Participants in the natural gas market wishing to succeed must be able to comprehensively manage both price volatility and complex physical delivery.

**Price Volatility**

Price volatility is a common attribute of commodity markets in general—and certainly oil and natural gas markets over the past century. In markets where demand is largely driven by unpredictable weather, supply and demand imbalances, and economic activity, price volatility is here to stay.

After relatively stable natural gas prices through the 1990s, the natural gas industry entered a period of price volatility and large price spikes beginning in the winter of 2000–01. Henry Hub spot prices traded within a $2/Mcf to $3/Mcf band throughout the late 1990s and early 2000s and then surpassed $6/Mcf by the middle of the decade.

From 2008–2009 volatility was particularly extreme, with spot natural gas prices exceeding $13 per MMBtu in early to mid 2008 and then falling to below $3 in August and September 2009.

**Physical Delivery**

According to the Energy Information Association’s Annual Energy Review 2008, the U.S. natural gas pipeline is comprised of more than 210 pipeline systems with 305,000 miles of interstate and intrastate transmission pipelines. FERC regulations add to the complexity.

During 2008, close to 4,000 miles of natural gas pipeline and about 43.9 Bcf per day of new capacity was added to the national natural gas pipeline grid.

**Enterprise Risk**

In addition to the market and operational risks associated with price exposure and physical delivery, energy
companies must also take into account other risks inherent to trading operations such as counterparty credit risk and regulatory compliance, including Sarbanes Oxley.

**MANAGING THE NATURAL GAS VALUE CHAIN**

Organizations wishing to succeed in the complex and fast-moving natural gas market require sophisticated systems that provide a real-time view of exposure, manage enterprise risk, and handle physical logistics and scheduling—all on an integrated platform.

**Commodity XL for Gas™** comprehensively manages the complexities of physical and financial trading, enterprise risk management, and scheduling for participants in global natural gas markets, including trading and marketing firms; pipelines; producers; large consumers; wholesalers; and local distribution companies (LDCs). The next-generation solution streamlines the entire natural gas value chain from supply, trading, and marketing—to physical operations, scheduling, and logistics—through inventory and storage.

Commodity XL for Gas™ enables market participants to precisely measure enterprise risk and make proactive decisions for optimal results in price, volume, and operations. The solution handles all physical and financial gas trading activity including swaps, options, futures, physical forwards, structured deals, and full requirement supply contracts. Commodity XL for Gas automates the confirmation and nomination processes, scheduling and physical movement of natural gas to fulfill supply and distribution obligations, settlement of physical and financial transactions, and the forecast and management of cash.

To assist gas traders in the optimization of pipeline and physical storage facility usage, Commodity XL for Gas provides systems to value transportation contracts with commodity gas positions.

**Key Business Benefits**

- Streamlines natural gas value chain including trading, risk management, logistics, settlement, and compliance
- Mitigates operational risk by straight-through processing from trade to delivery
- Delivers complete control over physical and financial trading operations including transport/capacity releases
- Eliminates information silos and provides enterprise transparency for proactive decision-making in fast-changing markets
- Manages counterparty credit risk
- Handles FERC & pipeline scheduling complexities
- Provides flexible, scalable, and open architecture

Commodity XL’s Trade Capture screen details daily quantities as both grids and graphs.
Key Features

- Provides access to historical corporate, trader, and broker curve data for all trades, product types, and pricing points
- Uses ‘What if’ analysis to optimize trades
- Facilitates integration to online exchanges
- Provides real-time mark-to-market and position updates
- Analyzes effects of valuation on P&L
- Provides option analysis and sensitivity testing
- Manages scheduling for book outs, nominations, pipeline integration, and storage management

Streamline Operations

Commodity XL for Gas’ back-office functionality provides the systems to: instruct and manage the receipt and delivery of physical natural gas; optimize pipelines; automate the settlement of gas transactions and financial charges; and facilitate the exchange of information with market participants.

By minimizing disputed settlements, human error, and missed schedules, Commodity XL for Gas reduces transaction costs and improves efficiency. As rules change, the market grows more complex. Commodity XL for Gas provides organizations with the systems needed to optimize natural gas assets, manage risks, reduce overall costs for power supply and management, and streamline communications and transaction processing with system and market operators.

About Triple Point Technology Inc.

Triple Point Technology® is the leading global provider of multi-market commodity and enterprise risk management software solutions. Founded in 1993 and headquartered in Westport, Connecticut, USA, Triple Point serves clients in Asia, Africa, Australia, Europe, North America and South America from its eleven development and support centers strategically located around the world. www.tpt.com.

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