



Capacity Center Top 20 Pipeline Capacity Traders For 2018

Tenaska Ranked #1 Again at 7.6 Bcfd Traded

Capacity Center has analyzed all the pipeline capacity release transactions on every pipeline for all 12 months of 2018. Only trades occurring in 2018 were counted in our analysis and for the rankings. Further, for ranking purposes, multi-year deals had only their first year of capacity rights counted in order to give an apples-to-apples comparison of annualized capacity on a Dth per day basis.

For the full year 2018 there were 58,769 capacity trades between non-affiliated entities, excluding trades to effectuate known M&A transactions. This past year's trade count represents an 11.8% increase over the 52,562 trades that occurred in calendar 2017. In 2018, 540 distinct trading partner company groups traded more than 63.5 Bcfd of annualized transportation capacity on 81 pipelines – an 11.5% increase in annualized volume over 2017's 56.9 Bcfd.

For 2018, Tenaska was again the top capacity trader with 7.659 Bcfd of annualized capacity acquired. Direct Energy came in second with 4.493 Bcfd. Rounding out the Top 5 were, BP third with 4.138 Bcfd, Exelon non-Reg fourth with 2.715 Bcfd, and Sequent a close fifth with 2.679 Bcfd. All five of these companies have repeated their Top 5 rankings for the last three years; however, the companies in the third through fifth places all saw reduced annualized Dthd volumes, while Tenaska and Direct Energy saw 23% and 9% gains in controlled capacity, respectively. The entire top 20 are ranked on the following chart.

2018 Top 20 Pipeline Capacity Traders

| Capacity Center | | | | | | |
|--|-----------------------|-----------------|-------------------------------------|--|----------------------------|---|
| 2018 Top 20 Pipeline Capacity Traders | | | | | | |
| | Acquiring Shipper | 2018 Deal Count | Annualized Equivalent Volume (Dthd) | Total Traded Full Term of Releases (Dth) | 2018 Rank Change from 2017 | 2018 Pctg Change in Annualized Dthd of Capacity from 2017 |
| 1 | Tenaska | 522 | 7,659,049 | 4,010,347,190 | - | 23% |
| 2 | Direct Energy | 2,940 | 4,493,992 | 2,111,136,670 | +1 | 9% |
| 3 | BP | 899 | 4,138,062 | 2,269,132,263 | -1 | (16%) |
| 4 | Exelon Non-Reg | 2,065 | 2,715,532 | 1,582,468,320 | +1 | (9%) |
| 5 | Sequent | 410 | 2,679,228 | 1,334,573,019 | -1 | (15%) |
| 6 | DTE Energy Non-Reg | 627 | 1,907,906 | 996,105,837 | +2 | 32% |
| 7 | Emera Non-Reg | 907 | 1,890,081 | 806,845,440 | - | 12% |
| 8 | NRG | 818 | 1,629,407 | 945,721,039 | -2 | (28%) |
| 9 | EDF Trading | 357 | 1,483,934 | 699,320,035 | +19 | 256% |
| 10 | Castleton Commodities | 543 | 1,345,255 | 502,025,420 | +22 | 242% |
| 11 | Twin Eagle Petroleum | 990 | 1,318,886 | 1,446,975,788 | - | 33% |
| 12 | ConocoPhillips | 265 | 1,297,737 | 513,382,010 | - | 45% |
| 13 | NextEra Non-Reg | 395 | 1,176,595 | 531,397,905 | -3 | 2% |
| 14 | Concord Energy LLC | 74 | 1,137,807 | 583,058,013 | +17 | 181% |
| 15 | Spotlight Energy LLC | 1,059 | 1,107,843 | 404,362,990 | - | 65% |
| 16 | Shell | 248 | 985,432 | 414,433,066 | +3 | 66% |
| 17 | Eco Energy | 126 | 951,272 | 359,389,390 | +9 | 109% |
| 18 | Macquarie Energy | 1,054 | 877,225 | 336,923,435 | -9 | (27%) |
| 19 | United Energy Trading | 481 | 839,557 | 447,321,910 | +2 | 61% |
| 20 | Mercuria Energy | 145 | 782,408 | 832,679,356 | -2 | 31% |
| Total all 540 Capacity Traders | | 58,769 | 63,489,087 | 45,349,427,661 | | |
| Total Top 20 Capacity Traders | | 14,925 | 40,417,207 | 21,127,599,096 | | |
| Top 20 Pctg of Total | | 25.4% | 63.7% | 46.6% | | |
| Growth YOY | | 11.8% | 11.5% | 38.8% | | |
| 2018 Sum of Days of Capacity Traded | | | | 5,753,631 | | |

Biggest Trading Company Increases

While the members of the Top 5 in 2018 were unchanged from 2017, there was jockeying among them. In addition, two companies rejoined the Top 20. EDF Trading moved up 19 places to return to the Top 20 after leaving in 2017 and United eked in at 19 after dropping to 21 in 2017. The biggest movers among companies joining the Top 20 were Castleton Commodities at 10th whose steady increase from 47th in 2016 to 32nd in 2017 now brings them solidly into the Top 20 for the first time; Eco Energy up 9 places to 17th is also a first time Top 20 finisher; and Concord Energy up 17 places to 14th has returned to the Top 20 in 2018 after departing in 2017. The largest percent traded volume gainers were EDF Trading with a 256% increase followed by Castleton Commodities with a 242% increase in volumes controlled.

Biggest Trading Company Decreases

The five companies leaving the Top 20 in 2018 to make room for the new and returning Top 20 finishers were: Repsol, Pacific Summit, Texla, Chesapeake Utilities Non-Reg, and Scana Corp Non-Reg (now Dominion Non-Reg after their merger late last year).

Top Twenty Pipelines with Capacity Traded

The Top 20 traded pipelines (chart below) 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 2018 was Tennessee (7.08 Bcf/d) followed by Transco (6.34 Bcf/d) and Texas Eastern (6.05 Bcf/d). Columbia Gas at 4.35 Bcf/d and Dominion at 2.73 Bcf/d round out the top 5.

Top 20 Traded Pipelines

| Capacity Center Top 20 Traded Pipelines | | | | |
|--|--|------------|-----------------|--------------------|
| 2018 Ranking | Pipeline | Deal Count | Annualized Dthd | Total Deal Volumes |
| 1 | Tennessee Gas Pipeline Company | 7,421 | 7,083,162 | 3,923,857,165 |
| 2 | Transcontinental Gas Pipe Line Corporation | 8,608 | 6,341,437 | 7,611,708,976 |
| 3 | Texas Eastern Transmission Corporation | 5,429 | 6,047,072 | 4,224,157,275 |
| 4 | Columbia Gas Transmission Corporation | 9,160 | 4,345,060 | 1,978,611,816 |
| 5 | Dominion Transmission Inc | 4,609 | 2,726,732 | 2,720,276,814 |
| 6 | Algonquin Gas Transmission Company | 2,761 | 2,622,332 | 1,176,384,214 |
| 7 | Columbia Gulf Transmission Company | 1,774 | 2,106,478 | 1,010,261,695 |
| 8 | Rover Pipeline LLC | 103 | 2,024,094 | 850,375,268 |
| 9 | ANR Pipeline Company | 1,053 | 1,777,030 | 802,580,536 |
| 10 | Gulf South Pipeline Company | 412 | 1,667,726 | 808,489,402 |
| 11 | Rockies Express Pipeline LLC | 543 | 1,527,717 | 707,493,462 |
| 12 | Southern Natural Gas Company | 1,998 | 1,446,949 | 685,981,326 |
| 13 | El Paso Natural Gas Company | 109 | 1,285,226 | 1,226,779,072 |
| 14 | Northwest Pipeline Corporation | 248 | 1,239,370 | 810,944,616 |
| 15 | Panhandle Eastern Pipe Line Company | 2,105 | 1,150,615 | 644,431,376 |
| 16 | Southern Star Central Gas Pipeline Inc | 802 | 1,143,050 | 603,147,305 |
| 17 | Texas Gas Transmission Corporation | 114 | 1,140,932 | 1,613,187,008 |
| 18 | Northern Natural Gas Company | 1,197 | 985,278 | 408,419,898 |
| 19 | Nexus Gas Transmission LLC | 51 | 915,583 | 470,793,118 |
| 20 | Iroquois Gas Transmission System LP | 1,647 | 841,568 | 400,704,203 |
| All 81 Pipelines with Qualifying Deals | | 58,769 | 63,489,087 | 45,349,427,661 |
| Top 20 Pipelines | | 50,144 | 48,417,411 | 32,678,584,544 |
| Pctgs of Totals | | 85% | 76% | 72% |

Analyzing Forward Capacity Market Trading

For this 2018 Capacity Trading Report, Skipping Stone once again analyzed the trend towards forward market trading in capacity, looking at two forward market time frames:

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

In Case 1, there were 113 trading companies (20.9%) of all trading companies that executed 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 231 days in advance of the capacity becoming effective. The greatest advance deal was 1,917 days in advance (i.e., more than 5 years).

The number of long-dated forward deals in 2018 was 682 up from 641 in 2017 for a modest increase of 6%; however, the 2018 volume remained essentially unchanged at 4.38 Bcfd.

Even more interesting was comparing the volumes between the 60+ days out (case 1) and the 30-59 days out (case 2). The annualized Dthd of capacity for deals starting 30-59 days into the future was 1.82 Bcfd in 2017 but increased dramatically to 3.03 Bcfd in 2018. The average advance deal for this case was 42 days in advance. This indicates that trading parties are either confident that basis across traded routes will be stable in the near term, or that getting routine deals done between common trading parties is preferred to leaving things to the last minute. It may also indicate that because so many non-AMA and non-retail releases are biddable, parties want to lock down their deals when they are satisfied with the pricing.

The combined results show that 7.41 Bcfd or 11.7% of all deals in 2018 are deals done 30 days or more prior to release dates. This number was under 9.7% in 2017 and is an increase in the percentage of forward market deals with respect to all deals.

This apparent relative expansion of the forward market to the greatest level seen since Capacity Center has been tracking this aspect of the market may be an early indication of perceived stability 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 within 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 2018, there were 540 distinct trading partner company groups that acquired capacity. This number was up 7% from the 501 distinct capacity acquirers in 2017.

For additional pipeline capacity market information and/or analysis, please contact Katherine Castillo, KCastillo@skippingstone.com or 978-717-6144

CapacityCenter.com operates the only 24/7/365 natural gas interstate pipeline data center covering 104 of the U.S. pipelines. Its automated services monitor capacity release offers, system notices, and deal award information and streams available transactions and their details as they occur to its customers via email for trading, risk, and regulatory compliance, as well as deal origination and valuation purposes. www.capacitycenter.com

CapacityCenter.com is owned and operated by the energy markets consulting firm, Skipping Stone LLC. Please visit www.skippingstone.com for more information.



www.capacitycenter.com

###