



ENERGY ASSURANCE DAILY

Wednesday Evening, July 23, 2008

Electricity

Hurricane Dolly Makes Landfall in Texas, Knocks out Power to About 132,000 Customers in Southeast Texas July 23

Hurricane Dolly made landfall approximately 14:00 EDT July 23 in Texas as a Category 2 hurricane with winds reaching 120 mph. Dolly's sustained winds decreased to about 95 mph and Dolly has thus been downgraded to a Category 1 hurricane, the National Hurricane Center reports. As of 17:45 EDT, 102,018 AEP Texas customers and nearly 30,000 customers of Brownsville Public Utilities Board and Magic Valley Electric Cooperative were without power.

AEP Texas as of 05:15 PM EDT 7/23/08 <http://www.aeptexas.com/news/outages/>
<http://www.cnn.com/2008/US/weather/07/23/hurricane.dolly/index.html>

See also OE's Hurricane Dolly Situation Reports: http://www.oe.netl.doe.gov/emergency_sit_rpt.aspx

Update: Over 36,000 Customers Remain Without Power in Iowa July 23

Storms knocked out power to more than 220,000 customers July 21. As of latest reports, 36,914 MidAmerican Energy customers and 568 Alliant Energy customers remain without electric service.

<http://alliantenergy.com/docs/groups/public/documents/pub/p013332.hcsp>
<http://www.midamericanenergy.com/storm/OutageWatch/MECOutageWatch.aspx>

Southern's 830 MW Farley Nuke Unit 1 in Alabama Shut by July 23

According to a Southern Company representative, excessive amounts of water in an emergency diesel generator lead to the shutdown of its Farley 1 nuclear reactor. According to the Nuclear Regulatory Commission, the unit was operating at 100 percent on July 22.

Information also derived from NRC Power Reactor Status Reports:

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

Bloomberg News, 11:34 July 23, 2008

PG&E Proposes 560 MW Combined-Cycle Natural Gas Fueled Power Plant in California by 2012 to Meet Rising Electricity Demand

Pacific Gas & Electric (PG&E) Corporation announced July 22 their intention to build a combined-cycle natural gas fueled power plant in Alameda County, California. To meet the rising electricity demand for the state of California, PG&E reports the power plant needs to be operational by the first half of 2012.

<http://www.latimes.com/business/la-fi-pge23-2008jul23,0,2344112.story>
http://www.pge.com/about/news/mediarelations/newsreleases/q3_2008/080722.shtml

NRC to Conduct Special Investigation at Southern Company's Edwin Hatch Nuclear Generating Plant in Georgia

The U.S. Nuclear Regulatory Commission (NRC) is conducting a special inspection at the Hatch nuclear plant in Georgia to assess the failure of one of the emergency diesel generators associated with Hatch Unit 1. The Hatch plant is operated by Southern Nuclear Operating Company. On July 17, Southern Nuclear was conducting a 24-hour test of the diesel generator and noticed high vibration. After the diesel generator was stopped, workers discovered that the coupling between the diesel engine and generator had failed. Diesel generators at a nuclear plant provide emergency power should the plant lose power from offsite power lines.

<http://www.nrc.gov/reading-rm/doc-collections/news/2008/08-040.ii.html>

OPG's 535 MW Lennox Gas-fired Unit in Ontario Shut by July 22

Reuters, 11:06 July 23, 2008

OPG's 881 MW Darlington Nuke Unit 4 in Ontario Shut by July 22

According to an OPG representative, the nuclear unit was shut after a safety sensor inadvertently activated during routine maintenance.

Reuters, 11:49 July 23, 2008

Bloomberg News, 14:33 July 23, 2008

Enmax's 250 MW Calgary Gas-fired Unit in Alberta Shut July 22

Reuters, 11:06 July 23, 2008

OPG's 494 MW Lambton Coal-fired Unit 1 in Ontario Shut by July 22

Reuters, 11:06 July 23, 2008

Update: OPG's 535 MW Oil and Gas-fired Lennox Unit 3 in Ontario Returns to Service July 23

Reuters, 11:45 July 23, 2008

Update: Entergy's 510 MW Vermont Yankee Nuke Unit in Vermont Returns to Full Output July 22

Full production was restored following the completion to water pipe repairs.

Reuters, 16:42 July 22, 2008

Petroleum

Hurricane Dolly Causes Shutdown of 5 Percent of U.S. Gulf of Mexico Oil Production

The U.S. Minerals Management Service reports that Hurricane Dolly has led to 58,122 b/d shut-in of oil production in the Gulf of Mexico July 23, equivalent to 4.5% of all U.S. Gulf of Mexico oil production, as the Category 2 hurricane hit landfall in Texas at approximately 14:00 EDT. Oil companies working in the U.S. Gulf of Mexico had evacuated crews throughout the day July 22. Valero has reported that because tankers could not move through the Houston Ship Channel, it led to the company to reduce production between 10 percent and 20 percent at its 130,000 b/d Houston and 295,000 b/d Port Arthur refineries in Texas. Whereas Valero was cutting refinery production, Anadarko reports it has restored the equivalent of 10,000 b/d of oil production in the western Gulf of Mexico as Hurricane Dolly has passed. The equivalent of 20,000 barrels of oil production remains shut, an Anadarko representative reports.

Reuters, 16:22 July 22

<http://uk.reuters.com/article/rbssEnergyNews/idUKN2343142920080723>

MMS Hurricane Dolly Activity Statistics Update: <http://www.mms.gov/ooc/press/2008/press0723a.htm>

See also OE's Hurricane Dolly Situation Reports: http://www.oe.netl.doe.gov/emergency_sit_rpt.aspx

DOE Announces Contract Award to Add 19,250 Barrels of Heating Oil to the Northeast Emergency Reserve July 23

The U.S. Department of Energy announced July 23 the award of a contract to Hess Corporation for the delivery of approximately 19,250 barrels of home heating oil for the Northeast Home Heating Oil Reserve (NEHHOR). The purchased oil is expected to be delivered to the Hess First Reserve terminal at Perth Amboy, NJ in New York Harbor later this week. The Northeast Home Heating Oil Reserve currently holds 1,965,000 barrels located in three locations in the Northeast.

<http://www.energy.gov/news/6426.htm>

Operating Rates Reduced at BP's 225,000 b/d Texas City, Texas Refinery July 21

According to a filing with state regulators, BP reduced operating rates at its Texas City refinery after the electrostatic precipitator stack tripped, causing excess opacity. BP reduced operation on its gasoline making fluid catalytic cracking (FCC) in order to bring the system back on line.

Bloomberg News, 16:15 July 23, 2008

Reuters, 10:43 July 23, 2008

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=111430>

No Impact on Production from Unplanned SRU Work at Valero's 340,000 b/d Corpus Christi, Texas Refinery July 22

According to a Valero company representative, the unplanned maintenance on a small leak discovered in a sulfur recovery unit (SRU) at its Corpus Christi refinery has had no material impact on production.

Reuters, 16:06 July 22, 2008

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=111400>

Nigerian Militant Group MEND Plans to Destroy Major Oil Pipelines in Nigeria to Prove Lack of Payment from Government

The Movement for the Emancipation of the Niger Delta (MEND) announced July 23 it would attack the Chanomi creek pipeline and other major oil pipelines within the next 30 days to prove it had not received payment from the government to end its campaign. The head of the state-run oil firm NNPC was quoted July 23 saying the company paid militant groups \$12 million to protect facilities, including the Chanomi creek pipeline in Nigeria.

<http://uk.reuters.com/article/governmentFilingsNews/idUKL2392614820080723?sp=true>

U.S. Department of the Interior Publishes Proposed Commercial Oil Shale Program Regulations – May Result in 800 Billion Barrels of Recoverable Oil

The Department of the Interior published for public comment proposed regulations to establish a commercial oil shale program that it says could result in up to 800 billion barrels of recoverable oil from lands in the western United States. The Department says the oil would provide enough long-term supplies to meet current U.S. oil needs for 110 years and help reduce reliance on foreign suppliers. The regulations are only proposed at this moment in time because Congress has blocked development of oil shale due to environmental concerns. The Natural Resources Defense Council reports developing the oil shale would come with “enormous” environmental costs.

Reuters, 15:47 July 22, 2009

http://www.rigzone.com/news/article.asp?a_id=64538

China's Crude Imports up 10% in First-half 2008

http://www.energyintel.com/PublicationHomePage.asp?publication_id=5

Natural Gas

Hurricane Dolly Shuts in 606 MMcf/d of U.S. Gulf of Mexico Production July 23

The U.S. Minerals Management Service reports that Hurricane Dolly has shut-in approximately 606 MMcf/d of the Gulf's natural gas production, equivalent to 7.9 percent of Gulf production.

MMS Hurricane Dolly Activity Statistics Update: <http://www.mms.gov/oc/press/2008/press0723a.htm>

See also OE's Hurricane Dolly Situation Reports: http://www.oe.netl.doe.gov/emergency_sit_rpt.aspx

Other News

Category Two Hurricane Dolly Hits Texas July 23, Texas Ports Shut from Houston to Corpus Christi

Hurricane Dolly made landfall approximately 14:00 PM EDT July 23 in Texas as a Category 2 hurricane with winds reaching 120 mph. Dolly's sustained winds decreased to about 95 mph and Dolly has thus been downgraded to a Category 1 hurricane, the National Hurricane Center reports. As of 12:30 EDT July 23, the U.S. Coast Guard reports that the Ship Pilots' Association has suspended operations at Texas ports from the Houston Ship Channel south to Corpus Christi, Texas.

Reuters, 10:01 July 23, 2008

<http://www.cnn.com/2008/US/weather/07/23/hurricane.dolly/index.html>

See also OE's Hurricane Dolly Situation Reports: http://www.oe.netl.doe.gov/emergency_sit_rpt.aspx

Ship-Barge Collision and Large Oil Spill Shuts Mississippi River at New Orleans, U.S. Coast Guard Reports

A ship-barge collision and subsequent 10,000 barrel oil spill closed the Mississippi River to ship traffic at New Orleans, Louisiana July 23. Initially the Coast Guard reported that there was no immediate impact on shipping from the closure, but CNN later reported that the U.S. Coast Guard had closed 29 miles of the Mississippi River from New Orleans southward and that the river may be closed for days while massive cleanup efforts were undertaken.

<http://www.cnn.com/2008/US/07/23/mississippi.spill/index.html>

Reuters, 11:02 July 23, 2008

<http://www.platts.com/Oil/News/6925659.xml?p=Oil/News&sub=Oil>

Energy Prices

U.S. Oil and Gas Prices			
July 23, 2008			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	123.73	134.46	74.65
NATURAL GAS Henry Hub \$/Million Btu	9.88	11.79	6.00

Source: Reuters

Energy Notes

Heavy Rain Storms Knock out Power to 14,293 Dominion Virginia Customers July 23

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

Heavy Rain Storms across Long Island Knock Out Power to 13,000 LIPA Customers in New York July 23

<http://www.1010wins.com/Storm-Causes-Outages--Delays-Across-Long-Island/2651999>

Leaky Pipe Causes Heavy Crude Oil Spill at BP's 265,000 b/d Carson, California Refinery July 23

Bloomberg News, 03:22 July 23, 2008

Electric Power Research Institute to Collaborate with General Motors and 34 Utilities to Integrate Plug-in Hybrid Electric Vehicles into U.S. Electricity Grid

Oil Daily, July 23, 2008

U.S. Gasoline Demand Down 2.22 Percent Year to Date Primarily due to High Gas Prices

Reuters, 10:00 July 22, 2008

Emerging Markets in China and India, Supply-side Bottlenecks Keep Coal Prices Skyrocketing says Warath Coal CEO

http://www.canadianbusiness.com/markets/headline_news/article.jsp?content=b0722123A

Update: Work to Begin on Suez LNG's 13-mile Underwater Natural Gas Pipeline Offshore Massachusetts July 23

http://www.bostonherald.com/business/general/view/2008_07_23_Company_set_to_start_building_its_LNG_system_off_N_Shore/

EPA Delays Decision on Whether to Roll Back Mandate to Increase Ethanol Production – Secretary Bodman Says Ethanol Continues to Provide an Alternative to Oil

<http://www.cattlenetwork.com/Content.asp?ContentID=238743>

http://www.downstreamtoday.com/News/Articles/200807/EPA_Decision_On_Texas_RFS_Waiver_Likely_11986.aspx

Former NASA Engineer Says Space Solar Power Technology Already Exists, Has Potential for Future Energy Source

http://www.nytimes.com/2008/07/23/opinion/23smith.html?_r=2&ref=opinion&oref=slogin&oref=slogin

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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