



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

ENERGY ASSURANCE DAILY

Tuesday, May 02, 2006

Electricity

Idaho Power Plans 170 MW Expansion of Evander Andrews Power Plant

On April 27, Idaho Power Co. filed an application with the Idaho Public Utilities Commission, requesting to expand the Evander Andrews Power Complex. The \$60 million project will increase capacity by 170 MW and is expected to be in service in June 2008.

<http://powermarketers.net/contentinc.net/newsreader.asp?ppa=8knpp%5E%5BhffotnlUVgbt9K%22bfeI%5Dv>

BP to Resume Construction of Cogeneration Power Plant at Refinery in Washington

The 400 MW natural gas-fired cogeneration plant already has all of its environmental permits. The plant was initially planned to start operation in 2007, but that date has been pushed back to 2009 due to lack of financing. The plant would be able to produce enough electricity to power the refinery and sell the excess on the grid. The plant would also be able to use some of its waste steam to help power the refinery.

<http://www.bellinghamherald.com/apps/pbcs.dll/article?AID=/20060430/NEWS01/604300347/1004/SPORTS>

TXU to Build Coal-fired Power Plants Outside of Texas

On May 2, TXU Corp. announced plans to build coal-fired power plants outside of the ERCOT electricity market. Exact locations were not announced.

Reuters, 12:48 May 02, 2006.

TXU's 750 MW Coal-fired Martin Lake Unit 3 in Texas to Shut Soon

The unit will be shut to fix a boiler tube leak.

Reuters, 08:21 May 02, 2006.

Southern's 869 MW Hatch 1 Nuke in Georgia Down to 20 Percent May 2

The Unit dropped to 20 percent power following a fire on the morning of May 2.

Reuters, 07:33 May 02, 2006.

Petroleum

MMS Updates Hurricanes Katrina and Rita Damage

See story under Natural Gas below.

EPA Likely to Delay Eliminating Oxygenate Standard, May Hurt 'Clear' RFG

The U.S. Environmental Protection Agency is likely to delay the elimination of the 2 percent oxygenate standard which was planned to end on May 5. An outside counsel for the Society of Independent Gasoline Marketers of America says the delay will have little effect on the industry's phase out of MTBE and switch to ethanol this summer since both are oxygenates that meet the standard. However, the delay could temporarily limit the production of non-oxygenated, so-called "clear" reformulated gasoline, which some refiners are planning to market.

<http://www.platts.com/Oil/News/7422678.xml?p=Oil/News&sub=Oil>

Valero's 83,000 b/d Houston Refinery in Texas Shut May 1

A brief electrical power outage caused the plant to shut. After the outage the units were restarting and Valero said that the event caused no "material impact to production."

Reuters, 20:35 May 1, 2006.

Kinder Morgan to Hold Binding Open Season for Trans Mountain Expansion

The company is seeking commitments on a 100,000 b/d expansion to a crude oil pipeline which carries crude from Alberta's oil sands to the Canadian West Coast and the U.S. Pacific Northwest. The line currently transports 225,000 b/d, but when expansions are complete in 2009, Trans Mountain will transport 400,000 b/d. Kinder Morgan plans to eventually raise output on the line to 1.1 million b/d.

<http://biz.yahoo.com/pnews/060502/datu016.html?.v=55>

Reuters, 12:05 May 2, 2006.

U.S. Government Audit Finds Failure to Protect Iraq's Oil & Gas Infrastructure

An audit published Monday by the Office of the Special Inspector General for Iraq Reconstruction (SIGIR) concludes that the security program for the country's oil and electricity infrastructure was ineffective. The Iraqi Oil Protection Force of 14,400 troops has had little success.

<http://www.upi.com/NewsTrack/view.php?StoryID=20060501-110320-8951r>

Link to Report: <http://www.sigr.mil/reports/pdf/audits/06-009.pdf>

Natural Gas

MMS Updates Hurricanes Katrina and Rita Damage

Number of Pipelines Damaged Rises to 457 from 183

The U.S. Minerals Management Service (MMS) today released an update of the assessment of damage to offshore oil and gas infrastructure caused by Hurricanes Katrina and Rita. Based on additional industry assessments, investigations, and reports, the number of pipelines damaged has risen to 457 from 183. The number of larger diameter pipelines (10 inches or greater) that were damaged has risen to 101 from 64. 32 larger pipelines have returned to service, and 69 remain out of service. The number of platforms destroyed went down from 115 to 113. Of these 113, only four replacement platforms have been proposed by the operators and approved by MMS to date. MMS provided the names of the facilities with largest amount of production still shut-in, estimating when they might return to production. These are:

| Operator Company | Facility Name | Area | Projected Date |
|------------------|---------------|------------------------------|------------------|
| Shell | Mars | Mississippi Canyon Block 208 | Mid year 2006 |
| TOTAL | Matterhorn | Mississippi Canyon Block 243 | Imminent |
| Shell | Cognac | Mississippi Canyon Block 194 | 4th Quarter 2006 |
| Kerr-McGee | Red Hawk | Garden Banks Block 876 | Imminent |

<http://www.mms.gov/ooc/press/2006/press0501.htm>

Enterprise Announces Second Phase Expansion at NGL Terminals at Mont Belvieu, Texas

The plans call for doubling the size of the import terminal to 480,000 b/d and adding 20,000 b/d of capacity at the export terminal for a total of 160,000 b/d of export capacity. The expansion is scheduled to get underway immediately, and it is estimated to be complete in the second quarter of 2007.

www.enterprisegp.com. <http://biz.yahoo.com/bw/060502/20060502005358.html?.v=1>

Reuters, 08:00 May 2, 2006.

Coal Gasification Plant Planned for Illinois

Caterpillar and Secure Energy have signed a letter of intent to build a coal gasification plant in Decatur, Illinois that would convert Illinois Basin coal into synthetic natural gas. If plans materialize, the plant could begin operating in 2008 and eventually burn 600,000 short tons per year of coal.

<http://www.platts.com/Coal/News/7424528.xml?p=Coal/News&sub=Coal>

Other News

Three Utility-Related Trade Groups Seek FERC's Help Concerning Coal Deliveries

Three electric utility trade groups, American Public Power Association, the Edison Electric Institute, and the National Rural Electric Cooperative Association, signed a letter citing that significant railroad delivery problems pose a "serious challenge to the overall reliability of the interstate power grid in regions of the country heavily dependent on coal-fired generation." They requested that the FERC hold a public workshop detailing the challenges and impact of coal delivery on U.S. electricity grid reliability.

Reuters 12:55 May 02, 2006.

NRC Inspects Dominion's Kewaunee Nuclear Plant in Wisconsin Following Alert

On April 28, Dominion's Kewaunee nuclear generating station declared an alert when a pump in a secondary system stopped working. When an automatic shutdown of the affected turbine and the reactor did not occur, operators manually shut down the plant and posted the alert. Some have criticized the calling of the alert when there were no safety issues involved. NRC is currently investigating the situation.

<http://powermarketers.netcontentinc.net/newsreader.asp?ppa=8knpp%5E%5Bhfgpwuv%5BVgbt9K%22bfe1%5Dv>

Virginia preparing for Hurricane Emergencies

Virginia is preparing contingency plans for the orderly evacuation of Hampton Roads area in the event of a hurricane. The Virginia Department of Transportation is also seeking bids from contractors to provide fuel, water, towing and other services along the designated corridor.

http://www.timesdispatch.com/servlet/Satellite?pagename=RTD%2FMGArticle%2FRTD_BasicArticle&%09s=1045855934842&c=MGArticle&cid=1137835675317&path=%21news

Energy Prices

| U.S. Oil and Gas Prices | | | |
|-------------------------------------|-------|----------|----------|
| May 2, 2006 | | | |
| | Today | Week Ago | Year Ago |
| CRUDE OIL | | | |
| West Texas Intermediate U.S. | 74.61 | 67.75 | 50.94 |
| \$/Barrel | | | |
| NATURAL GAS | | | |
| Henry Hub | 6.54 | 7.76 | 6.50 |
| \$/Million Btu | | | |

Source: Reuters

Energy Notes

10,000 Customers Lose Power Near Vancouver in British Columbia, Canada, May 1

<http://www.canada.com/theprovince/news/story.html?id=eafl475-c907-4f8b-8693-7a9ca45acd73&k=64331>

High Gasoline Prices Called 'Crisis' by Energy Secretary

Reuters, 11:34 May 02, 2006.

U.S. DOE Secretary Bodman Says U.S. and Saudi Arabia Should Work Together to Guarantee Sufficient World Oil Supply

Reuters, 09:56 May 02, 2006.

New Survey Shows Support for Nuclear Energy

To view the survey, visit CASEnergy at www.CleanSafeEnergy.org/index.php/press_room/press_kit
Reuters, 11:00 May 2, 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 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>.

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