



ENERGY ASSURANCE DAILY

Tuesday Evening, July 03, 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: CAISO to Keep AES's Recalled 450 MW Huntington Beach Natural Gas-Fired Units 3 and 4 in California Online until August to Maintain Grid Reliability

The California Independent System Operator (CAISO) on Monday said in a market notice that it will keep two generating units at AES Corp's Huntington Beach power station available for dispatch until August 8 to help replace lost generation from the damaged San Onofre Nuclear Generating Station in Southern California. Southern California Edison, which operates the San Onofre facility, has kept both reactors offline since January to test, inspect, and repair steam generators that have unusual tube degradations. CAISO on May 11, 2012 recalled Huntington Beach Units 3 and 4, which AES had retired at the end of 2011, to help mitigate against power interruptions in San Diego and southern Orange County. CAISO will later decide if it wants to keep the Huntington units available after August 8, a spokesman said.

[http://www.reuters.com/article/2012/07/02/utilities-california-aes-](http://www.reuters.com/article/2012/07/02/utilities-california-aes-idUSL2E8I2GFQ20120702?feedType=RSS&feedName=marketsNews&rpc=43)

[idUSL2E8I2GFQ20120702?feedType=RSS&feedName=marketsNews&rpc=43](http://www.reuters.com/article/2012/07/02/utilities-california-aes-idUSL2E8I2GFQ20120702?feedType=RSS&feedName=marketsNews&rpc=43)

<http://www.caiso.com/Documents/AlternativeProposalsExtendingHuntingtonBeachUnitsCapacityProcurementMechanismDesignation.htm>

Update: DOI Issues Final Environmental Impact Statements for Proposed 3,000 MW Chokecherry and Sierra Madre Wind Farm in Wyoming

The U.S. Department of the Interior (DOI) yesterday announced the release of final environmental impact statements for the proposed Chokecherry and Sierra Madre Wind Farm, a complex in Wyoming that would generate up to 3,000 MW of power from 1,000 turbines, making it the largest wind farm facility in the United States and one of the largest in the world. The project would be built on public, private, and state land in Carbon County, Wyoming. The Bureau of Land Management is now reviewing the proposed wind project, as well as a proposed amendment to the Rawlins Resource Management Plan to accommodate the facility.

<http://www.doi.gov/news/pressreleases/Salazar-Announces-Onshore-Offshore-Wind-Energy-Milestones.cfm>

Update: DOI Issues Environmental Assessment for the Rhode Island/Massachusetts Wind Energy Area on the Outer Continental Shelf

The U.S. Department of the Interior (DOI) yesterday announced the publication of an environmental assessment for commercial wind leases and site assessment activities on the Outer Continental Shelf (OCS) offshore Rhode Island and Massachusetts. The environmental assessment for the Rhode Island/Massachusetts Wind Energy Area will be used by the Bureau of Ocean Energy Management to inform future leasing decisions and commercial offshore wind development. DOI launched the competitive leasing process for the Rhode Island/Massachusetts Wind Energy Area in August 2011.

<http://www.doi.gov/news/pressreleases/Salazar-Announces-Onshore-Offshore-Wind-Energy-Milestones.cfm>

Update: ConEdison to Meet with Union, Federal Mediators July 5 for Labor Negotiations with Workers as Lock Out Continues in New York City and Westchester County

Consolidated Edison Inc. (ConEdison) said it will on Thursday meet with representatives of the locked-out Utilities Workers Union of America (UWUA) and the Federal Mediation and Conciliation Service to work on reaching a contract agreement, according to a spokesman. ConEdison locked out 8,500 UWUA Local 1-2 workers on Sunday after failing to reach an agreement on wages, pensions, and health benefits. The utility assigned 5,000 managers to maintain service to its 3.3 million customers in New York City and Westchester County, Connecticut in the meantime.

<http://www.reuters.com/article/2012/07/02/consolidatededison-lockout-idUSL2E8I2C2I20120702?type=companyNews&feedType=RSS&feedName=companyNews&rpc=43>

Update: NRC Launches Special Inquiry Regarding Water Tank Leak at Entergy's 730 MW Palisades Nuclear Unit in Michigan; Unit Has Remained Shut during Investigation

The U.S. Nuclear Regulatory Commission (NRC) on June 26 launched a special investigation into Entergy's Palisades Nuclear Power Plant in connection to a leak from the Safety Injection Refueling Water Tank, which was discovered by operators on June 12. That tank holds 300,000 gallons of borated water used to cool the reactor during fuel replacements and flood the reactor cavity in the event of an emergency. Operators shut the unit when they discovered the leak. At that time, operators believed the tank was leaking from several locations, at a rate of approximately 31.4 gallons per day. Operators have not yet determined the exact location of the leak.

[http://www.mlive.com/news/kalamazoo/index.ssf/2012/06/investigation_launched_into_ho.html?utm_source=twitterfeed&utm_medium=twitter&utm_campaign=Feed:+kzgazette_news+\(Kalamazoo+Gazette+News+-+MLive.com\)](http://www.mlive.com/news/kalamazoo/index.ssf/2012/06/investigation_launched_into_ho.html?utm_source=twitterfeed&utm_medium=twitter&utm_campaign=Feed:+kzgazette_news+(Kalamazoo+Gazette+News+-+MLive.com))

Update: PPL's 1,105 MW Susquehanna Nuclear Unit 1 in Pennsylvania Restarts July 2, Ramps Up to 15 Percent by July 3 after Repairs to Containment Structure

PPL Susquehanna restarted Unit 1 Monday after completing repairs to seal a small water leak inside the containment structure surrounding the reactor, the utility said. The unit had been shut since June 19, when operators detected the leak and began to investigate its source.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2012/20120702ps.html>
<http://pplweb.mediaroom.com/index.php?s=12270&item=130253>

Update: Wolf Creek's 1,165 MW Wolf Creek Nuclear Unit 1 in Kansas at Full Power by July 3

On the morning of July 2 the unit was operating at 25 percent.

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

Update: AES's 495 MW Alamitos Gas-Fired Unit 6 in California Returns to Service by July 2

The unit returned from an unplanned outage that began by July 1.

<http://content.caiso.com/unitstatus/data/unitstatus201207021515.html>

Update: GenOn's 775 MW Ormond Beach Gas-Fired Unit 2 in California Returns to Service by July 2

The unit returned from an unplanned outage that began by June 21.

<http://content.caiso.com/unitstatus/data/unitstatus201207021515.html>

Southern Company and Turner Renewable Energy Acquire 20 MW Apex Solar Power Project in Nevada; Commercial Operation Expected during Third Quarter 2012

Southern Company and Turner Renewable Energy on Friday announced that the companies have acquired and will bring on line a 20 MW solar photovoltaic power plant in Nevada. The Apex Solar Project was acquired from SunEdison, which will be responsible for ongoing operations and maintenance of the facility. The project is located on a 154-acre site in Clark County, Nevada and will consist of approximately 88,000 poly-crystalline solar modules. Commercial operation is expected to begin during the third quarter of 2012. Nevada Power Company will purchase electricity generated by the plant under a 25-year agreement.

http://www.southerncompany.com/news/dyn_pressroom.aspx?s=43&item=2594

Texas Public Utility Commission Votes to Raise Wholesale Power Price Cap by 50 Percent Beginning in August

The Public Utility Commission of Texas on June 28 voted to raise the price cap for wholesale power by 50 percent, from \$3,000 per megawatt-hour (MWh) to \$4,500 per MWh, beginning in August, in an effort to encourage new investment in power plants. The Electric Reliability Council of Texas has said that the state will need additional generation soon to meet growing power needs, but low-cost natural gas and tight financial markets have stalled new investment in generation. At the same time, stricter federal environmental rules are expected to force older, coal-fired power plants in the state to shut. The commission is also expected to later this year consider raising the cap even higher, to \$7,500–\$9,000 per MWh, beginning in 2013.

Reuters, 14:07 June 28, 2012

New York ‘Energy Highway Task Force’ Plans Upgrades to State’s Aging Infrastructure

New York Governor Andrew M. Cuomo on June 29 announced that 85 private developers, investor-owned utilities, financial firms, and other entities have responded to the New York Energy Highway Task Force’s Request for Information (RFI) with 130 ideas to upgrade and revitalize the state’s aging infrastructure. The ideas generated by the RFI involve more than 25,000 MW of capacity from new and existing transmission and generation. The Task Force issued the RFI on April 11, asking for proposals in support of an energy highway that would improve safety and reliability, making the grid more efficient. The Task Force will review the responses as it develops an Energy Highway Action Plan, which is expected to be released in the fall.

www.nyenergyhighway.com

<http://www.governor.ny.gov/press/062912energytaskforcerfi>

Petroleum

Oil Prices Surge More Than 9 Percent June 29 on European Debt-Crisis Plan, Other Factors; Prices Retreat Again Slightly July 2

Oil prices retreated 1.4 percent Monday after a significant surge last Friday—the greatest percentage increase since March 2009. Benchmark U.S. crude jumped by \$7.27, or 9.4 percent, on Friday to end the week at \$84.96 per barrel in New York. Brent crude rose by \$6.44, or 7 percent, to \$95.51 per barrel in London. The surge was attributed to steps taken by European leaders to halt a debt crisis that has undermined confidence in the global economy. At the same time last week, Norway’s Statoil had announced it shut-in at least 10 percent of oil production from platforms in two North Sea fields due to an oil worker strike, and the European embargo on Iranian oil was scheduled to take full effect July 1. Oil prices retreated again Monday, with benchmark U.S. crude down \$1.22 to \$83.74 per barrel in New York and Brent falling 46 cents to \$97.34 in London, as the euphoria over the European Union plan faded and lack-luster manufacturing data from the United States, Europe, and China also suggested weak oil demand.

<http://finance.yahoo.com/news/oil-soars-9-pct-europe-204214995.html>

http://www.rigzone.com/news/article.asp?a_id=119048

<http://www.reuters.com/article/2012/07/02/markets-energy-crude-idUSEAP10N20020120702>

Unspecified Breakdown Causes Flaring at Chevron’s 279,000 b/d El Segundo, California Refinery July 2

Chevron Corp. reported flaring due to an unspecified breakdown at its El Segundo refinery Monday evening, according to a filing with the South Coast Air Quality Management District. The company had earlier reported a pin-hole leak in a line at the refinery spilled sulfuric acid and the loss of a compressor that caused flaring at the refinery, according to filings with state pollution regulators.

<http://www.reuters.com/article/2012/07/03/chevron-elsegundo-breakdown-idUSEMSO167RC20120703?feedType=RSS&feedName=marketsNews&rpc=43>

Lightning Strikes Oil Storage Facility, Causes Explosion and Ignites Fire on Three Tanks in Webster County, Kentucky July 2

Lightning struck an oil storage battery in Webster County, Kentucky around 10:00 PM local time Monday night, blowing the lid from one tank onto the nearby highway and igniting a fire on three tanks, according to local officials. The explosion and fire also damaged some three-phase power lines at the site, causing a power outage in the area, officials said. A tanker truck had recently pumped oil from the tanks, lessening the fire hazard, and heavy rain that accompanied the storms helped keep the flames from spreading.

<http://www.courierpress.com/news/2012/jul/03/explosion-closes-us-41-alternate-webster-county/>

Update: USACE Approves TransCanada to Begin Construction of Gulf Coast Pipeline Project through Oklahoma and Parts of Texas

The U.S. Army Corps of Engineers (USACE) on June 28 approved TransCanada to begin construction of the Gulf Coast pipeline through eight counties in Oklahoma and two in Texas, according to a project spokesman. The company still requires approval from the Fort Worth District, but it believes it will be in a position to begin construction on the 485-mile pipeline as planned later this summer, with an in-service date of mid-to-late 2013. The Gulf Coast Project will construct a crude oil pipeline running from Cushing, Oklahoma to Nederland, Texas. The pipeline is intended to eventually connect to TransCanada's proposed Keystone XL pipeline, which will transport 830,000 b/d of crude oil from Alberta, Canada to U.S. Gulf Coast refineries.

<http://newsok.com/keystone-pipeline-okd-in-state/article/3688448>

Update: Kinder Morgan Files Toll Application with National Energy Board for Proposed 450,000 b/d Expansion of Trans Mountain Pipeline in Western Canada

Trans Mountain Pipeline ULC, operated by Kinder Morgan Canada and owned by Kinder Morgan Energy Partners, L.P., on Friday filed an application for National Energy Board (NEB) approval of the contract terms and toll structure that would be implemented on the company's proposed Trans Mountain expansion project. The application does not address proposed routing or construction of the proposed expansion project. Trans Mountain intends to file a separate application for those purposes in late 2013, according to a Kinder Morgan Canada executive. The application confirms the binding commercial support of nine companies that are committed to supporting the expansion project, the executive said. In spring 2012, Kinder Morgan Canada announced it would move forward with its proposed plans to expand the existing Trans Mountain pipeline system between Edmonton, Alberta, and Burnaby, British Columbia. The project would increase capacity on Trans Mountain from approximately 300,000 to 750,000 b/d.

<http://phx.corporate-ir.net/phoenix.zhtml?c=93621&p=irol-newsArticle&ID=1710795>

Natural Gas

Update: Encana Returns 31 of 35 Natural Gas Wells to Service in Northwest Colorado July 2 after Wildfire; More Than 100 Natural Gas Wells Remain Offline July 3

Oil and natural gas producers operating in northwest Colorado were returning some wells to service Monday after shutting them last week when the Pine Ridge wildfire burning near the De Beque Canyon, within the Piceance Basin, threatened wells in the region. Encana said that 31 of its 35 shuttered wells returned to service on Monday, with just 4 "low-producing" wells still offline. Encana reported it lost about 99 MMcf of natural gas production total since Friday, representing a fraction of the Piceance Basin's 2 Bcf/d output. Black Hills Exploration and Production's 98 wells in the region remained shut Monday, according to a spokeswoman, who said the company will keep the affected wells shut-in until the Bureau of Land Management and local authorities deem the area safe.

<http://www.reuters.com/article/2012/07/02/natgas-wells-colorado-idUSL2E8I26O220120702?feedType=RSS&feedName=rbssEnergyNews&rpc=43>

PG&E Says 239 Natural Gas Pipeline Segments in California at Risk of Failure Due to Faulty Welds

Pacific Gas and Electric Co. (PG&E) says more than 200 of its natural gas pipelines are in danger of a failure similar to the 2010 explosion in San Bruno, California because they have sections with vulnerable seam welds. The utility has identified a total of 239 problematic pipeline segments spanning a total of 47 miles throughout Northern and Central California. The segments are at risk of failure because of their age or because the company pressurized the lines above legal limits. PG&E says the company plans to pressure test, replace, or otherwise examine the pipeline segments it identified over the next 2 years.

<http://finance.yahoo.com/news/pg-e-239-calif-pipelines-185710648.html>

DCP Midstream Reports Turbine Malfunctions at Its 160 MMcf/d Goldsmith Gas Plant in Texas June 28–July 1

DCP Midstream reported a turbine at its Goldsmith gas plant went down due to high inter-stage scrubber level Sunday morning, according to a filing with the Texas Commission on Environmental Quality (TCEQ). Operators drained the scrubber and restarted the turbine. The company reported in a previous TCEQ filing that it shut a turbine to fix an oil leak last Thursday, June 28.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=170429>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=170530>

High Discharge Temperature Shuts Compressor at ExxonMobil's 135 MMcf/d Salt Creek Gas Plant in Texas July 1–2

ExxonMobil reported a compressor shut down on high, fourth-stage discharge temperature at its Salt Creek natural gas plant Sunday afternoon, according to a filing with the Texas Commission on Environmental Quality. The unit was still down Monday afternoon as operators awaited the arrival of compressor mechanics, the filing said.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=170528>

Water Jumper Gasket Failure Shuts Compressor at Regency's 70 MMcf/d Eustace Gas Plant in Texas June 27

Regency Energy Partners reported emissions after a compressor blew a water jumper gasket and shut down at its Eustace natural gas plant last Thursday afternoon, according to a filing with the Texas Commission on Environmental Quality. Operators made repairs and later restored normal operations.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=170409>

WTP Gas Reports Flaring at Its 50 MMcf/d East Vealmoor Gas Plant in Texas June 28–29 Due to Residue Gas Transmission Line Backup

WTG Gas Processing LP reported it was flaring excess residue gas from its East Vealmoor natural gas plant Friday and Saturday after the residue gas transmission line it feeds into approached maximum operating capacity, according to a filing with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=170476>

Power Failure Shuts Acid Gas Injector Units 1 and 2 at Enbridge's Tilden Gas Plant in Texas July 1

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=170531>

Other News

Update: Columbia Pacific Delays Production at Its 108 MMGal/Yr. Ethanol Plant in Oregon until at Least October amid Declining Market

The Columbia Pacific Bio-Refinery has delayed production at its facility near Clatskanie, Oregon amid a declining ethanol market hit by high corn prices and struggling to adjust to the December 31, 2011 expiration of a federal ethanol tax credit. Operators originally planned to begin producing ethanol by February, but now they hope to start the plant around October, according to the plant's general manager. JH Kelly built the plant and purchased it out of bankruptcy, investing \$20 million to correct issues that arose during the 6 months it operated in 2008 and 2009 under the name Cascade Grain.

<http://cpbr.com/>

http://tdn.com/news/local/lull-in-demand-stalls-start-up-of-ethanol-plant/article_cb77f4b4-c0c9-11e1-831e-001a4bcf887a.html

Thieves Steal Copper Wire from AEP Substation near Corpus Christi, Texas July 2

Copper thieves on Monday broke into an American Electric Power (AEP) substation in Flour Bluff, near Corpus Christi, and stole ground wire leading up to the transformers, according to a utility spokesman. The location of the wires needing repair after the theft forced operators to shut off power for about 4,100 customers for several hours during the day. Two weeks ago copper thieves also broke into two other AEP substations near Corpus Christi, in Annville and Calallen, officials said.

<http://www.kristv.com/news/copper-theft-leave-thousands-without-power/>

Copper Thieves Steal Wire from KU Substation in Nelson County, Kentucky June 28

Thieves broke into a Kentucky Utilities (KU) substation and stole copper wire last Thursday, according to officials. The incident caused 1,225 KU customers in Nelson County to lose power temporarily on the night of the incident, a utility spokeswoman said.

<http://www.fox19.com/story/18908570/copper-theft-knocks-out-power-for-some-customers>

Saudi Arabia Reopens 1.6 MMb/d IPSA Crude Oil Pipeline to Export More Crude from Red Sea Terminals, Counter Iran Hormuz Threat

Saudi Arabia has reopened its 1.6 MMb/d Iraqi Pipeline in Saudi Arabia (IPSA), an old crude oil pipeline built by Iraq to bypass Persian Gulf shipping lanes. Reopening the pipeline will give the Saudi government greater capacity to export more of its crude oil from Red Sea terminals should Iran try to block the Strait of Hormuz, industry sources told Reuters last week. Iran in January threatened to block the Strait of Hormuz in retaliation for U.S. and European sanctions targeting its oil revenues. Over the last 4–5 months, Saudi Arabia has been test pumping along the IPSA pipeline and delivering test shipments into storage facilities at Mu'ajjiz near Yanbu on the Red Sea, several sources with knowledge of the project say.

<http://in.reuters.com/article/2012/06/28/saudi-oil-hormuz-idINL6E8HSKXK20120628>

Iran Drafts Bill to Block Oil Tankers from Shipping Crude through Strait of Hormuz to Countries Supporting Sanctions against Iran

Iran's National Security and Foreign Policy Committee has drafted a bill calling for Iran to block oil tankers from shipping crude through the Strait of Hormuz to countries that support sanctions against it, a committee member said Monday. Iran's parliamentary news agency quoted Iranian MP Ibrahim Agha-Mohammadi as saying the bill was drafted as a response to the European Union's oil sanctions against Iran, which took full effect July 1. Agha-Mohammadi said around 100 of the 290 members of Parliament thus far have backed the measure, but independent analysts have said that bills issued by the Iranian parliament are unlikely to get far unless sanctioned by Iranian leadership. If the bill is approved by parliament, it must then be approved by the 12-member Council of Guardians.

<http://www.reuters.com/article/2012/07/02/us-iran-oil-hormuz-idUSBRE8610R920120702>

http://www.upi.com/Business_News/Energy-Resources/2012/07/03/Iran-threatens-to-choke-gulf-tanker-lanes/UPI-62271341313692/

Update: Offshore Oil Workers in Norway Don't Step Up Strike Impacting North Sea Production; No New Talks Scheduled as Strike Continues

Striking offshore oil workers in Norway on Tuesday decided not to step up their measures, though it is unclear what consequences or shut downs may occur if they eventually do decide to do so. 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 the Norwegian Oil Industry Association (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. No new talks between the parties have been scheduled, the OLF said.

http://www.rigzone.com/news/article.asp?a_id=119051

Iranian Navy Repels Pirate Attack on Iranian Oil Tanker Sailing near the Gulf of Aden – Local News Reports July 3

<http://english.farsnews.com/newstext.php?nn=9103084838>

<http://www.presstv.com/detail/2012/07/03/249177/iran-navy-foil-pirate-attack-oil-tanker/>

Pirates Attack Oil Tanker in Gulf of Guinea Offshore Nigeria June 30; Fail to Board Ship or Cause Significant Damage – International Maritime Bureau

<http://www.canada.com/news/Pirates+attack+tanker+Nigeria+fail+board/6867830/story.html>

Nigerian Troops Destroy More Than 50,000 Drums of Illegally Refined Diesel Products in Niger-Delta Region June 28

http://www.downstreamtoday.com/news/article.aspx?a_id=36603

Energy Prices

U.S. Oil and Gas Prices			
July 3, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	87.35	79.05	94.46
NATURAL GAS Henry Hub \$/Million Btu	2.74	2.70	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.

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

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