Southwestern Power Administration
Frequently Asked Questions – Temporary Power Sales Program

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I. Timing and Deadlines

I.1 When does the application period close?
   December 9, 2019. Applications received after that date will be accepted, but will be considered only after those received by the application period closing date.

I.2 What is the timeline to implement the program?
   There is no formal timeline, but Southwestern is aware that an organization may need to procure transmission service and may have to meet deadlines to be in transmission studies conducted by the various Regional Transmission Organizations. It is Southwestern’s intention to work with organizations to the best of Southwestern’s ability and within applicable Federal laws to facilitate a successful loan/borrow action.

I.3 If my organization wants to borrow, can it delay the start date? For example, would a start date of 2022 be acceptable?
   Yes. If Southwestern determines that a delayed start date is the best loan/borrow match, a delayed start date would be acceptable. It is Southwestern’s intention to refresh the program every two years with a notification to potential loaners and borrowers that new applications are being accepted. If there is a loan/borrow action currently implemented under contract when such notification is sent, that loan/borrow action would not be impacted by the refresh of the program.

I.4 If my organization terminates an active loan/borrow contract, does that mean my organization is out of the program?
   Yes. At least until your organization submits another application.

I.5 Are there minimums and maximums associated with the term of a loan/borrow action?
   As stated in the Federal Register notice (FRN), the term of a loan/borrow action must be at least one year. There is no set maximum, although any loan/borrow action is limited in duration to the remaining term of the loaner’s then-current
Power Sales Contract with Southwestern, after which a new loan/borrow action would need to be implemented if the loaner wished to continue making its allocation available through the program.

I.6 My organization was notified in March 2019 that it is still an active participant in the Temporary Power Sales Program. Do we need to fill out a new application?

If the product that your organization is interested in has changed, or if there is some other information that your organization wishes to impart to Southwestern, it may be advisable to fill out a new application. As stated in the FRN, however, if an organization fills out a new application and changes the terms of the loan/borrow in which they are interested, Southwestern would consider the chronological receipt date of the new application when determining the organization’s place in the queue of applicants.

I.7 If my organization is chosen as a successful loaner or borrower, how much time do I have to decide whether or not to accept Southwestern’s offer?

Southwestern intends to impose a reasonable deadline for an organization to respond to an offer under the program.

II. Obligations and Contracting

II.1 If my organization submits an application, does that obligate it to participate in the Temporary Power Sales Program?

No. Submitting an application in no way obligates an organization to participate in the Temporary Power Sales Program. The obligation is only realized upon execution of contractual documents implementing the loan/borrow action.

II.2 If there is a successful loan/borrow action, how will the borrower be billed?

Southwestern will determine mechanics of billing after the application period closes. Southwestern intends to include language in both the loaner and borrower’s respective contractual documents to make clear that the loaner is in no way obligated to pay for the quantity loaned.

II.3 What happens if my organization is part of a successful loan/borrow action under contract and we decide we no longer want to participate?

It is Southwestern’s intention to include language in the contractual documents giving organizations the opportunity to terminate an active loan/borrow arrangement upon reasonable notice. However, the loan/borrow action must be in effect for a minimum of one year before the termination can become effective.

II.4 Would it be possible to get an example of a contractual document implementing a loan/borrow action?

Southwestern is working on drafting contractual terms and language for implementing a loan/borrow action. Southwestern will work with each set of organizations in a potential loan/borrow action on the contractual terms and documents, and it is Southwestern’s intention to maintain consistency in the contractual terms and language across the loan/borrow actions for different organizations.
II.5 If my organization doesn’t have a utility manager, can someone like the Mayor or City Manager submit an application?
Yes. The contact information supplied should also include the name or position of the person authorized to enter into a contractual document with Southwestern.

II.6 If my organization is part of a joint action agency or has another organization running the day-to-day utility business for us, who should apply?
The organization with the Federal power allocation should fill out the loaner application. The organization wishing to receive Federal Power and/or Federal Energy should fill out the borrower application. Additional information on representatives an organization would like included if/when Southwestern notifies the organization of a potential loan/borrow offer can be included in the “Additional Information” section of the loan/borrow application.

III. Matching Considerations

III.1 Will Southwestern attempt to keep an allocation within the state in which the allocation originated?
Yes. In keeping with the criteria considered in Southwestern’s Final Power Allocations (44 FRN 45468), Southwestern will consider keeping an allocation within the state when determining the best loan/borrow matches.

III.2 In addition to the date an application is received and keeping the allocation within the same state, what are some other considerations Southwestern will use when making a match?
As listed in the FRN, public bodies and cooperative electric utilities that are present or potential customers of Southwestern will be considered first, followed by non-preference electric utilities. Other considerations will be documented during the matching process.

IV. Products

IV.1 Can my organization borrow only Federal Energy or only Federal Capacity?
Yes. As listed on the application, there is an opportunity to borrow only Federal Capacity, only Federal Energy, or both.

IV.2 Are there minimums and maximums associated with the quantities of Federal Energy and/or Federal Capacity loaned or borrowed?
There are no minimums or maximums listed in the FRN; however, it is Southwestern’s policy that Federal Energy must be scheduled in one-megawatt increments.
V. General

V.1 Why is Southwestern reopening the Temporary Power Sales Program?
There was never an administrative action to close the program. Since Southwestern had been notified of potential loaners and borrowers in recent years, Southwestern determined that accepting new applications under the Temporary Power Sales Program may achieve the best value for Federal Energy and Federal Capacity.

V.2 Will there be a public forum?
At this time, Southwestern is not planning to hold a public forum. If that changes, Southwestern will issue an additional FRN notifying the public of the time and date of such forum at least one week before the forum takes place.

V.3 Is Southwestern geographically limited as to the organizations to which Southwestern can market power?
It is Southwestern’s mission to market and deliver power as authorized by Congress. We believe we have some discretion as to where we can market if there are no available borrowers within Southwestern’s traditional marketing footprint.