



# ENERGY ASSURANCE DAILY

Friday Evening, May 16, 2008

## **Electricity**

---

### **Human Error Blamed on Power Outage That Shut ICE Trading for 3 Hours May 15**

In a May 16 notice posted on the Atlanta-based Intercontinental Exchange's (ICE's) web site, the company apologized for a three-hour shutdown of its online trading platform caused by a power outage on May 15. ICE blamed the outage on a third party erroneously activating an Emergency Power Off control that absolutely kills power, including backup power, in the event of an emergency threatening human life.

<http://www.platts.com/Electric%20Power/News/6874168.xml?p=Electric%20Power/News&sub=Electric%20Power>

### **RG&E's 480 MW Ginna Nuke Unit in New York Reduced to 50 Percent May 16**

According to the Nuclear Regulatory Commission, the unit was operating at 100 percent on May 15.

Information derived from NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

### **AES's 495 MW Alamosa Gas-fired Unit 6 in California Shut May 15**

According to the California Independent System Operator, the unit experienced an unplanned outage on May 15.

<http://www.caiso.com/unitstatus/data/unitstatus200805151515.html>

### **Watson Cogeneration's 423 MW Gas-fired Unit in California Shut May 15**

According to the California Independent System Operator, the unit experienced an unplanned curtailment of 133 MW on May 15.

<http://www.caiso.com/unitstatus/data/unitstatus200805151515.html>

### **NuCoastal's 300 MW Gas-fired Victoria Power Station Nearing Completion in Texas**

The company expects to begin producing power at the plant in July. The project is the first to convert a retired plant into a combined-cycle operation by adding a gas turbine and heat-recovery steam generation equipment.

Reuters, 18:42 May 15, 2008

## **Petroleum**

---

### **MMS Prepares for 2008 Hurricane Season, Focuses on Security of Energy Production**

In preparation for Hurricane Season 2008, which begins June 1, the U.S. Department of the Interior's Minerals Management Service (MMS) discussed actions to reduce risk of severe damage to oil and gas infrastructure in the Gulf of Mexico in the event of hurricanes this season. Key goals of the preparations are to enhance the nation's energy security, provide environmental protection, and continue the emphasis on personnel safety. MMS officials participated in a media forum with representatives from the U.S. Coast Guard and the American Petroleum Institute (API) to discuss new final rules regarding enhanced information on hurricane conditions and the design of offshore structures. Officials also provided updates on the continued recovery efforts from the 2005 Hurricane Season.

<http://www.mms.gov/ooc/press/2008/press0515.htm>

### **U.S. DOE Will Stop Filling Strategic Petroleum Reserve**

The U.S. Department of Energy (DOE) said May 16 that it will not sign contracts with energy companies to deliver up to 13 million barrels of crude oil to the Strategic Petroleum Reserve (SPR). The DOE's decision comes after Congress this week approved legislation ordering the Bush administration to stop putting oil into the SPR until crude prices fall below \$75 per barrel.

Reuters, 13:35 May 16, 2008

## **Crude Unit Shut at Sunoco's 335,000 b/d Philadelphia, Pennsylvania Refinery May 16 – Trade Sources**

According to trade sources, the company shut down a crude unit at the Girard Point section of its Philadelphia refinery due to a snag.

Reuters, 12:49 May 16, 2008

## **Shell Restarts Hydrocracker at 156,000 b/d Martinez, California Refinery May 16**

Reuters, 13:15 May 16, 2008

## **Crude Unit Restarted at Hovensa's 500,000 b/d St. Croix Refinery in U.S. Virgin Islands**

On May 16 a spokesman for the refinery announced that the crude distillation unit had been restarted and is running at normal charge after the completion of unplanned maintenance. The unit was shut on May 8.

Reuters, 13:27 May 16, 2008

## **Update: Shell Increasing Production at 72,000 b/d Sarnia, Ontario Refinery May 15**

The refinery has been running at reduced rates for the past week due to unplanned maintenance on an unidentified unit. The unit has now been restarted. The outage has caused 1- 2 percent of the company's gas stations in Ontario to totally run out of gasoline.

Reuters, 15:53 May 15, 2008

## **Imperial Oil's Kearl Oil Sands Mine in Alberta Could be Delayed by One Year**

A Canadian judge rejected Imperial Oil's application to reinstate a key water permit at the Kearl oil sands mine that the company is building in Northern Alberta. Imperial Oil said losing the permit could set the project back by a year.

[http://www.canadianbusiness.com/markets/headline\\_news/article.jsp?content=D90LM2R00](http://www.canadianbusiness.com/markets/headline_news/article.jsp?content=D90LM2R00)

[http://www.imperialoil.com/Canada-English/News/News\\_Releases/N\\_NR\\_NewsRelease080514.asp](http://www.imperialoil.com/Canada-English/News/News_Releases/N_NR_NewsRelease080514.asp)

## **Saudi Arabia Increases Crude Production by 300,000 b/d**

Saudi Oil Minister Ali al-Naimi said in a press conference that the kingdom had increased oil output by 300,000 b/d on May 10 to compensate for a fall in supplies from other producers. Naimi said that production would be 9.45 million b/d in June and that kingdom had "no objection" to producing more.

Reuters, 13:28 May 16, 2008

## ***Natural Gas***

---

### **Sempra Energy's Energía Costa Azul LNG Terminal in Baja California, Mexico Ready for Commercial Operations**

Sempra LNG announced May 15 that its 1 Bcf/d Energía Costa Azul liquefied natural gas (LNG) receipt terminal in Baja California, Mexico, has successfully completed all performance testing and is ready for commercial operations. Over the past month, a variety of start-up and commissioning activities have been under way at Energía Costa Azul, including receiving the facility's first two LNG cargoes. Energía Costa Azul is the first LNG terminal on the West Coast of North America. The natural gas processed at Energía Costa Azul will be used in Baja California and the U.S. Southwest.

[http://public.sempra.com/newsreleases/viewPR.cfm?PR\\_ID=2270&Co\\_Short\\_Nm=SE](http://public.sempra.com/newsreleases/viewPR.cfm?PR_ID=2270&Co_Short_Nm=SE)

### **Russia's Gazprom to Supply LNG to Planned Rabaska LNG Terminal in Quebec, Canada**

Gazprom Marketing & Trading USA, Inc. (GMTUSA) and the Rabaska partners, Gaz Métro, Enbridge Inc. and Gaz de France announced May 15 that they have signed a Letter of Intent outlining the major terms under which GMTUSA will become an equity partner in the proposed Rabaska liquefied natural gas (LNG) regasification project and contract for 100 percent of the import terminal's capacity. The Rabaska terminal, located in Quebec, Canada is designed to be capable of receiving, storing and re-gasifying imported LNG with a nominal natural gas send-out capacity of 500 MMcf/d. Using the Rabaska terminal, GMTUSA expects to import Russian LNG supplied by its parent company, OAO Gazprom, from the Shtokman liquefaction project currently under development in the Barents Sea. Initial LNG production from Shtokman is anticipated in 2014.

[http://www.rabaska.net/docs/press-release\\_gazprom-rabaska\\_20080515.pdf](http://www.rabaska.net/docs/press-release_gazprom-rabaska_20080515.pdf)

## **Mackenzie Gas Pipeline Delayed at Least a Year by Postponed Environmental Report**

The joint federal and provincial panel evaluating the environmental impact of the Mackenzie natural gas pipeline has postponed the publish date of its report until some time next year. According to sources familiar with the project, this move will push the in-service date of the pipeline from 2014 to 2015. The Mackenzie pipeline would transport natural gas produced in Canada's Arctic to markets in southern Canada and the United States. The environmental impact statement had originally intended to publish the environmental report in October.

<http://www.theglobeandmail.com/servlet/story/LAC.20080516.RMACKENZIE16/TPStory/Business>

## **Sempra Energy Delays Indefinitely its 17 Bcf Liberty Gas Storage in Louisiana**

Sempra Energy has pushed back indefinitely opening its 17 Bcf Liberty Gas Storage project in Louisiana due to construction issues. When completed, the storage facility will connect to Sempra's Cameron, Louisiana liquefied natural gas (LNG) receiving terminal that is in the final months of construction. Other than oblique references to construction issues, Sempra offered no details, nor a new target date, for the redeveloped underground salt dome cavern.

<http://intelligencepress.com/>

## **Other News**

---

### **U.S. Agrees to Help Saudi Arabia Protect Critical Energy Infrastructure**

According to a White House statement released May 16, U.S. President Bush and Saudi Arabia's King Abdullah agreed that their two countries would work together on protecting critical energy installations in Saudi Arabia. Among other things, the statement said: "The U.S. has a keen interest in helping the Saudis protect their energy infrastructure against terrorism, as demonstrated by the unsuccessful terrorist attack against the Kingdom's Abqaiq Plants in February 2006. To this end, the United States and Saudi Arabia have agreed to cooperate in safeguarding the Kingdom's energy resources by protecting key infrastructure, enhancing Saudi border security, and meeting Saudi Arabia's expanding energy needs in an environmentally responsible manner."

<http://www.whitehouse.gov/news/releases/2008/05/20080516-1.html>

## **Energy Prices**

---

<b>U.S. Oil and Gas Prices</b>			
May 16, 2008			
	<b>Today</b>	<b>Week Ago</b>	<b>Year Ago</b>
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	126.50	124.74	62.44
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	11.31	11.33	7.68

Source: Reuters

## **Energy Notes**

---

### **US Military Success Against Al Qaeda in Kirkuk Revives Iraq's Northern Oil Industry**

[http://www.worldtribune.com/worldtribune/WTARC/2008/ss\\_iraq0143\\_05\\_16.asp](http://www.worldtribune.com/worldtribune/WTARC/2008/ss_iraq0143_05_16.asp)

### **Oil Companies Expect Battles in Alaska after U.S. Interior Dept. Lists Polar Bear as Threatened Species**

[http://www.rigzone.com/news/article.asp?a\\_id=61921](http://www.rigzone.com/news/article.asp?a_id=61921)

## South Dakota Judge Rules TransCanada Can Use Eminent Domain in Disputes Over Land Needed for Alberta Clipper Pipeline Project

<http://www.ktiv.com/News/index.php?ID=25390>

## SCE Submits Initial Filing with FERC for Devers-Palo Verde No. 2 Transmission Project Between California and Arizona May 16

[http://www.businesswire.com/portal/site/google/?ndmViewId=news\\_view&newsId=20080516005784&newsLang=en](http://www.businesswire.com/portal/site/google/?ndmViewId=news_view&newsId=20080516005784&newsLang=en)

## 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](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](mailto:ead@oe.netl.doe.gov)