

Top 20 Capacity Traders Report for 2014

Tenaska No. 1 Six Years Running

As 2014 comes to a close, the team at Capacity Center has released its 7th Top Twenty Capacity Traders Report. Looking back, a few notable facts have emerged. Except for 2008, the first year of the report, when Tenaska came in second to Merrill Lynch Commodities, the energy giant has led the pack in Daily Equivalent Capacity under control for a consecutive 6th year!

With its purchase of Hess earlier this year, Direct Energy moves from its 2013 ninth position to number two, a spot Hess (fourth last year) has held before. Over the years BP, which is retaining its third spot status this year, has held every place except number one in the top five and Sequent in fourth (moving from second) has the distinction of having always finished no lower than sixth position after the Top Twenty List's inaugural year. Returning to the top five is Atmos Energy Unregulated moving up two spots from last year's number seven.

Capacity Center 2014 Top 20 Capacity Traders							
2014 Rank	Acquiring Shipper	Daily Equiv Dth	Total Traded Bcf	2014 Deal Count	Rank Change from 2013	Daily Equiv Change 2013-2014	Deal Count Change 2013-2014
1	Tenaska	2,268,934	849	379	-	61.8%	47.6%
2	Direct Energy	2,180,716	1,260	2,062	+2 / +7	195.6%	143.9%
3	BP	2,011,322	1,092	754	-	144.8%	66.7%
4	Sequent	1,889,794	1,090	841	-2	104.5%	87.4%
5	Atmos Energy Unreg	1,209,875	537	85	+2	187.2%	45.0%
6	Exelon Unreg	1,089,396	505	108	+5	238.8%	122.7%
7	*NextEra Unreg	822,755	315	142	+26	380.5%	103.6%
8	Concord Energy LLC	673,212	419	101	-2	102.7%	94.4%
9	DTE Energy Unreg	588,913	279	237	+6	157.7%	115.0%
10	Infinite Energy Inc	477,071	174	727	+8	134.8%	105.4%
11	Macquarie Energy	388,321	160	341	+6	109.5%	49.3%
12	Interstate Gas Supply	359,310	147	474	+4	97.3%	109.2%
13	*J Aron and Company	357,964	381	74	+53	431.7%	172.1%
14	Scana Corp Unreg	350,342	142	176	+6	107.3%	73.0%
15	*Centerpoint Energy Unreg	335,334	127	290	+7	108.4%	123.4%
16	*Equitable Unreg	328,989	700	11	+134	2755.8%	42.3%
17	Shell	312,811	114	92	+2	95.0%	70.2%
18	NJR Energy Services	311,587	148	44	-4	79.9%	45.8%
19	*Twin Eagle Petroleum	289,729	113	170	+5	100.9%	57.6%
20	*Duke Energy Unreg	272,503	99	18	+7	100.3%	150.0%

*2014 entrants to Top Twenty

The Players

The overall number of players in the market is essentially unchanged from last year due to consolidations and acquisitions which largely offset the addition of new entrants. Within the Top 20, five companies dropped out: Proliance ETP (formerly #5), Louis Dreyfus (previously #8), BG Energy Merchants (formerly #10), EDF Trading (formerly #12) and Dominion Unregulated (formerly #13); six were added and two merged as noted previously.

The three biggest movers in 2014 were Equitable Unregulated moving up 134 places to #16 this year, J Aron and Company moving up 53 places to #13, and NextEra Unregulated moving up 26 places to #7.

Trading

This year, as more long-term AMA type deals are being seen in the market, Capacity Center is providing, along with the daily equivalent, the total Bcf of capacity traded. The total traded Bcf represents (capacity per day) x (the number of days regardless of term), while the daily equivalent measure caps the duration of a trade at 365 days in order to derive an apples-to-apples comparison of daily controlled capacity – where a 10 day deal for 100,000 Dthd has the same equivalent controlled capacity as a 100 day deal for 10,000 Dthd.

Total Capacity Traded						
	2013 (Dthd)	2014 (Dthd)	2013 (Bcf)	2014 (Bcf)	2013 (Deals)	2014 (Deals)
Top 20	15,838,231	16,518,878	6,306	8,651	10,377	7,126
All Capacity Traded	26,899,929	26,081,520	13,016	14,721	32,420	28,666
Top 20 % of All Trades	59%	63%	48%	59%	32%	25%
Top 5	9,036,555	9,560,641	3,340	4,828	4,414	4,121
Top 5 % of Top 20	57%	58%	53%	56%	43%	58%

Total Capacity Traded

In the ranking period of January through August 2014, the top 20 companies traded a total volume of 8.65 Tcf of capacity for 59% of the 14.7 Tcf total traded. This is an eleven percent increase from 2013 where in the same January through August period the top 20 traded 6.3 Tcf or 48% of the 13.01 Tcf total. These figures saw a rise in both the percentage traded by the top 20 and the overall amount of gas capacity traded in 2014 over 2013.

In 2013 Tenaska was top in both daily equivalent and total traded with 1.003 Tcf followed by Sequent with 0.686 Tcf, Proliance/ETP with 0.646 Tcf, BP with 0.573 Tcf, and Hess with 0.439 Tcf. In contrast, and in testament to the longer term AMA type deals gaining prevalence in 2014, in 2014 the top five in total traded category is made up of Direct at 1.26 Tcf and BP at 1.092 Tcf, closely followed by Sequent at 1.090 Tcf, Tenaska at 0.849 Tcf and Equitable, which ranked number 16 in the daily rankings with 0.700 Tcf of total traded capacity.

This year, in the daily equivalent category, the Top 20 traded 63% of the total of all traders, that is 16.5 Bcf/d of the 26.08 Bcf/d traded. Although the 2014 volumes are up among the top 20, from 15.8 Bcf/d in 2013, the 2014 total of 26.08 is off slightly from the previous record breaking 26.889 Bcf/d traded in 2013.

Year over Year

As in previous year-over-year comparisons, the concentration in the top 20 has increased again with their trading volumes totaling 63% of daily equivalent and 59% of total capacity up from 59% and 48% respectively in 2013. The concentration of the Top 5 within the Top 20 remained essentially unchanged at around 58% in all categories, while the daily equivalent separating 11th ranked Macquarie from 20th ranked Duke Energy Unregulated was only slightly more than 115 MDth/d compared to last year's 130 MDth separating #11 Exelon Unreg from #20 Scana Unreg.

Individual deals became larger and longer in 2014 as compared to 2013, resulting in a drop in the number of deals done for each study period (from 32,420 to 28,666). Against this backdrop, it is also notable that EIA statistics show daily production of gas reaching approximately 70 Bcf/d and that Capacity Center statistics indicate just over 37% of this volume is flowing through the 26.08 Bcf/d of daily equivalent secondary market capacity. This is nearly 240% higher than the amount of daily equivalent reported in 2009 (10.9 Bcf/d).

Pipelines

New for 2014 along with reporting of total Bcf of capacity traded, Capacity Center provides a view into the most active pipeline markets with a top 20 Pipelines.

The Top 5 in the Pipeline ranking are:

1. Transco at over 2.4 Bcf/d and 1.7 Tcf total traded
2. Columbia Gas at 2.03 Bcf/d and 0.9 Tcf
3. Texas Eastern with 1.9 Bcf/d and over 2.07 Tcf
4. Tennessee with 1.67 Bcf/d and 0.92 Tcf
5. Dominion coming in at 1.44 Bcf/d and 0.55 Tcf

Notably and expectedly, the Top 5 pipelines all serve both the hugely expanding Northeast Shale production markets and the very mature and active retail unbundling States. For the top 20 list of pipelines and their traded volumes please go to CapacityCenter.com.

The Top 20 Capacity Trader rankings utilized Capacity Center's database of all the transportation capacity release deals done on every interstate pipeline during the period January 1, 2014 through August 31, 2014. Ranking data excluded volumes done due to acquisitions and between related unregulated affiliates.

For more information about the rankings or about Capacity Center, contact Brendan Tierney, btierney@capacitycenter.com or (978) 717-6144

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