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Energy consultancy identifies likely victims of Barclays' alleged market manipulation

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Barclays Bank's alleged market manipulation in the West from 2006 to 2008 likely injured a host of power entities in the region, according to an analysis by the energy consultancy **McCullough Research**.

In an analysis released late last month, the firm reviewed data from the period in question along with FERC's order finding that the bank and four of its former traders allegedly manipulated electricity prices in California. FERC imposed roughly $488 million in fines and disgorged profits on Barclays and its traders, finding that they built and then flattened substantial monthly physical index positions at four of the then most-liquid trading points in the West for what the commission said was the fraudulent purpose of manipulating a daily IntercontinentalExchange index price to benefit the bank's financial swap positions.

Barclays has long denied wrongdoing, and FERC and the bank are arguing before the US District Court for the Eastern District of California (FERC v. Barclays Bank, et al., 2:13-cv-02093) over whether the court should affirm the commission's finding.

According to the analysis, FERC found that the "holders of swaps that keyed off of the daily ICE indices" at certain locations were injured by Barclays' alleged practices, as were the "purchasers and sellers into the daily markets" at those locations. In looking at commission electric quarterly reports, the analysis stated "it seems likely that Pacific Northwest victims might include" Avista, Idaho Power, PacifiCorp, several municipal utilities and others in the market.

The analysis cautioned that its findings were not comprehensive, "since almost any Pacific Northwest market participant might have purchased ICE Index calculated contracts from 2006 through 2008. Such contracts are standard on NYMEX and ICE, but may also have occurred on the bilateral market."

When reached for comment, a number of those identified in the report said they were aware of the findings but declined to comment further, with several citing the fact that litigation was ongoing.

A FERC spokeswoman on Friday declined to comment on the analysis.

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