



Agenda Report

19-521

Agenda Date: 7/16/2019

REPORT TO COUNCIL

SUBJECT

Action on Amendment No. 1 to Electric Service and Substation Construction Agreement with Vantage Data Centers, LLC for Parker Substation

BACKGROUND

On August 29, 2017, Council approved an Electric Service and Substation Construction Agreement with Vantage Data Centers, LLC (Vantage). The City's Electric Department, Silicon Valley Power (SVP), agreed to provide electric service to Vantage's data center facility in the vicinity of 725 Mathew Street through a 100 MVA Substation (Parker Substation). The initial capacity requested by Vantage for the data center was 27 MVA with additional capacity to be provided upon the completion of the South Loop project.

DISCUSSION

Vantage has requested to increase the initially available capacity from Parker Substation from 27 MVA to 33 MVA due to higher projected initial customer energy demands. SVP has evaluated the request and has determined that it can be accommodated. The original agreement is to be amended to reflect the change in initial capacity requested. The amended agreement also modifies the financial terms to reflect the higher initial capacity request. No other modifications were made to the original agreement.

ENVIRONMENTAL REVIEW

The potential environmental impacts of the substation were addressed in a Mitigated Negative Declaration prepared for the McLaren Data Center Project, which was approved on March 28, 2017.

This action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

FISCAL IMPACT

Under the amended agreement, Vantage will be responsible for paying for up to 33 MVA of initial capacity on the South Loop at a cost of \$200 per kVA of purchased demand capacity. Vantage will be required to pay an additional \$1.2 million for the increase of 6 MVA of capacity over the 27 MVA capacity defined in the original agreement. No other financial terms in the original agreement were changed by this amendment.

COORDINATION

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

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>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

Approve and authorize the City Manager to execute Amendment No. 1 to Electric Service and Substation Construction Agreement with Vantage Data Centers, LLC for Parker Substation.

Reviewed by: Manuel Pineda, Chief Electric Utility Officer
Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Amendment No. 1