



ENERGY ASSURANCE DAILY

Monday, February 26, 2007

Major Developments

Weekend Ice Storm Knocks Out Power to More Than 450,000 Customers in Midwest Iowa Hardest Hit, Restoration Could Take More Than One Week

A heavy snow and ice storm moved across the Midwest over the weekend, knocking out power to about 450,000 customers in Iowa, Illinois, Indiana and Minnesota. Minor customer outages were also reported in Nebraska, Oklahoma, Missouri and Ohio. As of 3 p.m. EST this afternoon, local newspapers and electric company websites were reporting about 164,500 customers without power in the severely affected Midwest service areas. Of the affected states, Iowa was the hardest hit, with utilities reporting nearly 250,000 customers without power at the peak. Iowa Governor Chet Culver declared a "State of Emergency" for 58 counties over the weekend. Speaking of conditions in Iowa, an Alliant Energy spokesman told AP yesterday that "it could be at least three days if not more than one week before we get all the customers back on. We've got close to 2,500 poles down — over 500 miles of line down." Due to the storm, the Midwest Independent System Operator (MISO) temporarily ordered Conservative System Operating Procedures yesterday for its West Region companies.

Midwest Customer Power Outages			
February 24-26			
Electric Companies	State	Peak	Latest Reported
Alliant Energy	Iowa, Minnesota	175,000	60,000
Iowa Association of Electric Cooperatives	Iowa	100,000	45,000
MidAmerican	Iowa, Illinois	75,000	35,000
ComEd	Illinois	38,000	0
Ameren	Illinois	34,000	22,000
NIPSCO	Indiana	30,000	2,500
TOTAL*		452,000	164,500

*Total outages only represent electric power generators listed in this table.

Sources: <http://desmoinesregister.com/apps/pbcs.dll/article?AID=/20070225/NEWS/70225004/1001>
<http://desmoinesregister.com/apps/pbcs.dll/article?AID=/20070226/NEWS/70226037/1001/COMM09>
<http://www.press-citizen.com/apps/pbcs.dll/article?AID=/20070226/NEWS01/70226001>
<http://www.cantondailyledger.com/articles/2007/02/26/news/news04.txt>
<http://www.fortwayne.com/mld/fortwayne/news/local/16787363.htm>
http://www.wqad.com/Global/story.asp?S=6140071&nav=menu132_3
<http://www.timesrepublican.com/News/articles.asp?articleID=7125>
<http://www.chron.com/disp/story.mpl/ap/nation/4581264.html>
<http://www.midwestmarket.org/page/Real-Time%20Info>

Alliant Energy: <http://desmoinesregister.com/apps/pbcs.dll/article?AID=/20070225/NEWS/70225004/1001>
<http://alliantenergy.com/docs/groups/public/documents/pub/p013332.hcsp>

NIPSCO: <http://www.nipsco.nisource.com/news/022607.pdf>

Ameren: http://www.ameren.com/Outage/ADC_RS_StormCenter.asp

Iowa Association of Electric Cooperatives: <http://www.iowarec.org/public/whatsnew/index.shtml>

Electricity

Strong Winds Knock Out Power to 47,000 Customers in Texas and Oklahoma February 25

Winds up to 60 miles-per-hour left some 37,000 customers without electricity in Texas and another 10,000 in Oklahoma on Sunday.

http://abclocal.go.com/kgo/story?section=nation_world&id=5067569

Update: Duke Energy's 846 MW Oconee Nuke Unit 1 in South Carolina Back at Full Power February 26

The unit exited an outage and ramped up to full power by early Monday. Units 1 and 2 at the Oconee nuclear power station shut on February 15 due to an anomaly at the switchyard at the 680 MW Jocassee pumped storage hydropower station located nearby. Transmission lines connect the switchyards at Jocassee and Oconee. Unit 2 returned to service by February 20.

Reuters, 7:57 February 26, 2007

TMPA's 462 MW Gibbons Creek Coal-fired Unit in Texas Returns to Service February 25

Texas Municipal Power Agency's coal-fired power station returned to service by early Monday. The unit shut yesterday due to an equipment failure.

Reuters, 13:28 February 26, 2007

Update: APS's 1,314 MW Palo Verde Nuke Unit 2 Exits Outage February 26

The unit exited an outage and ramped up to 12 percent by early Monday. The unit shut on February 19 due to an oil leak.

Reuters, 08:28 February 26, 2007

AEP's 690 MW Oklaunion Coal-fired Unit in Texas Shut February 22

Reuters, 19:34 February 23, 2007

TXU Scales Back Coal Power Plant Plans in Texas

The company had originally planned to build eight coal-fired power units to add 9,000 MW of generating capacity to the Texas grid. However, the company has scaled back its build program and now plans to build only three new coal units totaling 2,300 MW of capacity. In a call with analysts, TXU CEO John Wilder said the company can restart 1,600 MW of mothballed gas-fired power plants to meet supply possible supply needs in 2009.

Reuters, 10:06

CMS Considering New Coal-fired Plant for Michigan

CMS Energy announced that it will file a plan with regulators in Michigan for the construction of a new coal-fired power plant. If built, the plant would be the first new coal-fired base-load power plant to be constructed in the state in more than 20 years.

<http://www.platts.com/Coal/News/6358718.xml?p=Coal/News&sub=Coal>

NRC Chair Says Palo Verde Performance Shows Significant Problems

Following a tour of the facility, the Chairman of the Nuclear Regulatory Commission said that Arizona Public Service's Palo Verde nuclear generating station has significant performance problems including addressing symptoms instead of examining the reasons behind a problem. The NRC has downgraded the reactors resulting in increased oversight by the NRC at the facility.

<http://www.platts.com/Nuclear/News/6358722.xml?p=Nuclear/News&sub=Nuclear>

Petroleum

Update: Deal Reached to End Canadian National Rail Strike

Maine Propane Supply Situation Will Take Weeks to Recover

On February 24 a tentative agreement was reached between Canadian National Railway and union employees to end a two-week old strike. The strike has forced delays in deliveries of petroleum products and petrochemicals both in Canada and to the United States, and has forced a number of companies to declare force majeure. Settlement of the strike is seen as helping ease the propane supply problem that developed in Maine in part as a result of the strike. According to Maine officials, the propane situation will take weeks to fully recover. The impact of the strike also compounded the supply problems resulting from the shutdown of Imperial Oil's fire-damaged Sarnia refinery on February 15. (See story below for an update on the Imperial situation.)

Reuters, 22:07 February 24, 2007

<http://www.platts.com/Coal/News/6358719.xml?p=Coal/News&sub=Coal>

<http://www.platts.com/Petrochemicals/News/6358630.xml?p=Petrochemicals/News&sub=Petrochemicals>

<http://knox.villagesoup.com/Government/story.cfm?StoryID=87708>

Imperial Says Repairs at Sarnia Refinery Won't be Complete Until Mid-March

According to a statement from Imperial Oil, repairs to its 118,000 b/d Sarnia refinery in Ontario will not be completed into mid-March. The refinery was damaged by a fire that occurred on February 15. Imperial has not been able to fully supply its customers and is rationing supplies of distillates and gasoline until the repairs are completed. Reuters reports that about one-fifth of Imperial's gasoline outlets have closed as a result of the supply deficit.

Oil Daily, February 26, 2007

Reuters, 14:56 February 26, 2007

Flexicoker Malfunctions at ExxonMobil's 563,000 b/d Baytown Refinery in Texas February 24

According to a filing with Texas regulators, a flexicoker unit malfunctioned at the ExxonMobil Baytown refinery on Saturday.

Reuters, 20:13 February 25, 2007

Delek to Shut 2 Units at its 55,000 b/d Tyler Refinery in Texas February 26

According to a filing with Texas regulators, Delek US Holdings indicated that it would shut a sulfur recovery unit and a SCOT unit at the refinery for repair work. The units are expected to return by March 3.

Reuters, 10:34 February 26, 2007

Update: ExxonMobil Restarts Cat Cracker at its 155,000 b/d Torrance Refinery in California February 25

According to a company representative, ExxonMobil restarted a catalytic cracking unit at its 155,000 b/d Torrance refinery on Sunday. The unit has been out of service for unplanned maintenance since February 19. On February 9, the company announced that the refinery would operate at reduced rates while undergoing planned maintenance.

Bloomberg, 13:07 February 26, 2007

Suncor Announces Plans for 120,000 b/d Oil Sands Expansion in Alberta

Suncor filed preliminary documentation announcing plans to expand its oil sands operation in Alberta. Suncor anticipates filing of the application by mid-year 2007 with construction to begin in 2009 and production to start-up in 2011. The company estimates production at 120,000 b/d of bitumen over a 40-year period.

Oil Daily, February 26, 2007

Natural Gas

Maple LNG Import Project Gains Environmental Approval in Nova Scotia

On Friday, February 23, the proposed Maple LNG import terminal in Nova Scotia received a favorable report from the Nova Scotia Environmental Assessment Board. The project, part of a large petrochemical complex, has a planned sendout capacity of 1 Bcf/d.

Oil Daily, February 26, 2007

FERC Approves Maritimes and Northeast Pipeline Expansion in Maine

The Federal Energy Regulatory Commission (FERC) approved expansion plans for the Maritimes and Northeast Pipeline. The expansion will carry gas from the Canada into New England.

http://pro.energycentral.com/professional/news/gas/news_article.cfm?id=7882354

Unigas Plans 30 Bcf Natural Gas Storage Facility in Oklahoma

On February 23, Unigas Corp announced a plan to develop a 30 bcf natural gas storage system in Oklahoma. The company intends to begin filling the facility by the middle of next year. Planned withdrawal capacity will be 600 MMcf/d.

<http://news.tradingcharts.com/futures/9/6/89823869.html>

Other News

Houston Ship Channel Reopens February 24 After 2-Day Closure

The Houston Ship Channel reopened on February 24 after heavy fog closed the inbound channel for two days delaying some 50 ships. According to the U.S. Coast Guard, the backlog has been eliminated and the channel is operating normally.

Reuters, 08:36 February 26, 2007

Update: Illinois River Fully Reopens to Barge Traffic

The breakup of the remaining ice on the Illinois River over the weekend allowed full resumption of barge traffic for the first time in more than two weeks.

Reuters, 13:23 February 26, 2007

Energy Prices

U.S. Oil and Gas Prices			
February 26, 2007			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	61.41	59.14	60.48
NATURAL GAS Henry Hub \$/Million Btu	7.73	8.91	7.39

Source: Reuters

Energy Notes

Power Outage Snares Denver Airport February 25

<http://www.myfoxcolorado.com/myfox/pages/News/Detail?contentId=2490854&version=1&locale=EN-US&layoutCode=TSTY&pageId=3.2.1>

Clean Up of 450 bbl Oil Spill in Mississippi Continues February 23

<http://www.platts.com/Oil/News/6358558.xml?p=Oil/News&sub=Oil>

China Now a Net Importer of Coal

Reuters, 01:18 February 26, 2007

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/index.aspx>.

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