State Of California

The Resources Agency of California

Memorandum

To: Commissioner James D. Boyd, Presiding Member
Commissioner, John L Geesman, Associate Member

Date: May 4, 2005
Telephone: (916) 654-4206
File: 04-AFC-01

From: California Energy Commission - Bill Pfanner
1516 Ninth Street
Sacramento, CA 95814-5512
Siting Project Manager

Subject: **ISSUES IDENTIFICATION REPORT FOR THE SAN FRANCISCO ELECTRIC RELIABILITY PROJECT - SUPPLEMENT A (04-AFC-01)**

Attached is the Energy Commission staff's Issues Identification Report for the San Francisco Electric Reliability Project (SFERP) - Supplement A. The City and County of San Francisco filed Supplement A on March 25, 2005, describing the relocation of the proposed project to a site approximately 1/4 mile to the south of the original project site. This report incorporates and amends as necessary the issues identified in the original Issue Identification Report prepared on June 4, 2004. Although this report may not include all the significant issues that arise during the case, it serves as a preliminary scoping document of the issues staff believes will require careful attention and consideration. Additionally, we have reviewed information from the City and County of San Francisco's community outreach efforts, and have included what we understand to be major concerns of the community. We will be prepared to present the Issues Identification Report at the Informational Hearing on May 6, 2005.

Attachment

cc: Docket (04-AFC-1)
Proof of Service List

DOCKET
04-AFC-1
DATE MAY 04 2005
RECD. MAY 04 2005

PROOF OF SERVICE (REVISED 4-19-05) FILED WITH
ORIGINAL MAILED FROM SACRAMENTO ON 5-5-05
TE

ISSUES IDENTIFICATION REPORT

SAN FRANCISCO ELECTRIC RELIABILITY PROJECT (SUPPLEMENT A) (04-AFC-01)

Table of Contents

PURPOSE OF THE REPORT 2
PROJECT DESCRIPTION 2
POTENTIAL MAJOR ISSUES 3
TECHNICAL ISSUES 4
AIR QUALITY 4
CULTURAL RESOURCES 5
PUBLIC HEALTH 5
ENVIRONMENTAL JUSTICE 6
COMMUNITY CONCERNS 6
HAZARDOUS MATERIALS 6
LAND USE 7
NOISE 7
TRANSMISSION SYSTEM ENGINEERING/LOCAL RELIABILITY NEEDS 7
ALTERNATIVES 7
STAFF'S PROPOSED SCHEDULE 8

PURPOSE OF THE REPORT

This report has been prepared by the California Energy Commission staff to inform the Committee and all interested parties of the potential issues that have been identified in the case thus far. Issues are identified as a result of discussions with federal, state, and local agencies, the applicant, community groups, and review of the San Francisco Electric Reliability Project (SFERP) Supplement A to the Application for Certification (AFC). This Issues Identification Report contains a project description, summary of potentially significant environmental issues, public comments received, and a discussion of the proposed project schedule. The staff will address the status of potential issues and progress towards their resolution in periodic status reports to the Committee.

PROJECT DESCRIPTION

On March 18, 2004, the City and County of San Francisco (CCSF) submitted an Application for Certification (AFC) to construct and operate a simple cycle power plant. The project, referred to as the San Francisco Electric Reliability Project, was initially to be located at the former Potrero power plant site owned by Mirant Corporation. An amendment to the project application, Supplement A, was filed by CCSF with the Energy Commission on March 25, 2005 describing relocation of the proposed project to a site approximately 1/4 mile to the south of the original project site. The new location is a 4-acre parcel owned by CCSF located south of 25th Street and approximately 700 feet east of Illinois Street. The new project site is located near the San Francisco Bay in the Potrero District of Southeast San Francisco, and is adjacent to the planned MUNI Metro East Light Rail Vehicle Maintenance and Operations Facility.

FUEL

A pipeline tie-in will be made to the existing PG&E natural gas transmission line at the intersection of Illinois and 25th streets. Natural gas for the facility will be delivered through a new 900-foot-long, 12-inch-diameter (or less) pipeline. This service will be connected to a booster compressor station that will be part of the SFERP facility.

WATER

The City will provide wastewater effluent which will be treated at the power plant site and used for the facility's process water needs. The water pump station will be located in an existing combined sewer system structure and will include three variable frequency drive pumps (two operational and one standby). A 0.7-mile long pipeline will connect the water pump station and the SFERP's onsite recycled water treatment system. The wastewater pipeline will consist of two sections. Approximately 1,300 feet of the pipeline will be installed within an existing collection box. The remaining section will be new construction. The onsite treatment system will be designed to produce Title 22 quality recycled water for industrial use at the SFERP. Potable water for drinking and other administrative building needs will be supplied by the San Francisco Public Utilities Commission (SFPUC). Plant wastewater and reject water from the SFERP wastewater

treatment system will be discharged into the City's combined sewer system, which routes the waste to the City of San Francisco Southeast Wastewater Treatment Plant.

ELECTRICITY TRANSMISSION AND DISTRIBUTION

The project will include the construction of a new air-insulated 115-kilovolt (kV) electric transmission line switchyard on the north side of the site adjacent to 25th Street. Pacific Gas & Electric (PG&E) is currently performing a Facilities Study to evaluate whether the SFERP circuits will enter the switchyard underground from Illinois Street or continue underground north to 22nd Street. The circuits would then run east beneath 22nd Street to an underground/overhead transition structure located on the eastern portion of the Potrero switchyard. This overhead line would then connect with the switchyard bus in an overhead arrangement. Electrical generation will be at 13.8 kV, which will be stepped up with 115-kV step-up transformers.

CONSTRUCTION SCHEDULE

Construction of the generating facility—from site preparation and grading, to commercial operation—is expected to take approximately 12 to 14 months.

POTENTIAL MAJOR ISSUES

This portion of the report contains a discussion of the potential issues the Energy Commission staff has identified. Staff has reviewed information obtained from the City and County of San Francisco's community outreach efforts, and has identified what we understand to be major concerns to the community. Staff also conducted scoping sessions with representatives of local community groups in June 2004 to further understand community concerns.

This report may not include all the significant issues that may arise during the case, as discovery is not yet complete, and other parties have not had an opportunity to identify their concerns, but serves as an early scoping of potential issues. The identification of the potential issues contained in this report is based on staff judgment of whether any of the following circumstances might occur:

- Significant impacts resulting from the project which may be difficult to mitigate;
- Non-compliance with applicable laws, ordinances, regulations, or standards (LORS);
- Conflicts arising between the parties about the appropriate findings or conditions of certification for the Commission decision that could delay the schedule.

The following table lists all the subject areas evaluated and notes those areas where potentially major issues have been identified and if data requests have been requested. Even though an area is identified as having no potential major issues in this report, it does not mean that an issue will not arise related to the subject area.

MAJOR ISSUE	Data Request	Subject Area
Yes	**No**	**Air Quality**
No	No	Alternatives
No	No	Biological Resources
Yes	**Yes**	**Cultural Resources**
No	No	Facility Design
No	No	Geology / Paleontology Resources
No	No	Hazardous Materials Management
No	No	Land Use
No	Yes	Noise
Yes	**No**	**Public Health**
No	Yes	Reliability / Efficiency
Yes	**No**	**Environmental Justice**
No	Yes	Soil & Water Resources
No	No	Traffic & Transportation
No	No	Transmission Line Safety & Nuisance
No	Yes	Transmission System Engineering
No	Yes	Visual Resources
No	Yes	Waste Management

TECHNICAL ISSUES

Staff has begun its analysis of the project, as well as its assessment of related environmental and engineering aspects of the applicant's proposal and is currently in the discovery and analysis phase. Potential major issues have been identified in Air Quality, Public Health, and Environmental Justice. These major issues are summarized below.

AIR QUALITY

Monitoring of air quality: The community has expressed concerns on the expected operational hours of the facility and the appropriate location for taking monitoring samples. Staff will coordinate with the community and the Bay Area Air Quality Management District (BAAQMD) to develop an air quality monitoring strategy that most accurately reflects the existing air quality setting and the potential air quality impacts of the SFERP.

Cumulative Air Quality Impact Analysis: The community is concerned about the cumulative air impacts of the project. The Staff Assessment will address this concern by preparing a cumulative air quality impact analysis that addresses the existing air quality setting, plus the increased impact to air quality associated with the SFERP. Staff will work with the City and County of San Francisco and the California Independent System Operator (CA-ISO) to define a worst case scenario for air quality impacts in the project area.

Construction PM10 and PM2.5 Modeling Results: Air quality modeling predicts that the construction related impacts for PM10 and PM2.5 emissions would be greatest

along the fence line of the facility. Since the public has access up to the property fence and thus the potential to be affected, staff is evaluating the need for additional mitigation beyond those proposed in the AFC.

CULTURAL RESOURCES

Native American Contact: Members of the Native American community have expressed concerns regarding development along the bay. Staff has proposed a data request asking that the applicant contact the Native American Heritage Commission (NAHC), and request a current list of the names, addresses, and telephone numbers of Native Americans having historic ties to the project area. Each person on the list needs to receive a letter and map indicating the new project area, with the request that they notify the applicant's Cultural Resources consultant if they know of any cultural resources that could be affected by the revised project.

Historic Buildings/Historic District: Staff has identified the potential impact of vibrations from the construction of trenches on historic buildings within one block to either side of proposed trenches, especially along Third Street between 20th and 23rd Streets. Staff has proposed data requests requesting the applicant to assess the impact of the change in setting and community character to the two historic sugar warehouses located on the south side of 23rd Street, east of Michigan Street, as well as provide a discussion of the character-defining features of the district and the impacts of the project to the proposed Central Waterfront Historic District.

Archaeological Resources: Pilings or caissons could impact potentially significant cultural resources buried under the fill at the proposed plant site, such as sunken vessels, lost cargoes, collapsed wharves, and buried or submerged archaeological sites. Staff is requesting that an archaeologist monitor be present during test boring on the site to identify any cultural materials present in the cores and provide an assessment of the potential of the project to disturb buried archaeological resources.

There is a high potential for the presence of prehistoric archaeological resources on the western end of the process water pipeline route. To appropriately assess the potential for prehistoric archaeological resources at the plant site, along the process water pipeline, and at the construction site of the water pumping station, staff has requested more information on the horizontal extent of the shoreline in the area of Marin, Mississippi, and Cesar Chavez Streets, and Interstate 280.

PUBLIC HEALTH

Public health impacts from air pollution generated by power plants are a major concern to the surrounding community. The Staff Assessment will examine this potential public health impact, including identification of any studies conducted on public health concerns in the region (i.e., asthma, leukemia, breast cancer), to identify existing patterns, and help identify potential impacts, if any, of the project on public health.

Concerns have been expressed by members of the community that the potential air quality impacts from the SFERP could exacerbate known health problems, including asthma rates in children. Staff will work with the City and County of San Francisco and

potentially affected community groups to consider specific mitigation measures that have been requested by the community to address impacts to air quality with a program that is implemented locally.

ENVIRONMENTAL JUSTICE

Executive Order 12898, "Federal Actions to address Environmental Justice in Minority Populations and Low-Income Populations," focuses federal attention on the environment and human health conditions of minority communities and calls on federal agencies to achieve environmental justice as part of this mission. The order requires the U.S. Environmental Protection Agency (USEPA) and all other federal agencies (as well as state agencies receiving federal funds) to develop strategies to address this issue. The agencies are required to identify and address any disproportionately high and adverse human health or environmental effects of their programs, policies, and activities on minority and/or low-income populations.

For all siting cases, Energy Commission staff conducts an environmental justice screening analysis in accordance with the "Final Guidance for Incorporating Environmental Justice Concerns in USEPA's National Environmental Policy Act (NEPA) Compliance Analysis" dated April 1998. The purpose of the screening analysis is to determine whether there exists a minority or low-income population within the potentially affected area of the proposed site.

Staff has determined that the minority population within six-miles of the proposed SFERP site is greater than 50 percent; therefore, staff will evaluate environmental justice in the Staff Assessment. The Energy Commission's functionally-equivalent CEQA process for power plant siting includes extensive public outreach and opportunities for public participation. The Energy Commission staff will conduct a thorough analysis of direct, indirect and cumulative impacts and identification of appropriate local mitigation in multiple technical disciplines.

COMMUNITY CONCERNS

Potential issues have been identified by the community which will be addressed in the Staff Assessment. These include: Cultural Resources, Hazardous Materials Management, Land Use, Noise, Transmission System Engineering, and Alternatives. These potential issues are summarized below.

HAZARDOUS MATERIALS MANAGEMENT

Hazardous Material Transportation: The community is concerned about the impact of increased hazardous materials in their neighborhood; specifically, the impacts from the transportation of aqueous ammonia. Staff will assess potential impacts and explore measures to mitigate any significant and adverse impacts.

Treated Wastewater: Using treated wastewater for cooling the SFERP has been raised as a local public health concern. The Staff Assessment will address this potential impact, as well as analyze whether there would be any secondary impacts to the community near the Southeast Wastewater Treatment Plant.

LAND USE

Conflicts may result between new housing proposed in community plans (i.e., Draft Central Waterfront Neighborhood Plan, South Bayshore Area Plan, and the Draft Bayview Hunters Point Redevelopment and Rezoning Project) and the expansion of long established industrial uses, such as power plants. Current and draft land use plans encourage new residential development as well as other industrial uses such as the MUNI light-rail maintenance and operation facility. Therefore, staff will analyze the potential for conflicts between existing residential and industrial uses and proposed new developments in the area of the proposed power plant.

NOISE

The project would increase noise levels in the project area. The Staff Assessment will evaluate existing and proposed land uses in the project area and determine if there are potential significant impacts to sensitive receptors such as residences and their occupants and churches.

TRANSMISSION SYSTEM ENGINEERING/LOCAL RELIABILITY ISSUES

The community has questioned whether the project is really needed in San Francisco to meet local and regional demands for a reliable supply of electricity. Staff will complete a transmission engineering analysis of the site to determine the "local transmission system affects" of placing the power plant at the proposed location. Staff will coordinate its review with the CA-ISO, which manages most of the state's transmission system.

Closure of the Hunters Point Power Plant is a project objective of the City and County of San Francisco as well as a goal of many citizens. Staff will coordinate with the CA-ISO and PG&E for a thorough understanding of what generation units and/or infrastructure improvements must be available before Hunters Point could be closed.

ALTERNATIVES

Staff will assess the proposed project's impacts to determine their significance and identify ways to avoid or mitigate any significant adverse impacts. Staff will also analyze a reasonable range of alternative sites and technologies that are capable of meeting most of the basic objectives of the project, and would reduce or avoid any significant adverse impacts.

STAFF'S PROPOSED SCHEDULE

The following is staff's proposed schedule for key events. The ability of staff to be expeditious in meeting this schedule will depend on the applicant's timely response to staff's data requests, timely responses/decisions from local/state/federal agencies, and the complexity of the issues.

	Activity	Days	Calendar Day
1	Applicant filed Application for Certification (AFC)		March 25, 2005
2	Staff filed Data Requests	38	May 2, 2005
3	Staff filed Issue Identification Report	40	May 4, 2005
4	Information Hearing, Site Visit	42	May 6, 2005
5	Staff Data Response and Issue Resolution Workshop	42	May 6, 2005
6	Data Responses Filed	70	June 3, 2005
7	Local, state, and federal agency draft determinations, e.g., Air District's Preliminary Determination of Compliance (PDOC)	91	June 24, 2005
8	Preliminary Staff Assessment (PSA) filed	122	July 25, 2005
9	PSA workshop(s)	138	August 10, 2005
10	Local, state, and federal agency final determinations (e.g., FDOC, bio opinion)	180	September 21, 2005
11	Final Staff Assessment (FSA)	192	October 3, 2005
12	Prehearing Conference	206	October 17, 2005
13	Evidentiary hearings	221	November 1, 2005
14	Committee files proposed decision	286	January 5, 2006
15	Hearing on proposed decision	318	February 6, 2006
16	Commission Decision	329	February 17, 2006