For an organisation that oversees the trading of around a fifth of US natural gas demand, any disruption to business, however small, can have far-reaching consequences. So for BP, last year’s catastrophic US hurricane season demanded an extraordinary operational response.

As forecasts of Hurricanes Harvey and Irma emerged, BP’s business continuity plan (BCP) was tested to its fullest as the energy company’s Houston marketing and trading hub put response plans into action. BP relocated its entire natural gas, power and natural gas liquids trading operations to a purpose-built high-tech facility in Dallas after market close on August 24, 2017.

Harvey, a category four hurricane, made landfall near the Texas Gulf Coast on August 25, 2017, bringing more than 50 inches of rain to parts of the state and causing widespread flooding.

BP’s business remained in Dallas for more than three weeks as Hurricane Harvey was followed by Hurricane Irma, which lashed other parts of the US including Florida. Despite the upheaval, BP traders continued to call clients, transacting with nearly 100 natural gas customers and completing more than 450 deals. “Our customers wouldn’t have known that we weren’t in the Houston office – our systems and our customer interactions were all seamless,” says Ron Vogel, BP’s vice-president of marketing for the Gulf Coast, south-east, mid-Atlantic and Mexico.

“As the largest marketer of natural gas in North America by a wide margin – we market up to 25 billion cubic feet per day, compared to our closest competitor at 12 or 13 billion cubic feet – that was really important,” adds Ryan McGeachie, chief commercial officer at BP. “Given the scale of our gas marketing operations in North America, we take reliability of supply to our customers very seriously.”

Many of BP’s customers also felt the effects of the hurricanes. Some were displaced from their offices and some, including power plants, experienced outages. “Our goal was to keep customers served even though they were having issues,” Vogel continues. “For the production that was taken offline due to power outages, pipeline restrictions or actual flooding, we had to find alternative sources of supply to keep markets whole. If a plant could physically take gas, we served them, and if a producer could physically produce gas, we took it.”

For BP, this level of reliability is a crucial component of its offering that has enabled the company to continue to expand its reach and develop new markets, including its entry into Mexico’s newly deregulated gas markets last year. “One of our customers’ biggest needs is reliability. That’s why we set up the BCP and that’s why we are in Mexico – the market is looking for reliability and BP can provide that,” McGeachie says.

The Mexican government has been deregulating the country’s natural gas markets as part of a wider reform of its energy markets. In addition to targeting a new area of demand, this also provides an opportunity for US gas production. “BP started moving natural gas to a number of industrial customers and utilities in Mexico last July,” Vogel says. “This has grown our existing footprint. We were already in Canada and the US and we want to be a North American solution provider. But the other part of this expansion is that, with the growth of natural gas production in Texas and the rest of the US, we have been looking for new markets for this gas in order to continue the development of the resources in the US.”

As such, Mexico represents an important new source of demand for US natural gas that can also benefit from the expertise, scope and scale that BP has already developed in the US and Canadian markets. Vogel says: “Mexican industrials are very sophisticated and many already have facilities in the US market, so this expansion has leveraged relationships we’ve already built … and BP has been able to use its global presence to provide the same level of service and reliability that they’ve been accustomed to in other regions.”

Beyond North America, BP has also been working with independent producers in Europe to offer a one-stop shop service to the market via structured deals that combine offtake, hedging and funding capabilities. In November 2017, North Sea oil & gas producer Serica Energy announced a deal to acquire three BP assets in the UK Continental Shelf that also included an offtake agreement with BP and a prepayment facility. BP worked closely with Serica to structure the acquisition, which is due to complete in Q3 2018, and is also providing a tailored hedging programme. “Prepayment facilities have become a very important tool to help independent producers close transactions,” says Fabio Fiorini, lead originator at BP. “If you have the same player offtaking the physical gas, hedging the price exposure and also providing the funding for the acquisition, that’s a very complete package. And, in a way, it self-contains all the risk such as market risk, credit risk and physical risk.”

BP has participated in such transactions extensively in this market in recent years, according to Fiorini, showing how its scope, scale and reliability enables it to provide expertise and stability across the global gas markets whatever the market conditions.