Key Elements of Marketing and Trading

- Marketing and trading is *about the customer*
- Marketing operations are as important to the customer as physical aspects of delivery
- Real-time information, pulling from many roles in the marketing and trading organization, is critical
- Top notch compliance program and culture essential
Market Analytics – Key contributors

Supply Factors:
- Production
- LNG Imports
- Transportation Capacity

Demand Factors:
- Weather
- Competing Fuels
- Economy

Other Factors:
- Pipeline scrapes
- Coal view
- Producer financials
- International demand
- Ship monitoring
- Freight rates monitored
- Trader views on “who is doing what in the market”?
Market Fundamentals Analysis

- For physical commodities, supply and demand **have to** balance each other out every day but at what price does that happen?
- Need to understand all components of supply and demand in our regions. Some idea of scale? 250 pipelines, 50,000 natural gas points, 300 storage caverns, 100 Pricing Points, hundreds of cities/temps, regulatory developments, infrastructure changes

The “Marginal Molecule” that balances the market sets the price of the commodity. Understanding how the market needs to balance helps develop a view on prices.
A Day in a Marketing and Trading Organization

Key: = Trading =M&O =Analytics =T&O =Compliance

Meteorologists arrive. Weather ensembles; outside providers.

Traders arrive

Formulate market view

CASH WINDOW (liquidity dependent)

Servicing customers; search for opportunities

Nomination:
Intra-Day 1

Servicing customers; search for opportunities

p&l t-1) tie-outs

Price settles (financial)

Nomination:
Evening

Physical & financial book analysis (updated curves, volatilities, interest rates) to estimate today’s p&l values

Balancing

Price reporting / position tie-outs (physical)

Nomination:
Intra-Day 2

Servicing customers; search for opportunities

Servicing customers; search for opportunities

Nomination:
Timely (next day)

Transportation and Operations arrive

Review position reports and study fundamentals

Weather briefing

Team fundamentals / Strategy conversations with Trading teams

Sub team (regional) fundamentals meeting / training

Key:

= Trading

= M&O

= Analytics

= T&O

= Compliance
A Day in the Life of Transportation and Operations (T&O)

6:00am
- Transportation and Operations arrive

7:00am
- Post cycle noms to balance customer burns from previous day.

8:00am
- Check Flow reports for yesterday's flow, making sure no cuts.
- Pass along any maintenance or pipeline constraint activity that could obstruct flows.
- Working on cuts from same day flows and communicating with Upstream and Downstream counterparties.
- Reps looking for capacity transport and communicating offers from Pipeline to trader

9:00am
- Gathering information on next day flow volumes and communicate to traders.
- Tweaking transport if necessary (cuts) to be in by ID1 deadline.
- Working on Intra-Day 1

9:30am
- Nominations: Intra-Day 1

10:00am
- Reconciling pipeline flows with trades in system to make sure they balance.
- Work internally with Settlements for reconcile invoices
- Nomination: Timely (next day)
- Working on position discrepancies or specific customer needs before Timely deadline

1:00pm
- Nomination: Intra-Day 2

2:30pm
- Nomination: Evening

4:00pm
- Working on corrections to move to schedule.

6:00pm
- Final cycle reports are confirmed by the pipelines

7:00pm
- Nominations: Intra-Day 3

8:00pm
- Checking Timely nominations reports.

9:00pm
- Work internally with Settlements for reconcile invoices