



ENERGY ASSURANCE DAILY

Friday Evening, October 17, 2008

Electricity

Reliant's 775 MW Ormond Beach Gas-fired Unit 2 in California Returns to Service by October 16

The California Independent System Operator reported the unit returned from an unplanned curtailment of 275 MW. <http://www.caiso.com/unitstatus/data/unitstatus200810161515.html>

AES's 496 MW Redondo Gas-fired Unit 8 in California Returns to Service by October 16

The California Independent System Operator reported the unit returned from an unplanned curtailment of 146 MW. <http://www.caiso.com/unitstatus/data/unitstatus200810161515.html>

FERC Approves Incentives for Major Transmission Projects in the West and in Maine October 16

In a joint announcement made October 16, the Federal Energy Regulatory Commission (FERC) approved rate incentives for two major transmission projects both necessary to increase reliability and capacity in two of the most stressed electric corridors in the country. The first project sponsored by PacificCorp is the Energy Gateway Transmission Expansion Project, a major transmission project in the West, which is designed to deliver up to 3,000 MW of capacity involving eight segments of lines covering portions of Nevada, Idaho, Oregon, Utah, Washington and Wyoming. The project is planned to go-online between 2010 and 2014. FERC also granted Central Maine Power Company's petition for transmission incentives for its Maine Power Reliability Program Project which is a \$1.4 billion multi-staged transmission line project in Maine that will export power to southern New England. http://elibrary.ferc.gov/idmws/file_list.asp?accession_num=20081016-3074

PJM Interconnection Board Approves \$1.8 Billion in Transmission Additions and Upgrades to Address Reliability Vulnerability through 2023

On October 17 the PJM Interconnection Board approved \$1.8 billion in electric transmission system additions and upgrades for the grid to enhance the reliability of the power supply system that serves 51 million people in 13 states and the District of Columbia. PJM's President reported almost 96,000 MW of proposed new generation is under development in PJM's transmission zone, with 8,300 MW of projects under construction. http://www.prnewswire.com/cgi-bin/stories.pl?ACCT=ind_focus.story&STORY=/www/story/10-17-2008/0004906219&EDATE=FRI+Oct+17+2008,+09:41+AM

Petroleum

TEPPCO's Lebanon, Ohio Terminal Reports ULSD Outage due to Strong Harvest Demand and Low Supply

In a bulletin to shippers October 17, TEPPCO Partners reported its terminal in Lebanon, Ohio ran out of ultra-low sulfur diesel (ULSD) fuel on October 15. The company noted the strong harvest demand in the Midwest and low supply as the reasons for the shortage. The bulletin said the company forecasts a resumption of liftings the morning of October 22.

Reuters, 10:19 October 17, 2008

FCC Unit at Valero's 294,000 b/d Port Arthur, Texas Refinery to Reach Normal Rates in Few Days

The fluid catalytic cracking unit at Valero's Port Arthur refiner was shut on September 11 ahead of Hurricane Ike and may return to full operating rates in one to two days, according to a company representative.

Bloomberg, 14:23 October 17, 2008

Tests to Ship E10 Gasoline through Colonial Pipeline Proceeding Favorably, Company Reports

Colonial Pipeline company officials said at an industry news conference October 16 that recent research it has conducted shows gasoline blended with 10 percent ethanol could possibly be shipped on the 5,519-mile pipeline without damaging the system. An engineer with Colonial Pipeline reports the company has yet to ship ethanol on the company's existing facilities due to dissolved oxygen in the ethanol which could corrode or crack the pipeline. Possible solutions include preventing or removing the oxygen from the ethanol so it may be shipped using the existing infrastructure, or developing a plan to ship ethanol in alternating batches with gasoline through the pipeline.

<http://www.platts.com/Oil/News/6984880.xml?p=Oil/News&sub=Oil>

Natural Gas

State Oil and Gas Board of Alabama Approves Falcon Gas Storage's MoBay Storage Hub Petition to Establish North Dauphin Island Gas Storage Facility in Alabama

On October 14, the State Oil and Gas Board of Alabama approved the petition to establish the North Dauphin Island Gas Storage facility as part of the Phase I MoBay Storage Hub project located in southern Alabama. Phase I will provide 50 Bcf of working gas storage capacity with direct interconnects to the Gulfstream pipeline, Southeast Supply Header (SESH), Transco Pipeline and Gulf South Pipeline systems. The anticipated in-service date for Phase I is the second quarter of 2010.

http://www.downstreamtoday.com/News/Articles/200810/Ala_Approves_Falcon_s_MoBay_Petition_13356.aspx

Gulf LNG Energy Breaks Ground on LNG Receiving Terminal and Storage Facility

Gulf LNG Energy hosted a ground-breaking ceremony October 15 at the site of its \$1.1 billion LNG receiving terminal and storage facility located on the Pascagoula Bayou Casotte Ship Channel in Mississippi. The two storage tanks at the Bayou Casotte site will have a combined capacity of about two million barrels. The Governor of Mississippi was in attendance at the groundbreaking ceremony reporting the new LNG site was included with \$25 billion in energy capital investments being made around the state, also naming the Richton Strategic Petroleum Reserve in Perry County, a new nuclear power plant at Grand Gulf in Claiborne County, a coal regasification plant in Kemper County and a Department of Defense initiative in Natchez to turn coal into motor fuel for military vehicles.

http://www.downstreamtoday.com/News/Articles/200810/Gulf_LNG_Breaks_Ground_On_Miss_Terminal_13362.aspx

Update: More Sabotage Feared in British Columbia Following Two Blasts to Gas Pipeline Infrastructure in One Week

On October 11 an EnCana pipeline transporting sour gas was damaged by an explosive device and during the evening of October 15, another EnCana gas pipeline was shutdown by a bomb which exploded along the line near the Alberta border. The blast caused a minor gas leak and forced EnCana to briefly shut down the line. Canada's pipeline industry was on high alert for the remainder of this week following the two acts of sabotage.

<http://www.cbc.ca/canada/british-columbia/story/2008/10/16/bc-second-pipeline-explosion-dawson-creek.html?ref=rss>

Suez LNG North America Completes 13-Mile Subsea Pipeline Connecting its Offshore Neptune LNG Terminal in Massachusetts to Shore

Suez LNG North America announced October 16 it has completed construction on the 13-mile subsea pipeline for its offshore LNG project, Neptune. The Neptune LNG project can deliver on average 400 MMcf/d of natural gas and is scheduled to begin receiving LNG supplies in 2009. The initial phase of the project commenced in late July and included the installation of the 13-mile sub-sea pipeline. The second phase is scheduled to start in early May 2009 and continue through September 2009.

http://www.energyonline.com/Industry/News.aspx?NewsID=7294&Pipeline_Construction_Completed_for_the_Neptune_LNG_Project

Reuters, 10:02 October 17, 2008

Other News

Status on U.S. Virgin Islands in Aftermath of Hurricane Omar

The U.S. Coast Guard has lifted restrictions on shipping in the channel leading to Hovensa's 500,000 b/d refinery which is still in a multi-day restart process. V.I. Water and Power Authority (WAPA) personnel have been working to restore power to St. Croix, with highest priority given to the hospital and the airport. WAPA employees have been trying to restart the Richmond Power Plant that went down, along with the entire grid, due to malfunction in the network. WAPA has not reported what caused the malfunction. The company was initially having problems repairing downed lines and poles because major roadways were still being cleared. The major roads are now clear. <http://www.antiguasun.com/paper/?as=view&as=view&sun=281935077507132005&an=201837089510162008&ac=Regional&shwef=362746096910172008&pstamp=AS&CFID=44604097&CFTOKEN=53307904&jsessionid=983038968548543b6066>
<http://www.whistlerquestion.com/article/20081017/WHISTLER06/310179991/1030/whistler&cp=1>
http://www.virginislandsdailynews.com/index.pl/article_home?id=17629527

Energy Prices

U.S. Oil and Gas Prices			
October 17, 2008			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	73.83	80.20	88.63
NATURAL GAS Henry Hub \$/Million Btu	6.65	6.69	7.29

Source: Reuters

Energy Notes

18,792 Dominion Virginia Customers without Power Early Afternoon October 16 Most Restored by October 17

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

PECO Completes 19 Gas System Upgrades for Winter Readiness for its Natural Gas Delivery Service to Philadelphia, Pennsylvania Suburbs

<http://phx.corporate-ir.net/phoenix.zhtml?c=124298&p=irol-newsArticle&ID=1213288&highlight=>

Nigeria's Oil Unions Still Threaten Strike over Government Plans to Privatize Percentage of State Oil Firm

Reuters, 13:47 October 16, 2008

Valero's 275,000 Aruba Refinery Restarts Following Power Loss due to Hurricane Omar October 16

Bloomberg News, October 16, 2008

Update: OPEC Moves Emergency Production Policy Meeting Forward one Month to October 24

http://www.rigzone.com/news/article.asp?a_id=67933

**Construction Crew Ruptures Natural Gas Line in Boston Suburb of Massachusetts
October 17, Gas Leak Forces Neighborhood Evacuation National Grid Contains Leak**

<http://www.thebostonchannel.com/cnn-news/17727220/detail.html>

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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