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The Little Hoover Commission
925 L Street, Suite 805
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June 25th, 2015

Dear Little Hoover Commission Staff and Commissioners,

As the Commission continues to review the challenges surrounding the mitigation and restoration of the Salton Sea, the Geothermal Energy Association encourages this Commission to explore geothermal energy development as an integral component to overcome the environmental and funding challenges associated with the sea's restoration. Future geothermal development at the Salton Sea Known Geothermal Resource Area (SSKGRA) could help mitigate the looming environmental catastrophe by arresting air quality issues and offering revenue streams for habitat development. In addition, revenues, taxes and royalties generated from geothermal development can provide income for state and local treasuries to finance education and infrastructure in Southern California as well as environmental mitigation so desperately needed for the communities in Imperial Valley.

By any measure, the SSKGRA has significant untapped geothermal power potential. The SSKGRA, according to the CEC's 2004 report, has a most likely field generation capacity of 1750 MW.¹ A more recent 2013 study by EES Consulting concluded that "The total economic and achievable resource potential near the Salton Sea is estimated at 2,000 MW for projects located on Imperial Irrigation District, federal, and privately owned land."²

The typical 20 MW geothermal facility will generate \$6.3 to \$11 million dollars in property taxes for state and local governments over the lifetime of the facility. Building out the remaining geothermal resources at the Salton Sea could generate \$10 to \$20 billion dollars in property taxes over the next 30-50 years which could be allocated to mitigate the environmental challenges of a receding sea.

Existing geothermal plants paid about \$26 million in Rents and Royalties to state, federal and local governments nationwide in 2014 of which quarter (about \$19.5 million) is returned to benefit state and local county governments. Many geothermal resources in California are located on federal lands. Expanding the use of geothermal resources in the state would grow the rents and royalties state and local governments receive as well.

Lastly, the economic value of producing electricity from these resources would be substantial. GEA estimates that if geothermal development of an additional 2,000MW's is realized, the development

¹ <http://www.energy.ca.gov/reports/500-04-051.PDF>

² <http://www.iid.com/home/showdocument?id=8464>

would create 2,340 permanent jobs at the area's power plants, and would employ 6,200 highly skilled construction workers.

Of course, while revenues and jobs are important, they represent only some of the benefits geothermal development would have to the region. As the sea recedes landscape-level planning from geothermal development can help control particulate matter pollution that would normally be released if development had not occurred on the same parcel of land. Geothermal power has one of the smallest footprints on the environment and has operational values that support an efficient and reliable power system. Geothermal power provides high value, clean, baseload power that can substitute for coal or nuclear plants megawatt for megawatt to help accomplish the Governor's climate goals. Geothermal power uses transmission lines 24/7, unlike other renewable technologies that consume only a fraction of the transmission capacity on a round-the-clock basis and has other energy security and environmental values. For example, the externality value to the state from this additional generation could add \$100 million annually in public health and environmental benefits.

In conclusion, recognizing geothermal development as an opportunity to mitigate environmental challenges with a receding Salton Sea has significant economic and environmental benefits that the Commission should embrace.

Sincerely,

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The Geothermal Energy Association (GEA) is a trade association comprised of over 100 U.S. companies that support the expanded use of geothermal energy and are developing geothermal resources worldwide and in California for electrical power generation and direct-heat uses. GEA advocates for public policies that will promote the development and utilization of geothermal resources, provides a forum for the industry to discuss issues and problems, encourages research and development to improve geothermal technologies, presents industry views to governmental organizations, provides assistance for the export of geothermal goods and services, compiles statistical data about the geothermal industry, and conducts education and outreach projects.