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Arizona State Legislature
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March 25, 2024

The Honorable Jim O'Connor
Chairman
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

RE: L-00000YY-15-0318-00171

Chairman O'Connor:

On September 1st, Biden administration officials joined with Pattern Energy corporation in New Mexico to celebrate the groundbreaking of the SunZia Transmission Project, allegedly as an accomplishment of climate provisions in the Inflation Reduction Act.

After hearing from Arizona residents affected, we are deeply concerned about the negative implications of this project on Arizona by the Biden administration as they see Arizona as a place to move New Mexico wind power through on its way to high-priced California electricity markets.

In November of 2022, the Arizona Corporation Commission (ACC) approved amendments to Pattern Energy's Arizona permit. In doing so, they acquiesced to Pattern's plan to make Arizona a pass-through state. After listening to concerns, we would ask that you would fully review the amendments for accuracy and address the potential cost to Arizona ratepayers.

While we recognize the Arizona Corporation Commission (ACC) as an independent body, we urge the ACC to look beyond rampant greenwashing and protect Arizona from this potentially detrimental project. The amendments approved by the Commission in November of 2022 did not acknowledge that Pattern's proposed monopoly of power production and transmission could cause significant inflation in Arizona's electricity markets. That potential inflation is directly related to Patterns' business plan based on reaching the California markets, where the average retail cost of electricity is twice what it is in Arizona.

Transmission dominance is a major problem with the new version of the SunZia project is that Pattern's proposed monopolized line was not planned by the previous permit holder (Southwestern Power Group) to run all the way to the Palo Verde electrical hub where Pattern's wind energy could then be transferred to California. Instead, the SunZia project had been planned by Southwestern Power Group to terminate in Coolidge.

Now that Pattern has taken over the project, they are actively seeking access on Arizona lines to get their power from Coolidge to the Palo Verde hub. Pattern is currently attempting to obtain transmission capacity from major powerline owners through Federal Energy Regulatory Agency (FERC) open-access policies on a first-come, first-served basis. So far it appears Pattern would likely secure approximately 1800 megawatts of transmission capacity on Arizona lines between Coolidge and the Palo Verde Hub.

There is a limited amount of transmission capacity in that section for the transfer of Pattern's electricity to California. If that capacity is reserved by Pattern, it will become unavailable for other uses within Arizona, including for Arizona's own power producers. If Pattern dominates control of transmission capacity in Arizona with high-transmission-cost electricity primarily bound for California, there will be far fewer energy options available to Arizona consumers for low-cost electricity. If Pattern sells any portion of their New Mexico wind energy in Arizona, inflated electricity costs could hit Arizona consumers because of the inflated transmission costs. If Pattern secures enough.

SunZia's political supporters, like Senator Heinrich (D) of New Mexico, are now using SunZia's history of permit denial and routing changes in his state as the rationale for granting FERC and other federal agencies even greater authority to override state concerns in planning future interstate transmission projects. The delays in the SunZia project were caused by federal the bureaucracy, not by excessive red tape in the states. If the federal government cannot effectively coordinate with state interests, they should not be granted greater authority to override legitimate state and local concerns.

As Arizona would primarily be a pass-through state, it may be prudent to advise Pattern Energy to redesign the project to be co-located with existing powerline corridors and run all the way to their primary market, rather than monopolizing control of transmission capacity in central Arizona and inflating this state's electricity rates. We ask that you, the Arizona Corporation Commission, review the previous actions granted to SunZia and ensure the concerns of Arizona ratepayers are adequately addressed.

Sincerely,

David M. Swann, Sr.

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