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

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

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

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

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

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

WHEREAS, Since then, Mirant's financial condition has significantly deteriorated, such that (1) the value of Mirant stock has declined more than 90% from $47 on May 21, 2001 to $3.31 on April 30, 2003, (2) Mirant has reported that it may need to seek bankruptcy

Supervisors Maxwell, Ammiano, Daly, McGoldrick
BOARD OF SUPERVISORS
protection if it cannot negotiate extensions related to payments due on $8.5 billion in refinanced debt, (3) Mirant has revised its earnings statements after an audit showed that the company overstated earnings for 2001 and 2002 by $188 million, and (4) Mirant’s credit rating by Standard & Poor’s and Moody’s has a negative outlook and is less than investment grade; and,

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

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

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

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

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

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

WHEREAS, The proposed Potrero 7 plant would emit benzene, formaldehyde, toluene, mercury, polycyclic aromatic hydrocarbons (PAHs), and other toxic chemicals; and,
WHEREAS, The proposed Potrero 7 plant would more than double the amount of particulate matter emissions from the Potrero site and would emit hundreds of tons of particulate matter, carbon monoxide, volatile organic compounds, and nitrogen and sulfur compounds each year; and,

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

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

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

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

WHEREAS, The conditions set forth in Ordinance 124-01 have not been met; and,

WHEREAS, Ordinance 124-01 directed the Public Utilities Commission and the Department of the Environment to develop an Electricity Resource Plan to implement all practical transmission, conservation, efficiency, and renewable alternatives to fossil fuel generation in the City and County of San Francisco; and,

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

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

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

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

WHEREAS, The California Public Utilities Commission has approved $16.3 million in funds to implement energy efficiency measures in San Francisco; and,
WHEREAS, Pacific Gas & Electric Company has completed upgrades to transmission resources serving San Francisco which have increased the available electricity supply in the City; and,

WHEREAS, The Department of the Environment has successfully implemented an energy efficiency lighting retrofit program targeting small businesses in San Francisco, thereby reducing electricity demand; and,

WHEREAS, The Department of the Environment and the San Francisco Public Utilities Commission are pursuing the development of “demand response” programs which will enable the City to better manage its electricity use, thereby further reducing peak electricity demand; and,

WHEREAS, Measurements of electricity demand on the San Francisco Peninsula that were released by Pacific Gas & Electric Company in April 2003 may indicate significantly less need for new electricity generation than predicted by PG&E and the Independent System Operator at the time when Mirant applied for a license to construct and operate Potrero Unit 7; and,

WHEREAS, As a part of the settlement of the lawsuit entitled *People vs. Dynegy*, which was approved in Ordinance 1-03 and is known as the Williams Settlement, the City took ownership of four combustion turbines; and,

WHEREAS, The Williams Settlement provided the City with the financial ability to explore siting and developing up to four combustion turbines, which could be used to replace existing power supplied at the Hunters Point power plant, and thereby result in reduced environmental impacts; and,
WHEREAS, San Francisco has begun developing a combination of resources that will ensure electric reliability at less cost to the environment while providing better electric system reliability than the siting of Unit 7; and,

WHEREAS, The Electricity Resource Plan provides for more local control of San Francisco’s electricity resources than the Potrero 7 plant; and,

WHEREAS, The successful achievement of environmentally-friendly electricity resources in San Francisco is undermined by Mirant’s Potrero 7 project while this project is pending before or approved by the California Energy Commission; and,

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

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

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

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

Supervisors Maxwell, Ammiano, Daly, McGoldrick
BOARD OF SUPERVISORS
Resolution opposing the proposed Potrero Unit 7 power plant project and urging City officials and departments not to enter into any agreements that may be required to facilitate or enable the siting, licensing, approval or construction of the proposed Potrero Unit 7 power plant and urging the City Attorney to actively oppose the Potrero Unit 7 project in all forums.

July 8, 2003 Board of Supervisors — ADOPTED

Ayes: 10 - Ammiano, Daly, Dufty, Gonzalez, Hall, Ma, Maxwell, McGoldrick, Peskin, Sandoval

Excused: 1 - Newsom
I hereby certify that the foregoing Resolution was ADOPTED on July 8, 2003 by the Board of Supervisors of the City and County of San Francisco.

Gloria L. Young
Clerk of the Board

Date Approved

Mayor Willie L. Brown Jr.

Date: July 18, 2003

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.

Clerk of the Board