

ELECTRICITY 'RIP-OFF' IS \$HOCKING

Bill Sanderson

October 19, 2009

New York Post

(c) 2009 N.Y.P. Holdings, Inc. All rights reserved.

Without even selling one watt of power, three electricity-generating companies managed to rip off New Yorkers for an untold amount of money, the state's powergrid operator says in a shocking admission to federal regulators.

It's the latest bigbucks cash grab alleged to have happened right under the nose of the New York Independent System Operator, whose bungles are estimated to have cost consumers hundreds of millions of dollars.

You can't blame the problem on utilities like Con Ed, which generate little or no electricity. Con Ed resells to consumers the power it buys through the ISO's wholesale market, and is not in a position to profit from the alleged schemes.

The ISO won't disclose how much money is involved, when the overcharges happened, or the names of the three companies.

In a filing with federal power regulators, the ISO says the generating companies got "guarantee payments" to be on standby, ready to make electricity if demand required - such as on hot summer days.

The generators' bids for standby work were just below the level where they would be automatically accused of improper bidding, the ISO says.

"The bids were lower than a completely astronomically outrageous number, but they were still much higher than they should have been," explained power consultant Robert McCullough, an ISO critic who is studying New York's electricity market for the state Assembly. It's unclear whether the generating firms colluded in the bids.

One of the companies denies the allegations, saying it "did not . . . depart significantly from conduct that is expected under competitive market conditions." The company's name is blacked out in papers submitted to the feds.

Responses by the two other firms are not public.