



ENERGY ASSURANCE DAILY

Tuesday Evening, June 22, 2010

Major Developments

Update: Federal Judge Blocks Government-Imposed Deepwater Drilling Moratorium

A U.S. District Judge blocked the federal government's six-month moratorium on deepwater drilling, saying it seemed clear "that the federal government had been pressed by what happened on the Deepwater Horizon into an otherwise sweeping confirmation that all Gulf deepwater drilling activities put us all in a universal threat of irreparable harm." Numerous service companies had asked the judge to reject the moratorium, saying the government had imposed it arbitrarily. The Obama Administration said it would immediately appeal the decision.
http://www.washingtonpost.com/wp-dyn/content/article/2010/06/22/AR2010062200237.html?wpisrc=nl_natlalert

BP Recovers About 25,830 Barrels of Oil at Site of Blown-Out Well in Gulf of Mexico June 21

BP collected about 15,560 barrels of oil, flared approximately 10,270 barrels of oil, and flared about 52.2 million cubic feet of natural gas on June 20 via its dual collection system at the blown-out MC252 well in the Gulf of Mexico, the company said on its website.

<http://www.bp.com/extendedsectiongenericarticle.do?categoryId=40&contentId=7061813>

Update: U.S. CSB to Investigate Deepwater Horizon Explosion

The U.S. Chemical Safety Board (CSB) plans to investigate the root causes of the April 20 explosion onboard the Deepwater Horizon rig in the Gulf of Mexico. The CSB expects to include the key investigators who were involved in its investigation of the March 23, 2005 explosion at BP's Texas City refinery.

http://www.csb.gov/assets/news/document/Response_to_Rep_Waxman_Stupak_-_BP_Transocean_June_18_2010.pdf

Electricity

Update: As Utilities Recover from Weekend Outages, New Storms Cut Power to More Than 70,000 Customers across U.S. Midwest

Storms knocked out power to 26,300 Consumers Energy customers in Michigan, 10,000 DTE Energy customers in Michigan, 8,700 Lansing Board of Water & Light customers in Michigan, and 26,000 ComEd customers in Illinois on June 21-22. Consumers Energy, DTE Energy, and ComEd expected to restore power to all affected customers today and Lansing Board of Water & Light had restored power to all but about 30 customers, as of latest reports. The new outages came as several of the utilities recovered from weekend storms that knocked out power to more than 900,000 customers across multiple states. Some 11,404 Indiana Michigan power customers in Michigan and Indiana also remained without power, as of this afternoon.

Consumers Energy, DTE Energy:

<http://www.freep.com/article/20100622/NEWS06/100622011/1007/NEWS05/Predawn-storms-cut-power-to-34000-in-southern-Michigan> , <http://www.grandhaventribune.com/paid/299088434941989.bsp> ,
<http://www.freep.com/article/20100622/NEWS06/100622011/1007/NEWS05/Predawn-storms-cut-power-to-34000-in-southern-Michigan>

Lansing Board of Water & Light:

<http://www.lansingstatejournal.com/article/20100622/NEWS01/306220004/Power-restored-to-thousands-in-Lansing-area-after-overnight-storm> ,
<http://www.lansingstatejournal.com/article/20100622/NEWS01/306220004/Power-restored-to-thousands-in-Lansing-after-overnight-storm>

ComEd: <http://cbs2chicago.com/local/storms.comed.power.2.1765258.html> ,
<https://www.comed.com/sites/newsroom/pages/stormcenter.aspx> ,
<http://www.chicagobreakingnews.com/2010/06/latest-storm-leaves-more-in-area-without-power.html>
Indiana Michigan Power:
<https://www.indianamichiganpower.com/outages/details.aspx?stormName=MichianaThunderstorm - June 18> ,
<http://www.aepcustomer.com/outagemap/main.aspx?region=im>

Tornado, Storms Cut Power to about 48,000 We Energies Customers in Wisconsin June 21-22

Approximately 9,000 customers were still in the dark, as of latest reports.

<http://www.wkbt.com/Global/story.asp?S=12687995>
<http://www.jsonline.com/news/wisconsin/96869264.html>
http://www.wuwm.com/programs/news/view_news.php?articleid=6360

TVA's 1,155 MW Browns Ferry Nuclear Unit 1 in Alabama Reduced to 70 Percent by June 22

The Nuclear Regulatory Commission reported that on the morning of June 21 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: APS's 1,243 MW Palo Verde Nuclear Unit 1 in Arizona at Full Power by June 22

APS initiated "a manual turbine trip due to loss of cooling for Main Transformer X01C" on June 18, it said in a filing with the Nuclear Regulatory Commission (NRC). The company declared an Unusual Event, citing the "damaged energized equipment." It reduced the unit to 12 percent power and terminated the Unusual Event in just over two hours. The NRC reported that on the morning of June 21 the unit was operating at 77 percent.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20100621en.html>

Information also derived from the NRC Power Reactor Status Reports:

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

Entergy's 951 MW Indian Point Nuclear Unit 2 in New York Reduced to 82 Percent by June 22

The company slowed the unit for minor repairs, a plant spokesman said. The Nuclear Regulatory Commission reported that on the morning of June 21 the unit was operating at full power.

<http://www.reuters.com/article/idUSN2212892620100622>

Information also derived from the NRC Power Reactor Status Reports:

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

Silicon Valley Power's 148 MW Donald Von Raesfeld Power Project Gas-Fired Unit in California Shut by June 21

According to the California Independent System Operator, the unit reported an unplanned outage by June 21.

<http://www.caiso.com/unitstatus/data/unitstatus201006211515.html>

Update: FirstEnergy to Replace Reactor Head in 2011 at 908 MW Davis-Besse Nuclear Power Plant in Ohio

FirstEnergy plans to shut its 908 MW Davis-Besse nuclear power plant in the fall of 2011 to install a new reactor head, the company said on June 21. It had originally planned to replace the reactor head in 2014. The new head will include control rod nozzles made of material less susceptible to primary water stress corrosion cracking. The company recently modified 24 of the reactor's existing 69 nozzles.

<http://www.firstenergycorp.com/NewsReleases/2010-06-21%20FE%20To%20Replace%20Davis-Besse%20Reactor%20Head%20Next%20Year.pdf>

Landis + Gyr to Install More than One Million Smart Meters for CPS Energy's Electric and Natural Gas Customers in Texas

<http://www.prnewswire.com/news-releases/landisgyr-wins-major-smart-grid-project-with-texas-municipal-utility-96791899.html>

<http://www.reuters.com/article/idUSN2122925520100621>

Update: State PSC Denies BGE's Bid to Deploy Smart Meters in Maryland

The Maryland Public Service Commission (PSC) denied Baltimore Gas and Electric Company's request for authorization to deploy smart meters for each of the company's 1.2 million customers, saying it found the "business case for this Proposal untenable." The project would, according to the PSC, would pose financial and technological risks to BGE ratepayers "in exchange for savings that are largely indirect, highly contingent and a long way off." The PSC encouraged the company to reconsider its plans. BGE, for its part, said the project was expected to save its customers \$2.6 billion.

http://webapp.psc.state.md.us/Intranet/sitesearch/whats_new/Order%2083410_BGE%20AMI%20Application_CN%209208.pdf

http://www.pennenergy.com/index/articles/display/0785043644/articles/pennenergy/power/grid/2010/06/maryland-psc_rejects.html

<http://www.bge.com/vcmfiles/BGE/Files/ALERTS/ResponseToPSCOrder6-21-10.pdf>

Petroleum

Update: Citgo Resumes Normal Operations after Weekend Power Snag at 167,000 b/d Lemont, Illinois Refinery June 21

Citgo resumed normal operations at its 167,000 b/d Lemont, Illinois refinery by yesterday, June 21, after a partial utility power outage affected some of the facility's units over the weekend. The company referred to the impact as brief.

Reuters, 16:15 June 21, 2010

Update: Chevron Restarts Recently-Ruptured, 15,000 b/d Colorado-to-Utah Oil Pipeline June 21

The restart came nine days after the line ruptured and leaked 800 barrels of oil. The U.S. Department of Transportation and the Unified Command team authorized the restart.

<http://www.sltrib.com/sltrib/home/49802451-76/oil-pipeline-chevron-sensors.html.csp>

<http://www.examiner.com/x-40986-Salt-Lake-City-Page-One-Examiner~y2010m6d21-Chevron-to-reopen-pipeline-that-spilled-33000-gallons-of-oil-into-Red-Butte-Creek>

Bromwich Sworn in as Head of New Bureau of Ocean Energy Management, Regulation and Enforcement

Secretary of the Interior Ken Salazar swore in former Justice Department Inspector General Michael R. Bromwich to lead the formerly named Minerals Management Service (MMS) on June 21. Salazar also signed a Secretarial Order to rename the MMS the Bureau of Ocean Energy Management, Regulation and Enforcement.

<http://www.mms.gov/ooc/press/2010/press0621.htm>

Department of Interior Strengthens Blowout Prevention Rules for Offshore Oil and Gas Operations June 18

The Department of the Interior issued a directive to oil and gas lessees and operators requiring them, when they file for a new drilling permit, exploration plan, or development plan, to submit information that addresses the possibility of a blowout and details steps they are taking to prevent blowouts. The directive reverses a policy adopted in 2003 and included in a 2008 "Notice to Lessees" under the previous Administration that exempted many offshore oil and gas operations in the Gulf of Mexico from submitting certain information – to accompany exploration or development plans – about a blowout scenario and worst-case discharge.

<http://www.doi.gov/news/pressreleases/Interior-Issues-Directive-Strengthening-Blowout-Prevention-Requirements-for-Offshore-Oil-and-Gas-Operations.cfm>

http://www.rigzone.com/news/article.asp?a_id=94945

Natural Gas

Local Court Orders Mexican Regulators to Suspend Permits for Sempra Energy's 1 Bcf/d Costa Azul LNG Terminal in Baja California

A Baja California court ruled in favor of a local rancher who says he is the rightful owner of a 250-acre block of land near Sempra Energy's 1 Bcf/d Costa Azul LNG terminal in Mexico, ordering Mexican regulators to temporarily suspend the terminal's permits. Sempra Energy, however, said it would not halt operations unless the government directed it to. The company purchased the 250-acre parcel in 2006, and has argued that it can operate the terminal without the land.

<http://www.reuters.com/article/idUSLDE65K1LM20100621>

<http://www.pnewswire.com/news-releases/sempra-energy-says-it-will-continue-its-operations-at-energia-costa-azul-despite-mexican-court-order-telling-sempra-to-shut-down-plant-96846389.html>

http://public.sempra.com/newsreleases/viewPR.cfm?PR_ID=2495&Co_Short_Nm=SE

<http://www.automatedtrader.net/real-time-dow-jones/443/update-mexican-court-rules-to-suspend-sempra-lng-permits>

Other News

Patriot Coal to Permanently Shut Harris No. 1 Coal Mine in West Virginia

Patriot Coal Corporation's operating subsidiary, Eastern Associated Coal, LLC, permanently halted mining operations at its Harris No. 1 coal mine near Wharton, West Virginia, citing "sudden adverse geologic conditions in the primary conveyor belt and travel entries of the mine. The mine had been scheduled for shutdown in 2011.

<http://phx.corporate-ir.net/phoenix.zhtml?c=216060&p=irol-newsArticle&ID=1440382&highlight=>

Energy Prices

U.S. Oil and Gas Prices			
June 22, 2010			
	Today	Week Ago	Year Ago
CRUDE OIL			
West Texas Intermediate U.S. \$/Barrel	77.99	76.53	67.09
NATURAL GAS			
Henry Hub \$/Million Btu	5.15	4.94	4.01

Source: Reuters

Energy Notes

Storms Cut Power to More than 16,000 KCP&L Customers in Missouri over Weekend

http://www.tradingmarkets.com/news/stock-alert/klt_brief-200-plus-still-in-the-dark-996645.html

Update: NRC Says it is Satisfied with Entergy's Operation of Indian Point Nuclear Unit 3 in New York – Company Made Corrections after Three Unscheduled Shutdowns

http://www.midhudsonnews.com/News/2010/June/21/IP3_NRC-21Jun10.html

U.S. Ban on Deepwater Drilling Could Postpone Almost 1 Million b/d of Crude Production: IEA

Reuters, 10:24 June 22, 2010

Crosstex to Construct Compressor Station to Accommodate an Additional 50 MMcf/d of Deliveries along North Texas Natural Gas Gathering System

<http://phx.corporate-ir.net/phoenix.zhtml?c=135312&p=irol-newsArticle&ID=1439983&highlight=>

Dow Kokam Breaks Ground on Lithium-Ion Battery Manufacturing Plant in Michigan – Facility to Produce Batteries for Electric Vehicles and Hybrid Electric Vehicles

<http://www.prnewswire.com/news-releases/dow-kokam-breaks-ground-on-advanced-battery-manufacturing-plant-for-hybrid-and-electric-vehicles-96797689.html>

Update: Manomet Says Numerous Press Articles “Oversimplified the Results” of Study into Environmental Impact of Wood-Fired Energy

http://www.biomassmagazine.com/article.jsp?article_id=3914&q=&page=all

DOE’s NETL to Manage Parish Post-Combustion CO2 Capture and Sequestration Project – System to Capture at Least 90 Percent of CO2 from a 60 MW Flue Gas Stream of the 617 MW Unit 7 at W.A. Parish Generating Station in Thompsons, Texas

http://www.netl.doe.gov/publications/press/2010/100618-DOE_Signs_Coop_Agreement.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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