



Staff Report - Item 06

To: Sonoma Clean Power Authority Community Advisory Committee

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Issue: Receive Geothermal Opportunity Zone Update

Date: October 17, 2024

Background

The Geothermal Opportunity Zone (GeoZone) is SCP's initiative to secure affordable, reliable clean energy for our customers by building 600 megawatts of new geothermal power capacity in Sonoma and Mendocino Counties. This will enable SCP to phase out its dependence on natural gas power plants for reliability. The Community Advisory Committee (Committee) meetings are a regularly scheduled public forum for the community to receive updates and provide input on the GeoZone. The updates provided to the Committee each month, and minutes from any discussion are posted on SCP's website at <https://sonomacleanpower.org/geozone-public-updates>. Staff incorporate any feedback received from the Committee presentation into the monthly updates to the Board of Directors. Additional background on the GeoZone can be found on the GeoZone webpage at <https://sonomacleanpower.org/geozone>.

2025 Legislative Opportunities

Following the September Committee meeting, Governor Newsom signed [Assembly Bill 1359](#)—SCP's sponsored legislation to allow developers the ability to elect that local counties serve as lead agency for permitting geothermal exploration. SCP is in the early stages of building a comprehensive legislative package for 2025 to address additional barriers to next-generation geothermal investment in California. SCP has been meeting with geothermal developers and NGOs to collect feedback on legislative priorities and is working with Geothermal Rising on organizing a potential Sacramento advocacy day for geothermal. Legislative Policy & Community Engagement Manager Miles Horton also

had the opportunity to meet with the Department of Energy's Geothermal Technology Office in Washington D.C. in early October to discuss, amongst other subjects, regulatory constraints to growing geothermal development.

The U.S. House of Representatives passed several important bills in late September for addressing permitting constraints for geothermal development on federal land: [H.R. 6474](#) (expands a categorical exclusion for oil and gas to apply to geothermal), [H.R. 7370](#) (sets a 60-day deadline for processing applications for geothermal leasing), and [H.R. 7422](#) (allows Department of Interior to collect permitting fees that are used for expanding agency capacity). Local Congressman Mike Thompson supported all three bills at the request of SCP. It is unlikely that the bills will have a direct impact of SCP's GeoZone, as most of the Geysers' region is on private land, but the federal legislation provides a valuable template on opportunities for state permitting and will improve the availability of geothermal resources outside the GeoZone. The legislation still needs to be passed by the U.S. Senate and may end-up being incorporated into the ongoing negotiations on the Manchin and Barrasso bipartisan energy permitting reform bill.

Geothermal in CPUC Statewide Planning

At the end of August, the California Public Utilities Commission (CPUC) announced [their decision](#) to direct the Department of Water Resources to procure up to 1 GW of geothermal resources on behalf of load-serving entities—along with 7.6 GW of offshore wind, 1 GW of multi-day long-duration energy storage, and 1 GW of 12-hour long-duration energy storage. The CPUC selected the technologies for procurement based on their ability to drive market transformation and significantly contribute to the state's GHG reduction goals. In many ways, the CPUC decision is taking a GeoZone-type approach at the state level. SCP is working on assessing synergies with the ordered procurement and GeoZone development.

The CPUC [released its latest planning portfolio](#) to guide statewide transmission planning in mid-September. The CPUC adopted higher cost assumptions for geothermal resources and additional transmission constraints that ultimately led to less geothermal being included in the portfolio (1.6 GW vs. 2.1 GW in the previous portfolio). [SCP submitted comments](#) asking the CPUC to be less restrictive in modeling transmission, taking a more methodical approach to representing geothermal costs, increasing in-state resource development and incorporating modeling for next-generation technologies. SCP will continue to participate in CPUC proceedings to advocate for modeling that supports transmission capacity to enable interconnection of GeoZone resources.

Regional Geothermal Planning Project

SCP has convened several meetings with the planning staff of Sonoma County, Mendocino County, and Lake County to discuss a regional project to increase planning and permitting capacity for geothermal development. Although Lake County is not part of the GeoZone, they share many of the same considerations in siting geothermal exploration and development and are likely to see a large increase in development interest. The regional group is expected to decide whether to pursue a California Energy Commission grant for the project next month.

CAISO Interconnection Reforms

On September 30th, the [Federal Energy Regulatory Commission \(FERC\) approved the California Independent System Operator's \(CAISO\) reforms](#) to its interconnection process. The CAISO reforms included several provisions for which SCP heavily advocated, including prioritization of projects that are selected as needed by load-serving entities and projects that are long-lead resources needed by the system. SCP sees both provisions as absolutely necessary to allow resources like GeoZone projects to compete for interconnection capacity with simpler and more nimble projects like battery energy storage. The reforms were heavily fought against by the solar and storage development community, but FERC ultimately agreed with the logic of CAISO and load-serving entities that the provisions are fair and necessary.

GeoZone Project Updates

There have been no major updates to report on GeoZone projects since the September Committee meeting. Chevron New Energies is expecting to finalize negotiations on their Department of Energy grant by the end of the year and is working on its exploration well permitting strategy now that Assembly Bill 1359 enables Chevron to work directly with Sonoma County. Eavor is continuing to explore site control opportunities, and the Cyrq thermal energy storage program is awaiting results from its abstract commission to a recent California Energy Commission grant.

Stakeholder Engagement

SCP staff have been facilitating a series of lunch meetings with key local labor organizations, including the North Bay Building Trades, North Bay Labor Council, and others, to brief them on the GeoZone and forge stronger relationships as these projects move forward.