

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

STAFF NOTICE OF ALLEGED VIOLATIONS

(August 3, 2016)

Take notice that in a preliminary, non-public investigation pursuant to 18 C.F.R. Part 1b, the staff of the Office of Enforcement of the Federal Energy Regulatory Commission (Commission) has preliminarily determined that National Energy & Trade, L.P. (National Energy) violated the Commission's Prohibition of Natural Gas Market Manipulation, 18 C.F.R. § 1c.1 (2016).

Staff alleges that National Energy violated 18 C.F.R. § 1c.1 by fraudulently trading physical basis at Texas Eastern M3 (Tetco M3) during the January 2012 bidweek to increase the value of its financial basis position. Specifically, staff alleges that National Energy accomplished this fraud by selling physical basis at Tetco M3 at arbitrarily low prices early in the morning to benefit a large short financial basis position acquired before bidweek, a large part of which it repurchased after making its physical basis sales. Staff also alleges that National Energy violated 18 C.F.R. § 1c.1 by fraudulently trading physical basis at Henry Hub during the April 2014 bidweek to increase the value of its financial exposure. Specifically, staff alleges that National Energy accomplished this fraud by trading physical basis after the close of the NYMEX solely to benefit National Energy's exposure to the Henry Hub Inside FERC index.

This Notice does not confer a right on third parties to intervene in the investigation or any other right with respect to the investigation.¹

Kimberly D. Bose,
Secretary.

¹ Enforcement of Statutes, Regulations, and Orders, 129 FERC ¶ 61,247 (2009).