



**For Immediate Release**  
**March 15, 2007**

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## **ATTORNEY GENERAL MADIGAN ALLEGES PRICE MANIPULATION IN 2006 ELECTRICITY AUCTION**

### ***Complaint Seeks Reduction in the Price ComEd and Ameren Pay for Electricity***

Chicago - Attorney General Lisa Madigan filed a complaint today with the Federal Energy Regulatory Commission (FERC), alleging that electricity suppliers engaged in price manipulation in an auction that Commonwealth Edison Company and the Ameren Companies held in September 2006. Affidavits filed with the complaint show that the prices produced by the auction were 40 percent higher than prices in wholesale electricity markets and approximately double the actual cost of generating electricity to serve ComEd and Ameren customers. The complaint seeks modification of ComEd's and Ameren's contracts with the energy suppliers to reduce prices to a more reasonable level.

"Five million Illinois residents are unnecessarily paying electricity prices that are double the actual cost of generating electricity and 40 percent higher than electricity prices in the wholesale electricity markets," said Madigan. "We undertook an extensive investigation to find out why the prices produced by the auction were so high. This complaint follows that lengthy investigation of bidding patterns in the auction."

In conducting the investigation, Madigan's office worked with a team of experts, including Robert McCullough, an expert on electricity trading practices and finance. McCullough's January 2002 testimony before the U.S. Senate Energy and Natural Resources Committee is credited with initiating FERC's investigation into Enron's activities in western electricity markets during 2000-2001. The team of experts also included Richard Cirillo, Director of the Decision and Information Sciences Division of Argonne National Laboratory; Jonathan Koomey, a consulting professor at Stanford University and a Staff Scientist at Lawrence Berkeley National Laboratory; Kris Childress, Technical Director of GEV Corp.; and Scott Rubin, and independent consultant on electric rate issues.

"Our investigation turned up disturbing evidence of price manipulation," said Madigan. "We are now calling on FERC to immediately open a formal proceeding to gather additional evidence."

The complaint relies in part on the results of a major study by Argonne National Lab and the University of Illinois, which shows that the marginal cost

of generating electricity to serve ComEd and Ameren customers is less than \$30/MWH over 90 percent of the year and less than \$36/MWH over 95 percent of the year. ComEd and Ameren customers are paying an average of over \$70/MWH for electricity purchased through the auction.

“Ameren and ComEd customers should not have to pay twice the cost of generating the electricity needed to serve them,” said Madigan. “The prices in the auction have resulted in rates that are grossly unfair to consumers and which generate windfall profits for electricity suppliers – including the generating affiliates of ComEd and Ameren.”

The analysis prepared by Robert McCullough concludes that the high prices produced by the auction are largely due to a lack of competition in Illinois electricity markets -- which U.S. Department of Justice guidelines classify as “highly concentrated.” He also uncovered evidence that electricity suppliers engaged in market manipulation – driving prices even higher.

The 15 wholesale electricity suppliers named in the complaint are Exelon Generation Co., LLC, Constellation Energy Commodities Group, Inc., Dynegy Power Marketing, Inc., J.P. Morgan Ventures Energy Corporation, Ameren Energy Marketing Company, American Electric Power Service Corporation, Conectiv Energy Supply, Inc., DTE Energy Trading, Inc., Edison Mission Marketing & Trading, Inc., Energy America, LLC, FPL Energy Power Marketing, Inc., J. Aron & Company, Morgan Stanley Capital Group, Inc., PPL EnergyPlus, LLC, and WPS Energy Services, Inc.

Confidential information is redacted from the public version of the complaint and associated exhibits. The confidential information was obtained from the Illinois Commerce Commission by the Office of the Attorney General under provisions in the Attorney General Act.

[FERC Complaint \(Public Version\)](#) 

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[Return to March 2007 Press Releases](#)