



ENERGY ASSURANCE DAILY

Tuesday Evening, June 17, 2008

Major Developments

MIDWEST FLOOD UPDATE:

Flooding Continues Along the Upper Mississippi River June 17 Petroleum Products, Coal and Ethanol Barge Movements Remain Suspended

The National Weather Service has issued flood warnings and advisories for communities along the Upper Mississippi River, covering a span of about 325 miles from Dubuque, Iowa south to St. Louis, Missouri. The U.S. Army Corps of Engineers said June 17 that the northernmost locks of the upper Mississippi River that have been closed due to flooding will begin opening tomorrow, June 18. Facilities downstream will reopen as floodwaters recede and weather permits. Some may not reopen for two weeks or longer.

<http://www.nws.noaa.gov/>

<http://uk.reuters.com/article/gc08/idUKN1736710120080617>

Iowa DOT Says Iowa Rail Infrastructure ‘Decimated’ by Floods June 16 Significant Long-term Impacts Expected

The Iowa Department of Transportation (Iowa DOT) has received reports of major railroad bridges either entirely or partially swept away by floodwaters in Waterloo, Cedar Rapids, Dunlap, Liscomb, and Marshalltown; many smaller bridges have been damaged or totally destroyed. As of June 16, track washouts were evident throughout the rail system, with some already repaired and others still hidden by the floodwaters. Most railroads are struggling to restore services where possible, reroute shipments around trouble spots if that is an option, and operate with backlogs. A few railroads have more serious damage and are not operating; some still have segments of track under water or have facilities in areas that have not yet seen the high water levels and are waiting to see what damage will occur. Rail service disruptions are likely. Some customers can expect short-term delays while others will likely see more significant long-term impacts. There was widespread track damage in the floods of 1993, but with fewer bridge losses. The damage to Iowa's rail infrastructure in 2008 will likely exceed that of 1993.

<http://iowadot.gov/morgue/news2008/06160815.htm>

Union Pacific Updates Midwest Rail Service Operations June 17 East-West Mainline in Iowa to Reopen this Week as Waters Recede

Main line track in several Union Pacific subdivisions in Iowa and other flood-affected parts of the Midwest has been taken out of service intermittently over the past several days due to high water and washouts, including the line between Kansas City and St. Louis, and the line between Chicago and Minneapolis/St. Paul. Currently, a section of the east-west main line near Cedar Rapids remains out of service, along with the north-south spine line between Kansas City and Des Moines. Union Pacific continues to have embargoes in place this week for traffic moving across parts of the east-west main line across Iowa. Union Pacific currently anticipates re-opening the east-west main line this week, as water levels recede. At that point, Union Pacific crews will begin to work off the backlog of traffic as crews continue repairing track, yards and signal systems. While some repair work may continue over a few weeks, UP anticipates that crews will be able to quickly restore service to normal levels, allowing the company to lift the embargoes currently in place.

Cedar Rapids, Iowa Photos: <http://www.uprr.com/customers/attachments/flood061608.pdf>

<http://www.uprr.com/customers/service/update.shtml>

Archer Daniel Midland's 420 Million Gallon Per Year Ethanol Plant Offline in Iowa

On June 13, Archer Daniel Midland reported that its Cedar Rapids, Iowa ethanol plant was down because of local water use constraints as the Cedar River flooded. The company also reported that it was experiencing constrained logistics throughout its Midwest operations because of the closure of railways, roadways and the upper Mississippi River. This plant was not included in a June 16 report by Iowa Renewable Fuels Association that said that 300 million gallons per day of ethanol production capacity was shut due to flooding in Iowa.

<http://uk.reuters.com/article/rbssConsumerGoodsAndRetailNews/idUKN1360177220080613>

http://www.ethanolproducer.com/article.jsp?article_id=4333

<http://www.farmfutures.com/ME2/dirmod.asp?sid=CD26BEDECA4A4946A1283CC7786AEB5A&nm=News&type=news&mod=News&mid=9A02E3B96F2A415ABC72CB5F516B4C10&tier=3&nid=B76A43030E754700B44A9B1FC3E45E7D>

RFA Says Ethanol Market Impact of Midwest Floods is 'Uncertain'

Citi Note Says 2-5 Billion Gallons Could Go Offline in Next Few Months

In a statement published on the Renewable Fuels Association's website, RFA President Bob Dinneen said that Midwest flooding is certain to have an impact on U.S. corn ethanol production but stated that the impact on ethanol prices is uncertain. Last week, a Citi research note estimated that high corn prices over the next few months could shut as much as 2 to 5 billion gallons of ethanol production, or 23 -57% of total U.S. production of 8.8 billion gallons. The note indicated that 5 small to mid-size plants had already shut down. The Iowa Farm Bureau estimates that the current flooding will result in the loss of 1.3 million acres of corn, the primary feedstock for U.S. ethanol production, in Iowa. According to the Bureau the price of corn has jumped by a dollar and a half during the past two weeks. Coupled with expected losses in other flood-affected states, Farm Futures Magazine estimates that up to 3.3 million acres of corn may be lost due to rain and flooding, bringing 2008 corn plantings to 83-84 million acres. On Monday, June 16, December corn futures reached a record \$7.915 per bushel.

<http://renewablefuelsassociation.cmail1.com/e/439308/1/>

<http://www.iowafarmbureau.com/fullarticle.aspx?artid=25313>

<http://www.cbots.com/cbot/pub/page/0.3181.1213.00.html>

<http://www.portfolio.com/news-markets/national-news/reuters/2008/06/13/ethanol-plants-shut-on-record-corn-price-citi>

Magellan Pipeline System Experiences No Logistical Problems due to Midwest Flooding

According to a spokesman for Magellan Pipeline, the company's eight Iowa terminals remain fully operational and all planned pipeline movements in Iowa and the Midwestern system are on schedule.

<http://www.reuters.com/article/rbssEnergyNews/idUSN1649204920080616>

Giant Drums for Planned Coker Unit Expansion Safe from Miss. River Flooding at WRB's Wood River, Illinois Refinery - WRB

http://www.downstreamtoday.com/News/Articles/200806/Giant_Drums_Safe_from_Flooding_WRB_11376.aspx

Missouri's Department of Energy Working with Propane Gas Association to Retrieve Floating or Endangered Propane Gas Bottles on Mississippi River June 17

<http://sema.dps.mo.gov/SitReps/SITREPJUNE1608%203%20PM.pdf>

Cedar Falls Utilities' Streeter Station Power Plant in Iowa Knocked Out of Commission for at Least Six Months

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=10490224

Electricity

Copper Theft Cuts Power to 19,000 SCE Customers in California June 16

Copper thieves stole copper grounding wires from an operating substation, forcing Southern California Edison (SCE) to cut power to 19,000 customers. SCE idled the system because the affected substation could not operate safely without the wires. Workers restarted the substation by about 5 PM yesterday.

<http://www.sfgate.com/cgi-bin/article.cgi?f=/n/a/2008/06/16/state/n154854D76.DTL&feed=rss.business>

<http://www.msnbc.msn.com/id/25199197/>

Luminant to Shut 591 MW Sandow Coal-fired Unit 4 in Texas June 17

According to a filing with state regulators, the company will shut the unit today, June 17, to fix a boiler tube leak.
<http://www2.tceq.state.tx.us/eer/main/index.cfm?fuseaction=getDetails&target=109414>

AES's 225 MW Huntington Beach Gas-fired Unit 3 in California Shut June 16

According to the California Independent System Operator, the unit experienced an unplanned outage on June 16.
<http://www.caiso.com/unitstatus/data/unitstatus200806161515.html>

Enmax's 250 MW Calgary Gas-fired Unit in Alberta Shut June 16

Reuters, 7:50 June 17, 2008

OPG Restarts 490 MW Nanticoke Coal-fired Unit 4 in Ontario June 16

The unit shut June 12.

Bloomberg News, 16:15 June 16, 2008

OPG Restarts 490 MW Nanticoke Coal-fired Unit 7 in Ontario June 15

The unit shut June 12.

Bloomberg News, 16:15 June 16, 2008

Intergen's 180 MW Ciclo Combinado Mexicali Gas-fired Unit in Mexico Returns to Service June 16

According to the California Independent System Operator, the unit experienced an unplanned outage on June 16.
<http://www.caiso.com/unitstatus/data/unitstatus200806161515.html>

Update: Ontario Government Chooses OPG's Darlington Site for Two New Nuclear Reactors

The government selected Ontario Power Generation's (OPG) existing, four-unit Darlington facility because it is already equipped with transmission lines to transport the new units' power, according to Ontario's Energy Minister. It is unclear how much electricity the new reactors will produce—Darlington's existing four units each have a capacity of 934 MW. The government anticipates bringing the new reactors on line by July 1, 2018.

http://www.theglobeandmail.com/servlet/story/RTGAM.20080616.wontnuke0616/BNStory/National/home?cid=al_gam_mostview

<http://www.platts.com/Nuclear/News/6902858.xml?p=Nuclear/News&sub=Nuclear>

Transmission System Expansion Necessary to Promote Clean Energy Growth—Kolevar

Assistant Secretary Kevin M. Kolevar appeared before the Senate Committee on Energy and Natural Resources' hearing on constructing new transmission lines to move wind-generated power. By 2030, Kolevar said, U.S. electricity use will jump by almost 30 percent from 2006. As a product of that growth, some transmission expansion will be necessary, "if you want to support clean energy, you have to support transmission expansion in appropriate areas."

http://www.marketwatch.com/news/story/senate-holds-hearings-transmission-lines/story.aspx?guid=%7B6AEDCFEF-7C1F-4181-A33D-A6C35E390848%7D&dist=msr_1

Petroleum

Update: StatoilHydro 'Hopes' to Restart Production This Week at Oseberg Oilfield in North Sea—Fire Idled 150,000 b/d of Output June 15

StatoilHydro continues to repair fire-damaged equipment and hopes to restart production this week. A fire in a high-voltage room triggered a shutdown of 150,000 b/d of oil output, according to a news source. The incident shut Oseberg platforms A, B and D, Oseberg East, Oseberg South and the Tune field. StatoilHydro already restarted its Barge and Veslefrikk fields, according to earlier reports.

Reuters, 07:12 June 16, 2008

Reuters, 03:36 June 16, 2008

Bloomberg News 05:58 June 17, 2008

http://biz.yahoo.com/ap/080615/norway_oil_platform_fire.html?v=3

<http://uk.reuters.com/article/oilRpt/idUKL1561792620080615>

Sand Storms Cut Oil Exports from Iraq and Kuwait over Weekend As Storm Eases, Shipments Resuming

Iraq plans to resume about 1.5 million b/d of exports from its Basra port today, June 17, after sand storms upset shipments for four days, based on multiple accounts. Basra's oil exports stalled entirely early yesterday, June 16. Seven of eight tankers were unable to reach the port from Saturday through Monday. Kuwait, meanwhile, resumed deliveries of more than 2 million b/d late last night, June 16. That shutdown lasted two days, according to a Kuwaiti source.

Reuters, 09:17 June 17, 2008

Reuters, 07:30 June 17, 2008

BP Commences Oil and Gas Production at Thunder Horse Platform in Gulf of Mexico

BP began production of oil and gas from one well on June 14, according to a spokesman. The company plans to fully open the field by the end of the year. At its peak, Thunder Horse is expected to produce up to 250,000 b/d of oil and 200 million cubic feet per day of natural gas. By those figures, it will be the biggest single oil production facility in the United States' Gulf of Mexico. Multiple issues stalled the platform's originally planned start-date by three years.

Reuters, 07:16 June 17, 2008

<http://www.chron.com/disp/story.mpl/headline/biz/5841216.html>

Natural Gas

Markwest and Range Resources Plan Natural Gas Pipelines and Processing Facilities at Marcellus Shale in Appalachian Basin

Range Resources Corp agreed with Markwest Energy Partners to build and operate the infrastructure, according to an official. Range Resources expects to begin selling natural gas by the first quarter, 2009.

Reuters, 08:34 June 17, 2008

Force Majeure Along Enbridge's Nautilus Natural Gas Pipeline in Gulf of Mexico June 17—Workers Repairing Damage to Associated 16-inch Manta Ray Gathering System

<http://www.enbridgeus.com/Reports/reportrem.aspx?pl=1&rptSite=1&rpt=/notice/FinalReview.asp?code=manr2008169.111832&tmi=869&tmt=5>

<http://www.enbridgeus.com/Reports/reportrem.aspx?pl=1&rptSite=1&rpt=/notice/FinalReview.asp?code=naut2008169.112048&tmi=893&tmt=5>

Other News

As Land Sinks and Sea Levels Rise, Gulf Coast Energy Infrastructure May be at Risk, Experts Say

Global warming could cause significant rises in sea levels and threaten low-lying energy infrastructure, according to experts and officials at a meeting arranged by the U.S. Senate Energy and Natural Resources Committee. Gulf Coast land is already subsiding at above-average rates, and the prospect of higher seas has only deepened forecasters' concerns. Energy facilities along the U.S. Gulf Coast, from Alabama to Texas, could be at risk, they said. Rising sea levels, higher air and water temperatures, more intense storms, and altered rain patterns could also threaten 17,000 miles of highways and 61 airports, according to one scientist.

www.energyintel.com

Energy Prices

U.S. Oil and Gas Prices			
June 17, 2008			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	133.52	132.15	67.95
NATURAL GAS Henry Hub \$/Million Btu	12.73	12.71	7.58

Source: Reuters

Energy Notes

Storm Cuts Power to 16,000 Central Hudson Customers, and 8,000 Orange and Rockland Customers June 16

<http://www.recordonline.com/apps/pbcs.dll/article?AID=/20080617/NEWS/806170339>

Storms Knock Out Power to 15,000 PPL Customers in Pennsylvania June 16—Only a Few Hundred Remain in the Dark, as of Latest Reports

<http://www.pocononews.net/news/June08/17/17Jun08-2.html>

Update: ComEd Says 11,000 Customers Still in the Dark Early June 17—Storms Cut Power to 140,000 Customers over Weekend

<http://www.chicagodefender.com/view.php?I=1099>

Storms Cut Electricity to Almost 10,000 RG&E Customers in New York June 16

<http://www.whec.com/article/stories/S480151.shtml?cat=566>

Power Overload Cuts Power to 10,000 Customers in El Paso, Texas June 16

http://www.elpasotimes.com/newupdated/ci_9606738

Connecticut Light & Power Reports 10,167 Customers Without Power June 16

As of 9:00 PM: <http://www.cl-p.com/stormcenter/outage.aspx>

Update: After Wildfire, PG&E Restores Power to 18,000 Customers in California June 15

http://www.pe.com/ap_news/California/CA_California_Wildfires_345985C.shtml

Strike Stalls 37 Oil Tankers at Fos-Lavera Oil Port in France June 17

Reuters, 06:17 June 17, 2008

Solar Power Could Account for 10 Percent of U.S. Power Generation by 2025, Study Says

http://www.businesswire.com/portal/site/google/?ndmViewId=news_view&newsId=20080617006075&newsLang=en

Man Dies in Accident at Harmony Coal Mine in Pennsylvania June 16

<http://www.standard-journal.com/news/x2113778569/One-killed-in-coal-mining-incident>

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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