



ENERGY ASSURANCE DAILY

Wednesday Evening, September 24, 2008

Major Developments

More Than 590,000 Customers Remain Without Power in Hurricane Ike-Stricken States September 24

Restoration efforts continue in Texas and Ohio, the states with remaining power outages as a result of Hurricane Ike which made landfall over twelve days ago. An estimated 570,000 customers remained without power across the state of Texas. The following table lists peak outages and figures based on latest available reports.

Hurricane Ike Customer Power Outages			
September 12 – September 24			
Electric Utility	State	Peak	Latest Reported
Louisville Gas & Electric	KY	301,000	0
AEP Ohio	OH	539,619	1,120
Dayton Power & Light	OH	225,000	8,000
FirstEnergy	OH	1,000,000	12,000
Duke Energy	OH/KY	915,989	41
CenterPoint Energy	TX	2,100,000	541,000
Entergy	TX	392,600	8,774
Sam Houston Electric Coop	TX	58,191	8,949
Texas-New Mexico Power Company	TX	113,247	15,374
TOTAL*		7,680,943**	595,258

*Total outages only represent electric utilities listed in this table.

** The peak includes outages not in this table, several affected utilities reported full restorations

Sources:

Louisville Gas and Electric: <http://www.wkyt.com/home/headlines/29685649.html>

AEP Ohio: <http://www.aepohio.com/news/outages/>

DP&L: <http://www.daytondailynews.com/n/content/oh/story/news/local/2008/09/24/ddn092408dplweb.html>

FirstEnergy:

<http://www.daytondailynews.com/s/content/oh/story/news/local/2008/09/22/ddn092208disasterweb.html>

Duke Energy: <http://www.duke-energy.com/ohio/outages/current.asp>

CenterPoint Energy: <http://www.centerpointenergy.com/staticfiles/ike/outages.html>

Entergy: <http://www.entropy-texas.com/your%5Fhome/storm%5Fcenter/>

Sam Houston Electric Coop: <http://www.puc.state.tx.us/webapp/public/apps/emr/ByCountyCompany.aspx>

TXNM Power Company: <http://www.pnm.com/tnmp/ike-outage.htm>

Majority of Offshore Oil and Gas Production in Gulf of Mexico Remains Shut-in as Restoration Process Continues September 24

An estimated 812,657 b/d of oil production and 4,222 MMcf/d of natural gas output remained shut in the Gulf of Mexico September 24, the Minerals Management Service (MMS) said. Those totals account for about 62.5 percent of the region's oil production, and approximately 57.1 percent of its natural gas output. Offshore oil and gas operators continue to reboard platforms and rigs and restore production, according to the MMS. A total of 203 production platforms, or 29.3 percent of the Gulf's 717 manned platforms, remain evacuated. A total of 23 manned platforms have been confirmed destroyed from Hurricane Ike. Personnel from 4 rigs, representing 3.5 percent of the 116 operating in the region, remain evacuated. Percents in prior situation reports were calculated based on 121 operating rigs, but five were severely damaged or destroyed by Ike and are no longer counted, MMS said.

<http://www.mms.gov/ooc/press/2008/press0924.htm>

DOE Delivering Crude from Strategic Petroleum Reserve to Citgo's 429,500 b/d Lake Charles, Louisiana Refinery and to Marathon Oil Company

The U.S. Department of Energy (DOE) said it was delivering 250,000 barrels of oil from the Strategic Petroleum Reserve to Citgo's 429,500 b/d Lake Charles, Louisiana refinery, and 250,000 barrels to Marathon Oil through its Redstick Pipeline. The affected companies requested the oil due to supply disruptions caused by Hurricanes Gustav and Ike, according to a DOE release.

<http://www.energy.gov/news/6568.htm>

<http://www.energy.gov/news/6571.htm>

EPA Issues Hurricane-Related Fuel Waiver for Georgia September 23

On September 23, the Environmental Protection Agency, in consultation with the Department of Energy, issued a waiver for Georgia-specific low sulfur gasoline requirements in 45 counties in and around Atlanta. This waiver will continue through October 12, 2008. Federal low sulfur gasoline requirements will still be in effect.

<http://www.epa.gov/compliance/civil/caa/fuelwaivers/>

Update: Entergy's 966 MW River Bend Nuke Unit 1 in Louisiana Ramped Up to 45 Percent September 24

The unit shut due to low demand after Hurricane Gustav. The Nuclear Regulatory Commission reported on the morning of September 23 the unit was operating at 15 percent.

Information derived from NRC Power Reactor Status Reports:

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

Restoration of Louisiana Oil and Gas Production on the Rise, Still Large Portion of Production Remains Down September 24

On September 24, the Louisiana's Department of Natural Resources reports that 52,916 b/d or 34 percent of the normal Louisiana oil production has been restored. Operators in 17 parishes and in-State offshore areas normally produce 155,767 barrels/day (the numbers are in addition to MMS reports of Federal offshore production). Shut-in oil production is 69,446 b/d and the status of remaining 33,405 b/d is unknown. The estimated amount of restored gas production is 574 MMcf/d or 35 percent of the daily gas production capacity, which is 1,642 MMcf/d. The estimated amount of shut-in gas production is 755 MMcf/d with the status of the remaining 312 MMcf/d has not been confirmed.

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

Five Refineries Remain Down in Gulf Coast Area September 24

Five refineries remain shut down as of 10 AM September 24 in the Port Arthur and Texas City areas, with a total operable capacity of 1.2 million b/d. Companies reported various stages of progress in restoration efforts, related to both Hurricane Gustav and Ike:

- BP's 467,720 b/d Texas City, Texas refinery began restart procedures on September 23.
- ExxonMobil's 567,000 b/d Baytown, Texas refinery has been producing at reduced volumes since September 23.
- Valero's 199,500 b/d Texas City, Texas refinery has fully restarted and all main production units are operating with the entire facility still operating at somewhat reduced rates.
- Pasadena Refining's 100,000 b/d Pasadena, Texas refinery has restored the crude unit and expects to have most units operating within three days.

http://www.oe.netl.doe.gov/docs/2008_SitRep_17_Ike_092408_12PM.pdf

Bloomberg News, 11:32 September 24, 2008

Bloomberg News, 13:39 September 23, 2008

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=114325>

Gulf Coast Area Waterways Continue to Clear in Hurricane Ike's Wake September 24

As of 8:00 AM September 24, the Houston Ship Channel is now open to project depth, meaning both day and night operations are permissible. The Calcasieu River into Lake Charles, Louisiana is now open to project depth. Transit at night above mile marker 190 on the Lower Mississippi River is restricted to vessels with drafts of 30 feet or less.

http://www.oe.netl.doe.gov/docs/2008_SitRep_17_Ike_092408_12PM.pdf

As Retail Gasoline Stations Continue to Re-open Following Ike Related Closures, Fuel Shortages Remain Problematic across Southeast U.S. September 24

Gasoline stations continue to re-open in the hurricane affected areas as power is restored. As of 11:00 PM September 23, approximately 95 percent of Shell-branded stations in Houston and Beaumont were now open, which is up from September 21 when 90 percent of their gasoline stations were reported open. On September 24, ConocoPhillips reports it continues to re-supply and re-power its gasoline stations in southeast Texas. Valero notes that it has now reopened nearly all of the company-operated retail stores in the Houston region that were shut down due to Hurricane Ike. ExxonMobil also reports similar efforts but has stated that some of their stores may experience periodic outages. The effects of Hurricane Ike are still prevalent at fuel stations in the Southeast U.S., specifically in the metropolitan Atlanta, Georgia area where some gas stations across the city are running on empty. http://www.oe.netl.doe.gov/docs/2008_SitRep_17_Ike_092408_12PM.pdf
Bloomberg News, 13:28 September 23, 2008

Nine of 26 Major Natural Gas Pipelines in Gulf Coast Area Shut-in September 24

As of 10:15 AM EDT September 24, nine of the 26 major natural gas pipelines in the Gulf Coast area continue to report complete shut-in of their systems. The remaining pipelines report that portions of their systems remain at reduced levels of gas flow due to Hurricane Ike. Damage assessments continue to be performed both at onshore and offshore facilities and the pipelines continue to provide updates to their customers on those points along the systems that were impacted and are now approved to flow gas as the integrity of the line was verified. Individual companies reported progress or setbacks in restoration efforts:

- As of 9:30 AM EDT September 24, Natural Gas Pipeline Company of America (NGPL) reports that power has been restored to Compressor Station 343 in Liberty County, Texas and the Force Majeure remains in effect for Compressor Station 342 in Cameron Parish, Louisiana. In addition, the leaks found on the Louisiana Line have been repaired and NGPL has notified its customers that the capacity along this segment has increased and the restrictions have been lifted.
- On September 22, Sea Robin Pipeline Company commenced gas flow on those segments that have been cleared and available to flow. Certain segments along the East and West Legs of Sea Robin's offshore system sustained damage from Hurricane Ike and will remain out of service. No time frame has been provided for when service will commence at these segments.
- ANR Pipeline Company said additional points along the Southeast Area have been inspected and cleared to flow gas. The Cameron Meadows lateral segment remains shut-in. Inspections continue on both offshore and onshore facilities.
- The Chandeleur Pipeline Company said September 23 its operationally scheduled volumes indicate pipeline is flowing at almost 80 percent of pre-hurricane levels.
- The Columbia Gulf Transmission Company said September 23 its flow from offshore points has been reduced to approximately 60 percent of normal operating capacity.
- The Tennessee Gas Pipeline Company said September 23 that further inspections are needed for the Southeast Louisiana lateral resulting in shut-in gas flow from multiple points along this segment. The company estimates that 575 MMcf/d remains shut-in due to Ike.

http://www.oe.netl.doe.gov/docs/2008_SitRep_17_Ike_092408_12PM.pdf

Electricity

TVA's 1,118 MW Browns Ferry Nuke Unit 2 in Alabama Ramped Up to 98 Percent September 24

The unit was shut last week in response to a hydrogen leak in the reactor's main generator. The Nuclear Regulatory Commission reported September 23 the unit was operating at 40 percent.

<http://www.knoxnews.com/news/2008/sep/22/tva-nuclear-plants-offline-repairs/>

Information also derived from NRC Power Reactor Status Reports:

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

Duke's 846 MW Oconee Nuke Unit 2 in South Carolina Ramped up to 18 Percent September 24

The unit was brought off-line early September 24 to fix an oil leak in the main transformer and is now in the process of repowering. The Nuclear Regulatory Commission reported September 23 the unit was at full operation.

<http://www.reuters.com/article/marketsNews/idUSN2443305420080924>

Information also derived from NRC Power Reactor Status Reports:

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

Workers Begin Removing Nuclear Waste from Deactivated Indian Point Unit 1 Plant in New York September 22

Workers have removed spent nuclear fuel rods from the deactivated Indian Point 1 nuclear plant in New York and expect to drain 500,000 gallons of radioactive water from the deactivated reactor's storage pool by the end of 2008. The plant was in operation from 1962 to 1974 and is the only nuclear site in the U.S. that is leaking strontium 90, a highly radioactive isotope. The removal of the nuclear waste and radioactive water will put a stop to the leakage.
<http://www.lohud.com/apps/pbcs.dll/article?AID=2008809220332>

Update: AEP's 1,048 MW D.C. Cook Nuke Unit 1 in Michigan Remains Offline after September 20 Fire

According to a company representative, it could take months before the unit is able to return to service.
<http://www.ibtimes.com/prnews/20080924/donald-c-cook-nuclear-power-station.htm>

Energy Future Holdings 800 MW Martin Lake Coal-fired Unit 1 in Texas Shuts September 23

According to the company, the shutdown process has begun and it is expected to be a short-term forced outage. Bloomberg News, 14:57 September 23, 2008

Petroleum

Fire Shuts Kinder Morgan's Pasadena Oil Terminal in Texas and Stops Flow along Longhorn Products Pipeline September 23

A fire which broke out in a pipeline manifold around 10:30 PM CDT late September 23 at Kinder Morgan's Pasadena oil terminal in Texas has shut the terminal and halted shipments along Longhorn's 18-inch products pipeline which starts at its Galena Park terminal. The blaze was extinguished at 9:30 AM CDT September 24 by firefighters and the cause of the fire is being investigated a Kinder Morgan representative said. The Pasadena terminal has 10 pits or manifolds and has the capacity to store approximately 15.2 million barrels. The fire affected one manifold, leaving nine others to operate once the terminal resumes service. The estimated timeframe for the terminal to resume normal operations is 24 to 48 hours. A Longhorn Pipeline Company representative has no information as to when the 694-mile, 72,000 b/d pipeline will restore normal operations.
<http://www.bloomberg.com/apps/news?pid=20601087&sid=aY10r42f3f34&refer=home>
<http://www.reuters.com/article/rbssEnergyNews/idUSN2444404820080924>
Bloomberg News, 11:39 September 24, 2008

U.S. Gasoline Demand Drops to 20-Month Low of 8.7 Million b/d Due to Hurricane Ike Related Outages along Gulf Coast, MasterCard Reports

In a report released by MasterCard September 24, U.S. gasoline demand dropped 7.6 percent in the week ending September 19 to the lowest level since January 2007. The report is blaming the refinery and filling station outages along the Gulf Coast due to Hurricane Ike as the reason for the large drop in demand. The data for the report is based on credit card swipes, cash and check payments at approximately 140,000 gasoline stations across the U.S.
<http://www.mastercardadvisors.com/research/pressrelease.jsp?page=news&newsId=440>
Bloomberg News, 13:01 September 23, 2008

ConocoPhillips, EnCana Begin Wood River, Illinois Refinery Expansion Project to Increase Capacity by 16 Percent

ConocoPhillips and EnCana Corp. began construction this week on an expansion at Wood River refinery to boost its Canadian heavy-oil processing. The Wood River refinery will more than double its capacity to refine heavy oil from Canada's oil sands into fuels such as gasoline and diesel to 240,000 b/d in 2011, EnCana said today in a statement. Crude-oil processing capacity at the plant will increase 16 percent to 356,000 barrels a day.
<http://www.encana.com/investors/newsreleases/P1222207507287.html>

Update: BTC Pipeline Reopens Following Brief Shutdown September 23, BP Reports

The 1 million b/d Baku-Tbilisi-Ceyhan (BTC) pipeline has reopened after a short period of planned maintenance, a BP representative reported September 24. The BTC line had been operating at about 40 percent capacity due to production cuts at the associated Azeri-Chirag-Gunesli (ACG) field in Azerbaijan.
<http://www.reuters.com/article/rbssEnergyNews/idUSLO9548620080924>

Natural Gas

Iran Seeks to Build \$4 Billion Natural Gas Pipeline to Europe

Iran announced September 24 its intention to build the Pars Pipeline designed to deliver natural gas to Europe as a rival to projects backed by the EU and Russia. The Pars Pipeline is slated to begin in Iran, cross Turkey, passing on to Greece, Italy and onward to Switzerland, Austria and Germany. A Deputy Oil minister in Iran said Eastern Europe will be completely avoided and current plans show all countries along the proposed route will be given the option to buy Iranian natural gas. The same Iranian official said Iran is in talks with an unnamed but renowned European company.

Bloomberg News, 11:35 September 24, 2008

Other News

Nothing to report.

Energy Prices

U.S. Oil and Gas Prices			
September 24, 2008			
	Today	Week Ago	Year Ago
CRUDE OIL			
West Texas Intermediate U.S.	107.42	93.53	82.51
\$/Barrel			
NATURAL GAS			
Henry Hub	7.85	7.76	6.12
\$/Million Btu			

Source: Reuters and Bloomberg

Energy Notes

First U.S. Carbon Auction set for September 25 – 10 Northeastern States involved; Connecticut, Delaware, Maine, Maryland, Massachusetts, New Jersey, New Hampshire, New York, Rhode Island, and Vermont

<http://www.msnbc.msn.com/id/26838168/page/2/>

Nigeria Plans Privatization of State-owned Fuel Marketing and Gas Companies to Begin in October 2008, National Council on Privatization Says

<http://www.platts.com/Natural%20Gas/News/8049158.xml?p=Natural%20Gas/News&sub=Natural%20Gas>

Recent One day \$25/barrel Price Spike in Crude Oil Seen as 'Anomaly', Secretary Bodman Most of Increase Reversed Next Day

<http://www.platts.com/Oil/News/6961842.xml?p=Oil/News&sub=Oil>

Oil Deal Signed Between Venezuelan President Chavez and Chinese President Hu September 24

Venezuela to Export 1 Million b/d to China by 2012

http://www.rigzone.com/news/article.asp?a_id=67036

Portland General Electric Building Small Network of Electric Filling Stations for Plug-in Electric Vehicles across Urban Centers of Oregon

<http://www.katu.com/news/29632349.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

Energy Assurance Daily provides a summary of public information concerning current energy issues. Published Monday through Friday to inform stakeholders of developments affecting energy systems, flows, and markets, it provides highlights of energy issues rather than a comprehensive coverage. *Energy Assurance Daily* is updated online Monday through Friday after 5:00 p.m. EST. For more information, visit the Infrastructure Security and Energy Restoration (ISER) website at:

<http://www.oe.netl.doe.gov/ead.aspx>

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