


# AMENDED AND RESTATED STORAGE SERVICES AGREEMENT WITH YELLOW PINE SOLAR III FOR BATTERY STORAGE FACILITY

San José City Council

March 4, 2025

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

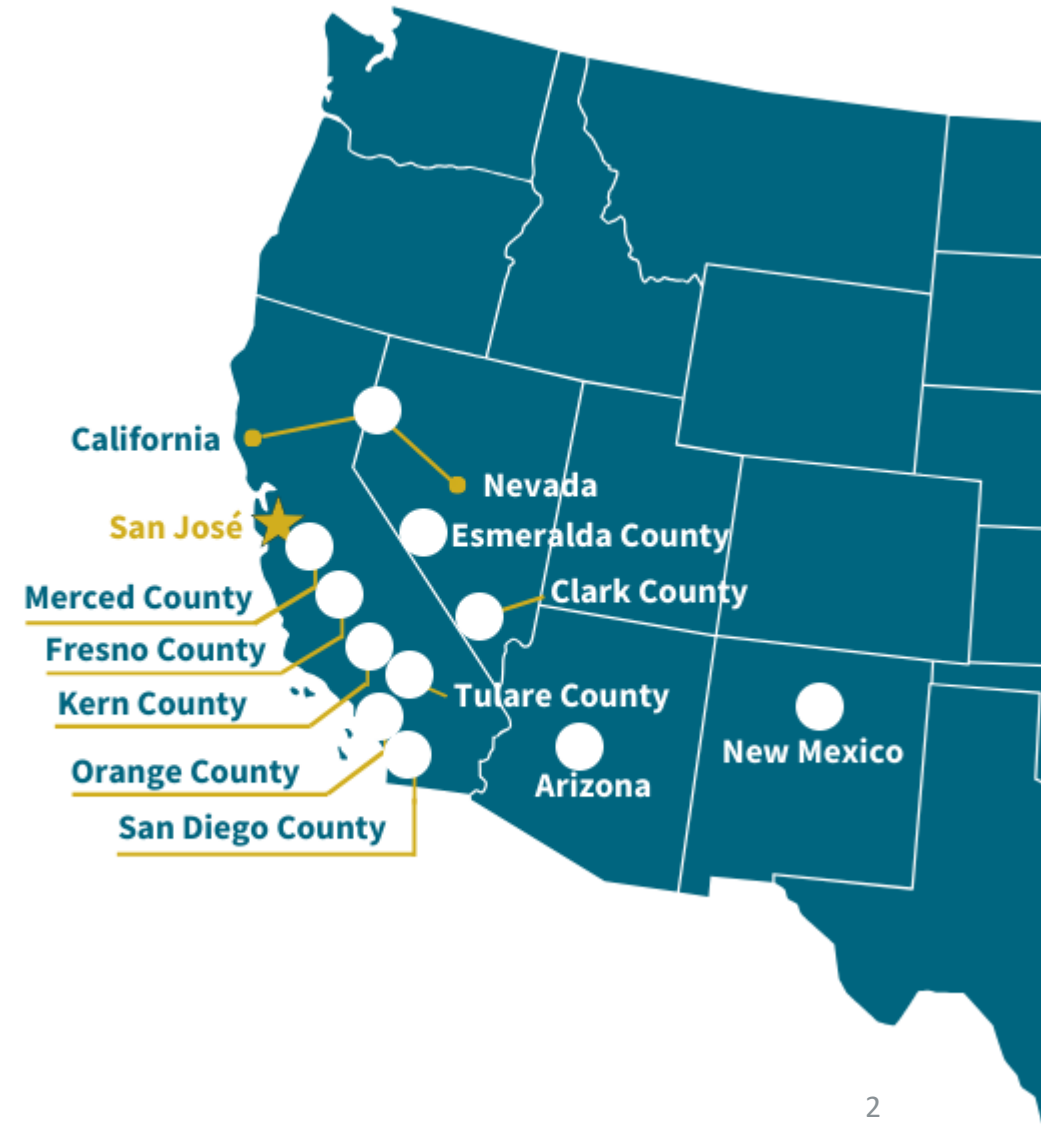
**SAN JOSE**   
**CLEAN ENERGY**  
A Program of the City of San José

# 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



# YELLOW PINE SOLAR III AGREEMENT SUMMARY

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**Seller:** Yellow Pine Solar III, LLC

**Developer:** NextEra Energy Resources Development, LLC

**Technology:** Battery Storage

**Products:** Resource Adequacy, Tolling Rights (ability to charge/discharge),  
Mid-Term Reliability Capacity

**Location:** Clark County, NV (within California Independent System Operator boundary)

**Commercial Online Date** Tolling (Energy-only): 6/1/27 | Tolling and Resource Adequacy: 6/1/28

**Price:** Fixed, no escalation

**Term:** 23 years

**Max Annual Cost:** \$5,259,000

**Max Total Cost:** \$110,157,000

Original Council Approval: January 24, 2023



# KEY AMENDMENTS

- **Revised Commercial Online Date:** Originally June 1, 2025
  - Resource ability to provide Tolling (i.e., charge/discharge energy) will be set to June 1, 2027
  - Resource ability to provide Resource Adequacy will be set to June 1, 2028
- **Term:** Adds up to three years for Tolling only
- **Price:** Reduced due to delay, remains and fixed with no escalation
- **Volume:** Seeking authority for volume greater than original agreement. Seller may have the ability to increase volume by 40% (which would support of SJCE regulatory requirements).
- **Cost Summary:**

Agreement	Max Annual	Max Lifetime
Current	\$3,870,000	\$77,400,000
Amended and restated, current volume	\$3,756,000	\$78,675,000
Amended and restated, higher volume	\$5,259,000	\$110,157,000

# CPUC PROCUREMENT MANDATES

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- The California Public Utility Commission (CPUC) has issued several decisions requiring electric service providers such as San Jose Clean Energy to bring online new, incremental capacity with specific technology requirements.
- These decisions include requirements for energy storage (of varying duration), firm clean resources such as geothermal, wind and solar/solar with storage.
- San Jose Clean Energy continues procurement activities to satisfy these requirements and has remained compliant.
- If SJCE does not procure these resources, PG&E will be required to undertake the procurement, and the costs will be allocated to SJCE. Additional penalties may apply.
- Yellow Pine Solar III will contribute to the continued compliance of these decisions as well as support the SJCE 2022 Integrated Resource Plan.

# CAUSE FOR YELLOW PINE SOLAR III AMENDMENT

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- Yellow Pine Solar III ability to deliver Resource Adequacy is dependent on transmission system upgrades.
- CAISO, SCE, and LADWP have revised schedules to avoid system reliability issues.
  - To maintain system reliability the transmission upgrades must be carefully coordinated during summer months creating an extended project schedule.
  - Upgrades are expected to be completed in 2027.
  - The upgrade is needed for deliverability of CAISO ~12 projects (not all SJCE or NextEra projects).
- NextEra and SJCE have alerted policy makers (Governor's office, CAISO, CPUC) of the importance of timely completion for the upgrade.
- NextEra/SJCE and others will continue to advocate to avoid further delays.

# NEXTERA ENERGY RESOURCES DEVELOPMENT, LLC

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- NextEra is one of the world's largest developers of renewable energy from wind and solar.
- ~72 GW of resources in operations.
- NextEra Energy Resources Development, LLC is not a publicly traded company, but its indirect corporate parent, NextEra Energy, Inc. (NYSE: NEE) is a publicly traded company.



Source: NextEra website

# STAFF RECOMMENDATION

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

(a) Negotiate and execute an amended and restated Storage Services agreement with Yellow Pine Solar III, LLC, a subsidiary of NextEra Energy Resources Development, LLC, to purchase resource adequacy and battery tolling rights associated with a battery storage facility for a maximum term of 23 years beginning 2027 through 2050, in an amount not to exceed \$3,756,000 annually and up to \$78,675,000 in aggregate; and

(b) If appropriate, negotiate and execute a further agreement or amendment with Yellow Pine Solar III, LLC to increase the volume from the same battery storage facility without otherwise changing the material terms, in an amount not to exceed \$1,503,000 annually and up to \$31,482,000 in aggregate.

**Zach Struyk**, Acting Director

**Paul Innamorato**, Deputy Director of Power Resources