



ENERGY ASSURANCE DAILY

Monday, June 18, 2007

Electricity

California Regulators Lift Sales Limit on Chevron's 98 MW Cogeneration Plant at Richmond Refinery

The California Energy Commission has approved Chevron's request that it lift a 20-year-old restriction that limited the company from selling more than 44,000 MWh/year from a 98 MW cogeneration plant it operates at its refinery in Richmond, California. The Commission said that removing the limitation "will contribute to increased electricity reliability to the area."

<http://www.platts.com/Electric%20Power/News/6393591.xml?p=Electric%20Power/News&sub=Electric%20Power>

FPL Delays Restart of 693 MW Turkey Point Nuke Unit 3 in Florida

The company is delaying the restart "for a few days" because of a fluctuating voltage regulator. The reactor began reducing power June 6 and repairs were made to rod-position indicator connectors. A restart was halted last week because of condensation on a temperature detector at the facility.

Bloomberg News, 13:10 June 18, 2007

SCE's 1,070 MW San Onofre Nuke Unit 2 in California Back at Full Power June 18

The unit returned to full power by late June 18 after a weekend outage to fix a water valve.

Reuters, 13:57 June 18, 2007

Update: TXU's 750 MW Martin Lake Coal-fired Unit 1 Returns to Service June 18

On June 16 the unit tripped while at load due a malfunction in the power supply to emergency trip system. Earlier on June 16, the unit was undergoing maintenance.

Reuters, 11:56 June 18, 2007

NRG to Restart 778 MW Limestone Coal-fired Unit 2 in Texas June 17-18

The company announced that it planned to restart the unit on June 17-18 after shutting the unit June 15-17 to fix a boiler tube leak.

Reuters, 07:57 June 18, 2007

LCRA to Restart 445 MW Fayette Coal-fired Unit in Texas June 17-18

Lower Colorado River Authority planned to restart the unit on June 17-18 after shutting the unit on June 16 to fix a boiler tube leak.

Reuters, 08:15 June 18, 2007

CPS's 405 MW JT Deely Coal-fired Unit 2 in Texas Shut June 16

The unit, which shut on June 16, is expected to restart on June 20.

Reuters, 08:48 June 18, 2007

TransAlta's 279 MW Wabamun Coal-fired Unit 4 in Alberta Shut June 16

Reuters, 08:48 June 18, 2007

Refiners Scale Back Expansion Projects by 40 Percent in Face of Ethanol Growth

In 2006 the U.S. Department of Energy was told that refiners, which were producing large profits and anticipating growing demand, were planning to increase their refining capacity by more than 1.6 million b/d, an increase of roughly 10 percent. However, refining companies have already scaled back those expansion plans by nearly 40 percent, or about 640,000 b/d. According to industry and government officials, refiners are canceling some expansion projects because of anticipated growth in ethanol production displacing gasoline use, and Bush administration initiatives aimed at cutting gasoline demand by 20 percent. More project cancellations are expected if Congress passes legislation calling for 15 billion gallons of ethanol use annually by 2015 and more than double that by 2022.

http://biz.yahoo.com/ap/070617/ethanol_refineries.html?v=17

Valero Seeking Bonds for 160,000 b/d Expansion of 220,000 b/d Norco Refinery in Louisiana But Has Not Made A Final Decision on Project

<http://www.nola.com/business/t-p/index.ssf?/base/money-3/118197411265850.xml&coll=1>

OPIS Price Watch Alert, 09:58 June 18, 2007

Update: Valero Says No Impact on Production from Unplanned FCCU Work at 170,000 b/d McKee, Texas Refinery

The company said that there was no impact on production from unplanned work on a fluidic catalytic cracking unit (FCCU), which was shut in late May due to a problem with catalyst circulation.

Reuters, 13:00 June 18, 2007

Update: FCCU Restarts at Valero's 83,000 b/d Ardmore, Oklahoma Refinery June 18

Valero successfully restarted the 26,000 b/d fluidic catalytic cracking unit (FCCU) on June 18 and said the unit would be back at full rates by the end of the day. The FCCU shut for unplanned work on June 13.

Reuters, 12:38 June 18, 2007

Power Outage Hits Tesoro's 98,500 b/d Wilmington, California Refinery June 16

According to a company spokeswoman, some units were shut by the outage on June 16 but the company began restarting units shortly after the outage.

<http://www.oes.ca.gov/Operational/MALHaz.nsf/fl841a103c102734882563e200760c4a/07ac3a9d07d90540882572fd001f63fd?OpenDocument>

Reuters, 10:46 June 18, 2007

Brief Power Outage Hits Delek's 58,000 b/d Tyler, Texas Refinery June 16

In a filing with Texas regulators, Delek Holdings reported sour gas flaring at the refinery after an electrical storm briefly disrupted power early on June 16. Units affected included the Sulfur Recovery Unit No. 2 and SCOT Unit, which were stabilized and returned to normal operation as quickly as possible.

<http://www2.tceq.state.tx.us/eer/main/index.cfm?fuseaction=getDetails&target=92730>

Militants Occupy Eni's 40,000 b/d Crude Oil Flow Stations in Nigeria June 17

Eni reported on its website that on June 17, a group of armed men overran the Ogboinbiri crude oil flow station in the Bayelsa State in Nigeria. At the time of the attack there were 24 local workers and 51 soldiers within the premises. Forty soldiers and eight workers have managed to leave the flow station. The statement did not specify if any production had been curtailed but industry sources say that 40,000 b/d have been shut.

http://www.eni.it/home/fast_news_en.html

Reuters, 11:47 June 18, 2007

Militants Occupy Chevron's Abiteye 42,000 b/d Crude Oil Flow Station in Nigeria June 17

According a Reuters news story, armed youths invaded Chevron's Abiteye flow station in the Delta State on June 17, forcing the company to shut 42,000 b/d of production. The youths left on June 18 but Chevron said that it would resume output there only when it was safe to do so.

<http://www.alertnet.org/thenews/newsdesk/L18418382.htm>

Update: Nigerian Labor Unions Call for Nationwide Strike to Begin June 20, Threaten to Halt Oil Exports

According to labor union leaders, the workers at oil platforms are expected to abstain from work when the strike begins. One leader predicted that oil exports would be halted. Nigerian Unions threaten to strike frequently.

<http://www.forbes.com/markets/feeds/afx/2007/06/18/afx3831203.html>

<http://allafrica.com/stories/200706181452.html>

Brazil Oil Workers' Union May Hold 5-Day Strike to Halt Oil Production July 5

A union director told Reuters that Brazil's main oil workers' union may begin a five-day strike aimed at cutting Petrobras crude oil production any time after July 5. Petrobras pumps about 1.8 million b/d in Brazil.

Reuters, 10:48 June 18, 2007

Natural Gas

Coalbed Methane Producers Return to Work in Powder River Basin as BLM's Drilling Moratorium to Protect Sage Grouse is Lifted

For the last three-and-a-half months there has been a moratorium on drilling and other surface disturbing activities within two miles of a sage grouse lek, or mating area. The restrictions ended June 16.

http://www.nctimes.com/articles/2007/06/16/news/state/18_48_496_15_07.txt

Key Phase of PG&E Storage Facility Project to Begin

Pacific Gas and Electric Co. will begin Monday the key phase of an underground storage reliability upgrade. It involves what the utility is calling the longest 24-inch-diameter natural gas pipeline pull ever conducted in the West. NGI's Daily Gas Price Index June 18, 2007

Other News

Few U.S. Fuel Stations Offer E85 Despite Large Flex-Fuel Fleet Shortage Due in Part to E85 Dispenser Safety Concerns

According to the National Ethanol Vehicle Coalition, there are about 5 million "flexible fuel" vehicles on U.S. roads that can handle E85 but only 1,145 of the nation's 167,000 retail fuel outlets offer E85. U.S. gas stations have been slow to invest the tens of thousands of dollars needed to add E85 in part because the E85 dispensers may not be safe. Underwriters Laboratories (UL), the widely respected safety and standards lab, has been performing a lengthy review since October to see if E85 dispensers are worthy of the UL seal. UL is concerned that ethanol could corrode fuel dispensers. Stations can still put the pumps in with local approval. In addition to dispenser safety concerns, demand for E85 is suppressed in part because many drivers do not know that their recent-model flex-fuel vehicles can take E85 or are worried about using the fuel in their cars.

Underwriters Laboratories E85 page: <http://www.ul.com/regulators/e85.cfm>

http://biz.yahoo.com/ap/070617/ethanol_bottleneck.html?.v=3

Report to IAEA Board Addresses Options for Assurance of Supply of Nuclear Fuel

A new IAEA report on a multilateral framework for nuclear energy presents a range of options that seek to guarantee supplies of nuclear fuel while minimizing proliferation risks. IAEA Director General ElBaradei presented the report this week to the Agency's Board of Governors.

<http://www.iaea.or.at/NewsCenter/News/2007/nuclenframework.html>

Energy Prices

U.S. Oil and Gas Prices June 18, 2007			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	69.06	65.93	69.90
NATURAL GAS Henry Hub \$/Million Btu	7.69	7.42	6.45

Source: Reuters

Energy Notes

Storm Knocks Out Power to 15,000 Bangor Hydro-Electric Customers in Maine June 17

<http://bangordailynews.com/news/t/news.aspx?articleid=151136&zoneid=500>

10 Barrels of Crude Oil Spill at Kern Oil's Bakersfield, California Refinery June 16

<http://www.oes.ca.gov/Operational/MALHaz.nsf/fl841a103c102734882563e200760c4a/08bfl45a6aba2f3e882572fc0083bb4b?OpenDocument>

NuCoastal Corp. to Transform Victoria Power Plant in Texas into Thermal Energy Plant that Will Produce about 3,000 MW

<http://www.thevictoriaadvocate.com/233/story/73696.html>

SDG&E Submits Testimony to California PUC Reaffirming Importance of Sunrise Powerlink

<http://money.cnn.com/news/newsfeeds/articles/primenewswire/121499.htm>

Southern Star Central Corp. Holding Open Season for Natural Gas Pipeline Connecting Fayetteville Shale Production in Arkansas to Rockies Express Pipeline in Missouri

<http://www.sscgp.com/News/NonBindingOpenSeason.htm>

NGI's Daily Gas Price Index June 18, 2007

Ozark Gas Transmission Holding Open Season for 1.1 Bcf/d Oklahoma-Mississippi System Expansion Project

<http://www.latec.com/ozark/>

Columbia Gas Transmission Holding Open Season to Increase Pipeline Capacity Out of Kentucky and W. Virginia

http://www.columbiagastrans.com/new_projects.html

NGI's Daily Gas Price Index June 18, 2007

Alberta Government to Separate Oil & Gas, Electricity Regulation

NGI's Daily Gas Price Index June 18, 2007

Militants Release 10 Indian Hostages in Niger Delta June 16

Reuters, 03:55 June 16, 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>.

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