

Iberdrola Renewables, Inc.
Appendix C of LGIA Modification relating to
Environment Redispatch and other Dispatch Standing Orders

Comments Received: 04/08/11

Iberdrola Renewables, Inc. ("Iberdrola Renewables") appreciates the opportunity to comment on Bonneville Power Administration's ("BPA") proposed language modifications to Appendix C of the Large Generator Interconnection Agreement ("LGIA") related to BPA's Draft Record of Decision on Environmental Redispatch and Negative Price ("Draft ROD") issued on February 18, 2011.

Iberdrola Renewables notes from BPA's posting that BPA is seeking comments only on "contract language clarity" and 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." Notwithstanding BPA's desire to limit the scope of comments, Iberdrola Renewables believes that the administrative record with regard to any action implementing the decision to adopt the Draft ROD proposal would be incomplete without an expression of Iberdrola Renewables' fundamental objections to the underlying issues associated with the Environmental Redispatch Draft ROD proposal and rights under the LGIA. To that end, Iberdrola Renewables notes that BPA has not made any decisions related to its Draft ROD. Iberdrola Renewables submitted comments on the Draft ROD on March 11, 2011. Iberdrola Renewables' position on the Draft ROD and the Environmental Redispatch proposal in general remains as set forth in our March 11 comments (see attached). We believe BPA's issuance of proposed LGIA language modifications, in advance of full consideration of comments on the Draft ROD, and in advance of any final decision on the Draft ROD proposal, is at a minimum premature and procedurally problematic, but also potentially violative of Administrative Procedure Act requirements.

BPA has proposed to unilaterally modify Appendix C for existing LGIAs to include the following underlined language for Environmental Redispatch, stating that this modification will also update all existing LGIAs that do not currently reference Dispatch Standing Order 216 and will be included in all future LGIAs: "Transmission Provider's Control Area requirements include compliance with operating instructions issued in accordance with Transmission Provider's dispatch standing orders, including Dispatch Standing Order 216 and orders to reduce generation in accordance with Transmission Provider's Environmental Redispatch Business Practice(s), as such, dispatch orders may be amended from time to time." BPA states that it has the authority to make this unilateral modification to all existing and future LGIAs pursuant to LGIA Article 9.3.

As discussed in more detail in Iberdrola Renewables' attached March 11 comments, it is Iberdrola Renewables' position that, as relevant here: (1) BPA does not have an existing right to enforce its Environmental Redispatch protocol under the current LGIA provisions; (2) BPA does not have the right to unilaterally modify the terms of existing LGIAs or its *pro forma* LGIA to grant itself the authority to implement its Environmental Redispatch protocol; and (3) BPA's LGIA does not permit curtailment in a discriminatory manner and for reasons unrelated to reliability as contemplated by the Environmental Redispatch protocol, but rather states, for example, in Section 9.7.2 that Bonneville can require interconnection customers to interrupt or reduce

deliveries of electricity if required by Good Utility Practice and if such delivery of electricity could adversely affect Bonneville's ability to perform such activities as are necessary to safely and reliably operate and maintain the transmission system, and in Section 9.7.2.2 that any such interruption or reduction shall be made on an equitable, non-discriminatory basis with respect to all generating facilities directly connected to the transmission system.

Iberdrola Renewables remains committed to working with BPA and other regional parties to find productive solutions for the operational challenges arising out of increasing wind penetration in BPA's balancing authority. This commitment has been demonstrated by our efforts under the Customer Supplied Generation Imbalance ("CSGI") pilot and our track record of conscientiously procuring long-term firm transmission service for deliveries to our customers both inside and outside BPA's balancing authority area. We urge BPA to work collaboratively on solutions, such as modification of CSGI parameters to remove under-generation penalties during BPA-identified periods, rather than promoting policies and business practices that are inconsistent with the direction BPA has been provided by the Department of Energy and fundamentally opposed to the renewable energy goals of the region.

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