



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Maria Öberg  
Lori Mitchell

**SUBJECT:** See Below

**DATE:** April 14, 2025

Approved

Date:

5/2/2025

**COUNCIL DISTRICT:** Citywide

**SUBJECT: Agreement with Calpine Community Energy, LLC for Billing Operations, Data Management, and Customer Support Services**

## **RECOMMENDATION**

Adopt a resolution authorizing the City Manager or her designee to:

- (a) Negotiate and execute an agreement for the Billing Operations, Data Management, and Customer Support Services with Calpine Community Energy, LLC (Houston, Texas) (Calpine) for an initial three-year term, beginning on or about May 14, 2025, with a maximum compensation not to exceed \$13,148,180, subject to the appropriation of funds;
- (b) Negotiate and execute amendments, as required, for any unanticipated changes to the agreement with Calpine not to exceed a total amount of \$1,000,000 during the initial term, subject to the appropriation of funds; and
- (c) Exercise up to four (4) additional one-year options to extend the term of the agreement through May 14, 2032, subject to the appropriation of funds.

## **SUMMARY AND OUTCOME**

This memorandum provides the City Council with recommended actions that will allow the City Manager or her designee to negotiate and execute an agreement with Calpine Community Energy, LLC.

Authorizing the City Manager to take these actions will enable the Energy Department to provide comprehensive and integrated customer data management, billing, and data exchange services for San José Clean Energy, the City of San José's Community Choice Aggregation Program. These services include: (1) management of customer

accounts and billing services, billing data, and reporting; (2) exchange of customer usage, billing, and payment data with PG&E; (3) provision of a customer call center and a customer relationship management system for customer service use; (4) preparation and submission of settlement quality meter data; and (5) other related services as needed.

## **BACKGROUND**

On August 8, 2017, staff released a Request for Proposals for San José Clean Energy Data Management and Customer Call Center Services. The Request for Proposals outlined services including data management, customer information system, call center operation, billing, and coordination with PG&E. Six firms responded, and Calpine's affiliate, Calpine Energy Solutions LLC (Calpine ES), scored the highest. On February 27, 2018, the City Council approved a two-year Professional Services Agreement with Calpine ES, with options for two additional one-year terms. The agreement with Calpine ES was extended through several amendments and is set to expire on May 29, 2025.

Beginning in 2022, Calpine underbilled approximately 13,000 customers over a period of approximately two years for a total estimated amount of \$1,086,000 that were no longer eligible for California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs. A proposed settlement agreement where Calpine would credit the City for underbilling those customers is going to Council on May 13, 2025, subject to City Council's approval, between the City and Calpine ES, would cause Calpine to apply a credit to reduce the monthly charge to \$0 for the first 36 months of the new agreement. Specifically, the Fixed Annual Fee (described below) would be credited by Calpine for the Three-Year Initial Term of the new agreement, with Calpine to remit a payment to the City in the amount of any outstanding credit remaining, if the new agreement were to expire or terminate prior to City receiving the full amount of the credit over the three years. This credit will not apply after the first 36 months of the agreement during the subsequent options years.

The Energy Department is now looking to continue services that were provided by Calpine ES by leveraging a cooperative agreement with Calpine, which would allow San José Clean Energy to capitalize on the competitive pricing secured by the cooperative agreement without needing to commit to a long contract term.

## **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 (SVCE),

Peninsula Clean Energy (PCE), Central Coast Community, Clean Power SF, Clean Power Alliance, Redwood Coast, and Lancaster Community Energy.

On June 28, 2024, PCE and SVCE issued a joint competitive Request for Proposals for data management services, receiving three responses. Both PCE and SVCE subsequently executed new multi-year agreements with Calpine.

Pursuant to [Section 4.12.225.B.3](#) of the San José Municipal Code, staff recommends leveraging the results of the PCE and SVCE's solicitation to enter into an agreement with Calpine for billing operations, data management, and customer support services. Staff have engaged with Calpine to discuss specific requirements for data management, billing, and customer support services, and have confirmed Calpine can meet the City's requirements.

Approval of this recommendation will enable the City to leverage the outcome of the competitive solicitation conducted by PCE and SVCE and proceed with negotiating and executing an agreement with Calpine to continue providing data management and customer call Center Services, including support of customer billing and data management functions, data exchange with PG&E, customer call center support, payment, and settlement processing.

## **EVALUATION AND FOLLOW-UP**

This memorandum will not require any follow-up from staff.

## **COST SUMMARY/IMPLICATIONS**

The total recommended compensation for the three-year initial term is \$13,148,180. The annual cost is comprised of a meter charge of \$4,212,000 that is a monthly meter charge of \$ 0.936 per meter with a maximum of 375,000 meters, which may increase annually by up to 4%, in accordance with the CPI. The first-year cost of \$4,212,000 will be funded from the San José Clean Energy Fund. The remaining agreement amount of \$8,936,180 and \$1,000,000 for unanticipated changes to the agreement are subject to the appropriation of funds within that same fund in future fiscal years. The option years will be priced based on the initial agreement terms, with any potential price increases in accordance with price renegotiation provisions outlined in the resulting agreement.

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**1. TOTAL COST OF AGREEMENT (Three-Year Initial Term)                      \$13,148,180**

<b>Year</b>	<b>Fixed Annual Fee*</b>	<b>Maximum Meter Charge</b>	<b>Total</b>
Year 1	\$0	\$4,212,000	\$4,212,000
Year 2	\$0	\$4,380,480**	\$4,380,480
Year 3	\$0	\$4,555,700**	\$4,555,700
<b>TOTAL AGREEMENT AMOUNT</b>	<b>\$0</b>	<b>\$13,148,180</b>	<b>\$13,148,180</b>

\* The Fixed Annual Fee would be reduced from \$300,000 for years 1-3 to \$0 for years 1-3, pursuant to the Proposed settlement agreement described above.

\*\* An increase of 4% was applied from the previous year.

**BUDGET REFERENCE**

The table below identifies the fund and appropriation to fund the contract recommended as part of this memorandum.

<b>Fund #</b>	<b>Appn. #</b>	<b>Appropriation Name</b>	<b>Total Appropriation</b>	<b>Amount for Contract</b>	<b>2024-2025 Adopted Operating Budget Page</b>	<b>Last Budget Action (Date, Ord. No.)</b>
501	0782	Non-Personal / Equipment	\$17,892,552	\$13,148,180	1010	10/22/2024, 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 May 13, 2025, City Council meeting.

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### **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

/s/  
MARIA ÖBERG  
Director, Finance Department

For procurement and contract related questions, please contact Albie Udom, Deputy Director of Finance – Purchasing and Risk Management, at [albie.udom@sanjoseca.gov](mailto:albie.udom@sanjoseca.gov).

For program related questions, please contact Lina Williams, Deputy Director, Energy Department, at [lina.williams@sanjoseca.gov](mailto:lina.williams@sanjoseca.gov) and (408) 543-2933.