>

<http://www.shreveporttimes.com/article/20110824/NEWS01/110824014/Updated-Nearly-28-000-without-electricity?odyssey=nav|head>

Update: Offsite Power Restored to Dominion's 1,842 MW North Anna Nuclear Plant in Virginia Following Yesterday's Earthquake; All Other Impacted Nuclear Plants Terminate Notifications of an Unusual Event August 23-24

According to Dominion Virginia Power, the North Anna Power Station restored off-site power on August 23, eliminating the need to rely on its back-up generators. The station remains in an Alert, the second lowest of the four emergency classifications of the Nuclear Regulatory Commission (NRC). As designed, four diesel generators supplied power to the station while the off-site power was unavailable. One of the four generators was taken off-line to repair a generator coolant leak, but a fifth generator at the station was activated to replace it until the offsite power was restored. Repairs are complete to the diesel generator. According to new reports, the North Anna plant was designed to withstand a 6.2 earthquake. Both units at North Anna remain shut as of latest reports, and Dominion also

reported that the earthquake partially disrupted power generation at its 580 MW Bear Garden natural gas-fired power station in Buckingham County, Virginia. According to multiple filings with the NRC, operators terminated notifications of an unusual event related to the earthquake at the following nuclear power plants after no damage was found:

- Dominion's Surry plant in Virginia
- Constellation's Calvert Cliffs plant in Maryland
- PSE&G's Hope Creek plant in New Jersey
- PSE&G's Salem plant in New Jersey
- Exelon's Oyster Creek plant in New Jersey
- Exelon's Three Mile Island plant in Pennsylvania
- Exelon's Peach Bottom plant in Pennsylvania
- Exelon's Limerick plant in Pennsylvania
- PPL's Susquehanna plant in Pennsylvania
- Progress Energy's Shearon Harris plant in North Carolina
- Indiana-Michigan Power's D.C. Cook plant in Michigan
- Entergy's Palisades plant in Michigan

<http://dom.mediaroom.com/index.php?s=43&item=1015>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2011/20110824en.html>

<http://www2.timesdispatch.com/business/2011/aug/24/tdmain01-north-anna-reactors-shut-down-automatic-ar-1258046/>

<http://www.sacbee.com/2011/08/24/3858189/nrc-no-damage-at-nuclear-plants.html>

Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2011/>

Update: Colonial Pipeline Briefly Shuts U.S. Gulf Coast-to-U.S. East Coast Products Pipeline System North of Greensboro, North Carolina August 23 Due to Earthquake

The company shut the pipeline for inspections following the earthquake. All pipelines were restarted by 10:30 p.m. DJN, 11:28 August 24, 2011

<http://online.wsj.com/article/AP89739048d2ec4bf49d1868106f2a43da.html>

Update: TVA Inspecting 15 Dams and Ash Impoundments, as Well as All Nuclear Plants, Following August 23 Earthquake

http://www.tva.com/news/releases/julsep11/va_earthquake.htm

Exelon's 619 MW Oyster Creek Nuclear Unit in New Jersey Reduced to 70 Percent by August 24

The Nuclear Regulatory Commission reported that on the morning of August 23 the unit was operating at full power. There is no indication that the change in output is due to the earthquake that shook the U.S. Northeast on August 23.

<http://www.app.com/article/20110823/NJNEWS/308230105/Nuke-plant-not-affected>

Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2011/>

PPL's 1,111 MW Susquehanna Nuclear Unit 2 in Pennsylvania Ramped Up to 21 Percent by August 24

The Nuclear Regulatory Commission reported that on the morning of August 23 the unit was operating at 3 percent. There is no indication that the change in output is due to the earthquake that shook the U.S. Northeast on August 23.

Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2011/>

APS's 1,247 MW Palo Verde Nuclear Unit 3 in Arizona Ramped Up to 71 Percent by August 24

The Nuclear Regulatory Commission reported that on the morning of August 23 the unit was operating at 12 percent.

Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2011/>

Loss of Safety Function Reported at NPPD's 791 MW Cooper Nuclear Unit in Nebraska August 23

According to a filing with the Nuclear Regulatory Commission (NRC), a loss of safety function for a single train safety system was reported after "the clevis pin that connects the valve with the air operator was found not fully inserted on the Control Room HVAC Emergency Bypass System Inlet Valve, HV-AO-271 AV." This condition resulted in operators declaring the Control Room Emergency Filtration System (CREFS) inoperable.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2011/20110824en.html>

Dynegy's 756 MW Moss Landing Gas-fired Unit 7 in California Reduced by August 23

According to the California Independent System Operator, the unit reported an unplanned curtailment of 102 MW on August 23.

<http://content.caiso.com/unitstatus/data/unitstatus201108231515.html>

Entegra Power Group's 291 MW Gila River Dynamic Resource Gas-Fired Unit in Arizona Returns to Service by August 23

According to the California Independent System Operator, the unit reported a return from an unplanned curtailment of 241 MW.

<http://content.caiso.com/unitstatus/data/unitstatus201108231515.html>

ERCOT Issues Power Warning Due to High Heat and Associated Demand August 23-24

The Electric Reliability Council of Texas (ERCOT) has issued an electric emergency for August 23-24. ERCOT requested yesterday and today that residents and businesses reduce demand during peak hours. No rolling outages were reported yesterday. On August 24, ERCOT said that it is in "Energy Emergency Alert 2." According to the alert, there is a risk of rotating outages today. Operators will begin dropping large commercial/industrial load resources under contract to be interrupted during an emergency.

Reuters, 17:06 August 23, 2011

<http://www.ercot.com/content/alerts/html/eea2>

Xcel Energy Requests 375,000 Customers in New Mexico and West Texas Reduce Electricity Usage August 23

The request to reduce demand in 35 Texas and six New Mexico counties until 8 p.m. yesterday came due to high demand and unplanned maintenance activities at area generating plants. According to the company, rolling blackouts were a possibility if demand were not reduced.

http://www.xcelenergy.com/About_Us/Energy_News/News_Releases/Xcel_Energy_declares_Energy_Alert

<http://www.newschannel6now.com/story/15316547/xcel-asks-375k-customers-to-cut-use-tuesday>

Calpine Obtains Financing for Construction of 120 MW Upgrade at 188 MW Los Esteros Gas-Fired Unit in San Jose, California August 23

Upon completion of construction, which is expected in mid-2013, the Los Esteros Critical Energy Facility will be upgraded from simple-cycle to combined-cycle natural gas-fired technology.

<http://phx.corporate-ir.net/phoenix.zhtml?c=103361&p=irol-newsArticle&ID=1599573>

Petroleum

Update: Enterprise Products Partners Abandons Proposal to Build 584-Mile, 450,000 b/d Double E Crude Oil Pipeline from Cushing, Oklahoma to Houston, Texas August 19

The company said that it will not pursue the planned joint venture with Energy Transfer Partners due to there not being enough agreements in place to support the project.

<http://www.platts.com/RSSFeedDetailedNews/RSSFeed/Oil/6397559>

Rosemount Clean Energies Redevelops Industrial Site into Products Terminal with About 500,000 Barrels of Storage Capacity in Minnesota

The Rosemount Clean Energies terminal is located in a suburb of St. Paul.

<http://www.rcleanenergies.com/files/yocum/files/082311-new-minnesota-clean-energy-company-rosemount-clean-energies-refuels-midwest-bio-market.pdf>

Update: ExxonMobil to Begin Drilling a Bypass to Damaged Section of 12-Inch, 40,000 b/d Silvertip Crude Oil Pipeline in Montana as Early as Next Week

The company needs a few more permits before it can begin drilling, though it has finished all preparation work in advance of drilling.

<http://www.reuters.com/article/2011/08/23/pipeline-operations-exxon-silvertip-idUSN1E77M20B20110823>

Units Restarting at Husky Energy's 155,000 b/d Lima, Ohio Refinery August 23 after Wet Compressor Snags, Shutting Gasoline-Making FCCU August 22

The company said on August 23 that the snag and fluid catalytic cracking unit (FCCU) shutdown had no impact on production. The wet gas compressor originally shut due to a failure of the seal oil system.

Reuters, 16:56 August 23, 2011

Reuters, 00:07 August 24, 2011

DJN, 11:39 August 24, 2011

<http://online.wsj.com/article/BT-CO-20110823-715923.html>

Update: Compressor Leading to Coker Unit Shutting Due to Leak at BP's 405,000 b/d Whiting, Indiana Refinery August 23

According to previous reports, BP evacuated portions of the refinery yesterday due to a chemical release. It was not clear from reports whether the events were related. It is also not clear if the coker's output is affected.

DJN, 11:59 August 24, 2011

<http://online.wsj.com/article/BT-CO-20110823-715923.html>

Mobil Oil Guam Completes Cabras Terminal Upgrade in Guam in July

As part of the project, the company completed upgrades of terminals both in Guam and in Saipan in the Commonwealth of the Northern Mariana Islands. Mobil Oil Guam is a subsidiary of ExxonMobil.

http://www.pacificnewscenter.com/index.php?option=com_content&view=article&id=16526:mobil-guam-completes-cabras-terminal-upgrades&catid=45:guam-news&Itemid=156

Update: Alkylation Unit Returns to Normal Operations at Tesoro's 94,300 b/d Wilmington, California Refinery August 23 Following Power Outage August 21

Reuters, 14:17 August 23, 2011

Gasoline-Making FCC Unit Has Been Offline since Small Fire Last Week at Marathon's 212,000 b/d Catlettsburg, Kentucky Refinery

Reuters, 11:14 August 24, 2011

Natural Gas

Up to 5,000 Homes Evacuated in Lincoln, California Following Propane Rail Car Fire August 24

Firefighters are struggling to contain the fire which began on August 22 and prevent an explosion of the 29,000 gallon tank car. Although one early report indicated that the blaze could continue for as long as three weeks, officials aim to have the fire controlled within 24 to 48 hours. Officials are concerned that additional storage tanks, rail cars, and trucks contain approximately an additional 170,000 gallons of propane. A mandatory evacuation of residents and businesses within a one mile radius has been ordered. Later today, officials plan a "Hot Tap," a procedure to drain the tank and then burn the propane. The cause of the fire is unknown.

http://today.msnbc.msn.com/id/44259169/ns/today-today_news/t/propane-rail-car-fire-homes-threatened/

Other News

Valero Plans to Expand Hartley, Iowa Ethanol Plant

The company is planning to build an eighth fermenter, which would increase the plant's capacity. The new fermenter should be in service by the end of the year.

<http://www.ktiv.com/story/15318786/hartley-ia-ethanol-plant>

Update: Renewable Energy Group Restarts 30 MMGal/Yr. Biodiesel Refinery in Glenville, Minnesota August 24 – Former SoyMor Facility Sat Idle Since 2008

According to previous reports, the plant's former owner, SoyMor Biodiesel LLC, shut the facility in 2008 due to price increases for its primary feedstock, soybeans.

<http://www.startribune.com/business/128097683.html?page=all&prepage=1&c=y#continue>

Eco-Energy Holdings Plans to Develop Ethanol Unit Train and 95,000 b/d Storage Facility in Denton, North Carolina

The new facility will be able to receive up to 96 rail car unit trains. Unit train operations are set to begin in the first quarter of 2012. It will have a capacity of 380,000 barrels per month.

<http://pdf.reuters.com/htmlnews/8knews.asp?i=43059c3bf0e37541&u=urn:newsml:reuters.com:20110824:nBw246034a>

Ship Owners Say Obama Administration Has Waived Jones Act 46 Times this Summer to Expedite Shipments of Oil from SPR

According to the New York Times, oil companies transported crude from the Strategic Petroleum Reserve (SPR) on U.S.-flagged barges only once this summer.

http://www.nytimes.com/2011/08/24/business/oil-reserves-sidestep-us-vessels.html?_r=1

Energy Prices

U.S. Oil and Gas Prices August 24, 2011			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	85.83	87.62	71.44
NATURAL GAS Henry Hub \$/Million Btu	4.01	3.98	4.12

Source: Reuters

Energy Notes

Entergy Reports 13,420 Arkansas Customers without Power August 24 – Currently 3,731 without Service

<http://viewoutage.entergy.com/ar.aspx>

“Spontaneous” Explosion at Maritime Electric Substation Leaves 5,000 of the Company’s Customers on Prince Edward Island, Canada without Power for Up to 12 Hours August 23

<http://www.theguardian.pe.ca/News/Local/2011-08-23/article-2721642/Explosion-at-substation-leaves-thousands-without-power/1>

SunPeak Planning 23 MW Solar Power Plant in Niland, California August 24

<http://ir.suntech-power.com/phoenix.zhtml?c=192654&p=irol-newsArticle&cat=news&id=1599747>

Petrobras Plans to Install FPSO in Franco Oil Field Offshore Brazil in 2015; Franco Will Produce 13,000 b/d on Average

http://www.rigzone.com/news/article.asp?a_id=110431

Mallet CO2 Recovery Plant in Texas Shuts for Seven Hours Due to Plant-Wide Power Outage August 23

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=158339>

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 & 1:00 PM EDT every Wednesday.

Natural Gas Weekly Update from EIA

<http://www.eia.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EDT every Thursday.

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