2020 Pipeline Capacity Market Year in Review

Top 20 Trading Company Rankings

Top 20 Pipeline Capacity Rankings

Facts, Figures, Analysis

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2020 Capacity Market

Year in Review

The 2020 Pipeline Capacity Market Report

In 2020 2,548 different contracting parties held firm contracts with 148 pipelines and storage companies. Of these, 371 were part of larger corporate families and are not counted as separate entities; however, for the purposes of the capacity trading analysis, Capacity Center counts regulated and unregulated members of a corporate family as separate entities (e.g., Emera and Emera Non-reg). In 2020 there were 30 corporate entities with both regulated and unregulated companies.

In this report, we evaluate primary and secondary capacity markets for 2020. The difference between the two markets is that primary is contracted directly with the pipeline and secondary is released and traded into what is known as the Capacity Release Market.

The Primary Capacity Market

As of January 2020, there was a total of 254.1 Bcfd of contracted FT (Firm Transportation) Capacity (excluding lateral-only capacity). This total includes 7.7 Bcfd of volumetric firm capacity contracted to small LDCs and municipals. Volumetric FT Shippers have Firm service but do not pay fixed reservation charges for this service, leaving 246.4 Bcfd of FT capacity subject to reservation charges and is far and away the dominant type of capacity released into the secondary market.

Pipeline Contracted Capacity Rankings

The Top 20 Pipelines measured by Dthd of contracted firm transportation capacity (excluding lateral only capacity) are ranked in order of their total contracted capacity. The amount of firm capacity released into the secondary market is very different. As the gray shaded cells in the rankings indicate, the highest percentages of released capacity (as a proportion of total contracted capacity), apart from Rockies Express, is in the east/northeast markets.

Top 20 Pipeline Capacity Ranking

2020 Rank	Pipeline	Contracted FT Capacity	Percentage Traded
1	Columbia Gas Transmission Corporation	15,973,051	27%
2	Transcontinental Gas Pipe Line Corporation	15,635,200	43%
3	Tennessee Gas Pipeline Company	12,651,472	47%
4	Texas Eastern Transmission Corporation	11,682,957	50%
5	ANR Pipeline Company	10,426,469	16%
6	Natural Gas Pipeline Company of America	10,193,528	6%
7	Gulf South Pipeline Company	9,933,803	26%
8	El Paso Natural Gas Company	8,286,617	10%
9	Dominion Transmission Inc	6,633,009	43%
10	Colorado Interstate Gas Company	6,023,643	15%
11	Columbia Gulf Transmission Company	5,722,235	17%
12	Texas Gas Transmission Corporation	5,305,578	18%
13	Enable Gas Transmission LLC	5,089,871	7%
14	Northwest Pipeline Corporation	4,682,424	23%
15	Northern Border Pipeline Company	4,666,737	12%
16	Southern Natural Gas Company	4,640,929	25%
17	Equitrans LP	4,322,150	5%
18	Rockies Express Pipeline LLC	4,236,000	40%
19	Trunkline Gas Company	4,208,350	19%
20	Florida Gas Transmission Company	4,115,718	25%
	Top 20 Total	**154,429,741**	**27%**
	Top 20 Pipelines Percentage of Market	**63%**	

Producer/Marketers Dominate the Primary Capacity Market

Thirty years ago, when the natural gas transportation industry was restricted, LDCs, combination electric and gas utilities, and municipals, held nearly 100% of FT capacity. Today these same companies now hold less than 40% of primary FT capacity. In 2020 Producer/Marketers dominated the market by holding 51% of the primary capacity.

Shipper Type	Total Daily Primary FT (Dthd)	Pctg of Total Primary Capacity
Producer-Marketer	124,668,656	51%
LDC IOU	68,880,506	28%
Elec Gen	20,744,720	8%
Pipeline	10,608,874	4%
End-User	10,451,622	4%
LDC Muni	7,724,878	3%
Elec Gen Muni	3,362,210	1%
Total Primary Capacity	**246,441,466**	**100%**

Among the Producer/Marketers, the top ten companies control 38% of the total of all Producer/Marketer primary capacity market share.

Top 10 Producer-Marketers in Primary Capacity Market

2020 Rank	Shipper	Primary FT Capacity (Dthd)	Pctg of Top 10
1	Shell	7,110,453	15%
2	Antero Resources	6,993,898	15%
3	Cheniere Energy	6,269,230	13%
4	BP	6,063,450	13%
5	EQT	5,506,068	12%
6	Range Resources	3,864,298	8%
7	Southwestern Energy	3,602,241	8%
8	Ascent Resources	2,972,759	6%
9	Anadarko	2,654,887	6%
10	Tenaska	2,496,051	5%
	Top 10 Total	**47,533,335**	
Top 10 Pctg of Market Share		**38%**	

In the LDC/combination electric and gas firm capacity market, the top ten companies control 47% of the primary market share.

Top 10 LDC IOUs in Primary Capacity Market

2020 Rank	Shipper	Primary FT Capacity (Dthd)	Pctg of Top 10
1	Southern Company	6,193,743	19%
2	NiSource	5,088,667	16%
3	National Grid	4,541,318	14%
4	Dominion Reg	3,912,512	12%
5	Integrys Energy Group	2,503,258	8%
6	Altagas	2,394,208	7%
7	Public Service Co. of CO	2,090,049	6%
8	Iberdrola	2,026,340	6%
9	Wicor Inc	2,014,367	6%
10	ConEd	1,836,857	6%
	Top 10 Total	**32,601,319**	
Top 10 Pctg of Market Share		**47%**	

The Capacity Release Market

In 2020, entities holding 84% (or 207.4 Bcfd) of the total 246.4 Bcfd of contracted capacity, released at least some capacity into the secondary market. In total, 768 entities who contracted directly with pipelines released capacity, conducted 58,859 (or 96%) of the total of 61,238 Capacity Release deals.

In addition to the 768 entities cited above, another 226 entities released capacity in 4,425 transactions on pipelines with which they did not have primary contracts. The number and types of companies participating in the secondary market vary widely.

- 202 different LDCs held contracts directly with pipelines, of which 148 (74%) released capacity into the Capacity Release Market
- 712 Munis held Firm reservation rate Contracts, of which 124 (17%) released capacity into the Capacity Release Market
- 550 contracting Producer-Marketers had FT contracts, of which 236 (43%) released capacity into the Capacity Release Market
- 135 electric generators (electric-only utilities, electric-division of combined utilities, and non-utility generators) held firm contracts; of those, 55 (41%) released capacity into the Capacity Release Market
- 41 Co-ops and municipal electric generators had firm contracts, with 16 (39%) releasing capacity into the Capacity Release Market
- 879 contracting End-Users had firm contracts, of which 184 (21%) released capacity into the Capacity Release Market
- 29 Interstate pipelines had FT contracts, with 5 (17%) releasing capacity into the Capacity Release Market

Capacity Release Participation

Entity Type	Entities with Firm Contracts	Entities Releasing into Capacity Release Market	Percentage Released
Interstate Pipelines	29	5	17%
LDCs	202	148	74%
Munis	712	124	17%
IOU Elec Gens, Elec Div of Combined & NUGs	135	55	41%
Producers & Marketers	550	236	43%
End-Users	879	184	21%

Capacity Release Market Drivers

Trades between affiliates and trades that are the result of mergers and/or acquisitions are excluded from our count. Those that are counted for this report's purposes are arms-length transactions between unrelated entities.

Capacity Release Statistics:

- In 2020 there were . trades between non-affiliates
- 765 trades were greater than one year in duration
- 4,957 trades had a duration of one year
- 55,516 trades were less than one year

Who's Buying Capacity

As seen below, Producer-Marketers are the predominant players acquiring capacity in the secondary market. Although Producer-Marketers dominating the primary market is a relatively new circumstance, it has always been the case in the secondary market.

Capacity Buyers Breakdown

Shipper Type	Total Annualized Daily Equivalent of Acquired Capacity (Dthd)	Pctg of Total Acquired
Producer-Marketer	54,092,974	91%
Elec Gen	2,221,699	4%
End-User	1,846,565	3%
LDC IOU	784,703	1%
LDC Muni	225,781	0%
Pipeline	164,321	0%
Elec Gen Muni	103,337	0%
Total Acquired Capacity	**59,439,380**	**100%**

Although electric generators come in a very distant second with acquisitions of 2.2 Bcfd, those acquisitions add 11% of capacity to their primary holdings of approximately 20 Bcfd.

The average annual daily electric generation from natural gas is approximately 30.5 Bcfd with seasonal fluctuations of up to 47.2 Bcfd according to EIA. This means producer-marketers as well as LDCs are supplying electric generators with the balance of their gas demand requirements using their primary and secondary capacity rights.

Capacity Trader Rankings

In 2020, the companies comprising the top 20 Capacity Traders, as in recent years, remained very stable. In addition, as in past years, the concentration of traded capacity among the top 20 capacity traders continued to increase. In 2020, the top 20 accounted for nearly 65% of the total annualized daily equivalent of capacity traded.

2020 Top 20 Capacity Trader Ranking

2020 Rank	2019 Rank	Capacity Trader	Annualized Daily Equiv Vol
1	1	Tenaska	5,188,682
2	2	Direct Energy	4,602,460
3	3	BP	3,236,776
4	4	Sequent	3,023,533
5	5	Emera Non-Reg	2,013,390
6	12	NRG	1,903,376
7	7	NextEra Non-Reg	1,804,615
8	6	DTE Energy Non-Reg	1,708,967
9	9	Exelon Non-Reg	1,668,944
10	8	Castleton Commodities	1,579,956
11	13	Spotlight Energy	1,557,048
12	25	Vitol Inc	1,466,931
13	16	Twin Eagle	1,222,172
14	10	Shell	1,176,205
15	21	Koch Industries	1,161,071
16	17	Interstate Gas Supply	1,111,991
17	11	ConocoPhillips	1,091,769
18	31	United Energy Trading	1,066,890
19	15	Texican Natural Gas	1,003,222
20	14	Eco Energy	892,406
	Top 20 Totals		**38,480,404**
	Top 20 Pct of Market Total		**65%**

Trading Partner Diversity Shrinks Among Top Capacity Traders

15 of the Top 20 trading firms reduced their number of trading partners in 2020 as compared to 2019. This apparent concentration, along with a general increase in both the number of trades and traded capacity, indicates that in most cases top capacity traders are concentrating on partners with whom they can trade more capacity. (Exceptions shaded in darker gray.)

Trading Partner Diversity of the Top 20 Capacity Traders

2020 Rank	2019 Rank	Acquiring Shipper	2020 Count of Trading Partners	2019 Count of Trading Partners	2020 Count of Regulated Trading Partners	2020 Count of Non-Regulated Trading Partners
1	2	NRG	99	97	50	49
2	1	BP	89	106	34	55
3	3	Tenaska	84	93	37	47
4	4	Exelon Non-Reg	74	82	39	35
5	7	Twin Eagle	73	66	24	49
6	5	Direct Energy	72	78	35	37
7	6	Spotlight Energy	68	73	32	36
8	8	Texican Natural Gas	54	58	23	31
9	9	DTE Energy Non-Reg	52	55	22	30
10	10	Sequent	49	55	17	32
11	12	Infinite Energy Inc	48	51	21	27
12	14	World Fuel Services	48	50	11	37
13	11	Interstate Gas Supply	47	55	19	28
14	22	Koch Industries Inc	44	34	22	22
15	15	Castleton Commodities	41	50	13	28
16	16	EDF Trading N America	41	46	14	27
17	25	United Energy Trading	41	33	15	26
18	17	Macquarie Energy	40	43	20	20
19	23	NextEra Non-Reg	39	34	15	24
20	13	ConocoPhillips	38	50	16	22

How We Calculate Totals of Traded Capacity

The *annualized daily equivalent* is a calculation conducted to normalize trades of differing quantities and durations. For instance, a trade of 36,500 Dth per day for one day is annualized to be 100 Dthd of annualized equivalent and a trade of 200 Dthd of a years' duration is an annualized equivalent of 200 Dthd. The *total deal volume* is the Dthd traded times the days of duration of the traded capacity.

About Capacity Center

Capacity Center is a natural gas pipeline information services company. Our proprietary technology platform and data center is connected to over 100 interstate pipelines in the U.S. We gather, process, and analyze capacity transaction and operational data from every pipeline and provide this information to clients for use in trading, price discovery, market analysis, and many other purposes.

The Capacity Center database stores capacity trades since 1994 and tracks every receipt and delivery point on every pipeline as well as recording every shipper entity and status. This invaluable information is used to provide clients with market analytics and for a wide variety of consulting projects. **www.capacitycenter.com**

Want More Details?

This report was created by pulling data from our comprehensive Capacity Center database. We have current and historical data on every shipper, capacity release, capacity award, and who bought and sold what on over 100 pipelines.

Contact Benn Boulton to explore how we might put our data and analytics to work for you.

BBoulton@skippingstone.com 978-717-6145