



# ENERGY ASSURANCE DAILY

Wednesday Evening, December 22, 2010

## **Electricity**

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### **Update: Storms Continue in California, Knocking Out Power to More than 30,000 Customers December 22**

Storms continued to blast California on December 22, cutting power to nearly 20,000 Southern California Edison (SCE) customers and more than 13,000 San Diego Gas & Electric (SDG&E) customers, according to multiple news and company sources. The weather prompted Governor Arnold Schwarzenegger to declare a state of emergency for six counties.

<http://www.businessweek.com/news/2010-12-22/california-s-governor-declares-emergency-on-weather.html>

<http://www.istockanalyst.com/article/viewiStockNews/articleid/4764403>

<http://www.sdge.com/outages/outageDetailsLists.shtml>

### **Update: NRG to Restart 813 MW Limestone Coal-Fired Unit 2 in Texas December 22-23**

NRG planned to restart the unit on December 22-23 after "maintenance work on the turbine," it said in a filing with state regulators. The company planned to shut the unit on December 9-17 to fix a hydrogen leak, according to an earlier filing. It was not clear if the incidents were related.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=148685>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=148321>

### **Update: PG&E Restarts 407 MW Helms Hydro Unit 2, 404 MW Helms Hydro Unit 3 in California by December 21**

According to the California Independent System Operator, the units reported returns from unplanned outages. The units shut by December 20, a previous report said.

<http://www.caiso.com/unitstatus/data/unitstatus201012211515.html>

### **Update: Southern's 856 MW Hatch Nuclear Unit 1 in Georgia Ramped Up to 98 Percent by December 22**

Southern shut the unit on December 16 to fix a feedwater pump, a company spokeswoman said previously. The Nuclear Regulatory Commission reported that on the morning of December 21 the unit was operating at 86 percent.

<http://www.bloomberg.com/news/2010-12-16/southern-co-shuts-hatch-1-unit-in-georgia-to-fix-feedwater-pump.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: FPL's 512 MW Point Beach Nuclear Unit 2 in Wisconsin Ramped Up to 55 Percent by December 22**

FPL shut the unit on December 13 after a failure prevented the facility from "meeting rod group alignment limits," the company said in a previous filing with the Nuclear Regulatory Commission (NRC). A technical specification required operators to idle the unit. FPL said a damaged cable was likely to blame for the incident. The NRC reported that on the morning of December 21 the unit was not operating.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20101214en.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: Court Reinstates Injunction, Forces SWEPCO to Stop Some Work at Site of Proposed 600 MW John W. Turk, Jr. Coal-Fired Power Plant in Arkansas December 20**

A federal appeals court reinstated an injunction that forced American Electric Power's (AEP) Southwestern Electric Power Company (SWEPCO) to halt work on certain portions of its proposed 600 MW John W. Turk Jr. coal-fired power plant in Arkansas. In late October, a judge ordered SWEPCO to stop the "discharge of dredge or fill material into jurisdictional wetlands, impacting of streams, placement of the water intake structure at the bank of the Little River and the spanning of transmission lines across the Little and Red rivers." An appeals court, however, ruled later that the company could continue the work as it appealed the injunction. SWEPCO said in October that it would "continue construction, except for the small amount of work remaining in wetlands and streams areas included in the preliminary injunction."

<http://www.hopestar.com/newsnow/x1808776085/Appeal-reversal-is-reversed>

<http://www.pennenergy.com/index/power/display/5129143188/articles/powergenworldwide/coal-generation/new-projects/2010/12/Turk-construction-halted-again.html>

<http://arkansasnews.com/2010/10/27/judge%E2%80%99s-order-limits-construction-work-on-coal-plant/>

## **Update: CPV Opens 152 MW Keenan II Wind Farm in Oklahoma by December 22**

CPV Renewable Energy Company began commercial operations at its 152 MW Keenan II wind farm in Oklahoma, the company said on December 22.

<http://www.pnewswire.com/news-releases/cpvs-152-mw-keenan-ii-wind-farm-in-northwest-oklahoma-commences-commercial-operation-112319589.html>

## **TVA Sets Records for Peak Electric Demand in December 2010**

The Tennessee Valley Authority (TVA) established new December records in 2010 for peak load and daily electricity demand, the company said on December 21. Peak load surged to a record 31,436 MW amid cold temperatures on December 14, and daily electric demand totaled 674.9 gigawatt-hours on December 13. The company operates in seven states, according to its website: Alabama, Georgia, Kentucky, Mississippi, North Carolina, Tennessee, and Virginia.

[http://www.tva.com/news/releases/octdec10/december\\_peak.html](http://www.tva.com/news/releases/octdec10/december_peak.html)

<http://www.tva.gov/abouttva/>

## ***Petroleum***

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### **Unit Shutdowns Impact Production at ExxonMobil's 149,000 b/d Torrance, California Refinery by December 21**

Two units shut for unscheduled reasons, and "there was impact to production," a company spokeswoman said. The spokeswoman did not name the affected units, but trade sources identified them as a gasoline-producing fluid catalytic cracking unit (FCC) and an alkylation unit. The shutdowns occurred on December 20, according to the trade sources. The ExxonMobil spokeswoman said the company was investigating the disruption and working to restart the units.

<http://www.reuters.com/article/idUSWEN475420101221>

<http://af.reuters.com/article/energyOilNews/idAFWEN480420101222>

### **Update: Hovensa to Repair 150,000 b/d FCC by December 25 at 500,000 b/d St. Croix, U.S. Virgin Islands Refinery**

Hovensa expected to complete work on the 150,000 b/d gasoline-producing fluid catalytic cracking unit (FCC) by December 25, according to sources familiar with the facility's operations. The company shut the unit for unscheduled work, it said on December 9.

<http://www.bloomberg.com/news/2010-12-21/gasoline-futures-rise-on-stronger-demand-hovensa-unit-shutdown.html>

<http://www.reuters.com/article/idUSN0925081220101209>

### **Court Backs State Authorization of Enbridge's Proposal to Construct 400,000 b/d Crude Oil Pipeline in Illinois, but Economic Conditions Continue to Postpone Plans**

An appellate court upheld the Illinois Commerce Commission's approval of Enbridge Pipelines' proposed 400,000 b/d, 170-mile, Pontiac-to-Patoka crude oil pipeline on December 21, but economic conditions continued to delay the project, according to news and company sources.

[http://www.pantagraph.com/news/local/article\\_86bfccb0-0d43-11e0-876d-001cc4c03286.html](http://www.pantagraph.com/news/local/article_86bfccb0-0d43-11e0-876d-001cc4c03286.html)

## **Update: BlueKnight Energy Opens 8-Inch, Cushing-to-Ardmore, Oklahoma Crude Oil Pipeline by December 14**

Valero Energy began receiving crude oil more than one week ago at its 90,000 b/d refinery in Ardmore, Oklahoma via BlueKnight Energy Partners' newly-converted, 8-inch, 130-mile, Eagle North pipeline, a Valero spokesman said by December 21. The line runs from Cushing to Ardmore, and had – prior to its conversion – delivered oil products. Reuters estimated previously that the line could move as much as 32,000 b/d.

<http://www.bloomberg.com/news/2010-12-21/valero-says-eagle-pipeline-sending-crude-to-oklahoma-refinery.html>

<http://www.reuters.com/article/idUSN0519159220101005>

<http://www.bkep.com/pipeline-gathering-and-transportation-services>

<http://news.tradingcharts.com/futures/6/7/145075076.html>

## **Positive Economic News Boosts Crude Oil Futures to Two-Year High December 21**

Crude oil for February delivery settled at \$89.92 per barrel on the New York Mercantile Exchange (NYMEX) yesterday, 45 cents above the previous day's close and the highest settling price since October 2008. The jump occurred amid positive seasonal economic news.

<http://www.bloomberg.com/news/2010-12-21/oil-advances-for-third-day-on-u-s-retail-sales-increase-s-p-500-recovery.html>

## **Update: Shell Fixes Pipeline, Ends Force Majeure on Bonny Light Crude Oil Exports in Nigeria by December 20**

The company declared force majeure after thieves damaged the associated Trans-Niger pipeline in mid-November.

<http://af.reuters.com/article/investingNews/idAFJOE6BJ0DM20101220>

<http://www.businessweek.com/ap/financialnews/D9K8DP481.htm>

## **SBM Offshore Begins Crude Oil Production at Planned 180,000 b/d FPSO Offshore Brazil December 17**

SBM Offshore began oil production on December 17 from the P-57 floating production, storage, and offloading vessel (FPSO) at the Jubarte field in the Campos Basin, offshore Brazil, the company said on December 21. The FPSO is equipped to produce up to 180,000 b/d of oil, but will initially yield just 30,000 b/d, according to Dow Jones Newswires. It is expected to ramp up to peak production in 2012. SBM said the milestone marked the final delivery and hand over of the FPSO to Petrobras. SBM, however, also said it would operate the facility for the first three years of production.

<http://www.sbmoffshore.com/DOCS/PressRelease-20101221.pdf>

[http://www.rigzone.com/news/article.asp?a\\_id=102382](http://www.rigzone.com/news/article.asp?a_id=102382)

## **Natural Gas**

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Nothing to report.

## **Other News**

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### **Fog Disrupts Traffic along Houston Ship Channel December 22**

Fog led pilots to stop boarding inbound and outbound vessels along the Sabine-Neches ship channel on December 21, and along the Houston Ship Channel on December 22. The disruption had delayed 20 inbound and 10 outbound ships along the Houston Ship Channel, and six inbound and three outbound ships along the Sabine-Neches channel, as of latest reports.

<http://www.bloomberg.com/news/2010-12-22/tanker-traffic-halted-by-fog-on-houston-ship-channel-update1-.html>

### **Massey Energy, Buck Creek Resources Plan Underground Coal Mines in Kentucky**

Massey Energy plans to propose 2.2 million tons/year of coal at an underground coal mine on the Daviess-McLean county line, and Buck Creek Resources expects to produce 3.2 million tons coal/year near Rumsey, Kentucky. The mines could begin production within two years, according to a local Judge-Executive.

<http://wvgazette.com/ap/TopStories/201012210585>

## Automakers, Refiners Fight EPA's E15 Approval as Court Rejects Industry's Appeal of Renewable Fuel Standard

A consortium of vehicle and engine manufacturers filed a petition in federal court on December 20, objecting to the U.S. Environmental Protection Agency's (EPA) recent decision to allow retailers to sell E15 – gasoline containing 15 percent ethanol – to cars and trucks, model year 2007 or later. The consortium, known as the Engine Products Group, warned that "consumers could encounter performance irregularities (and) increase heat and exhaust temperatures," and said the EPA had not "put into place an effective, practical or enforceable mechanism to bifurcate the fuels market." Multiple U.S. refiners, meanwhile, sounded similar objections. Valero Energy, Marathon Oil, and Tesoro said they would not sell E15 at their gas stations, claiming that the fuel could damage older vehicles and/or void vehicle warranties. Despite the concerns, a federal appeals court ruled yesterday against an oil industry claim that the EPA had unfairly established its 2010 ethanol renewable fuel standard in March of 2010, even though Congress had directed the EPA to set the standard by November 30 of the prior year. The industry objected to the "retroactive regulation," saying it set "a deeply troubling and potentially far-reaching precedent."

<http://www.freep.com/article/20101221/BUSINESS01/12210334/1002/rss02>

<http://online.wsj.com/article/SB10001424052748704851204576034072952760748.html.html>

<http://www.bloomberg.com/news/2010-12-21/fuel-industry-challenge-to-epa-rejected-by-court-update1-.html>

<http://www.reuters.com/article/idUSTRE6BL25V20101222>

## MSHA Issues 114 Citations during November Impact Inspections at U.S. Coal Mines

The U.S. Department of Labor's Mine Safety and Health Administration (MSHA) issued U.S. coal mines 114 citations, 11 orders, and one safeguard during special impact inspections in November 2010, it said on December 21. The inspections, which began in force during April 2010 – following the fatal explosion at the Upper Big Branch Mine in West Virginia – target mines with a history of poor compliance or particular compliance concerns. "MSHA's impact inspection program is helping to reduce the number of mines that consider egregious violation records a cost of doing business," according to Joseph A. Main, assistant secretary of labor for mine safety and health.

<http://www.msha.gov/MEDIA/PRESS/2010/NR101221.asp>

## Energy Prices

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U.S. Oil and Gas Prices			
December 22, 2010			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	89.63	88.67	73.77
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	4.17	4.35	5.56

Source: Reuters

## Energy Notes

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**Update: NRC Advisory Panel Says Westinghouse Electric Co.'s AP1000 Nuclear Power Reactor is Reasonably Safe – Companies Have Chosen AP1000 Reactor as Model for up to Seven Proposed Nuclear Power Plants across United States**

[http://blog.al.com/wire/2010/12/nrc\\_advisers\\_back\\_new\\_westingh.html](http://blog.al.com/wire/2010/12/nrc_advisers_back_new_westingh.html)

**Nuclear Energy Institute Requires U.S. Nuclear Power Reactors to Implement New Safety Culture Initiative by October 1, 2011**

<http://www.theday.com/article/20101221/BIZ02/312219883/-1/BIZ>

<http://www.nei.org/newsandevents/newsreleases/nuclear-energy-industry-adopts-initiative-to-assure-operational-safety-focus/>

**Western Wind Plans 10.5 MW Wind/Solar Power Project in Kingman, Arizona – Company to Break Ground Immediately**

[http://www.westernwindenergy.com/s/News\\_Releases.asp?ReportID=434400& Type=News-Releases& Title=Western-Wind-has-Secured-Financing-of-24-Million-for-Kingman](http://www.westernwindenergy.com/s/News_Releases.asp?ReportID=434400& Type=News-Releases& Title=Western-Wind-has-Secured-Financing-of-24-Million-for-Kingman)

**Update: After Fatal Weekend Explosion, Pemex Reopens 30-Inch Teapa-Tula Crude Oil Pipeline in Mexico by December 22 – Pipeline Delivers Crude to Tula Refinery in Hidalgo State**

<http://online.wsj.com/article/BT-CO-20101222-710462.html>

**Frontier Opens New Gofiner Unit at 135,000 b/d El Dorado, Kansas Refinery by December 21**

<http://www.bloomberg.com/news/2010-12-21/crude-and-heating-oil-climb-to-two-year-highs-oil-products.html>

**Update: Federal Scientists Discover Traces of Oil in Deepwater Sediments near Deepwater Horizon Wellhead in U.S. Gulf of Mexico – Scientists Report No Exceedances of EPA’s Human Health Benchmark, No Exceedances of EPA’s Dispersant Benchmarks**

<http://www.restorethegulf.gov/release/2010/12/17/federal-oil-spill-response-transitions-regional-structure-releases-scientific-rep>

<http://www.examiner.com/political-spin-in-national/scientists-find-massive-damage-from-bp-oil-spill-gulf-of-mexico>

**DCP Midstream Considering Liquefied Propane Gas Terminal at Mack Point in Searsport, Maine**

<http://www.wcsh6.com/news/story.aspx?storyid=141107&catid=2>

<http://www.istockanalyst.com/article/viewiStockNews/articleid/4763023>

**Venezuela Crude Oil Output Slides to 2.276 Million b/d in November 2010, Compared to 2.5 Million b/d in October 2010: Trade Data**

<http://www.energyintel.com/#latest>

**Turbines Shut Briefly, Triggering Flaring at Goldsmith Gas Plant in Texas December 21**

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=148688>

**Citing Under-Reporting of Injuries, MSHA Notifies Maple Coal Co.'s Maple Eagle No. 1 Coal Mine in West Virginia of Eligibility for Potential Pattern of Violations Status December 20**

<http://www.msha.gov/MEDIA/PRESS/2010/NR101220.asp>

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## **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](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>

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