Powhatan Update

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Risk Management Committee

May 23, 2023

- In March 2023, the U.S. District Court for the Eastern District of Virginia entered a default judgment in favor of FERC against Powhatan Energy Fund, LLC.

- The Court awarded FERC $3,465,108 in disgorgement and $16,800,000 in civil penalties.

- In 2010, PJM made a referral to FERC Office of Enforcement after it received complaints from a market participant about Powhatan's alleged fraudulent conduct.

- In 2014, FERC issued an Order to Show Cause and Notice of Proposed Penalty alleging that Powhatan violated FERC's manipulation rules from June 1, 2010, to August 3, 2010, by conducting fraudulent Up-To Congestion transactions in PJM energy markets in order to obtain excessive amounts of certain credit payments to transmission customers.

- In May 2015, FERC OE issued an Order Assessing Civil Penalties requiring Powhatan to pay a civil penalty of $16,800,000 and $3,465,108 in disgorgement within 60 days.

- In July 2015, FERC filed litigation in Virginia federal court seeking affirmation and enforcement of its Order Assessing Civil Penalties.

- In February 2022, following years of litigation with FERC, Powhatan filed for Chapter 7 bankruptcy in Delaware, and the litigation was stayed.

- In February 2023, FERC and the Chapter 7 Bankruptcy Trustee for Powhatan agreed that the Trustee would not oppose lifting the stay or challenge a default judgment, and FERC would not enforce or collect any judgment outside of FERC's claim in the Bankruptcy Court.

- In March 2023, the Virginia court entered the default judgment.

- All of FERC's allegations against Powhatan are deemed to be admitted.

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Powhatan Update

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