



ENERGY ASSURANCE DAILY

Monday Evening, June 04, 2012

Electricity

Tornadoes, Heavy Rains Cut Power to 49,000 Pepco and BGE Customers in Washington, DC and Maryland June 1

High winds, heavy rains, and six confirmed tornadoes hit the mid-Atlantic region Friday evening, cutting power to thousands of customers in Baltimore, Maryland; Washington, DC; and the two cities' Maryland suburbs. Baltimore Gas and Electric Company (BGE) reported 35,000 of its customers lost power as a result of the severe thunderstorms. On Saturday the utility announced it had restored electric service to approximately 26,000 customers, and it expected to have the vast majority of power restored to its customers by Saturday night. More than 14,000 Potomac Electric Power Company (Pepco) customers were without power in the region Friday, according to Pepco's website. A spokeswoman said outages were down to around 250 customers by Saturday.

[http://www.reuters.com/article/2012/06/03/usa-weather-damage-](http://www.reuters.com/article/2012/06/03/usa-weather-damage-idUSL1E8H305C20120603?feedType=RSS&feedName=financialsSector&rpc=43)

[idUSL1E8H305C20120603?feedType=RSS&feedName=financialsSector&rpc=43](http://www.bge.com/Article%20Documents/June1Storm%20Release206%200212.pdf)

<http://www.bge.com/Article%20Documents/June1Storm%20Release206%200212.pdf>

<http://northpotomac.patch.com/articles/storm-watch-flooded-roads-trees-down-in-montgomery-county#photo-2608410>

http://articles.baltimoresun.com/2012-06-02/news/bs-md-maryland-tornado-follow-20120602_1_tornado-powerful-storm-tree-limbs

Texas May Triple Peak Wholesale Power Prices by 2015 to Encourage Power Plant Construction, Avert Summer Blackouts

Texas utility commissioners and grid operators are considering a plan that would allow peak wholesale power prices in the state to triple (from \$3,000 to \$9,000 per MWh) by 2015, as part of a bid to encourage power-plant construction and avoid blackouts. Wholesale power prices, tied to the cost of gas, have fallen more than 30 percent since 2008, making generators reluctant to invest in new plants that would be subject to price swings and uncertain returns. Consultants at *The Brattle Group* on June 1 released a report that says tripling the maximum price would give Texas a reserve margin of only 10 percent above peak demand, which is still less than the 13.75 percent reserve margin federal regulators estimate the Electric Reliability Council of Texas needs to avoid rolling blackouts during extreme weather. A spokesman for the Public Utility Commission of Texas said the commission would review the *Brattle Group* report before deciding on a course of action, including how high to raise prices.

<http://www.bloomberg.com/news/2012-06-01/texas-may-triple-power-prices-to-avert-summer-blackouts.html?cmpid=yahoo>

<http://www.brattle.com/NewsEvents/NewsDetail.asp?RecordID=1140>

GAO Recommends That NRC Re-Evaluate Its Approach to Natural Hazard Risk Assessments

The U.S. Government Accountability Office (GAO) on May 29 released a report that concludes that natural hazard assessments conducted by the U.S. Nuclear Regulatory Commission (NRC) and licensed operators could be "more risk-informed." The NRC and licensed operators (or licensees) apply probabilistic risk assessment (PRA) to natural hazards at operating U.S. nuclear reactors to a limited extent. However, most licensees have opted to use other methods of risk assessment; data show few licensees are likely to have developed or updated since the 1990s PRAs that address natural hazards. GAO recommends that NRC analyze whether licensees of operating reactors should be required to develop PRAs that address natural hazards. NRC agreed with the recommendation and stated it will conduct the analysis in the context of ongoing initiatives. GAO conducted its study after the March 2011 Fukushima Dai'ichi nuclear disaster raised questions about the threats that natural hazards, such as earthquakes and floods, may pose to U.S. commercial nuclear power reactors.

<http://www.sanluisobispo.com/2012/05/30/2086602/gao-suggests-risk-assessment-for.html>

<http://www.gao.gov/products/GAO-12-465>

Bomb Threat Proves False at Progress Energy's 900 MW Harris Nuclear Power Plant in North Carolina June 1

Progress Energy reported two individuals drove up to its Harris nuclear plant site security gate Friday afternoon and stated they had a bomb in the vehicle, according to a filing with the U.S. Nuclear Regulatory Commission (NRC). The plant was locked down, and local law enforcement officials were notified and responded to the site. The two individuals were apprehended as the Raleigh Police bomb squad searched the car and the area. Later that afternoon, Progress Energy terminated its unusual event notice to the NRC after the vehicle search did not find a bomb and the two individuals were in custody.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2012/20120604en.html>

<http://www2.nbc17.com/news/2012/jun/01/bomb-threat-outside-shearon-harris-nuclear-power-p-ar-2327446/>

Update: TVA's 1,118 MW Browns Ferry Nuclear Unit 3 in Alabama Restarts June 3, Ramps Up to 46 Percent by June 4 following Unplanned Shutdown

Tennessee Valley Authority's Browns Ferry Unit 3 is returning from an outage that began May 29, when the reactor scrambled after a turbine control valve closed due to a load reject signal on the main generator.

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

FPL's 839 MW Saint Lucie Nuclear Unit 1 in Florida Shuts June 2 Due to Turbine Control System Failure

Florida Power & Light Company (FPL) reported Saint Lucie nuclear Unit 1 automatically tripped late Saturday night due to a loss of load caused by an instantaneous failure of the turbine control system, according to a filing with the U.S. Nuclear Regulatory Commission. The cause and details of the turbine control system failure are under investigation. The plant is stable in Mode 3 at normal operating temperature and pressure.

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

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2012/20120604en.html>

AEP Shuts 721 MW Pirkey Coal-Fired Unit in Texas to Repair Boiler Tube Leak June 2

American Electric Power (AEP) reported it was shutting the Pirkey unit to repair a boiler tube leak, according to filings with the Texas Commission on Environmental Quality. The shutdown was expected to continue until June 6, and emissions were possible through June 11, the filings said. Operators were planning to leave precipitators and the rapper system in service as long as possible to minimize emissions.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=169191>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=169190>

Loss of Boiler Flame Shuts Luminant's 793 MW Martin Lake Coal-Fired Unit 2 in Texas June 2

Luminant reported Martin Lake Unit 2 tripped while at load early Saturday morning due to the loss of flame in the boiler. Operators restarted the boiler flame later that morning. Unit shutdown was expedited and abatement systems were kept in service as long as temperatures would allow.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=169192>

AES's 495 MW Alamos Gas-Fired Unit 6 in California Reduced by June 3

The unit entered an unplanned curtailment of 425 MW.

<http://content.caiso.com/unitstatus/data/unitstatus201206031515.html>

Cabrillo Power's 104 MW Encina Gas-Fired Unit 2 in California Shut by June 1; Its 110 MW Encina Gas-Fired Unit 3 Shut by June 3

The units entered unplanned outages.

<http://content.caiso.com/unitstatus/data/unitstatus201206011515.html>

<http://content.caiso.com/unitstatus/data/unitstatus201206031515.html>

Update: AES's 225 MW Huntington Beach Gas-Fired Unit 3 in California Returns to Service by June 1

The unit returned from an unplanned outage that began by May 31.

<http://content.caiso.com/unitstatus/data/unitstatus201206011515.html>

Constellation's 118 MW Ace Cogeneration Coal-fired Unit in California Returns to Service by June 2

The unit returned from an unplanned outage that began by June 1.

<http://content.caiso.com/unitstatus/data/unitstatus201206021515.html>

<http://content.caiso.com/unitstatus/data/unitstatus201206011515.html>

Petroleum

Tesoro Considering Shipping Bakken Oil to Kenai, Alaska Refinery – Company Source

Tesoro Corp. is considering a plan to maximize its use of the rail facility under construction at its Anacortes, Washington refinery by shipping extra deliveries of Bakken crude oil to its Kenai, Alaska refinery, which is paying substantially more for similar light, sweet oil from the Cook Inlet basin and lower grade oil from the North Slope. The Anacortes refinery currently receives 1,000–2,000 b/d from the Bakken Shale in North Dakota, and 30,000 b/d of Alaska North Slope (ANS) via tanker. Starting in September, the company will replace its intake of ANS by shipping 30,000 b/d by rail from the Bakken region. Tesoro's CEO told investors May 3 that the Anacortes rail facility is designed to take a unit train carrying 60,000 barrels every day, but it has been permitted for less than that. An unidentified contact at Tesoro headquarters says there is some discussion about shipping the extra oil, via tanker, to the Kenai refinery.

<http://www.petroleumnews.com/pntruncate/980524821.shtml>

EPA Updates Clean Air Act Standards for Flares and Process Heaters at Petroleum Refineries

The U.S. Environmental Protection Agency (EPA) on Friday issued standards for new flares and process heaters at petroleum refineries. Under this final rule, which responds to petitions requesting the agency to reconsider standards issued in 2008, flares would need to follow work practice standards and meet monitoring requirements, and process heaters would need to meet emission limits for nitrogen oxides. The final standards also encourage refineries to recover gas that can be used as fuel to power equipment at the refinery.

<http://yosemite.epa.gov/opa/admpress.nsf/bd4379a92ceceac8525735900400c27/92f7f42fef0f54dc85257a0f006b7d08!OpenDocument>

BP Shuts CDU for Repairs at Its 413,000 b/d Whiting, Indiana Refinery June 1 – Sources

BP Plc. on Friday shut a 75,000 b/d crude distillation unit (CDU) at its Whiting refinery for repairs, according to sources familiar with refinery operations. The refinery's two other CDUs can compensate for some of the lost production, but not all of it. BP has not set a date set for restarting the unit. A BP spokesman declined to discuss refinery operations.

Reuters, 12:28 June 1, 2012

Marathon Restarts CDU at Its 226,000 b/d Catlettsburg, Kentucky Refinery Last Week after Pump Repairs

Marathon Petroleum Corp. restarted a crude distillation unit (CDU) at its Catlettsburg refinery last week after repairing a failed pump, according to a filing with state regulators. Operators shut the No. 3 CDU after the pump failure resulting in emissions. The refinery's spare pump was out of service for maintenance, the filing said.

Reuters, 10:41 June 4, 2012

Compressor Glitch Shuts HCU at Valero's 310,000 b/d Port Arthur, Texas Refinery June 1

Valero reported a recycle compressor on a hydrocracking unit (HCU) tripped Friday evening when a high suction drum level caused the reactor loop auto-depressuring system to go to flare, according to a filing with the Texas Commission on Environmental Quality. The incident was under investigation at the time of the filing. Operators made adjustments to restart the compressor.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=169186>

Unspecified Process Upset Leads to Emissions at Phillips 66's 146,000 b/d Borger, Texas Refinery June 1

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=169193>

Naphtha Stripper Malfunction Leads to Flaring at BP's 225,000 b/d Cherry Point, Washington Refinery June 1

BP Plc reported flaring at its Cherry Point refinery Friday night due to a naphtha stripper malfunction, according to a filing with the U.S. National Response Center. Operators secured the release early Saturday morning, the filing said. http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1013269

Phillips 66 Reports Sulfur Dioxide Emissions Due to Unspecified Flaring Event at Its 120,000 b/d Rodeo, California Refinery June 1

Phillips 66 reported sulfur dioxide emissions due to an unspecified flaring event at its Rodeo refinery, according to a filing with the California Emergency Management Agency. Reuters, 03:43 June 1, 2012

Update: USW Workers to Vote on Proposed Contract at Tesoro's 166,000 b/d Martinez, California Refinery June 6; Parties Hoping to Avert Strike

United Steelworkers (USW) union workers at Tesoro Corp.'s Martinez refinery are scheduled Wednesday to vote on a contract proposal aimed at averting a strike, a union spokeswoman said Sunday. USW Local 5 members rejected a contract offer May 21 and voted to authorize a strike at the refinery if the union couldn't reach an agreement with Tesoro. Tesoro has said in the event of a strike, it would temporarily halt production at the refinery to prepare temporary replacement workers who would then resume production. Reuters, 15:50 June 3, 2012

Update: Contract Negotiations to Resume June 6 as USW Workers Continue to Strike at Husky's 155,000 b/d Lima, Ohio Refinery

Representatives from Husky Energy Inc. and United Steel Workers (USW) Local 624 will meet this Wednesday for the first time since approximately 240 USW workers began a strike at the Lima refinery on May 25, the union and company confirmed late last week. The refinery has continued to operate normally with salaried employees standing in for striking union members. <http://www.limaohio.com/articles/lima-84160-union-wednesday.html>

Natural Gas

Update: FERC Vacates Chestnut Ridge's Certification to Develop 25 Bcf Gas Storage Project in Pennsylvania and West Virginia

The U.S. Federal Energy Regulatory Commission (FERC) on May 23 issued an order denying Chestnut Ridge Storage LLC a rehearing of a November 2011 order denying the company's request for an extension of time to complete the Junction Natural Gas Storage Project, a 25 Bcf natural gas storage facility to be located in Fayette County, Pennsylvania, and Monongalia and Preston Counties, West Virginia. FERC vacated Chestnut Ridge's August 2009 certificate authorizing the project, which specified the project must be completed and made available for service by August 31, 2011. Three weeks prior to the expiration of this deadline, Chestnut Ridge requested an additional 3 years to complete its project. The November 2011 order denied the request for additional time, citing the company's lack of progress in developing the project.

<http://www.ferc.gov/EventCalendar/Files/20090831113236-CP08-36-000.pdf>

<http://www.ferc.gov/EventCalendar/Files/20120523162742-CP08-36-002a.pdf>

Other News

REG to Establish Biodiesel Wholesale Terminal at Its 15 MMGal/Yr. REG Clovis Terminal Under Construction in New Mexico

Renewable Energy Group (REG) announced today it will establish a B100 wholesale terminal at its biodiesel plant currently under construction near Clovis, New Mexico, making the product available beginning this July. The 15 MMGal/Yr. biodiesel facility, known as REG Clovis, is approximately 40 percent complete. The company is converting the site's liquid storage and truck load-out into a wholesale terminal for REG-9000 branded biodiesel sales via truck and rail.

<http://www.regfuel.com/news/2012/06/04/reg-announces-new-mexico-biodiesel-availability-new-reg-clovis-terminal>

<http://www.regi.com/clovis>

International News

Update: Secretary Clinton Urges Cooperation between U.S. and Other Countries Working in Arctic Circle amid Competing Claims in Resource-Rich Region

<http://finance.yahoo.com/news/clinton-urges-cooperation-rich-arctic-150126257.html>

Energy Prices

U.S. Oil and Gas Prices			
June 4, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	83.25	90.75	100.13
NATURAL GAS Henry Hub \$/Million Btu	2.24	2.66	4.64

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.

ENERGY ASSURANCE DAILY

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

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