

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

STAFF NOTICE OF ALLEGED VIOLATIONS

(August 25, 2014)

Take notice¹ that in a nonpublic investigation pursuant to 18 C.F.R. Part 1b, the staff of the Office of Enforcement of the Federal Energy Regulatory Commission has preliminarily determined that City Power Marketing, LLC (City Power) and K. Stephen Tsingas violated the Commission's Anti-Manipulation Rule, 18 C.F.R. § 1c.2 (2014) by engaging in manipulative Up To Congestion trading in PJM Regional Transmission Organization during July 2010. The Office of Enforcement has also preliminarily determined that City Power violated 18 C.F.R. § 35.41 (2014) by making false statements and omitting material information during the investigation.

During the period of interest, Tsingas was the principal owner of City Power and personally conducted relevant trades in PJM. Staff alleges that Tsingas (on behalf of City Power) engaged in Up To Congestion transactions in PJM that were designed to falsely appear to be spread trades but that were in fact a vehicle to collect certain payments (called "Marginal Loss Surplus Allocation," or MLSA) from PJM. Staff alleges that through these trades, City Power sought not to profit from changes in price spreads but rather to profit by clearing large volumes of Up To Congestion transactions with the goal of collecting MLSA.

Staff further alleges that during the investigation, Tsingas (on behalf of City Power) intentionally made false statements and omitted material information in responding to deposition questions and data requests.

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.

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