



ENERGY ASSURANCE DAILY

Wednesday Evening, December 21, 2011

Electricity

Update: Splice Failure Caused First of Two Power Outages Monday Night at Candlestick Park – PG&E

Pacific Gas and Electric Company (PG&E) continues to work closely with the City and County of San Francisco, owner and operator of Candlestick Park, to determine the cause of Monday night's power outages, according to a media release from the utility company on Tuesday. PG&E's initial investigation has found that the first outage was caused when a splice connecting two overhead electrical wires failed, causing the wire to fall to the ground near the stadium. Although the stadium has a backup feed and that system switched on immediately, the metal halide stadium lights took several minutes to cycle back on. Utility technicians and City and County officials were meeting to trace the causes of the outages, according to the release.

http://www.pge.com/about/newsroom/newsreleases/20111220/pgampe_and_the_city_and_county_of_san_francisco_continue_to_investigate_the_power_outages_at_candlestick_park.shtml

EPA Air Pollution Rules Will Force Closure of 32 U.S. Coal-Fired Power Plants, Could Force Retirement of Up to 8 Percent of Coal-Fired Generation Nationwide – AP Survey

The U.S. Environmental Protection Agency's (EPA) Air Toxics Rule and Cross State Air Pollution Rule, slated for enactment in three years (2014–2015), will close at least 32 coal-fired power plants throughout the United States, according to a new survey by the Associated Press (AP). Depending on several factors, an additional 36 coal-fired plants may have to close. All totaled, the new rules could result in more than 8 percent of the coal-fired generation nationwide being retired. In addition to these closures, operators will temporarily idle approximately 500 or more units over the next few years to install pollution controls. The new regulations will have the greatest impact in the Midwest and in the coal belt—Kentucky, West Virginia, and Virginia—where dozens of units will likely be retired. The survey presents a list, linked below, of power plants closing and units that will likely close in response to the EPA rules.

http://www.msnbc.msn.com/id/45715768/ns/business-going_green/t/new-epa-rules-threatening-aging-power-plants/
http://www.msnbc.msn.com/id/45716312/ns/business-oil_and_energy/t/list-power-plants-retiring-face-epa-rules/

U.S. Interior Department Approves 300 MW Arizona Solar Project, 186 MW California Wind Project, 7,000 MW Mid-Atlantic Offshore Wind Transmission Line

U.S. Secretary of the Interior Ken Salazar yesterday announced approval of two utility-scale renewable energy projects and the first major step in developing an offshore wind transmission line on the Atlantic Outer Continental Shelf. These projects include:

- The Sonoran Solar Energy Project, proposed by a subsidiary of NextEra Energy Resources, LLC, whose photovoltaic panels are expected to generate 300 MW of electricity.
- The Tule Wind Project, proposed by a subsidiary of Iberdrola Renewables and located 70 miles east of San Diego, California, which will produce 186 MW of electricity via 62 wind turbines sited on public lands.
- A Mid-Atlantic Wind Energy Transmission Line—Atlantic Grid Holdings, LLC has requested a right-of-way grant to develop a high-voltage direct current line that would collect power generated by wind turbine facilities off the coasts of New York, New Jersey, Delaware, Maryland, and Virginia. The line would enable up to 7,000 MW of wind turbine capacity to be delivered to the grid.

http://www.blm.gov/wo/st/en/info/newsroom/2011/december/NR_12_20_2011.html

Entergy's 858 MW Arkansas Nuclear Unit 2 in Arkansas Reduced to 48 Percent by December 21

On the morning of December 20 the unit was operating at full power.

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

Update: Southern's 870 MW Hatch Nuclear Unit 2 in Georgia Restarts December 20, Ramps Up to 47 Percent by December 21

The unit had been shut since December 15.

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

Watson Cogeneration's 417 MW Watson Natural-Gas Unit in California Reduced by December 20

The unit entered an unplanned curtailment of 227 MW.

<http://content.aiso.com/unitstatus/data/unitstatus201112201515.html>

Petroleum

Equipment Failure Shuts Chevron's 245,271 b/d Richmond, California Refinery December 20

Chevron reported an unscheduled plant shutdown due to unspecified equipment failure at its refinery on Tuesday, according to a filing with the U.S. National Response Center. The filing also reported the flaring of sulfur dioxide, which was later secured. Operators shut the equipment but were planning to restart it soon at the time of the filing.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=998614

FCCU Trips Offline at Motiva's 235,000 b/d Convent, Louisiana Refinery December 19

Motiva reported Tuesday that a fluidic catalytic cracking unit (FCCU) tripped, causing sulfur dioxide to flare, according to a filing with the U.S. National Response Center. Operators slowed the unit and restarted the compressor, securing the release.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=998460

Enterprise and Enbridge to Conduct Open Seasons for Seaway Pipeline Expansion and Pipeline Extension to Port Arthur/Beaumont Refining Market

Enterprise Products Partners L.P. and Enbridge Inc. announced yesterday plans to hold concurrent open seasons early next year to solicit capacity commitments from shippers for an expansion of the Seaway pipeline and an extension of the pipeline into the Port Arthur/Beaumont refining market. Enterprise and Enbridge recently announced plans to reverse the flow direction of the 500-mile, 30-inch diameter Seaway crude oil pipeline, enabling it to transport crude oil from the oversupplied hub in Cushing, Oklahoma to the U.S. Gulf Coast. The initial 150,000 b/d of capacity on the reversed system could be available by the second quarter 2012. Following pump station additions and modifications, which are expected to be completed by the first quarter 2013, capacity would increase to 400,000 b/d, assuming a mix of light and heavy grades of crude oil. Depending on the results of the open season, the Seaway pipeline would be looped or twinned to create additional capacity. The Seaway extension will consist of a new 85-mile pipeline that will be built from Enterprise's ECHO crude oil terminal southeast of Houston to Port Arthur, Texas will give shippers access to the region's heavy oil refining capabilities. Service is scheduled to begin in early 2014.

<http://phx.corporate-ir.net/phoenix.zhtml?c=80547&p=irol-newsArticle&id=1641604>

Enbridge Proceeding with Gulf Coast Access Project to Ship Crude Oil from Illinois Terminal to U.S. Gulf Coast

Enbridge Inc. announced Tuesday that it has secured sufficient capacity commitments from shippers to proceed with its Gulf Coast Access project offering crude oil transportation from its terminal at Flanagan, Illinois, to the U.S. Gulf Coast. Enbridge also announced that, in response to shipper requests, it will hold a second open season early in the new year to provide an opportunity for shippers to subscribe for additional capacity. The Gulf Coast Access project will involve construction of an additional line from Flanagan south to Cushing, Oklahoma following Enbridge's existing Spearhead Pipeline right-of-way. This line is expected to be in service by mid-2014. From Cushing, crude oil will move to Houston and Port Arthur, Texas on the Seaway Pipeline system owned by a joint venture between Enbridge and Enterprise Products Partners L.P. A concurrent binding open season will be held on the joint venture Seaway Pipeline system to provide an opportunity for additional capacity subscriptions originating at Cushing.

<http://www.enbridge.com/MediaCentre/News.aspx?yearTab=en2011&id=1548534>

Copano, Magellan Midstream Announce 100,000 b/d Double Eagle Pipeline Project to Deliver Eagle Ford Shale Condensate to Corpus Christi

Copano Energy, L.L.C. and Magellan Midstream Partners, L.P. announced Tuesday the formation of Double Eagle Pipeline LLC, a joint venture to deliver Eagle Ford Shale condensate to Corpus Christi, Texas. The venture will construct 140 miles of new pipeline with an initial capacity of 100,000 b/d, to connect an existing 50-mile pipeline segment to Karnes, Live Oak, McMullen, and LaSalle Counties of Texas, enabling delivery of condensate to Magellan's terminal in Corpus Christi. Double Eagle also will construct a new truck unloading facility along the pipeline near Three Rivers, Texas for deliveries of condensate destined for Corpus Christi. The companies expect to provide limited services by the end of 2012, with full service available beginning in the first quarter of 2013. In connection with the joint venture, Copano will convert its existing 50-mile pipeline from natural gas to condensate service, and Magellan will make enhancements to its Corpus Christi terminal, including the construction of 500,000 barrels of new dedicated condensate storage and a new dedicated dock delivery pipeline.

<http://cpno.client.shareholder.com/releasedetail.cfm?releaseid=634657>

Update: Imperial Oil Approves 110,000 b/d Kearn Oil Sands Expansion Project in Alberta

Imperial Oil Limited today announced its board of directors has approved the expansion phase of the Kearn Oil Sands Project, a surface mining operation under construction northeast of Fort McMurray, Alberta. The Kearn initial development, sanctioned in 2009, is currently 80 percent complete and progressing on the planned timeline towards an expected start-up in late 2012. Initial production is targeted at 110,000 b/d, with a subsequent increase in mining output to reach plant capacity of about 145,000 b/d. The expansion phase will bring on additional production of 110,000 b/d by late 2015. When combined with the Kearn initial development, the expansion will develop 3.2 billion barrels. Future debottlenecking of both phases will increase output to reach the regulatory capacity of 345,000 b/d to fully develop the 4.6 billion barrel resource. The plan is to complete the investments to achieve the capacity by about 2020.

http://www.imperialoil.ca/Canada-English/about_media_releases_20111221.aspx

Shell Shuts 200,000 b/d Bonga Deepwater Oil Field off Nigeria's Southern Delta after Tanker Transfer Spills 40,000 Barrels December 19

Royal Dutch Shell Plc announced Wednesday it shut down its deep-water Bonga oil field Tuesday after a leak occurred while transferring crude oil to a tanker off Nigeria's southern delta. Bonga has the capacity to produce over 200,000 b/d of crude oil and 150 MMcf/d of gas, according to Shell's website. The company believes less than 40,000 barrels of oil leaked into the sea, and cleanup efforts have commenced.

<http://finance.yahoo.com/news/Shell-shuts-Nigeria-field-oil-apf-4251624935.html?x=0>

Natural Gas

Enbridge Lifts Force Majeures on 560 MMcf/d Stingray Pipeline December 21 after Targa's Stingray Gas Plant Returns to Normal Operations in Louisiana

A pig launched December 15 resulted in an excessive amount of liquids from the Stingray pipeline arriving onshore. As a result, Stingray was unable to deliver gas volumes to downstream pipelines and requested that all receipt points shut-in to relieve high pressures on the system. Enbridge declared force majeure on the Stingray system effective December 16 but resumed shipping gas on a conditional basis. However, high pressures on the system led Targa's Stingray gas processing plant to shut in, forcing Enbridge to declare a second force majeure effective December 17. Subsequently, Bridgeline pipeline, which receives gas from Targa plant, refused to accept Stingray's unprocessed gas, forcing Enbridge to again shut the pipeline. On December 21, Enbridge reported that the Targa Stingray Plant had returned to normal operations and lifted the force majeure on the Stingray pipeline.

<http://apps.enbridgeus.com/ENotices/NoticeEntryPage.aspx?selnoticecode=stry2011353.154419>

<http://www.enbridgeus.com/Reports/reportif.aspx?pl=1&rptSite=13&rpt=%2fENotices%2fNoticeEntryListPage.aspx%3fpipeline%3dstingray%23Critical>

<http://www.enbridgeus.com/Main.aspx?id=558&tmi=152&tmt=4>

<http://www.enbridgeus.com/Reports/reportif.aspx?pl=1&rptSite=13&rpt=%2fENotices%2fNoticeEntryListPage.aspx%3fpipeline%3dstingray%23Critical>

High Seas Delay Repairs to Enbridge's 20-Inch Stingray Lateral in U.S. Gulf of Mexico

Stingray Pipeline LLC reported that repairs to the 20-inch lateral line have been hampered by weather and related high seas. If weather permits, Stingray will resume repair work sometime within the next three days. Stingray declared force majeure on November 22 when it discovered a leak from the lateral in the area of Vermillion Block 263. The leak has forced operators of platforms Vermillion 214, Vermillion 229, and East Cameron 257 to shut-in production. Stingray had expected to begin repairs on December 15 and expected repairs, once begun, to take three to five days.

<http://apps.enbridgeus.com/ENotices/NoticeEntryPage.aspx?selnoticecode=stry2011354.104157>

<http://www.enbridgeus.com/Reports/reportif.aspx?pl=1&rptSite=13&rpt=%2fENotices%2fNoticeEntryListPage.aspx%3fpipeline%3dstingray%23Critical>

<http://www.enbridgeus.com/Reports/reportif.aspx?pl=1&rptSite=13&rpt=%2fENotices%2fNoticeEntryListPage.aspx%3fpipeline%3dstingray%23Critical>

Panhandle Eastern Reports a Leak on Its 300 Line Downstream of Haven, Kansas Compressor Station December 20

Panhandle Eastern Pipe Line Company, LP reported a leak downstream of the Haven Compressor Station in Kansas on December 20, requiring a section of the Haven 300 line to be shut-in. An investigation is currently underway, but no customer impact is expected.

<http://infopost.panhandleenergy.com/InfoPost/jsp/NoticeDetail.jsp?NoticeId=5134>

<http://www.usa.com/frs/panhandle-eastern-haven-compressor-station.html>

Unplanned Service Outage Announced at Sempra's 2.35 Bcf/d Cameron Interstate Pipeline in Southern Louisiana December 23–January 1

The company reports that due to equalized pressure between Cameron Interstate Pipeline and Florida Gas Transmission, it will not be accepting nominations to this point beginning Thursday, December 22 for flow date Friday, December 23. It will resume allowing nominations on December 30 for a beginning flow date of January 1. Cameron Interstate Pipeline, a Sempra development, is a 2.35 Bcf/d interstate pipeline in south Louisiana.

http://www.gasnom.com/ip/cameron/notice_details_new.cfm?id=63&type=1

<http://www.semprapipelinesandstorage.com/cameron.html>

Mechanical Failure Shuts 130 MMcf/d Midkiff Gas Plant in Texas December 21

Operators shut the plant Wednesday morning to replace an inlet meter plate that appeared not to be measuring correctly, according to a filing with the Texas Commission on Environmental Quality. Maintenance personnel were on hand to expedite repairs, and inlet gas was sent to flare to reduce emissions, according to the filing.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=162985>

Valve Malfunctions Shut AGI Unit, Lead to Flaring at Enbridge's Tilden Gas Plant in Texas December 19

Enbridge reported Tuesday that its acid gas injector (AGI) No. 2 went down on a fourth-stage, high discharge-pressure alarm, according to a filing with state regulators. Vented gases were sent to flare. Operators checked the AGI system and discovered that a fifth-stage suction valve and three first-stage discharge valves were bad. They replaced the bad valves and reset and restarted the unit.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=162932>

Power Loss Briefly Shuts Multiple Compressors at Occidental Permian's Cedar Lake Booster Station in Texas December 20

Occidental reported that the Nos. 1 and 5 compressors and the reinjection compressor shut down early Wednesday morning due to power loss, routing inlet gas to flare, according to a filing with the Texas Commission on Environmental Quality. Operators worked to restore power and placed the compressors back into service, eliminating emissions.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=162984>

OPEN Project to Expand Texas Eastern Pipeline System, Connect Utica Shale Gas Supplies to the U.S. Midwest, South, and Northeast Markets

Spectra Energy Corp's Texas Eastern Transmission, LP, American Electric Power (AEP), and Chesapeake Energy Marketing, Inc. today announced their intention to advance the development of the Ohio Pipeline Energy Network (OPEN) project, a proposed expansion of the Texas Eastern pipeline system that will connect Ohio's Utica and Marcellus shale gas supplies with the fast-growing markets attached to the Texas Eastern system, in particular natural gas-fired power generation. The project will involve approximately 70 miles of new pipeline and create an additional 1 Bcf/d of transportation capacity to serve local distribution companies, industrial users, and gas-fired power generators in the Ohio market, as well as markets along the Texas Eastern system. A binding open season for the OPEN project is planned for the first quarter 2012 with the projected in-service slated for November 2014. <http://www.spectraenergy.com/Newsroom/News-Archive/Leading-Players-Spectra-Energy-American-Electric-Power-and-Chesapeake-Energy-Announce-an-Agreement/>

Other News

Nothing to report

Energy Prices

U.S. Oil and Gas Prices			
December 21, 2011			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	98.48	99.98	89.19
NATURAL GAS Henry Hub \$/Million Btu	3.07	3.13	4.10

Source: Reuters

Energy Notes

Thieves Steal 52 Large Spools of Copper from Dakota Electric Construction in Fargo, North Dakota December 17–18

http://www.kfyrtv.com/News_Stories.asp?news=54013

California Air Resources Board Adopts Changes to Low Carbon Fuel Standard

<http://www.arb.ca.gov/regact/2011/lcfs2011/lcfs2011.htm>

<http://www.arb.ca.gov/newsrel/newsrelease.php?id=273>

Ormat Announces Project to Develop 10 MW Solar Project near the Heber Geothermal Complex in Imperial Valley, California; Operation Expected in 18 Months

<http://www.ormat.com/news/latest-items/ormat-signs-new-20-year-power-purchase-agreement-10-mw-solar-pv-project-imperial-i>

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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