



ENERGY ASSURANCE DAILY

Tuesday, February 06, 2007

Electricity

Midwest ISO Declares Maximum Generation Event on February 5 and February 6 Because of Extreme Cold Weather

Just before 3 p.m. on February 5, and again on at 7:50 a.m. on February 6, the Midwest ISO (MISO) declared a "Maximum Generation Event". The declaration means that utilities in the region must institute a number of procedures that are designed to maintain system integrity including curtailing the interruptible customers, and other load conservation measures. Due to severe cold, concerns about constrained transmission conditions, and concerns about possible natural gas interruptions, MISO has continued the declaration of Conservative System Operating Procedures for the entire Midwest ISO Reliability Coordination Area and requested that all operating authorities maximize transmission and generation through February 7.

<http://www.midwestiso.org/page/Market%20Announcements>

Utilities Urge Electricity Conservation as Record Cold Covers Upper Midwest Some Businesses Asked to Shut Temporarily to Conserve Electricity

Xcel Energy is asking customers in its Upper Midwest service territory to conserve electricity over the next few days to reduce strain on the power grid as extremely cold temperatures move through the area. Customers are asked to help avoid an electricity shortage by: turning off unneeded lights and appliances, setting the thermostat to 68 degrees or lower at home and waiting to use major appliances until after 8 p.m., when electricity demand is lower. Alliant Energy in Iowa asked some customers such as the Cedar Rapids Library and local high schools to close for four hours to conserve energy. Customers that agree to shut their power off get a discount on their electric bill.

<http://www.grandforksherald.com/articles/rss.cfm?id=26387>

<http://www.kcrg.com/news/local/5570701.html>

Cold Weather Pushes PJM Region to All-time Winter Electricity Demand Record February 5

The grid operator for 13 mid-Atlantic and Midwest states and the District of Columbia reached an all-time record for electricity use as cold weather gripped the region February 5. Demand peaked at 112,500 MW, up from the previous high of 110,414 MW set in December of 2005. Although the winter peak remained well below summer peaks, which are in excess of 140,000 MW, PJM sent a cold weather alert to its members requesting them to ensure that fuel supplies were adequate and plants ready to run.

<http://www.pjm.com/contributions/news-releases/2007/20070205-winter-peak.pdf>

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7764274

Update: Southern's 924 MW Hatch Gas-fired Unit 1 in Georgia Ramps Up to 90 Percent February 6

The unit ramped up to 90 percent of capacity today, up from 54 percent yesterday after exiting an outage. The unit shut on January 26 to repair main condenser tubes.

Reuters, 07:29 February 6, 2007

Ameren Submits Plans to Rebuild 450 MW Taum Sauk Pumped Storage Plant in Missouri

The 450 MW Taum Sauk pumped storage hydro plant in Missouri was shut in December 2005 when the wall of the upper reservoir gave way. According to plans filed with FERC on February 5, Ameren plans to begin reconstructing the dam this year. The rebuilt dam will have enhanced safety features. The plans calls for the hydro plant to be back in service in 2009.

<http://powermarketers.net/contentinc.net/newsreader.asp?ppa=8knpp%5E%5BllflpkoXSigy30qbfem%5Ev>

http://www.ameren.com/TaumSauk/ADC_Report_SummaryDescription.pdf

Southern Montana EG&T's Proposed 250 MW Coal-fired Plant Gets Environmental OK

The 250 MW coal-fired Highwood plant proposed by Southern Montana Electric Generation & Transmission Cooperative has passed its environmental quality review. The report found "non-significant" impacts on air, water and soil quality. Five coops and the City of Great Falls plan to build the plant which is expected to begin operations in 2011.

<http://www.platts.com/Electric%20Power/News/6349633.xml?p=Electric%20Power/News&sub=Electric%20Power>

Petroleum

Labor Crunch Threatens U.S. Refinery Turnarounds and Expansions

A tight labor market for experienced oil industry workers is making routine planned refinery turnarounds more expensive and threatens plans to expand or upgrade existing plants. Skilled oil workers are in high demand due to competition from booming oil sands projects in Alberta and from the oil and gas industry along the Gulf Coast still rebuilding in the wake of hurricanes Rita and Katrina in 2005. Consequently, many U.S. refineries are being forced to use less experienced workers, reduce the complexity of turnarounds, and extend the time between turnarounds as they upgrade refineries. The use of less skilled workers may increase the occurrence of accidents during refinery turnarounds.

Reuters, 12:08 February 6, 2007

Labor Crunch Forces BP to Again Delay Atlantis and Thunder Horse Platforms

BP has once again delayed the expected start up date of its Atlantis (200,000 b/d of oil and 170 MMcf/d of natural gas) and Thunder Horse (250,000 b/d of oil and 200 MMcf/d of natural gas) platforms in the Gulf of Mexico. According to BP, Atlantis is now scheduled to begin operating by the end of 2007 and Thunder Horse is now scheduled to begin by the end of 2008. Atlantis was originally scheduled to start in 2006 and Thunder Horse in late 2005. The company cited competition for skilled oil services labor as the reason for the new delays. Start up from the projects was earlier delayed due to storm damage and equipment failures. The Thunder Horse platform was severely damaged during Hurricane Dennis in July 2005.

Bloomberg News, 12:22 February 6, 2007

BP's Reduces 2007 Prudhoe Bay Oil Field Output Projection

BP said on Monday that output from its Prudhoe Bay oil field on Alaska's North Slope would be below previous forecasts due to infrastructure renewal at the field. BP's share of production will fall below 90,000 b/d in 2007, down from a previous estimate that said output would exceed 90,000 b/d through 2012. Last year, the company said that it would replace all of the crude oil transit pipelines on both the eastern and western sides of the field after severe corrosion in some segments led to a large oil spill in March, forcing the partial shutdown of the field in August. Prudhoe Bay normally produces about 400,000 b/d, about one-fourth of which is owned by BP.

Reuters, 18:38 February 5, 2007

Petrobras Starts Production at Cottonwood Offshore Field in Gulf of Mexico

Brazil's state-owned oil company said that it will initially produce about 40 MMcf/d of natural gas and 4,000 b/d of light oil at the deepwater field. Petrobras plans to start production at a second well later in February that will raise output to about 70 MMcf/d and 20,000 b/d.

Reuters, 08:25 February 6, 2007

OPEC Members to Cut Production by 300,000 b/d Starting February 1 - EIA

According to the U.S. Energy Information Administration, the ten OPEC members that adhere to oil production quotas are expected to cut production by 300,000 b/d from February 1. At OPEC's December 14 meeting, the cartel agreed to cut production by 500,000 b/d beginning on February 1.

Reuters, 12:16 February 6, 2007

Nigerian February Crude Oil Loadings Fall on Attacks, Not OPEC Quota – Traders

Traders told Reuters that a decline in expected February crude oil loadings from Nigeria is mainly due to repeated militant attacks on oil infrastructure, not on any intentional reduction by the government to abide by OPEC quotas. Nigeria's Energy Minister said yesterday that the country had cut its loading program by six 950,000-barrel cargoes, or about 200,000 b/d. Nigeria has pledged to cut its crude oil loadings by 42,000 b/d starting February 1, deepening a 100,000 b/d cut agreed to in November. Traders said that the cut February cargoes had likely been deferred to March due to delays at the Brass River export terminal, which was shut due to an attack in December.

Reuters, 11:27 February 6, 2007

Update: Enbridge Pipeline Crude Oil Leak in Wisconsin Larger Than Previously Reported February 3

Initially the spill was thought to be only 2,000 barrels of crude oil when one of Enbridge's 24-inch crude oil pipelines was ruptured by construction crews on Friday February 3. The crews were installing two new pipelines — one 42 inches in diameter and the other 20 inches in diameter. According to Reuters reporting, the damaged pipeline, which moves crude oil from Superior, Wisconsin to Chicago, Illinois was repaired and restarted on Saturday, February 4.

<http://www.chippewa.com/articles/2007/02/06/news/versus1.txt>

<http://www.chron.com/disp/story.mpl/ap/fn/4527432.html>

http://ca.today.reuters.com/news/newsArticle.aspx?type=businessNews&storyID=2007-02-05T155658Z_01_N05432874_RTRIDST_0_BUSINESS-PIPELINE-OPERATIONS-ENBRIDGE-COL.XML&archived=False

18 Train Cars Derail in West Virginia February 6, Five Carried Propane

<http://www.newsday.com/news/nationworld/wire/sns-ap-train-derailment.0.5744687.story?coll=sns-ap-nationworld-headlines>

Natural Gas

Natural Gas Inventories Seen Ample Despite Strong Northeast Demand

Despite a cold snap that has induced high natural gas demand across the Midwest and Northeast, U.S. natural gas inventories are 21 percent higher than the average over the past five years according to U.S. Energy Information Administration (EIA) data. Natural gas inventories remain high because a mild start to winter cut consumption for home heating use and left above-normal volumes in underground storage caverns. U.S. utilities, manufacturers and power plants hold 454 Bcf more natural gas than the normal at this time of the year, a cushion that analysts say can't be erased overnight even with the biggest gas consuming regions facing the coldest weather of the winter so far. Bloomberg News, 13:26 February 6, 2007

FERC Approves 300 MMcf/d Increase in Withdrawal Capacity at Puget Sound's Nat Gas Storage Facility in Washington State

NGI, *Daily Gas Price Index*, February 6, 2007, <http://intelligencepress.com/>

Other News

Nothing to report.

Energy Prices

U.S. Oil and Gas Prices			
February 6, 2007			
	Today	Week Ago	Year Ago
CRUDE OIL			
West Texas Intermediate U.S.	58.89	56.64	65.91
\$/Barrel			
NATURAL GAS			
Henry Hub	8.29	7.35	8.01
\$/Million Btu			

Source: Reuters

Power Outage in Idaho Trips Integra System, Interrupts Phone and Internet Service
<http://www.idahostatesman.com/164/story/70148.html>

Indiana Hospital Loses Power February 4, Backup Generator Also Fails
<http://www.wndu.com/home/headlines/5563651.html>

Florida Gas Transmission Issues Second Shipper Alert on Pipeline System Due to Cold
Reuters, 09:51 February 6, 2007

Columbia Gas Transmission Extends Shipper Alert on Pipeline System Due to Cold
Reuters, 10:32 February 6, 2007

Low Water Level at Lake Cumberland Could Disrupt Power Production at East Kentucky Power Coop's John Sherman Cooper Coal-fired Power in Kentucky
<http://www.kentucky.com/mld/kentucky/news/16618947.htm>

COB Energy Cancels Construction Plans for Natural Gas-fired Power Plant in Oregon No Market for the Electricity
http://www.heraldandnews.com/articles/2007/02/06/news/local_news/local1.txt

Leaking 15,000-Gallon Propane Tank Forces Evacuation of 580 Residents from Lewistown, Missouri February 4
<http://www.belleville.com/mld/belleville/news/state/16627298.htm>

Marathon Oil Completes 715-Barrel Biodiesel Storage Tank in Louisville, Kentucky
<http://biz.yahoo.com/bizj/070206/1413549.html?.v=1>

Energy Secretary Bodman Says U.S. Should Consider Building Strategic Ethanol Reserve
<http://www.platts.com/Oil/News/6349495.xml?p=Oil/News&sub=Oil>

U.S. State Dept. to Negotiate Bilateral Biofuels Cooperation with Brazil
Reuters, 15:03 February 5, 2007

U.S. to Create New Military Command for Africa
Reuters, 10:05 February 6, 2007

Nigerian President Calls Oil Insecurity Forum with Niger Delta State Governors
Reuters, 11:45 February 6, 2007

Bad Weather Delays Crude Oil Loadings in Mexico and Panama – Shippers
Reuters, 11:09 February 6, 2007

Robberies, Vandalism Cut Ecuador's Crude Production by 54,047 bbls Last Year
Reuters, 12:25 February 6, 2007

IEA's Midterm Report Cuts 2011 Non-OPEC Oil Supply Estimate by 1.1 Million b/d
Reuters, 13:29 February 6, 2007

Canada's NEB Issues Conditions for Proposed Mackenzie Gas Project from Arctic Circle
Reuters, 18:40 February 6, 2007

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/index.aspx>.

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