



ENERGY ASSURANCE DAILY

Wednesday Evening, October 08, 2008

Major Developments

Restoration to Offshore O&G Production in Gulf Continues, MMS Reports October 8

An estimated 565,793 b/d of oil production and 2,860 MMcf/d of natural gas output remained shut in the Gulf of Mexico October 8, the Minerals Management Service (MMS) said. Those totals account for about 43.5 percent of the Federal offshore oil production in the Gulf, and approximately 38.7 percent of its natural gas output. Based on data from offshore operator reports submitted as of 12:30 EDT October 8, personnel remain evacuated from a total of 90 production platforms, equivalent to 13 percent of the 694 manned platforms in the Gulf of Mexico. There are no longer any evacuated rigs in the Gulf. Offshore oil and gas operators continued to reboard platforms and restore production, according to the MMS.

<http://www.mms.gov/ooc/press/2008/press1008.htm>

Majority of Oil and Gas Production in Louisiana Restored Following Hurricanes Ike and Gustav October 8

On October 8, the Louisiana's Department of Natural Resources reported that 88,275 b/d, or 56.7 percent, of the normal Louisiana oil production had been restored. Operations in 17 parishes and in-State offshore, areas normally produce 155,767 b/d (the numbers are in addition to MMS reports of Federal offshore production). Shut-in oil production was 50,320 b/d and the status of remaining 17,172 b/d was unknown. The estimated amount of restored gas production was 877 MMcf/d, or 53.4 percent of the 1,642 MMcf/d daily gas production capacity. The estimated amount of gas production still shut-in was 565 MMcf/d; the status of the remaining 199 MMcf/d has not been confirmed.

<http://dnr.louisiana.gov/sec/execdiv/pubinfo/daily-onshore-prod.ssi>

DOE to Deliver 100,000 Barrels of Strategic Petroleum Reserve Crude to Alon USA's 80,000 b/d Krotz Springs, Louisiana Refinery October 8

The Department of Energy announced October 8 that it pledged to deliver an additional 100,000 barrels of crude from the Strategic Petroleum Reserve (SPR) to Alon USA's Krotz Springs, Louisiana refinery. This announcement makes a total of 650,000 barrels of SPR crude delivered or promised to Alon since September 20. A total of 5.2 million barrels has been released from the SPR due to disruptions caused by hurricanes Gustav and Ike.

<http://www.energy.gov/news/6647.htm>

http://www.oe.netl.doe.gov/named_event.aspx?ID=20

Update: Valero's 83,000 b/d Houston, Texas Refinery Restarting Unidentified Units

In a message to the public October 8, a Valero official said units at its Houston, Texas refinery will be brought up over the next two days. The company representative declined to specify which units will be restarted.

<http://www.reuters.com/article/rbssEnergyNews/idUSN0851484320081008>

Electricity

TVA's 1,118 MW Browns Ferry Nuke Unit 2 in Alabama Ramped Up to 19 Percent by October 8

The unit was shut October 4 when the generator malfunctioned in relation to a problem with the voltage regulator. The Nuclear Regulatory Commission reported the unit was not operating on October 7.

Reuters, 07:43 October 8, 2008

Information also derived from NRC Power Reactor Status Reports:

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

Exelon's 1,111 MW La Salle Nuke Unit 1 in Illinois at Full Power by October 8

According to the Nuclear Regulatory Commission, the unit was operating at 84 percent on October 7. Information derived from NRC Power Reactor Status Reports:

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

Neptune Regional Transmission System's 660 MW Power Line Between Central New Jersey and New York's Long Island Shut October 6

Neptune Regional Transmission System's president reported the line shut early October 6 due to an unexpected technical issue and will remain shut in a planned maintenance period for the near future.

Reuters, 11:47 October 8, 2008

Connecticut Department of Public Utility Control Awards GenConn Energy Contract to Build 200 MW of New Peaking Generation at NRG's Existing Devon Plant in Connecticut

<http://www.pr-inside.com/genconn-energy-awarded-an-additional-r851130.htm>

Composite Technology's DeWind Secures Rights to Develop 620 MW in Four Wind Farms in Texas October 8

The DeWind subsidiary has entered into agreements with Higher Perpetual Energy to develop four wind farms in Texas totaling up to 620 megawatts of electrical energy capacity. The team plans to develop four wind energy projects in the Texas panhandle consisting of the 10 MW Little Pringle One, the 10 MW Little Pringle Two, the 200 MW Big Pringle and the 400 MW Palo Duro.

http://www.compositetechcorp.com/Press%20Releases%20-%20PDF/CTC-Corp-PressRelease_2008_10_6_DeWind%20Energy%20Dev_620MW_v11.doc.pdf

Virginia Regulators Approve Dominion Virginia's 65-mile Northern Virginia Transmission Line October 7

In a unanimous decision, the Virginia State Corporation Commission ordered October 7 that the 65-mile Meadow Brook to Loudoun transmission project is built and operational by July 1, 2011. It also affirmed the route proposed by the company and recommended by the SCC hearing examiner that is adjacent to or within an existing transmission line right-of-way through Warren, Rappahannock, Culpeper, Fauquier, Prince William and Loudoun counties. The Meadow Brook to Loudoun power line is part of a three-state transmission line, with the other sections proposed by Allegheny Energy in Virginia, West Virginia and Pennsylvania.

<http://www.dom.com/news/elec2008/pr1007.jsp>

"Lights Out in 2009?" Study Highlights Significant Risks of Power Brownouts and Blackouts in U.S. as Early as Next Summer

A recent report released by the non-profit group The NextGen Energy Council titled "Lights Out in 2009?" warns of the significant risk of power brownouts and blackouts the U.S. faces as early as next summer with the potential to cost tens of billions of dollars and threaten many lives. The report outlined a decline in U.S. baseload generation capacity which, according to the study, is projected to grow by 18 percent in the next ten years, exceeding the projected eight percent growth in generation capacity needed between present day and 2016. Also in the report is an estimate that the U.S. will require about 120 GW of new generation just to maintain a 15 percent reserve margin. That will require at least \$300 billion in generation and transmission facility investments by 2016.

<http://coloradoenergynews.com/2008/10/lights-out-in-2009-study-warns-of-power-blackout-risk/>

Report available here: http://www.nextgenenergy.org/Portals/NextGen/studies/Nextgen_Lights_Out_Study.pdf

OPG's 490 MW Nanticoke Coal-fired Unit 3 in Ontario Shut by October 8

Reuters, 8:01 October 8, 2008

Petroleum

Fire Shuts FCC Unit at Pasadena Refining's 100,000 b/d Pasadena, Texas Refinery

October 8

According to trade sources, a fire broke out early October 8 in a heater tube at the refinery in Pasadena, Texas as the company was working to restart the gasoline-making fluid catalytic cracking (FCC). The fire has since been extinguished, a local news station reported. A Pasadena Refining spokesman was not immediately available for comment.

<http://www.reuters.com/article/rbssEnergyNews/idUSN0853413920081008>

Reuters, 08:14 October 8, 2008

Natural Gas

Nothing to report.

Other News

USDA and DOE Unveil National Biofuels Action Plan October 7

Department of Agriculture (USDA) Secretary Schafer and Department of Energy (DOE) Secretary Bodman released the National Biofuels Action Plan (NBAP) October 7, described as an interagency plan detailing the collaborative efforts of Federal agencies to accelerate the development of a sustainable biofuels industry. The NBAP was developed with goals for cutting U.S. gasoline consumption by 20 percent over the next 10 years by investing in renewable and alternative fuel sources, increasing vehicle efficiency and developing alternative fuel vehicles. To enhance the impact of federal biofuels investments and enable attainment of the Renewable Fuel Standard (RFS), the NBAP outlines interagency actions and accelerated federally supported research efforts in seven areas; sustainability, feedstock production, feedstock logistics, conversion science and technology, distribution infrastructure, blending and environment, health and safety. The DOE has dedicated more than \$1 billion to research, development, and demonstration of cellulosic biofuels technology through 2009; additionally, USDA has invested almost \$600 million for the research, development and demonstration of new biofuels technology.

<http://www.energy.gov/news/6633.htm>

DOE Test Program Assesses Impact of Higher Intermediate Ethanol Blends on Conventional Motor Vehicles

In a recent DOE study released to the public, the department initiated a test program to assess the potential impacts of higher intermediate ethanol blends on conventional vehicles and other engines that rely on gasoline. The test program focused on the effects of intermediate blends of E15, gasoline blended with 15 percent ethanol content, and E20, gasoline blended with 20 percent ethanol content, on emissions, catalyst and engine durability, and drivability or operability. Energy Secretary Bodman said to the press that the study "shows that cars can run on gasoline with a much higher ethanol component than the 10 percent blend now being sold at pumps across the country." He did say that more study was warranted as well.

<http://www.energy.gov/news/6640.htm>

View the report here: http://feerc.ornl.gov/publications/Int_blends_Rpt_1.pdf

POET Energy Receives Additional \$76 Million in Federal Funding for Commercialization of Cellulosic Ethanol

The company announced October 7 it will receive \$76.3 million from the U.S. Department of Energy (DOE) to commercialize cellulosic ethanol production technology. In February 2007, POET was selected by the DOE for a total award of up to \$80 million in federal funding for the construction of a commercial cellulosic ethanol production facility. The first phase of the agreement was signed in October 2007 and provided POET with an initial \$3.7 million for preliminary design, engineering and feedstock collection. The agreement announced October 7 provides the remaining \$76.3 million for final design, construction, start-up and continuous operation of Project Liberty; the transformation of a 50 M gallons/year grain-to-ethanol plant in Emmetsburg, Iowa into an integrated corn-to-ethanol and cellulose-to-ethanol biorefinery. Construction is projected to begin in 2009 and production of cellulosic ethanol could come as early as 2011.

<http://www.poetenergy.com/news/showRelease.asp?id=135>

International Biofuel Policies Contribute to Rising Food Prices and Hunger in Poor Countries, UN Says

A United Nations food agency called for a review of biodiesel subsidies and policies, noting that those policies had contributed significantly to a global rise in food prices and hunger in poor countries. The UN's Food and Agriculture Organization said current policies need to be urgently reviewed in order to preserve the goal of world food security.

http://www.nytimes.com/2008/10/08/world/europe/08italy.html?_r=2&ref=todayspaper&oref=slogin&oref=slogin

Energy Prices

U.S. Oil and Gas Prices			
October 8, 2008			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	87.17	100.25	81.20
NATURAL GAS Henry Hub \$/Million Btu	6.75	7.17	6.77

Source: Reuters

Energy Notes

14,199 Entergy Customers Without Power in Texas October 7 Down to 6,163 by 4:45 PM EDT October 8

<http://entergy-texas.com/outages/tx.aspx>

FERC Re-Approves Dominion Resources' Cove Point LNG Expansion Project in Maryland October 7

http://www.downstreamtoday.com/News/Articles/200810/FERC_Approves_Cove_Point_Expansion_A_Sec_13206.aspx

ExxonMobil Reports Unplanned Flaring at 155,800 b/d Torrance, California Refinery October 7

Bloomberg News, 10:18 October 8, 2008

Valero Reports Unplanned Flaring at 135,000 b/d Wilmington, California Refinery October 7

Bloomberg News, 10:18 October 8, 2008

Yuma Zoning Commission Grants Approval of Arizona Clean Fuels' Request to Change 1,363 Acres in Arizona from Agricultural Rural Preservation to Heavy Industrial for Potential Site of Proposed 150,000 b/d Refinery

http://www.downstreamtoday.com/News/Articles/200810/Ariz_Refinery_Proposal_Achieves_Milestone_13211.aspx

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/ead.aspx>

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