



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Lori Mitchell

SUBJECT: See Below

DATE: May 27, 2025

Approved

Date:

6/3/25

COUNCIL DISTRICT: Citywide

SUBJECT: Seventh Amendment to the Professional Services Agreement with Calpine Energy Solutions for Data Management and Customer Call Center Services

RECOMMENDATION

Approve a Seventh Amendment to the Professional Services Agreement for Data Management and Customer Call Center Services with Calpine Energy Solutions, LLC, extending the term of the agreement retroactively from May 29, 2025 through August 30, 2025, and increasing the maximum compensation by \$1,050,000, from \$25,500,000 to \$26,550,000, subject to the appropriation of funds.

SUMMARY AND OUTCOME

Services under the Professional Services Agreement for Data Management and Customer Call Center Services include support of customer billing and data management functions, data exchange with Pacific Gas and Electric, customer call center support, and payment and settlement processing. Approving the Seventh Amendment will allow the continuity of essential services to the Energy Department while the negotiation and approval of a new services agreement is underway.

BACKGROUND

On August 8, 2017, staff released a Request for Proposals for San José Clean Energy (SJCE) Data Management and Customer Call Center Services to begin the procurement process. The Request for Proposals included the following scope of work: data management and security, reporting functions, management of a customer

information system and call center, billing administration, and coordination with Pacific Gas and Electric. Six firms responded to the Request for Proposals for SJCE Data Management and Customer Call Center Services, and Calpine Energy Solutions, LLC (Calpine) scored significantly higher than any other firm. On February 27, 2018, the City Council approved Calpine's Professional Services Agreement for Data Management and Customer Call Center Services (Agreement). The Agreement was for two years, with a City option to extend for two additional one-year terms.

On February 11, 2020, City Council approved the first amendment to the Agreement with Calpine, reducing rates and modifying service terms and increasing the maximum compensation from \$15,683,800 to \$22,000,000 through February 27, 2025.

On August 2, 2024, the second amendment was executed to support the expansion of the SJ CARES program to include a wider range of customers. On August 18, 2024, the third amendment was executed to support the launch of the electricity supply rate (known as E-ELECSJ), designed to encourage certain energy usage to occur during daytime hours. On January 27, 2025, the fourth amendment was executed to obtain billing and reporting support for SJCE's On-Bill Repayment program for customers to finance energy-saving household products. On February 28, 2025, the fifth amendment was executed, extending the term of the agreement by 90 days through May 29, 2025, and increasing the maximum compensation from \$22,000,000 to \$23,200,000. On April 29, 2025, the sixth amendment was executed, increasing the maximum compensation from \$23,200,000 to \$25,500,000.

On May 13, 2025, City Council authorized the City Manager or her designee to negotiate and execute an agreement for the Billing Operations, Data Management, and Customer Support Services with Calpine for an initial three-year term, beginning on or about May 14, 2025, with a maximum compensation not to exceed \$13,148,180, subject to the appropriation of funds. Negotiations on that agreement are continuing with final contract execution anticipated by the end of August 2025.

ANALYSIS

Calpine began serving the Community Choice Aggregation market for data management services with Marin Clean Energy in 2011 and now serves most Community Choice Aggregations, including Silicon Valley Clean Energy, Peninsula Clean Energy, Central Coast Community, Clean Power SF, Clean Power Alliance, Redwood Coast, and Lancaster Community Energy. Peninsula Clean Energy, Silicon Valley Clean Energy, and Clean Power SF have all approved new agreements with Calpine following public procurement processes this year.

Calpine has consistently met its service level agreement commitments for call answer times and abandonment rates. The maximum compensation calculated in the first amendment assumed 330,000 customer accounts, but the customer base that SJCE serves has increased to approximately 360,000 active meters. Approving the seventh amendment increases the maximum compensation under the Agreement to account for the increase in customer accounts while maintaining current unit pricing through August 30, 2025. Negotiations for a new agreement for data management and customer call center services are underway, and approving the seventh amendment will allow staff the time needed to execute a new agreement without the risk of customer service disruption.

EVALUATION AND FOLLOW-UP

No further follow-up with the City Council is anticipated at this time.

COST SUMMARY/IMPLICATIONS

Approving the Seventh Amendment will fix SJCE's data management and customer call center services monthly expense through August 30, 2025, for approximately 360,000 active meters, at the same pricing structure outlined in the First Amendment. The estimated 2024-2025 costs for the agreement amendment will be provided from existing funds already budgeted in the Energy Department's Non-Personal/Equipment appropriation. The estimated 2025-2026 costs for the agreement amendment will be subject to the appropriation of funds included in the 2025-2026 Proposed Operating Budget, which was released on May 1, 2025, and is scheduled to be reviewed on June 10, 2025 and adopted on June 17, 2025 by the City Council. Table 1 below shows expected costs related to the amended Calpine agreement.

Table 1 - Expected Costs Related to the Amended Calpine Agreement

	(3 months) May 2025 - Aug 2025 Seventh Amendment
Cost/month/meter*	\$0.85
Monthly fee	\$25,000
Expected Total Cost (Monthly fee and meter)	\$1,050,000

*Based on average active meter count of 360,000

BUDGET REFERENCE

This table identifies the fund and appropriation to fund the Agreement amendment recommended as part of this memorandum.

Fund #	Appn. #	Appropriation Name	Total Appropriation	Amount for Contract	2024-2025 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
501	0782	Non-Personal / Equipment	\$17,892,552	\$1,050,000	1010	10/22/2024 Ord. No. 31133

* The 2025-2026 Proposed Operating Budget was released on May 1, 2025 and is scheduled to be reviewed on June 10, 2025 and adopted on June 17, 2025 by the City Council. A portion of this agreement's cost will be paid in 2025-2026.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the June 17, 2025 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

HONORABLE MAYOR AND CITY COUNCIL

June 2, 2025

Subject: Seventh Amendment to the Professional Services Agreement for Data Management and Customer Call Center Services with Calpine Energy Solutions

Page 5

/s/

Lori Mitchell

Director, Energy Department

For questions, please contact Lina Williams, Deputy Director, Energy Department, at lina.williams@sanjoseca.gov or (408) 534-2933.