UNITED STATES OF AMERICA BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION

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Constellation Energy Commodities Group, Inc.

Docket No. RC08-7-000

NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION SETTLEMENT STATUS REPORT IN DOCKET RC08-7-000

Pursuant to the Federal Energy Regulatory Commission's ("FERC" or "Commission") Notice of Extension of Time, dated February 19, 2009, (Docket No. RC08-7-000),¹ the North American Electric Reliability Corporation ("NERC") hereby submits this status report regarding the settlement discussions between Texas Regional Entity and Constellation Energy Commodities Group, Inc. ("Constellation") (collectively, the "Parties") in Docket No. RC08-7-000.

The Commission's November 20 Order² remanded the appeal decision concerning Constellation's inclusion on the NERC Compliance Registry to NERC for further consideration and directed NERC to supplement the record with additional information. In addition, the Commission directed NERC to submit a compliance filing identifying the specific requirements of mandatory Reliability Standards applicable to Generator Operators that apply to Constellation.³ The Commission noted that while that matter was remanded, it would keep Constellation on the NERC Compliance Registry as a Generator Operator;⁴ however, the Commission encouraged the Parties to seek a voluntary resolution of the matters at issue in this

¹ Constellation Energy Commodities Group, Inc., Notice of Extension of Time, Docket No. RC08-7-000, dated February 19, 2009 ("February 19 Notice").

² Constellation Energy Commodities Group, Inc., 125 FERC ¶ 61,205 (2008) ("November 20 Order").

³ *Id*. at P 39.

⁴ *Id*. at P 32.

proceeding.⁵ The Commission ordered NERC to supplement the record in this proceeding within sixty (60) days from the date of the Order (January 19, 2009).

NERC filed an Unopposed Motion for an Extension of Time on January 15, 2009,⁶ in which it notified the Commission that the Parties are actively engaged in settlement discussions. NERC requested an extension until March 20, 2009, to give the Parties time to fully address the issues. NERC also notified the Commission that it would submit a settlement discussion status report to the Commission on February 18, 2009. The Commission granted NERC's requested extension on January 16.⁷

On February 18, 2009, NERC filed an update on the status of settlement discussions, notifying the Commission that the Parties are close to resolving the issues in this proceeding and needed additional time to reach a settlement in this docket.⁸ NERC also requested an extension of time to March 20, 2009, to submit a report on the status of settlement negotiations, and an unopposed extension of time to and including April 30, 2009, to submit a compliance filing in accordance with the Commission's November 20 Order. The Commission granted NERC's requested extensions of time in its February 19 Notice.⁹

NERC is submitting this informational filing to report on the status of the settlement discussions. The Parties have held several conference calls to discuss the issues and exchanged several drafts of a settlement agreement. Based on the progress to date, NERC is pleased to report that the Parties are continuing to work diligently on a settlement agreement. NERC anticipates that a finalized settlement agreement will be ready to file with the Commission by the

⁵ Id.

⁶ Constellation Energy Commodities Group, Inc., Unopposed Motion for an Extension of Time of the North American Electric Reliability Corporation, Docket No. RC08-7-000, dated January 15, 2009.

⁷ Constellation Energy Commodities Group, Inc., Notice of Extension of Time, Docket No. RC08-7-000, dated January 16, 2009 ("January 16 Notice").

⁸ North American Electric Reliability Corporation's Settlement Status Report and Unopposed Motion for Extension of Time in Docket No. RC08-7-000, dated February 18, 2009.

⁹ February 19 Notice at 1.

April 30, 2009, compliance filing due date. If, for any reason, additional time is required to

finalize a settlement, NERC will submit an additional settlement status report on April 30, 2009.

Please contact the undersigned with any questions.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing document upon all parties listed on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C. this 20 day of March, 2009.

<u>/s/ Rebecca J. Michael</u> Rebecca J. Michael

Attorney for North American Electric Reliability Corporation