

SUBJECT: Managing Imbalances

Date: February 2, 2012

Iberdrola Renewables Inc. (IRI) appreciates the opportunity to comment on Bonneville Power Administration's (BPA) concerns regarding managing imbalance accumulations on BPA's system, including BPA's presentation of January 19, "Managing Imbalance Accumulations and Patterns." As a general matter, IRI supports the comments submitted on this topic by Renewable Northwest Project (RNP) and IRI offers the following additional comments:

- IRI understands that the topic of the impact of Customer Supplied Generation Imbalance (CSGI) was raised at the meeting, specifically whether CSGI contributes to concerns around imbalance accumulations. BPA did not have a response on the matter. IRI would like to make clear that CSGI does not contribute to accumulated imbalance and, in fact, has been an effective measure in mitigating such imbalances. Regarding BPA's core question posed regarding "ways that generators can operate to prevent or mitigate cumulative imbalances and patterns of under-delivery or over-use of energy," IRI would point specifically to CSGI, and its continued successful operation.
- Similar to RNP's comments, IRI would recommend viewing accumulated imbalance in the context of both BPA's wind fleet and its overall generation fleet, as it appears the imbalances are an extremely small percentage of each, even before accounting for the "net" impacts of energy and generation imbalance. In other words, while we understand there may always likely be individual examples that may contribute to imbalance accumulations (on both the load and generation side), understanding the magnitude of these imbalances relative to the overall system would help put the discussion in context.
- BPA's rate structure contains penalties designed to address imbalance accumulations, however, BPA's January 19<sup>th</sup> presentation highlights the need for a more effective solution to this problem. IRI has been consistent in its opposition to BPA's conflicting penalties and has reiterated its position that the current structure does not provide correct incentives for wind generators. IRI encourages BPA to work with stakeholders to explore an alternative solution that will address the imbalance accumulation without subjecting generators to excessive charges which appear not to be achieving the desired outcome.

IRI looks forward to discussing this issue further and appreciates BPA's on-going support of the CSGI program.

Iberdrola Renewables, Inc.