



NOTICE OF PREPARATION

Notice of Preparation of a Draft Environmental Impact Report and Agency Request for Participation

In accordance with Title 14, California Code of Regulations, section 15082, California Energy Commission (CEC) staff has prepared this Notice of Preparation (NOP) to inform the Office of Planning and Research (OPR) and each responsible and trustee agency that an Environmental Impact Report (EIR) will be prepared for the CA3 Backup Generating Facility (CA3BGF) (21-SPPE-01) proposed in the City of Santa Clara. The CA3BGF would be part of the CA3 Data Center (CA3DC). Both the CA3DC and CA3BGF components are collectively referred to as the project.

The CEC has the exclusive authority to certify all thermal power plants (50 megawatts [MW] and greater) and related facilities proposed for construction in California. The Small Power Plant Exemption (SPPE) process allows applicants with facilities between 50 and 100 MW to obtain an exemption from CEC's jurisdiction and proceed with local permitting rather than requiring CEC certification. CEC can grant an exemption if it finds that the proposed facility would not create a substantial adverse impact on the environment or energy resources. Public Resources Code section 25519(c) designates CEC as the lead agency, in accordance with the California Environmental Quality Act (CEQA), for all facilities seeking an SPPE.

Your agency's participation is encouraged and would consist of identifying and working to resolve issues of concern to your agency in connection with the SPPE proceeding. Pursuant to Title 20, California Code of Regulations, sections 1936(d) and 1714, we request any "analyses, comments, and recommendations" on the exemption application which you wish to provide. Again, please note that should the exemption be granted, the applicant would then be responsible for obtaining all necessary local, state, and federal permits required to construct and operate the project, which may entail additional analysis by relevant permitting authorities. Pursuant to CEQA Guidelines section 15082(b), each responsible and trustee agency and the OPR shall provide the CEC with specific detail about the scope and content of the environmental information related to the responsible or trustee agency's area of statutory responsibility that must be included in the draft EIR. At a minimum, the response shall identify:

- the significant environmental issues and reasonable alternatives and mitigation measures that the responsible or trustee agency, or the OPR will need to have explored in the draft EIR; and
- whether the agency will be a responsible agency or trustee agency for the project.

This response is due to CEC within 30 days of receipt of the NOP. If a responsible or trustee agency, or the OPR fails by the end of the 30-day period to provide CEC with either a response to the notice or a well-justified request for additional time, CEC staff will presume that none of those entities have a response to make.

The preferable method to submit responses is via CEC's electronic commenting (e-commenting) system. To access this system, commenting agencies should go to CEC's webpage for this proceeding:

https://www.energy.ca.gov/powerplant/reciprocating-engine/ca3-backupgenerating-facility click on the "Submit e-comment" link, and follow the instructions in the online form. Please be sure to include the project name in your comments. Once filed, the comments will become part of the proceeding's public record.

If you have any questions or need additional information on how to participate in CEC's review of the proposed project, please contact Eric Veerkamp, Project Manager, by email at <u>eric.veerkamp@energy.ca.gov</u>

Project Location and Description

The approximately 6.69-acre project site is located at 2590 Walsh Avenue in the City of Santa Clara. The property is zoned for Light Industrial (MS) uses. The site is currently developed with an approximately 115,000 square foot single-story office building. The existing improvements, except for select mature trees, would be demolished to construct a nearly 470,000 square foot four-story data center building, including data center suites, surface parking, loading dock, and landscaping. The CA3DC would be supplied electricity by Silicon Valley Power (SVP) through a new 100 megavolt amperes (MVA) electrical substation to be constructed on the project site as part of the CA3DC. The substation would consist of two halves, a new on-site substation owned by the applicant, and a new switching station owned by SVP.

The CA3BGF would provide uninterruptible power for the CA3DC tenant's servers in the event electricity cannot be supplied from SVP and delivered to the CA3DC building. CA3BGF would consist of forty-four 2.75-megawatt (MW) Tier-4 diesel-

fired backup emergency generators, four of which are in-house generators for the administrative/office areas of the CA3DC, also providing for emergency response. The maximum generating capacity of the CA3BGF would be limited to 96 MW by the maximum load for the CA3DC building. Project elements also include switchgear and distribution cabling to interconnect the generator yard to the CA3DC. The CA3BGF would not be electrically interconnected to SVP's electrical transmission grid.

Probable Environmental Effects

The EIR will analyze the reasonably foreseeable direct, indirect, and cumulative effects of the proposed project in the topic areas specified in CEQA Appendix G, plus environmental justice.

Based on its analysis to date and prior experience evaluating other data centers in industrial settings, staff has identified that this project would likely have no or less-than-significant impacts in the environmental topic areas of agriculture and forestry resources, cultural and tribal cultural resources, geology and soils, hazards and hazardous materials, hydrology and water quality, mineral resources, population and housing, public services, recreation, transportation, utilities and service systems, and wildfire.

CEC staff is still conducting information gathering activities associated with the topic areas of aesthetics, air quality, biological resources, energy and energy resources, environmental justice, greenhouse gas emissions, land use, and noise, and any information provided by other agencies in response to this notice that can inform the CEC's environmental review.

<u>Air Quality</u>

The proposed project would be in Santa Clara County in the San Francisco Bay Area Air Basin (SFBAAB), under the jurisdiction of the Bay Area Air Quality Management District (BAAQMD). The SFBAAB is in non-attainment for ozone and particulate matter (PM) ambient air quality standards. The backup diesel generators proposed for the project would result in diesel PM emissions and emissions of ozone precursors (nitrogen oxides [NOX] and reactive organic gases [ROG]). The NOx emissions of the project may result in significant air quality impacts under BAAQMD's CEQA significance threshold and require mitigation; however, CEC staff has not completed its analysis of the significance of the project's potential impacts and is yet to reach a definitive conclusion. The EIR will discuss whether the project would result in potential cumulatively considerable net increase of a criteria pollutant(s) for which the project region is non-attainment under an applicable federal or state ambient air quality standard. The EIR will also discuss whether the project would: conflict with or obstruct

implementation of the applicable air quality plan; expose sensitive receptors to substantial pollutant concentrations, including impacts from criteria pollutants and toxic air contaminants; or result in other emissions (such as those leading to odors) adversely affecting a substantial number of people. If project impacts related to air quality and public health are determined to be significant, mitigation will be identified to reduce impacts to a less than significant level, as feasible.

Biological Resources

The applicant identified 108 existing trees of which 66 are proposed to be removed to facilitate development of the project. These trees are protected as an urban forest under the City of Santa Clara General Plan Policy 5.3.1-P10. Of the 12 species, two species are also considered protected under City of Santa Clara General Plan Policy 5.10.1-P4. Removal of trees would conflict with local policies or ordinances for tree preservation and tree replacement in the absence of satisfactory provisions for the replacement of trees and protections for trees to remain on site. The EIR will discuss the project's potentially significant impacts due to the possible direct or indirect disturbance of existing trees during project construction. Construction activities, including removal of trees and vegetation clearing that take place during the breeding season for protected birds (February to August) have the potential to cause direct destruction of active nests of protected birds, including raptors.

The EIR will discuss the project's potentially significant impacts due to the possible direct or indirect disturbance of nesting bird habitat, including raptors, during project construction. Construction activities, including demolition of existing buildings and removal of trees have the potential to cause direct destruction of active bat roosts of protected bats, if present. The EIR will discuss the project's potentially significant impacts due to the possible direct or indirect disturbance of protected bats and their roosts, during project implementation.

These impacts could be reduced to less than significant levels with the implementation of design measures as modified by staff and agreed to by the applicant. CEC staff is working with California Department of Fish and Wildlife (CDFW) to ensure the project design measure, PD-BIO-2, will meet CDFW requirements. CEC staff is ensuring that the project design measures would mitigate impacts to less than significant.

Energy and Energy Resources

The CA3DC will require electrical service for regular operations, provided by a new 100 MVA electrical substation, via SVP; however, no electrical energy will be

capable of being delivered to the transmission grid. The backup generators would operate only in an emergency scenario if the flow of electricity from SVP ceases. The purpose is to ensure an uninterruptible power supply to the CA3DC alone with built-in redundancy.

CEC staff will analyze available data, potentially up to and including a System Impact Study currently being prepared by SVP. System improvements would fall into one of two categories; either improvements and upgrades would be specific to the project proposed by Vantage, or improvements would be more system wide, not as a prerequisite attributed to an individual project. Staff will analyze for potential gaps or system deficiencies identified in SVP's looped system due to operation beyond the project's initial phase. Staff will use this information to determine, to the extent possible, whether there are reasonably foreseeable environmental consequences of the project.

Environmental Justice

CEC staff has determined the presence of an EJ population within the vicinity of the project site using currently available 2010 Census data and California Department of Education data. Staff will analyze whether the project would result in any potentially significant disproportionate impacts to the EJ population. Topic areas in this analysis will include air quality, water quality, noise, aesthetics, public services, and recreation.

Greenhouse Gas Emissions

The project would result in greenhouse gas (GHG) emissions from three categories of activities: direct emissions from construction, direct emissions from the testing and maintenance of the backup diesel generators, and indirect emissions from the data center's electricity use. CEC staff expects the temporary direct emissions from construction will be adequately addressed through best management practices. It is expected that emissions from testing and maintenance would be less than significant as emissions would be below all relevant significance thresholds. To address the indirect emissions from the data center's electricity use, staff will be determining if mitigation is necessary and what options are available.

Land Use (including Aesthetics)

The project site is zoned Light Industrial (ML) and has a General Plan designation of Light Industrial. Under the Santa Clara 2010-2035 General Plan (Santa Clara 2014). Surrounding land use designations are High Intensity Office/R&D to the north, and ML to the west and east. Developed industrial land uses include another project owned by Vantage Data Centers to the north across Walsh

Avenue and an SVP substation on the west adjacency. There are developed residential neighborhoods, zoned Medium and Low Density Residential to the south, across a set of Caltrain railroad tracks.

The EIR will discuss the project's potentially significant impacts from the development of the project on surrounding land uses and land use classifications in the City of Santa Clara to determine if the project has the potential to adversely alter the character of the neighborhood or for impacts to be dispersed to a wider area of the city. Further, as a result of the City of Santa Clara Project Clearance Committee finding of an encroachment into a required landscaping setback, the layout of the generator yard was recently reconfigured. CEC staff will review and consider the final placement and configuration in its analysis/modeling for pollutants and emissions (air quality). If air quality concerns are identified, CEC staff would draft mitigation to reduce the impacts to less-than-significant.

<u>Noise</u>

Staff will evaluate potential short-term noise associated with project construction, temporary intermittent noise impacts associated with yearly testing of the gensets, as well as the likelihood for increased noise levels resulting from project operation. Noise levels associated with construction would be mitigated via implementation of a construction noise plan. Staff will determine if the project will increase ambient noise levels. Staff will conduct a noise study to evaluate the reconfigured structure and component layout. If potential adverse impacts on sensitive receptors are identified, staff will draft mitigation, including noise attenuation and other measures.

Alternatives

The EIR will consider a reasonable range of potentially feasible alternatives to the project. In addition to a no-project alternative, the EIR will likely consider fuel cell technology, battery storage, alternative fuels (renewable diesel and biodiesel), and natural gas internal combustion engines.

Responsible Agencies

CEC has identified the BAAQMD and the City of Santa Clara as responsible agencies for this project. The project will require the following approvals and permits if exempted:

- BAAQMD authority to construct and permit to operate
- City of Santa Clara Project Clearance Committee, Architectural Review and approval, and Conditional Use Permit

Trustee Agencies

CEC has identified the California Department of Fish and Wildlife and the Santa Clara Valley Habitat Agency as trustee agencies for this project.

Scoping Meeting(s)

Staff has determined that the project is not a project of statewide, regional or areawide significance pursuant to section 15206, and thus does not intend to hold a scoping meeting. Please note, however, that pursuant to the provisions of section 15082(c), a responsible agency, a trustee agency, OPR, or a project applicant may request one or more meetings between representatives of the agencies involved to assist the lead agency in determining the scope and content of the environmental information that the responsible or trustee agency may require. Requests for such a meeting should be directed to CEC staff Project Manager Eric Veerkamp at the email listed above.

Attachments (from the SPPE application): Regional Location Map (Exhibit 1) Aerial Photograph and Local Vicinity Map (Exhibit 2) CA3DC Site Layout and General Arrangement







