CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Manuel Pineda

SUBJECT: **Data Centers and PG&E Partnership Status Report**

DATE: March 30, 2026

Approved

Date: 4/9/2026

COUNCIL DISTRICT: Citywide

RECOMMENDATION

Accept the status report on the City's efforts to drive data center and other large energy development, including an update on the City's Implementation Agreement with PG&E and related electrical infrastructure grid enhancement projects.

SUMMARY AND OUTCOME

San José's ability to attract and retain major employers is increasingly tied to reliable, timely access to electricity. Large-load customers, particularly data centers and advanced manufacturing, generate significant General Fund revenue, create high-quality jobs, and place relatively limited demand on City services. Recognizing electricity as a defining constraint on economic growth, the City conducted an 18-month evaluation of options to secure infrastructure certainty, culminating in March 2025 City Council direction to pursue a structured partnership with PG&E. The resulting July 2025 Implementation Agreement establishes dedicated staffing, clear performance metrics, and formal accountability mechanisms to accelerate energization timelines for projects requiring 20 megawatts (MW) or more. This framework aligns local permitting and economic development with PG&E's distribution upgrades and LS Power Grid California, LLC's (LS Power) 2,000 MW of new regional transmission capacity, positioning San José to fully leverage major grid investments while protecting the City's fiscal interests.

Since adopting this strategy, the City has made measurable progress toward its Growing Our Economy infrastructure-readiness goals. Two of three large energy projects scheduled for permanent power this fiscal year have been energized, both projects in the Building Plan Review phase goal have been achieved, and the City's development pipeline has expanded significantly following coordinated outreach and

clearer infrastructure pathways. Through biweekly coordination with PG&E, quarterly performance scoring under the Implementation Agreement, and active collaboration with LS Power, the City has established a disciplined, accountable process to advance the 12 large-load projects in the PG&E Implementation Agreement through 2030. At the same time, San José maintains rigorous environmental safeguards under the California Environmental Quality Act (CEQA), water and recycled water requirements, and clean energy standards. At the state level, the California Public Utilities Commission (CPUC) is evaluating a proposed energy rule for large-load transmission customers (Rule 30). While the CPUC has partially implemented Rule 30, the CPUC is expected to issue a formal ruling sometime in 2026. Although the outcome will not be determined until the CPUC issues a formal ruling, the intent of Rule 30 is to expedite large-load interconnections while ensuring that new large-load customers fund the required interconnection infrastructure upfront and protect existing ratepayers. Together, these efforts strengthen infrastructure readiness, support long-term fiscal stability, and reinforce San José's competitiveness in the digital economy.

BACKGROUND

Reliable and timely access to electricity has become a defining constraint on San José's economic growth. Over the past several years, large employers, particularly data centers, advanced manufacturing, and other large-load users, have faced growing uncertainty around electric capacity, delivery timelines, and accountability. These customers are critical to the City's fiscal health: they generate significant General Fund revenue, create high-quality construction and permanent jobs, and typically require fewer ongoing City services than they generate in revenue. Ensuring San José can attract and retain these customers is essential to maintaining long-term fiscal stability.

In response to these challenges, the City undertook an extensive evaluation of its options for securing reliable electric infrastructure. This work culminated in a City Council Special Meeting in March 2025, where the Administration presented the results of an 18-month exploration of a potential municipal electric utility and outlined a recommended path forward centered on performance, accountability, and speed to delivery.[1] At that meeting, the City Council authorized the Administration to pursue a formal implementation agreement with PG&E, while preserving the City's ability to revisit other options if performance expectations were not met.

Following that direction, the City and PG&E negotiated and executed an Implementation Agreement in July 2025.[2] The Agreement establishes clear roles, dedicated staffing, and enforceable performance measures to accelerate electric infrastructure delivery for large energy users in key growth areas of San José. It also reflects the City's priority to support large-load customers, defined as projects requiring 20 MW or more of service,

[1] March, 21, 2025 City Council Special Meeting - San José Municipal Electric Utility Exploration: https://sanjose.legistar.com/View.ashx?M=F&ID=13933623&GUID=595A271F-15B6-47D9-BC2C-1E2F8B39F806)
[2] https://sanjoseca.govnita.com/api/workspace/Contracts/files/2094804896417/view

because of their outsized role in driving economic activity and City revenue. Under the Agreement, PG&E funds City staff positions and process improvements to reduce delays, improve coordination, and provide greater certainty for major projects.

This partnership is particularly important given San José's strategic position within the regional transmission grid network. Major transmission investments, including the 2,000 MW of new LS Power transmission lines that will pass through San José by 2028, shape how and where large amounts of power can be delivered across the region. Coordinating local planning, permitting, and economic development with these regional assets is necessary to ensure San José can fully benefit from existing and planned infrastructure, rather than be constrained by it.

Together, the March 2025 City Council action and the subsequent Implementation Agreement established a structured, accountable framework for advancing electric infrastructure delivery in San José, one designed to support large-scale development, protect the City's fiscal interests, and ensure accountability over PG&E's performance.

ANALYSIS

This analysis section is divided into three sections. First, an update on the City's progress toward the City Council Focus Area – Growing Our Economy goals related to infrastructure readiness. Second, details on the progress made to accelerate electrical infrastructure improvements through staff work with PG&E and LS Power. And lastly, discuss the ongoing efforts to attract large energy users, such as Data Centers, to San José and the potential impacts they pose.

City Council Focus Area: Growing Our Economy – Infrastructure Readiness

The City's work to improve electrical infrastructure directly supports the City Council Focus Area of Growing Our Economy, particularly the goal of ensuring infrastructure readiness for major employers and new development. Within this Focus Area, three infrastructure readiness goals guide the City's efforts to attract and deliver large energy projects, including data centers and other high-load users, as shown in the table below.

Goal 2: Infrastructure Readiness	**Status as of December 2025**
Goal 2.1: Three data centers/large energy projects receive permanent power from PG&E by June 2026.	2 out of 3 (66% of Goal met)
Goal 2.2: Two new data center/large energy projects in the Building Plan Review phase by June 2026.	2 out of 2 (100% of Goal met)
Goal 2.3: Five new data center/large energy projects in the Planning Entitlement phase by June 2026.	2 out of 5 (40% of Goal met)

To advance these goals, the City established a cross-departmental Data Center Development Team, made up of staff from the City Manager's Office of Economic Development and Cultural Affairs, Energy Department, Environmental Services Department-Water Resources Division, Fire Department, Planning, Building, and Code Enforcement Department, and Public Works Department. The team, led by the Large-Load Energy Customer Development Lead in the City Manager's Office of Economic Development and Cultural Affairs, oversees all large energy projects in the City's development pipeline.

The team tracks each project from early planning through construction and meets regularly with developers to ensure a coordinated, City-wide approach. The primary objective is to move projects through entitlement and permitting without unnecessary delays so they are ready for PG&E energization on schedule.

The team also plays a key role in monitoring PG&E's performance under Goal 2.1. As of January 2026, PG&E has energized two of the three projects scheduled to receive permanent power this Fiscal Year (Goal 2.1 above). The remaining project is scheduled to be energized by June 2026. The Large-Load Energy Customer Development Lead meets with PG&E biweekly to review project status and identify potential risks or delays. Quarterly, projects are formally scored to confirm whether PG&E is meeting the milestones established in the Implementation Agreement.

Electrical Infrastructure Improvements – Coordination with PG&E and LS Power

In parallel with efforts to attract large energy users, the City has focused on accelerating electrical infrastructure delivery through close coordination with PG&E and regional transmission developers, including LS Power. Under the Implementation Agreement, City staff meet biweekly with PG&E to track substation upgrades, transmission planning, and project-specific energization timelines. This coordination is intended to reduce uncertainty, surface risks earlier, and align City permitting and development timelines with PG&E's capital planning and construction schedules.

The City has held two quarterly check-ins to score PG&E's performance on meeting its obligated timelines for the 12 projects in the Implementation Agreement. As of January 2026, two projects have been energized, and PG&E is on schedule, or has a path to get back on schedule, and energize the remaining 10 projects by 2030.

PG&E is also proposing to begin key infrastructure projects in 2026 to increase grid capacity and improve overall reliability and resiliency. These upgrades include:

- Rebuilding Substation A (near Diridon Station);
- Rebuilding and expanding Substation B (by Coleman Ave and Hwy 87);
- Reconductoring the transmission line between Substations A and B;
- Completing design of a new Substation in North San José (with expected in-service date in 2030); and
- Completing design of a new Substation in Edenvale, South San José (with an expected in-service date in 2030).

The City is also coordinating with LS Power on the two high-voltage transmission projects (totaling 2,000 MW of capacity) that traverse San José and are critical to increasing regional capacity. These transmission investments are foundational to serving future large-load demand and improving Citywide grid reliability. The Franchise Agreements for both LS Power transmission lines are anticipated to be taken to City Council for approval in March 2026, and the Utility Permits issued shortly thereafter.

Construction should not impact 2026 Sports Events, and timelines have been adjusted to accommodate shifts by the CPUC in completing CEQA requirements. By aligning local land use planning, permitting, and economic development efforts with PG&E's distribution upgrades and LS Power's transmission investments, the City is working to ensure San José can fully benefit from regional infrastructure improvements while minimizing delays to priority projects.

Data Center Projects: Fiscal and Environmental Considerations

As the City continues to advance infrastructure readiness and attract large energy users, it is important to outline the benefits and concerns that data centers pose. These generally fall into three categories: fiscal benefits to the City; environmental concerns raised by residents and policymakers; and potential impacts on electricity rates.

Fiscal Benefits to the City

Large data centers represent a significant fiscal opportunity for San José, particularly through the Utility User Tax. Because data centers consume large volumes of electricity continuously, they generate stable and predictable Utility User Tax revenue that directly supports the City's General Fund. For example, a 50 to 99 MW data center, once fully ramped up, could generate between $3 and $6 million in unrestricted annual revenue for City services. Unlike many other forms of development, data centers do not add

traffic, require limited public services once operational, and do not generate school or public safety demand at the scale of residential growth.

The City benefits from capturing economic activity that would otherwise be located in other states or regions. Retaining these projects locally allows San José to share in the financial upside of the digital economy while leveraging existing infrastructure investments.

To advance this opportunity, the City Manager's Office of Economic Development and Cultural Affairs Large-Load Energy Customer Development Lead and Corporate Outreach Team are responsible for attracting data centers and other large energy businesses to San José. Since the execution of the Implementation Agreement with PG&E, staff have expanded outreach through a press conference highlighting the historic agreement,[3] publication of a dedicated webpage on SJEconomy.com,[4] participation in industry panels and conferences, and direct engagement with developers. To date, staff have met with more than 50 potential data center developers and represented the City's opportunity at several industry conferences.[5] As a result of these efforts, the City's data center pipeline, including inquiries and pre-application projects, has grown from 18 to 34 projects, an 88% increase since July 2025. This increase is critical to meeting Focus Area Goal 2.3: Five new data center/large energy projects in the Planning Entitlement phase by June 2026. Based on conversations with several data center projects in the pre-application phase, staff anticipates that three new Planning Applications will be submitted by June 2026.

Environmental Analysis and Local Safeguards

Across the country, residents have raised concerns about the environmental footprint of data centers, particularly related to water use, energy consumption, greenhouse gas emissions, air pollution from backup generators, and noise.

In San José, data center development is already subject to a comprehensive set of environmental requirements that significantly mitigate these impacts (see the Attachment: Environmental Requirements for Data Center Development in San José). All large data center projects undergo review under CEQA,[6] which evaluates air quality, greenhouse gas emissions, water use, noise, hazardous materials, and energy demand. Projects that meet defined thresholds are classified as "water-demand projects" and must demonstrate the availability of a reliable water supply under both

[3] https://www.sanjoseca.gov/Home/Components/News/News/6819/4699
[4] https://www.sjeconomy.com/how-we-help/programs-and-services/powering-san-jos-energy-infrastructure-for-data-centers
[5] Staff attended SEMICON West on October 7-9, 2025; the Data Center Investment Conference and Expo West on December 5, 2025; and Society for Information and Photonics Engineering: Photonics West on January 20-22, 2026
[6] For Data Center projects with backup generation exceeding 49 MW, the CPUC is the lead agency for CEQA review.

normal and dry-year conditions. These projects must also demonstrate that recycled water was evaluated and, when reasonably available, will be used in lieu of potable water supplies. The City's General Plan and the San José Municipal Code also require the use of recycled water where feasible, contribution to recycled water infrastructure, and protection of groundwater recharge areas.

From an energy standpoint, data centers in San José can receive between 62% and 100% carbon-neutral electricity through San José Clean Energy and must incorporate energy-efficient design and compliance with state and local air quality regulations governing backup generation. Data Centers can also opt out of San José Clean Energy and receive service from PG&E or Direct Access providers, if eligible.[7] They could also install behind-the-meter resources, such as solar, on-site batteries, or natural gas fuel cells, which could affect overall emissions.

The environmental impact of behind-the-meter technologies is somewhat unknown, but based on data from most California data centers already in operation, they will account for only a small percentage of total energy usage. Regardless of the energy provider, data centers must still meet the state's renewable energy thresholds (set at 50% renewable content for 2026). Finally, more electricity usage means more greenhouse gas emissions (unless 100% carbon-neutral electricity is used to power the new facilities). However, it is important to note that those greenhouse gas emissions will occur whether the Data Centers are built in San José or in nearby cities such as Santa Clara, Sunnyvale, Fremont, or Mountain View.

The Bay Area Air District[8] has rules that control how backup generators can be used to protect air quality. Backup generators are meant to run only during real power outages or for scheduled testing and maintenance. In general, they can operate for up to 50 hours per year for maintenance and testing, and most data centers run generators for only one to two hours per month. They must also meet strict air pollution standards and be properly maintained. Taken together, these requirements place San José among the more tightly regulated jurisdictions for data center development, addressing many of the environmental concerns being debated nationally.

Rule 30 Ratepayer Protection

The rapid growth of data centers has raised legitimate concerns that large new loads could raise electricity rates for other customers. In California, rate affordability is under active review by state regulators, who must analyze and approve investor-owned utility

[7] All customers may choose their generation provider per California Public Utility Code § 366.2. Commercial customers that want to buy electricity directly from a third-party power supplier must enroll through PG&E's Direct Access program per California Public Utilities Code § 365.1. Program eligibility is limited to non-residential customers who contract with a power supplier and are able to enroll in the Direct Access program. Currently, the program is impacted, and all wishing to enroll must participate in a lottery. Those not chosen in the lottery are wait listed.
[8] Previously known as the Bay Area Air Quality Management District

rate-setting.[9] Current rate structures generally require large transmission-level customers, such as data centers, to fund interconnection upgrades upfront, with reimbursement tied to actual usage and performance.

Customer protections under proposed Electric Rule No. 30 (Rule 30) seek to establish safeguards to ensure that existing ratepayers are not bearing undue financial burden associated with new transmission-level retail service. Under the proposed Rule 30, new transmission-level customers may be required to fund the actual interconnection costs upfront through advances, actual cost payments, contributions, and/or applicant build. In July 2025, the CPUC partially approved an interim version of Rule 30, approving the connection process but denying PG&E's request to set the rules for refunds and interest right away. The CPUC moved all final rulings on cost allocation, interest, and rate recovery to the final proceeding, which is currently expected in 2026.

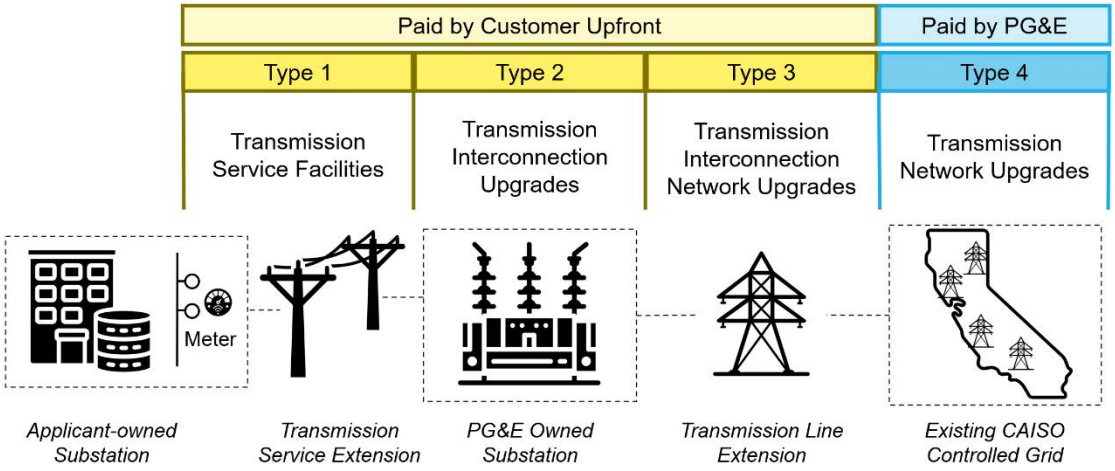
As shown in Figure 1, if implemented, Rule 30 would require customers to pay the full cost of:

- Applicant owned substations;
- Transmission Service Facilities (Type 1) - Transmission connections from a PG&E-owned facility to the Data Center project;
- Transmission Interconnection Upgrades (Type 2) - Upgrades at PG&E substations needed to increase capacity to serve the new load; and
- Transmission Interconnection Network Upgrades (Type 3) - Upgrades to P&GE transmission lines solely needed to bring new load to PG&E substations.

Developer funding is not required for Transmission Network Upgrades (Type 4), as these upgrades provide system-wide benefits such as increased capacity, reliability, and resiliency to all customers and therefore the cost is distributed across all ratepayers.

[9] *See* Castaneda, Carlos, "PG&E rate hike of nearly 13% approved by CPUC in unanimous vote, " (November 16, 2023), CBS News, https://www.cbsnews.com/sanfrancisco/news/pg-e-rate-hike-cpuc-utility-bill/. Hottle, Garrett, " CPUC approves SoCal Edison rate hike in 4-0 vote," (September 18, 2025), KESQ, https://kesq.com/news/local-news/2025/09/18/cpuc-approves-socal-edison-rate-hike-in-4-0-vote/

Figure 1: CPUC Proposed Rule 30 Cost Distribution



Requiring upfront payment for Facility Types 1 to 3 ensures applicants have a financial commitment ("skin in the game") and mitigates the risk of customers terminating service prior to energization. This approach protects existing ratepayers from having to assume responsibility for infrastructure costs. It is important to note that CPUC rules will be implemented statewide, and these proceedings will impact all customers regardless of where the data centers are sited.

EVALUATION AND FOLLOW-UP

No additional follow-up action with the City Council is expected at this time. Staff will provide annual status reports to the Transportation and Environment Committee each spring.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, the City Manager's Budget Office, and the Departments of Public Works, Energy, Planning, Building, and Code Enforcement, Environmental Services, and Fire.

PUBLIC OUTREACH

This memorandum will be posted on the City Council Agenda website for the April 21, 2026 City Council meeting.

BOARD, COMMISSION, COMMITTEE RECOMMENDATION AND INPUT

No board, commission, or committee recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action.

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.

Manuel Pineda
Deputy City Manager

For questions, please contact Erica Garaffo, Assistant to the City Manager, Large-Load Energy Customer Development Lead, City Manager's Office of Economic Development and Cultural Affairs, at erica.garaffo@sanjoseca.gov.

ATTACHMENT:
Environmental Requirements for Data Center Development in San José

Attachment: Environmental Requirements for Data Center Development in San José

Purpose: Information for San José Councilmembers, legislators, and residents about the existing environmental regulations that govern data center development entitlement and construction.

Executive Summary

The development of a data center in San José is subject to a multi-faceted environmental review process, primarily governed by the California Environmental Quality Act (CEQA) and the City's strategic frameworks, including the **Envision San José 2040 General Plan, San José Municipal Code, and the 2025 CEQA Statute and Guidelines**. Any such project must demonstrate comprehensive mitigation of its significant resource consumption, particularly in water and energy.

Requirements for Water Management and Recycled Water Usage

The City of San José is committed to fiscally and environmentally sustainable water management. A data center development, especially if it qualifies as a "water-demand project" (e.g., large commercial or industrial facility), must address its impact on water resources.

A. Protection Against Draining Groundwater Sources

1. **Water Supply Utilization:** Development must utilize water resources in a manner that does not deplete the supply of surface or groundwater (General Plan Section: ER-9.3).
2. **Groundwater Recharge Area Protection:** Developers must protect groundwater recharge areas, particularly creeks and riparian corridors (General Plan Section: ER-9.5).
3. **Stormwater Management:** Stormwater infiltration practices (e.g., rain gardens, bioretention areas, or special permeable pavement) must be used to protect groundwater quality (General Plan Section: MS-20.3).

B. Promotion of Recycled Water Usage Compared to Potable Water

1. **Recycled Water Mandate:** The General Plan aims to recycle or beneficially reuse 100% of the City’s wastewater supply by 2040 (General Plan Section: MS-19).
2. **Feasibility Requirement:** Projects must require the use of recycled water wherever feasible and cost-effective to serve existing and new development (General Plan Section: MS-19.4).

3. **Preferred Non-Potable Source:** Project design should promote the use of recycled water as the preferred source for non-potable water needs such as irrigation and **building cooling**. Cooling towers are a primary use of recycled water currently served by the South Bay Water Recycling (SBWR) system (General Plan Section: MS-3.2).
4. **Infrastructure Contribution:** New development is required to contribute to the cost-effective expansion of the recycled water system in proportion to the extent that it benefits from the system (General Plan Section: MS-19-1).
5. **Water-Demand Project Analysis:** If the data center meets specific thresholds (see table below), a water assessment is required to analyze the project's proposed water demand, supplies, and the reasonably foreseeable environmental impacts of supplying that water, ensuring availability during normal, dry, and multiple dry years (CEQA Guidelines § 15155).

   The CEQA Guidelines define a "water-demand project" through a list of thresholds for various development types (CEQA Guidelines § 15155). For a data center, which falls under the category of an industrial or commercial facility, the relevant criteria are based on occupancy, land area, and floor space:

Development Type	Thresholds for "Water-Demand Project" specific to Data Centers
Industrial, Manufacturing, or Processing Plant, or Industrial Park	A project **occupying more than 40 acres of land**
	A project **having more than 650,000 square feet of floor area**
Commercial Office Building	A project encompassing **more than 250,000 square feet of floor space**
Equivalent Water Demand	Any project that would demand an amount of water equivalent to, or greater than, the amount of water required by a **500 dwelling unit project**.

   If the proposed data center project meets or exceeds any one of these criteria, it is classified as a "water-demand project".

6. **Recycled Water System Reliability:** Unlike potable water, recycled water service from South Bay Water Recycling is interruptible and may be subject to outages due to maintenance, repairs, or operational constraints at the San José/Santa Clara Regional Wastewater Facility. While outages are uncommon, they can occasionally be prolonged. Customers are strongly encouraged to

mitigate potential impacts by incorporating onsite storage or securing backup water sources, such as a groundwater well.

Requirements for Renewable Energy Use

San José is committed to environmental leadership, aiming to receive **100% carbon-neutral electricity** by 2030 and maximizing local generation of clean, renewable energy to meet its own consumption needs.

A. Data Center Specific Energy Requirements and Clean Energy

1. **Distributed Power and Waste-Heat Reclamation:** Data centers must consider distributed power production to reduce energy losses from electricity transmission over long distances. They must also consider energy production methods such as waste-heat reclamation or carbon neutrality to reduce GHG emissions (General Plan Section: MS-19; MS-2.8).
2. **SJCE Compliance:** If they become a customer of **San José Clean Energy (SJCE)**, data centers will automatically receive 65% or 100% renewable energy. SJCE sources renewable and carbon-free power, including wind, solar, eligible hydroelectric, and geothermal (San José Municipal Code § 26.20.010; 26.10.165).
3. **Green Building Practices:** The project must incorporate green building practices, specifically targeting reduced energy use through construction techniques and architectural design. This includes providing onsite renewable energy generation (e.g., a solar roof) (General Plan Section: MS-2.11).

Other Environmental Impacts Considered During Environmental Review (CEQA)

All projects carried out or approved by local agencies in California that may have a significant effect on the environment must undergo environmental review. The purpose of this review is to disclose detailed information about the project's likely effects and list ways to minimize significant effects and indicate alternatives (CEQA Guidelines § 15002, 15003, 15126). Data centers that require back-up generators of 50 MW to 99 MW must obtain a Small Power Plant Exemption from the California Energy Commission prior to any City approvals. For these types of projects, the California Energy Commission will perform environmental review under CEQA.

The "Environment" analyzed during the review process includes land, air, water, minerals, flora, fauna, noise, or objects of historic or aesthetic significance. Key environmental factors reviewed typically include:

A. Climate Change and Air Quality

1. **Greenhouse Gas (GHG) Emissions**: Projects must analyze their GHG emissions. Mitigation measures proposed to minimize significant environmental

effects must include measures to reduce the wasteful, inefficient, and unnecessary consumption of energy (CEQA Guidelines §§ 15064.4, 15126.2(b).

2. **Air Quality**: The environmental review considers cumulative air quality impacts from proposed development, consistent with the region's Clean Air Plan and State law (CEQA Guidelines §§ 15064(h), 15126.2(a), 15130, 15125(d).

B. Resources and Utilities

1. **Energy Impacts**: The EIR must discuss the project's potential energy impacts, emphasizing avoiding or reducing wasteful, inefficient, and unnecessary consumption of energy (CEQA Guidelines § 15126.2(b)).

2. **Utilities and Service Systems**: Evaluation includes whether the project would require or result in the relocation or construction of new or expanded water, wastewater treatment, stormwater drainage, electric power, natural gas, or telecommunications facilities, and whether that construction could cause significant environmental effects. It must also confirm that wastewater treatment providers have adequate capacity to serve the projected demand (CEQA Guidelines §§ 15126.2(a), 15131).

C. Geology, Soils, and Hazards

1. **Geology/Soils:** Projects must be reviewed for potential geologic and soil hazards, including seismic hazards (e.g., ground shaking, liquefaction, slope instability). The city requires conformance with the California Building Code for construction (CEQA Guidelines Appendix G, Geology and Soils; § 15064(e)).

2. **Hazardous Materials:** Review assesses the potential for a project to create a significant hazard through the routine transport, use, or disposal of hazardous materials, or through foreseeable upset/accident conditions resulting in the release of hazardous materials into the environment (CEQA Guidelines Appendix G, Hazards and Hazardous Materials; § 15126.2(a)).

3. **Environmental Contamination:** Projects require evaluation of the site's historical and present uses to determine if potential environmental contamination (soil, soil vapor, groundwater, indoor air) exists. Mitigation measures must be identified for identified human health and environmental hazards (CEQA Guidelines Appendix G, Hazards and Hazardous Materials; § 15126.4(a)).

In essence, a data center project in San José must demonstrate that its significant resource consumption (energy and water) is mitigated through sustainable design, efficiency, and reliance on carbon-neutral energy sources (like SJCE) and recycled water infrastructure, all while ensuring compliance with stringent CEQA standards across numerous environmental disciplines.