Silicon Valley Power
City of Santa Clara

Powering The Center of What's Possible

DATA CENTERS
in the City of Santa Clara

WHY DATA CENTERS MATTER

Santa Clara is one of the nation's leading data center hubs, supported by reliable public power, long-term infrastructure planning, and proximity to Silicon Valley's innovation ecosystem. Data centers are foundational to California's digital economy, artificial intelligence leadership, and clean energy transition, while delivering substantial and recurring fiscal benefits to local and state governments.

POLICY CONTEXT

Santa Clara demonstrates how data center growth can align with grid reliability, climate goals, and community benefits when supported by public power and clear cost-allocation frameworks.

ECONOMIC BENEFITS TO THE COMMUNITY

KEY TAKEAWAY

Data centers provide high, stable, and predictable revenue streams that directly support municipal services and housing - without the service demands of other land uses.

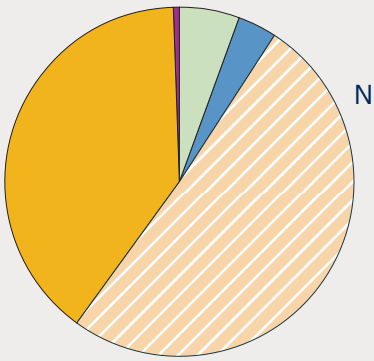
Annual Contributions

- **SVP Payment In-Lieu of Tax**: ~$33 million annually to the City General Fund. ~$16 million from Data Centers
- **Property Tax:** ~$6.5 million combined to Santa Clara County, with ~$200K–$400K annually to the City
- **Sales & Use Tax:** ~$4.96 million annually benefiting the City, State, local jurisdictions, and transportation funds
- **Business License Tax:** Ongoing local revenue

Affordable Housing

- Since 2019, data centers are projected to contribute $5.65 million to date through the City's Affordable Housing Ordinance.

SALES REVENUE BY CUSTOMER CLASS



ECONOMIC BENEFITS TO THE COMMUNITY

Innovation & Economic Competitiveness

- Supports global technology leaders including NVIDIA, AMD, and Intel
- Enables AI, advanced manufacturing, cloud computing, and semiconductor ecosystems
- Reinforces California's leadership in high-value, innovation-driven industries

HOW GROWTH IS MANAGED

INFRASTRUCTURE & DEVELOPMENT REALITIES

POLICY REALITY

Large-scale electric infrastructure requires long planning horizons and cost certainty.

- SVP has coordinated with stakeholders since 2020 to plan infrastructure supporting data center growth and statewide electrification
- Cost pressures include inflation, tariffs, and global supply chain delays

WHO PAYS FOR INFRASTRUCTURE?

Developers Directly Fund:

- Dedicated substations
- Line extensions
- Load development fees supporting capital projects

✔ **Paid by developer**

Transmission (Statewide Framework):

- Transmission is needed to support economic growth by serving increasing large loads, such as data centers and advanced manufacturing.
- Transmission serving data centers provides other benefits that support California policy goals

✔ **Shared by design**

POLICY IMPLICATION

Targeting data centers for incremental transmission charges is not consistent with existing policies and could undermine efficient grid planning.

STATEWIDE RESOURCE CHALLENGES (Not Data Center Specific)

These challenges apply to California's entire electric system and affect all load growth.

- Ensuring sufficient 24/7 clean energy at scale
- Overreliance on solar + battery storage with limited diversity
- Need for firm, low-carbon baseload resources:
- New nuclear technologies
- Advanced geothermal

EFFICIENCY, WATER, AND CLIMATE PERFORMANCE

FACT

Data centers are highly efficient because energy is their biggest cost.

Energy Efficiency

- Advanced cooling and power management
- Participation in utility efficiency programs

Water Stewardship

- Required use of recycled water for new developments

Climate Policy

- Carbon-neutral requirement under the City of Santa Clara
- Climate Action Plan

GRID FLEXIBILITY & INNOVATION

Load Shifting

- Computing can move away from peak hours

Rapid Load Reduction and Relocation

- Immediate response during system emergencies
- Optimize across data center fleets, orchestrating spatiotemporal workload flexibility to support grid