



# ENERGY ASSURANCE DAILY

Friday Evening, June 22, 2012

## *Electricity*

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### **ERCOT Projects Record Power Demands across Texas Next Week amid High Temperature Forecasts; Says It Has Adequate Resources to Meet Demand**

The Electric Reliability Council of Texas (ERCOT) is projecting record June demand next week, as temperatures are forecast to hit the upper 90s and low 100s across the state. ERCOT said peak-hour power consumption could exceed 66,000 MW Monday afternoon, surpassing the monthly records for June of last year and straining the state's electric resources. Demand could remain at near-record levels through mid-week, depending on whether a storm building in the Gulf of Mexico develops over the weekend. ERCOT expects to have adequate generation and surplus resources available without having to impose emergency programs, such as curtailing power to certain industrial customers or implementing broader rolling outages. An ERCOT representative said its expectations take into account current outages and the possibility of losing additional resources in the first heat wave of summer.

Reuters, 19:57 June 21, 2012

### **Update: NRC Approves FirstEnergy's Root Cause Analysis of Shield Building Cracks at Its 882 MW Davis-Besse Nuclear Power Plant in Ohio**

The U.S. Nuclear Regulatory Commission (NRC) has completed its review of FirstEnergy's causal analysis of, and proposed corrective actions for, cracks in the shield building at the Davis-Besse Nuclear Power Station. FirstEnergy concluded that cracks in the shield building were caused by environmental factors that resulted from the 1978 blizzard; the lack of moisture protective coating; and certain aspects of the shield building's design. The NRC has determined the report established a sufficient basis for its conclusions, and it is developing a program of short-term and long-term inspections to make sure FirstEnergy implements the corrective actions outlined in the root cause analysis in a thorough and timely manner.

<http://www.nrc.gov/info-finder/reactor/davi.html>.

<http://www.nrc.gov/reading-rm/doc-collections/news/2012/12-023.iii.pdf>

### **Constellation Reduces 1,120 MW Nine Mile Point Nuclear Unit 2 in New York to 58 Percent June 21 Due to Fire on Feedwater Pump**

Constellation Energy reported it extinguished a fire Thursday afternoon at one of the running reactor feedwater pumps at its Nine Mile Point nuclear Unit 2. Operators lowered reactor power and removed the feedwater pump from service, declaring an Unusual Event in a filing with the U.S. Nuclear Regulatory Commission. The fire appeared to have started from oil-soaked lagging and was still under investigation, according to the filing. Unit 1 was not affected.

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

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2012/20120622en.html>

### **Update: Exelon's 1,163 MW Byron Nuclear Unit 1 in Illinois at Full Power by June 22**

On the morning of June 21 the unit was operating at 83 percent.

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

### **Update: Entergy's 966 MW River Bend Nuclear Unit 1 in Louisiana at Full Power by June 22**

Entergy's River Bend nuclear unit is returning from an outage that began May 24, when operators manually shut down the reactor after an electrical fault occurred in a main feedwater pump.

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

## **GenOn's 775 MW Ormond Beach Gas-Fired Unit 2 in California Shut by June 21**

The unit entered an unplanned outage.

<http://content.aiso.com/unitstatus/data/unitstatus201206211515.html>

## **Cape May Holdings to Shut 163 MW B.L. England Coal-Fired Unit 1 in New Jersey by Fall 2013; Convert 163 MW Unit 2 and 176 MW Unit 3 to Burn Natural Gas by 2016**

RC Cape May Holdings LLC will shut one coal-fired unit at the B.L. England power plant in Cape May County, New Jersey and convert two others units to burn natural gas in an effort to reduce pollution, the New Jersey Department of Environmental Protection announced Thursday. The company plans to cease the operation of its 136 MW coal-fired Unit 1 by fall 2013. The 163 MW Unit 2, which currently burns coal, and 176 MW Unit 3, which burns fuel oil and only operates during peak demand periods, are to be converted to burn natural gas by May 2016. Unit 2 is to be shut down by May 2015 to allow for the conversion. The overall capacity of the plant will remain at 450 MW and could increase to about 570 MW, according to an executive at RC Cape May.

[http://www.state.nj.us/dep/newsrel/2012/12\\_0070.htm](http://www.state.nj.us/dep/newsrel/2012/12_0070.htm)

## **Update: Union Workers Reject Labor Contract at Entergy's Pilgrim Nuclear Power Plant in Massachusetts; Next Steps Unclear**

The Utility Workers Union of America Local 369 announced Wednesday its members voted to reject a tentative 4-year contract with Entergy Corp. for labor terms at the Pilgrim Nuclear Power Station in Plymouth, Massachusetts. Earlier this month, Entergy locked out union workers and implemented a contingency staffing plan at the plant after it failed to reach agreement for a new contract. Entergy now says its next steps are unclear, but it favors federal mediation.

<http://finance.yahoo.com/news/entergy-nuclear-plant-union-rejects-142938756.html>

## **DOI Approves K Road's 350 MW Moapa Solar Energy Project in Nevada**

The U.S. Interior Department yesterday approved a 350 MW solar energy project on tribal trust land of the Moapa Band of Paiute Indians (Tribe) in Clark County, Nevada. The decision approves the construction, operation, and maintenance of a photovoltaic facility and associated infrastructure on about 2,000 acres of the Tribe's reservation, located 30 miles north of Las Vegas. Proposed by K Road Moapa Solar LLC, the project would be built in three phases of 100–150 MW. In addition to PV panel arrays, major project components include a 500-kV transmission line to deliver power to the grid and a 12-kV transmission line to the existing Moapa Travel Plaza after Phase 1 is complete. Phase 1 is targeted for commercial operation in 2014.

<http://www.doi.gov/news/pressreleases/Salazar-Approves-First-Ever-Commercial-Solar-Energy-Project-on-American-Indian-Trust-Lands.cfm>

<http://www.kroadpower.com/secondary.asp?pageID=3>

## **CPUC Approves SDG&E's East County Substation Project along 500-kV Sunrise Powerlink in California**

The California Public Utilities Commission (CPUC) yesterday approved San Diego Gas & Electric's (SDG&E) East County (ECO) Substation Project, a development that involves two electric substations along SDG&E's Southwest Powerlink transmission line that will help boost electric reliability in the region. The project will include a new 58-acre, 500/230/138-kV substation in Jacumba, California and the reconstruction and modernization of an existing 50-year-old substation in the town of Boulevard, California. The two electric substations will be interconnected by a 14-mile 138-kV transmission line. Construction is expected to begin later this year. The initial build out of the ECO substation project will accommodate a total of approximately 1,100 MW of fully deliverable renewable resources.

<http://www.marketwatch.com/story/cpuc-approves-sdges-east-county-eco-substation-project-2012-06-21>

## **FERC Chairman Urges Utilities to Follow Vegetation Management Best Practices**

The U.S. Federal Energy Regulatory Commission (FERC) Chairman Jon Wellinghoff yesterday released a statement on vegetation management best practices, noting a recurring cause in many blackouts has been vegetation-related outages. Wellinghoff points out that while environmental issues, property rights and costs, and other factors are all important elements of a company's vegetation management program, the most successful programs engage property owners in an adequate, timely, and forthright manner and work cooperatively with property owners. The current reliability standard on transmission vegetation management, FAC-003, requires both a formal transmission vegetation management plan and an annual plan for vegetation management work. Wellinghoff urges companies to make these plans available to the public, including the affected landowners, by posting them on their websites.

[http://elibrary.ferc.gov/idmws/file\\_list.asp?accession\\_num=20120621-3060](http://elibrary.ferc.gov/idmws/file_list.asp?accession_num=20120621-3060)

### **U.S. Gulf Coast Offshore Interests Evacuate Non-Essential Workers, Monitor Weather as National Hurricane Center Forecasts Potential Tropical Storm over Weekend**

The U.S. National Hurricane Center (NHC) reported Friday afternoon that a low-pressure system just north of the Yucatan Peninsula has a 70-percent chance of becoming a tropical cyclone during the next 48 hours, as it begins to move slowly northward, according to a notice posted on its website. The system is expected to become Tropical Storm Debby by Saturday, the NHC said. The notice indicates that interests along the U.S. Gulf Coast should monitor the progress of the disturbance through the weekend. As a precaution, the Louisiana Offshore Oil Port was removing non-essential workers from operations about 20 miles offshore. Anadarko Petroleum and Murphy Oil Corp. began evacuating some non-essential personnel from offshore installations, but the companies said their production was unaffected. Royal Dutch Shell said it was monitoring the situation. About 6 percent of U.S. gas production and just over 20 percent of U.S. oil production come from the Gulf of Mexico.

Reuters, 07:33 June 22, 2012

[http://www.nhc.noaa.gov/gtwo\\_atl.shtml](http://www.nhc.noaa.gov/gtwo_atl.shtml)

<http://www.msnbc.msn.com/id/47904893/ns/weather/>

### **Pipeline Operators' Integrity Management Programs Need More Rigorous PHMSA Oversight – DOT Inspector General**

The U.S. Department of Transportation's (DOT) Office of Inspector General on Monday issued a report on the Pipeline and Hazardous Materials Safety Administration's (PHMSA) oversight of hazardous liquid pipeline operators' integrity management (IM) programs. These programs include plans, processes, and procedures aimed at reducing the likelihood and severity of pipeline accidents in High Consequence Areas. The report concludes PHMSA must improve its inspections, onsite accident investigations, and oversight of non-line pipe facilities (e.g., valves, pump stations, storage tanks). DOT has made nine recommendations to improve PHMSA's oversight; PHMSA concurred with seven and partially concurred with two. An administrator of the pipeline office largely agreed with the DOT's suggestions, but said that to achieve the kinds of improvements needed the agency would have to add 120 inspection and enforcement staff—an increase requested in next year's federal budget.

<http://www.oig.dot.gov/library-item/5840>

<http://www.sltrib.com/sltrib/politics/54336747-90/pipeline-oil-agency-audit.html.csp>

### **Cook Inlet Energy to Build 90,000 b/d Trans-Foreland Crude Oil Pipeline in Alaska**

Cook Inlet Energy is forming plans to build an 8-inch, 90,000 b/d trans-Foreland pipeline to connect west-side Cook Inlet production with east-side processing facilities, a task currently accomplished by tankers. An executive at the company said last week the project has been in the works for several years, but planners are currently working through the engineering, permitting, and rights-of-way in hopes of having the pipeline installed by May 2014 and commissioned shortly thereafter. The oil pipeline announcement complements Hilcorp Alaska's plans to reopen the Drift River terminal at Cook Inlet, which will allow oil producers to store crude oil in tanks and pump it into tankers that haul it across the inlet to the Tesoro processing facility.

[http://homernews.com/stories/062012/business\\_pipeline.shtml](http://homernews.com/stories/062012/business_pipeline.shtml)

### **BP Reports Normal Operations after Extinguishing a Fire at Its 413,000 b/d Whiting, Indiana Refinery June 21**

BP Plc reported it extinguished a fire about an hour after it started at its Whiting refinery Thursday morning. A spokesman said the plant was operating normally following the incident.

<http://in.reuters.com/article/2012/06/21/energy-markets-products-idINL1E8HLIPO20120621>

### **Shell Reports Crude Oil Piping Leak at Its 329,800 b/d Deer Park, Texas Refinery June 20**

Shell reported a leak was discovered on crude oil piping near tanks A-327 and A-328 at its Deer Park refinery Wednesday afternoon, according to a filing with the Texas Commission on Environmental Quality. Approximately 285 barrels of crude oil were spilled, the filing said. Operators isolated the leak and were planning repairs at the time of the filing.

<http://www11.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=170063>

### **Shell Restarts Unspecified Unit at Its 100,000 b/d Scotford, Alberta Refinery June 21**

Royal Dutch Shell Plc said it was restarting an unspecified unit at its Scotford refinery near Edmonton, Alberta, according to a notice on a community information line. Shell said the startup might result in intermittent flaring for the next 2 days, but there was no production impact associated with the activity.

Reuters, 18:40 June 21, 2012

### **Regency Reports AGI Compressor Shutdowns at Its 290 MMcf/d Waha Gas Plant in Texas June 20**

Regency Energy Partners reported that source natural gas with excess carbon dioxide (CO<sub>2</sub>) caused an acid gas injector (AGI) compressor at its Waha gas plant to shut down on a fifth-stage over-pressure alarm six times in a nearly 3-hour period June 20, according to a filing with state regulators. When the unit shut, acid gas was routed to the flare. Operators were trying to determine the source of the CO<sub>2</sub> at the time of the filing. Regency asked other producers to reduce their flow of supply to the plant in the meantime.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=169977>

### **Southern Union Reports Flaring Due to Multiple Causes at Its Keystone Gas Plant in Texas June 20**

Southern Union Gas Services reported its Keystone gas plant was flaring low-pressure gas early Wednesday morning after Engine No. 23 Cat went down due to an antifreeze leak, according to a filing with the Texas Commission on Environmental Quality. Workers also reported flaring after a thermocouple on “A” bed shorted out Wednesday afternoon, causing a false high temperature, which shut the sulfur recovery unit (SRU). Operators repaired the thermocouple and restarted the SRU.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=170009>

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=170031>

### **Power Failure, Compressor Motor Fault Shut AGI Units at Enbridge’s Tilden Gas Plant in Texas June 21**

Enbridge reported acid gas injector (AGI) Units 1 and 2 went down due to power failure during the day Thursday, and then shut again due to compressor motor fault overnight Thursday–Friday, according to filings with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=170094>

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=170093>

## **Other News**

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### **U.S. Ethanol Producers Launch Corn Oil-Extraction Strategies to Offset Poor Margins**

More than half of U.S. ethanol producers are estimated to have launched corn oil-extraction strategies, in an effort to offset poor margins due to costly, dwindling corn supplies, lackluster demand for ethanol, and the expiration of a blender’s tax credit. To do so, producers capture corn oil from the residual grains and solubles left over from the fuel refinery process and sell oils that can be used for human consumption and for biodiesel.

<http://in.reuters.com/article/2012/06/21/usa-ethanol-oil-idINL1E8HLBIH20120621>

## **International News**

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### **Yemeni Soldiers Deployed to Protect Natural Gas Pipeline Feeding Yemen LNG Export Terminal from Further Attacks – Energy Minister**

<http://www.chicagotribune.com/news/sns-rt-us-energy-yemen-lngbre85k119-20120621.0.2456947.story>

## Energy Prices

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U.S. Oil and Gas Prices			
June 22, 2012			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	79.15	84.14	94.95
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	2.48	2.20	4.42

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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