



November 21, 2013

News Media Contact

Craig Cano | 202-502-8680

Docket Nos. AD07-13-006

## FERC Office of Enforcement Releases Fiscal 2013 Report

The Federal Energy Regulatory Commission's Office of Enforcement remained focused on fraud and market manipulation in fiscal 2013, resulting in settlements of more than \$304 million in civil penalties and disgorgement of almost \$141 million in unjust profits that included the largest civil penalty ever assessed by the Commission.

Conduct involving fraud and market manipulation poses a significant threat to energy markets and undermines FERC's goal of providing efficient energy services at a reasonable cost because the losses from intentional misconduct are ultimately passed on to consumers, said the *Report on Enforcement* prepared by the Office of Enforcement's four divisions: Investigations, Audits, Energy Market Oversight, and Analytics and Surveillance. The report, which provides additional transparency and guidance for regulated entities and the public, is available at [www.ferc.gov](http://www.ferc.gov).

FERC's enforcement priorities will not change for the coming year, continuing to target fraud and manipulation, serious violations of mandatory reliability standards, anticompetitive conduct, and conduct that threatens the transparency of regulated markets. Enforcement focuses its efforts on preventing and remedying misconduct involving the greatest harm to the public, where there may be significant gain to the violator or loss to the victims of the misconduct.

Some highlights of today's Enforcement report:

- On July 16, 2013, Barclays Bank PLC and four traders were found to have violated the Commission's anti-manipulation rule. FERC assessed civil penalties of \$435 million against Barclays and \$18 million against the traders, and it directed the company to disgorge \$34.9 million plus interest in unjust profits. Barclays and the traders elected to challenge the penalty in federal court; Enforcement filed an action to affirm the assessments in the U.S. District Court for the Eastern District of California on October 9, 2013.
- FERC approved a July 30, 2013, settlement between Enforcement and JP Morgan Ventures Energy Corporation to resolve an investigation of the company's bidding practices in California and the Midwest. The company admitted the facts set forth in the agreement, paid \$285 million in civil penalties and disgorged \$125 million, but neither admitted nor denied the violations. It also agreed to waive financial claims against the California Independent System Operator Corp.
- In fiscal 2013, Enforcement completed 29 financial and operational audits of public utilities and natural gas pipelines covering a wide variety of topics. The audits resulted in 360 recommendations for corrective action and directed \$15.4 million in refunds. Other recommendations directed improvements to companies' internal processes and procedures, enhancements to the accuracy and transparency of reports and web sites, and more efficient and cost-effective operations.
- In fiscal 2013, Enforcement presented its Annual State of the Markets Report assessing significant events of the past year and Seasonal Assessments providing a forward looking outlook for the summer and winter seasons. Enforcement also conducted 29 conference calls with representatives of state agencies in the Northeast, Midwest, Southeast and West providing market fundamentals on energy markets.
- In fiscal 2013, Enforcement has continued to increase its surveillance capabilities by using newly available market data to develop and improve on its surveillance screens. Enforcement identified a number of instances of potential misconduct and opened investigations into the identified behavior. Enforcement has also continued to develop and improve its analytical capabilities, particularly in investigations of market manipulation.