



FEDERAL ENERGY REGULATORY COMMISSION

May 1, 2008
PJM Interconnection LLC
Docket No. EL08-44-000

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FERC: PJM Tower Complaint on Hold Pending Investigation

The Federal Energy Regulatory Commission (FERC) today voted to hold in abeyance action on a complaint by PJM Interconnection LLC (PJM) that various companies known as the Tower Companies had manipulated its day-ahead energy and financial transmission rights (FTR) markets until an investigation into the matter by the Commission's Office of Enforcement is completed.

Background

The seven Tower Companies are Accord Energy LLC, BJ Energy LLC, Franklin Power LLC, GLE Trading LLC, Ocean Power LLC, Pillar Fund LLC, and Power Edge LLC. They trade in PJM markets and are controlled by either Tower Research Capital or Tower Research Capital Investment, which in turn act as managing members of each company. One individual conducts all PJM marketing transactions for all seven Tower affiliates.

PJM contends that Tower Companies violated FERC's market manipulation rules and manipulated PJM's FTR and day-ahead markets to distort energy prices and payments to holders of financial transmission rights. PJM asserts that after experiencing substantial losses, Tower Companies colluded by fraudulently distributing money out of Power Edge for the gain of one or more affiliates and intentionally withheld cash when Power Edge defaulted on its FTR obligations, thereby causing other PJM members to cover its losses.

Tower Companies contend there was no collusion and that it was PJM, and the deficiency of its own credit policies, that directly contributed to Power Edge's default. Tower companies also contend that PJM inappropriately seized revenue and collateral from six Tower Companies, two of which do not trade in PJM's FTR market.

The Order

FERC said it does not have sufficient information to act on the complaint based on the pleadings alone. FERC's Office of Enforcement instituted an investigation in January 2008 to assess whether there were any violations in this case. Pending completion of that investigation, FERC will hold PJM's complaint in abeyance.

