



ENERGY ASSURANCE DAILY

Friday, November 03, 2006

Electricity

NERC Concerned About Limited 2010-2014 Generation Build

The North American Reliability Council (NERC) is concerned about the limited number of generation facilities planned to be added to the power grid between 2010 and 2014. The U.S. Energy Information Administration (EIA) has predicted that 60,000 MW will be added during the 2005-2009 period. In the 2010-2014 period, however, EIA predicts only about 15,000 MW of new generation. NERC says that additional generation facilities are needed to meet increasing electricity demand and reduce strains on the transmission grid. NERC is also concerned because the majority of new plants being built will use natural gas. U.S. natural gas production is declining, which means the U.S. will become increasingly dependent on foreign suppliers.

<http://www.platts.com/Electric%20Power/News/6311722.xml?p=Electric%20Power/News&sub=Electric%20Power>

Natural Gas Demand for Power Generation Still Running Strong

According to the U.S. Energy Information Administration (EIA), July natural gas demand for power generation reached a new record of 923.7 Bcf, up almost 20 percent from the previous record of 780.9 Bcf set in August 2005. Natural gas demand for power generation has remained high this fall due to increased nuclear power plant maintenance.

<http://powermarketers.net/contentinc.net/newsreader.asp?ppa=8kowu%5D%5BjnrnkqqVSfd%22EN%26bfeI%5Dv>

Bloomberg News, 12:50 November 3, 2006

Exelon's 912 MW Dresden Nuke Unit 2 in Illinois Reduced November 3

The company reduced power output to 785 megawatts last night after experiencing a problem with a water heater. Bloomberg News, 14:27 November 3, 2006

Update: Dominion's 560 MW Kewaunee Nuke in Wisconsin Ramps Up to 98 Percent November 3

The unit shut on October 30 when an instrument bus unexpectedly de-energized during maintenance on an inverter. The de-energizing caused the water level in one steam generator to decline, which tripped the reactor.

Reuters, 07:47 November 3, 2006

Progress Energy's 900MW Brunswick Nuke Unit 1 in North Carolina Ramps Up Output November 3

The company fixed a problem with a transformer and started to increase the unit output toward full power.

Reuters, 14:13 November 3, 2006

Progress Energy's 900 MW Brunswick Nuke Unit 2 in North Carolina Shut November 1

The company shut the reactor due to the loss of off-site power.

Reuters, 13:26 November 2, 2006

AEP's 528 MW Welsh Coal-fired Unit 1 in Texas Shut November 3

Reuters, 09:51 November 3, 2006

KCPL's 686 MW Coal-fired La Cygne Unit in Kansas Shut November 2

Reuters, 09:51 November 3, 2006

Exelon's 810 MW Three Mile Island Nuke Unit in Pennsylvania Shut November 2

A faulty instrument reading triggered the automatic shutdown.

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7364371

CMS Energy's 798 MW Palisades Nuke Unit 1 in Michigan Shut November 3

According to a filing the NRC, The company shut the unit after detecting a service water leak.

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7363806

Petroleum

Operations Normal After Bomb Threat at BP's 420,000 b/d Whiting, Indiana Refinery November 3

BP confirmed the bomb threat and sent all non-essential personnel home. Operations at the refinery were not affected. A BP spokesman said the refinery has received occasional bomb threats in the past and they are almost always hoaxes. The police are investigating the threat, which was phoned in.

Oil Price Information Service Alert, 12:45 November 3, 2006

Fire Shuts Gofiner Catfeed Hydrotreater Unit at ExxonMobil's 585,000 b/d Baytown, Texas Refinery November 2

According to a filing with Texas regulators, the refinery experienced a small fire and emissions release in the product stripper tower following a small leak. Today the tower is isolated for repairs. According to a company spokeswoman, the downed unit, a Gofiner (gas oil hydrofiner), had a "minimal impact" on production.

OPIS Alert, 11:32 November 3, 2006

Bloomberg News, 11:28 November 3, 2006

Enbridge Speeds Up Pipeline Project to U.S. Midwest, Slows Pipeline Project to West Coast

Enbridge has put its proposed 450,000 b/d Alberta Clipper pipeline to the Chicago on the fast track and has slowed work on its proposed 400,000 b/d Gateway pipeline that will serve California and Asia markets. Both lines will originate in Alberta, where heavy oil production from oil sands is booming. Enbridge made the decision to speed up the Alberta Clipper project because U.S. Midwest refiners have announced 800,000 b/d of capacity expansion plans to refine heavy Canadian crude. The in-service date for the Gateway project has been pushed back from 2010 to at least 2012 because it has been slowed by Chinese buyers failing to sign equity investment contracts or joint venture agreements in Alberta oil sands projects.

<http://www.platts.com/Oil/News/6311177.xml?p=Oil/News&sub=Oil>

U.S. State Dept. Warns of Imminent Attacks Against Nigerian Oil Facilities

The U.S. embassy in Nigeria is warning that militants are planning a unified attack against oil facilities in the Niger Delta region within the next few days. According to a notice released by the embassy, the militants are planning to simultaneously bomb 10 to 20 land-based targets and launch a series of separate attacks on oil installations in which expatriate workers will be taken hostage. The embassy did not say which facilities were being targeted. In an e-mail to Bloomberg News, a representative of the Movement for the Emancipation of the Niger Delta (MEND), the militant group responsible for several damaging attacks earlier this year, called the U.S. report accurate and said that a bigger attack had been planned. Nigeria oil production is between 2.2 million and 2.4 million b/d. In 2005, Nigeria supplied nearly 8 percent of total U.S. oil imports.

<http://www.marketwatch.com/news/story/story.aspx?siteid=mktw&guid=%7B93A58805-5E21-41F5-AEBC-7BC1F83D4E33%7D>

Bloomberg News, 12:56 November 3, 2006

Shell Restores Production From Two Shut Flow Stations in Nigeria November 2

Royal Dutch Shell said that it has resumed production of about 47,000 b/d at two of its flow stations in Nigeria, which were shut after attacks last week. One Shell flow station remains shut. Earlier this week, Chevron Corp. reopened its shut flow station.

http://today.reuters.com/news/articleinvesting.aspx?type=hotStocksNews&storyID=2006-11-03T091448Z_01_SP287636_RTRUKOC_0_US-MARKETS-OIL.xml

Valero Shuts Boiler at 340,000 b/d Corpus Christi, Texas Refinery November 3

According to a filing with Texas regulators, the company shut the unit yesterday for unplanned repairs. The repairs were completed in six hours.

Bloomberg News, 14:10 November 3, 2006

Natural Gas

Companies Cutting Back Canadian Natural Gas Drilling Due to High Service Costs

Canadian Natural Gas Resources Ltd. and Devon Energy Corp. are planning to reduce natural gas exploration due to soaring drilling costs amid the energy boom in western Canada.

<http://www.theglobeandmail.com/servlet/story/LAC.20061102.RCNQ02/TPStory/Business>

CenterPoint Energy to Expand Capacity of Proposed Texas-Louisiana Gas Pipeline

Plans now call for a pipeline that can transport up to 1.5 Bcf/d, up from the initially planned 1.2 Bcf/d. The pipeline will connect the Carthage, Texas to CenterPoint's hub in Perryville, Louisiana. The company expects the pipeline to begin service in early 2007.

<http://www.marketwatch.com/news/story/story.aspx?siteid=mktw&guid=%7BFF6AE259-FE5B-4566-9FC0-75DBDC8090AA%7D>

Other News

BP to Build Gulf of Mexico Fiber Optic Network

BP America Inc. today announced plans for the construction of an 800-mile undersea fiber optic system in the Gulf of Mexico to provide continuous broadband connectivity to the company's offshore oil and gas facilities. The system will allow greater operating flexibility, including the ability to continue producing safely for longer periods when hurricanes enter the Gulf and to return more quickly to production after storms pass. In some cases the project may mean that facilities do not have to be shut-in at all. In the future, the network may make it possible for BP staff onshore to control offshore facilities remotely. The system will initially link seven of BP's deep water production facilities including Marlin, Horn Mountain, Na Kika, Thunder Horse, Atlantis, Mad Dog and Holstein to the new Advanced Collaborative Environment (ACE) centers in Houston. Each facility will have direct optical connectivity to Houston through two independent routes. It will ensure continued operations, independent of any other facility in the system during hurricane events. The project is planned to be operational in late 2007.

<http://biz.yahoo.com/prnews/061102/nyth162.html?.v=57>

Energy Prices

U.S. Oil and Gas Prices			
November 3, 2006			
	Today	Week Ago	Year Ago
CRUDE OIL			
West Texas Intermediate U.S.	59.14	60.80	61.70
\$/Barrel			
NATURAL GAS			
Henry Hub	7.89	7.41	10.79
\$/Million Btu			

Source: Reuters

Energy Notes

Update: OPEC Exports Down Only 440,000 b/d in Four Weeks to November 18, Less Than Half Promised Cut – Consultancy Oil Movements

http://today.reuters.com/news/articleinvesting.aspx?type=hotStocksNews&storyID=2006-11-03T091448Z_01_SP287636_RTRUKOC_0_US-MARKETS-OIL.xml

OPEC May Cut Oil Production Again in December – Secretary General

<http://www.platts.com/Oil/News/8718466.xml?p=Oil/News&sub=Oil>

Basrah Oil Loadings Resume in Iraq After 3-Day Weather Delay

http://www.energyintel.com/PublicationHomePage.asp?publication_id=2

Russia Pushing Ahead Plans for Oil Pipeline to Bypass Congested Bosphorus Chokepoint

http://www.energyintel.com/PublicationHomePage.asp?publication_id=3

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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