



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

ENERGY ASSURANCE DAILY

Wednesday, February 22, 2006

Major Developments

Update: Power Restored to Nearly All of the 580,000 Customers Who Lost Power in Wind Storms of February 17

Consumers Power Reports Electricity Restored to All 252,000 Customers in Michigan

Consumers Power reported on February 21 that company work crews, aided by crews from surrounding states, had completed restoration of electric power to the 252,000 customers in the state who lost power in the severe wind storm that hit the area late last week.

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=6362012

Power Restoration Nearly Completed to 328,000 Customers in New York

By February 21, electricity had been restored to all but about 4,800 of the 328,000 customers in New York state that were without power from the severe wind storms that swept through much of the state on February 17.

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=6365590

Electricity

522 MW Unit 2 at Prairie Island Nuclear Plant in Minnesota Returns to Full Power

The 522 MW unit 2 at the Prairie Island nuclear generating station in Minnesota returned to full power following an outage that began as a planned outage to repair an emergency diesel generator. However, the outage was extended beginning on February 5 to continue working on the generator.

Reuters, 12:30 February 22, 2006.

Anomaly Shuts Exelon's 867 MW Unit 1 at Quad Cities in Illinois

The 867 MW unit 1 at Exelon's Quad Cities nuclear generating station in Illinois automatically shut on February 22, 2006 when an anomaly was detected. According to the company, the problem occurred either with the grid or a transformer outside the plant.

Reuters, 10:28 February 22, 2006.

Bloomberg, 11:59 February 22, 2006.

Petroleum

Problem with FCC Unit at Shell's Wilmington Refinery in California

According to traders in the area, a problem has developed with a fluid catalytic cracking unit at the 100,000 b/d Shell Wilmington refinery in California.

Reuters, 13:02 February 22, 2006.

EIA: Switch to Ethanol Likely to Cause Supply Problems on East Coast and Texas

The Energy Information Administration (EIA) has warned that portions of the U.S. East Coast and Texas that use reformulated gasoline may face local supply disruptions and price spikes as oil refineries are no longer required to blend the motor fuel with the oxygenate MTBE (methyl tertiary butyl ether). The concern centers on possible problems as the refineries switch to blending ethanol in place of the MTBE. Specifically, the EIA reports that U.S. ethanol production is running near capacity and "is not adequate to replace the MTBE lost at this time." Consequently, the EIA has expressed concern that Maryland, Delaware, Washington D.C. and Virginia, and the Texas cities of Houston and Dallas, may face tight gasoline supplies and higher fuel prices for reformulated gasoline (RFG).

Reuters, 12:44 February 22, 2006.

http://biz.yahoo.com/rb/060222/energy_mtbe_ethanol.html?v=4

Alon to Reduce Runs at Big Spring Refinery in Texas on March 2 to Repair Sulfur Unit

Alon has announced to regulators that it will cut runs at its 70,000 b/d Big Spring refinery in Texas to repair a fan in the sulfur recovery unit. The work will take place on March 2, and the company does not anticipate any affect on refinery production for the one day that the unit is down.

Reuters, 08:59 February 22, 2006.

Problem with Steam Regulator: Valero Briefly Reduces Charge at Port Arthur February 20

Valero reported to Texas state regulators that problems with a steam regulator at the delayed coking unit at its 250,000 b/d refinery in Port Arthur, Texas, led the company to briefly reduce the charge to the unit. The incident occurred between 12:15 and 2:10 p.m. on February 20 but had no impact on production.

Reuters, 17:21 February 21, 2006

Ecuador's 130,000 b/d OCP Pipeline Attacked, Force Majeure Likely

The pipeline suspended operations after protesters from Napo province in the eastern Amazon jungle raided one of its pumping stations. Operators of the pipeline, principally owned by Argentina's Repsol-YPF, U.S.-based Occidental Petroleum Corp. and Calgary-based EnCana Corp., plan to declare force majeure.

Reuters 19:33 February 21, 2006.

<http://www.cbc.ca/cp/business/060221/b022186.html>

Update: Petroecuador Resumes Exports from State-owned Pipeline, Lifts 360,000 b/d Force Majeure

Exports resumed following repairs to Petroecuador's Salado pumping station, which was damaged February 19 by protesters. Also on February 19 the government of Ecuador declared a state of emergency -- suspending civil liberties -- in the jungle province where the protests that have interrupted the flow of crude in the nation's two main oil pipelines.

<http://www.cbc.ca/cp/business/060221/b022186.html>

Militants Blow Up Oil Boat in Nigeria, Warn of More Attacks

Nigerian militants, responsible for a wave of recent attacks against oil infrastructure in the Niger Delta, have blown up a houseboat belonging to an oil servicing company, hired by Shell to mount surveillance on oil installations. The militants are holding nine foreign oil workers hostage and have threatened to take more hostages from cities in the southern Niger Delta and have also warned of more attacks on the oil industry.

Reuters 13:52 February 22, 2006.

<http://www.sunnewsonline.com/webpages/features/newsonthehour/2006/feb/22/newsbreak-22-02-2006-001.htm>

Update: Nigeria's Oil Workers Unions Won't Strike, Despite Continued Violence

Nigeria's two oil workers unions have said they have no immediate plans to strike or pull their members out of the increasingly dangerous Niger Delta region where militants have attacked facilities and taken hostages. The unions said Nigeria's federal, state and local governments should open a dialogue with the militants to resolve the crisis that has shut in 455,000 b/d of crude oil. The unions had previously threatened to strike if security at oil installations wasn't improved but reconsidered for fear of "playing into the hands of the hostage takers."

<http://www.marketwatch.com/News/Story/Story.aspx?guid=%7B038B8DD2%2DDA30%2D4F51%2DA316%2D58B021CF0FCC%7D&siteid=google&keyword=>

Natural Gas

Questar Replacing Small Segment of Ruptured Gas Transmission Line in Utah

Questar is replacing a small nine foot section of the 14-inch-diameter high pressure transmission line that ruptured on February 18 in South Weber, Utah. Although one house was severely damaged in the explosion, there were no injuries. The cause of the accident is under investigation.

http://pro.energycentral.com/professional/news/gas/news_article.cfm?id=6365409

Alaska, Energy Firms Agree on 4.5 Bcf/d Gas Pipeline to the Midwest

The agreement involves building a 52-inch-diameter pipeline from several hundred miles above the Arctic Circle to the U.S. heartland. If the pipeline is completed, it could transport 4.5 bcf/d from the North Slope for distribution throughout the United States.

<http://www.marketwatch.com/News/Story/Story.aspx?guid=%7B3503CF0CB%2D26BA%2D4AEC%2D95AB%2D53E71CF35629%7D&source=blq%2Fyhoo&dist=yhoo&siteid=yhoo>

Pipeline Connecting to Cheniere LNG Terminal in Louisiana Begins FERC Pre-filing

On February 17, the FERC granted Kinder Morgan Louisiana Pipeline LLC's request to begin the pre-filing process for a proposed pipeline that would provide service from Cheniere LNG's 2.6 Bcf/d Sabine Pass import terminal, which is under construction in Cameron Parish, Louisiana.

Natural Gas Intelligence, February 21, 2006.

President Urges Cutback of Gas for Power Generation

President Bush has called for electricity producers to curtail their consumption of natural gas in order to reduce "huge pressure" on domestic gas supply and prices.

Natural Gas Intelligence, February 21, 2006.

Other News

Houston Ship Channel Reopens as Fog Lifts

The Coast Guard reported that the Houston Ship Channel was reopened at noon on February 22 after being closed since late on February 20 as dense fog blanketed the area. According to the Houston ship pilots association, traffic was limited to outbound vessels. Reuters reported that the closure did not impact production at any of the area's refineries.

Reuters, 13:50 February 22, 2006.

Reuters, 07:14 February 22, 2006.

President Releases Details of Advanced Energy Initiative

<http://www.whitehouse.gov/stateoftheunion/2006/energy/index.html>

Energy Prices

U.S. Oil and Gas Prices			
February 22, 2006			
	Today	Week Ago	Year Ago
CRUDE OIL			
West Texas Intermediate U.S. \$/Barrel	59.03	57.60	51.00
NATURAL GAS			
Henry Hub \$/Million Btu	7.55	7.31	5.92

Source: Reuters

Energy Notes

DOE: Oil Suppliers are Having Difficulty Keeping Pace with Demand

<http://www.platts.com/Oil/News/7284897.xml?S=n>

President Bush Vows to Use Veto on UAE Port Operation Issue

<http://www.marketwatch.com/News/Story/Story.aspx?guid=%7B671EE49C%2D769D%2D4250%2DB958%2D3C14D42C3EAC%7D&source=blq%2Fyhoo&dist=yhoo&siteid=yhoo>

Venezuela Asks Chevron to Increase Heavy Oil Production by 16.6 Percent

http://biz.yahoo.com/ap/060222/venezuela_chevron.html?.v=2

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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