



SunZia Southwest Transmission Project

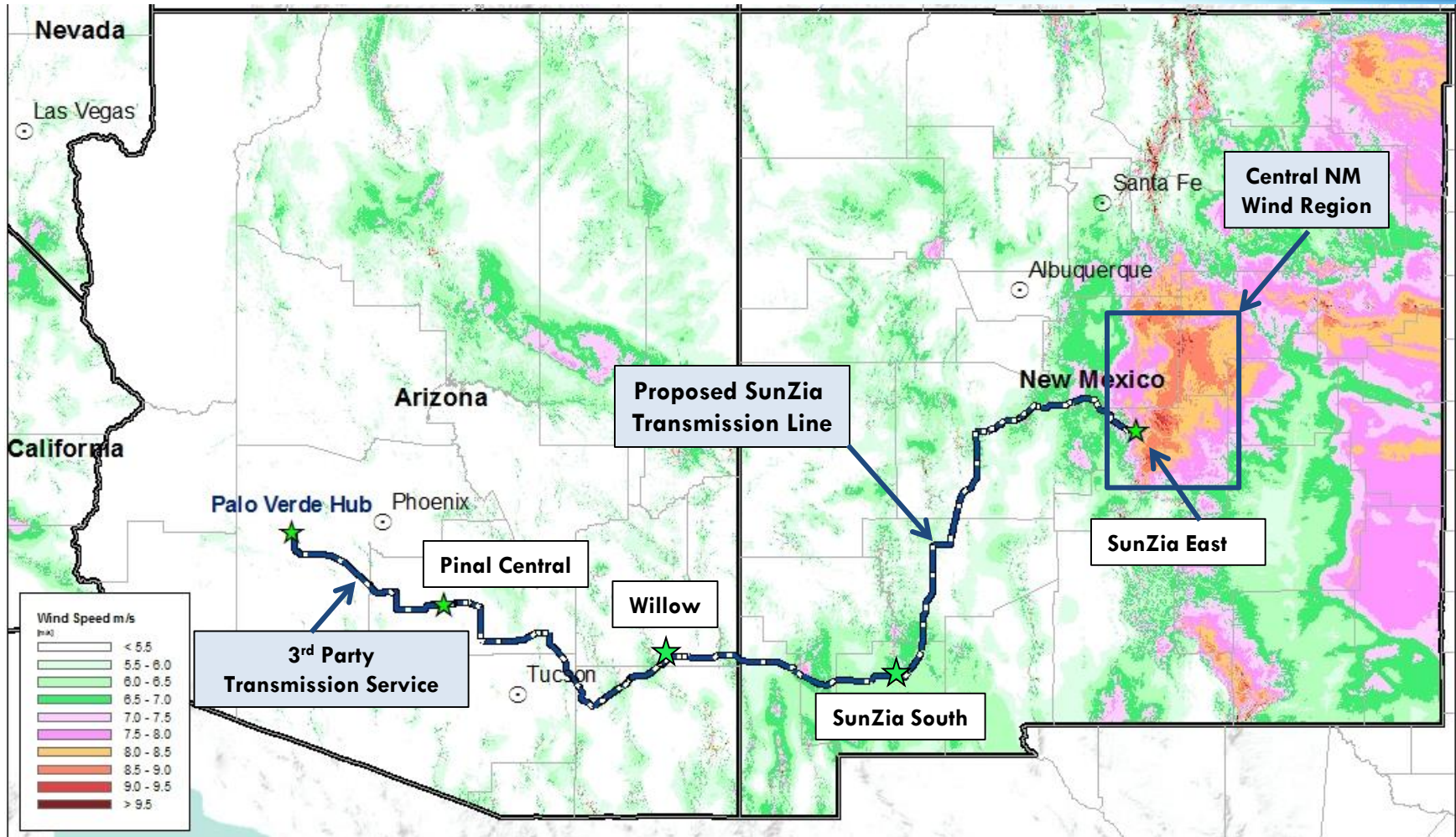


New Mexico Water & Natural Resources Committee
Loralee Hunt, Project Development New Mexico
July 27, 2018

Project Summary

- ⚡ 520 mile independent transmission project in New Mexico and Arizona
- ⚡ Two 500kV AC lines providing 3,000 MW of transfer capacity from NM to AZ and CA
- ⚡ Brings high-quality renewable energy to western utilities and power markets
- ⚡ Pattern Energy was selected in August 2016 as the anchor customer for the first 500 kV transmission line
- ⚡ Construction start in 2019; Commercial operation of the first 500kV line during 2020.

SunZia: 500kV Project delivering NM Wind to the Palo Verde Hub



Economic Benefits in New Mexico

| During Construction | Jobs ¹ | Labor Income | State Taxes ¹ | County Taxes ¹ |
|----------------------|-------------------|--------------|--------------------------|---------------------------|
| First 500 kV AC Line | 2,900 | \$214 M | \$22.5 M | \$10.9 M |
| Both 500 kV AC Lines | 5,721 | \$425 M | \$44.9 M | \$21.8 M |

| During Operation | Jobs | Labor Income | State Taxes ² | County Taxes ² |
|----------------------|------|--------------|--------------------------|---------------------------|
| First 500 kV AC Line | 33 | \$1.9 M | \$.385 M | \$4.32 M |
| Both 500 kV AC Lines | 64 | \$3.7 M | \$.759 M | \$8.64 M |

1. Over a construction period of 2 ½ years
2. During first year of operation

Source: New Mexico State University, Arrowhead Center

SunZia Timeline

**\$90 Million
Spent
To-Date**

2006-2018

Over Ten Years of Project Development:

- Joint Participation Agreement Executed
- Environmental Studies Completed (7 year process)
- Federal Permitting Completed and BLM Right-of-Way Acquired
- Arizona State Siting Permit Issued
- Numerous Electrical Studies Completed with WECC
- Selected Pattern Energy as Anchor Customer for 1500 MW of capacity based on wind energy projects it will develop in New Mexico

Current Activities:

- Acquire ROW on State & Private Lands in AZ and NM
- Continue Marketing Efforts with Pattern Energy for Line 1
- Obtain Location Permit in New Mexico
- Complete Engineering Design of Line 1
- Negotiate Construction Contracts and Purchase Orders on Major Equipment: Cable, Towers, Concrete, Substation Equipment, etc.
- Arrange Construction Financing

**Estimated
\$850 Million
to Construct
First Line**

2019

Construction of First 500 kV line:

- Construction will likely be conducted on multiple segments of the project, simultaneously
- Expected to start during 2019

2020/2021

Commercial Operation by 2020:

- Line 1 enables delivery of up to 1500 MW of electric generation

New Mexico Land Rights Status Summary

| Tier 1 Parcels: Option Agreements | | Total | Signed Option | | In Negotiation/Legal Review/Pending Final Signatures | |
|--|------|-------|---------------|------------|--|------------|
| | | | # | % of total | # | % of total |
| | | | Owners | 85 | 73 | 85.88% |
| Miles | 89.9 | 78.56 | 87.39% | 11.34 | 12.61% | |

Options provide for acquisition of all easements needed from the owner, including Transmission, Access and Temporary Construction.

Customers and PPAs

- ⚡ SunZia selected Pattern Energy in August 2016 as the anchor tenant (pursuant to May 2011 FERC Order)
- ⚡ SunZia awarded Pattern 1,500 MW of capacity and FERC issued its decision in Sept 2017 approving selection
- ⚡ Pattern's Corona Wind Project is SunZia's first 500 kV line customer under long-term transmission service agreements with SunZia
- ⚡ Pattern will sell Corona Wind's energy to utilities and others under long-term power purchase agreements (PPAs) and is discussing PPAs with utilities in NM, AZ and CA



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