

1 [Closing Potrero Power Plant, ~~adopting clean energy goals,~~ and updating the Electricity  
2 Resource Plan.]

3 **Ordinance establishing City policy to take all feasible steps to close the entire Potrero**  
4 **Power Plant as soon as possible and urging the Public Utilities Commission to**  
5 **immediately prepare a plan to close the Potrero Power Plant; ~~and establishing clean~~**  
6 **energy goals; and urging the Public Utilities Commission to update the Electricity**  
7 **Resource Plan.**

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9 Note: Additions are *single-underline italics Times New Roman*;  
10 deletions are ~~*strikethrough italics Times New Roman*~~.  
11 Board amendment additions are double underlined.  
12 Board amendment deletions are ~~strikethrough normal~~.

13 Be it ordained by the People of the City and County of San Francisco:

14 Section 1. Findings

15 A. Ordinance 124-01 established human health and environment protections  
16 applicable to new electric generation in San Francisco. Among other things, Ordinance 124-  
17 01 required the City to develop an energy resource plan to implement all practical  
18 transmission, conservation, efficiency, and renewable alternatives to fossil-fueled generation.

19 B. Resolution 827-02 endorsed the Electricity Resource Plan which set forth a  
20 series of measures to support closure of the Hunters Point Power Plant and the Potrero  
21 Power Plant. The Electricity Resource Plan identified eight goals that were developed  
22 through public comment and used to guide the plan: maximize energy efficiency, develop  
23 renewable power, assure reliable power, support affordable electric bills, improve air quality  
24 and prevent other environmental impacts, support environmental justice, promote  
25 opportunities for economic development, and increase local control over energy resources.

1 C. In November 2004, the Governing Board of the California Independent System  
2 Operator (ISO) adopted the San Francisco Action Plan (Action Plan), which detailed the  
3 requirements for closing the Hunters Point Power Plant and the Potrero Power Plant, and the  
4 ISO has continued to update the Action Plan since November 2004.

5 D. The Hunters Point Power Plant was closed permanently in May 2006 consistent  
6 with the Action Plan.

7 E. Resolution 52-07 reaffirmed the commitment of the City to close the Potrero  
8 Power Plant as soon as feasible. Resolution 485-08 established City policy opposing renewal  
9 of the wastewater discharge permit for Potrero Unit 3.

10 F. The owner of the Potrero Power Plant, Mirant Potrero, LLC, has proposed to  
11 repower and retrofit Potrero Units 4, 5 and 6 to meet any ongoing need for in-City electricity  
12 generation. At a meeting on September 25, 2008, the Power Plant Task Force voted 5-0 to  
13 recommend to the Board of Supervisors that it reject the proposal to retrofit Potrero Units 4, 5  
14 and 6 and oppose continued operation of Potrero Unit 3.

15 G. Since the time the Action Plan was developed, substantial transmission  
16 upgrades have been made to the San Francisco and Greater Bay Area transmission systems  
17 and more upgrades, including a Trans Bay Cable project, are underway. In a June 2, 2008  
18 letter, the ISO stated that, with the Trans Bay Cable project in service, Potrero Unit 3 would  
19 not be required to ensure electric reliability.

20 H. Pacific Gas and Electric Company's (PG&E) 2007 Local Capacity Requirement  
21 Assessment study indicates that, with the Trans Bay Cable project in service, 33 megawatts  
22 (MWs) of local generation will be required in 2012, and 34 MWs of local generation will be  
23 required in 2017. In 2008, PG&E prepared a plan as an alternative to the construction of two  
24 small power plants by the City that included the Trans Bay Cable project and that replaced the  
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1 need for in-City generation with a combination of transmission projects and demand reduction.  
2 PG&E has stated that once it completes the Martin-Hunters Point 115kV transmission project  
3 in April 2009, only 96 megawatts of electric generation will be required in San Francisco, even  
4 without the Trans Bay Cable project. The requirement for 96 megawatts of generation could  
5 be met even without Potrero Unit 3.

6 I. Resolution 227-08 adopted the State's Energy Action Plan and the following  
7 energy resource priorities: first, energy efficiency and demand response, second, renewable  
8 energy, and third, clean burning fossil generation.

9 J. Resolution 299-08, adopted on June 24, 2008, urged the Public Utilities  
10 Commission (PUC) and the City Attorney to present to the ISO a transmission-only solution to  
11 close the entire Potrero Power Plant. ~~The City has not presented to the ISO a plan for closing~~  
12 ~~the entire Potrero Power Plant using resources other than fossil-fueled electric generation.~~

13 Section 2. Closing the Potrero Power Plant.

14 A. It shall be the policy of the City to take all feasible steps to close the entire  
15 Potrero Power Plant at the earliest possible date. In a letter to the ISO on May 8, 2009, City  
16 officials stated that with current and planned electric resources, there would be only a very  
17 small need for in-City generation and that this need could be met with inexpensive  
18 transmission additions, effective demand response and back-up generation programs, or  
19 renewable energy projects. The letter is on file with the Clerk of the Board of Supervisors in  
20 File No. \_\_\_\_\_ . The letter stated that Potrero Unit 3 would not be needed for  
21 reliability after 2009 and the remainder of the Potrero Power Plant would not be needed after  
22 2010. In a hearing on May 11-, 2009, PG&E stated that it agrees with the City's analysis.

23 B. The City intends to continue working with PG&E to obtain ISO approval of  
24 closure of the entire Potrero Power Plant by the end of 2010. In order to achieve this goal,

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1 PG&E must develop expeditiously the small and inexpensive transmission projects that will  
2 eliminate the need for in-City generation by the end of 2010. In addition, the City expects  
3 PG&E to move quickly in implementing the plan it presented to the City in 2008 as an  
4 alternative to the construction of the City's power plants. The Board of Supervisors again  
5 urges the PUC to immediately produce a plan for closing the entire Potrero Power Plant both  
6 with and without the Trans Bay Cable Project. The plan should use clean resources and  
7 promote the City's goals of maximizing energy efficiency, developing renewable power,  
8 assuring reliable power, supporting affordable bills, improving air quality and preventing other  
9 environmental impacts, supporting environmental justice, promoting opportunities for  
10 economic development and increasing local control over energy resources. In developing the  
11 plan, the PUC should consider the studies conducted by PG&E and call on PG&E to make  
12 good on its statements that the City can maintain electric reliability without in-City generation.

13 Section 3. Clean Energy Goals.

14 ~~It shall be the policy of the City to take all feasible steps to meet the following clean~~  
15 ~~energy goals. For purposes of these goals, (i) renewable and/or clean resources shall~~  
16 ~~exclude nuclear power and include City-owned hydro-electric power, and (ii) the "City's~~  
17 ~~electric needs" shall mean the electricity demand of customers served electricity by the City.~~

18 ~~(i) The City shall continue to develop and implement aggressive conservation and~~  
19 ~~energy efficiency measures to reduce the City's electric needs;~~

20 ~~(ii) By the year 2012, the City shall meet its electric needs using no less than 107~~  
21 ~~megawatts of clean resources;~~

22 ~~(iii) By the year 2017, the City shall meet at least 51% of its electric needs with~~  
23 ~~clean resources;~~

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1  ~~(iv) By the year 2030, the City shall meet at least 75% of its electric needs with~~  
2  ~~clean resources;~~

3  ~~(v) By the year 2040, the City shall meet 100% of its electricity needs with clean~~  
4  ~~resources, or by that year, the City shall meet its electric needs with the greatest amount of~~  
5  ~~clean resources technologically feasible or practicable.~~

6 Section 4. Section 3. Update to the Electricity Resource Plan.

7 It shall be the policy of the City to update the Electricity Resource Plan on a regular  
8 basis and in particular whenever changes in conditions warrant an update to the plan. The  
9 Board of Supervisors urges the PUC to produce, within six months of the effective date of this  
10 ~~resolution Ordinance~~, an update to the Electricity Resource Plan. The process of updating the  
11 Electricity Resource Plan should include public outreach to citizens, businesses, and all  
12 potentially interested groups, including the Power Plant Task Force. The update should  
13 identify the most effective and economic means of implementing the goals of this Ordinance  
14 over the short and long term, and shall consider, without limitation, the following:

15 (i) Transmission needs to transport Hetch Hetchy generation and cost-effective  
16 clean resources into the City, and alternatives for meeting those needs, including,  
17 construction of City-owned transmission lines, contracts or joint transmission projects with  
18 other municipalities, and participation in the ISO transmission markets; and

19 (ii) Transmission and distribution needs within the City to support reliability and  
20 facilitate distributed generation and renewables, including without limitation connections  
21 between substations and the 115 and 230 kV transmission systems within the City, and  
22 transmission and distribution needs to meet new City developments; and

23 (iii) Resources needed to meet municipal electric loads, Community Choice  
24 Aggregation loads, other potential City loads, and the City's resource adequacy capacity

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1 obligations, including (i) options to maximize cost-effective energy efficiency and demand-  
2 reduction, and local and remote renewable and clean resources, and (ii) an analysis of  
3 alternatives for use of renewable fuels, clean and flexible resources, and storage alternatives;  
4 and

5 (iv) Cost-effective options to reduce greenhouse gas emissions from the electricity  
6 sector and to offset greenhouse gas emissions from other sectors; and

7 (v) Participation in existing City workforce development initiatives with respect to  
8 jobs related to the operation, acquisition, reconstruction, replacement, expansion, repair, or  
9 improvement of energy facilities under the jurisdiction of the Public Utilities Commission; and

10 (vi) Specific projections of electric demand, conservation and energy efficiency  
11 achievements, and clean and renewable resource development; and.

12 (vii) Recommendations for updated clean energy goals for the City.

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14 APPROVED AS TO FORM:  
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16 By: \_\_\_\_\_  
17 Theresa L. Mueller  
18 Deputy City Attorney

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