



## Staff Report - Item 07

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**To:** Sonoma Clean Power Community Advisory Committee

**From:** Ryan Tracey, Director of Planning & Analytics  
Geof Syphers, Chief Executive Officer  
Miles Horton, Legislative Policy & Community Engagement Manager  
Claudia Sisomphou, Public Affairs & Advocacy Manager

**Issue:** Receive Geothermal Opportunity Zone Update and Recommend the Board Approve the Delegated Authority to the Chief Executive Officer or his Designee to Execute Amendment #1 to the Geothermal Opportunity Zone Cooperation Agreement with Eavor Inc.

**Date:** May 15, 2025

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### Recommended Action

Review and recommend that the Board delegate authority to the Chief Executive Officer or his designee to execute an amendment extending the term of [the Geothermal Opportunity Zone Agreement with Eavor Inc](#) and making certain other amendments enumerated in this staff report.

### Background

The Eavor agreement proposed for amendment was approved by the Board of Directors in their March 2, 2023, meeting. The agreement allows for amendment by mutual agreement in writing. The text of the proposed amendment is included as Attachment 1.

The cooperation agreement with Eavor required the completion of several project milestones by June 30, 2025. Eavor has satisfied many of their original obligations, including completing an assessment of development potential, evaluating leasing strategies, and identifying required permits and agreements. In completing these tasks, Eavor has made meaningful investments towards progressing development in the GeoZone and has maintained the GeoZone as one of their key strategic initiatives. However, Eavor has thus far been unable to satisfy its obligations due this June including obtaining site control for a pilot project, submitting an interconnection

application, and permitting a calibration well.

While progressing its GeoZone project, Eavor has also been constructing its first [commercial project in Geretsried, Germany](#). Eavor's Geretsried project has already passed all its key technological milestones and is expected to begin generating electricity for the first time this year. Although the project's cost exceeds initial targets, the project will successfully demonstrate the operation of a closed-loop system and will meet the initial power generation target of 8.2 MW electrical and 64 MW thermal. In executing the Geretsried project, Eavor has captured numerous learnings that are feeding-back into their long-term technological roadmap.

In evaluating the future design of an Eavor deployment in the GeoZone and building on learnings from Geretsried, Eavor has identified an opportunity to deploy a new technology they are developing called Eavor-Jules™. This new proprietary technology, which SCP staff have been briefed on in detail, will provide significant reductions in drilling time. Drilling cost reductions will improve the commerciality of closed-loop and allow projects to be sited in lower geothermal gradients. Targeting areas with lower geothermal gradients will allow Eavor to look over a much wider area for site control opportunities—which has been a key challenge for their GeoZone project thus far. Increased locational flexibility will also allow for unique opportunities such as sitting in industrial or pre-disturbed locations, behind-the-meter configurations, or projects that provide direct resiliency benefits. Eavor-Jules™ is expected to first be demonstrated in Canada, but Eavor is interested in rapidly deploying the technology in the GeoZone.

The amendment replaces the June 30, 2025, completion date in the original agreement with a series of new milestone-specific deadlines through December 31, 2028. The amendment extends the term of the agreement to last through negotiation of offtake agreements for subsequent projects—which strengthens the non-compete and right of first refusal terms for SCP. The agreement also contemplates the application of Eavor's forthcoming Eavor-Jules™ Technology in the GeoZone.

The Eavor agreement was one of three active public-private cooperation agreements approved by SCP's Board of Directors in 2023 to progress the GeoZone. Earlier this year, the GeoZone agreement with Cyrq Energy was terminated after it was determined they were unable to meet their May 31, 2025, milestones. Factors specific to the Cyrq project, along with organizational changes at Cyrq that reduced their interest in GeoZone partnership, made it advisable to terminate. Unlike Cyrq, Eavor has a strong strategic interest in continuing to partner on the GeoZone. Staff will address the next steps with the third GeoZone agreement with Chevron New Energies later this year,

which is still active but has project milestones that are due in March 2026 that Chevron will be unable to meet.

## Discussion

Staff's top priority with the GeoZone is maintaining momentum with the initiative's stated objective of building 600 MW of new local geothermal capacity. As such, the proposed amendment extending Eavor's agreement must be weighed against opening a larger role for new public-private partnerships or focusing staff time on political and regulatory opportunities rather than managing a public-private partnership with Eavor.

Although Eavor has not yet secured site control or started interconnection and permitting as contemplated in the original agreement, Eavor's investment in the GeoZone thus far has been significant and staff are confident that an extended cooperation agreement will lead to more investment in identifying the opportunities and challenges in deploying next-generation geothermal development in the GeoZone. Eavor's technology continues to offer characteristics that are desirable in the GeoZone: minimal water usage, negligible seismicity risk, and highly scalable. Meanwhile, the advances expected through Eavor-Jules™ should significantly de-risk finding a suitable site—which has been the primary challenge thus far. Importantly, staff's established relationship with Eavor and understanding of the technology will minimize the burden on SCP staff in managing the commercial relationship, allowing staff to continue to pursue regulatory and political opportunities and new public-private partnerships in parallel without losing focus.

Instead of working towards a single extended deadline in December 2028, Eavor and SCP have agreed to intermediary milestones in the proposed amendment with activity-specific deadlines. This approach will give SCP the ability to ensure progress is being made, as opposed to offering a blanket extension. The intermediary deadlines include:

- Updated assessment of development potential, including the application of Eavor-Jules™ by **June 30, 2026**
- Comprehensive assessment of site control opportunities, including high-value opportunities, by **December 31, 2026**
- Commitment from a Third-Party Project Investor by **March 31, 2027** (in order to finance the project, Eavor expects to engage a strategic partner that leads project development and inherits responsibilities of agreement)
- Site control for an initial pilot project by **December 31, 2027**

- Interconnection application for pilot project by **October 31, 2028**
- Permit for calibration well for pilot project by **December 31, 2028**

Staff continue to see public-private partnerships as a critical component of the GeoZone. By partnering with industry, SCP is able to get firsthand knowledge of the challenges and opportunities for local geothermal development. Public-private partnership also enables a mechanism for SCP ratepayers to recoup their investment in the GeoZone through favorable commercial terms for scale-up. These commercial terms are preserved in the amendment with Eavor, and strengthened by extending the term of the agreement, which includes a non-compete and right of first refusal, until negotiations of offtake agreements with scale-up projects is complete.

### **Other GeoZone Updates**

SCP is still waiting to hear from the California Energy Commission on the status of Sonoma County's application for funding to support the Sonoma-Mendocino-Lake region with proactive planning for geothermal development. Funding notices were originally scheduled to be released in March but have been delayed.

There are no substantive updates on the Chevron New Energies project. Chevron has been very helpful in working through trade-offs in amendments under consideration for the geothermal legislative package being progressed this year. After the Cyrq termination and Eavor amendment, staff will turn attention towards next steps with Chevron New Energies.

Staff have begun outreach in earnest to the larger geothermal industry as the first step in structuring a future solicitation for new GeoZone partners. SCP is also working with California Community Power, the joint procurement entity comprised of SCP and eight other CCAs, on a regional initiative to partner with geothermal developers on project development.

### **Attachments**

- Attachment 1 - Draft Amendment No. 1 to the GeoZone Cooperation Agreement Between Sonoma Clean Power Authority and Eavor Inc., available at [this link](#) or by request to the Clerk of the Board