CTED | Community, Trade and Economic Development

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Energy Policy Division - Biweekly Energy Status Report

The Ford Fiesta ECOnetic—gets 65 mpg, but Ford says it wouldn't sell in the US because it's a diesel. Selling in Europe starting in November 2008.

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Energy Price Summary

Crude oil, gasoline and diesel production, inventories, and prices continue to recover from the after math of hurricanes Ike and Gustav: following Ike, 12 Gulf coast refineries were shutdown and 6 others are running at reduced rates. Power has been largely restored in the areas of Texas and Louisiana impacted, and all pipelines are functioning again—two refineries remain shutdown. After shooting up to $4 in many southeast markets three weeks ago, gasoline price has steadily declined and local shortages have disappeared. Spot and future market prices for gasoline and diesel are lower than we've seen in six months.

There was a bit of excitement in the crude oil market last week as price surged by over $25 in one day. The stock market was in turmoil and there has been some suggestion that a speculator may have caused the price run up. Over a few days price returned to the mid $90's were it started two weeks ago. This week's EIA petroleum report revealed (hurricane induced) low inventories for crude oil, gasoline and distillate inventories. The gasoline inventories are far below the low end of the 'normal' range, but the market isn't showing any concern. Futures prices for gasoline are $2.23 which would translate into $3/gallon at the pump. Distillate futures are at $2.75 which translates into $3.50 at the pump. In other words gasoline and diesel have the potential to fall quite a bit more. Refinery utilization remains low at 75% vs. the more typical 90% level. A continued low utilization rate could halt the price declines.

Ethanol price, like gasoline, has been trending downward over the past 12 weeks: today at $1.99 per gallon. Corn prices down as well: current futures price is $4.54 /bushel.

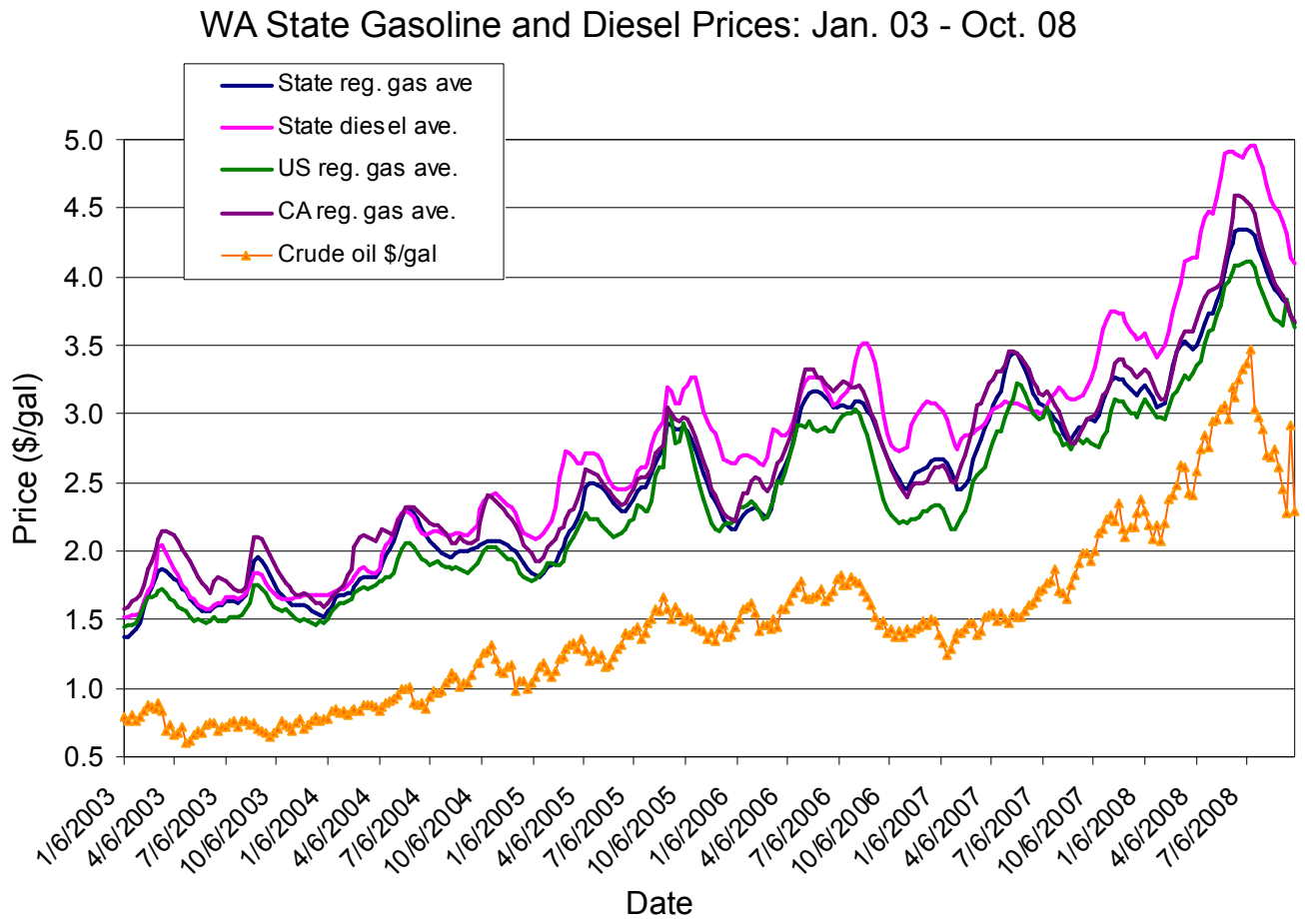
After increasing sharply three weeks ago following the September hurricanes, national retail prices have declined rapidly. As of Monday the average US retail gasoline price was down 8 cents for the week to $3.63 per gallon, and diesel down to $3.96. Washington State gasoline and diesel prices also continued to fall: gasoline and diesel at $3.66, and $4.10 per gallon respectively.

Natural gas prices, after declining for months, seem to have leveled off as the home heating season begins. Natural gas prices are down by nearly $5.5 over the last three months at the Sumas gas Hub: currently $6.03 per MMBtu. The natural gas future price (Nov) on the NYMEX was $7.38 MMBtu on a strong storage reports. Despite production losses following the hurricanes underground storage volumes for the winter are looking bullish at 1.6% above the 5-year average storage level. Gas storage inventories increased by 87 Bcf to 3,110 Bcf. After dire forecasts, price increases for home natural gas home heating are expected to be modest this winter. Those using heating oil or propane are not so lucky, with prices expected to be nearly 25% higher than last winter

The weekly average electricity spot market price at the Mid Columbia trading hub was at $58.8: from the last report. Hydro power production continues to taper off from the highs seen in May and June (the usual pattern): Rainfall was low in July, but high for August, boosting reservoir levels: see page 3.

The Western Climate Initiative released its design recommendation documents for the regional greenhouse gas cap and trade initiative: see http://www.westernclimateinitiative.org/

The US House and Senate passed production tax credit and other incentives for renewable and other energy projects as part of the bank rescue package: see articles on page 5.



Electricity, Petroleum & Natural Gas Prices

- Weekly Range at Mid-C: $55-64 per MWh, Ave. = $58.8 (year ago $44.64)
- Approximate change from previous report $ -0.3 per MWh
- Pre-2000 typical price range $20-$40 per MWh
- Petroleum, West Texas Intermediate: $96.29 per barrel (year ago: $83.32)
- Seattle gasoline price (10/1) $3.67 per gallon (year ago $2.88)
- Gasoline futures (NYMEX next month) $2.23 per gallon
- State Diesel price (10/1) $4.10 per gallon (year ago $3.12)
- Heating oil futures (NYMEX next month) $2.67 per gallon
- Natural gas (cash), Sumas Hub: $6.03 per million BTU (year ago $5.34)
- Natural gas futures (NYMEX next month) $7.38 per million BTU
- Approximate change from 2 weeks ago. Oil: = -0.23 $ per barrel; Nat. gas: -0.08 $ per MMBtu
- Ethanol (CBT next month contract) $1.99 per gallon
- E85 (national average) $4.03 per gallon gasoline equivalent

California Electricity Situation

CA ISO and NWPP Alerts

- Transmission emergencies, So Calif. Oct. 22-24 2007, due to fires
- August 28 2007, Stage 1 alert declared by CA ISO. Possible Stage 1 or 2 alert forecast for weekend.
- Nov. 29, 2006 NWPP peak load reaches record level—reserves adequate.
- Nov. 27, 2006 NWPP concerns that contingency reserve levels could not be met.

River & Snow Pack Information

- Observed Aug. stream flow at The Dalles: 93.7% of average,
- Observed Aug. precipitation above The Dalles: 123 % of average,
- Forecast Jan.-July 2008 runoff at The Dalles: 101 MAF (94%)
- 2008 snow pack: NA.
- Federal hydropower generation in Aug. 6,144 aMW, 1995-2002 average: 7,741 aMW.
- Reservoir content (Libby, Hungry Horse, Grand Coulee, Dworshak): Aug. 79.2 % , 5-year avg. 78.8%.

Northwest Power Pool

(WA, OR, ID, MT, WY, UT, No. NV, BC, AB)

Power Pool peak load (Oct 2): 45,885 MW

Reserve margins were within comfortable ranges for Northwest Power Pool utilities.

Power Exchanged:

(Updated: Oct 2)
Average flow of power during the last 30 days

- California (exported to) 2,807 MW
- Canada (export to) 409 MW
- Net power export: 3,216 MW

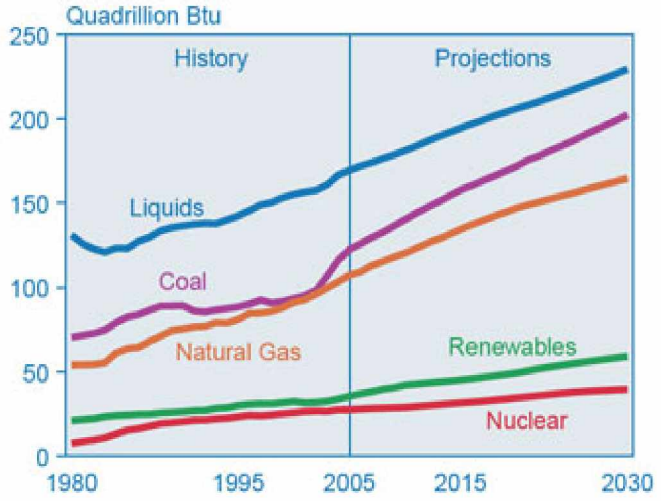
Recycle My Old Fridge Campaign—If Americans replaced all pre-1993 refrigerators with ENERGY STAR models, the saved energy could generate enough power for more than 8.1 million homes yearly and save the consumers more than $4.7 billion.

See the recycled art fridges on the web.

http://www.recyclemyoldfridge.com

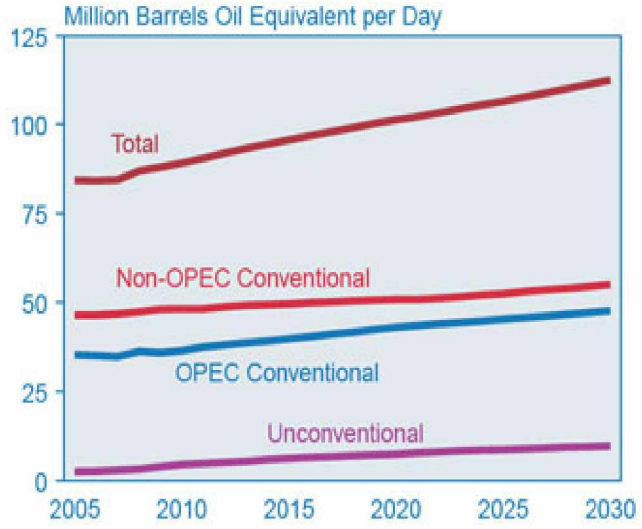
Fridge to right is by the employees of Bellevue WA based Puget Sound Energy's Energy Efficiency Services Department

Figure 2. World Marketed Energy Use by Fuel Type, 1980-2030



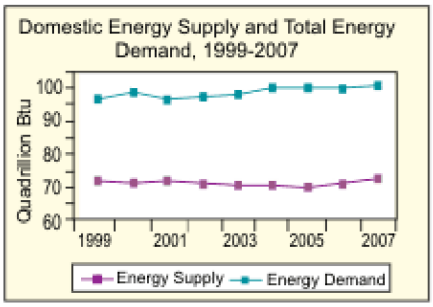
Sources: **2005:** Energy Information Administration (EIA), *International Energy Annual 2005* (June-October 2007), web site www.eia.doe.gov/iea. **Projections:** EIA, World Energy Projections Plus (2008).

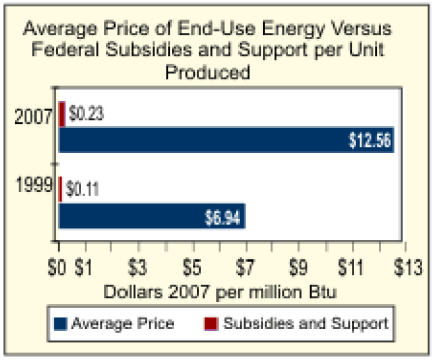
Figure 4. World Liquids Production, 2005-2030



Sources: **2005:** Energy Information Administration (EIA), *International Energy Annual 2005* (June-October 2007), web site www.eia.doe.gov/iea. **Projections:** EIA, Generate World Oil Balance Model (2008).

U.S. energy production has remained roughly unchanged since 1999, despite increases in energy subsidies and prices.





Source: Energy Information Administration, *Federal Financial Interventions and Subsidies in Energy Markets 2007* (April 2008).

How much does the Federal Govt. spend on energy-specific subsidies and support? An estimated $16.6 billion in Fiscal Year 2007. They have more than doubled since FY 1999.
http://tonto.eia.doe.gov/energy_in_brief/energy_subsidies.dfm?featureclicked=2&

Rankings of subsidies and support based on absolute amount and amounts per megawatt hour of generation differ widely, reflecting substantial differences in the amount of generation across fuels.

Primary Energy Source	FY 2007 Net Generation (billion kilo-watt hours)	Subsidies and Support Allocated to Electric Genera-tion (million FY	Subsidies and Support per Unit of Production (dollars/megawatt hour)
Natural Gas and Petroleum	919	227	0.25
Coal	1,946	854	0.44
Hydroelectric	258	174	0.67
Biomass	40	36	0.89
Geothermal	15	14	0.92
Nuclear	794	1,267	1.59
Wind	31	724	23.37
Solar	1	174	24.34
Refined Coal	72	2,156	29.81

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Blueprint for Securing America's Energy Future. US Chamber of Commerce.

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US lawmakers at impasse on incentives for renewable energy. New York Times, Sept 30.

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Study: Wave energy could have impact on ocean, species. Portland Business Journal, Sept 29

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One more chance on energy. New York Times, Sept. 29.

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Pickens loses billions on energy bets, report says. New York Times Blog, Sept. 24.

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Renewable tax credits pass. New York Times Blog, Oct. 3.
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Regional

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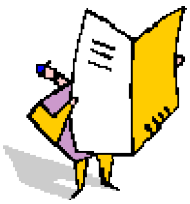

If you only have time to read a couple of articles—read these. ▼

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The effects of climate change on agriculture, land resources water resources, and biodiversity in the US. CCSP, USDA, May 27
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Energy and Economic impacts of S. 280, the Climate Stewardship Act of 2007. EIA, August 6 2007
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National Petroleum Council: Facing the Hard Truths about Energy (2007). http://downloads.connectlive.com/events/npc071807/pdf-downloads/Facing_Hard_Truths-Executive_Summary.pdf

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Climate Change 2007: Climate Change Impacts, Adaptation and Vulnerability. Apr. 6, Working Group II, Intergovernmental Panel on Climate Change, United Nations. http://www.ipcc.ch/SPM6avr07.pdf

Events, Conferences, Trade Fairs

- **October 13-16:** Solar Power International 08, San Diego CA http://www.solarpowerconference.com/conference/schedule/
- **October 17-18:** AltCar Expo & Conference/ National Conference on PHEVs, Austin, TX www.altcarexpo.com
- **October 20-21:** The 3rd Annual Investing in Solar, Phoenix, AZ, http://www.frallc.com/conference.aspx?ccode=B657
- **October 20-21:** 5th Energy Tech Investor Forum, San Francisco, CA www.insightinfo.com/index.cfm?ci_id=25549&la_id=1
- **October 23-24:** ASA Committee on Energy Statistics, Washington, DC, email: Alethea.Jennings@eia.doe.gov
- **October 26-29:** 2008 National Renewable Energy Marketing Conference, Denver, CO www.renewableenergymarketing.net
- **October 27-28:** Renewable Energy Finance Forum—West, Seattle WA, www.reffwest.com
- **November 6-7:** 16th Annual US-Canada Energy Trade & Technology Conference, Boston MA www.necbc.org
- **November 11-13:** 15th Int'l Petroleum & Biofuels Environmental Conference, Albuquerque, NM, www.cese.utulsa.edu
- **November 13-14:** Women's Global Leadership Conference in Energy & Technology, Houston, TX www.WGLNetwork.com
- **November 19-21:** Greenbuild International Conference & Expo, Boston MA http://www.greenbuildexpo.org/?tr=y&auid=3887505
- **February 10-12, 2009:** Int'l Colloquium on Environmentally Preferred Advanced Power Generation, Newport Beach, CA http://www.apep.uci.edu/ICEPAG2009
- **March 6-7, 2009:** 2009 MIT Energy Conference, Cambridge MA www.mitenergyconference.com
- **March 10-12, 2009:** Renewable Energy World Conference & Expo North America, Las Vegas NV http://rewna09.events.pennnet.com/fl/content.cfm?NavId=7857&Language=Engl

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http://www.cted.wa.gov/DesktopModules/CTEDPublications/CTEDPublicationsView.aspx?tabID=0&ItemID=5008&MId=863&wversion=Staging