



ENERGY ASSURANCE DAILY

Thursday Evening, October 09, 2014

Electricity

ERCOT Orders Rotating Outages in Rio Grande Valley in Texas October 8; 120,000 AEP Texas Customers Without Power at Peak of Outages

The Electric Reliability Council of Texas (ERCOT) on Wednesday at 6:29 p.m. local time, instructed transmission and distribution service providers to restore electric service following rotating outages in the Lower Rio Grande Valley. While most affected consumers were returned to service immediately, some providers indicated it could take about an hour to restore service to all affected consumers. Earlier Wednesday evening, unplanned power plant outages resulted in electric transmission issues in the Valley, which required action by the grid operator to protect the system in that area. At 4:47 p.m. local time, ERCOT instructed the transmission and distribution providers to reduce system demand by 200 MW to protect the Valley region from the risk of an uncontrolled blackout situation. Additional power also was imported from the power grid in Mexico to help address transmission system issues in the area, and ERCOT was working with the affected generation owners to return their units to service. At the height of the rotating outages, AEP Texas, the region's power provider, reported approximately 120,000 customers in its service territory were impacted. As of Thursday morning approximately 2,800 AEP customers were without power due to distribution-related issues unrelated to the rotating outages. AEP said on Thursday there was still a danger of service disruptions and was joining ERCOT in urging Rio Grande Valley residents to conserve power. While reliability conditions in the Valley had improved this morning, those conditions could change suddenly prompting the need to interrupt electric service for area residents, AEP said.

<https://www.aeptexas.com/info/news/ViewRelease.aspx?releaseID=1631>

http://www.ercot.com/news/press_releases/show/26676

http://www.ercot.com/news/press_releases/show/26677

http://www.valleymorningstar.com/premium/article_ac9c01c4-4f61-11e4-854d-0017a43b2370.html

Reuters, 11:41 October 9, 2014

Southwest Power Pool Needs More Time to Implement EPA's Carbon Reduction Plan

Southwest Power Pool (SPP) released a reliability impact assessment of the Environmental Protection Agency (EPA)'s proposed Clean Power Plan that indicates not enough time was allowed to compensate for projected generation-unit retirements, nor to build the transmission infrastructure necessary to maintain system reliability. The Clean Power Plan (CPP) would cut existing power plant carbon emissions from 2005 levels by 30 percent by 2030. The interim goals are to be applied and measured over a 10-year period that begins in 2020, with the final goals effective by 2030. The rule would be implemented through state-developed plans that meet state-specific carbon-reduction goals set by the EPA. When the plans are added together, the agency's model assumes SPP would see about 9 GW of existing coal- and gas-fired capacity retired to meet the plan's goals – 6 GW more than SPP members had originally projected. According to the impact assessment, SPP's transmission system could face severe overloads that will lead to cascading outages. The SPP assessment also used generation-load forecasts supplied by members, planned unit retirements and new generation, and the EPA's projected generator retirements to evaluate the CPP's impact on SPP's reserve margin (currently required at 13.6 percent above peak demand.) The impact assessment indicates SPP's anticipated reserve margin would be 4.7 percent, a reserve-margin deficiency of about 4,600 MW by 2020.

<http://www.spp.org/publications/Clean%20Power%20Plan%20Report%20100914.pdf>

Update: Entergy's 510 MW Vermont Yankee Nuclear Unit in Vermont Ramps Up to 97 Percent by October 9

On the morning of October 8 the unit was operating at 57 percent, reduced from 92 percent on October 7.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2014/>

Update: Exelon's 1,163 MW Byron Nuclear Unit 1 in Illinois at Full Power by October 9

On the morning of October 8 the unit was operating at 85 percent, reduced from full power on October 6.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2014/>

Update: AES's 175 MW Redondo Gas-fired Unit 6 in California Returns to Service by October 8

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

<http://content.caiso.com/unitstatus/data/unitstatus201410081515.html>

AES's 226 MW Huntington Beach Gas-fired Unit 2 in California Reduced by October 8

The unit entered an unplanned curtailment of 116 MW.

<http://content.caiso.com/unitstatus/data/unitstatus201410081515.html>

Petroleum

Malfunction at Mark West's Javelina Exhaust Gas Processing Facility Triggers Flaring at Three Corpus Christi, Texas Refineries

MarkWest's 140,000 MMcf/d Javelina facility in Corpus Christi, Texas, a subsidiary of MarkWest Energy Partners, which processes exhaust gases from the area's refineries for industrial use, reported a malfunction on Tuesday to the Corpus Christi/Nueces County Local Emergency Planning Committee (LEPC). Previous outages at the MarkWest plant led to flaring and upsets at the surrounding refineries because they could not send waste gases to the plant. The malfunction at the MarkWest plant triggered flaring at the Flint Hills refinery Flint Hills Resources 293,000 b/d Corpus Christi refinery on Tuesday night, according to a spokesperson. Sources said operations were normal on Wednesday at Citgo Petroleum Corp's 163,000 b/d Corpus Christi, Texas refinery, one the day after the refinery reported flaring to the LEPC. Valero Energy Corp's 200,000 b/d refinery also reported flaring to the LEPC on Tuesday night.

Reuters, 19:49 October 8, 2014

http://www.markwest.com/media/25219/gulf_coast.pdf

Valero Reports Process Upset, Flaring at Its 330,000 b/d Port Arthur, Texas Refinery October 8

Valero reported a process upset and emissions from flare 23, flare 26, hcu-943, and a hydrocracker unit at its Port Arthur, Texas refinery. Operators responded immediately to stabilize the unit and minimized flaring.

Reuters, 16:22 October 8, 2014

Reuters, 15:57 October 8, 2014

Phillips 66 Reports Pipeline Leak at Its 336,000 b/d Wood River, Illinois Refinery October 9

Phillips 66 reported a diesel spill from a pipeline leak at its Wood River, Illinois, refinery, according to the Illinois Emergency Management Agency.

Reuters, 4:12 October 9, 2014

HollyFrontier Reports Flaring Due to Power Blip at Its 25,050 b/d Woods Cross, Utah Refinery October 9

A power interruption at HollyFrontier Corp's refinery in Woods Cross, Utah caused flaring on Thursday, according to a report with the Standard Examiner news website. The report did not identify the cause of the power blip or which units were affected.

Reuters, 12:56 October 9, 2014

Tallgrass Energy Announces Its 230,000 b/d Pony Express Pipeline from Wyoming to Oklahoma in Commercial Service

Tallgrass Energy Partners, LP on Wednesday announced that line fill for the Tallgrass Pony Express Pipeline, LLC crude oil pipeline project was complete and the pipeline was in commercial service. Pony Express owns an approximately 690 mile crude oil pipeline commencing in Guernsey, Wyoming and terminating in Cushing, Oklahoma, with delivery points at Ponca City Refinery and Deeprock in Cushing. Upon completion of ongoing construction, Pony Express will also own an approximate 66 mile lateral in Northeast Colorado that will commence in Weld County, Colorado and interconnect with the Pony Express mainline just east of Sterling, Colorado. The lateral in Northeast Colorado was expected to be in service sometime during the first half of 2015. Initial capacity out of Guernsey will be 230,000 b/d.

<http://www.businesswire.com/news/home/20141008006295/en/#.VDaMtvldW5g>
<http://pipeline.tallgrassenergyip.com/Pages/Content.aspx?pipeline=402&type=SYST>

Pembina Pipeline Corporation Reveals Plans for Diluent Terminal Development at Its Heartland Terminal in Alberta

Pembina Pipeline Corp today announced plans to proceed with construction of the Canadian Diluent Hub (CDH), a large-scale condensate and diluent terminal at its Heartland Terminal site near Fort Saskatchewan, Alberta. The initial phase of CDH development is estimated to cost \$350 million and will include 600,000 barrels of above ground storage, multiple inbound and outbound pipeline connections, plus associated pumping and metering facilities. In anticipation of future customer demand and as part of an anticipated second phase of development, Pembina has also completed detailed engineering studies for the construction of additional rail facilities and underground cavern storage development. The CDH is designed to augment Pembina's existing diluent handling facilities in the Fort Saskatchewan area which includes approximately 20,000 b/d of rail import capacity, 500,000 barrels of underground diluent storage, and approximately 180,000 b/d of existing delivery capacity to third-party diluent delivery pipelines. The proposed facilities are designed to accommodate contracted diluent supply volumes from the company's previously announced field gas plant, pipeline, and natural gas liquids (NGL) fractionator expansions. Site preparation began in late-2013 and was ongoing. Subject to further regulatory and environmental approvals, Pembina anticipates phasing-in incremental storage and pipeline connections to regional condensate delivery systems in 2016 with a view to achieving full connectivity of and service offerings at CDH in the second quarter of 2017.

<http://www.pembina.com/media-centre/news-releases/news-details/?nid=135255>

North Dakota PSC Approves Permit for Conversion of Hiland Crude's Existing Gathering Pipeline into a 65,000 b/d Transmission Line

The North Dakota Public Service Commission (PSC) on Wednesday approved, with conditions, a siting permit for Hiland Crude, LLC, to convert an existing crude oil gathering pipeline into a transmission line. The approximately 197-mile long existing pipeline spans Williams, McKenzie, and Mountrail counties. Hiland Crude plans to add storage tanks and pumping facilities to the existing line, which will then convert the gathering pipeline system into a transmission line. The pipeline will be used to transport crude oil from smaller gathering systems and truck facilities to existing rail and pipeline network destinations connecting to multiple shipping points for out-of-state sale.

<http://www.psc.nd.gov/public/newsroom/2014/docs/10-8-14HilandCrudeOilPipelineVote.pdf>

Natural Gas

Transco Says Leak Found on Southeast Louisiana Lateral October 8 Will Take 7–10 Days to Repair

Williams Cos Inc's Transcontinental Gas Pipeline Co (Transco) said it discovered a leak on the Southeast Louisiana Lateral (SELA) near Ship Shoal 47. Transco said it expected repairs to be completed in 7–10 days and impacted meters were flowing approximately 25 MMcf.

<http://www.1line.williams.com/1Line/wgp/download?delvid=6054362&hfNoticeFlag=Y&hfDownloadFlag=false&hfFileName=download.html>

DCP Midstream Reports Sulfur Plant Shut Due to Leak at Its 70 MMcf/d Fullerton Gas Plant in Texas October 7

DCP Midstream reported the sulfur plant was shut down to repair a leak on the no. 1 reheater as well as instrumentation repair on acid gas valves. This caused the DEA reflux accumulator pressure valve to over pressure and open to flare. Inlet volumes were lowered, repairs were completed, and the sulfur plant was restarted.

<http://www11.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=204824>

American Midstream Midla Reaches Agreement in Principle Regarding Natchez Pipeline from Louisiana to Mississippi

American Midstream Midla, LLC, a subsidiary of American Midstream Partners, LP, on Wednesday announced an agreement in principle regarding Midla's interstate pipeline that traverses Louisiana and Mississippi. Parties involved reached the agreement in principle in order to provide continued service to Midla's customers while addressing safety concerns with the existing pipeline. Midla and the parties agreed that Midla may retire the existing 1920s vintage pipeline and replace the existing natural gas service with a new 12-inch pipeline from Winnsboro, Louisiana to Natchez, Mississippi (the Natchez Line) to serve existing residential, commercial, and industrial customers. Customers not served by the new Natchez Line will be connected to other interstate or intrastate pipelines, other gas distribution systems, or offered conversion to propane service. The agreement is subject to final agreements and ongoing proceedings at the Federal Energy Regulatory Commission (FERC). Under the agreement in principle and subject to FERC approval, Midla will execute long-term agreements to recover its investment in the Natchez Line. Midla estimates it will take up to two years to secure the necessary permits and construct the Natchez Line. Midla anticipates filing a formal settlement with the FERC within the next 30 days and receiving approval by late 2014 or early 2015.

<http://ir.americanmidstream.com/phoenix.zhtml?c=245475&p=irol-newsArticle&ID=1975514>

Other News

Surface Transportation Board Requires All Major U.S. Railroads to Report Service Statistics

The Surface Transportation Board announced on Wednesday that it was requiring all Class I railroads to publicly file weekly data reports regarding service performance to promote industry-wide transparency, accountability, and improved service. This order follows the Board's recent public hearings regarding rail service issues, at which many rail shippers expressed concerns about the lack of publicly available rail service metrics and requested access to certain performance data from the railroads to help them better understand the scope, magnitude, and impact of the current service problems. The data collected pursuant to this order will give the Board and interested parties a better real-time understanding of the current rail service issues.

http://www.stb.dot.gov/_85256593004F576F.nsf/0/89697892CE5C0B6885257D6B005972CA?OpenDocument

Superior Silica Sands' Guza Pit Sand Mining Operations Shut in Wisconsin Due to Dumping Activity

Regulators in western Wisconsin shut down a frack sand mine that they said was dumping polluted wastewater into an unlined pond. The Guza Pit near Independence was shut down this week after neighbors alerted the county and the Wisconsin Department of Natural Resources about activity at the site, believing that owners hadn't yet gotten permission to operate. Trempealeau County's zoning chief said mine operators were required to dump certain polluted water into a lined pond. The chemical polyacrylamide is used to clarify frack sand wash water and contains residual amounts of acrylamide, a neurotoxin linked to cancer and infertility. The Guza Pit, located across the Mississippi River from Winona, Minnesota, is operated by Superior Silica Sands, a Texas-based company. Lien said workers at the site agreed to cease activity while lawyers for the mining company met with county officials. Reuters, 12:47 October 8, 2014

International News

Yemen's 110,000 b/d Maarib Oil Pipeline Blown up by Militants

Yemeni tribal militants blew up an export pipeline in the Maarib province, located to the east of the capital Sanaa, eyewitnesses said on Thursday. The explosion was caused by an IED, the eyewitnesses said. Military staff were dispatched to the scene to hunt down the militants and protect a group of engineers who will work on restoring the pipeline.

<http://en.ria.ru/world/20141009/193855489/Militants-Blow-Up-Oil-Pipeline-East-of-Yemens-Capital-Sanaa.html>

Energy Prices

U.S. Oil and Gas Prices			
October 9, 2014			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	85.81	90.04	101.41
NATURAL GAS Henry Hub \$/Million Btu	3.88	3.99	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 & 1:00 PM ET every Wednesday.

Natural Gas Weekly Update from EIA

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

Updated after 2:00 PM ET every Thursday.

ENERGY ASSURANCE DAILY

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

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