



Capacity Center Top 20 Pipeline Capacity Traders For 2019

Tenaska Ranked #1 Again at 4.8 Bcfd Traded

Capacity Center has analyzed all the pipeline capacity release transactions on every pipeline for all 12 months of 2019. Only trades occurring in 2019 were counted in our analysis and for the rankings. In addition, for multi-year deals, only the first year of capacity rights were counted for ranking purposes to give an apples-to-apples comparison of equivalent annualized capacity on a Dth per day basis.

For the full year, 60,329 capacity trades were executed between non-affiliated entities excluding trades to effectuate known M&A transactions. This past year's trade count represents a 2.7% increase over the 58,769 trades that occurred in calendar 2018. In 2019, 445 distinct trading partner company groups traded 58.8 Bcfd of Annualized Transportation capacity on 78 pipelines – a 7.3% decrease in Annualized volume versus 2018's 63.4 Bcfd.

For 2019, Tenaska was again the top Capacity Trader with 4.841 Bcfd of annualized capacity acquired representing a 37% decrease in equivalent daily capacity from 2018. Direct Energy came in second with 4.176 Bcfd, also a decrease from 2018, but of only 7%. Rounding out the top five were BP third with 3.708 Bcfd (a 10% decline from 2018), Sequent, fourth with 3.350 Bcfd (a 25% increase from 2018), and Emera Non-Reg, fifth with 2.739 Bcfd (a 45% increase from 2018).

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2019 Top 20 Pipeline Capacity Traders:

2019 Rank	Acquiring Shipper	2019 Deal Count	Annualized Equivalent Volume (Dthd)	Total Traded Full Term of Releases (Dth)	2019 Rank Change from 2018	2019 % Change in Annualized Dthd Capacity from 2018
1	Tenaska	444	4,841,945	2,525,516,007	-	(37%)
2	Direct Energy	3,209	4,176,430	1,783,556,926	-	(7%)
3	BP	886	3,708,173	1,697,909,842	-	(10%)
4	Sequent	559	3,350,314	1,891,070,922	-1	25%
5	Emera Non-Reg	1,058	2,739,381	1,183,872,044	+2	45%
6	DTE Energy Non-Reg	544	2,085,658	984,923,358	-	9%
7	NextEra Non-Reg	420	1,907,560	1,035,381,301	+6	62%
8	Castleton Commodities	297	1,834,758	672,504,920	+2	36%
9	Exelon Non-Reg	2,165	1,689,411	645,143,897	-5	(38%)
10	Shell	865	1,649,779	711,894,266	+6	67%
11	ConocoPhillips	244	1,358,559	571,637,466	+1	5%
12	NRG	690	1,311,071	789,032,900	-4	(20%)
13	Spotlight Energy LLC	739	1,191,274	434,812,710	+2	8%
14	Eco Energy	159	1,037,706	378,801,552	+3	9%
15	Twin Eagle Petroleum	935	1,010,208	496,269,345	-4	(23%)
16	EDF Trading NA	316	876,641	320,082,855	-7	(41%)
17	Texla Energy Management	386	823,826	301,817,843	+6	11%
18	Kiewit	225	793,987	315,921,738	+11	93%
19	Morgan Stanley	62	792,934	635,331,362	+15	103%
20	Koch Industries Inc.	121	711,953	261,732,449	+21	109%
Total all 445 Capacity Traders		60,329	58,875,607	32,104,567,012		
Total Top 20 Capacity Traders		14,324	37,891,568	17,637,213,703		
Top 20 Pctg of Total		23.7%	64.4%	54.9%		

Biggest Trading Company Increases:

Three companies joined the Top 20 this year. Kiewit moved up 11 places to 18th, joining the Top 20 for the first time. Morgan Stanley moved up 15 places to come in at 19th, and Koch Industries moved up 21 places to round out the Top 20 for 2019. Castleton Commodities continues its steady advancement to 8th in 2019 from 10th in 2018, 32nd in 2017, and 47th in 2016. Eco Energy also continues to rise in ranking; now at 14th from 17th as it's first time Top 20 finish in 2018. The largest percent traded volume gainers were the three new entrants (Kiewit, Morgan Stanley, and Koch) with each having nearly doubled their annualized equivalents from 2018.

Biggest Trading Company Decreases:

The three companies leaving the Top 20 in 2019 to make room for the new Top 20 finishers were: Macquarie, United Energy Trading, and Mercuria.

Top Twenty Pipelines with Capacity Traded:

The Top 20 traded pipelines (chart follows) represented 76% of the total Annualized Dthd of capacity traded on all pipelines. These Top 20 also accounted for more than 50,000 separate trades, or 85% of the total number of trades. Leading the pack for Annualized Traded Capacity in all of 2019 was Tennessee (7.08 Bcfd) followed by Transco (6.34 Bcfd) and Texas Eastern (6.05 Bcfd). Columbia Gas at 4.3 Bcfd and Dominion at 2.7 Bcfd round out the top five.

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Top 20 Traded Pipelines:

2019 Rank	Pipeline	Deal Count	2019 Annualized Dthd	2018 Annualized Dthd	Pctg Change from 2018
1	Tennessee Gas Pipeline Company	7,306	6,091,255	7,083,162	(14%)
2	Transcontinental Gas Pipe Line Corp.	9,041	5,835,489	6,341,437	(8%)
3	Texas Eastern Transmission Corp.	5,474	5,815,725	6,047,072	(4%)
4	Columbia Gas Transmission Corp.	9,795	4,852,483	4,345,060	12%
5	Dominion Transmission Inc.	5,308	2,471,922	2,726,732	(9%)
6	Algonquin Gas Transmission Co.	2,582	2,276,810	2,622,332	(13%)
7	ANR Pipeline Company	1,202	2,275,600	1,777,030	28%
8	Rover Pipeline LLC	77	2,050,341	2,024,094	1%
9	Gulf South Pipeline Company	353	1,838,500	1,667,726	10%
10	Rockies Express Pipeline LLC	722	1,503,042	1,527,717	(2%)
11	Columbia Gulf Transmission Company	1,423	1,383,328	2,106,478	(34%)
12	El Paso Natural Gas Company	116	1,267,730	1,285,226	(1%)
13	Southern Natural Gas Company	1,648	1,196,474	1,446,949	(17%)
14	Northern Natural Gas Company	1,047	987,564	985,278	0%
15	Northwest Pipeline Corporation	219	963,105	1,239,370	(22%)
16	Florida Gas Transmission Company	1,459	897,369	812,888	10%
17	Natural Gas Pipeline Co. of America	285	870,330	823,869	6%
18	Nexus Gas Transmission LLC	707	798,218	915,583	(13%)
19	Colorado Interstate Gas Company	123	783,401	309,642	153%
20	Trunkline Gas Company	456	764,653	149,402	412%
Totals for all 78 Pipelines		60,329	58,875,607	63,489,087	(7%)
Totals for Top 20 Pipelines		49,343	44,923,339	46,237,047	(3%)
Percentage Top 20 of All Pipelines		82%	76%	73%	

Observations on Market Participation and Changes in Level of Market Participation:

In 2019, there were 445 distinct trading partner company groups (see the Report Methodology section later in this report) that acquired capacity and of those, there were 131 entities that only acquired (and did not release) capacity. This means that 314 traders participated in the capacity release market by both acquiring and releasing capacity. Of note, with respect to

releasing entities, there were 359 that only released capacity and did not acquire any additional capacity in the capacity release market.

In addition, a somewhat dramatic change seems to have occurred between 2018 and 2019 with respect to the number of active trading parties acquiring capacity. The number of distinct capacity acquirers was down significantly (18%) from the 540 distinct capacity acquirers in 2018 to the 445 in 2019 mentioned above. Initial review of the data indicates the following factors were predominant in driving this decrease: 1) continued consolidation in the producer-marketer community, 2) continued consolidation in the retail marketer segment, 3) fewer end-users and small quantity acquirers doing their own deals to get released capacity (i.e., likely or possibly using a marketer instead), and 4) the lower amount of total annual equivalent capacity traded could be a result of more players relying on obtaining capacity from pipelines directly (i.e., as either firm – like expansions – or interruptible) as opposed to capacity release trading.

Analyzing Forward Capacity Market Trading:

Skipping Stone also analyzed the trend toward forward market trading in capacity looking at the number, duration and traded quantities of deals entered into 60 days or greater before the traded capacity became effective (i.e., long dated trades).

93 trading companies, comprising 20% of all 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 that entire group for forward trading more than 60 days in advance was 192 days in advance of the capacity becoming effective. The greatest advance deal was 985 days in advance (i.e., about 2.7 years).

The number of long-dated forward deals in 2019 was 579, down from 682 in 2018 for a decline of 15%. Moreover, the 2019 volume decline of 25% from 4.38 Bcfd in 2018 to 3.5 Bcfd was an additional indication that buyers are less inclined to lock in long dated deals. This in turn indicates a perception of erosion of capacity values into the future.

This apparent, relative contraction of the forward market – to the lowest level seen since Capacity Center has been tracking this aspect of the market – may be an early indication of perceived coming erosion in capacity pricing.

Report Methodology:

For analysis and ranking purposes, Capacity Center rolls up the 2,400+ individually identified entities that have acquired capacity to ~1,800 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. After these eliminations, Capacity Center determined that, in 2019, there were 445 distinct trading partner company groups that acquired capacity.

For additional pipeline capacity market information and/or analysis, please contact Steve Hinton, SHinton@skippingstone.com or 978-717-6130.

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