

Cooperation Agreement Between Pacific Gas and Electric and the City of San José for Electric Infrastructure Development

March 4, 2025



Presented by: Kip Harkness, Deputy City Manager
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OVERVIEW



Collaborative Framework: Establishes a partnership between the City and PG&E.



Infrastructure Development: Supports planning, financing, construction, and maintenance of needed new electric infrastructure.



Economic and Industry Growth: Enables business attraction and supports driving industries like data centers and advanced manufacturing.



Decarbonization Goals: Aligns with the City's carbon neutrality objectives.



Driving Delivery: Defines milestones and processes to ensure progress and oversight.

BACKGROUND



Growing Demand for Electric Capacity:

Rapid industry growth in data centers and advanced manufacturing.
Driven by increased demand for artificial intelligence.



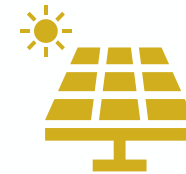
City's Decarbonization Goals:

Aligned with Climate Smart San José initiative.
Aims to reduce greenhouse gas emissions and transition to 100% clean energy.



Infrastructure Challenges:

North San José and Downtown face capacity limitations and interconnection delays.
Challenges in balancing growth with sustainability targets.



Critical Need for Reliable, Clean Energy:

Essential for business attraction, economic development, and innovation.



PG&E's Role:

As the grid operator, PG&E is well-positioned to collaborate on infrastructure development and modernization

TIMELINE: Progressing Coordination and Collaboration with PG&E

2021-2023

Improving Emergency Management response and coordination, especially in response to Power Safety Shutoff and weather events

2023

Establishing recurring monthly meetings to coordinate:

- Emergency Response and Preparedness,
- Electrical Connection to Development/Permitting,
- Resilience and Innovation,
- PG&E Distribution Infrastructure,
- PG&E Load Forecasting/Future Planning

Coordinating with IBEW

2024

2025

- Development of Cooperation Agreement (TODAY)
- Negotiating Implementation Agreement for terms on speed, certainty, and accountability (NEXT)



Exploring Municipal Electric Utility

- Initial discussions on municipal electric utility feasibility.
- Evaluation of existing city energy programs and regulatory landscape.
- Lessons learned from past efforts, including Downtown West (2021).

- October 3, 2023: Council adopted Municipal Code changes and directed staff to explore standing up a municipal energy utility and keep engaging with IBEW/PG&E

- Partner engagement to assess governance, financial, and operational structures.
- Refinement of key questions: cost savings, innovation, resilience, and workforce.
- Public and stakeholder outreach to assess support and feasibility.

- Development of a business case, staffing model, and financing approach for San Jose Power.
- Honing PG&E Partnership Agreement (alternative to San José Power)

KEY PROVISIONS IN THE COOPERATION AGREEMENT

Funding for a City team to accelerate work and improve coordination.

Commitment to joint planning, and exploring options for financing, and development of new electric infrastructure

Commitment to define milestones for interconnection of large load customers (e.g. data centers, labs)

Process improvements to speed delivery and innovations in design and delivery of infrastructure

Workforce development initiatives and a PG&E demonstration facility

The commitment to cooperate on negotiating a more detailed Implementation Agreement which will include greater detail on all issues above including an approach to joint planning, load forecasting, transmission and distribution capital projects and budget teams, funding of staff, workforce development, and design and process improvements

COLLABORATION WITH IBEW

City coordinating with IBEW on:

- Gathering feedback on the Cooperation and Implementation Agreements

Energy Department engaging with IBEW on:

- Long term Power Purchase Agreement project selection criteria.
- Potential building electrification workforce development programs.



RECOMMENDATION

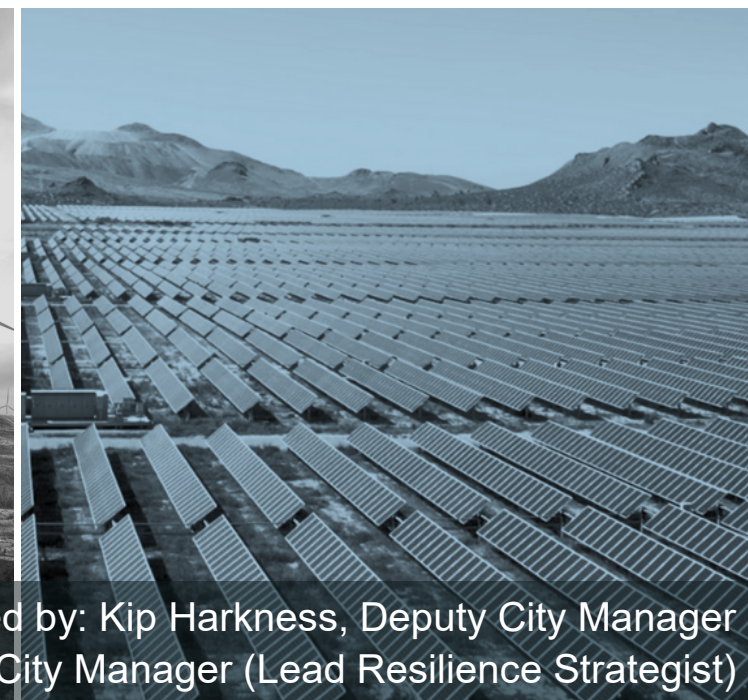
Adopt a resolution authorizing the City Manager or her designee to:

- (a) Negotiate and execute the non-binding Cooperation Agreement between Pacific Gas and Electric Company and the City of San José to support the timely development of electric transmission and distribution infrastructure necessary for economic growth and decarbonization goals in North San José and Downtown San José.
- (b) Negotiate a binding Implementation Agreement consistent with the Cooperation Agreement's objectives that the parties expect will be brought before City Council in the spring of 2025.



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