



ENERGY ASSURANCE DAILY

Monday Evening, July 02, 2012

Major Developments

OE/ISER Situation Report: Ohio Valley & Mid-Atlantic Summer Storm

On the evening of June 29, 2012 a severe thunderstorm system crossed the Eastern United States with heavy rain, hail, and winds reaching 80 miles per hour. For details on the impact of this storm on customer outages, energy infrastructure issues, and restoration efforts see: Ohio Valley & Mid-Atlantic Summer Storm Situation Reports issued by the U.S. Department of Energy, Office of Electricity Delivery & Energy Reliability (OE/ISER), at the following URL:

http://www.oe.netl.doe.gov/named_event.aspx?ID=65

Electricity

Update: ConEdison Locks Out Union Workers in New York City and Westchester County July 1 after Failing to Reach Labor Agreement

Consolidated Edison Inc. (ConEdison) locked out 8,500 workers belonging to Local 1-2 of the Utilities Workers Union of America in New York City on Sunday after failing to reach a new contract over the weekend due to disputes about wages, pensions, and health benefits. The original contract ended at midnight on June 30. ConEdison said it has assigned 5,000 managers to maintain electric, natural gas, and steam service to its 3.3 million customers in New York City and Westchester County, Connecticut in the meantime. A union spokesman said the union would as federal mediators to intervene to get talks started again.

<http://www.coned.com/publicissues/pdf/extension-agreement.pdf>

<http://ap.savannahnow.com/pstories/us/20120702/1011692149.shtml>

Consumers Energy Reports Record Electric Demand in June Due to High Temperatures and Humidity in Michigan

Consumers Energy on June 28 reported high temperatures and humidity pushed customer demand for electricity to its highest June level in the 125-year history of the company, it reported in a press release. Customer demand hit a peak of 8,607 MW between 4:00 and 5:00 PM local time Thursday. That eclipsed the previous June record of 8,328 MW set on June 26, 2007. The all-time customer peak demand record for the Consumers Energy system is 8,930 MW, set on July 21, 2011.

<http://www.consumersenergy.com/News.aspx?id=5566&year=2012>

Wolf Creek Nuclear's 1,165 MW Wolf Creek Nuclear Unit 1 in Kansas Reduced to 30 Percent by July 1

On the morning of June 30 the unit was operating at full power.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2012/>

Update: Entergy's 510 MW Vermont Yankee Nuclear Unit in Vermont Ramped Up to 92 Percent by June 30

The unit has been operating at reduced power since June 18, when an electrical failure occurred 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 has been operating normally. Operators have said they would keep the plant online at reduced power output until the investigation of what happened was complete and proper repairs were made.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2012/>

AES's 495 MW Alamitos Gas-Fired Unit 6 in California Shut by July 1

The unit entered an unplanned outage.

<http://content.aiso.com/unitstatus/data/unitstatus201207011515.html>

Update: Inland Empire Energy Center's 376 MW Inland Empire Gas-Fired Unit 1 in California Returns to Service by June 29

The unit returned from a curtailment of 126 MW that was due to planned and unplanned causes.

<http://content.aiso.com/unitstatus/data/unitstatus201206291515.html>

Luminant Reports Fly Ash Emissions at Its 593 MW Big Brown Coal-Fired Unit 2 in Texas June 29

Luminant reported emissions from the Big Brown Unit 2 fly ash system on Saturday after operators tried to remove a plug in the North Fly Ash Silo, according to a filing with state regulators. Operators closed the top Nuvafeeder gate for inspection, and the Nuvafeeder top gate valve indicator malfunctioned, showing it was closed when in fact was partially open. After the Nuvafeeder was unplugged there was a spill of fly ash into the environment, the filing said. Operators used curtains and water cannon/sprays to reduce emissions.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=170512>

Turbine Control Valve Malfunction Shuts LCRA's 460 MW Fayette Coal-Fired Unit 3 in Texas June 29

The Lower Colorado River Authority (LCRA) reported that Unit 3 tripped off line Saturday morning after the Main Turbine Control Valves unexpectedly closed, according to a filing with the Texas Commission on Environmental Quality. When the turbine valves closed, the steam drum level decreased, which tripped the unit. Operators made adjustments and returned the unit to service about an hour later.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=170516>

Petroleum

Update: Sunoco, Carlyle Group Form Joint Venture to Continue Operating Sunoco's 330,000 b/d Philadelphia, Pennsylvania Refinery

Global alternative asset manager the Carlyle Group L.P. and Sunoco, Inc. today announced that they have agreed to form Philadelphia Energy Solutions, a joint venture that will enable Sunoco's Philadelphia refinery to continue operating. The refinery had been scheduled to shut down in August. The transaction, which is expected to close in the third quarter of 2012, is subject to customary closing conditions. Under the terms of the agreement, Sunoco will contribute its Philadelphia refinery assets to the joint venture in exchange for a non-operating minority interest. Carlyle will hold the majority interest and oversee day-to-day operations of the joint venture and the refinery. Philadelphia Energy Solutions, with economic support from the Commonwealth of Pennsylvania, will invest in several projects to support the long-term economic viability of the facility, including upgrading the catalytic cracker; building a high-speed train unloading facility to provide access to greater quantities of crude oil from North America, particularly Bakken crude from North Dakota; and building a mild hydrocracker and hydrogen plant.

<http://phx.corporate-ir.net/phoenix.zhtml?c=99437&p=irol-newsArticle&ID=1711213>

Pin Hole Leak Spills Sulfuric Acid at Chevron's 279,000 b/d El Segundo, California Refinery July 2

Chevron Corp. on Monday reported a pin hole leak in a line at its El Segundo refinery spilled sulfuric acid, according to a filing with the California Emergency Management Agency.

Reuters, 06:13 July 2, 2012

Unplanned Maintenance on FCCU Causes Emissions at Phillips 66's 247,000 b/d Sweeny, Texas Refinery June 30

Phillips 66 reported unplanned maintenance to repair a leak on a portion of a fluidic catalytic cracking unit (FCCU) at its Sweeny refinery Saturday led to emissions of carbon monoxide, according to filings with the U.S. National Response Center and the Texas Commission on Environmental Quality. Operators completed the maintenance activity and secured the release, the filings said.

Reuters, 00:20 July 2, 2012

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=170526>

Compressor Malfunction Triggers Flaring at Phillips 66's 362,000 b/d Wood River, Illinois Refinery June 29

Phillips 66's reported a compressor malfunction triggered flaring at its joint-venture Wood River refinery on Friday, according to a filing with Illinois regulators. Operators were working to repair the compressor and restart the unit affected by the malfunction at the time of the filing.

Reuters, 16:41 July 1, 2012

Natural Gas

Magnum Hunter Resources Shuts-In Approximately 30 MMcf/d of Natural Gas Production in Appalachian Region of West Virginia and Ohio Due to Severe Weather

Magnum Hunter Resources Corporation today reported the severe thunderstorms that hit the area last Friday afternoon impacted the company's production in the Appalachia region, in West Virginia and Ohio. Due to the loss of electricity in the region, approximately 30 MMcf/d of natural gas production was shut-in over the past 3 days. Magnum Hunter has subsequently brought approximately 70 percent of the wells back online and anticipates the remaining shut-in production to be back in service over the next 5 days. Additionally, due to the storm and its after-effects, Magnum Hunter has experienced natural gas production curtailments at the tailgate of its pipeline into Dominion Transmission, due to power and start-up issues at Dominion's Hastings, West Virginia processing facility, which could possibly continue for several weeks. Currently, approximately 5 MMcf/d (17 percent) of Magnum Hunter's net production in this region is being curtailed.

<http://www.magnumhunterresources.com/pressreleases.html>

Update: Natural Gas Producers Continue to Keep Natural Gas Wells in Northwest Colorado Shut Due to Wildfires July 2

Black Hills Exploration and Production on Monday reported it has shut 98 gas wells in the Piceance Basin in northwest Colorado as a precaution as wildfires continue to spread across the state. Encana Corp. said it has shut 35 wells in the same basin. Neither company could immediately say how much production had been shut-in, though Encana said that it expects to be able to restart the wells on Monday. Last week the Bureau of Land Management reported the Pine Ridge wildfire burning near the De Beque Canyon, within the Piceance Basin, was threatening at least 50 oil and natural gas wells within the fire's path.

Reuters, 12:04 July 2, 2012

Spectra Reports Natural Gas Pipeline Rupture in British Columbia June 28

Spectra Energy Corp. on Friday reported a pipeline carrying sour gas ruptured north of Fort St. John, British Columbia Thursday night, according to a spokeswoman. Operators isolated and secured the leak by 3:00 AM local time Friday. Spectra did not know how much natural gas may have leaked during the incident. The Canadian Transportation Safety Board is investigating the incident.

<http://finance.yahoo.com/news/natural-gas-pipeline-ruptures-182511944.html>

Other News

Obama Administration Announces New Investments to Advance Biofuels Industry

The U.S. Department of Agriculture, Navy, and Department of Energy announced today \$30 million in federal funding will be made available to match private investments in commercial-scale advanced drop-in biofuels, to pursue new innovations in biofuels technologies and increase production of U.S. biofuels. The Energy Department also announced a total of \$32 million in new investments for earlier-stage research that will continue to drive technological breakthroughs and additional cost reductions in the industry.

<http://energy.gov/articles/obama-administration-announces-new-investments-advance-biofuels-industry-and-enhance>

EU Sanctions on Iran Go into Full Effect July 1 after Exemptions on Some Contracts, Insurance End

European Union (EU) sanctions on Iran went into full force yesterday after exemptions on some contracts and insurance ended. The reduction in Iranian exports could become the biggest supply disruption from a member of the Organization of Petroleum Exporting Countries (OPEC) since the Libyan conflict last year, according to the International Energy Agency (IEA). Iran was producing about 3.3 MMb/d of crude oil in May. The full implementation of the sanctions could reduce production rates by about 1 MMb/d during the second half of the year, the IEA forecast in a June 13 report.

<http://www.businessweek.com/news/2012-07-01/iran-oil-sanctions-risk-biggest-opec-export-loss-since-libya>

Update: Norwegian Oil Strike Continues July 2 after Weekend Discussions Fail to Reach Agreement

Talks between the parties in the Norwegian oil strike over the weekend did not result in a solution of the conflict, the Norwegian Oil Industry Association (OLF) told Dow Jones Newswires Monday. "Positions are completely locked," an OLF member said. About 700 platform workers belonging to Industry Energy, the Norwegian Union of Energy Workers, and the Norwegian Organization of Managers and Executives went on strike June 24 after negotiations with OLF broke down over a pension issue. The strike has shut down most production from Statoil's offshore Heidrun and Oseberg fields in the North Sea, shutting-in approximately 240,000 b/d of oil output and 11.9 million cubic meters of natural gas output. The unions are scheduled to meet Tuesday morning to decide whether to step up measures. The Norwegian government on Monday said it would continue to refrain from intervening in the ongoing strike, according to an official at the Labour ministry.

Reuters, 05:15 July 2, 2012

http://www.rigzone.com/news/article.asp?a_id=119022

Energy Prices

U.S. Oil and Gas Prices			
July 2, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	82.27	77.94	94.46
NATURAL GAS Henry Hub \$/Million Btu	2.74	2.50	4.28

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.

ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/ead.aspx>

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