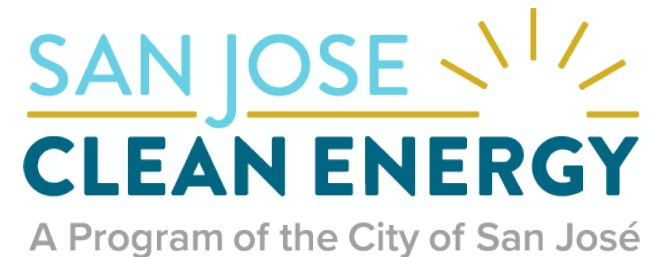
A wide-angle photograph of the San Jose skyline at sunset. The sky is a mix of orange, pink, and blue. In the foreground, there are green trees and a white building. In the background, several tall buildings are visible, some with lights on. A semi-transparent teal box is overlaid on the left side of the image, containing white text.

# Actions Related to the Agreements with MRP Pacifica Marketing III, LLC for San Jose Clean Energy Resource Adequacy

April 8, 2025

**Zach Struyk**, Assistant Director  
**Paul Innamorato**, Deputy Director of Power Resources



# NEW RENEWABLE AND RELIABILITY PROJECTS

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Since 2019, SJCE has contracted for over 1 gigawatt (GW) of new renewable energy and storage resources including:

- Community solar
- Firm delivery solar
- Solar paired with storage
- Geothermal
- Wind
- Stand-alone energy storage



# MIDDLE RIVER POWER TRACY HYBRID

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**Seller:** MRP Pacifica Marketing III, LLC

**Developer:** Middle River Power

**Technology:** Combined Cycle Gas Turbine + 8-hour Energy Storage

**Products:** Energy, Resource Adequacy, Mid-Term Reliability

**Location:** Tracy, CA (San Joaquin County)

**COD:** 2027

**Pricing:** Fixed Energy and Resource Adequacy, no escalation

**Terms:** Combined Cycle Gas Turbine 12 years | 8-Hour Storage 14 years

**Annual Cost:** \$25,100,000

**Total Cost:** \$307,400,000



# BENEFITS TO SJCE PORTFOLIO

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- **Compliance**

- Contract would satisfy CPUC regulatory requirements

- **Affordability / Portfolio Fit**

- San Jose Clean Energy 2022 Integrated Resource Plan (internally refreshed in 2024) selected 200 MW of natural gas paired with energy storage.
- IRP selection based on affordability and reliability

- **Time to Power**

- New interconnection requests can take 5-8 years
- Agreement leverages existing land and interconnection facilities to quickly deliver resource adequacy

- **Emissions Reduction**

- This agreement will develop a new long-duration energy storage system which will reduce emissions from the natural gas facility

# EMISSION CONSIDERATIONS

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- Co-locating 8-hour storage will reduce natural gas plant runtime by 12%.
- SJCE's 1/3 share of the project is estimated to reduce emissions by 210,872 Metric Tons of CO<sub>2</sub>. Equivalent to taking approximately 50,000 gasoline powered cars off the road for a year.

Source: EPA Greenhouse Gas Equivalencies Calculator



# ABOUT THE DEVELOPER

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- On March 18, 2025, Partners Group, a global private markets firm, agreed to acquire Middle River Power (MRP) and its portfolio of natural gas power plants in California.
- MRP assets under management or in development includes 8GW of power generation facilities across California, Texas, Midwest and Northeast.
- Assets under management in California, which MRP will continue to operate, include ~2GW of natural gas fired electric generation facilities and BESS projects.
- The company has pioneered a strategy whereby it develops on-site battery energy storage systems at its existing gas-fired power plants to create Hybrid Energy Centers.



Source: Middle River Power website

# STAFF RECOMMENDATION

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Adopt a resolution authorizing the Director of the Energy Department or their designee to:

1. Negotiate and execute a Cover Sheet agreement with MRP Pacifica Marketing III, LLC setting forth common terms for the four transactions that follow.
2. Negotiate and execute an agreement with MRP Pacifica Marketing III, LLC to purchase resource adequacy associated with the Tracy Combined Cycle Gas facility for a maximum term of 12 years beginning 2027, in an amount not to exceed \$10,700,000 annually and up to \$128,400,000 in aggregate and;
3. Negotiate and execute a further agreement with MRP Pacifica Marketing III, LLC to purchase resource adequacy associated with the Tracy Long-Duration Energy Storage facility for a maximum term of 14 years beginning in 2027, in an amount not to exceed \$1,500,000 annually and up to \$21,000,000 in aggregate and;
4. Negotiate and execute a further agreement with MRP Pacifica Marketing III, LLC for financial settlements associated with the Tracy Combined Cycle Gas facility for a maximum term of 12 years beginning 2027, in an amount not to exceed \$11,300,000 annually and up to \$135,600,000 in aggregate and;
5. Negotiate and execute a further agreement with MRP Pacifica Marketing III, LLC for financial settlements associated with the Tracy Long-Duration Energy Storage facility for a maximum term of 14 years beginning in 2027, in an amount not to exceed \$1,600,000 annually and up to \$22,400,000 in aggregate;

To be paid solely from the San José Clean Energy Operating Fund and subject to the annual appropriation of funds.



**END**