

1 [Opposition to the Proposed Potrero Unit 7 Power Plant.]

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3 **Resolution opposing the proposed Potrero Unit 7 power plant project and urging City**
4 **officials and departments not to enter into any agreements that may be required to**
5 **facilitate or enable the siting, licensing, approval or construction of the proposed**
6 **Potrero Unit 7 power plant and urging the City Attorney to actively oppose the Potrero**
7 **Unit 7 project in all forums.**

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9 WHEREAS, The Mirant Corporation has proposed to build a 540MW natural-gas-fueled
10 electric generating facility, called Potrero 7, at the site of its existing power plant in the Potrero
11 neighborhood of San Francisco; and,

12 WHEREAS, The Energy Resources Conservation and Development Commission
13 (California Energy Commission) is conducting evidentiary hearings on the proposed Potrero 7
14 project to determine, among other things, the impacts of the project on the environment,
15 public health and safety, and local electric system, and its consistency with applicable laws
16 and standards; and,

17 WHEREAS, The California Energy Commission will determine whether or not to
18 approve the siting, construction and operation of the proposed project; and,

19 WHEREAS, In May 2000, Mirant estimated the costs of the project to be \$260-300
20 million; and,

21 WHEREAS, Since then, Mirant's financial condition has significantly deteriorated, such
22 that (1) the value of Mirant stock has declined more than 90% from \$47 on May 21, 2001 to
23 \$3.31 on April 30, 2003, (2) Mirant has reported that it may need to seek bankruptcy
24 protection if it cannot negotiate extensions related to payments due on \$8.5 billion in
25 refinanced debt, (3) Mirant has revised its earnings statements after an audit showed that the

1 company overstated earnings for 2001 and 2002 by \$188 million, and (4) Mirant's credit rating
2 by Standard & Poor's and Moody's has a negative outlook and is less than investment grade;
3 and,

4 WHEREAS, It is unlikely that Mirant would be sufficiently creditworthy to secure
5 financing for the Potrero 7 project even if it received certification from the California Energy
6 Commission; and,

7 WHEREAS, The Mirant Corporation is a defendant in lawsuits by the City and the
8 Attorney General, among others, for price gouging and market manipulation; and,

9 WHEREAS, The California Energy Commission has recognized Southeast San
10 Francisco as a minority community entitled to environmental justice; and,

11 WHEREAS, Southeast San Francisco has a disproportionate number of industrial and
12 polluting facilities and an extraordinarily high rate of childhood asthma, serious respiratory
13 diseases and cancers; and,

14 WHEREAS, Fossil fuel generation is associated with pollutants that damage public
15 health; and,

16 WHEREAS, With the addition of the proposed Potrero 7 plant, the Potrero power plant
17 site would become the largest hazardous materials storage facility in San Francisco; and,

18 WHEREAS, The proposed Potrero 7 plant would emit benzene, formaldehyde, toluene,
19 mercury, polycyclic aromatic hydrocarbons (PAHs), and other toxic chemicals; and,

20 WHEREAS, The proposed Potrero 7 plant would more than double the amount of
21 particulate matter emissions from the Potrero site and would emit hundreds of tons of
22 particulate matter, carbon monoxide, volatile organic compounds, and nitrogen and sulfur
23 compounds each year; and,

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1 WHEREAS, The proposed Potrero 7 plant, combined with the existing Potrero power
2 plant, would use 560,000 acre feet of water from the San Francisco Bay each year to cool the
3 plant and discharge the heated water back into the Bay; and,

4 WHEREAS, The intake of water could destroy an estimated 500 million larval fish each
5 year; and,

6 WHEREAS, Ordinance 124-01 which became effective on June 8, 2001, required that
7 San Francisco shall oppose any application for a proposed siting, expansion or development
8 of fossil fuel power generation at the Potrero power plant and deny any San Francisco
9 governmental approval that would facilitate such generation and withhold the City's approval
10 of any lease, license, permit, easement or other agreement for such facility unless certain
11 minimum conditions were met; and,

12 WHEREAS, These conditions included, among other things, (1) the reduction in
13 potential and actual emissions of criteria, toxic, and hazardous air pollutants from levels that
14 would occur in Southeast San Francisco from whatever source without the construction and
15 operation of the proposed Potrero Power Plant; (2) a binding, enforceable agreement, for the
16 permanent shut-down of the Hunters Point Power Plant; (3) the retrofit of all existing peaker
17 units at the Potrero Power plant using the best available pollution control technology and
18 certain restrictions on the use of said existing peakers; (4) a binding, enforceable agreement
19 requiring the shut down of the Potrero Unit 3 power plant as soon as it is no longer needed to
20 sustain electric reliability in San Francisco and the surrounding area; and (5) mitigation in the
21 impacted communities in Southeast San Francisco to offset any adverse social, economic,
22 cultural, environmental, and public health impacts associated with the proposed Potrero
23 Power Plant; and,

24 WHEREAS, The conditions set forth in Ordinance 124-01 have not been met; and,
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1 WHEREAS, Ordinance 124-01 directed the Public Utilities Commission and the
2 Department of the Environment to develop an Electricity Resource Plan to implement all
3 practical transmission, conservation, efficiency, and renewable alternatives to fossil fuel
4 generation in the City and County of San Francisco; and,

5 WHEREAS, An Electricity Resource Plan was developed by the Public Utilities
6 Commission and the Department of the Environment with significant community input; and

7 WHEREAS, The Electricity Resource Plan was endorsed by the Board of Supervisors
8 in Resolution 827-02, which was signed by the Mayor on December 20, 2002; and,

9 WHEREAS, The Electricity Resource Plan provides a plan for meeting San Francisco's
10 electricity needs without the Potrero 7 project using conservation and energy efficiency,
11 renewable energy, transmission upgrades, and cleaner, more reliable and more efficient
12 fossil-fueled resources; and,

13 WHEREAS, The voters of San Francisco have approved municipal bond measures to
14 fund renewable and energy efficiency resources; and,

15 WHEREAS, The California Public Utilities Commission has approved \$16.3 million in
16 funds to implement energy efficiency measures in San Francisco; and,

17 WHEREAS, As a part of the settlement of the lawsuit entitled *People vs. Dynegy*, which
18 was approved in Ordinance 1-03 and is known as the Williams settlement, San Francisco
19 received four electric generating gas turbines for use within San Francisco; and,

20 WHEREAS, The Electricity Resource Plan demonstrates that the siting of the four gas
21 turbines and the completion of certain transmission upgrades would be sufficient to meet the
22 electric reliability needs of San Francisco and allow for the closure of the Hunters Point power
23 plant; and,

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1 WHEREAS, Studies performed by the Independent System Operator and Pacific Gas
2 & Electric Company demonstrate that siting the four 50MW gas turbines will provide roughly
3 the same reliability under most conditions as siting the 540MW Potrero 7 plant; and,

4 WHEREAS, The four gas turbines will be less harmful to the environment and human
5 health than the proposed Potrero 7; and,

6 WHEREAS, The four gas turbines will be publicly–owned and operated as needed to
7 ensure electric reliability; and,

8 WHEREAS, The Independent System Operator has agreed to allow the shutdown of
9 the major generating unit at the Hunters Point power plant (called Unit 4) after the four gas
10 turbines are sited and certain transmission upgrades are completed; and,

11 WHEREAS, The siting and development of San Francisco’s four gas turbines may be
12 more complicated if Mirant’s Potrero 7 project is pending before or approved by the California
13 Energy Commission; and,

14 WHEREAS, The Potrero Power Plant Citizen’s Advisory Task Force established by the
15 Board of Supervisors recommended to the Board of Supervisors on May 20, 2002 and on
16 March 20, 2003, that San Francisco oppose the siting and licensing of the proposed Potrero
17 Unit 7 power plant; now, therefore, be it

18 RESOLVED, That it shall be the policy of the City and County of San Francisco to
19 oppose the siting, licensing and construction of the Potrero 7 power plant; and, be it

20 FURTHER RESOLVED, That the Board of Supervisors urges the Mayor, City officials
21 and all Departments to act consistently with this policy and refrain from taking, permitting or
22 approving any action that would facilitate the siting, licensing or construction of the proposed
23 Potrero 7 power plant; and, be it

1 FURTHER RESOLVED, That the Board of Supervisors urges the City Attorney to
2 actively oppose the Potrero 7 project at the California Energy Commission and in all other
3 forums.

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