

May 25, 2004

Sent by email to: bcabral@baaqmd.gov

Bay Area Air Quality Management District (BAAQMD)
939 Ellis Street
San Francisco CA 94109
Attn: Brenda Cabral, Clerk of Board

Re: Title V Permit for PG&E's Hunters Point Power Plant

Dear Board Members:

Women's Energy Matters (WEM) files these comments on the proposed renewal of the Major Facility Review/Acid Rain Permit for the Hunters Point Power Plant (HPPP). WEM opposes permit renewal for the following reasons:

Environmental Racism: HPPP Harms Health of Bayview Hunters Point Residents

The largely low-income, African-American community surrounding Hunters Point Power Plant, Bayview Hunters Point, has an epidemic of asthma — the highest in the nation — and high rates of cancer. The power plant is one of many major polluting facilities: Hunters Point Shipyard, a Superfund site; two highways; the sewage treatment plant for all of San Francisco and Daly City; and large cement factories. This by definition is environmental racism. The cumulative impact of all these facilities has never been studied.

Environmental Justice staff of the Governor's Office of Planning & Research set up a series of meetings called the "Large Core Working Group" and its "Demand-Side Management (DSM) and Powerflow subgroups, in an attempt to establish what it would take to shut down the Hunters Point Power Plant (HPPP). Women's Energy Matters attends many of the meetings. In addition, WEM is an intervenor in two proceedings at the California Public Utilities Commission (CPUC) that have in some way addressed the shutdown of HPPP.

HPPP Is Old & Inefficient and Is Not Needed for Reliability.

Women's Energy Matters is a member of the Community First Coalition (CFC), which has extensively studied the issue and the impacts of the plant on the community. Members of CFC and WEM discovered that there are two 230 kV power lines serving downtown San Francisco which magically disappear in most of PG&E's descriptions of the power system in San Francisco. Each line is capable of carrying 450 MW of power. The entire load in San Francisco is just over 900 MW.

When PG&E ran the transmission system, transmission planners assumed that either the largest power line, the largest generator, or two of each were out of service, and therefore didn't count. PG&E apparently "disappeared" those lines that way. Currently, the California Independent System Operator (Cal-ISO) oversees transmission in most of

California. It assumes one line and two generators unavailable in San Francisco. Therefore, one of the 230 kV lines should be counted.

WEM intervened in the Jefferson-Martin proceeding at the CPUC in order to get more information, under oath, on the capabilities of the existing system, and what was needed for HPPP shutdown. WEM's testimony in the proceeding describes the mystery 230 kV line, and recalculates Load Serving Capability in San Francisco if one of these lines is counted. HPPP is definitely not needed.

280 Citizens, another intervenor in Jefferson-Martin, also testified that the "reliability" problem in San Francisco and Northern San Mateo County is exaggerated to justify the new line — load is overstated and transmission capacity is understated in PG&E and ISO documents. They utilized an expert, William Stephenson, who worked for two decades years at PG&E as a senior member of the transmission planning dept. He was there when the 230kV Martin-Embarcadero lines were installed in the early 1970s.

Then why does PG&E keep HPPP running? PG&E and Cal-ISO have a new reason every time we meet. One was it's "needed" to provide reliability when they need to wash salty fog off the insulators at the San Mateo substation. Except PG&E's transmission planner said they could replace the material of those insulators. And so it goes.

The Jefferson Martin Line Won't Help Shut HPPP – It *Reduces* Power for SF

The real kicker in the Jefferson Martin proceeding is that Cal-ISO's studies show that the line would cause congestion in the system, actually *reducing* power available for San Francisco by 25-70 MW. However, ISO told CCSF Powerflow meetings that it could reduce power by as much as 350MW. These problems would have to be fixed by additional transmission upgrades inside San Francisco which are not yet in the pipeline for CPUC approval. The earliest the J-M line would come on line is 2006, but the key upgrades in the City were only proposed this past December. They were originally envisioned for 2011, but recently PG&E said they may push that up to 2008. **Does it sound like there's really a reliability problem in the City, if they can reduce power that much and not fix it until 2008 or 2011?**

Maybe this is why ISO recently suggested that HPPP closure won't be possible until 2008. But HPPP provides much less than 350 MW of power.

It's a game with PG&E and ISO. A game about money, not electricity. Again and again, they have used the tragic story of the BVHP community — the need to close the power plant because of the health and economic damage to the community — to justify projects they want to do. But then the power plant doesn't shut down, because it's needed to justify their next boondoggle.

WEM testimony in the Jefferson Martin proceeding, that describes these issues more fully, and lists references to Cal-ISO and PG&E documents that can be found on the web, is attached and included as part of WEM's testimony to this Board.

The SF "Peak Energy Project" Was Supposed to Help Shut HPPP Too – But...

WEM and CFC learned how this game works when we starting investigating PG&E's "collaborative" with City and County of San Francisco (CCSF) San Francisco Peak Energy Project ("PEP"). PG&E/ SFE proposed a \$16.3 million special Energy Efficiency

project, supposedly to help close the power plant, but we wondered why they planned to spend almost all the money downtown. PG&E “experts” claimed the HPPP served downtown, however, we discovered the downtown area is really served by those two big power lines that go from Martin substation just south of San Francisco, directly to Embarcadero substation, without stopping for juice at HPPP or Potrero. PG&E finally had to admit HPPP power does not go there.

WEM is an intervenor in the California Public Utilities (CPUC) proceeding on Future Energy Efficiency in California, where PG&E proposed this project. After six months of reading our objections, the CPUC Judge in that proceeding ordered PG&E and Cal-ISO to meet with WEM, CFC and other members of the BVHP community in May-June 2003 to discuss the project. above-described \$16.3 million. That’s where all this and more came out. Our groups videotaped the meetings.

OK, we said, lets bring that money to the BVHP community, and use more of it to residential customers. Ordinarily, energy efficiency money is allocated approximately to residential/business customers on the proportion they contribute – about 40/60. But this project was supposedly an “emergency” — because of the need to close HPPP — so PG&E thought it could get away with funneling almost all of it to its big business friends downtown. WEM and CFC forced them to bring a lot of the money to the community and serve smaller businesses there, although we were unable to get more money for residential customers.

We also said, what about these high bills on The Hill? For reasons that are not at all clear, residents of BVHP housing have electricity/gas bills of \$200-300 a month. They are paying directly to PG&E for their individual units (rather than the apartment building being master metered). Some time ago, the SFPUC allowed PG&E to take over these customers, although they rightfully should be served by the Hetch Hetchy system, which is 30% cheaper. PG&E promised it would investigate the high bills. That was in June, 2003. As of now, May 2004, they have not yet done so.

They are milking these poor people for huge bills, at the same time poisoning them with the power plant. But they say they care so much about the community, they have to build the Jefferson Martin line.

When first proposed, this line (from Redwood City to San Francisco) was estimated at \$110 million. Now, four years later, the estimate is up \$260 million and climbing. PG&E will get a guaranteed profit on every dollar they spend on that line.

Do you see how it works? No wonder the plant never shuts down and the “reliability” requirements go up and up.

Energy Efficiency and Renewables Are the Best Solution for Reliability

WEM testified in the Jefferson Martin proceeding and also in the Future Energy Efficiency proceeding that if any reliability problems exist in San Francisco they could and should be solved first with Energy Efficiency and Renewable Energy (solar, wind, etc.) rather than fossil fueled power plants. That is also the “loading order” three State energy agencies have chosen for California in the “Energy Action Plan.” (Written and presented formally to the Governor and Legislature by the CPUC, Calif. Energy Commission (CEC) and California Power Authority.) WEM also testified in the public meetings on that plan, asking the agencies to make sure that this plan is real, not just lip

service for public relations while the real deal is to build more gas fired power plants and the old ones like HPPP just keep on burning.

PG&E and ISO's testimony in Jefferson-Martin on why Energy Efficiency and Renewable Energy could not solve the SF Peninsula reliability problem was extremely interesting. They said that the amount of megawatts that could be achieved was "too small" to make a difference. PG&E also claimed that Energy Efficiency projections were not reliable, and could only be considered after the fact, while they *will* take into account future energy supplies from power plants under construction, although the plants will not come online for years.

What Will It Take to Get Energy Efficiency for Reliability in San Francisco?

The utilities were in complete control of Energy Efficiency funds for thirty years, but over the past three years in the Future Energy Efficiency proceeding, the CPUC is slowly and painfully wrenching some of the funds away from them. The reasons? Utility programs deliver much less energy savings for the money, compared with non-utility Energy Efficiency providers. Also, utility savings claims are unreliable because first of all, they have sweetheart relationships with energy-savings measurement contractors. PG&E has gotten away with significant "phantom" savings claims, based on loopholes or downright false information in "studies" by the sweethearts.

Utilities have fundamental conflicts of interest with Energy Efficiency. CPUC Commissioners have stated that fact, and WEM, The Utility Reform Network (TURN) and many others have submitted extensive testimony about it. Utility profits and stock prices depend on *increasing*, not decreasing, energy sales. The CPUC has made an effort to neutralize the conflict re profits (WEM does not consider their efforts effective); however there is no way to counteract the issue of stock value.

It is reasonable to expect Energy Efficiency to provide the cheapest, quickest and cleanest megawatts available. That's why it is first in the loading order. It is nonsense that the numbers are "too small" to replace HPPP. PG&E is authorized by legislation (AB117) to direct Public Goods Charge EE funds to solve transmission constraints. PG&E has had control of approximately \$100 million of these funds in the past two years; non-utilities in PG&E territory have had approximately \$20 million/year. PG&E also has a new pot of "procurement" EE funds, approximately \$75 million/ year, much of which it could also apply to solve this problem.

PG&E projected 16 MW of energy savings for 10 years for the \$16.3 million PEP, to give you an idea of how much energy savings per dollar, but these numbers could be greatly increased, even doubled, for EE programs run by non-utility providers. In addition, a WEM-founded coalition, the California Coalition for Energy Efficiency (CCEE) recently proposed a new statewide "administrative structure," the California Standard Offer Program for Energy Efficiency, responding to a request from the CPUC. A similar structure to the one we proposed has been operating for four years in Texas. California is currently saving 40% less energy. In the Texas system, EE providers are only paid for actual energy savings delivered. In other words, energy savings are *guaranteed* or the money goes back into the pot.

By the way, Federal Reserve Chair Alan Greenspan warns that natural gas prices are up and will keep getting higher, because US supplies are running out. His proposed solution — to spend enormous resources to build extremely dangerous Liquefied Natural

Gas (LNG) facilities and tankers — may benefit Wall Street, energy corporations and the war machine, but it will hurt the local economy. It also will do nothing to solve reliability problems in the next few years.

WEM believes it is time for all sensible people and public servants like BAAQMD, to demand Energy Efficiency and Renewables to save us from the health, financial and international problems of fossil fuel resources.

Lack of “Alleged Complaints;” Responsibility of Regulators and Regulated Corps.

The undersigned testified at your public meeting in Bayview Hunters Point May 4, 2004 and also attended the information meeting in April. Your staff’s statement that “there were no alleged complaints” is an impressive denial of reality. There were complaints right there at that meeting, and several attendees said they had called PG&E or the Air Board to complain. Your staff stated that you don’t count complaints to PG&E because they can’t be trusted to report them to you. That is alarming, since they are required to report facts from their monitors. Are you implying those can’t be trusted too? Are you saying that your regulation can’t be trusted to keep track of them? We certainly hope not.

For all the reasons above, Women’s Energy Matters urges you to deny the permit for Hunters Point Power Plant.

Sincerely,

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Enc. WEM testimony in Jefferson-Martin proceeding, CPUC