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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
INTER-AGENCY ANALYSIS OF OPTIONS FOR ELIMINATING RELIANCE
ON ONCE-THROUGH COOLING POWER PLANTS
(2009-IEPR-OTC)**

The City and County of San Francisco (CCSF) appreciates the opportunity to submit comments on the Draft Joint Agency Staff Paper entitled "Implementation of Once-Through Cooling Mitigation Through Energy Infrastructure Planning and Procurement" (Staff Paper). CCSF has reviewed the Staff Paper and participated in the workshops on this topic on July 28, and May 11, 2009. CCSF supports the goal of eliminating the use of once-through cooling by power plants as soon as possible while maintaining electric reliability. We commend the staffs of the California Energy Commission (CEC), California Public utilities Commission (CPUC) and California Independent System Operator (ISO) for their work on this important issue.

CCSF agrees with the general approach outlined in the Staff Paper, which proposes to develop plans to terminate or mitigate once-through cooling (OTC) on an individual plant or unit basis and to include a feedback loop to allow for adjustments in the compliance schedule as necessary to ensure compliance with reliability standards. Despite this support for the overall policy, CCSF is concerned that elimination or mitigation of OTC power plants is not being implemented as aggressively as it can be, consistent with ensuring electric reliability.

CCSF's system studies indicate no need for Potrero Unit 3 as soon as either the Trans Bay Cable or the recabling of the Martin-Bayshore-Potrero lines are completed. Both projects are under construction, with expected operation dates of March 2010 and October 2010 respectively. Potrero Unit 3 should be required to comply with the OTC policy in 2010 or it should close. Compliance by the end of 2010 would be two years beyond the compliance date identified by the San Francisco Bay Regional Water Quality Control Board when it approved the NPDES permit for Potrero Unit 3 in May 2006. (Finding #22 of the May 10, 2006 Order.) There is no basis for further delay.

For both Morro Bay and some of the other plants in the Bay Area (in addition to Potrero Unit 3), more aggressive compliance dates could be implemented consistent with all applicable electric reliability criteria. The CAISO 2010 LCR studies¹ indicate that nearly 1,200MW² of OTC capacity can be retired within the Greater Bay Area itself without the addition of added generation or transmission capacity.³ The GBA OTC Retirement study prepared by Quanta Technology for Pacific Gas & Electric⁴ indicated that existing grid infrastructure with additional reactive compensation would allow an additional 3,900 MW⁵ of OTC to be retired before major additions of transmission or new generation would be required on or before 2020. The reactive compensation needed would cost in the range of \$37.5 million to \$45 million. The Jones & Stokes study reaches a similar conclusion, indicating that all OTC capacity can be retired within the GBA with the addition of the transmission upgrades estimated to cost \$42 million.⁶

The approach proposed by the Staff Paper supports adoption of aggressive compliance requirements because the feedback mechanism ensures reliability will still be protected even if targeted goals for replacement projects, renewable energy, and demand side measures are not met.

¹ 2010 Local Capacity Technical Analysis, May 1 2009, p. 2 and p. 54.

² This amount of capacity does not include the Moss Landing units 6 and 7, which are the OTC units external to the Greater Bay Area and potentially retired.

³ This would be consistent with the local area requirements of Pittsburg and Oakland Sub-areas as well as the overall Greater Bay Area (GBA).

⁴ Greater Bay Area Once Through Cooling Generation Retirement Study, March 31, 2009.

⁵ This amount of capacity includes the Moss Landing Units 6 and 7 as well as Potrero Units 4,5 & 6.

⁶ Electric Grid Reliability Impacts from Regulation of Once-Through Cooling in California, prepared for California Ocean Protection Council and State Water Resources Control Board, prepared by Jones & Stokes report, Global Energy Decisions and Mathew Trask, April 2008, pp.48-49 and Table 4-5.

In conclusion, CCSF supports the work done to date by the staffs of the energy agencies to ensure reliability while eliminating OTC in power plants. At the same time, we urge development of a more aggressive compliance schedule consistent with existing studies of reliability needs. Several of the OTC plants are decades old and a number of them are operating on permits that expired years ago. For these reasons, and in view of the harm caused by OTC, it is incumbent on state agencies to adopt the most aggressive compliance schedule that is feasible consistent with electric reliability requirements. Finally, we urge the agencies to develop these policies in a more open and transparent manner that includes entities beyond the staffs of the state energy agencies in the development of additional policies and studies.

August 11, 2009

Respectfully submitted,

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/s/

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