



ENERGY ASSURANCE DAILY

Monday Evening, October 29, 2012

Major Developments

OE/ISER Situation Report: Hurricane Sandy

Hurricane Sandy is forecast to impact the U.S. Mid-Atlantic and Northeast regions with heavy winds, rain, and potentially snow in higher elevations. For details on the impact of this storm on customer outages, energy infrastructure issues, and restoration efforts, see: Hurricane Sandy Situation Reports issued by the U.S. Department of Energy, Office of Electricity Delivery & Energy Reliability (OE/ISER) at the following URL:

http://www.oe.netl.doe.gov/named_event.aspx?ID=67

Electricity

LIPA Moves Forward with Two Proposed Projects to Construct New Natural Gas-Fired Power Plants on Long Island

The Long Island Power Authority (LIPA) on October 25 announced it will move forward with two proposed projects to construct new natural gas-fired power plants. The first has been proposed by J-Power USA Development Co., Inc., which would develop, operate, and own a new 377 MW natural gas-fired, combined cycle power plant in Shoreham, with commercial operation beginning by May 2017. The second project has been proposed by Caithness Energy LLC, which would develop, operate, and own a new 706 MW natural gas-fired, combined cycle power plant in Yaphank, on the same site as its existing 326 MW combined cycle power plant, with commercial operation also scheduled to begin by May 2017. Each project would sell its entire output to LIPA under a 20-year agreement following the start of commercial operation. The proposed projects are subject to environmental and other regulatory reviews.

<http://www.lipower.org/newscenter/pr/2012/102512-energy.html>

Update: TVA's Ongoing Construction of Its 1,180 MW Watts Bar Nuclear Unit 2 in Tennessee on Track for Completion by December 2015

The Tennessee Valley Authority (TVA) released Friday its quarterly update on the construction progress of the Watts Bar Unit 2 nuclear reactor. The update shows the project is on track for completion between September and December of 2015 and within a total cost range of \$4-\$4.5 billion. The update also verifies there are no new risks in the short term that could compromise project completion.

<http://www.tva.com/news/releases/octdec12/wbn2.html>

TransAlta Announces Strategic Partnership Encompassing Proposed Project to Build 800 MW Sundance Natural Gas-Fired Unit 7 in Alberta

TransAlta Corporation and MidAmerican Energy Holdings Company on Friday announced the creation of a new strategic partnership through which the two companies will work together to develop, build, and operate new natural gas-fired electricity generation projects in Canada. The agreement encompasses TransAlta's proposed Sundance 7 project, which would build an 800 MW natural gas-fired unit at the company's Sundance coal-fired plant in Alberta by 2017. The Sundance power plant is a 1,566 MW coal-fired power plant with six generating units near Edmonton.

<http://www.transalta.com/newsroom/news-releases/2012-10-26/transalta-and-midamerican-create-new-partnership>

<http://www.reuters.com/article/2012/10/26/transalta-results->

[idUSL3E8LQ6EQ20121026?feedType=RSS&feedName=financialsSector&rpc=43](http://www.reuters.com/article/2012/10/26/transalta-results-idUSL3E8LQ6EQ20121026?feedType=RSS&feedName=financialsSector&rpc=43)

Update: PSE&G's 1,096 MW Salem Nuclear Unit 1 in New Jersey at Full Power by October 27

On the morning of October 26 the unit was operating at 83 percent.

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

Texas Public Utilities Commission Votes to Double Wholesale Power Cap by 2015 to Help Meet Growing Electricity Demand

The Public Utility Commission of Texas on October 25 voted to double the price cap for wholesale power by the summer of 2015, with a series of interim increases in the meantime, in an effort to draw more generation to meet the state's growing electricity demand. The commission voted to increase the market cap when supplies are tight to \$9,000 per megawatt-hour (MWh) as of June 1, 2015, versus the current cap of \$4,500 per MWh, to encourage new investment in power plants to supply the wholesale market. In the meantime, the cap would rise to \$5,000 per MWh when supply is tight for the summer of 2013 and to \$7,000 per MWh for the summer of 2014.

<http://www.reuters.com/article/2012/10/25/utilities-texas-cap-idUSL1E8LPIRO20121025?type=companyNews&feedType=RSS&feedName=companyNews&rpc=43>

California Public Utilities Commission Opens Formal Investigation into Shutdown at SCE's 2,150 MW San Onofre Nuclear Power Plant in California

The California Public Utilities Commission on October 25 voted to open a formal probe into the outage at Southern California Edison's (SCE) San Onofre Nuclear Generating Station. Both units at the plant have been shut since January, when operators discovered premature tube wear in the steam generators. The commission's investigation is intended to determine whether ratepayers should bear costs related to the extended shutdown, and to assess the cost-effectiveness of repairing or replacing one or both of the two units at the plant.

<http://www.reuters.com/article/2012/10/25/california-nuclear-probe-idUSL1E8LPD9520121025?type=companyNews&feedType=RSS&feedName=companyNews&rpc=43>
<http://finance.yahoo.com/news/regulators-vote-financial-probe-san-202211174.html>

Petroleum

TransCanada, Phoenix Energy Joint Venture to Develop Grand Rapids Pipeline System to Transport 900,000 b/d of Crude Oil and 330,000 b/d of Diluent in Northern Alberta

TransCanada Corporation announced today that it has entered into binding agreements with Phoenix Energy Holdings Limited to develop the Grand Rapids Pipeline project in Northern Alberta. TransCanada and Phoenix will each own 50 percent of the proposed pipeline project, which includes both a crude oil and a diluent line to transport volumes approximately 500 kilometers between the producing area northwest of Fort McMurray and the Edmonton/Heartland region. The Grand Rapids Pipeline system is expected to be in-service by early 2017, subject to regulatory approvals. The system will have the capacity to move up to 900,000 b/d of crude oil and 330,000 b/d of diluent. TransCanada will operate the system and Phoenix has entered a long-term commitment to ship crude oil and diluent on it. TransCanada expects to apply for regulatory approval for the project in 2013.

<http://www.transcanada.com/6129.html>

Update: Consumers Co-op Places New 45,000 b/d Section V Expansion into Service at Its 100,000 b/d Regina, Saskatchewan Refinery October 24

The Federated Co-operatives Limited (FCL) on Friday announced its wholly owned subsidiary Co-op Refinery Complex has completed the Section V expansion in Regina and began production in the new units on October 24. Work continues on associated revamps. The Regina refinery now has the capacity to process up to 145,000 b/d of crude oil, an increase from its previous total of 100,000 b/d. Section V consists of five new processing units, including a new fluid catalytic cracking unit, and is supported by 14 additional storage units and other associated infrastructure.

<https://www.coopconnection.ca/wps/section+v+news+release>

<http://www.winnipegfreepress.com/business/federated-co-operatives-refinery-expansion-complete-production-underway-176034421.html>

Update: Fluor to Provide Engineering Services on Phase 2 of Suncor's 150,000 b/d MacKay River Oil Sands Project in Northern Alberta

Fluor Corporation announced today that it has been awarded a contract by Suncor Energy to provide front-end project management and engineering services on the energy company's MacKay River Phase 2 oil sands project near Fort McMurray, Alberta. The joint venture MacKay River project is a 150,000 b/d steam assisted gravity drainage project, whose Phase 1 is expected to begin producing 35,000 b/d of oil in 2014, and whose Phase 2 is expected to begin producing an additional 40,000 b/d of oil in 2016.

<http://investor.fluor.com/phoenix.zhtml?c=124955&p=newsarticle&id=1751054>

http://www.albertacanada.com/AOSID_Quarterly_Update_Spring2012.pdf

Update: Dominion on Track to Begin Operation of Natrium Natural Gas Processing and Fractionation Plant in West Virginia by December 2012

Construction is underway at Dominion Transmission Inc.'s Natrium natural gas processing and fractionation plant in West Virginia, which will service producers operating in the Marcellus and Utica Shale regions. Dominion hopes to have the first phase of the plant, which will have a processing capacity of 200 MMcf/d and a fractionation capacity of 36,000 b/d of natural gas liquids (NGLs), operational by December 2012. Pending additional producer commitments for a second phase of the project, Dominion will expand the Natrium facility to process a total of 400 MMcf/d of natural gas and fractionate a total of 59,000 b/d NGLs.

<http://www.theintelligencer.net/page/content.detail/id/576352.html>
<http://dom.mediaroom.com/index.php?s=26677&item=71816>

Regency Reports AGI Unit Shutdowns at Its 290 MMcf/d Waha Gas Plant in Texas October 26 and October 28

Regency Energy Partners reported irregular gas flow from the amine system due to an upset caused the acid gas injector (AGI) compressor at its Waha plant to shut down Friday morning, according to a filing with the Texas Commission on Environmental Quality. Operators on Sunday reported that remote communications equipment for the automatic lubrication system failed, causing an acid gas compressor to shut down. The company expected flaring due to this latest incident to continue until October 31.

<http://www11.tceq.state.tx.us/occeer/index.cfm?fuseaction=main.getDetails&target=175353>
<http://www11.tceq.state.tx.us/occeer/index.cfm?fuseaction=main.getDetails&target=175318>

Sulfinol Valve Leak Leads to Flaring at Regency's 70 MMcf/d Eustace Gas Plant in Texas October 27

Regency Energy Partners reported an inlet valve to a lean sulfinol solution filter case developed a hole at its Eustace plant early Saturday morning, forcing operators to shut the sulfinol pumps and route the high- and low-pressure inlet gas streams to flare, according to a filing with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/occeer/index.cfm?fuseaction=main.getDetails&target=175350>

Other News

Update: ExxonMobil Receives Key Federal Permit Needed to Begin Construction at the Point Thomson Oil and Gas Field on Alaska's North Slope

The U.S. Army Corps of Engineers on Friday granted ExxonMobil Corp. a wetlands-fill permit the company needed to start construction on the Point Thomson oil and gas field on the eastern North Slope of Alaska, after an extended delay that threatened some leases there. ExxonMobil, which is developing the project with BP Plc and ConocoPhillips, reported it expected production of about 10,000 b/d of natural gas liquids to start in the winter of 2015–2016, a year later than once expected. The field holds an estimated 8–9 trillion cubic feet of natural gas and hundreds of millions of barrels of oil and natural-gas condensates, state officials say.

<http://www.reuters.com/article/2012/10/26/exxonmobil-pointthomson-idUSL1E8LQF6H20121026?feedType=RSS&feedName=marketsNews&rpc=43>

Primus Aims to Break Ground on a 25 MMGal/Year GTL Plant at a U.S. Location in 2013

Primus Green Energy, Inc. plans to break ground on a commercial-scale, gas-to-liquids (GTL) plant next year, an executive said. The company is currently looking for a strategic partner with which to develop the project and hopes to begin building a 25 million gallon per year facility at a location in the United States in 2013. The initial facility will convert dry natural gas into high-octane “drop-in” gasoline and jet fuel; the primary end product will depend on Primus’ strategic partner.

http://www.downstreamtoday.com/news/article.aspx?a_id=37573

Repeat Breaches of Energy Company Networks Indicate Increasing Exposure to Cyber Threats – Rice University Report

A September 2012 report published by researchers at Rice University examines how energy companies’ web-based networks are exposed to an increasing threat of cyberattacks that could impact the continuity of their operations, including their capacity to deliver products and services.

<http://bakerinstitute.org/publications/IT-pub-PolicyReport53.pdf>
http://www.rigzone.com/news/Middle_East_Attacks_Highlight_Cybersecurity_Threat_for_OG_Industry

International News

Explosion on Kirkuk-Ceyhan Pipeline in Turkey Halts Flows October 26, Does Not Impact Iraqi Exports – Turkish Energy Minister

An explosion in Turkey on the Kirkuk-Ceyhan pipeline on Friday halted flows on one link of the double line but has not disrupted Iraqi exports, Turkish energy ministry officials said. The incident is the latest in a series of attacks on oil and gas infrastructure in Turkey. The 970-kilometer (600-mile) pipeline runs from Iraq's northern oil hub or Kirkuk to the port of Ceyhan on Turkey's Mediterranean coast, pumping 300,000–500,000 barrels of crude oil per day.

<http://af.reuters.com/article/energyOilNews/idAFL5E8LQDH920121026>

Energy Prices

U.S. Oil and Gas Prices			
October 29, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	85.96	89.54	93.17
NATURAL GAS Henry Hub \$/Million Btu	3.34	3.43	3.59

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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