



# ENERGY ASSURANCE DAILY

Thursday Evening, March 21, 2013

## Electricity

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### **Update: More Than 8,600 Alabama Power Customers Remain Without Power March 21 after Powerful Storms Earlier This Week**

Alabama Power continued to restore power to customers affected by powerful storms Monday night, when straight-line winds knocked out power to 318,432 utility customers in Alabama, Georgia, and South Carolina. As of 2:00 p.m. EST Thursday, approximately 8,607 Alabama Power customers remained without power. The utility estimated yesterday that it would fully restore power by midnight Thursday.

<https://twitter.com/alabamapower>

### **New England ISO Says Region's Reliance on Natural Gas for Power Poses Challenges**

Officials from the ISO New England Inc. were scheduled to testify Tuesday at a hearing called by the U.S. House Energy and Commerce Subcommittee on Energy and Power on the growing use of natural gas for electricity production, where they were expected to outline "severe and immediate challenges" to power system operations" in New England caused by the region's increasing dependency on natural gas for electricity. More than half of the region's power is generated by natural gas-fired power plants, but a lack of natural gas pipeline capacity to bring fuel to the region, along with the "just in time" fuel arrangements made by generators, have caused problems. The wholesale electricity market does not provide adequate incentives for generators to provide power when called on by the ISO during stressed conditions, in particular for generators who have not made adequate and reliable arrangements for fuel supply, the ISO said.

[http://www.iso-ne.com/nwsiss/pr/2013/final\\_press\\_release\\_congress\\_031813.pdf](http://www.iso-ne.com/nwsiss/pr/2013/final_press_release_congress_031813.pdf)

<http://www.reuters.com/article/2013/03/19/utilities-newengland-gas-power-idUSL1NOCB5M120130319?feedType=RSS&feedName=financialsSector&rpc=43>

### **Update: California ISO Says Ongoing Outage at SCE's San Onofre Nuclear Plant Will Present Reliability Issues This Summer; NRC Delays Unit 2 Restart Decision Until June**

The California Independent System Operator (ISO) on Wednesday said the extended shutdown of the damaged San Onofre nuclear plant will create reliability problems this summer in south Orange County and the San Diego area, in part because California's supply of hydro power for the summer is expected to be about two-thirds of normal. The ISO said it will likely be forced to rely on voluntary conservation to avert rolling blackouts. Southern California Edison (SCE) has kept both San Onofre reactors shut since January 2012, when operators discovered premature tube wear in the steam generators. The U.S. Nuclear Regulatory Commission (NRC), which must approve plans to restart each unit, said Tuesday that it has again delayed a restart determination for Unit 2, this time until the end of June. SCE has yet to propose a restart plan for Unit 3, which has more damage than Unit 2. Last summer, the ISO recalled AES's Huntington Beach coal-fired Units 3 and 4 to help cover the generation deficit, but AES has said it cannot restart the units this summer due to a lack of air emission credits. ISO officials said they still expect that the Huntington Beach units will be converted into synchronous condensers that can provide the grid with voltage support by the summer.

<http://www.reuters.com/article/2013/03/20/utilities-california-summer-idUSL1NOCB5M120130320?feedType=RSS&feedName=marketsNews&rpc=43>

<http://newportbeach.patch.com/articles/plans-refined-for-summer-sans-san-onofre-nuke-plant>

<http://www.nrc.gov/info-finder/reactor/songs/tube-degradation.html>

## **Entergy Reports Radioactive Release Onsite at Its 966 MW River Bend Nuclear Power Plant in Louisiana**

Entergy Nuclear reported that on Monday afternoon, operators at its River Bend nuclear plant notified the Louisiana Department of Environmental Quality and other offsite governmental agencies that traces of radioactive contaminants were found at the site of an underground pipe leak on station property, according to a filing with the U.S. Nuclear Regulatory Commission. This leak could potentially contain tritium and cobalt-60, and is believed to have been contained on the plant site. The leakage path has been isolated. River Bend Unit 1 is currently returning from a refueling outage, and had ramped up to 15 percent power by March 21.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2013/20130319en.html>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2013/>

## **Southern Reports Inoperable High Pressure Coolant Injection System at Its 870 MW Hatch Nuclear Unit 2 in Georgia March 18**

Southern Company reported that on Monday, with Hatch Unit 2 in startup mode following a refueling outage, the high pressure coolant injection (HPCI) system failed to pass operability testing when it did not function as required while above 150 psig, according to a filing with the U.S. Nuclear Regulatory Commission. Operators decreased reactor pressure below technical specifications to make repairs. On the morning of March 21 the unit was operating at 47 percent power, up from 18 percent power yesterday morning.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2013/20130319en.html>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2013/>

## **Exelon Shuts Its 1,131 MW Byron Nuclear Unit 2 in Illinois Due to Loss of Generator Stator Cooling Water March 20**

Exelon Corp. reported that on Wednesday night, operators manually tripped the Byron Unit 2 reactor due to the loss of all Generator Stator Cooling Water. The auxiliary feedwater pumps automatically actuated upon the expected low steam generator level. Upon the trip, a digital rod position indication showed the Train 'B' Reactor trip breaker was lost. Operators verified the Train 'B' Reactor trip breaker was open. The plant was in normal shutdown mode at the time of the filing. The event had no impact on Byron Unit 1, which was operating at 100 percent power Wednesday morning.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2013/20130321en.html>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2013/>

## **LCRA to Restart Its 615 MW Fayette Coal-Fired Unit 2 in Texas March 19 After March 15 Unit Trip, Repairs**

The Lower Colorado River Authority (LCRA) reported that operators were planning to begin restarting Fayette Unit 2 on Tuesday following a unit trip due to a cable malfunction on Friday and a maintenance outage, according to a filing with the Texas Commission on Environmental Quality. Operators were also planning to repair an external water wall boiler tube leak, and a leak on the boiler water circulating pump, before restarting the unit. Unit startup was expected to take 24 hours.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=180578>

## **AES's 175 MW Alamitos Natural Gas-Fired Unit 2 in California Returns to Service by March 19; 498 MW Natural Gas-Fired Unit 5 Shuts by March 19**

Alamitos Unit 2 returned from an unplanned outage that began by March 18. Alamitos Unit 5 entered an unplanned outage by March 19.

<http://content.caiso.com/unitstatus/data/unitstatus201303191515.html>

<http://content.caiso.com/unitstatus/data/unitstatus201303181515.html>

## **Calpine's 593 MW Metcalf Natural Gas-Fired Unit in California Returns to Service by March 20**

The unit returned from an unplanned outage that began by March 19.

<http://content.caiso.com/unitstatus/data/unitstatus201303201515.html>

## **Dynegy's 335 MW El Segundo Natural Gas-Fired Unit 4 in California Returns to Service by March 20**

The unit returned from an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201303201515.html>

## **Update: New Jersey BPU Puts PSE&G's Modernization Plan On Hold, Calls for More Information**

The New Jersey Board of Public Utilities (BPU) on Tuesday said it needed more information before it could decide whether to approve a proposal from Public Service Electric & Gas (PSE&G) to invest \$4 billion over the next 10 years to modernize its electric and gas systems. PSE&G in February announced its proposed "Energy Strong Program," which is intended to protect and strengthen its systems against increasingly frequent severe weather. The BPU said Tuesday that it will hold separate proceedings to examine how utilities will recover costs from Hurricane Sandy and other storms, and to identify what is needed to enact other expensive measures to prevent outages caused by extreme weather in the future.

<http://www.njspotlight.com/stories/13/03/20/bpu-puts-pse-g-s-4b-modernization-plan-on-hold/>

<http://www.pseg.com/info/media/newsreleases/2013/2013-03-20.jsp>

## **B.C. Hydro Cuts Power to Vancouver Island First Nation for Repairs March 15 after Thieves Steal Copper Ground Wire Conductors from Utility Poles**

B.C. Hydro cut power to the Ditidaht First Nation community on Vancouver Island in British Columbia over the weekend to make repairs after thieves stole copper ground wire conductors from approximately 200–300 B.C. Hydro poles along a 62-kilometre section of line between China Creek and Ditidaht. Residents had contacted the utility to complain they had received shocks when they touched electrical things. Operators cut power to the community at about 5:00 p.m. local time Friday and expected repairs to be completed by Monday.

<http://www.globaltvbc.com/wire+theft+forces+bc+hydro+to+cut+power+to+vancouver+island+first+nation/6442829476/story.html>

<http://www.timescolonist.com/news/stolen-copper-wire-forces-b-c-hydro-to-cut-power-to-island-town-for-the-weekend-1.93574>

## **LADWP Plans to Sell Its Share of Coal-Fired Navajo Generating Station in Arizona, Transition Out of Coal-Fired Generation from Intermountain Power Plant in Utah by 2025**

The Los Angeles Department of Water and Power (LADWP) on Tuesday announced its proposed plan to sell its 21-percent stake in the 2,250 MW coal-fired Navajo Generating Station in Arizona by the end of 2015. The final transaction agreement is expected to be approved by all parties later this summer, with consideration by the Los Angeles City Council thereafter. The LADWP has also approved a contract to completely transition out of its use of coal-fired power from the 1,800 MW Intermountain Power Plant (IPP) in Utah by 2025 at the latest, with efforts to begin that transition no later than 2020. LADWP is one of six Southern California municipal utilities that purchase power from the coal-fired IPP under a long-term purchase agreement that expires in 2027. The LADWP is seeking to amend the purchase agreement to stop taking coal-fired power from IPP earlier than 2027, and to build a 600–1,200 MW natural gas-fired plant that complies with California emission standards by 2025. The amendment is subject to approval by the Los Angeles City Council, will be considered by the other municipal purchasers, and is currently being ratified by the 23 Utah owners.

<http://www.ladwpnews.com/go/doc/1475/1727379/>

## **Cape Wind Says Construction on Its 468 MW Cape Wind Project Offshore Massachusetts Likely to Begin by Year-End after Announcing Substantial Financing Agreement**

Cape Wind on Tuesday announced the Bank of Tokyo-Mitsubishi UFJ will provide "a significant amount" of debt capital toward the development and construction of the 468 MW Cape Wind project offshore Massachusetts. The company expects to complete financing and begin construction by the end of the year, and it has said that some turbines could be in service in 2015. Cape Wind has sold 77.5 percent of its power output in long-term power purchase agreements to National Grid and NSTAR. Cape Wind is the first U.S. offshore wind project to be fully permitted, and to have been issued a commercial lease and approval for its construction plan by the U.S. Department of the Interior.

<http://www.capewind.org/news1314.htm>

<http://www.reuters.com/article/2013/03/19/usa-windfarm-capecod-idUSL1NOCBC4B20130319?feedType=RSS&feedName=financialsSector&rpc=43>

### **Update: Valero Restarts 36,000 b/d HCU at Its 144,000 b/d Benicia, California Refinery by March 21; Unit Increasing to Planned Rates**

Valero Energy Corp. on Thursday said it restarted a hydrocracking unit (HCU) at its Benicia refinery and was increasing it to planned rates. Operators shut the 36,000 b/d HCU on March 11 due to an unspecified upset in the facility's hydrogen plant.

Reuters, 11:41 March 21, 2013

### **Phillips 66 Reports Unspecified Flaring at Its 362,000 b/d Wood River, Illinois Refinery March 20**

Phillips 66 reported flaring at its Wood River refinery on Wednesday, according to a filing with state pollution regulators. Planned maintenance is underway at the refinery, but it was unclear what caused the flaring.

Reuters, 04:00 March 21, 2013

### **Flint Hills Reports Vapor Leak on DDS Unit at Its 163,000 b/d Corpus Christi, Texas Refinery March 20**

Flint Hills Resources LP reported that operators at the West Plant of its Corpus Christi refinery on Wednesday discovered a vapor leak under insulation on piping downstream from a heat exchanger in the distillate desulfurizer (DDS) unit, according to a filing with the Texas Commission on Environmental Quality. Operators said also that flaring occurred while they were depressurizing the DDS unit in an attempt to stop the leak when flaring occurred.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=180690>

### **Update: Officials Finish Purging LPG Pipeline at Scene of Fire Near Bayou Perot in Louisiana March 18**

The U.S. Coast Guard and assisting agencies on Monday completed purging operations of the pipeline fire near Bayou Perot. The fire on a 19-mile liquid petroleum gas (LPG) pipeline owned by Chevron Corp. began March 12, when a 47-foot tugboat and crude oil barge collided near Bayou Perot, 30 miles south of New Orleans. Operators had immediately isolated the pipeline, but have been waiting for the LPG that remained in the pipeline to burn itself out. No oil was spilled during this incident. Officials said Monday there is no threat of fire or explosions, and emergency response has concluded.

<http://www.uscgnews.com/go/doc/4007/1727499/UPDATE-6-Assisting-agencies-complete-purging-operations>

### **Sunoco Logistics Announces Binding Open Season for 200,000 b/d Mariner South Pipeline in Texas**

Sunoco Logistics Partners L.P. today announced that it will commence a binding open season for its Mariner South Pipeline, which will transport export-grade propane and butane from Lone Star NGL LLC's storage and fractionation complex in Mont Belvieu, Texas to Sunoco Logistics' terminal in Nederland, Texas. The pipeline will also be available to transport other natural gas liquids and petroleum products depending on shipper interest. The pipeline is anticipated to have an initial capacity to transport approximately 200,000 b/d and can be scaled to support higher volumes as needed. The pipeline is expected to be operational by the first quarter of 2015.

<http://www.sunocologistics.com/SiteData/docs/SXLMarch20/f95be3889efa535e/SXL%20March%202013%20Mariner%20South%20Open%20Season%20FINAL%20for%20Release.pdf>

### **Rangeland Energy to Develop Crude Oil and Frac Sand Terminal, Related Pipeline System in New Mexico to Serve Producers in the Delaware Basin**

Rangeland Energy on Monday announced that it will begin developing a large, full-service terminal near Loving, New Mexico to handle crude oil, frac sand, pipe, and other products for producers and buyers in the Delaware Basin. Rangeland will also build a pipeline system in southern Eddy County, New Mexico to maximize terminal connectivity to existing and planned crude oil pipelines. The New Mexico terminal will receive and stage frac sand and pipe for the production of crude oil, while receiving, storing, and distributing crude oil to multiple downstream markets via pipeline and rail. Rangeland will receive crude oil produced in southeast New Mexico and West Texas via inbound trucks and gathering pipelines. Initial rail services will include transload (truck-to-rail) and manifest rail loading. The facility will be served by BNSF Railways. Rangeland expects the terminal to be in service before the end of the year.

<http://www.rangelandenergy.com/news/rangeland-energy-acquires-land-southeast-new-mexico-large-crude-oil-frac-sand-terminal>

## **U.S. Oil Production Set to Surpass Imports for First Time Since 1995; Boom Expected to Push Domestic Output Above 8 MMb/d by End of 2014 – EIA**

<http://www.eia.gov/todayinenergy/detail.cfm?id=10451>

### **Natural Gas**

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#### **Southern Union Reports Two Leaks on 20-Inch Natural Gas Pipeline in Texas March 19**

Southern Union Pipeline reported it had to replace 125 feet of 20-inch steel pipe to repair 2 leaks and minimize future leaks on its natural gas pipeline running through Pecos County, according to a filing with the Texas Commission on Environmental Quality. External corrosion caused the leaks.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=180633>

#### **Equipment Malfunctions Shut Treating Unit, Two AGI Units at Enbridge's Tilden Gas Plant in Texas March 19**

Enbridge reported flaring at its Tilden plant Tuesday after a treating unit went down due to an overload on compression, according to a filing with the Texas Commission on Environmental Quality. In addition, programming malfunctions created a fault with alarms, which caused acid gas injector (AGI) Units 1 and 2 to go down on low suction pressure.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=180637>

#### **Thermal Oxidizer Glitch Shuts SRU at Enbridge's Teague Gas Plant in Texas March 19**

Enbridge reported emissions at its Teague plant on Tuesday after a malfunction on the thermal oxidizer flame scanner shut a sulfur recovery unit (SRU), according to a filing with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=180634>

#### **U.S. House Committee on Oversight and Government Reform Holds Hearing on the Department of Energy's Strategy for Exporting Liquefied Natural Gas March 19**

[http://www.downstreamtoday.com/news/article.aspx?a\\_id=38968](http://www.downstreamtoday.com/news/article.aspx?a_id=38968)

<http://www.reuters.com/article/2013/03/19/usa-lng-hearing-idUSL1N0CA44A20130319>

### **Other News**

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#### **Update: BOEM Holds 39 Million-Acre Oil and Gas Lease Sale in Central Gulf of Mexico March 20**

The Bureau of Ocean Energy Management on Wednesday held a nearly 39 million-acre oil and gas lease sale for the Central Gulf of Mexico that drew bids for tracts on the U.S. Outer Continental Shelf offshore Louisiana, Mississippi, and Alabama. Lease Sale 227 is the second under the Outer Continental Shelf Oil and Gas Leasing Program for 2012–2017, and the first of its five scheduled Central Gulf of Mexico lease sales. BOEM estimates the areas available under Lease Sale 227 could result in the production of up to 890 million barrels of oil and 3.9 trillion cubic feet of natural gas. BOEM will now evaluate each high bid on tracts to ensure the public receives fair market value before awarding a lease.

<http://www.doi.gov/news/pressreleases/obama-administration-holds-39-million-acre-oil-and-gas-lease-sale-in-central-gulf-of-mexico.cfm>

#### **Thief Steals 5,600-Pound Spool of Copper Wire from Pacific Gas & Electric Storage Yard in Fremont, California March 17**

[http://www.insidebayarea.com/breaking-news/ci\\_22819030/fremont-copper-thief-makes-off-more-than-25](http://www.insidebayarea.com/breaking-news/ci_22819030/fremont-copper-thief-makes-off-more-than-25)

## International News

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### Update: TEPCO Restores Power to Affected Facilities at Fukushima Dai'ichi Nuclear Power Plant in Japan by March 20

Tokyo Electric Power Co (TEPCO) on Wednesday said a rat found near a switchboard may have caused the previously reported power failure at its tsunami-damaged Fukushima Dai'ichi nuclear power plant on Monday, which left four fuel storage pools without fresh cooling water for a period of approximately 30 hours. Power was restored early on Wednesday at all nine affected facilities. The utility said it was still investigating the incident. <http://www.telegraph.co.uk/news/worldnews/asia/japan/9944340/Fukushima-power-outage-caused-by-rat.html>

## Energy Prices

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U.S. Oil and Gas Prices			
March 21, 2013			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	92.97	92.83	106.90
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	3.97	3.72	2.19

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 & 1:00 PM ET every Wednesday.

***Natural Gas Weekly Update*** from EIA

<http://www.eia.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM ET every Thursday.

### ENERGY ASSURANCE DAILY

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

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