

108TH CONGRESS  
2D SESSION

# H. R. 5049

To require the Federal Energy Regulatory Commission to revoke the authority granted to Enron to sell electricity at market rates and to prohibit Enron from enforcing certain contract provisions, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 9, 2004

Mr. INSLEE (for himself, Mr. LARSEN of Washington, Ms. BERKLEY, and Mr. HONDA) introduced the following bill; which was referred to the Committee on Energy and Commerce

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## A BILL

To require the Federal Energy Regulatory Commission to revoke the authority granted to Enron to sell electricity at market rates and to prohibit Enron from enforcing certain contract provisions, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. CONGRESSIONAL FINDINGS.**

4       The Congress finds that:

5               (1) Valid contracts based on free, fair, and  
6       arms length transactions should be respected, but  
7       contracts based on dishonest and fraudulent activi-  
8       ties diminish trust in market transactions, hinder

1 economic growth and do not warrant protection  
2 equal to that of fair and valid contracts.

3 (2) The Enron Corporation and or agents of  
4 the Enron Corporation willfully engaged in manipu-  
5 lation of the electricity market in the Western Inter-  
6 connect for many months during the years 2000 and  
7 2001, creating the West Coast Energy Crisis. Dur-  
8 ing the West Coast Energy Crisis, the Federal En-  
9 ergy Regulatory Commission failed to act in a timely  
10 manner in enforcing the Federal Power Act to en-  
11 sure Just and Reasonable rates during the West  
12 Coast Energy Crisis.

13 (3) During the West Coast Energy Crisis, the  
14 President of the United States, the Vice President of  
15 the United States, the Secretary of the Energy, and  
16 the Federal Energy Regulatory Commission repeat-  
17 edly stated that the Federal Government would not  
18 take action to control the fraudulent prices of elec-  
19 tricity, leaving many utilities no choice but to enter  
20 into fraudulent contracts with Enron.

21 **SEC. 2. FRAUDULENT AND MANIPULATIVE MARKET ACTIVI-**  
22 **TIES BY ENRON.**

23 (a) REVOCATION OF MARKET RATE AUTHORITY.—  
24 The Federal Energy Regulatory Commission shall issue  
25 an order revoking the authority granted to the Enron com-

pany (and any affiliate of the Enron company, the bankruptcy trustee for the company and any successor in interest to the Enron company or any affiliate thereof) to sell electric energy at market-based rates. Such revocation shall be effective retroactive to the date on which the commission determines that the Enron company initially engaged in the manipulation of prices for electric energy sales or engaged in any fraudulent activity with regard to such sales.

(b) CLAIMS FOR DAMAGES BY ENRON PROHIBITED.—In the case of any contract for the sale of electric energy or natural gas by the Enron company of any affiliate of the company which has been terminated by Enron or by the purchaser or under which the purchaser has ceased to accept delivery of electric energy or natural gas, the Federal Energy Regulatory Commission shall issue an order prohibiting the Enron company (and any affiliate of the Enron company, the bankruptcy trustee for the company and any successor in interest to the Enron company or any affiliate thereof) from enforcing any claim for monetary damages (including any penalty for contract termination) or from otherwise enforcing contract provisions against the purchaser.

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