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BEFORE THE ARIZONA POWER PLANT AND TRANSMISSION LINE SITING COMMITTEE

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2015 OCT 13 PM 2 14

IN THE MATTER OF THE APPLICATION ) OF SUNZIA TRANSMISSION LLC, IN ) CONFORMANCE WITH THE ) REQUIREMENTS OF ARIZONA REVISED ) STATUTES 40-360, ET SEQ., FOR A ) CERTIFICATE OF ENVIRONMENTAL ) COMPATIBILITY AUTHORIZING THE ) SUNZIA SOUTHWEST TRANSMISSION ) PROJECT, WHICH INCLUDES THE ) CONSTRUCTION OF TWO NEW 500 KV ) TRANSMISSION LINES AND ) ASSOCIATED FACILITIES ORIGINATING ) AT A NEW SUBSTATION (SUNZIA EAST) ) IN LINCOLN COUNTY, NEW MEXICO, ) AND TERMINATING AT THE PINAL ) CENTRAL SUBSTATION IN PINAL ) COUNTY, ARIZONA. THE ARIZONA ) PORTION OF THE PROJECT IS LOCATED ) WITHIN GRAHAM, GREENLEE, ) COCHISE, PINAL, AND PIMA COUNTIES. )

DOCKET NO. L-00000YY-15-0318-00171

Case No. 171

NOTICE OF FILING TESTIMONY SUMMARY OF PETER T. ELSE ON BEHALF OF POTENTIAL INTERVENOR PETER T. ELSE

Arizona Corporation Commission

DOCKETED

OCT 13 2015

DOCKETED BY [Signature]

TESTIMONY SUMMARY OF PETER T. ELSE

ON BEHALF OF POTENTIAL INTERVENOR PETER T. ELSE

Mr. Else's background and relationship to this case are described in his Notice of Intent to Become a Party of October 6, 2015.

The purpose of this testimony is to discuss:

- A) the impact of the cost of the interstate SunZia Transmission Project ("Project") on the cost of electrical energy to customers in Arizona,
B) the impact of the cost and design of the Project on the practicability of completing the Project as a whole and on the practicability of achieving the need and benefits stated by

2015

1 SunZia LLC (“Applicant”) in their Application for Certificate of Environmental  
2 Compatibility, including attached Exhibits A through J (“Application”),

3 C) the impacts of the design of the project on the reliability of electrical transmission to  
4 customers in Arizona, and

5 D) the comparison of the Project with another planned transmission project sited in the  
6 vicinity of the Project, with regard to achieving the stated need and benefits in the  
7 Application, while minimizing overall environmental impacts.

8 **The witness will be introduced.**

9 The witness will testify that he has reviewed the exhibit High Plains Express  
10 Transmission Project Feasibility Report of 2008 (HPX Study). He will describe how this report  
11 was developed and will reference text establishing that SunZia was a part of the HPX project at  
12 the time the HPX Study was conducted. The witness will explain how the computer-based  
13 benefit/cost algorithm used in this report was designed to estimate the delivered cost of various  
14 resource mixes of electrical energy to customers. He will explain how that information is used to  
15 assess the feasibility of building and operating a proposed merchant transmission project, under  
16 various energy resource mixes and under various regimes of taxation on carbon dioxide  
17 emissions.

18 Referring to the exhibit Benefit Cost Analysis of Frontier Line Possibilities, the witness  
19 will describe why and how the benefit/cost screening tool used in the HPX Study was developed.  
20 He will describe the factors that are taken into consideration in the computer-based benefit/cost  
21 screening tool. He will describe the first major conclusions of this tool’s application to a  
22 transmission proposal that was intended to deliver cleaner forms of electrical energy in the  
23 western portion of the U.S.

24

1           The witness will describe how this benefit/cost screening tool was applied to the HPX  
2 Study, referring to the input assumptions and the conclusions about the delivered cost of the  
3 energy mix being forecast by the Applicant in Exhibit B-1 of their Application (with excerpt  
4 reference as an exhibit for this testimony).

5           Through multiple exhibits, the witness will describe changes to the most sensitive input  
6 variables of the benefit/cost screening tool that have taken place since the 2008 benefit/cost  
7 assessment of the HPX project. He will also briefly discuss the implications of the EPA's Clean  
8 Power Plan and Revised Ground Ozone Standard. He will describe how the significant increase  
9 in cost of the Project will likely affect the Project's delivered cost of renewable energy to  
10 customers in Arizona and the market competitiveness of the Project with other projects being  
11 planned to export wind energy from New Mexico.

12           The witness will review the main factors that determine whether a merchant transmission  
13 line or segment thereof will attract financing, be constructed, and remain economically viable.  
14 He will describe the most likely implementation plan for a project of this size, referring to the  
15 Applicant's 2009 Notice of Intent in the Federal Register, specifically noting the statement that  
16 "The proposed project would take approximately 3 years to construct and would likely be  
17 constructed in phased segments..." Using a map from the Exhibit B-1 of the Application, the  
18 witness will describe how the 230-mile wind energy segment of the Project in New Mexico is  
19 relevant to achieving the Applicant's stated need and benefits in Arizona. The witness will then  
20 discuss two scenarios for implementation of the Project, one scenario including the 230-mile  
21 wind segment and one not including the 230-mile wind segment.

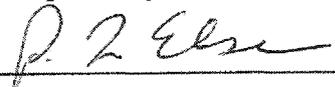
1 Under the scenario of including the 230-mile wind segment, the witness will discuss the  
2 market competitiveness of the delivered cost of renewable energy and the reliability of energy  
3 transmission associated with this 230-mile segment.

4 The witness will also discuss the impact that not completing this 230-mile wind segment  
5 would have on achieving the Applicant's stated need and benefits for Arizona.

6 The witness will conclude with a discussion on the Southline Transmission Project,  
7 another transmission project that is currently being planned in the vicinity of the Applicant's  
8 Project. He will compare the two projects with regard to transmission capacity, overlap in  
9 function, physical access for uploading and downloading energy resources in Arizona, potential  
10 for stimulating long-term jobs in Arizona related to renewable energy development, cost of  
11 electrical energy to customers, and overall routing impacts on the environment (referencing  
12 docketed information on environmental impacts). In this comparison, the witness will also  
13 reference the Eighth Biennial Transmission Assessment, prepared on behalf of the Arizona  
14 Corporation Commission, particularly regarding changes in the forecasts of Arizona's growth of  
15 demand for electrical energy.

16  
17 **I have served a copy of this notice this 13<sup>th</sup> day of October 2015 to each party of**  
18 **record in the case, as noted below.**

19 Respectfully submitted,

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1 ORIGINAL and 25 COPIES of the  
2 foregoing hand-delivered on  
3 this 13th day of October 2015 to:

4 Arizona Corporation Commission  
5 Docket Control  
6 1200 W. Washington Street  
7 Phoenix, AZ 85007-2996

8 COPY of the foregoing emailed this 13th day of October 2015  
9 to each of the following:

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4  
5 Sent via email this 13<sup>th</sup> day of October to  
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