



ENERGY ASSURANCE DAILY

Tuesday, June 26, 2006

Major Developments

Update: Coast Guard Shuts More of Calcasieu Shipping Channel June 23 Gulf Intercoastal Waterway Closes Over Weekend, Reopens June 26 Calcasieu Refining Co's Further Cuts Crude Runs

The Calcasieu Ship Channel, which connects the refining hub of Lake Charles, Louisiana to the Gulf of Mexico, remains closed today but according to the U.S. Coast Guard, clean-up of the oil spill from Citgo's Lake Charles storage facility is going "steady as projected." Last Thursday, the Coast Guard said that the ship channel could be closed for a long as a week due to the spill which was caused by heavy rains. On Friday, the Coast Guard expanded the closure of the ship channel from a 3-mile stretch to a 20-mile stretch and closed the Gulf Intracoastal Waterway where it intersects with the ship channel. On Monday, the Intracoastal Waterway reopened, but the ship channel remains shut and area refineries remain cut off from waterbound crude supplies. On Monday, a Coast Guard official told Bloomberg News that the channel would remain closed for two to four more days.

Lake Charles area refineries, which make up about 4 percent of U.S. refining capacity, rely heavily on the Calcasieu Ship Channel for crude supplies. Calcasieu Refining Co. reported on June 26 that it has further reduced crude runs at its Lake Charles refinery to 22,000 b/d, about a quarter of its total capacity. The company said that it shut its new 60,000 b/d coker and is running its older 25,000 b/d coker at 22,000 b/d. Soon after the channel's closure on Wednesday, Calcasieu Refining said it had halved crude rates. Last week the company said it could last only two or three days before it would be forced to close the refinery completely. While the Department of Energy has offered to release crude from the Strategic Petroleum Reserve to help refiners in need, an SPR loan can not help the Calcasieu Refining Co.'s facility because it does not connect to the pipeline system through which SPR crude is delivered. ConocoPhillips' reported on June 26 that its 239,000 b/d Westlake refinery was running at reduced rates but did not specify volumes. Last week the company said the closure was having a "limited effect" on operations. The largest refinery in the area, Citgo's 440,000 b/d Lake Charles plant, reported on June 22 that the closure was causing a "slight reduction" in production. At the time of this writing, no refiner has requested SPR assistance. For more information on the impact to refiners of the closing of the Calcasieu Ship Channel see the Energy Assurance Dailies from June 22 and June 23.

Reuters, 14:15 June 26, 2006

Bloomberg, 11:47 June 26, 2006

Reuters, 10:40 June 26, 2006

Reuters, 09:22 June 26, 2006

Reuters, 15:40 June 23, 2006

Electricity

Update: Over 300,000 Lost Power Last Week in Ohio from Storms

24,500 AEP customers were still out of power Saturday evening and 11,600 were still out Sunday evening. AEP says all of its customers should have power by Monday night.

http://www.ohio.com/mld/ohio/news/14898969.htm?source=rss&channel=ohio_news

For updates on the status of AEP power outages, visit www.aepohio.com.

66,000 Dominion and NOVEC Customers Lose Power in Virginia June 23

28,000 Dominion Customers Lose Power in Virginia June 25

14,000 Dominion Customers Lose Power in Virginia June 26

9,200 Pepco Customers in DC and Maryland Lose Power June 26

Multiple storms hit the East coast between last Thursday and today.

http://www.dailyprogress.com/servlet/Satellite?pagename=CDP/MGArticle/CDP_BasicArticle&c=MGArticle&cid=1149188730604&path=!news

http://www.starexponent.com/servlet/Satellite?pagename=CSE/MGArticle/CSE_BasicArticle&c=MGArticle&cid=1149188744374

http://www.redorbit.com/news/general/550240/flooding_cripples_washington/index.html?source=r_general

http://www.dailyprogress.com/servlet/Satellite?pagename=RTD/MGArticle/RTD_BasicArticle&c=MGArticle&cid=1149188750640

<http://www.wjla.com/news/stories/0606/339362.html>

http://www.potomacnews.com/servlet/Satellite?pagename=WPN/MGArticle/WPN_BasicArticle&c=MGArticle&cid=1149188715040&path=

Major Power Outage Throughout South-central Alaska Sunday Night; Regional Intertie has Problem

Utility company officials do not know what caused the outage at about 9:15 pm last night. An official for the Chugach Electric Association expected power to be restored before this morning. The utility said about 80 percent of its customers lost power.

<http://www.adn.com/news/alaska/story/7902851p-7796465c.html>

Nevada Hydro Proposes 500 MW Power Plant Near Camp Pendleton in California

About 40 people attended a public discussion of the hydroelectric power plant proposed for Lake Elsinore. The plant is sponsored by the Elsinore Municipal Water District and San Diego based Nevada Hydro.

<http://powermarketers.net/contentinc.net/newsreader.asp?ppa=8knpp%5E%5BhmroqjTUie%7DGL%7Dbfel%5Dv>

PJM Authorizes Construction of \$1.3 Billion in Transmission Upgrades

The spending is for the 15-year regional electric transmission plan.

<http://www.pjm.com>

<http://powermarketers.net/contentinc.net/newsreader.asp?ppa=8knpp%5E%5BhmsohlmRUie%7DGL%7Dbfel%5Dv>

Public Service Commission in New York Calls for Improved Storm Response

The New York Public Service Commission wants NYSEG and Con Edison to improve their communications practices with customers. The PSC said that NYSEG must post information on power restoration and dry ice distribution on its website.

<http://powermarketers.net/contentinc.net/newsreader.asp?ppa=8knpp%5E%5BhmrorvsWUie%7DGL%7Dbfel%5Dv>

Ameren Says it Has Enough Power for Summer Demand

<http://powermarketers.net/contentinc.net/newsreader.asp?ppa=8knpp%5E%5BhmruojpWUie%7DGL%7Dbfel%5Dv>

Copper Thefts at Substations Rising Around Country

As the price of copper skyrockets, more thieves are stealing it out of (unmanned) substations around the country.

http://www.boston.com/news/local/vermont/articles/2006/06/22/copper_thefts_rising_in_rutland_leading_to_dangerous_practices/

TVA's 1,121 MW Watts Bar Nuke Exits Repair Outage, Ramps up to 53 Percent in Tennessee June 26

According to the Tennessee Valley Authority, the 1,121 MW Watts Bar nuclear plant exited an outage begun on May 30 to replace a damaged turbine rotor. The plant had ramped up to 53 percent of capacity by early June 26. Reuters, 07:17 June 26, 2006

TXU's 545 MW Coal-fired Sandow Unit 4 Restarted in Texas

TXU shut the unit on June 24 to repair a problem with the boiler; the company restarted the unit on June 25.
Reuters, 10:33 June 26, 2006

Ontario Continues to Need Imported Power to Meet Summer Peak

According to the latest 18-month outlook prepared by the Independent Electricity System Operator in Ontario, the province will once again be required to import power to meet peak summer demand.
Reuters, 13:46 June 26, 2006

OPG's 515 MW Nuke Pickering Unit 1 Back in Service June 26 in Ontario

OPG shut the unit on June 18 for short-term work.
Reuters, 08:28 June 26, 2006

LS Power's 739 MW Gas-fired Moss Landing Unit 6 Shut Briefly in California June 25

The unit was shut down by the afternoon of June 25 but available for service again on June 26.
Reuters, 08:15 June 26, 2006

NRG's 646 MW Coal-fired W A Parish Unit 5 in Texas Shut -- Seen Back Soon

NRG informed regulators that the company expected to restart the 646 MW unit 5 at its Parish facility in Texas on June 25.
Reuters, 08:48 June 26, 2006

OPG's 494 MW Coal-fired Lambton Unit 4 Shut in Ontario June 26

Reuters, 09:38 June 26, 2006

PPL's 749 MW Coal-fired Brunner Island Unit 3 Shut in Pennsylvania June 23

Reuters, 09:38 June 26, 2006

LS Power's 754 MW Gas-fired Moss Landing Unit 4 Shut in California June 25

Reuters, 09:38 June 26, 2006

SDG&E's 541 MW Gas-fired Palomar Unit Shut in California June 25

Reuters, 09:38 June 26, 2006

Petroleum

Gas Released at ExxonMobil's 562,500 b/d Baytown Refinery in Texas June 24

ExxonMobil had two incidents at the pollution-control unit, which led to emissions of acid gas.
Bloomberg, 02:18 June 26, 2006

Compressor Failure Triggers Flaring at Valero's 214,000 b/d Texas City Refinery

Reuters, 20:34 June 26, 2006

Praxair's Hydrogen Plant in Port Arthur, Texas Restarting June 23

The plant, which supplies Motiva Enterprises and Valero Energy refineries in Port Arthur, was restarting on Friday after being shut by an electrical power failure.
Reuters, 19:56 June 26, 2006

Upgrade Completed at Suncor's 90,000 b/d Commerce City Refinery in Colorado

The upgrades allow the refinery to meet new U.S. emission regulations for low-sulfur diesel and enables the facility to run a broader slate of feedstock, including sour crude from the company's Alberta oil sands operations.
Reuters, 12:33 June 26, 2006

Iraq Says Oil Output at 2.5 Million b/d

Iraq's oil minister has said that output has recovered to 2.5 million b/d—the highest production level since the fall of Saddam Hussein. The minister also said that Iraq would rival Saudi Arabia as top exporter within a decade.
Reuters, 11:34 June 26, 2006

Russia's Lukoil Expands Vysotsk Export Terminal to 12.5 Million Tons/ Year

The expansion, which raises capacity at the terminal by 5.5 million tons per year, will allow greater exports of diesel and fuel oil. In June Lukoil started fuel oil exports from Vysotsk (located on the Baltic Sea), sending the first cargo to the United States. Russia supplied 2.3 percent of total U.S. oil imports in 2005.

Reuters, 12:01 June 26, 2006

Iran Repeats Oil Threat

On Sunday, Oil Minister Kazem Vaziri-Hamaneh said "I think using the oil weapon would be advantageous to Iran in times of threats." But using such a weapon in the normal situation in the country and oil markets would mean confronting the world and we do not have such a policy." Iran exports about 2.5 million b/d and is OPEC's second biggest oil producer, but the United States does not receive any oil from Iran.

Reuters, 06:28 June 25, 2006

Update: Chavez Says Venezuelan Oil Embargo Would Push Oil Prices Up \$20-30

Chavez's angry remarks came in response to a U.S. Senate draft report released last week that predicts an \$11 dollars per barrel rise, should Venezuela halt crude supplies to the United States. Chavez has repeatedly threatened to cut oil shipments if the U.S. invades Venezuela. Venezuela supplied 11.7 percent of total U.S. oil imports in 2005.

Reuters, 16:58 June 23, 2006

Update: Militants Free Kidnapped Oil Workers in Nigeria June 25

Nigerian militants freed five Filipino oil workers after holding them for five days. Militant violence is common in the oil-producing Niger Delta where attacks routinely target the oil industry. Nigeria supplied 8 percent of total U.S. oil imports in 2005.

Reuters, 14:27 June 25, 2006

Natural Gas

Compressor Work Limiting Flows on Florida Gas Transmission Pipeline June 26

FGT said on June 26 that unscheduled compressor maintenance at the St. Helena interconnect with Transco, it would schedule up to 35 MMcf/d at the interconnect, down from a maximum of 60 MMcf/d during normal operations. FGT expects the work to be completed within the next week or two. The Florida Gas Transmission pipeline runs 5,000 miles from southern Texas to southern Florida with a mainline capacity of 2.1 Bcf/d.

Reuters, 12:22 June 26, 2006

Public Comment Taken June 22 on Two Proposed LNG Terminals in Mississippi

The Federal Energy Regulatory Commission held a public meeting Thursday evening to hear comments on two liquefied natural gas terminals proposed for Pascagoula's Bayou Casotte area. The projects, Chevron's Casotte Landing LNG import terminal and Gulf LNG's Clean Energy Project are about half way through the permitting process. Only four members of the public showed up for the meeting to provide comments. FERC concluded that the proposed facilities would have "limited adverse impacts."

<http://powermarketers.net/contentinc.net/newsreader.asp?ppa=8knpp%5E%5BhmrtvxtUUie%7DGL%7Dbfel%5Dv>

Mississippi Hub Wins FERC OK to Assess New Gulf Storage Site

On Thursday FERC granted Mississippi Hub LLC an exemption that will allow it to assess the economic and technical feasibility of developing a natural gas storage facility in southern Mississippi.

<http://intelligencepress.com/>

Global LNG Fleet Reaches 200 Vessels

There were only 100 LNG vessels in 1998. Estimates are that there will be 300 LNG vessels by 2008.

<http://archive.gulfnews.com/business/Shipping/10049448.html>

Anti-LNG Group Says Maine LNG Facility Would Hurt Local Economy

<http://powermarketers.net/contentinc.net/newsreader.asp?ppa=8knpp%5E%5BhmsoihoYUie%7DGL%7Dbfel%5Dv>

Other News

Logistics Blamed for High Ethanol Prices

Ethanol producers blame the lack of trucks and railcars in the Midwest and insufficient storage availability in the Northeast for the spike in ethanol prices.

http://www.energyintel.com/PublicationHomePage.asp?publication_id=5

Energy Prices

| U.S. Oil and Gas Prices | | | |
|----------------------------------------------------------------------|-------|----------|----------|
| June 29, 2006 | | | |
| | Today | Week Ago | Year Ago |
| CRUDE OIL West Texas Intermediate U.S. \$/Barrel | 71.65 | 69.05 | 59.63 |
| NATURAL GAS Henry Hub \$/Million Btu | 5.89 | 6.71 | 7.45 |

Source: Reuters

Energy Notes

Diesel Spill in Louisiana Blocks I-10 for 1 Hour June 23

<http://www.theadvertiser.com/apps/pbcs.dll/article?AID=/20060624/NEWS01/606240317/1002>

Drilling Rigs Reach 10-Year High in Oklahoma

http://pro.energycentral.com/professional/news/gas/news_article.cfm?id=6830060

Lawmaker Says Tritium Found in Groundwater Near Deactivated Zion Nuke Plant in Illinois

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=6832854

BNSF: Congressional Regulation Could Mean Less Rail Expansion in Wyoming

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=6831133

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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