

ELECTRIC POWER DAILY

SunZia line may spur new Southwest generation

Ethan Howland Delmarva inks contracts to buy wind power
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A key Southwestern transmission project - the 500-kV SunZia project - has attracted a group of partners that plan on building the line to bring 3,000 MW of renewable and conventional energy into Arizona from New Mexico. The project is being spearheaded by Southwestern Power Group, a merchant developer based in Phoenix. Shell WindEnergy, which is developing wind projects in central New Mexico, and Energy Capital Partners, a private equity firm that invests in energy operations like TXU, are participating in the project. In addition, Tucson Electric Power and Salt River Project are partners in the project.

If built, the SunZia line would run about 500 miles from southwestern New Mexico to outside Phoenix. The double 500- kV, alternating current line would cross areas rich in wind and solar potential. SPG plans to start local, state and federal permitting efforts immediately, Ian Calkins, company spokesman, said Tuesday. The developer expects to finish the permitting by the end of 2011 and bring the first segment online by the end of 2013.

The project developers aim to meet a growing need in the Southwest for renewable energy. Utilities in the fastgrowing region face renewable portfolio standards that climb during thenext decade. "The bottom line is that demand is driving this project," Calkins said. "The developers very much want to see the line built as soon as possible."

The project will feed into central Arizona, which in turn could allow utilities in Nevada and California to buy power from New Mexico or Arizona developers, Calkins said. States like New Mexico are working to export renewable power to meet the region's need. In New Mexico, the Renewable Energy Transmission Authority, a quasi-governmental agency, is working to help plan, finance and build power lines. "[RETA] is watching and supports transmission projects that will go in and through New Mexico," Lisa Szot, RETA executive director, said Tuesday. "The Authority has not made any formal decisions on how involved they will become on any of these projects at this time." The SunZia project could link to the proposed High Plains Express project, a 500-kV project that Xcel Energy and other utilities are proposing to run from Wyoming, across Colorado and into New Mexico.

New Mexico has 496 MW of wind capacity, according to the American Wind Energy Association. The state has roughly 49,700 MW of wind potential, AWEA estimates. Several wind projects are in advanced stages of development in the state. Foresight Wind Energy, based in San Francisco, is developing the 120-MW Owaissa and 100-MW High Lonesome wind farms. Edison Mission Group will own and operate the High Lonesome project. Also, Babcock & Brown is expanding its 90-MW Argonne Mesa project, under contract to Arizona Public Service, by 110 MW.

Shell WindEnergy is among the developers looking to build wind projects in central New Mexico, said Tim O'Leary, a company spokesman. Shell WindEnergy has been active in Texas, he said. The SunZia agreement marks the first time Shell WindEnergy has worked to develop a major transmission line, he said.

Calkins expects generation developers to begin announcing projects now that the SunZia line has reached the permitting stage. SPG has a permitted 1,000 MW plant, the Bowie power station, under development near Bowie, Arizona, which could interconnect to the SunZia line.