



ENERGY ASSURANCE DAILY

Thursday Evening, June 26, 2008

Electricity

Update: Alliant's 144 MW Sutherland Generating Station Back Online After Floods Crews Fix Minor Plant Damage, Moderate Damage to Rail and Coal Operations

Interstate Power and Light Company (IPL), a wholly-owned subsidiary of Alliant Energy Corporation, announced June 26 that the Sutherland Generating Station Units 1, 2 and 3, located in Marshalltown, Iowa, are back online two weeks after the facility was intentionally taken offline due to flooding concerns in the community and along the Iowa River. The power plant's three units consist of approximately 144 megawatts. The Sutherland Generating Station, located approximately one-quarter mile from the Iowa River, did receive minor damage to the facility when water levels in the power plant's basement reached approximately four inches. The power plant's main turbine floor was not affected. After the floodwaters receded, crews worked to assess, repair and inspect the facility prior to bringing the facility back online. The power plant's electrical system and motors were inspected and repaired as necessary. Floodwaters caused moderate damage to the facility's railroad tracks, train unloading operations, coal handling system, and fuel tanks for combustion turbines. Flood levels reached approximately two feet in the coal yard, and all underground pits were full of water. Major restoration work was completed on the railroad tracks and train unloading operations. The facility started receiving and unloading coal trains on June 23.

<http://biz.yahoo.com/prnews/080626/aqth107.html?.v=43&printer=1>

Severe Storms Knock Out Power to 54,000 Alliant and Mid-American Customers in Wisconsin and Iowa June 26

A strong line of severe storms crossed Iowa and Wisconsin on the morning of June 26, dropping quarter-sized hail and bringing damaging winds. Alliant Energy reported peak outages of 27,782 customers in Wisconsin and 15,041 customers in Iowa. Mid-American reported peak outages of 11,300 customers in Iowa. As of afternoon June 26, only scattered outages remain.

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

<http://www.midamericanenergy.com/storm/OutageWatch/MECOutageWatch.aspx>

<http://www.kcci.com/weather/16716482/detail.html>

FPL Announces Plans to Build 110 MW of Solar Projects in Florida June 25

Florida Power & Light Company, a subsidiary of the FPL Group, Inc., June 25 announced three new solar energy projects that include the world's largest photovoltaic solar plant and first "hybrid" energy center, coupling solar thermal technology with an existing combined-cycle generation unit. The projects have a combined capacity of 110 MW. The company has secured the necessary zoning approval and has access to the necessary transmission infrastructure for all three projects.

<http://biz.yahoo.com/bw/080625/20080625005909.html?.v=1>

Constellation's 1,120 MW Nine Mile Point Nuke Unit 2 in New York at Full Power by June 26

The Nuclear Regulatory Commission reported that on the morning of June 25 the unit was operating at 80 percent. Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

Reliant's 215 MW Mandalay Gas-fired Unit 1 in California Shut by June 25

According to the California Independent System Operator, the unit experienced an unplanned outage by June 25.

<http://www.caiso.com/unitstatus/data/unitstatus200806251515.html>

Power Outage Briefly Shuts Citgo's 454,000 b/d Lake Charles, Louisiana Refinery June 25 Only Vacuum Unit Remains Out Late Morning June 26

All units at the refinery were shut after a brief power outage on the morning of June 25. The power outage was caused by a thunderstorm. Citgo restarted most units at the refinery later on June 25. The alkylation unit and one of the fluidic catalytic cracking units restarted on the morning of June 26. The vacuum unit is expected to restart later on June 26.

Reuters, 11:26 June 26, 2008

Bloomberg News, 07:34 June 26, 2008

Update: ConocoPhillips's 194,000 b/d Ponca City, Oklahoma Refinery Operating at Normal Rates June 26

The refinery is operating at normal rates after a power outage last week knocked out multiple units at the refinery. ConocoPhillips began restarting the units June 20.

Bloomberg News, 14:30 June 26, 2008

Leak Briefly Shuts EPP's 125,000 b/d Seminole LPG Pipeline in Texas June 25

Enterprise Products Partners L.P. shut the pipeline and bled off any remaining product on the morning of June 25 after a leak was discovered in Pasadena, Texas. According to a company spokesman, service resumed on the line at about 11:00 PM CDT on June 25 and volumes were flowing at normal rates as of June 26. The Seminole pipeline transports propane and other natural gas liquids from West Texas to Mont Belvieu, Texas. It is unclear what caused the leak.

Reuters, 14:41 June 25, 2008

Bloomberg News, 11:01 June 26, 2008

Libya Threatens to Cut Oil Output in Response to U.S. Terror Law

Libya threatened to cut oil output in response to a U.S. law that allows terror victims to seize assets of foreign governments as compensation. Congress passed a law in January that would let families of American victims of Libyan-linked attacks confiscate Libyan assets and those of companies doing business with the North African nation. At least two lawsuits have already been filed in Washington.

Bloomberg News, 13:48 June 26, 2008

EPA, Others Retrieve Drums and Tanks Carried Away By Iowa Floods

EPA Region 7, the Iowa DNR and National Guard 71st Civil Support Team have teamed up to identify and retrieve orphan drums and tanks and household hazardous wastes that were swept away by flood waters, said Kathy Lee of the Iowa DNR. Orphan drums and tanks are potentially hazardous and include empty or full propane tanks, underground tanks containing fuel or solvents, drums holding chemicals and anhydrous ammonia nurse tanks.

During the retrieval, the drums and tanks will be collected and transferred to a temporary storage location for further evaluation before being sent to a landfill, scrap yard or hazardous waste facility for final disposal.

<http://www.downstreamtoday.com/News/ArticlePrint.aspx?aid=11554>

Canadian Oil Pipeline Capacity Remains Tight – NEB Report

While there is spare capacity on some Canadian oil pipeline systems, the National Energy Board (NEB) said June 26 that oil pipeline capacity overall continues to be tight. According to the NEB's Canadian Pipeline Transportation System Assessment, additional capacity is soon needed to accommodate growing supply and provide greater market flexibility. This is best demonstrated by the recent number of announced and proposed pipelines and expansions to both traditional markets and new markets such as the U.S. Gulf Coast and California. High capacity utilization of Canadian oil pipelines is being driven by growing oil sands production and continued strong demand in the U.S.

Although some additional capacity will be added in 2008, tight conditions will likely exist for the remainder of the year.

<http://www.neb.gc.ca/clf-nsi/rthnb/nwsrls/2008/nwsrls26-eng.html>

FERC Approves Pre-filing Request for Denali-Alaska Pipeline June 25

FERC approved the request from BP Plc and ConocoPhillips to initiate a “pre-filing process” for their proposed 4 Bcf/d Denali-Alaska Pipeline. The companies said they hope to file the application by August 2011, and company officials say that once the pipeline project is approved, it would take 10 years to complete.

<http://www.downstreamtoday.com/News/ArticlePrint.aspx?aid=11566>

Canadian Natural Gas Pipeline Capacity Remains Adequate – NEB Report

According to the NEB’s Canadian Pipeline Transportation System Assessment, there is adequate capacity in place on existing natural gas pipelines in Canada. In fact, most NEB-regulated gas pipelines have some excess capacity, even during the peak winter season. Pipeline use declined for most natural gas pipelines in 2007. Stable or declining conventional supply from the Western Canada Sedimentary Basin, growing demand within western Canada, and competition from other supply basins, particularly in the western U.S., resulted in reduced flows on pipelines transporting gas from western Canada.

<http://www.neb.gc.ca/clf-nsi/rthnb/nwsrls/2008/nwsrls26-eng.html>

Columbia Gas Transmission Corp. Files with FERC to Expand Ohio Gas Storage

Columbia Gas Transmission Corp said June 25 it filed with FERC to expand its Ohio natural gas storage facilities to increase storage capacity by 6.7 Bcf and enhance deliverability from its Weaver and Crawford storage fields by 100 MMcf/d. The company said in a statement it asked FERC to issue a certificate authorizing the expansion by the end of 2008, with construction slated for 2009 and facilities in service November 1, 2009.

<http://uk.reuters.com/article/rbssIndustryMaterialsUtilitiesNews/idUKN2545671920080625>

Spectra Energy Cancels Bronco Natural Gas Pipeline Expansion Project

Spectra Energy Corp has canceled plans for its 42-inch Bronco expansion project from Wyoming to Oregon, after El Paso Corp. announced it would offer lower prices on its proposed Ruby pipeline, which would run along a similar course.

<http://www.chron.com/disp/story.mpl/business/5856907.html>

Other News

Update: USACE Expects to Reopen Part of the Upper Mississippi River to Barge Traffic by this Weekend

The U.S. Army Corps of Engineers expects to open the Mississippi River to barge traffic as far south as Keokuk, Iowa, by this weekend, but that will not clear the logjam of barges stranded by floodwaters. Lock & Dam 16 at Muscatine, Iowa, should open today, with Locks & Dams 17, 18 and 19, which are at Keokuk, scheduled to reopen by Saturday. Further south, the river is expected to remain shut until at least July 3.

<http://www.qctimes.com/articles/2008/06/25/news/local/doc4863075841ca8684049767.txt>

Motiva’s Sewaren Terminal Rail Yard Expansion Project in New Jersey More Than Doubles Railcar Handling Capacity, Improves Ethanol Deliverability to Northeast

Motiva Enterprises, LLC announced June 25 the completion of an expansion of its Sewaren, New Jersey refined products terminal rail yard, more than doubling its previous railcar handling capacity to approximately 200 railcars in a 24-hour period. Motiva’s Sewaren Terminal is a 5 million-plus barrel refined products terminal that is strategically located to serve ethanol suppliers and consumers in the Northeast with both waterborne and rail access. With the expansion completed, an entire unit train of 80- 100 tank cars of ethanol will be able to enter the Sewaren rail yard to be unloaded at one time.

<http://www.prnewswire.com/>

BioFuel Energy Opens Two Ethanol Plants in Nebraska and Minnesota

BioFuel Energy Corp. announced June 25 the start of commercial operations at its two 115 million gallons per year ethanol plants in Wood River, Nebraska and Fairmont, Minnesota. Both plants have recently begun production of ethanol. Both facilities were constructed adjacent to Cargill grain elevators that have been operating on the sites for several decades and are also bordered by Union Pacific main rail lines. When operating at nameplate capacity, the combined plants are expected to produce 230 million gallons of fuel grade ethanol and 720,000 tons of dried distillers grains, annually.

<http://www.prnewswire.com/>

Alternative Energy Cancels Two Proposed Ethanol Plants, Disbands Company

Alternative Energy Sources Inc. has canceled plans to build two ethanol plants and said it will also cease operations, because it couldn't raise funds for construction. The company was to build a 110-million-gallon-a-year ethanol plant in Boone County, Iowa, in 2009 and had plans for a plant in Kankakee, Illinois.

Bloomberg News, 16:05 June 25, 2008

World Energy Use Projected to Grow 50 Percent Between 2005 and 2030 - EIA

World marketed energy consumption is projected to grow by 50 percent between 2005 and 2030, driven by robust economic growth and expanding populations in the world's developing countries, according to the reference case projection from the International Energy Outlook 2008 released June 25 by the Energy Information Administration (EIA). The report predicts a decline in the use of conventional oil in favor of unconventional oil, biofuels, and other unconventional liquids; continuing robust growth in coal use; development of new nuclear generating capacity; and expanded use of renewable fuels.

<http://www.eia.doe.gov/neic/press/press302.html>

California Air Resources Board Releases Draft Climate Change Plan that Could Drastically Affect Energy Industry

The California Air Resources Board released a draft plan on June 26 to reduce California's greenhouse gas emissions by 30 percent over the next 12 years. Central to the draft plan is a cap and trade program covering 85 percent of the state's emissions. The draft plan also proposes that utilities produce a third of their energy from renewable sources such as wind, solar and geothermal, and proposes to expand and strengthen existing energy efficiency programs and building and appliance standards. The draft plan calls for full implementation of the California Clean Car law to provide a wide range of less polluting and more efficient cars and trucks to consumers who will save on operating costs through reduced fuel use. It also calls for development and implementation of the Low Carbon Fuel Standard which will require oil companies to make cleaner domestically produced fuels.

<http://www.arb.ca.gov/newsrel/nr062608.htm>

Energy Prices

U.S. Oil and Gas Prices			
June 26, 2008			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	137.59	132.94	67.78
NATURAL GAS Henry Hub \$/Million Btu	12.76	12.93	6.85

Source: Reuters

Colorado Interstate Gas Company Declares Force Majeure on Enterprise Lateral in Colorado June 25

<http://ebb.cigco.com/ebbCIG/Notices/NoticeView.asp?sPipelineCode=CIG&sSubCategory=Critical&sNoticeId=7197>

14,565 Duke Energy Customers Lose Power in Indiana June 26

As of 17:15 June 26, 2008, <http://www.duke-energy.com/indiana/outages/current.asp>

12,790 AEP Ohio Customers Without Power at Noon June 26 Down to 5,295 by 1:45 EDT June 26

<http://www.nbc4i.com/midwest/cmh/news.apx.-content-articles-CMH-2008-06-26-0006.html>

<http://www.aepohio.com/news/outages/default.asp>

Israel's Olmert Discloses Top Secret Meeting Held with Chief Architect of 1981 Attack on Iraq's Nuclear Reactor

<http://www.washtimes.com/news/2008/jun/26/olmert-acknowledges-meeting/>

Oil Futures Spike after OPEC President Says Oil Could Hit \$170

<http://ap.google.com/article/ALeqM5i5TtajgUpSm7KY5jf-1CJGHBB-tAD91HPLJ01>

'Oil Shock' Stems From 'Shortage Psychology' That Overshadows New Discoveries and Falling Demand – CERA

http://money.cnn.com/news/newsfeeds/articles/djf500/200806251536DOWJONESDJONLINE000732_FORTUNE5.htm

Saudis Open Books on Field Data to Assuage Concerns about Future Oil Supply

<http://www.energyintel.com/>

Nigeria Oil Minister to Meet Striking Chevron Workers - Union

http://money.cnn.com/news/newsfeeds/articles/djf500/200806260814DOWJONESDJONLINE000490_FORTUNE5.htm

Dominion Power Issues Statement on Approval of Air Permits for Proposed 585 MW Coal and Biomass fired-Hybrid Energy Center in Virginia June 25

<http://www.prnewswire.com/>

AEP Receives FERC License to Build 105 MW Meldhal Hydropower Plant in Ohio

<http://www.platts.com/Electric%20Power/News/6915251.xml?p=Electric%20Power/News&sub=Electric%20Power>

Delaware Legislature Approves Bill to Allow Bluewater Wind LLC's Offshore Wind Farm

<http://ap.google.com/article/ALeqM5hAQY5B2Hfjlzga0U53yIElwGbVeQD91HG5200>

US House Set to Vote on Bill to Lift OCS Drilling Ban in July

<http://www.platts.com/Oil/News/6915238.xml?p=Oil/News&sub=Oil>

California Lands Commission Terminates 3 Chevron Offshore Leases

<http://intelligencepress.com/>

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