



# ENERGY ASSURANCE DAILY

Thursday, July 13, 2006

## Electricity

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### **FERC Chairman Warns Unstable Power Supply in New York**

In remarks before the Energy and Resources Subcommittee of the House Government Reform Committee, Joseph Kelliher, Chairman of the Federal Energy Regulatory Commission, expressed concern about the fragile condition of the electricity supply around New York City, Long Island, and southwestern Connecticut. His concern focused on the potential for problems should a prolonged period of abnormally hot weather occur during the remainder of the summer season. Kelliher pointed out that two of the four major transmission lines into New York City have failed in the last two weeks causing a net capacity loss of 1,400 MW. Although ConEdison is working to restore both lines, neither is expected to return to service until sometime in August.

<http://www.platts.com/Electric%20Power/News/7594272.xml?p=Electric%20Power/News&sub=Electric%20Power>

### **Update: PSEG's 1,049 MW Hope Creek Nuke in N.J. Back at Full Power July 13**

Yesterday, the unit was running at 85 percent but was running at full power on Tuesday.

Reuters, 07:07 July 13, 2006

### **SCANA Corp.'s 966 MW Summer Nuke Unit in S. Carolina Down to 90 Percent July 13**

Reuters, 07:14 July 13, 2006

### **750 MW Shepherds Flat Wind Farm Project Proposed in Oregon**

According to a filing with the Oregon Department of Energy, a California company is proposing to construct a 750 MW wind farm in Arlington, Oregon. The Shepherds Flat Wind Farm project will be constructed in phases beginning with 200 MW in 2008.

[http://pro.energycentral.com/professional/news/power/news\\_article.cfm?id=6893833](http://pro.energycentral.com/professional/news/power/news_article.cfm?id=6893833)

## Petroleum

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### **Oil Closes at Record \$76.70 Over Geopolitical Concerns in Middle East, Nigeria**

On July 13, the spot price for crude oil closed at a record \$76.70 per barrel as geopolitical tensions around the world worsened. In the Middle East, the escalating conflict between Israeli forces and Hezbollah in Lebanon, increased concern that oil supplies from nearby countries could be disrupted. In Iran, President Mahmoud Ahmadinejad said that his nation would continue pursuing nuclear technology despite the fact that the row over its nuclear program has been referred back to the U.N. Security Council, raising fears that sanctions or an American invasion could put Iranian supply at risk. In Nigeria, suspected explosions involving two crude oil pipelines operated by Italy's Eni raised concerns that production from the African nation, which has already been cut by almost a fourth, could be further reduced (see story below for additional details).

Reuters, 06:11 and 08:09 July 13, 2006

Bloomberg News, 14:04 July 13, 2006

### **Eni Denies Pipeline Sabotage Reports in Nigeria, Says Lines to be Repaired Shortly**

According to a Nigerian newspaper, explosions have shutdown two Eni-operated pipelines leading to the Brass export terminal, forcing the company to lose some 120,000 b/d. The Italian oil company denied the reports of sabotage but said damage to the pipelines will be repaired shortly with an "irrelevant loss of product." Eni did not specify the cause of the damage but said it was suffered in the last few days. Nigeria supplied about 8 percent of total U.S. oil imports in 2005.

Reuters, 06:41 and 05:53 July 13, 2006

Bloomberg News, 06:20 July 13, 2006

### **Accidents Hit PdVSA's 940,000 b/d Paraguana Refining Complex in Venezuela**

According to traders, an explosion hit the alkylation unit of the 300,000 b/d Cardon refinery on Wednesday though the incident had not been confirmed by PdVSA. On Thursday, PdVSA said that an accident during maintenance on the delayed coker unit at its 640,000 b/d Amuay refinery burned two workers but had no effect on operations. The Cardon and Amuay refineries make up the Paraguana refinery complex, the world's largest. Venezuela supplied 11.7 percent of total U.S. oil imports in 2005.

Reuters, 12:45 July 13, 2006

### **Update: Delayed Gasoline Tanker Unloads at Port of Los Angeles July 12**

The U.S. Coast Guard cleared the 45,000-ton Marshall Islands-flagged tanker for cargo discharge after a delay of six days. Unloading from the tanker was suspended last week in response to safety concerns due to high oxygen content in some cargo tanks.

Reuters, 15:09 July 12, 2006

### **Clean Fuels Yuma Says U.S. Refinery Permits Come Too Slowly**

The CEO of Clean Fuels Yuma told the Senate Energy Committee that it took his company five years to get its main air quality permit from Arizona environmental regulators. His company is hoping to begin construction on a 150,000 b/d refinery in Arizona in the second half of 2007. The plant would be the first U.S. refinery built in 30 years.

Bloomberg News, 12:18 July 13, 2006

### **Oil Tanker Orders More Than Triple in 2006**

Shipbuilders have received more than three times as many orders for oil tankers in the first half of 2006 than they did in same period last year. Contracts were issued for 377 vessels with a capacity of 38.4 million tons, up from a 101 vessels with a capacity of 7.5 million tons last year. High tanker rates have left ship owners with surplus cash which they are reinvesting in growing their fleets.

Bloomberg News, 11:52 July 13, 2006

## ***Natural Gas***

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### **Millennium Phase 1 Delayed One Year to November 2008**

NiSource's Columbia Gas Transmission Corp. told FERC Wednesday that service on the Millennium Phase 1 project would be delayed one year to November 1, 2008. Once completed, it will provide about 525,400 Dth/d of new transportation capacity to markets in New York and New England.

<http://biz.yahoo.com/prnews/060712/dew026.html?v=46>

<http://intelligencepress.com/subscribers/daily/news/d20060713e.html>

### **DOT Approves Alliance Pipeline to Increase Operating Pressure**

On July 5, 2006, the U.S. Department of Transportation approved Alliance Pipeline to operate at a higher maximum allowable operating pressure (MAOP). The decision was based on the line meeting certain design and construction standards that result in an increase in efficiency while maintaining safety standards when the line is operated at higher pressure than is normally the allowed under MAOP standards.

[http://pro.energycentral.com/professional/news/gas/news\\_article.cfm?id=6895181](http://pro.energycentral.com/professional/news/gas/news_article.cfm?id=6895181)

## ***Other News***

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Nothing to report.

## Energy Prices

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U.S. Oil and Gas Prices			
July 13, 2006			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	76.70	75.20	59.98
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	5.92	5.58	7.78

Source: Reuters

## Energy Notes

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### US Gulf Coast Senators Announce Deal to Drill Oil, Gas in Eastern Gulf of Mexico

<http://www.platts.com/Oil/News/7594223.xml?p=Oil/News&sub=Oil>

### SECO Develops a Website that Tracks Progress of Power Restoration Efforts

<http://www.thevillagesdailysun.com/articles/2006/07/11/news/news02.txt>

### APS Reaches 7,103 MW, Sets Record Highest Electricity Demand

<http://biz.yahoo.com/bw/060712/20060712005945.html?v=1>

### 50 MW Cow Branch Wind Project to be Built in Atchinson County, Missouri

[http://pro.energycentral.com/professional/news/power/news\\_article.cfm?id=6895333](http://pro.energycentral.com/professional/news/power/news_article.cfm?id=6895333)

### PdVSA Says Sabatoge Causes 1,000 Bbl Oil Spill at Venezuelan Pump Station

Reuters, 19:14 July 12, 2006

### Congo Aims to Start 100,000 b/d From Two New Fields Soon

Reuters, 09:55 July 13, 2006

### Militants Kill Four Nigerian Troops Escorting Convoy Supplying Oilfields

Reuters, 08:36 July 13, 2006

## 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**

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*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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