



ENERGY ASSURANCE DAILY

Monday, December 18, 2006

Major Developments

Update: 237,030 Customers Remain Without Power in Coastal Pacific Northwest December 18

[See Pacific Northwest Storms Situation Report](http://www.oe.netl.doe.gov/hurricanes_emer/pnw_storm.aspx)
(http://www.oe.netl.doe.gov/hurricanes_emer/pnw_storm.aspx)

Pacific Northwest Storm Moved Inland, Knocked Out Power to About 70,000 Customers December 14-15

The severe wind and snow storms that hit the coastal Pacific Northwest December 14-15 moved inland later, knocking out power to tens of thousands of customers in eastern Washington, Idaho and western Montana. Local media reported the following outages:

- 52,000 Avista Utilities customer outages in the Spokane, Washington area.
- 10,000 Northern Lights Inc. customer outages in northern Idaho and western Montana.
- 7,000 Kootenai Electric customer outages in Idaho.

Most of these outages were restored over the weekend.

Sources: <http://www.localnews8.com/news/regional/4946327.html>
<http://www.kndo.com/Global/story.asp?S=5820540>
<http://www.bonnercountydailybee.com/articles/2006/12/16/news/news02.txt>
http://seattlepi.nwsourc.com/local/6420AP_WA_Wash_Storm_Inland.html

Electricity

Substation Fire Knocks Out Power to 50,000 PGE Customers in Oregon December 16

An explosion at an electrical transformer in Beaverton, Oregon knocked out power to 50,000 Portland General Electric customers in Oregon. The explosion also ignited a tank containing mineral oil, which is used as an electrical coolant at the facility. On Sunday, officials decided to put the fire out with foam showers instead of waiting for it to burn out because of fears that the fire would damage other equipment at the substation. Power was restored to PGE customers on Sunday.

<http://www.oregonlive.com/news/oregonian/index.ssf?/base/news/1166415948261280.xml&coll=7>
<http://www.1190kex.com/cc-common/news/sections/newsarticle.html?feed=123543&article=1561108>

Transformer Explodes at FPL Power Plant in Port Everglades, Florida December 14

On Thursday night, a transformer exploded at peaking power plant operated by Florida Power & Light in Port Everglades Florida. The blaze took out 12 gas turbine units at the plant. There were no power outages as a result of the accident.

<http://www.sun-sentinel.com/news/local/southflorida/sfl-1215portexplosion.0.5950486.story?coll=sfla-home-headlines>

Shell Wind Energy Building 164 MW Wind Farm in West Virginia

The wind farm located in Grant County, West Virginia will begin supplying power to Dominion utilities in mid-2007.

Bloomberg News, December 18, 2006

Ameren Executives Admit to Regulators That Utility Should Increase Power Line Maintenance in Missouri and Illinois - Newspaper

An investigation undertaken by the St. Louis Post-Dispatch has found that although Ameren executives publicly state that they have taken steps to limit storm damage, they tell regulators in writing that they must spend more money on programs, such as tree-trimming, to boost reliability. Furthermore, the investigation found that officials at Ameren's St. Louis tree trimmers' union complain that their members aren't properly trained to inspect lines and keep up with trimming. Two major storm-related power outages have affected Ameren's service territory in Missouri and Illinois over the past four months.

http://www.lakesunleader.com/articles/2006/12/18/beyond_the_lake/03.txt

Texas May Face Electricity Shortage in 2008 – Business Group, ERCOT

A group known as Texas Businesses for Clean-Affordable-Reliable Energy (TBCARE) says that Texas could face a shortage in electricity generation as soon as 2008, putting the state at risk for rolling blackouts. The CEO of ERCOT agreed with the group saying that if Texas experiences unusually hot weather again next summer, state electricity reserves could fall below 12.5 percent. Until new generation comes online, ERCOT says Texas may have to implement conservation programs and temporarily use older electric generation facilities.

http://www.kxan.com/Global/story.asp?S=5822549&nav=menu73_2_1

Update: SCE's 1,080 MW San Onofre Nuke Unit 3 Ramps up to 79 percent of Capacity in California December 18

The unit was shut on December 12 so that an oil leak could be repaired.
Reuters, 07:27 December 18, 2006

Update: Exelon's 855 MW Three Mile Island Nuke Unit 1 Returns to Full Power in Pennsylvania December 18

The unit was shut on December 13 due to an offsite grid problem.
Reuters, 07:17 December 18, 2006

Update: Constellation's 873 MW Calvert Cliffs Nuke Unit 1 in Maryland Ramps Up to Full Power December 18, 2006

The unit shut December 12 to perform turbine control maintenance.
Reuters, 07:16 December 18, 2006

Calpine's 281 MW Delta Gas-fired Unit in California Shut December 17

Reuters, 09:17 December 18, 2006

TXU's 545 MW Sandow Coal-fired Unit 4 in Texas Restarting December 18

Reuters, 09:17 December 18, 2006

TXU's 750 MW Martin Lake Coal-fired Unit 3 in Texas Restarting December 17

Reuters, 09:17 December 18, 2006

OPG's 490 MW Nanticoke Coal-fired Unit 7 in Ontario Shut December 18

Reuters, 09:17 December 18, 2006

Petroleum

Update: Fog Closes Houston Ship Channel December 18

The U.S. Coast Guard closed the Houston Ship channel to vessel traffic today due to dense fog. Persistent fog has delayed shipping intermittently since Thursday. According the Coast Guard, 45 vessels are waiting to make deliveries along the channel. On Friday, new reports said that some 77 ships were backed up at the channel. The Houston Ship Channel provides tanker access to five refineries that have a combined distillation capacity of 1.34 million b/d.

OPIS, 11:12 December 18, 2006

Update: Imperial Reports Sarnia Blaze Fully Extinguished on December 15, Sees no Product Shortages Resulting from Accident

Imperial Oil reported on December 15 that the fire that began at its 121,000 b/d Sarnia refinery in Ontario, Canada had been fully extinguished. The cause of the fire, which damaged a hydrocracker, is under investigation. The company indicated that other units at the refinery are operating normally and that no product shortages are anticipated as a result of damage to the unit.

Reuters, 15:12 December 15, 2006

Two Car Bombs Detonated at Oil Company Compounds in Nigeria December 18

Two car bombs were exploded at two oil company compounds in Port Harcourt, Nigeria on Monday. The Nigerian militant group MEND has taken responsibility for the attacks, which occurred in the car park of a Royal Dutch Shell residential compound and on a perimeter wall of an Agip compound. There were no casualties and no immediate impact on oil production. In an e-mailed statement MEND threatened more attacks against oil industry targets. In particular, the group warned all Nigerian workers to vacate Agip's 200,000 b/d Brass export terminal.

[http://today.reuters.com/news/articlebusiness.aspx?type=tnBusinessNews&storyID=nL1851499&imageid=top-news-view-2006-12-18-152906-](http://today.reuters.com/news/articlebusiness.aspx?type=tnBusinessNews&storyID=nL1851499&imageid=top-news-view-2006-12-18-152906-RTR1KECA_Comp%5B1%5D.jpg&cap=File%20photo%20of%20Nigeria's%20President%20Olusegun%20Obasanjo%20addressing%20an%20OPEC%20ministers'%20meeting%20in%20the%20capital%20Abuja%20December%2014.%202006.%20Reuters.&from=business)

[RTR1KECA_Comp%5B1%5D.jpg&cap=File%20photo%20of%20Nigeria's%20President%20Olusegun%20Obasanjo%20addressing%20an%20OPEC%20ministers'%20meeting%20in%20the%20capital%20Abuja%20December%2014.%202006.%20Reuters.&from=business](http://today.reuters.com/news/articlebusiness.aspx?type=tnBusinessNews&storyID=nL1851499&imageid=top-news-view-2006-12-18-152906-RTR1KECA_Comp%5B1%5D.jpg&cap=File%20photo%20of%20Nigeria's%20President%20Olusegun%20Obasanjo%20addressing%20an%20OPEC%20ministers'%20meeting%20in%20the%20capital%20Abuja%20December%2014.%202006.%20Reuters.&from=business)

Bloomberg News, 10:53 December 18, 2006

Total Starts Production at Offshore Dalia Oil Field in Angola

The company said Friday that production had been started up at the field. Total did not say what initial production volumes were, but the field is expected to be producing 200,000 b/d by mid-2007. The field is estimated to hold an estimated 1 billion barrels of recoverable oil. The Dalia field comprise 71 wells linked by undersea risers to a floating production storage and offloading vessel (FPSO).

<http://www.platts.com/Oil/News/8789098.xml?p=Oil/News&sub=Oil>

Natural Gas

Update: Transwestern Completes Repairs on La Plata Natural Gas Compressor Station in Colorado

The compressor station's Unit 2 was taken down for unplanned repairs on the cooler system from December 13-14. The station's Unit 1 remained online during the work but was operating at reduced capacity. The 2,500-mile Transwestern pipeline transports natural gas out of the San Juan, Anadarko and Permian basins, terminating in southern California.

Oil Daily, December 18, 2006

Quoddy Bay Files with FERC to Build 2 Bcf/d LNG Terminal in Maine

Quoddy Bay LNG has filed with the U.S. Federal Energy Regulatory Commission (FERC) to build a 2.0 bcf/d LNG import, storage, and regasification facility on the Pleasant Point Reservation and in Perry, Maine. The Project includes a 35.8-mile, 36-inch-diameter natural gas sendout pipeline from the LNG Terminal to the Maritimes and Northeast interstate natural gas pipeline in the town of Princeton. Quoddy Bay LNG expects to begin operations in the winter heating season of 2009/2010.

<http://www.quoddylng.com/news.html>

Williams Plans 142 MMcf/d Transco Pipeline Expansion to Northeast

Williams has executed precedent agreements with seven shippers to transport an additional 142,000 dekatherms of natural gas per day (142 MMcf/d) from the existing Transco / Cove Point interconnect in Virginia and the Leidy Hub in Pennsylvania to growing markets in the northeastern United States. The Sentinel expansion will require looping Williams' Transco natural gas pipeline in Pennsylvania and New Jersey with approximately 22 miles of 42-inch pipe, plus minor compressor station modifications. Looping increases system capacity through the addition of a section of pipe that parallels an existing pipeline. The company anticipates that approximately 67,000 dekatherms (67 MMcf/d) of natural gas per day will be placed into service in November 2008, with the remainder going into service in November 2009.

http://www.williams.com/newsmedia/2006/20061215_879.htm

Boardwalk to Build Pipeline Extensions from Fayetteville Shale Play in Arkansas

Boardwalk Pipeline Partners has committed to build two extensions from its existing pipeline system to transport gas for producers operating in the Fayetteville Shale play in Arkansas. The Fayetteville Lateral, consisting of approximately 167 miles of 36-inch pipeline with an initial design capacity of 800,000 MMBtu/d and a maximum capacity of 1.1 Bcf/d, will flow east from Conway County, Arkansas to an interconnect with Boardwalk's Texas Gas pipeline in Coahoma County, Mississippi. The Greenville Lateral, consisting of approximately 98 miles of pipeline with an initial design capacity of 750,000 MMBtu/d, will originate at Texas Gas's mainline near Greenville, Mississippi and proceed east to the Kosciusko, Mississippi area. Both laterals are expected to be in service in early 2009, subject to regulatory approvals.

<http://ir.boardwalkpipelines.com/phoenix.zhtml?c=193443&p=irol-newsArticle&ID=942745&highlight=>

Other News

U.S. Coal Supply Chain Potentially Weak – New Study

A new study by Global Energy Decisions says that major investments are needed in transportation lines and clean-burning technology to meet projected U.S. coal demand. Some of the changes include railroad maintenance and expansion, rolling stock, port and waterway expansion, and construction of new barges. The report said that the key challenge facing Powder River Basin coal supply is maintaining adequate transportation capacity. The key challenge facing eastern coal production is investing in new mining technology.

<http://www.upi.com/Energy/view.php?StoryID=20061214-022108-1032r>

Iowa Corn Growers Confident About Production, Concerned About Storage and Transportation

Iowa corn growers say that new corn hybrids and field-switching will allow them to produce enough corn in future years to meet the state's demand for food and ethanol. Although corn growers are confident about production, they are concerned about storage and delivery. The Iowa Corn Promotion Board says it will lobby lawmakers and encourage the industry to invest in upgrading grain-handling and storage, improving transportation on the Mississippi River and expanding rail and truck routes.

<http://www.wcfcourier.com/articles/2006/12/16/business/local/69ac85da7e501a5586257246003dfa05.txt>

Energy Prices

U.S. Oil and Gas Prices			
December 18, 2006			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	62.45	61.26	58.01
NATURAL GAS Henry Hub \$/Million Btu	6.62	6.81	13.36

Source: Reuters

Energy Notes

U.S. Interior Dept. Issues 5 Leases on Public Lands for Oil Shale RD&D in Colorado, Utah and Wyoming

http://www.blm.gov/nhp/news/releases/pages/2006/pr061215_oilshale.htm

BLM Releases Study of Energy Industry Proposal to Waive Seasonal Restrictions on Gas Drilling in Upper Green River Basin

http://pro.energycentral.com/professional/news/gas/news_article.cfm?id=7553949

Federal Pipeline Regulators Ordering BP to Submit More Details on Plan for Replacing Corroded Prudhoe Bay Pipelines

http://biz.yahoo.com/ap/061216/alaska_oil.html?.v=1

PFC Energy Estimates 100,000 Barrels of Crude Oil Smuggled from Iraq Daily

<http://www.upi.com/Energy/view.php?StoryID=20061212-084012-3505r>

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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