



ENERGY ASSURANCE DAILY

Wednesday Evening, May 26, 2010

Major Developments

Power Outage Triggers Oil Spill, Forces Shut Alyeska's Trans-Alaska Oil Pipeline May 25 – North Slope Oil Producers Operating at Just 16 Percent

A power failure led to the opening of tank relief valves, triggering a “contained spill” at a crude oil storage tank at Alyeska Pipeline’s Pump Station 9, the company and multiple news sources said. The incident forced Alyeska to shut its 800-Mile Trans Alaska Pipeline System (TAPS), which pumps approximately 667,168 b/d of crude oil from the North Slope to Valdez, Alaska. As a result of the incident, North Slope oil producers were told to operate at just 16 percent capacity. Workers were, prior to the incident, performing fire command and valve leak testing “during a planned pipeline shutdown,” Alyeska said. Up to several thousand barrels of oil spilled into a containment area, the company estimated, but the containment area had a capacity of 104,500 barrels. The tank was still leaking oil, as of yesterday evening, but officials did not expect any oil to get out of the containment area. Alyeska did not say when it might restart the line; a spokeswoman said the company would not resume service “until we are absolutely comfortable that it’s safe. The company is owned by BP, ConocoPhillips, ExxonMobil, Unocal, and Koch.

http://www.alyeska-pipe.com/Inthenews/LatestNews/2010/PS_9_tank_event/PressRelease_PS9tank190event.html

http://www.downstreamtoday.com/news/article.aspx?a_id=22778

http://online.wsj.com/article/BT-CO-20100525-715455.html?mod=WSJ_latestheadlines

Update: BP Begins “Top Kill” Procedure in Bid to Stop Leak at Blown-Out Oil Well in Gulf of Mexico May 26

BP received Coast Guard approval for its “top kill” procedure on May 26, and began deploying the plan at 1 PM Central time on May 26, the company and The New York Times said. The process involves injecting drilling fluids into the well, followed by cement to seal it. The company cautioned that it could not guarantee the method’s success, or predict how long the effort might take. Should it be necessary, BP said it would combine the top kill process with the injection of bridging material into the blowout preventer (BOP) to prevent or limit upward flow through the BOP. Should the top kill method fail to stop the leak, BP planned to deploy its lower marine riser package (LMRP) cap containment system. The LMRP option would involve removing the damaged riser from the top of the BOP, and leaving a cleanly-cut pipe at the top of the BOP’s LMRP. The LMRP cap would be connected to a riser from an above-water drillship, and then placed over the LMRP. The aim would be to capture most of the oil and gas flowing from the well, and transfer it to a drillship on the surface. That option would be ready by the end of May.

<http://www.nytimes.com/2010/05/27/us/27spill.html?hp>

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7062409>

Update: BP Internal Investigation Finds Numerous Errors - Human and Equipment - in Lead-Up to Fatal April Explosion aboard Deepwater Horizon Drilling Rig

To read a memo summarizing BP’s report to lawmakers, click on the first link below.

http://www.washingtonpost.com/wp-srv/photo/homepage/memo_bp_waxman.pdf

<http://www.washingtonpost.com/wp-dyn/content/article/2010/05/25/AR2010052505157.html>

Fishery Closure Encompasses Just More than 22 Percent of Federal Waters in Gulf of Mexico Exclusive Economic Zone May 25: NOAA

http://response.restoration.noaa.gov/topic_subtopic_entry.php?RECORD_KEY%28entry_subtopic_topic%29=entry_id.subtopic_id.topic_id&entry_id%28entry_subtopic_topic%29=809&subtopic_id%28entry_subtopic_topic%29=2&topic_id%28entry_subtopic_topic%29=1

Citing Cost, Demand Concerns, AEP Plans Long-Term Shutdowns of 10 Coal-Fired Power Units with 1,925 MW of Capacity Combined

American Electric Power (AEP) plans to place 10 coal-fired power units – a combined 1,925 MW of capacity – on “extended start-up status” due to weak demand and cost concerns, the company said on May 26. AEP expects to keep the units online in January, July, and August. It would take as long as four days to restart each unit.
DJN, 11:24 May 26, 2010

Dominion’s 871 MW Millstone Nuclear Unit 2 in Connecticut Ramped Up to 98 Percent by May 26

Operators shut the unit on May 22 due to the “loss of steam generator water level control,” the company said in a previous filing with the Nuclear Regulatory Commission (NRC). The NRC reported that on the morning of May 25 the unit was operating at 20 percent.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20100524en.html>

Information also derived from the NRC Power Reactor Status Reports:

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

STP’s 1,251 MW South Texas Nuclear Unit 1 in Texas Reduced to 91 Percent by May 26

The Nuclear Regulatory Commission reported that on the morning of May 25 the unit was operating at full power. Information derived from the NRC Power Reactor Status Reports:

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

Luminant Plans Restart after Brief Shutdown at 793 MW Martin Lake Coal-Fired Unit 3 in Texas May 25-26

The unit shut on May 25 “due to the trip of an electrical bus, which caused a boiler feed pump to trip,” the company said in a filing with state regulators. The company expected to restart the unit between May 25 and May 26, according to a separate filing.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=140165>

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=140164>

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=140163>

PSO Shuts 720 MW Oklaunion Coal-Fired Power Plant in Texas by May 26

Public Service Co. of Oklahoma (PSO) shut the unit to fix a tube leak, it said in a filing with state regulators.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=140160>

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=140161>

PG&E’s 154 MW Kerkhoff Hydro Unit 1 in California Shut by May 25

According to the California Independent System Operator, the unit reported an unplanned outage by May 25.

<http://www.caiso.com/unitstatus/data/unitstatus201005251515.html>

PSEG Files Early Site Permit for Possible Nuclear Power Plant in New Jersey

PSEG Power and PSEG Nuclear filed an Early Site Permit (ESP) application with the U.S. Nuclear Regulatory Commission (NRC) for a potential new nuclear power plant in New Jersey, PSEG said on May 25. The company has not yet decided whether to construct a new facility. Should it proceed, PSEG would prefer to build the plant next to its existing Salem and Hope Creek nuclear power facilities in Salem County, New Jersey.

http://www.pseg.com/media_center/pressreleases/articles/2010/2010-05-25.jsp

Iberdrola to Construct, Upgrade about 500 Miles of Transmission Lines in Maine

Iberdrola plans to construct five substations and construct and upgrade about 500 miles of transmission lines in Maine. The project would serve multiple New England states.

http://online.wsj.com/article/BT-CO-20100525-710925.html?mod=WSJ_World_MIDDLEHeadlinesEurope

Petroleum

EPA Grabs Jurisdiction over Permit for Flint Hills Resources' 288,486 b/d Corpus Christi, Texas Refinery

The U.S. Environmental Protection Agency (EPA) revoked the Texas Commission on Environmental Quality's (TCEQ) jurisdiction over an air permit for Flint Hills Corpus Christi, Texas refinery, saying that the state agency's recently-drafted permit had failed to satisfy federal environmental regulations. TCEQ issued a draft permit in October of 2009. Shortly thereafter, the EPA objected to the permit, contending that it did not include necessary environmental data. The state did not correct the alleged issues within a required 90-day time frame, so the EPA revoked TCEQ's jurisdiction. The revoke means that Flint Hills must apply to the EPA - rather than the state - for its air permit.

http://www.dallasnews.com/sharedcontent/dws/news/localnews/stories/DN-cleanair_26met.ART.State.Edition2.4948870.html

<http://www.thestate.com/2010/05/25/1302622/epa-bars-texas-operating-permit.html#RSS=untracked>

Valero Sees no Affect to Production after FCC Leak at 250,000 b/d St. Charles, Louisiana Refinery May 25

The leak occurred in an inlet duct at the facility's gasoline-making fluid catalytic cracker (FCC), but the incident had no impact to production, a spokesman said.

Reuters, 08:55 May 26, 2010

Compressor Trip Triggers Flaring at Sunoco's 178,000 b/d Marcus Hook, Pennsylvania Refinery May 26

It was not clear if the incident had any impact to production.

Reuters, 12:03 May 26, 2010

Explosion at Sinclair's 20,000 b/d Casper, Wyoming Refinery May 25

The blast occurred at a furnace. There were no injuries, and it was not clear if the incident had any impact to production.

http://www.sinclairoil.com/about_sinclair.htm

http://billingsgazette.com/news/state-and-regional/wyoming/article_c08182ee-6880-11df-a273-001cc4c002e0.html

Citing Lack of Demand, Kinder Morgan Pushes Back Plans to Expand Existing 300,000 b/d Alberta-to-Vancouver-and-Washington Trans Mountain Oil Pipeline

Kinder Morgan said previously that it might increase Trans Mountain's capacity to 380,000 b/d in 2013-2014, 700,000 b/d by 2015-2016, and 1.1 million b/d by an unspecified date. The company's president, however, said yesterday that "we don't think the customers need it. There is not a huge effort toward moving forward on that right now."

<http://www.kne.com/business/canada/transmountain.cfm>

<http://uk.reuters.com/article/idUSTRE64O70Y20100525>

Novorossiysk Commercial Sea Port Group Plans 29.3 Million Barrels/Year Fuel Oil Terminal in Russia

<http://www.bfnnews.com/display/?id=3863254§ionId=standardNews>

Natural Gas

Update: Williams Partners Plans Phased Start-up of 225,000 Dth/d Expansion along Existing Transco Natural Gas Pipeline in U.S. Southeast

Williams Partners L.P. plans to open its 225,000 Dth/d Mid-South Expansion project in two phases: the first, 95,000 Dth/d phase in the fall of 2012, and the second 130,000 Dth/d phase in the summer of 2013. The expansion will involve about 23 miles of new pipeline, a new compressor facility in Alabama, and upgrades to existing compressor facilities in Alabama, Georgia, South Carolina, and North Carolina.

<http://www.williamspl.com/profiles/investor/ResLibraryView.asp?ResLibraryID=38322&GoTopage=1&Category=1800&BzID=1296>

Other News

Pennsylvania DEP Suspends Mining Permit for Lehigh Coal and Navigation, Citing Numerous Violations

The Pennsylvania Department of Environmental Protection (DEP) suspended Lehigh Coal and Navigation's mining activities in Carbon and Schuylkill counties, citing illegal mining practices, water quality violations, and failures to reclaim mined lands, the DEP said on May 24. The decision halts all mining activities and coal sales from the company's operations in parts of Coaldale, Tamaqua, Nesquehoning, and Summit Hill, according to the state's Environmental Protection Secretary. The company is "the first and oldest producer of premium anthracite coal in the United States," according to its website.

<http://www.portal.state.pa.us/portal/server.pt/community/newsroom/14287?id=11604&typeid=1>
<http://www.lcncoal.com/about/>

Alstom Wind Plans Wind Turbine Assembly Facility in Amarillo, Texas

The 115,000 square foot facility would assemble the "nacelles" – for example, the generator, gearbox, and control systems that make up a wind turbine.

<http://multivu.prnewswire.com/mnr/alstom/43916/>

Ingeteam Plans Wind Manufacturing Facility in Wisconsin

The facility would produce generators and converters for wind turbines and solar power inverters. It would supply equipment capable of producing 7,500 MW of electricity per year. The company expects to begin production in January 2011.

<http://www.prnewswire.com/news-releases/ingteam-expands-its-us-footprint-with-new-wind-facility-94858559.html>

Update: Clean Burn Fuels to Reach Full Capacity at Planned 60 MMGal/Yr. Corn-Based Ethanol Plant in Raeford, North Carolina in July

Clean Burn Fuels had planned to open the facility in January 2010, but construction issues pushed back that date. The company later sought to begin production in April 2010, but weather issues forced a second delay. It then expected to start output on May 1, but now plans to reach full production in July 2010.

http://cleanburnfuels.com/what_we_do.html

http://www.biofuels-news.com/industry_news.php?item_id=2019

<http://www.newsobserver.com/2010/05/26/500470/ethanol-plant-to-fire-up-soon.html>

Energy Prices

U.S. Oil and Gas Prices			
May 26, 2010			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	71.26	68.76	61.78
NATURAL GAS Henry Hub \$/Million Btu	4.08	4.42	3.41

Source: Reuters

Thieves Take \$60,000 Worth of Copper from CL&P Facility in Connecticut by May 24 Cause \$500,000 in Damage

<http://www.wfsb.com/news/23663248/detail.html>

Atlantic Green Power Holding Company Receives Preliminary Site Plan Approval for First Tract of Planned 74.6 MW Solar Farm in New Jersey

<http://www.prnewswire.com/news-releases/atlantic-green-power-gains-preliminary-site-plan-approval-for-first-tract-of-proposed-746mw-solar-farm-94913309.html>

Update: ComEd Expects to Start Up Illinois Smart Meter Program in About One Week

<http://www.prnewswire.com/news-releases/comed-reaffirms-customer-commitment-at-summer-readiness-briefings-94847669.html>

Update: NRC Rejects U.S. Representative's Request to Force Entergy to Keep Shut 563 MW Vermont Yankee Nuclear Power Plant in Vermont, Pending Several Leak-Related Actions

http://www.reformer.com/localnews/ci_15155199

Update: State Court of Appeals Denies Environmentalists' Challenge to Air Permit for Dominion Virginia Power's Proposed 585 MW Coal-Fired Power Plant in Wise County, Virginia

<http://www.businessweek.com/ap/financialnews/D9FU45J00.htm>

Update: EPA Objects to Section of State-Issued Air Permit for EKPC's Proposed J.K. Smith Coal-Fired Unit 1 in Kentucky

<http://www.victoriaadvocate.com/news/2010/may/25/bc-ky-plant-permit/?business&business-wire>

Tank Overflows, Spills about 250 Barrels of Produced Water/Crude Oil Mixture at Greka Energy Facility in California May 24

<http://www.independent.com/news/2010/may/24/oil-spill-greka-facility/>

Pennsylvania DEP Revokes Erie Coke Corp. Air Permit, Orders Company to Cease Operations within 72 Hours of May 24

<http://www.portal.state.pa.us/portal/server.pt/community/newsroom/14287?id=11603&typeid=1>

Operators to De-Pressure and Purge Exchangers at Amerada Hess Seminole Gas Processing Plant May 25

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=140150>

Duke Energy to Replace Corroded Section along 12-Inch Willamar Pipeline in Texas May 26

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=140130>

Massey Energy Pushed Employees to Hide Safety Issues from Federal Inspectors: Families of Victims from Early-April Explosion at Company's Upper Big Branch Coal Mine in West Virginia

<http://www.businessweek.com/news/2010-05-24/massey-urged-workers-to-conceal-defects-families-say-update2-.html>

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>

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