



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

ENERGY ASSURANCE DAILY

Thursday May 4, 2006

Electricity

Explosion at Substation Knocks Out Power to 47,000 Customers in California May 3

According to Pacific Gas and Electric an explosion and fire at the Kern Power Plant Substation knocked out power to 47,000 customers in Bakersfield California. PG&E has no estimate as to when power will be restored.

<http://www.bakersfieldonline.us/news/read/2/75751>

FPL Begins to Harden its Infrastructure

Florida Power & Light (FPL) has started a major program to harden its infrastructure to be more survivable during high winds and hurricanes. The new concrete poles are rated to be able to withstand 150 mph winds. More underground lines and tree cutting are part of the project as well. The project will be ongoing over the next 10 years.

Miami Herald, May 4, 2006

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=6634180

Kentucky and Wyoming Propose Sites for Emission-free Coal Plant

Kentucky State officials proposed Henderson County for the FutureGen project to build an emission-free coal plant. This site is near coal mines and water transportation. Wyoming proposes to build the 275 MW clean coal plant in Powder River Basin within 10 miles of multiple coal mines. Seven other states have proposed locations as well. See the Energy Assurance Daily April 6, 2006 for more information on the project and for recommended locations in the State of Ohio.

<http://www.kentucky.com/mlid/kentucky/business/14486823.htm>

Reuters, 13:24 May 4, 2006.

PJM Says it is Ready for Summer

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=6634424

TXU's 750 MW Coal-fired Martin Lake 3 in Texas to Restart May 4

The company shut the plant Thursday to fix a boiler tube leak.

Reuters 09:07 May 4, 2006.

Petroleum

EPA to Eliminate RFG Oxygen Mandate May 5

The U.S. Environmental Protection Agency will remove the 2 percent oxygenate mandate for reformulated gasoline (RFG) used in smog-prone areas on May 5.

Oil & Gas Journal, May 4, 2006.

U.S. Commercial Crude Stocks at 8-year High - EIA

According to the Energy Information Administration, U.S. commercial crude oil inventories ending on April 28 rose by 1.7 million barrels to 346.7 million barrels, the highest level since May 1998 and well above the upper end of the average seasonal range.

<http://www.platts.com/Oil/News/8416960.xml?p=Oil/News&sub=Oil>

Surplus Global Crude Capacity Not to Surpass Demand till 2008-2010 - EIA

Today EIA Director Guy Caruso told the House Energy and Commerce Committee that he does not expect increases in crude oil production capacity to surpass global demand growth for petroleum until sometime between 2008 and 2010. Caruso said he expected global surplus capacity, which today is only about 1 to 1.5 million b/d, to grow to 3 to 5 million b/d by 2010, thereby “substantially thickening the surplus capacity cushion.” He also said that tight surplus production capacity is partly to blame for high crude oil and gasoline prices because they magnify the effect of small changes in the actual or perceived supply and demand balance that may result from “seemingly innocuous news items.”

Reuters, 13:27 May 4, 2006.

Testimony: <http://energycommerce.house.gov/108/Hearings/05042006hearing1865/Caruso.pdf>

Big West Oil’s Bakersfield Refinery in California to Double Capacity

Pending regulatory approval later this year, Big West Oil’s Bakersfield refinery in California will nearly double its capacity from 66,000 b/d to 120,000 b/d to 120,000 b/d in 2008.

<http://msnbc.msn.com/id/12620631>

Shell Could Delay Mars South and Other Deepwater GOM Projects Due to Rising Costs

Shell announced on Thursday that it might delay its Mars South mini-hub project near the Mars oilfield in the Gulf of Mexico due to rising costs. Shell said it might choose to postpone some projects for one to three years because of cost inflation.

Reuters, 11:03 May 4, 2006.

Total’s 240,000 b/d Dalia Field in Angola to Come On-stream by Year End

Total has announced that the deepwater Dalia oil field off Angola will come on-stream in the fourth quarter of 2006. The field, which is expected to produce 240,000 b/d, will add to Angola’s current 1.4 million b/d production.

Angola supplied 3.2 percent of U.S. oil imports in 2005.

Reuters, 12:35 May 4, 2006.

Update: Oil Union Withdraws Strike Threat in Nigeria

A Nigerian Oil Union has withdrawn a threat to strike that would have shutdown a local unit of ExxonMobil after the company agreed to a meeting brokered by Nigeria’s Labour Ministry. The threat had raised concerns that supply from Nigeria would be further curtailed. Currently 25 percent of Nigeria’s 2.5 million b/d production is shut in due to rebel attacks. Nigeria supplied 7.9 percent of U.S oil imports in 2005.

Reuters, 12:15 May 4, 2006.

Natural Gas

Energy Transfer Partners to Expand Natural Gas Pipeline System in Texas

Energy Transfer Partners announced it is expanding its natural gas system in Texas by adding 157 miles of 36” pipeline. Interconnections with many other natural gas pipeline systems are under study. The project will have a capacity of up to 950 MMcf/d.

Reuters, 06:00 May 4, 2006 from Business Wire

FERC Establishes LNG Compliance Branch

The Federal Energy Regulatory Commission (FERC) has established a new Liquefied Natural Gas (LNG) Compliance Branch to further its mission to ensure the safe and environmentally responsible construction and operation of LNG facilities

<http://www.ferc.gov/press-room/press-releases/2006/2006-2/05-02-06.asp>

Other News

Nothing to report.

Energy Prices

U.S. Oil and Gas Prices May 4, 2006			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	70.27	70.76	50.22
NATURAL GAS Henry Hub \$/Million Btu	6.47	6.94	6.49

Source: Reuters

Energy Notes

Bush Administration Considering Lifting Ethanol Import Tariff – Bodman

Reuters, 12:54 May 4, 2006.

US House Approves Bill Prohibiting Gasoline Price Gouging

<http://www.platts.com/Oil/News/7433076.xml?p=Oil/News&sub=Oil>

Mexico Likely to Boost Gasoline Imports from U.S. – Traders

Reuters, 11:26 May 4, 2006.

Quebec Planning to Expand Hydro and Wind Power Projects, Increase Exports

Reuters, 12:54 May 4, 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 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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