

What 2025 Enforcement Actions Show About FERC's Priorities

By Ruta Skucas (January 2, 2026, 10:16 AM EST)

The Federal Energy Regulatory Commission's 2025 enforcement activities reflect a year of regulatory and intra-agency changes, while highlighting a consistent emphasis on holding market participants to their market and reliability commitments.

FERC's Office of Enforcement is ending the year with a robust number of settlements and issuance of a fulsome report on enforcement.^[1] It also has a new name: It is now the Office of Enforcement and Regulatory Accounting, or OERA.



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This reflects the regulatory accounting work the office handles, including, as the report states, the agency's "audit, accounting, and financial forms programs that assist consumers in obtaining reliable and efficient energy service at a reasonable cost and ensure rates paid by consumers meet the standards under Commission statutes."

In 2025, OERA upheld its top priorities of enforcing compliance with market rules, as well as investigating market manipulation, violations of reliability standards, and potentially anticompetitive conduct.

The office continued its role as the cop on the beat, not only enforcing market rules, but also actively engaging with market participants and industry to ensure a culture of compliance and clear understanding of FERC's expectations regarding behavior in the markets.

Analytical trends of settlements, self-reports, and opened and closed investigations remained consistent with prior years, though very slightly higher.

Looking ahead, 2026 is positioned to be a busy year for OERA. FERC is now helmed by one of its former enforcement attorneys, who has said safe, reliable and affordable energy for all Americans is one of her top priorities.

Over the coming year, FERC's enforcement activities are likely to reflect a continued focus on requiring market participants to uphold their commitments made in the markets operated by the regional transmission organizations, or RTOs, as well as continuing active market surveillance and close cooperation with market monitors.

Settlements and Self-Reports: Ensuring Market Participants Uphold Their Commitments

The 13 settlements announced in fiscal year 2025 emphasize that FERC expects market participants to uphold the commitments they make to the wholesale electricity markets. These commitments include must-offer requirements, accurate reporting, compliance with reliability standards and capacity market obligations.

Interestingly, a significant number of settlements involved tariff violations, with FERC finding not meeting capacity and other wholesale electricity market obligations to be a violation of the wholesale electricity market's tariff. This is in addition to it being a potential market behavior concern.

A quick review of the 2025 settlements shows five capacity market cases, three of which found violations of the duty of candor, and three of which involved violations of a must-offer requirement.[2]

In each of the cases, OERA found that the market participant either did not offer the required capacity, offered below the required amount, or offered capacity at high prices, expecting not to clear the market because their offers were priced well above market-clearing prices.[3]

In two of the five cases, OERA found that this constituted the submission of false or misleading information to the RTO, and thus was also a violation of the duty of candor.[4]

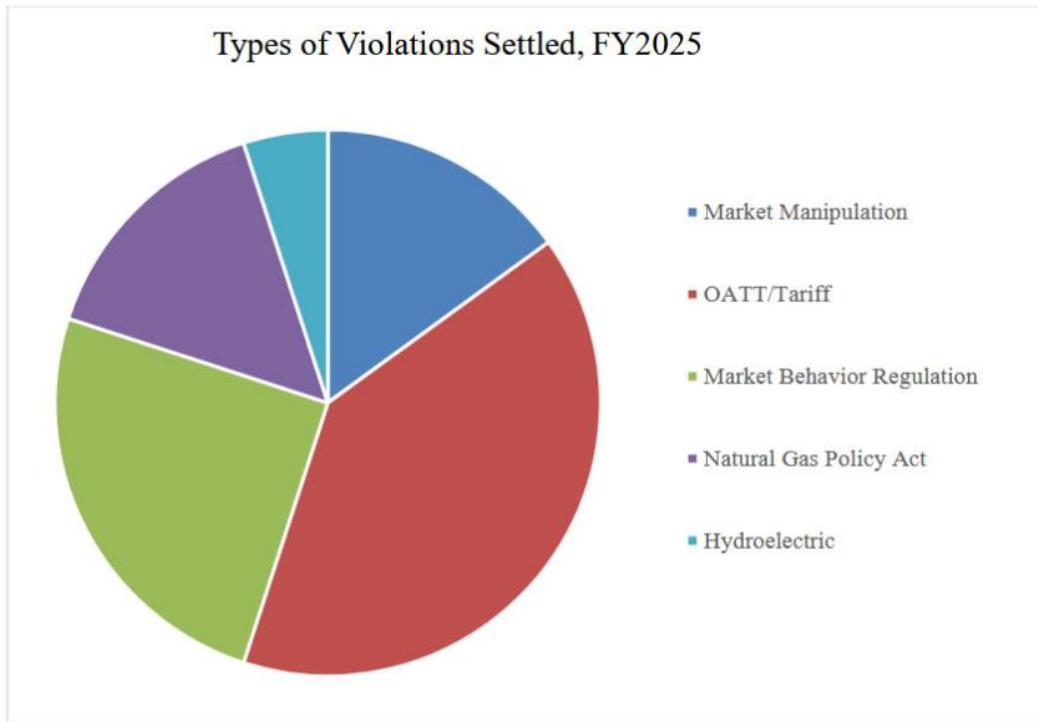
While there was only one demand response-related settlement in 2025, when combined with several demand response settlements in 2024, it is clear that ensuring compliance of demand response resources with their market obligations, particularly when it involves capacity market obligations, remains a priority.[5]

Similarly, three other settlements involved violations of RTO market rules, albeit outside of capacity markets. The claims included:

- Violations of the California Independent System Operator's rules around its bid cost recovery payment;[6]
- Forced outage rules in PJM Interconnection LLC markets;[7] and
- A violation of the Southwest Power Pool's tariff requirement that certain wind resources convert from being a nondispatchable variable energy resource to a dispatchable variable energy resource by the resource's tenth anniversary of commercial operations.[8]

Figure 1 breaks down the types of violations settled by FERC over the course of the fiscal year.[9]

Figure 1: Types of Violations Settled, Fiscal Year 2025



FERC also continued to prioritize prompt and proactive self-reporting by market participants of potential violations, including violations of tariffs, market rules and regulatory compliance requirements.

FERC continues to view the self-reporting of violations as a key indicator of a company's commitment to compliance, particularly when accompanied by swift corrective action.

Importantly, none of FERC's public settlements in 2025 arose from a self-reported violation. Moreover, all of the 153 matters publicly disclosed in the 2025 enforcement report that involved self-reporting of violations were closed with no further action or penalty to the market participant.[10]

The vast majority of these self-reported violations related to a tariff violation, with the next largest category being violations of regulatory filing requirements and violations of Sections 203, 204 and 205 of the Federal Power Act.

Surveillance and Market Monitor Collaborations: Detecting Potential Violations

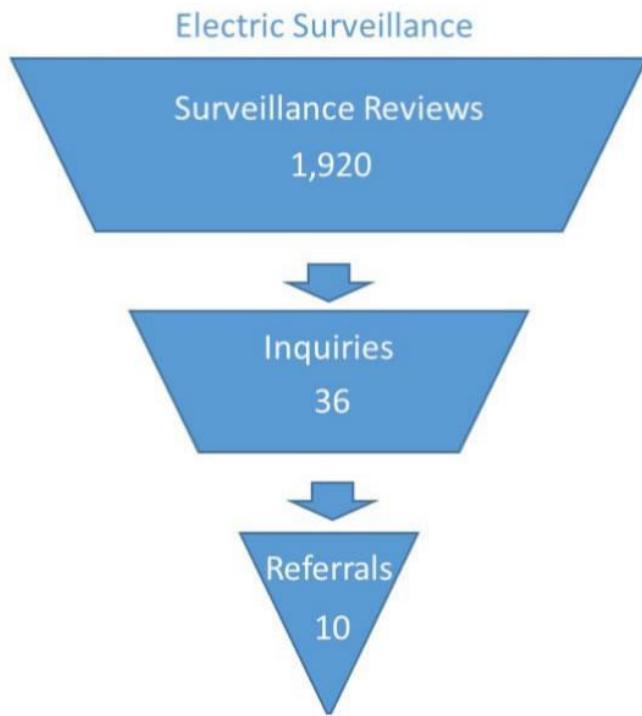
FERC formed the Division of Analytics and Surveillance, or DAS, in 2012, and charged it with developing surveillance tools to conduct surveillance on U.S. electricity and natural gas markets.

Since that time, as the 2025 enforcement report states, DAS has played an increasingly prominent role in "detect[ing] manipulation, anticompetitive conduct and other anomalous activity." [11]

DAS has explained, through outreach and the annual enforcement reports, that it establishes screens for certain activities, then investigates when the screens are tripped, potentially reaching out to market participants for further information if necessary.

Figure 2 details DAS' surveillance in 2025.[12]

Figure 2: DAS Electric Surveillance in 2025



DAS has noted that it engages in enhanced surveillance in certain periods, such as periods of high prices or extreme weather. During such periods, DAS may obtain information from the Intercontinental Exchange or market participants, and engage in new screening methods.

As shown in Figure 2, this enhanced surveillance leads to potential FERC inquiries, which could lead to an enforcement referral stemming from noncompliance events during winter storms. In November, amid much speculation regarding its efforts on Winter Storm Uri, FERC indicated that it has closed any remaining inquiries related to that storm.

To further compliance and enforcement efforts, OERA maintains close and proactive collaboration with the RTO market monitoring units and independent market monitors. Market monitors, for example, are required to make nonpublic referrals to OERA whenever they have reason to believe a market violation has occurred.

OERA currently assigns staff to serve as dedicated liaisons to each RTO and market monitor to support communication, facilitate referrals and share expertise. In 2025, 16 out of 22 market monitor referrals led to further inquiries by OERA, with a number of the 2025 settlements originating from such referrals.

Indeed, the PJM market monitor referred several companies for PJM tariff violations,[13] as did the CAISO Division of Market Monitoring.[14]

Litigation Resolving Long-Pending Matters

In 2025, FERC resolved several older cases that had been pending in the courts for some time.

FERC v. Powhatan Energy Fund LLC, a lengthy case in the U.S. District Court for the Eastern District of Virginia, appears to have drawn to a close, with a bankruptcy court ordering the Powhatan estate to pay FERC's proof of claim of \$25,000.[15] This order, if it remains uncontested, will end litigation that lasted over a decade.

FERC also entered into a judicial settlement in TotalEnergies Gas & Power NA Inc. v. FERC in the U.S. District Court for the Southern District of Texas, ending nearly nine years of litigation.[16]

The settlement came amid the uncertainty surrounding application of the U.S. Supreme Court's 2024 decision in U.S. Securities and Exchange Commission v. Jarkesy, which held SEC administrative enforcement actions involving civil penalties must be adjudicated in federal court to comply with the Seventh Amendment right to a jury trial.[17]

Additionally, FERC obtained a default judgment against the defendants in FERC v. Ketchup Caddy LLC & Philip Mango in the U.S. District Court for the Central District of Illinois, for alleged demand response market manipulations.[18]

But the impact of the Jarkesy decision on administrative enforcement at FERC and other federal agencies remains.

FERC began one new litigation in 2025 — a challenge to an order to show cause in American Efficient LLC v. FERC in the U.S. District Court for the Middle District of North Carolina, in which the plaintiff alleges that FERC lacks authority to issue administrative penalties because it violates the Seventh Amendment under Jarkesy.[19]

American Efficient is also arguing the commission's structure is unconstitutional because the commissioners cannot be removed by the president. This matter challenges the very foundations of FERC's enforcement authority, seeking to stretch Jarkesy and other recent administrative proceedings to eviscerate FERC's authority to penalize potentially manipulative behavior.

Following issuance of the 2025 enforcement report, the court denied American Efficient's petition for preliminary injunction on Nov. 24, finding that American Efficient had not met its burden, which requires a plaintiff to show that it is likely to succeed on the merits.[20]

American Efficient argued that FERC's enforcement scheme under the FPA is deficient because it requires the target of an investigation to complete an administrative proceeding before the agency, refuse to pay a penalty assessed through a notice of penalty at the conclusion of the administrative proceeding, and then wait for FERC to initiate an action in district court to force payment of the penalty.

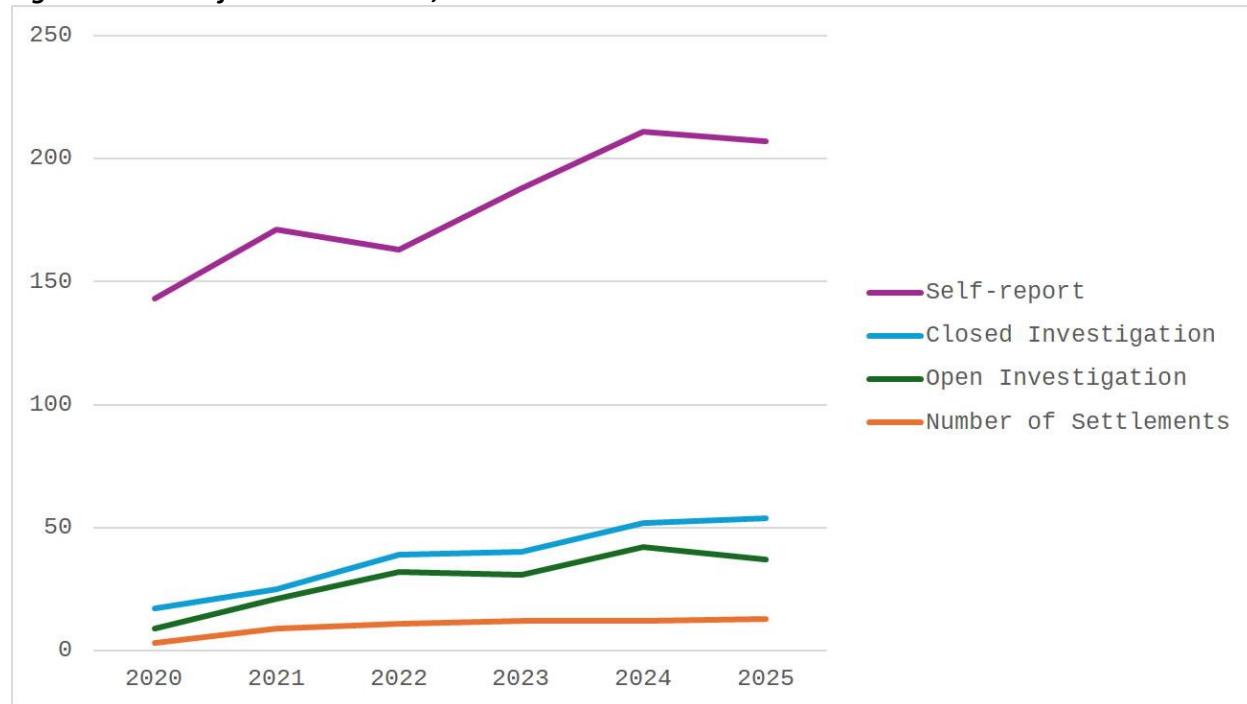
The court disagreed, emphasizing that FERC cannot compel payment absent fully de novo litigation before a jury in district court, and the fact that only FERC may trigger the enforcement action does not infringe on any Seventh Amendment rights.[21]

As such, FERC's proceedings regarding American Efficient may continue, though it is likely that American Efficient will seek an interlocutory appeal, assuming it can demonstrate that the denial of the preliminary injunction will "affect a significant right" under North Carolina law.[22]

2026 and Beyond: Tracking the Trends

Jarkesy aside, it is too early to discern what, if any enforcement trends, we might see at FERC in the coming year. As Figure 3 demonstrates, OERA's analytics have remained roughly consistent across the past five years, with the number of settlements, opened and closed investigations, and self-reports remaining within a close band.[23]

Figure 3: FERC Enforcement Trends, 2020–2025



While numbers have remained relatively consistent, there is also an upward trend in self-reporting and closed investigations. OERA has placed significant emphasis on self-reporting, which appears to have paid off in the form of market participants and RTOs self-reporting their violations.

The increase in closed investigations may similarly show a positive compliance trend, with market participants cooperating with OERA and demonstrating their remediation.[24]

Given this general consistency of trends, albeit with a slight upward tilt, across five years, three administrations and seven FERC chairs, it will be interesting to see whether FERC and OERA continue similar trends in 2026.

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[1] 2025 Report on Enforcement: A Staff Report to the Commission (Nov. 20, 2025), available at <https://www.ferc.gov/news-events/news/fy2025-report-enforcement> (2025 Enforcement Report). The report covers Fiscal Year 2025, from Oct. 1, 2024, to Sept. 30, 2025.

[2] Pursuant to a must-offer requirement, market participants that hold a capacity obligation in an RTO are required to offer energy and/or capacity into the RTO's capacity, day-ahead and/or real-time energy markets.

[3] GenOn Holdings Inc., 191 FERC ¶ 61,144 (2025) (GenOn); Stronghold Digital Mining Inc., 190 FERC ¶ 61,059 (2025) (Stronghold); Cordova Energy Co. LLC, 192 FERC ¶ 61,205 (2005) (Cordova).

[4] GenOn, 191 FERC at P 22; Cordova, 192 FERC at P 19.

[5] Voltus Inc. and Gregg Dixon, 190 FERC ¶ 61,008 (2025).

[6] Sonoran West Solar Holdings LLC, 189 FERC ¶ 61,174 (2025).

[7] Montpelier Generating Station LLC, 189 FERC ¶ 61,185 (2025).

[8] Enel North America Inc., 192 FERC ¶ 61,048 (2025).

[9] 2025 Enforcement Report at 20.

[10] 2025 Enforcement Report at 30-35.

[11] 2025 Enforcement Report at 78.

[12] 2025 Enforcement Report at 82.

[13] Stronghold, 190 FERC at 10; GenOn, 191 FERC at 14; Cordova, 192 FERC at 10.

[14] Sonoran West, 189 FERC at 19.

[15] 2025 Enforcement Report at 11-12, citing FERC v. Powhatan Energy Fund LLC et al., No. 3:15-cv-00452 (E.D. Va.). FERC issued the initial show cause order against Powhatan in December 2014. Powhatan Energy Fund LLC, 149 FERC ¶ 61,261 (2014).

[16] 2025 Enforcement Report at 13-14, citing Total Gas & Power North America Inc. et al., 155 FERC ¶ 61,105 (2016) (order to show cause issued April 2016), 190 FERC ¶ 61,014 (2025) (settlement approved January 2025); see also TotalEnergies Gas & Power NA Inc. et al. v. FERC et al., Case No. 4:22-cv-4318 (S.D. Tx.).

[17] See, e.g., From the Administrative State to the Wild West? What Employers Should Know About the Shifting Administrative Law Landscape (Aug. 16, 2024), available at <https://www.crowell.com/en/insights/client-alerts/from-the-administrative-state-to-the-wild-west-what-employers-should-know-about-the-shifting-administrative-law-landscape>.

[18] 2025 Enforcement Report at 13, citing FERC v. Ketchup Caddy LLC & Philip Mango, No. 3:25-cv-3116 (C.D. Ill.).

[19] American Efficient LLC, 189 FERC ¶ 61,196 (2024) (assessing penalties for violations of PJM and MISO tariffs regarding energy efficiency); American Efficient LLC et al. v. FERC, No. 1:25-cv-68 (M.D. NC) (motion for preliminary injunction on constitutional grounds).

[20] American Efficient LLC et al. v. FERC, No. 1:25-cv-68 (M.D. NC Nov. 24, 2025) (denying American Efficient's petition for preliminary injunction), available at <https://www.ferc.gov/media/american-efficient-llc-et-al-v-ferc-0>.

[21] *Id.*

[22] See, e.g., *Little v. Stogner*, 140 N.C. App. 380, 383, 536 S.E.2d 334, 336 (2000) ("For a defendant 'to have a right of appeal from a mandatory preliminary injunction, "substantial rights" of the appellant must be adversely affected'" (quoting *Dixon v. Dixon*, 62 N.C. App. 744, 744, 303 S.E.2d 606, 607 (1983))).

[23] Chart created by author with data from the 2020 through 2025 Enforcement Reports.

[24] 2025 Enforcement Report at 36 ("In each of the 17 investigations DOI closed with no action in FY2025, Enforcement staff found that there was either no violation, insufficient evidence that a violation had occurred, or that a violation existed but should not be subject to sanctions").