



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Lori Mitchell

**SUBJECT:** See Below

**DATE:** April 7, 2025

Approved

Date:

4/15/25

**COUNCIL DISTRICT:** Citywide

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

## **RECOMMENDATION**

Approve a Sixth Amendment to the Professional Services Agreement with Calpine Energy Solutions, LLC for Data Management and Customer Call Center Services, increasing the maximum compensation by \$2,300,000, from \$23,200,000 to \$25,500,000, 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 Sixth 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 years, with a City option to extend for two additional one-year terms.

On February 11, 2020, City Council approved the First Amendment to the Agreement with Calpine, reducing rates, 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 January 27, 2025, 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. On February 28, 2025, the Fifth Amendment was executed, extending the term of the agreement by 90 days through May 29, 2025, and increasing the maximum compensation from \$22,000,000 to \$23,200,000.

## **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.

Since the inception of Calpine's billing services for SJCE, over three million invoices have been processed through PG&E, with 247 requiring re-billing due to calculation errors. This reflects an accuracy rate exceeding 99.99%. Calpine has consistently met its service level agreement commitments for call answer times and abandonment rates.

The maximum compensation calculated in the First Amendment assumed 330,000 customer accounts, but the customer base that SJCE serves has increased to approximately 360,000 active meters. Approving the Sixth Amendment increases the maximum compensation under the Agreement to account for the increase in customer accounts while maintaining current unit pricing through May 29, 2025. Negotiations for a new agreement for data management and customer call center services are underway, and approving the Sixth Amendment will allow 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 Sixth Amendment will fix SJCE's data management and customer call center services monthly expense through May 29, 2025, for approximately 360,000 active meters, 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 Sixth Amendment
Cost/month/meter*	\$0.85	\$0.85
Monthly fee	\$25,000	\$25,000
Expected Total Cost (Monthly fee and meter)	\$2,444,000	\$3,672,000

\*Based on average active meter count of 360,000

### **BUDGET REFERENCE**

The table on the following page identifies the fund and appropriation to fund the Agreement amendment recommended as part of this memorandum.

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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	\$2,300,000	1010	10/22/2024 Ord. No. 31133

### **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 April 29, 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.

### **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/

Lori Mitchell  
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.