

Capacity Center's Top 20 Pipeline Capacity Traders For 2017

Tenaska Ranked #1

Capacity Center has analyzed all the pipeline capacity release transactions on every pipeline for all 12 months of 2017. For our analysis and for the rankings, only trades occurring in 2017, and only the first year of multi-year capacity rights deals were counted, to give an apples-to-apples comparison.

For the full year 2017 there were 52,562 transportation capacity trades between non-affiliated entities, excluding trades to effectuate known M&A transactions. This past year's trade count represents an 11% increase over the 47,398 trades that occurred in calendar 2016. In 2017 there were 501 distinct trading partner company groups trading more than 56.9 Bcfd of Annualized Transportation capacity on 78 pipelines; a 13% increase in Annualized Volume over 2016's 50.3 Bcfd.

For 2017, Tenaska was again the top capacity Trader with 6.247 Bcfd of annualized capacity acquired. BP came in second with 4.926 Bcfd. Rounding out the top 5 were, Direct Energy third with 4.106 Bcfd, Sequent fourth with 3.141 Bcfd, and Exelon Non-Reg (Constellation) a close fifth with 2.986 Bcfd. All five of these companies repeated their Top 5 rankings from 2016.

2017 Top 20 Pipeline Capacity Traders

Capacity Center 2017 Top 20 Capacity Traders						
2017 Rank	Acquiring Shipper	2017 Deal Count	Annualized Equivalent Volume (Dthd)	Total Traded Full Term of Releases (Dth)	2017 Rank Change from 2016	2017 Pctg Change in Annualized Dthd of Capacity from 2016
1	Tenaska	609	6,247,260	3,090,565,153	-	30.79%
2	BP	940	4,926,723	3,329,228,522	-	8.76%
3	Direct Energy	2589	4,106,417	1,731,709,703	-	13.67%
4	Sequent	567	3,141,623	1,263,382,121	-	(3.07%)
5	Exelon Non-Reg	1394	2,986,776	1,157,268,020	-	(0.29%)
6	NRG	796	2,274,384	1,350,403,418	+12	241.51%
7	Emera Non-Reg	814	1,680,806	627,901,067	-1	16.31%
8	DTE Energy Non-Reg	635	1,440,875	526,108,012	-1	13.80%
9	Macquarie Energy	993	1,207,026	650,207,459	+6	45.44%
10	NextEra Non-Reg	463	1,149,760	498,148,062	+10	94.96%

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11	Twin Eagle Petroleum Corp	706	989,670	397,843,101	+2	13.90%
12	ConocoPhillips	196	895,882	332,474,697	-1	(8.45%)
13	Repsol Energy North America	43	873,643	318,881,461	+3	8.94%
14	Pacific Summit Energy LLC	121	812,898	614,568,335	+21	205.31%
15	Spotlight Energy LLC	884	669,734	244,458,331	+10	63.06%
16	Texla Energy Management	605	664,828	242,656,953	+1	(5.41%)
17	Chesapeake Utilities Non-Reg	78	661,658	615,185,050	+6	50.85%
18	Mercuria Energy	257	597,587	218,121,917	+6	43.78%
19	Shell	195	593,902	216,779,149	-10	(48.21%)
20	Scana Corporation Non-Reg	388	547,211	219,055,398	+1	14.32%
Total all 501 Capacity Traders		52,562	56,917,916	32,678,147,729		
Total Top 20 Capacity Traders		13,273	36,468,663	17,644,945,929		
Top 20 Pctg of Total		25.3%	64.1%	54.0%		

Biggest Trading Company Increases

While the Top 5 in 2017 were unchanged from 2016, there was movement and jockeying in the 6th through 20th positions. Notably however, five companies in the top 20 traded less in 2017 than in 2016. Among the other 15, most saw increases in traded volume from just under 8% to over 240%.

The biggest upward movers in the Capacity Center Top 20 were Pacific Summit moving up 21 slots from 35th place in 2016 to 14th place in 2017; NRG moving up 12 places to just outside the top 5 and into 6th place, while both Spotlight Energy and NextEra moved up 10 places to 15th and 10th place, respectively.

Biggest Trading Company Decreases

The biggest decline was for CenterPoint Non-Reg which plummeted 68 spots from 8th to 76th. Others leaving the Top 20 in 2017 were Concord Energy Trading, EDF North America, and Infinite Energy; all of whom slipped into the high top 20's, while United Energy Trading just missed at 21st place.

Top Ten Pipelines with Capacity Traded

The top ten traded pipelines (chart below) saw over 35.3 Bcfd, an increase of nearly 20% over 2016's 30 Bcfd of annualized capacity and these 10 represented 63% of the total traded on all pipelines. The top ten also accounted for more than 35,000 separate trades, or 67% of the total number of trades.

Leading the pack for Annualized Traded Capacity in all of 2017 was Tennessee Gas Pipeline, displacing perennial leader Transco in terms of traded capacity at 5.8 Bcfd. Tennessee was followed by Texas Eastern at 5.2 Bcfd, Transco is now third at 4.6 Bcfd, Columbia Gas at 4.3 Bcfd and Dominion at 4.0 Bcfd round out the Top 5.

Top 10 Traded Pipelines

Capacity Center 2017 Top 10 Traded Pipelines					
2017 Rank	Pipeline Name	Deal Count	2017 Annualized Equivalent Volume (Dthd)	2017 Total Traded Full Term of Releases (Dth)	2017 Rank Change from 2016
1	Tennessee Gas Pipeline	6,103	5,786,280	2,535,452,379	+1
2	Texas Eastern	4,406	5,216,603	3,554,081,181	+1
3	Transcontinental Gas Pipe Line	8,084	4,597,025	2,258,644,229	-2
4	Columbia Gas Transmission	7,709	4,255,262	2,948,632,679	-
5	Dominion Transmission	4,271	3,995,179	3,307,162,976	-
6	ANR Pipeline	1,160	3,478,653	1,333,997,178	-
7	Algonquin Gas Transmission	2,921	2,686,176	997,808,134	-
8	Rockies Express Pipeline	128	2,320,063	1,534,141,351	+3
9	Gulf South Pipeline	360	1,770,210	1,074,797,256	-
10	El Paso Natural Gas	172	1,737,975	1,185,259,625	+2
Totals all 78 Pipelines		52,562	56,917,916	32,678,147,729	
Total Top 10 Traded Pipelines		35,314	35,843,426	20,729,976,988	
Top 10 Pctg of Total		67.2%	63%	63.4%	

Analyzing Forward Capacity Market Trading

In keeping with the 2016 report, for the 2017 Capacity Trading Report Capacity Center analyzed the trend toward forward market trading in capacity, looking at two forward market time frames, as follows:

1. The number, duration, and traded quantities of deals entered into 60 days or greater before the traded capacity became effective; and,
2. The number, duration and quantities of deals entered into between 30 and 59 days before the traded capacity became effective.

In case 1, 101 trading companies did forward market capacity trades that became effective 60 days or greater from trade date to effective date. The average number of days across the entire group for forward trading case 1 was 203 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 248 days in advance of the future effective date.

The total number of long-dated forward deals in 2017 (case 1 plus case 2) was 641 up from less than 500 in 2016 for an increase of 28% and the top 20 forward market Capacity Traders' forward deals comprised 61% of this total. Correspondingly the annualized volume increased 21% to 4.45 Bcfd, or ~7% of all traded capacity. This volume is up almost 15% from 2016's and just ahead of the overall market's year over year 13% volume traded growth.

Even more interesting was comparing the volumes between case 1 and case 2. The annualized Dthd of capacity for deals starting 60 days or more into the future was 4.45 Bcfd which greatly exceeded 1.82 Bcfd, the quantity traded in deals effective between 30 and 59 days in advance of effective date.

The combined results show that 6.25 Bcfd or 11% of all capacity traded in 2017 were deals done 30 days or more prior to release dates. This is a slight increase in the percentage of forward market deals to all deals (i.e., up from just over 10% last year).

This apparent, slight relative growth of the forward market may indicate that traders are approaching parties with capacity already sold to lock up that capacity when current deals roll-off. In future reports we will keep a close eye on trends that may develop; especially once the current build-out rush is completed.

Report Methodology:

For analysis and ranking purposes, Capacity Center rolls up the 1,200+ 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 known M&A activities among gas trading organizations. After these eliminations, Capacity Center determined that, in 2017, there were 501 distinct trading partner company groups that acquired capacity. This continues the downward trend (partly due to consolidation) from the 523 distinct capacity acquirers in 2016 and the 554 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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