

## Watchdog accuses TransAlta Corp. of price rigging

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Published: Thursday, February 27, 2014

Alberta's electricity market watchdog has accused TransAlta Corp. of manipulating the market by shutting down its power plants at peak times to drive up prices.

The Market Surveillance Administrator (MSA) filed the accusations before the Alberta Utilities Commission (AUC) on Monday, claiming TransAlta "undermined the integrity of the Alberta wholesale electric energy market by engaging in anti-competitive conduct."

It claims that on four occasions in 2010 and 2011, TransAlta shut down power plants during hours of high demand "for the purpose of increasing the pool price," according to the documents filed with the commission.

"TransAlta's strategy created market volatility, increased forward prices and consequently caused some competitors to become less competitive," the documents state. "Other purchasers of electric energy in the power pool, such as residential, retailers or industrial loads would also have been affected."

If the accusations are upheld, it could result in the largest fine yet in Canada's only fully deregulated electricity market. The commission has the authority to adjudicate the case and levy fines of up to \$1 million per day and to require the offending utility to reimburse other market participants and consumers for their losses.

TransAlta has denied the allegations and filed a complaint against the MSA, alleging the watchdog failed to act fairly and responsibly in the matter.

It called the MSA investigation "haphazard and contradictory," saying the watchdog initially portrayed the conduct as "onside" before eventually calling it "completely offside."

"The MSA failed to realize that as a market watchdog, it has a duty to be fair and forthright," TransAlta states in a complaint it sought unsuccessfully to keep confidential. TransAlta spokeswoman Stacey Hatcher said the utility is asking the AUC to look at all the facts and make a determination.

"TransAlta is very firm and very committed that we followed all the appropriate protocols," she said. "We believe there has been some lack of clarity in the marketplace."

Hatcher said the plant shutdowns were all for maintenance, operations or safety reasons.

"We're looking forward to a full and fair hearing from the AUC," she said. "We do stand behind our employees and we do stand behind our conduct and we will defend it."

The Calgary-based power producer and transmission company was previously fined \$370,000 for breaking market rules in November 2010 by restricting electricity imports 31 times over eight days to create an artificial shortage and increase power prices. The fine, which stemmed from a negotiated settlement, drew protests from critics who said a \$5-million penalty would be more appropriate.

AUC spokesman Jim Law said the commission hasn't yet decided whether to hear the complaints separately or together, and no date has been set, but he said the process will be open and transparent.

Wildrose MLA Joe Anglin said similar allegations in other jurisdictions would be heard in court - not in front of a quasi-judicial tribunal - and the consequences, if there are convictions, would be more severe than paying fines.

He said the ministers responsible for the electricity system keep saying the system is functioning well, but the allegations suggest "the system is not only broken, but has been broken for awhile."

"It's a complete disaster," Anglin said. "They've got to get their heads out of the sand."