

Constellation Energy Commodities Group, Inc.

NERC ID # NCR04043

Audit Report

for Compliance with

NERC Reliability Standards

Public Version

**Confidential Information (including Privileged
and Critical Energy Infrastructure Information)
Has Been Removed**

Audit Date: March 31 – April 2, 2009
Audit Location: Constellation Energy Commodities Group, Inc offices, Baltimore, MD
Report Date: June 18, 2009
Prepared By: David Bueche, Audit Team Leader

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1.0 EXECUTIVE SUMMARY

The on-site compliance audit of Constellation Energy Commodities Group, Inc. (CCG) was conducted on March 31 – April 2, 2009. The NERC Reliability Standards that are being actively monitored for 2009 were reviewed based on CCG's registration as a GOP. The audit team consisted of four representatives from Texas Regional Entity (Texas RE). Based on the review of documentation provided by CCG and the interviews of CCG's personnel, CCG met all of the NERC Standard requirements.

2.0 AUDIT PROCESS

The compliance audit process is detailed in the NERC Compliance Monitoring and Enforcement Program (CMEP), available at www.nerc.com. The NERC CMEP generally conforms to the United States Government Accountability Office Government Auditing Standards and other generally accepted audit practices.

2.1 Objectives

All registered entities are subject to audit for compliance with all reliability standards applicable to the functions for which the registered entity is registered.¹ The audit objectives are:

- Independently review CCG's compliance with the requirements of the reliability standards that are applicable to CCG based on the CCG's registered functions
- Validate compliance with applicable reliability standards from the NERC 2009 CMEP Implementation Plan list of actively monitored standards
- Validate evidence of self-reported violations and previous self-certifications, confirm compliance with other requirements of the reliability standard, and review the status of associated mitigation plans.
- Document CCG's compliance culture.

2.2 Scope

The scope of this compliance audit is inclusive of all requirements of the NERC Reliability Standards that are being actively monitored in 2009 and any others that may be identified by the audit team at the time of the audit applicable to Generator Operator. The audit was performed by four members of Texas RE.

For the 2009 compliance program, the monitoring period for the compliance audit will generally be the last three years, the time since CCG's last audit as a GOP or periods specified in individual reliability standards. The monitoring period is not limited to the time period for which penalties and sanctions are assessed.

2.2.1 Confidentiality and Conflict of Interest

¹ North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

Confidentiality agreements and code of conduct documentation for the regional entity staff were provided to CCG prior to the audit. Work history and conflict of interest forms submitted by each audit team member were provided to CCG. CCG was given an opportunity to object to an audit team member on the basis of a possible conflict of interest or the existence of other circumstances that could interfere with the audit team member's impartial performance of duties. CCG accepted the audit team member participants with no objections.

2.3 Methodology

Once an audit date was set by Texas RE, CCG was sent a pre-audit questionnaire and the Reliability Standard Audit Work Sheets (RSAWs) for the list of actively monitored NERC Standards. During the audit, Texas RE reviewed the responses to the RSAWs and pre-audit questions with CCG's management and supervisors. Texas RE audit team interviewed operations personnel and reviewed documents to substantiate those operations personnel were trained and capable of following the procedures to ensure reliable operations from that entity. The audit team also interviewed IT, Communications, and Planning personnel as necessary to get answers to questions and verify documentation.

The audit team conducted an exit briefing immediately following the audit with CCG. The audit team verbally shared its preliminary results with CCG's management.

2.4 Company Profile

Constellation Energy Commodities Group, Inc. ("CCG") is a Delaware corporation with a principal place of business at 111 Market Place, Suite 500, Baltimore, Maryland 21202. CCG is a subsidiary of Constellation Energy Group, Inc. ("CEG") and serves the wholesale power needs of customers that competitively source their load requirements, such as distribution utilities, co-operatives and municipalities. CCG also serves merchant generators and utilities that regularly need to buy or sell supplemental energy and energy-related products. CCG neither owns nor operates generation facilities but has contractual arrangements to bid generators into the ERCOT markets. CCG maintains a status of Level 4 Qualified Scheduling Entity in ERCOT and is a registered Purchasing-Selling Entity in the Texas Regional Entity ("Texas RE"). CCG shares in GOP responsibilities for two separate generation facilities by Joint Registration Organizations within Texas RE.

2.5 Audit Specifics

Audit Date: March 31 – April 2, 2009
Audit Location: CCG offices, Baltimore, MD

Texas RE Audit Team:

Name	Company/Title
David Bueche	Texas RE/Audit Team Leader
Rashida Caraway	Texas RE/Auditor
Frank Vick	Texas RE/Auditor
Brent Torgrimson	Texas RE/Auditor

Constellation Energy Commodities Group, Inc's Audit Participants:

Name	Company/Title
Don Schopp	CCG, Director Asset Operations
Steve Knapp	CCG, Director Operations Management
James Kane	CCG, Network Consultant
Bill Wright	CCG, Supervisor Applications Support
Jerry Baker	PRL, Plant Manager
Mark Cavalier	CCG
Darryl McLamb	CCG, Vice President
Steve Wofford	CCG, Manager Asset Operations
Paul Ackerman	CCG
Chris Lyons	CCG

3.0 AUDIT RESULTS

3.1 Findings

The Compliance Audit Team found that CCG was compliant with all 2009 actively monitored NERC Standards at the time of the audit.

The following table is a summary of the auditor's notes for those NERC standards reviewed during the audit:

Reliability Standard	Requirement	Finding
CIP-001-1	R1.	Compliant
CIP-001-1	R2.	Compliant
CIP-001-1	R3.	Compliant
CIP-001-1	R4.	Compliant
CIP-002 through CIP-009		Reviewed
COM-002-2	R1.	Compliant
EOP-009-0	R1.	N/A
EOP-009-0	R2.	N/A
IRO-001-1	R8.	Compliant
IRO-004-1	R4.	Compliant
IRO-005-1	R13.	Compliant
PRC-001-1	R1.	Compliant
PRC-001-1	R2.	Compliant
PRC-001-1	R3.	Compliant
PRC-001-1	R5.	Compliant
TOP-001-1	R3.	Compliant
TOP-001-1	R6.	Compliant

Reliability Standard	Requirement	Finding
TOP-001-1	R7	Compliant
TOP-002-2	R3.	Compliant
TOP-002-2	R13.	Compliant
TOP-002-2	R14.	Compliant
TOP-002-2	R15.	Compliant
TOP-002-2	R18.	Compliant
TOP-003-0	R1.	Compliant
TOP-003-0	R2.	Compliant
TOP-003-0	R3.	Compliant

3.2 Conclusion

Constellation Energy Commodities Group, Inc. was found in compliance with the standards that were audited.

3.3. Compliance Culture

CCG was cooperative with the audit team's needs and information requests throughout the entire audit process. Based on the information provided throughout the audit process, via documentation and interviews, CCG has a compliance program in place which promotes compliance within the company. The senior management of CCG strongly supports CCG's compliance program and it is evident throughout the organization and its employees.