



ENERGY ASSURANCE DAILY

Wednesday, February 28, 2007

Major Developments

Update: 64,000 Customers Still Without Power in Midwest as Second Storm Approaches

As of 3 p.m. EST, local media and electric company websites were reporting about 64,000 customers without power in the Midwest, almost all of them in Iowa. At the same time yesterday, an estimated 100,000 customers were reported without power in Iowa, Illinois, Indiana and Minnesota, down from a peak of 477,000 when a massive winter storm moved through the region over the weekend. According to Iowa's Alliant Energy, the hardest hit utility, some customers could be without power for several more days and a new storm could slow repairs or create a new round of power outages. Another storm is expected today, bringing more ice to northern Iowa, followed by snow on Thursday. Other parts of Iowa will see rain, freezing rain or snow. Yesterday, Alliant Energy said its distribution system would be vulnerable to new storms because repairs to some power lines were made quickly and designed to last only temporarily. Alliant's repairs are taking time because last week's storm damaged more than 1,600 tall poles and steel structures (some 130-feet high) that support high-voltage lines transmitting electricity across the state from generating stations to communities. Many of the sites are hard for crews to reach due to heavy snow drifts, icy conditions and knee-deep mud in some areas.

<http://desmoinesregister.com/apps/pbcs.dll/article?AID=/20070228/NEWS/70228029/-1/SPORTS04>
<http://www.kttc.com/News/index.php?ID=13181>

Midwest Customer Power Outages			
February 24-28			
Electric Companies	State	Peak	Latest Reported
Alliant Energy	Iowa, Minnesota	200,000	42,200
Iowa Association of Electric Cooperatives	Iowa	100,000	12,000
MidAmerican	Iowa, Illinois	75,000	9,500
Commonwealth Edison	Illinois	38,000	0
Ameren	Illinois	34,000	200
NIPSCO	Indiana	30,000	0
TOTAL*		477,000	63,900

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

Sources: Energy Assurance Daily, February 26-27, 2007

Alliant Energy: <http://alliantenergy.com/docs/groups/public/documents/pub/p013332.hcsp>

Iowa Association of Electric Cooperatives: <http://www.kcci.com/news/11135887/detail.html>

MidAmerican: <http://qconline.com/archives/qco/display.php?id=328672>

Ameren: http://www.ameren.com/Outage/ADC_RS_StormCenter.asp

NIPSCO: <http://www.nipSCO.com/news/022707.pdf>

Electricity

New York PSC Remains Concerned With ConEdison's Storm Response Procedures

A recently released report by the Public Service Commission of New York says the agency remains concerned with Consolidated Edison's ability to assess the damage from storms and mobilize crews to make repairs. The company has been under heavy scrutiny since outages caused by a storm and heat wave last July knocked out power to tens of thousands of customers.

<http://www.thejournalnews.com/apps/pbcs.dll/article?AID=2007702280317>

Flaws Could Delay Restart of 598 MW Duane Arnold Nuclear Reactor in Iowa

Hairline cracks were discovered in welds on two recirculation nozzles on the nuclear reactor at Duane Arnold Energy Center and may complicate a refueling outage at the plant. The U.S. Nuclear Regulatory Commission is monitoring repairs and will not allow the plant to resume operations until they are completed satisfactorily. FPL did not say if repairs would delay the restart of the plant, which shut down February 4 for refueling.
http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7903617

'Unusual Event' at Exelon's 1,112 MW Peach Bottom Nuke Unit 3 in Pennsylvania

The Peach Bottom Atomic Power Station in Pennsylvania declared an "unusual event" today when operators discovered smoke coming from an electrical transformer cabinet on the non-nuclear side of the plant. The smoke was caused by a small fire in a device attached to the transformer, which is in the turbine building where electricity is generated. The unusual event was declared at 9:41 a.m. and the fire was extinguished at 10:32 a.m. The emergency classification is the lowest of four under NRC regulations. The unit was operating at reduced output as a result of the incident.

<http://www.exeloncorp.com/news/pressrelease/powergen/pr+2007+02+27.htm>

Reuters, 14:34 February 28, 2007

Exelon's 912 MW Quad Cities Nuke Unit 2 Shut in Illinois February 27

The unit was shut due to a malfunctioning water condenser. The company was unable to provide an estimate as to how long repairs would take or when the unit would return to service.

Bloomberg News, 11:23 February 28, 2007

Entergy's 1,035 MW Indian Point Nuke Unit 2 Shut in New York February 27

The unit tripped off-line automatically during the afternoon of February 27 when a pressure transmitter in the feedwater system developed a problem. The plant is expected to return to service once the cause of the problem has been determined and corrected.

Reuters, 12:32 February 28, 2007

Bloomberg News, 12:43 February 28, 2007

Dominion's 568 MW Kewaunee Nuke Unit Shut in Wisconsin February 27

The unit tripped off line during the night during a test of a power condition gauge. The cause of the problem is under investigation but at the present, the company does not have an estimate as to the duration of the outage.

Bloomberg News, 12:39 February 28, 2007

Update: Sempra/Occidental's 552 MW Gas-fired Elk Hills Unit Shut then Restarts February 27 as it Returns to Service Following 20-Day Outage in California

The 550 MW Elk Hills gas-fired power plant jointly owned by Sempra Energy and Occidental Petroleum experienced intermittent outages as it returned to service following an explosion and fire at the gas field supplying the fuel for the plant that kept the unit out of service for 20 days.

Reuters, 12:55 February 28, 2007

Reuters, 09:56 February 28, 2007

<http://www.semprageneration.com/elkHills.htm>

Calpine Announces Plan to Add 400 MW of Capacity to its Deer Park Plant

Calpine Corp announced plans to construct an additional 400 Mw of capacity to its existing Deer Park Energy Center. The two combustion turbines could be in service sometime in 2009.

Reuters, 09:45 February 28, 2007

AEP and MidAmerican Propose 1,000-Mile Transmission Project to Support Wind Generation Projects in Texas

The project was proposed by Electric Transmission Texas LLC, a joint venture of MidAmerican Energy Holdings Co. and American Electric Power Co. (AEP).

Update: Production at Imperial Oil's Nanticoke Refinery at 50 Percent of Capacity February 28

Imperial Oil has restarted crude oil processing at reduced rates at its Nanticoke refinery almost two weeks after a February 15 fire shut the plant. The company announced that production has risen to approximately 50 percent of capacity with full production expected by mid-March. However, a company representative also indicated that the fuel shortages affecting Ontario's gas stations are expected to persist, saying "There isn't going to be a miracle fix where the refinery will be up and running and everything will be back to normal."

<http://www.oilweek.com/news.asp?ID=7925>

<http://www.news1130.com/news/business/article.jsp?content=b022798A>

Bloomberg News, 12:46 February 28, 2007

Reuters, 10:54 February 28, 2007

Fuel Supply Problems Linger in Canada Despite Strike Settlement and Refinery Restarts – Truckers See Situation Getting Worse – Shortages at Gasoline Stations Persist

On Tuesday, the Ontario Trucking Association issued a warning that truckers in Ontario could be without diesel fuel unless there is relief from the fuel supply problems brought about by the Imperial refinery fire, other refinery problems and the just settled two-week strike by Canadian National Railway workers. The president of the association indicated that the situation was not a crisis but was getting worse and could become critical. Gasoline supplies also remain tight. According to Canadian Press, numerous gas stations across Ontario remained dry on Tuesday while earlier reports on February 25 indicated that 100 of Imperial Oil's 400 Esso fuel stations in Ontario were temporarily out-of-fuel. In addition, 11 Esso gas stations in Quebec, mostly in the Montreal area, reported shortages on Monday. In addition, temporary outages of gasoline have been reported at about 30 of Shell Canada's 600 stations in Ontario, and at about 25 Petro-Canada stations in Ontario.

Reuters, 15:43 February 27, 2007

<http://www.cbc.ca/canada/toronto/story/2007/02/27/gasshortagequebec.html>

Valero Reports Flaring at its 340,000 b/d Corpus Christi Refinery in Texas February 27

Valero reported that a malfunctioning level indicator has resulted in the flaring of hydrogen sulfide and sulfur dioxide. The flaring is expected to continue until sometime on March 1 when the unit should return to normal operating conditions.

Bloomberg News, 10:55 February 28, 2007

Update: Fog Again Backs up Traffic on Houston Ship Channel

Fog again snarled traffic on the Houston Ship Channel. By Wednesday morning, the fog had cleared sufficiently to allow movement of ships to docks in Texas City and Galveston, however, ships could not move up the channel to Houston. According to a maritime service, 31 ships were awaiting passage through the channel.

Reuters, 13:06 February 28, 2007

Natural Gas

Nothing to report.

Other News

DOE to Invest Up to \$385 Million in Six New Cellulosic Ethanol Plant Projects

U.S. Department of Energy (DOE) Secretary Samuel W. Bodman today announced that DOE will invest up to \$385 million for six biorefinery projects over the next four years. When fully operational, the biorefineries are expected to produce more than 130 million gallons of cellulosic ethanol per year. This production will help further President Bush's goal of making cellulosic ethanol cost-competitive with gasoline by 2012 and, along with increased automobile fuel efficiency, reduce America's gasoline consumption by 20 percent in ten years. The six projects to be funded are: an 11.4 million gallon per year (mgy) plant in Kansas, a 13.9 mgy plant in LaBelle, Florida, a 19.0 mgy plant in Southern California, a 30 mgy plant in Emmetsburg, Iowa, an 18 mgy plant in Shelley, Idaho, and a 40 mgy plant in Soperton, Georgia.

<http://www.doe.gov/news/4827.htm>

Energy Prices

U.S. Oil and Gas Prices February 28, 2007			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	61.68	59.86	61.37
NATURAL GAS Henry Hub \$/Million Btu	7.23	7.51	6.69

Source: Reuters

Energy Notes

Alaska Governor Proposes \$500 Million in State Matching Funds for Natural Gas Pipeline
Reuters, 11:34 February 28, 2007

New Brunswick Asks FERC to Suspend Review of 2 Maine LNG Terminals, Calling the Projects 'Not Viable'
<http://www.platts.com/Natural%20Gas/News/6359886.xml?p=Natural%20Gas/News&sub=Natural%20Gas>

Top New Jersey Nuclear Engineer Recommends Closing Oyster Creek Nuke Unit in 2 Years
http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7902524

Devon Gas Proposes to Revitalize Aging Beaver Creek Oil Field in Wyoming Using Carbon Dioxide Injection
<http://www.billingsgazette.net/articles/2007/02/27/news/wyoming/76-permit.txt>

Oil and Gas Drilling Permits in Texas Fall by 9.1 Percent in January
Reuters, 15:38 February 27, 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>.

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