



# ENERGY ASSURANCE DAILY

Wednesday, July 25, 2007

## **Electricity**

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### **Update: July 24 Power Outages Affected 50,000 PG&E Customers in San Francisco Area**

According to Pacific Gas & Electric, 50,000 customers lost power on the afternoon of July 24 after transmission breakers in the Martin Substation in Daly City opened, cutting off the flow of electricity. The blackouts, which affected downtown San Francisco and surrounding areas, registered as a flicker for some, but at least 30,000 customers experienced extended outages lasting as long as two hours. An hour after the Daly City breaker failure, a transformer exploded in its vault under a downtown San Francisco sidewalk but the explosion did not result in more customers losing power. The relationship between the two incidents is unclear. The outages caused problems for bus service and some of the major internet sites that have offices in San Francisco.

[http://www.examiner.com/a-845367~Outage\\_sparks\\_tumult\\_in\\_downtown\\_S\\_F\\_.html](http://www.examiner.com/a-845367~Outage_sparks_tumult_in_downtown_S_F_.html)

[http://biz.yahoo.com/ap/070724/power\\_outage.html?v=2](http://biz.yahoo.com/ap/070724/power_outage.html?v=2)

<http://www.latimes.com/business/la-fi-outage25jul25.1.5170428.story?coll=la-headlines-business>

### **Drought Cuts TVA's Hydroelectric Power Generation by 50 Percent This Year Warm Reservoirs Could Curb or Shut Nuclear, Fossil Fuel Power Production**

According to the Tennessee Valley Authority (TVA)'s water supply manager, TVA has kept the Tennessee River water system at "minimum flows" since February, cutting normal hydroelectric power generation by nearly 50 percent. In addition, warmer-than-normal reservoirs are threatening to curb or even halt production at nuclear and fossil fuel-fired power plants, which rely on the water supply for component cooling. The Chattanooga area remains in an "exceptional" drought, according to the latest U.S. Drought Monitor report, posted July 17. According to the National Weather Service, rainfall in the area this year is slightly more than half of normal rainfall. TVA has 33,000 MW of generating capacity, including hydroelectric, fossil-fuel-fired, and nuclear power plants. TVA has 29 hydroelectric dams and one pumped storage facility, which typically generate 10 percent of power production.

<http://www.timesfreepress.com/absolutenm/templates/local.aspx?articleid=18576&zoneid=77>

<http://www.tva.com/abouttva/index.htm>

### **Calpine's 250MW Calgary Gas-fired Unit in Alberta Shut July 25**

Reuters, 07:59 July 25, 2007

### **CDWR's 231 MW San Luis Hydro Unit in California Shut July 24**

Reuters, 07:59 July 25, 2007

### **EPCOR's 384 MW Genesee 2 Coal-fired Unit in Alberta Shut July 24**

Reuters, 07:59 July 25, 2007

### **Trans Alta's 353 MW Sundance 3 Coal-fired Unit in Alberta Shut July 24**

Reuters, 07:59 July 25, 2007

### **OPG's 494 MW Lambton Coal-fired Unit 2 in Ontario Shut July 24**

Reuters, 07:59 July 25, 2007

### **Reliant's 320 MW Etiwanda Gas-fired Unit 4 Shut in California July 24**

Reuters, 07:59 July 25, 2007

## **Reliant's 850 MW Keystone Coal-fired Unit 2 in Pennsylvania Shut July 22 and Returned to Service July 24**

Reuters, 07:59 July 25, 2007

### ***Petroleum***

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#### **Acetylene, Propane Tanks Explode Near Downtown Dallas July 25**

A series of explosions hit the Southwest Industrial Gases, Inc. facility sending flaming debris raining onto highways and buildings near downtown Dallas, Texas on July 25. Video footage showed numerous small fires burning in the area as stacks of gas cylinders exploded for more than half an hour. The Texas Commission on Environmental Quality said the canisters contained acetylene and propane gas.

<http://www.chron.com/disp/story.mpl/ap/nation/4998496.html>

<http://www.kwtx.com/home/headlines/8707737.html>

#### **Explosion Hits Small Fuel Depot in Spokane, Washington July 24**

The depot, owned by Whitley Fuel LLC, sustained extensive damage from the three alarm fire, which began when a fire ignited underneath a tanker truck carrying diesel fuel. The site is a storage facility with up to eight 80,000 - 100,000 gallon fuel tanks that can hold either diesel or gasoline. Avista Utilities sent both electrical and natural gas crews to scene and planned on de-energizing power in the surrounding area as a safety precaution for fire crews on an as-needed basis.

[http://www.kxly.com/news/?sect\\_rank=2&section\\_id=560&story\\_id=13077](http://www.kxly.com/news/?sect_rank=2&section_id=560&story_id=13077)

#### **TransMountain Pipeline Subsidiary Line Ruptures in British Columbia July 24**

A contractor doing road work punctured a subsidiary line of Kinder Morgan Canada's TransMountain Pipeline system on July 24, flooding the yards of 20 homes with crude oil in a residential neighborhood in Burnaby, British Columbia. Kinder Morgan Canada president Ian Anderson said pipeline operators shut down oil flow to the pipeline minutes after learning of the puncture, but witnesses said the eruption ran for up to a half hour. The pipeline supplies Kinder Morgan's ship-loading facility on Burrard Inlet.

<http://www.canada.com/victoriatimescolonist/story.html?id=d2f91a78-e068-4a5a-abb8-e835838d2376&k=64910>

#### **Stranded Gas Powering Marginal Oil Wells in California**

A U.S. Department of Energy (DOE) project in California is using microturbines to turn "stranded" natural gas at marginal, or low-production, oil fields into fuel for distributed electric power. By lowering electricity costs – which represent about 40 to 60 percent of the operating cost of marginal oil production and delivery - the breakthrough is bringing previously idle oil fields back into production and could boost domestic oil production by some 28 million barrels per year (about 77,000 b/d) within the next 10 years.

[http://www.netl.doe.gov/publications/press/2007/07061-Creating\\_Energy\\_from\\_Waste\\_Gas.html](http://www.netl.doe.gov/publications/press/2007/07061-Creating_Energy_from_Waste_Gas.html)

#### **Update: Hydrocracker Restarts at Valero's 147,000 b/d McKee, Texas Refinery July 25**

Valero said it restarted the 30,000 b/d hydrocracking unit on July 25. The unit was shut down on July 21 due to instrumentation problems.

Reuters, 12:45 July 25, 2007

#### **Update: FCCU Restarting at Valero's 87,000 b/d Ardmore, Oklahoma Refinery July 25**

Valero said it was in the process of restarting the fluidic catalytic cracking unit (FCCU). The unit was shut on July 6 for unplanned maintenance. On July 11, a company spokesman said that fuel production would be cut by 35,000 b/d of gasoline and 10,000 b/d of distillate while the unit was down.

Bloomberg News, 10:19 July 23, 2007

#### **Alaska Arctic Erosion May Send Old NPRA Oil Wells into Ocean**

According to a U.S. Geological Survey study, the disappearance of sea ice that shields against storm-waves and the reduction of permafrost that holds shorelines together, are eating away at the coast of the National Petroleum Reserve-Alaska. The U.S. Bureau of Land Management, which oversees the reserve, has identified about 30 old oil exploration wells that need to be cleaned and plugged before the sea claims them.

Reuters, 11:45 July 25, 2007

### **Update: Kinder Morgan Lifts Force Majeure on TransColorado Pipeline System July 25**

Kinder Morgan has lifted the force majeure that was issued on July 21 for the mechanical problems at TransColorado Gas Transmission's Mancos Compressor Station in Montezuma County, Colorado. Repairs have been completed and the station is back in service. TransColorado is able to schedule limited increases to nominations through Segments 220 and 250. During the force majeure, available capacity on Segment 220 was curtailed by 45 MMcf/d and available capacity on Segment 250 was curtailed by 46 MMcf/d. Starting July 26 and continuing until further notice, TransColorado will resume scheduling to its normal capacity across all segments. [http://pipeline.kindermorgan.com/info\\_postings/notices/crit\\_index.asp](http://pipeline.kindermorgan.com/info_postings/notices/crit_index.asp)

### **Algonquin Breaks Ground on New Natural Gas Transportation Infrastructure in Northeast U.S. July 24**

Algonquin Gas Transmission, LLC broke ground today on the infrastructure necessary to transport 325,000 MMcf/d of natural gas to KeySpan Energy and Con Edison of New York via the Millennium Pipeline, currently under construction. The Ramapo Expansion, which will be placed into service in November 2008, includes construction of a new compressor station in Oxford, Connecticut; the replacement of approximately five miles of pipeline in Ramapo, New York; the addition of new turbine compressor units at three existing stations in New York and New Jersey; and upgrades to other existing facilities.

[http://www.spectraenergy.com/news/releases/2007/Jul/20070724\\_01.asp](http://www.spectraenergy.com/news/releases/2007/Jul/20070724_01.asp)

### **Alberta Regulators Order Natural Gas Wells to Shutdown in Cold Lake Oil Sands Area**

The Alberta Energy and Utilities Board (EUB) issued a decision on July 24 that concludes that continued or future natural gas production from the Cold Lake Oil Sands Area Clearwater Formation presents an unacceptable risk to a much larger bitumen resource adjacent to the gas. As a result, the EUB will order that 122 intervals in 121 gas wells must be shut-in or not allowed to produce. The wells affected are owned by EnCana and Canadian Natural Resources Limited. The EUB notes that natural gas production has caused pressure depletion in the bitumen zone and this in turn has caused solution gas to migrate to the gas zones.

[http://www.eub.gov.ab.ca/portal/server.pt/gateway/PTARGS\\_0\\_0\\_257\\_229\\_0\\_43/http%3B/extContent/publishedcontent/publish/eub\\_home/news/news\\_releases/2007/nr2007\\_28.aspx](http://www.eub.gov.ab.ca/portal/server.pt/gateway/PTARGS_0_0_257_229_0_43/http%3B/extContent/publishedcontent/publish/eub_home/news/news_releases/2007/nr2007_28.aspx)

## Other News

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### **Cargill to Expand Eddyville, Iowa Ethanol Plant by 110 Million Gallons per Year**

Cargill has announced plans to expand ethanol production capacity by 110 million gallons per year at its Eddyville, Iowa, corn-processing complex, increasing the facility's ethanol capacity from 35 million gallons per year to 145 million gallons per year. Pending permitting and other approvals, construction will begin in early 2008 with new production commencing in late 2009.

[http://www.cargill.com/news/news\\_releases/070719\\_eddyville.htm](http://www.cargill.com/news/news_releases/070719_eddyville.htm)

### **Heavy Rains, Flooding Slow Oil and Gas Drilling Operations in Oklahoma**

Industry experts say that heavy rain and flooding in Oklahoma over the last three months have slowed some oil and gas drilling operations. The slowdowns have affected mostly small drilling companies.

<http://www.kten.com/Global/story.asp?S=6831400>

### **Drought Slows Shipping on Tennessee River**

Low water levels are affecting shipping along the Tennessee River system, which averages about 50 million tons of commercial traffic per year. The Army Corps of Engineers has sent out a letter warning shipping companies to stick to their weight restrictions or risk their barges getting stuck.

<http://www.wrcbtv.com/news/index.cfm?sid=9856>

### **BP Reports Butane Leak at Carson, California Refinery July 25**

No cause has been established for the storage tank spill. The area was evacuated. Bloomberg, 13:12 July 25, 2007

## Energy Prices

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U.S. Oil and Gas Prices			
July 25, 2007			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	75.74	75.03	73.40
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	5.56	6.23	6.78

Source: Reuters

## Energy Notes

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### **Air Permits Ruled Invalid for Proposed 790 MW Round Up Coal-fired Power Plant in Montana**

[http://pro.energycentral.com/professional/news/power/news\\_article.cfm?id=8636121](http://pro.energycentral.com/professional/news/power/news_article.cfm?id=8636121)

<http://www.billingsgazette.net/articles/2007/07/17/news/state/24-roundpower.txt>

### **EIA Says Crude Oil Demand Growth in Second Half of 2007 Could Cause Above-Normal Oil Stock Drawdown**

Reuters, 13:40 July 25, 2007

### **Pemex to Increase Extraction Amounts in Gulf Following Technology Sharing Agreement with BP**

Reuters, 17:15 July 24, 2007

### **OPEC Production up 100,000 b/d in July over June**

05:00 Reuters, July 25, 2007

## Links

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***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](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

*Energy Assurance Daily* provides a summary of public information concerning current energy issues. Published Monday through Friday to inform stakeholders of developments affecting energy systems, flows, and markets, it provides highlights of energy issues rather than a comprehensive coverage. *Energy Assurance Daily* is updated online Monday through Friday after 5:00 p.m. EST. For more information, visit the Infrastructure Security and Energy Restoration (ISER) website at: <http://www.oe.netl.doe.gov/index.aspx>.

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