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**Subject: TransAlta Comments on Attachment C of LGIA Modification Relating to Environment Redispatch**

Matt,

TransAlta submits this letter in response to BPA's Tech Forum email of April 4, 2011 (the "April 4 Email"), requesting comments on a proposed modification to Attachment C of the Large Generator Interconnection Agreement (LGIA). The April 4 Email indicates that BPA is not seeking comments regarding the agency's authority to unilaterally amend Appendix C of the LGIA or BPA's proposed Environmental Redispatch and negative pricing policies.

In keeping with the spirit of BPA's request, TransAlta offers the following comments on the proposed text. They are provided below as a constructive way to advance the ER debate in the region.

However, these comments are expressly subject to the understanding that TransAlta does not believe BPA has the legal authority to implement such changes nor the Environmental Redispatch proposal as a whole, and TransAlta expressly reserves any and all rights to challenge implementation of such changes or policies.

First, as stated in response to BPA's Draft ROD, TransAlta believes the proposed Environmental Redispatch (ER) policy incorrectly applies BPA's statutory authorities to justify impairment of BPA obligations under existing interconnection and transmission service agreements.

Second, TransAlta believes that the Draft ROD's conclusions regarding BPA's authority to unilaterally modify existing contracts and BPA's Open Access Transmission Tariff ("OATT") are incorrect.

Third, TransAlta believes that requesting comments on a piecemeal basis prior to proposing a comprehensive set of business practices is counter productive to achieving BPA's goals.

## Comments on Specific Text

### 1. Non-Standard Terms

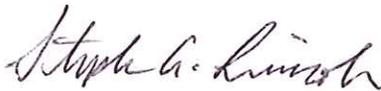
TransAlta believes that obligations to be included in a legally-binding agreement must be set forth with sufficient precision that all parties understand their specific rights and obligations, and can tailor their business practices accordingly. TransAlta is concerned that the entire paragraph, not just the proposed modification, lacks industry-vetted terms that would help clarify what requirements contract holders are being held to, and the nature of orders BPA can issue. From the contract holder's perspective, "instructions" and "orders" (lower case) are at the sole discretion of BPA and thus inappropriate for inclusion in a legally binding contract. BPA should instead use specific terminology as defined by NERC, contained within BPA's OATT, or is elsewhere specifically defined in a manner that provides a clear understanding of the terms.

### 2. Reference to ER Business Practice

TransAlta strongly disagrees with BPA's proposed reference to the ER Business Practice. Obviously because it has not even been finalized, but there are two other reasons of greater importance.

- a. A business practice has no legal standing in relation to the LGIA. It is not a binding agreement between two parties, nor is it a tariff. A business practice is simply a guideline that helps clarify how the tariff should be implemented when conducting day-to-day business.
- b. Business practices can be changed by BPA alone or in consultation with parties outside of a LGIA, so references to them have no place in Attachment C.

Sincerely,



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Cc: Sterling Koch  
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