



ENERGY ASSURANCE DAILY

Monday, June 05, 2006

Electricity

59,000 TEP Customers Lost Power Arizona June 3

Two power outages occurred on June 3rd: the first outage was caused by a bird flying into a TEP substation which knocked out power to 35,000 customers. The second outage was caused by strong winds that knocked down power lines, leaving more than 24,000 customers without electricity.

<http://www.azstarmet.com/dailystar/allheadlines/132154.php>

<http://www.kold.com/Global/story.asp?S=4987089&nav=14RTLO89>

FPL Plans to Build New Transmission Line in Florida

Florida Power & Light Company (FPL) announced June 2 a plans to build a new transmission line to serve Manatee and Sarasota counties in Florida. A route will be selected with input from community leaders, regulatory agencies, residents, and others. The transmission line is expected to be in service by the end of 2011.

http://home.businesswire.com/portal/site/google/index.jsp?ndmViewId=news_view&newsId=20060602005544&newsLang=en

FPL Energy's Wind Projects to Exceed 4,000 MW by End of 2006

During 2006 and 2007, FPL Energy expects to add 1,250 to 1,500 megawatts to its current 47 wind projects in operation in 15 states. To date, about 760 megawatts of FPL Energy's subsidiaries' new wind projects will be or are expected to be in operation by the end of the 2006.

<http://biz.yahoo.com/bw/060605/20060605005149.html?.v=1>

Duke Energy Carolinas' Plans to Modernize Cliffside Plant in North Carolina are Progressing

As part of Duke Energy Carolinas' efforts to modernize its Cliffside Steam Station in North Carolina, the company filed an application for a "Certificate of Public Convenience and Necessity" (CPCN) with the North Carolina Utilities Commission that includes construction of two state-of-the-art, highly efficient 800-megawatt, base load coal units and retirement of four existing units at the site.

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=6751851

Southern California's Electric System Better Prepared for Summer's High Electricity Use

To avoid implementing rolling blackouts this summer, as was used last summer, the California Independent System Operator (ISO) has added new capacity (a substantial amount despite generator retirements) and improved the area's transmission system.

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=6754617

Update: Senators Criticize DOD/FAA Order Halting Some Wind Farm Projects

A group of Midwestern senators are criticizing a stop-work order issued by the U.S. Department of Defense (DOD) and Federal Aviation Administration (FAA), halting several wind farm projects. The order was based on agency concerns that wind turbines might interfere with military and national-security radar installations. Six senators from Illinois, Wisconsin, and North Dakota sent a letter on June 2 to the DOD and FAA, characterizing the order as "premature and may have serious negative economic effects." The senators asked that a study, requested by Congress, of the effects wind farms could have on radar be conducted swiftly and thoroughly.

<http://www.pantagraph.com/articles/2006/06/02/news/doc4481086e5a949245342140.txt>

Update: Ameren's 1,137 MW Callaway Nuke Unit in Missouri Returns June 4

The unit, which exited an outage and returned to full power yesterday, shut May 17 so workers could investigate why a valve would not open fully thus preventing the plant from operating at capacity. The company found nothing wrong with the valve and the problem instead came from one of the plant's high pressure turbines, which had to be disassembled for inspection and repair.

Bloomberg, 09:43 June 5, 2006

Reuters, 07:20 June 5, 2006

TXU's 750 MW Coal-Fired Martin Lake Unit 3 in Texas Back June 5

The 750 MW coal-fired power unit in Texas shut on June 2 to fix a boiler tube leak and returned to service over the week end.

Reuters, 11:40 June 5, 2006.

TXU's 750 Monticello Coal-Fired Unit 3 in Texas Restarts June 5

One of the Monticello's coal-fired power units in Titus County, TX shut on June 4 to fix boiler feed pump and returned to service over the weekend.

Reuters, 11:34 June 5, 2006.

TXU's 545 MW Coal-Fired Sandow Unit 4 Shut on June 4

The unit in Milam County, Texas shut on June 4 for a boiler repair and will return to service later this week, said the company spokesman.

Reuters, 11:11 June 5, 2006.

NRG's 610 MW Coal, Gas-Fired WA Parish Unit 8 Restart in Texas June 4

On June 4, a coal/natural gas-fired unit in Fort Bend County, Texas returned to service after a boiler tube leak was repaired.

Reuters, 08:17 June 5, 2006.

LS Power's 739 MW Gas-Fired Moss Landing Unit 7 Returns to Service June 4

The 739 MW natural gas-fired unit in Monterey County, California returned to service on June 4 after it shut on June 2 for unplanned work.

Reuters, 07:38 June 5, 2006.

TVA's Watts Bar Nuke Plant Shut to Replace Damaged Low-Pressure Turbine Rotor

Reuters, 15:23 June 2, 2006.

Petroleum

Update: Shell to Cut the Nigeria's Bonny Light Crude Output by 106,000 b/d Due to Leak

Due to a pipeline leak, Royal Dutch Shell has cut output of Bonny Light crude oil production. The production is expected to fall by 106,000 b/d in July from previous month, and the cause of leak is currently under investigation.

Reuters, 11:11 June 5, 2006.

Update: Corpus Christi Harbor Partially Reopens After Oil Spills June 3

According to the U.S. Coast Guard, the inner harbor at the port of Corpus Christi, Texas reopened to normal ship traffic in the area east of the Tule Lake Bridge by 3:30 on June 3, after being shut on June 1 by two refinery oil spills caused by severe storms. The oil spill occurred at refineries operated by Valero Energy and Citgo Petroleum Corp.

Bloomberg, 17:29 June 2, 2006

http://www.caller.com/ccct/local_news/article/0,1641,CCCT_811_4749879,00.html

Update: Repairs at Valero's 250,000 b/d Port Arthur Refinery to Take 10 Days

"Critically needed" repairs to a reformer unit at the Valero's Port Arthur, Texas refinery have curtailed production by 50,000 b/d. Officials on June 2 said they expected the repairs to take 10 more days.

Bloomberg, 16:13 June 2, 2006

Update: Production Not Impacted by Lightning Strike at Valero's 180,000 b/d Delaware City Refinery

Valero officials said that a June 2 lightning strike that caused several units to trip or cut back at its Delaware City, Delaware refinery is not expected to have a material impact on production.
Bloomberg, 16:13 June 2, 2006

Update: Valero's 148,000 b/d Port Arthur Refinery Back at Planned Rates

On June 5, Valero said that its Corpus Christi, Texas refinery had returned to normal production. On June 1 lightning ignited a wastewater storage tank at the facility, damaging the plant and curtailing 70,000 b/d (50,000 b/d of gasoline output and 20,000 b/d of distillate-fuel output). The fire also caused "significant" damage to a dock and company officials on June 2 said that emergency repairs will continue into this week.
Bloomberg, 16:13 June 2, 2006

http://today.reuters.com/stocks/QuoteCompanyNewsArticle.aspx?view=CN&storyID=2006-06-05T143232Z_01_N0534668_RTRIDST_0_ENERGY-VALERO-CORPUSCHRISTI.XML&rpc=66

BP's 62,000 b/d FCC Unit 1 to Restart in Texas

The gasoline-producing fluidic catalytic cracking unit 1 in Texas City, Texas, which was shut through mid-April for safety inspection following Hurricane Rita, underwent preparatory work over the weekend in preparation for an eventual restart.
Reuters, June 5, 2006.

Iran's Ayatollah Ali Khomeini's Oil Weapon Remarks Cause Alarm

Iran's Supreme Leader Ayatollah Ali Khomeini warned that if Washington made a "wrong move," concerning Iran that oil flows would be endangered. According to Citigroup, "the threat, whilst remote, would be serious in the context of global oil markets operating with little more than 2 million barrels per day of spare capacity." Iran is the world's fourth biggest oil exporter.

http://news.yahoo.com/s/nm/20060605/bs_nm/markets_oil_dc_9;_ylt=AhxtJbOsMN8k9Kd_FzfUR_fuAsnsA;_ylu=X3oDMTBiMW04NW9mBHNIYwMIJVRPUCUI

http://investor.ninemsn.com.au/investor/news/commodities/story_detail.asp?index=19119

Oil Tank Explosion at Partridge-Raleigh in Mississippi Kills Three

June 5, an oil tank exploded at an oil field at Partridge-Raleigh, LLC in Smith County, Mississippi, killing three workers and injuring one. Although workers had been welding at the field, the welding is believed to have stopped prior to the explosion.
Reuters, 13:50 June 5, 2006.

Natural Gas

Chesapeake Utilities' Planning Pipeline Expansion to Connect Cove Point with Delmarva

Chesapeake Utilities' subsidiary Eastern Shore Natural Gas Co. (ESNG) announced June 2 that it has entered into agreements with two of its customers for the expansion of its pipeline system by approximately 33 percent. The expansion will include approximately 63 miles of pipeline to begin in Calvert County, Maryland, across the Chesapeake Bay, to Dorchester and Caroline counties, Maryland, and finally connect with ESNG's current system in Sussex County, Delaware. Estimated completion for the project is late 2009.

<http://intelligencepress.com/>

http://pro.energycentral.com/professional/news/gas/news_article.cfm?id=6752830

Dominion to Build Pipeline Compressor Station in Pennsylvania

Dominion Transmission Inc. bought 55 acres in Pleasant Gap in Centre County, Penn to build a pipeline compressor station. The station move natural gas from the Cove Point LNG terminal on Chesapeake Bay to underground storage near Renovo in Clinton County, Pennsylvania."

http://pro.energycentral.com/professional/news/gas/news_article.cfm?id=6753082

Florida Gas Issues Overage Alert on June 5

Florida Gas Transmission issued an overage alert at 25 percent tolerance on June 5 due to hot weather forecast for the state, which means that shippers must stay within 25 percent of their scheduled volume.
Reuters, 11:03 June 5, 2006.

Other News

Louisiana PSC to Ease Nuclear, Coal Plant Construction Process

On June 2, the Louisiana Public Service Commission proposed a process that could make it easier for utilities to build coal and nuclear plants in the state. The order provides exceptions for nuclear and “non-nuclear solid fuel” projects in order to encourage greater power plant fuel diversity.

<http://www.platts.com/Electric%20Power/News/7502578.xml?p=Electric%20Power/News&sub=Electric%20Power>

U.S. Circuit Court Revokes PG&E's Diablo Canyon Nuclear Spent Fuel Storage Permit

On June 2, a three-judge panel of the 9th U.S. Circuit Court of Appeals blocked a plan by Pacific Gas & Electric to build additional storage space for nuclear spent fuel at the 2,200 MW Diablo Canyon power plant in California. The panel unanimously disagreed with the Nuclear Regulatory Commission's 2003 finding that a terrorist attack at the plant was “remote and speculative.” PG&E says that it has enough storage space to store spent fuel until 2010.

<http://www.chron.com/disp/story.mpl/ap/nation/3923729.html>

Energy Prices

U.S. Oil and Gas Prices			
June 5, 2006			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	72.75	71.40	55.08
NATURAL GAS Henry Hub \$/Million Btu	6.46	5.78	6.65

Source: Reuters

Energy Notes

Northeastern Gas Markets May Require More Than One LNG Terminal

<http://powermarketers.net/contentinc.net/newsreader.asp?ppa=8kowu%5D%5BhjpvxtoUSge%7DGL%7Dbfel%5Dv>

Fitch Report (June 1) Cites Resurgence of Development and Construction of New, Large Base-Load Generating Facilities

<http://www.fitchratings.com>

(Under the 'U.S. Public Finance' tab and 'Special Reports')

US Northwest River Forecast Center Forecasts Water Runoff at Dallas Dam to be 103 Percent of Normal

Reuters, 16:14 June 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

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