



Staff Report - Item 03

To: Sonoma Clean Power Community Advisory Committee

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Issue: Receive Geothermal Opportunity Zone Update

Date: March 20, 2025

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 eventually 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>.

CPUC State Portfolio Planning

In late February, the California Public Utilities Commission (CPUC) released [draft inputs and assumptions](#) for statewide electric system portfolio planning for the next two years. The inputs and assumptions are the first step in the state's Integrated Resource Plan (IRP) process which will ultimately select a preferred set of resources and guidance to the California Independent System Operator (CAISO) on needed transmission upgrades. The CPUC has made two impactful changes that could reshape the landscape of California's future energy system: 1) for the first time,

Enhanced Geothermal Systems (EGS) are included as a candidate resource and 2) the cost assumptions for offshore wind have been increased substantially compared to previous portfolios. SCP has been advocating for the state to take a more serious look at EGS as a candidate resource for several years, and staff is appreciative of the CPUC's proposed changes—which include leveraging up-to-date and comprehensive data sources for calibrating resource potential and costs. Although the preferred portfolio ultimately used for transmission planning will be dependent on the results of a cost-optimization model, SCP is confident the CPUC's inclusion of 3.5 GW of near-field EGS and 26.6 GW of deep EGS will lead to transmission planning that is more supportive of geothermal development in the GeoZone and beyond.

Staff submitted comments in response to the inputs and assumptions supporting the CPUC's approach. Staff also provided recommendations on several refinements—including separating the deep EGS into two gradational buckets, increasing the potential for conventional geothermal, updating the resource plans from load serving entities, and increasing the cost assumption associated with retaining natural gas capacity.

Partner Updates

Chevron New Energies presented at the Geyserville Planning Committee in February, to answer questions from the community on fire safety, permitting, and the development timeline associated with their GeoZone project at the Pocket Ranch.

All three GeoZone partners have shared that their agreed-to milestones in SCP's GeoZone cooperation agreements are at-risk given project risks and delays. While addressing some of the regulatory causes of project delays through legislative and regulatory advocacy, staff are also currently reviewing strategies for managing existing cooperation agreements or engaging other industry partners to maintain momentum.