



ENERGY ASSURANCE DAILY

Thursday Evening, November 13, 2014

Electricity

NERC Says Increased Natural Gas Use Poses Risk to U.S. Power Reliability

The North American Electric Reliability Corp (NERC) said in its 10-year reliability report on Wednesday that power companies could have a tougher time keeping the U.S. grid reliable over the next decade as the industry uses more natural gas for generation due in part to stricter environmental rules. The retirement of mostly coal-fired power plants due to lower gas prices and increasingly strict environmental rules was reducing power reserve margins despite low load growth, according to NERC. Existing regulations and lower gas prices have already contributed to the retirement of approximately 39 gigawatts (GW) of generation from coal and other fossil fuels between 2011 and 2013, NERC said. The latest NERC assessment followed a report by the group last week that warned of reliability concerns related to the U.S. Environmental Protection Agency's (EPA) proposed Clean Power Plan to cut carbon emissions. The earlier report warned of the increased dependency on gas, wind and solar generation that could occur if more coal plants retire to comply with the carbon proposal. The EPA's proposed Clean Power Plan – depending on implementation – could lead to additional coal-fired generation retirements of approximately 47-68 GW by 2025, NERC said. There is a little more than 300 GW of coal-fired generation in the United States. Those units generated about 39 percent of the nation's power in 2013 and are expected to supply almost 40 percent in 2014, according to data from the U.S. Energy Information Administration. The retirement of more coal plants would further reduce reserve margins and accelerate the nation's reliance on gas and variable energy resources, such as wind and solar, NERC said. Gas, meanwhile, has grown to 40 percent of the generation mix, up from 28 percent in 2009, NERC said. NERC recommended the power and gas industries continue to coordinate to address potential fuel interruptions especially during extreme weather events like the Arctic weather seen last winter when there was not enough gas available to run power plants in the Northeast due in part to pipeline constraints.

<http://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/2014LTRA.PDF>

Reuters, 11:40 November 13, 2014

Update: 7,303 Puget Sound Energy Customers Remain without Power in Washington November 13 after Strong Winds Hit November 11

A wind advisory remained in effect for the Cascade foothills in Washington until 11 a.m. PST today after winds gusting up to 60 mph knocked out power to 226,500 Puget Sound Energy (PSE) customers on Tuesday. PSE brought in crews from Canada, Oregon and Eastern Washington to support their crews and those crews have been working around the clock to restore power. As of 3:30 p.m. EST, 7,303 PSE customers remained without power. PSE said all customers should have power restored by noon PST on Friday.

<https://pse.com/Pages/default.aspx>

<https://pse.com/accountsandservices/ServiceAlert/Pages/Outage-List.aspx?mode=list>

FPL's 839 MW Saint Lucie Nuclear Unit 2 in Florida Shut November 12

The unit shut from full power on November 12 due to lowering steam generator water level.

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

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2014/20141113en.html>

Update: Indiana-Michigan Power's 1,060 MW D.C. Cook Nuclear Unit 2 in Michigan at Full Power by November 13

On the morning of November 12 the unit was operating at 48 percent after restarting by November 11. The company said it shut the unit November 1 after excessive debris from large lake swells damaged several water screens. The screens remove debris carried in through three 16-foot cooling water intake tunnels. The power company said it acted out of caution because it couldn't be sure of an adequate cooling water supply to the non-nuclear side of the plant.

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

<http://www.therepublic.com/view/story/787958574d9b440a91a963280b9657ad/MI--Nuclear-Plant-Lake-Michigan>

Update: FirstEnergy's 1,235 MW Perry Nuclear Unit 1 in Ohio Ramps Up to 60 Percent by November 13

By the morning of November 12 the unit had restarted and was operating at 14 percent. The unit experienced an automatic shutdown November 7. A preliminary investigation determined that a voltage issue in one of the electrical panels that supplies power to cooling pumps was the cause of the shutdown.

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

http://www.cleveland.com/business/index.ssf/2014/11/perry_nuclear_power_plant_shut_1.html

AES's 332 MW Alamosa Gas-fired Unit 3 in California Shut by November 12

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus20141121515.html>

Petroleum

EIA Says Midwest Distillate Fuel Stocks Lowest on Record

Weekly U.S. Midwest distillate fuel oil stocks fell by 1.9 million barrels last week to 23.1 million barrels, the lowest on record, according to U.S. Energy Information Administration (EIA) data released on Thursday.

Reuters, 11:14 November 13, 2014

<http://www.eia.gov/petroleum/weekly/distillate.cfm>

Anadarko Petroleum Suspends Fracking Operations after Accident at Rig Site in Colorado November 13

A fracking accident at an Anadarko Petroleum Corp. rig site near Mead, Colorado on Thursday killed one worker and seriously injured two others. The accident happened during fracking operations run by Halliburton and prompted Anadarko to suspend all fracking operations in the area as a safety measure. Weld County Sheriff's Office deputies are investigating the accident. According to initial reports, the death and injuries were caused by a high-pressure water valve that either ruptured or exploded, an agency spokesman said. The workers were trying to warm the pipe, which had frozen, when it ruptured. The temperature was about 10 degrees at the time but overnight temperatures were well below zero. Federal investigators with the Occupational Safety & Health Administration in Denver were notified of the accident and were investigating.

http://www.denverpost.com/news/ci_26930029/one-dead-following-fracking-accident-weld-county

Imperial Oil Reports Flash Fire at Its 121,000 b/d Sarnia, Ontario Refining Complex November 13

Imperial Oil Ltd said on Thursday that a fire has been extinguished at the company's 121,000 b/d refining complex in Sarnia, Ontario. The refinery was in the midst of a planned maintenance turnaround. The refinery issued an alert for a fire onsite in the chemical plant, according to a notice from the Sarnia-Lambton community alerting system on Thursday.

Reuters, 14:41 November 13, 2014

Total Reports Unit Normal after Malfunction, Hydrotreater Running below Capacity at Its 225,000 b/d Port Arthur, Texas Refinery November 12

Total reported emissions at its Port Arthur, Texas, refinery due to a over-pressuring in unit 819, according to a filing with the Texas Commission on Environmental Quality. The flare gas recovery unit was over-supplied with process gases, resulting in diverting gases to the flare system. Total reported the unit equipment was isolated and resumed normal operation. In addition, a diesel hydrotreater was running below capacity after restarting late last week, sources familiar with operations at the refinery said. The hydrotreater was having problems with its feed system, the sources said. The unit was shut for overhaul on September 20 along with a 175,000 b/d crude distillation unit (CDU). The CDU, which returned to production on November 2, has been operating without problems since restarting.

Reuters, 21:23 November 12, 2014

Reuters, 19:51 November 12, 2014

Snag Resolved at Enterprise's Seaway Twin Terminal in Houston Ahead of December Pipeline Start – Traders

An unexpected snag at Enterprise Product Partners LP's crude terminal in Houston, Texas, has been resolved, two sources familiar with the operations said on Wednesday. The problem, reported last week, related to delivery on the highly anticipated 450,000 b/d Seaway Twin crude pipeline, which pumps crude oil down from Canada into the Gulf Coast. Trading sources indicated that due to operational problems around the terminal related to dedicated tank space, crude oil would need to be stored at Cushing, Oklahoma. Sources said on Wednesday that the company told shippers recently that Seaway Twin deliveries were on track for an expected start up next month.

http://www.downstreamtoday.com/news/article.aspx?a_id=45242

Natural Gas

Southern Union Announces White Castle Compressor Station Maintenance Complete, Unscheduled Maintenance on 20-Inch Duck Lake Franklinton Line in Louisiana

Southern Union said unit maintenance work at the White Castle compressor station has been completed. This maintenance was posted as up to a 100 MMcf/d impact. The company said it was addressing unscheduled pipeline maintenance on the 20-inch Duck Lake Franklinton line just southwest of its Franklinton compressor station in Washington Parish, Louisiana. The company expects the maintenance on the line to be completed around November 14. As a result of this maintenance, capacity in group 40-Franklinton West, could be reduced as much as 40 MMcf/d.

<http://ixsnp.sonetpremier.com/ebbmastertpage/Notices/NoticesAutoTable.aspx?code=SNG&status=Notice&name=Critical%20Notices&sParam1=007&sParam7=36389&sParam11=D&details=Y>

Regency Reports AGI Compressor Shut at Its 290 MMcf/d Waha Gas Plant in Texas November 12

Regency reported the acid gas injector (AGI) compressor shut on high third stage discharge pressure due to a faulty transmitter. The transmitter was repaired/replaced.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=206313>

Atlas Pipeline Reports Process Failure at Its 195 MMcf/d Midkiff Gas Plant in Texas November 12

Atlas Pipeline reported a process failure at its Midkiff gas plant. The process failure caused the plant to warm up cryogen plant due to the sides/bottoms reboiler getting hydrate formations. The flow temperatures were warmed up and the cryogenic plant was put back online after hydrate formations dissipated from methanol injections. The plant flared to minimize emissions and sent gas to Atlas' 200 MMcf/d Driver gas plant in Texas.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=206353>

Southern Union Reports Unit Shut at Its Keystone Gas Plant in Texas November 12

Southern Union reported unit 24 had a broken fitting on the starter. The fitting was replaced on unit 24 and it was put back online.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=206343>

Other News

Duke Energy Announces Plans to Begin Removing Coal Ash from Four North Carolina Sites

Duke Energy today announced another major milestone in its plan to permanently close coal ash basins and safely store coal ash generated from its North Carolina power plants. The company submitted detailed coal ash excavation plans to the North Carolina Department of Environment and Natural Resources (NC DENR) for ash stored at the high-priority Asheville Steam Electric Plant, Dan River Steam Station (Eden), Riverbend Steam Station (Mount Holly) and L.V. Sutton Steam Electric Plant (Wilmington) facilities. These plans and all associated permits must be approved by NC DENR before any excavation work can begin. Under North Carolina's Coal Ash Management Act, all basins at those sites must be closed by August 1, 2019.

<http://www.duke-energy.com/news/releases/2014111301.asp>

Venezuela Says No Fuel Shortage as Paraguana Complex Refineries Undergo Restart

Venezuela’s state oil company PDVSA said on Tuesday that two refineries at its Paraguana complex hit by outages in recent days were undergoing a “safe restart” and fuel supplies around the country were guaranteed meanwhile. The 645,000 b/d Amuay refinery, Venezuela’s largest, was knocked out by a blackout last week, while a storm halted the adjacent 310,000 b/d Cardon plant over the weekend. Work is underway to restore operations at both installations by the end of the week, workers and officials say. PDVSA urged Venezuelans to ignore “destabilizing rumors” about “false shortage” of fuels. International traders say PDVSA is seeking up to eight 300,000-barrel cargoes of ultra low-sulfur diesel and gasoline to fill the gap left by the Paraguana complex’s problems.
http://www.downstreamtoday.com/news/article.aspx?a_id=45228

Libya’s Al-Shararah and Al-Fil Oilfields Fail to Restart Production

Libya’s National Oil Corporation (NOC) failed to resume production at the Al-Shararah and the Al-Fil oilfields because a valve on the pipeline near Reyayna in the Jebel Nafusa was closed. There was also still no electricity at Al-Fil and workers were reported to have left, fearing an attack by militants.
Reuters, 11:07 November 13, 2014

Update: Libya’s 120,000 b/d Hariga Oil Port Reopens after Protest Ends – Source

Libya’s Hariga oil port reopened after state security guards ended a protest there over salaries, and a tanker was loading at the terminal on Thursday, a port source said. The tanker was scheduled to transport 400,000 barrels from Hariga to Greece, the source said.
Reuters, 13:04 November 13, 2014

Iraqi Forces Advance to Break Islamic State Siege of Baiji Refinery November 12

Iraqi government forces made significant advances on Wednesday in an effort to break an Islamic State siege of the country’s biggest refinery just outside the city of Baiji, an army commander and state television said. Backed by Shi’ite militias, government forces seized 60 percent of the city center and were close to opening a corridor to Islamic State militants surrounding the refinery, said the commander. Islamic State fighters moved through northern Iraq in June, seizing the city of Baiji and surrounding the refinery.
Reuters, 15:48 November 12, 2014

Energy Prices

U.S. Oil and Gas Prices			
November 13, 2014			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	74.08	78.05	94.42
NATURAL GAS Henry Hub \$/Million Btu	4.20	3.91	3.69

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>

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