



**FERC**  
FEDERAL ENERGY REGULATORY COMMISSION

## Addressing the 2000–2001 Western Energy Crisis: Chronology at a Glance

**Issued: April 28, 2005**

The full story of the Federal Energy Regulatory Commission's wide-ranging response to the 2000-2001 Western energy crisis is a detailed and complex narrative, and one that is still unfolding today. In a series of orders in the late 1990s, the Commission approved California's consensus market design, which had been negotiated by state officials and industry stakeholders and adopted into law by the California Legislature. This first-in-the-nation electricity market restructuring program had broad political support.

California's market worked well and delivered value to customers until May 2000 after a serious drought diminished the region's supplies of typically abundant and inexpensive hydropower. The underlying imbalance between supply and demand, along with inadequate infrastructure and flawed market rules, triggered the crisis in the California markets. The Commission staff's March 2003 final investigation report on the Western energy crisis concluded that these conditions made possible the market manipulation that prolonged and exacerbated the economic harm caused by the crisis.

The Federal Energy Regulatory Commission has been a critical player in disclosing the role Enron and other energy providers played in exploiting and exacerbating the energy crisis in California and other Western states in 2000 and 2001. The Commission collected and analyzed more than 5 terabytes of data, issued subpoenas and show cause orders, and held hearings over the course of many months. To date, the result of this unprecedented and comprehensive investigation has been \$4.3 billion in monetary settlements stemming from the crisis, and findings by the Commission contributed to numerous criminal prosecutions by the Department of Justice and \$300 million in civil penalties imposed by the Commodity Futures Trading Commission.

Significant proceedings are still under way before the Commission. A final Commission order directing refunds for power sales in the California market during 2000 and 2001 is still pending. And in the Enron market-gaming proceeding, FERC administrative litigation staff has recommended that Enron be required to forfeit more than \$1.6 billion, the company's entire profits earned in the Western states from 1997 through 2003.

The legacy of the 2000-2001 Western energy crisis is threaded throughout the Commission's subsequent policy decisions and rules affecting market conduct and price transparency. And since 2002, the Commission's Office of Enforcement, formerly the Office of Market Oversight and Investigations, has provided a real-time window into the workings of electricity and natural gas markets. This information provides the Commission with the analysis and tools to respond to market problems.


California's high-profile market meltdown helped overshadow other, more successful, market restructurings elsewhere in the country that have saved customers billions of dollars while enhancing power-grid reliability. Today, centralized power markets with independent power grid operators are in place not only in California, but in Texas and throughout the Northeast and Midwest, serving areas representing two-thirds of our nation's \$10 trillion economy.

## 2000

### Summer 2000

Sharp rise in Western energy prices, frequent system emergencies, severe financial distress to California utilities and customers

### July 26, 2000

Commission directs staff to undertake a fact-finding investigation of the conditions in electric bulk power markets (including volatile price fluctuations) in various regions of the country and report its findings to the Commission by November 1, 2000 [News Release](#) 

### August 2, 2000

San Diego Gas & Electric files a complaint seeking price controls [Complaint Filing](#) [TIF](#)

### August 23, 2000

Commission initiates a formal investigation of the electric rates and structure of the CAISO, PX and market-based sellers in the California wholesale market, in coordination with a nationwide fact-finding probe of electric wholesale markets, and a refund date is set. This 'converts' the earlier staff investigation into a public proceeding with opportunity for comment and refund protection [Order](#) [PDF](#)

### November 1, 2000

A Staff Report on Western Markets issues and the Commission orders that bids above \$150 cannot set the market-clearing price in California. The period for which refunds can be made is broadened

- o [Order](#) [PDF](#);
- o Part I of the Staff Report to the Federal Energy Regulatory Commission on Western Markets and the Causes of the Summer 2000 Price
  - [Front Section](#) [TXT](#);
  - [Section 1](#) [TXT](#);
  - [Section 2](#) [TXT](#);
  - [Section 3](#) [TXT](#);
  - [Section 4](#) [TXT](#);
  - [Section 5](#) [TXT](#);
  - [Section 6](#) [TXT](#); and
  - [Appendix A](#) [TXT](#)
- o Part II of the Staff Report to the Federal Energy Regulatory Commission on the Bulk Power Markets In the United States
  - [Report Cover](#) [PDF](#);
  - [Northeast Region](#) [PDF](#);
  - [Midwest Region](#) [PDF](#);
  - [Southeast Region](#) [PDF](#); and
  - [ERCOT](#) [PDF](#)

### November 9, 2000

Commission holds a technical conference with all California and Western Parties, including the California PUC as well as then Governor Gray Davis [Transcript](#) [eLibrary]

### December 8, 2000

Commission temporarily waives its rules regarding the operating and efficiency standards for jurisdictional (QF) generators to increase power supply in California [Order](#) [TXT](#)

### December 15, 2000

Commission eliminates the mandatory PX buy-sell requirement, sets a benchmark price for wholesale bilateral contracts, orders market monitoring, adds a penalty charge for underscheduling of power, orders the establishment of independent, non-stakeholder Governing Boards for the PX and the ISO, and orders generation interconnection procedures [Order](#) [TXT](#)

## 2001

### February 14, 2001

Commission addresses CAISO's creditworthiness tariff revisions. [Order](#) [TXT](#)

### March 9, 2001

- Commission staff issues a proposal for monitoring and mitigating prices prospectively in California's wholesale sport power markets. [Staff Proposal](#) [TIF](#)

- The Commission also issues the first refund order directing sellers to provide refunds of excess amounts charged for certain electric energy sales during the month of January 2001. [Order](#) [PDF](#)

### March 14, 2001

Commission issues an order seeking to increase energy supplies and reduce energy demand in California and the West. [Order](#) [TXT](#)

### March 28, 2001

Commission orders hearing on anti-competitive issues relating to El Paso Natural Gas. [Order](#) [TIF](#)

### April 6, 2001

Pacific Gas & Electric Co. files for bankruptcy. [Follow bankruptcy proceedings](#) [TIF](#)

### April 26, 2001

Commission orders prospective mitigation and monitoring plan for California wholesale electric markets and establishes investigation into wholesale western energy markets. [Order](#) [PDF](#)

### April 30, 2001

Commission approves \$8 million settlement with [AES Southland and Williams Energy Marketing & Trading Company](#). [PDF](#)

### June 19, 2001

Commission issues orders calming market volatility by requiring generators to run and capping prices. Order's price-control limits on wholesale electricity prices in California ISO and PX markets are never triggered. [Order](#) [TIF](#)

### July 25, 2001

Commission orders separate hearing on energy prices in California and the Pacific Northwest. [News Release](#) [PDF](#)

### December 2001

Enron files for bankruptcy. [Follow bankruptcy proceedings](#) [TIF](#)

## 2002

### February 13, 2002

Commission institutes a staff-level investigation into Enron and the Western Energy Crisis in Docket No. PA02-2-000. [Order](#) [PDF](#)

### August 13, 2002

- Commission issues Initial Report on Investigation of Potential Manipulation of Electric and Natural Gas Prices in Western Markets, PA02-2 :
  - [Report](#) [PDF](#)
  - [Fact Sheet on Report](#) [PDF](#)
- At the same time, Commission issues three Enron-related Enforcement orders, involving Enron's activities with:
  - [El Paso Electric](#) [PDF](#);
  - [Portland General](#) [PDF](#);
  - [Avista](#) [PDF](#); and
  - [News Release](#) [PDF](#)

### December 13, 2002

California with the assistance of FERC ALJ reaches settlement with Williams to restructure energy contracts (estimated \$1.4 billion savings).

## 2003

### January 31, 2003

Commission approves \$13.8 million settlement with Reliant for 2 days of physical withholding.

- o [Reliant Order](#) [PDF](#);
- o [Transcript](#) [PDF](#); and
- o [News Release](#) [PDF](#)

### March 26, 2003

Commission issues Final Report on Price Manipulation in Western Markets, moves to strip Enron of its market-based rate authority and alters natural gas pricing methodology for calculating refunds in a move expected to increase anticipated final refund amount.

- o [Summary of Findings](#) [PDF](#);
- o [Part 1](#) [PDF](#);
- o [Part 2](#) [PDF](#);
- o [Part 3](#) [PDF](#);
- o [CALISO Report on Trading and Scheduling Practices by Enron](#) [PDF](#) [PDF](#), (revised October 4, 2002)
  - [Addendum](#) [PDF](#) [PDF](#);
- o [Presentation on Report](#) [PDF](#)

### March 26, 2003

Commission Expects Jump In California Energy Refunds

- o [Order](#) [PDF](#);
- o [Presentation on Refunds](#) [PDF](#); and
- o [News Release](#) [PDF](#)

### March 26, 2003

Commission issues Show Cause Orders that Address Manipulation

- o [Reliant](#) [PDF](#);
- o [Enron](#) [PDF](#);
- o [Presentation on Show Cause Orders](#) [PDF](#); and
- o [News Release](#) [PDF](#)

### March 26, 2003

Commission releases [public information collected](#) in its investigation into manipulation of energy prices in the West.

### June 25, 2003

Commission issues Show Cause Orders on Gaming and Partnerships, against 67 entities, and orders OMOI to conduct anomalous bidding investigation of all market participants, including Enron, that had bid into the California electricity market at prices above \$250.

- o [News Release](#) [PDF](#);
- o [Order](#) [PDF](#);
- o [Order](#) [PDF](#);
- o [Order](#) [PDF](#); and
- o [Information on Settlement of Show Cause Orders](#)

### June 25, 2003

Commission revokes Enron's market-based rate authority

- o [Order](#) [PDF](#)
- o [News Release](#) [PDF](#)

### June 25–26, 2003

Commission Upholds Western Power Contracts, Connecticut Contract

- o [State of Connecticut](#) [PDF](#);
- o [Puget Sound Energy](#) [PDF](#);
- o [Nevada Power Company and Sierra Pacific Power Company](#) [PDF](#);
- o [PUC State of California](#) [PDF](#);
- o [PacifiCorp](#) [PDF](#); and
- o [News Release](#) [PDF](#)

**June 26, 2003**

In order to prevent market abuse and provide clear "rules of the road" for all market participants, the Commission proposed rules to curb improper market manipulation while tightening communication and reporting requirements for electric power and natural gas markets.

- [Notice of Proposed Rulemaking](#) [PDF](#);
- [Order](#) [PDF](#); and
- [News Release](#) [PDF](#)

**July 15, 2003**

A FERC Administrative Law Judge issues an Initial Decision finding that Enron must disgorge \$32.5 million in profits earned in violation of its market-based rate authority [Initial Decision](#) [PDF](#)

**July 18, 2003**

Commission approves a \$3 million [settlement with BP Energy](#). [PDF](#)

**July 23, 2003**

Commission approves a \$15.5 million [settlement with El Paso Electric Company](#). [PDF](#)

**October 2, 2003**

Commission approves settlement with Reliant for up to \$50 million in disgorgement of profits in the anomalous bidding investigation

- [Reliant Order](#) [PDF](#)
- [News Release](#) [PDF](#)

**November 14, 2003**

Commission approves \$1.7 billion [settlement between California and El Paso Corp](#). [PDF](#)

**November 17, 2003**

Commission finalizes anti-manipulation rules [Order](#) [PDF](#).

**December 18, 2003**

Commission approves \$8.5 million [settlement with Portland General Electric Company](#). [PDF](#)

**December 19, 2003**

Commission approves \$2.5 million settlement with Duke Energy in the anomalous bidding investigation

- [Duke Energy Order](#) [PDF](#)
- [News Release](#) [PDF](#)

**2004****January 22, 2004**

Commission approves gaming and partnership settlements with:

- [American Electric Service Corp.](#) (\$45,240 - congestion);
- [City of Redding](#) (\$6,300 - congestion);
- [Puget Sound](#) (\$17,092 - congestion);
- [San Diego Gas & Electric Co.](#) (\$27,972 - congestion); and
- [Williams](#) (\$45,230 – congestion and paper trading)

**January 26, 2004**

The FERC Chief Administrative Law Judge consolidates for hearing the remaining Gaming and Partnership cases with outstanding Enron issues (EL03-180). [Order](#) [PDF](#)

#### February 2004

Snohomish obtains recordings of Enron trader conversations with the help of Commission trial staff.

#### March 4, 2004

Commission approves gaming and partnership settlements with:

- o [Idaho Power Company](#) [PDF](#) (\$83,373 - congestion)
- o [Reliant Resources](#) [PDF](#) (\$836,000 – paper trading)

#### March 8, 2004

Commission approves gaming and partnership settlements with:

- o [Aquila](#) [PDF](#) (\$75,975 - congestion);
- o [Morgan Stanley](#) [PDF](#) (\$857,089 - congestion);
- o [PacifiCorp](#) [PDF](#) (\$67,745 - congestion); and
- o [Portland General](#) [PDF](#) (congestion - \$12,730);

#### March 26, 2004

Commission approves \$1.3 million gaming and partnership [settlements with Powerex](#) [PDF](#) (congestion).

#### April 19, 2004

Commission approves a \$75,000 [settlement with Avista Utilities](#) [PDF](#).

#### May 6, 2004

Commission approves \$60,000 partnership [settlement with Modesto Irrigation District](#) [PDF](#).

#### July 2, 2004

Commission approves a \$140 million [settlement with Williams Energy Companies](#) [PDF](#) in the refund proceedings.

#### July 22, 2004

Commission orders Enron to forfeit at least \$32.5 million in unjust profits because it violated its market-based rate authority;

Commission set for expedited hearing a complaint by Nevada Power Company and Sierra Pacific Company against Enron Power Marketing, Inc relating to a contract termination payment of \$300 million;

Commission directed the ALJ to determine how much more of Enron's profits earned between January 1997 and June 2003 Enron should be required to forfeit since it was not in compliance with its market-based rate authority.

[Commission Order](#) [PDF](#)

#### August 2, 2004

Commission approves gaming and partnership settlements with:

- o [Coral Power](#) [PDF](#) (\$7.8 million – congestion and paper trading) ;
- o [Glendale](#) [PDF](#) (\$25,000 - congestion);
- o [Northern California Power Agency](#) [PDF](#) (\$22,448 - congestion); and
- o [Sempra Energy](#) [PDF](#) (\$7.2 million – congestion and paper trading);

#### August 5, 2004

Commission approves \$3 million Gaming and Partnership [settlement with Dynegy](#) [PDF](#) (congestion and double selling).

#### September 21, 2004

Commission approves \$14,304 gaming and partnership [settlement with Modesto Irrigation District](#) [PDF](#).

#### September 22, 2004

Commission approves a [settlement of up to \\$30 million with Reliant](#) [PDF](#) in anomalous bidding investigation.

**October 25, 2004**

Commission approves a \$281 million [settlement between Dynegy and California parties](#) [PDF](#) in the refund proceeding.

**October 27, 2004**

Commission approves a \$996,145 [settlement with Colorado River Commission](#) [PDF](#) (partnership).

**December 3, 2004**

The Chief Judge suspends the hearing in Docket No. EL04-1-000 at the request of Nevada Power Company and Sierra Pacific Power Company, after bankruptcy judge enjoins the Nevada utilities from participating in the Enron contract dispute proceeding. [Order](#) [PDF](#)

**December 7, 2004**

Commission approves a \$207 million [settlement with Duke Energy](#) [PDF](#) in the refund proceeding.

**2005****January 31, 2005**

FERC trial staff testifies in Enron Gaming case that Enron's profits in Western states from 1997 through 2003 was more than \$1.6 billion, and recommends that Enron be required to surrender the full amount.

**March 11, 2005**

The Commission clarifies that the disputed terminated contracts between Enron and various utilities (executed during the period January 16, 1997 to June 25, 2003) are within the scope of this proceeding, and shall be addressed in the ongoing hearing in Docket No. EL03-180, et al., subject to any applicable bankruptcy restrictions. [Order on Clarification](#) [PDF](#)

**April 13, 2005**

The Commission approves \$458 million [settlement with Mirant](#) [PDF](#).

**November 15, 2005**

Enron: The Commission approved a settlement for (a) \$47 million in cash; (b) \$875 million in an allowed unsecured claim; and (c) \$600 million civil penalty in favor of the Attorneys General for California, Washington, and Oregon

- [Order on Settlement](#) [PDF](#)

**December 2, 2005**

Public Service Company of Colorado: The Commission approved a settlement for \$7.3 million

- [Order on Settlement](#) [PDF](#)

**December 22, 2005**

Reliant: The Commission approved a settlement on December 22, 2005, valued at \$512 million. Reliant must also submit monthly reports for a year that staff reviews.

- [Order on Settlement](#) [PDF](#)

**2006****June 28, 2006**

Three Enron settlements approved; exclusive jurisdiction under Section 1290 of EAct exercised [EL03-180-020](#) [PDF](#) | [EL03-180-024](#) [PDF](#) | [EL05-139-000](#) [PDF](#) | [EL06-3-000](#) [PDF](#)

**May 22, 2006**

Idaho Power Company and IDACORP Energy: The Commission approved a settlement for \$24,250,000

- [Order on settlement](#) [PDF](#)

## January 25, 2006

Agreement accepted between Enron and Nevada companies settling matters stemming from Western Energy Crisis [Decision](#) [PDF](#)

## 2007

### November 19, 2007

FERC denies rehearing of framework for evidence in California refund methodology (EL00-95-136) [Decision](#) [PDF](#)

### October 18, 2007

FERC vacates California refund orders relating to non-public entities (EL00-95-164) Fact Sheet | [Decision](#) [PDF](#)

### July 6, 2007

Commission Approves \$18 Million California Settlement (EL00-95-000) Fact Sheet | [Decision](#) [PDF](#)

### June 21, 2007

[ALJ Judge issues Initial Decision in gaming case](#) [PDF](#)

### June 21, 2007

Commission approves two western power settlements totaling more than \$84 million that stem from the Commission's investigations into wholesale power markets during the Western energy crisis [E-13: PacifiCorp Decision](#) [PDF](#) | [E-15: El Paso Decision](#) [PDF](#)

### March 17, 2007

FERC approves Settlement and Settlement and Release of Claims Agreement filed on March 12, 2007 by Portland General Electric Company (PGE) and the California Parties. The Settlement consists of a "Joint Explanatory Statement" and a "Settlement and Release of Claims Agreement. The Settlement resolves matters and claims in the Refund Proceedings related to PGE and arising from events and transactions in the Western Energy Markets during the period January 1, 2000 through June 20, 2001 [Decision](#) [PDF](#)

### March 1, 2007

Commission approves multiparty APX settlement resolving matters related to western energy crisis [Decision](#) [PDF](#)

## 2008

### December 18, 2008

Item E-1: FERC orders paper hearings on Supreme Court remand of California contracts [Decision](#) [PDF](#)

### October 23, 2008

FERC approves California settlement [Decision](#) [PDF](#)

### June 30, 2008

FERC approves two California market settlements [EL00-95-212](#) [PDF](#) | [EL00-95-213](#) [PDF](#)

### June 4, 2008

FERC approves three California settlements [EL00-95-209](#) [PDF](#) | [EL00-95-210](#) [PDF](#) | [EL00-95-211](#) [PDF](#)

### May 23, 2008



FERC approves \$26.5 million California settlement [Decision](#) [PDF](#)

#### **April 2, 2008**

FERC approves \$85.7 million Western energy settlement [Decision](#) [PDF](#)

#### **March 20 , 2008**

FERC orders hearing to address Ninth Circuit Remand [Decision](#) [PDF](#)

#### **January 8, 2008**

FERC approves Enron-Snohomish settlement [Decision](#) [PDF](#)

#### **January 4, 2008**

FERC denies rehearing of the [March 8, 2004 Agreement and Stipulation](#) [PDF](#) (Gaming Settlement) with PacifiCorp and the [June 21, 2007 Joint Offer of Settlement and Settlement and Release of Claims Agreement](#) [PDF](#) (Global Settlement) with PacifiCorp and the California Parties [Decision](#) [PDF](#)

Updated: January 27, 2014