

Capacity Center's Top 20 Pipeline Capacity Traders for 2016

Tenaska Ranked # 1

Capacity Center has analyzed all the pipeline capacity release transportation transactions on every pipeline for all 12 months of 2016. To be counted in our analysis and for the rankings, a trade had to occur in 2016. In addition, multi-year deals had only their first year of capacity rights counted, to give an apples-to-apples comparison.

For the full year 2016, there were 47,398 capacity trades between non-affiliated entities, excluding trades to effectuate M&A transactions. In 2016, there were 523 distinct trading partner company groups trading more than 50.3 Bcfd of Annualized Transportation capacity on 72 pipelines.

For 2016, Tenaska was once again the top capacity Trader with 4.786 Bcfd of annualized capacity acquired. BP came in second with 4.529 Bcfd. Rounding out the top 5 were, Direct Energy third with 3.611 Bcfd, Sequent fourth with 3.241 Bcfd, and Constellation fifth with 2.995 Bcfd.

Top 20 Capacity Traders

Capacity Center 2016 Top 20 Capacity Traders							
Rank	Acquiring Shipper	2016 Deal Count	2016 Annualized Capacity Traded (Dthd)	2016 Total Multi-year Annualized Capacity Traded (Dthd)	Annual Rank Change from 2015	% Change in Annualized Dthd of Capacity from 2015	% Change in Total Traded Capacity from 2015
1	Tenaska	478	4,776,728	6,184,494	-	(38.44%)	(29.47%)
2	BP	941	4,530,054	6,100,427	-	(4.42%)	(0.55%)
3	Direct Energy	2,467	3,612,634	4,320,081	+1	6.85%	2.87%
4	Sequent	747	3,241,190	4,116,519	-1	(19.62%)	(46.45%)
5	Constellation	898	2,995,488	3,133,456	-	73.82%	77.52%
6	Emera Non Reg	181	1,445,101	1,610,919	+3	50.21%	56.77%
7	DTE Energy Non Reg	470	1,266,176	1,692,159	+2	38.76%	25.05%
8	CenterPoint Energy Non Reg	295	1,192,205	2,272,777	-2	99.36%	268.32%
9	Shell	139	1,146,657	3,341,421	-2	(13.94%)	109.5%

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10	Concord Energy LLC	95	1,111,363	2,179,504	+4	80.08%	188.07%
11	ConocoPhillips	289	978,575	1,149,719	+2	26.50%	45.71%
12	United Energy Trading LLC	272	883,722	1,415,767	+38	375.84%	475.95%
13	Twin Eagle Petroleum Corp	377	868,891	902,155	+6	67.73%	23.15%
14	EDF Trading North America	686	847,414	1,765,266	-2	8.03%	49.47%
15	Macquarie Energy	680	829,892	829,892	-2	46.32%	46.20%
16	Repsol Energy North America	74	801,947	803,660	+10	110.98%	111.04%
17	Texla Energy Management	637	702,826	702,826	-1	17.53%	13.90%
18	NRG	595	665,981	674,512	-	25.28%	15.89%
19	Infinite Energy Inc	964	601,461	601,461	-5	(20.95%)	(20.97%)
20	NextEra Non Reg	336	589,742	672,742	-9	(28.36%)	(44.22%)
Total all 523 Capacity Traders		47,398	50,316,944	79,064,576			
Total Top 20 Capacity Traders		11,621	33,088,047	44,469,757			
Top 20 % of Total		25%	66%	56%			

Biggest Trading Company Increases:

The biggest upward movers in the Capacity Center Top 20 were United Energy Trading moving up 38 slots from 50th place in 2015 to 12th place in 2016 and Repsol moving up 10 slots from 26th place in 2015 to 15th in 2016.

Biggest Trading Company Decreases:

Biggest declines in trading volume in 2016 were BNP Paribas dropping 64 slots from 20th place in 2015 to 84th place in 2016 and NJR Marketing dropping 12 slots to 22nd place in 2016 from 10th place in 2015.

Top Ten Pipelines with Capacity Traded:

The top ten traded pipelines (chart below) saw over 30 Bcfd of annualized capacity traded in 2016 (67% of the total). These top ten also accounted for more than 33,000 separate trades, or 70% of the total number of trades. Leading the pack for Annualized traded capacity in all of 2016 was Transco (perennial leader in terms of

traded capacity) at 4.5 Bcfd, followed by Tennessee at 4.4 Bcfd, Texas Eastern at 4.07 Bcfd, Columbia Gas at 4.06 Bcfd and Dominion at 33.3 Bcfd to round out the top 5.

Within the top 10 traded pipelines there was some jockeying in total Annualized Traded Capacity as compared to 2015, but for the most part the most notable change was in how tightly bunched the top four were in 2015 compared to 2016. Also, the top 10 traded pipelines accounted for 60% of all the capacity traded on the 72 pipelines having trades.

Top 10 Traded Pipelines

Capacity Center 2016 Top Ten Traded Pipelines					
2016 Rank	Pipeline Name	2016 Deal Count	2016 Annualized Capacity (Dthd)	2016 Total Multi-year Annualized Traded Capacity (Dthd)	Rank Change from 2015
1	Transcontinental Gas Pipeline	7,822	4,507,541	7,404,950	-
2	Tennessee Gas Pipeline	5,471	4,472,008	5,454,071	+2
3	Texas Eastern Transmission	4,196	4,078,145	5,267,345	-1
4	Columbia Gas Transmission	6,708	4,067,135	6,157,910	-1
5	Dominion Transmission Inc	3,653	3,233,117	11,716,278	+2
6	ANR Pipeline	1,423	2,857,571	2,980,249	-
7	Algonquin Gas Transmission	1,664	2,281,419	2,302,447	+3
8	Gulf South Pipeline	354	1,603,024	2,096,090	+1
9	Southern Natural Gas	1,666	1,538,524	2,740,204	+1
10	Northwest Pipeline	242	1,501,273	4,192,457	+3
	Totals all 72 Pipelines	47,398	50,316,944	79,064,576	
	Top 10 Pipeline Totals	33,199	30,139,757	50,312,001	
	% Top 10 Pipelines	70%	60%	64%	

Analyzing Forward Capacity Market Trading:

For this 2016 Capacity Trading Report, Skipping Stone also analyzed the trend toward forward market trading in capacity. Skipping Stone looked at two forward market time frames:

1. The number, duration and quantity of deals entered into 60 days or more before the capacity became effective
2. The number, duration and quantity of deals entered into between 30 and 59 days before the capacity became effective.

In *Case 1*, there were 88 trading companies that did forward market capacity trades that became effective 60 days or more from trade date to effective date. The average number of days across that entire group for forward trading *Case 1* was 222 days in advance of the capacity becoming effective.

Among the top ten forward market Capacity Traders, the average forward trade date of their *Case 1* deals was 269 days in advance of the future effective date.

Even more interesting was the comparison of volumes between *Case 1* and *Case 2*. The annualized Dthd of capacity for deals starting 60 days or more into the future was (3.63 Bcfd) compared to deals effective between 30 and 59 days in advance of effective date, (1.93 Bcfd). Combined, the results show that 5.56 Bcfd or just over 10% of all capacity traded in 2016 are deals done more than 30 days prior to release dates. We can conclude from this that top traders are more actively seeking out release deals prior to their hitting the spot capacity market.

While 90% of capacity traded is traded in the spot market from 1 to 29 days in advance of effective date of the traded capacity, the 10% of the market doing forward capacity deals (i.e., starting before the prompt month) will bear watching to see if that continues to grow or starts to shrink. Either way, we will monitor to see if the forward market is impacted by the coming basis erosion in certain regions. In short, we will see if more parties try to go long (i.e., lock in traded capacity costs further in advance of effective date), or instead endeavor to get ever more short (waiting to the last moment to lock in capacity and prices in the spot, or “prompt,” market).

Report Methodology:

For analysis and ranking purposes, Capacity Center rolls up the 1,100+ individually identified entities that have acquired capacity to affiliated company groups, so that results are reported as totals by parent company rather than each affiliate or subsidiary. It then divides those groups into regulated and non-regulated when a group has both regulated and non-regulated affiliates or subsidiaries.

Further, for the purposes of tallying trades and traded capacity, Capacity Center eliminates self-releases (i.e., trades between the same company) and trades between affiliated companies. It also eliminates trades related to M&A activities. After these eliminations, Capacity Center determined that, in 2016, there were 523 distinct trading partner company groups that acquired capacity. This was down slightly from the 554 distinct capacity acquirers in 2015.

For additional pipeline capacity market information and/or analysis, please contact Brendan Tierney, btierney@skippingstone.com or 978-717-6144

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