



ENERGY ASSURANCE DAILY

Thursday Evening, June 03, 2010

Major Developments

BP Cuts Leaking Riser Pipe, Prepares to Lower Containment Cap at Site of Blown-Out Oil Well in Gulf of Mexico June 3

BP successfully cut the leaking riser pipe at the blown-out MC 252 oil well in the Gulf of Mexico by June 3, the U.S. Coast Guard said, and the company was preparing to lower a containment cap over the riser that could in theory, capture most of the spilling oil and gas. The diamond-wire saw – the device BP was using to cut the riser – got stuck yesterday, but the company was able to dislodge it. BP was forced to use a shear instead and according to U.S. Coast Guard Adm. Thad W. Allen that led to a jagged cut, and would prevent the containment cap from fitting on top of the riser as smoothly as it might have otherwise. It also raised the possibility that the cap could fill with hydrates which frustrated the earlier effort to use a containment cap.

<http://www.wtva.com/news/national/story/Cut-successful-on-Gulf-oil-spill-pipe/L70zi565tECyit6yUnmwtw.csp>
<http://www.eagle99.com/cc-common/news/sections/newsarticle.html?feed=104668&article=7190294>
<http://www.nytimes.com/2010/06/04/us/04spill.html?hp>

Update: BP to Fund Construction of Six Sections of Louisiana Barrier Islands

BP expects to fund the estimated \$360 million it will cost to construct six sections of the Louisiana barrier islands proposal, the company said on June 2.

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7062613>

White House Draws Environmentalists' Ire in Approving Shallow, Offshore Drilling Permit in Gulf of Mexico

<http://www.washingtontimes.com/news/2010/jun/2/greens-seeing-red-over-new-gulf-oil-permit/>

Some Offshore Drillers Could Be Exempt from Drilling Moratorium: Government

The Obama administration, in announcing a six-month moratorium on deepwater drilling in the Gulf of Mexico, said that 33 exploratory rigs would be subject to the moratorium. Some of those rigs, however, could remain online if they meet certain provisions, according to a government official. Among the provisions, companies could be allowed to pursue completion wells, rather than exploratory wells, an official with the Department of Interior said.

<http://www.reuters.com/article/idUSN0219564920100602?type=marketsNews>

Update: NOAA Expands Fishing Closed Area in Gulf of Mexico by June 2 - Closed Area Represents about 37 Percent of Gulf of Mexico Federal Waters

http://www.noaanews.noaa.gov/stories2010/20100602_closure.html

Electricity

Storms Knock Out Power to More than 162,000 Customers in Texas June 2-3

Storms cut power to about 120,000 CPS Energy customers and at least 42,262 AEP Texas customers on June 2-3, according to news and company sources. Some 50,027 CPS Energy customers and 25,263 AEP Texas customers remained without power, as of latest reports.

CPS Energy: <http://www.cpsenergy.com/CPSEnergyOutageMap.html> ,

http://www.mysanantonio.com/news/local_news/storms_bring_wind_lightening_to_area_95501754.html

AEP Texas: <http://www.aepcustomer.com/outagemap/main.aspx?region=aeptexas> ,

<http://www.kztv10.com/news/update-20000-still-without-power/> , <http://www.kztv10.com/news/aep-42000-without-power/>

Storms Cut Electricity to about 70,000 Customers in Ohio and Pennsylvania June 2-3

Storms knocked out power to more than 51,000 AEP Ohio customers, 5,650 Dayton Power & Light customers in Ohio, and 13,000 Duquesne Light customers in Pennsylvania, news and company sources reported. Some 8,038 AEP Ohio customers, about 140 DP&L customers, and 1,500 Duquesne Light customers remained without power, as of latest reports.

AEP Ohio: <https://www.aepohio.com/outages/details.aspx?stormName=June 2, 2010, Summer Storm> ,
<http://www.aepcustomer.com/outagemap/main.aspx?region=aepohio>

Dayton Power & Light: <http://www.daytondailynews.com/news/dayton-news/900900-customers-without-power-more-storms-coming-today-742192.html>

Duquesne Light:

<http://www.duquesnelight.com/codeincludes/ImportantOutageInfo.cfm?CFID=13177681&CFTOKEN=40295923>

Transmission Snag Cuts Power to about 25,700 Customers in New York June 2

A transmission network problem briefly cut power to Jamestown BPU's entire service territory of about 19,800 customers; in addition, some 5,900 National Grid customers also lost power. The outage lasted about 40 minutes.

<http://www.jamestownbpu.com/electric/map.php>

<http://post-journal.com/page/content.detail/id/559368.html?nav=5018>

Dynegy's 335 MW El Segundo Gas-Fired Unit 3 in California Returns to Service by June 2

According to the California Independent System Operator, the unit reported a return from an unplanned outage.

<http://www.caiso.com/unitstatus/data/unitstatus201006021515.html>

Update: Luminant's 1,150 MW Comanche Peak Nuclear Unit 1 in Texas at Full Power by June 3

The Nuclear Regulatory Commission reported that on the morning of June 2 the unit was operating at 85 percent. Information derived from the NRC Power Reactor Status Reports:

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

Luminant's 1,150 MW Comanche Peak Nuke Unit 2 in Texas Reduced to 85 Percent by June 3

The Nuclear Regulatory Commission reported that on the morning of June 2 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/>

Update: FirstEnergy Corp. Signs Agreement with DOE for \$57.4 Million in Smart Grid Grants - Company Plans Projects in Pennsylvania and New Jersey

FirstEnergy Corp. expects to use the grants and approved utility commission funding to install smart grid technology in Pennsylvania and expand existing technology in New Jersey:

- Through its subsidiary, Metropolitan Edison Company (Met-Ed), the company plans to initiate a voluntary load control program for 23,000 York-area customers. The program will involve a system that directly controls air conditioners and other customer appliances during periods of high usage. The company will also deploy distribution automation and related technologies.
- Through Jersey Central Power & Light, another subsidiary, the company plans to expand on smart grid technologies installed earlier this year. A voluntary control program would involve more than 20,000 New Jersey customers and could reduce peak load by 30 MW.

[http://www.firstenergycorp.com/NewsReleases/2010-06-](http://www.firstenergycorp.com/NewsReleases/2010-06-03%20FE%20Signs%20Agreement%20With%20DOE%20For%20Smart%20Grid%20Grants.pdf)

[03%20FE%20Signs%20Agreement%20With%20DOE%20For%20Smart%20Grid%20Grants.pdf](http://www.firstenergycorp.com/NewsReleases/2010-06-03%20FE%20Signs%20Agreement%20With%20DOE%20For%20Smart%20Grid%20Grants.pdf)

Update: Oncor Installs 1 Millionth Smart Meter in Texas

The company expects to complete the upgrades of more than 3 million meters by 2012.

<http://www.oncor.com/news/newsrel/detail.aspx?prid=1266>

Drying and Refining Process Improves Efficiency by up to 4 Percent at Great River Energy's Coal-Fired Coal Creek Power Plant in North Dakota

The company expected to unveil the process today, June 3.

<http://www.businessweek.com/ap/financialnews/D9G3AIL80.htm>

NRC Reviewing How to Improve Handling of Groundwater Contamination

The Nuclear Regulatory Commission (NRC) formed a task force that will recommend how the agency might more effectively address groundwater contamination, according to an NRC spokesman.

http://www.ydr.com/ci_15205441?IADID=Search-www.ydr.com-www.ydr.com

Petroleum

Citgo Reduces FCC after ESP Rectifier Trip at 315,000 b/d Corpus Christi, Texas Refinery June 2

Citgo reduced feed rates at a gasoline-producing fluid catalytic cracking unit (FCC) after an ESP rectifier tripped during a storm, the company said in a filing with state regulators.

<http://www11.tceq.state.tx.us/oce/eeer/index.cfm?fuseaction=main.getDetails&target=140497>

DJN, 10:04 June 3, 2010

Update: ExxonMobil Operating Normally after FCC Snag at 192,500 b/d Chalmette, Louisiana Refinery June 1-2

ExxonMobil was operating normally after a “brief upset” on June 1 at its 192,500 b/d Chalmette, Louisiana refinery, a company spokesman said. A compressor on the 71,600 b/d gasoline-producing fluidic catalytic cracking unit (FCC) malfunctioned on June 1, trade and industry sources said previously.

Reuters, 14:06 June 2, 2010

<http://www.reuters.com/article/idUSWEN539520100602?type=marketsNews>

Update: Containment Area Captured Entire 210,000-Gallon Spill from Alyeska Pipeline's Trans-Alaska Pipeline System

A lined, bermed containment area captured all of the 210,000 gallons of oil that spilled from Alyeska's Trans-Alaska Pipeline System on May 25, company and state officials said. About 56,000 gallons of the spill had been removed as of latest reports, according to the Alaska Department of Environmental Conservation.

<http://www.adn.com/2010/06/02/1304114/trans-alaska-pipeline-spill-contained.html>

Update: PBF Energy to Produce Bio-Diesel at Newly-Purchased, 210,000 b/d Delaware City, Delaware Refinery

PBF Energy aims to produce bio-diesel at its newly-acquired Delaware City, Delaware refinery, its Chairman Thomas D. O'Malley said on June 1. The company also plans to construct a gas oil hydrotreater that would enable the facility to generate low-sulfur home heating oil, according to O'Malley. The company purchased the refinery from Valero Energy.

<http://www.delawareonline.com/article/20100601/BUSINESS/100601028/New-refinery-owner-hopes-to-expand>

Update: Alon to Operate Newly-Purchased, 70,000 b/d Bakersfield, California Refinery as an Integrated Unit with Company-Owned Refinery in Paramount, California

Alon expects to deliver vacuum gas oil from its Paramount, California refinery for processing at its newly-purchased Bakersfield, California, the company said on June 2. The company acquired the facility from a Flying J subsidiary.

<http://www.alonusa.com/index.cfm?FuseAction=Page&PageID=1000024&ArticleID=158>

Natural Gas

Nothing to report.

DOE and NERC Release Report Examining Risks that Could Affect Reliability of North American Electric Grid June 2

The North American Electric Reliability Corporation (NERC) and the U.S. Department of Energy (DOE) released a report that identifies a certain class of high-impact, low-frequency risk shown to have the potential to significantly affect the reliability of the North American bulk power system. The report examines three high-impact, low-frequency risks in detail: coordinated cyber, physical, or blended attacks; pandemic illness; and Geomagnetic Disturbances and Electromagnetic Pulse events. The report identifies 19 "Proposals for Action" directed to NERC, DOE, the electric industry, and nearly 15 government agencies and non-governmental organizations across North America. To read more, click on the links below.

http://www.nerc.com/news_pr.php?npr=587

<http://www.nerc.com/files/HILF.pdf>

International Coal Group Resumes Construction at Planned 3.5 Million Tons/Year Tygart No. 1 Metallurgical and Thermal Coal Mine in West Virginia

The project received federal and state approvals, but challenges by a local anti-mining group forced the company to suspend the work in late 2008. The West Virginia Surface Mine Board overruled those challenges in March 2010. The company expects to begin production in late 2011 and launch its longwall in early 2014.

<http://www.intlcoal.com/pages/news/2010/20100602.pdf>

U.S. EPA Sets New National Air Quality Standard for Sulfur Dioxide

The U.S. Environmental Protection Agency (EPA) is issuing a final new health standard for sulfur dioxide (SO₂), it said on June 3. The announcement marks the first new SO₂ standard in 40 years. EPA is setting the one-hour SO₂ health standard at 75 parts per billion (ppb), a level designed to protect against short-term exposures ranging from five minutes to 24 hours. EPA is revoking the current 24-hour and annual SO₂ health standards because the science indicates that short-term exposures are of greatest concern and the existing standards would not provide additional health benefits.

<http://yosemite.epa.gov/opa/admpress.nsf/0/F137260029B9B4F385257737004E521B>

URENCO Inaugurates 5,700 tSW/a Uranium Enrichment Facility in Eunice, New Mexico June 2

The facility is awaiting final approval from the Nuclear Regulatory Commission (NRC) to begin commercial operations. When fully operational, the plant can produce 5,700 tSW/A (work tons per year).

<http://www.urengo.com/content/323/URENCO-inaugurates-uranium-enrichment-facility-in-Eunice-New-Mexico.aspx>

DOE Announces up to \$11 Million for Biofuels Technology Development

The U.S. Department of Energy (DOE) announced on May 28 up to \$11 million in funding over three years for research and development in the area of thermochemical conversion of biomass into advanced biofuels that are compatible with existing fueling infrastructure.

http://apps1.eere.energy.gov/news/progress_alerts.cfm/pa_id=344

Energy Prices

U.S. Oil and Gas Prices			
June 3, 2010			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	72.68	74.31	66.23
NATURAL GAS Henry Hub \$/Million Btu	4.58	4.19	4.05

Source: Reuters

Energy Notes

Storms Knock Out Power to about 12,000 Progress Energy Customers and at Least 10,000 FPL Customers in Florida June 2-3

<http://www.myfoxorlando.com/dpp/weather/060210storms-bring-power-outages>

<http://www.wesh.com/weather/23777655/detail.html>

Tree Falls on Power Line, Knocks Out Electricity to about 16,000 Ozarks Electric Customers in Arkansas June 2 – Company Restores Power to all Affected Customers within Hours

<http://www.kfsm.com/news/kfsm-news-nwa-power-outage,0,1539721.story>

Update: NRC Says Progress Energy "Did Not Exercise Corrective Oversight of Plant Status, Crew Performance or Site Resources" in Response to Late-March Fire at Company's 769 MW Robinson Nuclear Power Plant in South Carolina

<http://www.thestate.com/2010/06/03/1314468/metrostate-briefly.html>

<http://www.thestate.com/2010/06/02/1313218/nuclear-agency-holds-meeting-on.html>

Dominion to Investigate Why Vents in Supplementary Leak Collection System Remained Open for Two Weeks at 1,253 MW Millstone Nuclear Unit 3 in Connecticut

<http://www.theday.com/apps/pbcs.dll/article?AID=2010306039625>

Meridian Energy Completes 5 MW CalRENEW-1 Solar Photovoltaic Power Facility in California by June 2

<http://www.brighterenergy.org/11322/news/solar/dedication-ceremony-for-utility-scale-solar-plant-in-california/>

Firefighters Respond to “Very Minor Leak” at BP’s 467,720 b/d Texas City, Texas Refinery June 2

Reuters, 17:02 June 2, 2010

Engines Shut, Restart at Andrews Booster Station in Texas June 2

<http://www11.tceq.state.tx.us/oce/eeer/index.cfm?fuseaction=main.getDetails&target=140506>

Update: After Six-Plus Month Halt, Shell Selling Gasoline to Iran by June 3

<http://www.energyintel.com/#latest>

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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