

DATA CENTERS AND PG&E PARTNERSHIP UPDATE

CITY COUNCIL | APRIL 21, 2026



PRESENTED BY:
Manuel Pineda, Deputy City Manager
Chris Burton, Director, Planning Building and Code Enforcement

Jeff Provenzano, Director, Environmental Services
Erica Garaffo, Assistant to the City Manager
Madeline Silva, Pacific Gas & Electric Company

TODAY'S FOCUS:

- Today's action does not approve specific data center developments, backup generation, or site entitlements.
- CAISO and PG&E projects move through their own CEQA and public review processes.
- Each individual development project must still go through San José's development review and public notice process.
- Any future data center proposal will be reviewed project by project, with opportunities for public comment.

WHY THIS MATTERS:

- Reliable electricity is now a key constraint on San José's economic growth
- Large-load energy customers are critical to General Fund stability
- City actions focus on balancing environmental impact, economic development, and infrastructure readiness

COUNCIL DIRECTION & PG&E AGREEMENT

March 2025:
Council direction
to pause
municipal utility
exploration and
negotiate a
partnership with
PG&E



July 2025:
Implementation
Agreement executed
with PG&E



Dedicated staffing
and enforceable
timelines for 12
large-load
projects (>20 MW)
and 250MW for
RWF Plant Lands
Development



CITYWIDE COORDINATION MODEL

PEOPLE:

- + Cross-departmental Data Center Development Team
 - + Large Load Energy Customer Development Lead (OED)
 - + Data Center Development Facilitation Officer (PBCE)

PROCESS:

- + Biweekly PG&E coordination and quarterly performance scoring
- + Monthly internal meeting

TECHNOLOGY:

- + Shared tracking inventory of projects from pre-application through energization

ELECTRICAL INFRASTRUCTURE DELIVERY

- Biweekly coordination with PG&E, Monthly updates on project milestones, Quarterly Scoring
- 12 projects participating in the Implementation Agreement
- 2 energized; remaining 10 will be energized by 2030
- ~6 more projects may be added to the Agreement by the end of 2026.

Project ID	Quarter Expected	PG&E Scored as of Q4 2025
A-2	Q4 2028	Q4 2028
A-3	Q2 2026	Q3 2026
A-4	Q4 2026	Q4 2026
A-5	Q2 2029	Q2 2029
A-6	Q2 2028	Q2 2028
A-7	Q4 2027	Q4 2027
A-8	Q4 2025	Energized
A-9	Q4 2025	Energized
A-10	Q4 2028	Q4 2028
A-11	Q1 2030	Q1 2030
A-12	Q4 2026	Q4 2026
A-13	Q1 2030	Q1 2030

GREEN

Project is within 45 days of target schedule. No outstanding agency reviews, permits, or approvals beyond normal processing times. No escalated issues requiring focused senior management attention to resolve (i.e., beyond regularly scheduled meetings)

YELLOW

Project is within 45-120 (1 Quarter) days behind schedule. Minor permitting or supply chain delays that are actively being addressed. Mitigation plan in place that does not delay the in-service or permanent power energization date or require leadership intervention.

FISCAL BENEFITS OF DATA CENTERS



\$3M–\$7M Annual General Fund Revenue Per 50–99 MW Data Center once fully built out



Minimal Traffic And Service Demands



Retains Economic Activity Locally

ENVIRONMENTAL REVIEW FOR DATA CENTERS IN SAN JOSE

CEQA Environmental Review Scope & Air Quality Emphasis

- CEQA evaluates a project's full environmental footprint (including GHG emissions, utilities, hazards, and infrastructure) with particular scrutiny on cumulative air quality impacts and compliance with regional air standards.



The Bay Area Air District (BAAD) requires permits for diesel backup generators greater than 49 brake horsepower (bhp), with strict rules limiting maintenance and testing to typically 50 hours per year. As of late 2024, new or modified diesel generators greater than 49 bhp must meet strict EPA Tier 4 emission standards, the highest level of control.

WATER SUPPLY FOR DATA CENTERS

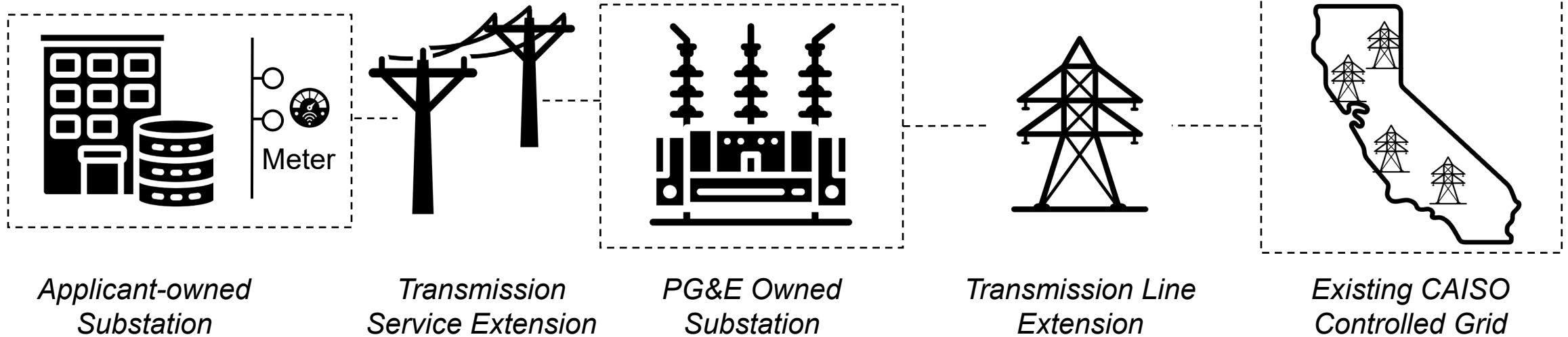
Recycled Water Prioritization & Water-Demand Threshold Compliance

- Projects must undergo an environmental review
- Larger projects above the threshold may require a Water Supply Assessment
- Prioritize recycled water use
- Fund necessary water system improvements

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.

Proposed Electric Rule 30

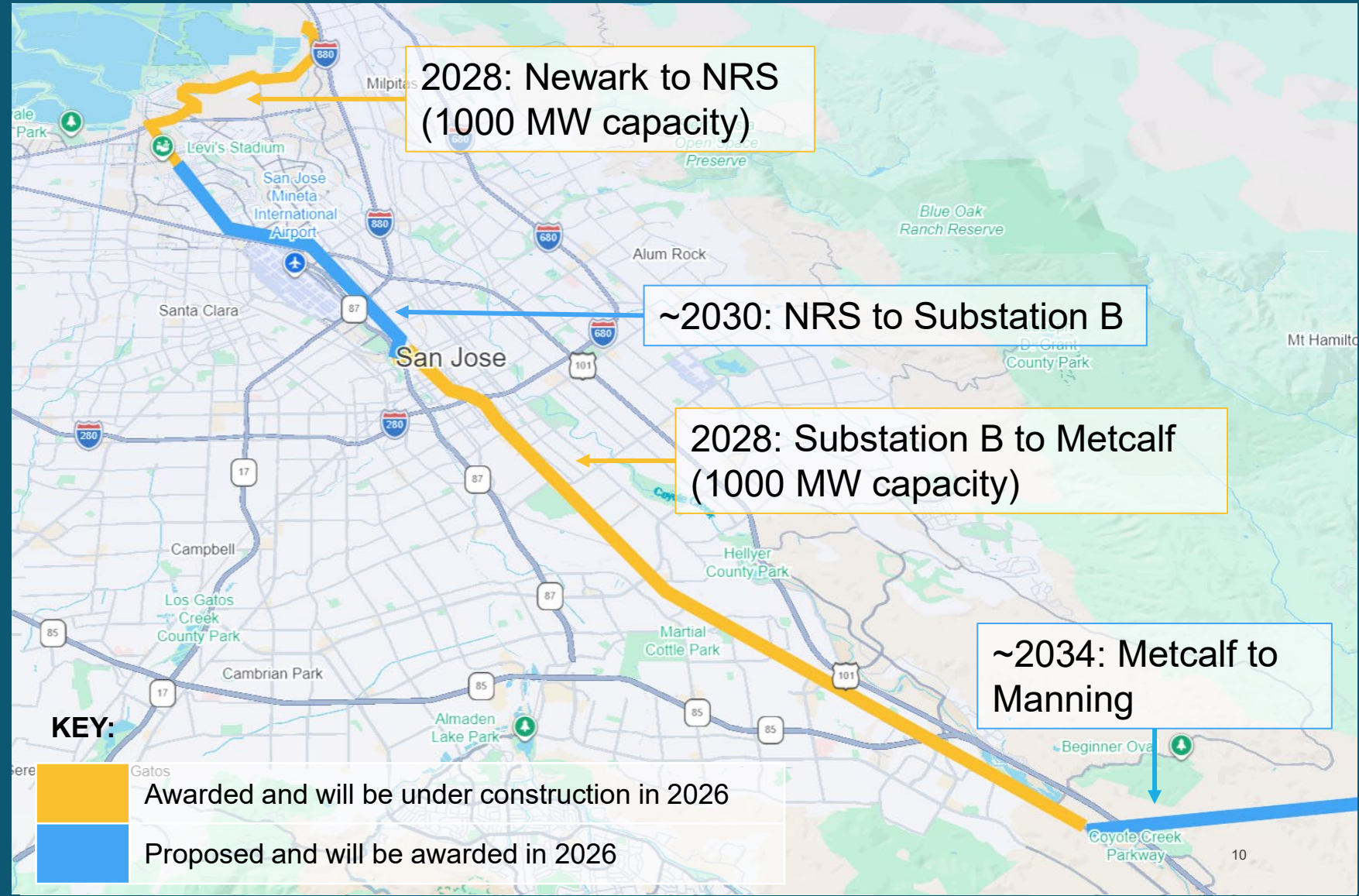
Paid by Large Load Customer Upfront			Paid by PG&E Customers
Type 1	Type 2	Type 3	Type 4
Transmission Service Facilities	Transmission Interconnection Upgrades	Transmission Interconnection Network Upgrades	Transmission Network Upgrades



NOTE: PG&E has proposed this framework to the CPUC. Although proceedings have started, final decision is estimated in late 2026.

FOUR NEW TRANSMISSION LINES PLANNED BETWEEN 2028-2034, BUILDING 2000MW+ CAPACITY

- Two CAISO Grid Capacity projects will start construction in 2026 and bring the planned capacity for the region by 2028 (2000 MW total capacity).
- Another two additional high-voltage lines are expected to be in service between 2030 and 2034.
- The Metcalf to Manning project is expected to unlock access to renewable energy projects in the Central Valley.



KEY TAKEAWAYS



Council direction is producing results



PG&E Agreement improves accountability



Strong fiscal upside with environmental safeguards



Continued coordination remains critical

DATA CENTERS AND PG&E PARTNERSHIP UPDATE

CITY COUNCIL | APRIL 21, 2026



PRESENTED BY:
Manuel Pineda, Deputy City Manager
Chris Burton, Director, Planning Building and Code Enforcement

Jeff Provenzano, Director, Environmental Services
Erica Garaffo, Assistant to the City Manager
Madeline Silva, Pacific Gas & Electric Company