New Energy Economy in the Desert Southwest

Powering jobs, economic development and renewable energy

About the SunZia Southwest Transmission Project

The SunZia Southwest Transmission Project ("SunZia" or "the Project") will consist of two, new 500 kilovolt (kV), alternating current (AC) transmission lines that will be capable of delivering up to 3,000 megawatts (MW) from new, renewable generation projects, which could power more than 1,000,000 homes or a city the size of 2.5 million people. The Project includes five proposed electrical substations, within Arizona and New Mexico, which will interconnect with the existing transmission system and provide on and off ramps for delivery of electricity from wind, solar, and geothermal projects. The estimated cost to construct two 500 kV transmission lines — crossing a distance of over 500 miles each — and five substations is $1.5 billion.

New electric transmission lines bring significant economic contributions to the regional area where they are built. SunZia will benefit more than a dozen counties in Arizona and New Mexico (See Map). These counties rely heavily on agriculture and related activities, tourism, mining, utilities, or the presence of state or federal government activities. The economies of these counties have been particularly affected by the economic downturn. Construction and operation of SunZia will create millions of dollars in local investment and thousands of new jobs.

Development of wind, solar, and geothermal projects will result in the creation of jobs, substantial local investment, and sources of sustainable energy. The Desert Southwest contains substantial amounts of stranded, undeveloped renewable energy. SunZia will interconnect Arizona and New Mexico's renewable energy resources with customers throughout the West and enhance the reliability of the existing transmission system.

The National Electric Transmission Congestion Study (US Department of Energy, December 2009) characterizes the need to resolve current transmission congestion as "urgent," as demonstrated by the large number of both wind and solar projects that have applied for interconnection to the transmission grid, but cannot be built due to insufficient transmission capacity.

PROJECT TIMELINE

2011	2012	2013	2014	2015	2016	2017
Permitting and Development			**Construction** First 500 kV AC Line		**Operation** First Line	
				Construction Second 500 kV AC Line		**Operation** Second Line

Economic Contributions[5] at a Glance

DURING CONSTRUCTION

SunZia Alone		Renewable Projects		AC/AC		AC/DC		Renewable Projects		SunZia Alone
6,200	+	36,700	=	**42,900**	JOBS	**46,260**	=	39,700	+	6,560
$ 425M	+	$ 2.15B	=	**$ 2.6B**	WAGES & SALARIES	**$ 2.7B**	=	$ 2.3B	+	$ 454M
$ 90M	+	$ 150M	=	**$ 240M**	STATE & LOCAL TAXES	**$ 286M**	=	$ 157M	+	$ 129M

DURING OPERATIONS AND MAINTENANCE (per year)

SunZia Alone		Renewable Projects		AC/AC		AC/DC		Renewable Projects		SunZia Alone
120	+	480	=	**600**	JOBS	**710**	=	570	+	140
$ 8M	+	$ 29M	=	**$ 37M**	WAGES & SALARIES	**$ 44M**	=	$ 34.5M	+	$ 9.5M
$ 10M	+	$ 60M	=	**$ 70M**	PROPERTY TAXES	**$ 107M**	=	$ 90M	+	$ 17M

These figures present the values associated with the Project and the cumulative values for Project + 3,000 MW (AC/AC) and Project + 4,500 MW (AC/DC).

SunZia is Powering Jobs

Nearly half of the Project will be located in counties with 2010 unemployment rates greater than 10 percent.

The University of Arizona and New Mexico State University identified positive economic impacts created by SunZia.
(See the full Economic Impact Assessment reports at www.SunZia.net).

SunZia itself will create:

- An estimated 6,200 jobs[1] during a four-year construction period
- Over 120 permanent jobs during operation

SunZia will enable renewable generation that could create:

- Over 36,700 jobs[1] during a 2-year construction period
- Over 480 permanent jobs, depending on the number and type of projects

SunZia plans to start construction of the first line in 2013 and the second line in 2014. SunZia estimates a 2 ½ year construction period for each line.

SunZia is Sustainable, Renewable Energy

Generation from 3,000 MW of wind, solar, and geothermal projects will avoid 4.5 million metric tons of carbon emissions, which is equivalent to removing 890,000 cars from our highways.

The addition of wind, solar, and geothermal projects will reduce America's reliance on fossil fuels and create a sustainable source of energy for over 1,000,000 homes.

SunZia is Generating Local Investment

SunZia itself will create significant investment in local and regional economies through its construction and operation:

- $425 million in estimated wages and salaries (including benefits) during construction
- Over $90 million in state and local taxes during construction
- $8 million per year in wages and salaries during operation
- Over $10 million in property tax revenues[2] during the first year of operation

The development of 3,000 MW[3] of renewable energy projects could result in:

- Over $2.15 billion in wages and salaries during construction
- Over $150 million in state and local taxes during construction
- Over $29 million per year in wages and salaries during operation
- Over $60 million in property tax revenues[2] during the first year of operation

SunZia is evaluating an option to build one of the two lines as a direct current (DC) line, which will enable the Project to deliver 4,500MW. If a DC line is constructed, SunZia itself will create the following contributions in addition to those identified above:

- Over 360 more construction jobs[1], $29 million in wages and salaries, and $39 million in additional state and local tax revenues during construction of the line and substations
- Over 20 more permanent jobs, $1.5 million in additional wages and salaries, and $7 million in additional property taxes[2] per year during operation of the line and substations
- An additional 1,500 MW[4] of capacity for renewable projects, which could add:
  - Almost 3,000 additional jobs[1], $145 million in wages and salaries and $7 million more in state and local taxes during the construction of more renewable projects
  - Almost 90 additional permanent jobs, $6 million in additional wages and salaries, and $30 million more in property taxes[2] per year during operation of the renewable projects

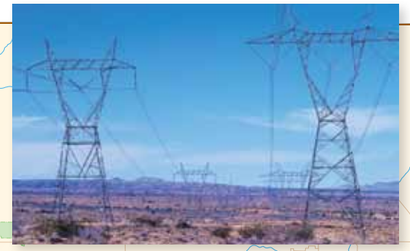
New electric transmission lines bring significant economic contributions to the regional area where they are built.

SunZia Project Overview

LEGEND

- Economic Impact Assessment (EIA) Route[5]
- Project Study Area
- Proposed Electrical Substations
- Wind Resources
- Solar Resources

The Project will consist of two adjacent lines, either both AC, or an AC/DC combination.



Eastern terminus sited to take advantage of abundant wind energy potential.

Energy delivered to the Palo Verde hub will help power cities throughout the Western US.

Working with agencies to minimize impacts to wildlife and their habitats.

Phoenix
Flagstaff
Gallup
Santa Fe
Albuquerque
Globe
Miami
Casa Grande
Pinal Central
Yuma
Tucson
Willow
Lordsburg
Midpoint
SunZia East
Las Cruces
Deming
Truth Or Consequences
Alamogordo
Carrizozo
Benson
Willcox
Oracle
Safford
Eloy
El Paso

Southwestern alignment takes advantage of abundant solar energy potential.

SunZia will foster economic development throughout the communities along the corridor.

Significant geothermal energy potential also exists throughout this region.

The Western Renewable Energy Zone study identified 11,300 MW of potential wind resources near the eastern terminus of the Project and 10,500 MW of solar potential in southeast Arizona and southwest New Mexico, but notes that "lack of cost effective transmission access was, and remains, the greatest impediment to the rapid development" of these resources. (Western Governors' Association and Department of Energy 2009)

For more information, please visit www.sunzia.net

Economic Impact Assessment prepared by

Alberta H. Charney, Ph.D.
Valorie Rice, M.L.S.
Marshall J. Vest, Director

Economic and Business Research Center
Eller College of Management
The University of Arizona
Tucson, Arizona

Anthony V. Popp, Ph.D.
James Peach, Ph.D.
Leo Delgado, MBA

Arrowhead Center, Inc.
New Mexico State University
Las Cruces, New Mexico

Footnotes

[1] Construction jobs are measured in man-years. For example, 6,200 jobs over four years is equivalent to an average of 1,550 jobs for each of the four years.

[2] Indicates property tax revenues during the first year of operation. Property tax revenues decline 4% per year thereafter.

[3] The 3,000 MW generation scenario assumes 24 renewable energy projects totaling 2,420 MW of capacity and 520 MW of "other" generation. The potential contributions are underestimated since the analysis did not analyze contributions for the "other" generation. The estimated construction cost of the 24 renewable projects is $8.34 Billion.

[4] The 4,500 MW generation scenario assumes 42 renewable energy projects totaling 4,210 MW of capacity and 290 MW of "other" generation. The potential contributions are underestimated since the analysis did not analyze contributions for the "other" generation. The estimated construction cost of the 42 renewable projects is $11.36 billion.

[5] The information presented herein is based on Scenario 2 and the route combination of Arizona Route A and New Mexico West Route (shown in the Economic Impact Assessment alignment map) within the Economic Impact Assessment report dated April 2011. Economic impact information pertaining to the potential energy generation projects is based on the Economic Impact Assessment Supplement dated April 2011.