



ENERGY ASSURANCE DAILY

Friday Evening, December 12, 2008

Major Developments

Ice Storm Knocks Out Power to 1.3 Million Customers in Northeast December 11-12

A severe winter storm brought rain, freezing rain, sleet and snow to the Northeast beginning late December 11 and continuing into December 12. According to the National Weather Service, ice storm, winter storm, high wind and flood warnings are in effect in much of the region and severe weather is expected to continue throughout the day. As of 4:00 pm EST today, the states of Connecticut, Massachusetts, Maine, New Hampshire, New York, Vermont, and Rhode Island report approximately 1.2 million customers without power due to the storm. Some utilities report that outages may continue to rise throughout the day as additional icing and wind gusts snap tree limbs, damage power lines and hamper equipment. Utilities expect that some customers will be without power for several days. Massachusetts Gov. Deval Patrick said that power may not return to thousands of state residents until Monday, December 15. Central Maine Power does not expect to start restoration work before Saturday and said restoration is likely to last well into next week in many areas.

Northeast Customer Power Outages			
December 12, 2008			
Electric Utility	State	Peak	Latest Reported
Public Service Co. of New Hampshire	NH	320,000	320,000
The New Hampshire Electric Cooperative	NH	41,000	23,464
National Grid (New Hampshire)	NH	22,000	22,000
Unitil (New Hampshire)	NH	28,600	28,600
National Grid (Massachusetts)	MA	286,454	224,710
Unitil (Massachusetts)	MA	23,000	23,000
Western Massachusetts Electric Co.	MA	20,879	20,048
National Grid (New York)	NY	202,729	202,729
Central Hudson Gas & Electric	NY	60,000	50,000
New York State Gas & Electric	NY	32,000	32,000
Long Island Power Authority	NY	7,590	90
Central Maine Power	ME	220,000	220,000
Bangor Hydro Electric Co.	ME	12,056	12,056
Central Vermont Power	VT	28,120	23,567
Connecticut Power & Light	CT	17,095	7,505
National Grid (Rhode Island)	RI	6,000	6,000
TOTAL*		1,327,523	1,215,769

*Total outages only represent electric utilities listed in this table.

Sources: <http://www.psnh.com/aboutpsnh/mediacenter/stormupdates.asp>
<http://www.nhec.com/oms.php>
https://www.nationalgridus.com/narragansett/a3-1_news2.asp?document=3814
<http://www.wmeco.com/Community/StormCenter/RestorationStatus.aspx>
<https://www1.nationalgridus.com/niagaramohawk/storm/OutagesByCounty.aspx>
<http://www.nyseg.com/OurCompany/News/2008/121208eastregionoutage1130.html>
<http://www.lipower.org/stormcenter/outages/township.html>
<http://www.cmpco.com/OurCompany/News/2008/news081212b.html>
http://services.unitil.com/content/unitilcom_messages/Dec12%2B4pm12%252F12%252F2008%2B3%253A31%253A44%2BPM.pdf
<http://www.cnn.com/2008/US/weather/12/12/storm.new.york.massachusetts/?iref=mpstoryview>
http://www.bhe.com/about/outage_notification.cfm
<http://www.cyps.com/customerservice/outages/>

http://www.dps.state.vt.us/vem/press_121208.html
<http://www.cl-p.com/stormcenter/outage.aspx>
<http://timesunion.com/AspStories/story.asp?storyID=749867>
<http://www.foxnews.com/story/0,2933,465880,00.html>
<http://www.newsday.com/iphone/ny-lirain1213.0.6510676.story>
Reuters, 12:25 December 12, 2008

Entergy Reduces 620 MW Vermont Yankee Nuke Unit to 82 Percent Due to Ice Storms December 12

The unit's independent grid operator requested that the facility decrease its production due to the loss of demand as a result of massive power outages across the Northeast. The unit was operating at 100 percent yesterday, according to the Nuclear Regulatory Commission.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>
<http://www.reuters.com/article/rbssIndustryMaterialsUtilitiesNews/idUSN1244370220081212>
Bloomberg News, 10:56 December 12, 2008

Electricity

Dynegy Reevaluating New Coal-fired Power Plants Due to High Capital Costs and Permitting Difficulties

The company is reevaluating its role in developing new coal-fired power plants, including two already under construction: the 665 MW Plum Point power plant in Arkansas and the 900 MW Sandy Creek station under construction in Texas. Dynegy's reevaluation includes activities related to siting, permitting, financing and construction of at least six coal or natural gas projects, a spokesman said.

Reuters, 18:55 December 11, 2008

Prairie Wind Transmission Proposes 175-Mile 765 kV Transmission Line in Kansas

According to a company announcement, Prairie Wind Transmission has filed proposals with Kansas state officials to construct a 765 kV transmission line from Wichita to Liberal, Kansas. The proposal includes plans to connect with another proposed 765 kV transmission line to be built by ITC Great Plains that will extend to the Kansas-Nebraska border. The proposals are meant to help increase efficiency and promote greater transmission from lower cost markets to regions of high demand.

<http://finance.yahoo.com/news/Prairie-Wind-Transmission-iw-13817340.html>

AmerenUE's 1,125 MW Callaway Nuke Unit in Missouri Shut by December 12

The Nuclear Regulatory Commission reported that on the morning of December 11 the unit was operating at full power. The unit was automatically shut after an electrical problem shut a condensate pump.

Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>
Bloomberg News, 11:02 December 12, 2008

Duke Energy's 846 MW Oconee Nuke Unit 2 in South Carolina Ramped Up to 19 Percent by December 12

The Nuclear Regulatory Commission reported that on the morning of December 11 the unit was not operating.

Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

Mountainview Power's 525 MW Mountainview Gas-fired Unit 3 in California Returns to Service by December 11

According to the California Independent System Operator, the unit returned from an unplanned curtailment of 285 MW.

<http://www.caiso.com/unitstatus/data/unitstatus200812111515.html>

Duke Energy's 222 MW Southbay Gas-fired Unit 4 in California Returns to Service by December 11

According to the California Independent System Operator, the unit returned from an unplanned outage.

<http://www.caiso.com/unitstatus/data/unitstatus200812111515.html>

Update: Repairs Nearly Complete on BP's 72,000 b/d River Rouge Products Pipeline from Illinois to Michigan

According to BP, repairs are nearly complete on the pipeline, which carries gasoline, diesel and jet fuel from the company's Whiting, Illinois refinery to the River Rouge petroleum products terminal in Michigan. The pipeline shut on December 5 after it was struck by a car. BP put alternate supply arrangements into effect at that time. Reuters, 11:23 December 12, 2008

Update: CDU and Hydrotreater at Planned Rates at Valero's 340,000 b/d Corpus Christi, Texas Refinery December 12

The company reported that the crude distillation unit and hydrotreater at the refinery were running at planned rates December 12. Several units had been shut down early December 10 due to a power outage. Reuters, 09:35 December 12, 2008

Delek's 58,000 b/d Tyler, Texas Refinery to Remain Shut Until 2009-Reuters

Repairs to the east Texas refinery could take until the second quarter of 2009, according to sources. The refinery was shut on December 4 after an explosion and subsequent fire broke out at the facility's saturated gas plant and naphtha hydrotreater. Damage reports also indicated that the control room for the crude distillation unit sustained severe damage.

<http://www.reuters.com/article/marketsNews/idUSN1141873520081212>

Sabine Pass Resumes Tanker Traffic after Winter Storm

Tankers resumed passage through the Sabine Pass on the Texas-Louisiana border following closure due to poor conditions brought about by a winter storm. Customers are not expected to see any disruptions from the delays. Boardings have remained suspended in some nearby areas including the Calcasieu Ship Channel in Louisiana, according to a LOOP spokesperson.

http://www.bloomberg.com/apps/news?pid=20601072&sid=arqZ_BQIDcvc&refer=energy

Sakhalin Energy Begins Year-Round Oil Exports from Sakhalin II Project

The joint venture between Gazprom and Shell has announced year-round oil flows from its oil export terminal in the Aniva Bay in Russia. The project is expected to produce 395,000 boe/d of oil and gas.

http://www.rigzone.com/news/article.asp?a_id=70630

Canadian Pipeline Authority Reduces Canadian Oil Sands Production Forecasts Due to Oil Price Drop

The Canadian Association of Petroleum Producers (CAPP) has dropped its forecast of oil sands production in 2015 by 300,000 b/d to 3.6 million b/d. Officials cite the 70% drop in crude prices as the reason for adjusting the estimate. Companies are scaling back planned development amidst the lower crude price environment, though production is still expected to increase throughout 2009.

http://news.morningstar.com/newsnet/ViewNews.aspx?article=/DI/200812111720DOWJONESDIONLINE001009_univ.xml

Russia Ready to Work with OPEC to Cut Supply, Boost Oil Price – Medvedev

Russian President Dmitry Medvedev said December 11 that Russia is willing to cut oil production and/or join OPEC in order to defend the country's national interest to push up crude oil prices.

Reuters, 16:09 December 11, 2008

Natural Gas

Gas Pipeline Damage Holding Up Gas and Oil Recovery in the Gulf Post-Ike

Lars Herbst of MMS told a media teleconference that most of the oil and natural gas still shut in the Gulf of Mexico after Hurricane Ike is due to ongoing repairs to natural gas pipelines. On December 3, MMS reported that 14.9 percent of Gulf oil output of 1.3 million b/d, and 21 percent of gas output of 7.4 Bcf/d were still shut in. Virtually all of Gulf's oil and gas production should be fully restored by March. Nearly all of the pipeline damage was caused by the toppling of platforms.

Reuters, 19:53 December 11, 2008

Palomar Gas Transmission Files Application to Build 1.3 Bcf/d Pipeline in Oregon

Palomar Gas Transmission LLC filed an application on December 11 with the FERC for a certificate to build and operate the proposed Palomar Gas Transmission pipeline, a 217-mile, 1.3 Bcf/d pipeline extending from the Gas Transmission Northwest (GTN) pipeline in central Oregon, to a point on the Columbia River northwest of Portland. If the certificate application is approved by FERC by the end of 2009, Palomar could begin construction in 2010 with a target in-service date of November 2011.

http://www.palomargas.com/news_2008_12_11.html

Other News

Steven Chu Proposed as Secretary of Energy

President-elect Barack Obama has reportedly chosen Steven Chu as his nominee for Secretary of Energy. Chu currently serves as the director of the DOE's Lawrence Berkeley National Laboratory. Chu, a Nobel-prize winning scientist, holds technical expertise in alternative energy and climate change.

<http://www.platts.com/Oil/News/6044487.xml?p=Oil/News&sub=Oil>

http://nobelprize.org/nobel_prizes/physics/laureates/1997/chu-autobio.html

EPA Finalizes Rule on Accounting of Fugitive Emissions

The Environmental Protection Agency has issued a final New Source Review that will require consistency in reporting for emissions into the air from sources other than stack, vent, and other confined means. This ruling will standardize reporting for unintended emission from equipment including leaks or evaporation.

<http://www.epa.gov/nsr/fs20081210.html>

Energy Prices

U.S. Oil and Gas Prices			
December 12, 2008			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	46.45	41.10	90.50
NATURAL GAS Henry Hub \$/Million Btu	5.56	6.65	7.12

Source: Reuters

Energy Notes

Compressor Issues Reported at Valero's 294,000 b/d Port Arthur, Texas Refinery December 11

<http://www11.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=117630>

Armed Guards Would Deter Somali Pirates – US Navy

Reuters, 13:31 December 12, 2008

Pemex Reopens Cayo Arcas Oil Terminal on Gulf of Mexico Pajaritos and Dos Bocas Remain Closed Due to Weather

Bloomberg News, 11:37 December 12, 2008

Colorado Regulators Adopt Comprehensive Drilling Standards

<http://intelligencepress.com/>

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

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>

Please direct comments and questions to: ead@oe.netl.doe.gov