
FEDERAL ENERGY REGULATORY COMMISSION

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NEWS RELEASE

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FOR IMMEDIATE RELEASE

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Docket Nos. EL03-59-000, EL03-
60-000, EL03-77-000, and
RP03-311-000

SHOW CAUSE ORDERS ADDRESS MANIPULATION, GAMING IN WESTERN POWER MARKETS; MARKET-BASED RATES THREATENED

The Federal Energy Regulatory Commission moved aggressively today to launch enforcement actions in show cause orders that could ultimately lead to some energy companies losing their market-based rate authority.

The enforcement actions respond to findings and recommendations in a final staff report on its yearlong investigation into manipulation in the western markets in 2000 and 2001 (Docket No. PA02-2-000).

In an order based on the report, Enron Power Marketing Inc. and Enron Energy Services Inc. were told to justify why they should retain their market-based rates in the face of allegations of gaming. They were also told to explain why they failed to disclose to the Commission changes in their market share. In both cases, the companies must respond within 21 days. They could also face loss of market-based rates for this alleged violation. A Section 206 proceeding, which could lead to refunds, will also be started to look into actions by these companies.

In addition to these two companies, this order also directs eight others to show why they should not lose their blanket marketing certificates which allow them to make sales for resale at negotiated rates in interstate commerce which fall under the Commission's Natural Gas Act (NGA) jurisdiction. The companies have 21 days in which to respond. The Commission will also initiate a proceeding under the NGA similar to a Section 206.

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The eight companies, all Enron connected, are: Bridgeline Gas Marketing LLC; Citrus Trading Corp.; ENA Upstream Co., LLC; Enron Canada Corp.; Enron Compression Services Co.; Enron Energy Services, Inc.; Enron MW LLC; and Enron North America Corp.

In a second order, the Commission said there is evidence indicating that Reliant Energy Services, Inc., and BP Energy Company engaged in coordinated efforts to manipulate energy prices. The Commission gave Reliant and BP Energy (Docket No. EL03-) 21 days to show cause why their market-based rate authority should not be revoked. BP Energy and Reliant, in transactions identified in phone conversations and transcripts, appear to have manipulated electricity prices at Palo Verde, an important Arizona trading hub, the Commission said.

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