



ENERGY ASSURANCE DAILY

Wednesday Evening, November 30, 2011

Electricity

NERC Assessment Shows EPA Regulations Could Cause 36 GW of Accelerated Retirements and De-Rates and Could Present ‘Considerable’ Operational Challenges

An annual long-term reliability assessment issued this month by the North American Electric Reliability Corporation’s (NERC) predicts that a decrease in projected generation resources will lead to declining planning reserve margins in some areas, but a majority of areas appear to have adequate resource plans to meet projected peak demands over the next ten years. A NERC media release notes, however, that resource adequacy projections for the ERCOT portion of Texas and for New England are less certain. The assessment identifies several key issues and risks to bulk power system reliability, but homes in on the impact of environmental regulations on resource adequacy. The U.S. Environmental Protection Agency’s (EPA) proposed Coal Combustion Residuals rule, proposed Mercury and Air Toxics Standards for Utilities, proposed Cooling Water Intake Structures rule, and final Cross-State Air Pollution rule have impacted planning decisions that could result in 36 GW of accelerated retirements and de-rates, according to NERC’s analysis. In addition, the industry faces considerable operational challenges to complete, coordinate, and schedule the necessary environmental retrofits needed to comply with these regulations, according to the media release. Successfully implementing these changes will depend on the amount of time given to the industry to comply with future regulations, the fuel-mix of particular regions across the country, outage coordination among affected units, and enhancements to the interconnected transmission system.

http://www.nerc.com/files/2011LTRA_Final.pdf

http://www.nerc.com/fileUploads/File/News/PR_LTRA28NOV11.pdf

APS’s 1,243 MW Palo Verde Nuclear Unit 1 in Arizona Ramped Up to 68 Percent by November 30

The Nuclear Regulatory Commission reported that on the morning of November 29 the unit was operating at 19 percent.

Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2011/>

Calpine Reduces Available Capacity of 751 MW Pastoria Gas-Fired Unit in California November 29

According to the California Independent System Operator, the unit reported an unplanned curtailment of 261 MW on November 29.

<http://content.caiso.com/unitstatus/data/unitstatus201111291515.html>

Update: NextEra’s 493 MW Blythe Gas-Fired Unit in California Returns to Service by November 29

According to the California Independent System Operator, the unit reported a return from an unplanned curtailment of 253 MW reported on November 28.

<http://content.caiso.com/unitstatus/data/unitstatus201111291515.html>

Exelon Reports Automatic Reactor Scram, Unexpected Steam Bypass Closure during Planned Refueling Outage at Its 1,022 MW Clinton Nuclear Unit in Illinois November 30

The Nuclear Regulatory Commission reported that the unit experienced an automatic reactor scram during a planned refueling shutdown. The filing states that shortly after tripping the main turbine, an automatic reactor scram occurred due to high reactor steam dome pressure. Also, the main steam bypass valves unexpectedly closed. Operators are investigating the cause of the bypass valve closure and reactor scram.

Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2011/>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2011/20111130en.html>

Luminant Reports Possible Fly Ash Plugs, Emissions at Its 593 MW Big Brown Coal-Fired Unit 1 in Texas November 30

Luminant reported that workers will be inspecting the 1F fly ash line and compartments in the 1-3 baghouse to look for plugs obstructing the emptying process.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=162218>

Petroleum

Kinder Morgan to Add 2.4 Million Barrels of New Crude Oil and Condensate Storage Capacity at Its Edmonton, Alberta Terminal by 2013

Kinder Morgan Energy Partners, L.P. today announced that it will construct seven tanks with a storage capacity of 2.4 million barrels for crude oil and condensate at its Edmonton Terminal in Strathcona County, Alberta. Kinder Morgan subsidiary Trans Mountain Pipeline will construct the tanks at the Edmonton facility and intends to commence construction early in 2012 following receipt of all required permits. Kinder Morgan expects to place the new tanks into service in late 2013. The tanks are intended to provide Alberta producers, marketers, and refiners additional crude oil and condensate storage options as oilsands production increases, and the Edmonton location will facilitate upstream feeder pipeline connectivity and access to all downstream market outlets, including direct connections into Trans Mountain Pipeline.

<http://phx.corporate-ir.net/phoenix.zhtml?c=119776&p=irol-newsArticle&ID=1634714>

Total Reports Unit Shutdown at Its 232,000 b/d Port Arthur, Texas Refinery November 29

Total Petrochemicals reported Tuesday that Unit 890 shut down for unknown reasons and is still under investigation, according to a filing with state regulators. Operators responded by attempting to restart the affected equipment at the unit as quickly as possible.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=162179>

Chalmette Refining Reports Valve Leak at Its 192,500 b/d Chalmette, Louisiana Refinery November 29

Chalmette Refining on Tuesday reported a release of hydrogen fluoride from a pipeline packing valve due to an unknown cause, according to a filing with the U.S. National Response Center. Operators isolated the valves that were leaking and have secured the leak, according to the filing.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=996719

TransAtlantic Petroleum Resumes Production at Selmo Field in Turkey after Gunmen Kill Three Workers in Isolated Attack November 23

TransAtlantic Petroleum Ltd. reported November 23 that one or more armed individuals attacked workers, killing three, at the company's Selmo field operations in southeastern Turkey. It appears to have been an isolated event, and the company is working with local authorities to investigate the incident and provide additional security for operations in the vicinity. On November 28 a company executive reported that the operations team at the field resumed production on Thursday, November 24, and has returned the field to recent production levels. Selmo is the second largest oil field in Turkey (by cumulative production) and is estimated to have approximately 600 million barrels of oil in place, with approximately 85 million barrels produced to date.

<http://phx.corporate-ir.net/phoenix.zhtml?c=153906&p=RssLanding&cat=news&id=1633488>

<http://phx.corporate-ir.net/phoenix.zhtml?c=153906&p=RssLanding&cat=news&id=1633804>

<http://www.transatlanticpetroleum.com/s/Turkey.asp?ReportID=426388>

Reports Indicate Sunoco Might Disassemble Its Shuttered 145,000 b/d Eagle Point, New Jersey Refinery for Shipment and Reassembly in India

Reports indicate that the government in the Indian state of Andhra Pradesh on November 17 signed a memorandum of understanding (MOU) with an Indian company, Amerind Petroleum Ltd., to disassemble Sunoco Inc.'s shuttered 145,000 b/d Eagle Point refinery in New Jersey and ship and reassemble it in Visakhapatnam, India. According to the MOU, Amerind would work with California-based American Industrial Corporation (AIC), its technical collaborator in the United States, to disassemble and relocate the refinery. Sunoco shut the refinery in late 2009 due to weak margins. A Sunoco spokesman has confirmed only that the company has been trying to sell the refinery's equipment since it closed. Refineries are not often moved and reassembled; in the past, only smaller plants and processing units have been disassembled and shipped. AIC could not comment on Eagle Point, but an executive told reporters Tuesday that it would take about 12 months to disassemble a refinery like Eagle Point and then an additional 12–24 months to use containers and bulk cargoes to ship the parts and complete the project.

<http://www.platts.com/RSSFeedDetailedNews/RSSFeed/Shipping/8643243>

http://www.downstreamtoday.com/news/article.aspx?a_id=28671

Marathon Receives First Shipment of Utica Shale Crude Oil at Its 78,000 b/d Canton, Ohio Refinery November 29, Becomes First Refiner in the Region to Receive Utica Shale Crude

Marathon Petroleum received the first shipments of crude oil from the Utica shale of eastern Ohio and western Pennsylvania on Tuesday, an executive told reporters. The first shipments of about 250 barrels of crude were delivered on trucks, making Marathon the first refiner in the region to receive Utica shale crude.

Reuters, 12:07 November 30, 2011

Nigeria Aims to Produce 3 MMb/d of Crude Oil by 2015, Build Three New Refineries Adding 445,000 b/d Capacity — Nigerian Oil Minister

Reuters, 09:01 November 30, 2011

Mexico Reopens Three Major Oil Exporting Ports November 29 after Shutdowns Due to Bad Weather in the Gulf of Mexico November 27

Mexico reopened its largest port of Coatzacoalcos Tuesday morning and the Dos Bocas and Cayo Arcas terminals later in the day, according to the Mexican transport ministry. Almost all of Mexico's crude oil exports are shipped to refineries on the U.S. Gulf Coast of the United States from these three ports.

Reuters, 19:28 November 29, 2011

Natural Gas

Update: FERC Approves Texas Eastern Transmission's 200 MMcf/d Natural Gas Pipeline Expansion Project to Deliver Additional Gas to U.S. Northeast Markets

Spectra Energy Corp today announced its subsidiary, Texas Eastern Transmission, LP has received approval from the Federal Energy Regulatory Commission (FERC) for the Texas Eastern Appalachia to Market (TEAM) 2012 expansion project, which will expand Texas Eastern's existing pipeline system to deliver additional Appalachian and Marcellus Shale natural gas supplies to various U.S. markets, including the Northeast. The TEAM 2012 project involves installing additional pipeline and compression on Texas Eastern's mainline system in Pennsylvania. When completed in the fourth quarter 2012, the expansion will provide additional capacity of up to 200 MMcf/d. Spectra Energy currently has signed binding agreements with Range Resources and Chesapeake Utilities for this firm transportation capacity.

<http://www.spectraenergy.com/Newsroom/News-Archive/Spectra-Energy-Receives-FERC-Approval-for-Texas-Eastern-Appalachia-to-Market-2012-Expansion-Project/>

Mechanical Failure Shuts Turbine at Targa's 150 MMcf/d Chico Gas Plant in Texas November 29

Operators reported that a mechanical failure in the turbine caused lubricating oil to leak through the seals in the combustion chamber and exhaust housing of the unit. The lubricating oil caught fire and caused excessive opacity. Operators shut the turbine and took action to cool the exhaust housing to stop the excess opacity.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=162197>

Bad Fuel Shuts Two Engines at Exterran’s 50 MMcf/d Reinecke Gas Plant in Texas November 28

Exterran reported that Engines 70972 and 71850 went down on poor fuel on Monday. Operators were adjusting settings to lower the CO2 content in the fuel gas and were boosting inlet pressure to help lower CO2.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=162168>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=162171>

High Discharge Pressure Shuts Three Engines at DCP Midstream’s South Fullerton Booster Station in Texas November 28

DCP Midstream reported that three engines at South Fullerton Booster Station went down on high discharge pressure on Monday. Operators normalized the discharge pressure and restarted the engines.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=162177>

Power Outage Shuts Whiting Oil and Gas Corp.’s Wickett CO2 Facility in Texas November 29

Whiting Oil and Gas Corporation reported that its Wickett CO2 facility was shut down due to the Load Acting as a Resource—or LAAR—power shortage, according to a filing with the Texas Commission on Environmental Quality on Tuesday. Operators were waiting for power to be restored.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=162212>

Other News

U.S. Chamber of Commerce Files Amicus Brief Urging Appeals Court to Allow Continued O&G Exploration in the U.S. Gulf of Mexico

The U.S. Chamber of Commerce filed an amicus brief urging the U.S. Court of Appeals for the Eleventh Circuit to reject a challenge to the federal offshore permitting process that could halt all offshore oil and natural gas exploration in the Gulf of Mexico, because it could threaten energy security and economy. Environmental groups have challenged the Bureau of Ocean Energy Management’s (BOEM) recent approval of an exploration plan proposed by Shell for the Gulf of Mexico, one of the first offshore exploration plans approved after the Secretary of the Interior lifted the controversial offshore drilling moratorium in October 2010.

<http://www.energyxxi.org/us-chamber-files-brief-allow-continued-exploration-gulf-1>

Energy Prices

U.S. Oil and Gas Prices			
November 30, 2011			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	101.05	95.74	85.18
NATURAL GAS Henry Hub \$/Million Btu	3.39	3.06	4.12

Source: Reuters

Energy Notes

Snow Storm Cuts Power to Over 10,600 Consumers Energy Customers in Michigan November 30

<http://www.battlecreekenquirer.com/article/20111130/NEWS01/311300003/B-C-gets-5-inches-snow-plus-closings-power-outages?odyssey=tab%7Ctopnews%7Ctext%7Cfrontpage>
http://www.mlive.com/news/jackson/index.ssf/2011/11/post_232.html

Electrical Transmission Line Problem Knocks Out Power to Over 18,000 Connecticut Light & Power Customers in Connecticut November 30

<http://www.stamfordadvocate.com/news/article/Widespread-power-outages-in-Stamford-Greenwich-2324136.php>

SolarCity Moves Forward with Project SolarStrong, to Create Up to 300 MW of Solar- Generation Capacity across the United States over Five Years

[http://www.solarcity.com/pressreleases/104/SolarCity-and-Bank-of-America-Merrill-Lynch-Move-Forward-with-Project-SolarStrong--Expected-to-Build-More-than-\\$1-Billion-in-Solar-Projects.aspx](http://www.solarcity.com/pressreleases/104/SolarCity-and-Bank-of-America-Merrill-Lynch-Move-Forward-with-Project-SolarStrong--Expected-to-Build-More-than-$1-Billion-in-Solar-Projects.aspx)

HollyFrontier to Upgrade Two Refineries and One Interconnecting Pipe in West Tulsa, Oklahoma

http://www.tulsaworld.com/news/article.aspx?subjectid=298&articleid=20111122_298_0_AVirgi757673
<http://investors.saic.com/phoenix.zhtml?c=193857&p=irol-newsArticle&ID=1632668>

Power Trip Shuts Vapor Recovery Unit at Chevron's JT McElroy 202 TB in Texas November 29

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=162208>

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 EST every Wednesday.

Natural Gas Weekly Update from EIA

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

Updated after 2:00 PM EST every Thursday.

ENERGY ASSURANCE DAILY

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

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