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BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:)	Docket No. 09-IEP-10
)	
)	Committee Workshop on
Preparation of the)	Options for Maintaining
<i>2009 Integrated Energy Policy Report (IEPR)</i>)	Electric System Reliability
)	When Eliminating Once-
)	Through Cooling Power
)	Plants.

**COMMENTS OF THE CITY AND COUNTY OF SAN FRANCISCO ON
MAINTAINING ELECTRIC SYSTEM RELIABILITY WHILE ELIMINATING
POWER PLANT USE OF ONCE-THROUGH COOLING
(2009-IEPR-OTC)**

The City and County of San Francisco (CCSF) appreciates the opportunity to submit comments on the reliability issues associated with implementation of the once-through cooling (OTC) policies proposed by the State Water Resources Control Board (SWRCB) in its March 2008 policy document. CCSF commends the California Energy Commission (CEC) for seeking input and comments from stakeholders on this important issue. CCSF supports the goal of eliminating once-through cooling by power plants as soon as possible while maintaining electric reliability.

1. The Implementation Schedule Should Provide for Expedient Removal of OTC Power Plants.

The March 18, 2008, SWRCB Scoping Document included a preliminary draft OTC Policy as Appendix A. That preliminary OTC Policy proposed the following staggered implementation compliance schedule: (1) non-nuclear OTC plants with utilization factor of less than 20% by 2015, (2) non-nuclear OTC plants with utilization greater than 20% by 2018, and (3) nuclear OTC plants c by 2021. CCSF does not believe strict adherence to such a schedule is appropriate if it allows a power plant to continue operating using OTC longer than the plant is needed for electric reliability. As

recognized by the CEC staff, there are some cases where the harmful effects of OTC can be eliminated by ceasing power plant operation now or after planned infrastructure additions are in service. Humboldt Bay Power Plant was given as one example. If electric reliability can be maintained, there is no reason to allow for continued operation of OTC plants until the proposed compliance dates of 2015 or 2018.

2. Potrero Unit 3 Should Close Immediately Because It Is Not Needed to Maintain Electric Reliability.

San Francisco is home to the Potrero Power Plant, which operates using an outdated OTC system that damages the Bay and harms the people who use the Bay for recreation and subsistence fishing. The Potrero Power Plant consists of a 206 MW Unit that uses OTC and 3 52 MW air-cooled turbines. Under the ISO's own study criteria, Potrero Unit 3 is no longer necessary to maintain electric reliability for San Francisco or the Greater Bay Area (GBA). PG&E studies undertaken in 2008 indicate that with a recently completed transmission addition—the third Martin-Hunters Point 115kV transmission project—only 96 megawatts (MWs) of electric generation is required in San Francisco. The requirement for 96 MWs of generation could be met without the continued operation of Potrero Unit 3.

The ISO's 2010 Local Capacity Requirements Study indicates a very small need for local generation in San Francisco (25, 10 and 15 MWs for years 2010, 2011, and 2013, respectively), assuming the Trans Bay Cable is in operation. The ISO's requirements were developed by assuming the rare event of an overlapping outage of two major transmission lines, a level C contingency. This small need can be met easily without Potrero Unit 3.

For the Greater Bay Area, the ISO's 2010 Local Capacity Requirement study indicates a requirement of 4651 MWs under a level C contingency and 4224 MWs under a level B contingency. The study indicates Qualifying Capacity of 6704 MWs. Thus, even under the most stringent analysis using a level C contingency, there is a surplus of 1843 MWs even without Potrero Unit 3.

3. The Development of a New State OTC Policy Should Not Delay the Enforcement of Existing Permits.

CCSF supports the efforts of the SWRCB and the energy agencies to develop and implement a policy that will eventually eliminate OTC, but we do not support allowing this effort to extend the life of existing OTC systems that would otherwise need to close or come into compliance with current standards. This is precisely what has happened with Potrero Unit 3.

In May 2006 the San Francisco Bay Regional Water Quality Control Board (RWQCB) issued a renewal for the water discharge permit for Potrero Unit 3. The renewed permit expired on December 31, 2008. This permit stated the RWQCB's intention to "prohibit the discharge of once through cooling water, to the extent allowed by law, unless the discharger demonstrates that its discharge has no significant adverse environmental effects on San Francisco Bay. This Board intends to resolve this issue no later than December 31, 2008." (Finding #22 of the May 10, 2006 Order.)

The RWQCB has cited the process of developing a new State OTC policy as one basis for its failure to move forward with enforcement of this permit condition.

4. Stakeholder Participation in Energy Agency Collaborative Work.

Information provided at the Workshop and previously indicates that the state energy agencies, the ISO, CEC, and CPUC, have been meeting with SWRCB staff, and other state agencies, about specific implementation mechanisms that might simultaneously achieve the SWRCB's goal of elimination of OTC while assuring system and local reliability for the state's electrical grid. The energy agencies have been actively participating to assist SWRCB staff since June 2008, with intensive discussion among the energy agencies' technical staffs to devise a common approach since September 2008, and with multiple meetings of principals of the three energy agencies to assure that the approach developed by technical staff is acceptable since December 2008. CCSF understands that stakeholders will eventually be presented with some new SWRCB staff recommendations and that those recommendations will be the subject of another CEC 2009 IEPR workshop on July 9.

Such inter-agency collaboration is commendable and essential to the implementation of effective policy on an issue of this complexity. However, this

collaborative process should include the public. Although some broad concepts¹ of what the working group is considering or has recommended to the SWRCB staff were discussed at the Workshop, there was no disclosure of the working group's draft or final recommendations to SWRCB staff or the staff's response. Both the workshop and these comments would be more meaningful if stakeholders were informed about the current status of the work by the agencies, particularly where one of the workshop purposes is to "receive input from stakeholders that will either validate or refute various assumptions that the energy agencies have used in developing our proposal to SWRCB." It is clear that much work has been done on this issue by the state agencies but the results of that work has not been shared with stakeholders.²

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Respectfully submitted,

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¹ These concepts included: improved analysis of generation and non-generation options to replace OTC capacity; incorporation of initial and updated analysis in decision processes; and pursuit of replacement infrastructure through adapted procurement proceedings at CPUC and transmission planning at ISO.

² Although not a state agency, the ISO is subject to FERC Order No. 890 in conducting an open, transparent and collaborative transmission planning process. Planning for infrastructure replacement for retired OTC plants including transmission would be subject to such requirements. The last ISO open stakeholder meeting regarding the issue of OTC plant mitigation to maintain electric reliability was conducted on August 11, 2008.