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BLM Chooses SunZia Route

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BLM issued a final environmental impact statement in June for the proposed SunZia Southwest transmission line that would stretch from New Mexico across southern Arizona, following through on a commitment made two years ago to the Obama administration to expedite the project.

Environmental groups and others who oppose SunZia are considering their options to stop the project, which would consist of two 500-kV lines from Lincoln County, N.M. to Pinal County, Ariz.

Of particular concern in Arizona is the San Pedro Valley in the southeastern part of the state. BLM "chose a preferred alternative that will cause significant environmental damage to the San Pedro River Valley," an area which "has long been a key conservation area and is currently being considered for additional protections by the U.S. Fish and Wildlife Service," said Sandy Bahr of the Sierra Club's Grand Canyon chapter in a press release.

The Wilderness Society and the Natural Resources Defense Council put out a statement that said the impacts to wildlife habitat and corridors and migratory flyways along the San Pedro River "would be significant" and that "these are the kind of critical natural resources that we need to avoid when planning for and building renewable energy projects."

Norm "Mick" Meader of the Cascabel Working Group, an alliance of residents and landowners in rural southern Arizona, said in a news release that BLM received 900 comment letters on the draft EIS that were critical of the project. "The scale of the dismissal of substantive comments to the draft EIS is stunning."

"We can find better ways to meet future energy needs and renewable energy ideals than by making these kinds of extraordinary sacrifices and blunders. The federal government has an obligation to evaluate the project based on how utilities will actually use it, not on the proponent's sales pitch or the wishful thinking of Obama administration policymakers," Meader said.

BLM's preferred route extends 515 miles, with 36 percent located on federal lands. On issuing the EIS, which has over 800 pages and 23 appendices, BLM said SunZia would "enable the development of currently stranded energy resources, including wind and solar, by creating access to the interstate power grid



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and adding 3,000 to 4,500 MW of electric capacity to the Desert Southwest region." One of the lines would be AC, and the other either AC or DC. Up to four new substations could be built.

"We have been working on this since 2006 and can now see the light at the end of the tunnel," SunZia spokesman Ian Calkins told *Energy Prospects West*. Federal permitting uncertainty "was looming like a huge, dark cloud, and BLM's action has removed it," he said. "By removing that uncertainty, we have caught the attention of potential customers and the financing community, and those are two key components that will decide this project's success."

BLM's action has "reinvigorated" our anchor tenant process, Calkins said. "Potential tenants want to see a project that is moving forward," and "it won't be long before you hear some announcements," he predicted. SunZia's financial advisor is TAG Energy Partners, an investment banking firm in New York City.

SunZia's sponsors are the SouthWestern Power Group, Shell WindEnergy, Tucson Electric, Salt River Project and Tri-State Generation and Transmission. An original investor, Energy Capital Partners, sold its share of the project to SouthWestern in 2010.

Steve Cobb, transmission planning director for SRP, told *Prospects* in an email that SRP's initial ownership in SunZia was 13 percent, but that the utility ceased funding the project in 2010. "SRP's ownership percentage will continue to decrease as the other project participants continue to fund the project," he said. Cobb added that SRP "originally invested in SunZia as a means of importing renewable energy for our customers," but since then, "the renewables industry has changed significantly," and "SRP has developed plans to meet our current and future renewable resource requirements from other sources, including solar resources in Arizona."

About 53 percent of BLM's selected route for SunZia would parallel existing or designated utility corridors, including 229 miles next to existing transmission lines, according to the EIS. BLM said the route would minimize impacts to sensitive resources, river crossings and residential and commercial uses. Building the line could interfere with sandhill crane and waterfowl migration routes and "lead to increased bird-power line collision risk" in certain places, the EIS notes, and it lays out mitigation measures to reduce the risks.

Meader told *Prospects* that 14 environmental groups met June 27 to decide on what to do next. Two approaches discussed, he said, are protesting amendments to two BLM resource management plans in New Mexico that would be made as a result of the route choice, and investigating legal actions that could be initiated after the Record of Decision for the project is issued.

BLM's latest preferred route reflects modifications made to the route in the draft EIS to preserve views at the Salinas Pueblo Missions National Monument and to avoid the Lordsburg Playa in New Mexico and the Hot Well Dunes recreation area in Arizona. BLM also moved the lines farther north from the White Sands Missile Range (WSMR) in New Mexico in response to concerns from officials there.

But White Sands is not satisfied. The public affairs office sent *Prospects* a statement from WSMR's Commander which said the range is working with BLM to find a solution, but that the current SunZia routing "will significantly impact our test mission."

Donna Hummel, BLM spokeswoman, told *Prospects* the SunZia route is 30 miles away from WSMR, a 2.2 million-acre base. She said a Technical Working Group which includes SunZia engineers, military representatives and BLM, will meet to try to come up with additional measures to mitigate potential impacts to the range. "We believe the route in the final EIS can be mitigated," Hummel added.

"It isn't the military versus BLM -- we both have jobs to do," she said. "If the line stays where it is, which is our intent, and if we can find some technical solutions that don't change the route and the EIS analysis, we can acknowledge those changes and proceed to issuing the ROD," Hummel told *Prospects*.

SunZia's representatives have told us the project "is dead" if we have to go back out and re-analyze another route, she noted. "That's not the direction we are headed," Hummel said. BLM hopes to issue the ROD in September or October.

"The bottom line is that we are done," Hummel said, adding that BLM's analysis only involves the federal right of way, and there are more reviews to come for the project, including from state regulators.

Calkins said SunZia plans to file applications with Arizona and New Mexico in the fourth quarter of this year. "I like our chances in both states," he told *Prospects*. We are not only talking about creating jobs and tax revenues from the transmission lines, but also from the new energy generation projects that will get built, he said. "It's hard to say no to those kinds of numbers," Calkins added.

The EIS estimates during construction, the project would generate over 2,800 jobs in both states, and up to \$46 million in new income tax revenue in New Mexico, and \$19 million in income tax revenue in Arizona. The EIS says the "total cumulative economic impact of potential renewable energy development would be much greater than from the proposed project alone," and it cites a number of "reasonably foreseeable" new projects that could be built. These include solar projects by developers such as Gestamp Solar, enXco Development, New Solar Ventures, Avra Valley Solar and Fotowatio Renewable Ventures, as well as the permitted, but as-yet-unbuilt Bowie natural gas power station in Cochise County, Ariz.

New Mexico Gov. Susana Martinez, a Republican, supports SunZia and has urged federal officials to expedite reviews. After the final EIS came out, county commissioners in Lincoln County, N.M. passed a second resolution endorsing the project. Two new commissioners wanted to be on board with an approval vote made previously by county officials. New Mexico Sen. Martin Heinrich's office provided *Prospects* a statement in which the Democrat from Albuquerque said "updating our aging electric grid is critical to our nation's energy security and is necessary if we are to fully develop our renewable energy sources in New

Mexico." Heinrich said SunZia's siting process "has been deliberate, transparent and comprehensive" and that he is "excited this proposal is on the verge of moving from the planning phase to actual construction and development."

But Arizona Rep. Raul Grijalva, a Democrat representing the state's third Congressional district, issued a statement in June opposing SunZia, saying "the benefits of building this project specifically along this route do not outweigh the risks to wildlife and sensitive ecosystems that it presents." In an editorial June 30, the *Albuquerque Journal* called for the process for approving SunZia and its route to be re-opened. "BLM's decision should not be driven by the need to appease private investors or because the agency might like projects that bill themselves as green," the paper said.

"Not everyone is going to be happy with a project of this magnitude," Hummel told *Prospects*. "When you think about these huge infrastructure projects, it's clear why we don't do them very often."

- Susan Whittington

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