



Transmission Services

Failure to Comply, Version 8

Response to Customer Comments

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This document contains the Transmission Customer comments and Transmission Services' response to those comments for the Failure to Comply, Version 8, Business Practice posted for review from March 11, 2013 through April 8, 2013.

Thank you for your comments.

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1. Clark PUD

Clark PUD (Clark) thanks BPA for the opportunity to comment on the Failure to Comply, Version 8 Business Practice. Clark appreciates the need for a Failure to Comply (FTC) penalty charge and supports BPA in this regard. In these comments Clark suggests that BPA consider adding waiver language, akin to the waiver language found in the Generation Imbalance Service, Version 9 Business Practice dealing with persistent deviations. The persistent deviation penalty waiver language recognizes that there are instances when BPA makes exceptions to the application of the penalty charge. Clark suggests that there are also times when BPA should make exceptions to the FTC charge. BPA should consider adding waiver language to the Failure to Comply Business Practice allowing BPA to take into consideration extenuating circumstances beyond those associated with Force Majeure events.

BPA is in the process of implementing new Oversupply Management Protocols, Minimum Generation and Maximum Ramp Rates reporting requirements, and balancing service elections that impact DSO 216 events. In addition, it appears that BPA will also implement a "DSO 216-like" order that will curtail non-VER's exporting out of BPA's BAA when BPA has exhausted the supply of balancing reserves. Clark appreciates BPA's justification for these changes, however, changing business processes and commercial arrangements invariably introduce opportunities for unavoidable and unintended errors. Thus, Clark asks that BPA add language to the Failure to Comply, Version 8 Business Practice allowing BPA, at its sole discretion, to waive an FTC penalty charge.

Clark has identified two instances in which a waiver would avoid an unjust application of the FTC penalty charge. Recently, Clark experienced an incident where BPA failed to follow its own notification procedures for an unplanned maintenance outage which resulted in notice being (incorrectly) given to Clark's distribution dispatch office for curtailment of River Road Generating Plant (RRGP). As a result of the failed notification and subsequently erroneous notification to Clark's distribution dispatch office Clark was unable to comply with the Dispatch Order within 10 minutes. It seems that under such a situation BPA should be allowed to waive the FTC charge.

The second instance may be where a generator is physically unable to comply with an order without serious risk of damage to the facility. For example, BPA has indicated that it will implement a DSO 216-like order that will apply to thermal resources being exported out of the BPA's BAA. This could impact Clark's River Road Generating Plant (RRGP) during ramping events. Although RRGP runs flat, and true to schedule, it may experience deviations from schedule during start-up and shut-down (ramping events). In addition, during these ramping events RRGP output is typically sold outside of the BAA. If RRGP experiences one of these DSO 216-like orders during ramping periods it appears that BPA would limit RRGP to actual output.

The ability to modify in any way RRGP's output during ramping events is highly dependent on the operational parameters at any given moment during the ramp. This is very similar to the ramping challenges associated with Columbia Generating Station or other thermal based generators. During ramping, thermal plants are much like a variable energy resource incapable of being dispatched, but unlike the variable energy resource the scheduled output plays an important role in the ramping process. Limiting output of RRGP during a ramping event could affect the ability of the plant to come on line or cause the plant to trip altogether. Therefore, complying with a DSO 216-like order could force the plant to face serious risk of damage to the plant or a FTC charge. Asking a plant operator to comply under these circumstances puts the operator in the unenviable position of either not complying or

facing penalties or perhaps doing long-term harm to the machine that may affect system reliability during other times of the year. There should be a mechanism that would allow BPA to evaluate the charge for extenuating circumstances and waive the FTC charge when a plant operator is placed in a no win situation that is not of their own doing.

Clark believes these examples warrant consideration of a waiver of the FTC charge to avoid an unfairly punitive application of the charge. Additionally, it appears that these examples would not be covered under the definition of Force Majeure as used in the Business Practice. Therefore additional language allowing for BPA to waive such charges is appropriate. Clark appreciates BPA's consideration of these comments.

Transmission Service's Response

BPA appreciates Clark's comment regarding the lack of waiver provisions in the Failure to Comply policy. Because the FTC policy is intended to provide a significant incentive for resources to comply with dispatch orders for transmission system reliability, BPA decided not to include a waiver provision in the FTC Rate Schedule or the Business Practice. As a result, Bonneville does not have any discretion to waive FTC penalties. The Generation Imbalance Rate Schedule specifically provides for waivers. The FTC Rate Schedule and Business Practice do provide for Force Majeure and customers will not be assessed an FTC penalty in those cases. In any case, a Customer should contact its Transmission Account Executive if it has questions about the specific circumstances or events in which it incurs an FTC penalty or in situations where the Customer believes that penalty has been assessed in error.

With respect to the curtailments that may occur due to BPA having exhausted all of its balancing reserves, these are curtailments to e-Tags taking the schedule from the plant down to its actual output; for these curtailments, the plant does not need to respond. The curtailment is the action that promotes reliability, not the response of the plant. It may benefit the system for the plant to continue ramping up and exceeding the curtailed e-Tag because the system is deficient on INC balancing reserve in these cases. In these cases, pursuant to section E.10 of the FTC Business Practice, a resource that exceeds a curtailment when BPA has exhausted its INC balancing reserves will not be assessed an FTC penalty for that overgeneration.

2. McMinnville Water and Light

McMinnville Water and Light has the following comments on the Failure to Comply Business Practice

Comment (1)

As a small utility, McMinnville has no ability to reduce its load after hours within the 10 minute window during non-business hours. This may be difficult even during regular business hours. Based on the amount of load, MW&L would need to develop plans within the 10 minutes on who will be shut off and for how long. With one customer that is 40% of our load running a continuous process the economic and safety concerns for plant personnel are tremendous. Many of your personnel have visited our largest customer, and understand that an unscheduled interruption in that process is not only an economic hardship, but also a risk to equipment and safety of plant personnel.

Many of the small utilities that BPA serves would not have the ability to reduce load within the 10 minute window. The financial risks for these small utilities would be tremendous.

Transmission Services' Response

BPA appreciates McMinnville Water and Light's comments regarding the 10-minute compliance ramp and the risk to equipment and safety of plant personnel of its largest customer. In an event where there is risk to equipment and safety of plant personnel, the Customer should follow the *Force Majeure* procedures listed in Section A of the FTC Business Practice and provided for in the FTC Rate Schedule.

Comment (2)

McMinnville believes that a 10 minute ramp down to a thermal plant may cause damage to the plant. Thermal plants do not have the same ramping characteristics as a hydro or wind generator.

Transmission Services' Response

BPA appreciates that some plants may not be able to ramp down in the 10 minute period. In these cases the plant should submit to BPA its maximum ramp rate - since it is physically impossible to meet the 10-minute ramp, failure to meet the 10-minute ramp could be considered a *Force Majeure* incident. Customers will be required to provide documentation to BPA showing that the ramp could not be met because of physical limitations at the plant.

Comment (3)

McMinnville would like clarification on WECC, NERC and FERC language referencing penalties. Our question here is, what standard or standards is BPA referencing? Is this part of your EOP-003 Load Shedding Plan(s) or is this fall under EOP-002 Capacity and Energy Emergency Plan. We believe that there needs to be more dialogue with the region, as most small utilities will be unable to comply with this business practice without incurring penalties.

McMinnville suggests BPA Transmission services insert language to give discretion to waive penalties depending on circumstances related to the event.

Transmission Services' Response

The primary standards are the NERC Transmission Operations (TOP) standards.

With respect to a waiver of penalties, because the FTC policy is intended to provide a significant incentive for resources to comply with dispatch orders for transmission system reliability, BPA decided not to include a waiver provision in the FTC Rate Schedule. As a result, Bonneville does not have any discretion to waive FTC penalties. The FTC Rate Schedule and Business Practice do provide for Force Majeure and customers will not be assessed an FTC penalty in those cases. In any case, a Customer should contact its Transmission Account Executive if it has questions about the specific circumstances or events in which it incurs an FTC penalty, or in situations where the Customer believes that penalty has been assessed in error.

3. Seattle City Light

Thank you for the revisions under consideration. Seeking to reduce the number and magnitude of curtailments due to SOL concerns when there are overgenerators by targeting those overgenerators is a great idea. Revising the window for calculating FTC is also a welcome change.

BPA should consider contacting other generators that may be able and willing to adjust generation in order to reduce SOL concerns. Some small generators are unable, due to not being staffed at certain hours or not able to ramp, to comply with curtailment directives. If BPA contacts those generators that can change generation, rather than those that cannot, BPA can solve the SOL concern practically.

BPA should consider a waiver for those plants that are not continuously staffed and have ramp restrictions that preclude them from complying.

Transmission Services' Response

BPA appreciates Seattle City Light's suggestion regarding the lack of waiver provisions in the Failure to Comply policy for plants that are not continuously staffed or have ramp restrictions that preclude them from complying. Because the FTC policy is intended to provide a significant incentive for resources to comply with dispatch orders for transmission system reliability, BPA decided not to include a waiver provision in the FTC Rate Schedule. As a result, Bonneville does not have any discretion to waive FTC penalties. The FTC Rate Schedule and Business Practice do provide for Force Majeure and customers will not be assessed an FTC penalty in those cases. In any case, a Customer should contact its Transmission Account Executive if it has questions about the specific circumstances or events in which it incurs an FTC penalty or in situations where the Customer believes that penalty has been assessed in error.

4. Northern Wasco PUD

Northern Wasco County People's Utility District (NWCPUD) commends BPA for considering curtailment of overgeneration as the first action to mitigate the impacts of curtailments on generators in the BPA Balancing Authority Area. Generators producing more energy than scheduled amounts, as represented in the e-Tag, should be the first in line to resolve a System Operating Limit (SOL) because their contribution to the limit exceedence is clearly beyond the amounts considered in operations planning and adversely impacts customers that schedule accurately.

BPA should also consider the transmission allocation amount on the e-Tag. Unreserved use may be occurring and those customers who have purchased transmission in excess of their scheduled quantities may be unfairly curtailed under such circumstances. For example, a customer that purchases and allocates 6 MW of transmission for a generator that typically produces 5.2 MW of output may schedule 6 MW occasionally to minimize generation imbalance. This customer should not be exposed to FTC penalties when others exceed their schedules and/or reservations.

Small, unattended plants have difficulty safely implementing the 10-minute ramp window. Some consideration for exempting small, unattended generators is appropriate.

- The small, unattended generator threshold should be consistent with the NERC definition of generators subject to Generator Owner/Operator requirements.¹
- Curtailment of an e-Tag presumes that the Sink Balancing Authority Area no longer participates in the interchange transaction and therefore the shift factors/PTDFs no longer represent actual flow impacts on constrained flowgates.² Energy becomes Generation Imbalance with BPA's Balancing Authority Area generating units controlling AGC error.
- The proposal, in section B.3.a., permits submission of schedules that do not further exacerbate the SOL and comparable treatment for small unattended generators is required by the OATT. A small, unattended generator will be sinking energy to BPA as Generation Imbalance, after an e-Tag curtailment. It is quite possible that the generator is no longer contributing to the SOL based on the shift factors/PTDFs associated with sinking to BPA generators on AGC, and therefore it should be afforded the same consideration as a generator that submits schedules that no longer contribute to the SOL.
- There may be significant safety issues associated with attempting to manually control small remote generators that are unattended when curtailment actions occur, such as hours ending 23 through 07. To respond in ten-minutes is simply not safe if the operator must wake-up, dress, drive, enter a secure facility, ensure clearances are taken, and initiate a plant shutdown (many small plants cannot ramp to intermediate output levels). Our organization places safety first and will not make any exceptions to avoid financial penalties. If BPA is unable to find a clear path to granting these recommended provisions, it should permit these entities to request waiver of the penalty charges and afford the entity a chance to explain why the penalty should be waived.

Thank you for opening up discussion of this policy and business practice for comment. NWCPUD sincerely wants to take all safe actions necessary to assist BPA's efforts to effectively manage system operating limits. Please let me know if you have any questions about these comments.

¹ NERC. Compliance Registry, Appendix 5B — Statement of Compliance Registry Criteria

² In the context of these comments, "Curtailment" means adjustment and approval by reliability entities of the e-Tag energy profile. Balancing Authority Areas that use e-Tags for Scheduled Interchange will automatically adjust AGC values to respond to such decreases in Scheduled Interchange.

Transmission Services' Response

BPA appreciates Northern Wasco PUD's comments regarding the 10-minute compliance ramp and the risk to equipment and safety of plant personnel. In an event where there is risk to equipment and safety of plant personnel, the Customer should follow the *Force Majeure* procedures listed in Section A of the FTC Business Practice and provided for in the FTC Rate Schedule.

BPA also appreciates the difficulty of small generators' scheduling practices to minimize generator imbalance. The FTC policy has a 100 kWh threshold to accommodate small resources with small deviations. With respect to Northern Wasco PUD's comment on small generators no longer contributing to an SOL based on shift

factors/PTDFs, BPA is not prepared to do a case by case review of these impacts. For schedules sinking internally to BPA, unless the generator changes generation levels there is no shift in generation patterns.

5. Southern California Edison

Comments: Moving from a 1 minute interval to a 2 second interval is a positive step, however SCE recommends increasing interval to 5 minutes or having a tolerance band of the lesser of 5% of schedules or 5MW. In the current construct, there is a conflict between FTC and PDP/Generation Imbalance charges (i.e. To avoid the possibility of generating over the FTC limit for a small instance/MW quantity, generators are incented to under-generate during a Dispatch Order).

Transmission Services' Response

BPA appreciates Southern California Edison's comments and suggestion related to the inclusion of a tolerance band into the FTC policy. While these comments are outside the scope of the specific modifications to the FTC Business Practice that are out for customer comment, we will consider these suggestions in future modifications to the FTC policy.