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June 20, 2014

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**Subject: TransAlta Comments on June 10, 2014 Generation Inputs Draft Concepts**

Matt,

At the June 10, 2014 Generation Inputs Workshop, BPA staff requested comments on draft concepts presented during the day. TransAlta's comments follow.

### **BPA Balancing Area Reliability Tool**

TransAlta continues to be very concerned about the proposed Balancing Area Reliability Tool ("BART") and encourages continued engagement with customers on all aspects of this initiative. Repeating our May 23, 2014 comments, generation operators need much more detailed information about the tool in order to provide meaningful comment.

Given the limited information that was presented on June 10<sup>th</sup>, TransAlta is especially troubled that BPA is contemplating a scheme to automatically decrement non-Federal thermal plants under certain circumstances. Specific comments follow.

- a) Bullet points on slide 37<sup>1</sup>—BPA's initial concerns with automatically decrementing non-Federal thermal plants—show that the administration is ill-prepared to assume the responsibilities and liabilities of controlling TransAlta's plants.

TransAlta agrees that there are risks to automatically decrementing generation tied to industrial processes. By omission, BPA is overlooking the facts that the same risks exist for stand-alone thermal generators, and that dangers to personnel and equipment are magnified in complexity and scale with coal-fired generators like TransAlta's Centralia units.

Adjustments to output must be performed in strict coordination with scores of upstream and downstream processes. For example, fuel delivery personnel are moved and pulverizers are carefully transitioned to the new coal demand to maintain air ratios and

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<sup>1</sup> <http://www.bpa.gov/Finance/RateCases/BP-16/Meetings%20Workshops/Gen%20Inputs%20Workshop%2010%20June%202014%20Final.pdf>

mitigate explosion hazards. Similar hands-on attention is paid to every production system from the coal pile to stack during ramps to ensure safe operations and emissions compliance.

- b) BPA does correctly recognize that risks to thermal generation increases when a conflicting signal to decrement is issued in the midst of an incremental ramp. Nonetheless, **TransAlta simply has no confidence that an automated BPA tool can safely share any control responsibilities with our Control Room Operators.**
- c) To be absolutely clear, TransAlta is not advocating that non-Federal thermal generators should be permitted to chronically generate off of schedule and abuse balancing capacity provided by BPA. We believe that there is no substitute for attentively generating close to schedule.

TransAlta also believes that decrements automatically deployed by a BPA tool are unnecessary. When emergency intervention is necessary, BPA's role as the Balancing Area Authority provides existing and sufficient ability to issue dispatch orders to generators within the BA.

- d) Also by omission in the June 10<sup>th</sup> presentation, BPA did not compare potential effort, costs, and liabilities of installing GenICCP controls at non-Federal thermal generators with the small volume of balancing capacity assigned to the Thermal segment that it is intended to protect.

TransAlta contends that any potential costs must be commensurate with risks to the segment's relatively small volume. Anticipated effort and costs from GenICCP do not appear to pass this test. To put risk into perspective, INC capacity attributed to the non-Federal Thermal segment is roughly 7% or 26MW, according to BPA's BP-14 Transmission Rate Case testimony<sup>2</sup>.

### **Addressing Spring for BP-16**

Regarding options for addressing spring, and given the discussion to-date, TransAlta suggests the initial proposal should cover two goals. First, an annual amount of reserves that BPA can plan to provide "most of the time", and second, continued attempts to purchase Third-Party Supply to replace reduced FCRPS capability when actual FCRPS capability is less than planned.

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<sup>2</sup> BP-14-E-BPA-05A



TransAlta does not advocate for unbounded Third Party Supply costs, but to develop its full capability, this season has demonstrated the program must have more financial backing than the \$2M per year set aside for the BP-14 rate period. Third Party Supply is a work-in-progress that has potential, but only if it can be utilized through more of the runoff.

Sincerely,

A handwritten signature in cursive script that reads "Stephen A. Lincoln".

Steve Lincoln  
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