

Calif Investigators Looking At WSCC Data On Generators

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NEW YORK -(Dow Jones)- The U.S. Federal **Energy** Regulatory Commission may not have had the last word Wednesday on market manipulation by independent power producers in California.

The California Public Utilities Commission, whose investigation of high prices in the wholesale power market continues, requested and received data this week on power production by independent generators in the state, according to the CPUC's manager of the investigation, Steven Weissman.

The CPUC got the data from **McCullough** Research, a **consulting** firm in Portland, Oregon, which has been claiming that independent generators have been gaming the system. According to **Robert McCullough**, California generators were able to monitor each other's output in real time through the data network maintained by the Western Systems Coordinating Council, which is responsible for avoiding major blackouts in the western U.S.

McCullough's investigation of high power prices, which was commissioned by some utilities and industrial companies in the northwest U.S., concluded that plenty of generating capacity was available this summer to meet electricity needs in California, but that independent power producers in the state withheld output to maintain artificial scarcity and high prices.

Even during the state's 23 supply emergencies, many generating stations were producing at only about 60% of capacity, according to **McCullough**. At the same time, generating stations outside the state operated at near full capacity - a normal response to high market prices for power - and no other western utility declared a supply emergency all summer.

After **McCullough** published his report and some of the data, the California Independent System Operator said **McCullough** didn't have access to all market information.

However, the ISO stopped providing the data to the WSCC, saying that generators were using the information to game the system just as **McCullough** had described.

McCullough also said that he supplied the FERC and the California Electric Oversight Board with the data upon their requests about two weeks ago. The FERC, however, said in its report Wednesday that it found no clear evidence of illegal market manipulation, but that it is still investigating such possible activity.

It isn't clear whether the CPUC can order independent generators to pay California utilities refunds in the event illegal market manipulation is found. CPUC lawyers are trying to determine if the commission has such authority or not, according to CPUC spokesman Armando Rendon.

The CPUC plans to ask generators and the ISO for explanations of why power plants weren't operating at full capacity on supply emergency afternoons. However, the generators and ISO have been protesting the CPUC's requests for information. The results of the CPUC's investigation won't be made public until next year.

Northwest utility and industrial clients of **McCullough** have been affected by high prices for wholesale power, which have caused some heavy industry to shut in production and lay off workers.

Since May, California utilities have spent some \$5 billion more to purchase electricity than they can charge ratepayers. About 40% of the undercollections, however, were paid into other accounts controlled by the shareholder-owned utilities for generating stations that they still own.

Through June 30, the WSCC data are substantiated by the U.S. Environmental Protection Agency's information on pollution from power plants, according to **McCullough**. The EPA will soon make summer emissions data available.

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