



U.S. DEPARTMENT OF ENERGY
Office of Electricity Delivery and Energy Reliability
Infrastructure Security and Energy Restoration

ENERGY ASSURANCE DAILY

Tuesday Evening, July 13, 2010

Major Developments

Update: BP Completes Installation of New Sealing Cap at Blown-Out Well in Gulf of Mexico July 12

BP installed a three ram capping stack on the Deepwater Horizon Lower Marine Riser Package (LMRP) at 7 PM CDT on July 12, marking the completion of the installation of the new sealing cap. The company planned to begin testing the well on July 13 and projected the test to last between 6 and 48 hours. During the test, the three ram capping stack was expected to be closed and all sub-sea containment systems temporarily suspended, effectively shutting in the well. BP expected – although could not assure – that no oil would be released to the ocean for the duration of the test. Should that be the case, however, the company said it would not be an indication that flow from the wellbore had been permanently stopped. If tests suggest the well is intact, BP and government scientists could opt to leave the cap valves closed; that, according to the New York Times, would effectively shut the well.

http://www.nytimes.com/2010/07/14/us/14cap.html?_r=1&hp

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7063637>

<http://www.deepwaterhorizonresponse.com/go/doc/2931/778111/>

<http://www.deepwaterhorizonresponse.com/go/doc/2931/777215/>

Update: BP Launches Helix Producer Containment System at Blown-Out Well in Gulf of Mexico

The Helix Producer containment system began operations on July 12, but BP expected to temporarily suspend the system, beginning July 13, as it tested a new sealing cap at the blown-out MC252 well in the Gulf of Mexico. The system is slated to collect as much as 25,000 b/d of oil, according to the New York Times

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7063637>

http://www.nytimes.com/2010/07/14/us/14cap.html?_r=1&hp

<http://www.deepwaterhorizonresponse.com/go/doc/2931/778111/>

<http://www.deepwaterhorizonresponse.com/go/doc/2931/777215/>

Electricity

Storm Knocks Out Power to More than 50,000 BGE Customers in Maryland July 12-13

A storm knocked out power to 50,615 Baltimore Gas and Electric Company (BGE) customers in Maryland on July 12-13, company and news sources reported. Just 3,774 customers remained without power, as of latest reports.

<http://www.bge.com/portal/site/bge/menuitem.42d31413f80c584606370f10d66166a0/>

<http://www.wbalTV.com/news/24236294/detail.html>

Update: After Weekend Storms, KCP&L Restores Power to Most Customers in Missouri and Kansas by July 13

Storms knocked out power to more than 32,000 KCP&L customers in Missouri and Kansas on July 11, but the company had restored power to all but 1,580 customers as of July 13, news and company sources reported.

<http://www.kansascity.com/2010/07/12/2077561/kcpl-still-has-4500-customers.html>

http://www.kcpl.com/kcmaps/frameset_menus.htm

NRG Energy Restarting 831 MW Limestone Coal-Fired Unit 1 in Texas July 13-14

The company was restarting the unit on July 13-14, it said in a filing with state regulators. The unit tripped on July 11-12 as workers inspected a condenser water box, according to a previous filing.

<http://www11.tceq.state.tx.us/oce/eeer/index.cfm?fuseaction=main.getDetails&target=142216>

<http://www11.tceq.state.tx.us/oce/eeer/index.cfm?fuseaction=main.getDetails&target=142171>

TVA's 1,155 MW Browns Ferry Nuclear Unit 1 in Alabama Reduced to 60 Percent by July 13

The Nuclear Regulatory Commission reported that on the morning of July 12 the unit was operating at 94 percent.

Information 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 Reduced to 65 Percent by July 13

The Nuclear Regulatory Commission reported that on the morning of July 12 the unit was operating at full power.

Information derived from the NRC Power Reactor Status Reports:

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

FPL's 839 MW Saint Lucie Nuclear Unit 1 in Florida Reduced to 80 Percent by July 13

The Nuclear Regulatory Commission reported that on the morning of July 12 the unit was operating at full power.

Information derived from the NRC Power Reactor Status Reports:

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

FPL's 512 MW Point Beach Nuclear Unit 2 in Wisconsin Shuts and Restarts over Weekend

Operators shut the unit from about 64 percent power on July 9 "due to a feedwater regulating valve failure," the company said in a filing with the Nuclear Regulatory Commission (NRC). The unit returned to 99 percent power by the morning of July 11, and 100 percent power by the morning of July 12, according to separate NRC reports.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20100712en.html>

Information also derived from the NRC Power Reactor Status Reports:

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

Update: AES's 226 MW Huntington Beach Gas-Fired Unit 1 in California Ramps Up by July 12

According to the California Independent System Operator, the unit reported a return from an unplanned curtailment of 111 MW.

<http://www.caiso.com/unitstatus/data/unitstatus201007121515.html>

Update: AES's 226 MW Huntington Beach Gas-Fired Unit 2 in California Ramps Up by July 12

According to the California Independent System Operator, the unit reported a return from an unplanned curtailment of 111 MW.

<http://www.caiso.com/unitstatus/data/unitstatus201007121515.html>

Update: BGE Seeks Rehearing of Smart Grid Proposal in Maryland

Baltimore Gas and Electric Company (BGE) filed an application for a rehearing of its amended smart grid proposal with the Maryland Public Service Commission (PSC), the company said on July 12. BGE said it aimed to install 2 million smart meters and expected the program to save its customers more than \$2.6 billion over 15 years. The filing came less than one month after the state PSC denied BGE's previous smart meter bid, saying it found the "business case for this Proposal untenable." The PSC said then that the project would pose financial and technological risks to BGE ratepayers "in exchange for savings that are largely indirect, highly contingent and a long way off." The PSC, however, encouraged the company to reconsider its plans.

http://files.shareholder.com/downloads/CEG/831720483x0x386268/a5751428-2566-405d-9f72-648d582a4cd3/Smart_Grid_press_release_FINAL_7-12-10.pdf

<http://www.bge.com/vcmfiles/BGE/Files/ALERTS/ResponseToPSCOrder6-21-10.pdf>

http://webapp.psc.state.md.us/Intranet/sitesearch/whats_new/Order%2083410_BGE%20AMI%20Application_CN%209208.pdf

http://www.pennenergy.com/index/articles/display/0785043644/articles/pennenergy/power/grid/2010/06/marylandpsc_rejects.html

Update: SCE Installs 1 Millionth Smart Meter in California

Southern California Edison (SCE) installed its one millionth smart meter in California on July 12, part of its plan to deploy about 5 million smart meters by the end of 2012.

<http://www.edison.com/pressroom/pr.asp?id=7418>

NorthWestern Energy to Buy or Construct 200-300 MW Gas-Fired Power Plant in Montana

NorthWestern Energy plans to buy or construct a 200 MW to 300 MW gas-fired power plant and boost its wind power portfolio by 50 MW to 75 MW in Montana over the next 20 years, the company said in a filing with the state's Public Service Commission (PSC).

<http://www.whnt.com/business/sns-ap-mt-northwestern-power-plant,0,4912302.story>

Update: Chugach Electric Association Plans 183 MW Gas-Fired Southcentral Power Project in Anchorage, Alaska

Chugach Electric Association awarded a contract to SNC-Lavalin for the design and construction of the plant. SNC-Lavalin expects to complete the project by the end of 2012.

http://www.snclavalin.com/news.php?lang=en&id=1133&action=latest_news_details

Capital Power Plans 142 MW Quality Wind Project near Tumbler Ridge, British Columbia

A Capital Power subsidiary received an Environmental Assessment Certificate from the Government of British Columbia, Canada by July 13. The company expects to open the project by 2012.

http://www.capitalpower.com/MediaRoom/Documents/CPC_QWP_EAC.pdf

Update: Transmission Developers Inc. Drops Connecticut Section of Proposed Canada-to-United States Power Line

Transmission Developers Inc. dropped the Connecticut segment of its proposed Quebec-to-United States Champlain Hudson Power Express transmission line, saying the project's backers preferred to sell electricity in the New York City market. The line had been expected to stretch 420 miles – from Quebec to Connecticut – and deliver 2,000 MW of power. Without the Connecticut section, however, it would run 355 miles – terminating in New York – and deliver 1,000 MW of power. The company expects to place the line's cable in waterways, or bury it along railway routes. It plans to begin service by 2015.

<http://www.nhregister.com/articles/2010/07/09/news/aa3cttransmissioncable070910.txt>

<http://www.chpexpress.com/>

Petroleum

Update: Salazar Directs BOEM to Issue New Suspensions of Deepwater Drilling on OCS July 12

Secretary of the Interior Ken Salazar directed the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEM) to issue new suspensions of deepwater drilling on the Outer Continental Shelf (OCS), saying a pause is needed to ensure that oil and gas companies first implement adequate safety measures to reduce the risks associated with deepwater drilling operations and are prepared for blowouts and oil spills. The suspensions will last until November 30, 2010, or possibly earlier, should the Secretary determine that deepwater drilling can proceed safely. Salazar said the pause would provide time to implement recent safety reforms and for:

- The submission of evidence by operators demonstrating that they have the ability to respond effectively to a potential oil spill in the Gulf, given the unprecedented commitment of available oil spill response resources that are now being dedicated to the BP oil spill;
- The assessment of wild well intervention and blowout containment resources to determine the strategies and methods by which they can be made more readily available should another blowout occur; and
- The collection and analysis of key evidence regarding the potential causes of the April 20, 2010 explosion and sinking of the Deepwater Horizon offshore drilling rig, including information collected by the Presidential Commission and other investigations.

The new suspensions apply to drilling operations that use subsea blowout preventers (BOP) or surface BOP's on floating facilities. They are, according to the DOI, the product of a new decision by the Secretary and new evidence regarding safety concerns, blowout containment shortcomings within the industry, and spill response capabilities that are strained by the BP oil spill.

<http://www.doi.gov/news/doinews/Secretary-Salazar-Issues-New-Suspensions-to-Guide-Safe-Pause-on-Deepwater-Drilling.cfm>

DOI to Hold Lease Sale for Oil and Gas Parcels in the National Petroleum Reserve-Alaska

The Department of the Interior (DOI) expects to hold a lease sale for oil and gas parcels in the National Petroleum Reserve-Alaska on August 11, 2010. The DOI plans to offer 190 tracts of land, totaling about 1.8 million acres.

<http://www.doi.gov/news/pressreleases/Oil-and-Gas-Lease-Sale-in-National-Petroleum-Reserve-Alaska-Protects-Sensitive-Migratory-Bird-Habitat-Offers-1-pt-8-million-acres.cfm>

Valero Reports HDU Leak at 170,000 b/d McKee, Texas Refinery July 11-12

Valero was fixing a leak in the #2 hydrogen desulfurization unit (HDU) at its 170,000 b/d McKee, Texas refinery on July 11-12, it said in a filing with state regulators. It was not clear if the incident had any impact to production

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=142225>

Blowout at Devon's Jackfish Oil Sands Project in Alberta, Canada over Weekend

Provincial regulators ordered six nearby wells to halt operations after a July 10 blowout at Devon Energy's Jackfish oil sands project in Alberta, Canada. It took almost 35 hours to control the blowout, but Devon said the incident would only cut production by "a couple of thousand barrels" per day at the 35,000 b/d Jackfish project.

Reuters, 11:53 July 13, 2010

U.S. Refiners See Improving Conditions amid Problems in Venezuela and Increased Supplies from Canada

Conditions have improved for U.S. refiners amid a surge in oil imports from Canada and a reduction in oil product deliveries from Venezuela, according to Deutsche Bank Securities Inc. Companies have begun deliveries along multiple Canada-to-United States pipelines – including TransCanada's 435,000 b/d Keystone system – and refinery snags have slowed oil product exports from Venezuela. U.S. product trade, as a consequence, has turned "sharply into net export territory," Deutsche Bank said.

<http://www.ogj.com/index/article-display/8045115241/articles/oil-gas-journal/processing-2/refining/2010/07/venezuelan-outages/QP129867/cmpid=EnlDailyJuly122010.html>

Total Declares Force Majeure after Technical Snag Slows Production of Girassol Crude Oil in Angola by July 13

Total declared force majeure on loadings of Girassol crude oil in Angola after a technical snag led to a reduction in output, a company spokesman said on July 13. He did not say when the problem occurred or when the company might resume normal operations.

Reuters, 13:21 July 13, 2010

Iraq to Boost Export Capacity by 2.7 Million b/d at Existing 1.8 Million b/d Basra Oil Port

Iraq's South Oil Company plans to boost export capacity to 4.5 million b/d by 2014 at its existing 1.8 million b/d Basra oil port, a project affiliate said on July 13.

<http://phx.corporate-ir.net/phoenix.zhtml?c=80422&p=irol-news&nyo=0>

Petrobras Finds Oilfield with a Minimum of 500 Million Barrels of Oil on Angolan Coast by July 12

Reuters, 16:53 July 12, 2010

Williams Partners L.P. Completes 90,000 Dth/d Expansion along Transco Natural Gas Pipeline in Alabama

Williams Partners L.P. opened the 90,000 Dth/d 85 North expansion project along its existing Transco natural gas pipeline in Alabama, the company said on July 12. The capacity is expected to serve Constellation Energy's new 740 MW power plant in Tallapoosa County, Alabama. Williams expects to complete the project's second phase – representing another 218,500 Dth/d of capacity – by the summer of 2012. That phase will serve new and existing power plants in North Carolina.

<http://www.williamslp.com/profiles/investor/ResLibraryView.asp?ResLibraryID=39263&GoTopage=1&Category=1800&BzID=1296>

Other News

EPA Proposes 2011 Renewable Fuel Standards July 12

The U.S. Environmental Protection Agency (EPA) proposed the 2011 percentage standards for the four fuel categories under the agency's Renewable Fuel Standard program. The Energy Independence and Security Act of 2007 (EISA) established the annual renewable fuel volume targets, reaching an overall level of 36 billion gallons in 2022. To achieve these volumes, EPA calculates a percentage-based standard for the following year. Based on the standard, each refiner, importer, and non-oxygenate blender of gasoline determines the minimum volume of renewable fuel that it must ensure is used in its transportation fuel. The proposed 2011 overall volumes and standards are:

- Biomass-based diesel (0.80 billion gallons; 0.68 percent)
- Advanced biofuels (1.35 billion gallons; 0.77 percent)
- Cellulosic biofuels (5-17.1 million gallons; 0.004 – 0.015 percent)
- Total renewable fuels (13.95 billion gallons; 7.95 percent)

The EPA, citing an analysis of market availability, proposed a 2011 cellulosic volume below the EISA target.

<http://yosemite.epa.gov/opa/admpress.nsf/d0cf6618525a9efb85257359003fb69d/3d17d69ada4c71da8525775e005ac40a!OpenDocument>

Update: Global Renewable Drops Plans for 120 MMGal/Yr. Corn-Based Ethanol Plant in Sharon, Wisconsin

The company proposed the facility in 2006, and had obtained most of the necessary funds by 2007. Lending conditions soured, however, as corn prices surged and ethanol plants elsewhere went bankrupt.

<http://gazettextra.com/news/2010/jul/12/sharon-ethanol-plant-plan-stalls/>

Update: ADM Opens 300 MMGal/Yr. Ethanol Plant in Columbus, Nebraska

The plant is adjacent to a corn wet mill and a cogeneration facility.

<http://www.adm.com/en-US/news/layouts/PressReleaseDetail.aspx?ID=253>

Update: Aventine Seeks to Complete 110 MMGal/Yr. Mount Vernon, Indiana Ethanol Plant by September 2010

Aventine broke ground on the facility in 2007, but halted work in 2008 amid weak market conditions. It later declared bankruptcy. Now emerged, the company has restarted construction and must begin operations by September 21, 2010 in order to avoid new environmental regulations. It is on schedule to meet that target.

<http://www.courierpress.com/news/2010/jul/11/plant-preparations/>

Integro Services Group to Install 20 MMGal/Yr. Cellulosic Ethanol Refinery at 59 MMGal/Yr. Corn Ethanol Plant in Alton, Illinois

http://www.biomassmagazine.com/article.jsp?article_id=3939

GTL Energy Commissions Coal Upgrading Plant near South Heart, North Dakota by July 12

GTL Energy successfully commissioned its low rank coal upgrading plant near South Heart, North Dakota, and the company expects to increase both the length and volumes of production runs through the rest of 2010, it said on July 12, 2010. The facility is expected to process approximately 240,000 tons/year of lignite, according to the company's chief executive officer.

<http://www.gtlenergy.com.au/news/21-gtl-energy-successfully-commissions-usa-clean-coal-plant.html>

<http://www.google.com/hostednews/ap/article/ALeqM5hqOGtJS5-zFhOeVj4G9a33VUegvQD9GU84680>

Department of Energy Awards \$92 Million for Energy Research Projects in 18 States July 12

U.S. Secretary of Energy Steven Chu yesterday announced 43 cutting-edge research projects that aim to dramatically improve how the U.S. uses and produces energy. Funded with \$92 million from the American Recovery and Reinvestment Act through the Department of Energy's Advanced Research Projects Agency-Energy (ARPA-E), the selections focus on accelerating innovation in green technology while increasing America's competitiveness in grid scale energy storage, power electronics and building efficiency.

<http://www.energy.gov/news/9205.htm>

Energy Prices

U.S. Oil and Gas Prices July 13, 2010			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	76.86	71.96	59.40
NATURAL GAS Henry Hub \$/Million Btu	4.42	4.85	3.24

Source: Reuters

Energy Notes

Storm Knocks Out Power to about 10,000 PECO Customers in Pennsylvania July 12

<http://www.philly.com/philly/news/breaking/98306339.html?cmpid=15585797>

Update: U.S. Forest Service Okays SDG&E's Proposed 500-kV, 120-Mile Sunrise Powerlink Transmission Line in California

http://public.sempra.com/newsreleases/viewpr.cfm?PR_ID=2504&Co_Short_Nm=SE

Quantum Fuel Systems and German Affiliate Asola Sign MOU to Construct 30 MW/Year Solar Module Manufacturing Facility in Ontario, Canada

<http://www.prnewswire.com/news-releases/quantum-and-asola-expand-into-canada---signs-mou-to-build-a-30-mw-solar-manufacturing-facility-in-ontario-98314444.html>

Yingli Green Energy Americas to Provide 15 MW of Solar Modules for 16 Solar Power Systems at Multiple Kaiser Permanent Hospitals and Office Facilities in California

<http://www.prnewswire.com/news-releases/yingli-green-energy-selected-for-15-mw-of-recurrent-energy-solar-installations-across-california-98303794.html>

SunEdison to Produce Racking Equipment for Canadian Solar Projects with Samco Solar
<http://www.prnewswire.com/news-releases/sunedison-teams-up-with-ontario-auto-parts-manufacturer-to-produce-solar-equipment-98311939.html>

Entergy Reports Elevated Levels of Tritium in Well Sample at Entergy's 670 MW Pilgrim Nuclear Power Plant in Massachusetts July 9
<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20100712en.html>

Copper Stolen from East Kentucky Power Substation in Kentucky by July 12
<http://www.wkyt.com/home/headlines/98229349.html>

Explosion Injures Two at NV Energy Substation in Las Vegas, Nevada July 11
<http://www.lvrj.com/news/two-injured-in-substation-explosion-in-arts-district-98209794.html?ref=794>

NRC Petition Review Board to Allow New England Coalition to File Challenge to Entergy's Bid for License Renewal at Vermont Yankee Nuclear Power Plant in Vermont
http://www.reformer.com/localnews/ci_15481906

Bruce Power Seeks to Deliver 1,760 Tonnes of Radioactive Steel across Lake Ontario, Canada
<http://www.thespec.com/News/CanadaWorld/article/806153>

Ship Runs Aground, Spilling Fuel and Forcing Hours-Long Shutdown of St. Lawrence River Seaway in Canada July 12
<http://www.cbc.ca/canada/story/2010/07/13/tanker-spill-montreal.html>

Pembina Pipeline Corporation Receives ERCB Approval for Oil Pipeline Projects in Alberta, Canada - Nipisi Pipeline Will Initially Deliver 100,000 b/d of Diluted Heavy Oil, and Mitsue Pipeline Will Initially Transport About 20,000 b/d of Condensate
http://www.pembina.com/titanweb/tw_proxy.nsf/GetNewsProxyPopup?OpenAgent&xmlurl=http://xml.corporate-ir.net/irxmlclient.asp?compid=63581&reqtype=releasetxt&reqid=1447034

Worldwide Oil Demand to Rise by 1.35 Million b/d to Total 87.84 Million b/d in 2011: IEA
Reuters, 08:26 July 13, 2010

Exploratory/Appraisal Well Count Jumps by 86 Percent across U.K. Shelf during Second Quarter of 2010, Compared to Second Quarter of 2009: Deloitte
<http://www.pennenergy.com/index/petroleum/offshore/display/3151173317/articles/pennenergy/petroleum/offshore/2010/07/drilling-resurgent.html>

After Early June Blowout, Forbes Energy Services Signs Settlement with Pennsylvania DEP, Allowing Company to Resume Full Service at Workover Rigs in Pennsylvania
<http://www.prnewswire.com/news-releases/forbes-energy-services-announces-settlement-with-pennsylvania-department-of-environmental-protection-98305849.html>
<http://www.reuters.com/article/idUSSGE66C0E720100713>

Storm Forces Shut Cedar Lake Booster Station in Texas July 12
<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=142208>

Storm Knocks Out Power at Lehman Compressor Station in Texas July 12
<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=142210>

Storm Shuts Welch CO2 Gas Processing Facility in Texas July 12
<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=142211>

Duke Energy to Repair leak along A-Line Natural Gas Pipeline in Texas July 12
<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141991>

Federal Government Plans Cyber Attack Drill in September 2010

<http://www.nationaldefensemagazine.org/blog/Lists/Posts/Post.aspx?ID=154>

Coal Miner Dies in Incident at Willow Lake Coal Mine in Illinois July 9

<http://www.wsws.org/articles/2010/jul2010/mine-j13.shtml>

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.

ENERGY ASSURANCE DAILY

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

Please direct comments and questions to: ead@oe.netl.doe.gov