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Dear Mr. Garcia and Mr. Juen:

In reviewing the Final Environmental Impact Statement (FEIS) for the SunZia Southwest Transmission Project, I have noted that it does not contain an actual analysis of the No Action alternative as required by NEPA. This issue must be resolved before the FEIS meets legal requirements. The attached discussion gives some direction on what is needed. While the BLM does not need to follow this precisely, it should be helpful.

The SunZia FEIS states in three places that it contains an analysis of the No Action alternative, but the following from Section 2.3.1 is all the “analysis” that the FEIS provides:

“Under the No Action alternative, the BLM would not grant right-of-way for construction and operation of the proposed Project and it would not amend any planning decisions. The Project facilities, including transmission lines and substations, would not be built and existing land uses and present activities in the Project study area would continue. The No Action alternative does not consider the potential for additional actions that could occur contingent on the denial of the proposed action or alternatives. Service by the existing transmission system within the study area would continue, including those proposed generation projects with existing, documented interconnection requests (Chapter 1, Table 1-2).”

This does not address the consequences of not building the project and provides no baseline for the public or decision makers to use in evaluating the various alternatives. If this project is not built, what are the consequences? What is likely to happen in its absence? Will the purpose and need of this project be met in other ways? What are the ways in which this might be achieved? These questions need to be addressed to meet NEPA’s requirements.

I am also attaching the discussions of the No Action alternative from the Sunrise Powerlink and Devers-Palo Verde No. 2 Environmental Impact Statements as examples of how to address this issue. While these projects differ from SunZia in several respects, they provide a concrete model to follow.

Even though it is late in the EIS process, I urge you both to consider this issue and not dismiss it.

Sincerely,

*Norm "Mick" Meader*

Norm "Mick" Meader, Co-Chair

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Attachments (3)

**Review of the No Action Alternative “Analysis” in the  
SunZia Final Environmental Impact Statement  
Norm “Mick” Meader, Cascabel Working Group, July 18, 2013**

A review of the Final Environmental Impact Statement (FEIS) for the SunZia Southwest Transmission Project shows that it does not contain an actual analysis of the No Action alternative as required by the National Environmental Policy Act (NEPA). The FEIS states in three places that it does, however, as noted below. This issue must be resolved before the FEIS meets the legal requirements of NEPA. The following provides suggestions for achieving this.

**Review of the No Action Alternative in the SunZia FEIS**

- **Dear Reader Letter**

“This Final EIS is a full reprint of the analysis presented in the Draft EIS and as such it assesses the environmental impacts of the Proposed Action and route alternatives, and includes an analysis of the No Action alternative.”

- **ES.3 Alternatives**

“A range of alternative routes were analyzed in the Draft EIS, including the BLM preferred alternative and the No Action alternative.”

- **2.1 Introduction**

“The No Action alternative is also analyzed in this EIS, in which the right-of-way for the Project would not be granted.”

**Section 2.3.1** includes the actual “analysis” of the No Action alternative. This section begins with the following statement:

NEPA requires that an EIS include the analysis of a No Action alternative, to provide a baseline for comparison of environmental effects that could occur with implementation of action alternatives, and to demonstrate potential consequences of not meeting the purpose and need of a proposed action.

The actual “analysis” it contains is as follows:

Under the No Action alternative, the BLM would not grant right-of-way for construction and operation of the proposed Project and it would not amend any planning decisions. The Project facilities, including transmission lines and substations, would not be built and existing land uses and present activities in the Project study area would continue. The No Action alternative does not consider the potential for additional actions that could occur contingent on the denial of the proposed action or alternatives. Service by the existing transmission system within the study area would continue, including those proposed generation projects with existing, documented interconnection requests (Chapter 1, Table 1-2).

This does not analyze the consequences of not building the project, that is, of the No Action alternative, and provides no baseline for the public or decision makers to use in evaluating the

various alternatives. If this project is not built, what are the consequences? What is likely to happen in its absence? Will the purpose and need of this project be met in other ways? What are the ways in which this might be achieved?

### **Developing a Clear Statement of Purpose and Need for SunZia**

To effectively address the No Action alternative, the project first needs a clear, realistic statement of purpose and need, which it still does not have. While the FEIS states that the project is needed to meet the Renewable Portfolio Standards of adjacent states, the rate of renewable energy development in those states shows that this is not now the case. While the FEIS states that the project is needed to alleviate current transmission congestion on Path 47 in southwestern New Mexico, more recent studies by the Western Electricity Coordinating Council have shown that this Path currently experiences no congestion in terms of actual power flow. While the FEIS states that the project is needed to increase transfer capacity between New Mexico and Arizona, no utilities have demonstrated any need for this increased transfer capacity to meet their power needs. What, then, are the purpose and need for this project?

The underlying purpose and need for this project are to provide additional transmission capacity to allow the SouthWestern Power Group and potential New Mexico power producers – whether renewable or nonrenewable – to more readily compete in westerly electricity markets, most importantly those in California. The SouthWestern Power Group needs additional transmission capacity to make its permitted but not built Bowie, Arizona, natural gas-fired power plant more economic. Similarly, potential New Mexico power developers need additional transmission capacity to increase their ability to compete and sell power in western energy markets.

This additional transmission capacity could also give utilities in southwestern states fuller access to power sources that they otherwise may have difficulty accessing with the present transmission system. While these utilities do not need this access to meet actual power needs, the project has the potential to provide them with greater long-term diversity in the sources of power available to them. Whether or not this would actually benefit these utilities would depend on market conditions.

Fundamentally, this project *could increase competition* in westerly power markets, allowing the SouthWestern Power Group and New Mexico power developers to bid more effectively for power contracts while potentially giving utilities wider choices in the sources of power available to them. This increased transmission capacity by itself, however, cannot ensure a sufficient cost advantage for the potential power provided to foster the rapid, large-scale development of generation needed to support the project. This uncertainty greatly increases the project's risk and may make it unrealistic to build.

### **The Consequences of the No Action Alternative**

If SunZia is not built, the BLM must address two fundamental questions to fulfill the requirement to analyze the No Action alternative: (1) What are the alternative transmission projects in New Mexico and the West that may accomplish SunZia's purpose? And (2) What are

the alternative sources of renewable or nonrenewable energy that utilities can access if New Mexico's resources are less available to them? These questions need to be quantified.

Stated in a more general way, if SunZia is not built, (1) how will this restrict access to western energy markets for the SouthWestern Power Group and New Mexico power producers, and (2) how will this more-limited access to western power sources affect the ability of utilities to provide power to their customers on the most cost-effective basis? These utilities will not be short of renewable- or natural gas-generated electricity. They may have to settle for more expensive and less competitive power options, however, to meet their needs.

Additionally, if part of SunZia's purpose were to alleviate transmission capacity and increase reliability in southwestern New Mexico, what will result if the project is not built? Physical congestion – the inability to deliver needed power at peak load – is currently not a problem in this area for the foreseeable future, but it might reemerge. What other transmission projects might address this, and what may the utilities that own and use this capacity have planned?

First, the Southline Project would reduce any conceivable congestion if built. Second, Public Service Company of New Mexico and the El Paso Electric Company have also considered congestion on Path 47 independently from SunZia and the Southline. They will have strategies and plans to address this without building these new transmission projects. A summary of these alternatives should be included in a discussion of the No Action alternative.

### **Evaluating Competing Transmission Projects**

How will the No Action Alternative affect future transmission availability in New Mexico? Table 1 lists competing projects being developed to export New Mexico renewable energy. While I included this table in the Cascabel Working Group's primary DEIS comments, I am providing it here again to demonstrate the relevance of these projects to the No Action alternative.

Although the High Plains Express Project (HPX) is on hold because it is not considered economically viable at this time, the other projects are all active and would compete strongly with SunZia to deliver New Mexico's renewable energy westward. Not building SunZia will shift the focus to them. Both SunZia and the Centennial West Project face many of the same economic difficulties and limitations as the High Plains Express Project, which reduces their feasibility with respect to these other projects.

As I stated in our DEIS submission, this amount of transmission capacity cannot be used in the timeframe required for all of it to be economic. If all projects were built simultaneously, some or all of them would face financial failure. Not building SunZia will shift the economic advantage to these projects and make them more viable. While the Lucky Corridor and Power Network New Mexico projects are not interstate projects, both would take advantage of the extra-high-voltage lines leading to the Four Corners and San Juan generating stations to deliver power to Arizona, California and Nevada. Significant transmission capacity for power export exists on these lines because most power flow on them in the past has been from west to east. These projects are both more conservative and less expensive than the High Plains Express, Centennial

West, or SunZia projects, giving them a greater potential to be completed and used. (See the additional notes following this discussion for a fuller review of the relationship between these transmission projects and SunZia.)

**Table 1.** Current high-voltage and extra-high-voltage New Mexico transmission projects focused on exporting renewable energy.

<b>Project</b>	<b>Description</b>	<b>Capacity</b>	<b>Purpose</b>
Southline	double-circuit 345 kV/230 kV-kV lines	1,000-1,500 MW	Southwestern New Mexico to Central Arizona. Develop solar energy and possibly natural gas generation while increasing reliability.
High Plains Express	single 500 kV-kV line	1,500 MW	Central New Mexico to central Arizona. Develop predominantly wind energy. (currently on hold because the risks to build the project are considered too high)
Centennial West Clean Line	single HVDC 500-kV line	3,500 MW	Central New Mexico to California. Deliver predominantly wind energy.
Lucky Corridor	double-circuit 230-kV lines	1,100 MW	Deliver Northeastern New Mexico solar and wind generated electricity to Taos, with transfer to the Four Corners hub.
Power Network New Mexico	double-circuit 345-kV lines	1,500 MW	Deliver central and eastern New Mexico renewable energy to Rio Puerco, with transfer to the Four Corners hub.
<b>Total Capacity</b>		<b>8,600-9,100 MW</b>	

### **Other Sources of Renewable Energy for Western States**

While using more-local sources of renewable energy to meet needs in more westerly states does not relate directly to the transmission capacity needed to more fully market New Mexico’s energy, these sources influence whether new transmission capacity will actually be used and how much is needed. Not building SunZia may result in the construction of more renewable energy facilities closer to load in the states of Arizona, California, and Nevada. As demonstrated in our primary DEIS submission, Arizona, California, and Nevada can all meet their renewable energy requirements with more-local resources. This does not mean that a state such as California might not use some of New Mexico’s renewable energy if SunZia were built, but it makes this far less likely. A discussion of the No Action alternative needs to address the potential shift in renewable energy development to these other states and the possible economic and physical impacts of this. (See the additional notes following this discussion for a fuller review of more-local renewable energy generation and the need for SunZia.)

### **Additional Alternative Transmission Projects in the West**

In addition, other transmission projects have been proposed in more northerly states to deliver wind- and fossil fuel-generated electricity to California. While these projects in themselves would not increase New Mexico’s access to western energy markets, they nevertheless influence SunZia’s economic viability and whether it is prudent to build the project. Not building SunZia

will shift the focus of renewable energy transmission in the West to these other projects and states, giving them an advantage. These projects include the Chinook Project, the Gateway South Project, the Mountain States Transmission Intertie (MSTI) Project, the TransWest Express Project, and the Zephyr Project. The Chinook and MSTI projects are currently on hold because of unfavorable economics. MSTI would be built in conjunction with the Southwest Intertie Project (SWIP) to reach California. At this point, the TransWest Express Project is farthest along in permitting and has the greatest potential to regionally compete with SunZia.

While these other projects appear unrelated to SunZia's stated purpose, including an overview of them would give the public and federal decision makers a more comprehensive view of western energy strategies and possibilities. Although these projects cannot replace SunZia's potential to deliver New Mexico's energy *per se*, they still strongly influence the overall scheme of how power may reach southwestern states and affect SunZia's usefulness and competitiveness in this market. Decision makers need an adequate summary of this to more fully assess the consequences of selecting the No Action alternative.

### **The Effect on Federal Policy**

Another possible consequence of the No Action alternative would be its effect on the Obama Administration's energy policy objectives, which have been associated with this project. While SunZia appears to address the Administration's renewable energy ideals, it is questionable whether these ideals are physically or financially practical when pursued by private companies, especially without large subsidies or a tax on carbon emissions. That is, federal policy as proposed may not be realistic. Thus not building SunZia may be a greater blow to the Administration's idealized scenario for renewable energy development than to the actual physical use of renewable energy.

Administration officials have championed this type of project merely because it connects with or passes through areas of high renewable energy potential, not because the resources in those areas are necessarily needed to meet power needs in distant load centers. A project is viable only if based on the latter. While the federal government can support projects based upon such ideals without assessing actual use and the potential for financial success, private companies cannot. This is a fundamental flaw in how the federal government has approached this type of project.

### **Conclusions and Recommendations**

In short, what are the consequences of not building SunZia, in other words, of the No Action alternative? Two principal consequences would result: (1) this would provide an economic advantage to other competing projects, which could eventually provide much if not all of the transmission capacity needed, and (2) this could potentially increase the use of more-local renewable and nonrenewable energy sources to meet power needs in Arizona and California above what it might otherwise be. Because SunZia is farther along in the permitting process than some of the other projects, not building SunZia may delay greater market access for New Mexico's power developers. Not building SunZia could also make the SouthWestern Power Group's Bowie, Arizona, power plant less economically viable.

Although not mentioned in this discussion, giving precedence to other projects and increasing more local renewable power generation by not building SunZia could significantly reduce overall environmental impacts and eliminate the necessity to sacrifice high-quality environmental resources. The question that any decision maker must ask is, At what point do the environmental sacrifices outweigh the benefits of building a specific project, and can a project's purpose and need be met in other ways? Fully and realistically evaluating the No Action alternative has direct bearing on this question.

While this discussion may not include all relevant factors, and while some factors may seem only marginally related, it is this type of analysis that is required to fulfill NEPA's directive to evaluate the No Action alternative. The text provided in Section 2.3.1 of the SunZia Final Environmental Impact Statement does not meet this requirement. As stated in the SunZia FEIS, *"NEPA requires that an EIS include the analysis of a No Action alternative...to demonstrate potential consequences of not meeting the purpose and need of a proposed action."* To meet this stipulation the SunZia FEIS yet needs a comprehensive discussion of the effects of choosing the No Action alternative.

## **Additional Notes**

### **Other New Mexico Transmission Projects**

The Lucky Corridor Project is the most advanced of the two New Mexico in-state transmission projects and is scheduled to be completed before SunZia. While this project does not access the specific resource area that SunZia does, it will compete with SunZia in western energy markets to provide the same type of power, reducing SunZia's market share and hence the project's financial viability. SunZia does have an advantage over the Centennial West Project because it is farther along in permitting and could thus provide transmission capacity more quickly if built. Competition between SunZia and Centennial West raises the question, however, of whether the Centennial West Project will be economically feasible in the timeframe for which it is proposed. SunZia itself appears oversized for the power it might export, making its feasibility questionable as well.

The more southerly Southline Project passes through the very same high-potential solar energy in southwestern New Mexico that SunZia does and will provide sufficient capacity to deliver those resources. It is not possible to justify building both of these projects simultaneously for this purpose. In addition, adequate transmission capacity currently exists to deliver the power from the initial solar projects that have been proposed here. Southline's ability to compete with SunZia in delivering additional solar resources beyond what these initial projects can provide has a direct bearing on the No Action alternative. While Southline is behind SunZia in permitting, it is scheduled to be completed at nearly the same time as SunZia. This overlap should be noted and considered in evaluating the No Action alternative.

### **Other Western Renewable Energy Sources**

#### *Additional Wind Resources*

While New Mexico's high-quality wind resources are significantly greater than Arizona's, California's, and Nevada's, this does not mean that more westerly wind resources in these states will not compete with New Mexico's. Arizona has marketable wind energy resources in northeastern Arizona along the edge of the Colorado Plateau, and the Bureau of Land Management just approved the 500-megawatt Mojave County Wind Farm Project in western Arizona. As yet, this latter project has no purchaser for its power and will likely be used before wind resources in New Mexico are. The fact that these wind resources exist reduces the potential use of New Mexico's resources. While California, Arizona and Nevada do not have the full wind potential that New Mexico has, they all still have economic wind resources they can develop.

#### *Additional Solar Resources*

While New Mexico has greater high-quality wind resources than Arizona, California, and Nevada, these states all have equal or superior solar resources. No matter how great New Mexico's solar resources are, they cannot readily compete with those in these states. A summary of the location and size of regional solar resources is needed to show how they conflict with New Mexico's. This

would show how unlikely it is that New Mexico's solar resources will be developed in response to SunZia, at least in the foreseeable future. This comparison would help the public and decision makers determine whether a project on SunZia's scale would ever be needed to deliver this type of energy. The ability of the Southline Project to provide any needed transmission capacity for future solar development should be duly considered to avoid the construction of excess transmission capacity.

As noted above, the solar resources of Arizona, California and Nevada are so huge that New Mexico's solar resources will have great difficulty competing with them. This difficulty is likely to greatly impede New Mexico's solar development. Four major, unbuilt solar projects have been proposed for southwestern New Mexico that predate the SunZia proposal (Solar Reserve's Lordsburg project, New Solar Ventures' Deming project, enXco Development Corporation's Afton project, and Iberdrola Renewables' Lordsburg Mesa project). None of them has been built simply because no utility will purchase the power, not because transmission capacity has been lacking.