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**FW: 12/17/24 City Council Item 6.1 San José Power Status Report: comment letter**

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**From** City Clerk <city.clerk@sanjoseca.gov>  
**Date** Mon 12/16/2024 10:51 AM  
**To** Agendadesk <Agendadesk@sanjoseca.gov>

 1 attachment (192 KB)  
2024-12-17 Item 6 SCVOSA letter.pdf;

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**From:** Lena Eyen [REDACTED]  
**Sent:** Friday, December 13, 2024 4:59 PM  
**To:** City Clerk <city.clerk@sanjoseca.gov>  
**Cc:** Andrea Mackenzie [REDACTED]; Marc Landgraf  
<[REDACTED]>; Linda Kwong <[REDACTED]>  
**Subject:** 12/17/24 City Council Item 6.1 San José Power Status Report: comment letter

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Good Afternoon,

On behalf of the Santa Clara Valley Open Space Authority, please see the attached comment letter regarding **Item 6.1** on the 12/17/24 City Council agenda.

Please do not hesitate to reach out with any questions.

Thank you,  
Lena Eyen

**Lena Eyen** (she/her)  
Community Impact & Policy Specialist  
[REDACTED] C  
[REDACTED] T  
[Openspaceauthority.org](https://www.openspaceauthority.org)

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Andrea Mackenzie, General Manager  
Alex Kennett, District 1  
Mike Flaughner, District 2  
Helen Chapman, District 3  
Kathy Sutherland, District 4  
Vicki Alexander, District 5  
Mike Potter, District 6  
Kalvin Gill, District 7

December 13, 2024

San José Mayor & City Council  
City of San José  
200 E. Santa Clara St.  
San José, CA 95113  
city.clerk@sanjoseca.gov

**Subject:** San José Power Status Report

Dear Mayor Mahan and Members of the City Council:

As the San José City Council deliberates on how to fully accommodate the City of San José's (City) essential energy needs, the Santa Clara Valley Open Space Authority (Open Space Authority) is pleased to see a focus on locations for expanded and new energy facilities in infill areas close to demand.

The Open Space Authority is a public, independent special district created by the California State Legislature in 1993 to conserve the natural environment, support agriculture, and connect people to nature by protecting open spaces, natural areas, and working farms and ranches for future generations.

Deploying important energy resources within the City's developed footprint is consistent with the City's Climate Action Plan adopted in 2018 – Climate Smart San José – and specifically the Natural and Working Lands Element approved by the City Council in 2023. According to these adopted policies, the protection of important natural and working lands, including Coyote Valley, is essential for meeting state, federal, and international climate and decarbonization goals.

As the City accelerates electrification efforts to serve community needs, it will be critically important for the City, Open Space Authority, and energy providers to work together to identify sites that do not undermine shared conservation goals and public investment. The Open Space Authority supports the City's goals to provide clean, affordable, and reliable energy to San José residents and businesses, and we believe the City must continue to prioritize suitable, low-conflict sites to accommodate necessary supporting infrastructure for these expanded energy facilities that are closer to demand and at less cost to ratepayers, such as co-location of the Grove terminal at PG&E/Metcalf.

Creative and collaborative approaches will be key to achieving the City and State's net zero goals by accelerating deployment of carbon-free electric energy and nature-based solutions.

Sincerely,

Andrea Mackenzie  
General Manager

CC: Santa Clara Valley Open Space Authority Board of Directors



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## SJ Power Update - San Jose City Council Item 6.1

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**From** Ramos, Christina <[REDACTED]>

**Date** Mon 12/16/2024 4:43 PM

**To** Agendadesk <Agendadesk@sanjoseca.gov>; City Clerk <city.clerk@sanjoseca.gov>

 1 attachment (128 KB)

SJ Power Update\_PGE Letter\_12172024.pdf;

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**Classification: Public**

Dear City Clerk,

On behalf of PG&E please post the attached letter to Item 6.1 San Jose Power Status Report for City Council Agenda dated December 17, 2024.

Thank you!

**Christina Ramos | Local Government Affairs**

Santa Clara County

Pacific Gas and Electric Company

[REDACTED] mobile | [REDACTED]



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December 16, 2024

San José Mayor and City Council  
City of San Jose  
200 E. Santa Clara St.  
San Jose, CA 95113

Dear Mayor Mahan, Vice Mayor Kamei and Councilmembers,

Thank you for the opportunity to share our progress working with the City of San José staff and delivering utility services to the businesses and residents of San José this year. Over the last year we have sharpened our focus on infrastructure investments and innovative service to meet significant forecasted growth and San José's decarbonization goals.

Today, more than ever, we are poised to serve customers in order to enable the growth we expect to see in San José, adding infrastructure, upgrading what's already in place and using the system more efficiently.

This year, we established the South Bay Delivery Program Management Office to address the acute needs of San José, our largest hometown, and deliver services our customers expect and deserve. In the appendix, we include a supplemental memo that highlights several accomplishments we have achieved this year in reliability, capacity, new business and more.

**While we have made good progress, we know there is more that we can do to meet the City's aggressive economic development goals.**

California's investor-owned utility business model is to build infrastructure only after customers submit an application for service. As San José is preparing for the rapid growth of tech and AI, City staff have been upfront with their concerns about the electric capacity needed to serve the expected new large data customers and have been vocal about needing the timely build out of electric infrastructure to entice economic growth in San José.

Over the past several months, we've discussed a proposal where PG&E would build out the grid to support new economic development project(s) that will enable the City to confidently recruit new businesses to the area. As part of the proposal, which is described in the Cooperation Agreement that City staff has referenced, we will provide concrete, enforceable milestones for the construction and operation of the infrastructure to meet the City's needs.

Our proposal also includes offering a new level of support for the city's economic development efforts. We know that energy availability and connection timeliness are a critical part of the recruitment and retention process when businesses are considering locating in San José.

We want PG&E coworkers to work alongside your economic development team to provide energy-related data for potential projects and their anticipated electric customers. We believe that showing up together will enhance alignment and stability through recruitment, permitting, engineering and construction process.

In addition to the primary economic development benefits, we also project that the expected electric demand will significantly increase the annual franchise fee payment to San José. In 2024, PG&E remitted \$77 million in Franchise Fees, City Franchise Surcharges and Utility Taxes. With the anticipated growth of data centers alone, this payment could increase substantially.

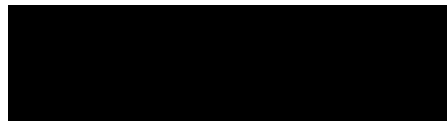
In reviewing the staff report on this item. San José's desire to enable growth and increase resiliency is clear. We strongly believe that PG&E is best positioned to offer this for San José in the near and long-term. We are ready to make new commitments, invest in the infrastructure and continue to strengthen a partnership that will enable the City's vision without introducing the risk of relying on a new investment partner or uncertain infrastructure.

On behalf of PG&E and our over 800 co-workers who live in San José, we look forward to continuing to advance our partnership on behalf of our customers and the city's future prosperity.

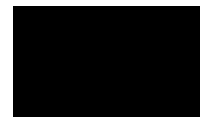
Sincerely,



Teresa Alvarado  
VP, South Bay/Central Coast



Mike Medieros  
VP, South Bay Delivery



Christina Ramos  
Sr. Rep, Local Gov't Affairs

## Supplemental Memo

### *South Bay Delivery*

In 2024, PG&E established the South Bay Delivery Program Management Office to address the acute needs of San José and more effectively coordinate the delivery of utility services our customers.

Accomplishments just this year include:

- Launched the first ever Large Load Cluster Study to collectively study data center load in San Jose, enabling us to understand the load demands and optimize and timely build out the electric transmission and distribution system to serve the expected load, when it is needed, at the lowest total cost to the customer as well as the overall customer base.
- Filed a new Large Load Transmission Tariff—Rule 30—that, once approved, will clarify cost responsibility and will streamline the process and timeline to connect new large load customers.
- Executed a Memorandum of Understanding (MOU) with Westbank for the creation of a NetZero community in downtown San Jose that will be anchored by 200 MW data centers, powered by PG&E, that will support the heating and cooling of 4,000+ units of new housing for San Jose, and which will allow other existing buildings/housing within the area to electrify and reduce their carbon footprint.
- Secured approval to rebuild a major substation (Substation A, adjacent to Diridon Station) serving Downtown San Jose to ensure PG&E is ready to timely serve the Westbank data centers as well future growth, including major new developments, multimodal transportation network and building/fleet electrification.
- Hosted a joint problem-solving session on permitting with the City of San José public works department where we collectively identified over 200 areas of opportunity to improve effectiveness.

### *New Business Connections*

Our team has strengthened our internal coordination to streamline the consistent delivery of new business connections. While we still have work to do, we have made significant strides. This year, we have:

- Completed 802 new business jobs and 4,869 meter sets in San José.
- Installed 16 EV supercharging sites with 170 total chargers, delivering 19.33 MW of power for EVs
- Reached a Project Satisfaction Score overall 8.6 out of 10, reflecting a much-improved customer experience thanks to a more stable schedule and better communication throughout.
- Closely shepherded sensitive projects such as SuperMicro, STACK Infrastructure, Kaiser's hospital rebuild, Core Companies affordable housing, VTA BART to Silicon Valley, and others, to ensure effective and timely coordination.
- We are connecting thousands more customers in 2024 over 2023, accelerating California's electrification efforts and powering our economic development goals, enabled by SB410—the Powering Up Californians Act—and with the permitting partnership of city staff.

### *Capacity and Reliability*

To meet the growing demands for more electricity, we have completed critical capacity projects to serve some of the largest companies in San José via the Montague substation, adjacent circuits and the Zanker Road Capacity projects.

We are also sharing more information with customers about available capacity prior to their submission of a new service application so they understand the availability of energy or what system upgrades would be needed to serve them up front.

While new capacity work often also improves reliability by reducing the loading and expanding resiliency to the distribution network, we would like to highlight significant projects that are specifically improving reliability and resiliency in San José.

- Completed a critical project to separate the circuits serving Santa Clara Valley Medical Center and O'Connor Hospital at the El Patio Substation in San José, reducing the risk of both hospitals experiencing outages at the same time.
- Significantly improved customer reliability during summer heat waves. When comparing the 4-day heat wave in September of 2022 with the 4-day heat wave in July of this year, total customer outage minutes in 2024 were down 85% and the total number of customers impacted by an outage were down 66%.
- In October, began pre-construction activities in the Almaden Valley area on our Hicks 2101 circuit to improve reliability for our customers. This project will dramatically reduce the number of customers served by a circuit that runs through a Tier 1 High-Fire Risk Area (HFRA), where Enhanced Powerline Safety Settings (EPSS) need to be in place to reduce the risk of wildfire. Additionally, this project will enable us to move the Edenvale 2113 overhead lines in a HFRA to the Hicks 2101 circuit and permanently disable EPSS on the Edenvale circuit which serves about 4,700 customers, including Kaiser's San Jose Hospital.

#### *Public Safety*

Our teams have had a strong partnership coordinating on emergency preparedness, response and public safety that was further strengthened this year.

- Sponsored a Gas Live Action Drill hosted by the San José Fire Department and included the Police Department's Community Service Officers, members of the Fire Communications Dispatch Team and the Santa Clara County Fire Department Special Operations Unit.
- Presented during each of the San José Fire Department's recruit academy classes, providing utility control training on handling gas and electrical emergencies.
- Provided over 50 inclement weather event situational awareness briefings to the Operational Area of Santa Clara County, including the City of San José's Office of Emergency Management.

#### *Civic Investment*

PG&E is part of the San José community and has been one of its most consistent and active supporters of charitable causes for decades. In 2024, we contributed over \$700,000 (in non-customer funds) to 33 organizations.

- We are longstanding partners with Second Harvest Food Bank and have a multiyear partnership with the San José Earthquakes soccer team to address food insecurity.
- We are a major stage sponsor of San José Jazz, one of the most successful and economically significant cultural events in town.
- We responded to the call to support the Veterans Day Parade, at risk of not being held after 106 years.
- We responded to the call for support of Christmas in the Park with a major contribution over three years to ensure this annual family tradition continues to be free of charge and fund a new professional stage, new lighting, sound & projection equipment, new flooring, a new information booth and an interactive light display.
- In addition to nonprofit investments, PG&E is developing a demonstration facility in our downtown San José office that will showcase, for businesses and residents, the path to net zero as well as offer workforce training opportunities so that we can engage all segments of the community in



playing a tangible role in the clean energy transition.

### *Transparency and Innovation*

PG&E is building a climate-resilient energy system for California's future. A system that starts with safety and harnesses the clean energy resources of today and tomorrow. A system that customers can rely on. Our [2024 Research and Development \(R&D\) Strategy Report \(PDF\)](#) outlines nearly 70 of the highest priority challenges in achieving strategic goals to build an energy system that is affordable, decarbonized, safe, and resilient to the impacts of climate change. Through sharing these challenges, we seek to encourage collaborative problem solving with the entrepreneurial and research communities to identify, co-create, and deploy innovative solutions and technologies.

Just last month, nearly 800 leaders from across industries descended on San José for our 2024 PG&E Innovation Summit. Artificial intelligence (AI) applications for utilities were a major focus of the 2024 summit with some major announcements shared.

Our CEO Patti Poppe kicked off the summit highlighting an exciting proposal that reimagines how data centers can support housing development in an innovative net zero community in San Jose. She was joined by Mayor Mahan, the CEO of Westbank and the CEO of Plug and Play, a startup incubator, to jointly announce plans to develop a new Net Zero community in downtown San José which will efficiently power three new local data centers. This innovative project will capture the thermal heat from the data centers (instead of discharging it) to facilitate the delivery of hot water and heating to upwards of 4,000 new, connected residential units as well as other existing facilities in the area.

It's an exciting proposal that helps to demonstrate the clean energy transition and the power of strong partnerships to deliver innovative results for our customers & communities.