



ENERGY ASSURANCE DAILY

Tuesday Evening, October 12, 2010

Major Developments

Update: Salazar Lifts Moratorium on Deepwater Oil-and-Gas Drilling October 12

Secretary of the Interior Ken Salazar lifted the government-imposed, six-month moratorium on deepwater oil-and-gas drilling today, saying that new safety measures and other improvements had "reduced risks to a point where operators who play by the rules and clear the higher bar can be allowed to resume." Salazar, however, said operators would have to certify compliance with all existing rules and requirements, including those that recently went into effect, and demonstrate the availability of adequate blowout containment resources. The government imposed the ban in response to the Deepwater Horizon explosion and spill.

<http://www.doi.gov/news/pressreleases/Salazar-Deepwater-Drilling-May-Resume-for-Operators-Who-Clear-Higher-Bar-for-Safety-Environmental-Protection.cfm>

Electricity

Update: Calpine's 593 MW Metcalf Energy Center Gas-fired Unit in California Returns to Service by October 11

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

<http://www.caiso.com/unitstatus/data/unitstatus201010111515.html>

Watson Cogeneration's 417 MW Watson Cogeneration Company Gas-fired Unit in California Reduced by October 9

According to the California Independent System Operator, the unit reported an unplanned curtailment of 227 MW by October 9.

<http://www.caiso.com/unitstatus/data/unitstatus201010091515.html>

Update: AES's 225 MW Huntington Beach Gas-Fired Unit 3 in California Returns to Service by October 11

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

<http://www.caiso.com/unitstatus/data/unitstatus201010111515.html>

Exelon's 850 MW Dresden Nuclear Unit 3 in Illinois Shut October 11

The unit shut automatically (full scram) on October 11 while transferring the 'A' reactor protection system bus from normal to reserve power in preparation for maintenance the company said in a filing with the Nuclear Regulatory Commission (NRC). Normally a half scram is expected. The NRC reported that on the morning of October 11 the unit was operating at 94 percent.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20101012en.html>

Information also derived from the NRC Power Reactor Status Reports:

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

Southern's 830 MW Farley Nuclear Unit 1 in Alabama Shut by October 11

The Nuclear Regulatory Commission reported that on the morning of October 10 the unit was operating at 40 percent.

Information derived from the NRC Power Reactor Status Reports:

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

Exelon's 1,116 MW Peach Bottom Nuclear Unit 2 in Pennsylvania Reduced to 82 Percent by October 12

It was not immediately clear what caused the reduction. The unit, however, had just returned to service after a maintenance and refueling outage, according to the company. The Nuclear Regulatory Commission reported that on the morning of October 11 the unit was operating at full power.

http://www.exeloncorp.com/Newsroom/Pages/pr_20101008_nuclear_peachbottomunit2returnstoservice.aspx

Information also derived from the NRC Power Reactor Status Reports:

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

Luminant Reduces 581 MW Sandow Coal-Fired Unit 5 in Texas October 11

Luminant reduced the unit after “a leak developed unexpectedly in the ash B baghouse airlock,” the company said in a filing with state regulators. The leak led to “the discharge of ash to the ground,” according to the filing.

<http://www11.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=145927>

<http://www.reuters.com/article/idUSN1939198620091019>

Update: Constellation Energy Says it cannot Move Forward with Federal Loan Guarantee Regarding Proposed 1,600 MW Nuclear Unit 3 in Maryland October 8

Citing an “unreasonably burdensome” cost and “unacceptable risks,” Constellation Energy told the U.S. Department of Energy (DOE) last week that it could not move ahead with the \$7.5 billion loan guarantee process for a proposed 1,600 MW nuclear power unit in Maryland. Constellation and EDF, through a joint venture known as UniStar Nuclear Energy, had planned to construct a 1,600 MW unit at the existing Calvert Cliffs nuclear power plant. Constellation said the joint venture had not made any decisions about the project’s future, or withdrawn its application for a federal loan guarantee.

<http://ir.constellation.com/releasedetail.cfm?ReleaseID=516614>

<http://www.constellation.com/portal/site/constellation/menuitem.5119c68c6cf2d3688ec66a10016176a0>

<http://www.bloomberg.com/news/2010-10-12/constellation-nuclear-loan-guarantee-pullout-tests-obama-s-taste-for-risk.html>

Enel North America Plans 201 MW Wind Farm in Kansas

Enel North America plans to construct a 201 MW wind farm in Elk County, Kansas, the Tennessee Valley Authority (TVA) said on October 7. TVA plans to purchase electricity from the site. The facility would enter service in 2012.

http://www.tva.gov/news/releases/octdec10/kansas_wind.html

Update: Duke Energy Opens 200 MW Top of the World Windpower Project near Casper, Wyoming by October 11

<http://www.duke-energy.com/news/releases/2010101101.asp>

Trans-Elect Plans Transmission Line Project that Would Deliver about 6,000 MW of Offshore Wind Capacity along Mid-Atlantic Coast

Trans-Elect plans to construct a “backbone transmission project” – Atlantic Wind Connection (AWC) – that would deliver about 6,000 MW of offshore wind-derived electricity to customers along the mid-Atlantic coast. The project could be expanded to transport more electricity.

<http://www.prnewswire.com/news-releases/good-energies-announces-investment-in-landmark-atlantic-wind-connection-backbone-transmission-project-104776869.html>

Vestas Opens World's Largest Wind Tower Factory in Pueblo, Colorado October 12

The facility is able to produce 1,090 towers per year.

<http://www.doi.gov/news/pressreleases/Salazar-Celebrates-Grand-Opening-of-Worlds-Largest-Wind-Tower-Factory.cfm>

New England Sets New Electricity Consumption Levels in May, July, and September 2010

New England consumers established new records for peak electricity demand in the individual months of May and September, and set an all-time one-month record in July 2010, ISO New England Inc. said on October 8. July was the second-hottest July in New England since 1960, according to ISO New England.

http://www.iso-ne.com/nwsiss/pr/2010/summer2010_10082010.pdf

Winds Cut Power to about 25,000 BC Hydro Customers in British Columbia, Canada October 9-10

More than 3,600 customers were without power, as of latest reports.

<http://www.cjfw.ca/News/Story.aspx?ID=1292525>

<http://www.bchydro.com/outages/orsTableView.jsp>

Petroleum

Update: Nationwide Strike Curbs Refinery Production, Threatens Fuel Shortages in France October 12

Workers at 10 of France's 12 refineries opted to strike on October 12, curbing refinery production and compounding the impact of a separate, weeks-long strike at the nation's Fos Lavera port, multiple sources said. Some 85 ships – including 56 fuel carriers – were waiting to enter the Fos Lavera port by October 12, and at least one industry group said the strikes could cause fuel shortages as soon as next week. It was not clear exactly how much production had been curtailed, as of latest reports, but France's refineries can process more than 1 million b/d of crude. Among the affected companies are Total, Ineos Group Holdings, LyondellBasell, ExxonMobil, and Petroplus Holding, the CGT union said. The strike at the Fos-Lavera port, now 16 days long, is separate from the more-recent, but broader nationwide strike. The latter strike extends beyond the energy industry, as union workers protest the government's bid to up the retirement age.

<http://www.reuters.com/article/idUSLDE69A1Y720101011>

<http://www.bloomberg.com/news/2010-10-12/french-refineries-reactors-ports-hit-by-strikes-update3-.html>

<http://online.wsj.com/article/BT-CO-20101012-707986.html>

http://www.downstreamtoday.com/news/article.aspx?a_id=24288

Enbridge Shuts, Restarts 670,000 b/d, 34-Inch, Wisconsin-to-Indiana Line 6A October 8-9

Enbridge shut its 670,000 b/d, 34-inch, Wisconsin-to-Indiana, crude oil-delivering Line 6A on October 8 to install a sleeve along a weak segment of pipe, according to a company spokesman and Reuters. The company restarted the line on October 9, but said on October 11 that it would operate the line at 80 percent capacity – just below 500,000 b/d – as it performed additional repairs.

<http://af.reuters.com/article/energyOilNews/idAFN1027569920101010>

<http://www.reuters.com/article/idUSN1110866620101011>

BP Reports FCC-Related Malfunction at 467,720 b/d Texas City, Texas Refinery October 10

"The loss of circulation in North Riser" led to the shutdown of "the Electrostatic Precipitator in the Fluid Catalytic Cracking Unit" (FCC) at BP's 467,720 b/d Texas City, Texas refinery on October 10, the company said in a filing with state regulators. Operators restarted the affected Electrostatic Precipitator within minutes, according to the filing. It was not clear if there was any impact on production.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=145872>

Valero Sees No Impact on Production after SRU Snag at 100,000 b/d Three Rivers, Texas Refinery October 11-12

Valero saw no impact on production after a "process unit upset" related to a sulfur recovery unit at its 100,000 b/d Three Rivers, Texas refinery on October 11-12, according to a company spokesman and a filing with state regulators.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=145925>

<http://www.reuters.com/article/idUSN1217780020101012>

Update: Sunoco Restarts 14-Inch, Michigan-to-Ohio Oil Pipeline October 8

Sunoco restarted its 14-inch, Michigan-to-Ohio oil pipeline on October 8 after officials discovered that the line had not, as previously-thought, leaked 1 barrel of oil. Instead, a separate, non-operating line was thought to be the source of the spill, according to a company official. Sunoco shut the 14-inch line earlier last week, citing precautionary reasons.

<http://www.fox59.com/news/sns-ap-mi--oilpipelinesshutdown.0,308457.story>

http://www.upi.com/Science_News/Resource-Wars/2010/10/12/Sunoco-finds-source-of-Michigan-oil-spill/UPI-36911286881322/

Update: Shell Abandons Plans to Construct 400,000 b/d Oil Sands Upgrader 2 in Alberta, Canada

Shell abandoned a proposal to construct a 400,000 b/d oil sands upgrader – Upgrader 2 – alongside its existing Scotford processing plant in Alberta, Canada, saying it would instead pursue multiple “debottlenecking” projects at the current facility. A spokesman said the “debottlenecking” projects would boost Scotford’s capacity by approximately 85,000 b/d over the coming decade.

<http://www.reuters.com/article/idUSTRE6975DI20101008>

Natural Gas

Spectra Energy Launches Binding Open Season for 800 MMcf/d of Capacity along Natural Gas Pipelines in British Columbia, Canada by October 8

Spectra Energy launched an open season for additional transportation service on the company’s Transportation North (T-North) natural gas transmission facilities in Northern British Columbia, the company said on October 8. The open season includes up to 600 MMcf/d of additional capacity on the Fort Nelson Mainline and up to 200 MMcf/d of additional capacity on the Fort St. John Mainline. The new facilities are expected to enter service in stages over the second half of 2012 and the first half of 2013. The open season ends on October 29.

http://www.spectraenergy.com/news/releases/2010/oct/20101008_01.asp

Gulf Coast Fractionators Plans 43,000 b/d Expansion at Existing 102,000 b/d NGL Fractionation Facility in Mont Belvieu, Texas

Gulf Coast Fractionators, a partnership between ConocoPhillips, Devon Energy Corporation, and Targa Resources Partners LP, plans to expand capacity by about 42 percent, or 43,000 b/d, at its existing 102,000 b/d natural gas liquids (NGL) fractionation facility in Mont Belvieu, Texas, it said on October 12. The expansion is slated to enter service during the second quarter of 2012, subject to regulatory approvals.

http://www.conocophillips.com/EN/newsroom/news_releases/2010news/Pages/10-11-2010.aspx

Other News

Smart Meters to Increase Number of “Hackable Points” on U.S. Electric Grid

The widespread deployment of smart meters will lead to a substantial increase in “hackable points” across the U.S. Electric Grid, according to Lockheed Martin’s general manager of Energy and Cyber Services. “By the end of 2015 we will have 440 million new hackable points on the grid,” he said. “Every smart meter is going to be a hackable point.”

http://blogs.computerworld.com/17120/400_million_new_hackable_smart_grid_points

Update: EPA Extends by One Year Compliance Date on Spill Prevention Rule for Certain Facilities

The U.S. Environmental Protection Agency (EPA) extended the compliance date by one year for certain facilities subject to recent amendments to the Spill Prevention Control and Countermeasure (SPCC) rule, it said on October 8. The agency, however, also announced that some facilities – offshore drilling, production, workover, and certain onshore sites – would not be eligible for the one year extension and would have to comply by the current date of November 10, 2010. Last year, EPA amended the SPCC rule to strengthen certain provisions. Regulated facilities are required to amend and implement these changes as part of their overall SPCC plans. The purpose of the SPCC rule, which was finalized in 1973, is to establish requirements for facilities to prevent a discharge of oil into navigable waters or adjoining shorelines.

<http://yosemite.epa.gov/opa/admpress.nsf/d0cf6618525a9efb85257359003fb69d/b21d2a36e30c3b1c852577b5007871b4!OpenDocument>

Energy Prices

U.S. Oil and Gas Prices October 12, 2010			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	81.72	82.87	71.66
NATURAL GAS Henry Hub \$/Million Btu	3.43	3.56	4.24

Source: Reuters

Energy Notes

NRC Issues Low-Level Violation Related to Worker Screening Procedures at Site of Southern Co's Proposed Two Nuclear Power Units in Georgia

<http://finance.yahoo.com/news/NRC-Minor-security-violation-apf-1071798343.html?x=0&.v=1>

Update: DOE Offers Conditional Commitment to Provide Partial Guarantee for \$1.3 Billion Loan in Support of Caithness Energy LLC's and General Electric Energy Financial Services' Proposed 845 MW Caithness Shepherds Flat Wind Project in Oregon

<http://energy.gov/news/9676.htm>

CIRO Group Plans 63 MW CIRO One Solar PV Plant in Puerto Rico - Company to Break Ground in October 2010

http://www.marketwatch.com/story/satcon-solstice-selected-for-63-megawatt-power-plant-in-puerto-rico-2010-10-12?reflink=MW_news_stmp

Suntech Power Holdings Launches 30 MW Solar Panel Manufacturing Plant in Goodyear, Arizona October 8 – Company Plans to Expand Facility to 50 MW Early in 2011

<http://www.prnewswire.com/news-releases/suntech-begins-manufacturing-in-the-united-states-104574569.html>

Distributed Sun LLC Plans 20 MW of Solar Power Capacity across Mid-Atlantic – Company to Break Ground in 2011

<http://www.distributedsun.com/press/>

FERC Takes First Step in Smart Grid Rulemaking Process October 7

http://elibrary.ferc.gov/idmws/file_list.asp?accession_num=20101012-3002

TVA Plans 161-kV, 7.7-Mile Transmission Line and Upgraded Substation in Tennessee

http://www.tva.gov/news/releases/octdec10/bells_substation.html

Underground Electrical Fire Cuts Power to Local Buildings, Triggers Evacuations in Richmond, Virginia October 7

<http://www2.timesdispatch.com/news/2010/oct/07/35/underground-fire-reported-downtown-richmond-ar-548753/>

TCEQ Says BP Exceeded Permitted Levels of Benzene Emissions for One Hour between April and May of 2010 at 467,720 b/d Texas City, Texas Refinery

<http://www.chron.com/disp/story.mpl/business/7239141.html>

After Deepwater Horizon Spill, New Regulations to Increase Potential Costs, Push Smaller Companies Away from Drilling in Gulf of Mexico: Weatherford International Chief

Reuters, 10:43 October 12, 2010

Update: Government Delays in Issuing Permits for Shallow-Water Drillers in U.S. Gulf of Mexico Threatens almost 40,000 Jobs: SMU Study

<http://www.ogi.com/index/article-display/0861882623/articles/oil-gas-journal/general-interest-2/2010/10/smu-shallow-water.html>

Tanker Collides with Container Ship in North Sea, Briefly Spilling Unspecified Quantity of Jet Fuel –Dutch Coast Guard Sees No Environmental Damage

<http://www.rttnews.com/Content/MarketSensitiveNews.aspx?Id=1442446&SM=1>

Update: Former Iraqi Oil Minister Says Iraq and Iran's Claims of Increased Oil Reserves are Unsubstantiated, Driven by Political Interests

Reuters, 09:40 October 12, 2010

Compressors Shut Multiple Times at Waha Gas Plant October 8-11

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=145858>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=145910>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=145873>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=145928>

Turbine Shuts, Restarts at Goldsmith Gas Plant in Texas October 11

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=145911>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=145855>

Snag at Amerada Hess Seminole Gas Processing Plant in Texas Leads to Shutdown of about 50 MMcf/d of Inlet Gas October 8

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=145834>

AGI Shuts, Restarts at Tilden Gas Plant in Texas October 10

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=142167>

Line Leak at DCP Gas Plant Forces Offline XTO Energy's CAG 437 Satellite Battery in Texas October 11-13

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=145882>

U.S. LNG Imports Dip 38 Percent in August 2010, Compared to August 2009, DOE Says – Total 21.6 Bcf Marks Lowest Monthly Total since December 2007

<http://af.reuters.com/article/energyOilNews/idAFN0518490120101005>

Rock Fall Kills Worker at Alpha Natural Resources' Kingston Mining Inc's #1 Coal Mine in Fayette County, West Virginia October 11 – Company Shuts Section Where Accident Occurred

<http://alnr.client.shareholder.com/releasedetail.cfm?ReleaseID=517258>

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.

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

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