Silicon Valley Power
CITY OF SANTA CLARA

*Powering* The Center of What's Possible

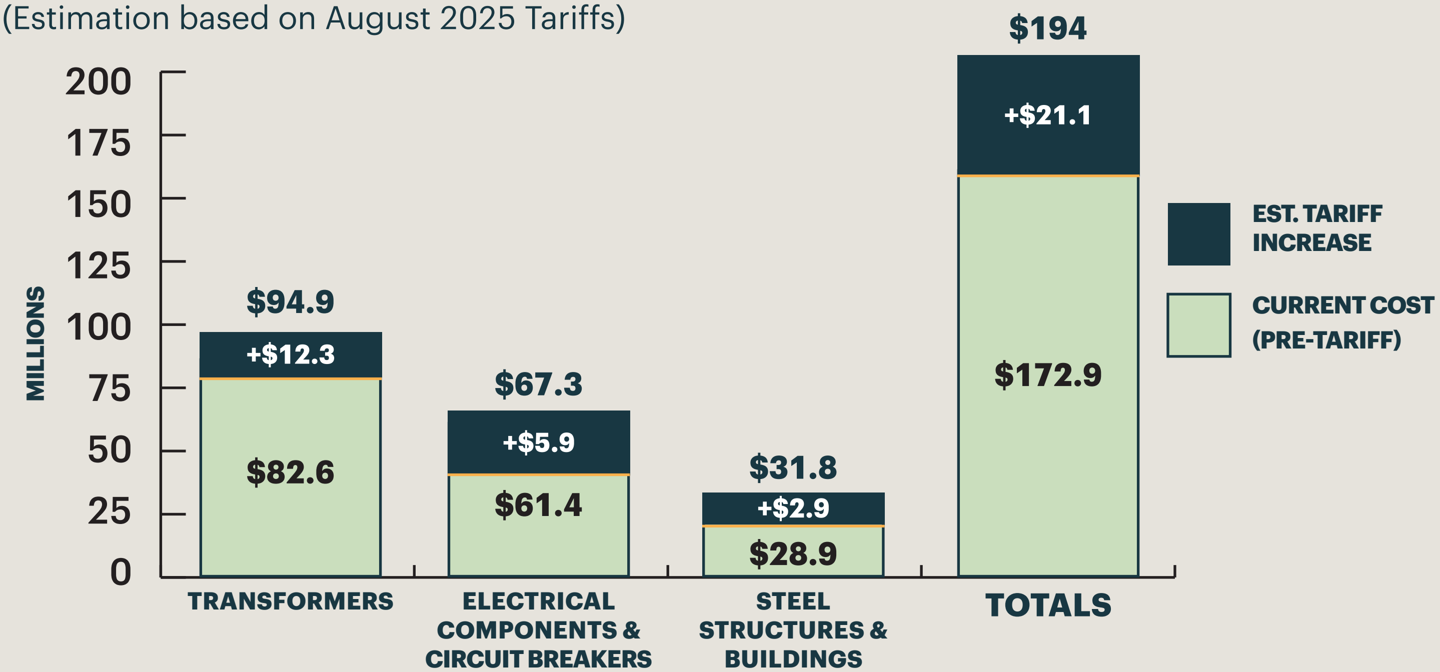
# TARIFFS & GROWTH:
## Challenges Facing Santa Clara's Energy Infrastructure and Reliability

**Energy availability and reliability are the top challenges for data center growth nationwide. The need to build energy infrastructure rapidly, affordably, and with high reliability is critical to staying competitive, driving economic prosperity, and ensuring the U.S. remains a global leader in data centers. Santa Clara is a national hub for data centers, with over 55 currently operating and more in development. Tariff pressures threaten to stall future development and strain existing operations, underscoring the importance of stable, reliable, and cost-effective energy solutions.**

## SVP'S SYSTEM EXPANSION PROGRAM & IMPACT OF CURRENT TARIFFS

- Designed to double electric load capacity to meet current and future demand. Current capacity: 700 MW, projected to reach 1,300 MW in 5–10 years.
- Total cost: ~$459 million
- To attract and retain businesses in Santa Clara and help maintain U.S. dominance in the data center sector, over $173 million of material orders were placed in the last 4 years.
- New tariffs will increase material costs, as tariffs are paid upon delivery of the product, not when the order is placed.
- Advocacy is needed at the federal level to communicate the impacts to economy, national security, and U.S. technology.

# POTENTIAL TARIFF IMPACTS
## on the Cost of Materials Used for System Expansion Projects
(Estimation based on August 2025 Tariffs)



# SYSTEM EXPANSION PROJECT COSTS

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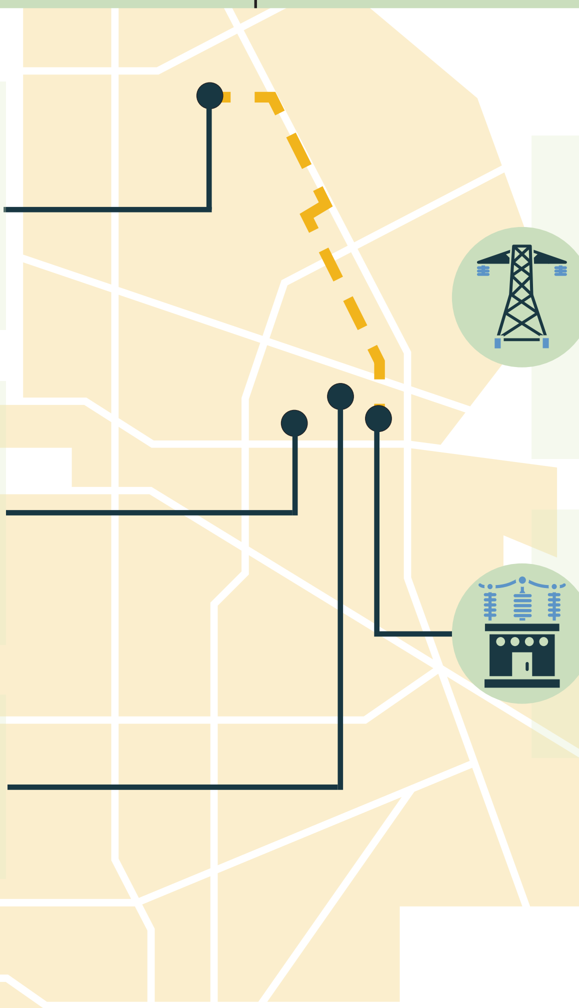
| CURRENT PROJECT COST (PRE-TARIFF) | COST INCREASE WITH ESTIMATED TARIFF |
|---|---|
| **$438 MILLION** | **$459 MILLION** |



**Northern Receiving Station (NRS)**

Est. tariff cost: $6,600,000

Project cost: $149,000,000

Total est. cost: $155,600,000

**NRS-KRS 115 KV Transmission Line**

**Cost based on engineer's estimate*

Est. tariff cost: $1,000,000

Project cost: $50,000,000

Total est. cost: $60,000,000

**Scott Receiving Station (SRS)**

Est. tariff cost: $6,700,00

Project cost: $116,000,000

Total est. cost: $122,700,00

**Kifer Receiving Station (KRS)**

Est. tariff cost:$6,800,000

Project cost: $123,000,000

Total est. cost: $129,800,000

**Battery Energy Storage**

Est. Delivery Date: Q1 2026

## PROCUREMENT AND MANUFACTURING

- Project transformers were procured through a public bidding process in 2023.
- Five foreign manufacturers submitted proposals; no bids were received from U.S. manufacturers.
- These components take years to manufacture and are in high demand across critical sectors such as energy, transportation, and defense, making procurement timelines increasingly competitive and uncertain.

## TARIFFS & INFLATIONARY PRESSURES

- Tariffs compound costs for data centers with large, continuous power needs.
- Inflation has driven up construction, materials, and labor costs.
- Supply chain delays continue to affect lead times for grid infrastructure.
- Budgeting contingencies do not factor in potential tariff increases.

## DATA CENTER LANDSCAPE

- 55 operational data centers in Santa Clara.
- 3 in the pipeline for near-term expansion.
- 60% of SVP's power is used by Data Centers.
- Growth potential of up to 600 MW in additional electric load.
- Among top U.S. counties for data centers, alongside Loudoun County (VA), Dallas County (TX), and others.