

**AMENDMENT NO. 2 TO**  
**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**  
**GRANT NO. 2018.245**

This amendment to the above-entitled grant (“Grant Amendment”) is dated, for reference purposes only, April 25, 2022.

**RECITALS:**

1. The Bay Area Air Quality Management District (“DISTRICT”) and **City of Santa Clara dba Silicon Valley Power** (“GRANTEE”) (hereinafter referred to as the “PARTIES”) entered into the above-entitled grant to demonstrate the feasibility of battery energy storage systems for back-up power at data centers (the “Agreement”), which Agreement was executed on behalf of GRANTEE on January 18, 2019, and on behalf of DISTRICT on February 8, 2019.
2. The PARTIES entered into Amendment No. 1 to the Grant, dated October 27, 2020, for reference purposes only, to extend the term and certain project dates of the Grant.
3. The PARTIES mutually seek to extend the term and certain project dates of the Agreement due to continued delays and hardships caused by the COVID-19 pandemic.
4. In accordance with Section 28 of the Agreement, DISTRICT and GRANTEE desire to amend the above-entitled Agreement as follows:

**TERMS AND CONDITIONS OF GRANT AMENDMENT:**

1. By this Grant Amendment, DISTRICT and GRANTEE amend Section 3, “Term.” The term of the Agreement shall be extended so that the termination date of the Agreement is now January 15, 2024.
2. By this Grant Amendment, DISTRICT and GRANTEE amend Section 8, “Payment,” of the Agreement to replace paragraph A with the following paragraph:

“A. DISTRICT agrees to award GRANTEE a grant of \$300,000 for the activities described in Attachment A, Work Plan. Grant shall be payable in four (4) installments, as follows:

  - a) Two (2) payments of \$37,500 each, upon DISTRICT’S receipt and approval of GRANTEE’S invoice and progress report #1 and progress report #2;

- b) One (1) payment of \$187,500 upon completion of Task 1.2 through Task 2.2 described in Attachment A, Work Plan, and payable following DISTRICT's receipt and approval of GRANTEE's progress report Q3 2023.
  - c) One (1) final payment of \$37,500 upon completion of the Final Report, payable upon DISTRICT's receipt and approval of GRANTEE's invoice and GRANTEE's final report.
3. By this Grant Amendment, DISTRICT and GRANTEE replace Attachment A-1, Work Plan, with the attached "Attachment A-2, Work Plan" and agree that all references in the Agreement to Attachment A shall be deemed to refer to Attachment A-2, Work Plan.
  4. DISTRICT and GRANTEE agree that all other terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the PARTIES have caused this Grant Amendment to be duly executed on their behalf by their authorized representatives.

BAY AREA AIR QUALITY  
MANAGEMENT DISTRICT

CITY OF SANTA CLARA  
dba SILICON VALLEY POWER

By: \_\_\_\_\_  
Sharon Landers  
Interim Executive Officer/APCO

By: \_\_\_\_\_  
Rajeev Batra, City Manager  
City of Santa Clara

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Approved as to form:  
District Counsel

Approved as to form:

By: \_\_\_\_\_  
Alexander Crockett  
District Counsel

By: \_\_\_\_\_  
Office of the City Attorney  
City of Santa Clara

## ATTACHMENT A-2

### WORK PLAN

GRANTEE will design, procure, and install a 2.5 MW/5 MWh lithium-ion battery energy storage system (BESS) for a selected data center to reduce and potentially avoid the use of diesel generators with uninterrupted power supply. The project will demonstrate the feasibility of battery storage for data centers, delaying the use of diesel generators as backup power.

#### **Phase 1: Site/Customer Selection and Assessment**

##### **Task 1.1: Identify and select data center partner**

GRANTEE will launch a solicitation to identify data centers interested in delaying the use of, and potentially replacing a diesel generator with a lithium-ion battery energy storage system. GRANTEE will use the following selection criteria for the ideal candidate: a) located within the BAAQMD CARE boundary (as defined by the Air District: <http://www.baaqmd.gov/plans-and-climate/community-air-risk-evaluation-care-program>) and SVP's service territory, b) has renewable energy and climate goals aligned with GRANTEE's climate goals, and c) is collaborative, willing and interested in potentially scaling up the project in future years.

##### *Deliverables:*

1. Criteria for site selection and decision
2. Confirmation from the data center as a partner (e.g., signed agreement, MOU, etc)

##### **Task 1.2: Assess construction project process and preliminary site plan**

GRANTEE will assess the construction project process and preliminary site plan for the placement of the battery energy storage system (including permitting and interconnection requirements and service data scheduling). GRANTEE will also ensure proper procedures aligned with city permitting, CEQA (if applicable), and other project clearance steps.

##### *Deliverables:*

1. Preliminary site plan (assess site challenges, projected load and ramp schedule, costs, schedule service date, etc.)
2. Checklist of construction project process and necessary permits, codes, standards, engineering designs, approvals, reviews (with dates of execution)
3. Interconnection requirements issued by utility and interconnection agreement

#### **Phase 2: Collaboration and Deployment**

##### **Task 2.1: Collaborate with selected sub-contractor to size, design, purchase and install battery storage system**

GRANTEE will work with the data center to size, engineer, procure and construct the battery energy storage system. The sub-contractor that will install the battery storage system will be confirmed once the data center selection is finalized and will be responsible for installing the battery, inverter, battery management system, enclosures/racks, controller, and balance of plant for integration of battery energy storage system into the facility. The selected data center will select the sub-contractor. The sub-contractor and battery storage technology provider will also carry out battery testing, verification

inspections, and training related to operation, maintenance, and emergency response procedures for the battery storage system.

*Deliverables:*

1. Conceptual system design
2. Sub-contractor contract
3. Certificates that ensure engineering requirements, operational testing, inspection, safety codes have been met
4. Equipment specifications
5. Installation documentation and images

**Task 2.2: Deploy and test battery storage system and aggregation controller**

GRANTEE will deploy and test the battery storage system and aggregation controller. The controller optimally dispatches the battery system network to maximize the lifetime of each battery system and optimizes the battery to maximize GHG reductions. The system will communicate events in real-time across the data center, the utility transmission and operations systems and GRANTEE's real-time energy trading desk.

*Deliverables:*

1. Battery system performance report (e.g., information on charge, health, voltage, capacity, etc.)
2. Design plan to determine user interface and software platform to manage data

**Phase 3: Monitor Outcome and Results**

**Task 3.1: Monitor project outcome and results by metrics**

GRANTEE will monitor progress and track results in terms of: Anticipated performance of the battery system, based on performance models and specifications of the system (e.g., battery cycles per year, avoided emissions from daily charge and discharge of system due to intra daily differences in the wholesale market carbon intensity, etc.) installation's estimated (monthly, annual, and battery life (~15 years)) energy-use and GHG-emissions reductions

*Deliverables:*

1. Detailed results included in the project final report (see below)

**Progress Reports**

Beginning thirty (30) calendar days after execution of the contract, GRANTEE shall provide progress reports describing GRANTEE's progress toward completion of the work outlined above, no later than 15 days following each milestone completion date. Progress reports shall be prepared on the District's Progress Report form (provided separately).

**Final Report**

Within thirty (30) calendar days of completion of project, GRANTEE shall submit a Final Report. The Final Report, to be prepared on the District's Final Report form (provided separately), should report on the outcomes of the project and learned lessons.

### **Grant Payments**

Grant payments will be made in installments in accordance to Section 8, Payment. **Total payments under this Agreement shall not exceed \$300,000.**

### **Reporting and Grant Payment Schedule for Grant Funds**

Payments of grant funds shall be contingent upon DISTRICT's approval of GRANTEE's progress reports and final report. DISTRICT approval will take into consideration adequate progress in implementing program tasks to meet the milestones set forth below. DISTRICT shall pay GRANTEE its grant payments upon receipt and approval of GRANTEE's progress reports and final report demonstrating that the applicable project milestones have been met as provided in Section 8 of this Agreement.

<b>Milestone</b>	<b>Required progress on project</b>	<b>Completion Date</b>	<b>Progress Report (due date)</b>	<b>Payment</b>
1	Task 1.1 – initiated and completed. <i>New site chosen Q1 2022</i>	10/31/19	Progress report (PR) #1 (11/15/19)	\$37,500 <i>*already paid</i>
2	Task 1.2 – initiated. <i>New site chosen Q1 2022</i>	1/31/20	PR #2 (2/15/20)	\$37,500 <i>*already paid</i>
3	Task 1.2- completed Task 2.1	4/30/22	PR_Q2&3_2022 (7/15/22)	-
4	Task 2.1	11/30/22	PR_Q4_2022 (1/15/23)	-
5	Task 2.1 Task 2.2	5/30/23	PR_Q1&2_2023 (7/15/23)	-
6	Operational Date	7/30/23	PR_Q3_2023 (10/15/23)	\$187,500
7 (Final)	Task 3.1	12/31/23	Final Report (1/15/24)	\$37,500