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Project Title:	SJ2
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Document Title:	Notice of Preparation of a Draft Environmental Impact Report
Description:	For the San Jose Data Center
Filer:	Lisa Worrall
Organization:	California Energy Commission
Submitter Role:	Commission Staff
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CALIFORNIA
ENERGY COMMISSION

NOTICE OF PREPARATION

Notice of Preparation of a Draft Environmental Impact Report[1]

The California Energy Commission (CEC) is the lead agency under the California Environmental Quality Act (CEQA) and will prepare an environmental impact report (EIR) for the San Jose Data Center (19-SPPE-04) (project) proposed in the City of San Jose. The CEC needs to know the views of your agency as to the scope and content of the environmental information which is germane to your agency's statutory responsibilities in connection with the proposed project. Your agency will need to use the EIR prepared by our agency when considering your permit or other approval for the project.

In accordance with Title 14, California Code of Regulations, section 15082, CEC staff has prepared this notice of preparation (NOP) to inform agencies and interested parties that an EIR will be prepared for the above-referenced project. The purpose of an NOP is to provide sufficient information about the project and its potential environmental impacts to allow agencies and interested parties the opportunity to provide a meaningful response related to the scope and content of the EIR, including mitigation measures that should be considered and alternatives that should be addressed (Cal. Code Regs., tit. 14, § 15082[b]).

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 CEQA, for all facilities seeking an SPPE.

Your agency may have previously received notification of this project by the CEC, including a request for agency participation. CEC staff has determined that the preparation of an EIR is necessary for this project. Consistent with CEQA section 15082(c), staff will be scheduling a public scoping meeting to "expedite the consultation" with agency representatives "to assist [CEC staff] in determining the scope and content of the environmental information that the responsible or

1 California Code of Regulations, Title 14, (CEQA Guidelines) Sections 15082(a), 15103, 15375.

trustee agency may require." This meeting will be held remotely via Zoom and the details about how to participate will be sent to you shortly.

Submitting Comments

Due to the time limits mandated by State law, your response must be sent at the earliest possible date but not later than 30 days after receipt of this notice. We will need the name for a contact person in your agency. You may submit comments electronically through the CEC's electronic commenting feature, or directly to Lisa Worrall at lisa.worrall@energy.ca.gov. To submit comments through the CEC's electronic commenting feature, go to CEC's webpage for this proceeding: https://ww2.energy.ca.gov/sitingcases/sj2/, click on the "Comment on this Proceeding" link, and follow the instructions in the online form. Be sure to include the project name in your comments. Once filed, you will receive an e-mail with a link to them and the comments will be part of the proceeding's public record. You can also sign up for the project's listserve to receive notices of all project-related activities and documents through the CEC webpage for this proceeding, listed above.

If you have any questions or need additional information on how to participate in CEC's review of the proposed project, please contact Lisa Worrall, Senior Environmental Planner, by email provided above.

The project location, description, and potential environmental effects are summarized below.

Project Location

The project is proposed at 1657 Alviso-Milpitas Road in the City of San Jose. The project is bound by vacant land to the north, Ranch Drive to the east, Milpitas Alviso Road to the south, and Zanker Road to the west.

Project Description

Microsoft Corporation (Microsoft or Applicant) is seeking an SPPE from the CEC's jurisdiction to proceed with local permitting rather than requiring certification by the CEC for the San Jose Data Center.

The applicant proposes to construct and operate the project. The project would consist of two single-story data center buildings. To provide reliable operation of the data center in the event of loss of electrical service from the local electric utility provider, Pacific Gas and Electric Company (PG&E), the project includes 40 3.0-MW Tier 4 compliant standby diesel generators. The generators would provide electrical power to support the information technology (IT) load during

utility outages or certain onsite electrical equipment interruptions or failure. The maximum electrical load of the data center would be 99 MW, although the estimated load is 92 MW, inclusive of IT equipment, ancillary electrical/ telecommunications equipment, and other electrical loads (administrative, heat rejection, and safety/security). The project also includes an onsite 115-kilovolt (kV) substation with two 115-kV electrical supply lines that would connect to PG&E's Los Esteros Substation, located adjacent to the site. The project would require offsite linears for potable water, reclaimed water, storm water, sanitary sewer, and electrical. No natural gas would be used onsite. Project figures are attached (Project Location, Site Plan, and Site Rendering).

Land Use

The project site General Plan land use designation is Light Industrial, as is the Alviso Master Plan specific plan designation and zoning.

Potential Environmental Impacts

No Impact

The project would have no impacts in the environmental topic areas of agriculture and forestry resources, mineral resources, and wildfire.

Less Than Significant Impact

Project impacts in the environmental areas of aesthetics, energy and energy resources, hazards and hazardous materials, hydrology and water quality, land use and planning, noise, population and housing, public services, recreation, and utilities and service systems would be less than significant.

Less Than Significant With Mitigation or Potentially Significant Impact

Air Quality
(including Public Health)

The proposed project would be located in the City of San Jose 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 exceed BAAQMD's CEQA significance threshold prior to consideration of offsets required by BAAQMD's permitting process. CEC staff has not completed its analysis of the significance of

the project's potential impacts and is yet to reach a conclusion on whether emissions would result in significant air quality impacts.

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 in 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 or 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 EIR will discuss the project's potential incremental effects to federally listed species, rare plants, and wetland habitat that may experience adverse direct and/or indirect significant impacts. Cumulatively considerable significant impacts from habitat modification (increase in non-native weed invasions) through nitrogen deposition from point source emissions (backup generators) on sensitive habitat may also occur; staff is currently exploring these issues. Nitrogen deposition from non-point sources (vehicle traffic) will require mitigation pursuant to the Santa Clara Valley Habitat Conservation Plan (SCVHCP). Adverse impacts may likely be reduced to less than significant levels with the incorporation of mitigation. CEC staff is working with regulatory agencies (Santa Clara Valley Habitat Agency, California Department of Fish and Wildlife, United States Fish and Wildlife Service) to develop mitigation that would mitigate impacts to less than significant.

Potential impacts to wetlands may occur; however, impacts would be less than significant as the project would incorporate protective measures and if impacted, applicant would provide compensation consistent with the SCVHP. Potential impacts as defined by local ordinance through the possible removal of ordinance-sized native or non-native trees, may occur; however, impacts would be less that significant as the project would include tree protection zones and maintenance methodology. Nesting birds may be impacted by the project; however, impacts would be less than significant as the project would conduct pre-construction surveys and employ appropriate avoidance management techniques. No special status plants are expected on the project site.

Cultural and Tribal Cultural Resources

To date, two previously recorded cultural resources are located within the project site. These cultural resources consist of historic built-environment resources, two residential compounds. More than 30 additional, previously recorded cultural resources are located within 1 mile of the project area and comprise a mix of historic buildings and structures, Native American archaeological sites, and historic-period archaeological sites. Literature reviews reveal that numerous archaeological sites are in the project vicinity, some of which previous investigators only found below the ground surface after project excavations started. While staff has not yet identified any tribal cultural resources in consultation with California Native American tribes or through communication with the Native American Heritage Commission, tribal cultural resources could exist in similar contexts as buried prehistoric archaeological sites and further consultation is in progress to identify any additional potential impacts. Ground disturbance proposed as part of the project could encounter and damage buried resources that meet CEQA's criteria for historical, unique archaeological, or tribal cultural resources. The resulting impacts would likely be significant under CEQA. The applicant has proposed five project design measures to reduce the severity of any such impacts.

At this time, there is not enough information to conclude whether the project would result in significant impacts to cultural or tribal cultural resources and whether they can be mitigated to less than significant. Project impacts will be analyzed consistent with CEQA criteria for cultural and tribal cultural resources identified in Appendix G of the CEQA Guidelines.

Geology and Soils

The project site is in the Santa Clara Valley, an area known to have scientifically significant but widespread or intermittent fossil discoveries. Surficial sediment at the project site is generally not considered sensitive for paleontological resources, because biological remains younger than 10,000 years are not usually considered fossils. However, Pleistocene age (2.6 million to 11,700 years before present) sediments may also be present at or near the surface. Although unlikely, paleontological resources could be encountered during construction requiring earth moving, such as grading, trenching for utilities, excavation for foundations, and installation of support structures where native soil would be disturbed. The EIR will discuss the project’s potentially significant impacts due to the possible direct or indirect destruction of a unique paleontological resource if discovered during project construction. These impacts could be reduced to less than significant levels with the incorporation of proposed mitigation. CEC staff is

crafting a mitigation measure that would mitigate impacts to less than significant.

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 would be adequately addressed through the use of best management practices. The project applicant proposes to obtain electricity from PG&E and the GHG emissions associated with the generation of this electricity represents the largest source of GHG emissions associated with the data center. CEC staff may evaluate the feasibility of the project purchasing its electricity from San Jose Clean Energy, which could allow the project to access a cleaner resource mix and reduce the indirect GHG emissions associated with the data center's electricity use.

At this time, CEC staff has not completed its analysis of the significance of greenhouse gas emissions. Project impacts will be analyzed consistent with CEQA criteria for air quality identified in Appendix G of the CEQA Guidelines and the Bay Area Air Quality Management District CEQA Guidelines.

Transportation

The EIR will discuss the project's potentially significant impacts from vehicle miles traveled (VMT). The project-generated VMT per employee (17.17) is greater than the City of San Jose's threshold of 14.37 VMT per employee for industrial uses and 12.22 VMT per employee for office uses. The applicant is working with a transportation consultant to prepare a transportation analysis report in accordance with the City's Transportation Analysis Handbook, which will identify appropriate mitigation to reduce transportation impacts to less than significant, if feasible.

Responsible Agencies

Responsible agencies for this project are the Bay Area Air Quality Management District and the City of San Jose. The project will require the following approvals and permits if exempted:

- Bay Air Quality Management District – authority to construct and permit to operate
- City of San Jose – Special Use Permit and encroachment permit

Trustee Agencies

Trustee agencies for this project are the California Department of Fish and Wildlife and the Santa Clara Valley Habitat Agency.

Alternatives to be Evaluated in the EIR

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.

Attachments (from the SPPE application):
Project location (Figure 1-2)
Site Plan (Figure 1-3)
Site Rendering (Figure 2-5)

Figure 1-2
Project Location
San José Data Center (SJC02)
San José, California

JACOBS

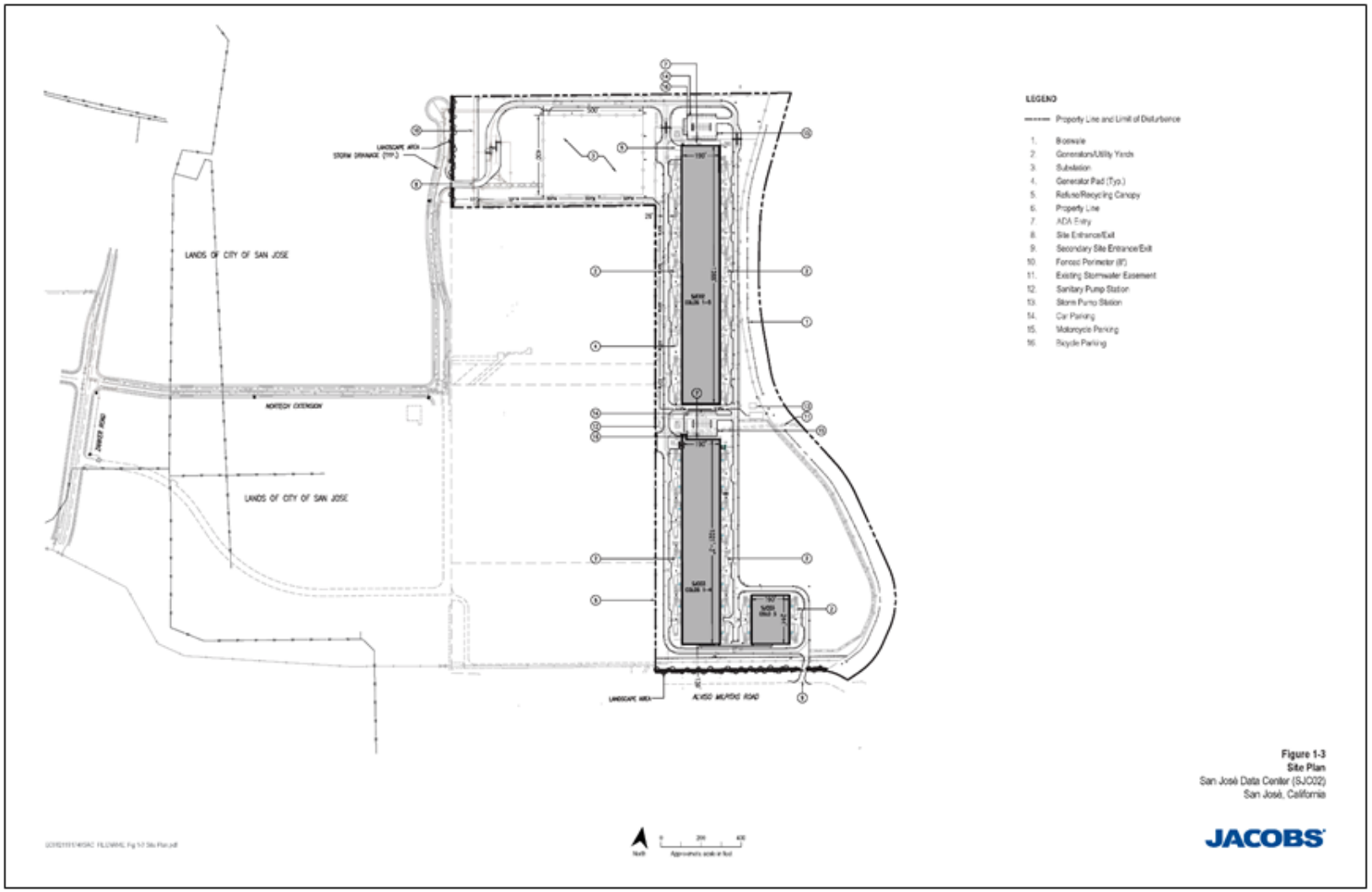

Figure 1-3
Site Plan
San José Data Center (SJC02)
San José, California

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Figure 2-5
Site Rendering
San José Data Center (SJC02)
San José, California

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