



# ENERGY ASSURANCE DAILY

Monday Evening, September 17, 2012

## ***Electricity***

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### **California ISO Approves Rule to Keep Needed Flexible Generation Capacity from Prematurely Retiring**

The California Independent System Operator Corporation (ISO) Board of Governors on September 13 approved a proposed rule that ensures the ISO will have the ability to keep existing flexible power plants from prematurely retiring if they are found to be needed for reliability in future years. The need for the ISO to address this issue was highlighted earlier this year when the owners of the Sutter Energy Center informed the ISO it had not been able to secure a power contract and would have to shut down the plant. The ISO analyzed the situation and found the 525 MW plant would be needed for grid reliability in the 2017–2018 period. The California Public Utilities Commission required utilities to enter into power contracts with the Sutter Energy Center for 2012, but the ISO tariff at the time provided for capacity compensation only under specific circumstances for resources determined to be needed in the next operating year. Today's approved at-risk of retirement provision allows the ISO to contract for capacity determined to be needed for reliability reasons 2–5 years in the future.

<http://www.caiso.com/informed/Pages/BoardCommittees/Default.aspx>

<http://www.caiso.com/informed/Pages/StakeholderProcesses/FlexibleCapacityProcurement.aspx>

[http://www.caiso.com/Documents/ISO\\_BoardApprovesRule\\_KeepNeededFlexibleGenerationCapacity.pdf](http://www.caiso.com/Documents/ISO_BoardApprovesRule_KeepNeededFlexibleGenerationCapacity.pdf)

### **Canada Finalizes Regulations for Phasing Out Old Coal-Fired Power Plants**

Canada's government on September 5 finalized regulations for phasing out the country's old coal-fired power plants. Under rules that will take effect on July 1, 2015, generating units commissioned before 1975 must cease operations 50 years after their commission date or by the end of 2019, whichever is earlier, Environment Minister Peter Kent said. Units commissioned after 1975 but before 1986 must cease operations after 50 years or at the end of 2029, whichever is earlier. For new coal-fired plants, the government will enforce a performance standard of 420 metric tons of carbon dioxide per gigawatt hour, which is the same as for high-efficiency natural gas-fired and renewable generators, Kent said.

<http://www.reuters.com/article/2012/09/05/us-environment-idUSBRE8841MM20120905>

### **Update: Conversion from Coal to Biomass Now Underway at OPG's 211 MW Atikokan, Ontario Power Plant**

Ontario's Ministry of Energy on September 12 announced that Ontario Power Generation's (OPG) 211 MW Atikokan Generating Station is no longer burning coal as a fuel source and has begun its conversion to biomass. OPG's conversion project includes plant modifications to provide peak capacity and the construction of a fuel storage and handling system that can handle up to 90,000 tonnes of biomass fuel annually. The biomass will be sourced from wood pellets, made primarily from unused and underutilized species, non-marketable wood, forest residue and sawmill residue. The project is expected to be completed in 2014.

<http://www.dcnonl.com/article/id51848/--biomass-conversion-project-begins-for-atikokan-ontario-power-plant>

<http://news.ontario.ca/mei/en/2012/09/ontario-one-step-closer-to-eliminating-dirty-coal.html>

<http://www.opg.com/power/thermal/fuelconversion/120719AtikokanApproved.pdf>

<http://www.opg.com/power/thermal/atikokan.asp>

### **DTE's 1,089 MW Fermi Nuclear Unit 2 in Michigan Shuts September 14 Due to Loss of 120-kV Switchyard**

DTE Energy reported its Fermi nuclear Unit 2 automatically scrambled Friday evening due to an onsite loss of the 120-kV switchyard, according to a filing with the U.S. Nuclear Regulatory Commission. An investigation into what caused the loss of power was ongoing at the time of the filing.

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

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2012/20120917en.html>

## **FPL Begins Refueling Its 1,155 MW Seabrook Nuclear Unit 1 in New Hampshire Early after the Reactor Shut September 14 Due to Low Steam Generator Water Level**

NextEra Energy Inc. on Monday said its Florida Power & Light (FPL) utility began refueling activities at its Seabrook nuclear power plant in New Hampshire over the weekend, according to a spokesman. Operators entered a scheduled refueling outage early after the plant shut down Friday night due to an issue with an electronic circuit controlling a feed valve on the secondary side of the plant, the spokesman said. At 8:25 p.m. EDT the reactor tripped on low steam generator level due to feed water regulating valve failing closed due to a cabinet card failure, according to a filing with the U.S. Nuclear Regulatory Commission.

Reuters, 09:02 September 17, 2012

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

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2012/20120917en.html>

## **Duke Energy's 1,100 MW McGuire Nuclear Unit 2 in North Carolina Shut by September 16**

On the morning of September 15 the unit was operating at 20 percent.

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

## **Progress Energy's 872 MW Brunswick Nuclear Unit 1 in North Carolina Shut by September 17**

On the morning of September 16 the unit was operating at 30 percent.

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

## **Update: CDWR's 933 MW Hyatt-Thermalito Hydro Unit in California Reduced by September 16**

The unit entered a curtailment of 572 MW that was due to planned and unplanned causes. The unit had also entered a curtailment of 572 MW by August 28 before returning to service by September 15.

<http://content.caiso.com/unitstatus/data/unitstatus201209161515.html>

<http://content.caiso.com/unitstatus/data/unitstatus201209151515.html>

## **AES's 495 MW Alamos Natural Gas-Fired Unit 6 in California Reduced by September 16**

The unit entered an unplanned curtailment of 275 MW. The unit had also entered an unplanned curtailment of 245 MW by September 14 before returning to service by September 15.

<http://content.caiso.com/unitstatus/data/unitstatus201209161515.html>

<http://content.caiso.com/unitstatus/data/unitstatus201209151515.html>

<http://content.caiso.com/unitstatus/data/unitstatus201209141515.html>

## **PG&E's 407 MW Helms Hydro Unit 1 in California Returns to Service by September 16**

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

<http://content.caiso.com/unitstatus/data/unitstatus201209161515.html>

<http://content.caiso.com/unitstatus/data/unitstatus201209141515.html>

## **GenOn's 215 MW Mandalay Natural Gas-Fired Unit 1 in California Shut by September 14**

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201209141515.html>

## **AES's 175 MW Redondo Natural Gas-Fired Unit 6 in California Returns to Service by September 14**

The unit returned from an unplanned outage that began by September 13.

<http://content.caiso.com/unitstatus/data/unitstatus201209141515.html>

## **Grand View Solar One to Soon Begin Construction on Its 10 MW Grand View Solar Plant in Idaho; Will Begin Selling Electricity to Idaho Power in January 2013 – Developer**

<http://finance.yahoo.com/news/idahos-1st-big-solar-plant-151246338.html>

### **Phillips 66 Says It's Restarting Its 139,000 b/d Wilmington, California Refinery after Power Outage, Flaring September 15**

Phillips 66 reported it was in the process of restarting its Wilmington, California refinery following a power outage that occurred on Saturday. The refinery expected to have the majority of its units back online by the middle-to-end of this week. Phillips had reported an upset and flaring at the refinery on Saturday, according to a filing with California pollution regulators. The cause of the flaring was under investigation, the filing said.

Reuters, 10:36 September 17, 2012

[http://www.nrc.uscg.mil/reports/rwservlet?standard\\_web+inc\\_seq=1024553](http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1024553)

[http://www.nrc.uscg.mil/reports/rwservlet?standard\\_web+inc\\_seq=1024556](http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1024556)

[http://www.nrc.uscg.mil/reports/rwservlet?standard\\_web+inc\\_seq=1024584](http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1024584)

### **Update: ExxonMobil Restores Normal Operations at Its 149,500 b/d Torrance, California Refinery September 15 after Unspecified Malfunction September 14**

ExxonMobil Corp. reported it had restored normal operations at its Torrance, California refinery on Friday after a malfunction Thursday, according to a spokeswoman. The refinery had reported an unspecified breakdown had led to flaring Thursday in a filing with state pollution regulators. The spokeswoman declined to identify the units involved in Thursday's malfunction.

Reuters, 13:50 September 14, 2012

### **Update: Phillips 66 Reports Emissions September 16 as It Restarts Units at Its 247,000 b/d Belle Chasse, Louisiana Refinery following Hurricane Isaac**

Phillips 66 reported a release of sulfur dioxide from a flare stack at its Alliance refinery in Belle Chasse Sunday morning was due to a process upset from units restarting after Hurricane Isaac, according to a filing with the U.S. National Response Center. The refinery said it was making progress restarting the refinery and has brought several units back online. Operators expect to have all refinery units back online by the end of the week.

Reuters, 10:36 September 17, 2012

[http://www.nrc.uscg.mil/reports/rwservlet?standard\\_web+inc\\_seq=1024575](http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1024575)

### **Chevron Reports Benzene Leak from Heat Exchanger at Its 330,000 b/d Pascagoula, Mississippi Refinery September 14**

Chevron Corp. reported a benzene leak from a heat exchanger at its Pascagoula refinery Friday morning, according to a filing with the U.S. National Response Center.

[http://www.nrc.uscg.mil/reports/rwservlet?standard\\_web+inc\\_seq=1024412](http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1024412)

### **Coker Unit Compressor Snag Leads to Flaring at Total's 232,000 b/d Port Arthur, Texas Refinery September 14**

Total Petrochemicals Inc. reported the coker wet gas compressor valves at its Port Arthur refinery were not operating properly Friday afternoon, causing over-pressuring on the compressor and flaring, according to a filing with the Texas Commission on Environmental Quality. Technicians were working to repair the compressor valves at the time of the filing.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=173537>

### **Power Interruption Causes Emissions at Delek's 60,000 b/d Tyler, Texas Refinery September 15**

Delek US Holdings reported emissions from its Tyler, Texas refinery Saturday night were caused by a power interruption, according to a filing with the Texas Commission on Environmental Quality. The filing does not indicate what caused the power interruption.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=173550>

### **Update: Sunoco Restarts Alkylation Unit at Its 335,000 b/d Philadelphia, Pennsylvania Refinery September 6**

Sunoco Inc. reported it was restarting alkylation Unit 869 at the Point Breeze section of its Philadelphia refinery on September 6, according to a filing with Philadelphia pollution regulators. The refinery had reported it shut the unit due to a mechanical problem on September 4.

Reuters, 15:13 September 14, 2012

## **Report Suggests Ways to Improve Safety of Oil Pipelines Operating in the Salt Lake Valley in Utah**

The nonprofit Pipeline Safety Trust last week released a report that includes a number of recommendations that various agencies and stakeholder groups could adopt to improve the safety of pipelines operating in the Salt Lake Valley in Utah. Salt Lake City government officials commissioned the report after a Chevron pipeline failure in June 2010 released 33,000 gallons of oil into Red Butte Creek and Liberty Lake, and another Chevron pipeline failure six months later spilled 21,000 gallons nearby, in Salt Lake City's eastern foothills.

<http://www.timesleader.com/stories/Report-Utah-officials-could-make-pipelines-safer,204629>

[http://www.pstrust.org/docs/SLC\\_Report\\_webres.pdf](http://www.pstrust.org/docs/SLC_Report_webres.pdf)

## **Update: Shell Delays Drilling into Hydrocarbon Zones Offshore Alaska until Next Year after Tests Damage a Containment Barge**

Royal Dutch Shell on Monday announced it has revised its plans for the 2012–2013 drilling program to explore for oil and gas resources offshore Alaska after a test of its Arctic Containment System damaged the containment dome aboard the *Arctic Challenger* barge. The time required to repair the dome and to ensure the safety of operations from ice floe movement have led the company to postpone drilling into hydrocarbon zones this year. Instead, the company will begin as many wells, known as “top holes,” as time remaining in this season allows and then cap and temporarily abandon the wells this year, in accordance with regulatory requirements. Last week, Shell announced it was forced to move its *Noble Discoverer* drill ship out of the path of approaching sea ice. That ship is expected to resume its position and drilling operations over the “Burger A” prospect in the days ahead. Also, in the coming days, Shell is expected to begin exploratory drilling in the Beaufort Sea. These operations will follow the conclusion of the fall whale hunt and the anticipated receipt of a top hole drilling permit.

[http://www.shell.com/home/content/media/news\\_and\\_media\\_releases/2012/alaska\\_drilling\\_update\\_17092012.html](http://www.shell.com/home/content/media/news_and_media_releases/2012/alaska_drilling_update_17092012.html)

## **Natural Gas**

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### **Update: Colorado Interstate Gas Co. Lifts Force Majeure at Its 195 MMcf/d Greasewood Compressor Station September 14 after Malfunction and Fire September 11**

Colorado Interstate Gas Co. late Friday lifted the force majeure at its Greasewood Compressor Station after a malfunction and fire September 11 made one unit temporarily unavailable for service. Capacity had been reduced from 195 MMcf/d to 140 MMcf/d beginning September 13.

Reuters, 10:36 September 17, 2012

## **Other News**

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### **EPA Raises Bio-based Diesel Mandate for 2013 by 28 Percent**

The U.S. Environmental Protection Agency (EPA) on Friday established the volume of bio-diesel products required to be included in diesel fuel markets in 2013 at 1.28 billion gallons under the Energy Independence and Security Act of 2007 (EISA), which established the second phase of the Renewable Fuel Standards program. EISA specifies a 1 billion-gallon minimum volume requirement for the biomass-based diesel category for 2012 and beyond. The law also calls on EPA to increase the volume requirements after consideration of environmental, market, and energy-related factors.

<http://yosemite.epa.gov/opa/admpress.nsf/79c090e81f0578738525781f0043619b/d10ee5fb858ffded85257a790060125c!OpenDocument>

### **Magellan Opens Biodiesel Storage and Blending Facility at Its Des Moines, Iowa Terminal**

Magellan Midstream Partners LP opened a new biodiesel storage and blending system at its Des Moines, Iowa terminal that will store and blend 5,000 barrels of biodiesel, including B2, B5, B10, and B20 biodiesel.

<http://www.reuters.com/article/2012/09/14/magellan-biodiesel-idUSL1E8KE9UV20120914?type=marketsNews&feedType=RSS&feedName=marketsNews&rpc=43>

## International News

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### **Blast Briefly Halts Flow of Iraqi Crude through Kirkuk-Ceyhan Pipeline September 16**

A blast inside Turkey briefly halted the flow of Iraqi crude through the Kirkuk-Ceyhan pipeline on Sunday before officials were able to reroute the exports, an Iraqi oil ministry spokesman said. The 970-kilometre (600-mile) pipeline runs from Iraq's northern oil hub of Kirkuk to the port of Ceyhan on Turkey's Mediterranean coast, pumping 300,000–500,000 barrels of crude oil per day.

Reuters, 15:29 September 16, 2012

## Energy Prices

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<b>U.S. Oil and Gas Prices</b>			
September 17, 2012			
	<b>Today</b>	<b>Week Ago</b>	<b>Year Ago</b>
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	99.26	95.98	89.40
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	2.94	2.73	4.04

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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