

FILE NO. 030793

RESOLUTION NO. 458-03

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-
10 fueled electric generating facility, called Potrero 7, at the site of its existing power plant in the
11 Potrero 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,
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18 WHEREAS, The California Energy Commission will determine whether or not to
19 approve the siting, construction and operation of the proposed project; and,

20 WHEREAS, In May 2000, Mirant estimated the costs of the project to be \$260-300
21 million; and,
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23 WHEREAS, Since then, Mirant's financial condition has significantly deteriorated, such
24 that (1) the value of Mirant stock has declined more than 90% from \$47 on May 21, 2001 to
25 \$3.31 on April 30, 2003, (2) Mirant has reported that it may need to seek bankruptcy

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12 WHEREAS, Measurements of electricity demand on the San Francisco Peninsula that
13 were released by Pacific Gas & Electric Company in April 2003 may indicate significantly less
14 need for new electricity generation than predicted by PG&E and the Independent System
15 Operator at the time when Mirant applied for a license to construct and operate Potrero Unit
16 7; and,

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

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22 WHEREAS, The Williams Settlement provided the City with the financial ability to
23 explore siting and developing up to four combustion turbines, which could be used to replace
24 existing power supplied at the Hunters Point power plant, and thereby result in reduced
25 environmental impacts; and,

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1 WHEREAS, San Francisco has begun developing a combination of resources that will
2 ensure electric reliability at less cost to the environment while providing better electric system
3 reliability than the siting of Unit 7; and,

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

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

9 WHEREAS, The Potrero Power Plant Citizen's Advisory Task Force established by the
10 Board of Supervisors recommended to the Board of Supervisors on May 20, 2002 and on
11 March 20, 2003, that San Francisco oppose the siting and licensing of the proposed Potrero
12 Unit 7 power plant; now, therefore, be it
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14 RESOLVED, That it shall be the policy of the City and County of San Francisco to
15 oppose the siting, licensing and construction of the Potrero 7 power plant; and, be it
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17 FURTHER RESOLVED, That the Board of Supervisors urges the Mayor, City officials
18 and all Departments to act consistently with this policy and refrain from taking, permitting or
19 approving any action that would facilitate the siting, licensing or construction of the proposed
20 Potrero 7 power plant; and, be it
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22 FURTHER RESOLVED, That the Board of Supervisors urges the City Attorney to
23 actively oppose the Potrero 7 project at the California Energy Commission and in all other
24 forums.
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City and County of San Francisco

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

Tails Resolution

File Number: 030793

Date Passed:

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.

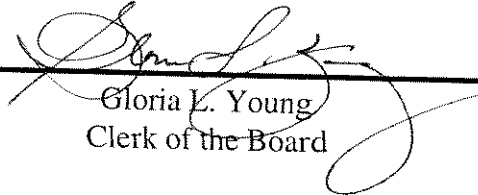
July 8, 2003 Board of Supervisors — ADOPTED

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

Excused: 1 - Newsom

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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.

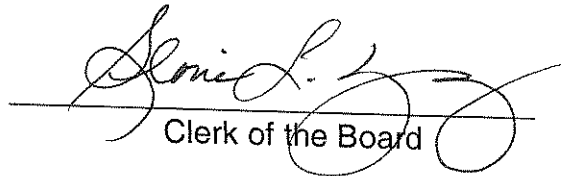

Gloria L. Young
Clerk of the Board

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

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030793