



ENERGY ASSURANCE DAILY

Thursday Evening, May 16, 2013

Electricity

DC Mayor Accepts Recommendations from Power Line Undergrounding Task Force Established after Severe Derecho Thunderstorm Last June

Washington, DC Mayor Vincent Gray on Wednesday announced he has accepted the recommendations of his Power Line Undergrounding Task Force, which he established in August 2012 to address the significant power outages that District residents and businesses suffered as a result of the severe derecho thunderstorm system that left extensive wind damage across the region in June. The task force presented an interim report that calls for a multi-year program, which will cost an estimated \$1 billion in the first phase, to selectively underground up to 60 high-voltage lines that are most affected by storms and overhead-related outages. The move is expected to improve service for Pepco customers on those feeders by 95 percent. The task force recommended that the District and Pepco divide the cost equally. Pepco has developed a model evaluating the cost and benefits from undergrounding each overhead line in the District, and it will submit a plan to the Public Service Commission (PSC) for review and approval. The proposal will also require legislation to approve the undergrounding plan and authorize the PSC to approve a financing order for recovery of the costs associated with the District-issued bonds and for Pepco's costs.

<http://mayor.dc.gov/release/mayor-gray-accepts-interim-report-recommendations-power-line-undergrounding-task-force>

Hoboken Mayor Announces Infrastructure Initiatives to Address Flooding, Water, and Power Systems

Hoboken, New Jersey Mayor Dawn Zimmer on Wednesday announced major initiatives to upgrade Hoboken's infrastructure to address flooding, water distribution, and power resiliency. To improve the City's resiliency to power outages, the City of Hoboken is entering into a partnership with the U.S. Department of Energy, Sandia National Laboratories, and Public Service Electric & Gas Company (PSE&G) to design an energy resilient smart grid. The design methodology uses advanced, smart grid technologies and distributed and renewable generation and storage resources as a way to improve the reliability, security, and resiliency of the electric grid. The City has applied for approximately \$2 million in Hazard Mitigation grants to install permanent emergency backup generators at critical community facilities including the Hoboken Volunteer Ambulance Corps, City Hall, Fire Headquarters and stations, Police Headquarters, the Public Works Garage, Multi-Service Center, Wallace School (shelter), and radio repeaters for the Police and Fire Departments. The City strongly supports PSE&G's proposal to consolidate Hoboken's three substations into two and to elevate and protect the remaining two substations from flooding.

<http://www.hobokennj.org/2013/05/mayor-zimmer-announces-infrastructure-initiatives-to-address-flooding-water-power-systems/>

Tornadoes Cut Power to 18,000 Oncor Customers and 2,000 United Cooperative Services Customers in North Texas May 15

<http://www.nbcdfw.com/weather/stories/20000-Without-Power-After-Storms-Oncor-207697891.html>

Update: Duke Energy Shuts 900 MW Harris Nuclear Unit 1 in North Carolina May 15 to Repair Crack on Vessel Head Nozzle

Duke Energy reported that on May 13, during a secondary review of ultrasonic data of the Harris 1 reactor vessel head penetrations performed during the plant's spring 2012 refueling outage, operators determined that the results for one of the penetrations appeared not to meet applicable acceptance criteria, according to a filing with the U.S. Nuclear Regulatory Commission. Further evaluation of the flaw on May 15 revealed it is a 0.26 inch flaw on nozzle No. 49 and exhibits characteristics of primary water stress corrosion cracking. Initial evaluation indicates that the flaw is not through wall and there is no evidence of leakage based on inspections performed on the top of the reactor vessel head during the spring 2012 refueling outage. Operators shut the unit to make the necessary repairs.

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

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2013/20130516en.html>

NRC to Increase Oversight of FPL's 693 MW Turkey Point Nuclear Unit 3 in Florida after Three Unplanned Shutdowns in First Quarter

The U.S. Nuclear Regulatory Commission (NRC) announced today that it is increasing its oversight of Florida Power & Light's (FPL) Turkey Point Unit 3 after a number of unplanned shutdowns. After its quarterly review of plant performance in April, the NRC updated its assessment of Turkey Point Unit 3. The NRC evaluates inspection findings and performance indicators at commercial nuclear power plants with a color-coded system which classifies them as green, white, yellow, or red, in increasing order of safety significance. Turkey Point 3 has crossed the green-to-white threshold because it experienced three unplanned shutdowns in the first quarter this year. The NRC will conduct a supplemental inspection to provide assurance that the causes of the shutdowns are understood, to identify the extent of condition, and to ensure FPL's corrective actions are sufficient.

<http://www.nrc.gov/reading-rm/doc-collections/news/2013/13-037.ii.pdf>

Update: Wolf Creek's 1,165 MW Wolf Creek Nuclear Unit 1 in Kansas at Full Power by May 16

Wolf Creek 1 returned to full power after an outage that began on May 6, when operators shut the reactor due to an air conditioning unit malfunction. Operators restarted the unit on May 13.

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

Entergy Nuclear's 966 MW River Bend Nuclear Unit 1 in Louisiana Reduced to 89 Percent by May 16

On the morning of May 15 the unit was operating at full power.

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

Update: AES's 498 MW Alamitos Natural Gas-Fired Unit 5 in California Returns to Service by May 15

The unit returned from an unplanned outage that began by May 14.

<http://content.caiso.com/unitstatus/data/unitstatus201305151515.html>

PG&E's 668 MW Colusa Natural Gas-Fired Unit in California Returns to Service by May 15

The unit returned from a curtailment of 338 MW that began by May 13 and was due to both planned and unplanned causes.

<http://content.caiso.com/unitstatus/data/unitstatus201305151515.html>

Update: NRG's 215 MW Mandalay Natural Gas-Fired Unit 1 in California Returns to Service by May 15

The unit returned from an unplanned outage that began by May 14.

<http://content.caiso.com/unitstatus/data/unitstatus201305151515.html>

AES's 496 MW Redondo Natural Gas-Fired Unit 8 in California Shut by May 15

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201305151515.html>

Calpine's 525 MW Sutter Natural Gas-fired Unit in California Reduced by May 15

The unit entered an unplanned curtailment of 255 MW.

<http://content.caiso.com/unitstatus/data/unitstatus201305151515.html>

Luminant's 593 MW Big Brown Coal-Fired Unit 1 in Texas Shuts on Low Water Wall Flow Signal May 14

Luminant reported Big Brown Unit 1 tripped automatically while at load Tuesday night due to low water wall flow signal, according to a filing with the Texas Commission on Environmental Quality. The Honeywell boiler control system trips the unit automatically to prevent further damage to the boiler tubes. Emissions from the Unit 1 boiler stack and from Unit 1 continued for approximately 8 hours.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=182814>

NRC Issues Draft Environmental Report for Exelon's License Renewal Application at Its Limerick Nuclear Power Plant in Pennsylvania

The U.S. Nuclear Regulatory Commission (NRC) on Wednesday announced it is seeking public comments on a draft report that assesses the environmental impacts of extending the license of the Exelon's Limerick nuclear power plant in Pennsylvania. Exelon submitted a license renewal application for the plant on June 20, 2011. The current operating licenses for Limerick Units 1 and 2 expire on October 26, 2024 and June 22, 2029, respectively. Under NRC regulations, the original operating license for a nuclear power plant has a term of 40 years. The license may be renewed for up to an additional 20 years if NRC requirements are met. The NRC issued a Draft Environmental Impact Statement on April 30. Based on its review, the NRC staff has preliminarily recommended that the Commission determine the adverse environmental impacts of license renewal for the Limerick plant are not so great that preserving the option of license renewal for energy planning decision-makers would be unreasonable.

<http://www.nrc.gov/reading-rm/doc-collections/news/2013/13-024.i.pdf>

Petroleum

Colonial Resumes Normal Rates on Its Line 1 Gasoline Pipeline after Leak in Texas Forces Brief Shutdown May 15

Colonial Pipeline reported it resumed normal rates on its Line 1 gasoline pipeline downstream of Herbert, Texas after a brief shutdown of the pipeline on Wednesday, a spokesman said. The pipeline was shut down for an hour on Wednesday after a small amount of gasoline was detected at a location between Houston, Texas, where the line originates, and Herbert, Texas. That part of the pipeline remained shut late Wednesday night while the company worked to find and repair the source of the leak. The line is running at normal levels from Herbert to its end-point in Greensboro, North Carolina.

Reuters, 11:06 May 16, 2013

Update: PHMSA Upholds Corrective Action Order Preventing ExxonMobil from Restarting Its 90,000 b/d Pegasus Crude Oil Pipeline

The U.S. Pipeline and Hazardous Materials Safety Administration (PHMSA) on May 10 issued a post-hearing decision upholding an April 2 corrective action order issued to ExxonMobil Pipeline Company regarding the restart of its 90,000 b/d Pegasus crude oil pipeline, which has been shut since March 29, when it ruptured and spilled 5,000 barrels of oil in Mayflower, Arkansas. The pipeline delivers about crude oil to Gulf Coast refineries from Patoka, Illinois. ExxonMobil requested changes to the corrective action order in a hearing held May 2, when it told PHMSA officials that a 211-mile southern section of the pipeline presented less risk because it was constructed more recently than the northern leg, which leaked in Mayflower on March 29 and in Doniphan, Missouri on April 30. PHMSA responded that the newer section, built in 1954, had a seam failure during a prior hydrostatic test and kept the corrective action order preventing the line's restart in place, with modifications to future limitations on pressure. ExxonMobil has not yet provided a timeline for restarting Pegasus or filed a plan to return it to service.

http://www.phmsa.dot.gov/staticfiles/PHMSA/DownloadableFiles/Enforcement%20Notices/420135006H_CAO.pdf

<http://www.bloomberg.com/news/2013-05-15/exxon-pegasus-pipeline-shutdown-kept-in-place-by-u-s-regulator.html?cmpid=yhoo>

BP Reports Leak from 12-Inch Crude Oil Pipeline in Illinois May 15

BP Plc reported a leak from a 12-inch crude oil pipeline in Marshall County, Illinois, according to a filing with the Illinois Emergency Management Agency. Operators were working to determine the cause of the leak, and to excavate and fill or remove the pipeline, the filing said.

Reuters, 04:04 May 16, 2013

Wolverine Terminals to Construct 425,000-Barrel Crude Oil Terminal and Blending Operation in Louisiana

Louisiana Governor Bobby Jindal and Wolverine Terminals LLC General Manager Terry Wilson on Wednesday announced the company plans to build a crude oil terminal and blending operation on a 15-acre Mississippi River site in St. James Parish. The project will construct five crude oil storage tanks with a total capacity of 425,000 barrels, and it will make rail and dock facility improvements to enable the facility to receive crude oil shipments by rail from Canadian and U.S. locations and to ship blended oil products via barge to domestic customers.

Construction will begin in the third quarter of 2013 and be completed by the end of the second quarter in 2014.

<http://gov.louisiana.gov/index.cfm?md=newsroom&tmp=detail&articleID=4040>

Enbridge Threatens to Shut 80,000 b/d Berthold Oil Rail Terminal in North Dakota over Hydrogen Sulfide Dispute

Enbridge Energy Partners said it may be forced to shut down an 80,000 b/d oil-loading rail terminal in North Dakota unless the amount of hydrogen sulfide in crude oil delivered to the facility is reduced. Last week, Enbridge asked the U.S. Federal Energy Regulatory Commission (FERC) to restrict the amount of hydrogen sulfide in delivered crude after a very large concentration of the gas was discovered in a tank at Berthold, North Dakota on May 5. Plains Marketing, which ships crude oil on Enbridge's North Dakota system and into the Enbridge rail terminal, objected to the request. Enbridge argued that without the new limits its employees who stand on top of rail tank cars to pump crude at its terminal could be exposed to harmful vapors. Exposure to hydrogen sulfide at 50 parts per million (ppm) or above could cause shock, convulsions, coma, or death. The company said it found 1,200 ppm in one of its tanks, and it is seeking to limit the amount of the gas in delivered crude to 5 ppm. Plains is arguing that other pipeline companies set a limit of 10 ppm. Enbridge said if the hydrogen sulfide continues at the levels found on May 5, it will shut the rail facility served by the Berthold terminal.

<http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=13258979>

<http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=13255310>

<http://www.reuters.com/article/2013/05/15/enbridge-berthold-idUSL2N0DW2OI20130515?feedType=RSS&feedName=financialsSector&rpc=43>

North Dakota Oil Production Hits New High at 782,800 b/d in March

The North Dakota Department of Mineral Resources on Wednesday reported oil production in the State increased slightly in March, hitting a new all-time high of 782,800 b/d despite bad weather that hampered drilling and well completions. The State forecasts production of 850,000 b/d by early 2014.

Reuters, 12:43 May 15, 2013

<https://www.dmr.nd.gov/oilgas/directorscut/directorscut-2013-05-15.pdf>

Unspecified Operational Change Causes Emissions, PSV Release at Lyondell's 270,600 b/d Houston, Texas Refinery May 15

LyondellBassell subsidiary Houston Refining LP reported flaring and a pressure safety valve (PSV) release from its Houston refinery Wednesday was due to an operational change, according to a filing with the Texas Commission on Environmental Quality. Operational adjustments were made to minimize emissions, which were reported from Unit 231 and the No. 4 Plant Flare.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=182881>

Pasadena Refining Shuts Unit Following Unspecified Upset at Its 100,000 b/d Pasadena, Texas Refinery May 15

Pasadena Refining System Inc. reported it shut an unspecified unit following an upset at its Pasadena refinery on Wednesday, according to a message on a community information line.

Reuters, 21:33 May 15, 2013

Natural Gas

Millennium Pipeline Announces Open Season for Expanded Natural Gas Service in New York

The Millennium Pipeline Company on May 8 announced a non-binding open season for firm transportation service under its existing rate schedule to be made available through the use of currently existing capacity and construction of at least one compressor station and approximately 60 miles of new pipeline that would connect to the Dominion Transmission system near Cortland, New York and the Tennessee Gas Pipeline's 200 Line near Syracuse, New York. The current Millennium Pipeline runs nearly 200 miles along the New York-Pennsylvania border, transporting natural gas produced in areas including Pennsylvania's Marcellus Shale eastward to major metropolitan markets. Following the end of the solicitation period on May 31, the company will decide whether to file formal applications with State and Federal regulatory agencies in a permitting process that may take more than a year.

http://www.millenniumpipeline.com/documents/MPC_UpstatePipeline_OpenSeasonAnnounce_5_8_13.pdf

<http://www.pressconnects.com/article/20130515/NEWS01/305150060/Company-studying-pipeline-extension>

Other News

Nothing to report.

International News

Pemex to Triple U.S. Natural Gas Imports with Los Ramones Pipeline

State-owned Pemex says the Los Ramones natural gas pipeline currently under construction will allow gas imports from the United States to triple, to around 3 Bcf/d by 2015, helping to meet increasing demand by industry for the relatively cheap fuel. The Los Ramones pipeline that will carry gas from southern Texas to the central Mexican state of Guanajuato, which is a hub for the Mexican auto industry. Pemex plans to release bidding rules next week for the longest part of the pipeline, a 460-mile stretch from Nuevo Leon to Guanajuato. The first two sections of the pipeline have already been assigned, including the 124-mile section from the Agua Dulce gas hub in Texas to the Mexican border, and the 71-mile section from the border to the Ramones gas hub in Nuevo Leon state.

<http://www.hydrocarbonprocessing.com/Article/3206466/Latest-News/Pemex-to-triple-US-gas-imports-with-new-pipeline.html>

Shell to Start Production at Iraq's Majnoon Oilfield 'Around Mid-Year' and Increase to 175,000 b/d by Year-End

Royal Dutch Shell Plc will start producing crude at Iraq's Majnoon oilfield as early as next month, its regional vice president said. Output from Majnoon will start "around mid-year" and increase to 175,000 b/d by the end of 2013. Shell has faced problems at Majnoon, mainly due to the unexpected quantities of unexploded munitions at the field, customs-related delays of imported equipment, and slow processing of entry visas. Shell is lead operator of Majnoon, with a 45 percent share, while Malaysia's Petroliaam Nasional Bhd, known as Petronas, has a 30 percent stake and Iraq's government holds the remainder. The field contains estimated reserves of 12 billion barrels of crude and 9.5 trillion cubic feet of gas.

<http://www.bloomberg.com/news/2013-05-16/shell-to-start-iraq-oil-output-amid-plans-for-saudi-investments.html?cmpid=yhoo>

Protesters Close Zueitina Oil Terminal in Libya May 15, Halting Exports

Protesters and disgruntled job seekers forced the closure of the Zueitina terminal in eastern Libya on Wednesday for the second time in 6 months, disrupting exports, an oil official said. The terminal processes 20 percent of Libya's 1.6 MMb/d of exports. Oil and condensate production at Zueitina Oil Company remained shut-in Thursday, according to two employees, after protesters stormed the terminal on Wednesday. The firm produces between 60,000 and 70,000 b/d of oil and condensate. The terminal also handles other companies' oil exports, including Italy's Eni and Germany's Wintershall. Neither of those companies was immediately available to say whether deliveries had been affected. Protesters forced the closure of the terminal in December for 6 weeks over labor disputes, and flows were again halted by a pipeline explosion in early April.

Reuters, 09:01 May 16, 2013

<http://abcnews.go.com/International/wireStory/protesters-close-libyan-oil-terminal-halt-exports-19187239>

Shell Declares Force Majeure for Nigeria LNG Due to Leak on Pipeline

Royal Dutch Shell Plc declared force majeure on gas supplies to the Nigeria Liquefied Natural Gas (LNG) liquefaction plant on Wednesday, citing a leak along the Eastern Gas Gathering System (EGGS) near Awoba in Rivers State. Shell shut down its Soku and Gbaran Ubie gas export via the EGGS1 pipeline. Some 1.5 billion standard cubic feet of gas per day is currently impacted.

<http://www.shell.com/global/aboutshell/media/news-and-media-releases/2013/spdc-declares-force-majeure-on-gas-supplies-to-nlng.html>

Energy Prices

| U.S. Oil and Gas Prices | | | |
|--|-------|----------|----------|
| May 16, 2013 | | | |
| | Today | Week Ago | Year Ago |
| CRUDE OIL West Texas Intermediate U.S. \$/Barrel | 95.19 | 95.78 | 92.78 |
| NATURAL GAS Henry Hub \$/Million Btu | 4.03 | 3.86 | 2.38 |

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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