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Additional submitted attachment is included below.

July 23, 2026

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

San José Clean Energy's Comments on the IEPR Commissioner Two-Day Workshop on California's Geothermal Energy Resources

Dear Vice Chair Gunda, Commissioner Gallardo, and Commission Staff:

San José Clean Energy (SJCE) submits these comments on the June 19 and July 9, 2026, *IEPR Commissioner Two-Day Workshop on California's Geothermal Energy Resources* (Workshop).

SJCE appreciates the California Energy Commission's (CEC) leadership in convening the Workshop and bringing together state agencies, developers, load-serving entities (LSEs), and other stakeholders to discuss the opportunities and challenges associated with expanding geothermal development in California.

SJCE supports increasing well-priced geothermal resources as an important component of a reliable, clean, and diverse electricity portfolio. As an LSE actively procuring long-term clean energy resources, SJCE shares observations from its procurement experience that align with several themes discussed during the workshops, particularly the need to reduce development barriers and strengthen collaboration among state agencies and industry partners.

Addressing Development Barriers Is Essential to Expanding CA Geothermal

California has increasingly relied on procurement mandates to stimulate investment in clean firm resources, including geothermal. SJCE's procurement experience suggests that procurement requirements alone have not produced a sufficient supply of commercially viable, reasonably priced geothermal projects.

Opportunities to contract with geothermal projects are limited and unavailable at prices that are competitive with other clean energy resources. Consequently, LSEs continue to rely primarily on solar paired with battery storage because those resources remain the most available and financeable options. This outcome does not achieve the policy objective of expanding clean firm resource diversity and may increase the amount of new generation needed to meet California's clean energy goals.

As highlighted during the workshop by the Clean Air Task Force and Stanford University, next-generation geothermal, including enhanced geothermal systems (EGS), has the potential to provide significant clean firm capacity while reducing both the total generation capacity required and the overall cost of achieving California's 2045 clean energy targets.[1] In SJCE's experience, however, realizing this potential will require geothermal power purchase agreement prices for both in and out-of-state geothermal power to be more competitive.

Rather than relying primarily on procurement mandates, California should focus on addressing the underlying barriers to cost-effective geothermal development, including transmission, interconnection and permitting, and access to financing. As noted during the Day 2 workshop overview presentation, participants identified these issues as the highest-priority barriers to expanding geothermal development.[2] Addressing these challenges is essential to improve project availability and allow LSEs to procure a more diverse and reliable clean energy portfolio.

Expand State and Industry Collaboration

SJCE supports continued collaboration among state agencies, developers, researchers, and LSEs to identify practical solutions that accelerate geothermal deployment.

The Pacific Northwest National Laboratory's presentation on the Salton Sea region highlighted the value of coordinated, site-specific solutions.[3] Because LSEs are ultimately responsible for procuring these resources, they should remain active participants in these discussions to help ensure that proposed solutions improve both project development and commercial viability.

SJCE's Procurement Experience with Geothermal

SJCE has actively pursued both in-state and out-of-state geothermal opportunities and has encountered several key challenges in contracting for geothermal resources.

First, California geothermal developers generally are not offering firm pricing for new projects, limiting LSEs' ability to evaluate procurement opportunities. Based on SJCE's experience with currently available geothermal offerings, there is little evidence that future California projects will be available at prices that are broadly competitive with other clean energy resources unless barriers to geothermal are addressed.

Second, limited project availability combined with increasing statewide procurement requirements along with strong demand for geothermal have contributed to persistently high prices. While in-state geothermal suppliers are not yet willing to commit to firm prices, prices for limited out-of-state geothermal contracts are high.

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[1] Next-Generation Geothermal Power in California's Energy Future. Wilson Ricks, Clean Air Task Force. The Potential of Enhanced Geothermal Systems in Decarbonizing the Electric Power and Industrial Sectors. Dimitri Saad, Stanford University.

[2] Geothermal IEPR Overview. Erik Stokes, CEC.

[3] Actionable Site-Specific Geothermal Solutions. Patrick Mirick, Pacific Northwest National Lab

Third, out-of-CAISO-Control Area geothermal projects require allocation to LSEs of additional Market Import Capability (MIC). SJCE's own allocation of MIC is already largely used to support existing contracts with out-of-CAISO Control Area resources. Thus, unless additional MIC is developed and allocated, already high prices for geothermal will be exacerbated by the need to pay for MIC. In order to allocate more MIC, more import capability must be developed.

As a related matter, developers and LSEs require additional transmission for the energy to be delivered into the CAISO Control Area in a manner that allows the power to qualify for resource adequacy. For example, the Salton Sea is one potentially high value geothermal location within California but is located within the Imperial Irrigation District Control Area and requires transmission and import capability to be of optimal value to LSEs within the CAISO Control Area.

As a result, some developers seek contractual mechanisms to reduce their risks related to transmission upgrade failures or delays, increasing procurement risk for LSEs. SJCE supports proactive transmission planning for both in-state and out-of-state geothermal resources, always considering and balancing the impacts of new resources and new transmission on affordability, and grid reliability and resilience. SJCE also supports the recommendations presented by Sonoma Clean Power to help address current pricing, transmission, and project availability challenges facing geothermal development, including strategically planning transmission for commercially viable geothermal resources that align with buyer needs, as well as other strategies to improve project development and market readiness.[4]

Conclusion

SJCE is supportive of facilitating the development of geothermal power in a manner that supports affordability, reliability, resilience and decarbonization. The CEC and other California state agencies should continue to work to reduce development barriers, improve market conditions, and expand collaboration among state agencies, developers, interconnection utilities, and LSEs. SJCE appreciates the opportunity to provide these comments and looks forward to continued collaboration to advance geothermal development.

Yours,

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[4] Geothermal Resource & Transmission Planning for California. Ryan Tracey, Sonoma Clean Power.