



ENERGY ASSURANCE DAILY

Friday Evening, July 13, 2012

Electricity

Update: SCE Release Steam Generator Tube Wear Data for Its San Onofre Nuclear Generating Station in California; Station Remains Shut for Inspection and Repair

Southern California Edison (SCE) today released steam generator tube wear data associated with the San Onofre Nuclear Generating Station to the U.S. Nuclear Regulatory Commission (NRC), according to a press release. The data show that most of the wear, or tube wall thinning, was less than 20 percent. This is below the 35 percent wall-thinning limit that would require the tube to be plugged. The majority of this wear is related to support structures. The nature of the support structure wear is not unusual in new steam generators and is part of the equipment settling in, the release said. SCE has kept both reactors at the station offline since January to test, inspect, and repair steam generator tubes. In Unit 2, 1,595 tubes showed wear of some type and 510 tubes were ultimately plugged—six tubes for showing wear of more than 35 percent and the rest for preventative measures. In Unit 3, 1,806 tubes showed wear of some type and 807 tubes were ultimately plugged—381 tubes for wear of more than 35 percent and the rest for preventative measures. Both units of the plant will remain shut until SCE and the NRC are satisfied that the units are safe to operate, the release said.

<http://www.edison.com/pressroom/pr.asp?id=7967>

PJM Approves \$943.2 Million in Transmission System Upgrades and Improvements

PJM Interconnection on Thursday said its board of managers authorized \$943.2 million in transmission system upgrades and improvements. The upgrades are a combination of multiple smaller projects and do not include the building of any major power lines. Some of the upgrades address potential reliability issues due to the shutdown of some power plants.

Reuters, 15:48 July 12, 2012

Update: Entergy's 730 MW Palisades Nuclear Unit in Michigan Ramped Up to 99 Percent by July 13

Entergy's Palisades nuclear unit is returning from an outage that began June 12, when operators discovered a leak from the Safety Injection Refueling Water Tank. Operators emptied the tank, made repairs, and restarted the unit on July 11.

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

Petroleum

Nothing to report

Natural Gas

Spectra Energy Opens 200 MMcf/d Dawson Natural Gas Processing Plant to Serve the Montney Play in British Columbia

Spectra Energy today announced the official opening of its 200 MMcf/d Dawson Processing Plant in Bessborough, British Columbia. The plant is being installed in two phases: the initial 100 MMcf/d phase of construction began flowing gas on May 31, 2012. Construction of Phase II is underway and expected to be complete in early 2013. Spectra Energy's gathering and processing system serves the Montney play.

<http://www.spectraenergy.com/Newsroom/News-Archive/Spectra-Energy-opens-new-natural-gas-processing-plant/>

Update: Magnum Hunter Continues to Curtail Appalachia Natural Gas Production in Wake of June 29 Derecho

Magnum Hunter Resources Corporation yesterday provided an update on the production it has shut-in in the Appalachia region in the wake of the June 29 derecho. Due to loss of electricity in the region, Magnum Hunter has continued to curtail gas production at the tailgate of its pipeline into Dominion Transmission at its Hastings processing facility located in West Virginia. As of Thursday, approximately 10 percent (8.4 MMcf/d) of Magnum Hunter's current total net production or 17 percent of its Appalachia production was being curtailed, more than originally anticipated. Based on representations from Dominion Transmission, Magnum Hunter expects the curtailments to continue for at least the next several weeks, and the company has no indication on when the Hastings processing facility will return to normal capacity.

<http://www.b2i.us/profiles/investor/ResLibraryView.asp?ResLibraryID=55613&BzID=1969&Nav=0&LangID=1&s=0&Category=1848>

Update: Cheniere Secures Financing to Cover First Two Liquefaction Trains at the Sabine Pass LNG Liquefaction Project in Louisiana

Cheniere Energy Partners, L.P. announced yesterday that it has received executed firm financial commitments to fund the costs of developing, constructing, and placing into service the first two liquefaction trains of the Sabine Pass liquefied natural gas (LNG) terminal located in Cameron Parish, Louisiana. Cheniere owns the 4 Bcf/d Sabine Pass LNG receiving terminal located on the Sabine Pass Channel and is developing a project to add liquefaction and export capabilities to the existing infrastructure. The company expects to reach a final investment decision and issue notice to proceed with construction upon meeting all conditions precedent under the financial agreements, including completion of the financing process and having all regulatory approvals in full force and effect.

<http://phx.corporate-ir.net/phoenix.zhtml?c=207560&p=irol-newsArticle&ID=1714332>

Other News

Honeywell Evaluating Upgrades to Metropolis Nuclear Conversion Facility in Illinois to Address Findings from NRC Inspection

Honeywell International Inc. announced Wednesday that it is evaluating a series of upgrades to its Metropolis Works nuclear conversion facility following a recent U.S. Nuclear Regulatory Commission (NRC) inspection that focused on preparedness for extreme natural disasters such as strong earthquakes and tornadoes. The timeline for the restarting of operations and the nature and timing of the upgrades has not been determined, and will be addressed in the discussions with the NRC. Completion of upgrades to the Metropolis Works facility could take approximately 12 to 15 months. Honeywell Metropolis Works provides services to convert uranium oxide to uranium hexafluoride (UF₆).

<http://honeywell.com/News/Pages/Honeywell-Evaluating-Upgrades-To-Metropolis-Nuclear-Conversion-Facility.aspx>

DuPont Hires KBR to Help Engineer, Construct 27.5 MMGal/Yr. Ethanol Plant in Iowa

KBR recently announced it has been awarded a contract for engineering and procurement services for DuPont's project to build a cellulosic ethanol plant in Nevada, Iowa. DuPont's Industrial Biosciences Group is designing an ethanol facility to process 1,300 tons per day of corn stover and produce 27.5 million gallons of ethanol per year. Ground breaking is scheduled for the second half of 2012, with a 12–18 month construction period.

<http://www.kbr.com/Newsroom/Press-Releases/2012/07/05/KBR-to-Provide-Engineering-and-Procurement-Services-for-First-of-a-Kind-Plant-in-Nevada-Iowa/>

EU Ship Insurance Ban Disrupts Iranian Crude Exports

The European Union's ban on shipper coverage for Iranian crude has significantly disrupted Tehran's ability to export oil, including to its most significant buyers in Asia—Japan, China, India, and South Korea. Japan is taking steps to work around the sanctions, allowing Japanese insurers to expand their maritime coverage to allow more domestic tankers to transport Iranian crude. Iranian shipments to China were also continuing despite disputes about terms. China plans to buy approximately 15 million barrels of Iranian oil in July, according to traders, which would account for nearly half of Iran's total July exports, estimated at 1.1 MMB/d. Iran exported at double that rate in 2011. Meanwhile, Iran has been reluctant to reduce its oil production, fearing that doing so could damage its wells. It's storing much of its production at sea; some sources estimate Iran is storing as much as 40 million barrels on the tankers, and an additional 10 million barrels on shore.

<http://finance.yahoo.com/news/iran-oil-trade-skirts-ship-162812634.html>

<http://www.cnn.com/id/48081772>

<http://www.bloomberg.com/news/2012-07-13/japan-set-to-load-first-iran-crude-with-sovereign-insurance-1-.html>

Energy Prices

U.S. Oil and Gas Prices			
July 13, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	86.92	84.45	98.73
NATURAL GAS Henry Hub \$/Million Btu	2.83	2.94	4.38

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 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.

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

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