



ENERGY ASSURANCE DAILY

Monday, November 13, 2006

Electricity

Wind Storm Knocks Out Power to 65,000 PGE Customers in Oregon November 12

By mid-morning on November 13, about 10,500 customers remained without power. Full restoration is expected to take some time because many remaining outages are smaller in size and are scattered throughout hundreds of square miles. Line crews will be repairing damage all day.

<http://www.statesmanjournal.com/apps/pbcs.dll/article?AID=200661113001>

Reliability is Top Concern in Electric Service Industry

Black & Veatch has announced the findings from its First Annual Strategic Directions in the Utility Industry Survey during the Edison Electric Institute's 41st Annual Financial Conference. The survey found that investor-owned utilities (IOUs) and municipals view service reliability, aging infrastructure and aging workforce as the top three problems facing the electric utilities. The survey also revealed that 47% of the IOU respondents regard their power generation operations as being "Near the End," "At the End," "Past" or "Well Past" their planned service lives. Some 44% identified their transmission operations as being in the same condition, while 51% of respondents also stated their electric distribution operations were in this range.

<http://tdworld.com/news/black-veatch-utility-survey/>

NPCC Expects Pacific Northwest to Have Electricity Surplus This Winter

A recent analysis by the Northwest Power and Conservation Council (NPCC) says that the Pacific Northwest electricity supply is expected to be 2,400 MW in excess of average annual demand. In 1999 the region's power supply was at a 4,000 MW deficit. However, since 1999, the region has increased generation capacity by 15 percent and lost about 10 percent of its demand, largely from the decline of the aluminum industry.

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7405923

Nevada Regulators Approve 1,500 MW Ely Energy Center and Transmission Line

Nevada Power Co. and Sierra Pacific Power Co. were approved to start developing the 1,500 MW coal-fired plant. If built as planned, the facility's first unit will be complete in 2011. The second unit will be completed in 2013.

<http://powermarketers.netcontentinc.net/newsreader.asp?ppa=8knpp%5E%5BjotuninWTeb%22EN%26bfe%5Dv>

Westar Energy Receives Local Approval to Build Emporia Peaking Plant in Kansas

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7400253

Entergy's 841 MW Arkansas Nuclear One Nuke Unit 1 in Arkansas Ramps Up to Full Power November 13

The unit was operating at 42 percent on Friday after being reduced late November 9 for repairs. Workers addressed an electronic failure associated with a main feed pump.

Reuters, 08:09 November 13, 2006

Bloomberg News, 10:26 November 13, 2006

Entergy's 968 MW River Bend Nuke Unit in Louisiana Reduced to 74 Percent November 13

The unit was operating at full power on November 10.

Reuters, 08:16 November 13, 2006

Dominion's 560 MW Kewaunee Nuke Unit in Wisconsin Shut November 10

While the unit was shutting down Friday afternoon to repair a degraded bearing on the turbine generator, it automatically tripped offline.

Reuters, 08:52 November 13, 2006

Complete Energy's 861 MW La Paloma Natural Gas-fired Plant in California Shut November 13

The entire plant was shut for planned and unplanned reasons by Sunday afternoon.

Reuters, 11:03 November 13, 2006

TXU's 750 MW Martin Lake Coal-fired Unit 1 in Texas to Restart November 13

The company shut the plant on November 11.

Reuters, 10:57 November 13, 2006

OPG's 490 MW Nanticoke Coal-fired Unit 2 in Ontario Returns to Service November 13

The unit shut by November 7.

Reuters, 10:39 November 13, 2006

Petroleum

Valero Repairs Units at 295,000 b/d Refinery in Port Arthur, Texas

According to Texas regulators, the company performed repairs on two sulfur-removal units and three incinerators at the refinery.

Bloomberg News, 10:34 November 13, 2006

Valero Repairs SRU at 158,000 b/d McKee Refinery in Sunray, Texas

According to a filing with Texas regulators, the company repaired a malfunctioning sulfur recovery unit (SRU) over the weekend.

Reuters, 16:24 November 12, 2006

Louisiana and Kuwait Sign Agreement to Study Building New Refinery in Louisiana

Louisiana Governor Kathleen Blanco and Ali Jarrah Al-Sabah, chairman of Kuwait Petroleum Co., signed a memorandum of understanding to study the possibility of Kuwait building a refinery in Louisiana. The agreement, signed in Kuwait City, calls for confidential studies and research on the feasibility of such a project over the next few years. Kuwait would supply the new refinery with crude oil. Officials have cited varying estimates of the capacity of the potential plant, including 400,000 b/d and 600,000 b/d. No new refinery has been built in the United States for 30 years.

<http://www.thenewsstar.com/apps/pbcs.dll/article?AID=2006611130312>

Militants Attack Clough Creek Flow Station in Nigeria

Over the weekend, a group of armed attackers invaded an Agip oil pumping station in the Niger Delta. The attackers arrived on November 11 and left on November 12, taking hostages, four speedboats and one houseboat with them. It is not clear how many hostages were taken. This is the second time in two weeks that the Clough Creek flow station was invaded. Elsewhere in the Niger Delta, militants remain in control of the Tebidaba oil flow station in the Niger Delta, which was seized November 6, forcing Agip to curtail oil production by 50,000 b/d.

<http://allafrica.com/stories/200611130497.html>

<http://www.alertnet.org/thenews/newsdesk/L13392333.htm>

Nigeria Oil Unions Threaten to Resume Workers Strike

Two Nigerian oil workers unions are threatening to resume a workers strike, accusing the Nigerian government of failing to keep its promise to end violence against oil companies and the kidnapping of oil workers in the Niger Delta. In September the two unions held a three-day warning strike for the same reason. In 2005, Nigeria supplied nearly 8 percent of total U.S. oil imports.

<http://allafrica.com/stories/200611130552.html>

Wyoming Explosion Cuts at Least 246 MMcf/d on El Paso's Western Pipeline System But Minimal Impact Seen Due to Alternate Pipeline Routes

An El Paso natural gas pipeline exploded on Saturday near Cheyenne, Wyoming after it was cut by a bulldozer, killing the driver and setting off a grassfire. A posting on El Paso Corp.'s website says that at least 246 MMcf/d was cut on its Wyoming Interstate Company (WIC) pipeline. "All transport volumes on Wyoming Interstate through Laramie station were shut in and scheduled to zero. Colorado Interstate Gas Co. has approximately 246 MMcf/d of capacity on the WIC system and that volume along with all other WIC volumes moving through Laramie WIC station is being affected," the posting said. An El Paso Corp. spokesman said he did not know when the pipeline serving Wyoming, Colorado and parts of the Midwest would be back online but said that any impact would likely be minimal because the company has alternative pipelines.

http://www.publicbroadcasting.net/wned/news.newsmain?action=article&ARTICLE_ID=995165

<http://ebb.ci.gco.com/ebbCIG/ebbmain.asp?sPipelineCode=WIC>

Reuters, 11:02 November 13, 2006

NiSource Fixes Leak on 12 MMcf/d Pipeline in Gulf of Mexico, Restarts Line November 13

The leak had curtailed service on the undersea pipeline for two weeks. The pipeline will come back into service today. The pipeline feeds the Columbia Gulf pipeline which stretches from the Louisiana coast to markets in the Midwest and Northeast.

Bloomberg News, 11:00 November 13, 2006

Gas Leak Shuts Duke Energy's Rock Pam Loop Pipeline in Texas November 11

According to a filing with Texas regulators, the company shut down a segment of the 24-inch diameter pipeline for two hours to repair a leak, which released 45,069 pounds of natural gas and 72 pounds of hydrogen sulfide.

Bloomberg News, 13:09 November 13, 2006

Algonquin Pipeline Expansion Receives 2 Bcf/d of New Capacity Interest from Shippers

Transportation customers responding to Duke Energy Gas Transmission's open season on its Algonquin pipeline system have indicated they may need more than 2 Bcf/d of new natural gas pipeline capacity to meet the demands of a growing Northeast market. Algonquin closed out the non-binding open season on Oct. 27 for the East-to-West Expansion that will use existing mainline infrastructure, adding incremental expansion as needed. Final design of the system to accommodate the additional 2 Bcf/d will depend on shipper commitment. Service on the proposed project could begin as early as Nov. 1, 2008.

<http://www.duke-energy.com/news/releases/2006/nov/2006110901.asp>

Enterprise Products to Extend Pipeline from Barnett Shale Area in Texas

The company announced a 178-mile extension of a pipeline to help move growing natural gas production from the Barnett Shale area of north Texas. The project will provide up to 1.1 Bcf/d of takeaway capacity. The pipeline will flow from Morgan Mill, Texas to Sherman, Texas, where it will connect with a Boardwalk Pipeline Partners LP interstate pipeline.

http://biz.yahoo.com/ap/061110/enterprise_products_investment.html?v=1

Boardwalk Pipeline Partners to Build 1.5 Bcf/d Texas-Louisiana Pipeline

Boardwalk Pipeline Partners, LP announced today that it has committed to build a new interstate gas pipeline that will begin near Sherman, Texas, and proceed to the Perryville, Louisiana area. The new project, called the Gulf Crossing Pipeline, will consist of 355 miles of 42 inch pipeline having a design capacity of approximately 1.5 Bcf/d. The company plans to begin service on the line during the fourth quarter of 2008.

<http://ir.boardwalkpipelines.com/phoenix.zhtml?c=193443&p=iro1-newsArticle&ID=929853&highlight=>

ConocoPhillips Cancels Beacon Port LNG Project Off Louisiana Coast

The company had proposed building the project 56 miles south of the Louisiana mainland with a throughput capacity of 1.5 Bcf/d.

http://www.conocophillips.com/NR/rdonlyres/048008A2-B524-4DA5-BE61-B5E4ABF0A283/0/011905_LNG.pdf

Canadian Court Rules Government Didn't Consult Tribe Over Mackenzie Valley Pipeline

A Federal Court in Canada has ruled that Canada's federal government failed to consult with an Indian tribe in the creation of the regulatory and environmental review process of the Mackenzie Valley natural gas pipeline. The court ruled that the joint review panel, which is assessing the project's social and environmental impacts, cannot issue a final report until another hearing is held to decide on remedies for the tribe. The tribe lives in northern Alberta near the terminus of the proposed 1,200-mile pipeline, which would connect natural gas production in the Mackenzie Delta with Canadian points in the south. As much as 1.2 Bcf/d could initially flow through the pipeline. The Mackenzie project hopes to be in service by 2010. It is unclear how the recent ruling will impact that project's timetable. Project website: <http://www.mackenziegasproject.com/>
<http://www.theglobeandmail.com/servlet/story/LAC.20061111.RMACKENZIE11/TPStory/Business>

Other News

NRC Says Radiation Barrier at Oyster Creek Nuclear Plant in New Jersey Good for Two More Years

U.S. Nuclear Regulatory Commission (NRC) has taken measurements from the plant's radiation barrier and has determined that the structure will be able to last another two years. The NRC has not said whether the barrier will be safe if the plant's operating license is extended for another 20 years. Oyster Creek is the oldest operating commercial nuclear plant in the United States.

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7403935

Progress Energy to Install New Warning Sirens Around Shearon Harris Nuke Plant in North Carolina

The company has 81 sirens within 10 miles of Shearon Harris, an area south of Raleigh. The area is rapidly developing and four sirens will be added to warn new subdivisions. Some of the utility's 10 solar power sirens won't be replaced. The new sirens won't have moving parts like the old sirens that failed during recent tests. Progress Energy plans to apply for a license renewal this month for a 20-year extension to operate the plant.

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7399141

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7405627

Energy Prices

| U.S. Oil and Gas Prices | | | |
|-------------------------------------|-------|----------|----------|
| November 13, 2006 | | | |
| | Today | Week Ago | Year Ago |
| CRUDE OIL | | | |
| West Texas Intermediate U.S. | 59.00 | 58.41 | 57.45 |
| \$/Barrel | | | |
| NATURAL GAS | | | |
| Henry Hub | 7.15 | 7.42 | 9.20 |
| \$/Million Btu | | | |

Source: Reuters

Energy Notes

Snowstorm Knocks Out Power to 13,000 Consumers Energy Customers in Northern Michigan November 10

<http://www.record-eagle.com/2006/nov/13/outage.htm>

<http://www.cadillacnews.com/articles/2006/11/13/news/news01.txt>

Update: EnCana Submits Plan Application for Deep Panuke Natural Gas Project

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

Ninth Circuit Court Reverses Lower Ruling, Halts Geothermal Development on Indian Lands in California

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7397010

Palomar and Pacific Connector Pipelines Proposed for Northwest Outlined at Conference

<http://powermarketers.netcontentinc.net/newsreader.asp?ppa=8kowu%5D%5BjpllpqVTeb%22EN%26bfe%5Dv>

Kuwait to Build 2.7 Million b/d Oil Export Terminal in Al Ahmadi Port by June 2008

http://www.menewslines.com/stories/2006/november/11_12_4.html

DOE to Consider Public Concerns Before Designing 'National Interest' Power Corridors

<http://www.platts.com/Electric%20Power/News/6314302.xml?p=Electric%20Power/News&sub=Electric%20Power>

DOE to Downgrade 17 Tons of Weapons-Grade Uranium for Reactor Fuel

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7403706

Independent Report Cites Safety Violations in 2 West Virginia Mine Deaths

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7402885

Saudi Arabia Concerned About Iraq as a Base for Terrorist Attacks Throughout Middle East

http://www.iht.com/articles/ap/2006/11/12/africa/ME_GEN_Saudi_Arabia_Iraq.php

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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