



Staff Report – Item 06

To: Sonoma Clean Power Community Advisory Committee

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Issue: Receive Geothermal Opportunity Zone Update

Date: March 19, 2026

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>.

Partner Updates

In their February meeting, the Board of Directors approved the proposed guidelines recommended by the Committee for negotiating bi-lateral public-private partnership agreements with new GeoZone partners. Staff have begun meeting with prospective partners and will return to the Committee to review any resulting agreements.

As previously shared, SCP's GeoZone partner Eavor reached the important milestone of commissioning its first commercial closed-loop system in Geretsried, Germany at the end of 2025. Eavor has shared that performance thus far at Geretsried is aligned with the project's thermodynamic modeling. With Geretsried online, SCP anticipates a more focused effort with Eavor on locating potential sites for its GeoZone project.

Department of Energy Funding Opportunity

On February 25, the Department of Energy (DOE) announced \$171.5 million in funding to support geothermal development ([link to announcement](#)). The funding opportunity includes two topic areas open for applications: \$100 million for early commercial-scale field tests for enhanced geothermal systems (EGS) and \$71.5 million for exploration drilling to characterize next-generation and hydrothermal opportunities. The funding for exploration drilling is well-aligned with SCP's own proposal to seek state funding for drilling that can unlock next-generation geothermal opportunities.

The funding opportunity has a condensed application period – with full applications due April 30th. Staff are reviewing potential opportunities for SCP to support applications—especially those supporting development in SCP's region or California Community Power (CC Power) opportunities within the state—but are also conscious of the political headwinds a California project may face. Given that other neighboring states will likely benefit from DOE funding, SCP sees the state funding as especially important to maintain competitiveness.

Procurement Order and 2026-27 Transmission Plan

At the end of February, the California Public Utilities Commission (CPUC) voted out a decision ([link to decision](#)) ordering 6,000 megawatts of additional procurement by California load serving entities (LSEs), including SCP, by 2032. The CPUC stipulated that 1,500 MW must be from clean firm or long-duration energy storage resources. Although many LSEs may procure 8-hour battery storage to qualify as long-duration, SCP anticipates that the new procurement order will further incentivize geothermal procurement. This new order is on top of the 1,000 MW specifically ordered for clean firm in a prior CPUC decision and 1,000 MW that the Department of Water Resources will begin shopping for next year.

The same February CPUC decision identified the resource portfolios that will be used as the basis for the California Independent System Operator's (CAISO) 2026-27 Transmission Plan. The CPUC portfolios contain a record level of new geothermal development with 5,100 MW of total new development. Of that total, 418 MW are mapped to the Sonoma-Lake-Mendocino region. SCP was significantly engaged in the CPUC's process for developing the IRP portfolios and achieved the following important outcomes:

- The CPUC adopted a much more robust and expansive approach to handling “unaccounted for transmission plan deliverability,” which has been a key barrier to approving regional transmission upgrades. The CPUC's new guidance specifically asks CAISO to resolve this issue and reserves deliverability for geothermal development.
- The CPUC has explicitly asked CAISO to use its sensitivity portfolio for informing transmission planning decisions. The sensitivity portfolio contains 8,300 MW of

geothermal development.

- The CPUC remapped geothermal capacity originally located at the Malin intertie in Southern Oregon to the in-state substation Hilltop in Northeastern California. Mapping capacity at Hilltop provides a greater opportunity for in-state development in the Modoc Plateau.

CAISO has already kicked-off its 2026-27 Transmission Plan, and SCP has started engagement in earnest to confirm that the outcomes above ultimately translate to the upgrades needed to facilitate interconnection of local resources.

Agency Goals

The GeoZone activities are directly related to the 2026 agency goal to continue progress on the GeoZone, which SCP sees as a key initiative in supporting deployment of technology that will be critical to meeting long-term climate goals, addressing affordability, and providing reliability while creating local economic opportunities.

Attachments

- None.