



ENERGY ASSURANCE DAILY

Tuesday Evening, September 04, 2012

Major Developments

OE/ISER Situation Report: Hurricane Isaac

Hurricane Isaac made its first landfall on Tuesday, August 28 at 7:45 p.m. EDT in Plaquemines Parish, LA. Isaac made a second landfall along the coast of southeast Louisiana, just west of Port Fourchon, around 3:15 a.m. EDT on Wednesday, August 29. For details on the impact of this storm on customer outages, energy infrastructure issues, and restoration efforts see: Hurricane Isaac Situation Reports issued by the U.S. Department of Energy, Office of Electricity Delivery & Energy Reliability (OE/ISER), at the following URL:

http://www.oe.netl.doe.gov/named_event.aspx?ID=66

Electricity

Update: Exelon's 802 MW Three Mile Island Nuclear Unit 1 in Pennsylvania Restarts, Ramps Up to 17 Percent by September 4

Exelon Corp.'s Three Mile Island nuclear Unit 1 is returning from an outage that began late in the morning on August 22, when the reactor automatically tripped due to high reactor coolant system pressure as a result of a main feedwater transient. The cause of the main feedwater transient was under investigation at the time of the incident. Earlier that morning, operators had begun to take the unit offline after discovering a leak on a heater element on the plant's pressurizer tank. Exelon has not publicly stated whether the two incidents were related.

<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 Reduced to 55 Percent by September 2

On the morning of September 1 the unit was operating at 80 percent.

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

AES's 498 MW Alamos Natural Gas-Fired Unit 5 in California Returns to Service by September 3

The unit returned from an unplanned outage that began by September 2.

<http://content.caiso.com/unitstatus/data/unitstatus201209031515.html>

<http://content.caiso.com/unitstatus/data/unitstatus201209021515.html>

Update: Calpine's 135 MW Gilroy Cogeneration Natural Gas-Fired Unit in California Returns to Service by September 1

The unit returned from an unplanned outage that began by August 30, but then the unit again entered an unplanned outage by September 2. The unit returned from the September 2 outage by September 3.

<http://content.caiso.com/unitstatus/data/unitstatus201209031515.html>

<http://content.caiso.com/unitstatus/data/unitstatus201209021515.html>

<http://content.caiso.com/unitstatus/data/unitstatus201209011515.html>

Update: Mirant's 317 MW Pittsburg Natural Gas-Fired Unit 6 in California Returns to Service by August 31

The unit returned from an unplanned outage that began by August 28.

<http://content.caiso.com/unitstatus/data/unitstatus201208311515.html>

Cabrillo Power's 330 MW Encina Natural Gas-Fired Unit 5 in California Shut by August 31

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201208311515.html>

Petroleum

Update: EPA Issues Temporary Revised Air Permit Allowing Shell to Operate Its Drill Ship in Chukchi Sea Offshore Alaska

The U.S. Environmental Protection Agency (EPA) on Friday said it will issue a temporary revision to its air permit allowing Royal Dutch Shell Plc to operate its drill ship in the Chukchi Sea off Alaska's northwest coast, according to a spokesman. The order sets interim air pollution emissions limits for the company's activities until the agency completes a full review of Shell's application to revise the permit, the spokesman said. Shell applied for the temporary measure after determining the air standards could not be attained on its drill ship, the *Noble Discoverer*, using the best current control technology, a Shell Alaska spokesman said. EPA's decision clears another hurdle in Shell's quest to drill exploratory oil wells in the Arctic Ocean this year, and it came just a day after the company received permission from the U.S. Bureau of Safety and Environmental Enforcement to move forward with certain limited preparatory activities in the Chukchi Sea.

<http://finance.yahoo.com/news/apnewsbreak-epa-oks-shell-oil-194325383.html>

Update: Valero to Convert Its Shuttered 235,000 b/d Aruba Refinery into a Refined Products Terminal

Valero Energy Corp. on Monday announced plans to convert its shuttered Valero Aruba Refinery into a refined products terminal while it continues seeking a buyer for the plant. The company suspended refining operations at the plant in March due to poor economics, but it has maintained the refinery in a state that would allow operators to restart production if a buyer emerged. In the near term, Valero will continue to maintain the refinery in a state that would allow for a restart should the company be successful in the pursuit of alternatives for the refinery prior to the transition to terminal operations. Valero will continue to supply jet fuel, gasoline, diesel, and fuel oil to Aruba, as well as engage in third-party terminal services.

http://www.valero.com/NewsRoom/Pages/PR_20120903_0.aspx

Update: Cenovus Energy Launches 40,000 b/d 'Phase D' Expansion at Its Christina Lake Oil Sands Facility in Alberta

Cenovus Energy Inc. on Tuesday announced it is producing oil after completing phase D in an ongoing expansion project at its Christina Lake oil sands operation. Production at Christina Lake in August averaged more than 61,000 b/d gross, an increase of nearly 4,000 b/d when compared to production in the second quarter. Phase D is planned to produce approximately 40,000 b/d. Cenovus expects the production ramp-up to be complete in 6-9 months.

Commissioning of the phase D facilities is almost complete and will bring total production capacity at Christina Lake to 98,000 b/d. With additional expansions and optimization, Cenovus anticipates Christina Lake will have a total production capacity of about 300,000 b/d. Construction on Christina Lake's phase E expansion is about 55 percent complete, and initial production is anticipated for the fourth quarter of 2013. Site preparation, engineering, and major equipment fabrication is underway for Christina Lake phase F, with first production expected in 2016. Christina Lake is operated by Cenovus and jointly owned with ConocoPhillips.

<http://www.cenovus.com/news/news-releases/2012/0904-christina-lake-first-prod.html>

ERCB Approves Enbridge's 400,000 b/d Woodland Pipeline Extension Project to Transport Diluted Bitumen from Fort McMurray to Sherwood Park in Alberta

Canada's Energy Resources Conservation Board (ERCB) on August 30 approved Enbridge's applications to construct and operate two pump stations and a 385-kilometer pipeline that would transport up to 400,000 b/d of diluted bitumen from Enbridge's Cheecham terminal near Fort McMurray to the company's Edmonton terminal near Sherwood Park, Alberta. The proposed pipeline would extend the previously approved Enbridge Woodland pipeline, which runs from the Imperial Oil Resources Ventures Limited Kearnal mine site/project to the Cheecham terminal. The two proposed pump stations would be located at the Cheecham terminal and Enbridge's Roundhill pump station.

<http://alberta.ca/acn/201208/32895793A1346-D51E-F7A5-99A791D710630A15.html>

<http://www.ercb.ca/decisions/2012/2012-ABERCB-009.pdf>

<http://www.edmontonjournal.com/Pipeline+Sherwood+Park+gets+ahead/7171979/story.html>

Phillips 66 Shuts Delayed Coker Unit at Its 247,000 b/d Sweeny, Texas Refinery September 2 to Repair Wet Gas Compressor

Phillips 66 reported its operators at the Sweeny refinery shut Delayed Coker Unit 29.2 Sunday night to facilitate repairs to a wet gas compressor, according to a filing with the Texas Commission on Environmental Quality. Emissions from the Coker Flare continued until the following night, the filing said.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=173034>

Gas Recovery System Compressors Trip, Cause Flaring at BP's 455,790 b/d Texas City, Texas Refinery September 2

BP Plc reported the Power Station No. 2 flare gas recovery system compressors at its Texas City refinery tripped Sunday morning, causing flaring at multiple flares, according to a filing with the Texas Commission on Environmental Quality. The cause of the compressor trips was under investigation at the time of the filing.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=173035>

Suspected Lightning Strike Shuts Shell's 75,000 b/d Sarnia, Ontario Refinery September 4 – Local Media Report

Royal Dutch Shell Plc's Sarnia refinery was knocked offline by a suspected lightning strike at around 8:00 a.m. EDT today, according to a local media report. Shell was working to restart the refinery, according to the report, which quotes a Shell spokeswoman.

Reuters, 10:13 September 4, 2012

Tesoro Restarts Unspecified Unit at Its 139,000 b/d Wilmington, California Refinery September 4 after Power Outage Shut Process Units August 31

Tesoro Corp. on Tuesday reported it was restarting an unspecified unit and stabilizing operations at its Wilmington refinery after a power outage Friday night shut unspecified process units and led to flaring, according to a spokeswoman and filings with the California Emergency Management Agency and U.S. National Response Center. Reuters, 09:52 September 4, 2012

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1022874

Natural Gas

DTE Energy, Enbridge, and Spectra Energy to Develop 1 Bcf/d NEXUS Natural Gas Pipeline to Connect Utica Shale Gas Supplies to Markets in the U.S. Midwest and Ontario

DTE Energy, Enbridge Inc., and Spectra Energy Corp. today announced the execution of a memorandum of understanding to jointly develop the NEXUS Gas Transmission (NGT) system, a project that will move growing supplies of Ohio Utica shale gas to markets in the U.S. Midwest, including Ohio and Michigan, and Ontario, Canada. The proposed NGT project will originate in northeastern Ohio, include approximately 250 miles of large-diameter pipe, and be capable of transporting 1 Bcf/d day of natural gas. The line will follow existing utility corridors to an interconnect in Michigan and utilize the existing Vector Pipeline system to reach the Ontario market. An open season for the project is planned for fourth quarter 2012, with a targeted in-service as early as November 2015, depending on final market demand and commitments.

<http://www.enbridge.com/MediaCentre/News.aspx?yearTab=en2012&id=1656987>

Dominion Places 484 MMcf/d Appalachian Gateway Natural Gas Transmission Project into Service in West Virginia and Pennsylvania

Dominion Transmission, the natural gas transportation subsidiary of Dominion Resources, today announced it has placed its Appalachian Gateway Project into service. The project will allow the transport of 484 MMcf/d in firm transportation of natural gas produced in West Virginia and southwest Pennsylvania to storage fields and pipelines in Pennsylvania. Dominion also constructed four new natural gas compressor stations and upgraded two existing compressor stations for the project.

<http://dom.mediaroom.com/2012-09-04-Dominion-Transmission-Places-Appalachian-Gateway-Project-Into-Service>

Update: Cheniere Files FERC and DOE Applications for Proposed Liquefaction Project in Corpus Christi, Texas

Cheniere Energy, Inc. on Friday announced that its wholly owned subsidiary Corpus Christi Liquefaction, LLC has filed an application with the U.S. Federal Energy Regulatory Commission (FERC) for authorization to site, construct, and operate a liquefied natural gas (LNG) export facility near Corpus Christi, Texas. The proposed Corpus Christi Project is being designed for up to three liquefaction trains with an aggregate peak capacity of 15 million tonnes per annum (mtpa). Cheniere has also filed applications with the U.S. Department of Energy (DOE) requesting authorization to export up to 782 million MMBtu of LNG per year (equivalent to 15 mtpa) from the proposed Corpus Christi Project to all current and future countries with which the United States has a Free Trade Agreement as well as to those with which the United States does not have a Free Trade Agreement in effect. The company had previously received approval from FERC to commence the pre-filing process for the Corpus Christi Project in December 2011, and in March 2012 Cheniere announced its intention to apply for authorization to build a 1.8 Bcf/d LNG export terminal at Corpus Christi, on the site originally planned for a proposed import terminal.

<http://phx.corporate-ir.net/phoenix.zhtml?c=101667&p=irol-newsArticle&ID=1730677>

Questar Declares Force Majeure, Reduces Capacity at Its Clay Basin Natural Gas Storage Facility in Utah August 31 after Lightning Strike Shuts Units August 30

Questar Pipeline Co. on Monday reported that during repairs at its Clay Basin storage facility in Utah, technicians found additional electrical damage that will require capacity to be reduced to 125 MMcf/d, according to a notice posted online. On Friday the company declared force majeure because lightning had struck one of the compressor plants the night before. Units 6 and 7 were unavailable due to the event. Injection capacity at that time was limited to 210 MMcf/d. The Clay Basin gas storage facility is located in Daggett County, Utah and has a total working gas capacity of 51.25 Bcf, according to the company's website.

Reuters, 10:24 September 4, 2012

<http://www.questarpipeline.com/OracleReports/2FrameOPCnoices.html>

Electrical Malfunction Shuts Unspecified Unit at Exterran's 65 MMcf/d Dollarhide Gas Plant in Texas September 2

Exterran reported an unspecified Unit P-12 went down at its Dollarhide gas plant Sunday due to a malfunction in the electrical system, according to a filing with the Texas Commission on Environmental Quality. Operators were troubleshooting and shutting-in wells at the time of the filing.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=173032>

Other News

Update: Virginia and Texas Governors Join the Call for a Waiver of EPA's Renewable Fuel Standard in the Wake of Severe Drought

Virginia Governor Bob McDonnell and Texas Governor Rick Perry on August 27 urged the U.S. Environmental Protection Agency (EPA) to suspend its production mandate for corn-based ethanol, citing high grain prices that have surged in the wake of a severe drought that has reduced the yield potential of developing crops. The governors of Arkansas, North Carolina, Delaware, Maryland, Georgia, and New Mexico and more than 180 members of Congress made similar requests last month. The EPA's Renewable Fuel Standard (RFS) requires about 13 billion gallons of ethanol be blended into gasoline this year. The EPA on August 20 said it was seeking comments on requests for a waiver of the RFS and matters relevant to EPA's consideration of those requests. Written comments in response to EPA's request must be received on or before September 26.

<http://www.businessweek.com/news/2012-08-28/virginia-governor-mcdonnell-asks-epa-for-ethanol-waiver>

<https://www.federalregister.gov/articles/2012/08/30/C1-2012-21066/request-for-comment-on-letters-seeking-a-waiver-of-the-renewable-fuel-standard>

<http://www.wisconsinagconnection.com/story-national.php?Id=1922&yr=2012>

U.S. Department of Energy Advances Research on Methane Hydrates' Potential as a Future Energy Resource

<http://energy.gov/node/387289>

International News

Update: PDVSA Restarts Three CDUs, Smaller Processing Units at Its 645,000 b/d Amuay Refinery in Venezuela by September 3; Other Units Remain Offline after Fire

State-owned Petroleos de Venezuela SA (PDVSA) on Monday said three crude distillation units (CDUs) were now processing a combined 264,000 b/d at its Amuay refinery, according to an emailed statement. PDVSA had shut the refinery August 25 after a gas explosion ignited a fire, damaging nine storage tanks and killing 48 people. The ensuing fire burned for 4 days, but the incident did not affect the refinery's processing units, which were shut as a precaution. The company on Saturday said it was gradually resuming operations at the refinery, and that in addition to three CDUs scheduled to restart, other smaller processing units, including ones that make naphtha and kerosene and have a combined capacity of about 58,000 b/d, were operating normally.

<http://www.bloomberg.com/news/2012-09-04/venezuela-s-amuay-processing-crude-as-some-units-remain-offline.html?cmpid=yhoo>

<http://www.reuters.com/article/2012/09/01/us-venezuela-refinery-idUSBRE88001Y20120901>

Shell Shuts Nigerian Oil Pipeline Leading to Its Nembe Creek-2 Flowstation after Discovering Leak August 29

Royal Dutch Shell Plc (RDSA) closed an oil pipeline leading to its Nembe Creek-2 flowstation in Nigeria's southern Rivers state after operators discovered a leak on August 29, the company said in an emailed statement. Operators were working to determine the cause of the spill. The leak was not thought to have had much impact on production, according to reports citing an RDSA spokesman.

<http://www.reuters.com/article/2012/09/03/shell-nigeria-idUSL6E8K39CQ20120903>

<http://www.businessweek.com/news/2012-09-03/shell-closes-nigerian-oil-pipeline-after-leak-pm-news-reports>

Energy Prices

U.S. Oil and Gas Prices			
September 4, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	95.46	94.90	88.93
NATURAL GAS Henry Hub \$/Million Btu	2.72	2.79	4.18

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.

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

Please direct comments and questions to: ead@oe.netl.doe.gov