



ENERGY ASSURANCE DAILY

Tuesday Evening, March 20, 2012

Electricity

Storms Cut Power to 92,600 Utility Customers in Texas March 19–20

Strong storms with heavy rain moved through Texas overnight Monday, cutting power to thousands of utility customers throughout the state. Most outages occurred around Houston, where CenterPoint reported about 44,900 customers without power Tuesday morning. CPS Energy reported more than 19,000 customers in the San Antonio area without power Tuesday. Oncor had nearly 10,700 customers without electricity from Dallas-Fort Worth to South Texas. Austin Energy had nearly 7,800 customers without power. Pedernales Electric Co-op reported 2,700 of its customers were without power. Entergy Texas reported 4,300 customers without power, and AEP Texas and AEP Swepco reported 2,600 and 600 outages, respectively. Utilities expected to restore power to all customers affected by the storms by the end of the day today, though storms were forecasted to continue in the Houston area through Tuesday evening, with more storms possible on Wednesday.

Reuters, 10:48 March 20, 2012

<http://www.chron.com/news/article/Thousands-without-power-3420206.php>

<http://blog.chron.com/newswatch/2012/03/center-point-reports-more-than-30000-without-power/#3078-6>

<http://www.kxan.com/dpp/news/massive-overnight-power-outages>

Update: NSTAR Reports a ‘Catastrophic Failure’ of an Underground Electrical Cable Caused Transformer Failure, Fire Last Week in Boston

NSTAR reported a “catastrophic failure” of an underground electrical cable connected to a transformer at its Scotia Street substation in Boston sparked the major fire that occurred there last Tuesday night, company officials said Thursday afternoon. Soot buildup in the transformer then cut off power to 21,000 customers across the Back Bay and surrounding areas. City officials are assembling a panel of energy experts to work with NSTAR in investigating the transformer failure. To respond to outages, NSTAR worked with other utilities to temporarily install about 60 generators across the neighborhood to power homes, hotels, and businesses, digging up the street to access and reroute underground cables to jump-start the Scotia Street transformers. The utility hoped to restore normal operations early this week.

<http://beaconhill.patch.com/articles/fire-cause-catastrophic-failure-of-cable-e2bdda90>

Update: Virginia Regulator Approves Dominion Plan to Convert 3 Coal-Fired Power Plants in Virginia to Run on Biomass

The Virginia State Corporation Commission (SCC) recently approved Dominion Virginia Power’s request to turn three of its coal-fired power plants into stations that burn biomass. The existing stations in Altavista, Hopewell, and Southampton County each generate 63 MW of power, according to previous reports. The new biomass units will each generate close to 51 MW of electricity, primarily through use of waste wood discarded from regional timber operations.

<http://www.examiner.com/progressive-in-richmond/dominion-receives-approval-for-coal-plant-conversions-to-biomass>

Update: Bruce Power Resumes Restart Activities on 750 MW Bruce A Nuclear Unit 2 in Ontario March 20 after Minor Repairs to a Pump System

Bruce Power reported Tuesday morning that it was restarting Unit 2 following completion of minor repairs to a pump system, according to a press release. As previously reported, after Canada's Nuclear Safety Commission gave approval to restart the unit last Friday, operators detected a leak due to a defective gasket in the moderator system during restart activities. Bruce Power took actions to quickly isolate and repair the leak and replace the gasket. There was no impact on the rest of Bruce A, the release said. The company will continue with the return to operations program on both Units 1 and 2, which will involve the powering-up and commissioning of many systems in preparation to provide 1,500 MW of additional electricity for the province.

<http://www.brucepower.com/media-centre/>

<http://www.nuclearsafety.gc.ca/eng/mediacentre/updates/2012/March-20-2012-bruce-a-2-restart.cfm>

Petroleum

ConocoPhillips Shuts FCCU at Its 146,000 b/d Borger, Texas Refinery to Repair Leak March 20–21

ConocoPhillips reported it was shutting down a fluid catalytic cracking unit (FCCU) March 20–21 to repair a leak on a catalyst transfer line in Unit 29 at its joint-venture Borger refinery, according to a filing with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=166118>

Alon Reports Emissions Due to Several Causes at Its 67,000 b/d Big Spring, Texas Refinery March 19–20

Alon USA reported emissions due to several causes at its Big Spring refinery Monday and Tuesday, according to filings with the Texas Commission on Environmental Quality (TCEQ). On Monday the refinery reported emissions after an air blower tripped, shutting a CO boiler and an electrostatic precipitator on the fluid catalytic cracking unit. Workers restored normal operations within 3 hours. On Tuesday the refinery reported emissions due to an upset at the fuel gas treater unit. Operators were investigating the cause of the upset at the time of the filing.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=166129>

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=166172>

Chevron to Upgrade CPU at Its 45,000 b/d Salt Lake City, Utah Refinery to Handle a Wider Range of Crudes

Chevron Corp. has launched a project to upgrade its crude processing unit (CPU) at its Salt Lake City refinery, according to an executive speaking to securities analysts in New York this week. The upgrade won't increase the refinery's capacity; rather, it will allow the refinery to more easily handle a wider range of locally and nationally produced crudes, such as waxy crudes from eastern Utah. Chevron will complete the upgrade in stages and maintain production at the refinery while the work is underway. The upgrade is scheduled for completion in the summer of 2014.

http://www.downstreamtoday.com/news/article.aspx?a_id=35791

TransCanada Makes Adjustments to Accommodate Shippers on Its 591,000 b/d Keystone Oil Pipeline after Cleaning Tool Disconnects within the Line March 19

TransCanada Corp. said on Monday it had made adjustments allowing shippers on its Keystone oil pipeline to meet their needs after part of an inline pipeline cleaning tool known as a "pig" disconnected within the line, according to a spokesman. The pipeline is currently moving about 500,000 b/d of crude oil, down from its full capacity of 591,000 b/d, but it does not normally operate at full capacity rates. The incident was not affecting the line's operation or flow rate, the spokesman said Monday. The pipeline carries Canadian crude oil to the U.S. Midwest and Midcontinent from Alberta.

Reuters, 15:37 March 19, 2012

Reuters, 16:23 March 19, 2012

<http://news.yahoo.com/cleaning-tool-disconnects-keystone-oil-pipeline-194702405.html>

Update: Output at PBF Energy's 190,000 b/d Delaware City, Delaware Refinery Unaffected by Fire in Desulfurization Unit March 16 – Industry Sources

PBF Energy said all units that are not currently undergoing maintenance at its refinery are operating normally, according to a community phone message posted early Tuesday. A fire broke out in the heater of one of four desulphurization unit trains last Friday afternoon, according to industry sources. PBF Energy was expecting minimal, if any, impact to production, the sources said. The desulphurization unit is still operating around its normal rate of 15,000–16,000 b/d, and the train knocked out by the fire is expected to be back online after heater repairs are made. There is no timeline for when the repairs will be completed.

Reuters, 06:00 March 20, 2012

Reuters, 11:45 March 20, 2012

Valero Reports Flaring from Its 139,000 b/d Wilmington, California Refinery March 19

Valero Energy Corp. reported flaring on Monday at its Wilmington, California refinery, according to a filing with the California Emergency Management Agency. The filing did not specify the units involved in the flaring event, but it said the release was secured early Tuesday morning.

Reuters, 11:47 March 20, 2012

Natural Gas

Enterprise to Construct Two New NGL Fractionators at Mont Belvieu, Texas Facility; Expands Eagle Ford Midstream Network

Enterprise Products Partners L.P. today announced that the partnership plans to construct two more natural gas liquid (NGL) fractionators at its Mont Belvieu, Texas complex that would provide 150,000 b/d of incremental fractionation capacity. Projected to begin service in the fourth quarter of 2013, the two 75,000 b/d units, together, along with a sixth unit currently under construction and on schedule to commence service in the fourth quarter of 2012, would give Enterprise the capacity to fractionate more than 610,000 b/d at the Mont Belvieu facility. In the Eagle Ford Shale, Enterprise is nearing completion of several infrastructure projects delivering the NGLs at Mont Belvieu. Specifically, the partnership will jointly develop with Anadarko Energy Services a project to construct a 16-inch, 173-mile extension of Enterprise's recently completed 140,000 b/d Eagle Ford NGL pipeline that links the partnership's Yoakum natural gas processing facility in Lavaca County, Texas to Mont Belvieu. The extension is expected to begin service in the second quarter of 2013.

<http://phx.corporate-ir.net/phoenix.zhtml?c=80547&p=irol-newsArticle&id=1674255>

Union Gas Announces Open Season for New Natural Gas Pipeline, Parkway Extension Project

Union Gas Limited is holding a binding open season to solicit market support for new firm transportation capacity originating from an interconnect near the existing Union Gas Parkway compressor station to a new interconnect with the TransCanada system at or near Maple (the Parkway Extension Project). The Parkway Extension Project will provide firm transportation capacity of over 0.5 PJ/d from Parkway to Maple. This project will be an extension of the Union Gas Dawn to Parkway system that will provide secure access to diverse supplies of natural gas from the Union Gas Dawn Hub and serve a growing demand for natural gas in central, eastern, and northern Ontario as well as Quebec and the U.S. Northeast.

<http://www.uniongas.com/news/2012/March132012.asp>

Power Outage Shuts Southern Union's 140 MMcf/d Keystone Gas Plant in Texas March 18–19

Southern Union Gas Services reported its Keystone gas plant went down Sunday night at about 10:30 PM local time due to a third-party power failure, according to a filing with state regulators. Operators called the utility company ONCOR to report the outage, and the utility said a tank battery fire south of the plant damaged its transmission line, preventing the utility from restoring power right away. ONCOR restored power around 8:00 PM on Monday.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=166159>

Other News

Nothing to report

Pemex Officials Report Normal Operations after 7.6-Magnitude Earthquake Strikes Oaxaca, Mexico March 20

There were no immediate reports of damage or casualties after a 7.6-magnitude earthquake struck in the southwestern state of Oaxaca, Mexico today, shaking central and southern parts of the country and swaying buildings in Mexico City, according to the latest reports. Petroleos Mexicanos' (Pemex) 330,000 b/d Salina Cruz oil refinery is operating normally, a refinery spokeswoman said by telephone today. Another Pemex official said in an email that there have been no reports yet of damage at any of the company's other facilities.

<http://www.bloomberg.com/news/2012-03-20/pemex-oil-refinery-closest-to-mexico-quake-operates-normally-1-.html>

Glitches Halt Oil Exports from Iraq's New 900,000 b/d Floating Terminal Offshore Basra – Sources

Technical glitches have prevented exports from Iraq's new offshore oil export terminal for the past week, according to two sources at the state-owned South Oil Company on Tuesday. The first of four single-point moorings launched operations March 8 and loaded 2 million barrels of oil into its first ship over the course of five days, but it has since been shut due to technical problems, the sources said.

<http://af.reuters.com/article/energyOilNews/idAFL6E8EK6NN20120320>

Saudi Crude Oil Sales, Shipment Bookings to United States Rise to Highest Levels since Mid-2008

Saudi Arabia crude oil shipments to the United States have this year risen 25 percent to the highest level since mid-2008, marking an unexpected surge in oil sales that appears set to continue, according to tanker industry sources and government data. Saudi oil tanker company Vela has booked at least nine very large crude carriers, each capable of carrying 2 million barrels, destined for the U.S. Gulf Coast since the start of March, according to analysts, who said this is the biggest such wave of fixtures in years. The surge could be a result of political tensions, as Saudi officials this week took steps to assure edgy markets it will make up for any such supply disruptions. The surge in sales could also be related to an expansion project at Saudi Arabia's 285,000 b/d Motiva Port Arthur, Texas joint-venture refinery, which is expanding its capacity to 660,000 b/d, with all units expected to be in production by the end of the second quarter this year.

http://www.moneycontrol.com/news/wire-news/exclusive-saudi-oil-sales-tanker-bookings-to-us-surge_681849.html

Brent Crude Prices Fall on Strait of Hormuz Reassurance and Saudi Readiness to Increase Supply – Reports

Brent crude fell more than \$2 to around \$123 a barrel on Tuesday after Kuwait reported assurances from Tehran that it would not close the Strait of Hormuz and Saudi Arabia said it was ready to increase supply, according to reports. The ruler of Kuwait has said that Iran officials assured his country that Tehran would not close the Strait of Hormuz, reports said. Saudi Arabia late on Monday said it would work individually and with other Gulf countries to return oil prices what it called "fair" levels, according to a state news agency.

<http://www.reuters.com/article/2012/03/20/markets-oil-idUSL6E8EK21X20120320>

Saudi Arabia to Pump 9.9 MMb/d in March, April; Could Pump 12.5 MMb/d Now if Needed – Saudi Oil Minister

DJN, 11:25 March 20, 2012

Vopak Considers Building Crude Storage Facilities outside the Strait of Hormuz on Gulf of Oman Coast

Vopak may develop crude storage facilities on the Gulf of Oman coast, outside the Strait of Hormuz, in response to rising Iraqi exports and a new United Arab Emirates (UAE) oil pipeline due to come online at the end of this year, a senior executive told Reuters on Monday. The 480-km Abu Dhabi Crude Oil Pipeline will link state oil firm Abu Dhabi National Oil Company's Habshan oilfields to the port of Fujairah on the Gulf of Oman, bypassing the Strait of Hormuz. The executive did not give investment details or timelines.

<http://www.reuters.com/article/2012/03/19/vopak-storage-crude-idUSL6E8EJ0VZ20120319>

A New 200,000–400,000 b/d Oil Pipeline to Colombia’s Pacific Coast Possible by Year-End 2016 – Enbridge Executive

A new 200,000–400,000 b/d oil pipeline linking Colombia’s Llanos basin to the Pacific coast could be operational by the end of 2016, an Enbridge executive recently told an audience at the Colombia oil and gas conference and exhibition in Cartagena. The company is participating in pre-feasibility studies for the pipeline, and it is considering five routes stretching 800 kilometers through the Andes to Pacific ports Tumaco or Buenaventura, providing easier access to Asian markets, the executive said.

http://www.downstreamtoday.com/news/article.aspx?a_id=35768

Ecopetrol’s 80,000 b/d Cano Limon Pipeline in Colombia Shut after Bomb Attack March 17

Colombia’s Cano Limon pipeline has been shut since Saturday after leftist guerillas bombed the line for the third time this month, according to an official at national oil company Ecopetrol, who said it was not clear when the pipeline would resume operations. The pipeline has been bombed at least 15 times this year, according to reports. DJN, 10:22 March 20, 2012

Energy Prices

U.S. Oil and Gas Prices			
March 20, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	106.25	106.58	102.12
NATURAL GAS Henry Hub \$/Million Btu	2.14	2.17	3.98

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 & 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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