



# ENERGY ASSURANCE DAILY

Tuesday Evening, July 10, 2012

## Electricity

### Update: More Than 34,000 Utility Customers in Virginia and West Virginia Remain without Power July 10 after Summer Storms

Utility companies in Virginia and West Virginia on Tuesday worked to restore power to the remaining customers affected by a severe thunderstorm system, known as a “Derecho,” that struck the Eastern United States overnight June 29–30. The Derecho and subsequent storms that weekend cut power to more than 4.5 million customers. Subsequent summer storms last week caused additional outages, complicating restoration efforts. As of 4:00 PM EDT Tuesday, just over 34,000 customers in Virginia and West Virginia remained without power (see table). Restoration estimates for affected utilities are summarized below:

- **Appalachian Power** reported that as of late this morning it had restored power to at least 95 percent of its West Virginia and Virginia customers affected by the storms on June 29 and subsequent storms. It expected to wrap up most of the remaining restoration work by this evening. Crews will continue working to resolve a number of scattered outages affecting small clusters of customers over the next few days, the utility said.
- **Allegheny Power** (First Energy) on Tuesday reported it was continuing its efforts to restore the remaining West Virginia customers that lost power during last week’s storms. The majority of the remaining customers were located in remote areas with severe damage. The utility said that while the majority of affected customers should be restored by Wednesday, a few customers in the hardest-hit areas might not be fully restored until later in the week.

For previous reports 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](http://www.oe.netl.doe.gov/named_event.aspx?ID=65)

Ohio Valley & Mid-Atlantic Customer Power Outages		
4:00 PM EDT July 10, 2012		
Electric Utility	State	Latest Reported
Appalachian Power (AEP)	VA	1,027
<b>Virginia Subtotal</b>		<b>1,027</b>
Appalachian Power (AEP)	WV	21,039
Allegheny Power (First Energy)	WV	12,123
<b>West Virginia Subtotal</b>		<b>33,126</b>
<b>TOTAL *</b>		<b>34,153</b>

\*Total outages only represent electric utilities listed in this table.

Sources:

<https://www.appalachianpower.com/outages/>

<http://outages.firstenergycorp.com/mdwv.html>

[https://www.firstenergycorp.com/newsroom/news\\_releases/media\\_advisory\\_firstenergyseveresummerstormoutageupdate5.html](https://www.firstenergycorp.com/newsroom/news_releases/media_advisory_firstenergyseveresummerstormoutageupdate5.html)

## **Alberta Institutes Rolling Blackouts throughout the Province July 9 Due to High Temperatures, Unexpected Power Plant Outages**

Utility companies in Alberta on Monday instituted without warning a series of ordered blackouts throughout the province after hot temperatures caused a record high demand for power, calm weather kept wind turbines still, and four power plants had forced outages. In Edmonton, Epcor began temporarily shutting off power in rotating areas of the city around 2:00 PM local time, according to a company spokesman. The blackouts lasted about an hour in each affected area, the spokesman said. The utility restored power to most of the city shortly before 5:30 PM. A spokeswoman for the Alberta Electric System Operator said she did not anticipate power shortages to the same degree to continue the rest of this week, despite forecast continued high temperatures.

<http://www.canada.com/news/edmonton/Rolling+electricity+blackouts+strike+Edmonton+across+province/6906998/story.html>

## **Lightning Strike Shuts Luminant's 793 MW Monticello Coal-Fired Unit 3 in Texas July 8**

Luminant reported Unit 3 tripped Sunday night due to a lightning strike that was suspected to have caused a false signal to trip the turbine, according to a filing with the Texas Commission on Environmental Quality. The incident ended the following morning, the filing said.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=170841>

## **Update: U.S. Appeals Court Expected to Soon Issue Decision on EPA's Cross-State Air Pollution Rule**

The U.S. Court of Appeals for the D.C. Circuit is expected as soon as Tuesday to issue its decision regarding the U.S. Environmental Protection Agency's (EPA) Cross-State Air Pollution Rule (CSAPR). It delayed the decision on December 30, 2011, two days before the rule was scheduled to go into effect. Under CSAPR, the EPA aims to control sulfur dioxide and nitrogen oxide emissions from power plants by preventing emissions from those plants from crossing state lines. CSAPR would also establish a cap-and-trade system that power producers can use to comply with the emission limits by buying, trading, and selling pollution permits. Power generators have argued that the initial January 1, 2012 implementation date did not give them enough time to design and install pollution control equipment needed to comply with the rules. Texas, along with various industry associations, have also challenged the EPA by arguing the rule will cause undue financial burden on power producers and could make the power market less reliable by forcing companies to shut some older plants.

Reuters, 18:32 July 9, 2012

## **Update: ODEC Cancels Project to Build 1,500 MW Cypress Creek Coal-Fired Power Plant in Virginia Due to EPA Regulations, Poor Economics**

Old Dominion Electric Cooperative (ODEC) CEO Jack Reasor on June 14 said the utility no longer planned to build the Cypress Creek coal-fired power plant proposed for Surry County, Virginia due to stringent regulations from the U.S. Environmental Protection Agency (EPA) and the low price of natural gas. The project may be kept as an option somewhere down the road, the CEO said, but currently ODEC has no plans to move forward. An ODEC spokesman recently said that unless the EPA's new regulations restricting emissions of carbon dioxide and other gases from new power plants are dropped or modified, it will be impossible for the company to build a new coal-fired power plant.

[http://articles.dailypress.com/2012-07-07/news/dp-nws-cypress-creek-20120707\\_1\\_coal-fired-power-odec-power-plant](http://articles.dailypress.com/2012-07-07/news/dp-nws-cypress-creek-20120707_1_coal-fired-power-odec-power-plant)

## **Update: Project to Build Las Brisas Energy Center's Proposed 1,320 MW Petroleum Coke-Fired Power Plant in Texas Stalls on EPA Rules**

Chase Power Development's project to build the Las Brisas Energy Center along Corpus Christi's inner harbor has stalled as the developer awaits an air pollution permit from the U.S. Environmental Protection Agency (EPA), a tenuous prospect as the federal government pushes to limit emissions of carbon dioxide and other gases from new power plants. Developers had initially targeted 2013 to begin operating the new power plant, which would burn petroleum coke, a refinery byproduct that produces about as much carbon dioxide as coal. There are now doubts as to whether the project will be built at all. Chase Power Development and Texas are contesting the EPA's proposed New Source Performance Standards in federal court, arguing that the EPA does not have the legal authority to regulate greenhouse gas emissions under the Clean Air Act. The EPA is expected to make a final permit decision on the Las Brisas plant by November this year.

<http://fuelfix.com/blog/2012/07/09/first-casualty-of-greenhouse-gas-rules-may-be-texas-plant/>

## **NRC Approves FPL to Increase Generating Capacity at Its St. Lucie Nuclear Power Plant in Florida by 129 MW**

The U.S. Nuclear Regulatory Commission (NRC) has approved a request by Florida Power & Light (FPL) to increase the power level of St. Lucie Unit 1 by 12 percent. The power uprate for the pressurized-water reactor will increase the unit's thermal power level from 2,700 to 3,020 MW thermal. The uprate translates into an increase in the plant's electricity generating capacity of 15 percent, from approximately 853 to 982 MW electric. The NRC staff's determined that FPL could safely increase the reactor's power output primarily by carrying out significant upgrades to several plant systems and components, including the feedwater pumps and the high-pressure turbine. FPL intends to implement the uprate in the next few months.

<http://www.nrc.gov/reading-rm/doc-collections/news/2012/12-080.pdf>

## **Update: FPL Provides Information Explaining June 27 Shutdown of Its 512 MW Point Beach Nuclear Unit 2 in Wisconsin**

Florida Power & Light (FPL) provided updated information on the cause of the June 27 load reduction that shut its Point Beach Unit 2, according to a filing with the U.S. Nuclear Regulatory Commission. Operators shut the reactor after noticing the turbine governor valves closing and turbine load reduction. Troubleshooting has shown that the reduction of turbine load was due to a turbine speed channel card failing in the turbine control system. The card failure resulted in sending the auxiliary governor in the turbine control system an incorrect indicated overspeed condition and throttling the turbine governor valves to reduce the turbine speed. There was no actual turbine overspeed condition. Operators restarted the unit July 3, and ramped it up to full power by July 5.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2012/20120709en.html>

## **Update: Dynegy's 756 MW Moss Landing Gas-Fired Unit 7 in California Returns to Service by July 9**

The unit returned from an unplanned outage that began by July 8.

<http://content.caiso.com/unitstatus/data/unitstatus201207091515.html>

## **Dynegy's 335 MW El Segundo Gas-Fired Unit 3 in California Shut by July 9**

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201207091515.html>

## **Update: Inland Empire Energy Center's 366 MW Inland Empire Gas-Fired Unit 2 in California Returns to Service by July 9**

The unit returned from an unplanned outage that began by July 7.

<http://content.caiso.com/unitstatus/data/unitstatus201207091515.html>

## ***Petroleum***

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### **Update: BP Indefinitely Suspends 40,000 b/d Liberty Oil Project in Beaufort Sea, Offshore Alaska**

BP has indefinitely suspended its offshore Liberty oil project in Alaska due to cost overruns and technical setbacks, a company spokeswoman said on Monday. The company determined the project in the Liberty oilfield, which is estimated to contain about 100 million barrels of recoverable oil, should not go forward as planned. BP submitted redesigned plans for the project to regulators in 2007. At that time, BP expected production to begin in 2011, and it estimated the field would produce about 40,000 b/d of oil. But in 2010, BP announced another delay, citing rig-design problems, regulatory changes, and new scrutiny of the Liberty project following BP's Deepwater Horizon disaster in the Gulf of Mexico.

<http://finance.yahoo.com/news/bp-suspends-costly-alaska-oil-231108253.html>

## **Update: Barge Flaws, Persistent Sea Ice Delay Shell's Plans to Begin Exploratory Drilling in the Arctic Ocean Offshore Alaska**

Royal Dutch Shell Plc has delayed until August its plans to begin drilling off Alaska's north coast as it waits for ice to clear and modifies a spill-response vessel to meet U.S. Coast Guard requirements, according to a spokesman. The company had planned to begin drilling in late July, but now expects to start drilling in early August, the spokesman said. Shell intends to drill as many as five wells in the Chukchi and Beaufort seas, which are estimated to have more than 20 billion barrels of oil. The Coast Guard last week said Shell's designated oil spill containment barge, the Arctic Challenger, has deficiencies in fire-fighting and electrical systems that must be corrected before it will issue a permit. Shell is also awaiting a final permit from the Bureau of Safety and Environmental Enforcement.

<http://www.bloomberg.com/news/2012-07-06/barge-flaws-delay-shell-alaska-drilling-coast-guard-says.html?cmpid=yhoo>  
[http://www.rigzone.com/news/oil\\_gas/a/119215/Shell\\_May\\_Face\\_Delays\\_to\\_Alaskan\\_Offshore\\_Oil\\_Drilling](http://www.rigzone.com/news/oil_gas/a/119215/Shell_May_Face_Delays_to_Alaskan_Offshore_Oil_Drilling)

## **Hydrogenation Process Pump Malfunction Leads to Emissions at Flint Hills's 288,468 b/d Corpus Christi, Texas Refinery July 9**

Flint Hills Resources reported an equipment malfunction on a selective hydrogenation process pump at its Corpus Christi refinery led to a release of materials late Monday night, according to a filing with the U.S. National Response Center. Operators shut the pump and diverted its feed, securing the release, the filing said. The company had reported flaring at its West Plant on Monday, according to a filing with the Local Emergency Planning Committee.

Reuters, 02:09 July 10, 2012

[http://www.nrc.uscg.mil/reports/rwservlet?standard\\_web+inc\\_seq=1017242](http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1017242)

## **Valve Malfunction Results in Flaring at ExxonMobil's 344,500 b/d Beaumont, Texas Refinery July 9**

ExxonMobil reported a valve malfunction resulted in flaring at its Beaumont refinery Monday afternoon, according to a filing with the Texas Commission on Environmental Quality. The filing lists Alkylation Unit 2 and the No. 6 Flare as sources of emissions. Operators replaced the valve to end the event early the next morning, the filing said. Operators anticipated the incident would cause some impact to production, but the company expected to meet all its customer commitments.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=170874>

## **Natural Gas**

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Nothing to report

## **Other News**

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### **NOAA Reports the First 6 Months of 2012 Were the Hottest on Record; High Temperatures Threaten Midwest's Corn Crop, Help Fan Destructive Wildfires**

The National Oceanic and Atmospheric Administration (NOAA) on Monday reported that the first 6 months in 2012 were the hottest on record in the continental United States, according to a statement released by NOAA's National Climatic Data Center. Scorching temperatures during the second half of the month broke or tied over 170 all-time temperature records in cities across America. June temperatures also contributed to the warmest 12-month period, from June 2011–June 2012, the nation has experienced since recordkeeping began in 1895. Such record-high temperatures are consistent with a long-term warming trend in the 48 contiguous states, according to a scientist at the Data Center. The high temperatures have threatened the Midwest's corn crop and have helped fan destructive wildfires, mostly in the West, where 1.3 million acres burned during June.

Reuters, 14:35 July 9, 2012

[https://nes.ncdc.noaa.gov/pls/prod/f?p=100:1:1812281470058382:::P1\\_ARTICLE\\_SEARCH:351](https://nes.ncdc.noaa.gov/pls/prod/f?p=100:1:1812281470058382:::P1_ARTICLE_SEARCH:351)

## International News

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### Update: Statoil to Resume Offshore Production after Norwegian Government Intervenes to End Strike July 10

Statoil on Tuesday said it was preparing to resume production at installations affected by the strike after the government imposed compulsory arbitration in the pay settlement for the Norwegian continental shelf, according to a press release. Norwegian Minister of Labour Hanne Bjurstrøm informed the parties in the offshore pay settlement that the government will propose to Parliament that the conflict be resolved by compulsory arbitration. At the request of the Minister the parties are to resume work as soon as possible. Statoil installations that have been affected by the labour dispute are the Oseberg Field Centre, Oseberg South, Oseberg East, Oseberg C, Heidrun, Huldra, Veslefrikk, and Brage. Production from these installations will be resumed as quickly as possible. It may take from 1 to 2 days to get production started, and Statoil expects to have the fields back in full production within a week.

[http://www.statoil.com/en/NewsAndMedia/News/2012/Pages/9Jul\\_NCS.aspx](http://www.statoil.com/en/NewsAndMedia/News/2012/Pages/9Jul_NCS.aspx)

## Energy Prices

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U.S. Oil and Gas Prices			
July 10, 2012			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	85.32	87.35	96.01
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	2.78	2.74	4.25

Source: Reuters

## Links

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***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](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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