



ENERGY ASSURANCE DAILY

Wednesday Evening, October 10, 2012

Major Developments

Update: California Retail Gasoline Prices Ebb as Supply Concerns Ease; Last Week's Record-Breaking Spike Prompts Calls for Federal Investigations

Record-high retail prices for gasoline in California began to ease on Wednesday, after refinery outages last week reduced supply and drove wholesale prices up more than \$1 per gallon and retail prices more than 50 cents per gallon. Wholesale prices dropped by 60 cents a gallon on Monday after Governor Jerry Brown on Sunday ordered the California Air Resources Board to immediately allow winter-blend gasoline to be sold, and a fall in retail prices is expected to follow within about a week, barring further market disruptions. The market remains volatile, however: wholesale prices in Los Angeles on Tuesday jumped by 26 cents a gallon after ExxonMobil announced it would carry out planned work at its 149,500 b/d Torrance, California refinery for the rest of October, and Chevron Corp. on Tuesday said the crude distillation unit damaged by an August 6 fire at its 245,271 b/d Richmond, California refinery would remain shut for the rest of the year. Last week's price increase—the biggest in any single state since Hurricane Katrina in 2005, according to the AAA—has prompted calls from the state's two U.S. Senators and from U.S. Rep. Henry Waxman, the ranking member of the House of Representatives' Energy and Commerce Committee, for a federal investigation of possible manipulation in the gasoline trading markets.

<http://www.reuters.com/article/2012/10/10/california-gasoline-idUSL1E8LA76N20121010>

<http://www.reuters.com/article/2012/10/09/refinery-operations-chevron-richmond-idUSL1E8L9KA720121009?feedType=RSS&feedName=rbssEnergyNews&rpc=43>

Electricity

Update: Westar Announces Commercial Operation of 168 MW Ironwood Wind Farm and 201 MW Rock Wind Farm in Kansas

Westar Energy, Inc. on Tuesday announced it has completed construction on two new wind farms in Kansas. The 168 MW Ironwood Wind Power Project was developed jointly with Duke Energy and began commercial operation on August 31. The 201 MW Rock Wind Farm was developed jointly with Wind Capital Group and began commercial operation on September 28.

[http://www.westarenergy.com/corp_com/corpcomm.nsf/unid/2AE09A7F7BE6229086257A920059C572/\\$file/100912%20wind%20sites%20online%20final.pdf](http://www.westarenergy.com/corp_com/corpcomm.nsf/unid/2AE09A7F7BE6229086257A920059C572/$file/100912%20wind%20sites%20online%20final.pdf)

Boiler Feed Pump Snag Shuts NRG's 893 MW Limestone Coal-Fired Unit 1 in Texas October 9

NRG Texas LLC reported a boiler feed pump snag caused its Limestone Unit 1 to trip overnight Thursday, according to a filing with the Texas Commission on Environmental Quality. Emissions associated with the incident continued for nearly 6 hours that morning, the filing said.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=174544>

SCE&G's 966 MW Summer Nuclear Unit in South Carolina Reduced to 85 Percent by October 10

On the morning of October 9 the unit was operating at 97 percent.

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

Update: Calpine's 751 MW Pastoria Energy Natural Gas-Fired Unit in California Returns to Service by October 9

The unit returned from an unplanned curtailment of 271 MW that began by October 8.

<http://content.aiso.com/unitstatus/data/unitstatus201210091515.html>

Petroleum

United Refining Company Affiliate to Purchase Phillips 66's 5 Million-Barrel Long Island Petroleum Terminal

Phillips 66 and United Riverhead Terminal, Inc. (URT), an affiliate of United Refining Company, on Tuesday announced they have entered into an agreement for URT to purchase Phillips 66's Riverhead, New York 5 million-barrel marine petroleum terminal and associated assets. Upon regulatory approval, the transaction is expected to close at the end of October. The marine terminal is currently used to store and ship crude oil, heavy fuels, diesel, and gasoline. Its offshore marine platform is the only deepwater loading and unloading facility on the U.S. East Coast. An executive said that while the company was not making public its intentions for the terminal, it had no immediate plans to send the crude oil it receives at the terminal to the company's Warren, Pennsylvania refinery.

<http://www.sacbee.com/2012/10/09/4895249/united-refining-company-affiliate.html>

<http://www.reuters.com/article/2012/10/09/us-marine-terminal-phillips-united-idUSBRE89815820121009>

Update: OSHA Cites Sinclair Oil for Safety Violations That Likely Factored into Flash Fires at Its 74,000 b/d Sinclair, Wyoming Refinery in May

The Occupational Safety and Health Administration (OSHA) of the Wyoming Department of Workforce Services has cited Sinclair Oil for 11 violations at its Sinclair, Wyoming refinery after an investigation revealed hazards about which the employer knew or should have known likely factored into a May 8 flash fire in a gas recovery unit that injured 4 employees. In September, OSHA similarly cited the refinery for a May 25 flash fire that injured 2 employees. OSHA is requiring Sinclair to bring in external independent safety contractors to perform audits and investigations.

<http://www.wyomingbusinessreport.com/article.asp?id=63984>

Natural Gas

Update: UGI Utilities and Pennsylvania Regulators Propose Settlement Regarding Fatal 2011 Natural Gas Pipeline Explosion in Allentown

UGI Utilities Inc. has agreed to pay the maximum fine it could face and accelerate cast-iron pipeline replacement to settle allegations it ignored warning signs that could have prevented a fatal 2011 natural gas explosion in Allentown, Pennsylvania. On February 9, 2011, a crack in a 12-inch natural gas main in Allentown caused the line to explode, killing five people and destroying eight homes. The Pennsylvania Public Utility Commission filed a complaint against UGI in June after a 16-month investigation. UGI and the commission's Bureau of Investigation and Enforcement on October 3 submitted a joint settlement to an administrative law judge, who will review it and make a recommendation to the commission itself.

<http://www.puc.state.pa.us/pcdocs/1193739.pdf>

http://www.lehighvalleylive.com/allentown/index.ssf/2012/10/ugi_puc_propose_allentown_gas_1.html

Field Unit Shutdowns Lead to Flaring at Southern Union's 140 MMcf/d Keystone Gas Plant in Texas October 6 and October 9

Southern Union Gas Services reported its was flaring low-pressure gas intermittently at its Keystone plant on October 6 and October 9 after field units went down, including one that was taken down due to a faulty sensor, according to filings with the Texas Commission on Environmental Quality. The plant on Tuesday reported it was again flaring low-pressure gas due to field units

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=174485>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=174470>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=174590>

Electrical Issue Shuts SRU at Enbridge's Teague Gas Plant in Texas October 8–9

Enbridge reported emissions at its Teague plant began Monday morning after an electrical issue on the thermal oxidizer control system resulted in a sulfur recovery unit (SRU) shutting down, according to a filing with the Texas Commission on Environmental Quality. Emissions related to the incident continued until Tuesday night.

<http://www11.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=174537>

Other News

Officials Report Multiple Cases of Copper Ground Wire Theft from Potomac Edison Substations in West Virginia

http://www.herald-mail.com/news/tristate/hm-four-charged-in-theft-of-copper-wire-from-power-stations-20121003_0.5989234.story

International News

Update: Natural Gas Flow from Iran to Turkey to Resume within a Week Following Blast October 8 – Officials

Officials hope to restore flows on a pipeline carrying natural gas from Iran to Turkey within a week, following a blast in eastern Turkey on Monday. Iran halted natural gas exports to Turkey after the blast damaged the Baku-Tbilisi-Erzurum pipeline. To compensate for disruptions in supply, Russian state-owned gas company Gazprom boosted supplies to Turkey by 60 percent.

<http://www.reuters.com/article/2012/10/10/turkey-iran-gas-idUSI7E8KO00G20121010>

Pirates Release Greek-Owned Oil Tanker October 9 after Hijacking It off the Ivory Coast October 6 and Stealing Cargo of Gas Oil

<http://www.iol.co.za/news/africa/pirates-free-greek-owned-oil-tanker-1.1400247>

Energy Prices

U.S. Oil and Gas Prices October 10, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	92.48	88.46	82.02
NATURAL GAS Henry Hub \$/Million Btu	3.19	3.21	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

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

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