



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

ENERGY ASSURANCE DAILY

Tuesday, January 31, 2006

Electricity

FPL Announces Five-Point Program to Strengthen Florida's Electricity Grid

Florida Power & Light has presented to the Florida Public Service Commission its Storm Secure Plan, a five-point program to substantially strengthen the company's electric grid against future hurricanes. Highlights of the plan include: hardening the electric network, investing in underground conversions, inspecting electric poles for safety, clearing vegetation to protect power lines, finishing repairs from the 2005 hurricane repairs and upgrading targeted facilities.

http://home.businesswire.com/portal/site/google/index.jsp?ndmViewId=news_view&newsId=20060130006183&newsLang=en

AEP Files with FERC for 765 kV Transmission Line from WV to NJ

American Electric Power has filed with the FERC and PJM Interconnection to build a new 765 kV transmission line stretching from West Virginia to New Jersey. The proposed 550-mile line is designed to improve west-to-east transfer capability by about 5,000 MW and reduce transmission line losses by 280 MW.

<http://www.platts.com/Electric%20Power/News/7236345.xml?S=n>

Petroleum

Valero Cuts Crude Runs Slightly at Ohio Refinery, Gasoline Output Unchanged

Valero Energy Corp. said it cut crude runs slightly at its 170,000 b/d refinery in Lima, Ohio, but the gasoline yield remains about the same. Valero said the cuts were due to very high cost incremental sweet crude delivered to the refinery relative to seasonal demand in the regional market. The company says that gasoline output has not changed because they are processing intermediate feedstocks from storage. On Jan. 30, Valero said it had not cut runs at any of its refineries despite talk from traders, who said runs had been cut at three Valero Texas refineries.

Reuters, 12:29 January 31, 2006.

Valero CEO Says 6 Percent of US Refining Capacity Will Be Shut in First Quarter

Valero Energy Corp. CEO Bill Klesse said that U.S. supplies of refining products such as gasoline and diesel will be tight in the first quarter on heavy maintenance at U.S. refineries. He said that six percent of U.S. refining capacity will be shut for maintenance from January through April. He also said that gasoline production will be tight as 11 percent of U.S. catalytic cracking capacity will be down in March.

Reuters, 11:30 January 31, 2006.

Venezuelan Tanker Carrying 1.1 Million bbls Runs Aground, No Risk of Spill

Venezuelan engineers were working on Jan. 31 to refloat a grounded oil tanker carrying 1.1 million barrels of crude in an operation that could take four to five hours. The Kim Jacob tanker ran aground over the weekend on its way to the Hovensa refinery in St. Croix after loading a cargo of Mesa and Mery crudes at Jose port in eastern Venezuela. The cause of the accident has not yet been determined but the captain has said that there is no risk of an oil spill because the tanker has a double hull. The Hovensa refinery is the third largest in North America.

Reuters, 12:08 January 31, 2006.

Update: TransCanada Will Have 340,000 b/d for Keystone Pipeline to US Midwest

TransCanada Corp. said its Keystone oil pipeline project had secured firm, long-term contracts from shippers totaling 340,000 b/d for an average of 18 years. TransCanada will now proceed with regulatory filings for approval of the pipeline project that will transport crude oil from Alberta to U.S. mid-west refineries.

Reuters, 08:30 January 31, 2006.

Update: Shell's 115,000 b/d EA Field Back to Normal Production in Nigeria

Royal Dutch Shell has resumed normal production at its 115,000 b/d EA offshore oilfield in Nigeria after repairs to a technical fault. The field was shut after a militant attack on Jan. 11 in which four foreign oil workers were kidnapped. Production at Shell's 106,000 b/d Forcados oilfield, which was shut after a pipeline attack also on Jan. 11, remained shut. Oil Minister Edmund Daukoru has said that all closed production will be restarted by the end of February.

Reuters, 12:22 January 31, 2006.

Reuters, 05:12 January 31, 2006.

Update: Russia's January Oil Output Fell by 180,000 b/d Due to Extreme Cold

Russian oil output fell by around 180,000 b/d in January versus December's record production to around 9.47 million b/d. January output has been curbed for a third straight week because of severe cold.

Reuters, 09:06 January 31, 2006.

Iran Reported to UN Security Council, Oil Min: "Iran Will Not Stop Exports"

Foreign ministers from Russia, China, Britain, France and the United States have decided to ask the IAEA to take the case of Iran's nuclear program to the U.N. Security Council. Iran has reportedly reacted in anger to the move, saying the action would close diplomatic avenues to a solution of its nuclear standoff. At the OPEC meeting in Vienna, Iran's oil minister eased energy concerns saying: "Iran will not stop exports."

<http://www.cnn.com/2006/WORLD/meast/01/31/iran.nuclear/>

http://biz.yahoo.com/rb/060131/energy_opec.html?v=4

OPEC Cannot Cover Possible Iran Disruption but Spare Capacity Growing

On Jan. 31, the Qatar Oil Minister said that OPEC will "not be able to cover any shortfall" if Iran's production disappears. Iran supplied 4 million barrels of OPEC's 30 million barrel daily production in 2004. Also on Jan. 31, OPEC President Edmund Daukoru said that OPEC's spare output capacity stands at 2 million b/d and will grow further this year.

Reuters, 09:11 January 31, 2006.

<http://www.platts.com/Oil/News/8269580.xml?S=n>

www.eia.doe.gov

Saudi Arabia's Production Capacity to Rise 300,000 b/d from Haradh Field

Saudi Oil Minister Ali Al-Naimi said that Saudi Arabia's oil output capacity will rise to 11.3 million b/d by April. Naimi said the 300,000 b/d capacity increase would be Arab Light crude from the Haradh field.

Reuters 03:56, January 31, 2006.

Update: Iraq Implementing New Security Measures to Meet 1.57 Million b/d Goal

Iraq is implementing new security measures at its northern pipeline so that the country can meet its goal of increasing production by 300,000 b/d by the end of February.

Reuters, 05:50 January 31, 2006.

Natural Gas

Broadwater Seeks FERC Approval for 1 Bcf/d Long Island LNG Terminal

Broadwater Energy, a joint venture of TransCanada Corp. and Royal Dutch/Shell Group, has formally applied for FERC approval of its proposed floating LNG terminal on the Long Island Sound, 11 miles off the coast of Branford, Connecticut. Broadwater plans to begin operation in late 2010, supplying 1 Bcf of natural gas a day.

<http://www.newsday.com/news/local/wire/connecticut/ny-bc-ct--lngterminal0130jan30.0.6011074.story?coll=ny-region-apconnecticut>

Enbridge to Expand and Extend East Texas Natural Gas System

Enbridge Energy Partners, has confirmed that it has received customer commitments to support construction of an expansion and extension of its East Texas natural gas system. Key components of the project, which will be operational in 2007, include a 36-inch 700 MMcf intrastate pipeline, a 250 MMcf/d treating facility near Marquez and a number of upstream facilities. The new infrastructure will support growing natural production in East Texas. Enbridge completed a 500 MMcf/d transmission pipeline in mid-2005, which is supposed to reach capacity in mid-2006.

<http://www.primezone.com/newsroom/news.html?d=93153>.

Fifth Unit at Shell's Nigerian LNG Project to Come on Stream in February, One Month Late

Reuters, 12:20 January 31, 2006.

Other News**President to Focus on Energy Independence in State of the Union**

During tonight's State-of-the-Union speech, President Bush will make a "big time" pitch for US independence from foreign sources of oil. The President will focus on reducing US oil consumption by promoting alternative fuels and new technologies. Sources also report that Bush will talk about nuclear energy.

Oil Daily, January 31, 2006.

Platt's, January 30, 2006.

Energy Prices

U.S. Oil and Gas Prices			
January 31, 2006			
	Today	Week Ago	Year Ago
CRUDE OIL			
West Texas Intermediate U.S.	67.92	68.83	48.25
\$/Barrel			
NATURAL GAS			
Henry Hub	8.68	8.60	6.14
\$/Million Btu			

Source: Reuters

Energy Notes**Oil Giants are Likely to Continue Operating in Nigeria despite Attacks**

<http://www.miami.com/ml/d/miamiherald/business/national/13751894.htm>.

Putin Says No Plans to Further Nationalize Russia's Energy Sector

Reuters, 07:00 January 31, 2006.

Experts Say U.S. Buyers Will Have to Compete for Atlantic Basin LNG Supplies, Will Find Access Issues a Continuing Challenge

National Gas Intelligence, January 30, 2006.

Weekend Power Failure Leaves 90 Percent of Yukon Territory without Power

Canadian Press, January 30, 2006.

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 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.

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