



ENERGY ASSURANCE DAILY

Tuesday Evening, June 05, 2012

Electricity

Storm, Strong Winds Cut Power to 50,000 Idaho Power Customers near Boise June 4

A storm with strong winds passed through western Idaho Monday night, cutting power to at least 50,000 Idaho Power customers after trees knocked down power lines, according to a spokeswoman. As of 2:00 PM ET today, Idaho Power had restored power to more than 42,000 customers, according to the utility's Twitter page.

<http://www.idahostatesman.com/2012/06/04/2143012/storm-causes-power-outages-across.html>

<http://twitter.com/#!/idahopower>

Update: Investigators Unable to Pinpoint Root Cause of Transformer Fire that Triggered Boston Blackout in March

Engineering consulting firm RTI Group recently published its conclusions after investigating the cause of the March 2012 fire at the Scotia Street substation, in Boston, which ultimately cut electricity to 21,790 NStar customers in the area. Engineers examined tons of twisted metal and melted wire removed from the site of the fire, and confirmed NStar's earlier findings: On the evening of March 13, a connection failed between a 115-kV power line and a transformer, which sparked and ignited mineral oil, used as a cooling agent and conductor in the power line. RTI concluded that direct human intervention could not have caused the outage because no one entered or left the substation in the 18 hours before the fire. The firm could not determine, however, the reason why the connection initially failed, citing the extent of the damage to the transformer after the fire.

<http://b.globe.com/M8dxza>

U.S. Nuclear and Coal-Fired Electrical Plants Vulnerable to Climate Change – Academic Research Study

A new study recently published in *Nature Climate Change* by researchers at the University of Washington and several of their European counterparts shows that thermoelectric power in Europe and the United States is vulnerable to climate change due to the combined impacts of lower summer river flows and higher river water temperatures. Thermoelectric power plants directly depend on the availability and temperature of water resources for cooling. During recent warm, dry summers several thermoelectric power plants in the southeastern United States were forced to reduce production due to cooling-water scarcity. The study predicts a summer average decrease in capacity of U.S. power plants of 4.4–16 percent, depending on cooling system type and climate scenario for 2031–2060. In addition, probabilities of extreme reductions in thermoelectric power production (near-complete or complete shutdowns) will on average increase by a factor of three. The authors suggest long-term adaptation strategies are needed to address these risks, including placing new plants near saltwater to reduce reliance on freshwater sources, or switching to natural gas-fired alternatives.

http://www.eurekalert.org/pub_releases/2012-06/uow-nac053112.php

<http://www.nature.com/nclimate/journal/vaop/ncurrent/full/nclimate1546.html>

Update: Consumers Energy Developing 150 MW Cross Winds Energy Park in Michigan

Consumers Energy announced today it has opened a development office in Caro, Michigan as it moves forward with its Cross Winds Energy Park, which will be located in Tuscola County. The 150 MW wind park is scheduled for construction in 2014 and commercial operation for phase one by the end of 2015.

<http://www.crosswindsenergypark.com/>

<http://www.consumersenergy.com/News.aspx?id=5494&year=2012>

AEP Restarts Boiler at Its 558 MW Welsh Coal-Fired Unit 3 in Texas June 5

American Electric Power (AEP) reported it was restarting the Unit 3 boiler at its Welsh plant today, following the completion of unspecified outage activity, according to a filing with the Texas Commission on Environmental Quality. Operators said emissions were possible during the unit startup and could continue through June 12.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=167495>

Motiva Shuts New CDU after Vapor Releases at Its 600,000 b/d Port Arthur, Texas Refinery June 4 – Sources

Motiva Enterprises LLC shut the newly commissioned 325,000 b/d crude distillation unit (CDU) at its Port Arthur refinery in Texas following vapor releases Monday, according to sources familiar with refinery operations. One side of the unit was shut down and the other side was put on circulation, the sources said. It was possible the unit could resume normal operations later on Monday.

<http://www.bloomberg.com/news/2012-06-04/gulf-coast-gasoline-strengthens-after-motiva-shuts-crude-unit.html>
<http://www.reuters.com/article/2012/06/04/refinery-operations-motiva-portarthur-idUSL1E8H4ACF20120604>

Update: Kinder Morgan Receives Strong Binding Commercial Support for Cochin Reversal Project; Will Move 95,000 b/d of Light Condensate to Alberta

Kinder Morgan Energy Partners, LP today announced it has completed a successful binding open season for its Cochin Reversal project, which will allow the company to offer a new service to move light condensate from Kankakee County, Illinois to existing terminal facilities near Fort Saskatchewan, Alberta. The project involves Kinder Morgan modifying the western leg of its 1,900-mile, 12-inch, multi-product Cochin Pipeline to connect to Explorer Pipeline Company's pipeline in Kankakee County and to reverse the product flow to move the condensate northwest to Fort Saskatchewan. Subject to necessary regulatory approvals and necessary capital improvements, light condensate shipments could begin as early as July 1, 2014. The project is currently expected to provide approximately 95,000 b/d of light condensate capacity on Cochin, providing a new source of supply to meet the growing demand for this product.

<http://phx.corporate-ir.net/phoenix.zhtml?c=119776&p=irol-newsArticle&ID=1702602>

CAPP Forecast Shows Canadian Crude Oil Production Will More Than Double to 6.2 MMb/d by 2030

Canadian crude oil production will more than double to 6.2 MMb/d by 2030 from 3 MMb/d in 2011, according to a report from the Canadian Association of Petroleum Producers (CAPP), its *2012 Crude Oil Forecast, Markets and Pipelines Outlook*. The report cites resurging growth in Western Canadian conventional oil production and new oil sands investments as drivers for the increase in production. Conventional production is increasing because new technology has allowed industry to produce oil from formerly uneconomic resources, reversing a significant declining production trend over the last decade. The growing oil supply is aimed at markets in Eastern Canada, which currently imports more than half its oil from offshore foreign suppliers, traditional and new markets in the United States, and growing markets in Asia.

www.capp.ca/forecast

<http://www.capp.ca/aboutUs/mediaCentre/NewsReleases/Pages/2012-oil-forecast.aspx>

Natural Gas

TransCanada, Shell, Partners to Develop 1.7 Bcf/d Coastal GasLink Natural Gas Pipeline to Canada's West Coast

TransCanada Corporation today announced that it has been selected by Shell Canada Limited and its partners to design, build, own, and operate the proposed Coastal GasLink project, a pipeline that will transport natural gas from the Montney gas-producing region near Dawson Creek, British Columbia (BC) to the recently announced LNG Canada liquefied natural gas (LNG) export facility near Kitimat, BC. The Coastal GasLink pipeline will have an initial capacity in excess of 1.7 Bcf/d and is estimated to begin service by the end of 2019, subject to regulatory and corporate approvals. In addition, Coastal GasLink will provide options for shippers to access gas supplies through an interconnection with NOVA Gas Transmission Ltd.'s (NGTL) Alberta System and the liquid NOVA Inventory Transfer trading hub, a Western Canada Sedimentary Basin gas-trading hub for Alberta System customers operated by TransCanada. NGTL expects to elicit interest in and commitments for such service through an open season process in late 2012.

<http://www.transcanada.com/6054.html>

PETRONAS Seeks Partners for Proposed British Columbia LNG Export Terminal

Malaysia's state oil-and-gas company Petrolia Nasional Bhd. (PETRONAS) is looking for partners to join its joint venture project to build a proposed liquefied natural gas (LNG) export terminal in Canada, a senior company executive said Monday. In 2011, PETRONAS entered into a 50/50 joint venture with Progress Energy Inc. to develop its Altares, Lily, and Kahta properties in the North Montney Shale in British Columbia. In addition to the upstream development in the North Montney, PETRONAS and Progress announced in June 2011 the companies were planning to launch a feasibility study to evaluate building and operating a new LNG export facility on the West Coast of British Columbia. PETRONAS owns 80 percent of the LNG joint venture, and Progress owns the remaining 20 percent. The final investment decision on the LNG project is not expected until at least 2014, the PETRONAS executive said.

http://www.downstreamtoday.com/news/article.aspx?a_id=36391

<http://www.progressenergy.com/operations/north-montney-joint-venture>

Worn Fan Belts Cause AGI Compressor to Shut at Regency's 290 MMcf/d Waha Gas Plant in Texas June 2

Regency Energy Partners reported slipping/worn cooler fan belts caused an acid gas injector (AGI) compressor to shut down Saturday afternoon, according to a filing with the Texas Commission on Environmental Quality. Operators replaced the belts and reset and restarted the unit.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=169201>

Southern Reports Ongoing Flaring at Its 140 MMcf/d Keystone Gas Plant in Texas June 2 Due to Upstream Compressor Shutdowns

Southern Union Gas Services reported Saturday afternoon it was flaring low-pressure gas at its Keystone plant because field compressors upstream went down, causing Keystone's low pressure system to overload, according to a filing with state regulators. The event was ongoing at the time of the filing.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=169197>

Compressor Problems Lead to Flaring at DCP Midstream's 70 MMcf/d Fullerton Gas Plant in Texas June 2

DCP Midstream reported low compressor oil flow/compressor lubricator problem on the No. 3 engine of a compressor at its South Fullerton booster led to flaring at the Fullerton plant Saturday morning, according to a filing with the Texas Commission on Environmental Quality. Operators repaired and restarted the booster engine later that day, which stopped the flaring.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=169198>

Power Outage Shuts AGI Units at Enbridge's Tilden Gas Plant in Texas June 1

Enbridge reported acid gas injector (AGI) Units 1 and 2 shut down due to a power outage Friday afternoon, according to a filing with the Texas Commission on Environmental Quality. Operators responded immediately and corrected the situation within 2 hours.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=169187>

Other News

Colorado State University Researchers Increase 2012 Atlantic Hurricane Forecast; Numbers Still Below Average

Colorado State University researchers on Friday raised their forecast for the 2012 Atlantic hurricane season to 13 tropical storms, with 5 strengthening into hurricanes and 2 becoming major hurricanes. In April the group forecast 10 tropical storms, with 4 strengthening into hurricanes and 2 into major hurricanes. The group changed its forecast largely due to its uncertainty as to whether an El Nino will develop later this summer and to "somewhat marginal" Atlantic basin conditions. The revised forecast's numbers are still slightly below average for hurricanes in the region, which includes the Atlantic Ocean, the Caribbean Sea, and the Gulf of Mexico. The 6-month season, which began on Friday, on average brings about 12 tropical storms, with 6 hurricanes and 3 major hurricanes ranking at Category 3 or higher on the Saffir-Simpson intensity scale.

Reuters, 11:18 June 1, 2012

Update: Shell, Qatar Petroleum Approach Milestone in Developing 140,000 b/d Pearl Gas-to-Liquids Plant in Qatar

The Pearl Gas-to-Liquids (GTL) plant, under joint development by Qatar Petroleum and Royal Dutch Shell in Ras Laffan, Qatar, will reach a new milestone this month as Shell gets ready to manage the handover of instrumentation data. The Pearl GTL plant, which converts natural gas into fuels and liquid products, achieved its first commercial shipment on June 13, 2011. When operating at full capacity in mid-2012, Pearl GTL will convert 1.6 Bcf/d of natural gas into 140,000 b/d of GTL products (gasoil, kerosene, base oils Naphtha and Normal Paraffins) and 120,000 b/d of natural gas liquids and ethane. The plant will process approximately 3 billion barrels of oil-equivalent over its lifetime from the North field, which stretches from Qatar's coast out into the Gulf and contains more than 900 trillion cubic feet of gas.

<http://www.intergraph.com/assets/pressreleases/2012/06-05-2012a.aspx>

Energy Prices

U.S. Oil and Gas Prices			
June 5, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	84.00	91.93	100.13
NATURAL GAS Henry Hub \$/Million Btu	2.32	2.56	4.64

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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