

File No. 081600

Committee Item No. 4

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee Land Use & Economic Development Date May 11, 2009

Board of Supervisors Meeting Date _____

Cmte Board

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
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Completed by: Linda Laws

Date May 8, 2009

Completed by: _____

Date _____

An asterisked item represents the cover sheet to a document that exceeds 20 pages. The complete document is in the file.

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.**

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

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

13 Section 1. Findings

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

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

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
25

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 It shall be the policy of the City to take all feasible steps to close the entire Potrero
15 Power Plant at the earliest possible date. The Board of Supervisors again urges the PUC to
16 immediately produce a plan for closing the entire Potrero Power Plant both with and without
17 the Trans Bay Cable Project. The plan should use clean resources and promote the City's
18 goals of maximizing energy efficiency, developing renewable power, assuring reliable power,
19 supporting affordable bills, improving air quality and preventing other environmental impacts,
20 supporting environmental justice, promoting opportunities for economic development and
21 increasing local control over energy resources. In developing the plan, the PUC should
22 consider the studies conducted by PG&E and call on PG&E to make good on its statements
23 that the City can maintain electric reliability without in-City generation.

24 Section 3. Clean Energy Goals.

25

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

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

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

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

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

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

16 Section 4. Update to the Electricity Resource Plan.

17 * It shall be the policy of the City to update the Electricity Resource Plan on a regular
18 basis and in particular whenever changes in conditions warrant an update to the plan. The
19 Board of Supervisors urges the PUC to produce, within six months of the effective date of this
20 resolution, an update to the Electricity Resource Plan. The update should identify the most
21 effective and economic means of implementing the goals of this Ordinance over the short and
22 long term, and shall consider, without limitation, the following:

23 (i) Transmission needs to transport Hetch Hetchy generation and cost-effective
24 clean resources into the City, and alternatives for meeting those needs, including,
25

1 construction of City-owned transmission lines, contracts or joint transmission projects with
2 other municipalities, and participation in the ISO transmission markets; and

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

7 (iii) Resources needed to meet municipal electric loads, Community Choice
8 Aggregation loads, other potential City loads, and the City's resource adequacy capacity
9 obligations, including (i) options to maximize cost-effective energy efficiency and demand-
10 reduction, and local and remote renewable and clean resources, and (ii) an analysis of
11 alternatives for use of renewable fuels, clean and flexible resources, and storage alternatives;
12 and


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

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

18 (vi) Specific projections of electric demand, conservation and energy efficiency
19 achievements, and clean and renewable resource development.

20
21 APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

22
23 By:


Theresa L. Mueller
Deputy City Attorney

FILE NO.

LEGISLATIVE DIGEST

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

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

Existing Law

Ordinance 124-01, established human health and environment protections applicable to new electric generation in San Francisco. Among other things, Ordinance 124-01 required the City to develop an energy resource plan to implement all practical transmission, conservation, efficiency, and renewable alternatives to fossil-fueled generation. Resolution 827-02 endorsed the Electricity Resource Plan which set forth a series of measures to support closure of the Hunters Point Power Plant and the Potrero Power Plant.

Amendments to Current Law

None.

Background Information

The City has adopted a number of policies and programs to support the closure of old power plants in San Francisco in order to protect human health and the environment, promote clean and sustainable energy use, and provide for affordable energy costs, among other goals. Working with community members and state agencies, the City achieved the closure of the Hunters Point Power Plant in 2006. The City has not yet achieved the goal of closing the Potrero Power Plant. The City needs to immediately revisit how to achieve this goal in view of changes in energy policy and infrastructure. The City also needs to update its Electricity Resource Plan, which is six years old. This Ordinance would also establish clean energy targets for electricity provided by the City.