



April 30, 2019

Mr. Raouf Abdel  
EVP Global Operations  
Corporate Headquarters  
Equinix, Inc.  
1 Lagoon Drive  
Redwood City, California 94065

**Subject: Pending Council Consideration of Renewable Energy Requirements**

Dear Mr. Abdel:

Thank you for your letter dated April 11, 2019, we appreciate your concerns regarding the upcoming City Council consideration for renewable energy requirements for parallel self-generation that align with the State's renewable energy goals. You expressed concern that the City's action would worsen air quality, jeopardize jobs and investment, and limit customer choice to access reliable, high-quality, sustainable power.

Let me assure you that the City is not taking an action that will have those impacts. The action the City will consider on May 7 will continue to allow sustainable self-generation within the City and it aligns with similar requirements from the cities of Pasadena and Burbank, which is indicative of cities trying to advance renewable energy policy. This possible action will help meet the goals of the California Air Resource Board on air quality and will incent new innovation and investment by requiring all new parallel generation to fully align with the State's goals for 50% renewable energy by 2026. Existing facilities, whether customer generation or City generation, will not be affected. Generation for back-up purposes would not be affected. In addition, Equinix could still chose a non-renewable generation, but would not be able to interconnect to the City's grid.

For calendar year 2017, SVP's Power Content for electricity provided to our customers was 36% renewable energy and 72% greenhouse (GHG) free. This was not achieved through the purchase of Renewable Energy Credits as is unfortunately misunderstood in your letter. It was achieved through the actual delivery of real-time energy resources to customers<sup>1</sup>. Bloom Energy Servers, using fossil-fuel natural gas, are neither renewable/sustainable or GHG-free at any time. Currently SVP power provides reliable,

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<sup>1</sup> The Santa Clara Green Power Program is a program for customers who want to go above what SVP delivers. SVP's own emission factor as reported to the State and the public is based on its own deliveries of power retail customers (per legislative requirements) and not the purchase of Renewable Energy Credits from the Green Power Program.

high-quality, more sustainable power than a natural gas fuel cell and SVP's power will only become greener as we continue to meet the State's higher renewable energy targets.

Santa Clara is fortunate to have a robust and reliable power grid that is under continuous renewal, maintenance and monitoring. While Equinix cites reported power outages across the City, a review of our data indicates only one of the Equinix facilities has experienced an outage in the past five years. The one Equinix facility has lost electrical power twice, once on December 2, 2016 for 12 minutes and prior to that on May 6, 2014 for 56 minutes. This is 68 minutes of outages over nearly a five-year period of operation. This would be considered outstanding reliability, and is on par with or better than the fuel cells industry's analysis of its own products. We believe that high reliability is one of the reasons so many companies just like Equinix have chosen to locate in Santa Clara.

Since Equinix concern for reliability is quite high, the City would be interested in the possible use of fuel cells for occasional back-up power needs. Again, the action under City consideration will not limit new opportunities for innovative back-up power and alternatives. Natural gas fuel cells, although not as sustainable as SVP power on a yearly basis, could be a great replacement for diesel back-up generation. We have attempted to explore this option with Bloom Energy, however they have not expressed any interest in this alternative as the financial benefits was not sufficient.

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

**April 11, 2019**

City Hall  
1500 Warburton Ave  
Santa Clara, CA 95050

Dear Mayor Gillmor

We are writing to express our deep concern and dismay that the City of Santa Clara is considering a resolution that will worsen local air quality, jeopardize jobs and investment, and limit customer choice to access reliable, high quality, sustainable power.

Santa Clara is in the heart of Silicon Valley, a location where innovative companies like ours can help fuel the growth of the global economy. To be successful and compete, we require affordable, reliable, sustainable, high quality power. Even a momentary lapse in electrical power quality or delivery can result in the loss of tens-of-thousands of dollars—both for us and our customers. Unfortunately, the aging grid and the increasing severity of natural disasters mean that traditional forms of centralized power and delivery do not provide sufficient reliability or power quality for our needs. To provide but one example: Silicon Valley Power (SVP) reported dozens of electrical outages in the last year alone, including the most recent instance on April 1, 2019 when the power was out for over six hours due to balloons.<sup>1</sup> Restricting onsite power generation options further entrenches dirty diesel generators and inefficient UPS as the only option for backup power requirements. This need is exactly why leading companies and institutions are exploring alternatives and cannot be handcuffed when making choices of how to reliably power our facilities.

Furthermore, SVP owns three natural gas power plants, two of which are over 30 years old. These facilities total more than 200 MW and generate power by inefficiently burning gas.<sup>2</sup> Due to their combustion process, these facilities emit air pollutants such as NOx, SOx, and VOCs that form smog and worsen public health, including elevating asthma rates. If the City of Santa Clara is to impose a prescriptive renewable-only standard on certain distributed resources, it should do so consistently across its entire rate-payer portfolio rather than preventing clean, non-combustion solutions for Santa Clara entities that have unique needs while continuing to inefficiently burn gas at its own facilities. If SVP is not yet ready to retire its fleet of gas generators, the city resolution could instead allow Santa Clara entities interested in installing

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<sup>1</sup> <http://www.siliconvalleypower.com/svp-and-community/outages-and-alerts/outages/outage-history>

<sup>2</sup> <http://www.siliconvalleypower.com/Home/ShowDocument?id=5763>

<sup>3</sup> <http://www.siliconvalleypower.com/solar-and-green-power/santa-clara-green-power/santa-clara-green-power-faq#energycredit>

<sup>4</sup> <http://www.siliconvalleypower.com/solar-and-green-power/renewable-energy-faq#100>

distributed generation to buy affordable Renewable Energy Credits (RECs) to match SVP's emission factor, as this is how SVP achieves its carbon reduction goals today.<sup>3</sup>

As SVP rightfully states, "Most of our customers want us to serve them reliable power at the lowest cost available. Adding more renewables to the mix is more expensive, because renewables are very investment intensive. It is up to consumers to let it be known that they want better energy choices."<sup>4</sup> We are doing so with this letter. We are proud to be community leaders in the adoption of clean energy and we should continue to have the right to choose our own clean, resilient onsite power solutions for our facilities. We respectfully and firmly urge you to abandon this resolution in favor of an approach that will actually accomplish the goal: reliable, sustainable energy to power a prosperous Santa Clara. We look forward to collaborating with you to accomplish this goal.

Sincerely,

A handwritten signature in black ink that reads "Raouf Abdel". The signature is written in a cursive, slightly slanted style.

RAOUF ABDEL  
EVP Global Operations  
Equinix

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

