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M+W

February 4, 2013

Mr. Ray Suazo
Arizona State Director
Bureau of Land Management
One North Central Avenue, Suite 800
Phoenix, AZ 85004

Re: Sun Valley to Morgan transmission line DEIS

Dear Mr. Suazo:

Last August I wrote a letter on behalf of M+W Group in support of the Proposed Action in the Environmental Impact Study for APS' proposed Sun Valley to Morgan transmission line. I am writing again to express my continued support for the Proposed Action and to urge expeditious approval of the Draft Environmental Impact Statement ("DEIS"). Excessive delay in the DEIS approval process would conflict with the interests of both the Arizona public and the Bureau of Land Management (BLM). Below I have outlined several reasons why:

1. Transmission projects are vital to the solar energy industry and the jobs it creates.

Solar project development is critically dependent on access to transmission lines. This is especially evident in Arizona where proposed solar projects have clustered in areas such as the Palo Verde Hub and Kingman where transmission capacity is readily available. Achieving greater use of Arizona's significant solar resources -- and the associated jobs and environmental benefits -- will depend upon some amount of new transmission development. The need for new transmission to support renewable energy in the West and Southwest has been widely recognized by many state and federal agencies, including the Arizona Corporation Commission, the Western Governors Association, and the Department of Energy. Given the large public benefits these transmission projects can offer, some of this development should undoubtedly occur on BLM land.¹

Among the benefits transmission offers are the jobs the solar industry creates for Arizona. For instance, I recently worked on a project to install a 21MW system in Gila Bend, AZ for Arizona Public Service. This project provided roughly 400 local fulltime engineering and construction jobs during the 9-month development period. For this project we collaborated with McCarthy Builders in Tempe, AZ who were hired for the

¹ In fact, the BLM just this month released a final Record of Decision in the Restoration Design Energy Project ("RDEP"), which sets aside more than 192,100 acres of mostly previously disturbed federal land in Arizona as being potentially suitable for the development of utility scale renewable energy projects. See <http://www.blm.gov/pgdata/etc/medialib/blm/az/pdfs/energy/rdep.Par.61787.File.dat/RDEP-ROD-ARMP.pdf>.

system's installation and subcontracting work. In addition to project development, our project supported work for the utilities for interconnection and system operations. Beyond employment from projects supported by the transmission line, there are direct jobs created in its construction. As noted in the DEIS, the proposed project will create 758-783 jobs at the peak of construction (DEIS, p 4-92). These jobs come at a critical time when Arizona is still in recovery from a major recession. In addition to these jobs created, the DEIS should also acknowledge how these potential jobs might be affected by a delay or denial of the Proposed Action.

2. Excessive deliberation or denial of the Proposed Action could do significant harm to the solar industry in Arizona.

In deliberating this phase of the project approval process, I urge the BLM to thoroughly consider the fact that the Proposed Action has already met approval by the Arizona Corporation Commission ("ACC"). If the Proposed Action in the DEIS is delayed or denied, it would send the project "back to square one" since it would need another ACC approval. In addition to the jobs impacted directly, this could cause cumulative jobs forgone since future solar developers would have less confidence in Arizona as a place to do business. Meanwhile, solar projects currently in development would suffer significantly due to the limited transmission capacity available on the system. As the DEIS points out, over 1500 MWs of solar energy are in development at the Delaney substation and could be at risk if adequate transmission is not built. Delaying these projects from coming online would only extend Arizona's reliance on conventional energy sources like coal, and all the attendant environmental consequences they bring.

Timely approval of new projects and new transmission lines is crucial for the industry's growth. Timely approvals provide the continuity and certainty that project developers and investors need. We expect that the state's policymakers will have an interest in ensuring that projects can move forward in a timely manner and thus allow M+W the certainty it needs to expand its operations in Arizona.

3. Timely approval of the Proposed Action supports BLM's overarching goal to "encourage and facilitate renewable energy development" and engage in multiple use practices.

One of BLM's five priorities is "encourag[ing] and facilitat[ing] renewable energy development – solar, wind, and geothermal – on the Nation's public lands."² This commitment has been demonstrated through recent initiatives such as the Solar Programmatic Environmental Impact Statement (PEIS) and the BLM's participation in the Rapid Response Transmission Taskforce (RRTT). Secretary of the Interior Ken Salazar echoed this sentiment in his own words, "To build America's clean energy economy we must update our transmission grid for the 21st century, so that we can

² http://www.blm.gov/wo/st/en/info/About_BLM.html

efficiently move power from the new energy frontier to the places it is consumed." We believe that the Sun Valley to Morgan project is in alignment with the goals of the agency since it facilitates renewable energy development in Arizona and because it provides transmission necessary for delivering renewable energy.

Approving the DEIS quickly, via the Proposed Action, is the best way to uphold these goals. Indeed, we think the DEIS should acknowledge the recent actions the BLM has taken in pursuit of renewable energy development. One notable example was the decision to add a new solar energy zone in Arizona in conjunction with the Solar PEIS. This modification reveals that the BLM's plans are intended to be dynamic while tending toward more, not less, development of renewable energy -- and supporting transmission lines -- on public lands in accordance with the agency's goals.

Furthermore, timely approval of these projects has been a priority for over a decade as established in Executive Order 13212 signed by President Bush which states the following: "For energy-related projects, agencies shall expedite their review of permits or take other actions as necessary to accelerate the completion of such projects."³

This is also in accordance with Secretary Salazar's Order No. 3285, § 5: "Encouraging the production, development, and delivery of renewable energy is one of the Department's highest priorities. Agencies and bureaus within the Department will work collaboratively with each other, and with other Federal agencies, departments, states, local communities, and private landowners to encourage the timely and responsible development of renewable energy and associated transmission while protecting and enhancing the Nation's water, wildlife, and other natural resources."⁴

Moreover, the BLM has a long history of encouraging multiple use of its lands,⁵ and there could not be a more salient example of multiple use than a transmission line that is co-located in a transportation corridor (SR74), that will also facilitate solar projects, some of which may eventually be placed on BLM land.

4. The DEIS touches on important issues raised in the scoping process, such as the project's renewable energy benefits. The FEIS could elaborate on these issues.

During the EIS scoping period, public comments were made that "The analysis should evaluate the potential beneficial impacts to socioeconomics through local job creation, income generation, and development of renewable energy generation sites," (DEIS, p 1-22). The DEIS includes some preliminary language to this effect, most notably on page 1-3:

³ <http://ceq.hss.doe.gov/nepa/regs/eos/eo13212.html>

⁴ www.blm.gov/or/energy/opportunity/files/order_3285.pdf

⁵ See e.g. <http://www.blm.gov/flpma/>.

Because existing or other planned 500kV transmission lines in the system are almost fully committed to other generation sources, this 500kV line would facilitate the delivery of electricity from projected renewable energy resources. With over 1,500 MW of solar generation interconnection requests at the Delaney Substation (located between the Palo Verde hub and Sun Valley Substation), additional export and scheduling capability is necessary to facilitate delivery of electricity from proposed solar energy projects to electric load centers.

The DEIS also discusses some existing or future solar energy generation facilities that could be impacted by the project: The Cotton Center Solar Plant, the Luke Air Force Base Solar Project, the Paloma Solar Project, and the Solana Generating Station. The value of these projects might be strengthened by a more robust transmission system that enables more opportunities for renewable energy delivery, however the DEIS provides no insight on this issue. We urge to BLM to elaborate on these issues in the FEIS.

Furthermore, the DEIS alludes to potential environmental benefits from increased solar energy on the Arizona grid by discussing the current mix of energy resources:

According to the EPA Clean Energy section, the fuel mix of the electricity generated in the Study Area (supplied by APS) results in CO₂ emissions of 1,253 lb per MWh compared to the national average of 1,293 lb per MWh (EPA 2007). The mix of power generating technologies in the WECC Southwest Region includes 40.2 percent coal, 36.2 percent natural gas, 14.8 percent nuclear, 5.9 percent hydroelectric, 2.7 percent other renewables, and 0.1 percent oil (EPA 2011d).

Given Arizona's reliance on fossil fuels, the environmental impact of the energy system could be reduced by the additional of more solar energy to the system. The Sun Valley to Morgan project facilitates this outcome, although it is not discussed in the DEIS. The FEIS should discuss these issues more thoroughly.

5. The DEIS could be strengthened through a more robust description of the environmental and economic benefits the project brings via enhanced solar energy development opportunities.

Above all, we stress that the Proposed Action should be approved in a timely manner so that the project can move forward to construction as soon as possible. However, if there are any improvements to be made to the DEIS, they may exist in the opportunity to better explain the economic and environmental benefits of the project. For instance, the Air and Climate impacts section does not consider the project's ability to allow more solar energy, which could mitigate the air and climate impacts from fossil fuel energy.

Furthermore, page 4-211 and 4-224 of the DEIS provide an indication of the existing or planned solar energy facilities that might benefit from this project, as well as future facilities that are in development (p 1-3). However, these descriptions are minimal and understate the future benefits the transmission facility may afford to solar developers.

Because the grid is one large interconnected system, transmission additions in one area can allow more power to be transferred in remote locations where renewable energy is being generated. Moreover, the Sun Valley to Morgan line is in a strategic location since it represents a key link to California's significant renewable energy market. Adding this transmission line could theoretically increase the ability for renewable energy development throughout Arizona to export to California.

6. Analysis of impacts to solar should be considered in equal measure to other economic activities included in the DEIS

In reviewing the DEIS, we note that considerable attention was paid to the impacts to certain selected economic activities, (e.g. OHV recreational use). This attention was in the form of extensive economic analysis, personal communications, and so on. We believe the DEIS should be improved to give other industries (e.g. solar energy, housing) similar attention to OHV in the FEIS.

Conclusion

We urge speedy approval of the Proposed Action. If any improvements are to be made, they should be in the area of clarifying the jobs and environmental benefits of the project due to the opportunities it affords solar energy development throughout Arizona and the southwest.

Sincerely,



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