



U.S. DEPARTMENT OF ENERGY
Office of Electricity Delivery and Energy Reliability
Infrastructure Security and Energy Restoration

ENERGY ASSURANCE DAILY

Tuesday Evening, September 07, 2010

Major Developments

Update: After Hurricane Earl, Canadian Oil-and-Gas Companies Returning to Normal Operations September 6

Hurricane Earl made landfall in Canada over the weekend, but the oil-and-gas companies that shut facilities ahead of the storm were resuming normal operations by September 6, news and company sources reported. Numerous U.S. refineries were monitoring conditions ahead of Earl, but the storm did not appear to have forced shut or reduced operations at any of those facilities, based on multiple news sources. The storm caused only minor power disruptions across multiple U.S. East Coast states. It did, however, impact several Canadian-based projects:

- Imperial Oil shut its 82,000 b/d Dartmouth, Nova Scotia refinery ahead of the storm. The company began restarting the facility on September 6.
- ExxonMobil was evacuating non-essential workers at its Sable natural gas project on September 3, but the company did not expect the storm to impact production.
- Encana Corp evacuated workers and halted drilling on September 3 at its Deep Panuke prospect offshore Nova Scotia. The company planned to restart drilling last night, September 6.

<http://www.reuters.com/article/idUSN0223843020100902>

<http://www.reuters.com/article/idUSN0617673020100906>

<http://www.reuters.com/article/idUSN0416054420100904?feedType=RSS&feedName=financialsSector>

http://www.oe.netl.doe.gov/named_event.aspx?ID=30

Update: Hurricane Earl Knocks Out Power to More than 229,000 Customers in Nova Scotia and Prince Edward Island over Weekend

Hurricane Earl knocked out power to more than 220,000 Nova Scotia Power customers and 9,400 Maritime Electric customers in Prince Edward Island over the weekend, multiple news and company sources reported. Nova Scotia Power had restored power to the affected customers, as of latest reports.

<http://www.nspower.ca/en/home/residential/outageinformation/liveoutagemap.aspx>

<http://thechronicleherald.ca/NovaScotia/1200541.html>

<http://www.theguardian.pe.ca/News/Local/2010-09-07/article-1730202/Earls-eye-passes-along-county-line/1>

Electricity

Tropical Storm Hermine Knocks Out Power to More than 52,000 AEP Customers in Texas September 7

Tropical Storm Hermine knocked out power today to at least 52,005 AEP Texas customers from the Rio Grande Valley to the Victoria area, the company said on its website. Some 21,683 customers remained without power, as of latest reports.

<https://www.aeptexas.com/outages/details.aspx?stormName=Tropical Storm Hermine>

<http://www.themonitor.com/articles/hermine-42511-cameron-counties.html>

Elk Hills Power's 552 MW Elk Hills Gas-Fired Unit in California Reduced by September 4

According to the California Independent System Operator, the unit reported an unplanned curtailment of 322 MW by September 4.

<http://www.caiso.com/unitstatus/data/unitstatus201009041515.html>

Update: Calpine's 593 MW Metcalf Energy Center Gas-Fired Unit in California Ramps up by September 6

According to the California Independent System Operator, the unit reported a return from an unplanned curtailment of 313 MW.

<http://www.caiso.com/unitstatus/data/unitstatus201009061515.html>

Update: AES's 336 MW Alamitos Gas-Fired Unit 4 in California Returns to Service by September 6

According to the California Independent System Operator, the unit reported a return from an unplanned outage.

<http://www.caiso.com/unitstatus/data/unitstatus201009061515.html>

AES's 227 MW Huntington Beach Gas-Fired Unit 4 in California Shuts, Restarts by September 3-4

According to the California Independent System Operator, the unit shut for unplanned reasons by September 3, but returned to service by September 4.

<http://www.caiso.com/unitstatus/data/unitstatus201009041515.html>

AES's 225 MW Huntington Beach Gas-Fired Unit 3 in California Shuts, Restarts by September 3-4

According to the California Independent System Operator, the unit shut for unplanned reasons by September 3, but returned to service by September 4.

<http://www.caiso.com/unitstatus/data/unitstatus201009041515.html>

Update: SCE's 200 MW Eastwood Hydro Unit in California Returns to Service by September 3

According to the California Independent System Operator, the unit reported a return from an unplanned outage.

<http://www.caiso.com/unitstatus/data/unitstatus201009031515.html>

Update: Cabrillo Power's 330 MW Encina Gas-Fired Unit 5 in California Ramps up by September 3

According to the California Independent System Operator, the unit reported a return from an unplanned curtailment of 130 MW.

<http://www.caiso.com/unitstatus/data/unitstatus201009031515.html>

PG&E's 154 MW Kerkhoff Hydro Unit 1 in California Shuts, Returns to Service by September 5-6

According to the California Independent System Operator, the unit shut for unplanned reasons by September 5, but returned to service by September 6.

<http://www.caiso.com/unitstatus/data/unitstatus201009061515.html>

Multiple Companies' 184 MW Luz Solar Partners Aggregate Solar-Power Units 8-9 in California Reduced by September 5

According to the California Independent System Operator, the units reported an unplanned curtailment of 109 MW by September 5.

<http://www.caiso.com/unitstatus/data/unitstatus201009051515.html>

Update: Entergy's 858 MW Arkansas Nuclear Unit 2 in Arkansas Ramped Up to 99 Percent by September 5

Entergy shut the unit by August 24 after a "planned emergency diesel generator outage" surpassed "allowed time," the company said in a previous filing with the Nuclear Regulatory Commission (NRC). The company was required to shut the unit after the generator outage "exceeded the allowed 14 day time clock," according to the filing. The Nuclear Regulatory Commission reported that on the morning of September 4 the unit was operating at 18 percent.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20100824en.html>

Information also derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2010/>

After Brief Shutdown, Luminant to Restart 591 MW Sandow Coal-Fired Unit 4 in Texas September 7-8

Luminant planned to restart its 591 MW Sandow coal-fired Unit 4 in Texas on September 7-8 “following boiler feed pump repairs,” it said in a filing with state regulators. The company had expected to shut the unit on September 6-7, according to a previous filing.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=144461>
<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=144462>

Xcel to Shut 347 MW Harrington Coal-Fired Unit 1 in Texas

Xcel expected to shut the unit on September 5 to install new boiler burners “and for precipitator upgrades and repairs,” the company said in a filing with state regulators. The outage was scheduled to last until October 21, according to the filing.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=144313>

Cooling System Clog Forces Shut Dairyland Power Cooperative’s 378 MW Genoa Coal-Fired Power Plant in Wisconsin August 14-19

River weeds clogged the cooling system at Dairyland Power Cooperative’s 378 MW Genoa coal-fired power plant in Wisconsin, forcing shut the unit from August 14-19, the plant site manager said late last week. The plant was producing 320 MW of electricity prior to the shutdown, according to the manager. The plant returned to service after the vegetation was cleared from the intake area.

http://lacrossetribune.com/news/local/article_f9e9144c-b70f-11df-8d28-001cc4c03286.html
http://www.dairynet.com/energy_resources/genoa.pdf

Eagle Crest Energy Company Plans 1,300 MW Eagle Mountain Pumped Storage Project in Southern California

Eagle Crest Energy plans to construct a 1,300 MW hydroelectric power project in southern California, according to a news source and the company's website. The facility would involve two reservoirs: an upper and a lower. The upper reservoir would receive water in the evening, and then deliver that water downhill during the day, where it would run through turbines to generate electricity. Federal regulators are evaluating the proposal.

<http://www.eaglemountainenergy.net/index.html>

ERCOT to Launch Nodal Market in Texas on December 1

The Electric Reliability Council of Texas (ERCOT) plans to launch a nodal market across its Texas service territory on December 1, it said recently. The nodal market redesign would replace the current four-zone market design with more than 4,000 nodes, allowing locational marginal pricing and increased price transparency.

<http://www.chron.com/dispatch/story.mpl/business/energy/7186402.html>
http://www.ercot.com/news/press_releases/2010/nr-06-21-10

Petroleum

Refineries, Oil-and-Gas Operators Report No Impact from Tropical Storm Hermine in Gulf of Mexico September 6-7

Reuters, 13:43 September 6, 2010
Reuters, 11:00 September 6, 2010
Reuters, 11:05 September 7, 2010
Reuters, 10:51 September 7, 2010

Explosion Kills at Least One Person at Pemex's 275,000 b/d Cadeyreta Refinery in Mexico September 7

An explosion killed one worker at Pemex's 275,000 b/d Cadeyreta refinery complex in Mexico on September 7, the company said. At least one local news source said seven people had died in the blast, but that report remained unconfirmed, as of this afternoon. Pemex said the explosion occurred after a compressor leak led to a brief fire. It was not clear if the facility remained online.

http://www.msnbc.msn.com/id/39039375/ns/world_news-americas/
<http://www.reuters.com/article/idUSTRE6863XS20100907>
<http://www.bloomberg.com/news/2010-09-07/mexico-s-pemex-confirms-refinery-explosion-at-cadereyta-near-monterrey.html>

Update: BP Removes and Replaces BOP on Blown-Out Well in Gulf of Mexico September 3

BP removed and replaced the failed blow out preventer (BOP) at the Macondo well in the Gulf of Mexico, the company said in a release. The U.S. Department of Justice took the original BOP for use in its investigation.

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7064874>

TransCanada Eyes September 8 Restart after Unplanned Shutdown of 435,000 b/d Alberta-to-U.S. Midwest Keystone Oil Pipeline

TransCanada shut its 435,000 b/d Alberta-to-U.S. Midwest Keystone oil pipeline for unplanned work on September 1, but the company expected to restart the line on September 8, a company spokesman said. The line opened in late June; it has yet to operate at full capacity.

<http://af.reuters.com/article/energyOilNews/idAFN0314549720100903>

Update: Salazar Refers to Fire at Mariner Energy Platform as “Industrial Accident,” Says Incident not Indicative of Regulatory Problems

The September 2 fire at a Mariner Energy oil-and-gas platform in the Gulf of Mexico seemed “to be another industrial accident,” and was therefore not representative of regulatory problems within the industry, U.S. Interior Secretary Ken Salazar said on September 3.

Reuters, 15:59 September 3, 2010

Update: Denbury Halts Leak at Blown-Out Well in Killdeer, North Dakota September 3

Denbury Onshore LLC performed a static kill and temporarily halted a leak at the Franchuk 44-20 well in North Dakota on September 3, the company said. The well blew out on September 1; it leaked more than 2,400 barrels of a frac/water oil mix. The company, however, said it recovered all of the fluid – 2,200 barrels of water and 246 barrels of oil – that spilled from the well. It expected to test nearby groundwater for contamination.

http://www.seattlepi.com/business/1310ap_us_oil_well_leak_north_dakota.html

http://www.bismarcktribune.com/news/state-and-regional/article_af6a8bd2-b712-11df-b4ff-001cc4c03286.html

BP Shuts Compressor after Brief Snag at 467,720 b/d Texas City, Texas Refinery September 5

BP shut a recycle gas compressor and pulled feed from a unit after a “seal malfunction” led to flaring at its 467,720 b/d Texas City, Texas refinery on September 5, the company said in a filing with state regulators. The incident lasted just 12 minutes, according to the filing. It was not clear if there was any impact to production.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=144448>

<http://www.bloomberg.com/news/2010-09-06/bp-reports-gas-compressor-seal-malfunction-at-texas-refinery.html>

Sunoco Denies Report of Weekend Fire at 335,000 b/d Philadelphia, Pennsylvania Refinery

Sunoco denied a report that a fire occurred over the weekend in the Point Breeze section of the 335,000 b/d Philadelphia, Pennsylvania refinery, Reuters reported on September 7. A source familiar with the facility’s operations said previously that operators had reduced a 130,000 b/d crude distillation unit (CDU) after a fire. “They were in pretty bad shape on Sunday,” according to that source.

Reuters, 09:54 September 7, 2010

Reuters, 12:41 September 7, 2010

Unit Shutdown Leads to Flaring at ExxonMobil’s 238,600 b/d Joliet, Illinois Refinery September 3

It was not clear if there was any impact to production.

Reuters, 11:02 September 6, 2010

Power Failure Forces Offline Multiple Units at ExxonMobil’s 190,000 b/d Chalmette, Louisiana Refinery by September 6

A power failure forced shut multiple units and led to flaring at ExxonMobil’s jointly-owned 190,000 b/d Chalmette, Louisiana refinery by September 6, Reuters said, citing a local news source. ExxonMobil verified the outage, but said the facility was online “and meeting customer needs.”

Reuters, 15:12 September 6, 2010

Reuters, 12:49 September 6, 2010

Storm Forces Shut Pumps at Valero's 100,000 b/d Three Rivers, Texas Refinery

September 4-5

"A heavy rain event" led to the "temporary loss of amine circulation pumps" at Valero's 100,000 b/d Three Rivers, Texas refinery on September 4-5, the company said in a filing with state regulators. The pumps were back online, as of early on September 5. The incident did not impact production, a company spokesman said.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=144444>
<http://af.reuters.com/article/energyOilNews/idAFN0516566620100905>

Boiler Shutdown Triggers Flaring at Alon's 67,000 b/d Big Spring, Texas Refinery

September 3

A boiler shutdown "caused a reduction in steam being processed" and triggered flaring from multiple units at Alon's 67,000 b/d Big Spring, Texas refinery on September 3, the company said in a filing with state regulators. Among the affected units were a gasoline-producing fluid catalytic cracking unit (FCC) and a sulfur recovery unit (SRU). The company "made operational adjustments to minimize emissions," but it was not clear if there was any impact to production.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=144404>
<http://af.reuters.com/article/energyOilNews/idAFWEN939620100903>

Enbridge to Construct Terminal and Pipeline at Husky's Sunrise Oil Sands Project in Alberta, Canada

Enbridge plans to construct an originating terminal – the Hartley terminal – at Husky's Sunrise oil sands project in Alberta, Canada, and a 90,000 b/d, 24-inch, 66-mile pipeline that would connect the terminal to Enbridge's existing Cheecham Terminal, the company said on September 7. The pipeline would be expandable to 270,000 b/d. Enbridge expects to open the facilities in the latter half of 2013.

<http://www.enbridge.com/MediaCentre/News.aspx?yearTab=en2010&id=1314517>

Update: Russia's Transneft to Deliver Arctic Oil to China

Russia's Transneft plans to construct an approximately 240,000 b/d pipeline that would move oil from Zapolyamoe – a town near the Yamal fields in the Arctic – to Purpe, Russia, and a second line that would transport the oil from Purpe to Samotlor, Russia, for eventual delivery to China, the company and Reuters said on September 6. The Purpe-to-Samotlor line is expected to open in 2012; the Zapolyamoe-to-Purpe line is slated to open in 2014.

<http://af.reuters.com/article/energyOilNews/idAFLDE6851BO20100906?sp=true>

Iraq Aims to Boost Oil Production at 10 Fields during 2011

Iraq plans to boost oil production at 10 fields by a combined 360,000 b/d during 2011, from 1.925 million b/d in the first quarter of the year to 2.285 million b/d in the fourth quarter, according to documents from the nation's South Oil Co. The 10 fields are: Rumaila, West Qurna 1, Majnoon, Zubair, Gharaf, Nahr Bin Umar, Ratawi, Luhais, Tuba, and Nassiriya.

Reuters, 11:10 September 7, 2010

Natural Gas

EIA Increases Estimate of Peak U.S. Natural Gas Storage Capacity by 160 Bcf, to Total 4.049 Tcf

The U.S. Energy Information Administration (EIA) increased its estimate of peak U.S. working natural gas storage capacity by 160 Bcf to a total 4.049 Tcf, or 4.1 percent higher than its 2009 figure.

<http://af.reuters.com/article/energyOilNews/idAFN039455320100903>

Recession, Weak Demand, and Regulatory Issues Force Companies to Shelve Plans for Several Natural Gas Pipelines in Oregon

Weak economic conditions have caused companies to abandon several proposed natural gas pipelines in Oregon, and regulatory issues have postponed numerous other projects, according to the Oregonian and company sources. Of seven previously-announced pipelines, only El Paso Corp's planned 1.5 Bcf/d Ruby Pipeline appears on track. Among the other proposals:

- Williams Northwest Pipeline dropped plans to construct the Blue Bridge pipeline, citing a lack of demand. That line would have served customers in Oregon and Washington.
- Williams Energy suspended field work on its proposed 1.2 Bcf/d, 42-inch, 602-mile Sunstone pipeline, citing a need to re-assess "the scope and timing" of the project. The line would deliver natural gas from the Rocky Mountains to the West and Pacific Northwest.
- Spectra Energy shelved plans to construct the 1-plus Bcf/d Bronco natural gas pipeline, according to the Oregonian. That line would have delivered natural gas from the Rocky Mountains to the Pacific Northwest and California.
- Pipelines associated with three LNG terminals - one in Coos Bay, one on the Columbia River, and another in Warrenton - face various legal, regulatory, and demand-related issues.

http://www.seattlepi.com/local/6420ap_or_natural_gas_pipeline.html

http://www.williamsenergy.com/sunstone_pipeline/

http://www.spectraenergy.com/news/releases/2008/Jan/20080110_01.asp

Other News

GAO Sees Positive Steps but Room for Improvement in TSA's Efforts to Bolster Pipeline Security

The Transportation Security Administration's (TSA) Pipeline Security Division (PSD) has taken actions to help strengthen pipeline security, but it could improve its priority-setting and assessment processes, the Government Accountability Office (GAO) said in an August review. GAO recommended that TSA, among other things, establish time frames for improving risk model data, document its method for scheduling reviews, develop a plan for transmitting recommendations to operators, follow up on its recommendations, include performance measures linked to objectives in its pipeline strategy, and develop more outcome measures

<http://www.gao.gov/products/GAO-10-867>

Energy Prices

U.S. Oil and Gas Prices September 7, 2010			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	73.45	72.93	68.10
NATURAL GAS Henry Hub \$/Million Btu	3.74	3.77	2.06

Source: Reuters

Update: State Regulators Order Synergics to Stop Construction of Proposed 50 MW Roth Rock Wind Farm in Maryland, Citing a Lack of Appropriate Erosion, Soil Controls

<http://times-news.com/local/x373698435/Construction-of-Garrett-wind-farm-at-standstill>

Update: NRC Confirms Progress Energy's Explanation of Crack at Crystal River Nuclear Power Plant in Florida - Crack Occurred When Workers Eased Tension in Interior Cables

<http://www.tampabay.com/news/business/energy/crack-at-crystal-river-nuclear-power-plant-explained/1119240>

<http://www.ocala.com/article/20100720/ARTICLES/7201008/1402/NEWS?Title=Crystal-River-plant-to-be-back-up-by-September>

Utilities Express Confidence that They Can Meet Increased Demand from Expected Surge in Use of Electric Vehicles

<http://www.chron.com/dispatch/story.mpl/business/7186418.html>

AmerenUE to Install Two Scrubbers at Sioux Coal-Fired Power Plant in Missouri

<http://ameren.mediaroom.com/index.php?s=43&item=841>

Salazar Says Feds Will Not Allow Shell to Drill Offshore Alaska until Government Completes Review of Deepwater Horizon Incident in Gulf of Mexico

<http://latimesblogs.latimes.com/greenspace/2010/09/interior-secretary-ken-salazar-offshore-oil-drilling-arctic-poll.html>

Tanker Truck Overturms in Rosharon, Texas, Closing Road and Forcing Local Evacuations by September 3

<http://abclocal.go.com/ktrk/story?section=news/local&id=7647000>

Chariot O&G Reports Resource Potential of more than 10 Billion Barrels in Namibia

http://www.rigzone.com/NEWS/article.asp?a_id=98311

Strike Forces Total to Run Six French Oil Refineries at Minimum Rates by September 7

http://www.expatica.com/fr/news/french-news/total-refineries-hit-by-pensions-strike-company_94525.html

Iran Claims It Is Producing Enough Gasoline to Independently Meet Domestic Demand

<http://www.foxbusiness.com/markets/markets/2010/09/07/iran-says-self-sufficient-gasoline-state-tv/>

Compressor Shutdown at Waha Gas Plant in Texas September 4

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=144443>

Engines Shut and Restart at Andrews Booster Station in Texas September 2

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=144431>

Update: U.S. Coast Guard Rejects Weaver Cove Energy's Appeal of 2007 Decision that Deemed Certain Portions of Waterway Unfit for LNG Tankers near Company's Planned LNG Terminal in Fall River, Massachusetts – Company Has Already Changed Proposal to a Floating Terminal

http://www.downstreamtoday.com/news/article.aspx?a_id=23946

Freeport LNG Slated to Receive Two Tankers this Week at LNG Terminal in Texas – Deliveries Have Been Erratic Since Facility's 2008 Inception

Reuters, 12:20 September 7, 2010

Azerbaijan to Export Twice as Much Natural Gas to Russia in 2011, or a Total of 2 Million Cubic Meters

<http://www.google.com/hostednews/ap/article/ALeqM5jZWYIdH-SB9TQswvZOKkYVCmsNHgD9I0EK400>

Update: IENOS New Planet BioEnergy Receives State Environmental Permit for Proposed Waste-Based Ethanol Plant in Florida

http://www.nwitimes.com/news/local/lake/article_968df52c-fa8e-5ecc-b686-1b33fd183324.html

Links

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

Natural Gas Weekly Update from EIA

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

Updated after 2:00 PM EST every Thursday.

ENERGY ASSURANCE DAILY

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

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