



ENERGY ASSURANCE DAILY

Wednesday Evening, July 09, 2008

Electricity

Thunderstorms Knock Out Power to 40,000 IPL Customers in Indiana July 8

On the evening of July 8, severe thunderstorms moved through IPL's service territory causing widespread power outages. The total number of customers affected was approximately 40,000. As of 2:00 PM CDT, July 9, approximately 1,450 customers remain without power. Total restoration is expected to be around midnight tonight.
<http://www.iplpower.com/ipl/index?page=IPLGeneral&Menu=04080000&DocID=0203917431b9011a564c24930071c8>

Storms Knock Out Power to 30,485 Duke Energy Customers in North Carolina July 8

At its height at around 7:30 PM EDT, July 8, 30,485 customers were without power. As of 5:00 PM this afternoon, about 11,800 remained without power.
http://www.wcpo.com/news/local/story.aspx?content_id=f9d08a0d-50d6-4531-adc7-144f819692d2
<http://www.duke-energy.com/outages/stats/>

Southern's 856 MW Hatch Nuke Unit 1 in Georgia Ramped Up to 75 Percent by July 9

The Nuclear Regulatory Commission reported that on the morning of July 8 the unit was operating at 39 percent. Information derived from the NRC Power Reactor Status Reports:
<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

AES's 495 MW Alamos Gas-fired Unit 6 in California Returns to Service by July 8

According to the California Independent System Operator, the unit returned from an unplanned outage.
<http://www.caiso.com/unitstatus/data/unitstatus200807081515.html>

AES's 493 MW Redondo Gas-fired Unit 7 in California Shut by July 8

According to the California Independent System Operator, the unit experienced an unplanned outage on July 8.
<http://www.caiso.com/unitstatus/data/unitstatus200807081515.html>

PG&E's 119 MW Belden Hydro Unit in California Returns to Service by July 8

According to the California Independent System Operator, the unit returned from an unplanned outage.
<http://www.caiso.com/unitstatus/data/unitstatus200807081515.html>

Maine Land Use Regulator Approves TransCanada's 135 MW Kibby Wind Power Project

TransCanada Corporation announced July 9 that the 135 MW Kibby Wind Power Project has received unanimous final development plan approval from Maine's Land Use Regulation Commission (LURC). Construction plans are now underway on the project, which will involve the construction of 44 wind turbine generators (3 MW each). The project recently received approval from the Towns of Carrabassett Valley and Eustis for portions of the 115 kV transmission line that will connect the project to the ISO New England electrical grid. The Maine Department of Environmental Protection has issued all necessary project permits and the United States Army Corps of Engineers is expected to issue a permit soon.
http://www.transcanada.com/news/2008_news/20080709.html

Rocky Mountain Power Plans 138 kV Transmission Line in Utah

Rocky Mountain Power is planning to build a new 138 kV transmission line in Summit County, Utah that will run from Thief Creek to the new substation near Coalville, Utah. The company also plans to upgrade an existing power line in the area to 138 kV, up from 46 kV.
<http://www.pacificorp.com/File/File82435.pdf>

CSB Determines Massive Propane Fire at Valero Refinery in Sunray, Texas in 2007, Resulted from Water Freezing and Cracking Idle Section of Process Piping

A massive fire that injured four workers and caused the total shutdown and evacuation of the Valero McKee Refinery in Sunray, Texas, in February 2007 likely occurred after water leaked through a valve, froze, and cracked an out-of-service section of piping, causing a release of high-pressure liquid propane, the U.S. Chemical Safety Board (CSB) said in a final investigation report issued July 9.

http://www.chemsafety.gov/index.cfm?folder=news_releases&page=news&NEWS_ID=426

Update: Alon Delays FCCU Restart at 70,000 b/d McKee Refinery in Texas

Alon USA Energy Inc. said it will restart the fluid catalytic cracking unit (FCCU) at its Big Spring, Texas, refinery in August, a month later than a previous estimate. The plant's 24,000 b/d alkylation unit is expected to resume operations a few weeks after the FCCU restarts. In April, the Alon estimated the FCCU would be restarted in July followed by the crude unit, which has been operating at 50 percent of capacity since a fire on April 7.

Bloomberg News, 21:11 July 8, 2008

Shell Scraps Plan for New Heavy Oil Refinery in Sarnia, Ontario

Royal Dutch Shell PLC said July 8 that it is scrapping a proposal to build a new heavy oil refinery near Sarnia, Ontario, blaming current market conditions and inflationary pressures. In 2006, Shell said it was considering building a facility able to process up to 250,000 b/d at its existing Sarnia Manufacturing Center near the U.S.-Canada border.

http://www.downstreamtoday.com/News/Articles/200807/Shell_Scraps_Sarnia_Refinery_Plans_11765.aspx

Tesoro Restarting Gasoil Hydrotreater at 166,000 b/d Martinez, California Refinery July 9

Tesoro is restarting a gasoil hydrotreater at the refinery after it was shut to repair a valve on July 8. According to a spokeswoman for the refinery, operations and production were not impacted by the shutdown.

Reuters, 12:36 July 9, 2008

Compressor Trips at Big West's 68,000 b/d Bakersfield, California Refinery July 8

According to a filing with California regulators, a compressor "tripped off-line causing a release to the flare."

Bloomberg News, 23:51 July 8, 2008

Update: Shell Lifts Force Majeure on Bonga Crude Exports from Nigeria July 9

Royal Dutch Shell lifted force majeure on oil exports from its 220,000 b/d Bonga offshore field in Nigeria on July 9, three weeks after a militant attack forced it to shut the facility for several days. Shell declared force majeure on Bonga oil shipments on June 20. Shell's force majeure on Bonny Light, another Nigerian light, sweet crude, is still in place.

<http://uk.reuters.com/article/allBreakingNews/idUKL0943744420080709>

Enbridge Delays 400,000 b/d Texas Access Pipeline Project Proposes Trailbreaker Project Alternative Through Portland, Maine

According to an Enbridge executive, the company has pushed back its planned 400,000 b/d Texas Access pipeline, which would carry crude oil from a terminal in Patoka, Illinois to refineries in the Houston area. According to the official, the new pipeline will not be ready until around 2014 instead of the initially planned 2011-2012 timeframe. The delay is partly due to a newly tempered outlook for Canadian oil sand projects. As an interim solution, Enbridge plans to move 230,000 b/d of crude oil to Montreal from Sarnia, Ontario and then reverse flow on an existing pipeline that carries crude oil from Portland, Maine to Montreal. From there the oil will be loaded on to ships bound for the Gulf Coast. The in-service date for this new proposal, known as the Trailbreaker, is around mid-2010.

<http://in.reuters.com/article/governmentFilingsNews/idINN0943816520080709>

Suncor Briefly Shuts Millennium Oil Sands Mine July 8 after Contractor Death

Suncor Energy Inc said it shut its Millennium oil sands mining operation for more than eight hours July 8 after a contractor was accidentally killed. According to a spokesman for the company, there is not an expected impact to operations.

Bloomberg News, 16:44 July 9, 2008

U.S., Allies Hold Persian Gulf Exercises to Protect Oil Installations

U.S. and allied navies on July 8 completed exercises in the Persian Gulf as Iran warned it would strike American interests in response to any attack over its nuclear program. The Bahrain-based U.S. Fifth Fleet said the five-day drill was designed to “protect key economic infrastructure in the central and southern” Gulf, the Fifth Fleet said in a statement. Its aim was to “practice the tactics and procedures of protecting maritime infrastructure, such as gas and oil installations,” said the commander of Combined Task Force 152 operating in the Gulf.

<http://news.yahoo.com/s/afp/gulfusiranmilitary>

Natural Gas

Update: Force Majeure Lifted on 600 MMcf/d Nautilus Pipeline Offshore Louisiana

Nautilus Pipeline Company, LLC has resolved the liquids issue that caused the company to issue force majeure on July 2. Beginning July 8, Nautilus lifted the Force Majeure.

<http://www.enbridgeus.com/Reports/reportrem.aspx?pl=1&rptSite=1&rpt=%2fnotice%2fFinalReview.asp%3fcode%3dnaut2008189.10030&tmi=893&tmt=5>

Booster Problem Reported at Fullerton Gas Plant in Texas July 8

According to a filing with Texas regulators, the Fullerton gas plant lost all engines at South Fullerton booster, causing the low pressure flare to open. When the field operators put South Fullerton back on-line the low pressure flare valve closed.

<http://www2.tceq.state.tx.us/ee/main/index.cfm?fuseaction=getDetails&target=110801>

Other News

Two Ethanol Train Cars Derail in Iowa July 9

Four Iowa, Chicago and Eastern railroad engines derailed around 3:00 AM CDT July 9 about 1.5 miles north of where the Turkey River meets the Mississippi River in Iowa. Following heavy rains on the afternoon of July 8, a large rock slid down a steep slope, damaging the rails and leading to the early morning derailment. All four train engines are partially submerged in the water and are losing diesel fuel and transmission oil. Two cars carrying ethanol derailed near the water but do not appear to be leaking.

<http://www.iowadnr.gov/news/08jul/guttenberg.html>

World Bank Report to Claim Biofuels Caused 75% of Food Price Surge

A soon-to-be released World Bank study argues that biofuels are responsible for 75% of the rise in food costs, a far higher number than the 10 to 25% figure suggested by most previous calculations. “Increased biofuel production has increased the demand for food crops and has been the major cause of the increase in food prices,” the draft concludes.

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BNSF Train Derailment Spills Coal in Montana’s Yellowstone River July 7

An unknown amount of coal spilled into the Yellowstone River July 7 when nine of 123 coal cars and its trailing locomotive derailed in Montana. According to a BNSF spokesman, the incident left at least one coal car and the locomotive partially submerged in the river, which runs next to the tracks. The derailment occurred because the river’s “significantly” high water level undermined the railway bed, according to a BNSF spokesman. About 125 feet of track collapsed and washed away under the weight of the train.

<http://www.foxnews.com/story/0,2933,377022,00.html>

Crow Indians Want to Extract Coal on Montana Reservation

The tribe estimates that 9 billion tons of extractable coal lies beneath their 2 million acres of land on a remote edge of the Powder River Basin in Montana.

<http://www.star-telegram.com/462/story/750408.html>

Iran Test Fires Long-Range Missile in Response to Perceived Israeli and U.S. Threats

<http://www.cnn.com/2008/WORLD/meast/07/09/iran.missiles/index.html>

Energy Prices

U.S. Oil and Gas Prices			
July 9, 2008			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	135.77	142.72	72.67
NATURAL GAS Henry Hub \$/Million Btu	12.10	13.28	6.15

Source: Reuters

Energy Notes

EIA Reduces U.S. Oil Demand Forecast Again; U.S. Oil Demand Will Contract by 400,000 b/d in 2008

The Oil Daily, July 9, 2008

Storms Knock Out Power to 20,737 Duke Energy Customers in Ohio July 8

<http://www.duke-energy.com/ohio/outages/current.asp>

Storms Knock Out Power to 18,127 Ameren Customers in Illinois July 8

<https://www2.ameren.com/outagemap/default.aspx?state=IL>

Storms Knock Out Power to 13,572 Dominion Customers in Virginia July 7

http://www.dom.com/news/outage_sos.jsp

Libya's Oil Output to Fall by About 100,000 b/d in Next Few Days as National Oil Corp. Fixes Pipeline Problem

Reuters, 08:25 July 9, 2008

IAEA Conducts Nuclear Accident Response Exercise in Mexico

http://economictimes.indiatimes.com/News/PoliticsNation/IAEA_conducts_nuclear_accident_response_exercise_in_Mexico/articleshow/3210650.cms

Minor Upset Reported at ConocoPhillips's 139,000 b/d Los Angeles, California Refinery

Reuters, 14:01 July 9, 2008

Heavy Rains Shut Sonic Blowers at Citgo's Corpus Christi, Texas Refinery July 8

Bloomberg News, 15:37 July 9, 2008

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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