



# ENERGY ASSURANCE DAILY

Thursday, July 06, 2006

## Major Developments

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### **Update: ConocoPhillips Says Rates Still Reduced at Westlake, Louisiana Refinery Citgo Says Lake Charles, Louisiana Refinery at Normal Processing Rates**

According to ConocoPhillips, production is still running at reduced rates at its 240,000 b/d Westlake, Louisiana refinery despite the reopening of the Calcasieu Ship Channel. According to Citgo Petroleum, production has returned to normal processing rates of 425,000 b/d at its Lake Charles refinery due to the reopening of the ship channel and the completion of planned maintenance work on a crude distillation unit, which has been out of service for two months. During the Calcasieu Ship Channel closure, both refineries were approved for loans from the U.S. Strategic Petroleum Reserve. Citgo said that it received its 250,000 barrel shipment by pipeline from the reserve by June 30. The third Lake Charles refinery, Calcasieu Refining Co.'s 85,000 b/d facility, has not recently reported its status but was running at 20 percent of capacity last Friday. The three Lake Charles area refineries, which make up about 4 percent of U.S. refining capacity, were forced to cut rates when the Calcasieu Ship Channel was shut due to an oil spill for 10 days beginning June 21. On Tuesday, the U.S. Coast Guard said tanker traffic on the ship channel was still running at reduced speed.

Reuters, 15:58 July 5, 2006

Bloomberg News, 15:13 July 5, 2006

## Electricity

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### **Washington Area Metrorail Train Evacuated after Power Line Falls on Track July 4**

On July 4 at 3:22 pm, a Virginia Dominion Power electrical cable fell onto the tracks of Yellow Line train #308 and became entangled beneath the train.

[http://www.wusatv9.com/news/news\\_article.aspx?storyid=50551](http://www.wusatv9.com/news/news_article.aspx?storyid=50551)

### **Entergy's 991 MW Indian Point 3 Nuke Unit in New York Shut July 6**

Reuters, 11:30 July 6, 2006

### **OPG's Nanticoke 7 Coal-fired Unit in Ontario Shut July 6**

Reuters, 11:30 July 6, 2006

### **Update: Exelon's 867 MW Dresden 2 Nuke Unit in Illinois Exits Outage July 6**

The unit ramped up to 18 percent this morning after begin shut due to a team leak on July 4.

Reuters, 07:26 July 6, 2006

### **Complete's 256 MW La Paloma Gas-fired Unit in California Shut July 6**

Reuters, 11:30 July 6, 2006

### **AES' 496 MW Redondo Beach 8 Gas-fired Unit in California Shut July 5**

Reuters, 11:30 July 6, 2006

### **Update: PGE's 585 MW Coal-fired Boardman Power Plant in Oregon Returns July 5**

The plant has been shut since early June for repairs to its low pressure turbine unit.

Reuters, 19:26 July 5, 2006

## **Rain Helps Contain Wildfire Near Southern Nevada Power Plant**

The 26-square-mile Gass Complex fire was burning about seven miles from Nevada Power Co.'s largest power plant, the 1,200 MW Lenzie power plant, which is about 25 miles northeast of Las Vegas.

[http://pro.energycentral.com/professional/news/power/news\\_article.cfm?id=6866113](http://pro.energycentral.com/professional/news/power/news_article.cfm?id=6866113)

## **Power Capacity Additions Will Lag Demand Growth: Merrill Lynch**

Planned additions to power generation will not keep pace with growth in demand over the next four years according to Merrill Lynch analysts. Although many more power plan projects continue to be proposed, many will not be built.

<http://www.platts.com/Electric%20Power/News/8520727.xml?p=Electric%20Power/News&sub=Electric%20Power>

## ***Petroleum***

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### **Europe to Ship Almost 850,000 b/d of Gasoline to U.S. in First 10 Days of July - Traders**

Reuters, 12:14 July 6, 2006

### **Update: Cat Cracker in Restart at ExxonMobil's 563,000 b/d Baytown, Texas Refinery**

According to traders, the unit is finally restarting after a one-month delay following planned maintenance.

ExxonMobil unsuccessfully attempted to restart the unit several times in late June, according to filings made with the Texas Commission on Environmental Quality.

Reuters, 09:51 July 6, 2006

### **Update: Southern Lights Pipeline Open Season Oversubscribed**

Enbridge has announced that its open season for the planned Chicago to Alberta Southern Lights pipeline has been oversubscribed. Consequently, the company has indicated that shippers would be restricted to a total of 162,000 b/d of the 180,000 b/d capacity on the line in order to allow room for spot shipments.

Reuters, 15:43 July 6, 2006

### **Azerbaijan's Oil Production Soars in First Six Months of 2006**

According to the latest information available, total oil production in Azerbaijan rose by more than 200,000 b/d during the first six months of the year compared with the same period last year. Most of the increase is the result of a doubling of production from a group led by BP. According to BP, its own production increased from 204,500 b/d to 406,600 b/d.

Reuters, 10:58 July 6, 2006

### **Shell Worker and Oil Rig Security Guard Kidnapped in Nigeria**

A worker at an unfinished Shell gas processing plant in the Niger Delta was kidnapped on July 6 in the latest in a series of kidnappings and attacks by militants directed against oil and gas interests in Nigeria. In addition, a security guard was also kidnapped following a failed raid on an offshore oil rig. The first victim, a Dutchman, was taken following protests in the local community concerning jobs and investments in the community. The security guard was taken from a rig operated by Transocean for Conoil. According to sources, the attack had no affected on operations at the rig.

Reuters, 13:25 July 6, 2006

Reuters, 15:47 July 6, 2006

## ***Natural Gas***

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### **LNG Concerns Hitting Home**

This article provides a brief overview of the growing demand for LNG in the United States, the number of new facilities planned, the opposition, and potential alternatives.

<http://powermarketers.netcontentinc.net/newsreader.asp?ppa=8kowu%5D%5BhopkpsmRSig%7DGJ%7Bbfe1%5Dv>

### **Regulators to Tour Proposed LNG Site in Maine July 13 – Public Invited**

Officials from the Federal Energy Regulatory Commission have scheduled a visit to one of the proposed liquefied natural gas terminals in Washington County, Maine. FERC will use information gathered during the site visit to draft an environmental impact statement on Quoddy Bay's proposal. The Quoddy Bay LNG project, if approved, would have a maximum permitted processing capacity of 2 billion cubic feet of natural gas per day.

<http://powermarketers.net/contentinc.net/newsreader.asp?ppa=8knpp%5E%5BhooonorUSig%7DGJ%7Bbfe1%5Dv>

### **Calhoun LNG Terminal, Pipe Projects Win Initial Environmental Nod**

FERC on Friday issued a draft environmental approval of Calhoun LNG LP's proposal to build a 1 Bcf/d liquefied natural gas import terminal at Port Lavaca, Texas, and an affiliate's plan to construct a connecting pipeline. FERC staff sees no problems with Calhoun LNG project in draft EIS.

NGI's Daily Gas Price Index, July 05, 2006, <http://intelligencepress.com/>

<http://www.platts.com/Natural%20Gas/News/8520642.xml?p=Natural%20Gas/News&sub=Natural%20Gas>

### **TransColorado Files Application for Rockies Express-Related Expansion**

TransColorado Gas Transmission has filed an application with FERC to build an expansion of its interstate pipeline system that would support flows into the Rockies Express project, a 1,350-mile, 2 Bcf/d gas pipeline system that would bring Rocky Mountain natural gas to Ohio and ultimately to markets in the Midwest and Northeast.

NGI's Daily Gas Price Index, July 6, 2006, <http://intelligencepress.com/>

### **Natural Gas Futures Drop to 21-Month Low**

<http://intelligencepress.com/>

## **Other News**

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### **Bunge Plans Second U.S. Ethanol Plant in Illinois**

AGRI-Bunge (a joint venture between AGRI Industries, a farm cooperative, and Bunge North America) plans to develop an ethanol plant in Fulton, Illinois. The plant will have an annual capacity of 108 million gallons.

Reuters, 15:41 July 6, 2006

### **Making Jet or Diesel Fuel Out of Coal**

The United States has huge reserves of coal. The technology does exist to turn coal into liquid transportation fuels. The problem is the initial capital investments are extremely high. A large increase in the price of coal or a drop in the price of oil could make such a venture uneconomical. Such potential though has caught the attention of private industry and government officials, including the Secretary of Energy, Samuel K. Bodman.

<http://www.nytimes.com/2006/07/05/business/05coalfuel.html?ei=5087%0A&en=077b7c4a62e62767&ex=1152244800&pagewanted=print>

### **Update: Urenco Board Okays Work to Begin on New Enrichment Plant**

On July 5, Urenco's board approved the start of work on a uranium enrichment plant in New Mexico. A ceremonial groundbreaking is scheduled for August 29. Urenco officials have said construction is scheduled to begin this month.

<http://www.platts.com/Nuclear/News/6242864.xml?p=Nuclear/News&sub=Nuclear>

## Energy Prices

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U.S. Oil and Gas Prices			
July 6, 2006			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	75.20	73.55	60.60
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	5.58	6.04	7.38

Source: Reuters

## Energy Notes

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### Storms knock out power to 15,000 TXU Customers in Texas on July 4

[http://origin.dfw.com/mld/dfw/news/14972348.htm?source=rss&channel=dfw\\_news](http://origin.dfw.com/mld/dfw/news/14972348.htm?source=rss&channel=dfw_news)

### Russia May Consider Sanctions Against Kazakh and Azeri Oil Shipping on Caspian

Reuters, 04:56 July 6, 2006

### Nigerian Militants Threatening More Violence

Oil Daily, July 7, 2006 [http://www.energyintel.com/PublicationHomePage.asp?publication\\_id=5](http://www.energyintel.com/PublicationHomePage.asp?publication_id=5)

## Links

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### *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>.

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