



ENERGY ASSURANCE DAILY

Tuesday, December 26, 2006

Electricity

Over 30,000 Customers Lose Power in Texas December 26

Power went out in Alvin, Texas about 1 a.m. this morning. Texas-New Mexico Power Company officials said the cold weather may be to blame for the line failure. Officials said part of the power line had to be replaced. Power was restored to the city at about 4 a.m.

<http://www.click2houston.com/news/10610198/detail.html>

Over 30,000 Customers Lose Power in Wisconsin December 22

By December 25, Wisconsin Public Service Corp. reported that it had repaired virtually all power outages in central and northern Wisconsin following Friday's snowstorm.

<http://www.wausaudailyherald.com/apps/pbcs.dll/article?AID=/20061225/WDH01/61225005>

Update: ERCOT Set To Meet Summer Reserve Margin for 2007-2008 – Texas PUC Report

According to a recently released Texas Public Utilities Commission report, the Electric Reliability Council of Texas (ERCOT) is not expected to experience a tight generating supply situation for the next two summers due to the return of 1,900 megawatts of previously mothballed generation capacity. The report said that two companies, TXU Corp. and Topaz Power Group LLC, told ERCOT that they would operate older, less-efficient natural gas-fired units for the next two summers to help keep Texas electricity supplies adequate. ERCOT has warned previously that electricity reserves in Texas could fall below the agency's 12.5 percent minimum in 2008.

Reuters, 11:41 December 26, 2006

Update: TXU's 750 MW Martin Lake Coal-fired Units 1 and 3 in Texas Return to Service December 26

The two units, which can generate 1,500 MW combined, have returned to service. The units were shut on December 22 due to an electrical problem related to some testing of the Unit 2 transformer. When the units tripped early Friday, ERCOT briefly interrupted electricity delivery to some industrial customers.

Reuters, 10:37 December 26, 2006

Update: Constellation's 873 MW Calvert Cliffs Nuke Unit in Maryland Back at Full Power December 26

On Friday the unit was operating at 30 percent after exiting an outage. The company shut the unit on December 18 to work on the containment air cooler fan motor.

Reuters, 07:23 December 26, 2006

Petroleum

High Island Pipeline Ruptures, Spills Crude Oil in Gulf of Mexico

According to the U.S. Coast Guard, Plains All American LP's High Island Pipeline ruptured in the Gulf of Mexico on December 24, spilling approximately 21,000 gallons (500 barrels) of crude oil and leaving a half-mile long oil slick. Although the line has been secured, it continues to leak some crude. The rupture occurred 30 miles southeast of Galveston, Texas. Plains All American LP shut the line down on Sunday after the leak was detected. The company said that the cause of the incident is under investigation and that it was working with federal and state officials to minimize the impact of the incident. The High Island Pipeline System connects offshore oil platforms in the High Island and East Breaks areas of the Gulf of Mexico to Texas, City Texas.

Reuters, 13:06 December 26, 2006

<http://biz.yahoo.com/prnews/061226/datu004.html?v=86>

Power Disruption Idles Units at BP's Texas City, Texas Refinery December 21

According to a filing with Texas regulators, a power disruption forced the temporary idling of some units at BP's 460,000 b/d refinery in Texas City, Texas.

Bloomberg News, 16:20 December 21, 2006

EPA Finalizes Boutique Fuels List under Energy Policy Act

The Energy Policy Act of 2005 requires EPA, in consultation with the Department of Energy, to determine the total number of fuels approved into all state implementation plans (SIPs) as of September 1, 2004. On June 6, 2006, the EPA published a draft list of seven of these fuels based upon a "fuel type approach" along with an explanation of its rationale in developing it. In this notice EPA finalizes the list of total number of fuels approved into all SIPs as of September 1, 2004, based upon the fuel type approach. This list now includes eight fuels, dividing Arizona's clean burning gasoline into summer and non-summer blends. This notice also addresses comments that were received on the draft notice and list.

<http://www.epa.gov/otaq/regs/fuels/boutique-list-fn.pdf>

Statoil Cuts North Sea Oil & Gas Field Production by 95,000 b/d

Statoil ASA on Friday said it was cutting production by one-half at its Kvitebjorn field or by 95,000 barrels of oil equivalent per day for the next five months as part of a reservoir management and drilling program.

http://biz.yahoo.com/ap/061222/norway_oil_production.html?.v=2

Natural Gas

Bayou Casotte LNG Project in Mississippi Gets Environmental OK December 22

FERC issued a favorable final environmental review on December 22 of a 1.3 Bcf/d liquefied natural gas (LNG) import terminal proposed by Chevron's subsidiary Bayou Casotte Energy LLC. The facility is to be located on a 260-acre site near Chevron's refinery in Pascagoula, MS.

<http://intelligencepress.com/>, *NGI's Daily Gas Price Index* December 26, 2006

Connecticut DEP Issues New Denial of Islander East Pipeline

Connecticut's Department of Environmental Protection has again denied approval of a water quality certificate needed for the construction of the natural gas pipeline across Long Island Sound. After conducting a court-ordered review of its 2004 rejection for the Islander East pipeline, DEP again concluded that the route would damage the Sound and Shellfish beds.

<http://dep.state.ct.us/whatshap/press/2006/121906.htm>

<http://intelligencepress.com/>, *NGI's Daily Gas Price Index* December 26, 2006

For more information on the proposed pipeline see: <http://www.islandereastpipeline.com/phome.cfm>

Downeast LNG Files Application with FERC for LNG Terminal in Maine

Downeast LNG, of Washington, D.C., filed its formal application for a \$400 million terminal to be located in Robbinston, Maine with the Federal Energy Regulatory Commission (FERC) on December 22. The week before that, Oklahoma-based Quoddy Bay LNG filed its formal application to build an LNG terminal on the Passamaquoddy Tribe's reservation at Pleasant Point and a storage facility in nearby Perry. Review of each application may take up to 18 months.

http://pro.energycentral.com/professional/news/gas/news_article.cfm?id=7583228

Other News

Coal Inventories at Utilities Reach Four-Year Highs

http://www.energyintel.com/PublicationHomePage.asp?publication_id=9, Natural Gas Week, December 25, 2006

Nuclear Industry: Build Reactors to Survive Hit

http://www.newsday.com/news/nationworld/wire/sns-ap-nuclear-security_0_3507292.story?coll=sns-ap-nationworld-headlines

Energy Prices

U.S. Oil and Gas Prices			
December 26, 2006			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	61.03	63.06	58.08
NATURAL GAS Henry Hub \$/Million Btu	5.88	6.27	11.17

Source: Reuters

Energy Notes

Arkansas Electric Cooperative to Build 60 MW Gas-fired Plant

<http://www.platts.com/Electric%20Power/News/6333821.xml?p=Electric%20Power/News&sub=Electric%20Power>

Abu Dhabi Says It Will Cut Crude Sales by 3-5 Percent in February in Line with OPEC Reductions

Reuters, 00:44 December 26, 2006

Oil Exploration in Iraq

http://www.forbes.com/free_forbes/2007/0108/118.html?partner=yahoomag

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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