



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

CEQA INITIAL STUDY

ALTERNATIVE COMPLIANCE PLAN TO USE
INTERCHANGEABLE EMISSION REDUCTION CREDITS TO
COMPLY WITH THE NITROGEN OXIDE EMISSION LIMITS OF
BAAQMD REGULATION 9, RULE 11 (PERMIT
APPLICATION#8260)

MIRANT POTRERO, LLC
POTRERO POWER PLANT
SAN FRANCISCO, CALIFORNIA

December 3, 2003

Prepared by:
Bay Area Air Quality Management District (CEQA Lead Agency)
939 Ellis Street
San Francisco, CA 94109

1. **Project Title:** Alternative Compliance Plan to Use Interchangeable Emission Reduction Credits to Comply with the Nitrogen Oxide Emission Limits of Bay Air Quality Management District Regulation 9, Rule 11 (Permit Application #8260)

2. **Lead Agency Contact:** Barry G. Young
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3. **Project Contact:** Ronald Kino
Mirant Potrero, LLC
1350 Treat Blvd.
Walnut Creek, CA 94597
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4. **Project Location:** Mirant Potrero, LLC
Potrero Power Plant
1201-A Illinois Street
San Francisco, CA 94107
Assessor's Block No. 4232-006

5. **General Plan Designation:** Heavy Industry

6. **Zoning:** Heavy Industry

7. **Summary of Project:** The Bay Area Air Quality Management District is conducting a review of an Alternative Compliance Plan (ACP) proposed by Mirant Potrero, LLC (Mirant) for its Potrero Power Plant (Potrero) located in San Francisco, California to determine whether approval of this ACP will cause significant environmental effects under the California Environmental Quality Act (CEQA). The ACP addresses the means that Mirant proposes to use to comply with the nitrogen oxide (NOx) requirements of District Regulation 9, Rule 11, which regulates NOx emissions from electric power generating steam boilers.

This application is for an ACP, which would allow Mirant Potrero to utilize existing Interchangeable Emission Reduction Credits (IERCs) to demonstrate compliance with the new, more stringent, NOx limits, for source S-1, Boiler 3-1, at the Mirant Potrero facility.

Mirant currently owns and operates three power plants in the District. These facilities are Plant No. 12 (Pittsburg), Plant No. 18 (Contra Costa), and Plant No. 26 (Potrero). These three power plants are subject to Regulation 9, Rule 11, which limits NOx emissions from utility power generating facilities. At these three facilities, there are ten sources subject to Reg. 9-11. These sources comply with Reg. 9-11 using an Advanced Technology Alternative Emission Control Plan (ATAECP "system-wide emissions bubble"), per Section 9-11-309.

Under the ATAACP, the individual boilers are not required to comply with a specific emission limit, but rather a system-wide average. The current system-wide average NO_x limit is 0.057 lb/million Btu for 2003. On January 1, 2004, Regulation 9-11-309.1 requires Mirant to comply with a NO_x emission rate limit of 0.037 lb NO_x/million Btu heat input. On January 1, 2005, the limit is further reduced to 0.018 lb NO_x/million Btu. These emission rate limits are on a clock-hour basis.

The IERCs that will be used for this ACP were approved under application number 6473. These IERCs were generated from source S-1, Boiler 3-1, at Mirant Potrero, for the following three credit generation periods: Apr. 1 through Dec. 31, 2000; Jan. 1 through Dec. 31, 2001; and Jan. 1 through Sep. 30, 2002. These IERCs were generated because S-1 operated with emissions below the applicable system-wide NO_x emission limit in Reg. 9-11 during each of the credit generation periods.

District Regulation 2, Rule 9, provides a mechanism for Mirant to comply with Regulation 9-11-309.1 without installing additional controls, at least for a limited time. Regulation 2-9 allows a facility to generate Interchangeable Emission Reduction Credits (IERCs) by over-complying with current requirements. The IERCs generated by over-compliance may be used to offset emissions that exceed, new, tighter limits from future rules. A 10% Environmental Benefit Surcharge ensures that the environment, and the public, benefit from the transaction.

In accordance with District Regulation 2, Rule 9, instead of installing new control equipment, these IERCs may be used (if such use is approved) as an alternate method to show compliance with the NO_x emission standard in Regulation 9, Rule 11. Application of these District approved IERCs, along with other potential modifications to their boiler, is expected to allow Mirant to fully comply with the NO_x emission limit of District Regulation 9, Rule 11, Section 309.

8. Surrounding Land Uses and Setting. (Briefly describe the project's surroundings.)

The project site currently serves as an electric generation facility consisting of one steam turbine with a design capacity of 206 MW that serves intermediate loads. The facility has three other combustion turbine units, with a design capacity of 52 MW each, which are used for peaking loads. The site is located in a waterfront industrial area south of the San Francisco central business district. The site is relatively flat (the elevation varies from 10 to 24 feet above mean sea level) and is covered by paving, buildings, and other structures. The entire site is almost devoid of vegetation and animals.

The site is located in a waterfront industrial area south of the San Francisco central business district. The site is surrounded by industrial uses, including shipping piers, dry dock facilities along the waterfront; vehicle storage and impoundment yards to the north; gas stations, warehouses, factories and small commercial business to the west; and railroad yard and trucking companies to the south. The nearest residences are located about 500 feet west of the property fence line. The areas between one-quarter mile and one mile of the site consist of mixed urban uses including residential, retail, office, and other commercial uses. The residential areas are of medium to high density. Just to the east of the site is the Bay. Some vegetation exists between the site fence line and the Bay and may include limited habitat for species including the Norway rat (*Rattus norvegicus*), house mouse (*Mus musculus*), and feral cats. The inter-tidal area adjacent to the site supports habitat for sessile invertebrates,

shore crabs, and amphipods. Fish species that may inhabit the inter-tidal zone include sculpins, surfperch, and flatfishes.

- 9. Other public agencies whose approval is required** (e.g., permits, financing approval, or participation agreement.)

None.

ENVIRONMENTAL IMPACTS:

<i>Issues (and Supporting Information Sources):</i>	<i>Potentially Significant Impact</i>	<i>Less Than Significant with Mitigation Incorporation</i>	<i>Less Than Significant Impact</i>	<i>No Impact</i>
1. AESTHETICS—Would the project:				
a) Have a substantial adverse effect on a scenic vista?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Substantially degrade the existing visual character or quality of the site and its surroundings?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. AGRICULTURE RESOURCES In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Department of Conservation as an optional model to use in assessing impacts on agriculture and farmland. Would the project:				
a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. AIR QUALITY Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations. Would the project:				
a) Conflict with or obstruct implementation of the applicable air quality plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

<i>Issues (and Supporting Information Sources):</i>		<i>Potentially Significant Impact</i>	<i>Less Than Significant with Mitigation Incorporation</i>	<i>Less Than Significant Impact</i>	<i>No Impact</i>
c)	Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d)	Expose sensitive receptors to substantial pollutant concentrations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e)	Create objectionable odors affecting a substantial number of people?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4.	BIOLOGICAL RESOURCES— Would the project:				
a)	Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special-status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b)	Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c)	Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d)	Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e)	Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f)	Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5.	CULTURAL RESOURCES— Would the project:				
a)	Cause a substantial adverse change in the significance of a historical resource as defined in §15064.5?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b)	Cause a substantial adverse change in the significance of a unique archaeological resource pursuant to §15064.5?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

<i>Issues (and Supporting Information Sources):</i>		<i>Potentially Significant Impact</i>	<i>Less Than Significant with Mitigation Incorporation</i>	<i>Less Than Significant Impact</i>	<i>No Impact</i>
c)	Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d)	Disturb any human remains, including those interred outside of formal cemeteries?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6.	ENERGY— Would the project:				
a)	Result in a substantial increase in overall or per capita energy consumption?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b)	Increase reliance on natural gas and oil?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c)	Result in wasteful or unnecessary consumption of energy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d)	Require or result in the construction of new sources of energy supplies or additional energy infrastructure capacity?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e)	Comply with adopted energy efficiency standards?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7.	GEOLOGY AND SOILS—Would the project:				
a)	Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:				
i)	Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
ii)	Strong seismic ground shaking?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
iii)	Seismic-related ground failure, including liquefaction?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
iv)	Landslides?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b)	Result in substantial soil erosion or the loss of topsoil?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c)	Be located on geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction, or collapse?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d)	Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

<i>Issues (and Supporting Information Sources):</i>		<i>Potentially Significant Impact</i>	<i>Less Than Significant with Mitigation Incorporation</i>	<i>Less Than Significant Impact</i>	<i>No Impact</i>
e)	Have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
8.	HAZARDS AND HAZARDOUS MATERIALS				
	Would the project:				
a)	Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b)	Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c)	Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d)	Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e)	For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f)	For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g)	Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
h)	Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
9.	HYDROLOGY AND WATER QUALITY—				
	Would the project:				
a)	Violate any water quality standards or waste discharge requirements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

<i>Issues (and Supporting Information Sources):</i>		<i>Potentially Significant Impact</i>	<i>Less Than Significant with Mitigation Incorporation</i>	<i>Less Than Significant Impact</i>	<i>No Impact</i>
b)	Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c)	Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion of siltation on- or off-site?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d)	Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e)	Create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f)	Otherwise substantially degrade water quality?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g)	Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
h)	Place within a 100-year flood hazard area structures which would impede or redirect flood flows?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
i)	Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
j)	Inundation of seiche, tsunami, or mudflow?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
10.	LAND USE AND PLANNING—				
	Would the project:				
a)	Physically divide an established community?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b)	Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c)	Conflict with any applicable habitat conservation plan or natural community conservation plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

<i>Issues (and Supporting Information Sources):</i>	<i>Potentially Significant Impact</i>	<i>Less Than Significant with Mitigation Incorporation</i>	<i>Less Than Significant Impact</i>	<i>No Impact</i>
11. MINERAL RESOURCES—Would the project:				
a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
12. NOISE—Would the project result in:				
a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
13. POPULATION AND HOUSING—Would the project:				
a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Displace substantial numbers of people necessitating the construction of replacement housing elsewhere?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

<i>Issues (and Supporting Information Sources):</i>	<i>Potentially Significant Impact</i>	<i>Less Than Significant with Mitigation Incorporation</i>	<i>Less Than Significant Impact</i>	<i>No Impact</i>
14. PUBLIC SERVICES— Would the project:				
a) Result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times, or other performance objectives for any of the public services:				
i) Fire protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
ii) Police protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
iii) Schools?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
iv) Parks?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
v) Other public facilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
15. RECREATION:				
a) Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
16. TRANSPORTATION / TRAFFIC— Would the project:				
a) Cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system (i.e., result in a substantial increase in either the number of vehicle trips, the volume-to-capacity ratio on roads, or congestion at intersections)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Exceed, either individually or cumulatively, a level of service standard established by the county congestion management agency for designated roads or highways?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Result in inadequate emergency access?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Result in inadequate parking capacity?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

<i>Issues (and Supporting Information Sources):</i>	<i>Potentially Significant Impact</i>	<i>Less Than Significant with Mitigation Incorporation</i>	<i>Less Than Significant Impact</i>	<i>No Impact</i>
g) Conflict with adopted policies, plans, or programs supporting alternative transportation (e.g., bus turnouts, bicycle racks)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
17. UTILITIES AND SERVICE SYSTEMS— Would the project:				
a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Comply with federal, state, and local statutes and regulations related to solid waste?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
18. MANDATORY FINDINGS OF SIGNIFICANCE				
a) Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Does the project have impacts that are individually limited, but cumulative considerable? ("Cumulative considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

DETERMINATION

On the basis of this initial evaluation:

 X I find the proposed project COULD NOT have a significant effect on the environment. Therefore an environmental impact report (EIR) is not required, and a negative declaration is sufficient to comply with CEQA.

 I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because the mitigation measures described on an attached sheet have been added to the project. A NEGATIVE DECLARATION will be prepared.

 I find the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.

 I find the proposed project MAY have a significant effect on the environment, but at least one "potentially significant impact" or "potentially significant unless mitigated" impact (1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and (2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.

 I find that, although the proposed project could have a significant effect on the environment, there WILL NOT be a significant effect in this case because all potentially significant effects (1) have been analyzed adequately in an earlier EIR pursuant to applicable standards, and (2) have been avoided or mitigated pursuant to that earlier EIR, including revisions or mitigation measures from the EIR that are imposed upon the proposed project.

Barry G. Young Date
Principal Air Quality Engineer

Reviewed by:

Steve Hill Date
Manager, Permit Evaluation

Jack P. Broadbent Date
Executive Officer/APCO

Victor Morales-Laimon Date
Acting Director, Engineering Services

Peter Hess Date
Deputy Air Pollution Control Officer

Brian Bunger Date
District Counsel

DISCUSSION OF ENVIRONMENTAL IMPACTS

PROJECT SUMMARY

This application is for an Alternative Compliance Plan (ACP), which would allow Mirant Potrero to utilize existing Interchangeable Emission Reduction Credits (IERCs) to demonstrate compliance with the new, more stringent, NO_x limits, for source S-1, Boiler 3-1, at the Mirant Potrero facility.

Mirant currently owns and operates three power plants in the District. These facilities are Plant No. 12 (Pittsburg), Plant No. 18 (Contra Costa), and Plant No. 26 (Potrero). These three power plants are subject to Regulation 9, Rule 11, which limits nitrogen oxide (NO_x) emissions from utility power generating facilities. At these three facilities, there are ten sources subject to Reg. 9-11. These sources comply with Reg. 9-11 using an Advanced Technology Alternative Emission Control Plan (ATAECP “system-wide emissions bubble”), per Section 9-11-309. Under the ATAECPP, the individual boilers are not required to comply with a specific emission limit, but rather a system-wide average. The current system-wide average NO_x limit is 0.057 lb/MMBtu for 2003. Future limits will be ratcheted down over the years to 0.037 in 2004 and to the final limit of 0.018 lb/MMBtu in 2005 and thereafter. These emission rate limits are on a clock-hour basis.

The IERCs that will be used for this ACP were approved under application number 6473. These IERCs were generated from source S-1, Boiler 3-1, at Mirant Potrero, for the following three credit generation periods: Apr. 1 through Dec. 31, 2000; Jan. 1 through Dec. 31, 2001; and Jan. 1 through Sep. 30, 2002. These IERCs were generated because S-1 operated with emissions below the applicable system-wide NO_x emission limit in Reg. 9-11 during each of the credit generation periods.

CEQA

The California Environmental Quality Act (CEQA) requires environmental review for projects developed or approved by California state, regional, or local government. Mirant has submitted this permit application to the District for approval. This permit application does not qualify under any of the CEQA exemptions contained in Regulation 2-1-311 (ministerial exemption), Regulation 2-1-312 (categorical exemption), or Section 15061 of the State CEQA Guidelines.

The District is not aware of any other public agency that will be preparing a Negative Declaration or EIR for this project. Accordingly, the District is the Lead Agency for this project under CEQA.

The District has received from the applicant a completed preliminary environmental study as required by Regulation 2-1-426.1, with information equivalent to that contained in Appendix H of the State CEQA Guidelines.

SPECIFIC IMPACTS

The following sections provide additional detail about why particular items in the preceding CEQA checklist were checked.

1. AESTHETICS

The District approved Mirant's request to bank IERCs pursuant to Regulation 2, Rule 9 (Interchangeable Emission Reduction Credits). The prior addition of NOx emission reduction controls and the innovative use of lower-emitting combustion practices were made at the existing facility. In the District's granting approval of this proposed ACP, there would be no new physical change and thus no potential for future obstructions to the scenic view or alterations to the light reflection from the facility. According to the November 17, 2003 Environmental Information Form received from Mirant, there will be no change on the existing plant site and there will be no change in scenic views or vista from existing residential areas or public lands or roads due to the project. Also, there will no changes in dust, ash, smoke, fumes or odors in the vicinity. Thus, no new impacts are anticipated with approval of the proposed project. Additionally, since changes to the local air quality can affect local visibility, these already implemented NOx emissions controls have been helping to improve local air quality and have provided a net visibility benefit.

2. AGRICULTURE RESOURCES

The District approved Mirant's request to bank IERCs pursuant to Regulation 2, Rule 9 (Interchangeable Emission Reduction Credits). The prior addition of NOx emission reduction controls and the innovative use of lower-emitting combustion practices were made at the existing facility. In the District's granting approval of this proposed ACP, there would be no new physical change and thus no potential for future impacts to agricultural resources. Neither the prior installation nor the continued operation of the NOx emission controls and practices to provide

IERCs, nor the approval of the ACP, would result in any construction outside of existing facilities. Thus, no impacts to agriculture resources are anticipated.

3. AIR QUALITY

The proposed project considers the District's review of Mirant's proposed ACP to comply with NOx emission reduction goals, which are the intent of District Regulations 2-9 and 9-11.

SENSITIVE RECEPTORS

Some receptors are considered more sensitive than others to air pollutants. The reasons for greater-than-average sensitivity include pre-existing health problems, proximity to emissions sources, or duration of exposure to air pollutants. Schools, hospitals and convalescent homes are considered to be relatively sensitive to poor air quality because children, elderly people and the infirm are more susceptible to respiratory distress and other air quality-related health problems than the general public. Residential areas are considered sensitive to poor air quality because people usually stay home for extended periods of time, with associated greater exposure to ambient air quality. Recreational users are also considered sensitive due to the greater exposure to ambient air quality conditions because vigorous exercise associated with recreation places a high demand on the human respiratory system.

Impacts to sensitive receptors are addressed by the State and District CEQA Guidelines. Appendix G to the State CEQA Guidelines includes impacts to sensitive receptors as a criterion for evaluating significant impacts on air quality. Specifically, Appendix G provides that a significant impact to sensitive receptors occurs when a sensitive receptor is exposed to "substantial pollutant concentrations." In addition, the District's CEQA Guidelines (at pages 10-11) disapprove of land use conflicts that may cause potential localized impacts on sensitive receptors. (BAAQMD, 1999).

The project site currently serves as an electric generation facility consisting of one steam turbine with a design capacity of 206 MW that serves intermediate loads. The facility has three other combustion turbine units, with a design capacity of 52 MW each, which are used for peaking loads. The site is located in a waterfront industrial area south of the San Francisco central business district. The proposed project is located at the existing Mirant Potrero facility and does not change the existing land use.

The property is zoned for heavy industry. The site is located in a waterfront industrial area south of the San Francisco central business district. The site is surrounded by industrial uses, including shipping piers, dry dock facilities along the waterfront; vehicle storage and impoundment yards to the north; gas stations, warehouses, factories and small commercial business to the west; and railroad yard and trucking companies to the south. The nearest residences are located about 500 feet west of the property fence line. The areas between one-quarter mile and one mile of the site consist of mixed urban uses including residential, retail, office, and other commercial uses. The residential areas are of medium to high density. Just to the east of the site is the Bay.

This project implicates none of the land use conflicts disapproved by the District's CEQA Guidelines, involves no new source of air pollutants, and thus would not result in exposure of sensitive receptors to substantial pollutant concentrations. Therefore, no impacts from the project on sensitive receptors are expected to occur.

SIGNIFICANCE THRESHOLDS

For project-level impact analysis, BAAQMD has established specific quantitative thresholds to define if a project has the potential to cause a significant air quality impact. Under BAAQMD's CEQA Guidelines, a net increase of 80 pounds per day of ROG, NO_x or PM-10 would be considered significant. Also, an increase of 550 pounds per day of CO would be considered significant if it leads to a possible local violation of the ambient CO standards (i.e., if it creates a "hot spot"). For projects that would not cause a significant increase of ROG, NO_x, or PM-10 emissions, the cumulative effect is evaluated based on a determination of the consistency of the project with the regional Clean Air Plan.

BAAQMD also has specific guidelines related to significance thresholds for emissions of toxic air contaminants and odor. These guidelines are not implicated in this EIR because there is no indication that the project has the potential to create substantial emissions of toxic air contaminants or increase odors.

REGULATION 2, RULE 9

District Regulation 2, Rule 9, Interchangeable Emission Reduction Credits, provides a mechanism for Mirant to comply with Regulation 9-11-309.1 without installing additional controls, at least for a limited time. Regulation 2, Rule 9 allows a facility to generate Interchangeable Emission Reduction Credits (IERCs) by over-complying with current

requirements. The IERCs generated by over-compliance may be used to offset emissions that exceed new, tighter limits from future rules. A 10% Environmental Benefit Surcharge ensures that the environment, and the public, benefit from the transaction.

Regulation 2, Rule 9 is a rule that was proposed in response to changes in State law, including Health and Safety Code Section 40920.6 (SB 456 (stats. 1995, Ch. 837) and Health and Safety Code Section 39607.5 (AB 1777 (stats. 1995, Ch. 805)). In summary, these bills require the District to allow certain emission reductions to be used as an alternative means of compliance with a Best Available Retrofit Control Technology (BARCT) rule. Only two existing nitrogen oxide BARCT rules are eligible for IERC use:

- Regulation 9, Rule 10 - Nitrogen Oxides and Carbon Monoxide from Boilers, Steam Generators, Process Heaters in Petroleum Refineries; and
- Regulation 9, Rule 11 - Nitrogen Oxides and Carbon Monoxide from Utility Electric Power Generating Boilers

The main features of Regulation 2, Rule 9 are summarized below:

- The only bankable pollutant is nitrogen oxides (NO_x).
- Credits can only be generated from stationary sources.
- Credits must be generated, approved, and banked before they can be used.
- Credits cannot be generated from a shutdown or curtailment.
- Credits can only be used at the same facility at which they are generated (or at certain facilities within three miles).
- Credits can only be used as part of an Alternative Compliance Plan for a NO_x BARCT emission standard that has an effective date after the date of adoption of Regulation 2, Rule 9 (no backsliding).
- Qualifying emission reduction credits that were banked under Regulation 2, Rule 4 may be converted to IERCs, in accordance with the provisions of this rule.

MIRANT'S ALTERNATIVE COMPLIANCE PLAN CONCEPT

Mirant has requested this ACP to use IERCs toward compliance with Reg. 9-11 for only source S-1 at the Potrero facility. This ACP will restrict the use of IERCs to only S-1 at Potrero. IERCs cannot be used to balance excess emissions from any other source under the Reg. 9-11 ATAECF.

Under the ATAECF, Mirant monitors the NOx concentration and calculates NOx emissions on an hourly basis for all ten sources that are included in the ATAECF. Mirant also records fuel usage and calculates the total heat input to all ten sources (million BTUs). By dividing the hourly NOx emissions (lbs) by the hourly heat input (MM BTU), Mirant calculates the hourly average emission rate (lb NOx/MM BTU) for all ten sources. If this emission rate is less than or equal to the Reg. 9-11 limit, then all ten sources under the ATAECF are in compliance for that hour. If this emission rate is greater than the Reg. 9-11 limit, the sources are in violation.

Mirant requests to use IERCs when both the system-wide average emission rate exceeds the Reg. 9-11 limit of 0.037 lb/MMBTU, AND the emission rate at S-1 at Potrero exceeds the same system-wide limit. IERCs may not be used under this plan to offset excess emissions at other facilities. If emissions from S-1 (Potrero) are less than or equal to the Reg. 9-11 limit, then no IERCs can be used for that hour, even if the system-wide average exceeds the Reg. 9-11 limit. In this case, the system-wide average may still be non-complying, even after the use of IERCs.

The following table describes the three general emission scenarios, and indicates whether or not IERCs can be used in each situation.

Table 1 – System-Wide Average NOx Emission Rates and IERC Use

Scenario	Can IERCs be used?
Hourly average NOx emission rate for all ten sources in ATAECF is <i>less</i> than or equal to Reg. 9-11 limit. The hourly NOx emission rate from S-1 (Potrero) may or may not be less than the Reg. 9-11 limit.	<i>IERCs are not necessary</i> , because all sources comply directly with Reg. 9-11 system-wide average under the existing ATAECF
Hourly average NOx emission rate for all ten sources in ATAECF is <i>greater</i> than Reg. 9-11 limit (non-complying); AND hourly NOx emission rate from S-1 (Potrero) is less than or equal to Reg. 9-11 limit	<i>IERCs cannot be used</i> , because the emission rate for S-1 (Potrero) alone does not exceed the Reg. 9-11 limit. Therefore, S-1 (Potrero) is not contributing to the overall system-wide exceedence of Reg. 9-11.
Hourly average NOx emission rate for all ten sources in ATAECF is <i>greater</i> than Reg. 9-11 limit (non-complying); AND hourly NOx emission rate from S-1 (Potrero) is greater than Reg. 9-11 limit	<i>IERCs can be used</i> toward compliance with Reg. 9-11. The amount of IERCs is limited to the amount of excess emissions from S-1 (Potrero) relative to the Reg. 9-11 limit. (Note: If sources other than S-1 also have emissions greater than the Reg. 9-11 limit, the IERCs used for S-1 may not be sufficient to reduce the system-wide average to a complying level)

AVAILABLE IERCS

Mirant Potrero has generated and banked IERCS from S-1. Under Application Number 6473, the District approved and issued the IERC Banking Certificates listed in Table 2.

Table 2 – Available IERCS for Mirant Potrero

Certificate No.	Amount (Tons of NOx)	Expiration Date
6E	70.91	12/31/05
6F	94.21	12/31/06
6G	34.32	9/30/07

The issuance of the above IERCS is currently under appeal by several community and environmental groups. In the absence of a District Hearing Board order that grants the appeal, the IERCS are valid.

ALTERNATIVE COMPLIANCE PLAN

Under the Alternative Compliance Plan (ACP), Mirant will use IERCS from one or more of the Banking Certificate above to compensate for excess emissions from S-1 at the Potrero facility. S-1 at Potrero is also part of an ATAECF for compliance with Reg. 9-11, along with 9 other sources at different facilities. Regulation 9-11-309 limits the system-wide average NOx emission rate from these 10 sources on an hourly basis. Therefore, the ACP must also show hourly compliance.

AIR QUALITY IMPACT ANALYSIS

In order to analyze the environmental impacts of a project, it is important to first define the scope of the project. Under the State CEQA Guidelines, the term "project" means "the whole of an action, which has the potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment."¹ Thus, for purposes of this EIR, Mirant's project includes 1) the voluntary reductions of the Potrero boiler emission rates below the Rule 9-11 limits and below baseline emission rates (as defined in Rule 2-9) during the relevant CGPs in order to generate IERCS; and 2) the use of these IERCS under the proposed ACP.

¹ State CEQA Guidelines § 15378(a).

The next step in the impact analysis is defining the proper baseline against which to measure the environmental impact. While the baseline “normally” constitutes the environmental setting at the time of the notice of preparation, BAAQMD has discretion to choose a more appropriate baseline.² Here, the more appropriate baseline is the environmental context that existed in 1996, i.e., prior to first CGP. This baseline is appropriate because it represents the context immediately prior to the beginning of credit generation, and it coincides with the baseline period established in Rule 2-9, the commencement of the entire IERC-ACP process.

In light of the above-defined project and baseline, Mirant's project does not have a significant negative impact on air quality. To qualify as IERCs, Mirant's emission reductions at its boilers must be real, surplus, enforceable and quantifiable within the meaning of Rule 2-9. These requirements, especially the requirement that Mirant's reductions be "real," ensure that the emission reductions generated for use in Mirant's ACP have a net beneficial impact on the environment. Mirant's IERCs meet these requirements.

Mirant intends to continue to use an ACP to comply with Rule 9-11 until permanent shutdown of the Potrero facility. Thus, for any year after 2004 that Mirant continues to operate the Potrero facility, Mirant will need to earn IERCs by demonstrating reductions of the NOx emission rate of its boilers. Moreover, the 10% environmental benefit surcharge guarantees that the emissions reductions embodied in IERCs will exceed any emissions above Rule 9-11 levels.

CUMULATIVE IMPACTS

CEQA only requires the District to consider cumulative air quality impacts if the project under consideration would increase emissions. Under Mirant's proposed project, voluntary NOx emissions reductions (as embodied in IERCs) will exceed any NOx emissions above Rule 9-11 levels. Therefore, the District concludes that Mirant's project does not increase emissions by any amount and thus will not contribute to any significant cumulative impacts on the environment.

4. BIOLOGICAL RESOURCES

Neither the prior installation nor the continued operation of the NOx emission controls and practices to provide IERCs, nor the approval of the ACP, would result in any construction outside

² State CEQA Guidelines § 15125(a); *Save Our Peninsula Comm. v. Monterey County Bd. of Supervisors*, 87 Cal. App. 4th 99, 126 (2001) (rejecting as the baseline water production figures over the three years closest to project

of existing facilities. Per the November 17, 2003 Environmental Information Form submitted by the applicant, the entire site is almost devoid of vegetation and animals. Some vegetation exists between the site fence line and the Bay and may include limited habitat for species including the Norway rat (*Rattus norvegicus*), house mouse (*Mus musculus*), and feral cats. The intertidal area adjacent to the site support habitat for sessile invertebrates, shore crabs, and amphipods. Fish species that may inhabit the intertidal zone include sculpins, surfpeach, and flatfishes. Thus, no impacts to biological resources are anticipated.

5. CULTURAL RESOURCES

Neither the prior installation nor the continued operation of the NOx emission controls and practices to provide IERCs, nor the approval of the ACP, would result in any construction outside of existing facilities. Per the Environmental Information Form submitted by the applicant, there will be no change on the existing plant site. The approval of the proposed ACPs would not result in any future impacts on paleontological, archaeological or historical sites, nor would it affect ethnic values or religious uses.

6. ENERGY

Per the Environmental Information Form submitted by the applicant, this project will not substantially increase fossil fuel consumption (electricity, oil, natural gas, etc.). Operation of the completed NOx emission controls and practices used to bank Mirant's IERC considered in the ACPs should not considerably change the plant's energy consumption since the time of its installation. Since it was permitted at that time and no future impacts on energy resources above the current facility baseline are expected with approval of the proposed ACPs, no impacts to energy resources are anticipated with approval of the ACPs.

7. GEOLOGY / SOILS

Neither the prior installation nor the continued operation of the NOx emission controls and practices to provide IERCs, nor the approval of the ACP, would result in any construction outside of existing facilities. No soil was disturbed at the time of NOx controls installation, and it did not involve any structures that would be seismically unstable. Per the Environmental Information Form submitted by the applicant, this project will not occur on a site, which is filled land or on slope of 10 percent or more and will not result in changes in existing features of any bays,

approval in favor of older, historical water use on the property when the project began, which more accurately

tidelands, beaches, or hills, or substantial alteration of ground contours. Approval of the proposed ACPs in this initial study would not have any anticipated geologic impacts.

8. HAZARDS & HAZARDOUS MATERIALS

Per the Environmental Information Form submitted by the applicant, this project will not result in the use or disposal of potentially hazardous materials, such as toxic substances, flammables or explosives. The proposed ACPs would not alter the existing setting and would not result in any increase in hazardous material use, storage, and transport activity above current facility baseline conditions.

9. HYDROLOGY / WATER QUALITY

Per the Environmental Information Form submitted by the applicant, this project will not result in change of ocean, bay, lake, stream or groundwater quality or quantity, or alteration of existing drainage patterns, or change any existing features of any bays, tidelands, beaches, or hills, or substantial alteration of ground contours. Operation of the existing NOx emission controls associated with the IERCs is not associated with water discharges and does not impact the hydrology or water quality of the plant. Approval of the proposed ACPs would not change the plant's current operations and there is no impact to hydrology and water quality anticipated.

10. LAND USE AND PLANNING

Per the Environmental Information Form submitted by the applicant, this project will not change the pattern, scale or character of the general area of the project. The site is currently used for electric generation. No change in site use is proposed. Installation and operation of the NOx emission controls used to generate the IERCs at the plant did not change any land use designation of the plant or its immediate surroundings, which is compatible with the site's existing zoning as "Industrial." Approval of the proposed ACPs would not change the plant from its existing baseline and no impacts on land use and planning are anticipated.

11. MINERAL RESOURCES

The installation and operation of the existing NOx emission controls used for IERCs did not involve the significant impact of any existing mineral resources. The proposed project does not

represented baseline).

involve any soil disturbance or construction and would not have any impact on existing mineral resources.

12. NOISE

The noise levels due to the operation of the NOx emission controls used for IERCs have been at this plant for several years, since the time when the NOx emission controls were installed. The NOx emission reduction controls implemented are not expected to result in significant increases to existing noise. Per the Environmental Information Form submitted by the applicant, this project will not substantially change existing noise or vibration levels in the vicinity. Approval of the proposed ACPs would not result in any new noise impacts due to continued operation of the NOx emission control above the plant's existing baseline conditions.

13. POPULATION AND HOUSING

Per the November 17, 2003 Environmental Information Form submitted by the applicant, the facility is currently used for electric power generation. There are a total of 32 employees at Potrero Power Plant. The Control Room is staffed 24 hours per day with 4 employees working 12 hour shifts. The remainder of the employees work a normal 8 hour day, 5 days per week. The proposed project will not require any additional employees. Therefore, use of the NOx emission controls for IERCs through approval of the ACPs as proposed in this initial study, continues to have no anticipated impact on local population and housing.

14. PUBLIC SERVICES

The installation and operation of the existing NOx emission controls used for IERCs did not increase the demand for public services. Prior fire protection and police protection for the facility remain adequate. Per the Environmental Information Form submitted by the applicant, this project will not substantially increase the demand for municipal services (police, fire, water, sewage etc.). Use of the NOx emission controls for IERCs through approval of the ACPs as proposed in this initial study, is anticipated to have an insignificant impact on the need for public services.

15. RECREATION

Neither the prior installation nor the continued operation of the NOx emission controls and practices to provide IERCs, nor the approval of the ACP, would result in any construction outside

of existing facilities. Therefore, it had and continues to have no impact on the quality or quantity of recreational resources. The approval of the proposed ACPs would not result in any future impacts on recreation resources.

16. TRANSPORTATION / TRAFFIC

The installation of the NOx emission controls involved local transportation activity onsite only. It did not cause a change to vehicular movement; impact existing transportation systems (including water, rail, and air traffic), alter present patterns of circulation of people and goods, or alter parking. There are not significant transportation impacts associated with the operation of the NOx emission controls. Therefore, no transportation or circulation impacts are anticipated from the use of the NOx emission controls for IERCs through approval of the ACPs as proposed in this initial study.

17. UTILITIES / SERVICES SYSTEMS

The existing NOx emission controls created no new demand on water, wastewater, or landfill facilities. Per the Environmental Information Form submitted by the applicant, this project will not substantially increase the demand for municipal services (police, fire, water, sewage etc.) and will not create significant amounts of solid waste or litter. Therefore, the use of the NOx emission controls for IERCs through approval of the ACPs as proposed in this initial study, would also have no impact on utilities and service systems.

18. MANDATORY FINDINGS OF SIGNIFICANCE

Use of IERCs achieved with continued operation of the NOx emission reduction controls and practices are not anticipated to have the potential to degrade the quality of the local environment, substantially reduce wildlife habitat or threaten plant or animal communities.

There is no requirement to consider cumulative impacts unless Mirant's project would increase NOx emissions. There is no requirement to consider mitigation, alternatives, or overriding considerations unless Mirant's project would increase NOx emissions and that increase would be by a significant amount.

CEQA only requires the District to consider cumulative impacts if the project under consideration, i.e. Mirant's ACP, will increase NOx emissions. The District concludes that

Mirant's project does not increase NOx emissions by any amount, and therefore it does not contribute to a significant cumulative impact from NOx emissions.

Furthermore, with respect to NOx emissions, the District does not typically perform detailed cumulative impacts analysis. NOx is a regional pollutant emitted by thousands of sources within the District and from motor vehicles. Therefore, the District's Clean Air Plan analyzes expected increases in NOx emissions from new projects, and the District's CEQA Guidelines (at pages 19 to 20) instruct the District to assess the cumulative impacts of a project's NOx emissions by evaluating whether the project is consistent with the local general plan and by evaluating whether the general plan is consistent with the District's Clean Air Plan.

H:/pub_data/bgy/ceqa/mirant/initial study8260.doc