

Questions and Answers from the
NAVAJO SURPLUS – CUSTOMER MEETING
JANUARY 25TH 2012

Question - Under what circumstances is a bidder obligated to transact?

Answer – A bidder is obligated to transact if 1) Western can match the bidders' bid volume and 2) Westerns' offer price is either at or below the customers' bid price.

Question - If Westerns' offer price is higher than a customers' price bid, is the customer obligated to transact?

Answer – No

Question - Can a customer submit multiple bids with a designated delivery preference?

Answer – Each RFP will indicate how much Navajo Surplus is being offered at the various delivery hubs (WW5, MCC5, Nav BUS, etc.). The amount offered at each hub may vary depending on available transmission capacity. Each customer may submit no more than one bid (volume and price) at each of the delivery hubs included in the RFP.

Question - What happens in the event there are unscheduled transmission outages?

Answer – Western will make reasonable efforts to deliver Navajo Surplus energy.

Question - Will there be multiple RFP's throughout the year?

Answer – Western anticipates issuing more than one RFP each year given the varying monthly quantities of surplus energy.

Question - Will Western consider offering the market price if only partial MWs are available?

Answer – Yes, if Western does not have enough energy to satisfy a bidder’s volume request then the bidder will be offered the market price. However, if the bidder was a market setter, they will be offered the lesser of their bid price or the market price.

Question - What type of products will be available?

Answer – All products will be Unit Contingent of varying quantities.

Question - What happens if all bids come in under minimum bid price?

Answer – Western retains the right to not transact.

Question - Can a customer submit a bid with a price of “MARKET PRICE” indicating they want to be a “price taker”?

Answer – No, to be considered each bid must include: MW volume, price, and delivery point.

Question - Is Navajo Surplus Energy subject to the “no-sell” restrictions contained in the General Power Contract Provisions?

Answer – No

Question - What is the timeline for contract enabling?

Answer – The contract template will be posted on Western’s website once it is finalized. Interested bidders must agree to contract terms prior to bidding.

Question - Is the bid process documented?

Answer – The presentation from the Jan 25, 2012 customer meeting contains a summary of the bid process that Western will follow. This presentation has been placed on the Western website along with all the questions and answers.

Question - What is the expectation of future surplus? How often will we update our forecasts, each calendar year, or multiple years out?

Answer – CAWCD has provided Western a 5 year forecast of their pumping requirements. This forecast is updated in December each year for the following year and can be further refined during the current year.

Question - Will bidders be notified when all bids have been filled?

Answer – Yes, Western will contact all bidders once all the bids have been processed.