



ENERGY ASSURANCE DAILY

Friday, September 1, 2006

Major Developments

Ernesto Knocks Out Power to at Least 392,000 Customers in Virginia and Carolinas

Tropical Storm Ernesto made landfall at Long Beach, North Carolina yesterday with wind speeds of around 70 miles per hour, just short of hurricane strength. The storm was downgraded to a tropical depression as it trekked across North Carolina and into Virginia. The governors of North Carolina, Virginia and West Virginia each declared a state of emergency. According to press reports and company outage websites, at least 391,700 customers were out of power at some point due to the storm.

<http://abcnews.go.com/US/wireStory?id=2384189>

Tropical Storm/Depression Ernesto Power Outages			
Aug. 31 – Sept. 1, 2006			
Electric Power Producers	State	Peak	Current
Dominion Virginia Power	VA, NC	320,000	Outage Page
Progress Energy	NC	63,000	News Releases
Duke Energy	NC	6,000	Outage Page
South Carolina Electric & Gas (SCE&G)	SC	2,700	Outage Map
TOTAL*		391,700	

*Total outages only represent electric power generators listed in this table.

Sources: <http://www.forbes.com/home/feeds/ap/2006/09/01/ap2988580.html>

<http://biz.yahoo.com/prnews/060901/clf029.html?v=62>

<http://www.charleston.net/assets/webPages/departamental/news/Stories.aspx?section=localnews&tableId=105714&pubDate=9/1/2006>

Coast Guard Closes Port of Hampton Roads in Virginia, Charleston and Savannah Remain Open

Today the U.S. Coast Guard shut the port of Hampton Roads, Virginia as a precaution against the Tropical Depression Ernesto. Vessel traffic was shut to the marine terminal at Giant Industries' 62,000 b/d Yorktown, Virginia refinery but the company said operations have not been affected. According the U.S. Coast Guard, the ports of Charleston in South Carolina and Savannah in Georgia had restricted vessel traffic but remained open yesterday afternoon in spite of the storm. Both ports bring in large quantities of petroleum products.

Reuters, 16:10 August 31, 2006

Reuters, 02:17 September 1, 2006

Electricity

NERC Petition Seeks FERC Approval for Reliability Standards

On August 30, the North American Electric Reliability council filed a petition to the Federal Energy Regulatory Commission seeking approval for 16 new and 11 revised reliability standards. The largest part of the petition deals with cyber security, according to Stan Johnson, NERC's manager for situation and infrastructure security. Per the Energy Policy Act of 2005, FERC certified NERC as the Energy Reliability Organization in July this year.

ftp://www.nerc.com/pub/sys/all_updl/docs/ferc/NERC_Filing_Proposed_Reliability_Standards_Docket_RM06-16-000.pdf

<http://www.platts.com/Electric%20Power/News/7683435.xml?p=Electric%20Power/News&sub=Electric%20Power>

FPL's 1,159 MW Seabrook Nuke Unit in New Hampshire Shut Aug. 31

Reuters 11:02 September 1, 2006

PG&E's 1,150 MW Diablo Canyon Nuke Unit 2 in California Returns to Full Power Sept. 1

The company reduced the unit yesterday because of a cooling system leak.

Bloomberg News, 13:02 September 1, 2006

Update: TVA's 1,114 MW Browns Ferry Nuke Unit 3 in Alabama Exits Outage Sept. 1

The unit exited and outage and ramped up to 92 percent power by early Friday. TVA shut the unit on Aug. 29 to fix a hydraulic oil leak from a main turbine control valve.

Reuters, 07:16 September 1, 2006

TXU's 565 MW Monticello Coal-fired Unit 2 in Texas Returns to Service Sept. 1

The unit tripped yesterday.

Reuters, 11:02 September 1, 2006

PPL's 766 MW Montour Coal-fired Unit 2 in Pennsylvania Shut Aug. 30

Reuters 11:02 September 1, 2006

NRG's 420 MW Indian River Coal/Oil-fired Unit 2 in Delaware Shut Sept. 1

Reuters 11:02 September 1, 2006

Petroleum

BP Wants to Restart Production From Prudhoe Bay's EOA by End of Month - Reuters

According to reports by Reuters, the U.S Pipeline and Hazardous Materials Safety Administration is discussing plans with BP Plc to test a leaky pipeline at Alaska's Prudhoe Bay as a precursor to restarting the oilfield's Eastern Operating Area (EOA). The regulatory agency said that it had not found evidence of corrosion on the downstream segment of BP's eastern oil transit line and was talking about bringing the line up to permit testing of the line with a smart pig. According to Reuters sources, BP wants to restart part of the eastern line by the end of September if it receives government approval. The plan would entail restoring supplies of as much as 100,000 b/d to the Trans-Alaska Pipeline, which is about half the EOA's capacity. The source told Reuters that the pipeline would need to be restarted or emptied before the start of winter. Prudhoe Bay is the biggest U.S. oilfield, normally producing about 400,000 b/d.

Bloomberg News, 03:56 September 1, 2006

Reuters, 17:14 August 31, 2006

Reuters, 17:20 August 31, 2006

Alaska Regulator Planning Hearing on BP's Prudhoe Bay Restart Plans

The Alaska Oil and Gas Conservation Commission is planning a hearing on Sept. 26 to evaluate BP's plans to restart production on the eastern side of the Prudhoe Bay oilfield. The hearing will consider the effects of BP's proposed bypass plans, which involve commingling output from Prudhoe Bay with production streams from other North Slope fields.

Reuters, 11:37 September 1, 2006

Update: Syncrude Canada Restarts Coker Unit at Alberta Oil Sands Project

The 100,000 b/d coker was restarted Aug. 31 after being shut in May when area residents complained that the unit was emitting urine-like odors. The coker is currently producing 25,000 b/d. The unit was shut the day after it started for the first time. The unit is part of an upgrade project to raise output at the site to 350,000 b/d from 250,000 b/d.

Reuters, 17:46 August 31, 2006

Petro-Canada Delays Terra Nova Oil Field Restart by 1 Month

According to the company, the 160,000 b/d field will resume production in late October rather than late September because repairs to the production vessel are taking longer than expected.

Reuters, 11:21 September 1, 2006

Update: Eni Declares Force Majeure on 50,000 b/d of Brass River Crude in Nigeria

On Aug. 24 a militant attack damaged Eni's pipelines, forcing the company to cut production from its Brass River oil field in Nigeria. The field normally pumps 200,000 b/d.

Reuters, 06:56 September 1, 2006

Update: Nigerian Oil Unions Warns Strike Will Halt Oil Exports

Nigerian oil unions are planning a strike that they say will halt oil exports from their country. The unions are planning on a total strike, affecting downstream and upstream activities onshore and offshore. The unions plan to begin the strike next week and say they will resist any moves by the government to halt the strike.

<http://www.platts.com/Oil/News/8614356.xml?p=Oil/News&sub=Oil>

Natural Gas

Energy Transfer Partners Completes First Phase of 92-Mile Pipeline Expansion Project

Energy Transfer Partners has announced that it has completed the first phase of the construction of 42-inch natural gas pipeline in Freestone County, Texas. The expansion pipeline will connect the Partnership's 30-inch pipeline in Freestone County and Texoma's 30-inch pipeline in Rusk County. The Project is scheduled to be completed by February 2007.

<http://biz.yahoo.com/bw/060831/20060831005675.html?.v=1>

Southern Star Gas Pipeline Breaks in Oklahoma City

On August 30, a 24-inch Southern Star Central gas pipeline broke in east Oklahoma City when workers dropped a 6-inch pipe on the line while trying to fix a problem. Six homes were evacuated for about an hour, no one was injured in the incident and the line is expected to be repaired on September 1.

<http://powermarketers.net/contentinc.net/newsreader.asp?ppa=8knpp%5E%5BinqlnssXVhct%3EEvbfel%5Dv>

Other News

Update: Distrigas LNG Terminal to Participate in Anti-Terror Drill in New England

The Distrigas LNG terminal in Everett, Massachusetts will be participating in the major anti-terror drill that will be carried out in New England in mid-September.

<http://intelligencepress.com/subscribers/daily/news/d20060901e.html>

Suncor Opens Largest Ethanol Plant in Canada

Canada's largest ethanol production plant, located near Sarnia, began operation on August 31. Suncor's new plant will produce approximately 53 million gallons of ethanol per year.

<http://biz.yahoo.com/prnews/060831/to294.html?.v=36>

Update: CoalTek Coal-Upgrading Plant Begins Production

A plant designed to convert low-grade raw coal into high-grade coal began operating western Kentucky. Over time, the plant's production is expected to ramp up to between 1 million and 2 million short tons per year from the initial 200,000 short tons per year.

<http://www.platts.com/Coal/News/7684747.xml?p=Coal/News&sub=Coal>

Energy Prices

U.S. Oil and Gas Prices September 1, 2006			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	69.15	72.43	69.50
NATURAL GAS Henry Hub \$/Million Btu	5.24	7.48	11.36

Source: Reuters

Energy Notes

U.K.'s 210,000 b/d Buzzard Oilfield in the North Sea Set for Start Up in Late 2006 – Nexen
Reuters 12:38 September 1, 2006

Iraq Oil August Exports Fall 60,000 b/d From July
Reuters, 06:02 September 1, 2006

Agrium's Kanai Blue Sky Coal Gasification Project to Move Forward in Alaska
<http://intelligencepress.com/subscribers/daily/news/d20060901h.html>

NorthWestern Energy to Improve 230 kV Transmission Line in Southwest Montana
<http://powermarketers.net/contentinc.net/newsreader.asp?ppa=8knpp%5E%5BinrpoonUVhct%3EEvbfel%5Dy>

BP's Prudhoe Bay Shut Down Had No Significant Effect on California Crude Oil Inventory
<http://biz.yahoo.com/bizj/060831/1339583.html?v=1>

Nigerian Kidnappers Release Lebanese Oil Worker
Reuters, 10:58 September 1, 2006

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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