



April 30, 2019

Mr. Tim McRae
2001 Gateway Place, Suite 101E
Silicon Valley Leadership Group
San Jose, California 95110

Subject: Pending Council Consideration of Renewable Energy Requirements

Dear Mr. McRae:

Thank you for your letter dated April 23, 2019 regarding the upcoming City Council consideration for renewable energy requirements that align with SB 100. Your feedback is appreciated, and we understand that the Silicon Valley Leadership Group (SVLG) was an enthusiastic supporter of SB 100, which has goals of 50% renewable energy by 2026 and 60% renewable energy by 2030. It also sets a target for California to achieve greenhouse gas (GHG) free energy supply by the year 2045. Let me assure SVLG that the action that the City Council will consider at its May 7 Council meeting will continue to allow energy self-generation within the City of Santa Clara, but will also require that all new generation in the City fully align with SB 100 for a greener Santa Clara and California. In fact, the cities of Pasadena and Burbank have similar requirements already in place, which is indicative of cities trying to advance our mutual goal of advancing renewable energy policy.

We do appreciate the technology of natural gas fuel cells, but we disagree that limiting them in Santa Clara "will likely increase its carbon emissions and will certainly worsen air quality." Natural gas fuel cells are 0% renewable and emit GHG continuously. Meanwhile, Silicon Valley Power (SVP), in 2017, had a power mix that was 36% renewable and 72% GHG free. In fact, when SVP power content is compared to a natural gas fuel cell, the natural gas fuel cell will produce approximately 100% more GHG emissions than SVP during an annual time frame.

As one can easily determine, current SVP power provides a much greener alternative than a natural gas fuel cell. In addition, SVP is well on its way to meeting the SB 100 goals, with a commitment to only bring new energy sources that are renewable and/or GHG free to the City. These actions highlight the City's commitment to environmental responsibility

and fighting climate change. For example, over the last five years SVP has added the following renewable and/or GHG free energy sources to our portfolio:

- 124 MW Tri-Dam hydroelectric power through 2023
- 19 MW Rooney Ranch wind power through 2045 (start 2020)
- 30 MW Sand Hill A & B wind power through 2046 (start 2020)
- 40 MW Central 40 solar power through 2041 (start 2021)
- 200 MW Viento Loco wind power through 2046 (starts 2021)

If approved by the City Council, the May 7 action would grandfather all existing non-renewable facilities, but will require new private power in Santa Clara to make the same commitment that the City has made to renewable and GHG-free energy in alignment with SB 100. The City is very excited about the Silicon Valley's ability to meet the SB 100 renewable energy challenge and agree with SVLG CEO Mr. Carl Guardino's *San Jose Mercury News* editorial that the bill was "visionary" and "a 100% clean energy future is unleashing a surge of innovation and investment, creating hundreds of thousands of jobs, improving our health...needed to meet our commitment to fighting climate change."

In closing, one item in your letter that we find requires a response is finding alternatives for diesel generators for occasional back-up power needs. The City is very excited about possible options, and in fact is working on a pilot project for batteries as an option for back-up power for data centers. Natural gas fuel cells, although not as green as SVP energy, could be a great replacement for diesel back-up generation. Having worked with Bloom Energy for years, we recently attempted to explore this option with Bloom Energy and their fuel cell installations, however they did not express interest in this greener alternative as it did not provide sufficient revenue for their consideration. Let's focus on our mutual goal of addressing climate change and advancing renewable energy, not just about profits. If SLVG could help further this as an option, this could provide a "green" win that also does not conflict with SB 100.

We look forward to future discussions and endeavors on working on climate change and advancing the greater use of renewable energy.

Sincerely,



Deanna J. Santana
City Manager

cc: Mayor and City Council
Brian Doyle, City Attorney
Manuel Pineda, Assistant City Manager/Interim Chief Electric Utility Officer



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Zoom
Established in 1978 by
David Packard

Mayor Lisa M. Gillmor
City Hall
1500 Warburton Ave
Santa Clara, CA 95050

April 23, 2019

Dear Mayor Gillmor:

On behalf of Silicon Valley Leadership Group, I am writing to encourage the City of Santa Clara to support jobs, investment and customer choice to access reliable, high quality, clean power for its businesses.

The Leadership Group seeks to promote the financing and deployment of clean energy and emerging technologies to help the state meet its greenhouse gas reduction goals and assist our member companies in meeting their sustainability and bottom line goals. Many of the Leadership Group's member companies innovate, design, and scale cutting-edge technologies and ideas in Santa Clara. To be successful and compete, these companies require affordable, reliable, clean, high quality power.

Leadership Group member companies are exploring clean, low-carbon alternatives to grid power—such as non-combustion fuel cells—and we encourage Santa Clara to enable these companies to innovate when making choices of how to reliably power their facilities.

If the most efficient, non-combustion fuel cells are no longer able to interconnect in the City of Santa Clara, the City will likely increase its carbon emissions and will certainly worsen air quality. That's because Silicon Valley Power (SVP) will be combusting more natural gas—the exact fuel the city proposes to prohibit—in its three natural gas power plants. This combustion will emit harmful air pollutants such as NOx, SOx, and VOCs. And two of these natural gas power plants are more than 30 years old—meaning they are incredibly inefficient and will almost certainly increasing carbon emissions. Furthermore, restricting onsite power generation options entrenches dirty diesel generators as the only option for backup power requirements—an outcome that runs counter to the Bay Area Air Quality Management District's goal to be diesel-free by 2033.

In its strategic plan, SVP states that the “replacement of old infrastructure and transition toward an increasingly clean and decentralized grid architecture with distributed energy resources” is one of the key trends underpinning its future success. We respectfully and firmly urge you to pursue this goal—not penalize distributed energy resources while worsening air quality and GHG emissions—and either (a) abandon this proposal or (b) modify the proposal to ensure the city allows any distributed energy resource to be installed that is cleaner than the marginal emissions rate of the grid electricity displaced. We look forward to collaborating with you to create an innovative, stable environment where our member companies can thrive.

The Silicon Valley Leadership Group, founded in 1978 by David Packard of Hewlett-Packard, represents more than 330 of Silicon Valley's most respected employers on issues, programs and campaigns that affect the economic health and quality of life in Silicon Valley, including energy, transportation, education, housing, health care, tax policies, economic vitality and the environment.

Thank you for your consideration on this issue. If you have any questions on our position, please contact me at tmcrae@svlg.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. McRae', with a stylized flourish at the end.

Tim McRae
VP, Energy

Cc: Vice Mayor Mahan
Councilmember Hardy
Councilmember Watanabe
Councilmember Chahal
Councilmember O'Neill
Councilmember Davis
City Manager Deanna Santana
Assistant City Manager and Interim Chief Electric Utility Officer Manuel Pineda