



# ENERGY ASSURANCE DAILY

**Monday Evening, August 13, 2012**

## ***Electricity***

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### **High Winds, Lightning Cut Power to 55,000 Oncor Customers in the Fort Worth, Texas Area August 12**

Summer storms with winds approaching 80 mph and lightning struck the Fort Worth area Sunday evening, downing trees and knocking out power 55,000 Oncor customers at its peak, according to a utility spokeswoman. More than 22,000 customers remained without power Monday morning.

<http://stormcenter.oncor.com/default.html>

<http://www.star-telegram.com/2012/08/12/4175670/high-temperatures-today-in-dfw.html>

### **NRC Issues National Report on Safety of U.S. Nuclear Power Plants for Consideration at Fukushima Meeting This Month**

The U.S. Nuclear Regulatory Commission (NRC) has issued a report on the safety of U.S. nuclear power plants for consideration at the Convention on Nuclear Safety's meeting later this month. The report discusses the actions taken by the United States to improve nuclear safety in response to the March 2011 accident at the Fukushima Daiichi nuclear power plant in Japan. In particular, "The United States of America National Report for the 2012 Convention on Nuclear Safety Extraordinary Meeting" describes how the United States addressed six topics in relation to the Fukushima accident: external events, design issues, severe accident management and recovery, national organizations, emergency preparedness and response and post-accident management, and international cooperation.

<http://www.nrc.gov/reading-rm/doc-collections/news/2012/12-092.pdf>

<http://www.nrc.gov/reading-rm/doc-collections/nuregs/staff/sr1650/r4/>

### **Dominion Shuts 871 MW Millstone Nuclear Unit 2 in Connecticut August 12 after Ultimate Heat Sink Average Water Temperature Exceeds Specifications**

Dominion initiated a technical specification shutdown just after midnight on Sunday based on the ultimate heat sink average water temperature exceeding a limit of 75 degrees Fahrenheit, according to a filing with the U.S. Nuclear Regulatory Commission (NRC). The ultimate heat sink is supplied by water from Niantic Bay. Technical specifications require the unit to be in hot shutdown within 6 hours when the average temperature limit is exceeded. In a subsequent filing, Dominion reported that by 5:18 AM EDT the average heat sink temperature on Unit 2 had fallen below 75 Fahrenheit, prompting operators to hold power at 65 percent to ensure the temperature was stable and would remain below the limit during the day shift. At 9:43 AM EDT, the temperature on Unit 2 had again exceeded the limit, so operators restarted shutdown procedures. Millstone Unit 2 was fully shut by August 13, the NRC reported. Millstone Unit 3 had not been impacted at the time of the NRC filings.

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

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2012/20120813en.html>

### **Constellation Shuts 825 MW Calvert Cliffs Nuclear Unit 1 in Maryland August 12 after Control Rod Drops into Core During Operation**

Constellation Energy Group, Inc. reported it was initiating shutdown procedures at its Calvert Cliffs nuclear Unit 1 Sunday afternoon after its control element assembly (CEA) No. 9 fully inserted (CEA dropped) into the core, according to a filing with the U.S. Nuclear Regulatory Commission (NRC). Technical specifications require operators to fully realign the CEA within 2 hours; because this did not happen, operators were forced to commence shutdown procedures Sunday. The unit was full shut by August 13, the NRC reported.

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

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2012/20120813en.html>

## **Xcel's 578 MW Monticello Nuclear Unit in Minnesota Reduced to 10 Percent by August 12**

On the morning of August 11 the unit was operating at 45 percent.

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

## **Energy Reports Pressure Boundary Leakage During Planned Shutdown of Its 730 MW Palisades Nuclear Unit in Michigan August 12**

Entergy Nuclear reported that following a planned shutdown to investigate the source of elevated Primary Coolant System (PCS) Unidentified Leakage, operators identified a steam leak on Control Rod Drive Mechanism No. 24's (CRD-24) pressure housing. The leak is about 1 foot above the CRD to Reactor Head flange. The leakage is considered Pressure Boundary Leakage. Operators were in progress of performing the plant cool-down from Mode 3 to Mode 5 at the time of the filing.

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

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2012/20120813en.html>

## **Update: Entergy's 858 MW Arkansas Nuclear Unit 2 in Arkansas at Full Power by August 11**

Arkansas Nuclear One Unit 2 is returning from an outage that began August 8, when the reactor automatically tripped from full power due to High Reactor Coolant System Pressurizer Pressure, which was caused by a Main Turbine trip due to high condenser back pressure from a degraded vacuum condition. Operators restarted the unit August 10.

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

## **Opened Valve Releases Ammonia at TVA's 1,125 MW Watts Bar Nuclear Unit 1 in Tennessee August 10**

The Tennessee Valley Authority (TVA) declared an unusual event at its Watts Bar nuclear Unit 1 Friday morning after discovering a leak of ammonia in the turbine building, according to a filing with the U.S. Nuclear Regulatory Commission. The leak occurred because a valve in the fill line to the ammonia mixing tank had not been fully closed, thereby causing the tank to overflow. Operators secured the leak and terminated the unusual event notification later that afternoon. TVA evacuated part of the plant Friday morning, but it allowed workers to return in the afternoon, according to a spokesman.

<http://www.waff.com/story/19251160/leak-at-watts-bar-causes-minor-evacuation> <http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2012/20120813en.html>

## **Update: AES's 506 MW Redondo Natural Gas-Fired Unit 7 in California Returns to Service by August 12**

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

<http://content.caiso.com/unitstatus/data/unitstatus201208121515.html>

## **Inland Empire Energy Center's 366 MW Inland Empire Natural Gas-Fired Unit 2 in California Returns to Service by August 12**

Unit 2 had entered an unplanned curtailment of 43 MW by August 9, and then an unplanned outage by August 10.

<http://content.caiso.com/unitstatus/data/unitstatus201208121515.html>

## **Cabrillo Power's 330 MW Encina Natural Gas-Fired Unit 5 in California Shut by August 12**

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201208121515.html>

## **Petroleum**

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### **BP Restarts Production at Mad Dog, Atlantis Oil and Gas Fields in U.S. Gulf of Mexico**

BP Plc. on Friday reported it has restarted and is ramping up oil and natural gas production at its Mad Dog and Atlantis fields in the U.S. Gulf of Mexico, according to a spokesman, who declined to comment on production levels. Atlantis, which has the capacity to produce 200,000 b/d of oil and 180 MMcf/d of natural gas, was offline during the entire second quarter while operators replaced facilities located on the seabed. Mad Dog (80,000 b/d, 40 MMcf/d) was offline for 15 months to address damage sustained during hurricane Ike in 2008.

[http://www.rigzone.com/news/oil\\_gas/a/119933/BP\\_Restarted\\_Output\\_at\\_Mad\\_Dog\\_Atlantis\\_Fields\\_in\\_US\\_Gulf](http://www.rigzone.com/news/oil_gas/a/119933/BP_Restarted_Output_at_Mad_Dog_Atlantis_Fields_in_US_Gulf)

## **Tesoro Corporation to Purchase BP's 266,000 b/d Carson, California Refinery and Related Assets in Southern California**

Tesoro Corporation announced today that its Board of Directors has approved agreements for the company to purchase BP's integrated Southern California refining and marketing business, including the 266,000 b/d Carson refinery; about 800 dealer-operated retail stations in Southern California, Nevada, and Arizona; and an integrated logistics system, including three marine terminals, four land storage terminals, over a hundred miles of pipelines, and four product marketing terminals. The transaction also includes two assets located near the Carson refinery: a 51-percent ownership in the 400 MW natural gas-fired Watson cogeneration facility, which provides electricity to the Carson refinery and sells excess electricity to the local utility grid; and a 350,000 metric ton per year anode coke calcining operation, which upgrades coke from the Carson refinery into calcined anode-grade coke for the aluminum industry. The transaction is subject to regulatory approval and is expected to close before mid-2013.

<http://phx.corporate-ir.net/phoenix.zhtml?c=79122&p=irol-newsArticle&ID=1724991>

<http://www.foxbusiness.com/news/2012/08/13/bp-agrees-25-billion-sale-carson-refinery-to-tesoro/print#ixzz23R9HRn4f>

## **Update: Repairs Could Keep Fire-Damaged CDU Shut for 4–6 Months at Chevron's 245,271 b/d Richmond, California Refinery – Industry Report**

The crude distillation unit (CDU) damaged by a fire at Chevron Corp.'s Richmond refinery on August 6 may remain shut for at least 4–6 months—up to twice as long as originally estimated—industry research firm IIR Energy said in a report it issued Friday. IIR Energy said investigators have found serious damage in the cooling towers, pipe racks, and heater tower. Investigators from the U.S. Chemical Safety Board on Saturday told reporters they were focusing their investigation on possible corrosion in an 8-inch pipe that failed before the fire. The pipe dated to the 1970s, investigators said, but it's unclear whether Chevron noted corrosion in that specific pipe during the routine thickness testing inspections it conducted last year. Those inspections led Chevron to replace a corroded 12-inch pipe connecting to the one that failed. Given the failed-pipe's age and the condition of pipes connected to it, investigators believe corrosion is a strong possible cause of its failure.

<http://www.foxnews.com/us/2012/08/13/refinery-probe-focusing-on-possible-corrosion-in-decades-old-pipe/>

<http://www.reuters.com/article/2012/08/13/refinery-operations-richmond-idUSL2E8JD27Z20120813?feedType=RSS&feedName=rbssEnergyNews&rpc=43>

## **Compressor Failure Trips Coking Unit at Citgo's 167,000 b/d Lemont, Illinois Refinery August 10; Operators Struggle to Bring FCCU Back Online from July 28 Shutdown**

Citgo Petroleum Corp. reported a coking unit tripped due to a compressor failure at its Lemont refinery on Friday, according to a filing with the Illinois Emergency Management Agency. Operators shut a fluid catalytic cracking unit (FCCU) at the refinery following an equipment issue on July 28. Traders reported that Citgo was struggling to bring the FCCU back online.

Reuters, 14:06 August 12, 2012

Reuters, 13:17 August 10, 2012

## **Petrobras Reports FCCU Emissions at Its 100,000 b/d Pasadena, Texas Refinery August 7**

Brazil's Petrobras reported emissions from a fluid catalytic cracking unit (FCCU) at its Pasadena refinery last Wednesday–Friday were caused when ethane contaminated the product stream, forcing operators to reroute the stream to flare, according to a filing with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oce/ear/index.cfm?fuseaction=main.getDetails&target=172149>

## **Flint Hills Reports Brief Flaring at Its Corpus Christi, Texas Refinery August 11 Due to Malfunction at Nearby Waste-Gas Processing Facility**

Flint Hills Resources reported brief flaring at its Corpus Christi refinery on Saturday was due to a malfunction at MarkWest's nearby Javelina plant, which processes waste gases from the Flint Hills' refinery, according to a filing with the Texas Commission on Environmental Quality (TCEQ). The Javelina plant reported a power interruption Saturday morning caused its plant to shut down, according to a TCEQ filing.

<http://www11.tceq.state.tx.us/oce/ear/index.cfm?fuseaction=main.getDetails&target=172186>

<http://www11.tceq.state.tx.us/oce/ear/index.cfm?fuseaction=main.getDetails&target=172182>

## **Sunoco Restarts Compressor at Its 335,000 b/d Philadelphia, Pennsylvania Refinery**

### **August 9**

Sunoco Inc. said it restarted a compressor in Unit 869 at the Point Breeze section of its Philadelphia refinery on Thursday, which was the same day the compressor malfunctioned, according to a filing with Philadelphia pollution regulators.

Reuters, 15:23 August 10, 2012

## **Phillips 66 Reports Sulfur Dioxide Emissions, Flaring at Its 120,000 b/d Rodeo, California Refinery August 10**

Phillips 66 reported a flaring event led to sulfur dioxide emissions at its Rodeo refinery on Friday, according to a filing with the California Emergency Management Agency. The filing does not specify which unit was involved in the incident.

Reuters, 18:52 August 10, 2012

## **Imperial Reports No Impact on Operations after Extinguishing a Small Fire at Its 121,000 b/d Sarnia, Ontario Refinery August 10**

Imperial Oil Ltd. reported a small fire at its Sarnia refinery was extinguished Friday and had no effect on the facility's operations, according to a spokesman.

Reuters, 16:20 August 10, 2012

## **Shell Restarts Unspecified Unit at Its 100,000 b/d Scotford, Alberta Refinery August 12**

Royal Dutch Shell Plc. said it was restarting an unspecified unit at its Scotford refinery near Edmonton, according to a notice posted on a community information line. Intermittent flaring was possible for 12 hours, but the refinery expected no material impact to production, the notice said.

Reuters, 21:49 August 12, 2012

## **Sunoco Logistics Announces Open Season for Project Mariner East to Deliver 65,000 b/d of NGLs from Marcellus Shale to Southeastern Pennsylvania**

Sunoco Logistics Partners L.P. on Thursday announced that it will commence a binding open season for its Project Mariner East, a pipeline project to deliver propane and ethane from the liquid-rich Marcellus Shale areas in Western Pennsylvania, including MarkWest Energy Partners, L.P.'s processing and fractionation complex in Houston, Pennsylvania, to Southeastern Pennsylvania. The project is anticipated to have an initial capacity to transport approximately 65,000 b/d of natural gas liquids (NGLs) and can be scaled to support higher volumes as needed. Mariner East is expected to have the ability to transport propane by the second half of 2014. Mariner East is scheduled to be fully operational to deliver propane and ethane in the first half of 2015.

<http://www.sunocologistics.com/SiteData/docs/2012.pdf>

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## **Natural Gas**

### **Update: DOE Approves Excelerate Energy to Export LNG from Lavaca Bay on Texas Gulf Coast**

The U.S. Department of Energy (DOE) has granted Excelerate Energy a long-term, multi-contract authorization to export liquefied natural gas (LNG) to free trade agreement (FTA) nations from its Lavaca Bay LNG project, currently under development. The company will be authorized to export up to 10 million metric tons per annum (mtpa) of LNG produced from domestic resources for a 20-year term commencing on the date of its first export. Located on the Texas Gulf Coast, Lavaca Bay LNG will be the first floating liquefaction export facility in the United States and will utilize Excelerate's Floating Liquefaction Storage Offloading vessel technology. The facility will require authorization from the Federal Energy Regulatory Commission (FERC). Excelerate will begin the FERC pre-filing process fourth quarter 2012 and expects the facility to be in-service in 2017.

<http://www.sacbee.com/2012/08/13/4720438/united-states-grants-excelerate.html>

## **Other News**

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### **Update: EPA Approves INEOS Bio to Produce and Sell Cellulosic Ethanol from Its 8 MMGal/Yr. Indian River BioEnergy Center in Florida**

INEOS Bio on Friday announced that its joint-venture project, INEOS New Planet BioEnergy (INPB) it has received a notice of registration from the U.S. Environmental Protection Agency (EPA) for the production and sale of advanced bioethanol from non-food waste materials. The notice of registration came after INEOS Bio completed the construction of the Indian River BioEnergy Center, which is now preparing to start production in the third quarter of this year. At full production the center will produce 8 million gallons of advanced bioethanol and 6 MW (gross) of renewable power annually from renewable biomass including local yard, vegetative, and agricultural wastes. INEOS Bio also has plans to run municipal solid waste at the center after the initial start-up.

[http://www.ineosbio.com/77-News\\_coverage-54.htm](http://www.ineosbio.com/77-News_coverage-54.htm)

### **Maryland and Delaware Governors Ask EPA to Reduce Production Mandate for Ethanol as Continued Drought Impacts U.S. Livestock Producers, Food Manufacturers**

The governors of Maryland and Delaware on Friday sent a letter asking the U.S. Environmental Protection Agency (EPA) to reduce or fully suspend its production mandate for corn-based ethanol, in an effort to bring down prices for the grain that have surged during a severe drought that has reduced the yield potential of developing crops. The EPA's Renewable Fuels Standard requires about 15 billion gallons of ethanol be blended into gasoline this year. The governors on Friday said the grain is needed to feed livestock, or consumers will face higher food costs and the poultry industry will face significant economic harm. The U.S. Department of Agriculture (USDA) on Friday issued a report estimating that the corn harvest would drop 13 percent from last year, a bigger fall than forecast. The USDA said production will reach 10.8 billion bushels—the lowest yield since 1995 and the third disappointing crop in a row for the United States, which is the world's largest corn grower and main agricultural exporter.

Reuters, 17:59 August 10, 2012

Reuters, 17:35 August 10, 2012

### **Update: Illinois Governor Vetoes Bill That Would Allow Chicago Clean Energy to Build Coal Gasification Plant**

Illinois Governor Pat Quinn on Friday vetoed legislation that would have allowed Leucadia National Corp. subsidiary Chicago Clean Energy move forward with the construction of a coal gasification plant in Chicago. Under the bill, Nicor Gas and Ameren Illinois customers would have been required to pay 95 percent of the costs to build and operate the plant. It's not clear from reports how much natural gas the plant was intended to produce, but reports do indicate the plant would have consumed up to 1 million tons of coal each year.

[http://articles.chicagotribune.com/2012-08-10/business/chi-quinn-vetoes-coaltogas-plant-on-southeast-side-20120810\\_1\\_coal-to-gas-vetoes-leucadia](http://articles.chicagotribune.com/2012-08-10/business/chi-quinn-vetoes-coaltogas-plant-on-southeast-side-20120810_1_coal-to-gas-vetoes-leucadia)

<http://www.chicagocleanenergy.com/>

## **International News**

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### **U.S. Navy Missile Destroyer Collides with Oil Tanker near Strait of Hormuz August 12**

A U.S. Navy guided missile destroyer called the USS Porter on Sunday collided with an oil tanker near the Strait of Hormuz, according to reports. The Panamanian-flagged bulk oil tanker M/V Otorasan is owned by Japan's Mitsui OSK. Reports indicated that both vessels were operational after the collision, and that business was carrying on as usual in the Strait of Hormuz. The U.S. vessel, which reportedly sustained extensive damage to its side, was able to "operate under its own power," reports said. The U.S. Navy said the cause of the incident was under investigation.

<http://www.examiner.com/article/u-s-guided-missile-destroyer-collides-with-oil-tanker-near-strait-of-hormuz>

### **Iraqi Oil Output Reaches 3.2 MMb/d with the Reintroduction of Kurdish Production**

Iraq's crude oil production has risen to 3.2 MMb/d—the highest level in 20 years—and will increase as planned to 3.4 MMb/d by year's end, according to Deputy Prime Minister for Energy Affairs Hussain al-Shahristani. Northern Kurdish fields have delivered crude oil at a rate of 116,000 b/d since August 8, he said, when production resumed after a four-month halt due to payment disputes between the Kurdistan Regional Government and Baghdad. The minister noted that payments to foreign oil and gas production companies working in Kurdistan would be made once they reach the required rate of 175,000 b/d.

Reuters, 16:52 August 12, 2012

<http://www.bloomberg.com/news/2012-08-12/iraq-daily-oil-output-reaches-3-2-million-barrels-minister-says.html?cmpid=yhoo>

## **Energy Prices**

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<b>U.S. Oil and Gas Prices</b>			
August 13, 2012			
	<b>Today</b>	<b>Week Ago</b>	<b>Year Ago</b>
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	92.27	91.97	86.55
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	2.84	2.91	4.06

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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