



ENERGY ASSURANCE DAILY

Tuesday Evening, May 14, 2013

Electricity

New York Governor Announces Detailed Proposal for New Long Island Utility Company

New York Governor Andrew Cuomo on Monday released legislation for restructuring Long Island's utility operations, saying that in the aftermath of Superstorm Sandy, it was "undeniably clear" that the Long Island Power Authority (LIPA) status quo was unacceptable, and that the State needed to create a new Long Island utility system. LIPA currently provides power on Long Island through a services agreement with National Grid Plc that expires at the end of 2013. Public Service Electric & Gas Company (PSE&G) is already set to take over as the system's operator but the Governor's proposal will see that role expanded to take over most of the company's operations. LIPA will be reduced to a holding company with a small board, reduced from 15 members to 5 members, to remain government owned and eligible for U.S. Federal Emergency Management Agency and tax benefits. The Governor is also proposing creating a Long Island office of the Department of Public Service (DPS) with the authority to review the new utility's operations and issue recommendations. The new utility would be required to comply with strengthened DPS oversight, including a review process for proposed rates and storm response.

<http://www.governor.ny.gov/press/05132013New-Long-Island-Utility-Company>

<http://finance.yahoo.com/news/pseg-run-most-yorks-lipa-213118455.html>

<http://www.bloomberg.com/public-service-enterprise-to-run-long-island-power-authority-1-.html?cmpid=yahoo>

Update: ASLB Says San Onofre Confirmatory Action Letter Process Offers Opportunity for Adjudicatory Hearing

The Atomic Safety and Licensing Board (ASLB) on Monday announced it has decided the U.S. Nuclear Regulatory Commission's (NRC) Confirmatory Action Letter process regarding steam generator issues at the San Onofre nuclear power plant in California require an adjudicatory hearing, potentially lengthening the time the plant will have to remain shut. San Onofre discovered unexpectedly severe levels of wear in its steam generator tubes in early 2012, and the NRC issued the Confirmatory Action Letter in March 2012 to ensure the plant would appropriately explain and account for the steam generator wear before the plant could restart. In June 2012, Friends of the Earth asked the NRC to require an adjudicatory hearing. The Commission instructed the ASLB in November 2012 to examine whether the NRC's procedures mandated an adjudicatory hearing in this particular case. The Board concluded that this particular Confirmatory Action Letter process, in which San Onofre seeks to restart Unit 2, is effectively a license amendment proceeding.

<http://www.nrc.gov/reading-rm/doc-collections/news/2013/13-035.pdf>

<http://finance.yahoo.com/news/environmentalists-praise-fed-ruling-san-224638634.html>

IPL to Construct New 650 MW Combined-Cycle Unit at Its Eagle Valley Plant in Indiana; Retire or Refuel Existing Coal-Fired Units at Its Eagle Valley and Harding Stations

Indianapolis Power & Light Company (IPL) announced earlier this month that it has filed a request with the Indiana Utility Regulatory Commission (IURC) to build a new 650 MW combined-cycle gas turbine (CCGT) power station at its Eagle Valley Generating Station, in an effort to comply with new Mercury and Air Toxic Standards (MATS) set by the U.S. Environmental Protection Agency. Construction on the CCGT is scheduled to begin in 2014 with a completion date in 2017. IPL also plans to retire six existing coal-fired units at the Eagle Valley plant and retire or refuel four coal-fired units at Harding Street Generating Station, with a combined total of 600 MW of generation capacity. Plans are also underway to convert Harding Street Generating Units 5 and 6, totaling 200 MW, from burning coal to utilizing natural gas to create electricity. This project, which is also subject to IURC approval, could be completed by April 2016. IPL parent company AES Corp. recently said that if the IURC does not approve the Harding refueling project, IPL will likely retire the units because it would not be economical to install emissions controls on those units to comply with MATS rules.

http://www.iplpower.com/2013/IPL_announces_plans_to_build_state-of-the-art_power_plant/

<http://www.reuters.com/article/2013/05/13/utilities-aes-coal->

idUSL2N0DU1PH20130513?type=companyNews&feedType=RSS&feedName=companyNews&rpc=43

DP&L to Retire Six Coal-Fired Units Totaling 365 MW at Its Hutchings Power Plant in Ohio by June 2015

AES Corp. reported its Dayton Power & Light (DP&L) utility has told PJM Interconnection, the local power grid operator, that it plans to retire the six coal-fired units at the 390 MW Hutchings coal-, gas-, and oil-fired plant in Ohio. The six coal-fired units have a capacity of 365 MW. The 63 MW coal-fired Unit 4 is currently out of service with damage to a turbine and will be retired by June 2013. DP&L plans to retire Units 1, 2, 3, 5, and 6 by June 2015. DP&L said it investigated repowering the Hutchings units with natural gas but said the cost of investment exceeded the expected return.

<http://services.corporate-ir.net/SEC.Enhanced/SecCapsule.aspx?c=76149&fid=8807005>

<http://www.reuters.com/article/2013/05/13/utilities-aes-coal-idUSL2N0DU1PH20130513?type=companyNews&feedType=RSS&feedName=companyNews&rpc=43>

Entergy Declares Unusual Event at Its Grand Gulf Nuclear Power Plant in Mississippi Due to Fire on Auxiliary Transformer May 12

Entergy Nuclear declared an Unusual Event at its Grand Gulf Nuclear Station Sunday afternoon due to a fire lasting more than 15 minutes in an auxiliary transformer inside the Protected Area (PA), according to a filing with the U.S. Nuclear Regulatory Commission. Operators terminated the Unusual Event about 90 minutes later after electrically isolating the auxiliary transformer and after smoke ceased coming from the transformer. At no time were flames seen during this event. The transformer, which was installed during a recent power upgrade, is located outside of the turbine building and is used to supply various loads and office space during outages. The incident had no other impact on the plant; Grand Gulf Unit 1 continues to operate at 100 percent power.

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

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2013/20130513en.html>

<http://www.sunherald.com/2013/05/13/4661916/transformer-emits-smoke-at-grand.html#>

Update: FPL's 693 MW Turkey Point Nuclear Unit 3 in Florida Trips Due to Turbine Valve Malfunction May 10

Florida Power & Light (FPL) reported Unit 3 was stabilizing at 25 percent power during a controlled shutdown from an initial power level of 38 percent power Friday night when, prior to the planned insertion of the trip at 25 percent power, a malfunction of the turbine valves caused a loss of load, forcing operators to initiate a manual reactor trip, according to a filing with the U.S. Nuclear Regulatory Commission. Unit 3 is in a normal shutdown electrical lineup. The cause of the turbine valves malfunction is not known at this time. The incident has had no impact on Unit 4, which is exiting a planned refueling outage and continues to operate at 91 percent power.

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

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2013/20130513en.html>

Update: Wolf Creek's 1,165 MW Wolf Creek Nuke Unit 1 in Kansas Restarts by May 13, Ramps Up to 28 Percent by May 14

Wolf Creek 1 is returning from an outage that began on May 6, when operators shut the reactor due to an air conditioning unit malfunction. On the morning of May 13 the unit was operating at 1 percent.

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

Duke Energy's 900 MW Harris Nuclear Unit 1 in North Carolina Reduced to 75 Percent by May 14

On the morning of May 13 the unit was operating at full power.

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

San Miguel Restarts 410 MW San Miguel Natural Gas-Fired Unit 1 in Texas after a Brief Shutdown Due to Transformer Temperature Alarms May 12

San Miguel Electric Cooperative, Inc. reported it was restarting San Miguel Unit 1 Sunday morning after taking the unit offline on Unit Step-up Transformer temperature alarms, according to a filing with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=182700>

Update: AES's 336 MW Alamitos Natural Gas-Fired Unit 4 and 498 MW Gas-Fired Unit 5 in California Return to Service by May 13

Unit 4 returned from an unplanned outage that began by May 10, and Unit 5 returned from an unplanned outage that began by May 12.

<http://content.caiso.com/unitstatus/data/unitstatus201305131515.html>

Competitive Power Venture's 728 MW Sentinel Natural Gas-Fired Unit in California Returns to Service by May 13

The unit returned from an unplanned outage that began by May 1.

<http://content.caiso.com/unitstatus/data/unitstatus201305131515.html>

<http://content.caiso.com/unitstatus/data/unitstatus201305011515.html>

Thunderstorms Cut Power to More Than 22,000 Puget Sound Energy Customers in Washington May 13

Thunderstorms across Western Washington on Monday brought wind gusts that tore down trees and power lines, knocking out power to 22,338 Puget Sound Energy customers. The utility reported this morning that just under 5,000 customers remained without power.

http://seattletimes.com/html/localnews/2020980164_mondaystorm1.xml.html

<https://twitter.com/PSETalk>

Alleged Copper Thieves Cause Explosion, Local Power Outages in California May 10

<http://ktla.com/2013/05/11/two-would-be-copper-thieves-nearly-killed-in-anaheim-explosion/#axzz2TAzrchv2>

Petroleum

Sunoco Logistics Acquires Shuttered Marcus Hook Refinery in Pennsylvania to Anchor Its Mariner East Project, Create 'NGL Hub' near Marcellus and Utica Shale Regions

Sunoco Logistics Partners has acquired the shuttered Marcus Hook refinery, which had been owned by Sunoco Logistics' former parent company, Sunoco Inc., and processed 178,000 b/d of crude before it was closed in December 2011 due to poor economics. The Marcus Hook refinery, which has five deepwater berths, will become the anchor for Sunoco Logistics' Mariner East project, which will transport natural gas liquids (NGLs) through an existing pipeline from Western Pennsylvania for loading onto oceangoing vessels in Marcus Hook. The former refinery site already has five underground caverns to store NGLs, but the company plans to build some large refrigerated aboveground tanks for storing ethane. The Mariner East project is scheduled to go online in late 2014, but Sunoco Logistics is already bringing propane by truck and rail to Marcus Hook.

http://www.downstreamtoday.com/news/article.aspx?a_id=39488

<http://www.hydrocarbonprocessing.com/Latest-News/Sunoco-Logistics-acquires-Marcus-Hook-refinery.html>

Update: Double Eagle Begins Service on 100,000 b/d Condensate Pipeline Moving Eagle Ford Production to Corpus Christi, Texas

Double Eagle Pipeline LLC, a joint venture formed by Kinder Morgan Energy Partners, L.P. and Magellan Midstream Partners, L.P., on Tuesday announced it has begun moving Eagle Ford condensate from Three Rivers, Texas to Magellan's terminal in Corpus Christi. The startup of the condensate pipeline is part of a project that includes 140 miles of new 12-inch pipeline connecting an existing Kinder Morgan 50-mile, 14- and 16-inch pipeline. The initial capacity is 100,000 b/d, but it can be expanded to 150,000 b/d with more pumps. Double Eagle's new truck unloading and storage facility near Three Rivers has also started operations, the companies said. Double Eagle expects to finish the western leg of the project from Gardendale, Texas to Three Rivers in the third quarter.

<http://www.reuters.com/article/2013/05/14/us-doubleeagle-pipeline-startup-idUSBRE94D0KZ20130514>

Update: Sunoco Announces Binding Open Season for Proposed 60,000 b/d Eaglebine Express Crude Oil Pipeline in Texas

Sunoco Logistics Partners L.P. on Monday announced that Sunoco Pipeline L.P. will commence a binding open season for the previously announced Eaglebine Express pipeline, which will provide approximately 60,000 b/d of takeaway capacity for growing crude oil production in the Eaglebine and Woodbine regions to Nederland, Texas, including Sunoco Logistics' Nederland Terminal. Sunoco Logistics will convert a portion of its existing refined products MagTex pipeline into crude service and reverse the flow of the pipeline from Hearne, Texas to Nederland. Sunoco hopes to place the pipeline into service my mid-2014.

www.sunocologistics.com/eaglebineexpress

<http://www.sunocologistics.com/SiteData/docs/EaglebineE/6a6a2e3aed351913/Eaglebine%20Express%20-%20Open%20Season%20Launch%20Press%20Release%20v%20Final.pdf>

Kinder Morgan Announces Land Purchase, Plans to Construct Dock and Expand Terminal Capacity on Houston Ship Channel

Kinder Morgan Energy Partners, L.P. on Monday announced it will purchase approximately 20 acres adjacent to its Pasadena, Texas terminal; build nine new tanks with a storage capacity of 1.2 million barrels at its Galena Park terminal under long-term customer agreements; and construct a new barge dock that is expected to help relieve current barge congestion in the Houston Ship Channel. The purchased acreage will be used to support a future crude condensate and refined products terminal capable of handling ten 150,000-barrel tanks with a connection to the Explorer Pipeline. The new barge dock, which will enhance existing infrastructure at the Pasadena terminal, will provide additional capacity to handle up to 50 barges per month.

<http://phx.corporate-ir.net/phoenix.zhtml?c=119776&p=irol-newsArticle&ID=1818699>

ExxonMobil Reports No Impact to Production After HCU Upset at Its 572,500 b/d Baytown, Texas Refinery May 12

ExxonMobil Corp. on Tuesday said that a hydrocracking unit (HCU) malfunction at its Baytown refinery on Sunday has had no impact on production. Operators reported the HCU-1 Tower 810 experienced an upset Sunday afternoon that led to flaring, according to a filing with the Texas Commission on Environmental Quality. Emissions from two flare stacks, the HCU Tower, and HCU-1 continued for about 13 hours, the filing said. Operators had reported HCU and Hydroformer malfunctions in separate incidents at the refinery over the weekend, as well.

Reuters, 13:23 May 14, 2013

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=182743>

Distilling Unit Snag Causes Emissions at Shell's 329,800 b/d Deer Park, Texas Refinery May 13

Shell Oil Company reported the North Effluent Treaters at its Deer Park refinery received a large amount of oil from the desalters located at Distilling Unit 1 (DU-1), causing emissions from an aeration basin and DU-1 Monday night, according to a filing with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=182735>

BP Reports Sulfur Dioxide Emissions After In-line Heater Snag at Its 225,000 b/d Cherry Point, Washington Refinery May 11

BP Plc reported excess sulfur dioxide emissions from the sulfur plant at its Cherry Point refinery on Saturday after an in-line heater went down, according to a filing with Northwest Clean Air Agency.

Reuters, 16:45 May 13, 2013

Tesoro Reports Equipment Startup at Its 120,000 b/d Anacortes, Washington Refinery May 8

Tesoro Corp. reported an equipment startup at its Anacortes refinery on May 8, according to a filing with the Northwest Clean Air Agency. The filing also reports an equipment shutdown on May 6.

Reuters, 16:45 May 13, 2013

Natural Gas

Transco Shuts-In Gas at Ship Shoal in Louisiana to Repair Leak on Its Southeast Louisiana Lateral Natural Gas Pipeline May 13

Williams Cos Inc.'s Transcontinental Gas Pipeline Co LLC (Transco) on Monday said it was investigating a small leak on its Southeast Louisiana Lateral natural gas pipeline in Terrebonne Parish Louisiana and would be conducting unplanned maintenance to repair it. Gas at the Ship Shoal 28 D would not be available for flow to the Transco system until further notice, a website posting said. Operators isolated the 16-inch line after a methane leak was discovered near Mosquito Bay, Louisiana during a normal pipeline patrol, a spokesman said. One producer was affected by the shut-in of a very small amount of gas, according to the spokesman, who also confirmed that deliveries points north of the leak site had not been affected. There was no estimate on the length of repairs. Transco's 10,000-mile system has the capacity to carry 9.7 Bcf/d of supply from the Gulf Coast to New York City. <http://www.1line.williams.com/1Line/wgp/download?delvid=5063197&hfNoticeFlag=Y&hfDownloadFlag=false&hfFileName=download.html>
<http://www.reuters.com/article/2013/05/13/energy-williams-transco-idUSL2N0DU28Q20130513?type=companyNews&feedType=RSS&feedName=companyNews&rpc=43>

Other News

Nothing to report.

International News

Militants Blow Up Pipeline Carrying Crude Oil to Doura Refinery in Iraq May 14; Update: Repairs on Iraq-Turkey Export Pipeline Expected to Take Three Days

Militants on Tuesday blew up a section of an Iraqi pipeline that carries crude oil from Iraq's southern fields to the Doura oil refinery in Baghdad, an oil ministry official said. Officials declined to give details on the capacity of the domestic line or the impact that halting the flow could cause. Tuesday's blast marks the third attack on Iraq's crude pipelines since May 6, when its northern export pipeline to Turkey was damaged in a bomb attack. The Iraq-Turkey pipeline, which carries oil from Kirkuk oilfields to the Mediterranean port of Ceyhan, came under another attack on Monday, following a brief resumption of flows on Sunday evening. Repairs are expected to be completed in 3 days and pumping resumed, Iraqi officials said. With no oil flowing through the pipeline, oil tankers at the port of Ceyhan could be delayed by up to 17 days, shipping sources said.

Reuters, 05:34 May 14, 2013

Reuters, 11:17 May 14, 2013

http://www.rigzone.com/news/oil_gas/a/126470/Iraq_Oil_Exports_Suspended_after_Attack

Energy Prices

U.S. Oil and Gas Prices			
May 16, 2013			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	94.27	95.30	94.53
NATURAL GAS Henry Hub \$/Million Btu	3.87	3.93	2.37

Source: Reuters

Links

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

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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