



# ENERGY ASSURANCE DAILY

Thursday Evening, December 13, 2012

## ***Electricity***

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### **TVA Reports Risk of Design-Basis Flooding to ERCW Building at Its Sequoyah Nuclear Power Plant in Tennessee**

The Tennessee Valley Authority (TVA) reported that on Wednesday, operators determined that Sequoyah Units 1 and 2 were at risk of flooding into the Emergency Raw Cooling Water (ERCW) Station Building during a design-basis flood due to conduit penetrations not being filled with material required to make the building watertight, according to a filing with the U.S. Nuclear Regulatory Commission. The lack of a barrier would allow flood waters to enter the ERCW building at a rate greater than the sump pumps could remove them, creating a condition that could result in the ERCW pumps being unavailable to perform their design function during a flood event above plant grade. This condition places both units in an unanalyzed condition that significantly degrades plant safety, and that could prevent the fulfillment of the safety-related function of ERCW, which is needed to shut down the reactor and maintain it in a safe shutdown condition. Compensatory actions are being established. The required safety related equipment is currently operable. There are no indications of conditions that might result in a flood in the near term.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2012/20121213en.html>

### **Update: Timeline to Build Two New 1,100 MW Reactors at Southern's Vogtle Nuclear Power Plant in Georgia Likely Delayed Another 6 Months – Monitor**

A reported filed with Georgia's Public Service Commission (PSC) last Friday indicates construction on two new 1,100 MW nuclear reactors at Southern Co.'s Plant Vogtle in Georgia is facing further delays from its original schedule, likely causing hundreds of millions of dollars in extra costs. In August, Southern Co. said delays had pushed back its targeted startup date for the first new reactor to November 2016, with the second coming online the following year. An engineer monitoring the construction project for the PSC reported Friday that he believed the first reactor will be completed no earlier than June 2017, and cautioned that additional delays are possible. The monitor cited poor project scheduling and design, fabrication, and quality assurance problems for the delays. Meanwhile, the U.S. Department of Energy (DOE) notified Southern Co. officials this week that it has extended until June 30 a deadline to negotiate terms for a federal loan to support construction of the new Vogtle reactors. The DOE awarded a conditional loan guarantee more than two years ago for \$8.3 billion to build the two units; the terms were originally expected to be finalized in mid-2012.

<http://finance.yahoo.com/news/monitor-ga-nuclear-plant-delayed-221354855.html>

<http://www.reuters.com/article/2012/12/12/utilities-nuclear-southern-vogtle-idUSL1E8NCH9H20121212?feedType=RSS&feedName=financialsSector&rpc=43>

### **ITC Great Plains Energizes Phase II of Its 345-kV KETA Transmission Line from Kansas to Nebraska**

ITC Great Plains, LLC, in conjunction with Sunflower Electric Power Corp. and Midwest Energy, Inc., today announced it has placed Phase II of the KETA (Spearville-Axtell) high-voltage electric transmission project into service, nearly six months ahead of the original schedule. The 345-kV transmission line runs approximately 227 miles from Spearville, Kansas north to ITC's Post Rock substation near Hays, continuing north across the Nebraska border to Axtell, Nebraska. Phase I of the project, from Spearville to Post Rock, entered service in June 2012.

[www.itc-holdings.com/itc-great-plains.html](http://www.itc-holdings.com/itc-great-plains.html)

<http://finance.yahoo.com/news/itc-great-plains-energizes-phase-130500552.html>

## **Florida PSC Approves TECO Plan to Convert Four 175 MW Polk Natural Gas-Fired Units into Combined-Cycle Units**

The Florida Public Service Commission (PSC) on Wednesday approved Tampa Electric Company's (TECO) petition to convert four 175 MW natural gas-fired units at its Polk Power Station (Units 2–5) to combined-cycle units, boosting the plant's output by about 460 MW. Polk Units 2–5 are now expected to generate a combined 1,063 MW in the summer. The project, which also requires approval from the Florida Department of Environmental Protection, is slated for completion by 2017. The station currently also operates the 250 MW Polk Unit 1, which is an integrated gasification combined cycle unit.

<http://www.reuters.com/article/2012/12/12/utilities-florida-teco-idUSL1E8NCGIY20121212?feedType=RSS&feedName=financialsSector&rpc=43>  
<http://www.psc.state.fl.us/home/news/index.aspx?id=982>  
<http://www.tecoenergy.com/news/powerstation/>

## **Sempra Announces Power-Purchase Agreements for 250 MW Copper Mountain Solar 3 Power Project in Nevada**

Sempra U.S. Gas & Power on Wednesday reported the cities of Los Angeles and Burbank, California have approved a 20-year agreement to buy 250 MW of solar power from Sempra's proposed Copper Mountain Solar 3 project in Nevada. Sempra plans to build the 250 MW solar photovoltaic project about 40 miles southeast of Las Vegas in Boulder City, Nevada. The Los Angeles Department of Water and Power (LADWP) will buy 210 MW through an agreement with the Southern California Public Power Authority. Burbank will purchase the remaining 40 MW. Sempra will deliver the power from the plant to Southern California through a substation and transmission lines operated by LADWP. Construction on the Copper Mountain Solar 3 project is expected to begin next month and is slated for completion in late 2015.

<http://sempra.mediaroom.com/index.php?s=19080&item=136203>

## **DOE Announces New Investments in U.S. Offshore Wind Projects**

The U.S. Department of Energy (DOE) on Wednesday announced seven offshore wind awards for projects in Maine, New Jersey, Ohio, Oregon, Texas, and Virginia. In the initial phase, each project will receive up to \$4 million to complete the engineering, design, and permitting phase of this award. DOE will select up to three of these projects for follow-on phases that focus on siting, construction, and installation and aim to achieve commercial operation by 2017. These awards are part of broader efforts by the DOE to launch an offshore wind industry in the United States, which the department estimates could offer over 4,000 gigawatts of electricity potential.

<http://www.doe.gov/articles/energy-department-announces-new-investments-pioneering-us-offshore-wind-projects>

## **BOEM Seeks Industry Interest in Commercial Wind Leases Offshore North Carolina**

The U.S. Bureau of Ocean Energy Management (BOEM) on Wednesday published a Call for Information and Nominations to gauge the offshore wind industry's interest in acquiring commercial wind leases in three areas on the Outer Continental Shelf offshore North Carolina, and to request comments regarding site conditions, resources, and other uses within the areas specified in the call for information. BOEM identified the areas in consultation with the North Carolina Intergovernmental Renewable Energy Task Force.

<http://www.boem.gov/BOEM-Newsroom/Press-Releases/2012/Press12122012.aspx>

## **Electrical Inverter Malfunction Shuts Luminant's 793 MW Martin Lake Coal-Fired Unit 1 in Texas December 12**

Luminant reported its Martin Lake Unit 1 tripped unexpectedly while at load Wednesday morning when an electrical inverter became overloaded, according to a filing with the Texas Commission on Environmental Quality. The overloaded inverter caused the stock feeders to fail, which cut fuel to the boiler and caused the unit to trip offline.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=177090>

## **TVA's 1,118 MW Browns Ferry Nuclear Unit 2 in Alabama Reduced to 48 Percent by December 13**

On the morning of December 12 the unit was operating at full power.

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

## **Update: FirstEnergy's 1,235 MW Perry Nuclear Unit 1 in Ohio at Full Power by December 13**

On the morning of December 12 the unit was operating at 78 percent.

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

## **Update: NPPD's 764 MW Cooper Nuclear Unit in Nebraska Ramped Up to 84 Percent by December 13**

On the morning of December 12 the unit was operating at 24 percent.

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

## **PG&E's 1,087 MW Diablo Canyon Nuclear Unit 2 in California Reduced to 80 Percent by December 13**

On the morning of December 12 the unit was operating at full power.

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

## **Update: AES's 226 MW Huntington Beach Natural Gas-Fired Unit 2 in California Returns to Service by December 12**

The unit returned from an unplanned outage that began by December 8. Prior to the outage, the unit had been curtailed by 206 MW since December 7.

<http://content.caiso.com/unitstatus/data/unitstatus201212121515.html>

## **Alterra Power's 88 MW Montrose Hydroelectric Facility in British Columbia Sustains Rockslide Damage December 12; Repairs Could Keep Plant Offline for Several Months**

Alterra Power Corp. today reported that a large, naturally occurring rockslide near its 88 MW Montrose hydroelectric facility caused significant damage yesterday to a 200–300 meter section of the five-kilometer penstock that supplies water from the water intake to the power plant. The intake and power plant were not affected by the incident, but the repairs may require the Montrose plant to be offline for several months. Operators hope that repairs can be carried out during the winter months when water flows and power generation are minimal. The nearby 146 MW Toba hydroelectric plant was not affected by the rockslide and remains in operation.

<http://alterrapower.ca/news/Press-Release/News-Releases/News-Releases-Details/2012/Alterra-Powers-Montrose-Hydroelectric-Facility-Sustains-Rockslide-Damage1132326/default.aspx>

## ***Petroleum***

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### **Enbridge Launches Open Season for Southern Access Extension Crude Oil Pipeline in Illinois**

Enbridge Inc. on Wednesday announced a binding open season to solicit commitments from shippers for capacity on the proposed Southern Access Extension pipeline. The new pipeline will transport crude oil from Enbridge's Flanagan Terminal in Pontiac, Illinois, where it will receive crude oil from Enbridge's Lakehead System, to Patoka, Illinois. The 165-mile, 24-inch pipeline will be constructed as a stand-alone project with an anticipated in-service date of early 2015. The diameter of the pipeline could be increased, depending on the results of the open season.

<http://www.enbridge.com/MediaCentre/News.aspx?yearTab=en2012&id=1704699>

### **NuStar Expanding Crude Oil Pipeline Systems in South Texas to Serve Producers in the Eagle Ford Shale**

NuStar Energy L.P. today announced that it has entered into a long-term Pipeline and Terminal Services Agreement with ConocoPhillips that will allow expansion of NuStar's South Texas Crude Oil Pipeline System, to serve growing production in the Eagle Ford Shale play. A new NuStar pipeline will originate at a 100,000-barrel NuStar terminal to be constructed near Pawnee, Texas, and it will connect to NuStar's existing 12-inch pipeline system between Pettus, Texas and Three Rivers, Texas. NuStar will connect its existing 12-inch pipeline to its Oakville, Texas Terminal for crude delivery to the NuStar North Beach Terminal. The crude will be transported to Corpus Christi via NuStar's existing 16-inch pipeline, and via new pipeline connections that will be built to Corpus Christi refineries. NuStar will also provide truck-receiving facilities at the new terminal near Pawnee, Texas and at its recently completed terminal in Oakville. In addition, NuStar is already constructing a new ship dock in Corpus Christi that will support the North Beach Terminal under a long-term lease with the Port of Corpus Christi. The pipeline expansion project will be completed during the fourth quarter of 2013, while the new dock facilities are expected to be complete in the first quarter of 2014.

[http://www.nustarenergy.com/newsroom/pages/newsreader.aspx?list=\[d7569589-6045-4fc8-92fb-c7463c583cb51\]&item=187](http://www.nustarenergy.com/newsroom/pages/newsreader.aspx?list=[d7569589-6045-4fc8-92fb-c7463c583cb51]&item=187)

## **Cracked Pipe Causes Exchanger Leak at Shell's 329,800 b/d Deer Park, Texas Refinery December 11**

Royal Dutch Shell Plc reported a cracked weld on a two-inch pipe caused a leak on Exchanger 1831 (re-boiler) on the gas fractionation unit at its Deer Park refinery Tuesday night, according to a filing with the Texas Commission on Environmental Quality (TCEQ). Operators immediately took steps to isolate the leaking exchanger and began removing leaked material from the area. The event was still under investigation at the time of the TCEQ filing. In a filing with the U.S. National Response Center, the refinery said an equipment malfunction late on Tuesday led to the discharge of heavy cat cracked gasoline from a process unit.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=177100>

[http://www.nrc.uscg.mil/reports/rwservlet?standard\\_web+inc\\_seq=1032976](http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1032976)

## **Update: Alon Reports Minor Setback Repairing Leak on Aromex Unit at Its 67,000 b/d Big Spring, Texas Refinery December 11**

Alon USA Holdings reported that while operators were installing a clamp to stop a previously reported leak on the aromex unit at its Big Spring refinery Tuesday afternoon, some scale fell off the pipe and the leak grew, according to a filing with the Texas Commission on Environmental Quality. Installing the clamp stopped the leak, and a vacuum truck removed the material from the containment. The refinery had reported approximately 15 pounds of benzene leaked out of the pipe.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=177095>

## **Valero Reports Hydrocracker Flaring at Its 93,000 b/d Three Rivers, Texas Refinery December 12**

Valero Energy Corp. reported flaring from the hydrocracker at the Complex Area 2 of its Three Rivers refinery Wednesday morning, according to a filing with the Texas Commission on Environmental Quality. The incident was not expected to have a material impact on production, a spokesman said.

Reuters, 13:06 December 13, 2012

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=177135>

## **Wet Gas Compressor Malfunction Causes Sulfur Dioxide Release Phillips 66's 362,000 b/d Wood River, Illinois Refinery December 12**

Phillips 66 reported the loss of a wet gas compressor caused a sulfur dioxide release Wednesday at its Wood River refinery, according to a filing with the Illinois Emergency Management Agency.

DJN, 11:50 December 13, 2012

## **Unspecified Unit Shutdown Leads to Flaring at Chevron's 245,271 b/d Richmond, California Refinery December 11**

Chevron Corp. reported the shutdown of a unit at its Richmond refinery on Tuesday led to flaring, according to a filing with the Contra Costa Health Department Hazardous Materials Program. Operators didn't anticipate any offsite impact from the flaring, the filing said.

Reuters, 17:42 December 12, 2012

## **Phillips 66 Running 20,000 b/d of Railed-In Bakken Crude at Its 100,000 b/d Ferndale, Washington Refinery, Aims to Double That – Executive**

Phillips 66 is using third-party logistics to run about 20,000 b/d of Bakken crude oil at its Ferndale refinery and aims to double that, a company executive told analysts on Thursday. The company plans to build a new offloading facility to increase those runs to 40,000 b/d, the executive said.

Reuters, 10:27 December 13, 2012

## **Natural Gas**

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### **Update: Encana Delays Production at Its 300 MMcf/d Deep Panuke Natural Gas Project Offshore Nova Scotia Until First Half of 2013**

Encana Corp. on Thursday said it has delayed the planned startup of its 300 MMcf/d Deep Panuke natural gas project off the Nova Scotia coast into the first half of 2013. The company had previously targeted starting production by the end of this year. Reports did not indicate a reason for the delay.

Reuters, 11:35 December 13, 2012

<http://www.encana.com/operations/canada/deep-panuke.html>

## Compressor Bearing Failure Shuts Turbine at DCP Midstream's 160 MMcf/d Goldsmith Gas Plant in Texas December 12

DCP Midstream reported a turbine at its Goldsmith plant shut down Wednesday morning due to a compressor bearing failure, according to a filing with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=177107>

## Southern Union Gas Services Reports Flaring at Its 140 MMcf/d Keystone Gas Plant in Texas December 12

Southern Union Gas Services reported it was flaring low-pressure gas at its Keystone plant Wednesday afternoon because field compressors upstream shut down during pigging operations, causing the low-pressure system to overload, according to a filing with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=177123>

## Other News

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Nothing to report.

## International News

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### BP Proposes Cuts to Iraq's Rumaila Production Target – Sources

BP Plc has been negotiating with Iraq's state-run South Oil Co. and the country's oil ministry to cut the final production target for the Rumaila oilfield to between 1.8 and 2.2 MMb/d, down from the previous target of 2.85 MMb/d, which was set in 2009. Iraq has initially accepted to cut output, and a final deal is expected by year-end, oil ministry and industry sources said. The deal would also extend this target final plateau until 2029, after it is first reached in 2017. The field currently produces around 1.35 MMb/d.

<http://uk.reuters.com/article/2012/12/13/energy-iraq-rumaila-idUKL5E8ND7YS20121213>

## Energy Prices

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U.S. Oil and Gas Prices			
December 13, 2012			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b>			
<b>West Texas Intermediate U.S.</b>	86.03	86.37	99.98
\$/Barrel			
<b>NATURAL GAS</b>			
<b>Henry Hub</b>	3.33	3.41	3.13
\$/Million Btu			

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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