



ENERGY ASSURANCE DAILY

Tuesday Evening, September 25, 2012

Electricity

NRC Approves FP&L's Request to Increase Power Output for Its St. Lucie Nuclear Unit 2 in Florida from 853 MW to 1,002 MW

The U.S. Nuclear Regulatory Commission (NRC) has approved a power uprate request by Florida Power & Light (FP&L) that will increase the power output of St. Lucie Unit 2 by 17 percent, from approximately 853 to 1,002 MW electric. A similar uprate was approved July 9 for St. Lucie Unit 1.

<http://www.nrc.gov/reading-rm/doc-collections/news/2012/12-105.pdf>

EDF Renewable Energy to Start Up Its 102.5 MW Shiloh IV Wind Project in California in December

EDF Renewable Energy, formerly enXco, on Monday announced it has completed construction on the 102.5 MW (installed capacity) Shiloh IV Wind Project and expects to begin delivering electricity to Pacific Gas and Electric Company in December 2012. Shiloh IV Wind Project, located in Solano County, California, is the largest repowering project in the country whereby older technology is upgraded allowing for increased generation of clean energy with fewer wind turbines. Approximately 235 Kenetech 100kW turbines originally installed in 1989 have been removed and replaced with 50 REpower turbines, each with a rated capacity of 2.05 MW.

<http://finance.yahoo.com/news/edf-renewable-energy-celebrates-shiloh-190000214.html>

PSEG Solar Source to Purchase and Begin Construction of 15 MW Milford Solar Farm in Delaware

PSEG Solar Source on Monday announced that it has completed the acquisition of a 15 MW DC (12 MW AC) solar project in Milford, Delaware, from juwi solar Inc. (JSI). Under separate agreements, JSI will engineer, procure, and oversee construction of the facility as well as perform operation and maintenance services for the project.

Construction of the project will begin this month and is expected to be completed in the fourth quarter of 2012. The project has a power purchase agreement for energy and solar renewable energy credits with Delaware Municipal Electric Corporation. The PSEG Milford Solar Farm is expected to be completed in the fourth quarter of 2012.

<http://www.pseg.com/info/media/newsreleases/2012/2012-09-24.jsp>

NextBridge Infrastructure Joint Venture to Develop 230-kV Ontario East-West Transmission Tie in Northern Ontario

NextEra Energy Canada, Enbridge, and Borealis Infrastructure on Monday announced that they have filed for regulatory approval to allow Enbridge and Borealis to acquire interests in NextEra Energy Canada's subsidiary, Upper Canada Transmission, Inc. Upper Canada Transmission, Inc. intends to bid for the opportunity to develop a new transmission line in Northern Ontario between Wawa and Thunder Bay as a joint venture through a limited partnership among affiliates of NextEra Energy Canada, Enbridge, and Borealis. The venture plans to operate under the name NextBridge Infrastructure. The proposed Ontario East-West Transmission Tie is expected to be placed into service as early as 2017. An Ontario Power Authority report has identified the project as a 400-km, 230-kV transmission line.

<http://finance.yahoo.com/news/enbridge-borealis-infrastructure-join-nextera-201500488.html>

Update: Energy Northwest's 1,107 MW Columbia Nuclear Unit in Washington at Full Power by September 25

On the morning of September 24 the unit was operating at 86 percent.

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

Update: GenOn's 320 MW Etiwanda Gas-Fired Unit 4 in California Returns to Service by September 24

The unit returned from an unplanned curtailment of 250 MW that began by September 23.

<http://content.aiso.com/unitstatus/data/unitstatus201209241515.html>

Petroleum

Update: Chevron Says Composition of Failed Pipe that Caused CDU Fire at Its 245,271 b/d Richmond, California Refinery in August Made It More Susceptible to Thinning

Chevron Corp. on Monday reported that the corroded 8-inch pipe that failed on a crude distillation unit (CDU) and caused a massive fire at its Richmond refinery on August 6 had a low silicon content that went undetected during the company's tests and therefore was unaddressed. During scheduled maintenance in November 2011, the 200 feet of piping in question had been inspected in 19 different locations, but not the 5-foot length that failed. The company now thinks the chemical composition of the pipe caused it to be more susceptible to thinning when exposed to high temperatures, a weakness that was not fully understood or acted upon before the corroded conduit exploded.

Operators will need a few more weeks to assess damage before estimating how long it will take to repair the crude unit. The refinery has run at a "reduced" rate since the fire, and this has risen only marginally since then.

<http://finance.yahoo.com/news/chevron-failed-pipe-had-unknown-054603724.html>

http://www.contracostatimes.com/news/ci_21620306/public-meeting-into-chevrons-richmond-fire-expected-draw

<http://finance.yahoo.com/news/chevron-says-richmond-repair-timing-041717178.html>

Update: ExxonMobil Restores Normal Operations at Its 503,000 b/d Baton Rouge, Louisiana Refinery by September 24 after Reducing Rates Due to Hurricane Isaac

ExxonMobil Corp. on Monday reported its Baton Rouge refinery has returned to normal operations. The refinery was operating at reduced rates since August 28 due to Hurricane Isaac.

Reuters, 17:40 September 24, 2012

Pinhole Leak Releases Hydrogen Sulfide from a Flare at Motiva's 236,400 b/d Norco, Louisiana Refinery September 24

Motiva Enterprises reported a release of hydrogen sulfide from a flare at its Norco refinery Monday afternoon was due to a pinhole leak in a line coming from an unspecified process unit, according to a filing with the U.S. National Response Center. Operators had not yet secured the release at the time of the filing.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1025439

Exchanger Leak Has No Impact on Production at PBF's 190,000 b/d Delaware City, Delaware Refinery This Week – Sources

A small exchanger leak at PBF Energy's Delaware City refinery this week had no impact on production, according to sources familiar with the situation. The tube leak was fixed immediately. It was unclear how much oil spilled. A company spokesman was not immediately available for comment.

Reuters, 10:30 September 25, 2012

Natural Gas

DCP Midstream Reports Emissions at Its 160 MMcf/d Goldsmith Gas Plant in Texas September 24

DCP Midstream reported that high inlet carbon dioxide volumes caused amine treater to go sour and flare gas at its Goldsmith plant on Monday, according to a filing with the Texas Commission on Environmental Quality (TCEQ). Later that day, the plant reported an equipment malfunction caused a turbine to fail, which led to emissions, according to a second TCEQ filing.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=173919>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=173919>

Amine Snag Shuts AGI Compressor at Regency's 290 MMcf/d Waha Gas Plant in Texas September 24

Regency Energy Partners reported irregular gas flow from the amine system to the acid gas injector (AGI) compressor caused the AGI compressor to shut down on low first-stage suction pressure Monday morning, according to a filing with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=173921>

Other News

Update: Port of Tampa Nearing Completion of 300 MMGal/Yr. Ethanol Rail Terminal Serving Central Florida

The Port of Tampa is nearing completion of the Tampa Gateway Rail Terminal, a 2-mile rail loop developed in partnership by Tampa Port Authority, CSX Corp., and Kinder Morgan Energy Partners. The partners in September 2011 launched the project to bring ethanol and other cargo deliveries into the Tampa market via unit trains that will offload at Hooker's Point, in the Port of Tampa. The facility will enable CSX to transport ethanol from Midwest producers to central Florida and quickly offload into Kinder Morgan's Tampa Terminal, where it will be distributed to numerous blend terminals and to new markets via pipeline. The port expects 31,000 rail cars a year to deliver 300 million gallons of ethanol annually. The partners expect construction to be completed next month.

<http://phx.corporate-ir.net/phoenix.zhtml?c=119776&p=irol-newsArticle&ID=1608016>

<http://www.tampabay.com/news/business/port-of-tampa-prepares-to-unveil-new-railroad-line-to-boost-cargo-ethanol/1253265>

BioFuel Energy Idles 115 MMGal/Yr. Fairmont, Minnesota Ethanol Plant Due to Poor Margins

Biofuel Energy Corp., an ethanol production company, on Monday announced that it has decided to idle its Fairmont, Minnesota ethanol facility until further notice due to poor commodity margins caused by the impact of the drought in the Corn Belt and the continued market surplus of ethanol, according to a statement. The plant ceased ethanol production as of the end of last week. The plant will remain idle until the company is able to secure local corn at price levels that support better margins. The company's 115 MMgal/yr. Wood River, Nebraska ethanol plant continues to operate, the statement said.

http://www.bfenergy.com/news/PR_FMTShutdown_09_24_MLZ_Final.pdf

Update: Gevo Temporarily Shifting from Isobutanol Back to Ethanol at Its Luverne, Minnesota Plant as It Makes Technical Adjustments to Improve Production Rates

Gevo Inc. on Monday announced that its Luverne plant, which has produced isobutanol since May, would shift to ethanol production while the company makes adjustments to optimize its technology to enhance production rates. Isobutanol is a four-carbon alcohol blended with gasoline or used to make plastics, fibers, paints, jet fuel, and other products typically derived from petroleum. The Luverne plant had initially produced ethanol, before Gevo retrofitted it to produce isobutanol from corn starch and ship it in railcars to customers. The company has determined, however, that it will not achieve its desired year-end production rate of 1 million gallons per month until next year, and so it will temporarily switch to ethanol production while it makes adjustments to the facility to improve rates. Operators could complete the adjustments and resume isobutanol production within several months, the company's CEO said on a recent call with investors.

<http://ir.gevo.com/phoenix.zhtml?c=238618&p=irol-newsArticle&ID=1737809>

<http://www.businessweek.com/news/2012-09-24/gevo-shifting-production-to-ethanol-at-minnesota-biofuel-plant>

BOEM Announces 38 Million-Acre Oil and Gas Lease Sale in the Central Gulf of Mexico

The U.S. Bureau of Ocean Energy Management (BOEM) on Monday announced that it will offer 38 million acres in the Central Gulf of Mexico for oil and gas exploration and development. Proposed Lease Sale 227, scheduled to take place in New Orleans on March 20, 2013, will offer all unleased areas in the Central Gulf of Mexico Planning Area, offshore Louisiana, Mississippi, and Alabama, and could lead to the production of up to nearly a billion barrels of oil and nearly 4 trillion cubic feet of natural gas. This will be the second sale under the Administration's new Outer Continental Shelf Oil and Gas Leasing Program for 2012-2017 and the first of five annual Central Gulf lease sales.

<http://www.doi.gov/news/pressreleases/Obama-Administration-Announces-38-Million-Acre-Oil-and-Gas-Lease-Sale-in-the-Central-Gulf-of-Mexico.cfm>

FERC Creates New Office of Energy Infrastructure Security to Focus on Cyber Security, Other Threats

The U.S. Federal Energy Regulatory Commission (FERC) on September 20 announced the creation of the new Office of Energy Infrastructure Security (OEIS), which will assist the commission in identifying, communicating, and seeking comprehensive solutions to potential risks to FERC-jurisdictional facilities from cyber attacks and such physical threats as electromagnetic pulses.

<http://www.ferc.gov/media/news-releases/2012/2012-3/09-20-12.asp>

International News

U.S. May Expand Sanctions Against Iran after the Treasury Department Officially Links Iran's State Oil Company with Islamic Revolutionary Guard

The U.S. Treasury Department on Monday officially linked Iran's state-owned National Iranian Oil Company (NIOC) to the country's Islamic Revolutionary Guard Corps (IRGC), a determination that enables the U.S. government to apply new sanctions on foreign banks dealing with the company. The United States has long put the IRGC under sanctions for terrorism and human rights abuses. The Treasury's Office of Foreign Assets Control told the U.S. Congress in a recent letter that the IRGC's influence has grown in the oil company and throughout Iran's energy sector. The new determination means the United States can impose further sanctions on any foreign bank that facilitates transactions with NIOC, under U.S. sanctions law.

http://articles.chicagotribune.com/2012-09-24/news/sns-rt-us-iran-sanctionsbre88n0uj-20120924_1_oil-and-tanker-companies-sanctions-on-iran-oil-oil-transactions

Saboteurs Blow Up Natural Gas Pipeline Feeding the Balhaf LNG Export Terminal in Yemen September 25

Yemen LNG confirmed saboteurs early Tuesday morning blew up a 38-inch natural gas pipeline feeding its Balhaf liquefied natural gas (LNG) export terminal on the Gulf of Aden. The explosion happened about 35 km north of the Balhaf Liquefaction Plant on the Gulf of Aden, which is operated by France's Total. The 200-mile pipeline has been repeatedly sabotaged this year, most recently in August, by suspected al-Qaeda militants. Yemen LNG reported the pipeline links block 18 to the Balhaf terminal. Block 18, located in central Yemen, houses two LNG production trains with a combined capacity of 6.7 million tonnes per annum.

<http://www.reuters.com/article/2012/09/25/yemen-lng-idUSL5E8KP0E620120925>

http://www.rigzone.com/news/oil_gas/a/120943/Yemen_LNG_Confirms_Explosion_at_LNG_Pipeline

Update: Kurdistan Targeting Exports of 1 MMb/d by 2015, Planning to Construct Oil and Natural Gas Pipelines to Turkey by 2015

The Kurdistan Regional Government (KRG) in Iraq expects an initial payment of 1 trillion dinars (\$858 million) from Baghdad to clear next week as part of a recent deal to end a dispute over oil payments, Kurdistan Oil Minister Ashti Hawrami said at an energy conference in Istanbul on Monday. Exports are expected to rise from 140,000 b/d to 200,000 b/d in October and continue at that rate until the end of 2012, before rising in 2013, Hawrami said. The KRG is targeting a rate of 1 MMb/d by 2015. The minister said also that a 1 MMb/d oil pipeline and a gas pipeline whose capacity is yet to be determined will both be built to Turkey in the first half of 2014.

[http://www.reuters.com/article/2012/09/24/iraq-oil-kurds-](http://www.reuters.com/article/2012/09/24/iraq-oil-kurds-idUSL5E8KO5N420120924?feedType=RSS&feedName=rbssFinancialServicesAndRealEstateNews&rpc=43)

[idUSL5E8KO5N420120924?feedType=RSS&feedName=rbssFinancialServicesAndRealEstateNews&rpc=43](http://www.reuters.com/article/2012/09/24/iraq-oil-kurds-idUSL5E8KO5N420120924?feedType=RSS&feedName=rbssFinancialServicesAndRealEstateNews&rpc=43)

Jordan and Iraq Sign Agreement to Develop a 1 MMb/d Crude Oil Pipeline to Export Oil through Jordan's Aqaba Port

Jordan and Iraq on September 20 signed an agreement of cooperation as the two countries develop plans to construct a pipeline to export crude oil through Jordan's port city of Aqaba on the Red Sea, the Jordan News Agency Petra reported, quoting officials from both countries. Iraqi Oil Minister Abdul Karim Luaibi said the 1 MMb/d pipeline would connect to the Jordan Petroleum Refinery Company's plant in Zarqa and to the Aqaba port. Jordan and Iraq also agreed to increase the volumes of crude oil provided to Jordan from 10,000 b/d to 15,000 b/d.

http://www.ansamed.info/ansamed/en/news/nations/jordan/2012/09/20/Energy-Jordan-Iraq-sign-agreement-build-oil-pipeline_7504793.html

http://www.downstreamtoday.com/news/article.aspx?a_id=37269

Energy Prices

U.S. Oil and Gas Prices			
September 25, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	92.41	96.10	80.12
NATURAL GAS Henry Hub \$/Million Btu	2.82	2.83	3.72

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

Energy Assurance Daily provides a summary of public information concerning current energy issues. Published Monday through Friday to inform stakeholders of developments affecting energy systems, flows, and markets, it provides highlights of energy issues rather than a comprehensive coverage. *Energy Assurance Daily* is updated online Monday through Friday after 5:00 PM Eastern Time. For more information, visit the Infrastructure Security and Energy Restoration (ISER) website at:

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

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