



# ENERGY ASSURANCE DAILY

Friday Evening, March 22, 2013

## *Electricity*

---

### **Update: NRC Cites TVA for Elevated Flood Risks at Its Sequoyah and Watts Bar Nuclear Power Plants in Tennessee**

The U.S. Nuclear Regulatory Commission (NRC) on March 15 confirmed that its inspectors have cited the Tennessee Valley Authority (TVA) with six violations and placed both its Sequoyah and Watts Bar nuclear power plants under “yellow” safety flags, indicating a “substantial safety significance,” due to elevated flood risks at the plants. TVA in early February reported that it had in July 2009 identified the potential to overtop and fail earthen embankments at Cherokee, Fort Loudoun, Tellico, and Watts Bar Dams, and that these conditions could have resulted in an increase in the probable maximum flood level at TVA’s Watts Bar and Sequoyah nuclear plants in Tennessee. The utility has implemented interim measures to protect the plants against dam failure, including the installation of modular flood barriers, and will continue to work with the NRC to develop other solutions.

<http://www.timesfreepress.com/news/2013/mar/19/tva-cited-for-flood-prevention-violations/>

### **Entergy Installs Temporary Cover after Panel Blows Out at Its Vermont Yankee Nuclear Power Plant March 18**

Entergy Corp. on Thursday reported it installed a temporary cover over a “blowout panel” in the reactor building at its Vermont Yankee nuclear power plant, which is currently offline for refueling and maintenance, after the panel opened on Monday. Blowout panels protect buildings against tornado-force winds that can cause over-pressurized conditions. If a building is threatened by strong winds, the panels can blow out and help equalize pressure in the building. On Monday, Entergy operators were testing the Vermont Yankee reactor’s ventilation system when a panel measuring roughly 6 feet by 10 feet blew out due to over pressurization. The panel opening had no impact on the refueling outage and was not reportable under NRC regulations.

<http://www.reuters.com/article/2013/03/21/utilities-entergy-vermontyankee-idUSL1N0CD8R720130321?feedType=RSS&feedName=marketsNews&rpc=43>

### **Update: SCE Considers License Amendment to Restart Its 1,070 MW San Onofre Nuclear Unit 2 in California to Meet Peak Demand This Summer**

Southern California Edison (SCE) today announced it is considering voluntarily submitting a license amendment request to the U.S. Nuclear Regulatory Commission (NRC) to support the restart of Unit 2 of the San Onofre Nuclear Generating Station. Both units at San Onofre have been shut since January 2012, when operators discovered premature tube wear in the steam generators. The NRC must approve plans to restart each unit. SCE’s proposed amendment is consistent with its previously announced proposal to operate Unit 2 at 70 percent power for 5 months, and then shut it to inspect for additional tube wear. Last week, SCE submitted an operational assessment that supports safe operation of Unit 2 at 100 percent power for 11 months. Approval of that assessment would eliminate the need for the license amendment. However, because the NRC may take substantial time to review this operational assessment, SCE is simultaneously considering the license amendment. SCE is requesting a public meeting with the NRC to discuss the possible amendment. SCE would like to restart Unit 2 by the summer to meet peak customer demand for electricity. SCE has not yet presented a restart plan for Unit 3, which has more damage than Unit 2, and the utility has stated that it will be “some time” before Unit 3 is ready for restart.

<http://www.edison.com/pressroom/pr.asp?id=8101>

## **Update: California PUC Rejects Part of SDG&E's Power Purchase Plans; Rejection May Compromise New Power Plants Under Development**

The California Public Utilities Commission (CPUC) on Thursday directed San Diego Gas & Electric (SDG&E) to procure up to 298 MW of local generation beginning in 2018, and authorized the utility to enter into a purchase power tolling agreement with Wellheads' Escondido Energy Center. Under SDG&E's 25-year contract with the Escondido Energy Center, operators will repower an existing 35 MW natural gas-fired facility, and expand its capacity to 45 MW after completing the initial repowering. The CPUC declined to allow SDG&E to enter into similar purchase power tolling agreements with Apex Power Group's planned 300 MW natural gas-fired Pio Pico Energy Center, and Cogentrix Energy's 100 MW natural gas-fired Quail Brush Generation Project. The agreements were denied, in part, because they were scheduled to come online in 2014, but the evidence demonstrated that there is no need for incremental local capacity until 2018, four years into the 20-year terms of the contracts. To meet the remainder of the 298 MW need, the CPUC directed SDG&E to either issue new requests for offers, or submit for CPUC consideration a renewed application that better matches the timing issue or demonstrates a different showing of need for either Pio Pico and/or Quail Brush.

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M063/K338/63338201.PDF>

<http://www.I0news.com/news/california-public-utilities-commission-rejects-sdgc-power-plant-plans-032113>

## **Update: Entergy's 813 MW FitzPatrick Nuclear Unit in New York Ramped Up to 96 Percent by March 22**

The Fitzpatrick nuclear unit is returning from an outage that began by March 4, when operators took the reactor offline to repair a feedwater heater tube leak. Operators restarted the unit by March 7 and ramped it up to 85 percent power by March 9, before reducing it again to 50 percent power by March 19. On the morning of March 21 the unit was operating at 50 percent.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2013/>

## **PG&E's 407 MW Helms Hydro Unit 1 in California Returns to Service by March 21**

The unit returned from an outage that began by March 18 and was due to both planned and unplanned causes.

<http://content.aiso.com/unitstatus/data/unitstatus201303211515.html>

<http://content.aiso.com/unitstatus/data/unitstatus201303181515.html>

## **Cleveland Electric Illuminating Announces Its 2013 Program to Enhance Electric System and Reliability in Ohio**

Cleveland Electric Illuminating Company (CEI), a subsidiary of FirstEnergy Corp., on Thursday announced that it will spend approximately \$152 million in 2013 to further enhance the electrical system and reliability in northeast Ohio. Major projects scheduled for this year include:

- Rebuilding portions of a major substation in Northfield;
- Installing new sub-transmission circuits in downtown Cleveland;
- Inspecting and replacing distribution and sub-transmission poles in northeast Ohio;
- Relocating switching equipment from a substation in Wickliffe to another CEI substation nearby;
- Installing a new 138-kV transmission line and substation in Geauga County;
- Ongoing vegetation management programs; and
- If approved by the Public Utilities Commission of Ohio, installing additional smart meters and sectionalizing technology designed to isolate and restore outages remotely.

<http://finance.yahoo.com/news/cleveland-electric-illuminating-company-spend-190700782.html>

## **Southwest Power Pool Approves 345-kV Elm Creek-Summit Transmission Line Project in Kansas**

ITC Great Plains, LLC announced today that the Southwest Power Pool has approved the Elm Creek-to-Summit transmission line project in central Kansas. ITC Great Plains will construct approximately one-half of the 60-mile, 345-kV transmission line connecting its Elm Creek Substation to Westar Energy's Summit Substation. The project will also involve upgrades at both substations. ITC Great Plains will construct, co-own, and operate the northern portion of the line, and Westar Energy will build, own, and operate the southern half of the line. Each company will file route applications for their portions of the line with the Kansas Corporation Commission later this spring for review, with rulings on the routes expected later this year. Right-of-way acquisition and engineering design are scheduled for 2014–2015, followed by construction in 2015 and 2016. The line will be energized shortly thereafter.

[www.itc-holdings.com/itc-great-plains.html](http://www.itc-holdings.com/itc-great-plains.html)

<http://finance.yahoo.com/news/southwest-power-pool-approves-elm-125500342.html>

### **Update: BP Returns 102,500 b/d FCCU to Normal Operation at Its 265,000 b/d Carson, California Refinery by March 22**

BP Plc returned a 102,500 b/d fluidic catalytic cracking unit (FCCU) to normal operation on Friday at its Carson refinery, according to sources familiar with refinery operations. The refinery completed repairs to a compressor on the FCCU on Thursday evening, allowing operators to restore normal operation on the unit. Work on the compressor began on March 11, when operators began restart procedures following an extended overhaul.  
Reuters, 12:15 March 22, 2013

### **Update: Enbridge to Provide Pipeline and Terminaling Services to Athabasca Oil Corp's Proposed 16,000 b/d Hangingstone Oil Sands Project in Alberta**

Enbridge Inc. on Thursday announced that it has entered into an agreement to provide pipeline and terminaling services to Athabasca Oil Corporation's previously announced Hangingstone Oil Sands Project. Enbridge will construct a new 31-mile, 16-inch pipeline from the Hangingstone Project to Enbridge's Cheecham Terminal, as well as completing modifications at Cheecham to support the incremental production. The project will provide an initial capacity of 16,000 b/d, with provisions for an expansion to add 60,000 b/d of additional capacity during Phase 2. The Phase 1 facilities are expected to be in service in the latter half of 2015. Enbridge foresees filing an application with the Energy Resources Conservation Board and other regulatory authorities in May of 2013. Subject to these approvals, the Project could begin right-of-way clearing in early 2014 and pipeline construction in the winter of 2014-2015.

<http://www.enbridge.com/MediaCentre/News.aspx?yearTab=en2013&id=1700960>

<http://www.atha.com/operations/thermal-oil/hangingstone.html>

## **Natural Gas**

---

### **Freeport-McMoRan Energy Applies to Export 3.2 Bcf/d of LNG from Proposed Main Pass Energy Hub Deepwater Port Offshore Louisiana**

The U.S. Office of Fossil Energy has given notice that Freeport-McMoRan Energy LLC (FMMRE) on February 22 filed an application seeking a long-term, multi-contract authorization to export domestically produced liquefied natural gas (LNG) up to the equivalent of 1,176 Bcf of natural gas per year (or about 3.2 Bcf/d) to Free Trade Agreement (FTA) countries and non-FTA countries. Authorization is for a 30-year period commencing on the earlier of the date of first export or ten years from the date the authorization is issued. FMMRE proposes to export LNG from the proposed Main Pass Energy Hub Deepwater Port, located 16 miles offshore of Louisiana.

[http://www.fossil.energy.gov/programs/gasregulation/authorizations/2013\\_applications/13\\_26\\_lng\\_fta.pdf](http://www.fossil.energy.gov/programs/gasregulation/authorizations/2013_applications/13_26_lng_fta.pdf)

<https://app.fossil.energy.gov/app/fergas/AppDetail.go?method=getAppl&readOnly=true&applId=107956>

[http://www.downstreamtoday.com/news/article.aspx?a\\_id=38963](http://www.downstreamtoday.com/news/article.aspx?a_id=38963)

### **Update: DOE Dismisses Alaska Gasline Port Authority Application to Export 2.5 Bcf/d of LNG from Proposed Port Valdez Terminal Due to Insufficient Information**

The U.S. Department of Energy's (DOE) Office of Fossil Energy on March 7 dismissed an application from the Alaska Gasline Port Authority (AGPA), a subdivision of the state of Alaska, which had asked for authorization to export liquefied natural gas (LNG) from a proposed terminal in Port Valdez. AGPA applied in July 2012 for a long-term license to export up to roughly 2.5 Bcf/d of natural gas to Pacific Rim countries that have a free trade agreement with the United States. In addition to proposing a new LNG terminal in Port Valdez, the application said TransCanada Corp. and its partners would build upstream facilities to connect the terminal to natural gas production on the North Slope. The DOE dismissed the application citing insufficient information about how gas would reach the terminal. AGPA has not adequately demonstrated whether a pipeline would be available to transport natural gas from the North Slope to Valdez, or whether it has received a commitment or other agreement with producers to supply AGPA with natural gas from the North Slope. In addition, AGPA has not settled on a location for the LNG liquefaction facility.

[http://www.fossil.energy.gov/programs/gasregulation/authorizations/2012\\_applications/12-75ord-Dismissal.pdf](http://www.fossil.energy.gov/programs/gasregulation/authorizations/2012_applications/12-75ord-Dismissal.pdf)

[http://www.downstreamtoday.com/news/article.aspx?a\\_id=38948](http://www.downstreamtoday.com/news/article.aspx?a_id=38948)

## **National Grid Begins Upgrade to Natural Gas Delivery System in Brooklyn and Queens**

National Grid today announced it will begin construction of the Brooklyn/Queens Interconnect project this week, connecting the company's existing distribution systems in Brooklyn and Queens, which will ensure reliability and safety, provide additional natural gas, and meet future energy needs for customers. National Grid will install 1.6 miles of 26-inch and 12-inch coated steel pipeline. The 26-inch pipeline will connect to the Williams Transco proposed Rockaway Delivery Lateral Project, which will provide a needed additional natural gas delivery point for New York City from the existing Transco system. The Williams project is under review by the U.S. Federal Energy Regulatory Commission. The new 12-inch pipeline will connect National Grid's existing distribution systems in Brooklyn and Queens, providing a back-feed for both areas and ensuring adequate natural gas supplies for the Rockaways. National Grid's Brooklyn/Queens Interconnect project has received all necessary permits and approvals. Construction will proceed in two phases and is scheduled for completion in November.

<http://pdf.reuters.com/pdfnews/pdfnews.asp?i=43059c3bf0e37541&u=urn:newsml:reuters.com:20130322:nPnNY81999>

## **Ice Blockage Shuts Cryogen Unit at Atlas Pipeline's 195 MMcf/d Midkiff Gas Plant in Texas March 21**

Atlas Pipeline reported an ice blockage that formed in a Consolidator Cryogen Skid at its Midkiff plant Thursday caused the unit to shut down, 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=180743>

## **Two AGI Units Shut During Pump Maintenance Activities at Enbridge's Tilden Gas Plant in Texas March 21**

Enbridge reported that acid gas injector (AGI) Units 1 and 2 shut down on high discharge pressure during pump maintenance activities at its Tilden plant Thursday, 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=180752>

## **Pennsylvania Natural Gas Production Rises 69 Percent to Average 5.8 Bcf/d in 2012 Despite Reduced Drilling Activity – U.S. Energy Information Administration**

<http://www.eia.gov/todayinenergy/detail.cfm?id=10471>

## **Other News**

---

### **Valero Says Ethanol Blending Costs May Double or Triple This Year Due to the High Costs of RIN Credits**

Valero Energy reported this week that it will have to spend two or even three times as much as it did last year to comply with the U.S. Environmental Protection Agency's (EPA) federal ethanol blending requirement due to the high prices of credits it needs to buy under the law. The credits—called Renewable Identification Numbers (RINs)—can be bought by refineries to help meet mandates for the volume of ethanol that must be blended into motor fuel each year. Valero said it will spend \$500 million–\$750 million buying the credits this year, compared to \$250 million in 2012 and \$230 million in 2011. Cost of the credits has shot up from 3 cents/gal in 2012 to more \$1/gal at one point recently. Market analysts said the rise in cost seems to be driven by fears refiners will soon not be able to meet their quotas when they reach a “blend wall,” at which more ethanol can't be added to motor fuel.

<http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9MTc2MzMzMyfENoaWxkSUQ9LTF8VHlwZT0z&t=1>

## **International News**

---

### **Shell To Shut 150,000 b/d Nembe Oil Pipe in Nigeria for 9 Days in April to Clear Illegal Oil-Tapping Points**

Royal Dutch Shell Plc's Nigerian joint venture will shut down the 150,000 b/d Nembe Creek oil pipeline temporarily in April to clear illegal oil-tapping points, a local manager said Friday. Operators expect the pipeline to shut for 9 days. Shell has said it loses 50,000–60,000 b/d of oil from theft, and that it is aware of at least 90 illegal tappings in the system.

<http://www.foxbusiness.com/news/2013/03/22/shell-to-shut-down-nigeria-nembe-oil-pipe-in-april-to-clear-illegal-taps/>

## Update: Iraqi Kurdistan Continues Its Suspend Oil Exports over Payment Disputes with Central Government

Disputes between the Kurdish Regional Government (KRG) and the central government in Baghdad have prevented many producers operating Kurdistan from receiving payment for much of the oil they export. Kurdish officials ceased exports in late December, the latest of several such stoppages, according to producers in the region. Genel Energy CEO Tony Hayward recently reported that although his firm is producing 80,000–100,000 b/d for the domestic market, it could produce up to 50,000 b/d of additional supply for export.

<http://www.bbc.co.uk/news/business-21793783>

## Lyondell to Begin Idling 105,000 b/d Berre-L'Etang Refinery in France This Week Due to Poor Economics

LyondellBasell Industries NV reported it was scheduled last Wednesday to begin progressively ceasing operations at its 105,000 b/d crude oil refinery in Berre-L'Etang, in southern France. The company had in September announced its plans to close the refinery due to poor economics, and said it has failed to find a buyer.

DJN, 11:01 January 3, 2012

## Energy Prices

---

U.S. Oil and Gas Prices			
March 22, 2013			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	92.59	93.22	104.78
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	4.01	3.74	2.21

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](http://www.eia.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html)

Updated after 10:30 AM & 1:00 PM ET every Wednesday.

*Natural Gas Weekly Update* from EIA

<http://www.eia.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM ET every Thursday.

## ENERGY ASSURANCE DAILY

---

*Energy Assurance Daily* provides a summary of public information concerning current energy issues. Published Monday through Friday to inform stakeholders of developments affecting energy systems, flows, and markets, it provides highlights of energy issues rather than a comprehensive coverage. *Energy Assurance Daily* is updated online Monday through Friday after 5:00 p.m. ET. For more information, visit the Infrastructure Security and Energy Restoration (ISER) website at:

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

*Please direct comments and questions to: [ead@oe.netl.doe.gov](mailto:ead@oe.netl.doe.gov)*