

March 29, 2013

VIA EMAIL
Tech Forum
Bonneville Power Administration
Transmission Services
PO Box 491
Vancouver, WA 98666
techforum@bpa.gov

RE: Clark PUD Comments on the Failure to Comply, Version 8 Business Practices

Dear Tech Forum,

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.