



ENERGY ASSURANCE DAILY

Tuesday Evening, July 27, 2010

Major Developments

Update: BP Likely to Launch “Static Kill” Procedure on August 2 at Blown-Out Well in Gulf of Mexico: U.S. Coast Guard

BP is likely to launch the “static kill” procedure on August 2 at the site of the blown-out MC252 well in the Gulf of Mexico, retired U.S. Coast Guard Adm. Thad Allen said by July 26. The process would involve pumping heavy mud into the well, forcing oil and gas downward. Separately, BP re-connected the DDIII rig – the rig responsible for drilling the relief well – to the blowout preventer by July 27, it said on its website. The relief well was expected to intercept the bottom of the blown-out well on about August 7, according to the Houston Chronicle and the Associated Press. Adm. Allen said the company was slated to complete relief well casing over the coming weekend.

<http://www.bp.com/extendedsectiongenericarticle.do?categoryId=9034427&contentId=7063885>
<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7063953>
<http://www.deepwaterhorizonresponse.com/go/doc/2931/826227/>
http://www.twincities.com/ci_15608492?nclick_check=1

Update: BP CEO Tony Hayward to Step Down, Effective from October 1, 2010 - Robert Dudley to Become New Chief Executive

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7063976>

Vessel Collides With Wellhead, Triggering Oil and Gas Spill into Barataria Bay, Louisiana July 27

The tug vessel Pere Ana C, pushing the dredge barge Captain Buford Berry, collided with a wellhead in the Barataria Waterway, Louisiana early on July 27, causing an unknown quantity of oil and natural gas to leak into the Barataria Bay, the U.S. Coast Guard said in a release. The wellhead continued to leak, as of latest reports. An AFP news source said there were reports that the wellhead was shooting oil some 20 feet upwards, but the U.S. Coast Guard could not immediately verify that information. A Chief Petty Officer, however, said a 50-yards wide, mile-long strip of oil had been seen near the well. A local Parish Councilman said it could likely “be contained today.”

<http://www.d8externalaffairs.com/go/doc/425/827283/>
<http://www.chron.com/disp/story.mpl/nation/7126691.html>
DJN, 12:53 July 27, 2010

Update: More than 240,000 b/d of Oil Production and 417 MMcf/d of Natural Gas Output Remains Offline Due to Tropical Storm Bonnie July 27: BOEM

Some 242,758 b/d of oil production and 417 MMcf/d of natural gas output remained offline in the Gulf of Mexico on July 27, but no platforms or rigs were evacuated, the Bureau of Ocean Energy Management, Regulation, and Enforcement (BOEM) said in a release. The shut-in figures accounted for about 15.17 percent of the Gulf of Mexico's oil production and about 6.52 percent of its natural gas output. BOEM expected the shut-in oil production to be online by July 28.

<http://www.boemre.gov/ooc/press/2010/press0727.htm>

Electricity

Update: More Than 135,000 Customers Remain Without Power across U.S. Northeast and Mid-Atlantic July 27

Utilities restored power to most customers after weekend storms knocked out electricity to more than 867,000, but an estimated 136,810 customers remained in the dark, as of latest reports. Pepco, the hardest-hit utility, expected to restore service to most of its downed customers by Thursday, July 29. The following table lists peak and current outage figures, based on latest available data.

| U.S. Northeast and Mid-Atlantic Customer Power Outages | | | |
|--|-------|----------------|-----------------|
| 7/24/10-7/27/10 | | | |
| Electric Utility | State | Peak | Latest Reported |
| Pepco | MD | 268,134 | 107,732 |
| BG&E | MD | 121,986 | 407 |
| Allegheny | MD | 18,140 | 1,088 |
| Delmarva Power | MD | 6,874 | 5 |
| Dominion | VA | 80,883 | 569 |
| Atlantic City Electric | NJ | 68,000 | 2,302 |
| PSEG | NJ | 33,000 | 4,500 |
| Jersey Central Power | NJ | 9,000 | 2,500 |
| Delmarva Power | DE | 62,783 | 3,013 |
| Allegheny | PA | 7,298 | 46 |
| PECO | PA | 45,000 | 650 |
| LIPA | NY | 35,000 | 1,637 |
| National Grid | NY | 14,175 | 12 |
| Allegheny | WV | 38,396 | 40 |
| Pepco | DC | 29,935 | 5,467 |
| Progress Energy | NC | 16,038 | 2,772 |
| Duke Energy | NC | 13,161 | 4,070 |
| TOTAL* | | 867,803 | 136,810 |

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

Sources:

Pepco: <http://www.pepco.com/home/emergency/maps/stormcenter/> ,

<http://www.pepco.com/welcome/news/releases/archives/2010/article.aspx?cid=1483>

Baltimore Gas & Electric (BG&E):

<http://www.bge.com/portal/site/bge/menuitem.42d31413f80c584606370f10d66166a0>

Allegheny: http://app.alleghenyenergy.com/outagestatus/OMS_Customer_State.aspx?Option=State&User=

Delmarva Power: <http://www.delmarva.com/home/emergency/maps/stormcenter/>

Dominion: <http://www.dom.com/storm-center/dominion-electric-outage-summary.jsp>

Atlantic City Electric: <http://www.atlanticcityelectric.com/home/emergency/maps/stormcenter/> ,

<http://www.courierpostonline.com/article/20100727/NEWS01/7270348/Some-still-without-power-after-storm>

PSEG: <http://www.pseg.com/outagecenter/index.jsp> ,

http://www.philly.com/inquirer/local/20100726_Passing_storm_douses_heat_wave_knocks_out_power.html ,

<http://www.courierpostonline.com/article/20100727/NEWS01/7270348/Some-still-without-power-after-storm>

Jersey Central Power: http://www.firstenergycorp.com/outages/outages.do?state_code=NJ ,

<http://www.courierpostonline.com/article/20100726/NEWS01/7260327/Thousands-lose-power-in-storms>

PECO: <http://www.peco.com/outagemap> ,

<http://delcotimes.com/articles/2010/07/26/news/doc4c4cf63aed93e414699805.txt>

LIPA: http://www.lipower.org/stormcenter/outages/outage_map.html , <http://www.wpix.com/news/wpix-severe-thunderstorms-expected.0.7185319.story>

National Grid: <http://www1.nationalgridus.com/niagaramohawk/stormcenter/>

Progress Energy: <http://www.progress-energy.com/shared/outages/car/default.aspx>

Duke Energy: <http://www.duke-energy.com/outages/stats/>

Storms Knock Out Power to More than 32,000 Customers in South Carolina July 26

Storms knocked out power to 17,189 SCE&G customers and 15,043 Duke Energy customers in South Carolina on July 26, company and news sources reported. Some 311 SCE&G customers and 3,112 Duke Energy customers remained without power, as of latest reports.

<http://www.duke-energy.com/outages/stats/>

<http://www.sceg.com/en/storm-center/outage-updates/>

NRG Energy's 831 MW Limestone Coal-Fired Unit 1 in Texas Shut July 26-27

The unit shut after "a blown fuse on a potential transformer" and "a bad solenoid" on a turbine control valve led to a "a main fuel trip," the company said in a filing with state regulators.

<http://www11.tceq.state.tx.us/oce/eeer/index.cfm?fuseaction=main.getDetails&target=142771>

Luminant to Shut 591 MW Sandow Coal-Fired Unit 4 in Texas July 27

Luminant expected to shut the unit on July 27 to fix a boiler tube leak, it said in a filing with state regulators.

<http://www11.tceq.state.tx.us/oce/eeer/index.cfm?fuseaction=main.getDetails&target=142732>

Update: AES's 498 MW Alamitos Gas-Fired Unit 5 in California Returns to Service by July 26

According to the California Independent System Operator, the unit reported a return from an unplanned outage.

<http://www.caiso.com/unitstatus/data/unitstatus201007261515.html>

Update: Duke's 754 MW Moss Landing Gas-Fired Unit 6 in California Ramps up by July 26

According to the California Independent System Operator, the unit reported a return from an unplanned curtailment of 354 MW.

<http://www.caiso.com/unitstatus/data/unitstatus201007261515.html>

Duke Energy's 510 MW Moss Landing Gas-Fired Unit 2 in California Reduced by July 26

According to the California Independent System Operator, the unit reported an unplanned curtailment of 260 MW by July 26.

<http://www.caiso.com/unitstatus/data/unitstatus201007261515.html>

FPL's 510 MW Point Beach Nuclear Unit 1 in Wisconsin Shut by July 27

The Nuclear Regulatory Commission reported that on the morning of July 26 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: Constellation's 835 MW Calvert Cliffs Nuclear Unit 2 in Maryland at Full Power by July 27

The Nuclear Regulatory Commission reported that on the morning of July 26 the unit was operating at 87 percent. Information derived from the NRC Power Reactor Status Reports:

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

Energy Answers International Plans 140 MW Waste-to-Energy Power Plant in Maryland

The company expects to begin site work in November 2010 and open the facility in 2013.

<http://mddailyrecord.com/2010/07/26/mde-drops-its-opposition-to-city-waste-plant/>

Update: After 2009 Rejection, Duke Energy to Seek State Okay for Scaled-Back Smart Grid Project

Duke Energy will apply to the Indiana Utility Regulatory Commission for approval to deploy 40,000 smart meters throughout Indiana over an approximately one-year span, SNL Energy says. The agency rejected the company's previous plan to install 800,000 smart meters over a six-year period, saying the project lacked clear customer benefits.

<http://louisville.bizjournals.com/louisville/stories/2010/07/26/daily4.html?ana=yfcpc>

South Dakota Utilities Shift Focus to Renewable-Based Electricity

Six utilities expect to install 600 MW of natural gas-fired power and 575 MW of wind-based power over the next decade in South Dakota, according to 10-year plans filed with the state's Public Utilities Commission. The plans mark a sharp contrast to 2006, when in-state utilities expected to construct 1,200 MW of coal-fired power and just 100 MW of wind-based capacity. The state of South Dakota requires utilities to bi-annually file 10-year plans.

<http://www.mitchellrepublic.com/event/article/id/44957/group/News/>

Update: Judge Orders Changes to Power4Georgians Proposed 850 MW Coal-Fired Power Plant in Georgia

An administrative law judge directed Power4Georgians to further explain why it planned to pipe approximately 13.5 million gallons/day from the Oconee River to the plant, and also ordered the company to conduct water discharge monitoring at a different site than previously-proposed. The company said the ruling would "add some time to the process," but said that "in the overall scheme of things, it's not a big deal."

<http://atlanta.bizjournals.com/atlanta/stories/2010/07/26/daily12.html>

Wind Power Installations Dip 71 Percent in First Two Quarters of 2010, Compared to Same Period in 2009: AWEA

The United States installed just 1,239 MW of wind-based power over the first two quarters of 2010, 57 percent below 2008 levels and 71 percent lower than 2009 levels, the American Wind Energy Association (AWEA) said on July 27. The AWEA expects a more active end to 2010, but still projects the year's wind additions to fall 25 to 45 percent below 2009 totals, depending on policy developments. The AWEA said it "and a broad coalition of renewable energy, labor, utility, and environmental organizations" were sending an "urgent appeal" to Congress "to put in place a strong national renewable energy standard (RES) to spur demand for renewable energy, attract manufacturing investment, and save and create jobs.

http://www.awea.org/newsroom/releases/07-27-10_AWEA_Market_Report.html

American Transmission Co. Plans 345-kV, 150-Mile Transmission Line in Wisconsin

The Badger Coulee Transmission Line would run from La Crosse to Madison, Wisconsin. Pending approval from the Public Service Commission of Wisconsin, the company expects to break ground in 2015 and open the project in 2018.

<http://www.atc-projects.com/documents/ATCproposesBadgerCoulee-07.26.10.pdf>

Update: Terra-Gen Power Breaks Ground on Planned 1,550 MW Alta Wind Energy Center in California

The Alta Wind Energy Center (AWEC) includes several distinct projects, according to its website. Terra-Gen Power expects to begin delivering power in early 2011.

<http://af.reuters.com/article/energyOilNews/idAFN2622761620100727>

<http://altawindenergycenter.com/awec.html>

BSW, 13:00 July 27, 2010

Petroleum

Spill Forces Shut Enbridge's 190,000 b/d, 30-Inch, Indiana-to-Ontario Lakehead System Line 6B

Enbridge shut the line after it spilled – based on initial estimates – about 19,500 barrels of oil into a creek near the company's Marshall, Michigan pump station. The affected creek is a tributary of the Kalamazoo River, and Enbridge confirmed that oil had entered the river. The company aimed to repair and restart the line by tomorrow, July 28, according to a spokesman. The affected line delivers 190,000 b/d of oil from Indiana to Ontario. It is part of the company's 1,900-mile Lakehead System, which transports about 1.62 million b/d of oil from Western Canada to the United States. Multiple associated refineries reported that the incident had not impacted operations.

http://www.enbridgepartners.com/Reports/reportif_partners.aspx?pl=0&rptSite=5&rpt=%2fphoenix.zhtml%3fc%3d63707%26p%3dirol-news%26nyo%3d0&tmi=475&tmt=5

<http://www.enbridgepartners.com/EEP/Main.aspx?id=210&tmi=1824&tmt=5>

<http://af.reuters.com/article/energyOilNews/idAFN2623027120100727?pageNumber=2&virtualBrandChannel=0>

Reuters, 12:00 July 27, 2010

Reuters, 11:27 July 27, 2010

Reuters, 10:47 July 27, 2010

Reuters, 09:13 July 27, 2010

Pasadena Refining to Replace Valve at 100,000 Pasadena, Texas Refinery July 26

Pasadena Refining expected to replace a valve on the sulfur recovery unit (SRU) Quench tower at its 100,000 Pasadena, Texas refinery on July 26, the company said in a filing with state regulators. It planned to shut the quench tower, but said the rest of the SRU would stay online.

<http://www11.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=142648>

Lion Restarts Unit at 75,000 b/d El Dorado, Arkansas Refinery by July 27

The recovery unit shut due to a power outage, according to a filing.
Reuters, 08:28 July 27, 2010

Natural Gas

ONEOK Partners, L.P. Plans Multiple NGL Projects across Mid-Continent United States

The company expects to:

- Construct a 525- to 615-mile, 12-inch natural gas liquids (NGL) pipeline that would deliver up to 60,000 b/d of unfractionated NGLs from the Bakken Shale in the Williston Basin, North Dakota to the company's Overland Pass Pipeline near Cheyenne, Wyoming. The company could add pump facilities to boost the pipeline's capacity to 110,000 b/d. Pending approval, it expects to break ground in the second quarter of 2012 and open the project during the first half of 2013.
- Install new pump stations, expand existing pump stations, and increase capacity to 255,000 b/d along its anticipated 50-percent-owned Overland Pass Pipeline.
- Expand fractionation capacity by 60,000 b/d at its existing 150,000 b/d facility in Bushton, Kansas.

<http://ir.oneok.com/ReleaseDetail.cfm?ReleaseID=492390&ReleaseType=OKS Pipeline Projects>

Discovery Producer Services LLC Announces Open Season for Planned 400 MMcf/d Keathley Canyon Connector Natural Gas Pipeline Project in Gulf of Mexico by July 23

The deepwater natural gas gathering pipeline would stretch 150 to 200 miles, depending on its selected route, from the southeast corner of the Keathley Canyon Area – in about 7,000 feet of water – to either Discovery Producer Services LLC's deepwater gathering system or to shelf transmission system. It would deliver up to 400 MMcf/d of natural gas. The company, owned by Williams Partners P.P. and DCP Midstream Partners, L.P., expects to open the line during 2013.

<http://www.williamspl.com/profiles/investor/ResLibraryView.asp?ResLibraryID=39524&GoTopage=1&Category=1800&BzID=1296>

Crosstex Energy Plans 100-Plus MMcf/d, 15-Mile Natural Gas Pipeline in Barnett Shale, North Texas

The line would serve natural gas producers in the Barnett Shale, North Texas. The company expects to open the project in the first quarter of 2011, and ramp up to peak flows of more than 100 MMcf/d in 2012.

<http://phx.corporate-ir.net/phoenix.zhtml?c=135312&p=irol-newsArticle&ID=1452132&highlight=>

Other News

U.S. Coast Guard Shuts Portion of Mississippi River after Collision Causes Chemical Spill near Osceola, Arkansas July 26-27

A towing vessel collided with a towing barge on July 26 near Osceola, Arkansas, causing a spill of approximately 625 barrels of the toxic chemical acrylonitrile and forcing shut the Mississippi River from Mile Marker 776 to 769, the U.S. Coast Guard and Dow Jones reported. Traders did not expect the shutdown to impact oil deliveries, unless the U.S. Coast Guard extended the shutdown. The incident did not significantly affect corn and soybean deliveries, according to Reuters.

<http://www.d8externalaffairs.com/go/doc/425/827011/>

DJN, 11:52 July 27, 2010

Reuters, 11:46 July 27, 2010

After Weekend Storms, High Water to Stop Commercial Traffic along Upper Mississippi River in U.S. Midwest

Three Locks – 13, 16, and 17 – were expected to shut on July 26 and remain down through later this week, and another three locks – 20 through 22 – were slated to shut later in the week and stay shut through next week, according to the U.S. Army Corps of Engineers.

Reuters, 14:27 July 26, 2010

Energy Prices

| U.S. Oil and Gas Prices | | | |
|--|-------|----------|----------|
| July 27, 2010 | | | |
| | Today | Week Ago | Year Ago |
| CRUDE OIL West Texas Intermediate U.S. \$/Barrel | 77.34 | 77.07 | 68.04 |
| NATURAL GAS Henry Hub \$/Million Btu | 4.65 | 4.56 | 3.37 |

Source: Reuters & Bloomberg

Energy Notes

Storms Cut Electricity to Just Fewer Than 20,000 CPS Energy Customers in Texas July 26

<http://www.woai.com/news/local/story/Heavy-storms-leave-many-without-power/StsQMHN4GE-hqR2ZILzYXg.csp>

Bird Causes Fire at PG&E Substation in California July 24 – Fire Contained, as of Latest Reports

<http://www.ktvu.com/news/24386521/detail.html>

Voith Hydro Completes Turbine Upgrades at Bonneville Dam in Oregon - Operators Able to Derive Approximately 15 Percent More Electricity from Powerhouse at Full Capacity, Army Corps of Engineers Says

<http://www.prnewswire.com/news-releases/voith-hydro-overhaul-at-bonneville-dam-improves-fish-protection-and-creates-jobs-for-the-pacific-northwest-99242384.html>

PGE Completes 2.4 MW Rooftop Solar Project in Oregon, Plans 17.5 MW of Solar Energy Projects throughout State

BSW, 12:38 July 26, 2010

Tenaska Receives \$417 Million Federal Tax Credit for Proposed Coal-Fired Taylorville Energy Center in Illinois by July 26

http://www.stltoday.com/business/article_f748b47c-c707-53c9-b3f0-9a53cd6632b2.html

Proposed EPA Pollution Rules Could Force Offline up to 20 Percent of U.S. Coal-Fired Power by 2015: Analyst

<http://www.nytimes.com/2010/07/26/business/global/26green.html?src=busln>

Update: Federal Appeals Court Overturns U.S. District Judge’s Decision that TVA Must Quickly Pursue New Pollution Control Equipment at Four Coal-Fired Power Plants, Combined, in Tennessee and Alabama

<http://www.tennessean.com/article/20100727/NEWS01/7270317/Court+lifts+ruling+to+require+TVA+to+rev+up+clean+air+plan>

NRC Sees Progress, but Informs AREVA of Safety Issues with EPR Reactor Design’s Computer Systems July 23

<http://www.nrc.gov/reading-rm/doc-collections/news/2010/10-130.html>

Worker Shortage Could Hamper Canada’s Bid to Boost Clean Energy Capacity

Reuters, 12:08 July 27, 2010

Update: U.S. State Department Postpones Decision on Whether to Issue Permit for TransCanada’s Proposed Canada-to-Gulf of Mexico Keystone XL Oil Pipeline

The U.S. State Department extended the comment period by 90 days, it said on July 26.

<http://www.chron.com/disp/story.mpl/ap/tx/7125579.html>

U.S. Senator Murkowski Calls on President of Alyeska Pipeline Service Co. to Undertake Safety Review of trans-Alaska Oil Pipeline July 26

http://energy.senate.gov/public/index.cfm?FuseAction=PressReleases.Detail&PressRelease_id=87db9720-e27c-450b-8a9f-2fc620ab3a8d&Month=7&Year=2010

Ecuador Passes Law to Strengthen Grip on Oil Industry – Would Allow State to “Liquidate” Contracts of Companies Who Do Not Follow Rule

<http://af.reuters.com/article/energyOilNews/idAFN2625791520100726>

China Says it Has Finished Cleaning 1,500 Tons of Oil July 26, 10 Days after Explosion Triggered Spill

<http://www.latimes.com/news/nationworld/world/la-fg-china-oil-spill-20100727,0,3917306.story>

Exodus of Independent Producers from Deepwater Gulf of Mexico Would Cut 265,000 Jobs and Cost \$106 Billion in Tax Receipts by 2020: IHS Global Insight Report

http://www.ogj.com/index/article-display/7325330219/articles/oil-gas-journal/general-interest-2/economics-markets/2010/07/study-outlines_economic/QP129867/cmpid=EnlDailyJuly262010.html

Russian Natural Gas Exports Surge 40 Percent in January to June of 2010, Compared to Same Stretch in 2009: Prime-Tass News

DJN, 12:29 July 27, 2010

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

Energy Assurance Daily provides a summary of public information concerning current energy issues. Published Monday through Friday to inform stakeholders of developments affecting energy systems, flows, and markets, it provides highlights of energy issues rather than a comprehensive coverage. *Energy Assurance Daily* is updated online Monday through Friday after 5:00 p.m. EST. For more information, visit the Infrastructure Security and Energy Restoration (ISER) website at:

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

Please direct comments and questions to: ead@oe.netl.doe.gov