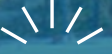


Actions Related to the Agreements with Hydrostor

April 7, 2026

Presenters:

- Lori Mitchell, Director of Energy Department
- Phil Cornish, Principal Power Resources Specialist

SAN JOSE 
CLEAN ENERGY
A Program of the City of San José

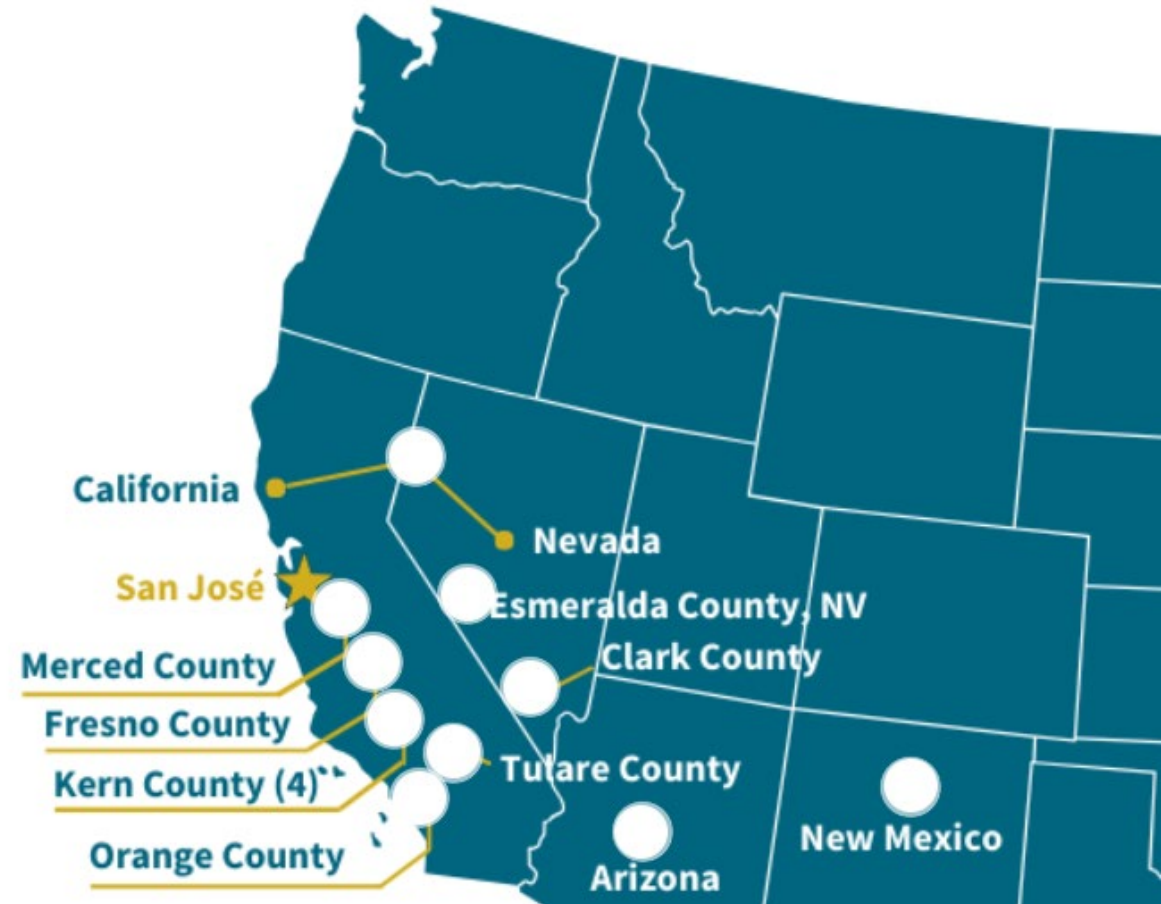

CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY



NEW RENEWABLE AND RELIABILITY PROJECTS

Since 2019, SJCE has contracted for over 1 gigawatt (GW) of new renewable energy and storage resources including:

- Community solar
- Firm delivery solar
- Solar paired with storage
- Geothermal
- Wind
- Stand-alone energy storage



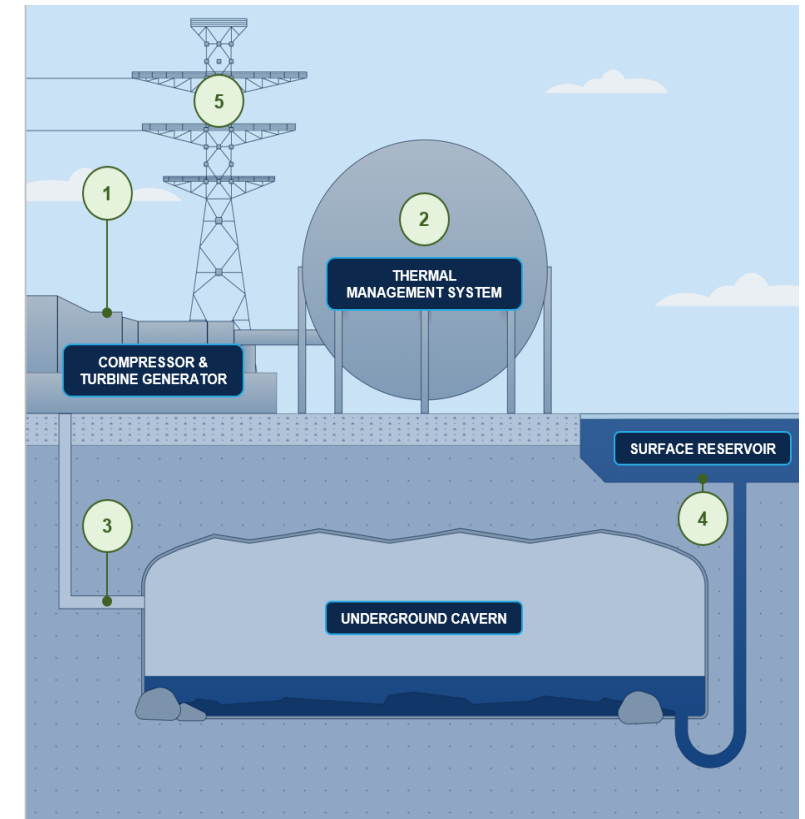
ABOUT THE DEVELOPER & TECHNOLOGY

- Founded in 2010, Willow Rock is owned by Hydrostor Inc., a developer and technology provider for utility-scale energy storage facilities.
- Successfully developed small-scale A-CAES project in Ontario, Canada.
- 200-megawatt A-CAES facility under development in Australia.
- 7,000 Megawatts of projects in development pipeline.

The Closed Loop A-CAES Process

- 1 COMPRESSION**
Energy powers an air compressor, generating heat in the process.
- 2 HEAT EXCHANGE**
Heat is extracted from the compression process and captured by a thermal management system for reuse.
Hydrostor IP*: Adiabatic heat storage improves efficiency and makes the process emissions free
- 3 AIR STORAGE**
Compressed air is pumped underground and stored in a purpose-built, water-filled cavern.
- 4 WATER DISPLACEMENT**
Compressed air displaces water, forcing it up the shaft to the surface reservoir.
Hydrostor IP*: Hydrostatic compensation maintains cavern pressure, improves efficiency, and enables siting flexibility, which minimizes cavern cost and size requirement
- 5 DISCHARGE**
When energy is needed, the water is allowed to flow back down the shaft into the underground cavern, pushing the compressed air back to the surface facility. The compressed air is then reheated from heat stored earlier in the process and expanded through the turbines to generate electricity.

*Patented, proprietary technology



HYDROSTOR AGREEMENT SUMMARY

- **Agreement Summary**
 - **Seller:** GEM A-CAES LLC (aka Willow Rock)
 - **Developer:** Hydrostor, Inc.
 - **Technology:** Advanced Compressed Air Storage
 - **Products:** Resource Adequacy, Energy Settlement
 - **Location:** Rosamond, Kern County, CA
 - **Expected in-Service Date:** June 1, 2030
 - **Price:** Fixed, no escalation
 - **Term:** 20 years
 - **Annual Cost:** \$3,960,000
 - **Total Cost:** \$79,200,000
- **Key Benefits**
 - Contributes to SJCE meeting CPUC regulatory requirements
 - CPUC Procurement Orders*
 - Annual and Monthly Resource Adequacy obligations.
 - Contributes to storage needs identified in SJCE's Integrated Resource Plan.
 - Brings Technology diversity to SJCE storage portfolio.

*CPUC Decisions and Rulemaking: 21-06-035, 23-02-040, 25-016-019

CC POWER BACKGROUND

Formation

- City Council authorized SJCE to form and join California Community Power in January 2021.
- CC Power is composed of 9 member CCAs allowing those members to combine resources to procure cost-effective energy projects on behalf of 2.7 million customers and collectively provide 30,000 GWh of energy annually.



PROJECT SELECTION CRITERIA

- **Labor:** On-site construction, including continued repair and maintenance, will be covered by the Project Labor Agreement as well as a Maintenance Labor Agreement.
 - Executed Letter of Commitment for a Project Labor Agreement and Maintenance Labor Agreement with:
 - The State Building and Construction Trades Council of California and;
 - The Kern, Inyo and Mono Counties Building and Construction Trades Council
- **Location:** Kern County, California
- **Environmental Stewardship:** has a low likelihood of affecting sensitive habitats or species, and any impacts will be formally mitigated;
- **Community Engagement:** intends to implement a community benefits plan for the local community including financial investments in Kern County.

RECOMMENDATION

Adopt a resolution authorizing the Director of the Energy Department or their designee to negotiate and execute the following two related agreements for the procurement of a share of the GEM A-CAES LLC long-duration storage project, with any non-material modifications developed, as appropriate, in consultation with the City Attorney, and subject to the annual appropriation of funds, in an amount not to exceed \$3,960,000 annually and \$79,200,000 in aggregate in Calendar Years 2030 through 2050:

1. Project Participation Share Agreement between California Community Power, the City of San José, CleanPowerSF, Peninsula Clean Energy, Redwood Coast Energy Authority, Silicon Valley Clean Energy, and Valley Clean Energy; and
2. Buyer Liability Pass Through Agreement between California Community Power, GEM A-CAES LLC (or its affiliate), and the City of San José.



QUESTIONS?