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**BHE Renewables Comments - CEC IEPR Update Workshop -
Geothermal Resources**

Additional submitted attachment is included below.



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July 23, 2026

California Energy Commission
Docket Unit, MS-4
Docket No. 26-IEPR-04
715 P Street
Sacramento, California 95814

RE: California Energy Commission Integrated Energy Policy Report Workshops

BHE Renewables (BHER) values the California Energy Commission's (Commission's) continued engagement with stakeholders regarding geothermal development and appreciates the opportunity to provide comments on the Commissioner workshops held as part of the Integrated Energy Policy Report (IEPR) Update.

BHER has been operating geothermal facilities in Imperial Valley for more than four decades. Through this experience, BHER has developed a deep understanding of both the opportunities and challenges associated with geothermal development in California. BHER appreciates the Commission's efforts to identify policies that can accelerate deployment of geothermal resources and offers the following observations based on its experience.

1. Geothermal Resources Deliver Unique Benefits That Merit Policy Support

Workshop discussions underscored geothermal resources' role in supporting California's future energy system. Unlike many renewable resources, geothermal generation uniquely provides firm, clean power that can make meaningful contributions to the state's reliability, resource adequacy, and resource diversity goals.

2. Implementation of the Central Procurement Entity Should Be the State's Highest Geothermal Priority

The most important action California can take to support geothermal development is implementation of the Central Procurement Entity (CPE) established by AB 1373.

The CPE was specifically created to address market barriers that conventional procurement structures cannot overcome. Existing procurement mechanisms have not resulted in sufficient development of new geothermal resources, especially in-state resources, despite broad recognition of geothermal's reliability and contribution to California's clean energy portfolio. The CPE was intended to provide an alternative procurement framework capable of supporting development of resources that provide substantial statewide benefits but may face challenges under traditional procurement models.

Nearly three years after enactment of AB 1373, developers continue to lack clarity regarding how and when the CPE will be implemented. The Commission should continue to emphasize the importance of moving from statutory authorization to implementation.

3. Open-Book Contracting Structures Merit Further Evaluation

As California considers implementation of the CPE, policymakers should evaluate procurement approaches that facilitate investment while protecting customers.

One potential approach is an open-book cost-based contracting framework. Such a model can increase transparency regarding project costs, reduce financing uncertainty, and eliminate the need for developers to include significant contingency margins associated with project risk. BHER supports continued evaluation of procurement structures that appropriately allocate risk, provide cost transparency, and reduce overall project costs to customers

4. Conclusion

California's geothermal resources can play a critical role in achieving the state's reliability, affordability, clean energy, and economic development objectives. However, expanding geothermal development will require policies that recognize the unique characteristics of these resources and address the barriers that have limited deployment to date.

The central recommendation emerging from BHE Renewables' experience is straightforward: California should prioritize implementation of the CPE established by AB 1373 to address barriers that conventional procurement structures have been unable to overcome. Progress toward implementing a CPE framework represents the most meaningful step California can take to accelerate development of geothermal resources in the Salton Sea region and throughout the state.

Sincerely,



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