



# ENERGY ASSURANCE DAILY

Thursday Evening, December 09, 2010

## ***Electricity***

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### **NextEra's 493 MW Blythe Gas-Fired Power Plant in California Shut by December 8**

According to the California Independent System Operator, the unit shut by December 8.

<http://www.caiso.com/unitstatus/data/unitstatus201011011515.html>

### **Update: Indiana-Michigan Power's 1,060 MW D.C. Cook Nuclear Unit 2 in Michigan Ramped Up to 90 Percent by December 9**

Indiana-Michigan Power shut the unit in early-October for refueling; during the outage, the company discovered and repaired damaged baffle plates, according to an earlier local news source. The Nuclear Regulatory Commission reported that on the morning of December 8 the unit was operating at 64 percent.

<http://www.wsjm.com/Cook-Plant-Unit-Two-Back-Online/8720611>

Information also derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2010/>

### **Update: Wolf Creek Restarts 1,165 MW Wolf Creek Nuclear Unit 1 in Kansas by December 9**

Wolf Creek began shutting the plant on December 6 because a snag prevented it from restarting an emergency diesel generator (EDG) within the required time frame, it said in a previous filing with the Nuclear Regulatory Commission (NRC). The company shut the generator for scheduled work on November 29; it was required by rule to restart the generator "within 7 days AND 10 days from discovery of failure to meet LCO," according to the filing. On December 6, however, Wolf Creek discovered an issue that required "a clearance order and maintenance repair." It planned to complete the work within hours. The unit ramped up to six percent power by this morning, according to the NRC. The NRC reported that on the morning of December 8 the unit was not operating.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20101207en.html>

Information also derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2010/>

### **Exelon to Retire 619 MW Oyster Creek Nuclear Power Plant in New Jersey in 2019, or Ten Years Earlier than Expected**

Citing negative economic factors and regulatory uncertainty, Exelon said yesterday that it planned to retire its 619 MW Oyster Creek nuclear power plant in New Jersey in 2019, even though the facility is federally-licensed to operate until 2029. The company, more specifically, mentioned potential compliance costs associated with what it referred to as "evolving water cooling regulatory requirements." State regulators would not, as a result of the early retirement, require Exelon to construct cooling towers at the site, the company said.

[http://www.exeloncorp.com/newsroom/pr\\_20101208\\_Nuclear\\_OysterCreekRetirement.aspx](http://www.exeloncorp.com/newsroom/pr_20101208_Nuclear_OysterCreekRetirement.aspx)

### **Xcel Aims to Postpone Solar Power Purchases in Colorado, Citing Delays in Associated Transmission Line Project**

Xcel Energy aims to postpone certain purchases of solar-derived electricity in Colorado because it does not expect an associated transmission line to enter service until 2015, or two years later than previously planned, the company told the state's Public Utilities Commission in November. Xcel had solicited bids last year for solar and wind power projects. Despite the issues with the solar purchases, Xcel said by December 8 that it wanted to request another 200 MW of wind-based electricity. The company said wind costs had decreased since its prior solicitation.

<http://www.cltv.com/news/business/sns-ap-co-power-line-dispute.0.2454032.story>

## **EPA Regulations Could Cause Companies to Retire More than 50,000 MW of Coal-Fired Electricity Capacity: Brattle Group**

The U.S. Environmental Protection Agency's (EPA) regulations on air quality and water for coal-fired power plants could cause companies to retire more than 50,000 MW of coal-based capacity, The Brattle Group said in a study. The study estimated that 40,000 to 55,000 MW of coal capacity (depending on the cost of retrofits) would retire if the EPA mandated scrubbers and selective catalytic reduction (SCR) equipments for all coal units by 2015. Another 11,000 to 12,000 MW could retire if cooling towers were also mandated. That would bring the total requirements to between 50,000 and 67,000 MW or roughly 20 percent of installed coal capacity. The retirements would be especially concentrated in the Midwest ISO, ERCOT, and PJM areas. For the units that remained online, complying with potential mandates would require investments in the range of \$100 to \$180 billion. The combination of retirements and increased operating costs would reduce coal demand by about 15 percent by 2020. Gas demand, conversely, could increase by up to 5.8 Bcf/d, or approximately 10 percent of total gas use.

<http://www.brattle.com/NewsEvents/NewsDetail.asp?RecordID=882>

## **Update: Mississippi Power to Begin Construction on Proposed 582 MW Coal-Fired IGCC Power Plant in Kemper County, Mississippi December 16**

The facility is expected to enter service in 2014.

<http://www.neshobademocrat.com/main.asp?SectionID=2&SubSectionID=297&ArticleID=22463>

## ***Petroleum***

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### **Hovensa Shuts 150,000 b/d FCC at 500,000 b/d St. Croix, U.S. Virgin Islands Refinery by December 9**

Hovensa shut a 150,000 b/d gasoline-producing fluid catalytic cracking unit (FCC) for unscheduled work at its 500,000 b/d St. Croix, U.S. Virgin Islands refinery, the company said on December 9. Trade sources expected the unit to remain offline for at least two weeks.

<http://www.reuters.com/article/idUSN0925081220101209>

### **Power Failure Leads to Flaring at Tesoro's 170,000 b/d Martinez, California Refinery December 9**

A minor electrical fire cut power to multiple units and triggered flaring at Tesoro's 170,000 b/d Martinez, California refinery on December 9, a company spokesman said. It was "uncertain" what impact the incident might have had on operations, according to the spokesman.

<http://www.bloomberg.com/news/2010-12-09/tesoro-loses-power-to-parts-of-martinez-refinery-update1-.html>

### **Helix Energy Solutions Completing Oil Spill Containment System for Gulf of Mexico**

Helix Energy Solutions Group Inc. has nearly completed an oil spill containment system for the U.S. Gulf of Mexico, the company said on December 8. The company was involved in containment efforts at the site of the Deepwater Horizon disaster, and its new containment system would include equipment that it used in that effort. More specifically, the system would use a shut-off device, valves, and pipes to contain and siphon oil and natural gas from the site of a leak to production and storage vessels above water. ExxonMobil, Shell, ConocoPhillips, and Chevron recently created a nonprofit organization to create a containment system. Helix's system, presumably, would compete with that group's project.

Reuters, 17:30 December 8, 2010

[http://www.tradingmarkets.com/news/stock-alert/hlx\\_oei\\_-us-offshore-chief-endorses-helix-s-spill-containment-proposal-1356401.html](http://www.tradingmarkets.com/news/stock-alert/hlx_oei_-us-offshore-chief-endorses-helix-s-spill-containment-proposal-1356401.html)

### **BP Restarting Ultracracker at 467,720 b/d Texas City, Texas Refinery December 8-12**

BP was restarting an ultracracker on December 8-12, the company said in a filing with state regulators. The filing did not say when or why the unit went offline, or if the shutdown had any impact on production.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=148257>

### **Motiva Shuts Compressor after Snag at 234,700 b/d Norco, Louisiana Refinery December 8**

Motiva shut a coker wet gas compressor after an electrical breaker malfunction at its 234,700 b/d Norco, Louisiana refinery on December 8, the company said in a regulatory filing. The event triggered flaring, according to the filing. Reuters, 00:25 December 9, 2010

## **Federal Government to Perform Environmental Reviews before Authorizing Deepwater Drilling Projects**

The Obama administration will perform environmental assessments before it authorizes companies to drill any new deepwater oil-and-gas wells, Michael Bromwich, the director of the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE), said on December 8. Bromwich said he hoped the new procedures would lengthen the approval process by “weeks, not months,” but sources within the oil-and-gas industry expressed concern that the reviews would add a new level of bureaucracy and/or unnecessarily delay new approvals. Even though the federal government has lifted its temporary ban on offshore drilling, industry sources have accused the Obama administration of maintaining an unofficial moratorium on new drilling projects. Bromwich denied those accusations on December 8: “We are not slow-walking the applications in any way or for any reason,” he said. “There is no de facto moratorium.”

<http://www.chron.com/disp/story.mpl/business/7330898.html>

<http://www.bloomberg.com/news/2010-12-08/fed-agency-director-no-unofficial-oil-moratorium.html>

## **Update: Testing Error May be to Blame for December 1 Leak along Chevron’s 10-Inch, Colorado-to-Utah Crude Oil Pipeline: PHMSA**

Chevron may have failed to remove all the water from its 10-inch, Colorado-to-Utah crude oil pipeline when the company performed a pressure test in June 2010, and that water could have caused freeze damage that led to the December 1 spill along the line, according to the U.S. Pipeline and Hazardous Materials Safety Administration (PHMSA). The line leaked 500 barrels of crude oil, the PHMSA said. Chevron performed the pressure test on June 20, following repairs from an earlier leak. The affected pipeline delivers crude oil from Rangely, Colorado to Chevron’s refinery in Salt Lake City, Utah. It remained offline, as of latest reports. The PHMSA issued a Corrective Action Order on December 8, requiring the company to create and carry out plans for fixing safety issues, and preventing the company from restarting the line without a PHMSA-approved plan. Chevron said by December 8 that both the Rangely oilfield and the Salt Lake City refinery were tapping on-site supplies.

<http://af.reuters.com/article/energyOilNews/idAFN0868519620101209>

<http://www.phmsa.dot.gov/portal/site/PHMSA/menuitem.ebdc7a8a7e39f2e55cf2031050248a0c/?vgnextoid=2d03c15952cbc210VgnVCM1000001ecb7898RCRD&vgnnextchannel=d248724dd7d6c010VgnVCM10000080e8a8c0RCRD&vgnnextfmt=print>

## **TransCanada Investigating Anomalies along 435,000 b/d, Alberta-to-Illinois Keystone Oil Pipeline December 8**

TransCanada Corporation planned to perform 10 digs as it investigated anomalies along its 435,000 b/d Keystone oil pipeline, but the company did not expect the work to impact crude oil deliveries, a spokesman said by December 8. The company was carrying out the digs in South Dakota, Nebraska, and Missouri, the spokesman said. Separately, a TransCanada spokesman said on December 9 that the company had started loading crude onto the proposed 36-inch, Steele City, Nebraska-to-Cushing, Oklahoma expansion of the existing Keystone pipeline. The expansion is expected to begin commercial operations during the first quarter of 2011.

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

<http://www.bloomberg.com/news/2010-12-08/transcanada-conducts-maintenance-on-keystone-pipeline-update1-.html>

<http://uk.reuters.com/article/idUKN0923757420101209>

## **Weakened Domestic Demand Triggers Rise in U.S. Gasoline Exports over Past Two Years**

The United States has increased its gasoline exports more than 50 percent since late 2008, to 2 million b/d at present, as weak domestic demand has encouraged refiners to seek alternate markets abroad, according to an article in the Kansas City Star. The trend exists in spite of news that Europe – amid higher U.S. prices – exported significantly more gasoline to the United States in November 2010 than it had in October 2010. Europe was scheduled to ship 29 cargoes (1.12 million metric tons) of gasoline to the United States in November 2010, compared to 11 cargoes (412,000 metric tons) in October 2010, based on data gathered by Bloomberg and Clarkson Research Services Ltd. The temporary increase, however, appeared to be the result of seasonal work at U.S. refineries. As companies completed that work, the incentive to ship gasoline to the United States was diminishing, according to a Bloomberg article.

<http://www.businessweek.com/news/2010-12-08/gasoline-exports-to-u-s-falling-on-profit-drop-energy-markets.html>

[http://www.downstreamtoday.com/news/article.aspx?a\\_id=24957](http://www.downstreamtoday.com/news/article.aspx?a_id=24957)

## **Update: Deliveries Resume along Azerbaijan-to-Turkey, BTC Crude Oil Pipeline December 8**

Deliveries resumed along BP's partially-owned, Baku-Tbilisi-Ceyhan (BTC) crude oil pipeline late on December 8, Reuters said, citing pipeline company officials. The news came about two days a leak forced operators to shut the line. The shutdown did not impact production or exports, according to BP. BP said previously that an "illegal" tap in Turkey was thought to have caused the leak. The line was scheduled to deliver 816,129 b/d of oil in December 2010, based on preliminary shutdowns.

Reuters, 02:31 December 9, 2010

<http://af.reuters.com/article/energyOilNews/idAFIST00739520101208>

<http://online.wsj.com/article/BT-CO-20101207-710924.html>

<http://www.bloomberg.com/news/2010-12-07/bp-says-btc-pipeline-halted-by-possible-illegal-tap-update1-.html>

## **Saudi Aramco to Produce 500,000 b/d in 2013 at Planned 900,000 b/d Manifa Oilfield in Saudi Arabia**

Saudi Aramco expects the field to eventually produce 900,000 b/d of crude oil, "but the market doesn't need 900,000 barrels now," the company's CEO said on December 8. The field is scheduled to yield 900,000 b/d by 2024, the company said previously.

<http://www.bloomberg.com/news/2010-12-08/aramco-s-manifa-oil-field-will-start-in-2013-ceo-says-update1-.html>

## ***Natural Gas***

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### **EPA Says Natural Gas Drilling Has Caused or Contributed to Contamination of Drinking Water Wells in Parker County, Texas – Agency Order Range Resources to Protect Homeowners**

The U.S. Environmental Protection Agency (EPA) ordered Range Resources on December 7 to take immediate action to protect homeowners living near one of the company's natural gas drilling operations in Parker County, Texas. The EPA issued an imminent and substantial endangerment order, saying it had determined that natural gas drilling had caused or contributed to the contamination of at least two residential drinking water wells. Range Resources, for its part, denied that it was to blame for the contamination. The EPA's move was seen as potentially contentious because the agency, by issuing the order, was in effect superseding the authority of the state body – the Texas Railroad Commission – that oversees the state's oil-and-gas drilling industry. The EPA asked Range Resources to conduct a full scale investigation, and ordered it to deliver water to two residences, perform numerous tests, develop a remediation plan, and investigate the structural integrity of its nearby well.

<http://yosemite.epa.gov/opa/admpress.nsf/e77fdd4f5afd88a3852576b3005a604f/713f73b4bdceb126852577f3002cb6fb!OpenDocument>

<http://www.chron.com/dispatch/story.mpl/ap/tx/7328990.html>

### **El Paso's Tennessee Gas Pipeline Declares Force Majeure after December 8 Rupture along 24- Inch Natural Gas Pipeline in Texas**

El Paso Corporation's Tennessee Gas Pipeline Company declared force majeure on December 9 for Station 17 and an associated meter along its natural gas pipeline system through Texas, one day after the company's 24-inch natural gas pipeline ruptured west of Houston, according to an informational posting and multiple news and official sources. The line is part of a system that delivers natural gas from the U.S. Gulf Coast to the U.S. Midwest and U.S.

Northeast. It was one of three lines located at a compressor station, according to an El Paso spokesman. The spokesman said yesterday that the company was working to shut a valve and stop the leak. The company, in today's informational posting, referred to the incident as "a failure on a segment of compressor station piping," and said it was anticipating "the possibility of a restriction through a pro-rata portion of secondary in the path (SIP) nominations." There were no injuries, and it was not clear if the incident disrupted flows along other parts of the system.

<http://tebb.epenergy.com/ebbmastertpage/Notices/NoticesAutoTable.aspx?code=TGP&name=Tennessee%20Gas%20Pipeline%20Company%20-%20Notice%20Text&status=Notice&sParam1=TGP&sParam2=D&sParam4=135064&sParam9=D&details=Y>

<http://www.businessweek.com/news/2010-12-09/tennessee-gas-pipeline-co-line-ruptures-in-texas.html>

Reuters, 20:18 December 8, 2010

## Update: Spectra Energy to Restart Compressor Station along 6.7 Bcf/d Texas Eastern Natural Gas Pipeline in Pennsylvania December 11

Spectra Energy expected to repair and return its Entriiken compressor station in Pennsylvania to service on December 11, the company said in an informational posting on December 9. An outage at the station cut capacity by approximately 225 Dth downstream of the affected station, Spectra said in a December 7 posting. The disruption had not, "resulted in any interruption of services," as of the earlier filing, but the company said then that it would "take this reduction into account as necessary in scheduling future gas flow." It said it expected that, as soon as December 8, "high system utilization" would "require the restriction of lower priority services through this location." The Texas Eastern Transmission pipeline delivers natural gas from the U.S. Gulf Coast to the U.S. Northeast, according to Spectra's website. It stretches 9,200 miles and can transport up to 6.7 Bcf/d. <http://infopost.spectraenergy.com/infopost/NoticeDetail.asp?strKey1=24910&type=CRI&pipe=TE> <http://infopost.spectraenergy.com/infopost/NoticeDetail.asp?strKey1=24939&type=CRI&pipe=TE> [http://www.spectraenergy.com/what\\_we\\_do/businesses/us/assets/texas\\_eastern/](http://www.spectraenergy.com/what_we_do/businesses/us/assets/texas_eastern/)

Reuters, 12:33 December 7, 2010

Reuters, 12:29 December 9, 2010

## AltaGas Plans Harmattan Co-Stream Natural Gas Project in Alberta, Canada – Project Receives Approval from Alberta Regulators by December 8

The Co-stream Project will allow 250 million cubic feet per day (Mmcf/d) of rich, sweet natural gas sourced from the NGTL Western Alberta System to be processed using spare capacity at the Harmattan Complex to recover ethane and NGLs. The current throughput at the Harmattan Complex is approximately 150 Mmcf/d, or 30 percent of the licensed plant capacity. The Co-stream Project involves constructing and operating two new large-diameter high-pressure sweet natural gas pipelines and one small-diameter high vapor pressure product pipeline, as well as modifying existing equipment for processing gas at the Complex. AltaGas expects construction to take approximately 14 months; the project is scheduled to enter service by early 2012.

[http://www.thepressreleasewire.com/client/print\\_page/release\\_print.jsp?&actionFor=1365791](http://www.thepressreleasewire.com/client/print_page/release_print.jsp?&actionFor=1365791)

## Other News

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### Unidentified Company Could Purchase, Restart Shuttered 55 MMGal/Yr. Gateway Ethanol Plant in Pratt, Kansas

An unidentified company is poised to purchase and restart Gateway Ethanol's formerly-owned, now-shuttered 55 MMGal/Yr. ethanol plant in Kansas, a company official said by December 8. Gateway Ethanol opened the plant in late 2007, but the company never ramped it up to full capacity. Numerous problems – construction issues, high grain prices, and harsh weather – contributed to the plant's failure. Gateway halted operations in February 2008, and declared bankruptcy in October 2008. The facility is now owned by a group of banks.

<http://www.pratttribune.com/news/x1499822814/Sale-of-ethanol-plant-appears-near>

### Rubenius Plans 1,000 MW Electric Storage Warehouse in Baja California, Mexico

The facility would serve both Mexico and the United States, according to the company.

<http://www.bloomberg.com/news/2010-12-08/rubenius-to-build-4-billion-electricity-warehouse-in-baja-california.html>

## Energy Prices

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U.S. Oil and Gas Prices			
December 9, 2010			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b>			
<b>West Texas Intermediate U.S.</b>	88.35	87.55	70.57
\$/Barrel			
<b>NATURAL GAS</b>			
<b>Henry Hub</b>	4.47	4.21	5.10
\$/Million Btu			

Source: Reuters

**Update: Minnesota Power Opens 37 MW First Phase of Bison I Wind Power Project in North Dakota by December 8 – Company Expects Second Phase to Include 15 New 3 MW Turbines, Instead of 17 New 2.3 MW Turbines, as Previously Planned**

[http://www.mnpower.com/news/articles/2010/12082010\\_NewsRelease.pdf](http://www.mnpower.com/news/articles/2010/12082010_NewsRelease.pdf)

[http://www.mnpower.com/wind/documents/18954\\_2\\_fact\\_sheet.pdf](http://www.mnpower.com/wind/documents/18954_2_fact_sheet.pdf)

**BP Solar Plans 37 MW Solar Power Project in Brookhaven, New York – Facility Expected to Enter Service in Second Half of 2011**

MKW, 07:00 December 9, 2010

**APS Plans 17 MW Hyder Solar Power Plant and 20 MW Chino Valley Solar Power Plant in Arizona - Hyder Plant Expected to Enter Service in Fourth Quarter of 2011, Followed by Chino Valley Project in Fourth Quarter of 2012**

<http://finance.yahoo.com/news/APS-Continues-to-Expand-Solar-bw-499537547.html?x=0&.v=1>

**SunPower, Iberdrola Renewables Plan 20 MW Copper Crossing Photovoltaic Solar Power Plant in Pinal County, Arizona – Facility to be Fully Operational in 2011**

<http://www.prnewswire.com/news-releases/sunpower-and-iberdrola-renewables-sign-contract-to-build-20-megawatt-solar-power-plant-in-arizona-111589129.html>

**After Identifying 269 Cable Failures at U.S. Nuclear Power Plants, NRC Declares New Rules Relating to Submerged Cables – Agency Expects Companies to Review Information, Consider Performing Work, as Necessary**

[http://www.reformer.com/ci\\_16803140?source=most\\_viewed](http://www.reformer.com/ci_16803140?source=most_viewed)

**Unknown Causes Lead to Material Release at Valero's 160,000 b/d Paulsboro, New Jersey Refinery December 7**

Reuters, 21:20 December 8, 2010

**VAALCO Energy Begins 24,037 b/d of Oil Production at Well in Etame Field, Offshore Gabon December 7**

<http://www.prnewswire.com/news-releases/vaalco-energy-commences-first-production-from-etame-7h-development-well-111558604.html>

**Led by Asian Nations, Global Oil Demand to Average 86.7 Million b/d in 2010, or 100,000 b/d above All-Time High in 2007, Wood Mackenzie Forecasts – Demand to Surge to 88.1 Million b/d in 2011, Approximately 90 Million b/d in 2012**

<http://www.ibtimes.com/articles/90346/20101209/htm>

**Kazakhstan to Supply 2 Million b/d of Liquid Hydrocarbons in 2014, Compared to 1.5 Million b/d in 2009: OPEC Forecast**

[http://www.rigzone.com/news/article.asp?a\\_id=102001](http://www.rigzone.com/news/article.asp?a_id=102001)

**Compressor Shutdown Leads Chevron to Shut in Wells at McElroy Natural Gas Field in Texas December 8**

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=148276>

**Accident Leaves Worker Dead along Proposed Wyoming-to-Oregon Ruby Natural Gas Pipeline in Nevada December 7**

<http://www.wfmj.com/Global/story.asp?S=13642530>

## Links

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***This Week in Petroleum*** from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

***Weekly Petroleum Status Report*** from EIA

[http://www.eia.doe.gov/oil\\_gas/petroleum/data\\_publications/weekly\\_petroleum\\_status\\_report/wpsr.html](http://www.eia.doe.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://tonto.eia.doe.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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