

**Allocation of dollar and MW caps
October 2007**

This approach would allocate compensation to customers based on the order of their requests, but if requests cannot be fully satisfied (given the amount of the dollar or MW cap), the compensation would be allocated. Earlier requests would have priority over later requests based on the date and time of receipt by BPA. Once a request has received full compensation, it would continue to receive full compensation so that the allocation will occur only among new or otherwise unsatisfied requests in each year. Because the cap increases in each succeeding year of the contract term, requests that received an allocation of compensation would subsequently “grow into” full compensation.

For the first delivery year any transfer service customer wanting to obtain compensation for its “last wheel” of a non-federal resource in that year would make a request to BPA for the MWs to be wheeled. Assume for illustration that all requests for compensation are submitted prior to 1 January of the year in which compensation is sought. In the illustration, MWs are used for simplicity but dollars would be applicable as well in an amount proportionate to the MWs.

- In 2012:
 - If BPA can grant all compensation requests without using more than 41 MWs, then each requester would receive all of the MWs it requested.
 - If the sum of the requests exceeds 41 MW, BPA would allocate the 41 MW of capacity among the requesters on a *pro rata* basis.
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- In 2013, BPA would:
 - Provide full compensation for the requests that received full compensation in 2012;
 - If some requests received an allocation of the compensation in 2012, provide full compensation to those requesters for 2013 using capacity allocated to the requests in 2012 plus the additional 41 MW available in that year (total 82 MW would be available in 2013). If the additional 41 MW is insufficient to provide full compensation for all of these requests, BPA will allocate the incremental capacity among them on a *pro rata* basis.
 - Provide compensation to new requests using the unused MWs, if any, left after the first two categories of requests are satisfied.
- In each subsequent year, BPA would proceed as in 2013 using the immediately preceding year as a reference rather than 2012.