

ANNEX A

DETERMINATION OF POWER BENEFITS  
ATTRIBUTABLE TO CANADIAN STORAGE

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The amount of power benefits determined to result in the United States from regulation of flow by storage provided by Canada under the Treaty will be expressed as the increase in dependable hydroelectric capacity in kilowatts under agreed upon critical stream-flow conditions, and the increase in average annual usable hydroelectric energy output in kilowatt-hours on the basis of an agreed upon period of stream-flow record. The capacity to be credited to the effects of Canadian storage will be the difference between the average rates of generation in kilowatts during the appropriate critical stream-flow periods for the United States base system of projects (a) before and (b) after the addition of the Canadian storage, divided by the estimated average critical period load factor for the period under consideration. This capacity credit shall not exceed the difference between the capability of the base system without Canadian storage and the maximum feasible capability of the base system to supply firm load during the critical stream-flow period. In the case of the average annual usable energy measurement, the operating entities will agree upon the quantity of energy which is to be regarded as marketable, (a) with, and (b) without Canadian storage. The difference in the respective quantities thus agreed shall be the increase in average annual usable energy.

An initial determination of the estimated power benefits to the United States from Canadian storage added to a United States base system consisting of the projects listed in the attached table will be made before the first Canadian storage becomes operative. This determination will include year-by-year estimates of the power benefits during the period of construction until the 15.5 million acre feet of Canadian storage becomes operative.

Subsequent determinations of estimated power benefits will be made at intervals of 5 years or more often as agreed, commencing from the date on which the full 15.5 million acre feet of Canadian storage becomes operative. Each determination will be for the ensuing five years of operation. A detailed plan of operation implementing the assured plan of operation, and the critical period and period of stream-flow record will be agreed at each determination. No retroactive adjustment in power benefits will be made at any time during the period of the Treaty. No reduction in the benefits credited to Canadian storage will be made as a result of a lower load estimate in the United States for the subsequent period than for the current period.

In computing the increase in dependable capacity and the increase in average annual usable energy, the procedure shall be in accordance with the three steps described below.

Step 1

In any determination of power benefits, the system for the period covered by the estimate will consist of the Canadian storage and the United States base system plus new hydro and thermal projects expected to be in operation at the mid-point of the period of estimate. The maximum capability of this combined system to supply the estimated firm load including Canada's share of the downstream benefits will be determined on the basis that the system will be operated in accordance with established operating procedures.