

SECTION 4.0

Environmental Justice

Environmental Justice

4.1 Introduction

California law defines environmental justice (EJ) as “the fair treatment of people of all races, cultures, and incomes with respect to the development, adoption, implementation and enforcement of environmental laws, regulations and policies.” Government Code Section 65040.12. The City and County of San Francisco (CCSF or City) supports the goals of environmental justice and is committed to promoting social justice and equality in the context of environmental policymaking and its administrative and regulatory programs. The SFERP is an important project to improve the City’s energy infrastructure, and make the local generation resources more reliable, equitable and less polluting.

4.2 The City’s Current Policy on Environmental Justice and New Generating Facilities in Southeast San Francisco

In May 2001, the San Francisco Board of Supervisors adopted Ordinance No. 124-01 establishing City policy for the development of electrical generating units in Southeast San Francisco. In that ordinance, the Board of Supervisors found that:

- (A) The Energy Resources Conservation and Development Commission (California Energy Commission) has recognized Southeast San Francisco as a minority community entitled to environmental justice.
- (B) All of the major electrical generating units in San Francisco are located in Southeast San Francisco, which includes the Bayview, Hunters Point, Potrero Hill and Dogpatch neighborhoods.
- (C) Southeast San Francisco has a disproportionate number of industrial and polluting facilities.
- (D) Southeast San Francisco has an extraordinarily high rate of childhood asthma and other serious respiratory diseases.
- (E) Fossil fuel generation is associated with pollutants that damage public health.
- (F) Oil-fueled generation, such as that produced by the Potrero Power Plant Units 4, 5, and 6 known as “Peakers,” is potentially more harmful than natural gas-fueled generation.
- (G) Alternative fuel sources are more protective of the environment and human health than fossil fuel generation.
- (H) The City signed an agreement with PG&E calling for the permanent shutdown of the Hunters Point Power Plant, as determined by the appropriate state and federal regulatory authorities, as soon as the facility is no longer needed to sustain electrical reliability.

- (I) The California Independent System Operator has identified transmission upgrades that would assist with providing reliable electricity to San Francisco.
- (J) The City has agreed with PG&E to advocate the expeditious development of capacity (generation and/or transmission), which minimizes adverse community and environmental impacts to replace the Hunters Point Power Plant.

This series of findings sets forth unambiguously the City's view that Southeast San Francisco is a community of color with relatively high rates of serious respiratory diseases; and that the Southeast San Francisco has been disproportionately impacted by industrial facilities including electric power generation.

Ordinance 124-01 goes on to set forth a series of requirements for any new fossil-fueled power generation at Potrero in Southeast San Francisco. The requirements are designed to minimize adverse impacts from additional power plant development in the region. The requirements stress: 1) reduction of potential and actual emissions of criteria, toxic and hazardous air pollutants; 2) closure of Hunters Point Power Plant; 3) limiting or eliminating the operation of the peaking units at the Potrero Power Plant; 4) cleanup and eventual shut down of Potrero Power Plant Unit 3; and 5) mitigation of the adverse social, economic, cultural, environmental and public health impacts from the new generation on the impacted communities in Southeast San Francisco. Ordinance 124-01 provides for the development of an Energy Resource Plan to implement all practical transmission, conservation, efficiency and renewable alternatives to fossil fueled generation in the City.

4.3 The SFERP Supports the Objectives of Ordinance 124-01

Section 3, Purpose and Need, describes how the SFERP supports closure of existing dirty generation within Southeast San Francisco, as a component of a portfolio of resources that includes transmission, energy efficiency improvements, renewable resources, and clean distributed generation. As that section explains, a primary purpose of the City in developing the SFERP is to provide for closure of existing old dirty generation in the City while maintaining electrical reliability. The City seeks in particular to close down Hunters Point Power Plant in the near term, and to close down units at the Potrero Power Plant as soon thereafter as possible. Closure of existing dirty generation within Southeast San Francisco will eliminate a significant source of pollution that affects the local communities.

Nonetheless, the City recognizes that the SFERP, while significantly cleaner than existing generation, could have adverse air quality and public health impacts that must be minimized. Accordingly, the City has designed into the SFERP a variety of features to ensure that the SFERP supports the objectives set forth in Ordinance 124-01, as follows:

1) Reduction of potential and actual emissions of criteria, toxic and hazardous air pollutants.

Although under Bay Area Air Quality Management District (BAAQMD) air quality rules the City is only required to offset oxides of nitrogen (NO_x) emissions from the SFERP, the City will offset both NO_x and precursor organic compounds (POC) emissions and will use best efforts to do so using local emission reduction credits (ERCs). In this manner, the City will assure that it is not exchanging impacts from the SFERP to the

local San Francisco communities for benefits from ERCs that would inure to distant communities in the BAAQMD. Consistent with BAAQMD rules, the City will install best available control technology (BACT) on the SFERP to reduce plant emissions to the greatest extent possible. Further, the City is conducting several emissions monitoring activities, as described below, to identify major sources of air pollution and develop a plan to reduce them.

2) Closure of Hunters Point Power Plant.

As is explained in Section 3, Purpose and Need, the City has received confirmation from the California Independent System Operator (CAISO) that with the installation of three combustion turbines in San Francisco, and the construction of a series of transmission upgrades that are currently planned, Hunters Point Power Plant can be closed.

3) Limiting or eliminating the operation of the peaking units at the Potrero Power Plant.

As is explained in Section 3, Purpose and Need, CAISO communications have indicated that with the installation of the SFERP, the construction of a series of transmission additions that are currently planned, and the construction of the Jefferson-Martin transmission line, the need for in-City generation will be reduced to no more than 400 MW north of San Mateo substation. With the SFERP in place and Hunters Point Power Plant closed, generation north of the San Mateo substation would significantly exceed 400 MWs, amounting to 533 MWs (the SFERP at 145 MW, Potrero 3 at 207 MW, Potrero 4, 5 and 6 peaking-units at 156 MW, and the United Cogeneration unit in the Peninsula at 25 MW). Thus, the City will aggressively push for closure of the peaking units at the Potrero Power Plant. Even before Jefferson-Martin is in place, given the flexibility of the SFERP, and the limited hours available for operation of the Potrero Power Plant peaking units, the CAISO is more likely to rely on the SFERP to meet system needs than on the Potrero peaking units.

4) Clean up and eventual shut down of Potrero Power Plant Unit 3.

Unrelated to the SFERP, Mirant and the CAISO have concluded a cost-recovery agreement for the installation of SCR on Potrero Unit 3; the project is expected to be complete no later than Spring of 2005. The installation of SCR at Potrero Unit 3 should substantially reduce the NO_x emissions from the unit. Thus, there is already a separate plan in place for substantial improvement in the emissions from Potrero Unit 3.

Once the SFERP and the Jefferson-Martin transmission line are in place, the City will focus on eliminating generation at the Potrero Power Plant. The CAISO has stated that it will continue to require 400 MW of generation north of San Mateo substation. The City will continue to work with the CAISO to identify alternatives to generation in order to reduce this number. As is explained in Section 3, Purpose and Need, the City is committed to implementing a program that includes transmission upgrades, energy efficiency improvements, renewables and clean distributed generation that should, over time, provide for closure of all of the existing dirty in-City generation.

5) Mitigation of the adverse social, economic, cultural, environmental and public health impacts from the new generation on the impacted communities in Southeast San Francisco.

The City is committed to mitigating the impact from the SFERP on the Southeast San Francisco communities. In addition to minimizing the emissions from the SFERP, as described above, the City intends to develop in the coming year a mitigation plan for particulate matter smaller than 10 microns (PM₁₀) and a community benefits plan.

During 2003, the City consulted extensively about the SFERP with community members and hosted several public meetings to introduce and discuss the project. Input from these meetings and from Supervisor Maxwell, who represents the Potrero, Hunters Point and Dogpatch neighborhoods, provided the basis for certain features of the SFERP designed to reduce impacts on the community:

- a) The City undertook a review of available alternative sites that could meet the reliability criteria established by CAISO and provided access to the existing 115 kV transmission system. By developing the SFERP on the same site that was proposed by Mirant for the Potrero Power Plant Unit 7 (PPPU7) project, the City would prevent the development of the much larger Potrero 7 generating unit at the site and thereby limit the amount of increased emissions in Southeast San Francisco.
- b) The City is exploring an alternative site for one of the four combustion turbines that it has available for development.
- c) The City has designed a system for ammonia storage that seeks to minimize risks to public health. The system includes a containment area and covered sump. The City performed an off-site consequence analysis to assess the risk to humans if a catastrophic spill or rupture of the aqueous ammonia storage tank were to occur. While the California Energy Commission has typically only required assessment to a 75 ppm level, the City has reviewed potential impacts down to significantly lower levels. The assessment has confirmed that releases to the north, south and western boundaries of the SFERP (those boundaries with public access) would not exceed a concentration of 5 ppm, a barely perceptible level. Releases to the east, onto the Mirant property, could be higher. However, because they are located at a greater distance from the plant, residential areas would not be exposed to these higher levels in the event of an accidental release.
- d) The City will use recycled water for cooling at the SFERP. Hence the City will significantly reduce the use of potable water at the plant and avoid any impacts from use of Bay waters.
- e) In lieu of demolition, the City will rehabilitate the historic Meter House for use as an administration and control building.
- f) In 2004, the City will work with the affected communities to develop a PM₁₀ mitigation and community benefits package to offset remaining impacts from the SFERP. The package should address the adverse social, economic, cultural, environmental and public health impacts from the SFERP. Below are additional details about the process to develop the package.

Thus, the SFERP generally meets the objectives set forth in Ordinance 124-01. Moreover, before the SFERP is constructed, the project will be presented to the Board of Supervisors for approval of financing and contractual arrangements. At that time, the Board of Supervisors will have the opportunity to determine whether the features of the SFERP along with the PM₁₀ mitigation/community benefits program adequately satisfy the requirements of Ordinance 124-01.

The City is aware that typically the California Energy Commission requires an assessment of Environmental Justice pursuant to President Clinton's Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations (1994). Although it has not formulated a formal environmental justice policy, the CEC has established an approach in preparing an Environmental Justice Analysis. Appendix 8.8A undertakes such an analysis in a manner that is generally consistent with the CEC's approach solely for the purpose of meeting the CEC's data adequacy requirements. The City considers that notwithstanding that analysis, for purposes of assessing the environmental justice impacts of the SFERP, the more stringent findings and criteria from Ordinance 124-01 are controlling, as discussed in this section.

4.4 Process for Development of a PM₁₀ Mitigation and Community Benefits Package

The City is committed to funding a meaningful PM₁₀ mitigation and community benefits program, in addition to the offsets required under BAAQMD rules for the NO_x emissions generated by the SFERP. As stated previously, the City has already held numerous informational meetings regarding the SFERP with diverse members of the community which have helped shape the design of the project. Having completed submission of the Application for Certification for the SFERP, the City will turn to development of a PM₁₀ mitigation and community benefits package. The City will convene a series of workshops to obtain public input and make recommendations regarding air quality mitigation measures and a community benefits program. These public workshops will provide a forum for members of the public to share their viewpoints and help the City evaluate a range of feasible options to reduce emissions from mobile and stationary sources, for inclusion as part of air quality mitigation measures and a community benefits program. In addition, the workshops will solicit the public's views on mitigation of adverse social, economic, and cultural impacts of the project. The City is particularly interested in identifying infrastructure and capital improvements to reduce air pollution in the Southeast area of the City. The City intends that the workshops will result in a package of long- and short-term mitigation options. Although it is likely that mitigation for the SFERP will address some, but not all of the components of the package, this effort will form the basis of a larger, comprehensive City plan to reduce air pollution in the Southeast area.

It is the City's intention that the public workshops will be attended by a diverse group of participants, including representatives from the residential and commercial sectors of the Dogpatch, Potrero and Bayview-Hunters Point neighborhoods, local environmental groups, governmental agencies interested in the SFERP and the general public. The City intends to commence the workshop process in May of 2004.

The City notes that pursuant to a power purchase agreement between the City and the Department of Water Resources, the SFERP will be funded by California ratepayers on a cost-recovery basis over the first 10 years of project operation.

In addition to development of a PM₁₀ mitigation and community benefits package, the City will undertake local air quality monitoring that will provide necessary information to support additional air quality improvements in Southeast San Francisco. Currently, the City is working in a collaborative partnership with the BAAQMD, the California Air Resources Board and a local environmental justice group to temporarily operate a local air quality monitoring station in the Hunters Point community, located at Whitney Young Circle at Hudson and Progress streets in San Francisco. This monitoring station will collect data on criteria and toxic air pollutants for a period of 12 months. The City will expand this local air quality monitoring program and operate two additional monitoring stations in the immediate vicinity of the Potrero Power Plant site, in the Dogpatch and Potrero Hill neighborhoods, prior to start of construction of the SFERP. The two monitoring stations in the Dogpatch and Potrero neighborhoods will provide data on the concentration levels of criteria air pollutants. Data will be compared with the criteria pollutant measurements obtained by BAAQMD at its permanent monitoring station, which is located on Arkansas Street in San Francisco for the same period. This comparison will help to determine if there are any significant local variations in the ambient air quality between the different monitoring locations. Depending on the data obtained from the pre-construction period for the SFERP, the City may continue to monitor the ambient air concentrations of criteria pollutants in the vicinity of the Potrero Power Plant site after construction and initial start-up. The air monitoring information will provide the basis to assess the need for additional programs to improve air quality in Southeast San Francisco.