



Powhatan - Open Discussion

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The information in this presentation is not confidential and should be shared with everyone you know because it's important and it's time to open things up.

- FERC initiated a non-public formal investigation into Powhatan in August 2010. Our communication with FERC OE was unproductive. Since we didn't want to settle, we launched a website.
- www.FERCLitigation.com has had over 16,000 visits, including over 1,000 from the Federal Energy Regulatory Commission. We've received positive media coverage as well as attention from Washington D.C.
- Two weeks ago, Powhatan sent its response to FERC's 1b.19.
- Earlier this week, Mr. Norman Bay, who oversaw the entire investigation as FERC's Director of Enforcement, received a letter from Powhatan asking him to recuse himself.

- FERC alleges Powhatan of having profited from wash trades in the summer of 2010.
- During the summer of 2010, the Gates brothers did do wash trades - just not the ones that FERC thinks it saw!
- These wash trades got us media attention in the *WSJ* and *Flash Boys: A Wall Street Revolt*. They also benefited the SEC and turned us into Dodd Frank Whistleblowers.

“FERC doesn't seem to understand the difference between a wash trade and a washing machine.”

~Investors at War with Political Power, WSJ, May 2, 2014

_____ Ask
_____ Bid

1. Entered a buy in a darkpool, to execute at mid point.
2. Wait ~10 seconds when nothing happens.
3. With separate order, change “ask” to below midpoint.
4. Did initial order (from step #1) immediately get executed at stale midpoint?

Dr. Joseph Bowring, PJM's IMM

- Bowring's firm referred Powhatan to FERC in January 2011.
 - Term "wash trades" used twelve times in the referral
 - Referral made analogy to *Amanat*
- When he called Dr. Alan Chen about his trading in August 2010, Bowring said he would not refer him to FERC if Chen stopped. Chen stopped, but he referred the case anyway.
- Dr. Bowring had and continues to make statements saying the market was not designed properly and suggests it be changed.

PJM State of the Market 2009

"Up-to congestion service is a Day-Ahead Market option used to import power to or export power from PJM which can create mismatches between transactions in the Day-Ahead Energy Market and the Real-Time Energy Market that result in inaccurate pricing and can provide a gaming opportunity."

"The consistency and volume of the mismatch between day-ahead and real-time sources and sinks in the submitted transactions indicates that this product is not being used as it was intended. The fact that cleared up-to congestion bids that do not have a matching real-time transaction lost approximately \$31.5 million in 2009, and that these transactions are repeatedly being scheduled by the same participants is cause for concern."

- Stay in touch!
 - We update our website with links to media stories and legal communications.
 - Powhatan tweets. www.twitter.com/PowhatanFundLLC
 - Powhatan sends periodic emails. Sign up for them on our website.
- Next step is for FERC Commissioners to either drop the charges or issue an Order to Show Cause.
- In April 2015, Mr. Norman Bay is scheduled to become Chairman of the Federal Energy Regulatory Commission.
- We are working on a book deal. It might be organized through The Pufferfish Foundation (www.pufferfish.org)