

DOCKETED

Docket Number:	19-SPPE-04
Project Title:	SJ2
TN #:	241462
Document Title:	Bay Area Air Quality Management District - San Jose Data Center Project – DRAFT Environmental Impact Report Comments
Description:	Comments on San Jose Data Center DEIR from Bay Area Air Quality Management District
Filer:	Lisa Worrall
Organization:	Bay Area Air Quality Management District
Submitter Role:	Public Agency
Submission Date:	2/7/2022 4:42:39 PM
Docketed Date:	2/7/2022



**BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT**

February 7, 2022

Lisa Worrall
Senior Environmental Planner
California Energy Commission
715 P Street, MS 40
Sacramento, CA 95814

RE: San Jose Data Center Project – DRAFT Environmental Impact Report

Dear Ms. Worrall,

Bay Area Air Quality Management District (Air District) staff have reviewed the DRAFT Environmental Impact Report (DEIR) for San Jose Data Center project (Project). The applicant proposes to construct and operate two single-story data center buildings located at 1657 Alviso-Milpitas Road in San Jose, California. The Project includes 224 natural gas-fired generators (emergency backup power) with a maximum electrical load of 99 MW. In addition, the Project includes two Tier 4 diesel-powered generators (emergency backup power) for building operations. The project also includes an onsite 115 kilovolt (kV) substation located in the northwestern corner of the project site with two 115 kV underground electrical supply lines (approximately 0.2 mile) that would connect to PG&E's Los Esteros Substation, located adjacent to the site.

Microsoft Corporation (Microsoft or applicant) is seeking a Small Power Plant Exemption (SPPE) from the California Energy Commission's (CEC) jurisdiction to proceed with local approval rather than requiring certification by the CEC. The objective of the project is to provide electrical power to support data center uses during utility outages to avoid onsite electrical equipment interruptions or failure, and for load shedding, demand response, and behind-the-meter resource adequacy (RA) ancillary services to support transmission-level grid reliability. The DEIR estimates that all 224 natural gas-fired generators would operate for 509 hours per year load for maintenance, testing, load shedding, demand response and behind the meter RA capabilities.

The project site is located in the Alviso neighborhood, an area with high cumulative environmental burdens as identified through CalEPA's CalEnviroScreen 4.0. As such, the Air District is concerned about air pollution emissions or exposures impacting the nearby community.

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Greenhouse Gas and Climate Impacts

The Air District supports the project's stated intent to use renewable fuels and other efforts to reduce greenhouse gas emissions from data center operations. However, staff is concerned that the DEIR's finding of less than significant hinges on future, ongoing procurement of renewable fuels with insufficient assurances that this measure will be enforced. Staff strongly recommends that all such measures behind the finding of less than significant be supported by clear, enforceable commitments that are required as a condition of approval. Air District staff recommends the CEC further clarify the project's features and climate goals to address these concerns, including:

1. Mitigation Measure GHG-1 should require ongoing enforcement of the requirement to exclusively use renewable fuels in the natural gas-fired and diesel-fired generators and should be revised to require annual documentation that renewable fuels are being used for the life of the project. Mitigation Measure GHG-1 should also be incorporated into all land use permits as a condition of approval.
2. The California Public Utilities Commission has prohibited the use of certain resources from load-shedding and demand response programs. As outlined in Decision 16-09-056, prohibited resources include distributed generation technologies using diesel, natural gas and other fossil fuels. For PG&E's Base Interruptible Program, the prohibited resources ban is further detailed in Electric Schedule E-BIP. Applicable requirements for operation of the project's generators during load-shedding and demand response should be discussed in the EIR.
3. For transparency, the applicant should discuss how the project aligns with Microsoft's publicly stated 2030 and 2050 climate goals and commitments. Microsoft has pledged to be carbon negative by 2030 and by 2050 to remove from the environment all carbon the company has emitted either directly or by electrical consumption since it was founded in 1975. Microsoft has also announced a \$1 billion climate innovation fund to accelerate the global development of carbon reduction, capture, and removal technologies.

Construction Emissions and Mitigations

The DEIR states that construction-related emissions were found to be less than significant with mitigations and that the project will apply Air District best management practices (BMP) to control fugitive dust emissions. The Air District recommends that additional measures beyond the standard BMPs be added to help limit impacts to the overburdened community of Alviso. The following additional mitigation measures should be included into AQ-1 to further address construction-related impacts:

- All off-road equipment greater than 25 horsepower (hp) shall have engines that meet or exceed Tier 4 final off-road emission standards. Use of zero-emission and hybrid-powered equipment is encouraged.
- All on trucks used for material delivery or hauling shall have engines that meet or exceed 2010 CARB emissions standards.

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- Where grid power is available, portable diesel engines should be prohibited.
 - Install wind breaks (e.g., trees, fences) on the windward side(s) of actively disturbed areas of construction. Wind breaks should have at maximum 50 percent air porosity.
 - All excavation, grading, and/or demolition activities shall be suspended when average wind speeds exceed 20 mph
 - Sandbags or other erosion control measures shall be installed to prevent silt runoff to public roadways from sites with a slope greater than one percent.

Certain sources at the project will require permits from the Air District. For more information on applying for an Air District permit, please visit the following webpage for further instructions: <https://www.baaqmd.gov/permits/apply-for-a-permit> or contact Barry Young, Senior Advanced Projects Advisor, at byoung@baaqmd.gov or (415) 940-9641 to discuss permit requirements.

We encourage the CEC to contact Air District staff with any questions and/or to request assistance during the environmental review process. If you have any questions regarding these comments, please contact Matthew Hanson, Environmental Planner II, at mhanson@baaqmg.gov (415) 749-8733 or Amy Dao, Senior Environmental Planner, at adao@baaqmd.gov (415) 749-4933.

Sincerely,



Greg Nudd
Deputy Air Pollution Control Officer

cc:
BAAQMD Director Margaret Abe-Koga
BAAQMD Director Cindy Chavez
BAAQMD Director Rich Constantine
BAAQMD Director Rob Rennie