



ENERGY ASSURANCE DAILY

Friday, May 04, 2007

Major Developments

Update: 65,000 Oncor Customers Remain Without Power in North Texas May 4 Utility Expects Nearly Full Restoration by May 6 Night Two 345kV Transmission Lines Remain Out of Service

On Friday morning, about 65,000 Oncor Electric Delivery customers were still without power in the Dallas-Fort Worth area, down from a high of 300,000 on Wednesday night after the storm with 75 mph straight-line winds blew across North Texas. Oncor Electric Delivery and crews from neighboring utilities have made enough progress that company officials now believe nearly all the repairs can be completed by Sunday night. Only the most difficult storm repairs are expected to remain after Sunday. According to Electric Reliability Council of Texas (ERCOT), two 345 kV transmission lines in the area remain damaged and out of service. One of the lines, the Venus-Tradinghouse line, could be out of service for as long as two weeks. Initially as many as seven 345 kV lines were out of service following the storm.

<http://www.txelectricdelivery.com/about/newsroom/detail.asp?prid=1059>

Reuters, 17:56 May 3, 2007

Electricity

DOE's Draft National Transmission Corridors Will Improve Reliability – Fitch Ratings

According to report published by Fitch Ratings, the U.S. Department of Energy's two draft designations of National Interest Electric Transmission Corridors (NIETC) will in the long run result in improved reliability in the U.S. transmission system. The two draft corridors, proposed for the Mid-Atlantic and Southwest areas of the United States, were released for public comment on April 26. Because of the draft corridors, Fitch believes that three large multi-state transmission projects previously announced for the Mid-Atlantic region now have a higher chance of reaching fruition. The three projects are the Allegheny Energy, Inc, Trans-Allegheny Interstate Line (TrAIL), the Dominion Resources, Inc. Loudoun Line, and the Allegheny Energy and American Electric Power Co., Inc. joint-venture line.

NIETC web page: <http://nietc.anl.gov/>

Draft NIETC maps: <http://nietc.anl.gov/documents/index.cfm#maps>

<http://www.poweronline.com/content/news/article.asp?docid={D5FB6A13-17A1-4B43-841E-BCD57037C7DC}&VNETCOOKIE=NO>

Nine U.S. House Members Oppose Draft National Transmission Corridors

Congressmen Pushing to Repeal DOE's Power to Permit Lines, Cut Funding for Process

Nine Members of the U.S. House of Representatives are attempting to prevent the siting of two National Interest Electricity Transmission Corridors (NIETC) recently drafted by the U.S. Department of Energy. On Thursday the nine congressmen, from New York, Pennsylvania and Virginia, asked the House appropriations subcommittee with jurisdiction over FERC and DOE to insert a funding limitation for the NIETC program. The members of Congress also put forth a bill (H.R. 809) to the House Energy and Commerce Committee that would repeal the section of the Energy Policy Act of 2005 that created the NIETC program and gave the DOE authority to site critical transmission corridors. That section also gave FERC the power to authorize construction permits for transmission lines within the corridors if state regulators failed to do so within one year.

<http://www.platts.com/Electric%20Power/News/6380563.xml?p=Electric%20Power/News&sub=Electric%20Power>

Con Edison in New York Has Upgraded System to Avoid Blackouts - Executive

A top executive for Con Edison told business leaders in Queens, New York that the utility had improved its infrastructure to avoid another massive power outage like the one that hit western Queens last July, when an estimated 175,000 residents were without power for as long as 10 days. The executive described the summer outage as a cascading event that caught the utility off guard. Con Edison expects system-wide current peak demand to rise from 13,500 MW in 2006 to 15,000 MW in 2016.

http://www.timesledger.com/site/news.cfm?newsid=18296033&BRD=2676&PAG=461&dept_id=551069&rft=6

NYISO Report Says New York Electricity Supplies Adequate for Summer

The New York Independent System Operator (NYISO) today released its annual report, which confirms that there are sufficient supplies of electricity to meet this summer's expected peak electrical demand in New York. For a copy of the report, please visit the NYISO's Web site at: www.nyiso.com.

http://www.nyiso.com/public/webdocs/newsroom/press_releases/2007/pr_nyiso_issues_powertrends_050307.pdf

Reuters, 15:03 May 3, 2007

NSTAR Energizes 345 kV Underground Transmission Line in Massachusetts May 3

NSTAR has energized an 18-mile, 345 kV underground transmission line in Massachusetts that is expected to ease congestion in the regional power grid and add much-needed capacity to the existing system in time for the region's summer demand peak. The new line will allow NSTAR to transmit electricity produced in Southeastern Massachusetts and Rhode Island to markets in the Boston Massachusetts area.

http://www.nstaronline.com/ss3/nstar_news/press_release/2007/345kv.asp

Entergy's 984 MW Indian Point Nuke Unit 3 Shut in New York May 3

The unit shut so that workers can repair a voltage regulator on the non-nuclear side of the plant. The company expects the unit to be offline for a day or two.

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=8229673

Update: APS's 1,247 MW Palo Verde Nuke Unit 3 in Arizona Ramps Up to Full Power May 4

The unit ramped up to full power by early May 4, up from 46 percent on May 3. The unit shut on April 12 so that a lube oil pump and bearing in the turbine could be repaired. The restart was delayed when the damage was found to be more extensive than originally thought.

Reuters, 07:47 May 4, 2007

Update: PSEG's 1,174 MW Salem Nuke Unit 1 in New Jersey Ramps up to 70 Percent Capacity May 4

The unit was operating at 70 percent of capacity by early May 4, up from 21 percent on May 3, as it continued to ramp up to full power. The unit had been shut since April 30 when grass clogged cooling water intakes for the second time in two weeks.

Reuters, 07:30 May 4, 2007

South Texas Project Nuke Unit 2 Increases Capacity by 50 MW

During a refueling and maintenance outage, the Unit 2 reactor at the South Texas Project nuclear power plant had several major equipment components upgraded. The new equipment increased the reactor's output capacity by 50 MW, bringing total output capacity to 1,400 MW.

http://pepei.pennnet.com/display_article/291604/6/ARTCL/Display/none/South-Texas-nuke-adds-50-MW-after-outage/

Browns Ferry Nuclear Unit 1 Making Final Preparations to Restart This Month After Being Idled Since 1985

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=8228489

Despite Supply Troubles, U.S. Gasoline Prices Following Normal Seasonal Trend - PIW

According to Petroleum Intelligence Weekly, gasoline futures prices, an indicator of future supply-demand balances in U.S. gasoline markets, are following the historical seasonal trend despite unexpected refinery outages, high gasoline prices, falling U.S. gasoline inventories and sluggish gasoline imports.
Petroleum Intelligence Weekly, May 7, 2007

Update: Fire at ExxonMobil's 300,000 b/d Jurong Island Refinery in Singapore May Affect U.S. Summer Gasoline Supplies

The fire, which occurred on Thursday, shut the refinery's 115,000 b/d crude distillation unit (CDU) indefinitely. According to Oil Daily, uncertainty over how long the unit would be shut impacted market sentiment causing prices to reach their highest levels in three months. The concerns centered on the upcoming summer driving season as some of the region's refineries are ramping up production to supply gasoline to meet peak demand in the United States. According to EIA data, the United States imported an average of roughly 23,000 b/d of petroleum products from Singapore from July to October last year. Most supplies went to the U.S. West Coast.

Oil Daily, May 4, 2007

<http://tonto.eia.doe.gov/dnav/pet/hist/mtpimussn2m.htm>

http://tonto.eia.doe.gov/dnav/pet/hist/mtpip_r50-nsn_2m.htm

50,000 b/d Field Shut in Nigeria Following Kidnappings May 3 – Sources

Although the workers were released several hours later, Reuters reports that according to industry sources the 50,000 b/d Okono/Okpoho offshore field has been shut following the kidnapping of eight foreign workers yesterday. According to sources in the area, the operators of the field, Saipem and SBM Offshore, have declared force majeure, and suspended exports.

Reuters, 08:17 May 4, 2007

British Columbia's Oil & Gas Commission Issues Flood Alert to Oil and Gas Industry

The Oil and Gas Commission (OGC), along with the Provincial Emergency Program, is preparing for possible flooding in British Columbia due to extensive snow pack levels. The OGC is requesting all companies undertaking oil and gas activities in the province to complete a risk analysis of infrastructure, including pipelines, facilities, wells, roads and production tanks that may potentially be threatened by flooding, landslides or debris movement. The OGC is also requesting that companies update and make employees familiar with their emergency response plans. In addition the OGC is requesting that companies monitor water levels and notify the OGC immediately if risks are identified.

<http://www.ogc.gov.bc.ca/documents/informationbulletins/Flood%20Preparations.pdf>

ConocoPhillips May Have to Leave the Venezuela – Energy Minister

Venezuela's Energy Minister Rafael Ramirez said that ConocoPhillips would "have to leave the country" if it does not sign an accord to hand over majority control of its Petrozuta and Ameriven heavy oil projects in the Orinoco Oil Belt region to state-owned oil company PdVSA. On May 1 PdVSA took over operational control of the four Orinoco heavy oil projects, in which BP and Norway's Statoil also participate. ConocoPhillips is the only company in the Orinoco Oil Belt region that has not signed a deal with the Venezuelan government. Ramirez said the company has until June 26 to do so.

<http://www.platts.com/Oil/News/6380566.xml?p=Oil/News&sub=Oil>

Reuters, 14:04 May 4, 2007

Cushing Crude Oil Storage Seen Growing to 50 Million bbls by 2009 – BP

As part of the documentation for the open season that BP announced on April 30 for its Viridian pipeline project, the company forecast that oil storage at the Cushing Hub would increase 25 percent, growing from 40 million bbl to 50 million bbl by 2009.

Reuters, 13:52 May 3, 2007

Natural Gas

Update: Gulf of Mexico Natural Gas Production to Exceed 9 Bcf/d by 2011 if Deepwater Stays Strong - MMS

According to a report released by the U.S. Minerals Management Service (MMS) on Tuesday, natural gas production in the Gulf of Mexico could surpass 9 Bcf/d in 2011 and remain above that level throughout much of the decade if activity in the deepwater areas continues at a strong pace. Gulf of Mexico natural gas production is likely to hit 8.3 Bcf/d this year.

NGI's Daily Gas Price Index May 3, 2007

Update: Natural Gas Flowing to Florida through Recently Completed Cypress Pipeline

On May 4 natural gas began flowing through the 167-mile, 200 MMcf/d Cypress Pipeline that runs from the Elba Island liquefied natural gas (LNG) terminal near Savannah, Georgia to northern Florida, near Jacksonville. Early this week Southern Natural Gas, a subsidiary of El Paso Corp., completed the phase 1 of the Cypress Pipeline project. The new pipeline will increase Florida's natural gas supply by as much as 10 percent. Over the next five years, the company will add additional phases to increase capacity on the line to 500 MMcf/d.

<http://www.kltv.com/global/story.asp?s=6454380>

FERC Approves Northern Natural Gas Co.'s Pipeline System Expansion to Serve Midwest Ethanol Producers

FERC Wednesday issued Northern Natural Gas Co. a certificate to expand its pipeline system to meet the growing natural gas demand of ethanol producers in several Midwest states.

NGI's Daily Gas Price Index May 4, 2007

Columbia Gas Transmission Corp. Files with FERC for Eastern Expansion to Serve Virginia, Pennsylvania

NGI's Daily Gas Price Index May 4, 2007

Other News

U.S. Unprepared for Large-Scale Disasters – Report

Findings of the Blue Ribbon Commission of the Financial Roundtable conclude that the United States is not prepared for large-scale mega-disasters either that are natural or man-made. The panel developed 25 recommendations designed to help prepare for and mitigate the impact of such events on economic activity, property and human life. The report covers a wide range of events, including hurricanes, earthquakes, floods, pandemics and terrorist attacks. The complete report is available at: <http://www.fsround.org/media/pdfs/FINALmegacat4.pdf>
Reuters, 10:30 May 4, 2007

Energy Prices

U.S. Oil and Gas Prices			
May 4, 2007			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	61.89	66.05	70.27
NATURAL GAS Henry Hub \$/Million Btu	7.82	7.57	6.47

Source: Reuters

Energy Notes

National Research Study Finds Wind Farms Could Generate as Much as 7 Percent of U.S. Electricity in 15 Years, But May be Deadly To Bird and Bats

The study is available at: <http://www.nationalacademies.org/nrc>

http://www.latimes.com/news/printedition/asection/la-na-wind4may04.1.3488693.story?coll=la-news-a_section

<http://www.reuters.com/article/scienceNews/idUSN0445290020070504>

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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