



ENERGY ASSURANCE DAILY

Tuesday Evening, December 09, 2008

Electricity

Substation Error Cuts Power to 30,000 Jemez Valley Electric Co-op Customers in New Mexico December 9

A transformer failure at the Hernandez Substation in Espanola cut power to 30,000 customers this morning. The company had restored electricity to some customers, and hoped to have all customers online by 12 PM, local time. http://www.krqe.com/dpp/news/local/northeast/local_krqe_espanola_power_outage_200812090947

Update: Luminant Postpones Restart 593 MW Big Brown Coal-fired Unit 1 in Texas December 9

The company expected to restart the unit by today after performing turbine repairs, according to a filing with state regulators. A spokeswoman, however, said the unit remained down. The filing did note that the restart could stretch longer-than-anticipated "as equipment systems are placed into service following the extended outage." <http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=117123>
Bloomberg News, 09:39 December 9, 2008

Luminant to Slow 591 MW Sandow Coal-fired Unit 4 in Texas December 9

The company planned to reduce the unit today to replace a gearbox, it said in a filing with state regulators. The curtailment was scheduled to last from 7 AM to 12 PM, local time.
Bloomberg News, 07:19 December 9, 2008

AES's 226 MW Huntington Beach Gas-fired Unit 2 in California Reduced by December 8

According to the California Independent System Operator, the unit experienced an unplanned curtailment of 161 MW by December 8. <http://www.caiso.com/unitstatus/data/unitstatus200812081515.html>

Harbor Cogen's 109 MW Harbor Cogen Gas-fired Unit in California Shut by December 8

According to the California Independent System Operator, the unit shut by December 8. <http://www.caiso.com/unitstatus/data/unitstatus200812081515.html>

Update: Exelon's 1,154 MW Braidwood Nuke Unit 2 in Illinois at Full Power by December 9

The Nuclear Regulatory Commission reported that on the morning of December 8 the unit was operating at 88 percent.
Information derived from the NRC Power Reactor Status Reports: <http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

Update: Luminant to Restart 793 MW Monticello Coal-fired Unit 3 in Texas December 8-9

Luminant planned to restart the unit "following the conclusion of repairs," it said in a filing with state regulators. The restart was scheduled to conclude early this morning. <http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=117399>

EPCOR/TransAlta's 450 MW Genesee Coal-fired Unit 3 in Alberta Restarts December 8

The unit went offline on December 7.
Reuters, 08:19 December 9, 2008

Oklahoma Considers Plan to Move Power Lines Underground

The state of Oklahoma might move several-hundred miles of power lines underground, in an effort to avoid widespread, costly power outages. A December 2007 ice storm cut power to about 226,000 customers in Tulsa, Oklahoma. Some of those outages lasted more than a week.

<http://stormwire.stormexchange.com/2008/12/oklahoma-ice-storm-sparks-power-line.html>

OG&E Seeks RFPs for up to 300 MW of New Wind Power in Oklahoma

Oklahoma Gas & Electric (OG&E) is requesting proposals for the construction of as much as 300 MW of new wind power capacity. It plans to add the new output by late 2010. OG&E hopes to add up to 600 MW of wind power in the next four to six years. It is scheduled to begin construction on a high-voltage, in-state transmission line in 2009—that line would deliver new wind power to population centers. OG&E is an OGE Energy Corp subsidiary. PRN, 11:43 December 9, 2008

Update: PPL Withdraws Application to Expand 108 MW Holtwood Hydroelectric Power Plant in Pennsylvania

Citing economic conditions and forecasts of future energy prices, PPL withdrew its application with the Federal Energy Regulatory Commission (FERC) to expand its existing Holtwood Hydroelectric power plant in Pennsylvania. PPL had planned to build two new hydroelectric turbine-generators with a combined capacity of 125 MW.

<http://www.pplweb.com/newsroom/newsroom+quick+links/news+releases/120908+Holtwood+application+withdrawn.htm>

Dominion and Shell WindEnergy Complete 264 MW NedPower Mount Storm LLC Wind Energy Project in West Virginia

Dominion and Shell WindEnergy completed their jointly-owned, 264 MW NedPower Mount Storm LLC wind energy project in West Virginia, according to a press release. The 132-turbine project stretches across 12 miles of the Allegheny Front.

<http://www.dom.com/news/elec2008/pr1208.jsp>

Welwind and Windcor Power Systems Plan 200 MW Wind Farm Project in Canada

The companies hope to have the “project construction ready in 2009,” according to a news release.

GNW, 08:01 December 9, 2008

California Expects Solar Panel Growth despite Lagging Economy

Despite poor economic conditions, lower prices and increased supply of equipment resulting from a significant increase of manufacturing capability should encourage solar panel growth in California next year, the California Public Utilities Commission (CPUC) said. CPUC’s solar incentive program—the California Solar Initiative—saw the more applicants in December (1,288) than in any other month since its January 2007 inception. The Initiative expects increased numbers of solar panel producers to oversupply the market, drive down prices, and encourage solar growth. Despite CPUC’s prediction, another source noted analysts’ concerns that the solar industry might actually be in peril. According to that source, solar panel supply will outpace demand by 2010, causing prices to drop and putting manufacturers at risk.

http://news.morningstar.com/newsnet/ViewNews.aspx?article=/DI/200812082011DOWJONESDIONLINE000680_univ.xml

http://www.ajc.com/business/content/business/stories/2008/12/09/solar_power_industry.html

Petroleum

Update: Estimated 23,197 b/d of Oil Production Remains Shut in Louisiana December 8 after Hurricanes Ike and Gustav

Operators have restored 120,759 b/d of oil output among 17 Louisiana parishes and in-State offshore areas, the Louisiana Department of Natural Resources reported December 8. The restored figure accounted for 77.5 percent of the region’s estimated 155,767 b/d capacity (the numbers are in addition to MMS reports of Federal offshore production). An estimated 23,197 b/d, or 14.9 percent of capacity, remained shut. The status of the remaining 11,812 b/d, or 7.6 percent, was unconfirmed.

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

Update: Valero's 36,000 b/d Hydrocracking Unit Resumes Normal Rates at 142,000 b/d Corpus Christi, Texas Refinery December 8

The unit shut due to a power outage on December 2. It resumed normal rates by today, a spokesman confirmed. Bloomberg News, 09:09 December 9, 2008
Reuters, 08:45 December 9, 2008

Update: No Restart Date for Fire-Damaged River Rouge Pipeline from 410,000 b/d Whiting, Indiana Refinery

BP is assessing fire damage along its River Rouge products pipeline, the company said, after a fatal December 5 car accident triggered a fire, a pressure drop, and forced shut the line. The company said it cannot yet predict how long the shutdown will last. The line delivers products from BP's 410,000 b/d Whiting, Indiana refinery to BP's River Rouge fuel terminal in Michigan. Bloomberg News, 14:59 December 8, 2008

Update: Valero Restarts 32,000 b/d Hydrotreater Unit at 289,000 b/d Port Arthur, Texas Refinery by December 9

The 32,000 b/d gas oil hydrotreater unit shut on December 5 due to a leak on an associated line. It "it now in startup mode and is expected to return to full rates by the end of this week," a spokesman said in an email. DJN, 12:42 December 9, 2008

Upset at ConocoPhillips' 76,000 b/d Rodeo, California Refinery December 8

A company spokesman was not available to confirm the incident. It is not clear what unit was impacted. Reuters, 19:31 December 8, 2008

BP to Boost Alaska Project Spending by 30 Percent in 2009

BP plans to spend \$1.2 billion in Alaskan projects next year, or a \$300 million increase from a year earlier, a company spokesman said December 2. The company will direct the additional funds to develop its offshore Liberty field, drill and test at the Milne Point field, and work on its jointly-planned Point Thomson gas cycling and condensate production project. At the same time, BP is shelving some of its other Prudhoe Bay, Alaska projects, citing reduced oil prices and state taxes.

http://www.rigzone.com/news/article.asp?a_id=70417

Worldwide Oil Demand to Drop by 50,000 b/d in 2008, 450,000 b/d in 2009—EIA

According to its latest forecast, the Energy Information Administration (EIA) has estimated that Global oil demand will drop by 50,000 b/d in 2008 and 450,000 b/d in 2009. If the estimate holds true, it would mark the first time since the early 1980s for consecutive-year demand reductions. Oil prices slid below \$43/barrel on the news. The EIA also reduced its 2009 forecasts for OPEC and non-OPEC crude production. It expects OPEC to produce an average 30.61 million b/d, and non-OPEC nations to produce an average 49.09 million b/d in 2009. Those totals are down from previous estimates of 31.13 million b/d and 49.20 million b/d, respectively.

Reuters, 10:47 December 9, 2008

Reuters, 12:32 December 9, 2008

Azeri Oil Exports Slated to Dip by 213,000 b/d in January

Exports of Azeri oil from Turkey's Ceyhan port are scheduled to dip by 213,000 b/d in January, according to loading plans. Azeri oil production, the plans indicate, will slide from about 780,000 b/d in December to 568,000 b/d in January. A trading source cited logistical reasons—and not operational problems—for the output reduction. "There is no big production shut in or pipeline changes," another trading source said.

<http://www.platts.com/Oil/News/8220947.xml?p=Oil/News&sub=Oil>

Iraq Plans New Basra Oil Terminal

Iraq plans to construct a new offshore oil terminal in Basra, and "rehabilitate" its existing energy infrastructure, the nation's former Oil Minister said.

<http://www.presstv.ir/detail.aspx?id=77907§ionid=3510213>

Gazprom Neft Plans 120,500 b/d Output from Arctic Oil Deposit in 2010-2011

Russia's Gazprom Neft plans to produce about 120,500 b/d by late 2010 or early 2011 from the Prirazlomnoye oil deposit in the Barents Sea. The field holds estimated recoverable oil reserves of about 418 million barrels. The state-owned company said it is considering "attracting foreign partners" to develop the site.

http://www.rigzone.com/news/article.asp?a_id=70472

Apache Plans 40,000 b/d of New Oil Output Offshore Australia

Apache plans to begin 20,000 b/d of production from its Van Gogh development offshore Western Australia in the second quarter of 2009. It expects to begin output its 20,000 b/d Pyrenees development—also offshore Western Australia—in early 2010.

http://www.rigzone.com/news/article.asp?a_id=70419

AESC, MergingDesign to Launch StopOilfieldTheft.com

The Association of Energy Services Companies (AESC) and MergingDesign plan to launch StopOilfieldTheft.com in early January. The website will be the first national database to report, track, and attempt to recover stolen oilfield materials. The Energy Security Council is expected to assist with the website's launch. Local and national law enforcement agencies—including the Federal Bureau of Investigation (FBI)—are expected to cooperate. "Our biggest problem is when (workers) leave at night or for the weekend, and come back on Monday or the next day, all this equipment is missing," one AESC official said. Smaller companies have been particularly hard-hit by thefts of copper tubing, another source said.

<http://houston.bizjournals.com/houston/stories/2008/12/08/story1.html?b=1228712400%5e1743201&page=1>

<http://www.stopoilfieldtheft.com/about.php>

Natural Gas

Update: Estimated 277 MMcf/d of Natural Gas Production Remains Shut in Louisiana December 8 after Hurricanes Ike and Gustav

Operators have restored 1,212 MMcf/d of natural gas output among 17 Louisiana parishes and in-State offshore areas, the Louisiana Department of Natural Resources reported December 8. The restored figure accounted for 73.8 percent of the region's estimated 1,642 MMcf/d capacity (the numbers are in addition to MMS reports of Federal offshore production). An estimated 277 MMcf/d, or 16.9 percent of capacity, remained shut. The status of the remaining 153 MMcf/d, or 9.3 percent, was unconfirmed.

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

Update: Callon Petroleum Resumes Production at Most Significant Gulf of Mexico Facilities after Hurricanes Gustav and Ike

The company restored its Deepwater Medusa Field to pre-hurricane levels of about 99.6 MMcfe/d, and its Deepwater Habanero Field to pre-hurricane rates of about 50.4 MMcfe/d. It expects to restart its remaining facilities within the next several weeks, which will boost its daily production rate to approximately 38 MMcfe/d. That total equals the company's pre-hurricane level.

<http://www.callon.com/>

U.S. to Import More LNG in 2009, Produce More Natural Gas—EIA

The United States is expected to import about 400 Bcf of liquefied natural gas (LNG) in 2009, up from 360 Bcf in 2008, according to the Energy Information Administration (EIA). It imported 750 Bcf in 2007, due to higher demand and overseas price factors. In the same report, the EIA revised downward its forecasts for 2008 and 2009 domestic natural gas production. The EIA expects the United States to produce 5.4 percent more natural gas in 2008, compared to 2007, but just 0.9 percent more natural gas in 2009 compared to 2008. Those figures are lower than the group's prior estimations of 6 percent and 2 percent, respectively.

DJN, 10:35 December 9, 2008

Reuters, 11:16 December 9, 2008

Bloomberg News, 11:01 December 9, 2008

Other News

Altra Biofuels Shuts 84 Million Gallon/Year Ethanol Plant in Cloverdale, Indiana

The facility opened in May, with an initial production goal of 84 million gallons/year. The company had hoped to boost production to 110 million gallons/year. As already reported, Altra Biofuels earlier shuttered its ethanol plant in Coshocton, Ohio.

<http://ethanol-news.newslib.com/story/6938-30353/>

Energy Secretary Says Government Needs Second Nuclear Storage Facility if Restrictions on Yucca Mountain Capacity in Nevada Remain Unchanged

Current limitations on the proposed Yucca Mountain nuclear storage facility would make necessary an additional nuclear storage site by 2010, U.S. Energy Secretary Samuel Bodman said in a report to President George W. Bush and Congress. Congress has restricted Yucca Mountain's storage capacity to 70,000 metric tons of heavy metal. Bodman expects spent fuel to total 130,000 metric tons, should the nation's existing nuclear fleet seek 60-year operating extensions.

DJN, 13:04 December 9, 2008

North American Alcohols Abandons Plans for Ethanol Plant in Pennsylvania

The company shelved its plans due to a lack of interest from local officials.

<http://ethanol-news.newslib.com/story/6938-30343/>

Pine Lake Corn Processors Mothballing Iowa Ethanol Plant on Economic Conditions

Citing high corn costs and lagging ethanol prices, the company decided to shut its facility near Steamboat Rock, Iowa.

Reuters, 14:37 December 8, 2008

<http://www.pinelakecorn.com/>

Update: BioEnergy Eyes 2010 Start Date for 100 Million Gallon/Year Clearfield, Pennsylvania Ethanol Plant

The company began construction in February 2008. It expects to finish the build in late 2009, and open the facility in early 2010. When complete, it will be the first ethanol production plant in Pennsylvania.

<http://www.centredaily.com/news/local/story/1005007.html>

Update: VeraSun Receives Financing in Bankruptcy Court Ruling—Company should be Able to Keep Most Plants Online

The U.S. Bankruptcy Court in Delaware ruled that VeraSun could receive \$196.6 million in debtor-in-possession financing, a decision that should allow the company to keep open most of its ethanol plants. VeraSun has 16 plants across eight states, with a combined ethanol production capacity of about 1.64 billion gallons/year. The Bankruptcy Court's ruling concerned 14 of those facilities.

http://www.istockanalyst.com/article/viewiStockNews+articleid_2865103.html

U.S. Coal Production, Exports to Dip as Demand Lags in 2009—EIA

U.S. coal production is forecasted to drop by 2.6 percent in 2009, to a total 1,148 million tons, due to "an expected decline in electricity consumption, combined with projected increases in other generation sources," according to the Energy Information Administration's (EIA) short term energy outlook. U.S. coal exports will slide 13 percent in 2009, to a total 71.9 million tons, the EIA predicted. Coal exports had been expected to jump 40 percent from 2007 to 2008 on higher demand and problems in several coal-producing nations.

Reuters, 11:10 December 9, 2008

Energy Prices

U.S. Oil and Gas Prices			
December 9, 2008			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	42.90	48.85	87.63
NATURAL GAS Henry Hub \$/Million Btu	5.73	6.68	7.29

Source: Reuters

Update: Abengoa Receives Certificate of Environmental Compatibility from Arizona Corporation Commission for Proposed 280 MW Solar Powered Solana Generating Station in Arizona

BSW, 15:29 December 8, 2008

RMT's WindConnect Completes Repowering of 20 MW Edom Hills Wind Farm in California

http://news.prnewswire.com/DisplayReleaseContent.aspx?ACCT=ind_focus.story&STORY=/www/story/12-08-2008/0004938395&EDATE=

Likely Process Unit Leak at Valero's 182,200 b/d Delaware City, Delaware Refinery December 9—No Expected Impact on Production, Company Says

Bloomberg News, 12:32 December 9, 2008

<http://www.delawareonline.com/article/20081209/NEWS/81209031>

Task Force Says State and Federal Regulation of Existing and Proposed Pipelines is Adequate in South Dakota

http://www.downstreamtoday.com/News/Articles/200812/SD_Task_Force_Pipeline_Oversight_Suffic_14107.aspx

Dos Cuadras Offshore Resources Spills 27 Barrels of Oil at Platform A in Santa Barbara Channel, California December 7-8

<http://www.latimes.com/news/local/la-me-oilspill9-2008dec09.0.3221617.story>

Bad Weather Forces Shut Mexico's Cayo Arcas Oil Port December 9

Reuters, 11:20 December 9, 2008

Update: Workers' Strike Blocks 13 Oil Tankers, 22 Oil Product Vessels at France's Fos-Lavera Oil Port—Refineries Forced to Slash Output as Protests Cut Supply Availability

Reuters, 04:10 December 9, 2008

Bloomberg News, 09:15 December 9, 2008

Russian Oil Production to Reach 10.7 Million b/d by 2020, Begin Dropping Thereafter—Energy Ministry

<http://www.platts.com/Oil/News/8220818.xml?p=Oil/News&sub=Oil>

MODEC Begins Production at 30,000 b/d FPSO Song Doc Pride MV19 Offshore Vietnam

http://www.rigzone.com/news/article.asp?a_id=70428

StatoilHydro Opens 15,000 b/d Well in Norway's Brage Field

http://www.rigzone.com/news/article.asp?a_id=70407

Petrobras Says it Could be Able to Produce Oil from Pre-Salt Fields for Under \$40/Barrel

Bloomberg News, 11:04 December 9, 2008

Petrobras President Says Current Oil Prices will not Stall Brazilian Investments in Pre-Salt Oilfields

http://www.rigzone.com/news/article.asp?a_id=70418

TNK-BP's Russia-to-Europe Oil Exports to Drop 6 Percent in 2008, Year-on-Year, Official Says

http://www.downstreamtoday.com/News/Articles/200812/TNK_BP_Sees_Oil_Exports_Down_14117.aspx

Saudi Arabia Producing Oil at 107 Percent of its OPEC Quota, Making it Farther from Quota Compliance than Other OPEC Members—Bloomberg

Bloomberg News, 19:01 December 8, 2008

Oil Sands Production Causes about 1 Billion Gallons of Contaminated Water Leaks in Alberta per Year, Environmental Defence Report Says—Government Scientist Says Conclusion is False

<http://www.canada.com/topics/news/national/story.html?id=1049842>

North Slope, Alaska Oil Production Forecasted to Drop 24,000 b/d in 2010 Fiscal Year

<http://www.reuters.com/article/marketsNews/idUSN0927775120081209>

Exco Resources Says Haynesville Shale Well Producing Approximately 23 MMcf/d of Natural Gas

DJN, 11:57 December 9, 2008

Reuters, 12:05 December 9, 2008

PetroHawk Energy Says Haynesville Shale Wells Produce More Than 20 MMcf/d of Natural Gas

DJN, 11:57 December 9, 2008

Update: Williams Ends Operational Flow Order on Transco Natural Gas Pipeline System as Forecasts Call for “More Moderate” Temperatures in U.S. Northeast

<http://www.reuters.com/article/marketsNews/idUSN0851802920081208>

Update: Cheyenne Plains Gas Pipeline Company Lifts Force Majeure along Medicine Bow Natural Gas Lateral in Wyoming December 8-9

<http://ebb.cigco.com/ebbCIG/Notices/NoticeView.asp?sPipelineCode=CP&sSubCategory=Critical&sNoticeId=692>

Update: Court Says U.S. Maritime Administration Did Not Overstep Authority in Awarding New Jersey Right to Approve or Reject Planned 2 Bcf/d Safe Harbor LNG Project Offshore New York

<http://www.platts.com/Natural%20Gas/News/6042655.xml?p=Natural%20Gas/News&sub=Natural%20Gas>

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>

Please direct comments and questions to: ead@oe.netl.doe.gov