

Constellation Energy Commodities Group, Inc.  
Fourth Revised Rate Schedule FERC No. 11  
Supersedes Third Revised Rate Schedule FERC No. 11

Original Sheet No. 1

**CONSTELLATION ENERGY COMMODITIES GROUP, INC.  
RATE SCHEDULE MR-1**

I. Availability

Constellation Energy Commodities Group, Inc. ("Constellation") makes electric capacity, energy, firm transmission rights, to the extent the Commission requires such authorization ("FTRs"), and any product markets which are not Ancillary Services within the meaning of Order Nos. 888, *et al.* available under this Rate Schedule for wholesale sales to purchasers with whom Constellation has contracted. Constellation also separately makes available for wholesale sales to purchasers with whom Constellation has contracted the following Ancillary Services:

*(A) Within the Markets Administered by the Independent System Operator of New England:* operable capability; ten-minute spinning reserve; automatic generation control; ten-minute non-spinning reserve; thirty minute reserve; and any other Ancillary Service that the Commission subsequently authorizes to be sold at market-based rates.

*(B) Within the Markets Administered by the New York Independent System Operator:* Ten-Minute Non-Synchronous Reserves; Ten Minute Spinning Reserves; Thirty Minute Operating Reserves; Ten-Minute Non-Spinning Reserves; and Regulation and Frequency Response Service; and any other Ancillary Service that the Commission subsequently authorizes to be sold at market-based rates.

*(C) Within the Markets Administered by the Pennsylvania-New Jersey-Maryland Interchange Energy Market:* Energy Imbalance; Operating Reserves (which includes Spinning Reserves, Ten Minute Reserves, and Thirty Minute Reserves), including bilateral sales at market-based rates of the enumerated Ancillary Services, respectively, that are used to satisfy the Ancillary Services requirements of the PJM Office of the Interconnection; and any other Ancillary Service that the Commission subsequently authorizes to be sold at market-based rates.

*(D) Within the Markets Administered by the California Independent System Operator Corporation:* Regulation; Spinning Reserve; Non-Spinning Reserve; Replacement Reserves; and any other Ancillary Service that the Commission subsequently authorizes to be sold at market-based rates. (These Ancillary Services do not include Reactive Supply and Scheduling services.) The specified Ancillary Services are limited to the California-ISO or to others that are self-supplying Ancillary Services to the California-ISO.

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## II. Applicability

This Rate Schedule is applicable to all wholesale sales, not otherwise subject to a particular Rate Schedule of Constellation, of electric capacity, energy and/or FTRs by Constellation. This Rate Schedule is also applicable to all wholesale sales, not otherwise subject to a particular Rate Schedule of Constellation, of the Ancillary Services in the markets specified in Paragraph I, *supra*, and such additional geographic markets as FERC may specify and authorize from time-to-time in orders that extend such authority to all sellers previously authorized to sell energy and/or capacity at market-based rates. This Rate Schedule is also applicable to all wholesale sales, not otherwise subject to a particular Rate Schedule of Constellation, of any other products which are not Ancillary Services within the meaning of Order Nos. 888, *et al.*

## III. Rates

All sales shall be made at rates established by agreement between the purchaser and Constellation.

## IV. Resale of Firm Transmission Rights

Constellation may resell FTRs and other comparable products that it has acquired at a price not to exceed any applicable caps imposed by the Commission in its orders authorizing the issuance of such FTRs. The terms and conditions under which the resale is made shall be the terms and conditions approved by the Commission for such FTRs. FTRs may only be sold to a customer eligible to purchase FTRs from the transmission provider. Constellation will report the names of any purchasers of FTRs under this section of the Rate Schedule in its quarterly reports.

## V. Reassignment of Transmission Capacity

Constellation may reassign transmission capacity that it has reserved for its own use at a price not to exceed the highest of: (1) the original transmission rate paid by Constellation; (2) the applicable transmission provider's maximum stated firm transmission rate on file at the time of the transmission reassignment; or (3) Constellation's own opportunity costs, capped at the applicable transmission provider's cost of expansion at the time of the sale to the eligible customer. Constellation will not recover opportunity costs in connection with reassignments without making a separate filing under Section 205. Except for the price, the terms and conditions under which the reassignment is made shall be the terms and conditions governing the original grant by the transmission provider.

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Transmission capacity may only be reassigned to a customer eligible to take service under the transmission provider's open access transmission tariff or other transmission rate schedules. Constellation will report the name of the assignee in its quarterly reports.

VI. Other Terms and Conditions

All other terms and conditions of sale shall be established by agreement between the purchaser and Constellation.

VII. Effective Date

This Rate Schedule shall be effective as of the date specified by the Federal Energy Regulatory Commission.

Issued by: Lisa M. Decker, Counsel  
Issued on: November 23, 2004

Effective: November 1, 2004

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**Market Behavior Rules**

As a condition of market-based rate authority, Constellation Energy Commodities Group, Inc. (hereafter, Seller) will comply with the following Market Behavior Rules:

1. **Unit Operation:** Seller will operate and schedule generating facilities, undertake maintenance, declare outages, and commit or otherwise bid supply in a manner that complies with the Commission-approved rules and regulations of the applicable power market. Compliance with this Market Behavior Rule 1 does not require Seller to bid or supply electric energy or other electricity products unless such requirement is a part of a separate Commission-approved tariff or requirement applicable to Seller.
  
2. **Market Manipulation:** Actions or transactions that are without a legitimate business purpose and that are intended to or foreseeably could manipulate market prices, market conditions, or market rules for electric energy or electricity products are prohibited. Actions or transactions undertaken by Seller that are explicitly contemplated in Commission-approved rules and regulations of an applicable power market (such as virtual supply or load bidding) or taken at the direction of an ISO or RTO are not in violation of this Market Behavior Rule. Prohibited actions and transactions include, but are not limited to:
  - a. pre-arranged offsetting trades of the same product among the same parties, which involve no economic risk and no net change in beneficial ownership (sometimes called "wash trades");
  - b. transactions predicated on submitting false information to transmission providers or other entities responsible for operation of the transmission grid (such as inaccurate load or generation data; or scheduling non-firm service or products sold as firm), unless Seller exercised due diligence to prevent such occurrences;
  - c. transactions in which an entity first creates artificial congestion and then purports to relieve such artificial congestion (unless Seller exercised due diligence to prevent such an occurrence; and
  - d. collusion with another party for the purpose of manipulating market prices, market conditions, or market rules for electric energy or electricity products.

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3. **Communications**: Seller will provide accurate and factual information and not submit false or misleading information, or omit material information, in any communication with the Commission, Commission-approved market monitors, Commission-approved regional transmission organizations, or Commission-approved independent system operators, or jurisdictional transmission providers, unless Seller exercised due diligence to prevent such occurrences.
4. **Reporting**: To the extent Seller engages in reporting of transactions to publishers of electricity or natural gas price indices, Seller shall provide accurate and factual information, and not knowingly submit false or misleading information or omit material information to any such publisher, by reporting its transactions in a manner consistent with the procedures set forth in the Policy Statement issued by the Commission in Docket No. PL03-3 and any clarifications thereto. Seller shall notify the Commission within 15 days of the effective date of this tariff provision of whether it engages in such reporting of its transactions and update the Commission within 15 days of any subsequent change to its transaction reporting status. In addition, Seller shall adhere to such other standards and requirements for price reporting as the Commission may order.
5. **Record Retention**: Seller shall retain, for a period of three years, all data and information upon which it billed the prices it charged for the electric energy or electric energy products it sold pursuant to this tariff or the prices it reported for use in price indices.
6. **Related Tariffs**: Seller shall not violate or collude with another party in actions that violate Seller's market-based rate code of conduct or Order No. 889 standards of conduct, as they may be revised from time to time.

Any violation of these Market Behavior Rules will constitute a tariff violation. Seller will be subject to disgorgement of unjust profits associated with the tariff violation, from the date on which the tariff violation occurred. Seller may also be subject to suspension or revocation of its authority to sell at market-based rates or other appropriate non-monetary remedies.