

Congress of the United States
Washington, DC 20515

November 6, 2013

The Honorable Sally Jewell
Secretary
U.S. Department of Interior
1849 C Street, NW
Washington, D.C. 20240

Dear Secretary Jewell:

We are contacting you to bring to your personal attention concerns that stakeholders have raised about the proposed SunZia Southwest Transmission Project.

Several Natural Resource Conservation Districts (NRCDS) - including Cascabel Working Group, Winkelman Natural Resource Conservation District, Redington Natural Resource Conservation District, and Friends of the Aravaipa Region – raised issues about the proposed project during the public comment period of both the draft and final environmental impact statement (EIS) period.

NRCDS have shared with us their serious concerns that their comments were not adequately addressed by BLM during the environmental assessment process, namely that BLM did not thoroughly examine and take into account all economic feasibility studies and potential interconnectivity problems between regional natural gas production facilities and the proposed transmission line.

Attached for your review are the specific concerns NRCDS have raised with regard to the proposed SunZia project. In order to achieve a complete understanding of the potential impacts of a proposed federal action and to ensure the integrity of the National Environmental Policy Act (NEPA), it is absolutely critical that BLM review and thoroughly respond to all relevant data and analyses that have been submitted during the environmental assessment process.

We urge you to fully review the attached documented concerns and take them into consideration before issuing a final Record of Decision on the SunZia transmission project. We also request that you respond to these concerns prior to publishing your Record of Decision regarding the project.

Thank you for expediting action on this request.

Sincerely,



Ron Barber
Member of Congress



Ann Kirkpatrick
Member of Congress

November 6, 2013

The Honorable Sally Jewell
Secretary
U.S. Department of Interior
1849 C Street, NW
Washington, D.C. 20240

Dear Secretary Jewell:

I am writing to you from the lower San Pedro River watershed in southern Arizona, the last remaining major river ecosystem in southern Arizona and the default mitigation corridor for impacts taking place elsewhere in a rapidly growing state. One of the agencies that you oversee is currently considering designation of this rare and important desert river ecosystem as a National Wildlife Refuge, while another agency in your charge is currently considering fragmentation of the landscape with a new industrial-scale electrical infrastructure project. These are the environmental stakes involved with the information that we are delivering to you today.

The Winkelman and Redington Natural Resource Conservation Districts (NRCs), the Cascabel Working Group (CWG), and the Friends of the Aravaipa Region (FAR) were unsuccessful in their repeated attempts to have information submittals considered in the SunZia Environmental Impact Statement (EIS). These information submittals are relevant to the BLM's federal mandate to describe the reasonably foreseeable effects of the proposed SunZia action. Below is a summary of four of our information submittals, the response to these submittals by the Bureau of Land Management (BLM) in the EIS, and our explanation of why these responses are inaccurate or incomplete:

Submittal #1: All of the above mentioned stakeholder groups challenged the BLM's energy development scenario for the proposed transmission project by repeatedly submitting specific findings of a third-party economic feasibility study, the High Plains Express (HPX) Economic Feasibility Study of 2008, that contradict the BLM's assertion that 81% to 94% of energy developed as a result of installing the SunZia lines would be renewable. Specific findings of the HPX study were submitted by the stakeholder groups nine times over a two-year period.

BLM Response: The only BLM response in the EIS to extensive comments on the HPX study was given to the NRCs in EIS response #1606-57, page J-288. In this response, the BLM selected a quote from the results summary in the HPX study, stating *"...results would indicate that HPX would provide economic benefits to customers in the HPX states over a variety of resource mixes and CO2 tax scenarios, with the sole exception of a fossil only scenario. As such, HPX's economic feasibility appears to be sufficiently positive and consistent with emerging public policy to warrant further investigations."*

The BLM's response concluded, *"The HPX report does not rule out the use of a higher percentage of renewable energy."*

Why this response is inaccurate: The HPX study is available at:

<http://www.rmao.com/wtp/HPX/HighPlainsExpress%20First%20Stage%20Feasibility%20Report%200608.pdf>

Economic feasibility studies are used in this EIS and others as the basis for evaluating alternatives and establishing input assumptions. The submitted study compares delivery costs for various energy resource scenarios, and has implications on the marketability of these scenarios, especially for merchant line proposals in the Southwest.

As alluded to in the HPX statement that was quoted by the BLM, the results in Table 8 (page 37 of the study) are based upon enacting a federal tax on CO₂ emissions in the range of \$10 to \$40 per ton. The United States currently has no tax on CO₂ emissions, and there is little reason to believe such a tax will be enacted during the SunZia construction/implementation timetable that was presented by the BLM.

The same HPX results summary that was selectively quoted by the BLM clearly states *"At low CO₂ taxes, the renewable-dominated scenarios do not perform well."* (page 36) In Figure 8, a graph on page 37 of this study, data points indicate that the energy development forecast presented by the BLM and SunZia (81 to 94% renewable energy) would not be economically feasible in the absence of a tax on carbon emissions. The same graph indicates that the energy mix with the highest benefit/cost result, and the most likely to occur in the absence or at low levels of a carbon emissions tax, is the inverse of the SunZia forecast (25% renewable, 75% fossil fueled). According to the results graphed in Figure 8, the energy development scenario presented by the BLM would not be competitive with more balanced scenarios unless CO₂ emissions were taxed at \$25 per ton.

The study uses a third party computer model (Frontier Economic Assessment Screening Tool) developed by Pacific Gas and Electric and the Frontier Line Economics Subcommittee. The SunZia project was considered an integral part of the HPX project at the time the HPX study was conducted.

These findings contradict the energy development assumptions underlying both required and optional analyses presented in the SunZia EIS, including the analyses of cumulative effects, climate effects, and economic/jobs benefits. The required analysis of secondary effects must be based upon reasonably foreseeable generation projects, defined as those that are highly probable, not remotely possible, to obtain power purchase agreements. No other economic feasibility study was submitted by the applicant or provided by the BLM that would justify the energy development scenario currently used as the basis for analysis in the EIS.

Thus, according to the best available study on the marketability of various energy development scenarios under market conditions likely to occur during the SunZia construction/implementation timetable presented by the BLM, it is highly probable that the BLM has overestimated renewable energy development and underestimated fossil-fueled generation development by a factor of two to three times. This is not a trivial projection error.

Submittal #2: The four stakeholder groups repeatedly submitted information on the historical and current relevance of the applicant's dual interests in the transmission proposal and a planned natural gas-fired power plant in Bowie, Arizona. This issue was brought to a head with CWG's comments 1604-1 on page J-271 of the EIS, noting that SunZia would provide an opportunity for expanding the Bowie plant's markets beyond what could be offered by existing infrastructure. CWG comments specifically referenced the applicant's 2010 Petition for Declaratory Order to the Federal Energy Regulatory Commission (FERC).

BLM Response: The BLM apparently did not address this comment submittal independently. In Appendix J of the EIS, response 1604-1 on page J-271, the BLM deferred to the applicant's denial that the Bowie plant and the transmission proposal are connected actions:

"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."

Why this response is inadequate: Simply deferring to the applicant on this highly contested point in the EIS, rather than exercising independent oversight, is not appropriate, because:

- a) The applicant made a contradictory statement, during the same EIS process for the expanded SunZia configuration, to another federal agency, on page 18 of the 2010 Petition for Declaratory Order to the Federal Energy Regulatory Commission (FERC): *"It is possible that other LLC Members will also use some or all of their portion of the [SunZia] 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."*
- b) The applicant's above statement to FERC in 2010 indicates that the Bowie plant did not abandon SunZia as another transmission option just because the SunZia project was expanded in 2009, as the Applicant's response to CWG's comments implies.
- c) The close siting between SunZia's 500-kV Willow substation and TEP's 345-kV lines near the permitted but not built 345-kV Willow substation will facilitate direct power exchanges between the Bowie plant and SunZia's lines.
- d) The historical interrelationship between the Bowie plant and the SunZia endeavor as a means of expanding markets for the Bowie plant was extensively and repeatedly documented by the stakeholder groups since the end of the scoping period in 2009.

- e) The HPX study provided documentation on the need for significant amounts of fossil-fueled energy to compensate for the unreliability of wind energy being transmitted on extra high voltage lines.
- f) The HPX study provided explicit statements and graphic projections on the lack of marketability of renewable-dominated energy scenarios at low levels of CO2 emissions taxation.
- g) Other major transmission proposals in the region (Southline, Lucky Corridor, HPX) openly recognized the importance of natural gas energy in current power markets and as a compensating factor for lower reliability renewable resources.

The majority owner of SunZia is also the owner of the Bowie plant. The Bowie plant would benefit from the SunZia transmission project, and the SunZia transmission project would benefit from the Bowie plant. This is a case where the BLM needs to provide independent oversight, rather than deferring to the applicant's desire to deny the mutually beneficial relationship to one agency while disclosing this relationship to another agency.

Submittal #3: All four stakeholder groups submitted comments asserting that fossil-fueled generation, including from natural gas resources, has been significantly underestimated in the BLM's energy development forecast by projecting a 270 to 570 MW range. It was pointed out by FAR on EIS page J-441 (comments 2197-20) that the Bowie plant could provide up to 1000 MW on its own, and it was just one of several fossil-fueled plants located in close proximity to three of SunZia's planned substations. FAR also cited the HPX study's findings related to the superior benefit/cost results of incorporating greater amounts of fossil fueled energy in the transmitted energy mix.

BLM's first response: The BLM response on the same page states, "*Although FERC rules do not allow for discriminatory preference among generation subscribers to a transmission line, 'it is the intent of the Applicant to provide infrastructure to increase transmission capacity in areas of potential renewable energy generation'.*"

Why this response is inadequate: The first part of the response acknowledges free market access to transmission lines, but the second sub-quoted part of the response defers to the "intent of the Applicant". The intent of the Applicant is irrelevant to the market factors that determine the probability of obtaining power purchase agreements. Three of the four planned SunZia substations are based in the southern portions of New Mexico and Arizona, where the potential for fossil fueled generation is just as great or greater than the potential for renewable energy generation. The HPX study indicates that market competition clearly favors fossil-fuel dominated energy scenarios (25% renewable, 75% fossil fuel) in the absence of a tax on CO2 emissions. It is these market factors, not the intent of the organization that happens to file a Notice of Intent with the BLM, that will determine which portions of the proposed lines are likely to be constructed and what the energy mix will be on those lines. According to the HPX study, it is highly improbable that the SunZia lines will stimulate the development of 270 to 570 MW of fossil-fueled energy (6% of 4500 MW to 19% of 3000 MW), as indicated in the current energy development forecast.

Submittal #4: All of the referenced stakeholder groups submitted comments on the Southline transmission proposal as an alternative to the southern portions of the SunZia proposal, and cited other more northerly transmission proposals as alternatives to the wind portion of the SunZia proposal. CWG best summarized these alternatives in their comment 2412-11 on page J-552, citing the Southline proposal as a less environmentally harmful alternative in the southern portions of New Mexico and Arizona and citing the HPX, Centennial West, Lucky Corridor, and Power Network NM proposals as competing for wind energy transmission originating in central New Mexico.

BLM response: The BLM response to comments 2412-11 on page J-551 states, *“The range of alternatives considered included potential transmission line routes that could provide electrical interconnections with renewable energy resources located primarily within the Qualified Resource Areas (QRAs) for wind energy, in south-central New Mexico, and the QRAs for solar energy located in southwestern New Mexico (e.g., BLM designated Afton Solar Energy Zone) and southeastern Arizona. Alternatives due west from the northern portion of the study corridors in New Mexico (High Plains Express Transmission Project and the Centennial West Clean Line Project) would not be practical or feasible to achieve this objective.*

The proposed Southline Transmission Project (345 kV), located between southwestern New Mexico and southeastern Arizona, could transport additional electricity generated from sources in those areas; however, the purpose and need for the Southline project is different than for the SunZia Project. The Southline project’s capacity would be limited according to the plan to construct portions of the proposed transmission lines within existing rights-of-way.”

Why this response is inadequate: The first paragraph of this response narrowly defines the transmission challenge in a way that makes the SunZia proposal the only possible solution, by stating that neither the HPX project or the Centennial West proposal could achieve the objective of transmitting both wind resources from central New Mexico and solar resources from the southern portions of New Mexico and Arizona. This is obvious, but the response avoids addressing CWG’s comment that a multi-project approach could achieve the same objective. The Centennial West, Lucky Corridor, Power Network New Mexico, and HPX proposals would compete with SunZia in their potential to deliver wind-generated electricity from the wind QRA in central and northern New Mexico, and two of these proposals would have the added potential of benefiting the transmission of wind resources located along the same general latitude in Arizona’s QRA.

The second paragraph of the response takes a similar approach, stating that the purpose and need for the Southline project is “different than for the SunZia project”. That is also obvious, because Southline is not designed to transmit wind-generated energy from central New Mexico. The relevant point is that Southline would not have to match the capacity of the SunZia proposal if it does not need to transport wind energy from central New Mexico. If other projects can fulfill the wind transport function, then Southline’s design to follow existing rights-of-way is a major asset, not the liability described in the BLM’s response. The BLM has a federal directive to follow existing rights-of-way to the highest degree practical, and should be very interested in the possibility of avoiding SunZia’s approach of building a new industrial-scale infrastructure corridor through previously undisturbed landscape on 40% of its route, significantly impacting the riparian ecosystems of the Rio Grande and lower San Pedro Rivers.

The Southline project would compete with SunZia in its potential to deliver solar-generated power from southwestern New Mexico and southeastern Arizona, as well as competing for natural gas powered resources located along the El Paso Natural Gas Line in the same region. These overlapping functions should be listed and considered in the EIS.

The competing projects cited by CWG will provide access to the same QRAs noted by the BLM in their response. All of these projects would duplicate SunZia's function to some extent, and sufficient information is known about their purpose, capacity, and status of development to include them in the SunZia EIS. This duplication of power distribution must be fully considered to prevent the wasteful and uneconomic construction of excess capacity, and to avoid unnecessary environmental impacts. This has not been done in the EIS. These alternative projects may achieve the same basic ends with fewer overall environmental impacts than SunZia.

The first three of the above information submittals have been pending for several years. Attached is a copy of Rep. Barber's pre- EIS letter to the BLM regarding the need to include meaningful consideration of these submittals in the EIS.

We respectfully urge you to address BLM's flawed responses in the SunZia EIS and ask that you do so prior to issuing a final Record of Decision.

Thank you for your consideration of this important request.

Sincerely,

<signature by emailed consent on 11/06/2013>

Peter Else
Chair, Friends of the Aravaipa Region, bigbackyardfar@gmail.com
Member of the Winkelman Natural Resource Conservation District

CC:

Pearl Mast and Norm Meader, Co-Chairs of the Cascabel Working Group
William Dunn, Chair, Winkelman Natural Resources Conservation District
Andrew Smallhouse, Chair, Redington Natural Resources Conservation District

Attachment:

Congressman Barber's letter of May, 2013

RON BARBER
2ND DISTRICT, ARIZONA

COMMITTEES:
HOUSE ARMED SERVICES
TACTICAL AIR AND LAND FORCES
READINESS

HOMELAND SECURITY
OVERSIGHT AND MANAGEMENT
EFFICIENCY, FLANKING MEMBER

SMALL BUSINESS
ECONOMIC GROWTH, TAX AND
CAPITAL ACCESS

AGRICULTURE, ENERGY AND TRADE

Jesse Juen
Acting State Director
U.S. Department of the Interior
Bureau of Land Management
New Mexico State Office
P.O. Box 27115
Santa Fe, NM 87502

Dear Mr. Juen:

I am contacting you regarding concerns my constituents have raised about the proposed SunZia power transmission project.

The Winkelman Natural Resource Conservation District and the Redington Natural Resource Conservation District submitted formal comments highlighting concerns they had about the data and information the Bureau of Land Management (BLM) used to evaluate the SunZia transmission project. In letters dated August 17, 2011 and January 6, 2012 from yourself and Ronnie Levine, respectively, BLM indicated that these concerns would be addressed in BLM's Draft and Final Environmental Impact Statements (EIS). These concerns were not addressed BLM's Draft EIS, which has elicited concern that they will not be addressed in BLM's Final EIS.

The processes laid out in the National Environmental Policy Act (NEPA) are intended to ensure agencies utilize a fair and transparent analysis of the environmental impacts of a given project. I know that my constituents have been concerned about the environmental assessment process up to this point, and I urge you to treat all parties' concerns fairly as you conduct the final review so that Southern Arizonans will feel confident in the process, and therefore confident in the review's findings.

Thank you for your attention to this matter. If you have any questions, please contact my district director, Jessica Floyd, at Jessica.floyd@mail.house.gov or 520-881-3588.

Sincerely,



Ron Barber
Member of Congress

Congress of the United States
House of Representatives
Washington, DC 20515-0302

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