

**RESOLUTION NO. 25-9441**

**A RESOLUTION OF THE CITY OF SANTA CLARA, CALIFORNIA,  
AUTHORIZING THE CITY MANAGER TO EXECUTE  
AMENDMENTS TO THE UNITED STATES DEPARTMENT OF  
ENERGY WESTERN AREA POWER ADMINISTRATION SIERRA  
NEVADA REGION CONTRACT FOR ELECTRIC SERVICE BASE  
RESOURCE CONTRACT 20-SNR-02364 FOR CALENDAR YEARS  
2025 THROUGH 2054**

**WHEREAS**, the City of Santa Clara through its own Electric Department, Silicon Valley Power (SVP), purchases approximately 10% of its power needs from federally owned facilities that make up the Central Valley Project through a contract with the United States Department of Energy's power market administrator, Western Area Power Administration (WAPA);

**WHEREAS**, the energy generated by the Central Valley Project is from 100% carbon-free resources and helps maintain SVP's low carbon intensity of its energy supply portfolio;

**WHEREAS**, on February 9, 2021, the City Council adopted Resolution No. 21-8936 authorizing the City Manager to execute the United States Department of Energy Western Area Power Administration Sierra Nevada Region Contract for Electric Service Base Resource for Calendar Years 2025 through 2054 (Base Resource Contract);

**WHEREAS**, through an amendment of the Base Resource Contract, WAPA is currently offering up to 33 MW of Pacific Alternating Current Intertie (PACI) transmission service to the Pacific Gas & Electric (PG&E) Default Load Aggregated Point (DLAP) to SVP based on the monthly rate set forth in WAPA's Rate Schedule PACI-T4; and

**WHEREAS**, the proposed amendment of the Base Resource Contract, which is attached to the Report to Council accompanying this Resolution, provides the City with substantial savings through reduced fees and transmission access charges; therefore, the City desires to move forward with the proposed amendments and additional amendments which provide cost savings or at a minimum will be cost neutral.

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**NOW THEREFORE, BE IT RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:**

1. That the City Council authorizes the City Manager to execute Amendment No. 1 to the United States Department of Energy Western Area Power Administration Sierra Nevada Region Contract for Electric Service Base Resource Contract 20-SNR-02364 for Calendar Years 2025 through 2054 (Base Resource Contract).
2. That the City Council authorizes the City Manager to negotiate and execute additional amendments to the Base Resource Contract so long as they would result in cost savings to the City of Santa Clara or at a minimum be cost neutral.
3. Effective date. This resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE CITY OF SANTA CLARA, CALIFORNIA, AT A REGULAR MEETING THEREOF HELD ON THE 13<sup>TH</sup> DAY OF MAY, 2025, BY THE FOLLOWING VOTE:

AYES:	COUNCILORS:	Chahal, Cox, Gonzalez, Hardy, Jain, and Park, and Mayor Gillmor
NOES:	COUNCILORS:	None
ABSENT:	COUNCILORS:	None
ABSTAINED:	COUNCILORS:	None

ATTEST:

  
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NORA PIMENTEL, MMC  
ASSISTANT CITY CLERK  
CITY OF SANTA CLARA

Attachments incorporated by reference:  
1. Report to Council #25-465



## Agenda Report

25-465

Agenda Date: 5/13/2025

### REPORT TO COUNCIL

#### SUBJECT

Action on Adopting a Resolution to Delegate Authority to the City Manager to Execute Amendments to the United States Department of Energy Western Area Power Administration Sierra Nevada Region Contract for Electric Service Base Resource Contract 20-SNR-02364 for Calendar Years 2025 through 2054

#### COUNCIL PILLAR

Promote Sustainability and Environmental Protection

#### BACKGROUND

The City of Santa Clara's Electric Department, Silicon Valley Power (SVP), purchases power generated at federally owned hydroelectric facilities that make up the Central Valley Project (CVP Base Resource) through a contract with the United States Department of Energy's (DOE) power market administrator, Western Area Power Administration (WAPA). On February 9, 2021, the City Council adopted a resolution authorizing the City Manager to execute Contract 20-SNR-02364 (hereafter referred to as "Base Resource Contract"). The Base Resource Contract is also referred to as the "United States Department of Energy Western Area Power Administration Sierra Nevada Region Contract for Electric Services Base Resource." The current Base Resource Contract began on January 1, 2025, and will expire on December 31, 2054.

The CVP Base Resource provides approximately 10% of the City's annual retail electricity sales during an average hydrological year. This energy comes from 100% carbon-free resources and helps maintain SVP's low carbon intensity of its electricity supply portfolio.

From time to time, WAPA works with its customers to increase the economic value of the CVP Base Resource through new programs or changing its operations. Some of the new processes or programs require an amendment to the Base Resource Contract.

#### DISCUSSION

Currently, SVP receives CVP Base Resource energy as an import from one balancing area, the Balancing Area of Northern California (BANC), to another balancing area, the California Independent System Operator (CAISO). The BANC is the balancing authority where the CVP Base Resource is located, and the CAISO is SVP's balancing authority. SVP incurs a fee for every megawatt hour (MWH) of energy imported from the BANC to the CAISO. Furthermore, SVP is subject to transmission access charges (TAC) by the CAISO for the delivery of energy to serve SVP's load.

WAPA is currently offering up to 33 MW of transmission service that could be used to deliver a portion of the existing Base Resource energy to SVP based on the monthly rate set forth in WAPA's Rate Schedule PACI-T4 (or successor). By using the transmission service offered, SVP could save a

substantial amount of money through reduced fees and TAC charges.

To enable SVP to acquire up to 33 MW of transmission service through the end of calendar year 2026, SVP will be required to enter into Amendment #1 to the Base Resource Contract. Staff is anticipating a need for additional amendments as similar cost-saving opportunities arise. Therefore, staff recommend that the City Council delegate authority to the City Manager to negotiate and execute future amendments to the Base Resource Contract when it benefits the City and its ratepayers.

### **ENVIRONMENTAL REVIEW**

The actions being considered do not constitute “projects” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to section 15378(b)(4) of Title 14 of the California Code of Regulations in that they are fiscal activities that do not involve the commitment to a specific project which may result in a potentially significant physical impact on the environment.

### **FISCAL IMPACT**

Pursuant to WAPA’s current Rate Schedule PACI-T4, the estimated cost of acquiring up to 33 MW of PCI transmission service will be \$31,020 per month or \$372,240 annually. The amount of TAC charges avoided alone is estimated at \$2,608,198 per year. The estimated annual savings could be \$2,235,958. The amount of savings may vary each month depending on the amount of Base Resource energy received each month, the TAC rate, and WAPA’s Rate Schedule PACI-T4 rate. Costs and revenues are incorporated into SVP’s operating budget.

### **COORDINATION**

This report has been coordinated with the Finance Department and City Attorney’s Office.

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City’s official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City’s website and in the City Clerk’s Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk’s Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>>.

### **RECOMMENDATION**

Adopt a Resolution authorizing the City Manager or designee to (a) negotiate and execute Amendment #1 to United States Department of Energy Western Area Power Administration Sierra Nevada Region Contract for Electric Service Base Resource Contract 20-SNR-02364 for Calendar Years 2025 through 2054 (Agreement) and to (b) take any necessary actions to implement and administer the Agreement and (c) negotiate and execute future amendments to the Agreement so long as such amendments will result in cost savings to the City of Santa Clara, or at a minimum be cost neutral, subject to the appropriation of funds, and the review and approval as to form by the City Attorney.

Reviewed by: Nico Procos, Acting Chief Electric Utility Officer

Approved by: Jovan D. Grogan, City Manager

### **ATTACHMENTS**

1. Resolution