

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

STAFF NOTICE OF ALLEGED VIOLATIONS

(January 25, 2011)

Take notice¹ that in a nonpublic preliminary investigation pursuant to 18 CFR Part 1b, the staff of the Office of Enforcement of the Federal Energy Regulatory Commission (Commission) has preliminarily determined that Rumford Paper Company (Rumford) violated the Commission's Prohibition of Electric Energy Market Manipulation, 18 CFR § 1c.2 (2010).

Rumford, a subsidiary of NewPage Corporation, owns and operates a large lumber mill in Rumford, Maine. Rumford produces a wide variety of paper products and is an industrial load response participant. Staff alleges that Rumford violated 18 CFR § 1c.2 (2010) by engaging in a fraudulent practice to collect payments in the Day-Ahead Load Response Program (DALRP) operated by ISO New England, Inc. (ISO-NE). Specifically, staff alleges that Rumford intentionally curtailed on-site generation during DALRP program hours when it enrolled in the DALRP. Staff believes that this practice artificially inflated the participant's baseline load and misrepresented the participant's load profile to ISO-NE. Staff also alleges that Rumford took actions to ensure that its baseline did not appreciably change for over six months. Rumford was paid for the difference between its inflated baseline load and its normal operational load as a "load reduction" even though no load reduction actually occurred. Staff alleges that Rumford's violation of section 1c.2 of the Commission's regulations occurred from approximately July 2007 through February 2008.

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).

Document Content(s)

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