



ENERGY ASSURANCE DAILY

Tuesday Evening, May 11, 2010

Major Developments

Update: BP Expects to Deploy Second Containment Dome by Week's End

BP expected to begin operating a second, smaller containment dome by the end of the week at the site of the sunken MC252 oil well in the U.S. Gulf of Mexico, the company said on May 10. The news came after a build-up of hydrates prevented responders from deploying the original dome over the weekend. BP also planned to employ a "top kill" option to stop the leak; it aimed to perform that work in parallel with the second dome. The "top kill" method involves shooting materials – golf balls, tires, among others – into the blowout preventer's choke and kill line, and then introducing fluids and cement, a news source said. The response's total cost, as of May 10, amounted to about \$350 million, according to BP. That figure included the cost of spill response, containment, relief well drilling, and commitments to the Gulf Coast states, settlements and federal costs. More than 13,000 people and 464 vessels were responding to the incident, as of latest reports. Responders had deployed more than 1.4 million feet of boom, recovered about 4 million gallons of oily-water, and used about 428,300 gallons of dispersant, according to the website of the Deepwater Horizon Unified Command. The incident had not impacted operations at the Louisiana Offshore Oil Port (LOOP), as of latest reports, but a LOOP spokeswoman said by May 10 that the port had seen some sheen. There had been no affect to shipping lanes, as of May 10, according to a Coast Guard spokeswoman.

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7061942>

<http://www.deepwaterhorizonresponse.com/go/doc/2931/543103/>

http://www.rigzone.com/news/article.asp?a_id=93067

Reuters, 10:10 May 10, 2010

Reuters, 11:54 May 10, 2010

Crews Construct Barrier at Mobile Bay in Alabama

Crews were expected to complete a barrier at the entrance of Mobile Bay in Alabama by late May 9 or early May 10, according to an official with the Alabama State Port Authority. The barrier was intended to protect the Bay and associated port from the oil spill in the Gulf of Mexico.

Reuters, 07:36 May 9, 2010

Electricity

Tornadoes, Storms Knock Out Power to More than 65,000 Customers in Oklahoma May 10

Tornadoes and storms knocked out power to more than 34,000 Oklahoma Gas & Electric (OG&E) customers, about 30,000 electric cooperative customers, and more than 2,500 American Electric Power (AEP) customers in Oklahoma on May 10. The storms were to blame for at least five deaths and dozens of injuries. Some 12,242 OG&E customers remained without power, as of latest reports.

<http://www.google.com/hostednews/ap/article/ALeqM5gToxGRg5OgeiVpIIcKlfwJCmigjgD9FKM5F00>

<http://public.oge.com/systemwatch/SystemWatch.swf?startMapID=1>

<http://www.aepcustomer.com/outagemap/main.aspx?region=psov>

Storms Knock Out Power to 60,000 DTE Customers in Michigan May 7

DTE expected to restore power to most customers by May 10.

<http://www.detnews.com/article/20100509/METRO/5090323/1409/METRO/5-000-DTE-customers-still-without-power-after-weekend-storms>

Substation Malfunction Knocks out Power to 26,000 Dominion Customers in Virginia for About an Hour May 10

http://www2.timesdispatch.com/rtd/news/local/article/more_than_26000_without_power_in_richmond_area/343464
<http://www.wric.com/Global/story.asp?S=12456517>

Update: PPL's 1,105 MW Susquehanna Nuclear Unit 1 in Pennsylvania Ramped Up to 94 Percent by May 11

The unit shut automatically “during equipment testing” on April 22, the company said in a previous press release. Operators returned the unit from a refueling outage on April 21. The testing was part of that restart. The Nuclear Regulatory Commission reported that on the morning of May 10 the unit was operating at 85 percent.

<http://www.pplweb.com/newsroom/newsroom+quick+links/news+releases/Unit+1+at+Susquehanna+nuclear+plant+shuts+down+safely+042210.htm>

<http://www.pplweb.com/newsroom/newsroom+quick+links/news+releases/Unit+1+at+Susquehanna+nuclear+plant+returns+to+service+042510.htm>

Information also derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2010/>

Update: Progress Energy's 872 MW Brunswick Nuclear Unit 1 in North Carolina at Full Power by May 11

The unit shut automatically on May 5 due to a “reactor feed pump trip,” the company said in a previous filing with the Nuclear Regulatory Commission (NRC). The NRC reported that on the morning of May 10 the unit was operating at 80 percent.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20100506en.html>

Information also derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2010/>

Calpine's 337 MW Inland Empire Energy Center Gas-Fired Unit 2 in California Reduced by May 10

According to the California Independent System Operator, the unit was reduced by about 127 MW.

<http://www.caiso.com/unitstatus/data/unitstatus201005101515.html>

Update: Exelon Power to Retire 510 MW of Power Capacity in Pennsylvania Earlier than Expected

Exelon Power plans to retire two power units earlier than previously announced, the company said on May 10, due to a revised analysis by PJM Interconnection. Citing economics and decreased demand, the company said in December 2009 that it planned to permanently shutter its 144 MW coal-fired Cromby Unit 1, its 201 MW gas-or-oil-fired Cromby Unit 2, its 279 MW coal-fired Eddystone Unit 1, and its 309 MW Eddystone coal-fired Unit 2 in Pennsylvania. PJM Interconnection, the grid operator, told the company that it needed to leave Cromby Unit 2 online through May 31, 2012, and Eddystone Unit 2 through December 31, 2013. PJM, however, revised that timetable; it determined that Cromby Unit 2 must remain in service until December 31, 2011, and Eddystone Unit 2 until December 31, 2012.

http://www.exeloncorp.com/Newsroom/Pages/pr_20100510_power_ExelonPowerAgreestoReviseRetirementDatesofTwoGeneratingUnits.aspx

http://www.exeloncorp.com/aboutus/news/pressrelease/powergen/091202_Eddystone_Cromby_retirement_release.htm

PJM and 12 Member-Owners to Install Syncrophasers across Northeast and Midwest United States

PJM and 12 member transmission owners plan to install more than 80 phasor measurement units, or syncrophasers, across 10 Midwestern and Northeastern States. The units will, according to PJM, improve operators' visibility of the grid and strengthen reliability. The U.S. Department of Energy (DOE) awarded the program a \$14 million grant.

<http://www.pjm.com/~media/about-pjm/newsroom/2010-releases/20100510-pmu-agreements.ashx>

Update: PG&E Says Thousands of Smart Meter Customers May Have Received Incorrect Bills

Up to 23,000 customers within Pacific Gas & Electric's (PG&E) California smart meter program may have received incorrect bills, the company said on May 10. PG&E said separately that it had identified four issues impacting customer bills; those issues involved wireless communications, data storage, meter installation, and meter accuracy. The statements came about one month after the California Public Utilities Commission (CPUC) appointed The Structure Group to independently evaluate PG&E's program. CPUC cited customers' and politicians' concerns.

<http://www.news10.net/news/local/story.aspx?storyid=81203>

http://docs.cpuc.ca.gov/PUBLISHED/NEWS_RELEASE/115561.htm

http://www.pge.com/about/newsroom/newsreleases/20100510/pgampe_provides_detailed_reports_on_smartmeter_program_announces_further_steps_to_address_customer_questions.shtml

Petroleum

Marathon Sees no Impact to Production after Boiler Fire at 436,000 b/d Garyville, Louisiana Refinery May 11

A boiler fire injured two workers, but the incident had no impact to production, a company spokesman said. The injuries were minor.

DJN, 12:26 May 11, 2010

Flange Fire Forces Shut 20,000 b/d Coker at Valero's 315,000 Corpus Christi, Texas Refinery May 10

Valero expected to restart the unit by early next week.

<http://www.reuters.com/article/idUSN1126920320100511?type=marketsNews>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=139524>

Shell Halts Feed to HDU after Compressor Trip at 330,000 b/d Deer Park, Texas Refinery May 7

Valero halted feed to a hydrodesulfurization unit after a related compressor shut on May 7, the company said in a filing with state regulators. It was not clear if the incident had any impact to production.

http://online.wsj.com/article/BT-CO-20100511-709616.html?mod=WSJ_latestheadlines

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=139463>

Update: Alon to Purchase, Restart Flying J's 66,000 b/d Big West Refinery in Bakersfield, California within One Year

Alon expects to restart the facility within one year, the company said on May 7. It aims to finalize the purchase by June 1. The company plans to deliver gasoil to Big West refinery from a separate, company-owned refinery—the 53,000 Paramount, California facility—and then convert that gasoil, primarily, into gasoline and diesel, its CEO said in late March. Alon, however, might not receive approval to use that pipeline for more than one year; if so, the company would deliver feedstock to Big West via truck or rail, it said on May 7. The Big West site shut about 18 months ago after its current owner, Flying J, declared bankruptcy. A bankruptcy judge approved Alon's planned purchase on March 24, but the deal is not yet final.

<http://www.istockanalyst.com/article/viewiStockNews/articleid/4109428>

<http://www.bakersfield.com/news/business/economy/x449497188/Californian-exclusive-Alon-plans-to-downsize-Big-West-refinery-process-no-more-crude-oil>

Chevron to Drill Deepwater Well Offshore Canada

Chevron plans to drill for oil about 1.6 miles underwater at the Lona-O55 well site offshore Newfoundland and Labrador. It would be among the world's deepest wells.

<http://www.ctv.ca/servlet/ArticleNews/story/CTVNews/20100510/chevron-oil-well-100510/20100510/>

Natural Gas

Update: Kinder Morgan Seeks Approval to Open 300,000 Dth/d Expansion along 1.0-1.4 Bcf/d, 500-Mile, Oklahoma-to-Alabama Midcontinent Express Natural Gas Pipeline

The line delivers natural gas from southeast Oklahoma, through northeast Texas, northern Louisiana, central Mississippi, and into Alabama, according to Kinder Morgan's website. It can transport 1.4 Bcf/d in Zone 1 and 1.0 Bcf/d in Zone 2. Kinder Morgan and joint-owner Energy Transfer Partners plan to expand the line to move 1.8 Bcf/d in Zone 1 and 1.2 Bcf/d in Zone 2.

<http://intelligencepress.com/>

http://www.kne.com/business/gas_pipelines/MEP/

Minnesota Issues New Rules for Installing Natural Gas Pipelines

The Minnesota Department of Public Safety's Office of Pipeline Safety (MNOPS) issued new rules for the installation and documentation of new natural gas pipelines, citing at least 155 incidents of "cross bores." Cross bores occur when natural gas pipelines are accidentally installed through privately-owned sewer service laterals. Among the 155 incidents, six resulted in pipeline punctures, and three led to injuries and/or property damage.

http://www.downstreamtoday.com/news/article.aspx?a_id=22612

<http://www.dps.state.mn.us/pipeline/pdf/Advisory/05102010AlertNotice.pdf>

Other News

Secretary Chu Announces up to \$62 Million for Concentrating Solar Power Research and Development May 7

U.S. Department of Energy Secretary Steven Chu announced the selections of projects for investment of up to \$62 million over five years to research, develop, and demonstrate Concentrating Solar Power (CSP) systems capable of providing low cost electrical power. This funding will support improvements in CSP systems, components, and thermal energy storage to accelerate the market-readiness of this renewable energy technology.

<http://www.energy.gov/news/8958.htm>

Massey Plans Two New Coal Mines in Virginia and Kentucky

The Roundbottom Mine in Kentucky, which commenced operations this month, is expected to produce 160,000 tons of coal over the next 1.5 years. The Hurricane Branch Trace Fork Mine in Virginia, which is expected to begin operations in July, is expected to produce 115,000 tons in 12 months.

<http://phx.corporate-ir.net/preview/phoenix.zhtml?c=102864&p=irol-newsArticle&ID=1424191&highlight=>

Energy Prices

U.S. Oil and Gas Prices			
May 11, 2010			
	Today	Week Ago	Year Ago
CRUDE OIL			
West Texas Intermediate U.S.	76.99	83.14	57.79
\$/Barrel			
NATURAL GAS			
Henry Hub	4.08	3.86	4.16
\$/Million Btu			

Source: Reuters

Wind Storm Knocks Out Power to 18,000 Jersey Central Power & Light Customers May 9
<http://www.dailyrecord.com/article/20100510/COMMUNITIES/305100003/1005/NEWS01/Wild-weekend-winds-knock-power-out-and-leave-Morris-shivering-this-morning>

County Board Okays Changes in Support of Alternative Energy Holding's Proposed Nuclear Power Plant in Idaho by May 11
<http://finance.yahoo.com/news/Alternate-Energy-Holdings-pz-2805250774.html?x=0&.v=1>

UW-Madison to Convert 9 MW Coal-Fired Power Plant in Wisconsin to Run on Biomass – New Facility to Generate 20 MW
http://host.madison.com/ct/business/biz_beat/article_b1770270-5ca9-11df-a546-001cc4c03286.html

Sinking Dry Docking Causes Light Petroleum Products Spill in Halifax, Nova Scotia May 10
<http://thechronicleherald.ca/Front/9016353.html>

Global Oil Consumption to Rise by Approximately 950,000 b/d in 2010: OPEC
http://www.opec.org/opec_web/static_files_project/media/downloads/publications/MR052010.pdf
http://online.wsj.com/article/SB10001424052748704250104575237930401491398.html?mod=WSJ_hpp_MIDDLETOPStories

Venezuela to Ink \$40 Billion in Oil-Sector Investment Deals: Chavez
http://www.rigzone.com/news/article.asp?a_id=93056

Sinopec Breaks Ground on Planned 3.2 Million Cubic Meter Oil Reserve Site in China by May 11
<http://www.istockanalyst.com/article/viewiStockNews/articleid/4109184>

Falcon Oil & Gas Ltd.'s Reports Unrisked, Undiscovered Oil-In-Place Best Estimate of 395.11 Billion Barrels in Beetaloo Basin, Australia
<http://www.falconoilandgas.com/news/release.php?id=79>

Compressors Shut, Restart at Wasson CO2 Removal Plant in Texas May 10
<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=139537>

Leak to Force Offline Pegasus Gas Plant in Texas May 11
<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=139457>

Pipeline Maintenance to Trigger Shutdown at Waha Gas Plant in Texas May 11
<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=139373>

Liquid Accumulation Leads to Operational Restrictions along Enterprise Products' 30-Inch Natural Gas Pipeline in Texas May 11-14
<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=139106>

EPA Proposes to Streamline Approval Process for Sales of Fuel Conversion Systems to Allow Vehicles to Run on Alternate Fuels
<http://yosemite.epa.gov/opa/admpress.nsf/d0cf6618525a9efb85257359003fb69d/aca4e8ccacd7bb748525771c005c97ef!OpenDocument>

Links

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.doe.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://tonto.eia.doe.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>

Please direct comments and questions to: ead@oe.netl.doe.gov