
FW: Comments on 3/21 Special Meeting - San José Municipal Electric Utility Exploration

From City Clerk <city.clerk@sanjoseca.gov>
Date Thu 3/20/2025 1:35 PM
To Agendadesk <Agendadesk@sanjoseca.gov>

 1 attachment (255 KB)
City Council San Jose Power Study Session 3.21.25_Letterhead_FINAL.pdf;

From: Balis, Anne <Anne.Balis@sanjoseca.gov>
Sent: Thursday, March 20, 2025 12:40 PM
To: City Clerk <city.clerk@sanjoseca.gov>
Cc: Climate Advisory Commission 5 <CAC5@sanjoseca.gov>; Climate Advisory Commission 2 <CAC2@sanjoseca.gov>; Williams, Lina <Lina.Williams@sanjoseca.gov>; Vargas, Leticia <Leticia.Vargas@sanjoseca.gov>; Karen Nelson [REDACTED] Ruth Merino [REDACTED]
Subject: Comments on 3/21 Special Meeting - San José Municipal Electric Utility Exploration

Good afternoon,

Please see the attached comments from the Climate Advisory Commission regarding tomorrow's Special Meeting - "San José Municipal Electric Utility Exploration." Please let me know if you need anything else for this.

Thank you,

Anne Balis

Climate Smart Supervising Environmental Services Specialist

Environmental Services Department

San José City Hall

200 E. Santa Clara St. | San José, CA 95112

www.SJEnvironment.org

[REDACTED]

March 13, 2025

To: Honorable Mayor Matt Mahan and City Council

From: Climate Advisory Commission

Re: City Council Study Session re San Jose Power and Cooperation Agreement 3.21.2025

We, the City of San Jose's Climate Advisory Commission, write to you regarding the City Council Study Session regarding San Jose Power and the Cooperation Agreement Between Pacific Gas and Electric Company and the City of San José for Electric Infrastructure Development. In our opinion, a San Jose Municipal Utility could be used to distribute the electricity in the geographical areas served by the new transmission connection that LS Power is in the process of building, and that will allow the City of San Jose to directly receive power. As of the Commission meeting on March 13th, 2025 we have not yet read the City Manager's memos that will be made public on Monday, March 17th and we base our comments on prior City Manager and Council memos.

We agree with the City's long-term goals of improving the reliability and affordability of clean energy infrastructure that is critical to attracting businesses, supporting economic development, and fostering innovation, as described on page 2 in the Deputy City Manager's memorandum dated 2.20.2025. We believe that the best way to achieve the City's goal of affordability is the establishment of the municipal utility, San Jose Power, which would distribute the electricity from the new transmission lines to areas that would be only a small part of San Jose's electrical load. That said, we acknowledge the City Manager's path to have PG&E distribute the electricity from the new transmission lines as outlined in Manager's memorandum dated 2.20.2025.

The efficient and timely delivery of electrical capacity to SJ will result in significant revenue gains for the City of San Jose. The formation of the municipal utility is a preferred path to achieve this goal, and would result in lower rates for its customers. While we prefer the municipal utility to include the new downtown and North San Jose service areas, we accept the city manager's proposed approach to first allow PG&E to attempt to meet San Jose's goals. We reluctantly accept this approach, provided that PG&E meets the milestones and performance obligations outlined in both the Cooperation Agreement and the subsequent implementation agreement(s), and quality service is maintained in the long-term even after the initial buildout is completed. Should PG&E not meet the milestones and performance obligations, the agreements must allow for SJ to assume municipal control. We also assume that San Jose will not forfeit its allocation of power from LS Power in a way that might hinder our serving North San Jose and downtown areas, should PG&E not meet its milestones and obligations.

In addition, we agree with this statement in the Mayor's memo dated 2-28-2025 [25-183-183](#)

[Memorandum from Mayor, Foley, Cohen, Candelas, Kamei, 2/28/25:](#)

Maintaining access to an independent delivery source would provide the city with contingency option should PG&E’s reliability and cost structure become unsustainable. By maintaining an open pathway with LS Power, San Jose ensures it is not solely dependent on PG&E for energy delivery. This flexibility strengthens the city’s ability to secure competitive energy prices, ensure delivery reliability for large scale customers, and advance clean energy initiatives and objectives.

To support our opinion about lowered energy rates, please see the chart below which shows residential electricity rates comparisons from the 9.16.25 City Council Study Session Benefits and Risks of Providing San José Electric Service to New Developments - A Case Study of the Downtown West Mixed-Use Development. It shows significantly lower rates for four California local public electric utilities:¹

Table 1: California Utility Rate Comparison

	Residential Rates Compared to IOU	Non-Residential Rates Compared to IOU
Silicon Valley Power (City of Santa Clara)	48% Lower	26%-38% Lower
Sacramento Municipal Utility District	33% (Avg.) Lower	31.1%-47.6% Lower
Alameda Municipal Power	14.9%-31.5% Lower	11.3%-18.9% Lower
Los Angeles Department of Water and Power	31% Lower	7-27% Lower

A San Jose Municipal Utility could offer rates 20-30% lower than PG&E’s rates, according to technical sources.

The high rates charged by PG & E have resulted in their excessive profits. Below is a link to a Mercury News article from last month regarding PG&E’s outrageous profits of more than **\$2 billion** paid by ratepayers in 2024 with higher profits expected in 2025. If San Jose were to establish a Municipal Utility in the areas served by one or both of the new transmission lines, there would not be a profit for stockholders nor corporate level compensation for employees, such as at PG&E.
<https://www.mercurynews.com/2025/02/13/pge-profit-electric-gas-utility-fire-economy-bay-area-oakland-san-jose/?share=tkynapo2ollosfimclep>

Thank you to both the San Jose Mayor and City Council, as well as the City Manager, Energy and

¹ [22-1329 - Attachment](#) - Page 7 and [City of San José - File #: 22-1329](#)



Environmental Services Department

Climate Advisory Commission

other departments staff for working to ensure that our San Jose residents and businesses receive reliable, affordable and clean electricity.

Sincerely,

/s/

Ruth Merino, Commission District Representative
On behalf of the San José Climate Advisory Commission

FW: Joint letter re: March 21st Study Session: San Jose Municipal Utility Exploration

From City Clerk <city.clerk@sanjoseca.gov>
Date Thu 3/20/2025 3:20 PM
To Agendadesk <Agendadesk@sanjoseca.gov>

 1 attachment (1 MB)

Joint Letter to SJ re March 21 study session .pdf;

From: Dashiell Leeds [REDACTED]
Sent: Thursday, March 20, 2025 2:46 PM
To: City Clerk <city.clerk@sanjoseca.gov>; The Office of Mayor Matt Mahan <mayor@sanjoseca.gov>; District1 <district1@sanjoseca.gov>; District2 <District2@sanjoseca.gov>; District3 <district3@sanjoseca.gov>; District4 <District4@sanjoseca.gov>; District5 <District5@sanjoseca.gov>; District 6 <district6@sanjoseca.gov>; District7 <District7@sanjoseca.gov>; District8 <district8@sanjoseca.gov>; District9 <district9@sanjoseca.gov>; District 10 <District10@sanjoseca.gov>
Cc: James Eggers <[REDACTED]>; Mike Ferreira <[REDACTED]> Gita Dev <[REDACTED]>
Linda Hutchins-Knowles <[REDACTED]> director <[REDACTED]>
Subject: Joint letter re: March 21st Study Session: San Jose Municipal Utility Exploration

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Dear Mayor Mahan and San José City Councilmembers,

The Sierra Club Loma Prieta Chapter, Santa Clara Valley Bird Alliance, Mothers Out Front Silicon Valley, and the San José Youth Climate Action Team are opposed to the development of the 159 acres of open space south of the Regional Wastewater Facility and North of Highway 237. San José should instead explore the conversion and repurposing of existing development if it chooses to incentivize the construction of data centers in this area. We are also concerned with the potential for data centers to use gas-powered fuel cells, which generate a disproportionately large amount of greenhouse gas emissions compared with other energy sources.

Please read the attached letter for our full comments.

Sincerely,

James Eggers
Senior Chapter Director

Sierra Club Loma Prieta Chapter

Matthew Dodder
Executive Director
Santa Clara Valley Bird Alliance

Daphne Zhu
Co-Lead
San Jose Youth Climate Action Team

Linda Hutchins-Knowles
Co-founder and Team Coordinator
Mothers Out Front Silicon Valley

email sent from account of
Dashiell Leeds
Conservation Coordinator
Sierra Club Loma Prieta Chapter

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SIERRA CLUB
LOMA PRIETA CHAPTER

SAN MATEO, SANTA CLARA & SAN BENITO COUNTIES



March 20, 2025
San José City Council
200 East Santa Clara St
San José, CA 95113

RE: San José City Council March 21 Agenda Item 6.1: San José Municipal Electrical Utility Exploration

Dear Mayor Mahan and San José City Councilmembers,

The Sierra Club Loma Prieta Chapter, Santa Clara Valley Bird Alliance, Mothers Out Front Silicon Valley, and the San José Youth Climate Action Team are opposed to the development of the 159 acres of open space south of the Regional Wastewater Facility and North of Highway 237. San José should instead explore the conversion and repurposing of existing development if it chooses to incentivize the construction of data centers in this area. We are also concerned with the potential for data centers to use gas-powered fuel cells, which generate a disproportionately large amount of greenhouse gas emissions compared with other energy sources.

This site is home to numerous protected species (including burrowing owls, and a nesting pair of golden eagles). It contains grasslands, wetlands and vernal pools, and has immense potential for ecological restoration and habitat creation. In addition, open space near the Bay may prove critically important as San José adapts to climate change, flooding of Coyote Creek and the Guadalupe River, and sea level rise. Protecting these buffer lands aligns with environmental sustainability and biodiversity conservation goals.

The 159 acres of open space, designated in the Plant Master Plan as “buffer lands”, were marked for development in the 2013 Plant Master Plan¹. The City of San José Council Policy 6-31² directs the use of these lands, and includes,

“Policy 6-31, 2. Buffer Land uses must support NPDES permit compliance and not constrain the Plant’s flexibility to respond to unknown future requirements.

Additional need for treatment or expansion takes precedence over any other potential uses. Land uses should provide flexibility for Plant and Recycled water system expansion beyond the defined expansion area to accommodate future unknown requirements. Therefore, land uses that are unrelated to Plant or Water Recycling Facilities operations, that propose permanent buildings or hardscape should be discouraged. Sale of buffer lands is strongly discouraged in favor of leasing. Land uses should maximize use of recycled water and/or minimize flows to the Plant. Land uses that reduce mass loading of pollutants to the Bay are preferred. This may include land use options that contribute to protecting the water quality of the South Bay, and could potentially be used for pollutant offsets.”

Developing on buffer lands may constrain the City’s ability to adapt to climate uncertainties, including flooding and sea level rise. These lands are vulnerable to rising groundwater and associated liquefaction risks. The loss of these open spaces and creating increased impermeable areas will have long-term environmental consequences that reduce resilience to flooding and sea level rise, and greatly diminish opportunities to employ nature-best solutions to protect infrastructure and communities.

“Policy 6-31, 3. Buffer Land uses must protect existing biological resources.

Existing biological resources include areas with wetlands characteristics, grasslands with burrowing owl habitat, and the Coyote Creek Riparian Corridor. Land uses should not adversely impact state or federally protected species or the habitat that supports them, and ensure habitat diversity. Any landscaping on buffer lands should favor use of native plants and support the Riparian Corridor Policy.”

The buffer lands are critically important to the persistence of burrowing owls and other special status species in the region. These lands provide hunting grounds for raptors, and migration and roosting sites for a large number of migratory bird species.

“Policy 6-31, 4. Buffer Land uses should provide environmental benefit.

Buffer Land uses that provide direct benefit to habitats that support species of special concern should be given priority. Land uses should be considered that provide overall environmental benefits and regulatory credit. Land uses that do not provide environmental enhancements must be compatible with existing or created habitat on-site and minimize any environmental impacts.”

¹ <https://www.sanjoseca.gov/home/showpublisheddocument/206/636611441889800000>

² <http://sanjoseca.gov/home/showpublisheddocument/12821/636669915148100000>

Data centers provide no environmental benefit. Instead, they consume vast amounts of electricity, potentially tripling the City's demand for electricity, according to the staff report. This could strain San José Clean Energy's ability to meet the demands of its residents as San José continues to electrify in pursuit of its Carbon Neutrality by 2030 Goal. Data centers also require significant water resources for cooling, which can strain local water supplies, especially in drought-prone regions. Additionally, their construction and operation adjacent to sensitive burrowing owl habitat could lead to habitat destruction, increased urban heat island effects, and electronic waste generation.

Please do not incentivise the development of the 159 acres of open space as part of any agreements with PG&E or as part of any plans for San José Power. The City should abide by its policies, and at this time, re-consider the 2013 designation of "economic development lands." San José should instead analyze and prioritize the value of this open space for habitat, and not data centers. Should the City pursue the incentivization of data centers, it should first pursue the conversion and repurposing of existing development in the area. Finally, as the City negotiates its agreements, please ensure that gas-powered fuel cells are not used to power data centers.

Sincerely,

James Eggers
Senior Chapter Director
Sierra Club Loma Prieta Chapter

Matthew Dodder
Executive Director
Santa Clara Valley Bird Alliance

Daphne Zhu
Co-Lead
San Jose Youth Climate Action Team

Linda Hutchins-Knowles
Co-founder and Team Coordinator
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