

1 [Opposing renewal of wastewater discharge permit for Potrero Power Plant Unit 3.]

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3 **Resolution establishing City policy opposing renewal of the wastewater discharge**
4 **permit for Mirant's Potrero Power Plant Unit 3 and urging the San Francisco Bay**
5 **Regional Water Quality Control Board to decline to issue a permit extension.**
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7 WHEREAS, Southeast San Francisco has a disproportionate number of industrial and
8 polluting facilities; and,

9 WHEREAS, The City and community have worked for many years to reduce the harm
10 caused by the old, dirty, inefficient power plants in Southeast San Francisco, including the
11 Potrero Power Plant; and,

12 WHEREAS, The Potrero Power Plant emits an unreasonable amount of pollution that
13 damages public health and the environment of San Francisco Bay and has been doing so for
14 many years; and,

15 WHEREAS, The City has consistently opposed the use and discharge of Bay water for
16 power plant cooling due to the harm to public health and the environment. See for example
17 Resolution Nos. 254-06, 84-05, and 458-03; and,

18 WHEREAS, Mirant operates the Potrero Power Plant Unit 3 (Potrero Unit 3) under a
19 wastewater discharge permit that was issued in 1994 for a five-year term, and administratively
20 extended by the San Francisco Regional Water Quality Control Board (Water Board) until
21 2005, without the public review required by state and federal law; and,

22 WHEREAS, On May 10, 2006, the Water Board granted Mirant a further limited
23 extension of the wastewater discharge permit for Potrero Unit 3 until December 31, 2008; and,

24 WHEREAS, The Water Board's May 10, 2006 order sets forth the Water Board's
25 intention to "prohibit the discharge of once through cooling water, to the extent allowed by law,

1 unless the Discharger demonstrates that its discharge has no significant adverse
2 environmental effects on San Francisco Bay." (Finding #22 of the May 10, 2006 Order); and,

3 WHEREAS, On July 1, 2008, Mirant filed an application with the Water Board to renew
4 its discharge permit for Potrero Unit 3; and,

5 WHEREAS, Mirant's application fails to propose an alternative to once-through cooling
6 at Potrero Unit 3 or any mitigations to address the harm caused by once-through cooling; and,

7 WHEREAS, Mirant's application does not even address the requirement that it show
8 that the discharge from Potrero Unit 3 has no significant adverse environmental effects on
9 San Francisco Bay (the Bay); and,

10 WHEREAS, Potrero Unit 3 uses over 206 million gallons per day of Bay water for
11 cooling, making it the largest power plant that still uses water drawn from the Bay in a once-
12 through cooling system; and,

13 WHEREAS, The record before the Water Board on Potrero Unit 3 contains extensive
14 evidence of substantial harm to the Bay that results from the operation of Potrero Unit 3 and
15 the use of once-through cooling at the plant; and,

16 WHEREAS, Potrero Unit 3 water intake and discharge structures do not meet current
17 minimum federal and state design standards for protection of the Bay; and,

18 WHEREAS, Millions of fish and invertebrate animals are killed each year because the
19 Potrero Unit 3 intake and discharge structures do not meet minimum standards, and the Bay
20 ecosystem is impacted by this loss of aquatic life and habitat; and,

21 WHEREAS, The wastewater discharged from Potrero Unit 3 into the Bay contains
22 numerous pollutants of concern such as copper, mercury, dioxins and PCBs that harm the
23 environment; and,

1 WHEREAS, These pollutants accumulate in fish from the Bay and harm those who rely
2 on fish from the Bay to supplement their diets; and,

3 WHEREAS, Potrero Unit 3 discharges heated, polluted water into the Bay in shallow
4 water where there is inadequate dilution of the chemicals, and this shallow water discharge
5 also stirs up polluted sediments and redistributes them into the Bay; and

6 WHEREAS, The Water Board has re-classified Potrero Unit 3 as a major discharger
7 because of impacts from (1) the intake of Bay water, (2) the discharge of heated wastewater,
8 and (3) the high volume discharge of pollutants that threaten water quality; and,

9 WHEREAS, The National Oceanic and Atmospheric Administration has determined
10 that a once-through cooling system discharging to the Bay, such as the one for Potrero Unit 3,
11 destroys habitat and aquatic life in the Bay; and,

12 WHEREAS, The State Water Resources Control Board (State Board) is considering
13 adoption of a new once-through cooling policy for power plants that would establish a process
14 and schedule for eliminating once-through cooling for power plants on coastal and bay waters;
15 and,

16 WHEREAS, The State Board recently published a report by its consultants and the
17 Ocean Protection Council that considers a policy that would eliminate once-through cooling
18 using coastal or bay waters by 2018, and also addresses the potential for implementing such
19 a policy by 2012; and,

20 WHEREAS, The California Independent System Operator (CAISO) has continued to
21 modify its stated requirements for closing Potrero Unit 3; and,

22 WHEREAS, In June 2008, the President and Chief Executive Officer of the CAISO
23 stated in a letter to Mayor Newsom that when the Trans Bay Cable is completed, Potrero Unit
24 3 will not be required to operate for reliability; and,

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WHEREAS, Pacific Gas and Electric Company (PG&E) has consistently maintained that the Potrero Power Plant can be replaced by transmission additions that are currently underway in combination with new in-City transmission upgrades and demand-management programs; and,

WHEREAS, PG&E has stated that once it completes the Martin-Hunters Point 115kV transmission project, expected to be complete in April 2009, only 96 megawatts of electric generation will be required in San Francisco; and,

WHEREAS, The requirement for 96 megawatts of generation could be met even without Potrero Unit 3; and,

WHEREAS, Substantial transmission upgrades to the San Francisco and Greater Bay Area transmission systems have already been completed and more are underway; and,

WHEREAS, The Trans Bay Cable is scheduled to be placed in service before the end of 2010; and,

WHEREAS, According to PG&E, additional energy efficiency, demand response, and transmission upgrades can be put into place expeditiously; and,

WHEREAS, The City has consistently stated its preference for energy efficiency, renewable energy, and transmission over fossil-fueled resources and, consistent with the State's energy policies, has stated that any fossil-fueled resources that are required should be clean, efficient, and flexible in order to promote environmental justice, reduce emissions, and complement increasing reliance on renewable resources; and,

WHEREAS, Unless a firm deadline for compliance is enforced, Potrero Unit 3 may continue to operate indefinitely out of compliance with federal and state standards, as it has operated during at least the past ten years; and,

1 WHEREAS, Mirant has been on notice since at least May 10, 2006, that it would not be
2 able to continue to operate Potrero Unit 3 with the existing once-through cooling system; now,
3 therefore, be it

4 RESOLVED, That it shall be the policy of the City and County of San Francisco to
5 oppose renewal of the wastewater discharge permit for Potrero Unit 3; and, be it

6 FURTHER RESOLVED, That the Board of Supervisors urges the Water Board to
7 decline to issue a new wastewater discharge permit for Potrero Unit 3; and, be it

8 FURTHER RESOLVED, That if the Water Board is considering a limited renewal of the
9 discharge permit for Potrero Unit 3, it should not grant a limited renewal unless the following
10 conditions are met:

11 1) By November 1, 2008, Mirant presents a detailed and feasible proposal to eliminate
12 once-through cooling at Potrero Unit 3 and bring Potrero Unit 3 into compliance with state and
13 federal laws no later than December 31, 2010; and,

14 2) By November 1, 2008, Mirant presents a detailed and feasible proposal for
15 immediate interim steps to reduce harm to the Bay while it is operating out of compliance with
16 water quality standards, and Mirant commences implementation of such steps by December
17 31, 2008; and,

18 3) By December 31, 2010, Mirant has i) ceased the use of once-through cooling by
19 Potrero Unit 3, ii) demonstrated compliance with all current water quality standards, and iii)
20 demonstrated that wastewater discharge from Potrero Unit 3 will not adversely impact the
21 Bay.



City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Tails
Resolution

File Number: 081191

Date Passed:

Resolution establishing City policy opposing renewal of the wastewater discharge permit for Mirant's Potrero Power Plant Unit 3 and urging the San Francisco Bay Regional Water Quality Control Board to decline to issue a permit extension.

October 28, 2008 Board of Supervisors — ADOPTED

Ayes: 10 - Alioto-Pier, Chu, Daly, Dufty, Elsbernd, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval
Absent: 1 - Ammiano

File No. 081191

I hereby certify that the foregoing Resolution was ADOPTED on October 28, 2008 by the Board of Supervisors of the City and County of San Francisco.

[Handwritten signature of Angela Calvillo]

Angela Calvillo
Clerk of the Board

Date Approved

Mayor Gavin Newsom

Date: November 10, 2008

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, became effective without his approval in accordance with the provision of said Section 3.103 of the Charter.

[Handwritten signature of Angela Calvillo]

Angela Calvillo
Clerk of the Board

File No.
081191