



ENERGY ASSURANCE DAILY

Tuesday, February 27, 2007

Major Developments

Update: 100,000 Customers Remain Without Power in Midwest, Virtually All in Iowa Alliant Energy Says Repaired Power Lines Vulnerable to New Storms

As of 3 p.m. EST today, local media and electric company websites were reporting an estimated 100,000 customers still without power in the Midwest, virtually all of them in Iowa. At the same time yesterday, an estimated 184,500 customers were reported without power in Iowa, Illinois, Indiana and Minnesota, down from a peak of 477,000 when a massive winter storm moved through the region over the weekend. Monday and weekend outage estimates are higher than reported yesterday because Alliant Energy, the hardest hit utility, raised its outage numbers after crews in the field were able to get a clearer picture of the damage. In addition, Alliant has said that some customers could be without electricity for two weeks, and that parts of the company's distribution system will be vulnerable to new storms because repairs to some power lines were made quickly and designed to last only temporarily.
<http://desmoinesregister.com/apps/pbcs.dll/article?AID=/20070227/BUSINESS/70227021/1001>

Midwest Customer Power Outages			
February 24-27			
Electric Companies	State	Peak	Latest Reported
Alliant Energy	Iowa, Minnesota	200,000	60,000
Iowa Association of Electric Cooperatives	Iowa	100,000	25,000
MidAmerican	Iowa, Illinois	75,000	(Iowa) 11,000
Commonwealth Edison	Illinois	38,000	0
Ameren	Illinois	34,000	3,000
NIPSCO	Indiana	30,000	1,000
TOTAL*		477,000	100,000

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

Sources: Energy Assurance Daily, February 26, 2007

Alliant Energy: <http://alliantenergy.com/docs/groups/public/documents/pub/p013332.hcsp>

Iowa Association of Electric Cooperatives: <http://www.ketv.com/news/11126762/detail.html>

MidAmerican: <http://www.ketv.com/news/11126762/detail.html>

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

NIPSCO: <http://www.thenewsdspatch.com/articles/2007/02/27/news/n3.txt>

Electricity

Update: Sempra/Occidental's 552 MW Gas-fired Elk Hills Unit Returns to Service 20 Days after Gas Field Explosion in California

The 662 MW Elk Hills gas-fired power plant jointly owned by Sempra Energy and Occidental Petroleum returned to service 20 days after it had been shut down following an explosion and fire at the gas field supplying the fuel for the plant. At present, the field which normally produces 120,000 boe/d is only partially back in service.
Reuters, 21:37 February 26, 2007

Update: APS's 1,314 MW Palo Verde Nuke Unit 2 Ramps Up to 78 Percent February 27

By early morning on February 27, the unit had ramped up to 78 percent of capacity as it continued to exit an outage and return to full capacity.
Reuters, 07:48 February 27, 2007

TransAlta and EPCOR to Proceed With 450 MW Keephills 3 Power Project in Alberta

TransAlta Corporation and EPCOR Utilities Inc. today announced they will proceed with building the 450 MW Keephills 3 power project to be located adjacent to the existing Keephills power plant in Alberta. Construction is expected to be completed by the end of the first quarter of 2011.

<http://www.transalta.com/transalta/webcms.nsf/AllDoc/39BA29A3499FB67F8725728E004AC362?OpenDocument>

<http://www.transalta.com/transalta/webcms.nsf/0/76FEA6403BECE73F8725728A007019DF?OpenDocument>

CMS's 778 MW Palisades Nuke in Michigan Shut February 27

Reuters, 08:10 February 27, 2007

OPG's 490 MW Nanticoke Coal-fired Unit 6 in Ontario Shut February 26

Reuters, 20:44 February 26, 2007

OPG's 490 MW Nanticoke Coal-fired Unit 1 in Ontario Shut February 26

Reuters, 20:44 February 26, 2007

PGE's 407 MW Helms Pump Hydro Unit 1 in California Shut February 26

Reuters, 20:44 February 26, 2007

Petroleum

Update: Toronto Fuel Crunch Continues, Shortages Expected Into Next Week

According to a company spokesman, some 20 to 30 Petro-Canada fuel stations in the Toronto area have run out of gas over the past few days, with some not reopening for hours. He also said that eighty stations were rationing gas by limiting fill-ups to 75 liters (about 20 gallons). Previously, Imperial Oil reported closing about a quarter of its 400 Esso stations in Ontario. A spokesman for Ontario Energy Minister Dwight Duncan said that shortages are expected to continue into next week, although the end of the CN Rail strike should ease the situation over the next few days. The Toronto area has been experiencing a fuel supply crunch due to the two-week long CN Rail strike and a fire two weeks ago that shut Imperial Oil's 118,000 b/d Sarnia refinery. The Sarnia refinery is not expected to resume full production until mid-March.

<http://www.canada.com/ottawa/news/story.html?id=77a3109c-cd26-442d-a3fd-57972a4e7c4a&k=86796>

Shell Canada's 130,000 b/d Montreal Refinery Returning to Normal Following Minor Problems

Shell Canada announced that production at its 130,000 b/d refinery in Montreal is returning to normal following unspecified minor equipment problems. Shell anticipates that production will be a full capacity later this week. As a result of the problems, Shell reduced production by an unspecified amount and had been rationing supplies to stations since last week.

Reuters, 11:51 February 27, 2007

Reuters, 11:17 February 27, 2007

Update: Valero Sees McKee Restart in Early April at About 85,000 b/d

On February 26, Valero announced that a partial restart of its McKee refinery could be achieved by early April. Valero believes that the refinery could be producing 55,000 b/d of gasoline and 20,000 b/d of distillates with a total output of 85,000 b/d. To achieve that rate of production, Valero hopes to have the crude unit, alkylation unit, reformer, fluid catalytic cracking unit and one of the sulfur recovery units re-commissioned and in operation. The refinery was damaged by a massive explosion and fire on February 16. Under normal conditions, the refinery has a capacity of 170,000 b/d.

Reuters, 12:58 February 27, 2007

Fog Again Halts Traffic on Houston Ship Channel

Outbound ship traffic resumed on the Houston Ship Channel by late Tuesday morning following a shut-down of the channel that lasted about 10 hours. Once again, the channel was shut due to heavy fog. Some 31 ships, including at least 16 tankers were backed up waiting for access into or out of the channel. Of the thirty one ships, a dozen ships were waiting to move outbound from the channel into the Gulf of Mexico. Those outbound ships must depart to free births needed by the inbound ships.

Reuters, 13:03 February 27, 2007

BP Cuts Production from 100,000 Cat Cracker by 30 Percent at its Los Angeles Refinery in California – Source

According to a source in the area, BP has reduced output from a 100,000 b/d catalytic cracking unit by 20 percent at its 260,000 b/d refinery in the Los Angeles area. The source anticipates that the reduction will last about one week. BP declined to comment on refinery operations.

Reuters, 12:19 February 27, 1007

Flaring at Total's 232,000 b/d Port Arthur Refinery in Texas February 26 Until March 8

A crack in a flare system was discovered at the refinery leading to the release of hydrogen sulfide and sulfur dioxide since yesterday. The company anticipates that the flaring will continue through March 8 until repairs on the system are complete.

Bloomberg, 09:11 February 27, 2007

Chavez Decrees 60 Percent Takeover of Foreign Oil Projects in Venezuela's Orinoco Belt

On Monday, Venezuelan President Hugo Chavez decreed that state-owned oil company PdVSA will takeover at least a 60 percent stake in four heavy-oil upgrading projects in the country's Orinoco Belt by May 1. Previously, Chavez had announced that the government would seek a majority stake in the projects, which are operated by BP Plc, ExxonMobil Corp., Chevron Corp., ConocoPhillips Co., Total SA and Statoil ASA. The projects have a production capacity of about 600,000 b/d. Chavez said that he does not want the companies to leave the country. Instead, he hopes they will stay as minority partners. Total SA's chairman Thierry Desmarest said the company fears the takeover will lead to operational problems.

<http://www.iht.com/articles/ap/2007/02/27/business/LA-FIN-Venezuela-Oil-Nationalization.php>

<http://news.moneycentral.msn.com/provider/providerarticle.aspx?feed=OBR&Date=20070227&ID=6538765>

Reuters, 18:57 February 26, 2007

Natural Gas

FERC Chair Endorses Alaska Governor's Plan for Natural Gas Pipeline

Following a meeting between the Chairman of the Federal Energy Regulatory Commission (FERC) and the Governor of Alaska on February 26, Chairman Joseph Kelliher stated that he believes that the plan is the best hope for the proposed pipeline to bring natural gas from Alaska to the Lower 48 States. Governor Palin will formally present the plan to the Alaska legislature on March 2. The plan is for an all-Alaska line to take the gas to port where it would be liquefied and shipped to market as LNG.

Reuters, 23:59 February 26, 2007

Other News

FRA Denies DM&E Loan for New Railway Out of Wyoming's Powder River Basin Effect on Railroad Project Uncertain

The Federal Railway Administration has denied a \$2.3 billion federal loan for the Dakota, Minnesota and Eastern (DM&E) Railroad's planned project to upgrade its entire 600-mile line through Minnesota and South Dakota, and extend it west to the coal fields in Wyoming's Powder River Basin. Currently there are only two railroads accessing the Powder River Basin, which supplies about 40 percent of the coal used for electricity generation in the United States. Asked whether the loan decision had doomed the rail project, DM&E president Kevin Schieffer said: "I think it's premature for anybody to rush to judgment on it one way or the other." DM&E still has federal approval for the project but it is uncertain whether the company will receive private financing to move forward with its plans.

http://www.postbulletin.com/newsmanager/templates/localnews_story.asp?a=285883&z=28

Energy Prices

U.S. Oil and Gas Prices February 27, 2007			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	61.41	57.77	61.00
NATURAL GAS Henry Hub \$/Million Btu	7.44	7.34	7.42

Source: Reuters

Energy Notes

U.S. Government May Sign Alternative Fuel Contracts to Create Markets – Bodman

<http://www.platts.com/Oil/News/6359791.xml?p=Oil/News&sub=Oil>

U.S. Petroleum Industry Remains Challenged in Regenerating its Workforce at All Levels – IOGCC

NGI's Daily Gas Price Index, February 27, 2007 <http://intelligencepress.com/>

BLM Plans to Sell 4.4 Billion Tons of Coal Buried in Northeast Wyoming over Next 5 Years

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7889168

PennWest Plans Oil Sands Upgrader Coupled with CO2 Capture to Revitalize Alberta's Mature Oil Fields

Reuters, 13:09 February 27, 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

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

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