



U.S. DEPARTMENT OF ENERGY
Office of Electricity Delivery and
Energy Reliability

ENERGY ASSURANCE DAILY

Thursday, February 2, 2006

Major Developments

Service Begun from 540 MMcf/d Elba Island LNG Expansion Project in Georgia

El Paso Corporation has started service from its recently completed Elba II expansion project, a significant expansion of its Elba Island LNG receiving terminal near Savannah, Georgia. The Elba II Expansion adds 3.3 Bcf equivalent of storage capacity and 540 MMcf/d of peak send-out capacity to the existing facility, increasing the terminal's total storage capacity to 7.3 Bcf and total peak send-out capacity to over 1.2 Bcf/d. The expansion also includes new docking facilities that can accommodate two LNG vessels at once in a newly constructed slip at Elba Island, effectively harboring LNG vessels during cargo unloading and providing more flexible passage for commercial shipping in the Port of Savannah.

http://finanzen.net/news/news_detail.asp?NewsNr=369436.

Electricity

Missouri PSC Allows KCP&L to Construct 800-900 MW Coal-fired Plant

The Missouri Public Service Commission has issued a permit that will allow Kansas City Power & Light Co. to begin constructing a second coal-fired power plant, called Iatan 2, in northwest Missouri. The permit authorizes KCP&L to build a coal-fired boiler; a fuel oil-fired auxiliary boiler; associated storage, handling and pollution control equipment; a fuel oil storage tank; and a landfill. It also authorizes the company to modify the existing Iatan 1 coal-fired generating unit to increase heat input and upgrade the pollution control system. Iatan 2 will be built near Iatan 1, which is located about 25 miles northwest of Kansas City near Weston.

http://www.mercurynews.com/mld/mercurynews/news/breaking_news/13760156.htm.

California Energy Commission Accepts 500 MW Walnut Creek Energy Park Proposal

The California Energy Commission has accepted Walnut Creek Energy's proposal to build a 500 MW natural gas-fired peaking power plant. The proposal consists of five 100 MW combustion turbine generators and would connect to the electricity grid through a 230 kV line to the SCE Walnut Substation. Walnut Creek Energy and the CEC can now begin the licensing process.

http://www.marketwire.com/mw/release_html_b1?release_id=108420.

California Energy Commission Accepts 500 MW Sun Valley Energy Project Proposal

The California Energy Commission has accepted Valle de Sol Energy's proposal to build a 500 MW natural gas-fired peaking power plant. The proposed plant would be connected to the SCE transmission grid through a 115 kV connection with the SCE Valley Substation. Valle del Sol Energy and the CEC can now begin the licensing process.

http://www.marketwire.com/mw/release_html_b1?release_id=108420.

Tennessee Valley Authority to Upgrade Power Plants

In order to increase output and improve the reliability of its power plants in Tennessee, Kentucky, and Alabama, the Tennessee Valley Authority will spend over \$100 million to upgrade those plants.

Source: Industrialinfo.com

Reuters 6:26, February 2, 2006

Update: Southern Nuclear's 1,149 MW Vogtle 2 Nuke in Georgia at 61 Percent February 2
Bloomberg, 08:19 February 2, 2006

TVA's 1,113 MW Brown's Ferry 2 Nuke in Alabama at 80 Percent
Bloomberg, 08:19 February 2, 2006

Petroleum

Attack on Kirkuk Storage Depot Halts 300,000 b/d Northern Output in Iraq

Iraq's northern crude output from Kirkuk (700,000 b/d capacity) stopped February 2 after insurgents fired a mortar at the Northern Oil Co's main oil storage facility in Kirkuk, a company source said. Northern production in December stood at 300,000 b/d, while the month's total for the whole of Iraq was 1.81 million b/d, down 110,000 b/d from November. The Kirkuk storage facilities are important for Iraqi exports to the Turkish Mediterranean port of Ceyhan. Iraq builds crude storage in Kirkuk before pumping it in batches to Ceyhan.

<http://www.platts.com/Oil/News/8273846.xml?S=n>.

Reuters 07:25 February 02, 2006

Explosion and Fire at ConocoPhillips Lake Charles Refinery February 1

An explosion and fire occurred in a lube unit at the 255,000 b/d ConocoPhillips Lake Charles refinery at about 11:30 p.m. February 1. The fire was extinguished within a couple of hours. According to a company spokesperson, the refinery is now in restart.

Reuters 11:05, February 2, 2006

OPIS 10:59 February 2, 2006

Tanker Runs Aground and Spills Oil into Cook Inlet, Alaska

A tanker loading heavy vacuum gas oil and unleaded gasoline from the Tesoro refinery in Nikiski, Alaska, was struck by an ice floe and ran aground. The tanker was carrying nearly 5 million gallons of oil. According to a company statement, it is unknown how much product was spilled.

Reuters 15:24, February 2, 2006

Crude Futures Fall Below \$65

Easing concern's over sanctions for Iran, and a larger than expected crude stock build, prompted NYMEX crude to fall for the third straight session. Crude for March delivery settled at \$64.65 after falling to a session low of \$64.40, the lowest since January 13.

Reuters 14:48, February 2, 2006

Kinder Morgan to Increase Capacity and Storage of Refined Oil Products

On February 2, Kinder Morgan Energy Partners announced its plans to invest in capacity and storage building projects on its 550-mile CALNEV pipeline system into Las Vegas, Nevada, over the next year. The company's plans include building two new 80,000-barrels storage tanks for gasoline and diesel in Las Vegas and doubling the size (from six to 12 inches) of the pipeline feeding the Barstow, California, liquids terminal, which will add 3,000 barrels to the line by the end of 2006. The CALNEV system transports gasoline, diesel, and jet fuel.

Reuters, 14:16 February 02, 2006

Enbridge Plans Pipeline from Western Canada to Wisconsin

Enbridge Inc., operator of the main pipeline for Canadian oil exports to the United States, announced plans for a new pipeline project to Wisconsin from Western Canada. The pipeline, called the Alberta Clipper, would carry 400,000 barrels of heavy crude a day.

Reuters, 11:56 February 02, 2006

Natural Gas

SGR Begins Construction on 16 Bcf Southern Pines Salt Dome Storage Project

SGR Holdings LLC has begun construction on the proposed 16 Bcf Southern Pines Energy Center, a new salt dome gas storage project located in Greene County, Mississippi. The first phase is expected to provide 8 Bcf of working gas capacity in summer 2007.

National Gas Intelligence, February 1, 2006.

Norwegian Company Files Plans for 1.4 Bcf/d LNG Terminal off Alabama Coast

TORP Technology has filed plans for a 1.4 Bcf/d LNG re-gasification terminal off the Alabama coast with the U.S. Coast Guard and the Maritime Administration. Operations are expected to commence in early 2009.

National Gas Intelligence, February 1, 2006.

<http://www.torplng.com/project.htm>

Kinder Morgan Seeks Pre-filing for Pipeline to Service 2.6 Bcf/d LNG Project

Kinder Morgan Louisiana Pipeline LLC has asked FERC to begin the pre-filing process for its proposed pipeline that would provide service from Cheniere LNG's 2.6 Bcf/d Sabine Pass terminal now under construction in Cameron Parish, LA.

National Gas Intelligence, February 1, 2006.

Gulfstream Holding Open Season on Expansion of Pipeline System

Gulfstream Natural Gas System L.L.C. is conducting an open season begun February 1 to gauge market interest in a proposed compression-based mainline expansion of its existing natural gas pipeline system. The expansion is scheduled to be in service January 1, 2009. The proposed compression-based expansion could add up to approximately 200,000 dekatherms per day of capacity to Gulfstream's pipeline system.

<http://biz.yahoo.com/prnews/060201/daw036.html?v=44>.

Other News

Construction Begins on Harrison's Ohio Fuel Ethanol Plant

After more than five years of planning, fundraising, permitting, and designing, Harrison Ethanol LLC, a farmer cooperative-owned company, is building a new fuel ethanol plant in Ohio.

Reuters 08:57 February 02, 2006

Energy Prices

U.S. Oil and Gas Prices			
February 2, 2006			
	Today	Week Ago	Year Ago
CRUDE OIL			
West Texas Intermediate U.S.	64.60	65.80	46.65
\$/Barrel			
NATURAL GAS			
Henry Hub	8.71	7.86	6.38
\$/Million Btu			

Source: Reuters

Energy Notes

Developers Announce Plans for 24-Turbine Bluegrass Ridge Wind Power Project North of St. Joseph, Missouri

<http://www.kansascity.com/mld/kansascity/news/local/13765656.htm>

Bentek Energy Sees Inadequate Natural Gas Pipeline Takeaway Capacity Later This Year in Rapidly Growing Rocky Mountains Region

National Gas Intelligence, February 1, 2006.

Update: Oil Industry and Market Analysts Shrug off President's Plan to Replace Foreign Imports with Alternative Fuels

Oil Daily, February 2, 2006.

WGI: Global LNG Market Remains as Tight as December, Japan and South Korea Diverting Supplies Eastward

World Gas Intelligence, February 1, 2006.

FERC Issues New Regulations for Cogeneration Facilities

Reuters 13:13, February 2, 2006

New Jersey to Start Thousands-of-Megawatts Electricity Auction February 3

Reuters 12:25 February 02, 2006

U.S. Group Urges Gasoline Boycott of U.S. Branch of Venezuelan Oil Company After Chavez' Comments

Reuters 09:17 February 02, 2006

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 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.

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