STP Nuclear Operating Company
South Texas Project Electric Generating Station P.O. Box 289 Wadsworth, Texas 77483

June 12, 2023
NOC-AE-23003968
10 CFR 50.80
10 CFR 50.90
10 CFR 72.50
10 CFR 2.390(a)(4)
D43.01
STI: 35478747

ATTN: Document Control Desk
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001

South Texas Project
Units 1 and 2
Docket Nos. STN 50-498, STN 50-499, and 72-1041
Renewed Facility Operating License Nos. NPF-76 and NPF-80
Application for Order Approving Indirect Transfer of Control of Licenses

In accordance with Section 184 of the Atomic Energy Act of 1954, as amended (**"the Act"**), 10 CFR 50.80, and 10 CFR 72.50, STP Nuclear Operating Company (**"STPNOC"**), acting on behalf of Constellation Energy Generation, LLC (**"CEG"**) and NRG South Texas LP (**"NRG South Texas"**) and its parent companies (the **"NRG Entities"**) (collectively known as the **"Parties"**), hereby requests that the U.S. Nuclear Regulatory Commission (**"NRC"**) provide written consent for the indirect transfer of control of the licenses for **NRG South Texas's** 44% joint ownership interests in the South Texas Project (**"STP"**) Renewed Facility Operating License Nos. NPF-76 and NPF-80 (the **"Licenses"**) respectively, and the general license for the Independent Spent Fuel Storage Installation (ISFSI) (collectively known as the **"Facility"**). The **Parties** have entered into a purchase agreement whereby **CEG** will acquire **NRG South Texas,** including its 44% interests in the **Facility** (the **"Transaction"**).

The **Facility** is located in southwest Matagorda County, Texas, which is approximately 12 miles south-southwest of Bay City, Texas and 10 miles north of Matagorda Bay. The **Facility** is jointly owned by three (3) independent entities: **NRG South Texas** (44%); City Public Service Board of San Antonio (40%); and City of Austin, Texas (16%) (the **"Participants"**). The **Participants** also have interests in the corporate governance of **STPNOC**, which is the licensed operator for **STP**. The **Participants** have authorized **STPNOC** to act on their behalf to have exclusive responsibility for the control over the physical construction, operation, and maintenance of the **Facility.**

Following the closing of the **Transaction**, **NRG South Texas** will be converted under Texas law into a limited liability company and change its name to Constellation South Texas, LLC

(**"Constellation South Texas"**).[1] Therefore, the **Parties** request that the **NRC** approve conforming amendments to support the requested **Transaction** and reflect the new name**.** The license amendments should be approved, but not issued until consummation of the **Transaction** as described in this application.

Following the closing of the Transaction, **Constellation South Texas** will continue to participate in the management of **STPNOC,** a not-for-profit Texas corporation**. STPNOC** is governed by its Board of Directors, and **Constellation South Texas** will continue to appoint one of the members of the Board of Directors of **STPNOC.** Each of the Participants appoints one Participant Director of **STPNOC**, and these three Participant Directors choose a CEO Director by unanimous vote. However, this role in the governance of **STPNOC** does not constitute control over **STPNOC** and, therefore, there will be no indirect transfer of control of the **STPNOC** licensed authority to operate the **Facility** on behalf of the co-owners. If the NRC concludes that there is a potential indirect transfer of control of **STPNOC** that requires prior NRC consent, such consent is hereby requested.[2]

A simplified organization chart reflecting the current ownership of **STP** and **NRG South Texas** is provided as Figure 1 following this letter. The planned ownership structure following the proposed **Transaction** is depicted in Figure 2. These organization charts are "simplified" in that they only show the chain of ownership of **NRG South Texas LP** (to be converted under Texas law into a limited liability company and renamed **Constellation South Texas, LLC**) before and after the proposed **Transaction. CEG** will acquire **NRG South Texas** as well as its associated assets and real estate, including the **Facility** nuclear decommissioning trusts ("**NDTs**") held by **NRG South Texas**, title to spent nuclear fuel, and rights pursuant to the terms of the Standard Contract for Disposal of Spent Nuclear Fuel and/or High-Level Radioactive Waste with the Department of Energy.

NRG South Texas (converted to an LLC and renamed as **Constellation South Texas, LLC**) will remain financially qualified to be a joint owner of the **Facility**. **CEG** owns and operates or co-owns twenty-three nuclear reactors at thirteen sites in five states. The proposed transfers will not result in any adverse changes to the decommissioning funding assurance for the **Facility**, and the decommissioning trust funds maintained by the **NRG South Texas** in connection with its ownership interests in the **Facility** (44%) will continue to be held by **NRG South Texas** upon closing of the **Transaction**.

CEG is a limited liability company organized under the laws of the Commonwealth of Pennsylvania, and it is not owned, controlled, or dominated by any foreign entity. As such, the proposed **Transaction** involving **CEG** acquiring the **NRG South Texas** 44% co-owner interests in the **Facility** will not result in the **Facility** or license held by **Constellation South Texas** becoming owned, controlled, or dominated by a foreign entity.

---

1 "NRG South Texas" and "Constellation South Texas" are referred to herein interchangeably, because this is the same corporate entity, but it will have a new name. For context, this Application attempts to refer to NRG South Texas in the present and Constellation South Texas post-closing.

2 In approving a prior similar indirect transfer, the NRC Order approved the indirect transfer of STPNOC's licenses "to the extent" that such indirect transfer might occur. Letter from M. Thadani to J. Sheppard, dated January 12, 2006, Enclosure 1, pages 2-3 (ADAMS Accession No. ML053630163) ("The NRC staff has further determined that, to the extent the proposed indirect transfer of control of Texas Genco would result in an indirect transfer of control of the STP licenses as held by STPNOC, the proposed indirect transfer of control of Texas Genco will not affect the qualifications of STPNOC to hold the STP licenses, and such indirect transfer of control of the licenses as held by STPNOC is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission pursuant thereto.")

No physical changes are expected to be made to, and there will be no adverse changes in day-to-day operations of, the **Facility** as a result of the proposed **Transaction**. STPNOC will remain the licensed operator of the Facility, and its management and technical qualifications to support safe operation will not be impacted. Indeed, as **CEG** has significant nuclear operational and management experience, resources, and expertise, the **Transaction** will only enhance the overall technical resources available to the **Facility**.

Accordingly, the proposed **Transaction** will neither have any adverse impact on the public health and safety, nor be inimical to the common defense and security. In summary, the proposed **Transaction** will be consistent with the requirements set forth in **the Act**, NRC regulations, and the relevant licenses. The **Parties** therefore respectfully request that the **NRC** provide written consent to the indirect transfer of control of **NRG South Texas** and its 44% co-owner interests in the **Facility** in accordance with 10 CFR 50.80 and 10 CFR 72.50 and issue the conforming license amendments requested herein pursuant to 10 CFR 50.90.

The financial information required by 10 CFR 50.33(f)(2) is provided by **CEG** in Enclosure 5A. The financial information is confidential commercial information that **CEG** requests be withheld from public disclosure pursuant to 10 CFR 2.390(a)(4). A redacted, non-proprietary version is provided in Enclosure 5. An affidavit supporting the request for withholding Enclosure 5A from public disclosure is provided as Enclosure 4.

Subject to the satisfaction of all closing conditions, including receipt of all required regulatory approvals, the **Parties** wish to close this transaction at the earliest practicable date and have targeted a closing no later than December 31, 2023. Accordingly, the **Parties** respectfully request that the NRC review this Application on a schedule that will permit issuance of an Order consenting to the transfer of the **NRG South Texas** 44% interests in ownership in the **Facility** and approving conforming license amendments as promptly as possible and in any event by November 1, 2023. The **Parties** request that the consent be immediately effective upon issuance and permit the transfer to occur up to one year after issuance or such later date as the NRC may permit. The **Parties** are prepared to work closely with the NRC to facilitate the review of the Application. The **Parties** also request that the license amendments be made effective as of the date the license transfers are completed. **CEG** will notify the **NRC** staff at least 2 business days prior to the expected closing date for the **Transaction**.

Enclosures 1 through 6 provide the basis for this request and the required documentation.

The proposed license transfers are necessary and desirable. **STPNOC** and the **STP Participants** will benefit from **CEG's** participation in **STP**.

Information supporting this request for consent and approval is provided in the enclosed Application. Mark-ups showing the proposed conforming amendments are included in the Application as Enclosure 1, Attachment B. Retyped (clean) pages are also included in Enclosure 1, Attachment C.

In addition, the Application in Enclosure 1 provides information pertaining to the proposed license transfers in which CEG acquires **NRG South Texas** and its 44% co-owner interests in the **Facility** as required by 10 CFR 50.80. The referenced information demonstrates that: (1) **Constellation South Texas** will continue to have the requisite financial qualifications to be a licensed co-owner of the **Facility**; (2) **Constellation South Texas** will provide reasonable assurance of funding for decommissioning its 44% of the **Facility**; (3) the managerial and technical qualifications of the operating organization (**STPNOC**) will not be adversely impacted; (4) the material terms of the **Licenses** will not be affected; and (4) the license transfers will not result in any impermissible foreign ownership, control, or domination.

In summary, the proposed transfers will neither have any adverse impact on the public health and safety, nor be inimical to the common defense and security. The proposed transfers will be consistent with the requirements of the Act, the NRC regulations, and the Facility Licenses. The **Parties** therefore respectfully request that the NRC consent to the transfers of the Facility Licenses in accordance with 10 CFR 50.80 and 10 CFR 72.50 and issue the conforming license amendments requested herein pursuant to 10 CFR 50.90.

In accordance with 10 CFR 50.91 "Notice for public comment; State consultation" paragraph (b), STPNOC is notifying the State of Texas of this application for license amendments by transmitting a copy of this letter and its attachments to the designated State Official.

Service upon the Parties of any public comments, hearing requests, intervention petitions or other pleadings should be made to:

Jason C. Zorn, Esq.
CONSTELLATION ENERGY GENERATION, LLC
101 Constitution Ave., NW
Suite 400E
Washington, D.C. 20001
Telephone: 202-637-0320
E-mail: Jason.zorn@constellation.com

M. Cleveland Lancaster
NRG ENERGY, INC.
910 Louisiana Street
Houston, TX 77002
Telephone: 713-537-3312
E-mail: Mitchell.Lancaster@nrg.com

Rachel Jackson, Esq.
STP NUCLEAR OPERATING COMPANY
P.O. Box 289
Wadsworth, TX 77483
Telephone: 361-972-4778
E-mail: rljackson@STPEGS.COM

In the event that the NRC has any questions about the proposed transaction described in this letter and in the Application or wishes to obtain any additional information about the transfers of the Facility Licenses, please contact Mr. Drew Richards, Regulatory Affairs Manager, at amrichards@stpegs.com on behalf of STPNOC or David Helker at david.helker@constellation.com on behalf of CEG.

There are no commitments in this letter.

I declare under penalty of perjury that the foregoing is true and accurate.

Executed on June 12, 2023

Kimberly Harshaw
Executive Vice President & Chief Nuclear Officer

UNITED STATES OF AMERICA

NUCLEAR REGULATORY COMMISSION

In the Matter of	)		
	)		
STP Nuclear Operating Company	)	Docket Nos.	50-498
	)		50-499
South Texas Project, Units 1 and 2	)		72-1041

AFFIRMATION

I, Frank Sturniolo, being duly sworn, hereby depose and state that I am Vice President, Governance and Oversight, of Constellation Energy Generation, LLC ("CEG"); that I am duly authorized to sign and file with the Nuclear Regulatory Commission the attached application for order approving indirect transfer of control of licenses; that I am familiar with the content thereof; and that the matters set forth therein with regard to CEG and Constellation South Texas, LLC, including the projections in Enclosure 5A, are true and correct to the best of my knowledge and belief.

I declare under penalty of perjury that the foregoing is true and accurate.

Executed on June 9, 2023

____

Frank Sturniolo
Vice President, Governance and Oversight

Figure 1: Simplified Organization Chart for NRG South Texas LP (Current)

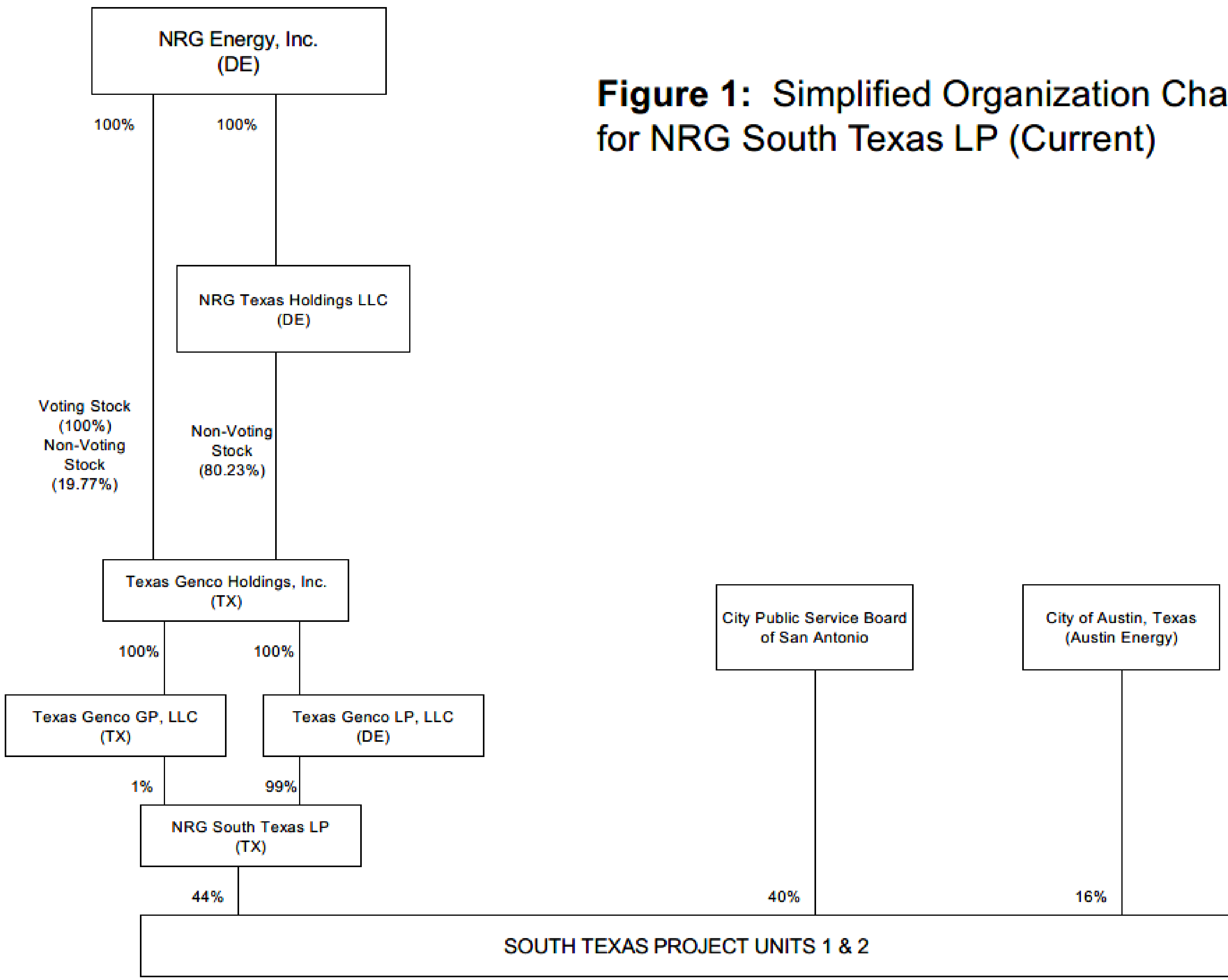
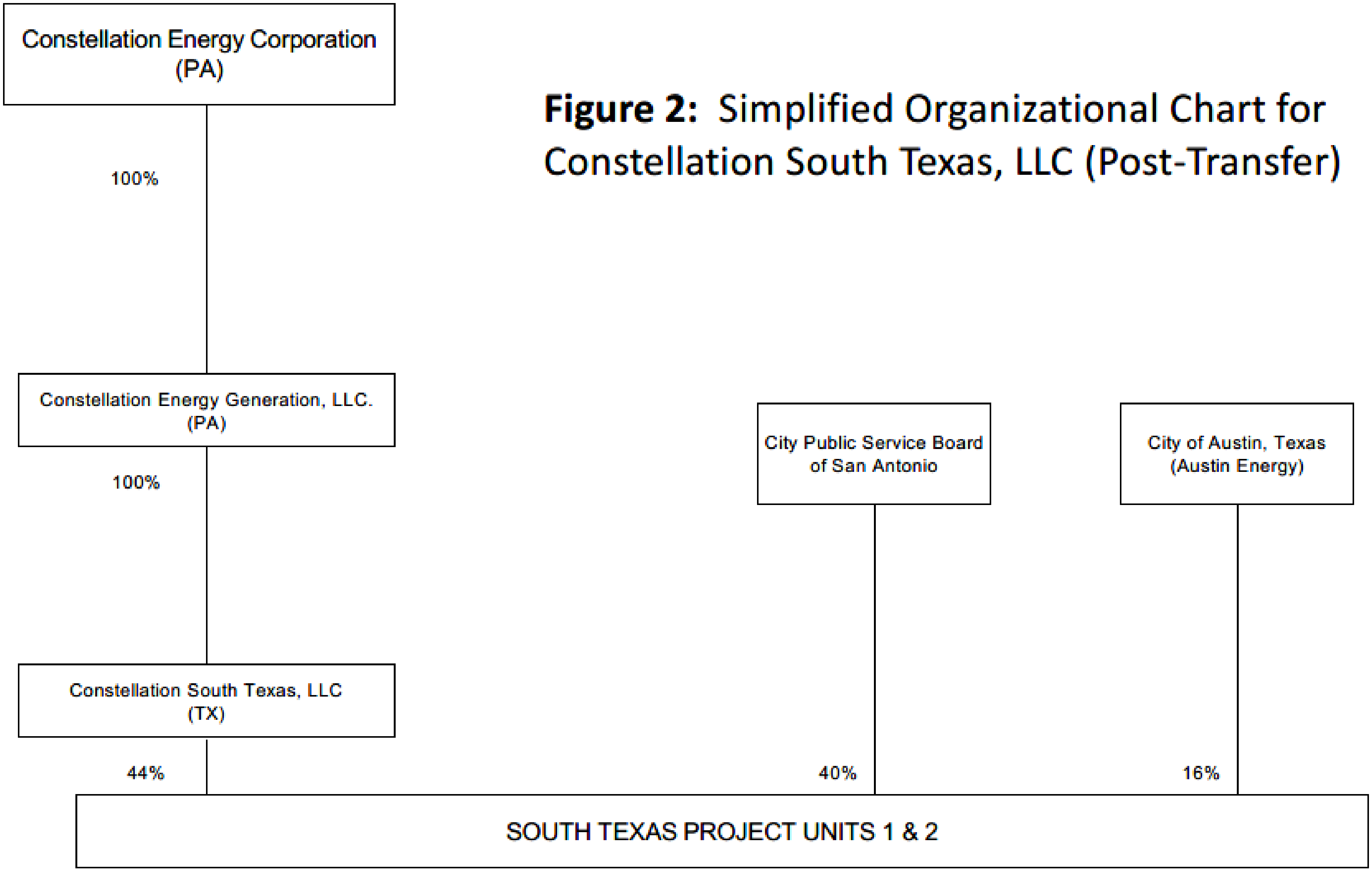


Figure 2: Simplified Organizational Chart for Constellation South Texas, LLC (Post-Transfer)



Enclosures:

Enclosure 1 – Application for Order Approving Indirect Transfer of Licenses and Proposed Conforming License Amendments

Enclosure 1, Attachment A - License Amendment Request

Enclosure 1, Attachment B - Mark-up of South Texas Project Renewed Facility Operating Licenses

Enclosure 1, Attachment C – Retyped (Clean) Pages of South Texas Project Renewed Facility Operating Licenses

Enclosure 2 – *Moody's* and *Standard and Poor's* Current Bond Ratings for Constellation Energy Generation, LLC

Enclosure 3 – General Corporate Information Regarding Constellation South Texas, LLC and Its Corporate Parent Companies

Enclosure 4 – 10 CFR 2.390(a)(4) Affidavit of Michael A. Kramer

Enclosure 5 – Projected Income Statement for Constellation South Texas, LLC (Non-Proprietary Version)

Enclosure 5A – Projected Income Statement for Constellation South Texas, LLC (Proprietary Version)

Enclosure 6 – Form of Support Agreement

cc: (electronic distribution: w/ Enclosures, except 5A)

Regional Administrator, Region IV
U.S. Nuclear Regulatory Commission
1600 E. Lamar Boulevard
Arlington, TX 76011-4511

Dennis Galvin
Project Manager
U.S. Nuclear Regulatory Commission
Office of Nuclear Reactor Regulation
Division of Operating Reactor Licensing
Licensing Project Branch 4

Leanne Flores
Resident Inspector, South Texas Project
U.S. Nuclear Regulatory Commission

Robert Free, Texas Department of State Health Services

(Distribution: w/ all Enclosures)

STPNOC Records Management

bcc: (w/ Enclosures, except Enclosure 5A)

Constellation Executive Vice President and Chief Executive Officer
Constellation Sr. Vice President Constellation Energy Generation
and Chief Nuclear Officer
Constellation Chief Operating Officer Fleet Operations
Constellation Sr. Vice President Fleet Services
Constellation Sr. Vice President Engineering & Technical Services
Constellation Vice President Strategy and Growth
Constellation Vice President Governance and Oversight
Constellation Sr. Vice President - Mid-West Operations - Cantera
Constellation Sr. Vice President - Mid-Atlantic Operations
Constellation Sr. Vice President - Northeast Operations
Constellation Sr. Vice President - Midwest Operations
Constellation Vice President Nuclear Security and Licensing
Constellation Corporate Licensing Directors
Constellation Corporate Licensing Sr. Managers
Constellation Commitment Tracking Coordinators
J. Zorn
J. Matthews
Constellation Records Management

ENCLOSURE 1

Nuclear Operating Company
South Texas Project Electric Generating Station P.O. Box 289 Wadsworth, Texas 77483

APPLICATION FOR ORDER APPROVING INDIRECT TRANSFER OF CONTROL OF LICENSES AND PROPOSED CONFORMING LICENSE AMENDMENTS

June 12, 2023

submitted by

STP Nuclear Operating Company

for

Constellation Energy Generation, LLC, NRG South Texas LP, and its parent companies

South Texas Project, Units 1 and 2

NRC Facility Operating License Nos. NPF-76 and NPF-80

Docket Nos. STN 50-498, STN 50-499, and 72-1041

TABLE OF CONTENTS

I. INTRODUCTION

In accordance with Section 184 of the Atomic Energy Act of 1954, as amended (**"the Act"**), 10 CFR 50.80, and 10 CFR 72.50, STP Nuclear Operating Company (**"STPNOC"**), acting on behalf of Constellation Energy Generation, LLC (**"CEG"**) and NRG South Texas LP (**"NRG South Texas"**) and its parent companies (**"NRG Entities"**) (collectively known as the **"Parties"**), hereby requests that the U.S. Nuclear Regulatory Commission (**"NRC"**) provide written consent for the indirect transfer of control of license for **NRG South Texas's** 44% joint ownership interests in the South Texas Project (**"STP"**) Renewed Facility Operating License Nos. NPF-76 and NPF-80 (the **"Licenses"**) respectively, and the general license for the Independent Spent Fuel Storage Installation (ISFSI) (collectively known as the **"Facility"**). The **Parties** have entered into a purchase agreement whereby **CEG** will acquire **NRG South Texas,** including its 44% interests in the **Facility** (the **"Transaction"**). NRG Energy, Inc. (**"NRG"**) filed a copy of the Equity Purchase Agreement with the Securities and Exchange Commission on June 1, 2023, which is available at:

https://www.sec.gov/Archives/edgar/data/1013871/000110465923067085/tm2317549d1_ex2-1.htm

The **Facility** is located in southwest Matagorda County, Texas, which is approximately 12 miles south-southwest of Bay City, Texas and 10 miles north of Matagorda Bay. STP is composed of two nuclear power units (licensed at 3,853 megawatts thermal), each consisting of a Westinghouse four-loop pressurized water reactor and other associated plant equipment, and related site facilities. STPNOC is the licensed operator for STP, pursuant to licenses issued by the NRC. The **Facility** is jointly owned by three (3) independent entities: **NRG South Texas** (44%); City Public Service Board of San Antonio (40%); and City of Austin, Texas (16%) (the **"Participants"**). The **Participants** also have interests in the corporate governance of **STPNOC**, which is the licensed operator for **STP**. The **Participants** have authorized **"STPNOC"** to act on their behalf to have exclusive responsibility for the control over the physical construction, operation, and maintenance of the **Facility.**

Following the closing of the **Transaction**, **NRG South Texas** will be converted under Texas law into a limited liability company and change its name to Constellation South Texas, LLC (**"Constellation South Texas"**).[1] Therefore, the **Parties** request that the **NRC** approve conforming amendments to support the requested **Transaction** and reflect the new name**.** The license amendments should be approved, but not issued until consummation of the **Transaction** as described in this application. **CEG** will notify the **NRC** at least two business days prior to the expected closing date, so that the conforming license amendments can be issued concurrently with the **Transaction** closing.

Following the closing of the Transaction, **Constellation South Texas** will continue to participate in the management of **STPNOC,** a not-for-profit Texas corporation**. STPNOC** is governed by its Board of Directors, and **Constellation South Texas** will continue to appoint one of the members of the Board of Directors of **STPNOC.** Each of the Participants appoints one Participant Director of **STPNOC**, and these three Participant Directors choose a CEO Director by unanimous vote. However, this role in the governance of **STPNOC** does not constitute control over **STPNOC** and, therefore, there will be no indirect transfer of control of the **STPNOC** licensed authority to operate the **Facility** on behalf of the co-owners. If the NRC concludes that there is a potential indirect transfer of control of **STPNOC** that requires prior NRC consent, such consent is hereby requested.[2]

A simplified organization chart reflecting the current Facility licensees and their owners

---

1 "NRG South Texas" and "Constellation South Texas" are referred to herein interchangeably, because this is the same corporate entity, but it will have a new name. For context, this Application attempts to refer to NRG South Texas in the present and Constellation South Texas in the future.

2 In approving a prior similar indirect transfer, the NRC Order approved the indirect transfer of STPNOC's licenses "to the extent" that such indirect transfer might occur. Letter from M. Thadani to J. Sheppard, dated January 12, 2006, Enclosure 1, pages 2-3 (ADAMS Accession No. ML053630163) ("The NRC staff has further determined that, to the extent the proposed indirect transfer of control of Texas Genco would result in an indirect transfer of control of the STP licenses as held by STPNOC, the proposed indirect transfer of control of Texas Genco will not affect the qualifications of STPNOC to hold the STP licenses, and such indirect transfer of control of the licenses as held by STPNOC is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission pursuant thereto.")

is provided as Figure 1 to the letter accompanying this Application. The planned ownership following the proposed transfers is depicted in Figure 2.

CEG's parent company is Constellation Energy Corporation (**"CE"**). CE's stock is publicly traded under the ticker symbol "CEG" on the National Association of Securities Dealers Automated Quotations (NASDAQ) stock market and widely held. **CEG** owns and operates or co-owns twenty-three nuclear reactors at thirteen sites in five states.

This Application demonstrates that: (1) Constellation South Texas will continue to have the requisite financial qualifications to be a licensed co-owner of the Facility; (2) Constellation South Texas will provide reasonable assurance of funding for decommissioning its 44% of the Facility; (3) the managerial and technical qualifications of the operating organization (STPNOC) will not be adversely impacted; (4) the material terms of the Licenses will not be affected; and (5) the license transfers will not result in any impermissible foreign ownership, control, or domination. In summary, the proposed transfers of the Licenses in support of the Transaction will not be inimical to the common defense and security or result in any undue risk to public health and safety, and the transfers will be consistent with the requirements of **the Act** and the NRC regulations.

Subject to the satisfaction of all closing conditions, including receipt of all required regulatory approvals, the **Parties** wish to close this transaction at the earliest practicable date and have targeted a closing no later than December 31, 2023. Accordingly, the Parties respectfully request that the NRC review this Application on a schedule that will permit issuance of an Order consenting to the transfer of NRG South Texas's 44% interests in ownership in the Facility and approving conforming license amendments as promptly as possible and in any event by November 1, 2023. The **Parties** request that the consent be immediately effective upon issuance and permit the transfers to occur up to one year after issuance or such later date as the NRC may permit. The **Parties** are prepared to work closely with the NRC to facilitate the review of the

Application. The **Parties** also request that the license amendments be made effective as of the date the license transfers are completed.

II. STATEMENT OF PURPOSE OF THE TRANSFERS AND NATURE OF THE TRANSACTION MAKING THE TRANSFERS NECESSARY OR DESIRABLE

The transfers are necessary and desirable. Through its ownership of **Constellation South Texas**, **CEG** will appoint a board member to **STPNOC's** Board of Directors and will appoint owner representatives that will have an on-site presence at **STP** and participate in the affairs of the Participants' owners' committee. As such, **CEG** will be in a position to share commercial nuclear industry best practices and **CEG's** extensive experience operating nuclear power plants. **STPNOC** and the **STP Participants** will benefit from **CEG's** participation in **STP**.

III. GENERAL CORPORATE INFORMATION REQUIRED BY 10 CFR 50.33(d)(3)

The general corporate information required by 10 CFR 50.33(d)(3) regarding **Constellation South Texas** and its parent companies following the proposed indirect transfer of control is provided in Enclosure 3.

IV. FOREIGN OWNERSHIP, CONTROL, OR DOMINATION

CEG is not owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government. **CEG**'s securities are widely held and publicly traded on the NASDAQ stock market. Section 13(d) of the Securities Exchange Act of 1934 ("SEC"), 15 U.S.C. 78m(d), as amended, requires that a person or entity that owns or controls more than five percent of the securities of a company must file notice with the SEC. Based upon filings with the SEC, **CEG** is not aware of any alien, foreign corporation, or foreign government that holds or may hold more than five percent of the securities of **CEG**. Except as indicated in Enclosure 3, the current directors and executive officers of **CEG** are United States citizens.

As the licensed entity with possession and responsibility for operating **STP**, **STPNOC** will continue to act for itself and the **Participants** in **STP**. Neither **STPNOC** nor **CEG** is acting as the agent or representative of any other person in the proposed indirect transfers of the licenses.

Accordingly, the proposed transfers do not raise any issues related to foreign ownership, control, or domination within the meaning of the Atomic Energy Act of 1954, as amended.

V. TECHNICAL QUALIFICATIONS

STPNOC will continue to be the entity licensed to operate **STP**, and its technical qualifications will be unaffected by the proposed indirect license transfers. As an owner of one of the Participants, CEG will be in a position to share its extensive experience operating nuclear power plants and thereby potentially enhance the operating and safety performance of STPNOC.

No material changes in the management of or operational organization for the **Facility** are expected to be made as part of the proposed **Transaction**. No physical changes are expected to be made to, and there will be no adverse changes in day-to-day operations of the **Facility** as a result of the proposed transfer of control over the 44% ownership of the **Facility**. The proposed **Transaction** will not require or involve any change in the staffing and qualifications of personnel who currently operate the **Facility**.

VI. FINANCIAL QUALIFICATIONS

NRG South Texas (renamed **Constellation South Texas**) does not qualify as an electric utility under 10 CFR 50.2; therefore, the following information is provided in order to demonstrate financial qualifications in accordance with Section 50.33(f)(2).

The proposed **Transaction** will have no adverse effect on the financial qualifications of **NRG South Texas** (renamed **Constellation South Texas**) and its capability to be a joint owner of the **Facility**. CEG has an investment grade credit rating and is financially qualified based upon its own revenues and assets. *Moody's* and *Standard and Poor's* bond ratings for the past two years demonstrating CEG's investment-grade bond ratings are shown in the table below, with documentation confirming the current ratings included in Enclosure 2.[3]

Moody's and *Standard and Poor's* Bond Ratings for CEG

Moody's		**S&P**	
2022	**2023**	**2022**	**2023**
Baa2	Baa2	BBB	BBB

In addition, historical financial information regarding CEG and its parent company is provided in its February 16, 2023 Form 10-K Annual Report filed with the Securities and Exchange Commission (**"SEC"**) and available on the Internet at:

https://www.sec.gov/ix?doc=/Archives/edgar/data/1168165/000186827523000014/ceg-20221231.htm

See pages 88-97.

The information contained in this report supports the conclusion that **CEG** has the financial wherewithal to assure that **Constellation South Texas** will possess or have reasonable assurance of obtaining the funds necessary to support its interests (i.e., 44% of each unit) and share of the operating costs in connection with its joint ownership of the **Facility** for the period of the **Facility Licenses** in accordance with 10 CFR 50.33(f)(2) and the Standard Review Plan on

3 CEG became a standalone company in 2022 after separating from Exelon Corporation. In the license transfer associated with the CEG spinoff, the NRC staff found that CEG satisfied the applicable financial qualification requirements. *See In the Matter of Exelon Generation Company, LLC, et al*, Order Approving Indirect Transfer of Licenses and Draft Conforming Amendments, Enclosure 3 (Safety Evaluation), Section 4.0 (pp. 9-13) (Nov. 16, 2021) (ADAMS Accession Number ML21277A248).

Power Reactor Licensee Financial Qualifications and Decommissioning Funding Assurance (NUREG-1577, Revision 1).

A. Projected Operating Revenues and Operating Costs

Five-year *pro forma* financial projections for **Constellation South Texas** are provided in Enclosure 5A for the calendar years 2024 through 2028. Enclosure 5A is proprietary, because it contains the **Parties'** confidential commercial and financial information as described in the 10 CFR 2.390(a)(4) Affidavit provided in Enclosure 4. The **Parties** request that Enclosure 5A be withheld from public disclosure pursuant to 10 CFR 2.390(a)(4). A non-proprietary version of Enclosure 5A, suitable for public disclosure, is provided as Enclosure 5. This proprietary financial information contained in Enclosure 5A demonstrates that the **Parties** are financially qualified to partially own the **Facility**.

Consistent with NUREG-1577, the projected income statements, which include a sensitivity analysis assuming a 10% reduction in market revenue (representing a 10% decrease in forecast price of electricity), show that the anticipated revenues from sales of energy from the **Constellation South Texas's** 44% interests in the **Facility** provide reasonable assurance of an adequate source of funds to meet anticipated expenses for this 44% of the **Facility**. The projected income statement for the **Facility** also demonstrates financial qualifications to maintain the ISFSI.

In addition, **CEG** will provide a financial support agreement, whereby **CEG** will commit to provide up to $90 million in credit, if necessary, for **Constellation South Texas** to satisfy the need for funding its *pro rata* share of **STP's** ongoing operating and maintenance expenses. A "form of" this agreement is provided as Enclosure 6. The support agreement is adequate to fund approximately six months' worth of the average projected obligations of **Constellation South Texas** for its share of the fixed operations and maintenance (**"O&M"**) of **STP** ("O&M Non-Outage," "O&M Outage," and "Property Taxes" in Enclosure 5). This is consistent with the guidance in NUREG-1577. **CEG's** total assets of more than $46 billion, as reflected in its Annual Report filed with the **SEC** (page 90), demonstrates that **CEG** has adequate sources of funds to provide funding pursuant to the $90 million Support Agreement with Constellation South Texas, if called upon to do so.

NRG Energy, Inc. (**"NRG"**) and NRG Texas LLC currently provide Support Agreements to **NRG South Texas**, which were provided in connection with prior license transfers.[4] **NRG South Texas** requests NRC's prior written consent to void and cancel the existing April 11, 2006, and November 2, 2006, Support Agreements with **NRG** and NRG Texas LLC, upon closing of the Transaction and the transfer of control to **CEG**.

B. Decommissioning Funding

The financial qualifications of **Constellation South Texas** to continue to own its 44% undivided ownership interests in **STP** are further demonstrated by the fact that **Constellation South Texas** will continue to provide financial assurance for decommissioning funding in accordance with 10 CFR 50.75(e)(1)(i) and (ii), using the external sinking fund method with access to non-bypassable charges to retail ratepayers. **NRG South Texas** currently maintains and will continue to maintain decommissioning trust funds that have been established to provide funding for decontamination and decommissioning of its 44% undivided ownership interests in **STP**. Under its new name, **Constellation South Texas** will continue to maintain these external sinking funds segregated from its assets and outside its administrative control in accordance with the requirements of 10 CFR 50.75(e)(1)(i) and (ii). These funds will continue to be maintained pursuant to the terms of the NRG South Texas LP, "Fourth Amended and Restated

4 Support Agreement by and among NRG Energy, Inc., NRG Texas LLC and the Company dated as of April 11, 2006, and Amended and Restated Support Agreement dated as of November 2, 2006, by and between NRG Texas LLC, and Texas Genco, LP (now NRG South Texas, LP), provided as Attachment 4 to the Application for Order Approving Indirect Transfer of Control of Licenses, dated May 3, 2007 (ADAMS Accession No. ML071340049). The current Support Agreements of $120 million (collectively) were sized to provide for one year's worth of the fixed operations and maintenance costs at the time of the prior license transfers, which exceeded **NRC's** guidance.

Decommissioning Master Trust Agreement for the South Texas Project, " dated July 13, 2009, and the NRG South Texas LP, "Second Amended and Restated Decommissioning Master Trust Agreement No. 2 for the South Texas Project," dated July 13, 2009. These agreements were submitted to the NRC by Letter from G. Harrison to NRC Document Control Desk dated September 15, 2009 (ADAMS Accession No. ML092740161).

The balances of the trust funds are currently adequate to fully fund the decommissioning obligations, and as such, no annual amounts are currently being contributed to the trust funds. However, if needed, the regulated electric distribution company owned by CenterPoint Energy, Inc. (**"CenterPoint"**), a previous **STP** owner parent company, or its successor would be able to collect from its electric utility ratepayers costs associated with the decommissioning of the 30.8% interests in **STP** "pursuant to a non-bypassable charge" (within the meaning of 10 CFR 50.75(e)(1)(ii)(B)), and transfer all such funds to **Constellation South Texas** or to the decommissioning trust for the benefit of **Constellation South Texas**. **Constellation South Texas**, in turn, will deposit any such amounts received for this purpose into the decommissioning trust. These decommissioning funding arrangements were specifically approved by the Public Utility Commission of Texas (**"PUCT"**). See PUCT Order, Docket 21956 (March 15, 2001). Similarly, if needed, AEP Texas Central Company (**"TCC"**), or its successor, would be able to collect from its electric utility ratepayers the decommissioning costs associated with **Constellation South Texas's** 13.2% interests in **STP** that were previously owned by **TCC**. **TCC** would provide such funds for deposit in **Constellation South Texas's** nuclear decommissioning trust funds. Although the current collections are set at $0 per year, the existing collections agreements with **CenterPoint** and **TCC** continue to remain in place, and they assure that **Constellation South Texas** will have the total amount of funds estimated to be needed for its share of decommissioning pursuant to 10 CFR 50.75(c), 50.75(f), and 50.82, even if there were a future shortfall in decommissioning funding.

The status of **NRG South Texas's** decommissioning funding as of December 31, 2022 was reported to NRC in Attachment 1 to STPNOC's letter dated March 29, 2023 (ADAMS Accession No. ML23089A062). As of December 31, 2022, **NRG South Texas's** decommissioning trust assets in accounts designated for compliance with 10 CFR 50.75 had a total market value of approximately $290 million for Unit 1 and more than $363 million for Unit 2. The NRC formula amount calculated pursuant 10 CFR 50.75(c) for 44% of each unit is approximately $179 million. As such, the balances can be considered fully prepaid within the meaning of 10 CFR 50.75(e)(1)(i), without taking any credit for future earnings as permitted by NRC's regulations.

As demonstrated above, in accordance with 10 CFR 50.75, there is reasonable assurance that by the end of licensed operation of **STP**, **Constellation South Texas** will have obtained the funds necessary to cover its share of the estimated decommissioning costs of **STP**.

VII. STANDARD CONTRACT FOR DISPOSAL OF SPENT NUCLEAR FUEL

Upon closing, **Constellation South Texas** will retain its 44% interests in the title to and responsibility for the operation and management and interim storage of spent nuclear fuel at **Facility**. **STPNOC** maintains and will continue to maintain the Standard Contract for the Disposal of Spent Nuclear Fuel and/or High-Level Radioactive Waste, No. DE-CR01-87RW00129 for **STP**, originally entered into on June 2, 1987.

VIII. RESTRICTED DATA AND CLASSIFIED NATIONAL SECURITY INFORMATION

The proposed indirect transfer of control of partial ownership does not involve any Restricted Data or other Classified National Security Information or result in any change in access to such Restricted Data or Classified National Security Information. The existing restrictions on access to Restricted Data and Classified National Security Information are unaffected by the proposed **Transaction**. In compliance with Section 145(a) of the Act and 10 CFR 95.35, the **Parties** agree that restricted or classified defense information will not be provided to any individual until the Office of Personnel Management investigates and reports to the NRC on the character, associations, and loyalty of such individual, and the NRC determines that permitting such person to have access to Restricted Data will not endanger the common defense and security of the United States.

IX. ANTITRUST INFORMATION

This Application post-dates the issuance of the **Licenses** and, therefore, no antitrust review is required or authorized. Based upon the NRC's decision in *In the Matter of Kansas Gas and Electric Co., et al.* (Wolf Creek Generating Station, Unit 1), CLI-99-19, 49 NRC 441 (1999), the Atomic Energy Act of 1954, as amended, does not require or authorize NRC antitrust reviews of post-operating license transfer applications.

X. PRICE-ANDERSON INDEMNITY AND NUCLEAR INSURANCE

The proposed **Transaction** does not affect the existing Price-Anderson indemnity agreements for the Facility, or the required nuclear property damage insurance pursuant to 10 CFR 50.54(w) and nuclear energy liability insurance pursuant to Section 170 of the Atomic Energy Act and 10 CFR Part 140. However, **CEG** hereby requests that the Price-Anderson indemnity be amended to include "Constellation South Texas, LLC" as a licensee for the **Facility** and to name "Constellation South Texas, LLC" as an indemnified entity.

Constellation South Texas will maintain all required nuclear property damage insurance and nuclear energy liability insurance for its 44% interests in the **Facility**. In addition, **STPNOC's** annual reporting in compliance with 10 CFR 140.21(e) provides reasonable assurance regarding its ongoing ability of the Participants to pay any annual retrospective premium for their interests.

XI. ENVIRONMENTAL REVIEW

The requested consent to the transfer of control of partial licensed ownership of the **Facility** is exempt from environmental review, because it falls within the categorical exclusion contained in 10 CFR 51.22(c)(21) for which neither an Environmental Assessment nor an Environmental Impact Statement is required. Moreover, the proposed transfer of partial ownership does not directly affect the actual operation and maintenance of the **Facility** in any substantive way. The proposed transfer does not involve an increase in the amounts, or a change in the types, of any radiological effluents that may be allowed to be released off-site and involves no increase in the amounts or change in the types of non-radiological effluents that may be released off-site. Further, there is no increase in the individual or cumulative occupational radiation exposure, and the proposed transfer has no environmental impact. Therefore, pursuant to 10 CFR 51.22(b), no environmental impact statement or environmental assessment need be prepared in connection with the proposed change.

XII. EFFECTIVE DATE AND OTHER REQUIRED REGULATORY APPROVALS

Subject to the satisfaction of all closing conditions, including receipt of all required regulatory approvals, the **Parties** are targeting a transaction closing no later than December 31, 2023. Accordingly, the **Parties** request that the NRC review this Application on a schedule that will permit issuance of an order consenting to the transfers and approving conforming license amendments as promptly as possible and in any event by November 1, 2023. The **Parties** request that the consent be immediately effective upon issuance and authorize the transfers to occur up to one year after issuance or such later date as the NRC may authorize. **CEG** will notify the NRC staff at least two (2) business days prior to the expected closing date for the transaction.

Certain actions by other agencies are needed prior to the closing of the proposed transaction. The **Parties** will keep the NRC informed of any significant changes in the status of other required approvals or developments that could impact the anticipated closing date.

XIII. CONCLUSION

The proposed license transfers will be consistent with the requirements of **the Act**, NRC regulations, and regulatory guidance. The transfers of the Licenses will not be inimical to the common defense and security and do not involve foreign ownership, control, or domination.

Therefore, the **Parties** respectfully request that the NRC issue an Order (1) consenting to the proposed license transfers related to Renewed Facility Operating License Nos. NPF-76 and NPF-80 for STP, Units 1 and 2, respectively and the STP ISFSI general license, and (2) approving the conforming license amendments.

Attachments:

Attachment A – License Amendment Request

Attachment B – Mark-up of South Texas Project Renewed Facility Operating Licenses

Attachment C – Retyped (Clean) Copy of South Texas Project Renewed Facility Operating Licenses

ENCLOSURE 1 - ATTACHMENT A

LICENSE AMENDMENT REQUEST

1.0 SUMMARY DESCRIPTION

STP Nuclear Operating Company, acting on behalf of Constellation Energy Generation, LLC (**"CEG"**), NRG South Texas LP (**NRG South Texas**) and its parent companies (collectively known as the **"Parties"**), is requesting that the U.S. Nuclear Regulatory Commission (**NRC**) provide written consent for the indirect transfer of control of the **NRG South Texas** and its joint ownership interests in the South Texas Project (**STP**) Renewed Facility Operating License Nos. NPF-76 and NPF-80 (the **"Licenses"**) respectively, and the general license for the Independent Spent Fuel Storage Installation (ISFSI) (collectively known as the **Facility**). The **Parties** have entered into a purchase agreement whereby **CEG** will acquire **NRG South Texas** and its 44% interests in the **Facility** (the **"Transaction"**).

The proposed change would replace all references to **NRG South Texas** in Renewed Facility Operating License Nos. NPF-76 and NPF-80 (**"Licenses"**) for STP, Units 1 and 2, respectively and replace these references with "Constellation South Texas, LLC" as one of the co-owner licensees and a co-owner under essentially the same conditions and authorizations established for the other licensees included in the existing **Licenses**.

Enclosure 1, Attachment B, provides the marked-up pages of the Licenses for STP, Units 1 and 2.

Enclosure 1, Attachment C, provides the retyped (clean) pages of the Licenses for STP, Units 1 and 2.

2.0 DETAILED DESCRIPTION

The proposed changes will revise the Licenses to reflect the new name of **NRG South Texas** as "Constellation South Texas, LLC."

The requested amendments will conform the Licenses to reflect the transfer actions for which NRC consent is being requested pursuant to 10 CFR 50.80 (see the remainder of this license transfer transmittal package).

3.0 TECHNICAL EVALUATION

There will be no adverse changes in the day-to-day operations of the **Facility**. The proposed changes will have no impact on the design, function, or operation of any plant structure, system, or component, either technically or administratively, nor will they have a programmatic effect on the STP Quality Assurance Program.

4.0 REGULATORY EVALUATION

4.1 APPLICABLE REGULATORY REQUIREMENTS/CRITERIA

The proposed license changes will reflect the new name of **NRG South Texas**, "Constellation South Texas, LLC," as one of the co-owners of the **Facility**. These changes are considered administrative since the proposed changes reflect no change to the company structure or governance. No physical changes are expected to be made and there will be no adverse change in the day-to-day operations of the **Facility**. Therefore, the proposed license amendments do not adversely affect nuclear safety or safe plant operations.

10 CFR 2.1315, Generic Determination Regarding License Amendments to Reflect Transfers. This regulation states that the NRC has determined that license amendments that conform the license to reflect a transfer action involve no significant hazard consideration and do not adversely affect the health and safety of the public.

10 CFR 50.80 and 10 CFR 72.50, Transfer of Licenses. These regulations provide the basis for NRC approval of license transfers. The proposed license amendments are requested based on the request for the license transfer described in this transmittal package.

4.2 NO SIGNIFICANT HAZARDS DETERMINATION

The proposed changes to the Licenses are primarily administrative in nature.

In its regulations, at 10 CFR 2.1315, the NRC has made a generic determination regarding no significant hazards consideration determinations required by 10 CFR 50.92. The determination is applicable to license amendments involving license transfers. In brief, the rule states that the NRC has determined generically that any amendment to the license of a utilization facility which does no more than conform the license to reflect the transfer action involves no significant hazards consideration. The proposed changes contained in this license amendment application are intended solely to conform the Facility licenses to reflect the change in ownership as a result of the license transfer and thus meet the criteria specified by 10 CFR 2.1315.

4.3 CONCLUSIONS

In conclusion, based upon this analysis provided, the proposed license amendments will neither have any adverse impact on the public health and safety, nor be inimical to the common defense and security. Therefore, the proposed license amendments meet the requirements of 10 CFR 2.1315 and 10 CFR 50.90 and do not involve a significant hazards consideration.

5.0 ENVIRONMENTAL CONSIDERATION

The proposed license amendments are a direct result of an approval of a transfer of licenses issued by the NRC. Therefore, the proposed amendments are eligible for categorical exclusion as set forth in 10 CFR 51.22(c)(21). Pursuant to 10 CFR 51.22(b), no environmental impact statement or environmental assessment is needed in connection with the proposed amendments.

ENCLOSURE 1 - ATTACHMENT B

MARK-UP OF SOUTH TEXAS PROJECT RENEWED FACILITY OPERATING LICENSES

SOUTH TEXAS PROJECT, UNITS 1 AND 2
RENEWED FACILITY OPERATING LICENSE NOS. NPF-76 AND NPF-80
DOCKET NOS. 50-498, 50-499, AND 72-1041

SOUTH TEXAS PROJECT, UNIT 1
LICENSE MARK-UPS

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

CONSTELLATION SOUTH TEXAS, LLC~~NRG SOUTH TEXAS LP~~

CITY PUBLIC SERVICE BOARD OF SAN ANTONIO

CITY OF AUSTIN, TEXAS

STP NUCLEAR OPERATING COMPANY

DOCKET NO. 50-498

SOUTH TEXAS PROJECT, UNIT 1

RENEWED FACILITY OPERATING LICENSE

Renewed License No. NPF-76

1. The Nuclear Regulatory Commission (the Commission or the NRC) has found that:

   A. The application for a renewed license filed by STP Nuclear Operating Company (STPNOC)*, acting on behalf of itself and for Constellation South Texas, LLC~~NRG South Texas LP~~, the City Public Service Board of San Antonio (CPS), and City of Austin, Texas (COA) (the "Owners") complies with the standards and requirements of the Atomic Energy Act of 1954, as of 1954 as amended (the Act), and the Commission's regulations set forth in 10 CFR Chapter I, and all required notifications to other agencies or bodies have been duly made;

   B. Construction of the South Texas Project, Unit 1, (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-128 and the application, as amended, the provisions of the Act, and the regulations of the Commission;

   C. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the regulations of the Commission (except as exempted from compliance in Section 2.D. below);

   D. There is reasonable assurance: (i) that the activities authorized by this renewed operating license can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations set forth in 10 CFR Chapter I (except as exempted from compliance in Section 2.D. below);

Amendment:

* STPNOC is authorized to act for Constellation South Texas, LLC~~NRG South Texas LP~~, the City Public Service Board of San Antonio, and City of Austin, Texas and has exclusive responsibility and control over the physical construction, operation, and maintenance of the facility.

E. STPNOC is technically qualified to engage in the activities authorized by this renewed license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;

F. The Owners have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements," of the Commission's regulations;

G. The issuance of this renewed license will not be inimical to the common defense and security or to the health and safety of the public;

H. After weighing the environmental, economic, technical and other benefits of the facility against environmental and other costs and considering available alternatives, the issuance of this Renewed Facility Operating License No. NPF-76, subject to the conditions for protection of the environment set forth in the Environmental Protection Plan attached as Appendix B, is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied; and

I. The receipt, possession, and use of source, byproduct and special nuclear material as authorized by this renewed license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40 and 70.

J. Actions have been identified and have been or will be taken with respect to (1) managing the effects of aging during the period of extended operation on the functionality of structures and components that have been identified to require review under 10 CFR 54.21(a)(1), and (2) time-limited aging analyses that have been identified to require review under 10 CFR 54.21(c), such that there is reasonable assurance that the activities authorized by this renewed license will continue to be conducted in accordance with the current licensing basis, as defined in 10 CFR 54.3, for the facility, and that any changes made to the facility's current licensing basis in order to comply with 10 CFR 54.29(a) are in accordance with the Act and the Commission's regulations.

2. Based on the foregoing findings by the Nuclear Regulatory Commission, Facility Operating License No. NPF-76, dated March 22, 1988, and expiring August 20, 2027, as amended, is superseded by Renewed Facility Operating License No. NPF-76 and hereby issued to STPNOC to read as follows:

A. This renewed license applies to the South Texas Project, Unit 1, a pressurized water reactor, and associated equipment (the facility) owned by Constellation South Texas, LLC~~NRG South Texas LP~~, City Public Service Board of San Antonio, and City of Austin, Texas and operated by STPNOC. The facility is located in Matagorda County, Texas, west of the Colorado River, 8 miles north-northwest of the town of Matagorda and about 89 miles southwest of Houston and is described in the licensees' Final Safety Analysis Report, as supplemented and amended, and in the licensees' Environmental Report, as supplemented and amended.

B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:

(1) STPNOC pursuant to Section 103 of the Act and 10 CFR Part 50, to possess, use and operate the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this renewed license;

(2) Constellation South Texas, LLC~~NRG South Texas LP~~, the City Public Service Board of San Antonio (CPS), and the City of Austin, Texas (COA), pursuant to the Act and 10 CFR Part 50, to possess the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this renewed license;

(3) STPNOC, pursuant to the Act and 10 CFR Part 70, to receive, possess and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the Final Safety Analysis Report, as supplemented and amended;

(4) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess, and use at any time any byproduct, source and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;

(5) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess, and use in amounts as required any byproduct, source or special nuclear material without restriction to chemical or physical form, for sample analysis or instrument calibration or associated with radioactive apparatus or components; and

(6) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to possess, but not separate, such byproduct and special nuclear materials as may be produced by the operation of the facility authorized herein.

C. This renewed license shall be deemed to contain and is subject to the conditions specified in the Commission's regulations set forth in 10 CFR Chapter I and is subject to all applicable provisions of the Act and to the rules, regulations and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified or incorporated below:

(1) Maximum Power Level

STPNOC is authorized to operate the facility at reactor core power levels not in excess of 3,853 megawatts thermal (100% power) in accordance with the conditions specified herein.

SOUTH TEXAS PROJECT, UNIT 2
LICENSE MARK-UPS

CONSTELLATION SOUTH TEXAS, LLC~~NRG SOUTH TEXAS LP~~

CITY PUBLIC SERVICE BOARD OF SAN ANTONIO

CITY OF AUSTIN, TEXAS

STP NUCLEAR OPERATING COMPANY

DOCKET NO. 50-499

SOUTH TEXAS PROJECT, UNIT 2

RENEWED FACILITY OPERATING LICENSE

Renewed License No. NPF-80

1. The Nuclear Regulatory Commission (the Commission or the NRC) has found that:

   A. The application for a renewed license filed by STP Nuclear Operating Company (STPNOC)*, acting on behalf of itself and for Constellation South Texas, LLC~~NRG South Texas LP~~, the City Public Service Board of San Antonio (CPS), and City of Austin, Texas (COA) (the "Owners") complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's regulations set forth in 10 CFR Chapter I, and all required notifications to other agencies or bodies have been duly made;

   B. Construction of the South Texas Project, Unit 2, (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-129 and the application, as amended, the provisions of the Act, and the regulations of the Commission;

   C. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the regulations of the Commission (except as exempted from compliance in Section 2.D. below);

   D. There is reasonable assurance: (i) that the activities authorized by this renewed operating license can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations set forth in 10 CFR Chapter I (except as exempted from compliance in Section 2.D. below);

---

* STPNOC is authorized to act for Constellation South Texas, LLC~~NRG South Texas LP~~, the City Public Service Board of San Antonio, and City of Austin, Texas and has exclusive responsibility and control over the physical construction, operation, and maintenance of the facility.

E. STPNOC is technically qualified to engage in the activities authorized by this renewed license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;

F. The Owners have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements," of the Commission's regulations;

G. The issuance of this renewed license will not be inimical to the common defense and security or to the health and safety of the public;

H. After weighing the environmental, economic, technical and other benefits of the facility against environmental and other costs and considering available alternatives, the issuance of this Renewed Facility Operating License No. NPF-80, subject to the conditions for protection of the environment set forth in the Environmental Protection Plan attached as Appendix B, is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied; and

I. The receipt, possession, and use of source, byproduct and special nuclear material as authorized by this renewed license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40 and 70.

J. Actions have been identified and have been or will be taken with respect to (1) managing the effects of aging during the period of extended operation on the functionality of structures and components that have been identified to require review under 10 CFR 54.21(a)(1), and (2) time-limited aging analyses that have been identified to require review under 10 CFR 54.21(c), such that there is reasonable assurance that the activities authorized by this renewed license will continue to be conducted in accordance with the current licensing basis, as defined in 10 CFR 54.3, for the facility, and that any changes made to the facility's current licensing basis in order to comply with 10 CFR 54.29(a) are in accordance with the Act and the Commission's regulations.

2. Based on the foregoing findings by the Nuclear Regulatory Commission, Facility Operating License No. NPF-80, dated March 28, 1989, and expiring December 15, 2028, as amended, is superseded by Renewed Facility Operating License No. NPF-80 and hereby issued to STPNOC to read as follows:

A. This renewed license applies to the South Texas Project, Unit 2, a pressurized water reactor, and associated equipment (the facility) owned by Constellation South Texas, LLC~~NRG South Texas LP~~, City Public Service Board of San Antonio, and City of Austin, Texas and operated by STPNOC. The facility is located in Matagorda County, Texas, west of the Colorado River, 8 miles north-northwest of the town of Matagorda and about 89 miles southwest of Houston and is described in the licensees' Final Safety Analysis Report, as supplemented and amended, and in the licensees' Environmental Report, as supplemented and amended.

B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:

(1) STPNOC pursuant to Section 103 of the Act and 10 CFR Part 50, to possess, use and operate the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this renewed license;

(2) Constellation South Texas, LLC~~NRG South Texas LP~~, the City Public Service Board of San Antonio (CPS), and the City of Austin, Texas (COA), pursuant to the Act and 10 CFR Part 50, to possess the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this renewed license;

(3) STPNOC, pursuant to the Act and 10 CFR Part 70, to receive, possess and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the Final Safety Analysis Report, as supplemented and amended;

(4) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess, and use at any time any byproduct, source and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;

(5) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess, and use in amounts as required any byproduct, source or special nuclear material without restriction to chemical or physical form, for sample analysis or instrument calibration or associated with radioactive apparatus or components; and

(6) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to possess, but not separate, such byproduct and special nuclear materials as may be produced by the operation of the facility authorized herein.

C. This renewed license shall be deemed to contain and is subject to the conditions specified in the Commission's regulations set forth in 10 CFR Chapter I and is subject to all applicable provisions of the Act and to the rules, regulations and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified or incorporated below:

(1) <u>Maximum Power Level</u>

STPNOC is authorized to operate the facility at reactor core power levels not in excess of 3,853 megawatts thermal (100% power) in accordance with the conditions specified herein.

ENCLOSURE 1 – ATTACHMENT C

RETYPED (CLEAN) PAGES OF SOUTH TEXAS PROJECT
RENEWED FACILITY OPERATING LICENSES

SOUTH TEXAS PROJECT, UNITS 1 AND 2
RENEWED FACILITY OPERATING LICENSE NOS. NPF-76 AND NPF- 80
DOCKET NOS. 50-498, 50-499, AND 72-1041

SOUTH TEXAS PROJECT, UNIT 1
CLEAN LICENSE PAGES

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

CONSTELLATION SOUTH TEXAS, LLC

CITY PUBLIC SERVICE BOARD OF SAN ANTONIO

CITY OF AUSTIN, TEXAS

STP NUCLEAR OPERATING COMPANY

DOCKET NO. 50-498

SOUTH TEXAS PROJECT, UNIT 1

RENEWED FACILITY OPERATING LICENSE

Renewed License No. NPF-76

1. The Nuclear Regulatory Commission (the Commission or the NRC) has found that:

   A. The application for a renewed license filed by STP Nuclear Operating Company (STPNOC)*, acting on behalf of itself and for Constellation South Texas, LLC, the City Public Service Board of San Antonio (CPS), and City of Austin, Texas (COA) (the "Owners") complies with the standards and requirements of the Atomic Energy Act of 1954, as of 1954 as amended (the Act), and the Commission's regulations set forth in 10 CFR Chapter I, and all required notifications to other agencies or bodies have been duly made;

   B. Construction of the South Texas Project, Unit 1, (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-128 and the application, as amended, the provisions of the Act, and the regulations of the Commission;

   C. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the regulations of the Commission (except as exempted from compliance in Section 2.D. below);

   D. There is reasonable assurance: (i) that the activities authorized by this renewed operating license can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations set forth in 10 CFR Chapter I (except as exempted from compliance in Section 2.D. below);

Amendment:

* STPNOC is authorized to act for Constellation South Texas, LLC, the City Public Service Board of San Antonio, and City of Austin, Texas and has exclusive responsibility and control over the physical construction, operation, and maintenance of the facility.

E. STPNOC is technically qualified to engage in the activities authorized by this renewed license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;

F. The Owners have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements," of the Commission's regulations;

G. The issuance of this renewed license will not be inimical to the common defense and security or to the health and safety of the public;

H. After weighing the environmental, economic, technical and other benefits of the facility against environmental and other costs and considering available alternatives, the issuance of this Renewed Facility Operating License No. NPF-76, subject to the conditions for protection of the environment set forth in the Environmental Protection Plan attached as Appendix B, is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied; and

I. The receipt, possession, and use of source, byproduct and special nuclear material as authorized by this renewed license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40 and 70.

J. Actions have been identified and have been or will be taken with respect to (1) managing the effects of aging during the period of extended operation on the functionality of structures and components that have been identified to require review under 10 CFR 54.21(a)(1), and (2) time-limited aging analyses that have been identified to require review under 10 CFR 54.21(c), such that there is reasonable assurance that the activities authorized by this renewed license will continue to be conducted in accordance with the current licensing basis, as defined in 10 CFR 54.3, for the facility, and that any changes made to the facility's current licensing basis in order to comply with 10 CFR 54.29(a) are in accordance with the Act and the Commission's regulations.

2. Based on the foregoing findings by the Nuclear Regulatory Commission, Facility Operating License No. NPF-76, dated March 22, 1988, and expiring August 20, 2027, as amended, is superseded by Renewed Facility Operating License No. NPF-76 and hereby issued to STPNOC to read as follows:

   A. This renewed license applies to the South Texas Project, Unit 1, a pressurized water reactor, and associated equipment (the facility) owned by Constellation South Texas, LLC, City Public Service Board of San Antonio, and City of Austin, Texas and operated by STPNOC. The facility is located in Matagorda County, Texas, west of the Colorado River, 8 miles north-northwest of the town of Matagorda and about 89 miles southwest of Houston and is described in the licensees' Final Safety Analysis Report, as supplemented and amended, and in the licensees' Environmental Report, as supplemented and amended.

   B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:

(1) STPNOC pursuant to Section 103 of the Act and 10 CFR Part 50, to possess, use and operate the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this renewed license;

(2) Constellation South Texas, LLC, the City Public Service Board of San Antonio (CPS), and the City of Austin, Texas (COA), pursuant to the Act and 10 CFR Part 50, to possess the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this renewed license;

(3) STPNOC, pursuant to the Act and 10 CFR Part 70, to receive, possess and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the Final Safety Analysis Report, as supplemented and amended;

(4) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess, and use at any time any byproduct, source and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;

(5) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess, and use in amounts as required any byproduct, source or special nuclear material without restriction to chemical or physical form, for sample analysis or instrument calibration or associated with radioactive apparatus or components; and

(6) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to possess, but not separate, such byproduct and special nuclear materials as may be produced by the operation of the facility authorized herein.

C. This renewed license shall be deemed to contain and is subject to the conditions specified in the Commission's regulations set forth in 10 CFR Chapter I and is subject to all applicable provisions of the Act and to the rules, regulations and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified or incorporated below:

(1) Maximum Power Level

STPNOC is authorized to operate the facility at reactor core power levels not in excess of 3,853 megawatts thermal (100% power) in accordance with the conditions specified herein.

SOUTH TEXAS PROJECT, UNIT 2
CLEAN LICENSE PAGES

CONSTELLATION SOUTH
TEXAS, LLC

CITY PUBLIC SERVICE BOARD OF SAN ANTONIO

CITY OF AUSTIN, TEXAS

STP NUCLEAR OPERATING COMPANY

DOCKET NO. 50-499

SOUTH TEXAS PROJECT, UNIT 2

RENEWED FACILITY OPERATING LICENSE

Renewed License No. NPF-80

1. The Nuclear Regulatory Commission (the Commission or the NRC) has found that:

   A. The application for a renewed license filed by STP Nuclear Operating Company (STPNOC)*, acting on behalf of itself and for Constellation South Texas, LLC, the City Public Service Board of San Antonio (CPS), and City of Austin, Texas (COA) (the "Owners") complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's regulations set forth in 10 CFR Chapter I, and all required notifications to other agencies or bodies have been duly made;

   B. Construction of the South Texas Project, Unit 2, (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-129 and the application, as amended, the provisions of the Act, and the regulations of the Commission;

   C. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the regulations of the Commission (except as exempted from compliance in Section 2.D. below);

   D. There is reasonable assurance: (i) that the activities authorized by this renewed operating license can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations set forth in 10 CFR Chapter I (except as exempted from compliance in Section 2.D. below);

* STPNOC is authorized to act for Constellation South Texas, LLC, the City Public Service Board of San Antonio, and City of Austin, Texas and has exclusive responsibility and control over the physical construction, operation, and maintenance of the facility.

E. STPNOC is technically qualified to engage in the activities authorized by this renewed license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;

F. The Owners have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements," of the Commission's regulations;

G. The issuance of this renewed license will not be inimical to the common defense and security or to the health and safety of the public;

H. After weighing the environmental, economic, technical and other benefits of the facility against environmental and other costs and considering available alternatives, the issuance of this Renewed Facility Operating License No. NPF-80, subject to the conditions for protection of the environment set forth in the Environmental Protection Plan attached as Appendix B, is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied; and

I. The receipt, possession, and use of source, byproduct and special nuclear material as authorized by this renewed license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40 and 70.

J. Actions have been identified and have been or will be taken with respect to (1) managing the effects of aging during the period of extended operation on the functionality of structures and components that have been identified to require review under 10 CFR 54.21(a)(1), and (2) time-limited aging analyses that have been identified to require review under 10 CFR 54.21(c), such that there is reasonable assurance that the activities authorized by this renewed license will continue to be conducted in accordance with the current licensing basis, as defined in 10 CFR 54.3, for the facility, and that any changes made to the facility's current licensing basis in order to comply with 10 CFR 54.29(a) are in accordance with the Act and the Commission's regulations.

2. Based on the foregoing findings by the Nuclear Regulatory Commission, Facility Operating License No. NPF-80, dated March 28, 1989, and expiring December 15, 2028, as amended, is superseded by Renewed Facility Operating License No. NPF-80 and hereby issued to STPNOC to read as follows:

   A. This renewed license applies to the South Texas Project, Unit 2, a pressurized water reactor, and associated equipment (the facility) owned by Constellation South Texas, LLC, City Public Service Board of San Antonio, and City of Austin, Texas and operated by STPNOC. The facility is located in Matagorda County, Texas, west of the Colorado River, 8 miles north-northwest of the town of Matagorda and about 89 miles southwest of Houston and is described in the licensees' Final Safety Analysis Report, as supplemented and amended, and in the licensees' Environmental Report, as supplemented and amended.

   B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:

(1) STPNOC pursuant to Section 103 of the Act and 10 CFR Part 50, to possess, use and operate the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this renewed license;

(2) Constellation South Texas, LLC, the City Public Service Board of San Antonio (CPS), and the City of Austin, Texas (COA), pursuant to the Act and 10 CFR Part 50, to possess the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this renewed license;

(3) STPNOC, pursuant to the Act and 10 CFR Part 70, to receive, possess and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the Final Safety Analysis Report, as supplemented and amended;

(4) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess, and use at any time any byproduct, source and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;

(5) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess, and use in amounts as required any byproduct, source or special nuclear material without restriction to chemical or physical form, for sample analysis or instrument calibration or associated with radioactive apparatus or components; and

(6) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to possess, but not separate, such byproduct and special nuclear materials as may be produced by the operation of the facility authorized herein.

C. This renewed license shall be deemed to contain and is subject to the conditions specified in the Commission's regulations set forth in 10 CFR Chapter I and is subject to all applicable provisions of the Act and to the rules, regulations and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified or incorporated below:

(1) Maximum Power Level

STPNOC is authorized to operate the facility at reactor core power levels not in excess of 3,853 megawatts thermal (100% power) in accordance with the conditions specified herein.

ENCLOSURE 2

MOODY'S AND *STANDARD AND POOR'S* CURRENT BOND RATINGS FOR CONSTELLATION ENERGY GENERATION, LLC

MOODY'S
INVESTORS SERVICE

CREDIT OPINION
31 May 2023

New Issue

Send Your Feedback

RATINGS

Constellation Energy Generation, LLC

Domicile	Kennet Square, Pennsylvania,United States
Long Term Rating	Baa2
Type	LT Issuer Rating
Outlook	Positive

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Toby Shea +1.212.553.1779
VP-Sr Credit Officer
toby.shea@moodys.com

Nikita Nanwani +1.212.553.0300
Associate Analyst
nikita.nanwani@moodys.com

Natividad Martel, CFA +1.212.553.4561
VP-Senior Analyst
natividad.martel@moodys.com

Michael G. Haggarty +1.212.553.7172
Associate Managing Director
michael.haggarty@moodys.com

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

Constellation Energy Generation, LLC

Update following outlook change to positive

Summary

Constellation Energy Generation, LLC's (Constellation) credit profile reflects that of a large unregulated power producer with a relatively low leverage that should allow it to sustain strong cash flow coverage metrics of around 35% CFO pre-WC to debt (after adjusting for nuclear fuel as an operating expense). The company's principal asset base is a substantial fleet of 13 nuclear power plants, all of which are either receiving state government financial support for their zero-emission attributes or will benefit from federal government support in the form of nuclear production tax credits (PTCs).

We expect Constellation's cash flow to improve significantly in 2023 due to the strong rise in power prices, driven by higher gas prices, that began the second half of 2021 and continued for much of last year. In particular, wholesale power prices in the PJM Western Hub rose from about $30/MWh before 2021 to $70/MWh in 2022. Although power prices have moderated in 2023, forward prices for 2024 and 2025 are still around $44/MWh.

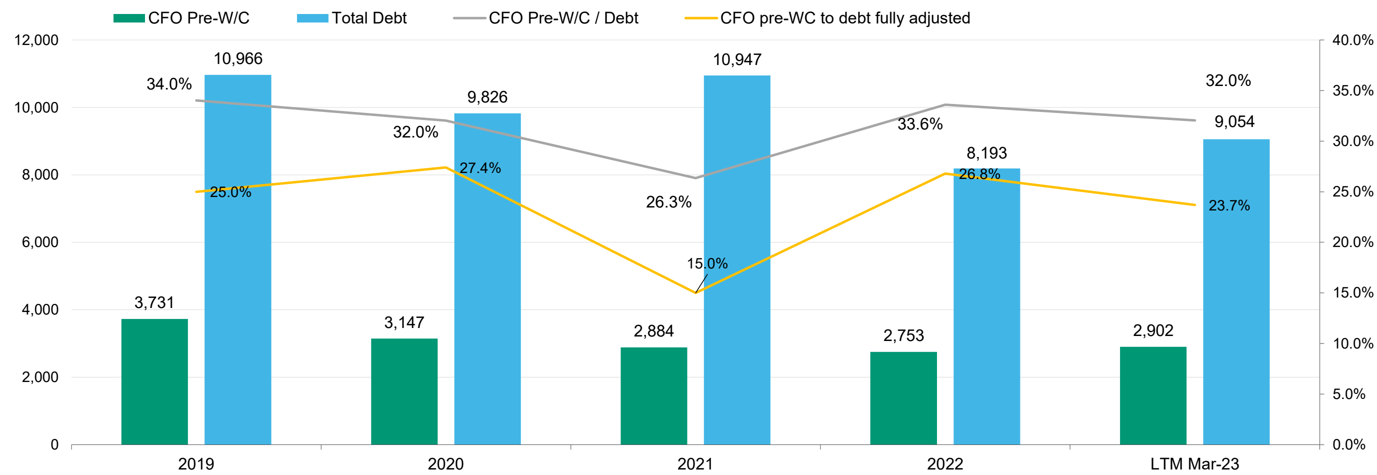
We believe that Constellation should be able to achieve its targeted CFO pre-WC to debt ratio of 35% because it hedged the vast majority of its expected output for 2023 and 2024 when prices rose over the past two years. Starting in 2024, the nuclear PTCs will provide additional credit support because they effectively provide a price floor of at least $43.75/MWh for the portion of the company's nuclear energy production that does not already receive state-level support.

Offsetting these positive developments is Constellation's higher exposure to construction risk, which has risen following its February announcement that it plans to build a $900 million hydrogen production facility in Illinois that will consume 250 MW of its nuclear output. The technology and construction risk associated with this project appears somewhat higher than that of traditional gas or renewable power projects. At this point, we view the credit impact as limited because the company intends to fund growth and meet capital returns with excess cash available after managing to the 35% CFO pre-WC to debt target. Nevertheless, we could adjust our business risk assessment of the company as more details of this hydrogen project become available.

Recent Development

On May 10, 2023, we revised Constellation's outlook to positive from stable. At the same time, we affirmed Constellation's ratings, including its Baa2 senior unsecured and Issuer ratings and Prime-2 short-term rating for commercial paper.

Exhibit 1
Historical CFO Pre-W/C, Total Debt and CFO Pre-W/C to Debt ($million)



Fully-adjusted CFO pre-WC to debt ratios include account receivable securitization and nuclear fuel adjustments. See exhibit 9 for more details.
Source: Moody's Financial Metrics

Credit strengths

» Large, diverse fleet of well operated nuclear plants

» Strong government price support for nuclear generation

» Management commitment to maintaining low debt leverage

» Increased recognition of nuclear power generation's zero emission attributes

Credit challenges

» Development and construction risk related to a new pink hydrogen production facility

» Event risk of a safety event related to nuclear power

» Some vulnerability to geopolitical disruptions related to nuclear fuel supply

» Waste disposal and decommissioning risks longer term

Rating outlook

Constellation's positive outlook reflects the expected improvement of its CFO pre-WC to debt ratio to the 35% range in 2023, up from 27% in 2022, and the revenue stability provided by the nuclear PTCs included in the Inflation Reduction Act of 2022. Importantly, the company has also committed to managing its debt level as necessary to sustain a CFO pre-WC to debt ratio of 35% going forward.

Factors that could lead to an upgrade

We could raise Constellation's rating if its CFO pre-WC to debt ratio is sustained at 30% or above on a nuclear fuel adjusted basis through the next twelve months, thereby establishing a multiyear track record of consistent financial performance since being spun off as an independent company in February 2022 . Any upgrade would require that the company continue to operate its nuclear fleet with its traditionally high operational and safety standards and that any development risk associated with its new hydrogen project remain at a manageable level.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on https://ratings.moodys.com for the most updated credit rating action information and rating history.

Factors that could lead to a downgrade

The outlook could return to stable or a negative rating action could result if the company fails to maintain a CFO pre-WC to debt ratio of at least 24% on a nuclear fuel adjusted basis, liquidity becomes strained due to extreme commodity price movements or for other reasons, operational or safety performance deteriorates or the risk associated with its hydrogen business become significantly greater than expected.

Key indicators

Exhibit 2

Constellation Energy Generation, LLC [1]

	Dec-19	Dec-20	Dec-21	Dec-22	LTM Mar-23
CFO Pre-W/C + Interest / Interest	7.7x	7.7x	8.7x	8.7x	8.1x
CFO Pre-W/C / Debt	34.0%	32.0%	26.3%	33.6%	32.0%
RCF / Debt	29.9%	25.0%	15.9%	29.4%	19.7%

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. See exhibit 9 for fully-adjusted CFO pre-WC to debt ratios.
Source: Moody's Financial Metrics

Profile

Constellation is one of the largest independent power producers in the US with approximately 32.4 gigawatts (GW) of generating capacity. It also own one of the largest national energy supply businesses in the US, serving approximately 2.0 million customers with about 208 terawatt-hours (TWh) of electric load in 2022.

All of its generation assets (except for renewable projects) sell power on a merchant basis (i.e., without the benefits of purchase power agreements). Constellation has an extensive hedging program for its wholesale power price exposure and receives a significant amount of regulated payments for the value of its capacity in form of capacity payments, and for its carbon-free generation through zero emission credits (ZECs) and carbon mitigation credits (CMCs) payments. For nuclear plants that do not receive ZEC and CMC payments, Constellation is entitled to price support in form of nuclear PTCs.

Constellation's commercial business is a customer facing business that buys power and gas from the wholesale market (or from its generation affiliate) and resells them to customers at both the wholesale and retail level. The commercial business operates nationwide and serves more than 143 TWh of load and 0.8 trillion cubic feet (TCF) of gas (or 80 TWh equivalent at the conversion rate of 10 billion cubic feet per TWh.) It is the largest commercial and industrial (C&I) electric retail supplier in the US.

Nuclear Assets

The company's asset base is dominated by nuclear power plants, with about 21 GW generating capacity. This nuclear capacity is concentrated in the PJM market, accounting for about 80% of the total, while New York and MISO contribute 15% and 5%, respectively.

Constellation retired the 637 MW Oyster Creek plant in September of 2018 and the 837 MW Three Mile Island plant in September of 2019 due to poor plant economics. The company acquired about 2 GW of nuclear capacity from Electricite de France (EDF, Baa1 negative) in 2021 as a part of previously agreed upon option.

Exhibit 3
Constellation's nuclear generation capacity (MW)

Power Plant	Market Zone	Owned capacity (MW)	Carbon-free generation support
LaSalle	PJM - ComEd	2,320	Nuclear PTC
Braidwood	PJM - ComEd	2,386	IL CMCs
Byron	PJM - ComEd	2,347	IL CMCs
Dresden	PJM - ComEd	1,845	IL CMCs
Quad Cities (75%)	PJM - ComEd	1,403	IL ZECs
	Total PJM ComEd	10,301	
Peach Bottom (50%)	PJM - EMAAC	1,324	Nuclear PTCs
Limerick	PJM - EMAAC	2,315	Nuclear PTCs
Salem (42%)	PJM - EMAAC	993	NJ ZECs
Calvert Cliffs	PJM - SWMAAC	1,789	Nuclear PTCs
	Total PJM non-ComEd	6,421	
Nine Mile Point (88%)	NYISO - C	1,675	NY ZECs
R.E. Ginna	NYISO - B	576	NY ZECs
FitzPatrick	NYISO - C	842	NY ZECs
	Total NYISO	3,093	
Clinton	MISO - Zone 4	1,080	IL ZECs
	Total MISO	1,080	
Grand Total		20,895	

Source: Constellation

Fossil Assets

The company owns about 8.5 GW of gas and oil capacity. The total excludes the 296 MW Southeast Chicago plant, which was deactivated at the end of 2019. Southeast Chicago was an eight unit gas peaking facility located within the ComEd zone of PJM. Constellation has announced that it will retire Mystic Units 8 and 9 after its cost-of-service contract expires in May 2024.

Exhibit 4
Constellation's fossil generation capacity (MW)

High-efficiency gas plants		
Location	Capacity (MW)	Notes
ERCOT Houston zone	2,258	Wolf Hollow II and Colorado Bend II
SERC - Alabama	753	Hillabee plant
Total high efficiency gas plants	**3,011**	
Peaking gas/oil plants		
ISO - New England	380	
PJM	2,337	Predominantly in SWMAAC and EMAAC zones
ERCOT	1,265	
Alberta	105	
Total peaking plants	**4,087**	
Other gas plants		
ISO - New England (Mystic 8&9)	1,413	High-efficiency gas units scheduled to close in June 2024.
PJM (Southeast Chicago)	296	Constellation has deactivated the site and is evaluating for potential return of service or retirement beyond 2023
Total other plants	**1,709**	
Grand total	**8,807**	

Source: Constellation's 10-K for 2022

Renewable assets

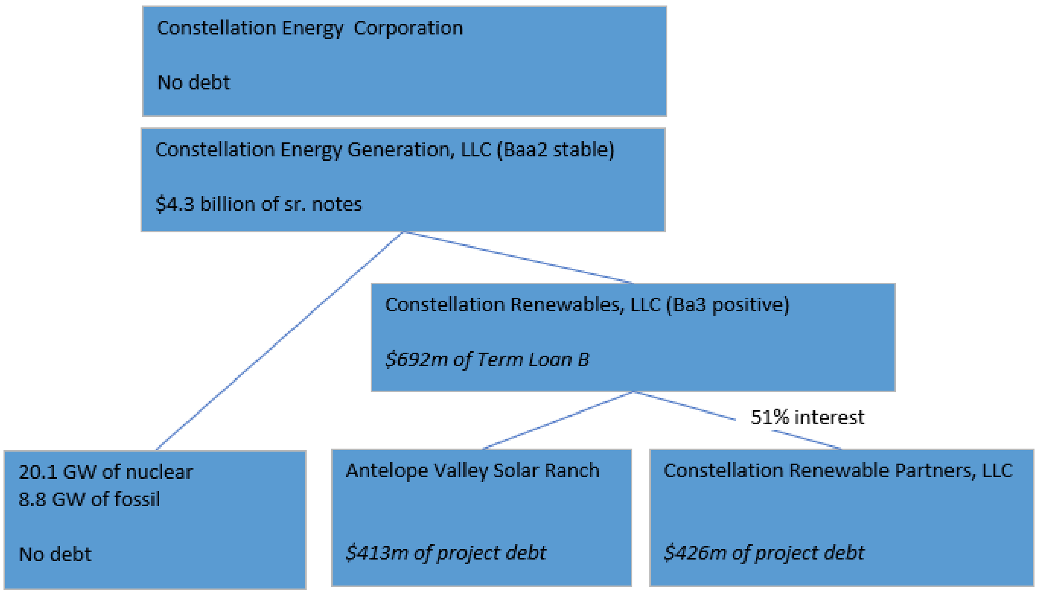
Constellation owns about 1 GW of wind and solar projects that are primarily held under its Constellation Renewables, LLC (Ba3 positive) subsidiary. The company also owns two hydro facilities that do not fall under Constellation Renewables, LLC – 572 MW of the Conowingo run-of-river hydro facility in Maryland and the 1,070 MW Muddy Run pumped storage hydro facility in Pennsylvania.

Constellation Renewables indirectly owns an approximate 975 MW (net ownership adjusted) portfolio of 29 operating solar and wind power projects spread over 14 states.

Constellation Renewables holds a 100% interest in the Antelope Valley Solar Ranch (AVSR) and a 51% interest in Constellation Renewables Partners, LLC (see Exhibit below.) Constellation Renewables Partners owns Continental Wind, Renewable Power Generation, and some independent projects. An affiliate of Axium Infrastructure is the joint venture partner with a 49% interest in Constellation Renewables Partners.

In late 2020, Constellation Renewables, LLC issued $750 million of Term Loan B debt. The Term Loan B has a scheduled amortization at 1% per year and a 75% cash sweep. Because of the high leverage at Constellation Renewables and the cash sweep, we expect Constellation to receive less than $20 million a year of dividends from this subsidiary.

Exhibit 5
Constellation Renewables' Simplified Corporate Structure and Debt Profile



- Debt figures are as of December 31, 2022
- Constellation Renewables owns 51% of Constellation Renewables Partners, but consolidates 100% of Constellation Renewables Partners' debt.
Source: Constellation

Constellation Renewables has the option to sell AVSR to Constellation Renewables Partners subject to minimum debt pay down of $187.5 million and a 50/50 sharing of proceeds above the minimum pay down. To the extent AVSR is sold to Constellation Renewables Partners, Constellation Renewables would continue to have a 51% indirect stake in AVSR given the borrower's controlling stake in Constellation Renewables Partners.

Non-recourse subsidiary – West Medway II gas project

In May 2021, Constellation issued a non-recourse $150 million senior secured term loan at its West Medway II, LLC subsidiary. The term loan, due March 2026, is secured by the subsidiary's interest in West Medway II, a 192 MW gas/oil peaking facility located in Massachusetts. As of December 31, 2022, approximately $115 million of the term loan was outstanding.

Pre-Capitalized Trust Securities

Constellation has access to $1 billion of liquidity provided by Fells Point Funding Trust (Trust, Baa2, positive). In February 2022, the Trust issued $1 billion of Pre-Capitalized Trust Securities (P-Caps) due 2027. Issuance proceeds were escrowed and invested in US treasury securities by the Trust.

Constellation may make a draw on the US treasury securities held by the Trust by delivering an equivalent amount of its senior unsecured notes to the Trust. The Trust may only ever hold US treasury securities, Constellation's senior unsecured notes, or a combination thereof. Therefore, the credit risk of holding the P-Caps is similar to owning Constellation's senior unsecured notes.

The P-Caps are not considered a debt obligation of Constellation under US GAAP, nor do we count them as debt in our calculation of credit metrics. However, to be clear, should Constellation issue any senior unsecured notes and deliver them to the Trust in exchange for treasuries, Constellation will disclose those notes as balance-sheet debt under US GAAP, and we too will count them as a debt in our credit metrics.

Constellation plans to use the US treasury securities held by the Trust to back standby letters of credit (LCs). Because the LCs are only called upon in exceptional circumstances, we expect a draw upon the US treasury securities to rarely occur.

Detailed credit considerations

Company's value lies mostly in its large fleet of nuclear power plants

Nuclear power generation accounts for two-thirds of Constellation's generation capacity, but we estimate that it contributes more than 85% of the company's free cash flow before growth (FCFbg). Outside of nuclear generation, Constellation mainly owns gas and renewable capacity. The gas portfolio includes some valuable plants, including two high-efficiency gas plants in Texas and one in Alabama (total of ~3 GW), but the remainder (~6 GW) are either peaking plants or are scheduled to close in June 2024 in the case of Mystic 8 & 9. The renewable portfolio produces stable project level cash flow but makes very little dividend distributions to Constellation because of the project level debt burden and a 75% cash sweep requirement at its Constellation Renewables, LLC subsidiary.

Constellation is a top retail energy supplier in the US. Its sales to commercial and industrial (C&I) customers are primarily a thin margin, large volume business. However, Constellation has a strong commercial position because it is one of the largest and most established names in the C&I retail space. Its direct sales to mass market customers are relatively small, comprising less than 10% of the volume. However, it is still a significant source of cash flow because mass-market customer margins are an order of magnitude better than C&I customer margins. The retail business also has synergistic value to the generation business because of collateral savings and the ability to hedge in some illiquid locations.

Nuclear power plants are subject to event, waste disposal, geopolitical and decommissioning risks

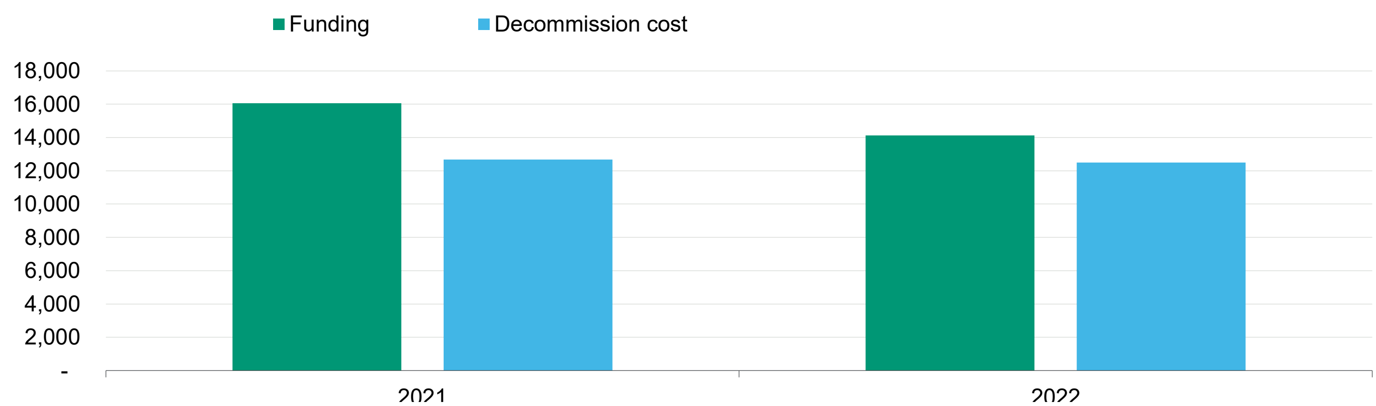
Constellation has been the dominant player in the unregulated nuclear power industry in the US for decades. Its fleet of 13 nuclear power plants with a total of 21 GW generating capacity is by far the largest fleet of nuclear plants in the US. The company has benefited from its massive scale due to superior operational efficiency, commercial leverage, and industry representation. It has a long track record of operational excellence, consistently recording capacity factors above the industry average. Its commercial leverage is critical for securing nuclear fuel and other supplies. Finally, Constellation's effective advocacy for nuclear power among policymakers is highly relevant because of the industry's dependence on government policies to preserve and recognize the value of nuclear energy's zero emission attributes.

While Constellation benefits from its strong commercial position in nuclear power generation, its high dependence on nuclear power also subjects Constellation to some unique risk factors:

1. Despite a long track record of safe operation in the US, nuclear power is subject to event risk related to a safety event at one or more plants that could affect the entire industry.
2. The US, for decades, has yet to approve a site for the disposal of spent nuclear fuel and other nuclear waste. As a result, nuclear power operators such as Constellation continue to store spent nuclear fuel on site in dry casks made of steel and concrete. Though storing spent fuel casks poses little imminent danger, it is far from an ideal long-term solution.
3. The production of nuclear fuel requires the enrichment of uranium. Because Russia controls 40% of the worldwide enrichment capacity, Russia's ongoing conflict with Ukraine could disrupt the supply chain for nuclear fuel due to government actions or logistical limitations. However, the conflict has thus far not affected Constellation's nuclear fuel deliveries. Moreover, the company has secured enough nuclear fuel through 2028 to mitigate the risk of supply chain disruption.
4. As the owner of nuclear power plants, Constellation is legally obligated to pay for the decommissioning of these plants when they retire. However, we view this risk as manageable because Constellation has funded its nuclear decommissioning trusts (NDT) above the projected decommissioning liabilities (see exhibit below). Moreover, closures are unlikely for the foreseeable future, given license extensions and the financial support from state and federal governments.

Exhibits 6

Constellation's nuclear decommission liability is in an over funded status
($ millions)



Source: Constellation's 10-Ks

Nuclear plant economics supported by compensation for carbon-free generation

We expect Constellation's nuclear fleet to produce stable cash flow due to state and federal-level price support. Nine of Constellation's 13 nuclear power plants receive state-level regulated compensation for producing carbon-free energy through ZECs and CMCs. The four plants that currently do not receive state level support are entitled to federal level support in the form of nuclear PTCs. The nuclear PTC price support mechanism, which begins in 2024, effectively creates a price floor for Constellation's nuclear output. According to Constellation's earnings presentation in 1Q2023, it projects to receive about $100 million of nuclear PTCs in 2024.

Hydrogen investment entails development and construction risk, but will be funded with free cash flow

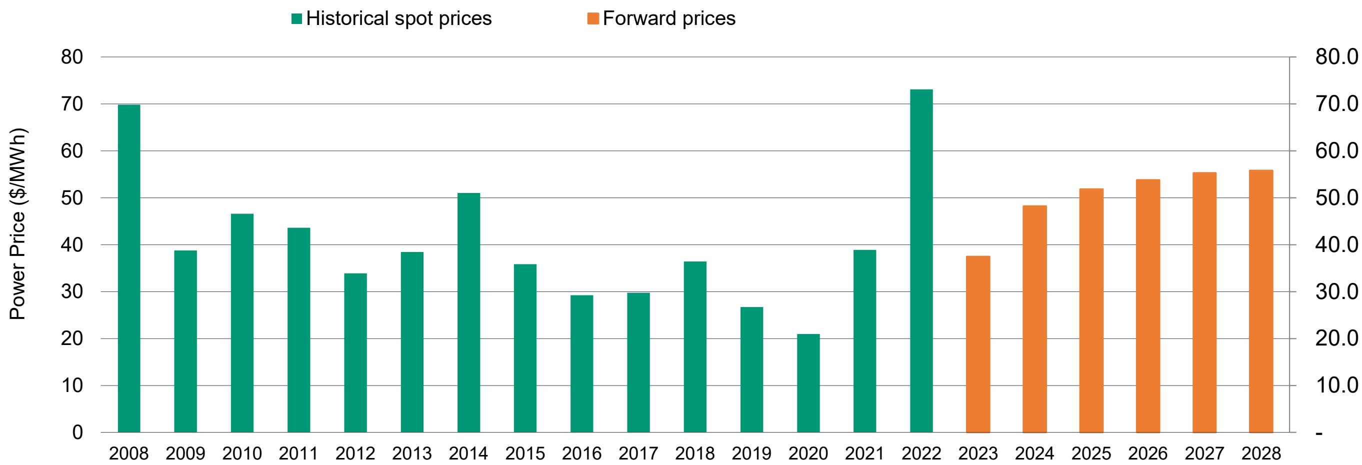
Constellation plans to build a hydrogen production facility adjacent to one of its nuclear power plants in Illinois. The company has indicated that the hydrogen production will use polymer electrolyte membrane (PEM) electrolyzers and initially utilize about 250 MW of the nuclear power plant's output. The hydrogen production will be sold to an on-site off-taker under a long-term contract. The construction period is planned to take place through 2026 at a total capital investment of about $900 million. This project is contingent on eligibility for the $3/kg production tax credit, or about $26.2/MMBtu (8.75 kg of hydrogen contains 1 MMBtu of energy.) The U.S. Department of Treasury is expected to issue guidance regarding eligibility for the production tax credit in the fall of 2023. Constellation expects strong project economics with un-levered returns in the double digits.

We view the development and construction risk of this hydrogen facility to be somewhat higher than traditional gas or renewable power projects. Even though many of the components are considered to be proven technologies, no other hydrogen production facilities have assembled the component technologies in the same way and on this scale. At this point, we consider the development risk to be acceptable because the company plans to fund the investment with free cash flow. Nonetheless, as much of the project details are still to come, we could adjust our risk assessment regarding this project as more information becomes available.

Strong commitment to low debt leverage

We expect Constellation's CFO pre-WC to debt ratio to rise to 35% in 2023 and remain at this level. The company should be able to achieve a 35% ratio in 2023 because it has locked in higher cash flows for 2023 and 2024 by hedging much of its output following the rise of gas and power prices starting in the middle of 2021. In addition, the nuclear PTC mechanism will take effect in 2024, providing further support.

Exhibit 7
Power prices rose significantly starting 2021



Source: SPGMI

Constellation has a strong commitment to low debt leverage, a credit positive. The company has for years maintained low debt leverage, both as a subsidiary of Exelon Corporation (Baa2 stable) and as a stand-alone entity beginning in February 2022. In addition, the company's proxy statement ties management's compensation to a credit ratio. In particular, its proxy statement states that management's performance share compensation in 2022 could have fallen as much as 25% below the targeted amount if it failed to achieve a certain ratio of CFO pre-WC to debt. Going forward, the company has indicated that the performance share modifier was revised such that management's performance share compensation can fall as much as 25% below the targeted amount if the company is downgraded to below investment grade.

Constellation's CFO pre-WC to debt ratios have been around 25% on a fully adjusted basis for the past few years, except for 2021, when it incurred a significant loss related to plant outages caused by winter storm Uri. Even though its CFO pre-WC to debt ratio fell to 23.7% for the last twelve months ending the first quarter of 2023, intra-year timing issues related to debt and cash flow drove the decline, and we still expect the full-year ratio to reach 35%.

Our standard CFO pre-WC to debt calculation reflects GAAP accounting treatment for nuclear fuel, which is capitalized and then depreciated over time. To ensure comparability with other generators that do not capitalize their fuel costs, our fully-adjusted CFO pre-WC to debt ratio calculates Constellation's nuclear fuel amortization expense as if it were a cash expense. Counting nuclear fuel as an operating expense lowers Constellation's CFO pre-WC to debt ratio by about 840 basis points.

Exhibit 8
Calculation for Constellation's fully-adjusted CFO pre-WC to debt ratios

	2019	2020	2021	2022	LTM 1Q23
CFO (per GAAP)	**2,873**	**584**	**(1,338)**	**(2,440)**	**(4,779)**
Adjustments					
Working capital	712	(1,394)	198	95	2,576
Lease	170	150	122	74	74
Pension	-	58	-	85	85
Capitalized interest	(24)	(22)	-	(25)	(25)
Receivable securitization	-	4,441	3,652	5,166	5,042
Nuclear amortization	(983)	(983)	(992)	(758)	(763)
Total adjustments	(125)	2,250	2,980	4,637	6,989
CFO pre-WC fully adjusted	**2,748**	**2,834**	**1,642**	**2,197**	**2,210**

	2019	2020	2021	2022	LTM 1Q23
Debt (per GAAP)	**8,294**	**7,212**	**8,196**	**5,768**	**6,629**
Adjustments					
Pension	1,621	1,707	1,074	605	605
Lease	1,082	907	777	710	710
AR facility		500	900	1,100	1,100
Total debt adjustments	2,703	3,114	2,751	2,415	2,415
Debt fully adjusted	**10,997**	**10,326**	**10,947**	**8,183**	**9,044**
CFO pre-WC to Debt	**25.0%**	**27.4%**	**15.0%**	**26.8%**	**23.7%**

Source: Constellation's financial filings and Moody's

ESG considerations

Constellation's ESG Credit Impact Score is CIS-3 (Moderately Negative)

Exhibit 9
ESG Credit Impact Score

CIS-3

Moderately Negative

For an issuer scored CIS-3 (Moderately Negative), its ESG attributes are overall considered as having a limited impact on the current rating, with greater potential for future negative impact over time. The negative influence of the overall ESG attributes on the rating is more pronounced compared to an issuer scored CIS-2.

Source: Moody's Investors Service

Constellation's **CIS-3** score reflects moderately negative environmental and social risks and neutral-to-low governance risk.

Exhibit 10
ESG Issuer Profile Scores

ENVIRONMENTAL	SOCIAL	GOVERNANCE
E-3	S-3	G-2
Moderately Negative	Moderately Negative	Neutral-to-Low

Source: Moody's Investors Service

Environmental
Constellation's moderately negative environmental risk reflects its high physical climate risk due to its presence on the Eastern Seaboard and in Texas, which exposes its plants to hurricanes, winter storms, and rising sea levels. The company is favorably scored above the industry average from a carbon transition perspective because of the clean attributes of its generating portfolio, comprised mainly of nuclear power plants. Constellation also has moderate waste and pollution exposure because, as is the case with all nuclear power plants in the US, it stores spent nuclear fuel on-site and is responsible for decommissioning its nuclear power plants.

Social
Constellation's moderately negative social risk reflects the fundamental risk that demographics and societal trends could include public concerns over affordability and reputation. In addition, the potential for nuclear accidents weighs on the company's social risk evaluation as it affects several subfactors, including responsible production and customer relations.

Governance
Governance is broadly in line with other power companies and does not pose a particular risk. This is supported by neutral to low scores on financial strategy and risk management, management credibility and track record, organizational structure, compliance and reporting, and board structure policies and procedures.

ESG Issuer Profile Scores and Credit Impact Scores for Constellation is available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for Constellation on MDC and view the ESG Scores section.

Liquidity analysis
Moody's expects Constellation to generate strong after-dividend free cash flow of around $2 billion annually over the next two years in addition to maintaining a large amount of external liquidity. The company requires substantial liquidity because of the potential for large collateral calls stemming from its extensive hedging program. For instance, at the end of the first quarter of 2023, the company had posted nearly $2.5 billion of trade collateral. It could be required to post billions more due to significant market volatility or if it is downgraded to be below investment grade (a downgrade below investment grade would result in an estimated $2.4 billion as of March 31, 2023).

At the end of the first quarter of 2023, Constellation had about $236 million of unrestricted cash holdings and $5.8 billion of credit facilities to support its liquidity needs. The credit facilities are comprised of a $3.5 billion syndicated revolving credit facility due 2027, $1 billion of Pre-Capitalized Trust Securities (P-Caps) also due 2027, and approximately $1.3 billion of bilateral credit facilities with various maturity dates. As of March 31, 2023, Constellation had about $4.1 billion available among these credit facilities.

Constellation's syndicated facility does not have a material adverse change (MAC) clause for new borrowings but has a financial covenant of 3.5x debt to EBITDA calculated on a trailing twelve-month basis, excluding non-recourse debt. For comparison, the company expects to operate with a debt to EBITDA of about 1.8x.

Outside of its non-recourse project debt, Constellation's next upcoming debt maturity is $900 million of senior notes due 2025.

Rating methodology and scorecard factors

Exhibit 11

Methodology Scorecard Factors

Constellation Energy Generation, LLC

Unregulated Utilities and Unregulated Power Companies Industry [1][2]	Current LTM 3/31/2023		Moody's 12-18 Month Forward View As of Date Published [3]	
Factor 1 : Scale (10%)	**Measure**	**Score**	**Measure**	**Score**
a) Scale (USD Billion)	A	A	A	A
Factor 2 : Business Profile (35%)				
a) Market Diversification	Baa	Baa	Baa	Baa
b) Hedging and Integration Impact on Cash Flow Predictability	Baa	Baa	A	A
c) Market Framework & Positioning	Ba	Ba	Ba	Ba
d) Capital Requirements and Operational Performance	Baa	Baa	Baa	Baa
e) Business Mix Impact on Cash Flow Predictability		NA		
Factor 3 : Financial Policy (15%)				
a) Financial Policy	A	A	A	A
Factor 4 : Leverage and Coverage (40%)				
a) (CFO Pre-W/C + Interest) / Interest (3 Year Avg)	7.9x	A	8x - 9x	A
b) (CFO Pre-W/C) / Debt (3 Year Avg)	22.0%	Baa	30% - 35%	Baa
c) RCF / Debt (3 Year Avg)	9.0%	Ba	26% - 31%	A
Rating:				
a) Scorecard-Indicated Outcome		Baa1		Baa1
b) Actual Rating Assigned		Baa2		Baa2

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] As of 03/31/2023
[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.
* We revised factor 2 b) to A, from Baa, to reflect the revenue stability provided by nuclear PTCs.
Source: Moody's Financial Metrics

Ratings

Exhibit 12

Category	Moody's Rating
CONSTELLATION ENERGY GENERATION, LLC	
Outlook	Positive
Issuer Rating	Baa2
Senior Unsecured	Baa2
Commercial Paper	P-2

Source: Moody's Investors Service

Appendix

Exhibit 13

Cash Flow and Credit Metrics [1]

CF Metrics	Dec-19	Dec-20	Dec-21	Dec-22	LTM Mar-23
As Adjusted					
FFO	**4,174**	**4,189**	**3,568**	**2,597**	**2,175**
+/- Other	-443	-1,042	-684	156	727
CFO Pre-WC	**3,731**	**3,147**	**2,884**	**2,753**	**2,902**
+/- ΔWC	-712	1,394	-198	-295	-2,776
CFO	**3,019**	**4,541**	**2,686**	**2,458**	**126**
- Div	899	1,734	1,832	185	388
- Capex	1,991	1,875	1,451	1,738	1,988
FCF	**129**	**932**	**-597**	**535**	**-2,250**
(CFO Pre-W/C) / Debt	34.0%	32.0%	26.3%	33.6%	32.0%
(CFO Pre-W/C - Dividends) / Debt	25.8%	14.4%	9.6%	31.3%	27.8%
FFO / Debt	38.1%	42.6%	32.6%	31.7%	24.0%
RCF / Debt	29.9%	25.0%	15.9%	29.4%	19.7%
Revenue	18,924	17,603	19,649	24,440	26,414
Interest Expense	558	472	373	360	408
Net Income	1,074	544	35	-202	-218
Total Assets	48,893	48,072	48,986	47,944	47,250
Total Liabilities	35,474	35,688	37,767	36,904	36,411
Total Equity	13,419	12,384	11,219	11,040	10,839

[1] All figures and ratios are calculated using Moody's estimates and standard adjustments. Periods are Financial Year-End unless indicated.
Source: Moody's Financial Metrics

Exhibit 14

Peer Comparison Table [1]

	Constellation Energy Generation, LLC Baa2 (Positive)			PSEG Power LLC Baa2 (Stable)			AES Corporation, (The) Baa3 (Stable)			TransAlta Corporation Ba1 (Stable)		
(In US millions)	FYE Dec-21	FYE Dec-22	LTM Mar-23	FYE Dec-20	FYE Dec-21	LTM Dec-22	FYE Dec-21	FYE Dec-22	LTM Mar-23	FYE Dec-21	FYE Dec-21	LTM Dec-22
Revenue	19,649	24,440	26,414	3,147	2,634	2,634	11,141	12,617	13,004	2,171	2,288	2,288
CFO Pre-W/C	2,884	2,753	2,902	889	381	381	2,984	3,078	3,162	653	937	937
Total Debt	10,947	8,193	9,054	2,542	1,256	1,256	18,788	24,104	25,437	2,917	2,971	2,971
CFO Pre-W/C + Interest / Interest	8.7x	8.7x	8.1x	10.6x	8.7x	8.7x	3.6x	3.2x	3.2x	4.5x	6.1x	6.1x
CFO Pre-W/C / Debt	26.3%	33.6%	32.0%	35.0%	30.3%	30.3%	15.9%	12.8%	12.4%	22.2%	30.3%	30.3%
RCF / Debt	15.9%	29.4%	19.7%	28.3%	33.9%	33.9%	12.6%	8.8%	8.2%	15.5%	22.2%	22.2%
Debt / Capitalization	41.7%	36.2%	39.0%	34.1%	24.8%	24.8%	73.0%	78.4%	79.6%	52.5%	59.6%	59.6%

[1] All figures & ratios calculated using Moody's estimates & standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months. RUR* = Ratings under Review, where UPG = for upgrade and DNG = for downgrade.
Source: Moody's Financial Metrics

© 2023 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED BY MOODY'S (COLLECTIVELY, "PUBLICATIONS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES ITS PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the credit rating process or in preparing its Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it fees ranging from $1,000 to approximately $5,000,000. MCO and Moody's Investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service, Inc. and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Investor Relations — Corporate Governance — Charter Documents - Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any credit rating, agreed to pay to MJKK or MSFJ (as applicable) for credit ratings opinions and services rendered by it fees ranging from JPY100,000 to approximately JPY550,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

REPORT NUMBER 1366140

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

MOODY'S INVESTORS SERVICE

Research Update:

Constellation Energy Generation LLC Upgraded To 'BBB' On Nuclear Credits Imparted By Congress; Outlook Positive

October 13, 2022

Rating Action Overview

- In S&P Global Ratings' view, the passage of the Inflation Reduction Act (IRA) legislation is a material credit positive for Constellation Energy Generation LLC. We think the nuclear production tax credits (PTCs) provisions in the Act provide long-term visibility into cash flows for Constellation's nuclear generators and benefit for potential future hydrogen production.
- As a result, we raised our issuer credit rating (ICR) on Constellation to 'BBB' from 'BBB-', reflecting our view of a material improvement in the company's business risk profile.
- The outlook remains positive, reflecting our view that Constellation's business risk will continue to improve over time and leverage will remain low. Although leverage could be temporarily elevated due to M&A activity, we expect the company to have robust cash flows with minimal volatility due to the nuclear credits and a price floor provided by the recently announced PTCs. We expect Constellation will maintain adjusted funds from operations (FFO) to debt above 37.5% and adjusted debt to EBITDA between 2.0x and 2.5x.We would consider raising the rating if we expect leverage to remain sustained around 2.0x, likely post any potential acquisitions.

PRIMARY CREDIT ANALYST

Kimberly E Yarborough, CFA
New York
+ 1 (212) 438 1089
kimberly.yarborough
@spglobal.com

SECONDARY CONTACT

Aneesh Prabhu, CFA, FRM
New York
+ 1 (212) 438 1285
aneesh.prabhu
@spglobal.com

Rating Action Rationale

We see the PTC provisions in the recent IRA as a gamechanger for merchant nuclear power. Despite the fact that nuclear generation provides firm power, it was not previously being compensated in a market that focused on cleaner and cheaper power. With the passage of the IRA, the nuclear PTCs provisions would effectively set a floor price for Constellation's fleet such that we expect lower cash flow volatility and an easing in the previously expected backwardation.

The nuclear PTCs effectively set a price floor of between $40 per megawatt-hour (MWh) to $43.75/MWh for nine years beginning in 2024 across its nuclear fleet. As existing state zero emission credit (ZEC) and carbon mitigation credit (CMC) programs would be included in the gross receipts price, we see only a modest uplift to near-term EBITDA (only units like Lasalle, Calvert

Cliffs, Limerick, and Peach Bottom would benefit initially). Of about 175 terawatt-hours (TWh) of Constellation's nuclear generation, roughly 122 TWh (70%) is now covered under a ZEC or CMC plan (68 TWh is covered under ZECs and about 54 TWH under the CMC plan). The CMCs and ZECs will start providing $2.4 billion of "quasi-regulated" revenue by 2023, when CMC is in effect for the full year.

However, the real benefit is in the long-term visibility to Constellation's cash flows. We note that the ZECs in Illinois and New York expire in 2027 and 2029, respectively; the ZECs in New Jersey are set for three-year periods, while the CMC in Illinois will expire in 2027. Even as they expire, the nuclear units will be able to rely on the nuclear PTCs under the IRA, buttressing Constellation's EBITDA. For instance, Constellation has about 55 TWh under the CMC through May 2027. When that program expires, the nuclear units will effectively start getting a price floor between $40/MWh to $43.75/MWh compared to the $34.50/MWh in 2026-2027. That implies a $300 million to $500 million upside to EBITDA, all else equal. As a company that generates 85% of total generation from nuclear power, this is a material benefit.

We also see the potential to pair nuclear generation with hydrogen for Constellation. We note that Constellation already has been awarded a U.S. Dept. of Energy (DoE) grant to support hydrogen production at its Nine Mile Point nuclear station, and hydrogen production is also incentivized by the IRA.

Constellation's business risk profile continues to improve. We now view Constellation's business risk as strong and at the high end of the merchant peer group given its quasi-contracted profile via ZECs/CMCs and price floor provided by the PTCs. Significant exposure to nuclear assets is largely mitigated by the company's strong operational track record. Constellation's nuclear units have consistently performed above industry average over the years with NCF (nuclear capacity factor) of at or above approximately 94%, which is among the highest in the industry. The nuclear fleet achieved a 94.2% capacity factor for the second quarter of 2022, one of the best levels in industry.

Most of its capital spending relates to maintenance and fuel, and while these costs are considerable for a nuclear fleet, the company faces no environmental related spending, which distinguishes them from competing independent power producers (IPPs). Cumulative maintenance capital expenditure (capex) through 2024 is $4.6 billion (i.e., about $1.5 billion annually). The company aims to invest ~90% of capital in carbon-free projects over the next three years.

We continue to view Constellation's operating efficiency as best in class. Constellation's fleet is one of the lowest-cost fleets in the U.S. and the company is targeting a 1.3% reduction in operating and maintenance costs (O&M) from 2022 to 2024 (although we note this could be impacted by inflationary and wage pressure). Given its track record of reducing costs we have assumed a significant proportion--but not all--of those costs goals are met.

We expect Constellation could be acquisitive over the next year. We believe the company could acquire additional nuclear units and benefit from material synergies in adding to its fleet. Even as its cash flow volatility is influenced by the exposure to the Midwest/Mid-Atlantic region, Constellation's fleet is somewhat diversified, with capacity spread across PJM (57%), ERCOT (12%), New York Independent System Operator (NYISO, 11%), ISO-New England (8%), Midwest ISO (4%), and others (8%). Currently it is among the largest wholesale electricity generators (200 TWh; fourth in the U.S.) and customer-facing fleets (160 TWh retail; second in the U.S.). At the same time, it is the largest generator of zero carbon electricity, producing one out of 9 MWhs of all clean electricity produced in the U.S. It also has the lowest carbon intensity of all investor-owned generators. We expect any future acquisitions would add to this diversity while maintaining leverage below 3.0x. Our positive outlook indicates the potential for a higher rating if we expect leverage to remain closer to 2.0x over our forecast period, likely following a period of potentially higher leverage due to M&A activity.

Constellation's hedging strategy provides insulation from market risks but does not fully mitigate them. As a price taker, Constellation's fleet is subject to the vicissitudes of commodity markets. The company manages its commodity risk through a three- year ratable hedging program that has helped it reduce volatility in energy gross margins. For 2023 the generation volumes across regions are 91% hedged, which should result in high cash flow visibility. This hedging strategy, along with the aforementioned nuclear PTCs, provides Constellation the key benefit of reducing its range of EBITDA, free cash flow (FCF), and funds from operations (FFO) declines.

Further, in a volatile market, hedging future production potentially allows time to make capital allocation decisions that are compatible with the evolving commodity dynamics. Following the separation from Exelon, Constellation shed $2.5 billion of debt in 2022 and has no near-term debt maturities. With EBITDA growth in the current environment and the forward curve lifting across the forecasted period, we expect the company to continue to manage leverage in the 2.0x-2.5x range. We expect capital allocation could include $1 billion–$2 billion in share buybacks per year, although acquisitions or growth capital programs could change the capital allocation strategy in the near term. We factor this into our assumptions and the forecasted debt/EBITDA is in the range of 2.0x-2.2x for the 2023-24 period, in line with previous forecasts and the company's stated strategy.

Outlook

The positive outlook reflects our view that Constellation's business risk continues to improve over time and we could raise the rating if we expect leverage to remain around 2.0x. We expect the company to have robust cash flows with minimal volatility due to the nuclear credits and a price floor provided by the recently announced PTCs. We expect that Constellation will maintain adjusted FFO to debt above 37.5% and adjusted debt to EBITDA between 2.0x and 2.5x on a sustained basis.

Downside scenario

While unlikely given our expectations for cash flow stability, we could revise the outlook to stable if falling demand from energy efficiency or changing customer habits caused implied forward-market heat rates to decline or if energy margins declined as more renewable power sources came online and prospects for Constellation's nuclear fleet weakened. Specifically, we would revise the outlook to stable if we believed adjusted FFO to debt would be consistently below 37.5% or if adjusted debt to EBITDA would be consistently over 2.5x.

Upside scenario

We would raise the rating if Constellation's business risk continued to improve over time and the company demonstrates cash flow stability by maintaining adjusted FFO to debt above 37.5% and adjusted debt to EBITDA around 2.0x. We'd also expect the company, as an owner of predominantly nuclear assets, to sustain FOCF/debt above 20% over our forecast period to consider higher ratings.

Company Description

Constellation is one of the largest merchant power generators in the U.S. and among the largest power service providers in the country, with more than 32.4 GW of owned generation capacity and about 150-155 TWh of retail load and 60 TWh of wholesale load. The company enjoys significant regional diversity, participating in the Midwest, Mid-Atlantic, Texas, New York, and New England markets, as well as the Canadian and U.S. South and West markets (usually grouped because of the smaller exposure).

Constellation is now an independent company, separated from the Exelon group following the spin-off earlier this year.

Our Base-Case Scenario

Assumptions

- We assume open gross margins of $6.7 billion-$7.0 billion through 2024. We assume $2.4 billion-$3.0 billion of ZEC and CMC revenues through 2024. We assume the existing ZEC programs in Illinois, N.Y., and N.J. remain in place. We assume the Illinois CMC will contribute $900 million to the gross margin in 2022, increasing to $1.5 billion-$1.6 billion in 2023 and 2024.
- We forecast capital spending of ~$1.70 billion in 2022, $1.55 billion in 2023, and $1.35 billion in 2024 through company's focus on inefficiencies and cost reduction.
- Capacity volumes cleared: 14.8 GW in 2020/21, estimated to decline to about 6.5 GW in 2022, 2023, and 2024.
- We assume generation of about 165 TWh in 2022, declining to about 145 TWh in 2023 from the non-carbon mitigation portfolio. The CMC portfolio produces about 54 TWh.
- At a capacity factor of 95%, we estimate annual generation of 20 TWh from Byron and 15 TWh from Dresden.
- We assume annual retail load of about 140-155 TWh and wholesale load of about 55-60 TWh.
- Capacity prices consistent with S&P Global Ratings assumptions.
- Only current hedges are assumed.

Liquidity

We assess Constellation's liquidity on a stand-alone basis following the separation from former parent Exelon Corp. Over the next 12 months we expect Constellation's liquidity to exceed 2x, and that sources would exceed uses even if EBITDA declines by 30%. We assess liquidity as strong.

Principal Liquidity Sources:

- Cash and cash equivalents of about $800 million as of June 30, 2022;
- Availability of undrawn bank lines under the revolver of ~2.8 billion over the next 12 months; and

- FFO of ~$3.0 billion over the next 12 months.

Principal Liquidity Uses:

- Share buybacks of $1 billion within the next year (S&P assumption);
- Dividend distribution of $190 million over the next 12 months; and
- Working capital outflows of ~$450 million over the next 12 months.
- Capital expenditure of about $1.61 billion over the next 12 months.

Covenants

Constellation is required to maintain a Debt / EBITDA ratio of a maximum of 3.5x for the 12-month period ended on the last day of any quarter.

Environmental, Social, And Governance

ESG Credit Factors: E-3, S-3, G-2.

Environmental and social factors are moderately negative considerations in our credit rating analysis of Constellation. Its nuclear fleet's clean energy attributes are offset to an extent by the life-cycle costs of waste management. However, the low-probability, high-impact nature of nuclear incidents is reflected in its S-3 indicator. Constellation has a total owned capacity of about 32 GWs across the U.S. Of this total generation, around 30% of the generating sources are thermal with nuclear capacity accounting for about 60%. Constellation receives zero-emissions certificates in Illinois, New Jersey, and New York--an acknowledgement by these states of the zero emissions attributes of the nuclear units. About 90% of the low-level nuclear waste generated is class A, which is the least radioactive. We monitor the operating performance of Constellation's nuclear units because this will continue to be a key driver of Constellation's ESG strategy.

Ratings Score Snapshot

Issuer Credit Rating: BBB/Positive/A-2

Business risk: Strong

- Country risk: Very low
- Industry risk: Moderately high
- Competitive position: Excellent

Financial risk: Intermediate

- Cash flow/leverage: Intermediate

Anchor: bbb+

Modifiers

- Diversification/portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Financial policy: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Negative (-1 notch)

Stand-alone credit profile : bbb

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria | Corporates | Industrials: Key Credit Factors For The Unregulated Power And Gas Industry, March 28, 2014
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Ratings List

Upgraded

	To	From
Constellation Energy Generation LLC		
Issuer Credit Rating	BBB/Positive/A-2	BBB-/Positive/A-3
Issue level Ratings Raised		
Constellation Energy Generation LLC		
Senior Unsecured	BBB	BBB-
Commercial Paper	A-2	A-3

Fells Point Funding Trust

Senior Unsecured	BBB	BBB-

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

Copyright © 2022 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.

ENCLOSURE 3

GENERAL CORPORATE INFORMATION REGARDING CONSTELLATION SOUTH TEXAS, LLC AND ITS CORPORATE PARENT COMPANIES

GENERAL CORPORATE INFORMATION REGARDING
CONSTELLATION ENERGY CORPORATION, LLC

NAME:	Constellation Energy Corporation
STATE OF INCORPORATION:	Pennsylvania
BUSINESS ADDRESS:	1310 Point Street Baltimore, Maryland 21231-3380
BOARD OF DIRECTORS: (Unless otherwise noted, these individuals are US citizens)	Yves C de Balmann (US and France) Laurie Brlas Joseph Dominguez Bradley Halverson Charles Harrington Julie Holzrichter Dhiaa M. Jamil (effective 6/12/2023) Ashish Khandpur Robert J. Lawless (Canada) John M. Richardson Nneka Rimmer
PRINCIPAL OFFICERS:	Joseph Dominguez – President and Chief Executive Officer Kathleen Barron – Executive Vice President and Chief Strategy Officer David O. Dardis – Executive Vice President and General Counsel Daniel Eggers – Executive Vice President and Chief Financial Officer Bryan C. Hanson - Executive Vice President and Chief Generation Officer Michael Koehler – Executive Vice President and Chief Administration Officer James McHugh – Executive Vice President and Chief Commercial Officer

GENERAL CORPORATE INFORMATION REGARDING
CONSTELLATION ENERGY GENERATION, LLC

NAME:	Constellation Energy Generation, LLC
STATE OF INCORPORATION:	Pennsylvania
BUSINESS ADDRESS:	200 Exelon Way Kennett Square, Pennsylvania 19348-2473
BOARD OF DIRECTORS OR MANAGEMENT COMMITTEE:	Constellation Energy Corporation (Single member managed, no directors)
PARTIAL LIST OF EXECUTIVE OFFICERS:	Joseph Dominguez - President Bryan C. Hanson - Executive Vice President and Chief Generation Officer Timothy Hanley – Chief Operating Officer, Fleet Operations John Keenan – Senior Vice President, West Operations Mark Newcomer – Senior Vice President, Engineering Shane Marik – Senior Vice President, Fleet Services David P. Rhoades – Senior Vice President, President Constellation Nuclear and Chief Nuclear Officer

GENERAL CORPORATE INFORMATION REGARDING
CONSTELLATION SOUTH TEXAS, LLC.

NAME:	Constellation South Texas, LLC
STATE OF INCORPORATION:	Texas
BUSINESS ADDRESS:	1310 Point Street Baltimore, Maryland 21231
BOARD OF DIRECTORS OR MANAGEMENT COMMITTEE:	Constellation Energy Generation, LLC (Single member managed, no directors)
OFFICERS:	Bryan C. Hanson – President Joseph Dominguez – Chief Executive Officer Daniel Eggers – Chief Financial Officer Salvatore Montalbano – Senior Vice President, Tax Jeremy Guenther – Assistant Vice President, Taxes Benjamin Haas – Assistant Vice President, Taxes William Jozaitis – Assistant Vice President, Taxes Archana Warner – Assistant Vice President, Taxes Shane Smith – Treasurer Eugene Miles – Assistant Treasurer Arden Philips – Secretary Carrie Allen – Assistant Secretary Brian Buck – Assistant Secretary David O. Dardis – Assistant Secretary

ENCLOSURE 4

10 CFR 2.390(a)(4) AFFIDAVIT OF MICHAEL A. KRAMER

10 CFR 2.390
Affidavit of Michael A. Kramer

I, Michael A. Kramer, Vice President of Finance - Growth and Projects, of Constellation Energy Generation, LLC ("CEG") do hereby affirm and state:

1. I am authorized to execute this affidavit on behalf of CEG.
2. CEG requests that Enclosure 5A, which is being submitted under separate cover and labeled "PROJECTED INCOME STATEMENT FOR CONSTELLATION SOUTH TEXAS, LLC (PROPRIETARY VERSION)," be withheld from public disclosure under the provisions of 10 CFR 2.390(a)(4).
3. Enclosure 5A contains confidential commercial information, the disclosure of which would adversely affect CEG.
4. This information has been held in confidence by CEG. To the extent that CEG has shared this information with others, it has done so on a confidential basis.
5. CEG customarily keeps such information in confidence, and there is a rational basis for holding such information in confidence. The information is not available from public sources and could not be gathered readily from other publicly available information.
6. Public disclosure of this information would cause substantial harm to CEG's business interests because such information has significant commercial value to CEG, and its disclosure could adversely affect other CEG transactions.

I declare under penalty of perjury that the foregoing is true and accurate.

Executed on June 9, 2023

Michael A. Kramer
Vice President of Finance - Growth and Projects

ENCLOSURE 5

PROJECTED INCOME STATEMENT FOR CONSTELLATION SOUTH TEXAS, LLC

(NON-PROPRIETARY VERSION)

Constellation South Texas, LLC
Projected Income Statement

($ in millions, rounded)	**2024**	**2025**	**2026**	**2027**	**2028**
Revenue					
Market Revenue	[[				
Nuclear "45U" Production Tax Credits[3]					
Total Revenues					
Operating Expenses					
Purchased Fuel and Energy and Cost of Sales					
O&M Non-Outage					
O&M Outage					
Property Taxes					
Depreciation and Amortization					
Total Operating Expenses					
Pretax Income (Loss)					
Income Taxes					
Net Income (Loss)					]]

Notes

1. Site financial projections are based on STPNOC's approved 2023-2028 business plan dated December 15, 2022, and information obtained from NRG and STPNOC by Constellation Energy Generation, LLC as part of due diligence activities. All amounts are at Constellation South Texas, LLC ownership of the South Texas Project nuclear plant of 44%. Annual capacity factors are based upon STP historical production over the last five years and planned refueling outages.
2. Market revenues for 2024-28 were calculated based upon the assumed capacity factors and using Constellation's forward prices as of 4/28/23, based upon its proprietary view of future prices in the relevant market.
3. Nuclear "45U" Production Tax Credits are calculated using the forward market prices and information currently available in the Inflation Reduction Act and are assumed to be fully utilized based on the projected nuclear plant taxable income even in the projections with reduced market prices.
4. Property taxes are estimated based on current owner projections from 2024-2027 obtained by Constellation Energy Generation, LLC as part of due diligence activities and escalating for 2028 at 3%.
5. Projected fuel costs and projected depreciation and amortization exclude any potential non-cash impacts from purchase accounting because of the change in plant ownership.

Constellation South Texas, LLC

Projected Income Statement Assumes 10% Reduction in Market Revenue

($ in millions, rounded)	2024	2025	2026	2027	2028
Revenue					
Market Revenue					
Nuclear "45U" Production Tax Credits[3]	[[				
Total Revenues					
Operating Expenses					
Purchased Fuel and Energy and Cost of Sales					
O&M Non-Outage					
O&M Outage					
Property Taxes					
Depreciation and Amortization					
Total Operating Expenses					
Pretax Income (Loss)					
Income Taxes					
Net Income (Loss)					]]

Notes

1. Site financial projections are based on STPNOC's approved 2023-2028 business plan dated December 15, 2022, and information obtained from NRG and STPNOC by Constellation Energy Generation, LLC as part of due diligence activities. All amounts are at Constellation South Texas, LLC ownership of the South Texas Project nuclear plant of 44%. Annual capacity factors are based upon STP historical production over the last five years and planned refueling outages.
2. Market revenues for 2024-28 were calculated based upon the assumed capacity factors and using Constellation's forward prices as of 4/28/23, reduced by 10%, based upon its proprietary view of future prices in the relevant market.
3. Nuclear "45U" Production Tax Credits are calculated using the forward market prices and information currently available in the Inflation Reduction Act and are assumed to be fully utilized based on the projected nuclear plant taxable income even in the projections with reduced market prices.
4. Property taxes are estimated based on current owner projections from 2024-2027 obtained by Constellation Energy Generation, LLC as part of due diligence activities and escalating for 2028 at 3%.
5. Projected fuel costs and projected depreciation and amortization exclude any potential non-cash impacts from purchase accounting because of the change in plant ownership.

ENCLOSURE 5A

PROJECTED INCOME STATEMENT FOR CONSTELLATION SOUTH TEXAS, LLC

(PROPRIETARY VERSION)

ENCLOSURE 6

FORM OF SUPPORT AGREEMENT

SUPPORT AGREEMENT

Between

Constellation Energy Generation, LLC

and

Constellation South Texas, LLC

THIS SUPPORT AGREEMENT, dated as of _______ __, 2023 between Constellation Energy Generation, LLC ("CEG") and Constellation South Texas, LLC ("Subsidiary Licensee").

WITNESSETH:

WHEREAS, CEG is the owner of the Subsidiary Licensee;

WHEREAS, the Subsidiary Licensee holds NRC licenses for its 44% joint ownership interests in for the South Texas Project ("STP") Renewed Facility Operating License Nos. NPF-76 and NPF-80 (the "Licenses") respectively, and the general license for the Independent Spent Fuel Storage Installation (ISFSI) (the "Facility");

WHEREAS, CEG and the Subsidiary Licensee desire to take certain actions to assure the ability of the Subsidiary Licensee to pay its *pro rata* share of the approved expenses of maintaining the Facilities safely and reliably and of protecting the public health and safety (the "Operating Expenses") and to meet Nuclear Regulatory Commission ("NRC") requirements during the life of each Facility (the "NRC Requirements");

WHEREAS, CEG plans to provide the Subsidiary Licensee with adequate resources for approved working capital and other needs on an ongoing basis through various mechanisms such as capital contributions, member loans or advances, or other mutually approved funding mechanisms, if these funding sources, at any time, cannot meet those needs, then CEG agrees to provide credit to the Subsidiary Licensee, in the manner as described below, to allow the Subsidiary Licensee to meet its obligations to protect public health and safety.

NOW, THEREFORE, in consideration of the mutual promises herein contained, the parties hereto agree as follows:

1. *Availability of Funding*. Upon the written request of the Subsidiary Licensee, CEG shall provide or cause to be provided to the Subsidiary Licensee such funds as the Subsidiary Licensee determines to be necessary to pay Operating Expenses or meet NRC Requirements; provided, however, that CEG's maximum liability to provide funding hereunder shall not exceed $90 million cumulatively over the life of this Support Agreement, unless, and to the extent that, advances of funds under this Support Agreement have been reimbursed in whole or part through

repayments by the Subsidiary Licensee to CEG. As such, the aggregate amount outstanding under this Support Agreement at any one time shall not exceed $90 million, and this shall be the maximum unreimbursed amount CEG is obligated to provide under this Support Agreement.

2. *Request for an Advance.* If the funding mechanisms provided by CEG, at any time, are not sufficient to allow the Subsidiary Licensee to meet its needs, the Subsidiary Licensee may submit to CEG a request for an advance of funds under this Support Agreement. Each request for an advance of funds under this Support Agreement shall be made not later than noon Eastern Time (USA) on the tenth business day prior to the proposed drawdown by notice from the Subsidiary Licensee to CEG (pursuant to procedures that may be changed from time to time by mutual agreement) specifying the amount of the advance and a certification that such advance is for the purpose specified in Section 6.

3. *Substitution.* CEG can terminate funding provided under this Support Agreement upon 45 days' written notice to the Subsidiary Licensee if CEG has procured a substitute loan facility and/or letter of credit for the Subsidiary Licensee that is mutually agreed to by CEG and the Subsidiary and meets NRC Requirements.

4. *Interest.* Interest on any principal amount outstanding shall accrue daily at such rate, and shall be payable at such times, as established by CEG at the time of an advance under this Support Agreement. The interest rate applicable to any advance and the time of payment shall be noted in a note or other writing. Such notation shall be conclusive absent manifest error.

5. *Optional Prepayments.* The Subsidiary Licensee, at its option, may repay all or any part of the principal amount outstanding from time to time without penalty or premium, upon notice to CEG made not later than noon Eastern Time (USA) on at least the second business day prior to such prepayment (which notice, if oral, shall be confirmed promptly in writing); provided, however, that if the interest rate is SOFR based, a prepayment penalty may be assessed against the Subsidiary Licensee by CEG. CEG, at its option, may waive such notice requirements as to any prepayment.

6. *Use of Proceeds.* In order to provide financial assurance, any advance may be used by a Subsidiary Licensee only to meet its approved operating expenses and NRC Requirements, including payments for nuclear property damage insurance and a retrospective premium pursuant to Title 10, Part 140, Section 21 of the Code of Federal Regulations (10 CFR 140.21).

7. *No Guarantee.* This Support Agreement is not, and nothing herein contained, and no action taken pursuant hereto by CEG shall be construed as, or deemed to constitute, a direct or indirect guarantee by CEG to any person of the payment of the Operating Expenses or of any liability or obligation of any kind or character whatsoever of the Subsidiary Licensee. This Agreement may, however, be relied upon by the NRC in determining the financial qualifications of each Subsidiary Licensee to hold the operating license for a Facility.

8. *Waivers.* CEG hereby waives any failure or delay on the part of the Subsidiary Licensees in asserting or enforcing any of their rights or in making any claims or demands hereunder.

9. *Amendments and Termination.* This Agreement may not be amended or modified at any time without 30 calendar days' prior written notice to the Director of NRR. This Agreement shall terminate at such time as CEG is no longer the direct or indirect owner of any of the shares or other ownership interests in a Subsidiary Licensee. This Agreement shall also terminate with respect to the operating expenses and NRC Requirements applicable to the Facility whenever the Facility permanently ceases commercial operations and certification is made as to the permanent removal of fuel from the reactor vessels; provided, however, that this Agreement may be extended for successive periods of two years each upon the mutual agreement of the parties.

10. *Successors.* This Agreement shall be binding upon the parties hereto and their respective successors and assigns.

11. *Third Parties.* Except as expressly provided in Sections 3 and 6 with respect to the NRC, this Agreement is not intended for the benefit of any person other than the parties hereto, and shall not confer or be deemed to confer upon any other such person any benefits, rights, or remedies hereunder.

12. *Governing Law.* This Agreement shall be governed by the laws of the State of Maryland.

13. *Dispute Resolution.* In the event of any dispute arising out of or in connection with this Support Agreement, executives of CEG and the Subsidiary Licensee will exercise good faith efforts to resolve the dispute in a timely manner. In the event that the executives of CEG and the Subsidiary Licensee are unable to reach a resolution, the dispute, including any dispute regarding the existence, termination or validity of this Support Agreement, each Party shall have the right to have recourse to and shall be bound by the pre-arbitral referee procedure of the applicable rules of the American Arbitration Association. All disputes arising out

of or in connection with this Support Agreement (including as to existence, termination and validity) shall be finally settled under the applicable rules of the American Arbitration Association (the "Rules") by three arbitrators appointed in accordance with said Rules. The place of the pre-arbitral referee procedure and of the arbitration procedure shall be Baltimore, Maryland, United States of America. The proceedings before the arbitral tribunal (including with respect to the Pre-Arbitral Referee Procedure) shall be governed by the Rules. The rules of law to be applied by the arbitral tribunal to the merits of the dispute shall be the rules of law of the State of Maryland. The language of the arbitration shall be English. Evidence shall be provided in English and pleadings shall be done in English. The arbitral tribunal shall render its decision within six months from the date of signature of the terms of reference. Any decision or award of the arbitral tribunal shall be final and binding upon the parties to the arbitration proceeding. The parties waive to the extent permitted by applicable law any rights to appeal or to review of such award by any court or tribunal. The parties agree that the arbitral award may be enforced against the parties to the arbitration proceeding or their assets wherever they may be found and that a judgment upon the arbitral award may be entered in any court having jurisdiction thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized as of the day and year first above written.

ACKNOWLEDGED AND AGREED

Constellation Energy Generation, LLC	Constellation South Texas, LLC
By: ______________________________	By: ______________________________
Name: ______________________________	Name: ______________________________
Title: ______________________________	Title: ______________________________