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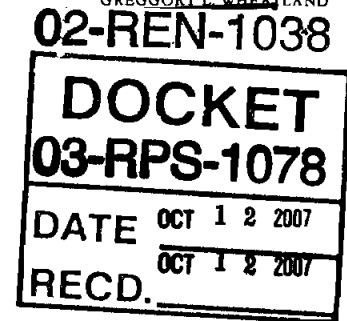
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October 12, 2007

California Energy Commission
Docket Unit, MS-4
1516 Ninth Street
Sacramento, CA 95814-5504



Re: Docket No. 02-REN-1038 and Docket No. 03-RPS-1078

Dear Sir or Madam,

Constellation Energy Commodities Group, Inc. ("Constellation") largely supports the proposed changes to the RPS Eligibility Guidebook (Third Edition). There is, however, one modification to the proposed Guidebook changes that would clarify the regulations with respect to banking and shaping transactions associated with the out-of-state eligible resources. That modification is as follows:

1. **Section II. E. "Delivery Requirements", third paragraph (at p. 31):** As proposed, this paragraph reads as follows:

To count generation from out-of-state facilities for purposes of RPS compliance, the RPS-certified facility must enter a power purchase agreement with the retail seller or procurement entity and a matching quantity of electricity must be delivered to an in-state market hub (also referred to as "zone") or in-state point of delivery (also referred to as "node") located within California. The retail seller or procurement entity and Seller may negotiate which party is responsible for securing transmission, as necessary, at any point along the delivery path as long as the energy is delivered into California. The retail seller or procurement entity may document delivery of electricity from any control area operator (also referred to as "balancing authority") in the WECC transmission system outside California, including wheeling energy across multiple control areas, and the delivered electricity may be from a different control area than that in which the RPS certified facility is located.

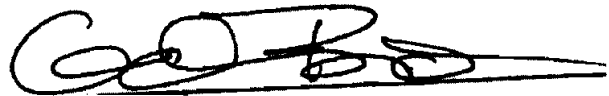
The first sentence clearly provides that the matching quantity of electricity can be delivered to any in-state market hub or point of delivery. However, Constellation is concerned that the language in the last sentence of the paragraph may conflict with the first sentence. It suggests that the matching quantity could be *sourced from* an area other than the area where the RPS certified facility is located. Furthermore, the discussion of wheeling transaction could also be construed to imply that the ultimate delivery must

occur at the control area where the RPS certified facility is located. To remedy this potential conflict, Constellation would suggest that the last sentence of the paragraph could be deleted. Alternatively, it could be modified as follows:

To count generation from out-of-state facilities for purposes of RPS compliance, the RPS-certified facility must enter a power purchase agreement with the retail seller or procurement entity and a matching quantity of electricity must be delivered to an in-state market hub (also referred to as "zone") or in-state point of delivery (also referred to as "node") located within California. The retail seller or procurement entity and Seller may negotiate which party is responsible for securing transmission, as necessary, at any point along the delivery path as long as the energy is delivered into California. ***This delivery may (a) occur at any delivery point into California or (b) originate from a control area different from that in which the RPS-certified facility is located and occur through typical delivery arrangements, such as wheeling energy across multiple control areas.***

We appreciate your attention to this matter. If you have any questions, please feel free to call either Mary Lynch at (916) 606-0783 or John Marchand at (503) 552-6156.

Very truly yours,



Andrew B. Brown
Ellison, Schneider & Harris L.L.P.

Attorneys for Constellation

Cc: Renewables Committee