



ENERGY ASSURANCE DAILY

Tuesday Evening, December 11, 2012

Electricity

ISO New England Says Grid Can Function without Entergy's 620 MW Vermont Yankee Reactor in Vermont

ISO New England, which operates the power grid for the six New England states, said capacity from Entergy Corp.'s Vermont Yankee nuclear power plant in Vermont is not needed to support grid reliability in the 2013–2016 timeframe, because local power companies have bolstered the region's transmission infrastructure enough to keep the grid reliable without the reactor. The ISO holds annual forward-capacity auctions to secure generation and other resources needed to meet expected future power usage. In 2010, 2011, and 2012, Entergy sought to keep Vermont Yankee out of the capacity auctions because it was unclear whether the nuclear plant's operating license would be renewed. The ISO in 2010 and 2011 denied Entergy's request, saying the plant was needed to keep the grid reliable, but in 2012 allowed the company to delist Vermont Yankee from the auction for 2015–2016.

<http://www.reuters.com/article/2012/12/10/utilities-entergy-vermontyankee-idUSL1E8NA50O20121210?feedType=RSS&feedName=rbssEnergyNews&rpc=43>

ERCOT Says Future Electric Outlook in Texas Has Improved, But Reserves Still Fall Below Target by Summer 2013; More Generation, Demand Response Still Needed

The Electric Reliability Council of Texas (ERCOT) on Monday released a new report that concludes the future long-term electric outlook is improving, but the amount of electricity available for extreme temperatures or other emergencies may be below preferred targets by next summer. ERCOT's "Report on the Capacity, Demand, and Reserves in the ERCOT Region" (CDR report) anticipates it will have 74,633 MW of power to serve anticipated peak electric use of 65,952 MW next summer. This difference between expected power generation and peak demand reflects a reserve margin of 13.2 percent in summer 2013, slightly below ERCOT's target of 13.75 percent. By 2014, projected reserves drop to 10.9 percent, below the target but an improvement from the previous CDR report released in May 2012. The margin continues to decrease in future years, dropping to 2.8 percent by 2022, also an improvement compared to previous projections.

http://www.ercot.com/news/press_releases/show/26358

http://www.ercot.com/2012/CapacityDemandandReservesReport_Winter_2012_Final.pdf

Update: NRC Creates Website to Post Information Regarding Concrete Degradation Issues at NextEra's Seabrook Nuclear Power Plant in New Hampshire

The U.S. Nuclear Regulatory Commission (NRC) has established a page on the agency's website to consolidate information on concrete degradation at the Seabrook nuclear power plant, a single pressurized-water reactor operated by NextEra Energy. Operators identified the degradation in concrete structures at Seabrook in June 2009 and confirmed the problem was from alkali-silica reaction in August 2010. The NRC has concluded the concrete degradation at the Seabrook nuclear power plant poses no immediate risk to the public or environment, but it has instructed NextEra to determine the future implications of the degradation and to develop a plan to fix it.

<http://www.nrc.gov/info-finder/reactor/seabrook/concrete-degradation.html>

<http://pbadupws.nrc.gov/docs/ML1234/ML12345A364.pdf>

NPPD's 764 MW Cooper Nuclear Unit in Nebraska Reduced to 71 Percent by December 11

On the morning of December 10 the unit was operating at full power.

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

Update: MidAmerican Wind Announces Completion of 81 MW Bishop Hill II Wind Project in Illinois

MidAmerican Wind, a subsidiary of MidAmerican Renewables, on Monday announced the completion of its 81 MW Bishop Hill II wind project, which features 50 General Electric 1.62 MW wind turbines. The project has a 20-year power purchase agreement with Ameren Illinois. MidAmerican in January bought the project from Invenenergy Wind LLC for an undisclosed amount. Construction began about a year ago.

<http://www.midamerican.com/newsroom/asp/newsdetails.aspx?id=607&type=current>

<http://www.bloomberg.com/news/2012-12-10/buffett-s-midamerican-completes-81-megawatt-wind-project.html?cmpid=yahoo>

Update: Sempra Completes First Phase of Its 150 MW Copper Mountain Solar 2 Power Plant in Nevada

Sempra U.S. Gas & Power, a subsidiary of Sempra Energy, today announced that it has completed construction of the 92 MW first phase of a new photovoltaic solar power facility, Copper Mountain Solar 2, located in Boulder City, Nevada. Construction on the site began in December 2011. The power generated at Copper Mountain Solar 2 is being sold to Pacific Gas & Electric under a 25-year contract. When completed in 2015, the second-phase of Copper Mountain Solar 2 will produce an additional 58 MW, bringing the total output to 150 MW.

<http://sempra.mediaroom.com/index.php?s=19080&item=136162>

Petroleum

Update: Early Winter Delays Startup of Imperial Oil's 110,000 b/d Kearl Oil Sands Project in Alberta Until January

Imperial Oil Ltd. said its plans to start production at the 110,000 b/d Kearl heavy oil sands project in northern Alberta may be delayed until January because of early winter weather, an executive told reporters on Monday. The company had planned to begin production at the Kearl site by the end of this year. Production will be sold as blended bitumen and shipped via Enbridge Inc.'s Woodland pipeline.

<http://www.bloomberg.com/news/2012-12-10/imperial-oil-s-kearl-project-may-start-in-january-ceo-says-1-.html?cmpid=yahoo>

Update: Husky, United Steel Workers Reach Agreement on Labor Contract for Workers at Husky's 155,000 b/d Lima, Ohio Refinery

United Steel Workers (USW) Local 624 have reached an agreement on a new three-year contract with officials at Husky's Lima refinery. Members of USW Local 624 first began a strike on May 25, alleging that Husky management had failed to negotiate in good faith for a contract to replace the one that had expired on April 14. After Husky declared an impasse in negotiations and threatened to hire permanent replacement workers, union members returned to work without condition on October 8. The refinery has continued to operate without interruption during the strike.

<http://www.wfin.com/localnews201.asp?id=12151&storyno=20>

Process Upset Causes FCCU Emissions at Phillips 66's 146,000 b/d Borger, Texas Refinery December 10

Phillips 66 reported a process upset at its Borger refinery Monday morning led to emissions from the Unit 40 fluid catalytic cracking unit (FCCU) and FCCU stack, according to a filing with the Texas Commission on Environmental Quality. Trade sources on Monday reported maintenance at the Borger refinery had been completed. Operators had recently extended a planned overhaul at the refinery because maintenance was taking longer than expected.

Operators began restarting units the weekend of November 24–25. On November 30, the company said it would shut its Unit 29 FCCU to conduct work on the unit after finishing work on FCCU No. 40.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=177008>

<http://www.bloomberg.com/news/2012-12-10/heavy-alberta-oil-gains-as-imperials-says-kearl-likely-delayed.html>

SCOT Unit Inline Heater Trip Causes SRU Emissions at Valero's 310,000 b/d Port Arthur, Texas Refinery December 9

Valero Energy Corp. reported the shell claus off-gas treating (SCOT) unit inline heater at its Port Arthur refinery tripped Sunday afternoon, according to a filing with the Texas Commission on Environmental Quality. The filing lists the sulfur recovery unit (SRU) as a source of emissions.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=177006>

FCCU Snag Causes Emissions at Alon's 67,000 b/d Big Spring, Texas Refinery December 9

Alon USA Holdings reported emissions at its Big Spring refinery Sunday night were the result of surge problems with the No. 3 blower in the fluid catalytic cracking unit (FCCU) due to instrument air issues on the governor turbine, according to a filing with the Texas Commission on Environmental Quality. Operators routed emissions to the carbon monoxide boiler bypass stack and reduced charge to the FCCU stack.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=177018>

Natural Gas

Update: Sempra Files FERC Permit Application to Construct 1.7 Bcf/d Liquefaction and Export Facilities at Cameron LNG Terminal in Louisiana

Sempra Energy on Monday announced it has filed a permit application with the U.S. Federal Energy Regulatory Commission (FERC) to request approval to begin construction of a project to add natural gas liquefaction and export facilities to its existing Cameron liquefied natural gas (LNG) terminal in Hackberry, Louisiana. The project has been progressing successfully through the FERC pre-filing process, which was initiated in April. Monday's filing keeps the project on track to begin construction in the fourth quarter 2013, upon FERC approval. The liquefaction facility will utilize Cameron LNG's existing facilities, and will be comprised of three liquefaction trains with a total export capability of 12 million tonnes per annum of LNG, or approximately 1.7 Bcf/d. The facility is expected to begin delivering LNG to international markets in 2017.

<http://sempra.mediaroom.com/index.php?s=19080&item=136127>

http://elibrary.ferc.gov:0/idmws/file_list.asp?document_id=14072973

Update: Alaska Governor Proposes Financial Package to Jump-Start Construction of LNG Liquefaction Plant and Distribution System on North Slope

Alaska Governor Sean Parnell on Friday proposed a \$355 million financial package to jump-start construction of a natural gas liquefaction plant at Prudhoe Bay on Alaska's North Slope and a Fairbanks-area natural gas distribution system. Flint Hills Resources and Golden Valley Electric Association (GVEA) in 2011 proposed the project, which would involve building a plant to convert 9 Bcf/year of natural gas to LNG. The gas would be trucked from the North Slope LNG facility to Fairbanks and on to the North Pole for use by Flint Hills at its 210,000 b/d North Pole refinery, and by GVEA at its North Pole generation plant. The target for first delivery is the latter part of 2015. The proposal needs approval by the state legislature in its 2013 session.

<http://www.gov.state.ak.us/parnell/press-room/full-press-release.html?pr=6327>

<http://www.platts.com/RSSFeedDetailedNews/RSSFeed/NaturalGas/6891811>

<http://newsminer.com/bookmark/20839646>

Crosstex Energy Initiates Phase II of Cajun-Sibon NGL Pipeline Extension in Louisiana

The Crosstex Energy companies on Monday announced that the Partnership is proceeding with Phase II of its Cajun-Sibon natural gas liquids (NGL) pipeline extension and fractionator expansion in Louisiana. Construction of Phase I of the project is underway and is expected to commence operations by mid-2013. Phase II, which is expected to be completed in the second half of 2014, will include a 50,000 b/d expansion of the Partnership's Cajun-Sibon pipeline capacity, for a total project capacity of 120,000 b/d; the installation of a 100,000 b/d fractionator adjacent to the Partnership's Plaquemine natural gas processing plant; modifications to the Riverside fractionator facility; the construction of a 32-mile extension of LIG's Bayou Jack Lateral; the installation of four pump stations; and the construction of 57 miles of NGL pipelines connecting the Eunice fractionator to the new Plaquemine fractionator. Phase I includes a 130-mile, 12-inch pipeline that will extend the Partnership's existing 440-mile Cajun-Sibon NGL pipeline system, connecting its Eunice fractionator in Louisiana to Mont Belvieu supply pipelines in Texas. The pipeline will have an initial capacity of 70,000 b/d of NGL. As part of Phase I, the Partnership's Eunice fractionator is being expanded from 15,000 barrels to 55,000 barrels of NGL per day. The Eunice expansion began in the third quarter of 2012.

<http://investor.crosstexenergy.com/phoenix.zhtml?c=135312&p=RssLanding&cat=news&id=1765989>

Treater Plant Shuts on High Hydrocarbon Content at DCP Midstream's 160 MMcf/d Goldsmith Gas Plant in Texas December 10

DCP Midstream reported the treater plant at its Goldsmith facility went sour on Monday due to high hydrocarbon content coming in, resulting in the entire plant going down, according to filings with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=177024>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=177023>

Unit Shutdown Causes Flaring at Southern Union's 140 MMcf/d Keystone Gas Plant in Texas December 10

Southern Union Gas Services reported flaring at its Keystone plant was caused when Unit 23 shut down Monday morning, 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=177021>

Power Failure Shuts Units at Exterran's 65 MMcf/d Dollarhide Gas Plant in Texas December 10

Exterran reported units at its Dollarhide plant shut down due a plant power failure, according to a filing with the Texas Commission on Environmental Quality. Operators did not report what caused the power failure.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=177020>

Other News

Canada to Restrict Foreign State-Backed Energy Takeovers

Canadian Prime Minister Stephen Harper on Friday outlined a new policy under which no further acquisitions of control of oil sands businesses by foreign state-owned enterprises (SOEs) will be permitted, barring exceptional circumstances. In describing the policy, Harper suggested the ban could be extended to other sectors, and said that the definition of a state-backed enterprise has widened beyond state-owned companies to include those deemed to be indirectly influenced by a foreign government. The announcement of stricter controls on investment in Canada came as the government approved two state-backed deals, including CNOOC Ltd's takeover of Nexen Inc. and PETRONAS's takeover of Progress Energy Resources Corp. Canada has now decided that existing foreign SOE's control of oil sands development has reached the point at which further such foreign state control would not be of net benefit to Canada.

<http://www.thedeal.com/content/regulatory/canada-to-restrict-foreign-state-backed-energy-takeovers.php>

India's State-Owned Oil Firms Press Ahead with Bid to Buy Stakes in ConocoPhillips's Oil Sands Assets in Canada

<http://www.reuters.com/article/2012/12/11/india-canada-oil-idUSL4N09L30B20121211?feedType=RSS&feedName=marketsNews&rpc=43>

International News

Update: ExxonMobil Lifts Force Majeure on Nigerian Qua Iboe Crude by December 11

ExxonMobil Corp. on Monday reported it has lifted its force majeure on Qua Iboe crude exports from Nigeria. The declaration was made November 21 due to outages caused by a pipeline oil spill November 9. The company shut the pipeline from a facility offshore Akwa Ibom State for repairs after discovering a leak had released at least 200 barrels of crude oil.

<http://www.bloomberg.com/news/2012-12-10/exxon-mobil-lifts-force-majeure-on-nigerian-qua-iboe-crude.html?cmpid=yhoo>

Al-Qaida Militants Bomb Natural Gas Pipeline Feeding the Balhaf LNG Export Terminal in Yemen – Ministry Official

Al-Qaida militants on Sunday blew up a 38-inch natural gas pipeline feeding the Balhaf liquefied natural gas (LNG) export terminal on the Gulf of Aden, an interior ministry official said. Yemen LNG resumed exporting natural gas last month after the pipeline was repaired following the previous attack on October 30.

http://www.downstreamtoday.com/news/article.aspx?a_id=37935

Energy Prices

| U.S. Oil and Gas Prices | | | |
|--|-------|----------|----------|
| December 11, 2012 | | | |
| | Today | Week Ago | Year Ago |
| CRUDE OIL West Texas Intermediate U.S. \$/Barrel | 84.98 | 88.07 | 98.55 |
| NATURAL GAS Henry Hub \$/Million Btu | 3.35 | 3.44 | 3.42 |

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

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

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