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Docket No. EL12-103-000

FERC Initiates Proceeding into Actions by JP Morgan

The Federal Energy Regulatory Commission (FERC) today initiated a proceeding into whether J.P. Morgan Ventures Energy Corp. submitted misleading information and omitted material facts in communications with the Commission, the California Independent System Operator (CAISO) and the ISO's Department of Market Monitoring (DMM).

Today's order directs JP Morgan to show why it should not be found to have violated Commission regulations, and why its authorization to sell electric energy, capacity and ancillary services at market-based rates should not be suspended.

The integrity of FERC's ability to ensure that market-based transactions produce just and reasonable rates relies on the honesty of market participants' communications with the Commission and other jurisdictional entities, the order says. In granting market-based rate authority, FERC expects that a company's behavior will not involve fraud, deception or misrepresentation.

Today's order preliminarily finds JP Morgan may have omitted material information or submitted misleading information in communications with the Commission, CAISO and the DMM. It says four statements by the company, including statements made in a non-public appeal (Docket No. IN11-08-000) of a CAISO penalty for JP Morgan's failing to comply with a data request in a timely manner, and a related complaint (Docket No. EL12-70-000), subsequently withdrawn by JP Morgan, may have violated FERC regulations under the Federal Power Act.

JP Morgan must respond within 21 days of the show-cause order being published in the *Federal Register*.

R-12-29

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