

Cascabel Working Group
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Mr. Adrian Garcia, Project Manager
SunZia Southwest Transmission Project
Bureau of Land Management
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Dear Adrian,

Enclosed is my reply to the Environmental Planning Group's (EPG's) responses to comments I submitted regarding the relationship between the SouthWestern Power Group's Bowie, Arizona, power plant and SunZia. Again, the attached summary pairs my responses directly with EPG's responses for easy comparison, and I am including a copy of EPG's annotated version of the letter from my submission for reference.

As others and I have noted many times before, the SouthWestern Power Group (SWPG) initially proposed SunZia to provide transmission capacity for its Bowie, Arizona, power plant. The Environmental Impact Statement still does not acknowledge this potential use, even in the simplest terms. As noted before, Tucson Electric Power Company's existing 345-kV transmission lines are at capacity toward Tucson, which greatly limits the power plant's economic viability, and SWPG proposed SunZia specifically to overcome this limitation. The plant will be a primary user of SunZia transmission capacity if both are built. The SunZia Final Environmental Impact Statement does not note this and instead substitutes hypothetical renewable energy facilities for this use. This results in an unrealistic assessment of SunZia and its cumulative impacts.

I am enclosing the second chapter of my report *SunZia: An Unnecessary High-Risk Project?*, which carefully documents that the SouthWestern Power Group proposed SunZia to serve its Bowie, Arizona, power plant. I ask that this be fully included in the administrative record for SunZia.

Thank you for considering these comments.

Sincerely,



Norm "Mick" Meader, Co-Chair
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Attachments (3)

**Response to BLM responses to Cascabel Working Group comments on
the SunZia Draft Environmental Impact Statement**

CWG Submission: The Purpose and Need for the SunZia Southwest Transmission Project: SunZia’s Relationship to the SouthWestern Power Group’s Bowie Power Station, submitted by Norm “Mick” Meader, August 20, 2013

FEIS Page No.	Comment No.	BLM Text
J271-J272	1604-1	<p>Paragraph 1: The BLM’s action in considering the Applicant’s right-of-way application is provided under the authority to the Secretary of the Interior (BLM) to “grant, issue, or renew rights-of-way...for generation, transmission, and distribution of electric energy” (43 Code of Federal Regulations [CFR] 2800). <u><i>The BLM is responsible for complying with NEPA with respect to the construction and operation of the SunZia Project, but has no jurisdiction over regulating interstate transmission.</i></u> FERC is responsible for analyzing and making decisions based upon (1) the justness and reasonableness of rates; (2) the potential for undue discrimination; (3) the potential for undue preference, including affiliate preference; and (4) regional reliability and operational efficiency requirements. <u><i>The BLM is responsible for complying with NEPA with respect to the construction and operation of the SunZia Project, but has no jurisdiction over regulating interstate transmission.</i></u></p>

CWG Response:

This information is unrelated to the submitted comments, and it is unclear why it is included. These are all basic statements of fact and are not a matter of contention by myself or an issue that was raised. Please note that sentence 4 repeats sentence 2, as highlighted by italics and underlining.

FEIS Page No.	Comment No.	BLM Text
J271-J272	1604-1	<p>Paragraph 2. The Applicant’s objectives, as stated in Section 1.4 of the Draft EIS, include “...to increase available (transfer capability) in an electrical grid that is currently insufficient to support the development, access, and transport of additional energy-generating resources including renewable energy, in New Mexico and Arizona.” As reflected in the proposed action, the SunZia Project was designed to increase transmission capacity (i.e., transfer capability) by at least 3,000 MW, and could ultimately be designed for an increase of up to 4,500 MW. The Applicant identified the 3,000 MW mark as a minimum increase based on the existing demand for increased transmission capacity to relieve congestion, improve reliability, and provide future energy sources, including renewables, with access to market, balanced by marketing factors and engineering constraints.</p>

CWG Response:

The first two sentences regarding the portrayal of the project in the DEIS are correct, although they avoid the central issue of my submittal. The SouthWestern Power Group proposed SunZia in part to provide the additional transmission capacity needed to bolster the economic viability of its proposed Bowie, Arizona, 1,000-MW natural gas-fired power plant. This first sentence does apply to this intention. The second sentence is merely a statement of fact and does not address any comments made.

The third sentence, however, mischaracterizes the project proponent’s actual intent: “The Applicant identified the 3,000 MW mark as a minimum increase based on existing demand...” The project’s scope is not based upon an assessment of the transmission and generation needs of specific utilities in the region, the fundamental criterion used in the past for sizing any transmission project. Rather, it is a highly speculative project aimed at expanding energy markets. The applicant proposed the largest project possible in order to obtain the necessary permits to build that much capacity should it ever become profitable. Currently it is not, and it may never be, although the project proponent presumably hopes that it will be. Obtaining the necessary permits for that much capacity, however, leaves open the possibility of building it without seeking additional environmental review.

SunZia will build only as much of the project as is profitable, when and if it is profitable. The project as proposed is a matter of speculation, not calculation. It is a gamble, in other words. Nothing is wrong with this strategy and it is nothing to criticize *per se*, as corporations routinely use it in our capitalist economy. However, it is important to give the underlying motives for proposing such a huge project, the largest ever proposed in U.S. history except for the double 500-kV lines leading from the Grand Coulee Dam to southern California.

FEIS Page No.	Comment No.	BLM Text
J271-J272	1604-1	Paragraph 3: The Bowie Power Station (Bowie) was permitted to interconnect with the existing TEP 345kV Greenlee-Winchester-Vail transmission line at the Bowie Willow-345kV substation. The Bowie Willow substation does not afford Bowie a direct interconnection with the SunZia Southwest Transmission Project. The Applicant states that, although the SunZia Project may have been initially conceptualized as an interstate generation-tie line for Bowie with a transfer capability of 1,500 MW (thus only adding an additional 500 MW of capacity to the electrical grid), the configuration of the proposed SunZia Project (two 500kV transmission lines adding an additional 3,000-4,500 MW of capacity to the electrical grid), and Bowie are not “connected actions,” as each has an “independent utility” from the other.

CWG Response:

This third paragraph is based upon a lack of understanding of how the Bowie power plant will interface with Tucson Electric Power Company’s lines and SunZia’s lines. To help explain this,

I have taken the following from my reply to EPG's responses to the Cascabel Working Group's primary commentary on the SunZia DEIS. It appears from the text above that SunZia itself provided the response ("The Applicant states..."). *The Applicant has from the beginning hidden its intentions about this use, and having the Applicant provide the reply here is inappropriate.* It is incumbent on EPG and the BLM to act independently from the Applicant and not allow themselves to be manipulated in this way.

The SouthWestern Power Group (SWPG) initially proposed SunZia specifically to serve as another delivery option for its Bowie, Arizona, power plant, as EPG's own response states. This is carefully documented in my full submittal and was the reason for submitting it. *SWPG did not abandon this purpose because the project was expanded, as the Applicant's response above would seem to imply.* SunZia's 500-kV Willow substation will interconnect with TEP's 345-kV lines near the permitted but not built 345-kV Willow substation associated with the Bowie plant. This close siting will facilitate direct power exchanges between the power plant and SunZia's lines and is a fundamental reason for placing SunZia's 500-kV substation here.

Without SunZia transmission capacity, power delivery options for the Bowie plant through TEP's lines are very limited because the lines are already so heavily used. This restricts the plant's economic viability. Building SunZia would eliminate these restrictions and is a major reason why the SouthWestern Power Group proposed the project. The majority of Bowie's power would likely be delivered through SunZia if both projects are built, as explained below. A primary purpose of an environmental impact statement is to accurately characterize how a project may be used, which has been consciously avoided in this case. *The FEIS instead dismisses what could easily be the largest single use of this project.* This distorts the project's actual use and raises serious questions about the process used to generate the FEIS.

The use of SunZia by the Bowie power plant will occur in two ways, (1) by actually carrying power from the plant (the electrons generated), and (2) through contractual use of SunZia by the SouthWestern Power Group and purchasers of Bowie power. Preventing Bowie power from flowing in SunZia's lines will be physically impossible, as electricity follows the path of least resistance. What is more important, however, is the contractual use of SunZia to deliver this power. Any Bowie power not purchased by Tucson Electric Power Company, which owns the 345-kV lines that the Bowie plant and SunZia will interconnect with, will most likely be delivered through contractual arrangements with SunZia. This is because SunZia transmission capacity will be the most direct, unencumbered, and available to use. Economic and physical simplicity will ensure Bowie's use of SunZia if both projects are constructed.

EPG's response states that these two projects are "not connected actions, as each has an independent utility from the other," yet both will strongly complement, if not be necessary to, the function of the other. If SunZia is not built, it is far less likely that the Bowie power plant will be, and demonstrating the Bowie plant's use of SunZia could be crucial in obtaining funding for the project. To secure funding, SunZia must demonstrate concrete usage of its transmission system through sufficient *a priori* power purchase agreements from utilities – not expressions of interest by speculating energy developers – no matter the generation source. SWPG is very likely to employ Bowie's projected use of SunZia to demonstrate the level of use required for financing.

Nothing is wrong with this strategy, as it will likely be vital to building both the power plant and at least part of this transmission system. It is a sound financial approach and one that the SouthWestern Power Group will undoubtedly use. The great problem with the Environmental Impact Statement is that it ignores and obscures this relationship, which greatly distorts the project's overall use. This could easily be a matter of legal challenge when it otherwise would not be if the EIS merely acknowledged the relationship.

Preferential Treatment for Solar Facilities

In contrast to this treatment of the Bowie power plant, EPG has portrayed and evaluated three potential solar power projects proposed before SunZia was conceived as being dependent upon SunZia. The developers of these projects proposed them with the intention of using existing transmission capacity to deliver power, not SunZia capacity. These projects thus have the same relationship to SunZia as the Bowie power plant, yet because they are renewable, EPG has evaluated them as if they were connected to SunZia and has determined cumulative impacts for them on this basis. These projects include enXco Development Corporation's Afton solar project, Iberdrola Renewables' Lordsburg Mesa solar project, and New Solar Ventures Deming solar project. This is a highly biased comparison and use of these projects.

While the FEIS notes that existing natural gas power plants and foreseen solar energy facilities will share cumulative effects with SunZia, the Bowie power plant is not mentioned except in the assessment of land use. The FEIS should treat the Bowie power plant in its relationship to SunZia in the same way that it treats these other facilities.

Conclusion

The Bowie power plant is just as likely to use SunZia as any of the renewable energy facilities envisioned, and the plant could use up to 1,000 MW of capacity once fully built. This is the project proponent's intent. The FEIS does not mention this possibility, whereas SunZia's initial 2010 application to the Federal Energy Regulatory Commission for a Declaratory Order explicitly states it. The statement from this application follows:

It is possible that other LLC Members will also use some or all of their portion of the Project for affiliated generation (e.g., SWPG's Bowie power plant, ECP SunZia-affiliated generation projects in early-stage development located in the vicinity of the Project). Such generation may also be renewable or may be combined-cycle gas-fired generation.

It would be consistent for the Bureau of Land Management to make the same admission of Bowie's use of SunZia in the Environmental Impact Statement and evaluate the project accordingly.

Please see the attached chapter from the report that I authored entitled *SunZia: An Unnecessary High-Risk Project?* This documents the SouthWestern Power Group's intention to use SunZia with the Bowie power plant and the reasons why.