

December 28, 2014

To: Bureau of Land Management (BLM), New Mexico State Office
Submitted electronically as an attachment to: NMSunZiaProject@blm.gov

Regarding: Comments on the Environmental Assessment for the SunZia Southwest Transmission Project Mitigation Proposal

Dear BLM officials:

This comment package is submitted on behalf of the Friends of the Aravaipa Region (FAR), a network of conservation activists dedicated to the protection of wildlife habitat in the lower San Pedro watershed of southern Arizona. FAR has submitted comments on the SunZia draft Environmental Impact Statement (EIS) and a protest to the Resource Management Plan Amendments associated with the SunZia final EIS. FAR incorporates by reference all comments submitted to the BLM by the Cascabel Working Group, including those related to the subject EA.

Contact information for FAR is provided at the end of this comment letter, following the signature of the FAR's chairperson, Peter Else.

SUMMARY-- After completing a review of the Environmental Assessment (EA) for the SunZia Southwest Transmission Project Mitigation Proposal, FAR has concluded that it is not appropriate for the BLM to issue their proposed Finding of No New Significant Impact (FONNSI), and thus should require a supplement to the final EIS for this proposed project.

The reasons for this conclusion are stated below:

- 1) The EA contains a misleading statement that the Project would be constructed as a whole in a 2 to 3 year time period. The applicant's 2009 Notice of Intent (NOI) is found at http://www.blm.gov/pgdata/etc/medialib/blm/nm/programs/more/lands_and_realty/sunzia/sunzia_docs.Par.38874.File.dat/SunZiaFRN.pdf This NOI makes it clear that the project would likely be constructed in phased segments. Also, there is no federally imposed contractual obligation for the applicant to complete all segments of the proposed project at any time in the future. However, in Section 3.2.4 of the subject EA, the BLM states that the Mitigation Proposal "...would be constructed within the same time frame as the entire SunZia Project, from 2 to 3 years."

This statement is misleading for two reasons. First, as stated by the Cascabel Working Group in their EA comments, this time frame does not allow for line testing and certification required for the manufacturing of buried Extra High Voltage (EHV) lines. However, this statement is even more misleading, because it states that the project would be completed as a whole, despite economic factors that will favor early construction of the Arizona route segments for development of natural gas generation to meet the high near-term demand of Arizona utilities. Those segments will provide the highest profit potential to investors on this proposed merchant line. If the western segments are completed and filled to transmission capacity (through federal open access policies) long before the far less economically feasible eastern segments of the project, wind resources near the eastern terminus may never dominate the energy mix of the

project as a whole. There is a very high likelihood that the overall development of renewable resources forecast in the cumulative effects section of the final EIS will not come to fruition in the reasonably foreseeable future. Regulations associated with the National Environmental Policy Act (NEPA) require that only reasonably foreseeable actions be considered in an EIS.

- 2) The EA contains no specific figures for the significant cost impacts of the Mitigation Proposal. While the contracted environmental firm, Environmental Planning Group (EPG), and the BLM went to great lengths to document the significant increase in construction costs associated with line burial in section 4.16 of the final EIS when making the case that line burial was not necessary or cost effective to avoid impacts to the Rio Grande avian migration corridor, no similar detailed analysis was provided in the subject EA when making the case that line burial would be economically feasible for mitigating future impacts to the White Sands Missile Range (WSMR) mission. This significant cost information is highly relevant, given that a merchant transmission project is so dependent upon economic factors.

From the above referenced burial cost information in the final EIS, it can be assumed that burial costs for the Mitigation Proposal will exceed \$300 million dollars, thus doubling the line construction cost of the subject line segment 1A2. This is an enormous increase in construction cost, and must be considered in an analysis of economic feasibility in the final EIS.

- 3) The EA contains no reference to the only relevant economic feasibility study submitted during the SunZia environmental review process. FAR and others have repeatedly submitted to the BLM the 2008 High Plains Express Transmission Project Feasibility Study Report (HPX Study): http://www.rmao.com/wtpp/HPX/HighPlainsExpress%20First%20Stage%20Feasibility%20Report%2006_08.pdf
The relevant findings of this study were ignored in the draft EIS, dismissed in Appendix J of the final EIS, and never mentioned in the subject EA. Ignoring specific findings in a relevant economic feasibility study has caused this particularly federal environmental review process to become a renewable energy propaganda tool for the applicant rather than an objective analysis of cumulative effects based upon the most likely use of the proposed line(s).

The HPX Study indicates that the Corona-to-Pinal segment of HPX, which essentially coincides with the current SunZia plan, had the highest projected transmission costs of all HPX segments considered (Table 7 on p. 30 and Figure 7 on p. 31), and these figures were based upon the assumption that all dual 500 kV lines could be constructed at an average cost of \$1.5 million per linear mile, indicating all above-ground construction. Further, this Study appropriately indicated that line segments with only 40% line utilization would incur twice as much transmission cost per MW as line segments with 80% utilization. The projected line utilization on the subject SunZia 1A2 segment, based upon the BLM's energy development forecast in the final EIS, would be closer to the 40% figure than the 80% figure. The HPX Study concluded that even if all EHV lines were built above ground, the so-called "wind first" segments of the HPX project would not be economically competitive unless there were a significant tax on carbon emissions (Figure 12 on p. 37).

By doubling the line construction cost of SunZia segment 1A2, the economic feasibility of constructing and operating this line segment becomes an even more remote possibility than was described in the HPX Study.

It has been a circumvention of NEPA for the oversight agency to ignore specific findings of a relevant economic feasibility study in the EIS and in the subsequent mitigation proposal EA. In order to protect the integrity of the NEPA process, a supplement to the SunZia EIS is necessary.

- 4) The EA contains no discussion of the highly speculative nature of proposed SunZia route segment 1A2. By ignoring the specific findings of the only relevant economic feasibility study submitted during the SunZia NEPA process, the BLM has allowed the applicant to mislead the public and our elected representatives about the most likely long term effects of the project. The cumulative effects analysis in the final EIS was based upon an energy development forecast that was not supported by the HPX Study and which has now become an even more remote possibility with the addition of another \$300 million in construction costs. NEPA regulations and relevant court decisions require that analyses in an EIS be only based upon reasonably foreseeable future actions, not upon unsupported speculation.

Thus, a supplement to the EIS is necessary to consider not only the relevant findings of the HPX Study, but also the degree to which the significant increase in construction cost to segment 1A2 will affect the most likely energy development scenario and resultant cumulative effects.

- 5) The EA does not consider the projected lack of a carbon emissions tax and other governmental supports for renewable energy development. In addition to the economic factors in the HPX Study that have been ignored by the federal oversight agency, there are also political factors that need to be taken into consideration. There is no indication that the recently elected federal legislative branch has any intention of imposing a carbon emissions tax, and there is no indication that the current Corporation Commission in Arizona has any intention of significantly increasing the renewable energy standards in the main destination state for SunZia's power. A one-third billion dollar increase in construction cost for the SunZia 1A2 line segment is highly unlikely to be subsidized by any state or federal entity, as is the increased operation cost per MW on a low-utilization long-distance EHV line.

There is no reason to believe that these proposed transmission lines will transmit or promote the development of a higher proportion of renewable energy than any other new long distance EHV project in the Southwest. In the reasonably foreseeable future, there is an increasingly competitive energy market, a glut of natural gas resources, and very limited support for significantly increasing renewable energy development. The final EIS must be revised to reflect these conditions, both in its analyses of cumulative effects and of alternatives to the proposed project. The analysis of alternative should include sensitivity analyses, such as those described in the HPX Study. With such sensitivity analysis, it can be determined if combining two proposed projects along certain route segments could result in similar performance while reducing the overall costs and environmental impacts of both projects.

CONCLUDING STATEMENTS

Contrary to popular belief, the proposed SunZia project is a merchant transmission line, not a renewable energy project, and thus will live or die according to economic and political factors in what is essentially a free market environment. The contracted environmental firm and the oversight agency have consistently deferred to the applicant's statements of intent for the proposed project, while ignoring specific findings of the only relevant economic feasibility study that was submitted during the environmental review process. **The intent of the applicant is irrelevant to the ultimate use and long term effects of this particular transmission proposal.** It should also be noted here that while the EIS contractor has repeatedly emphasized the intent of the applicant and has forecast 81% to 94% renewable energy development, they have not evaluated or summarized the integrated resource plans of regional utilities.

If the project gets through the federal and state permitting process, the resultant permits will simply become a saleable commodity, and the current personnel associated with SunZia, such as Mr. Wray, may have no substantial role in the project after that point, as was the case with Panda's Gila River Power Station project in Arizona. After the permits are issued, we can be sure that economic reality will prevail, and the long term use and resultant cumulative effects of the SunZia project will become obvious. Those who facilitated the obfuscation of cumulative effects will be remembered and held publicly accountable by conservation activists who are trying their best to protect the last remaining major natural river ecosystem in southern Arizona from a misrepresented project that has consistently tried to justify significant ecological impacts by making unsupported ecological benefit claims. SunZia's hired lobbying firm has publicly referred to these activists as "hypocrites" for not blindly accepting that SunZia will result in greater ecological benefits than costs. This unsupported claim of net ecological benefit is the core of SunZia's marketing strategy during the federal permitting process.

So far, the BLM has allowed the applicant to make unsupported renewable energy development claims. With the significant increase in construction cost for the main wind energy segment of the proposed project, it is essential that the BLM now develop a supplement to the final EIS that takes into account the most important economic factors affecting the use and ultimate effects of this merchant transmission line. Please take the time to prevent the subversion of the NEPA process into a "green-washing" campaign for SunZia. We urge you to acknowledge the huge cost impact of this Mitigation Proposal, recognize its effect on the economic feasibility of line segment 1A2, and refrain from issuing a Finding of No New Significant Impact.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "P. 2 Else", is written over a horizontal line.

Peter Else, chair
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