



April 5, 2007

Volume 4, Issue 1

**Energy
Policy
Division**
-
**Weekly
Energy
Status
Report**

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Ada County Courthouse, Boise ID, is connected to the city's geothermal district heating system, one of the largest in the world.



Weekly Energy Price Summary

Crude oil prices traded around \$65 per barrel for most of the week: see chart on page 2. The major driver in the recent price rise appears to have been the tension between Iran and the UK. Strong demand for transportation fuels and declining inventories is another factor in the price rise. Both factors make it more beneficial for commodity traders or refiners to secure crude oil, or refined product now in the event that future supplies may be restricted.

The EIA inventory report showed gasoline declining a huge 5 million barrels last week. Distillate inventories were unchanged, while crude oil inventories rose 4.3 million barrels. Several refinery accidents and problems with refinery startups following maintenance shut downs contributed to the sharp decline in gasoline supplies. In addition idle refineries contributed to the crude oil inventory rise.

Middle East tensions, the steady gasoline inventory decline, and increasing demand over the last several weeks has moved fuels futures prices higher. This past week futures prices were stable, but remained at high levels: gasoline for next month delivery unchanged at \$2.14 per gallon. The heating oil future contract

down 3 cents to \$1.86 per gallon. The ethanol future price eased back a bit to \$2.10 per gallon for May delivery. Spot market prices for corn, the ethanol feedstock, dipped under \$4 per bushel for the first time in weeks, primarily driven by news of a significant increase in corn planting acreage scheduled for 2007 - see article on page 5.

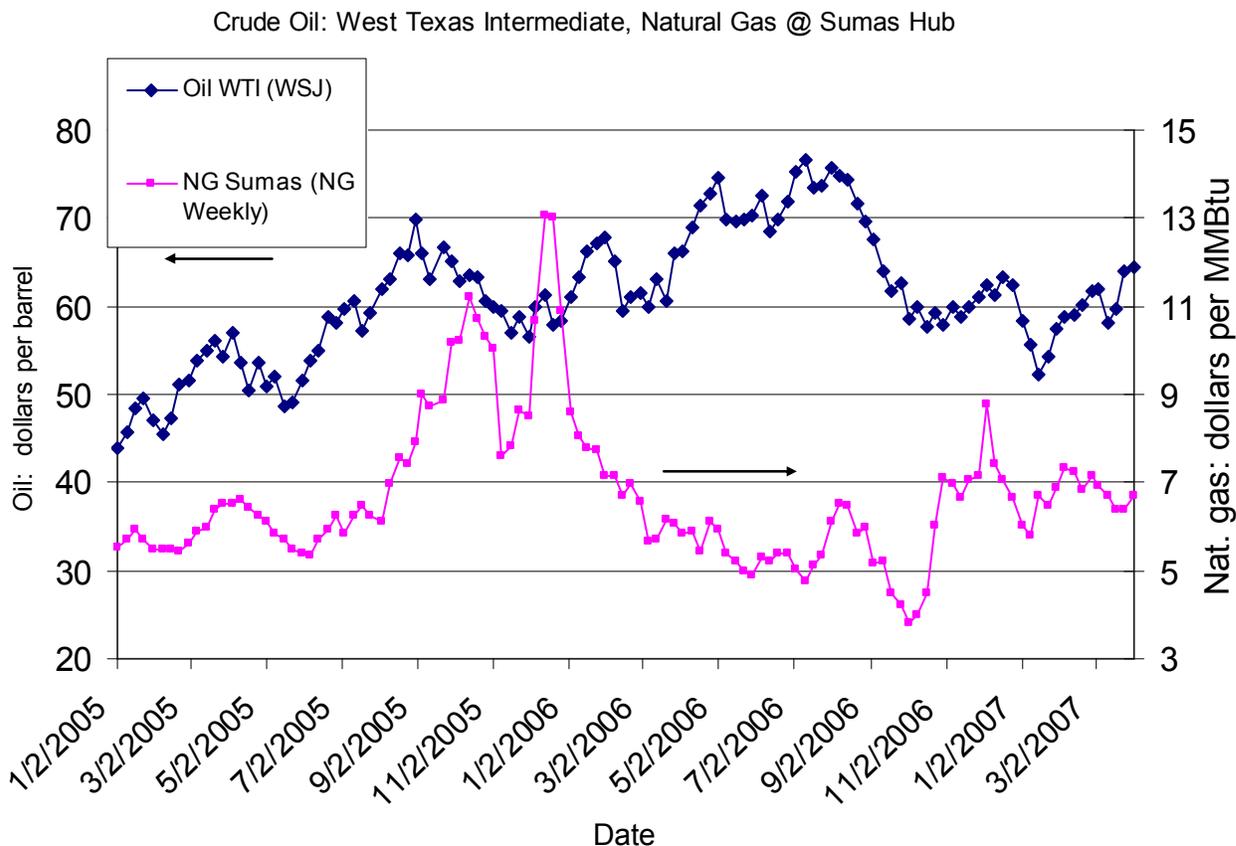
Lagging the recent surge in fuel future prices by a couple of weeks, US retail gasoline price jumped 10 cents last week to \$2.71, while the average diesel price rose 11 cents to \$2.79 per gallon. Expect prices to continue their upward climb next week, but at a slower rate. See chart on page 2 for national and local retail fuel price trends

The Washington State gasoline price increase was a bit more moderate than the national trend, up 8 cents from last week to \$2.97, while diesel price increased by 6 cents to \$2.99 per gallon: in WA gas is 35 cents higher than this time last year. Fuel prices in California are approaching the record levels reached in 2006: 10cents to go. Prices are expected to continue rising during April but at a slower rate than of late.

Natural gas spot price increased

slightly last week to \$6.69 per MMBtu at Sumas as the weather turned colder last week. Natural gas futures (May) on the NY-MEX also increased moderately to \$7.61 MMBtu despite warmer weather and increased gas in storage: see chart next page. On the national level, gas storage experienced a strong increase last week (58 Bcf), and for the last week in March stood at 1,569 billion cubic feet (Bcf), 130 bcf less than last year, but a whopping 27% over the 5-year storage average for this time of year. Crude oil price may be supporting natural gas prices in the short-term but the tremendous storage overhang is very likely to drive prices down shortly.

Average electricity spot market prices at the Mid Columbia trading hub were down \$11 from last week: average of \$23 per Mwh,. Spot electricity prices typically decline and remain low during Apr.-June as snow melt makes hydro power abundant, and mild weather reduces demand throughout the region. The power exchange numbers on page 3, illustrates the significant exports of hydro power that occur during springtime.



Electricity, Petroleum & Natural Gas Prices

- Weekly Range at Mid-C: \$ 12-58 per MWh, Ave. = \$23 (Year ago \$ 44.3)
- Approximate change from previous week - 11 \$ per MWh
- Pre-2000 typical price range \$20-\$40 per MWh
- Petroleum, West Texas Intermediate: \$64.38 per barrel (year ago: \$66.23)
- Seattle gasoline price (4/5) \$3.00 per gallon (year ago \$2.66)
- Gasoline futures (NYMEX next month) \$2.13 per gallon
- State Diesel price (4/5) \$2.99 per gallon (year ago \$2.85)
- Heating oil futures (NYMEX next month) \$1.86 per gallon
- Natural gas (cash), Sumas Hub: \$6.69 per million BTU (year ago \$5.84)
- Natural gas futures (NYMEX next month) \$7.61 per million BTU
- Approximate change from last week. Oil: = +0.30 \$ per barrel; Nat. gas: +0.29 \$ per MMBtu
- Ethanol (CBT next month contract) \$2.10 per gallon

California Electricity Situation

CA ISO and NWPP Alerts

- Nov. 29, 2006 NWPP peak load reaches record level—reserves adequate.
- Nov. 27, 2006 NWPP concerns that contingency reserve levels could not be met.
- July 24, 2006 More record power use in CA, Stage 2 emergency declared, localized blackouts occur.
- July 18, 2006, CA breaks all-time record for electric power use: 46,561 MW.

River & Snow Pack Information

- Observed February stream flow at The Dalles: 89.4% of average,
- Observed March precipitation above The Dalles: 133% of average,
- Forecast Jan.-July 2007 runoff at The Dalles: 100 MAF, 93% of average,
- Federal hydropower generation in Feb.: 7,603 aMW, 1995-2002 average: 9,507 aMW.
- Snow pack: 99% of average, March estimate

Energy Conservation in State Agencies

Energy use in state agencies compared to the same period in 2003

	Electric Use	Natural Gas Use
July 2003 - June 2004	15.77% less	15.24% less
July 2004 - June 2005	10.93% less	32.77% less
July 2005 - June 2006	4.04% less	0.07% more

Northwest Power Pool Status

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

Power Pool peak load (Apr. 5): 46,950 MW

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

Power Exchanged:

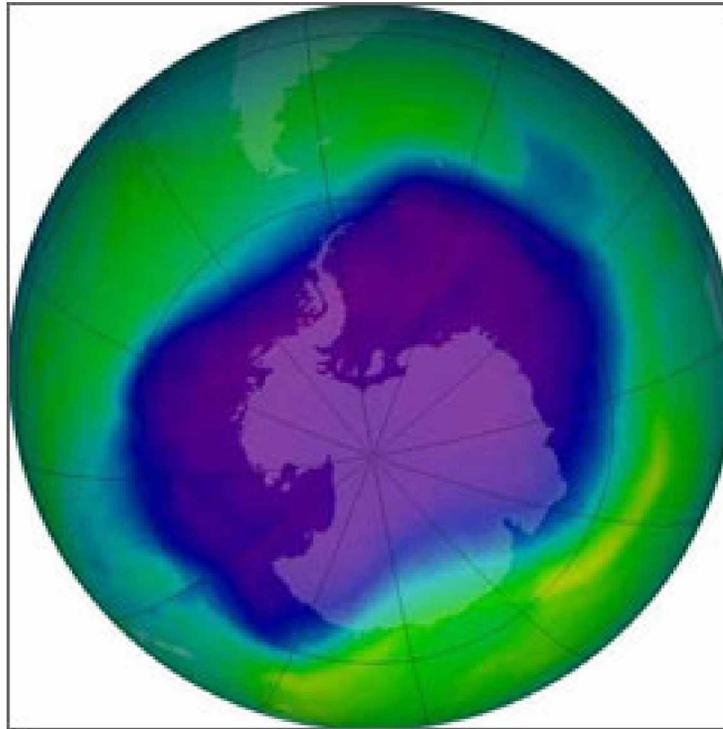
(Updated: Apr. 5 2007)

Average flow of power during the last 30 days

- California (exported to) 4,149 MW
- Canada (exported to) 747 MW
- Net power export: 4,893 MW

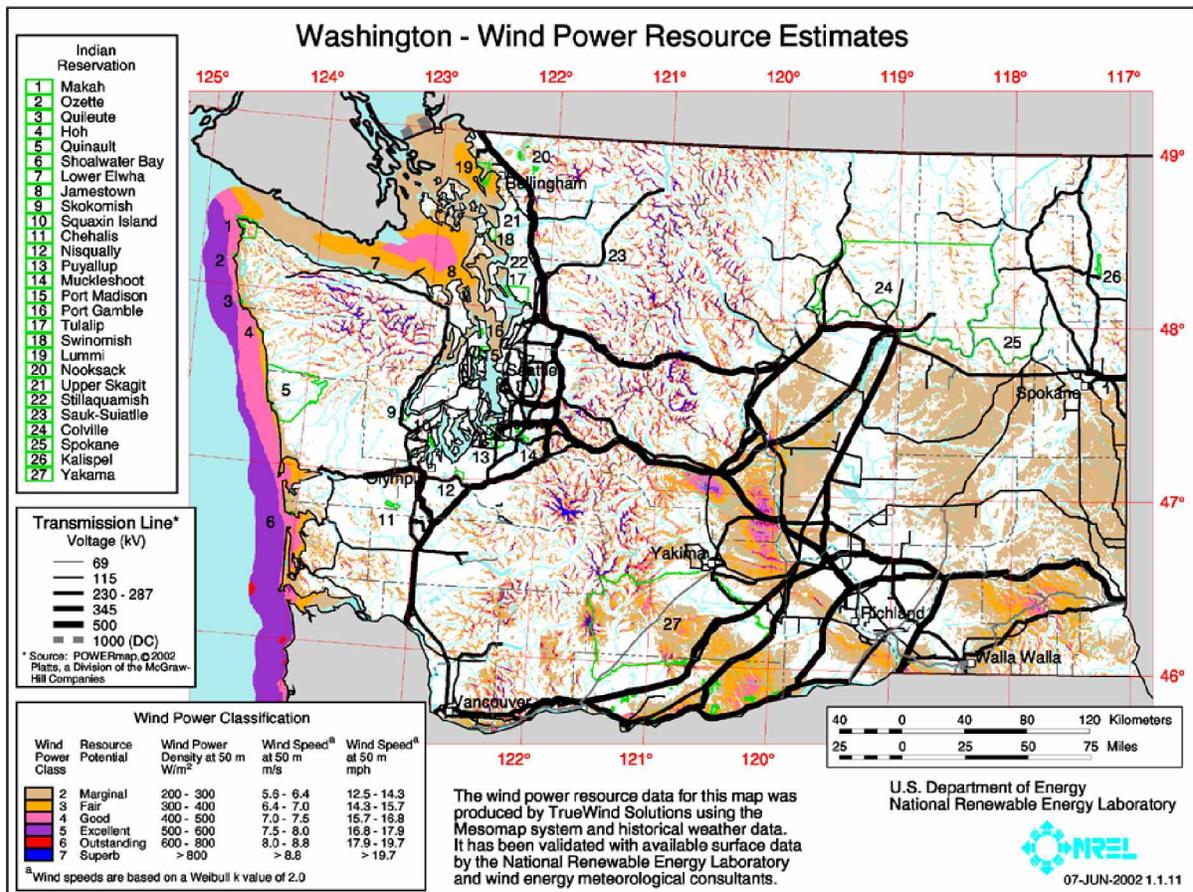
Green Roofs Technology in the heart of a city.





Ozone hole—September 2006

Data source—NASA



*Energy headlines:*International

Emissions already affecting climate, report finds. New York Times, Apr. 6.

<http://www.nytimes.com/2007/04/06/science/earth/06cnd-climate.html>

Climate report warns of faster wider damage. New York Times, Apr. 6.

<http://www.nytimes.com/reuters/world/international-globalwarming.html>

Eco-Campaigner Calls for Freeze on Biofuels

<http://www.renewableenergyaccess.com/rea/news/story?id=48029&src=rss>, and

<http://www.monbiot.com/archives/2007/03/27/a-lethal-solution/#more-1051>, and

Mexico tries to save a big fading oil field. Wall Street Journal, Apr. 5.

<http://online.wsj.com/article/SB117570687954959825-search.html?KEYWORDS=mexico&COLLECTION=wsjie/6month>

Gas exporters increase collaboration. Wall Street Journal, Apr. 5.

<http://online.wsj.com/article/SB117573899633960559-search.html?KEYWORDS=mexico&COLLECTION=wsjie/6month>

Over a barrel. Wall Street Journal, Apr. 5.

<http://online.wsj.com/article/SB117570701015759849-search.html?KEYWORDS=mexico&COLLECTION=wsjie/6month>

The climate divide. New York Times, Apr. 3.

<http://www.nytimes.com/2007/04/03/science/earth/03clim.html>

National

Bush splits with Congress and States on emissions. New York Times, Apr. 4.

<http://www.nytimes.com/2007/04/04/washington/04climate.html>

Global warming happens, but is it “catastrophic”? New York Times, Apr. 4.

<http://www.nytimes.com/reuters/news/news-globalwarming-words.html>

Justice’s say EPA has authority to act on emissions. New York Times, Apr. 3.

<http://www.nytimes.com/2007/04/03/washington/03scotus.html>

Ruling undermines lawsuits opposing emission controls. New York Times, Apr. 3.

<http://www.nytimes.com/2007/04/03/us/03impact.html>

The consequences of corn. New York Times, Apr. 5.

<http://www.nytimes.com/2007/04/05/opinion/05thu3.html>

Clean Energy report card. Wall Street Journal, Apr. 6.

<http://blogs.wsj.com/energy/>

Energy Security fears overblown? Wall Street Journal, Apr. 6.

<http://blogs.wsj.com/energy/2007/04/05/energy-security-fears-overblown/>

A better biofuel. Technology Review.

<http://www.technologyreview.com/Biotech/18476/>

Regional

\$3-a-gallon gas arrives early. The Tacoma News Tribune, Apr. 4.

<http://www.thenewstribune.com/business/story/6449023p-5745645c.html>

PGE customers among top green-power users

<http://www.oregonlive.com/business/oregonian/index.ssf?/base/business/11755689039340.xml&coll=7>

Bachelor looks at its energy use: Wind turbines on Mount Bachelor?

<http://www.bendbulletin.com/apps/pbcs.dll/article?AID=/20070404/BIZ0102/704040324>

Our view: Climate change begs for action. The Olympian, Apr. 6.

<http://www.theolympian.com/207/story/77338.html>

Bill to cut power plant emissions restored. The Columbian, Apr. 4.

<http://www.columbian.com/news/localNews/04042007news122512.cfm>

Seattle City Light Warns Of Con Artists Posing As Bill Collectors

<http://www.kirotv.com/news/11521701/detail.html?rss=sea&psp=news>

B.C., Washington plan partnership on environment. The Tacoma News Tribune, Apr. 5.

<http://www.thenewstribune.com/news/local/story/6450571p-5746818c.html>

Daylight saving shift fails to curb energy use: Other than forcing drowsy Americans into the dark, wintry weather three weeks early, move appears to be a bust in power savings.

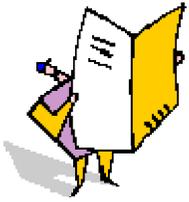
http://news.com.com/Daylight+saving+shift+fails+to+curb+energy+use/2100-1041_3-6172785.html?tag=fd_nbs_ent&tag=nl.e703

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Correction: Last week we posted a chart showing electricity generation by renewables—the information is for the whole U.S. instead of Washington State.

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Although every URL is checked for accuracy prior to the publication, URLs are subject to change for various reasons. Servers sometimes fail to connect to working URLs.



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

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

The climate divide. New York Times, Apr. 3.

<http://www.nytimes.com/2007/04/03/science/earth/03clim.html>

Hell and Hydrogen. Technology Review, March/April 2007

<http://www.technologyreview.com/Energy/18301/>

Recent Reports on Climate Change

Washington's Greenhouse gas emission: Sources and Trends (2006). <http://www.cted.wa.gov/site/540/default.aspx>

Impacts of Climate Change on Washington's Economy (2006) http://www.ecy.wa.gov/climatechange/economic_impacts.htm

The Future of Coal.: <http://www.mit.edu>.



Switch Grass