



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Zachary Struyk

**SUBJECT:** SEE BELOW

**DATE:** January 13, 2025

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Approved

Date:

1/15/25

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**COUNCIL DISTRICT:** Citywide

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

**RECOMMENDATION**

Approve a Fifth 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 by 90 days, through May 29, 2025, and increasing the maximum compensation by \$1,200,000, from \$22,000,000 to \$23,200,000, 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 PG&E, customer call center support, payment and settlement processing. Approving the Fifth Amendment will allow the continuity of essential services to the Energy Department, while the negotiation and approval of a new services agreement is under way.

**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 (2) years, with a City option to extend for two (2) 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. This program offers residential customers enrolled in California Alternate Rates for Electricity (known as CARE) or Family Electric Rate Assistance (known as FERA) an extra 10% off SJCE's charges for electric generation. 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 the day. On December 2024, 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, specifically heat pump water heater or heat pump HVAC system, through a payment plan on their electric energy bill. Only the First Amendment to the Professional Services Agreement for Data Management and Customer Call Center Services increased the maximum compensation.

## **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.

SJCE has had a generally positive experience with Calpine's services, benefiting from accurate and timely billing as well as dependable customer call center support. Since the inception of Calpine's billing services for SJCE, over three million invoices have been processed through PG&E, with only 247 requiring re-billing due to a calculation error. This reflects a strong accuracy rate exceeding 99.99%. Additionally, Calpine has

consistently met its service level agreement commitments for call answer times and abandonment rates, ensuring reliable customer support.

Approving the Fifth Amendment will allow SJCE to maintain current pricing while negotiating a new agreement for data management and customer call center services is underway, allowing staff the time needed to obtain City Council approval and 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 Fifth Amendment will fix SJCE's data management and customer call center services monthly expense through May 29, 2025, 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.

Table 1. Expected costs related to the Calpine agreement.

	Fiscal Year 2024-2025 (8 months) June 24-Feb 25	Fiscal Year 2024-2025 (11 months) June 24-May 25 Fifth Amendment
Cost/month/meter*	\$0.85	\$0.85
Monthly fee	\$25,000	\$25,000
Expected Total Cost (Monthly fee and meter)	\$2,444,000	\$3,360,500

\*Based on average active meter count of 330,000

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### **BUDGET REFERENCE**

The table below 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	\$1,200,000	1010	10/22/2024 Ord. No. 31130

### **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 February 4, 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.

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**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.

/s/

Zachary Struyk  
Acting Director, Energy Department

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