

U.S. DEPARTMENT OF ENERGY
**Office of Electricity Delivery and
Energy Reliability**



ENERGY ASSURANCE DAILY

January 26, 2006

Electricity

Update: APS Restarts 1,234 MW Palo Verde Nuke, Will Run at Reduced Power for Weeks

Arizona Public Service has restarted a 1,243 MW reactor at the Palo Verde Nuclear Generating Station that had been shut on January 18. The company indicated that the unit could operate at reduced power levels for some weeks as utility officials try to fix a vibrating coolant pipe. The two other Palo Verde units remain at full power.

<http://kvoa.com/global/story.asp?s=4394019&ClientType=Printable>.

Hydro One Upgrading Niagara Transmission System

Hydro One is adding additional transmission capacity to its system that will enable it to increase import capacity of electricity from New York to 800 MW. At the same time, the upgrade will enable the company to manage the additional power from Ontario Power Generation as well as making new generation development possible in the Niagara Falls area.

http://www.hydroone.com/en/media_centre/news_releases/2006_01_25.asp

Faulty Pump Leads Exelon to Cut Output at Oyster Creek Nuclear Plant in New Jersey

Exelon announced that the AmerGen Energy (a wholly owned subsidiary of Exelon) had reduced power output at its 636MW Oyster Creek nuclear generating station in New Jersey to investigate the cause of a pump failure. The company representative indicated that the plant would continue to operate at 52 percent of capacity until the cause for the failure was determined and repairs could be undertaken.

Bloomberg, 8:51 January 26, 2006.

Reuters, 11:16 January 26, 2006.

TXU's Big Brown Unit 2 Shut January 25, Expected Back in Service Soon

TXU reported to state regulators in Texas that the company has shut the coal-fired 560 MW unit 2 at the Big Brown generating station in Freestone County, Texas for maintenance and repairs. The company anticipates that the unit will be returned to service on January 28.

Reuters, 12:33 January 26, 2006.

AES's 336 MW Gas-fired Unit 4 at the Alamos Generating Plant in California Shut January 25

Reuters, 20:32 January 25, 2006.

CDWR's 225 MW Pine Flat Hydro Plant in California Shut January 25

Reuters, 20:32 January 25, 2006.

Petroleum

Magellan to Expand Marine Terminal Capabilities in Texas and Louisiana

Magellan Midstream Partners has announced new projects at its marine terminals which include construction of more than 2.5 million barrels of refined petroleum products tankage and an expansion of rail car loading facilities at its Galena Park, Texas and Marrero, Louisiana operations. The company will also install equipment to provide ship and barge loading capabilities near its Corpus Christi, Texas facility. Magellan expects these projects to be fully operational by fall 2007.

<http://biz.yahoo.com/prnews/060126/dath016.html?v=42>.

Update: Kinder Morgan Gets Commercial Support for 75,000 b/d Trans Mountain Pipeline Expansion in Canada

Shippers and producers have agreed to provide commercial support to Kinder Morgan's 75,000 b/d expansion of the Trans Mountain pipeline system in Canada. The pump station phase of the expansion, which has already been approved by Canada's National Energy Board, will increase Trans Mountain's capacity to 260,000 b/d in early 2007. The Anchor Loop phase is expected to up that number to 300,000 b/d in late 2008. Trans Mountain runs from Edmonton, Alberta, to Vancouver and across the US border to the Puget Sound region of Washington.

Source: Kinder Morgan

<http://phx.corporate-ir.net/phoenix.zhtml?c=93621&p=irol-newsArticle&ID=809001&highlight=>
<http://biz.yahoo.com/prnews/060126/dath012.html?v=43>.

Oily Residue Spread Over Neighborhood Near ExxonMobil's Baytown Refinery, Texas Officials Investigating

In an effort to determine if a health threat is involved, investigators from the Texas commission on Environmental Quality are taking samples of an oily substance that covered vehicles, buildings, and yards near the 557,000 b/d ExxonMobil refinery in Baytown, Texas. On January 21, the company announced that process gas oil was released in vapor. ExxonMobil has deployed contractors to clean up the affected area. Reuters, 19:32 January 25, 2006.

U.S. Says SPR Crude Loaned to be Returned Beginning in March

To help ensure adequate supplies of winter heating oil the Department of Energy allowed companies that borrowed oil from the Strategic Petroleum Reserve to help make up for losses stemming from the hurricanes in 2005 to delay returning oil to the SPR. The DOE has now indicated that no further delays are planned but noted that should companies request additional time to repay the loans that such requests would be considered and might be accommodated.

Reuters, 13:43 January 26, 2006.

J.P. Morgan Sees Refinery Maintenance as Much as 80 Percent Higher than in 2005

According to J.P. Morgan estimates, maintenance during the first quarter of 2006 could be as much as 80 percent above the level undertaken during the same period in 2005. A survey conducted by Reuters among U.S. refiners indicates that approximately 700,000 b/d of capacity will be shut for maintenance in January and part of February with the amount declining thereafter through May.

Reuters, 10:50 January 26, 2006.

Natural Gas

Nothing to Report.

Other News

Peabody Energy Sees Demand for Powder River Coal Above Railroad Capacity

According to a forecast from Peabody Energy, demand for coal from the Powder River Basin in Wyoming, will increase by 15 percent. However, Peabody estimates that the existing rail facilities will be able to handle only half of the projected increase. Peabody also forecasts a tight supply/demand balance worldwide.

Reuters, 08:38 January 26, 2006

Reuters, 08:33 January 26, 2006

Energy Prices

U.S. Oil and Gas Prices			
January 26, 2006			
	Today	Week Ago	Year Ago
CRUDE OIL			
West Texas Intermediate U.S.	65.80	66.86	48.80
\$/Barrel			
NATURAL GAS			
Henry Hub	7.86	8.21	6.44
\$/Million Btu			

Source: Reuters

Hurricane Katrina/Hurricane Rita Evacuation and Production Shut-in Statistics Report from MMS

<http://www.mms.gov>

Updated after 2:00 pm EST every other Wednesday.

This Week in Petroleum from the EIA

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated on Wednesdays.

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 1:00 pm EST on Wednesdays.

Natural Gas Weekly Update from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 pm EST on Thursdays.

Infrastructure Security and Energy Restoration Website from ISER/OE/DOE

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

Updated after 5:00 pm EST (Mon. thru Fri.) with latest Energy Assurance Daily; previous Energy Assurance Daily and emergency situation reports are also posted on the website.

NOTE: *An updated situation report is being posted on January 26, 2006*