



ENERGY ASSURANCE DAILY

Wednesday Evening, September 05, 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

Luminant Asks ERCOT for Approval to Mothball Its Monticello Coal-Fired Units 1 and 2 in Texas

Luminant applied in a recent filing with the Electric Reliability Council of Texas (ERCOT) for approval to mothball its Monticello coal-fired Units 1 and 2, each rated 593 MW, beginning in December for at least 6 months. The 793 MW Monticello coal-fired Unit 3 will remain available. A Luminant spokesman cited weak wholesale prices as a reason to mothball the units over the winter. Luminant had planned to mothball both units earlier this year to comply with the U.S. Environmental Protection Agency's Cross-State Air Pollution Rule, but a stay on the rule was issued in late 2011, and Luminant continued to run the Monticello units.

<http://www.reuters.com/article/2012/09/04/utilities-luminant-monticello-idUSL2E8K4BRT20120904?feedType=RSS&feedName=utilitiesSector&rpc=43>

ERCOT Anticipates Sufficient Generation Resources for Upcoming Fall Season in Texas

The Electric Reliability Council of Texas (ERCOT) on Tuesday issued a new Seasonal Assessment of Resource Adequacy report in which the grid operator predicts there will be enough power available to serve consumer needs within the ERCOT grid during the upcoming fall. ERCOT expects to have more than 74,500 MW of generation capacity to serve anticipated peak demand of about 53,000 MW during the months of October and November. Available operating reserves could range from about 12,700 MW, based on 5-year average generation outages, to as low as 3,300 MW if more extreme temperatures and above-average outages occur. ERCOT will assess any changes to the winter forecast prior to release of the final winter assessment on November 1.

http://www.ercot.com/news/press_releases/show/26298
<http://www.ercot.com/content/news/presentations/2012/SARA-Fall2012.pdf>

Dominion Virginia Power Proposes to Convert 227 MW Bremo Power Station from Coal to Natural Gas

Dominion Virginia Power is proposing to convert Bremo Power Station from using coal to natural gas as fuel to generate electricity, according to a press release. New environmental regulations that would have required costly expenditures to retrofit emission control equipment plus the low price and availability of natural gas as an alternative fuel has made operating smaller, older coal-fired stations uneconomical, Dominion said. In its application filed with the Virginia State Corporation Commission (SCC), Dominion noted that it had agreed to stop using coal and convert the 227 MW, two-unit power station by spring 2014 as part of the air permit for the Virginia City Hybrid Energy Center. The Virginia Center went into service in July. If the SCC approves the Bremo conversion, Dominion would cease burning coal at the station in the fall of 2013.

<http://dom.mediaroom.com/2012-09-05-Dominion-Virginia-Power-Proposes-To-Convert-Bremo-Power-Station-From-Coal-To-Natural-Gas>

Update: Exelon's 802 MW Three Mile Island Nuclear Unit 1 in Pennsylvania Ramped Up to 89 Percent by September 5

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. Operators restarted the unit on September 4.

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

Entergy's 813 MW FitzPatrick Nuclear Unit in New York Reduced to 74 Percent by September 5

On the morning of September 4 the unit was operating at 93 percent.

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

Petroleum

Update: Sunoco Launches 110,000 b/d Allegheny Access Pipeline Project to Deliver Midwest Refined Products to Eastern Ohio and Western Pennsylvania

Sunoco Logistics Partners L.P. announced today a successful open season for Sunoco Pipeline L.P. and Inland Corporation's Allegheny Access pipeline project, which will transport refined products from the Midwest to eastern Ohio and western Pennsylvania markets. Enough binding commitments from shippers have been received to enable the project to move forward. Allegheny Access is expected to have an initial capacity to deliver 85,000 b/d with the ability to scale up to 110,000 b/d. The Allegheny Access pipeline is expected to be operational in the first half of 2014.

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

Power Outage Damages FCCU, Shuts Sinclair's 24,500 b/d Evansville, Wyoming Refinery September 3; Refinery to Operate at 75 Percent Capacity During Repairs

Sinclair Oil Company reported its Evansville refinery experienced a "complete power loss" for about 3 minutes around 7:30 p.m. local time Sunday, forcing operators to shut down several refinery units and causing flaring, according to a statement. The power outage also damaged the facility's fluid catalytic cracking unit (FCCU), the statement said. Sinclair said it will operate the refinery at 75 percent capacity until repairs are complete, which will probably take until the end of the week. Rocky Mountain Power, which supplies power to the refinery, experienced a "momentary interruption" in service Sunday, a spokeswoman said. The utility was investigating the cause of the interruption.

http://trib.com/business/energy/outage-shuts-down-sinclair-evansville-refinery/article_0a6965f0-51c3-5e09-adec-38f0ddc93afc.html?comment_form=true

Oiltanking Partners Announces 3.3 Million-Barrel Appelt II Crude Storage Expansion Project at Its Houston, Texas Terminal

Oiltanking Partners, L.P. on Monday announced it will move forward with an expansion project to construct approximately 3.3 million barrels of new crude oil storage capacity at its Houston terminaling facility. The project, named Appelt II, will be located adjacent to Appelt I terminal, which was announced in April 2012 and is currently under construction. The company said the increase in domestic crude oil production continues to create a need for additional crude storage capacity by refiners, oil producers, and marketers. Construction is scheduled to begin around the second quarter of 2013 when all relevant permits are in place. The additional storage capacity is expected to be placed into service during the third and fourth quarter of 2014.

<http://investors.oiltankingpartners.com/phoenix.zhtml?c=245478&p=irol-newsArticle&ID=1730932>

Update: Shell Launches Quest CCS Project at Its Scotford Upgrader in Alberta

Shell today announced that it will go ahead with the world's first carbon capture and storage (CCS) project for an oil sands operation in Canada. The Quest project will be built on behalf of the Athabasca Oil Sands Project joint venture owners (Shell, Chevron, and Marathon Oil) and with support from the governments of Canada and Alberta. The Athabasca Oil Sands project produces bitumen, which is piped to Shell's Scotford Upgrader near Edmonton, Alberta. From late 2015, Quest will capture and store deep underground more than one million tonnes a year of carbon dioxide produced in bitumen processing. Shell has received the necessary federal and provincial regulatory approvals for Quest and construction has begun.

http://www.shell.com/home/content/media/news_and_media_releases/2012/quest_first_oil_sands_ccs_project_0509_2012.html

Phillips 66 Reports Emissions at Its 247,000 b/d Sweeny, Texas Refinery September 4

Phillips 66 reported a regenerative thermal oxidizer (RTO) on Unit 56 at its Sweeny refinery shut down Tuesday morning due to high exhaust temperature, according to a filing with the Texas Commission on Environmental Quality. The RTO controls hydrocarbon vapors both from the wastewater treatment plant aeration tank 69 and from the truck and railcar loading area of the facility. All railcar and truck loadings that require vapor recovery controls will be discontinued for the duration of the shutdown period, which is expected to last until Saturday night.

Reuters, 18:35 September 4, 2012

<http://www1.tceq.state.tx.us/oce/ear/index.cfm?fuseaction=main.getDetails&target=173092>

BNSF Expands Oil Transport Capacity to Haul 1 MMb/d of Bakken Crude Out of the Williston Basin in North Dakota and Montana

BNSF Railway (BNSF) yesterday announced that it has increased capacity in 2012 to enable the railroad to haul 1 MMb/d of oil out of the Williston Basin in North Dakota and Montana. This increased capacity will allow the energy industry to continue the expansion of oil production in the Williston Basin and to ship the new production to markets throughout the United States. BNSF currently has 1,000 miles of rail line in the Williston Basin area and serves eight originating terminals, with two more scheduled to be completed by the end of 2012.

<http://www.bnsf.com/media/news-releases/2012/september/2012-09-04a.html>

Update: Tesoro Says All Units Affected by Power Outage at Its 139,000 b/d Wilmington, California Refinery August 31 Are in the Process of Resuming Normal Operations

Tesoro Petroleum Corp. on Wednesday said the units affected by a brief power outage at its Wilmington refinery Friday night were in the process of resuming normal operations. The refinery had reported that the power outage on Friday shut unspecified process units and led to flaring. On Tuesday operators were restarting an unspecified unit and stabilizing operations.

Reuters, 10:14 September 5, 2012

Marathon Reports Small, Brief Fire at Its 102,000 b/d Detroit, Michigan Refinery September 5

Marathon Petroleum reported a small fire that broke out around 6:30 a.m. EDT this morning at its Detroit refinery was quickly extinguished. The company declined to specify what caused the fire or where it started.

Reuters, 10:16 September 5, 2012

FCCU Resumes Normal Operation at Sunoco's 335,000 b/d Philadelphia, Pennsylvania Refinery September 5 after Releasing Excess Emissions September 4

Sunoco Inc. reported the fluid catalytic cracking unit (FCCU) at the Point Breeze section of its Philadelphia refinery had resumed normal operation by Wednesday morning after releasing excess emissions on Tuesday afternoon, according to industry intelligence group Genscape.

Reuters, 08:56 September 5, 2012

PBF Reports Unspecified Equipment Malfunction, Shutdown at Its 180,000 b/d Paulsboro, New Jersey Refinery September 5

PBF Energy Inc. reported an unspecified equipment malfunction and shutdown at its Paulsboro refinery, according to a filing with the New Jersey Department of Environmental Protection.

Reuters, 08:18 September 5, 2012

Natural Gas

Update: Crosstex Energy to Relocate a Portion of Its 36-Inch Natural Gas Pipeline Impacted by Louisiana Slurry

Crosstex Energy on August 31 announced it will have to relocate the portion of its 36-inch natural gas pipeline impacted by the slurry-filled sinkhole that developed near Bayou Corne, Louisiana in early August. The cause of the slurry is currently under investigation by Louisiana state and local officials. Consequently, the company took a section of the pipeline out of service, which has curtailed or interrupted the delivery of supplies to certain markets, primarily in the Mississippi River area. The company has worked with its customers to secure alternative natural gas supplies so that disruptions are minimized. Crosstex will relocate the affected portion of the pipeline, and certain services will not resume until the relocation has been completed. The company expects to complete the relocation by summer 2013.

<http://theadvocate.com/news/3785388-123/crosstex-to-relocate-pipeline-near>

<http://investor.crosstexenergylp.com/phoenix.zhtml?c=135312&p=irol-newsArticle&ID=1730726>

Update: PG&E Follows NTSB Safety Action Recommendations for Responding to Natural Gas Pipeline Emergencies after 2010 San Bruno Accident in California

Pacific Gas and Electric Company (PG&E) on Wednesday announced it has completed four of the eight safety actions recommended by the National Transportation Safety Board (NTSB) in response to the 2010 pipeline accident in San Bruno, California, according to a press release. The four safety actions include: establishing a comprehensive response procedure for large-scale emergencies on gas transmission pipelines; requiring gas control room operators to immediately notify 911 call centers when a possible pipeline rupture is detected; revising its post-accident toxicological testing to ensure its timeliness and thoroughness; and searching records to validate the maximum allowable operating pressure for its 2,088 miles of transmission pipelines in populated areas.

PRN, 08:01 September 5, 2012

Atlas Pipeline May Curtail NGL Production at Its 195 MMcf/d Midkiff Gas Plant in Texas This Month after Downstream Operator Declares Force Majeure

Atlas Pipeline reported it may have to curtail natural gas liquids (NGL) production or altogether shut down its operations at its Midkiff gas plant this month because its downstream liquids purchaser, the ONEOK Mont Belvieu plant, has issued a force majeure notification, according to a filing with the Texas Commission on Environmental Quality. Atlas does not know when the ONEOK plant will resume normal operations. Atlas issued a similar notice early last month, when it reported ONEOK was shutting its Midkiff and other NGL plants to work on a fractionator that had sustained major damage in late June.

<http://www11.tceq.state.tx.us/oce/ear/index.cfm?fuseaction=main.getDetails&target=173075>

Unit Shutdown Leads to Emissions at Exterran's 65 MMcf/d Dollarhide Gas Plant in Texas September 3

<http://www11.tceq.state.tx.us/oce/ear/index.cfm?fuseaction=main.getDetails&target=173045>

Other News

Nothing to report

International News

Saboteur Blows Up 125,000 b/d Oil Pipeline in Yemen September 5; Disrupts Flows to Ras Isa Export Terminal on the Red Sea – Ministry

Yemeni officials reported an overnight explosion on the country's main oil pipeline has disrupted flows to the Ras Isa export terminal on the Red Sea. The 125,000 b/d pipeline transferring crude oil from the Safir fields in Marib province, east of Sanaa, was hit in the area of Damashqa in Marib province, a spokesman for the petroleum and minerals ministry said Wednesday. The spokesman and tribal officials have accused a resident of the area of deliberately blowing up the pipeline after his demands from authorities were not met. Work to fix the pipeline is underway, the spokesman said.

DJN, 08:43 September 5, 2012

Energy Prices

U.S. Oil and Gas Prices			
September 5, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	95.51	95.15	88.93
NATURAL GAS Henry Hub \$/Million Btu	2.81	2.72	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.

ENERGY ASSURANCE DAILY

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

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