



Staff Report - Item 02

To: Sonoma Clean Power Authority Community Advisory Committee
From: Ryan Tracey, Director of Planning & Analytics
Geof Syphers, Chief Executive Officer
Issue: Receive Geothermal Opportunity Zone Update
Date: June 16, 2022

Background

The Geothermal Opportunity Zone (GeoZone) was established by the SCP Board of Directors and the Boards of Supervisors in Sonoma and Mendocino Counties to explore expanding local geothermal power capacity. The purpose of the GeoZone is to develop the resources necessary to allow SCP to stop relying on natural gas power plants altogether. To that end, the GeoZone is seeking to sustain existing local geothermal production and add 500 MW of new geothermal capacity.

Given the activity in the GeoZone initiative, staff is now including regular updates in Board and Committee packets and will also continue to provide updated information and materials at <https://sonomacleanpower.org/geozone>.

Public-Private Solicitation

Staff are focused on the formation of a public-private partnership with geothermal companies to provide technology, experience, and capital. Following the close of a solicitation on April 29, a multi-discipline team including staff and experts in geology, air quality, water, geothermal development, business and engineering have completed a detailed review of proposals. This team is currently assessing the technical feasibility of the various proposals.

Following this feasibility assessment, a group of public stakeholders representing labor, environment and environmental justice will be asked to provide input into our community values, and will get a chance to meet the potential private partners. The objective of the stakeholder event is to assess the compatibility of the partners with community values.

The results of the stakeholder event will inform staff's recommendation for a GeoZone partnership, which will be brought to the Board later this summer. SCP will then enter negotiations in forming a partnership agreement that will establish expectations for SCP's power offtake and the shared contributions in pursuing GeoZone development.

Redwood Coast Energy Authority Memorandum of Understanding

SCP has been using Redwood Coast Energy Authority (RCEA)'s offshore wind project as a guide for GeoZone partnerships. RCEA recognized a valuable energy resource off its coast in 2018 and proactively sought private development partners to design and build an offshore wind project. RCEA has committed to a share of power offtake and provided significant support in community engagement while its private partners have invested in engineering, permitting, and other early stage efforts. The RCEA partnership is currently awaiting an offshore wind lease planned by the Bureau of Ocean Management later this year.

SCP and RCEA have identified a great number of synergies between offshore wind development in Humboldt and geothermal in the GeoZone. In addition to sharing a similar private-public partnership design, both projects could benefit from increased transmission capacity along a shared corridor between the North Coast and Bay Area. Humboldt offshore wind and the GeoZone are also large in scale, provide much-needed intra-seasonal power, and need to overcome the challenges of long lead times, extensive permitting, and dependency on tax incentives and grant funding.

Accordingly, the staff of SCP and RCEA have entered into a Memorandum of Understanding (MOU) to work collaboratively. The MOU's scope includes a commitment to share information on community engagement and public-private partnership, collaborate on transmission-related issues, explore shared funding opportunities, and coordinate communication and advocacy.

Attachments

- Memo of Understanding Redwood Coast Energy Authority and SCP, available at [this link](#) or by request to the Clerk of the Board

**MEMORANDUM OF UNDERSTANDING BETWEEN
REDWOOD COAST ENERGY AUTHORITY
AND
SONOMA CLEAN POWER AUTHORITY
TO COLLABORATE ON ENABLING TRANSFORMATIVE RENEWABLE ENERGY
DEVELOPMENT ALONG THE NORTHERN CALIFORNIA COAST**

This Memorandum of Understanding (MOU) is entered into on the date of the last party signing below by and among Redwood Coast Energy Authority (“RCEA”) and Sonoma Clean Power Authority (“SCPA”), each individually a “Party” and collectively the “Parties”.

1. The Parties:

- a. RCEA is a California Joint Powers Authority and Community Choice Aggregator serving Humboldt County, whose members include the County of Humboldt, the Cities of Arcata, Blue Lake, Eureka, Ferndale, Fortuna, Rio Dell, and Trinidad, and the Humboldt Bay Municipal Water District.
- b. SCPA is a California Joint Powers Authority and Community Choice Aggregator serving Sonoma and Mendocino Counties, whose members include the Counties of Sonoma and Mendocino, the Cities of Cloverdale, Petaluma, Rohnert Park, Sonoma, Cotati, Fort Bragg, Point Arena, Willits, Santa Rosa and Sebastopol, and the Town of Windsor.

2. Background:

- a. RCEA and SCPA share a common objective of reducing greenhouse emissions by minimizing the dependency on natural gas resources for electricity generation. Offshore wind and geothermal power are two technologies that are scalable and offer the opportunity to provide intra-seasonal and around-the-clock power that can effectively replace the flexibility and reliability of natural gas.
- b. RCEA seeks to support the development of floating offshore wind energy projects adjacent to its service territory for purposes of pursuing its goal of 100% local, renewable energy, and to that end has partnered with private entities to develop, operate and manage an offshore wind facility. The Bureau of Ocean Energy Management has designated an area off the coast of RCEA’s service territory as the Humboldt Offshore Wind Energy Area (“WEA”) and plans to auction lease blocks within the area.
- c. RCEA’s RePower Humboldt Strategic Plan directs building the clean energy sector into a cornerstone of the local economy through a breadth of strategies that include innovation, research and development, local energy-related business development, and establishing Humboldt Bay as the primary west coast hub for the offshore wind energy industry.

- d. SCPA seeks to support the longevity and growth of geothermal energy projects within and adjacent to its service territory and to that end has proposed creation of a Geothermal Opportunity Zone within Sonoma and Mendocino Counties. Through the Geothermal Opportunity Zone, SCPA will partner with private entities to proactively address development barriers and build new local geothermal capacity.
- e. The Parties are subject to the State of California’s Renewable Portfolio Standards program and Integrated Resource Planning procurement orders, which mandate an increase in energy and capacity procurement from renewable energy resources pursuant to the State’s decarbonization and reliability targets.
- f. Significant transmission upgrades will be necessary to deliver power at scale to the grid from both the Humboldt Offshore WEA and the Geothermal Opportunity Zone. Some of the transmission corridors that could deliver energy from the Humboldt Offshore WEA to the grid pass through the proposed Geothermal Opportunity Zone. The Parties wish to collaborate in advancing the development of potential transmission corridor upgrades that could mutually benefit the Parties and their respective development of the Humboldt Offshore WEA and Geothermal Opportunity Zone.
- g. The Humboldt Offshore WEA and Geothermal Opportunity Zone are both transformative renewable energy projects with extensive lead times for development and construction. Local, state, and federal policy on permitting, tax incentives, grant funding, transmission, energy markets, and compliance issues can create barriers or opportunities for both projects.

3. Purpose:

The purpose of this MOU is to collaborate on opportunities to enable transformative renewable energy projects like the Humboldt Offshore WEA and Geothermal Opportunity Zone in our region. Collaboration can include advocacy for upgrades to the Parties’ shared grid interconnection transmission corridors, mitigation of policy barriers for renewable energy project development, and the sharing of experience and information on partnerships and agreements for the mutual benefit of the Parties’ region. Transmission upgrades and improved policy would allow for the eventual development of large-scale renewable energy projects in each Party’s respective jurisdiction, and further each Party’s individual power procurement and economic development goals as well as grid decarbonization and reliability goals of the State of California.

4. Anticipated Areas of Cooperation:

The anticipated areas of cooperation under this MOU are the following:

- a. To share non-confidential information on best practices and local Tribal and community engagement related to working with private entities in public-private partnerships;

- b. To understand, collaborate and engage with regulatory authorities and transmission operators on relevant transmission-related issues;
- c. To explore grant or public funding opportunities that are consistent with the purpose of this MOU;
- d. To develop communication strategies for engaging local and state agencies and elected officials in order to advance the purpose of this MOU; and
- e. To timely communicate with the other Party about relevant developments that could affect or impact the purpose of this MOU.

5. Term:

This MOU will commence upon its execution by both Parties and will terminate upon notice from one Party to the other of its desire to so terminate the MOU. The date of such termination shall be as stated in said notice.

6. Amendment:

RCEA and SCP expect the areas of cooperation to evolve and grow as the Humboldt Offshore WEA and Geothermal Opportunity Zone projects progress. If necessary, Parties may amend this agreement through a written amendment to this MOU.

7. Indemnity:

Each of the Parties to this MOU is a public entity. Pursuant to Government Code Section 895.4, each Party shall indemnify, defend and hold each of the other Parties, and their respective officers, agents and employees harmless from and against any liability and expenses, including defense costs, any costs or liability on account of bodily injury, death or personal injury of any person or for damage to or loss of property, any legal fees and any claims for damages attributable only to performance of the responsibilities as set forth in this MOU by the indemnifying party or its officers, agents, employees, contractors and subcontractors under this MOU, except to the extent caused by the negligence or willful misconduct of an indemnified party.

8. No Joint-Venture:

This MOU does not establish a joint venture, partnership, or business unit of any kind between the Parties, nor does it necessarily create a financial obligation on behalf of any Party. Moreover, this MOU does not obligate or commit either Party to any project within the Humboldt Offshore WEA or Geothermal Opportunity Zone.

IN WITNESS WHEREOF, each Party has caused this MOU to be duly signed and delivered, effective as of the date of the last Party signing.


REDWOOD COAST ENERGY AUTHORITY:



Eileen Verbeck, Acting Executive Director

Date: 6/6/2022

SONOMA CLEAN POWER AUTHORITY:



Geof Syphers, Chief Executive Officer

Date: 5/19/2022