ENERGY ASSURANCE DAILY

Tuesday Evening, June 19, 2012

Electricity

Storms, High Winds Cut Power to 91,000 Utility Customers in Minnesota and Wisconsin June 18–19

Xcel Energy reported more than 68,000 of its customers in the Twin Cities area lost electricity in strong storms overnight last night. About 60,000 customers remained without service by 9:00 AM local time this morning, particularly in the east metro area, and the utility expects it will take until tomorrow evening to restore power to most of its customers affected by the storm. Nearly 10,000 Dakota Electric customers in Dakota County were also without power. Wisconsin Public Service reported 6,000 of its customers lost power near Merrill and Antigo, in north-central Wisconsin, due to high winds this morning. In southeastern Wisconsin, the National Weather Service issued a wind advisory Monday afternoon as tree limbs blew into power lines, knocking out power to 7,000 We Energies customers, according to a spokeswoman.
http://twitter.com/#!/xcelenergy
http://www.wsaw.com/news/headlines/Thousands_without_Power_Following_Morning_Storms_159562855.html?ref=855
http://www.jsonline.com/news/wisconsin/high-winds-knock-out-power-to-thousands-rv5qqd6-159495465.html
http://www.foxbusiness.com/news/2012/06/19/more-than-65000-xcel-energy-customers-lost-power-after-minnesota-storms-pioneer/

Update: SDG&E Energizes 500-kV Sunrise Powerlink Transmission Line in California

San Diego Gas & Electric (SDG&E) yesterday announced that it has completed and put into service the Sunrise Powerlink, a 500-kV transmission line linking San Diego to the Imperial Valley in California. Capable of bringing initially up to 800 MW of additional imported power into San Diego, the Sunrise Powerlink will eventually carry 1,000 MW of solar and wind power from projects in Imperial County. SDG&E and the California Independent System Operator Corporation (ISO) consider the Sunrise Powerlink one of the important mitigation measures that will help maintain electric reliability during heat waves without power from the San Onofre Nuclear Generating Station. The Sunrise Powerlink consists of more than 110 miles of overhead 500-kV and 230-kV transmission towers and conductor, 6.2 miles of underground 230-kV cable and a 40-acre, 500-kV transmission substation.
http://sempra.mediaroom.com/index.php?s=19080&item=129654

Update: NRC Blames Manufacturer for Unusual Degradation of Steam Generator Tubes at SCE's San Onofre Nuclear Power Plant; Tube Wear Constitutes 'Serious Safety Issue'

The U.S. Nuclear Regulatory Commission (NRC) said in a public hearing on Monday that the unusual degradation of hundreds of steam generator tubes at Southern California Edison's (SCE) San Onofre Nuclear Generating Station (SONGS), which has kept both reactors shut since January, is to be blamed on the tubes' manufacturer, Mitsubishi Heavy Industries. Mitsubishi failed to properly test the tubes prior to installation, and it underestimated the velocity of water and steam surging through the generator by a factor of three or four times in its computerized tests of the equipment, the NRC said. In addition, the tubes were not held together tightly enough inside the Unit 3 reactor, which caused them to rub against each other and prematurely wear. Eight of 129 tubes on Unit 3 failed pressure tests conducted by the NRC since SCE shut the unit early this year. This "unprecedented number" of failures signifies a "significant, serious safety issue," according to the NRC regional administrator. Both the NRC and SCE reiterated Monday that the plant will not reopen until all parties are convinced it is safe to do so; no timeline was given. The NRC will release a written report on its findings next month.
http://www.reuters.com/article/2012/06/19/usa-power-california-idUSL1E8HJ19O20120619?feedType=RSS&feedName=rbssFinancialServicesAndRealEstateNews&rpc=43

NRC Approves 246 MW Power Output Increase for FP&L's Turkey Point Nuclear Power Plant in Florida

The U.S. Nuclear Regulatory Commission (NRC) yesterday approved a request by Florida Power & Light (FP&L) to increase the power generating capacity of Turkey Point Nuclear Generating Units 3 and 4 by 15 percent. The power up-rate for the pressurized-water reactors will increase each unit's power generating capacity from approximately 700 to 823 MW electric. FP&L can increase the reactors' power output primarily by carrying out significant upgrades to several plant systems and components, including the feedwater pumps and the high-pressure turbine. FP&L intends to implement the up-rate during the spring 2012 refueling outage for Unit 3 and during the fall 2012 outage for Unit 4.

http://www.nrc.gov/reading-rm/doc-collections/news/2012/12-074.pdf

NRC Says Subcontractors Falsified Documents during TVA's Ongoing Construction of 1,180 MW Watts Bar Nuclear Unit 2 in Tennessee

The U.S. Nuclear Regulatory Commission (NRC) has issued a Confirmatory Order to the Tennessee Valley Authority (TVA), which agreed to a series of corrective actions regarding the falsification of work records at the Watts Bar Unit 2 construction project in 2010. An NRC investigation concluded that two subcontractor employees deliberately falsified documents indicating required work had been done when in fact it had not been. Both subcontractor employees were prosecuted by the U.S. Department of Justice, and in light of that action, the NRC declined to take further enforcement action against them. The Confirmatory Order stems from a settlement under which TVA has completed a series of corrective actions and process enhancements to ensure work is done correctly and records are accurate. NRC inspectors have verified that the work in question was completed as required. The NRC agreed to refrain from citing a Notice of Violation, imposing a civil penalty, or taking any other enforcement action.

http://www.nrc.gov/reading-rm/doc-collections/news/2012/12-044.ii.pdf

Update: State BPU Approves PSE&G's North Central Reliability Project to Upgrade Transmission System in New Jersey

The New Jersey Board of Public Utilities (BPU) yesterday approved Public Service Electric and Gas Company (PSE&G) to proceed with its North Central Reliability Project, which will upgrade transmission lines and substations in the northern and central regions of the state. The upgrade is required by PJM Interconnection, LLC to help maintain reliability. PSE&G will upgrade and convert the existing overhead transmission circuits, substations, and switching stations along approximately 35 miles of the West Orange-Sewaren system from 138-kV to 230-kV. Construction is beginning this week along the right of way between the Roseland and West Orange switching stations in the towns of Roseland, West Orange, and Livingston. PSE&G expects to place the upgrades into service by June 2014.

http://www.pseg.com/info/media/newsreleases/2012/2012-06-18.jsp
http://www.pseg.com/family/pseandg/powerline/reliability_projects/north_central.jsp

PPL Shuts 1,105 MW Susquehanna Nuclear Unit 1 in Pennsylvania June 19 to Repair Water Leak in Containment Structure

Operators at the Susquehanna nuclear power plant performed a planned and controlled shutdown of the Unit 1 reactor Tuesday morning to investigate the source of a minor water leak inside the containment structure that surrounds the reactor, according to a PPL press release. PPL's chief nuclear officer said PPL made a prudent decision to shut down the unit while the leak was small, and the utility would return the reactor to service after making any needed repairs. Unit 2 is operating at full power.

http://pplweb.mediaroom.com/index.php?s=12270&item=129683
http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2012/

Entergy's 510 MW Vermont Yankee Nuclear Unit in Vermont Reduced to 36 Percent June 18

The unit was operating at full power yesterday morning. Later that day, the plant in Vernon was reduced to 36 percent of capacity after an electrical failure in one of the two motor-generator sets, which controls the reactor's power by varying the flow of the reactor cooling water. The other motor-generator set is operating normally, and the plant will remain online at the reduced power output until the investigation of what happened is complete and proper repairs are made.

http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2012/
http://www.reformer.com/localnews/ci_20887097/electrical-problems-force-vy-reduce-power-output-by

Update: TVA's 1,118 MW Browns Ferry Nuclear Unit 2 in Alabama at Full Power by June 19

On the morning of June 18 the unit was operating at 82 percent.
http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2012/

Update: Progress Energy's 872 MW Brunswick Nuclear Unit 1 in North Carolina Ramped Up to 94 Percent by June 19

On the morning of June 18 the unit was operating at 62 percent.
http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2012/

Update: FirstEnergy's 1,235 MW Perry Nuclear Unit 1 in Ohio Restarts June 18; Ramps Up to 23 Percent by June 19

On the morning of June 18 the unit was operating at 1 percent.
http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2012/

Xcel's 522 MW Prairie Island Nuclear Unit 1 in Minnesota Reduced to 44 Percent by June 19

On the morning of June 18 the unit was operating at full power.
http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2012/

Update: PCWA's 218 MW Middle Fork and Ralston Hydro Unit in California Returns to Service by June 18

The unit returned from an unplanned curtailment of 107 MW.
http://content.caiso.com/unitstatus/data/unitstatus201206181515.html

Petroleum

Update: 'Extensive' Corrosion Discovered in 325,000 b/d CDU at Motiva's 600,000 b/d Port Arthur, Texas Refinery – Sources

Operators have discovered "extensive" corrosion in the piping and vessels of the newly commissioned 325,000 b/d crude distillation unit (CDU) at Motiva Enterprise's 600,000 b/d Port Arthur refinery, according to sources familiar with refinery operations. The root cause of the corrosion has not yet been determined, the sources said. The damage may require up to 5 months to repair, but operators must first understand the cause of the corrosion before they can know the full scale of the repair work necessary to correct the situation. Damage from a fire on the CDU during an attempted restart on June 9 was seen as negligible, the sources said.
Reuters, 17:58 June 18, 2012

Enbridge's Crude Oil Pipelines Could Reach Full Capacity by 2016 despite Several Expansion Projects – CEO

Enbridge Inc. said on Monday that the rapid increase in North American oil output could cause its pipelines to reach full capacity as soon as 2016, despite several projects the company is currently undertaking to expand its system. Booming oil output from the Alberta oil sands and from shale-oil fields such as Bakken in North Dakota could constrain Enbridge's capacity around 2016–2017, the company's CEO told reporters on Monday. The company is currently expanding its mainline, and it could speed up its schedule to add another 250,000 b/d of capacity on the 150,000 b/d Seaway pipeline from Cushing, Oklahoma to the U.S. Gulf Coast by the end of the year, earlier than its previous target for the first quarter of 2013. Enbridge has also proposed a 525,000 b/d Northern Gateway pipeline to carry crude oil from Alberta oil sands to the Pacific Coast; that project is scheduled for completion in 2017.
http://in.reuters.com/article/2012/06/18/enbridge-capacity-idINL1E8HIEX520120618

North Dakota's Capacity to Export Oil by Rail Increases by 55 Percent in June – State Pipeline Authority

North Dakota's capacity to export crude oil by rail increased about 55 percent in June with the commissioning of two previously announced loading facilities in western North Dakota, according to the North Dakota Pipeline Authority. The Authority's director, Justin Kringstad, said 17 facilities designed to export crude oil by rail have been built since 2008, and the state now has the capacity to ship about 470,000 b/d of oil by rail. That number could increase to 710,000 b/d by the year's end, according to Kringstad.
http://www.thedickinsonpress.com/event/article/id/59068/group/homepage/

Update: State Department Announces Process for a Final Decision on the Proposed 830,000 b/d Keystone XL Pipeline's Northern Segment

The U.S. Department of State (DOS) on June 15 announced in the *Federal Register* that it will prepare a supplemental environmental impact statement assessing an alternative route for TransCanada Corporation's proposed Keystone XL crude oil pipeline, which is intended to extend from the U.S./Canada border in Montana to Steele City, Nebraska. In early May TransCanada submitted a new application to DOS proposing a route for the pipeline that avoids the environmentally sensitive Sand Hills region of Nebraska. DOS has entered into a Memorandum of Understanding with the Nebraska Department of Environmental Quality to facilitate coordination and cooperation in evaluating the potential impacts associated with the proposed new routes. DOS hopes to decide on a permit for the pipeline by early 2013.
http://www.transcanada.com/6059.html
https://www.federalregister.gov/articles/2012/06/15/2012-14803/notice-of-intent-to-prepare-a-supplemental-environmental-impact-statement-seis-and-to-conduct#p-6

Update: Plains All American to Renovate and Expand Its Yorktown, Virginia Oil Products Terminal

Plains All American Pipeline recently confirmed the company plans to renovate and expand its Yorktown, Virginia oil products terminal to improve storage capacity as well as expand pipeline, marine, and rail transportation capacity by modernizing tanks, improving the piping infrastructure, expanding the rail facilities, and making structural repairs and improvements to its dock. The company bought the idled Yorktown refinery and terminal from Western Refining in December 2011 and indicated it had plans to disassemble and sell the refinery equipment and make modifications to the terminal to improve its connectivity and performance. The terminal serves as a staging point for supplying gasoline, diesel, butane, ethanol, and crude oil to the Hampton Roads area and across the U.S. East Coast.
http://www.dailypress.com/news/york-county/dp-nws-york-pipeline-terminal-0614-20120619,0,1904994.story

Update: Petroplex Launches FEED Study for Its Proposed 10 Million-Barrel Oil Storage Terminal in St. James Parish, Louisiana

Petroplex International, LLC on June 15 announced that it has launched the front-end engineering and design (FEED) study as part of its project to develop a bulk liquids terminal facility in St. James Parish, Louisiana. The storage and distribution terminal will include a unit-train facility, barge and ship dock, truck racks, and a pipeline and it will be designed and tailored to client specifications. The project is expected to break ground on major construction works after construction financing is secured, which is expected in the first half of 2013, and Petroplex hopes to begin commercial operations during 2014.
http://new.petroplexinternational.com/petroplex-reaches-critical-milestone-in-the-development-of-a-bulk-liquids-terminal-facility-in-st-james-parish/

Natural Gas

Bureau of Land Management Approves Gasco's Uinta Basin Natural Gas Development Project in Utah

Gasco Energy, Inc. announced yesterday that the U.S. Bureau of Land Management (BLM) has signed an Environmental Impact Statement that authorizes development of Gasco's Uinta Basin field in Duchesne and Uintah Counties in Utah. Gasco's project will tap an existing natural gas field that already has 135 producing wells and extensive infrastructure, pipelines, and roads. Gasco will also continue to explore for oil and natural gas in other areas within the project area. Gasco believes this further exploration and development of the field could yield nearly 3 Tcf of natural gas through 2053.
http://www.doi.gov/news/pressreleases/Bureau-of-Land-Management-Approves-Uinta-Basin-Gas-Project.cfm
http://gascoenergy.investorroom.com/index.php?s=43&item=216

Other News

Nothing to report

International News

Update: Baker Hughes Oil & Gas Workers Call Off Strike in Norway June 16
http://www.rigzone.com/news/article.asp?a_id=118679

Energy Prices

U.S. Oil and Gas Prices June 19, 2012			
	Today	**Week Ago**	**Year Ago**
CRUDE OIL **West Texas Intermediate U.S.** $/Barrel	83.69	83.18	92.05
NATURAL GAS **Henry Hub** $/Million Btu	2.45	2.22	4.54

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.

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