



**City of
Santa Clara**
The Center of What's Possible



Connection and Load Development Fees – Frequently Asked Questions

What are Connection Fees and Load Development Fees?

Both of these fees are intended to recover costs associated with customers connecting to Silicon Valley Power's (SVP) distribution and transmission system. The distribution and transmission system serve as the backbone to SVP's Bulk Electric System (BES) that transforms and delivers power to customers.

What are these Connection Fees and Load Development Fees used to pay for?

These fees are used to recover the average or typical labor and material cost to connect a customer to the BES and the allocated future capacity expansion costs based on the customer's estimated peak demand.

How are these fees calculated?

These fees were developed based on a comprehensive analysis including a system expansion plan. In that analysis, expected capital expansion expenses were broken down by transmission and distribution system categories. These categories correlate to the service connection where a customer receives power from the BES. An average cost per kVA was developed per system category that was used as the basis for each Connection Fee and Load Development Fee.

Who/When do these fees apply to?

These fees can apply to all customer classes and typically occur when additional electric capacity is requested by a Customer at a specific location.

Why are the Load Development Fees significantly more for Residential and Commercial Facilities <12kV per kVA than the larger Commercial Facilities?

As fees were developed to recover the average or typical labor and material cost to connect a customer to the BES and allocated future capacity expansion costs based on the customer's estimated peak demand. There are more infrastructure components and labor required to connect service for these customers; therefore cost per kVA is greater for residential and small commercial facilities customers.

Larger commercial facilities own and manage their own power transformation. A residential and small commercial customer relies on SVP for this service including ongoing maintenance.

What's the difference between a Commercial Facility 12kV and a Commercial Facility Dedicated 12kV?

Commercial Facilities 12kV – For commercial facilities 12KV, the customer takes service at the primary level and provides their own power transformation directly from SVP's 12kV system. The proposed fee is based on the demand established on the installed service panel rating at the customer's location.

Commercial Facilities Dedicated 12kV – Commercial Facilities Dedicated 12kV customers have a dedicated substation built to service the customer's facility. The customer executes a Substation Agreement with the City and pays all costs of substation construction including design and engineering. Once the substation is constructed, SVP owns and operates the power transformation at the 12kV level.

How often do Connection Fees and Load Development Fees change or increase?

Connection Fees and Load Development Fees typically change annually with Municipal Fee Schedule. These fees will be included in the Municipal Fee Schedule and be approved/adopted annually by City Council.

Are customers who are using the most power paying their fair share of Connection and Load Development Fees?

Pursuant to the State Law, Load Development Fees are established to provide equity by assuring that customers receiving a specific benefit pay for that benefit. The fees are calculated to recover cost allocated to customers who receive the specific services and the service levels.

Will the Load Development Fees for Commercial Facilities < >12kV be phased in over time?

Load development fees for commercial customers who take service at <12kV or 12kV are expected to be phased in over a four-year period. The proposed phase-in schedule (subject to approval by City Council) based on the current analysis includes:

Fee	Current Fee	July 2022	July 2023	July 2024	July 2025
		40%	60%	80%	100%
Commercial Facilities <12kV	\$ 141.63	\$ 243.63	\$ 365.44	\$ 487.26	\$ 609.07
Commercial Facilities 12kV	\$ 141.63	\$ 203.58	\$ 305.36	\$ 407.15	\$ 508.94

Why did the City phase out the current tier structured Load Development Fees?

The existing load development fees are being phased out to accommodate the different service connection types used by customers to connect to SVP's system. All connection types do not share the same infrastructure and costs; therefore, separate fees were created to account for the different type of service connection.

How often does SVP conduct a Load Development Fee analysis?

SVP would perform an analysis as often as needed such as when new projects are added or planned projects are dropped. This typically would not occur more than once a year.

When do the new fees go into effect?

If approved by City Council, the proposed new fees are scheduled to become effective July 1, 2022.

Where can I find the current fee?

Visit www.santaclaraca.gov and look up Municipal Fee Schedule. All City fees including electric fees are included in this Master Fee Schedule.