



ENERGY ASSURANCE DAILY

Wednesday Evening, November 28, 2012

Electricity

PG&E Prepares for Upcoming Storm as Heavy Rain and Strong Winds are Forecast for the U.S. West Coast November 28

The U.S. National Weather Service has forecast that a series of strong storms will bring rain and mountain snow to the West Coast, particularly northern California and southern Oregon, beginning Wednesday and lasting through the weekend. Rainfall amounts of 6-12 inches are forecast, along with wind gusts as high as 70 mph along the coast. Flooding is possible across the region. Pacific Gas & Electric (PG&E) on Tuesday issued a statement warning customers that the storms could result in interruptions to electrical service.

<http://finance.yahoo.com/news/pg-e-prepares-upcoming-storm-232500554.html>

<http://www.weather.gov/alerts>

FERC Cites Entergy for Alleged Violations in Operating Electric Transmission System

The U.S. Federal Energy Regulatory Commission (FERC) on Tuesday posted a preliminary report citing a unit of Entergy Corp. for 33 alleged violations of 16 standards in the operation of its electric transmission system, which serves customers in Louisiana, Arkansas, Mississippi, and Texas. FERC alleges Entergy failed “to adequately perform critical functions required for reliable operation of its transmission system,” citing violations ranging from worker training and certification issues to system modeling to failure to maintain backup power at vital communication sites needed in times of emergency.

<http://www.reuters.com/article/2012/11/27/utilities-ferc-entergy-idUSL1E8MRDCV20121127?feedType=RSS&feedName=marketsNews&rpc=43>

Peak Wind Output Tops 10,000 MW in MISO’s Service Territory in the U.S. Midwest and in Manitoba, Canada November 23

The Midwest Independent System Transmission Operator (MISO) on Tuesday reported that, for the first time since it began integrating wind into market operations in 2006, actual wind output surpassed 10,000 MW in MISO’s service region—representing 11 states and the Canadian province of Manitoba. The new wind peak took place overnight Friday, November 23 with a peak output of 10,012 MW, representing more than 25 percent of the generation output being used at that time.

<https://www.midwestiso.org/AboutUs/MediaCenter/PressReleases/Pages/WindOutputSurpasses10GW.aspx>

Update: PSE&G’s 1,092 MW Salem Nuclear Unit 2 in New Jersey Ramped Up to 85 Percent by November 28

Salem Unit 2 is returning from an outage that began November 25, when the reactor automatically tripped after a steam generator feedwater regulation valve did not respond to a demand signal. The cause of the failure to respond to demand was under investigation. Operators restarted the unit on November 27.

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

Update: Wolf Creek’s 1,165 MW Wolf Creek Nuke Unit 1 in Kansas at Full Power by November 28

On the morning of November 27 the unit was operating at 70 percent.

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

Update: CDWR's 933 MW Hyatt-Thermalito Hydro Unit in California Returns to Service by November 27

The unit returned from a curtailment of 661MW that began by November 14 and was due to planned and unplanned causes.

<http://content.caiso.com/unitstatus/data/unitstatus201211271515.html>

Update: Dynegy's 510 MW Moss Landing Natural Gas-Fired Unit in California Returns to Service by November 27

The unit returned from an unplanned curtailment of 260 MW that began by November 26.

<http://content.caiso.com/unitstatus/data/unitstatus201211271515.html>

GenOn's 215 MW Mandalay Natural Gas-Fired Unit 2 in California Reduced by November 27

The unit entered an unplanned curtailment of 140 MW.

<http://content.caiso.com/unitstatus/data/unitstatus201211271515.html>

FirstEnergy Announces Plans to Build New Akron Transmission Control Center Ohio

FirstEnergy Corp. on Tuesday announced plans to construct a new transmission control center at its West Akron Complex in Akron, Ohio. While preliminary site preparation work is being done this fall, groundbreaking for the 70,000-square-foot facility is expected to occur in the spring of 2013, with planned completion of construction by the end of the year. Once operational, the Akron Transmission Control Center will oversee and monitor transmission operations in areas served by FirstEnergy's Ohio Edison, Cleveland Electric Illuminating Company, Toledo Edison, Pennsylvania Power, Metropolitan Edison, Pennsylvania Electric Company, and Jersey Central Power & Light utilities. The new facility will replace the company's existing Ohio Transmission Control Center located in Wadsworth, Ohio, which will be used as a back-up and training facility.

https://www.firstenergycorp.com/content/fecorp/newsroom/news_releases/firstenergy-announces-plans-to-build-new--45-million-transmissio.html

Petroleum

Marathon Petroleum, Other Industry Groups Seeking to Keep Mississippi River Levels High to Avoid Barge Delays

Eighteen industry groups, including Marathon Petroleum Corp., on Tuesday sent a joint letter to President Obama warning that waterborne commerce on a portion of the Mississippi River will be "severely impaired" by the middle of next month unless action is taken to restore the water level, which has been significantly reduced due to this year's historic drought. The letter asks that the U.S. Corps of Engineers remove rock pinnacles near the Illinois cities of Grand Tower and Thebes and to release enough water from the Missouri River reservoirs to sustain commercial navigation. Low water levels could prevent barges carrying crude oil and petroleum products from travel. An estimated 700,000 tons of crude oil and 1.3 million tons of petroleum products is scheduled to be transported on the Mississippi in December and January, according to figures from the American Waterways Operators, the National Waterways Conference, and the Waterways Council Inc.

http://www.downstreamtoday.com/news/article.aspx?a_id=37826

Power Outage Shuts Hess's 70,000 b/d Port Reading, New Jersey Refinery November 27

Hess Corp. on Wednesday reported that all units at its Port Reading refinery shut down on Tuesday because of a "brief power dip," a company spokesperson said. Operators said the refinery was ready to begin restarting once the company received confirmation from the power provider that it had resolved the outage issue. The terminal and loading rack were operating, the spokesperson said. The refinery had on November 21 resumed normal production rates after shutting down in advance of Hurricane Sandy and remaining shut after the storm damaged a PSE&G substation that powers the plant.

Reuters, 16:58 November 28, 2012

DJN, 11:01 November 28, 2012

Valero Reports No Impact to Production after Brief Power Loss at Its 163,000 b/d Corpus Christi, Texas Refinery November 27

Valero Energy Corp. on Wednesday said a brief loss of power that led to flaring at the west plant of its Corpus Christi refinery Tuesday night did not have a material impact on production, according to a spokesman. The power issue did not result in unit shutdowns, and the refinery was operating at planned rates. Valero had reported the sudden loss of power in Complex 6 was due to a rodent contacting the primary power transformer, according to a filing with the Texas Commission on Environmental Quality. Unit rates were reduced and streams were routed to the flare to reduce emissions, the filing said.

Reuters, 10:11 November 28, 2012

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=176458>

Petrobras Looks to Sell Its 100,000 b/d Pasadena, Texas Refinery in an Effort to Raise Funds for Drilling Projects Offshore Brazil – Sources

Petroleo Brasileiro SA (Petrobras) has enlisted Citigroup Inc. to sell its Pasadena, Texas refinery as it continues to shed assets to help fund offshore drilling projects in Brazil, according to people with knowledge of the sale effort.

http://online.wsj.com/article/SB10001424127887323830404578145611979409082.html?mod=googlenews_wsj

TransCanada Says Flow Rates Unaffected after It Briefly Shut Its 590,000 b/d Keystone Pipeline November 28

TransCanada Corp. on Wednesday said it had briefly shut its 590,000 b/d Keystone pipeline, but had since resumed normal operations. Flow rates were not affected, a company spokesman said.

Reuters, 12:13 November 28, 2012

Update: ONEOK Elects Not to Proceed with 200,000 b/d Bakken Crude Express Pipeline Project, Cites Lack of Sufficient Long-Term Commitments

ONEOK Partners, L.P. on Tuesday announced that it did not receive sufficient long-term transportation commitments during its recently concluded open season for the Bakken Crude Express Pipeline. As a result, the partnership has elected not to proceed with plans to construct the pipeline. The Bakken Crude Express Pipeline would have been a 1,300-mile crude oil pipeline with the capacity to transport 200,000 b/d of light-sweet crude from multiple points in the Williston Basin in the Bakken Shale in North Dakota and Montana to the crude oil market hub in Cushing, Oklahoma.

http://ir.oneok.com/phoenix.zhtml?c=120070&p=irol-newsArticle_Print&ID=1762215

Update: Plains All American Pipeline Cancels Plans for 677,000 b/d Crude Oil Import Terminal at the Port of Los Angeles in California, Cites Changing Industry Economics

Plains All American Pipeline has withdrawn plans to build an oil tanker terminal at the Port of Los Angeles, citing changing industry economics. The project was initially proposed in 2003 and had by 2010 evolved into a plan to build a 677,000 b/d oil import terminal that would have included sixteen 250,000-barrel storage tanks and a pipeline connecting storage facilities to nearby piers. Plains said a series of setbacks led to its decision to cancel the project, including project delays, the economic downturn, permitting hurdles, and a shift toward increased domestic oil production.

http://www.dailybreeze.com/news/ci_22078179/oil-tanker-terminal-project-at-port-canceled

<http://www.pacificenergypier400.com/>

Update: Six U.S. Senators Ask Justice Department to Investigate California Gasoline Prices, Cite Concerns about Possible Market Manipulation

<http://www.reuters.com/article/2012/11/27/california-gasoline-senators-idUSL1E8MR7LP20121127?feedType=RSS&feedName=industrialsSector&rpc=43>

Two Spectra Subsidiaries Limit Flows on U.S. Northeast Natural Gas Pipelines Due to Cold Temperatures November 27

Cold weather across the U.S. Northeast on Tuesday forced two Spectra Energy natural gas pipeline units to limit some flows. Spectra's Algonquin Gas Transmission unit said it had restricted some interruptible customers on its Northeast system and may have to issue an operational flow order to maintain operational flexibility and system reliability for firm transportation. The 1,100-mile, 2.4 Bcf/d Algonquin system supplies natural gas to New England from connections with five major interstate pipelines. In addition, Spectra's Maritimes and Northeast unit said it had scheduled nominations at each pipeline segment and meter station up to operational capacity, with restrictions at the Tennessee Gas interconnection at Dracut, a physical delivery meter station. The 690-mile, 883 MMcf/d Maritimes and Northeast pipeline system carries supply across the U.S. Northeast and in Atlantic Canada. <http://www.reuters.com/article/2012/11/27/energy-spectra-algonquingas-idUSL1E8MR7MP20121127?type=companyNews&feedType=RSS&feedName=companyNews&rpc=43>

MarkWest Utica, Gulfport Energy Bring 60 MMcf/d Cadiz Natural Gas Refrigeration Plant Online in Ohio; Announce More Infrastructure Development Projects in Utica Shale

MarkWest Utica EMG, L.L.C., a joint venture between MarkWest Energy Partners, L.P. and The Energy and Minerals Group (EMG), together with Gulfport Energy Corporation have commenced operations of the interim 60 MMcf/d Cadiz refrigeration plant in Harrison County, Ohio. MarkWest Utica is also constructing a 125 MMcf/d cryogenic processing plant, Cadiz I, which is expected to be completed by the first quarter of 2013. MarkWest Utica's partnership with Gulfport includes additional midstream infrastructure in the Utica Shale, including a 125 MMcf/d cryogenic processing plant, Cadiz I, which is expected to be completed by the first quarter of 2013; a 200 MMcf/d cryogenic plant, Cadiz II, which is planned to be operational by the third quarter of 2013; and, by the beginning of 2014, up to 140 miles of gathering pipeline and associated compression for Gulfport's planned drilling program of 50 gross wells in 2013. <http://ir.gulfportenergy.com/releasedetail.cfm?ReleaseID=723536>

Acid Gas Compressor Shutdowns Cause Flaring at Regency's 290 MMcf/d Waha Gas Plant in Texas November 27

Regency Energy Partners reported the acid gas compressor at its Waha plant shut down four times Tuesday morning on fifth-stage discharge over-pressure alarm after gas supplied by a third party was high in carbon dioxide, according to a filing with the Texas Commission on Environmental Quality. <http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=176425>

Engine Shuts Due to Compressor Vibrations at Enbridge's 50 MMcf/d Reinecke Gas Plant in Texas November 26

Enbridge reported Engine 77082 at its Reinecke plant shut down very early Monday morning due to compressor vibrations, according to a filing with the Texas Commission on Environmental Quality. <http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=176453>

Other News

American Petroleum Institute Sues EPA over Renewable Fuels Standard

The American Petroleum Institute on Monday filed a lawsuit against the U.S. Environmental Protection Agency (EPA) with the U.S. Court of Appeals for the District of Columbia over the agency's Renewable Fuel Standard (RFS), which mandates that 1.28 billion gallons of biodiesel be used in 2013—a 28 percent increase from last year's requirement. In a statement Tuesday, API said the "unworkable" program has many flaws and could force higher concentrations of ethanol that could harm vehicles that can't safely use those blends. <http://dailycaller.com/2012/11/27/oil-and-gas-lobby-sues-epa-over-biofuel-mandate/>
<http://www.api.org/news-and-media/congress-should-repeal-unworkable-renewable-fuels-standard.aspx>
<http://www.api.org/bob-greco-remarks-press-briefing-teleconference-rfs-program.aspx>

EPA Temporarily Suspends BP from New Contracts with the Federal Government over Conduct Related to Deepwater Horizon Disaster

The U.S. Environmental Protection Agency (EPA) today announced that it has temporarily suspended BP Exploration and Production, Inc., BP Plc, and named affiliated companies (BP) from new contracts with the federal government. EPA is taking this action due to BP's lack of business integrity as demonstrated by the company's conduct with regard to the Deepwater Horizon blowout, explosion, oil spill, and response, as reflected by the filing of a criminal information. On November 15, 2012, BP agreed to plead guilty to eleven counts of Misconduct or Neglect of Ship Officers, one count of Obstruction of Congress, one misdemeanor count of a violation of the Clean Water Act, and one misdemeanor count of a violation of the Migratory Bird Treaty Act, all arising from its conduct leading to the 2010 Deepwater Horizon disaster. The BP suspension will temporarily prevent the company and the named affiliates from getting new federal government contracts, grants, or other covered transactions until the company can provide sufficient evidence to EPA demonstrating that it meets Federal business standards. The suspension does not affect existing agreements BP may have with the government.

<http://www.hydrocarbonprocessing.com/BP-suspended-from-new-US-government-contracts.html>

<http://yosemite.epa.gov/opa/admpress.nsf/0/2AAF1C1DC80C969885257ABF006DAFB0>

International News

Update: BP Restarts 11,000 b/d Ula Norwegian North Sea Oilfield November 17 after Oil and Gas Leak in September; Norwegian Authorities Order Safety Measures

BP Plc on November 17 restarted production at its Ula P oil platform in the North Sea after a two-month shutdown following an oil and gas leak at the facility. BP shut the 11,000 b/d platform September 12 after both oil and natural gas had leaked from the facility. Norway's Petroleum Safety Authority has ordered BP Plc to implement immediate measures to comply with fire- and explosion-prevention requirements at the Ula platform following the leak. The authority said that fire protection for the main substructure and process equipment on the platform were inadequate and passive fire protection needed to be installed.

<http://www.hydrocarbonprocessing.com/Article/3123051/Latest-News/Norway-orders-BP-to-implement-safety-measures.html>

Evidence Suggests Illegal Oil Theft in Nigeria is Rising

In 2011 the state agency regulating pipelines recorded 4,468 pipeline break-ins compared with an annual average of 1,746 between 2001 and 2010, and Nigeria's finance minister has suggested that about 400,000 b/d were lost in a single month last April. An analyst concerned with the issue has estimated about 180,000 b/d are lost in Nigeria due to theft.

<http://www.ft.com/intl/cms/s/0/551bcf06-34ba-11e2-99df-00144feabdc0.html#axzz2DX4wD8IY>

Oil Exports from Iraq's Kurdistan Region Down 'Significantly' – Sources

Oil exports from Iraq's Kurdistan region were reduced "significantly" on Tuesday, industry sources said. The reason for the reduction was not clear, but the region has withheld exports in the past as part of a long-running dispute with the central government over payment to oil companies operating in Kurdistan.

<http://www.reuters.com/article/2012/11/27/kurds-oil->

[idUSL5E8MRB0620121127?type=companyNews&feedType=RSS&feedName=companyNews&rpc=43](http://www.reuters.com/article/2012/11/27/kurds-oil-idUSL5E8MRB0620121127?type=companyNews&feedType=RSS&feedName=companyNews&rpc=43)

Energy Prices

U.S. Oil and Gas Prices			
November 28, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL			
West Texas Intermediate U.S.	85.80	86.85	98.27
\$/Barrel			
NATURAL GAS			
Henry Hub	3.77	3.62	2.84
\$/Million Btu			

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.

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

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