



ENERGY ASSURANCE DAILY

Monday, June 04, 2007

Major Developments

Foiled Terrorist Plot Targeted Jet Fuel Terminals at JFK Airport and Buckeye Pipeline System Beneath New York City

Federal authorities have charged four Guyanese men with conspiring to plant explosives to damage jet fuel storage terminals at John F. Kennedy airport and to plant explosives on a pair of parallel pipelines that run 40 miles from Linden, N.J., through Staten Island, Brooklyn and Queens on its way to the airport. Authorities said the plot did not go beyond the planning stages and the suspects did not obtain either the explosives or financing needed to carry out the plan. JFK airport has a total fuel storage capacity of 32 million gallons (762,000 bbls) at 62 bulk storage tanks and 40 tanks in satellite. Buckeye Pipe Line Co. operates 45 storage tanks in Linden. Jet turbine fuel, gasoline, diesel and other fuel and heating oils are pumped from there through two 12-inch pipelines to customers in New York City, including JFK and LaGuardia airports. The pipeline system runs 35 miles within New York City. The plotters believed that targeting the fuel terminals at JFK would hurt the U.S. economy and that targeting the pipeline beneath New York City would cause damage to residential neighborhoods. However, Buckeye officials say that the planned attack would have been restricted in scope and that an explosion at the Linden or JFK terminals would not travel up or down the pipeline because the terminals have cutoff valves and the pipelines are full of liquid and have no oxygen. Three of the plotters have been arrested, one in Brooklyn and two in Trinidad and Tobago. Officials are seeking the fourth plotter in Trinidad. The suspects have not been linked with Al Qaeda.

<http://www.localnewsleader.com/elytimes/stories/index.php?action=fullnews&id=118573>

<http://www.newsday.com/news/local/newyork/ny-usterr0603.0.2024837.story?coll=ny-nycnews-utility>

<http://www.washingtonpost.com/wp-dyn/content/article/2007/06/03/AR2007060300208.html>

<http://www.washingtonpost.com/wp-dyn/content/article/2007/06/02/AR2007060200606.html?hpid=moreheadlines>

http://www.panynj.gov/CommutingTravel/airports/html/ken_facts.html

Update: Colonial Pipeline Segment Restarts June 3 After Second Delay

The shut segment of Colonial Pipeline's Line 1 between Atlanta, Georgia and Greensboro, North Carolina reopened on June 3. Line 1, Colonial's main gasoline line, was shut on May 29 to inspect and fix a leak. Line 1 was originally scheduled to restart on June 1, but the restart was delayed twice due to the slow pace of repairs. Colonial Pipeline system delivers a daily average of 100 million gallons (2.4 million barrels) of gasoline, home heating oil, aviation fuel and other refined petroleum products to communities and businesses throughout the South and Eastern United States. According to market sources, Line 1 has a capacity of 1.4 million b/d.

<http://www.forbes.com/business/feeds/afx/2007/06/04/afx3783537.html>

<http://www.colpipe.com/home.asp>

Reuters, 18:22 June 3, 2007

Electricity

Update: TVA's 1,155 MW Browns Ferry Nuke Unit 1 Successfully Reconnected to Grid June 2 After 22 Years

TVA's Browns Ferry nuclear plant in Alabama, shut since 1985, was successfully reconnected to the grid on Saturday. By early morning on June 4, the unit had ramped up to 44 percent of capacity.

Reuters, 07:37 June 4, 2007

Bloomberg News, 11:03 June 4, 2007

Update: New Reliability Standards to be Enforced by NERC Mean a New Era for the Electric Power Industry

To help ensure system reliability, the electric power industry is moving on June 18 from voluntary standards to enforceable industry-wide standards. The North American Electric Reliability Corporation (NERC) will have the power to enforce standards under federal law. More than 1,400 entities will be covered by the regulations. NERC will be monitoring such activities as planning and operation of the bulk power system, balancing customer demand with generation supplies, emergency operations, cyber security, vegetation management, and disturbance reporting. NERC can act to enforce the regulations by imposing limitations or restrictions on activities, directing remedial action be taken to correct conditions, practices or actions that pose a threat to reliability, and may impose fines ranging from \$1,000 to \$1 million per day.

<http://www.nerc.com/~filez/pressreleases.html>

Lack of Rain Reduces TVA's Hydroelectric Production by 32 Percent So Far in 2007

The Tennessee Valley Authority's (TVA's) hydroelectric power generation is down by 32 percent so far this year due to rainfall that is 10 inches below normal. TVA typically generates nearly 10 percent of its electricity from 29 hydroelectric power plants and a pumped storage facility on the Tennessee River and its tributaries. TVA has 33,000 MW of generating capacity.

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=8377990

http://www.herald-citizen.com/NF/omf.wnm/herald/business_story.html?rkey=0044723+cr=gdh

<http://www.tva.com/abouttva/index.htm>

DOE Report Shows Wind Power Capacity Grew by 27 Percent in 2006

The U.S. Department of Energy (DOE) today released its first Annual Report on U.S. Wind Power Installation, Cost, and Performance Trends: 2006, which provides a detailed and comprehensive overview of development and trends in the U.S. wind power market. Most notably, the Report concludes that U.S. wind power capacity increased by 27 percent in 2006; and that the U.S. had the fastest growing wind power capacity in the world in 2005 and 2006. More than 61 percent of the U.S.'s total wind capacity - over 7,300 Megawatts (MW) - has been installed since early 2001.

[Report \(pdf\)](#)

[PowerPoint Presentation \(pdf\)](#)

<http://www.doe.gov/news/5091.htm>

Wisconsin's Electricity Supply in Better Shape This Summer

For the first time in years the U.S. Department of Energy does not rank Wisconsin among the nation's top spots for critical electricity bottlenecks that could cause summer power shortages. Wisconsin Power & Light and Madison Gas and Electric both say they expect to have a reserve margin of at least 18 percent more electricity available to meet peak summer demand than they think they'll need and that is required by the state government. However, parts of Wisconsin area still areas of concern due to transmission constraints.

<http://www.madison.com/wsj/mad/business/index.php?ntid=138766>

Navasota Odessa Energy Begins Phase I Commercial Operations at 550 MW Gas-fired Quail Run Energy Center in Texas June 1

Navasota Odessa Energy Partners LP announced today that Quail Run Energy Center has begun generating power from Phase I of its 550 megawatt, gas-fired combined cycle power plant located in Odessa, Texas. This first phase consists of 275 megawatts.

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=8381856

Invenergy's 300 MW Spindle Hill Gas-fired Peaking Plant in Colorado Begins Commercial Operation June 4

The new power plant, which began commercial operation on June 4, is comprised of two 150 MW simple cycle combustion turbines and associated equipment. The facility will be utilized to meet peak power demands in the region. Site construction commenced in May 2006.

http://www.invenergyllc.com/forms/Spindle_04Jun07.pdf

Update: PSEG's 1,050 MW Hope Creek Nuke Unit 1 Returns to Full Power June 4

The company shut the unit May 29 after an electrical problem caused the reactor feed water pumps to trip, which caused the water level in the reactor to drop.

Reuters, 7:18 June 4, 2007

APS' 1,247 MW Palo Verde Nuke Unit 3 in Arizona Back at Full Power June 4

The unit had been reduced to 40 percent of capacity on May 29 so that a water leak could be repaired.

Reuters, 07:55 June 4, 2007

Bloomberg News, 11:40 June 4, 2007

Update: FPL's 580 MW Duane Arnold Nuke Unit in Iowa Ramps Up to 97 Percent June 4

The unit was reduced to 57 percent of capacity on June so that minor repairs could be made to a leaking feedwater pump.

Reuters, 07:42 June 4, 2007

Bloomberg News, 10:12 June 4, 2007

TXU's 750 MW Monticello Coal-fired Unit 3 in Texas Back in Service June 4

TXU returned the unit to service by early morning on June 4. The unit was shut during the night June 1-2 to repair leaking crossover safety relief valves. The unit had just returned to service following an outage earlier in the week due to a problem with a control system.

Reuters, 11:52 June 4, 2007

Reuters, 19:14 June 1, 2007

Update: TXU's 545 MW Sandow Coal-fired Unit 4 in Texas Back in Service June 4

The unit tripped off-line on June 3 because of a possible problem with a flame scanner.

Reuters, 11:52 June 4, 2007

SCE's 227 MW Big Creek Hydro Unit in California Shut June 3

Reuters, 11:52 June 4, 2007

CDWR's 201 MW Hyatt Hydro Unit in California Shut June 3

Reuters, 11:52 June 4, 2007

PG&E's 407 Helms Hydro Unit 1 in California Shut June 1

Reuters, 14:39 June 1, 2007

SCE's 285 MW Mountain View Gas-fired Unit 3 in California Shut June 1

Reuters, 14:39 June 1, 2007

OPG's 516 MW Pickering Nuke Unit 7 in Ontario Shut June 4

Reuters, 12:32 June 4, 2007

TransAlta's 279 MW Wabamun Coal-fired Unit 4 in Alberta Shut June 1

Reuters, 12:32 June 4, 2007

Calpine's 250 MW Calgary Gas-fired Unit in Alberta Shut June 1

Reuters, 12:32 June 4, 2007

Construction to Begin on 159 MW Wind Power Project in North Dakota

After receiving approval from North Dakota regulators, FPL officials said that construction would begin on a 159 MW wind farm in Cavalier County later this month. Construction is expected to be complete by the end of the year.

[http://pepei.pennnet.com/display_article/294203/6/ARTCL/Display/none/North-Dakota-regulators-OK-\\$250-million-wind-farm/](http://pepei.pennnet.com/display_article/294203/6/ARTCL/Display/none/North-Dakota-regulators-OK-$250-million-wind-farm/)

Update: Lab Results Show Tritium Finding in Indian Point Sewage Was Incorrect

Lab results have shown that a previous finding showing radioactive tritium in sewage at Entergy's Indian Point nuclear power plant was incorrect.

http://www.canadianbusiness.com/markets/market_news/article.jsp?content=D8PG7EEO2

Cyclone Heading Towards Arabian Peninsula, Oman on High Alert June 4

A tropical storm is heading towards the oil-producing Arabian Peninsula and has the potential to disrupt crude oil shipping and production in the region. Saudi Arabia said its oil facilities are expected to be unaffected by the storm and the United Arab Emirates also appears to be outside the path of the storm. However, Oman, which produces about 715,000 b/d of crude oil, has put its army and police on high alert and has warned the population of very high waves.

http://investing.reuters.co.uk/news/articleinvesting.aspx?type=tnBusinessNews&storyID=2007-06-04T154002Z_01_SP207474_RTRIDST_0_BUSINESS-MARKETS-OIL-DC.XML

U.S. Refinery Expansion Plans Shrink by 500,000 b/d Over Past Year Due to Demand Uncertainty, Rising Costs - EIA

According to EIA administrator Guy Caruso, oil companies have cut their U.S. refinery expansion plans by one-third, or about 500,000 b/d, since last year because of uncertainty over the future of gasoline demand and higher costs for raw materials and labor. Oil company expansion plans out to 2012 have been cut to 1 million barrels of refining capacity from 1.5 million barrels on the books a year ago. According to Caruso, government efforts to replace gasoline demand with ethanol and improve automobile efficiency were giving some refiners "reason to pause."

Reuters, 12:19 June 4, 2007

Update: Floating Crude Oil Storage in U.S. Gulf Rises to 19 Million bbls

According to shipping industry sources, oil companies have reserved space on marine tankers to store up to 19 million barrels of crude oil in the U.S. Gulf of Mexico because a lack of onshore storage capacity brought about by a series of refinery maintenance and unplanned outages that have caused storage facilities to fill up. Sources told Reuters that between 9 and 13 supertankers have been booked in the Gulf. Most of these ships have been booked for 30 to 60 days from the end of May onwards.

Reuters, 12:48 June 4, 2007

Fire Cuts Output at Imperial Oil's 190,000 b/d Strathcona Refinery in Alberta June 2

The Edmonton, Alberta refinery is temporarily operating at reduced capacity while Imperial Oil assess damage from the fire, which occurred in a crude oil line in a pump station. The fire burned for an hour and a half before being extinguished at around 11:30 p.m. local time June 2. The refinery is currently running on crude oil feedstock already in inventory. An Imperial Oil spokesman says that the company is focusing on returning the refinery to normal operations as quickly as possible but no estimate for restart has been made.

<http://www.canada.com/edmontonjournal/news/story.html?id=d6a5f540-2ee5-4915-bd8f-aae0e4b11f54&k=23364>
<http://cnews.canoe.ca/CNEWS/Canada/2007/06/03/4230569-sun.html>

Reuters, 11:26 June 4, 2007

Update: FCC Unit Restarts at BP's 160,000 b/d Toledo Refinery in Ohio June 1

An unnamed source familiar with refinery operations told Bloomberg News that the refinery's 60,000 b/d fluidic catalytic cracking (FCC) unit returned to service on June 1. The unit was shut on April 21 due to a loss of steam.

Bloomberg News, 12:11 June 4, 2007

Brief Power Outage Shuts Delek's 55,000 b/d Tyler Refinery in Texas June 1

A 45-minute plantwide power outage late on June 1 briefly shut down all operations at the refinery. On Monday trade sources said that the refinery was back up.

Reuters, 11:03 June 4, 2007

Cumene Unit Shut at Flint Hills's 288,000 b/d Corpus Christi Refinery in Texas June 1

According to a filing with Texas regulators, the cumene unit, which produces a component for high-octane fuels, was shut to repair a leak in a 3-inch pipeline.

Reuters, 19:03 June 4, 2007

Compressor Upset at Valero's 214,000 b/d Texas City Refinery in Texas June 1

According to a filing with Texas regulators, the refinery's safety flare was activated on June 1 due to a compressor malfunction in the refinery's Complex 2.

Reuters, 18:51 June 4, 2007

Flaring Reported at Chevron's 260,000 b/d El Segundo Refinery in California June 2

Brief flaring occurred at the refinery after fuel gas leaked into the relief system due to problems with a pressure relief valve.

Reuters, 12:38 June 4, 2007

Update: Shell Restores 150,000 b/d in Nigeria June 4

Royal Dutch Shell said that it has restored 150,000 b/d of Bonny Light crude oil production from its Bomu Manifold pipeline complex, which has been shut since May 29 when the facility was occupied by protesters. Shell also said that 77,000 b/d of production remain shut in following a leak at the Nembe Creek Trunk Pipeline which was detected on May 31.

<http://www.forbes.com/markets/feeds/afx/2007/06/04/afx3784034.html>

Update: Eni Lifts Force Majeure on Brass River Crude Oil Shipments in Nigeria June 4

Eni has lifted force majeure on exports from its Brass River crude oil terminal in Nigeria but said that production has not yet fully been restored. Eni was forced to cut production by 98,000 b/d after a bomb attack hit three of the company's pipeline's on May 8.

Reuters, 12:13 June 4, 2007

Nigerian Militant Group Announces One-Month Suspension of Attacks June 2 Six Hostages Released But Kidnappings to Continue

The Movement for the Emancipation of the Niger Delta (MEND), the main militant group responsible for attacking oil facilities in Nigeria, has announced that it will suspend hostilities for one month to allow the government of new President Umaru Yar'Adua to create a plan for peace in the Niger Delta. Although MEND said it would continue the kidnappings of foreigners, the group released six hostages as a sign of good will. A spokesman for MEND said that after one month, attacks would resume with "greater purpose."

<http://voanews.com/english/2007-06-02-voa10.cfm>

http://english.pravda.ru/news/hotspots/03-06-2007/92677-Nigeria_Russians-0

Gunmen Raid Residential Compound in Nigeria, Kidnap 4 Oil Workers June 1

The victims were kidnapped early June 1 by well armed gunmen disguised as policemen who raided a residential compound where the workers were staying in Port Harcourt. The compound is used by oil services company Schlumberger. MEND says they are not responsible for the kidnappings.

<http://voanews.com/english/2007-06-01-voa56.cfm>

<http://biz.yahoo.com/bizj/070604/1471949.html?v=1>

Gunmen Blow Up Residences in Nigeria, Kidnap 6 Russians June 3

http://english.pravda.ru/news/hotspots/03-06-2007/92677-Nigeria_Russians-0

Nigerian Labor Union Threatens Strike Affecting Oil Sector

The Nigeria Labour Congress (NLC), Nigeria's central labor union, has given the government of newly elected President Umaru Yar'Adua a 14-day ultimatum to reverse a recent hike in the price of petrol or face an indefinite strike. The union said that the strike would "involve the oil sector." Nigeria has a history of oil strikes, which normally disrupt the domestic supply of petrol as well as crude oil exports.

<http://www.sundaytimes.co.za/News/Article.aspx?id=482907>

<http://africa.reuters.com/wire/news/usnL04295047.html>

Natural Gas

Nothing to report.

Other News

DOE Prepares for 2007 Hurricane Season

The U.S. Department of Energy (DOE) outlined on May 30 a number of steps that the Department is taking to strengthen its hurricane response system in the United States. Since Hurricanes Katrina and Rita in 2005, DOE has made operational and administrative improvements, including coordination between federal, state and local leaders, deployment of trained staff, and improvements to modeling tools. To further prepare, DOE's hurricane response system has:

- Conducted regional exercises to help further prepare state and local government staff in the case of emergencies;
- Hired seven new staff specifically to support the energy emergency function under the National Response Plan;
- Trained over 50 technical and emergency response staff that will be available to deploy to an affected region and embed in other federal responding agencies such as Department of Homeland Security (DHS); and Federal Emergency Management Agency (FEMA). DOE has also assigned coordinators to all FEMA regions.
- Instituted a "helpline" for the 2007 hurricane season to allow state/local governments and industry to communicate with DOE during emergencies;
- Enhanced DOE's modeling, analytical, and visualization capabilities by working with national laboratories, and industry;
- Increased coordination with federal agencies such as DHS/FEMA, MMS, DOT, FERC, and EPA to further improve federal interagency coordination response for energy emergencies.

<http://www.doe.gov/news/5090.htm>

USEC Inc. Begins Construction on Uranium Enrichment Facility in Ohio May 31

USEC Inc. began construction May 31 on its American Centrifuge uranium enrichment plant in Piketon, Ohio. USEC Inc. is working toward beginning commercial plant operations in late 2009 and having approximately 11,500 machines deployed in 2012, which would provide about 3.8 million separative work units (SWU) of production based on current estimates of machine output and plant availability.

http://www.usec.com/v2001_02/Content/News/NewsTemplate.asp?page=/v2001_02/Content/News/NewsFiles/05-31-07.htm

Energy Prices

U.S. Oil and Gas Prices			
June 4, 2007			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	66.17	64.11	72.70
NATURAL GAS Henry Hub \$/Million Btu	7.73	7.47	6.23

Source: Reuters

Energy Notes

Thunderstorms Knock Out Power to 20,000 DTE Customers in Detroit June 3

<http://www.detnews.com/apps/pbcs.dll/article?AID=/20070603/UPDATE/706030352>

Storm Knocks Out Power to 13,000 TXU Customers in East Texas June 3

TXU Expects Lengthy Restoration Process

<http://www.kltv.com/global/story.asp?s=6605139>

Tropical Storm Barry Causes Minor Power Outages in South Florida June 3
<http://www.sun-sentinel.com/news/local/southflorida/sfl-barry.0.3609500.story?coll=sfla-news-sfla>

PacificCorp Planning to Build More Than 1,200 Miles of New 500 kV Transmission Lines from Wyoming to Other Western States
http://www.pacificcorp.com/Press_Release/Press_Release74796.html

Progress Energy Carolinas Will Not Propose Any New Coal-fired Plants Until 2009
<http://www.platts.com/Coal/News/6389872.xml?p=Coal/News&sub=Coal>

The Millennium Pipeline Company Receives Two Major Environmental Approvals to Construct 181-mile Natural Gas Pipeline in New York
http://www.millenniumpipeline.com/news_06_01_07.htm

Canada's National Energy Board Approves 145-Mile Brunswick Pipeline Project Serving Proposed Canaport LNG Terminal in New Brunswick
<http://www.brunswickpipeline.com/home/index.cfm?id=139>

Trunkline Gas Co. Holding Open Season for Proposed 650 MMcf/d Connection from Indiana Metering Station to Vector Pipeline in Michigan
http://www.panhandleenergy.com/newsreleases_dtl.asp?page=NR_060107.htm

Wisconsin Public Service Commission Approves New Natural Gas Pipeline Projects
http://www.redorbit.com/news/business/952698/pipeline_projects_approved_laterals_would_connect_to_new_natural_gas/index.html

Tenaska Power Fund, eCORP Announce Plans to Develop 17.5 Bcf Natural Gas Storage Facility in Pennsylvania
<http://www.tenaska.com/fundItem.aspx?id=17>

U.S. Natural Gas Storage Capacity Grew by 74 Bcf Since 2006 – FTI Consulting
<http://www.platts.com/Natural%20Gas/News/6389941.xml?p=Natural%20Gas/News&sub=Natural%20Gas>

ConocoPhillips Plans to Expand Production of Heavy Oil Output From Alaska North Slope New West Sak Development Expected to Produce 20,000 b/d
<http://www.platts.com/Oil/News/6390174.xml?p=Oil/News&sub=Oil>

LOOP Seeking Air Permits for New Above-Ground Crude Oil Storage Tanks in Clovelly, Louisiana
<http://www.platts.com/Oil/News/6390172.xml?p=Oil/News&sub=Oil>

OPEC Needs to Boost Crude Oil Production in Second Half of 2007 to Meet Winter Heating Demand - EIA
Reuters, 13:44 June 4, 2007

Roc Oil Starts 12,000 b/d of Production at Enoch Oil Field in the North Sea
http://www.rocoil.com.au/Public/Announcement/2007/Activity_Update_Production_and_Exploration_010607.aspx

Moscow Doubts Restart of Pipeline Serving Lithuania Refinery
http://www.energyintel.com/PublicationHomePage.asp?publication_id=31

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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