

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

STAFF NOTICE OF ALLEGED VIOLATIONS

(November 3, 2014)

Take notice¹ that in a nonpublic investigation pursuant to 18 C.F.R. Part 1b, the staff of the Office of Enforcement (Enforcement) of the Federal Energy Regulatory Commission has preliminarily determined that Maxim Power Corporation (Maxim) engaged in three schemes in ISO-New England (ISO) that violated section 222(a) of the Federal Power Act and the Commission's Anti-Manipulation Rule, 18 C.F.R. § 1c.2 (2014). Enforcement staff also concludes that Maxim executives John Bobenic and Kyle Mitton engaged in certain of these schemes.

In the first scheme, conducted during 2012-13, Maxim gamed an ISO-New England market rule intended to mitigate the market power of generators needed for reliability. Through this scheme, Maxim received millions of dollars of inflated make-whole payments from the ISO.

In the second scheme, carried out in July and August 2010, Maxim told the ISO it needed to offer based on high oil prices because of supposed gas supply problems, and collected make-whole payments based on those high prices, but in fact burned much less expensive gas. In many cases Maxim had already purchased gas when it submitted Day Ahead offers based on oil prices because of supposed gas supply issues.

In the third scheme, executed from 2010 through 2013, Maxim obtained inflated capacity payments from ISO-NE by artificially raising the reported output of three of its plants. Maxim did this by employing extraordinary measures during capacity tests that it did not use, and did not intend to use, during the ordinary operation of the plants.

Enforcement also concludes that through the second and third schemes, Maxim violated the Commission rule barring false and misleading statements and material omissions in communications with (among others) Independent System Operators and Market Monitors, 18 C.F.R. § 35.41(b) (2014).

¹ *Enforcement of Statutes, Regulations, and Orders*, 129 FERC ¶ 61,247 (2009), *order on reh'g*, 134 FERC ¶ 61,054 (2011).

This Notice does not confer a right on third parties to intervene in the investigation or any other right with respect to the investigation.

Kimberly D. Bose,
Secretary.