



ENERGY ASSURANCE DAILY

Tuesday Evening, October 09, 2012

Major Developments

Update: California Wholesale Gasoline Prices Sink after Governor Orders Regulators to Allow Winter Blend for Sale

California wholesale gasoline prices fell up to 12 percent Monday after Governor Jerry Brown on Sunday ordered the California Air Resources Board to immediately allow winter-blend gasoline to be sold in California, before its previously scheduled November 1 sales date, in an effort to increase gasoline supplies amid refinery outages that reduced supply and drove wholesale prices up more than \$1 per gallon last week. California wholesale gasoline prices on Monday were \$3.35 a gallon in Los Angeles, down 12 percent from last Friday's \$3.805 and down 18 percent from the peak of \$4.095 last Thursday. Although gasoline inventories in California are at their lowest point in more than 10 years, the supply situation was expected to improve after ExxonMobil on Friday resumed operations at its 149,500 b/d Torrance, California refinery following a recovery from a plant-wide power outage last Monday. Tesoro's 96,860 b/d Wilmington, California refinery was also expected to resume production this week, following a maintenance shutdown. Valero Energy Corp. on Monday said it was reviewing how the switch to winter blend would impact its decision last week to withdraw from the California wholesale spot market.

Reuters, 15:00 October 5, 2012

Reuters, 03:01 October 9, 2012

http://www.fox5sandiego.com/news/kswb-governor-brown-orders-winterblend-gas-to-reverse-price-hikes-20121007_0,7721176.story

http://www.downstreamtoday.com/news/article.aspx?a_id=37412

Electricity

NRC Warns of Flood Risk at Duke Energy's Oconee Nuclear Power Plant in South Carolina Due to Upstream Jocassee Dam

Duke Energy's Oconee nuclear plant in South Carolina faces more flood risk from an upstream dam than earlier estimated, according to a 2011 report from the U.S. Nuclear Regulatory Commission. The 385-foot Jocassee Dam is 11 miles upstream of the Oconee nuclear plant. The NRC began a formal study of the safety implications of dam failure on nuclear plants in March. Duke Energy maintains the plant is safe and that it has taken steps to reduce flood risks.

<http://www.charlotteobserver.com/2012/10/05/3577298/flood-risk-higher-than-thought.html>

Update: Officials Dedicate TVA's New 880 MW John Sevier Combined Cycle Natural Gas-Fired Power Plant in Tennessee

Officials gathered last week to dedicate the Tennessee Valley Authority's new John Sevier Combined Cycle plant near Rogersville, Tennessee. The 880 MW natural gas-fired power plant began commercial operation on April 30. Spectra Energy Corp. expanded its East Tennessee Natural Gas system to deliver up to 150 MMcf/d of natural gas to the Sevier plant via a newly constructed 8.5-mile, 24-inch pipeline. The new facility is located next to the John Sevier coal-fired plant, where two of the four 200 MW units will be retired and two units idled at the end of this year.

<http://www.utilityproducts.com/news/2012/10/08/sevier-plant-marks-tva-move-away-from-coal.html>

<http://www.tva.com/news/releases/aprjun12/johnseviercc.htm>

Update: Golden Valley to Buy, Restart Shuttered 50 MW Healy Clean Coal Plant in Alaska

The Golden Valley Electric Association (GVEA) on October 3 announced it has, along with the Alaska Industrial Development and Export Authority, completed negotiating a consent decree with the U.S. Environmental Protection Agency (EPA) that allows the utility to move forward with its plans to buy and restart the state-owned 50 MW Healy Clean Coal Plant in Alaska. The plant operated sporadically in the late 1990s before the state mothballed it in 2000, citing safety and reliability issues. Under the agreement, GVEA has agreed to install new pollution controls, and the EPA will reissue the plant's air permit—the last major hurdle to restarting the coal-fired plant. Pending final approval from the Regulatory Commission of Alaska following a 30-day public comment period, GVEA hopes to have the plant online within 18–24 months.

<http://blog.gvea.com/wordpress/?p=1163>

http://newsminer.com/view/full_story/20357325/article-Deal-reached-to-restart-Healy-Clean-Coal-Plant?instance=home_news_window_left_top_1

Dominion Shuts Its 917 MW North Anna Nuclear Unit 2 in Virginia October 8 to Replace Coolant Pump Seal

Dominion Resources Inc. on Monday shut its North Anna nuclear Unit 2 to replace a seal on one of the unit's three reactor coolant pumps. On the morning of October 7 the unit was operating at full power. North Anna nuclear Unit 1 continues to operate at full power.

Reuters, 08:39 October 9, 2012

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

Update: PPL's 1,105 MW Susquehanna Nuclear Unit 1 and 1,111 MW Unit 2 in Pennsylvania Reduced to 65 Percent by October 7; Ramped Up to 75 Percent by October 9

PPL Susquehanna LLC first reduced both units to 85 percent by October 3. On October 5, the company announced it had reduced output on both units and was preparing for a planned shutdown of Unit 1 later this month for additional turbine inspections. The company is working to confirm data that could help it resolve a turbine blade cracking issue that was first identified in 2011. Lowering the operating level of both units at least until inspection of the Unit 1 turbine is complete is intended to reduce the potential for cracking to occur or worsen. Pending the outcome of the Unit 1 inspection, PPL Susquehanna will determine whether a similar inspection of the Unit 2 turbine is warranted. Operators further reduced output on both units to 65 percent by October 7, before ramping both units back up to 75 percent by October 9.

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

<http://www.power-eng.com/news/2012/10/08/ppl-susquehanna-nuclear-plant-plans-unit-shutdown-for-additional-turbine-inspection.html>

FirstEnergy Cuts Usage of 2,200 MW W.H. Sammis Coal-Fired Power Plant in Ohio Due to Poor Economics

FirstEnergy said it will shift its W.H. Sammis power plant in Ohio from operating constantly to functioning only when needed to meet peak demand. The company cited its inability to compete with the lower expense of electricity generated by natural gas-fired power plants and lagging demand. The plant could be reopened within 3 days if needed, a utility spokesman said.

<http://www.vindy.com/news/2012/oct/02/firstenergy-cuts-usage-of-plant/>

Progress Energy's 811 MW Brunswick Nuclear Unit 2 in North Carolina Reduced to 70 Percent by October 8

On the morning of October 7 the unit was operating at full power.

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

Dominion's 871 MW Millstone Nuclear Unit 2 in Connecticut Shut by October 7

On the morning of October 6 the unit was operating at full power.

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

TMPA to Restart 453 MW Gibbons Creek Coal-Fired Unit 1 in Texas by October 8 after Repairing a Boiler Tube Leak

The Texas Municipal Power Authority (TMPA) reported it initiated a shutdown of the Gibbons Creek Unit 1 Saturday night to repair a boiler tube leak, according to a filing with the Texas Commission on Environmental Quality. Operators also took the electrostatic precipitator out of service until a purge of combustion gasses could be completed to protect the equipment and for personnel safety. TMPA later reported it expected to restart the unit late Monday night. Emissions related to restart procedures were expected to continue until Tuesday morning.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=174487>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=174533>

GenOn's 320 MW Etiwanda Natural Gas-Fired Unit 4 in California Returns to Service by October 7

The unit returned from an unplanned outage that began by October 6.

<http://content.caiso.com/unitstatus/data/unitstatus201210071515.html>

<http://content.caiso.com/unitstatus/data/unitstatus201210061515.html>

Inland Empire Energy Center's 376 MW Inland Empire Natural Gas-Fired Unit 1 in California Returns to Service by October 7

The unit returned from an unplanned outage that began by October 5.

<http://content.caiso.com/unitstatus/data/unitstatus201210071515.html>

<http://content.caiso.com/unitstatus/data/unitstatus201210051515.html>

PG&E's 404 MW Helms Hydro Unit 3 in California Returns to Service by October 8

The unit entered an unplanned outage that began by October 7.

<http://content.caiso.com/unitstatus/data/unitstatus201210071515.html>

<http://content.caiso.com/unitstatus/data/unitstatus201210081515.html>

Calpine's 751 MW Pastoria Energy Natural Gas-Fired Unit in California Reduced by October 8

The unit entered an unplanned curtailment of 271 MW.

<http://content.caiso.com/unitstatus/data/unitstatus201210081515.html>

Dynegy's 754 MW Moss Landing Natural Gas-Fired Unit 6 in California Returns to Service by October 5

The unit returned from an unplanned outage that began by October 4.

<http://content.caiso.com/unitstatus/data/unitstatus201210051515.html>

<http://content.caiso.com/unitstatus/data/unitstatus201210041515.html>

Sycamore Cogeneration's 360 MW Sycamore Natural Gas-Fired Unit in California Returns to Service by October 5

The unit returned from an unplanned curtailment of 198 MW that began by October 4.

<http://content.caiso.com/unitstatus/data/unitstatus201210051515.html>

New Study Shows 59,000–77,000 MW of Coal Plant Capacity to Retire over the Next 5 Years Due to Low Natural Gas Prices – Industry Analysts

<http://www.brattle.com/documents/UploadLibrary/Upload1081.pdf>

<http://www.brattle.com/documents/UploadLibrary/Upload1082.pdf>

<http://www.brattle.com/NewsEvents/NewsDetail.asp?RecordID=1187>

Update: Colonial Pipeline Says It Restarted Lines 19 and 20 by October 5 after Completing Repairs Due to a Gasoline Spill in Tennessee

Colonial Pipeline on Friday said it had restarted Line 19, a stubline carrying gasoline from Atlanta to Nashville, after a breach was repaired. The company also restarted Line 20, a parallel distillate pipeline that had been shut as a precaution. Operators shut Line 19 on Wednesday after construction crews found a spill and external damage to the pipe. Colonial had estimated that about 500 gallons of gasoline were released, but on Friday said that amount “should be revised” as the company completes its investigation of the incident.

Reuters, 11:58 October 5, 2012

Phillips 66 Reports Unplanned Hydrocracker Shutdown at Its 120,000 b/d Rodeo, California Refinery October 4; Reports Oil Line Leak October 8

Phillips 66 on Monday reported a leak in a “recovered oil line,” according to a filing with the Contra Costa Health Services. Operators were assessing the leak at the time of the filing. Last Thursday the refinery reported an unplanned shutdown of a hydrocracker and flaring, according to a filing with the Contra Costa Health Services. The company had also reported planned maintenance was underway at the refinery on Thursday.

Reuters, 19:41 October 5, 2012

Reuters, 10:25 October 9, 2012

Update: Valero Restarts CDU at Its 120,000 b/d Meraux, Louisiana Refinery October 8; Unit Had Been Shut Since a July 22 Fire

Valero Energy Corp. on Monday reported it has restarted a crude distillation unit (CDU) that has been shut since a July 22 fire. The company said it would take “several days” to return the unit to full rates. The company shut the entire refinery after the fire, before restarting some process units at reduced rates on August 6. Operators again shut the refinery by August 28 ahead of Hurricane Isaac’s landfall, and restarted at reduced rates all main production units except the CDU by September 13. All process units will advance to full rates with the crude unit, Valero said.

<http://www.bloomberg.com/news/2012-10-08/valero-meraux-oil-refinery-restarts-crude-unit-after-july-fire.html>

Update: HollyFrontier Says Its 125,000 b/d Tulsa, Oklahoma Refinery at Normal Rates by October 5 after Diesel Hydrotreater Repairs

HollyFrontier Corp. on Friday said it had returned its Tulsa East refinery in Oklahoma to normal rates after the company completed repairs on a diesel hydrotreater damaged by a fire August 2. The company had reported crude rates would be 30,000–40,000 b/d less in the third quarter due to the repairs.

Reuters, 13:14 October 5, 2012

Update: Motiva May Restart 325,000 b/d CDU at Its 600,000 b/d Port Arthur, Texas Refinery in December – Sources

Motiva Enterprises may restart a damaged 325,000 b/d crude distillation unit (CDU) at its Port Arthur refinery in December, at least a month ahead of its target date of early 2013, according to sources familiar with operations at the refinery. A spokeswoman said the company was still targeting early 2013 for restart. The unit has been shut since a June 9 fire, after which extensive corrosion was discovered in the CDU’s vessels and piping due to a caustic leak.

Reuters, 18:43 October 5, 2012

Update: Marathon Petroleum to Purchase BP’s 455,790 b/d Texas City, Texas Refinery and Related Logistics and Marketing Assets

Marathon Petroleum Corporation on Monday announced it has signed a definitive agreement to purchase BP’s Texas City refinery, three intrastate natural gas liquids pipelines originating at the refinery, an allocation of BP’s Colonial Pipeline Company shipper history, four terminals, retail marketing contract assignments for approximately 1,200 branded sites, and a 1,040 MW cogeneration facility. The base purchase price is \$598 million, plus inventories estimated at \$1.2 billion. The acquisition is expected to close early in 2013, subject to customary closing conditions and regulatory approvals.

http://www.marathonpetroleum.com/News/News_Releases/Press_Release/?id=1742579

Sunoco Shuts Isomerization Unit for Repairs at Its 335,000 b/d Philadelphia, Pennsylvania Refinery October 3

Sunoco Inc. reported it shut an isomerization unit for mechanical repair at the Girard Point section of its Philadelphia refinery on October 3, according to a filing with local pollution regulators.
Reuters, 15:26 October 5, 2012

Valero Reports Flaring at Its 142,000 b/d Corpus Christi, Texas Refinery October 5

Valero Energy Corp. on Friday reported flaring at its Corpus Christi refinery, according to a filing with the Corpus Christi Local Emergency Planning Committee. The filing did not indicate which unit or units were involved in the flaring.
Reuters, 17:37 October 5, 2012

Update: Enbridge Files with Minnesota Regulators to Boost Capacity of Its 450,000 b/d Alberta Clipper Crude Oil Pipeline

Enbridge Energy Partners, L.P. on Monday filed with the Minnesota Public Utilities Commission for permission to boost capacity from 450,000 b/d to 570,000 b/d on its 1,000-mile, 36-inch Alberta Clipper pipeline (Line 67), which carries crude oil through northern Minnesota to the company's Superior, Wisconsin Terminal. To increase capacity, Enbridge will add pumping horsepower and crude oil storage tanks at three Minnesota pumping stations, at Viking, Clearbrook, and Deer River. The capacity increase is intended to help relieve a shipping bottleneck of Canadian and North Dakotan crude oil to delivery points in the U.S. Midwest. The plans are part of a previously announced project to expand capacity of the Lakehead System mainline between its origin at the Canada/U.S. border, near Neche, North Dakota, to Flanagan, Illinois.

<http://www.startribune.com/business/173178811.html?refer=y>
<http://www.enbridgeus.com/Delivering-Energy/Growth-Projects/>

Update: Energy Transfer Partners and Sunoco Announce Successful Completion of Merger

Energy Transfer Partners, L.P. (ETP) and Sunoco, Inc. on October 5 announced the successful completion of the previously announced merger, under which Sunoco and Sunoco Logistics Partners will operate as a wholly owned subsidiary of ETP.

<http://ir.energytransfer.com/phoenix.zhtml?c=106094&p=irol-newsArticle&ID=1742166>

Natural Gas

Update: Michigan Governor Joins Protest Against Trunkline's Plan to Convert a Natural Gas Pipeline to Carry Crude Oil; Cites Concern about Supply Shortages

Michigan Governor Rick Snyder has joined the Michigan Public Service Commission, Consumers Energy Co., and numerous other parties in formally protesting Trunkline Gas Company's plan to convert a natural gas pipeline to carry crude oil. Trunkline, which is a unit of Energy Transfer Partners, has filed with the U.S. Federal Energy Regulatory Commission (FERC) for permission to shut down 770 miles of natural gas transmission pipelines across several states and either abandon them or eventually convert them to transport crude oil from the Midwest to U.S. Gulf Coast refineries. Trunkline has not yet indicated a timetable for the conversion. Governor Snyder has filed a motion with FERC to "intervene and protest" the plan, citing concerns about maintaining adequate natural gas supplies and infrastructure reliability. FERC could decide on the application as early as this month.

<http://www.midwestenergynews.com/2012/10/09/gas-to-oil-michigan-governor-protest-trunkline-pipeline/>

Regency Reports AGI Unit Shutdowns at Its 290 MMcf/d Waha Gas Plant in Texas October 5 and October 7

Regency Energy Partners reported inadequate gas flow from the amine system due to an upset caused the acid gas injection (AGI) compressor at its Waha plant to shut down Friday afternoon, according to a filing with the Texas Commission on Environmental Quality. Operators later reported an AGI unit shut down on high third-stage discharge pressure Sunday morning and caused emissions that continued until the afternoon.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=174486>

Other News

Nothing to report

International News

Shell Declares Force Majeure on Its Natural Gas Supply in Nigeria October 5 after Crude Oil Pipeline Theft Causes Fire

The Shell Petroleum Development Company of Nigeria on Friday declared force majeure on its natural gas supply after an attempt to steal crude oil from a pipeline led to a fire, the company said in statement. SPDC supplies natural gas to Nigeria Liquefied Natural Gas for exports overseas as well as to domestic power plants.
Reuters, 06:54 October 9, 2012

Update: KRG to Keep Oil Exports Flowing After Receiving Initial Payment from Baghdad

Kurdistan's leading oil producer, Genel Energy, on Monday said it would keep crude exports flowing after the Kurdistan Regional Government (KRG) announced it had received an initial payment for exports from Baghdad. Exports from Kurdistan have risen to 170,000 b/d, of which the fields of Taq Taq and Tawke, where Genel has a stake, are contributing about 110,000 b/d. Genel said last week it would halt exports if payment did not arrive soon.
Reuters, 08:27 October 8, 2012

Iraq Oil Output to More Than Double to 6.1 MMb/d by 2020, Increase to 8 MMb/d by 2035 – IEA

The International Energy Agency (IEA) on Tuesday issued a special edition of its World Energy Outlook that finds Iraq will make by far the largest contribution to global oil supply growth over the coming decades, with current production of 3 MMb/d more than doubling by 2020 and reaching more than 8 MMb/d by 2035. The report projects Iraq will become a key supplier to fast-growing Asian markets, mainly China, and the world's second largest oil exporter (behind Saudi Arabia) by the 2030s, overtaking Russia. The IEA's projections are much lower than the increases projected in Iraqi contracted projects (12 MMb/d by 2017) and lower than the Iraqi government's official targets due to a range of hindrances, including infrastructure bottlenecks, red tape and bureaucracy, and challenges in finding new export outlets. .

http://money.cnn.com/2012/10/09/news/economy/iraq-oil/index.html?source=yahoo_quote

<http://www.reuters.com/article/2012/10/09/iea-iraq->

[idUSL6E8L980020121009?type=companyNews&feedType=RSS&feedName=companyNews&rpc=43](http://www.reuters.com/article/2012/10/09/iea-iraq-idUSL6E8L980020121009?type=companyNews&feedType=RSS&feedName=companyNews&rpc=43)

<http://www.iea.org/newsroomandevents/pressreleases/2012/october/name,32060.en.html>

Iran Halts Natural Gas Exports to Turkey after Explosion Damages Natural Gas Pipeline in Turkey October 8; Blast Also Disrupts Natural Gas Flows from Azerbaijan

Iran halted natural gas exports to Turkey after a blast damaged the Baku-Tbilisi-Erzurum pipeline in Turkey early Monday morning, an Iranian official announced on Monday. No group has yet claimed responsibility for the explosion. The Kurdistan Workers Party (PKK), which is fighting against the Ankara government for autonomy, has attacked the pipeline in the recent past. Russian state-run gas company Gazprom OAO said Monday it would boost its supply of natural gas to Turkey by 60 percent following the explosion, which also disrupted flows from Azerbaijan. Turkey's state-owned pipeline company Botas had requested an increase in gas volume to 48 million cubic meters per day from 30 million cubic meters a day.

<http://english.farsnews.com/newstext.php?nn=9107111434>

http://www.downstreamtoday.com/news/article.aspx?a_id=37413

Update: World Bank Orders Ecuador to Pay Nearly \$1.77 Billion to Occidental Petroleum Corp. after Revoking Operating Concession, Seizing Assets in 2006

<http://finance.yahoo.com/news/world-bank-body-says-ecuador-023900223.html>

<http://www.reuters.com/article/2012/10/08/ecuador-occidental->

[idUSL1E8L8DPU20121008?type=companyNews&feedType=RSS&feedName=companyNews&rpc=43](http://www.reuters.com/article/2012/10/08/ecuador-occidental-idUSL1E8L8DPU20121008?type=companyNews&feedType=RSS&feedName=companyNews&rpc=43)

Energy Prices

U.S. Oil and Gas Prices			
October 9, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	92.16	92.45	82.02
NATURAL GAS Henry Hub \$/Million Btu	3.18	3.19	3.49

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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