



ENERGY ASSURANCE DAILY

Tuesday, July 03, 2007

Major Developments

San Diego Plane Crash, Unexpected Generation Trip Stress Power Grid during Heat Wave California ISO Urges Conservation July 3

A small plane taking off this morning from an airport in the San Diego area clipped two high-voltage transmission lines before crashing. In addition, approximately 1,900 MW of generation in Southern California tripped offline overnight due to issues apparently unrelated to the plane crash. However, the loss of transmission capacity and generation, coupled with higher demand today due to increasing temperatures, could result in reduced energy reserves this afternoon not just in San Diego but potentially statewide. The California Independent System Operator Corporation (California ISO) is urging all Californians to conserve power during the peak hours this afternoon, roughly 2:00 to 6:00 p.m. Early indications are that at least some of the power plants that tripped off last night will be back in time for the peak demand this afternoon, however, these are old and complex machines, and there are no guarantees. Currently there is no estimated time of return for the transmission capacity. On the California-ISO website the current load graph shows available resources forecast falling below projected peak demand for about three hours, between 3:00 and 6:00 pm Pacific time. The California ISO has asked for conservation measures, initially saying they were "needed," but now saying they are "helpful" which is a lower level of concern. San Diego Gas and Electric has also called for conservation. The emergency status is at a very low level though, as only restricted maintenance operations are called for on the California-ISO website.

<http://www.caiso.com/1c10/1c109ad424af0.pdf>

<http://www.caiso.com/outlook/SystemStatus.html>

www.sdge.com

Reuters, 13:47 July 3, 2007

Update: Damage Assessment Team May Enter Flooded Coffeyville Refinery Later July 3 Gasoline Traders Expect Refinery to be Out of Service for Months

According to an emergency management official, the Coffeyville, Kansas refinery was under 4 to 6 feet of water on the morning of July 3 and the waters levels remain above the levees. Although conditions are too dangerous to enter the refinery at the current time, a damage assessment team may enter the refinery later in the day if the waters continue to recede. The 112,000 b/d refinery, which is operated by Coffeyville Resources, shut down due to flooding on June 28. Some gasoline traders on the Gulf Coast told Reuters that they expect the refinery to be out of service for months due to water damage to the refinery infrastructure. According to a Magellan Pipeline spokesman, the company's Coffeyville products line was shut but the oil pumping station at the refinery was not damaged by the flooding and would be ready to operate as soon as the refinery resumes production. Magellan's other lines were operating normally in the Kansas City area, which the Coffeyville refinery supplies. The spokesman also said that shippers were sourcing products from other suppliers and that supply of RVP gasoline in Kansas City looked good for the "next couple days."

[http://today.reuters.com/news/articleinvesting.aspx?type=fundsFundsNews&storyID=2007-07-](http://today.reuters.com/news/articleinvesting.aspx?type=fundsFundsNews&storyID=2007-07-03T145249Z_01_N03430784_RTRIDST_0_COFFEYVILLE-REFINERY-FLOOD-UPDATE-1.XML)

[03T145249Z_01_N03430784_RTRIDST_0_COFFEYVILLE-REFINERY-FLOOD-UPDATE-1.XML](http://today.reuters.com/news/articleinvesting.aspx?type=fundsFundsNews&storyID=2007-07-03T145249Z_01_N03430784_RTRIDST_0_COFFEYVILLE-REFINERY-FLOOD-UPDATE-1.XML)

Reuters, 16:38 July 2, 2007

Electricity

PG&E's 404 MW Helms Hydropower Unit 3 in California Shut July 3

Reuters, 07:58 July 3, 2007

Mirant's 312 MW Pittsburg Gas-fired Unit 5 in California Reduced July 2

The unit is operating with 152 MW idled.

Bloomberg News, 19:021 July 3, 2007

Update: AES's 495 MW Alamitos Gas-fired Unit 6 in California Back at Full Power July 3

Bloomberg News, 19:06 July 2, 2007

Update: Calpine's 593 MW Metcalf Gas-fired Unit in California Back at Full Power July 3

The unit was operating with 318 MW of capacity idled on July 2.

Bloomberg News, 19:14 July 2, 2007

TVA's 2,113 MW Paradise Coal-fired Power Plant in Kentucky Completely Shut July 2

According to a TVA official, all three units are shut. Unit 1 shut on July 1 and units 2 and 3 shut on July 2. TVA shut two of the units to fix tube leaks and the other to fix a minor turbine issue.

Reuters, 10:31 July 3, 2007

Update: Energy Northwest's 1,131 MW Columbia Nuke Unit in Washington State Ramps Up July 3

The unit increased power production to 90 percent of capacity, up from 20 percent of capacity on July 2. The unit shut on June 28 due to a condensate pump trip.

Reuters, 07:25 July 3, 2007

Entergy's 684 MW Pilgrim Nuke Unit in Massachusetts Reduced July 3

The unit was reduced to 40 percent of power production, down from full power on July 2.

Reuters, 07:25 July 3, 2007

Update: Constellation's 497 MW Ginna Nuke Unit in New York Back at Full Power July 3

The unit returned to full power by early, up from 35 percent on July 2. The unit was reduced on July 1 so that operators could fix a steam leak in the turbine building.

Reuters, 07:24 July 3, 2007

Petroleum

Sewer System Floods at ConocoPhillips's 247,000 b/d Sweeny, Texas Refinery July 2

According to a filing with Texas regulators, flood waters inundated the oily water sewer system on July 2 allowing hydrocarbons to float out to the adjacent storm water concrete ditches. ConocoPhillips pumped the flood waters down in a manner to contain any floating hydrocarbon, and vacuum trucks and sorbents were used to remove any contamination. The filing said that the event lasted from 8:00 a.m. to 12:00 p.m. July 2.

<http://www2.tceq.state.tx.us/ee/main/index.cfm?fuseaction=getDetails&target=93488>

Hydrocracker Shut at Flint Hills's 288,126 b/d Corpus Christi, Texas Refinery July 2

According to a filing with Texas regulators, the unscheduled shutdown of the Hydrocracker Unit at the West Plant was due to a leak on an air fin exchanger on the outlet of the No. 1 Reactor.

<http://www2.tceq.state.tx.us/ee/main/index.cfm?fuseaction=getDetails&target=93495>

FCCU Briefly Reduced at Valero's 142,000 b/d Corpus Christi, Texas Refinery July 2

According to a filing with Texas regulators, Valero briefly reduced throughput on a fluidic catalytic cracking unit (FCCU) after the FCC blower tripped offline due to low lube oil pressure. The blower was restarted a half hour later. According to a Valero spokesman, the event had no material impact on production.

Reuters, 18:13 July 2, 2007

Update: Shell Won't Abandon Operations in Violent Niger Delta

According to Nigeria's *This Day* newspaper, Shell Petroleum Development Company (SPDC) has announced that the company will not abandon oil exploration and production in the volatile Niger Delta region. The company had left the region after a series of hostages were taken and attacks were made on its oil production facilities. According to the report, SPDC is in an ongoing process to re-enter the region, has already restored a small amount of production. An SPDC official said that the company was still concerned about illegal oil theft, adding that about 500 flow lines have been vandalized or damaged since it temporarily stopped production.

<http://www.thisdayonline.com/nview.php?id=82606>

PDVSA Says Oil Operations Not Affected by Worker Protests in Venezuela

State-owned oil company PDVSA said that oil industry operations in eastern Venezuela have not been affected by worker protests. The company denied local media reports that 14 drilling rigs in the area had been halted. Reuters, 13:56 July 3, 2007

TransCanada to Expand Proposed Keystone Oil Pipeline to U.S. Midwest to 590,000 b/d

TransCanada Corporation today announced the proposed Keystone Oil Pipeline project has secured 155,000 barrels per day of additional firm contracts from Hardisty, Alberta to Cushing, Oklahoma with duration averaging 16 years.. The Keystone Pipeline will have an initial nominal capacity to transport approximately 435,000 barrels per day of crude oil from Hardisty, Alberta to U.S. Midwest markets at Wood River and Patoka, Illinois when it enters service in late 2009. The expansion and extension would involve additional pumping stations and the construction of a 294-mile pipeline from the Nebraska/Kansas border to Cushing, Oklahoma with a projected in-service date of late 2010. With the Keystone expansion and Cushing extension, the nominal capacity will increase to 590,000 barrels per day. http://www.transcanada.com/news/2007_news/20070703.html

Natural Gas

House Panel Investigating Allegations that BP Gas Processing Facility at Prudhoe Bay Oilfield is Dangerously Over Capacity

A House panel is investigating allegations that a natural gas processing facility operated by BP PLC at its Prudhoe Bay field in Alaska is holding 9.2 Bcf of compressed natural gas, nearly twice the facility's designed capacity of 5 Bcf. A letter from the Alaska Department of Labor and Workforce Development to BP says that the operations potentially put "1,000 lives at risk in the event of a major catastrophe."

http://biz.yahoo.com/ap/070702/bp_alaska.html?.v=2

Other News

Kansas Flooding Shuts Portions of Coal Rail Lines

Flooding in Kansas has shut portions of rail lines operated by Burlington Northern, Santa Fe Corp., Kansas City Southern, and Union Pacific (UP). A spokesman for BNSF told Reuters that flooding would keep a coal line in Kansas shut till at least July 5. BNSF is attempted to reroute some coal shipments. Despite the shutdowns, coal supplies at power plants are reported to be ample at 25 percent higher than at the same time last year. Reuters, 13:50 July 3, 2007

BNSF Working to Keep Coal Dust Off of Tracks

BNSF Railway officials say they are working to keep coal dust off of tracks. In 2005, coal dust caused two train derailments on the Joint Line out of Wyoming's Powder River Basin and threatened to disrupt coal supplies to power plants across the country. Several solutions have been proposed including more frequent maintenance, changing the shape of coal cars, transporting coal in larger chunks, and using chemicals to make the dust stick to the coal chunks.

<http://www.localnews8.com/Global/story.asp?S=6734402>

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=8538055

Energy Prices

U.S. Oil and Gas Prices July 3, 2007			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	71.34	67.78	73.85
NATURAL GAS Henry Hub \$/Million Btu	6.37	6.85	5.84

Source: Reuters

Energy Notes

Venezuela's President Chavez Solicits Russian Help in Building New Refineries and Natural Gas Pipeline to Argentina

Oil Daily, July 3, 2007

Pine Prairie Energy Center, LLC Holding Open Season for 16 Bcf Phase II Expansion at 24 Bcf Salt Cavern Storage Project Under Construction in Louisiana

http://www.pineprairieenergycenter.com/fw/main/Open_Season_for_Expansion_Capacity-1580.html

Gold Triangle Storage, Inc. Files to Build 12-16 Bcf Underground Natural Gas Storage Facility in Beaumont, Texas

http://www.aglresources.com/pressroom/news_details.aspx?releaseID=1021934&earn=1

Update: AES Appeals District Court Ruling Blocking Sparrows Point LNG Import Terminal Outside Baltimore

<http://www.platts.com/Natural%20Gas/News/6397667.xml?p=Natural%20Gas/News&sub=Natural%20Gas>

GeoMet Announces Planning for Initial 25 Coalbed Methane Development Wells at Peace River Project in British Columbia

<http://www.geometinc.com/home/PR7307.aspx>

BHP Billiton Declares Force Majeure on 650,000 bbl Cargo from Cossack Oilfield in Australia Due to Production Problems

Reuters, 07:01 July 3, 2007

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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