

Geothermal report shows growth, need for consistency

Elizabeth Varin, Imperial Valley Press, 4-4-12

Though geothermal development faces particular permitting and transmission challenges in the Imperial Valley, a new report shows it's still steadily growing.

The geothermal industry has continued to advance, rebuilding from the lack of development in the '90s and early 2000s. However, there are potential problems with inconsistent government policies, according to a report released Tuesday by the Geothermal Energy Association.

The report gives a snapshot of where the geothermal industry is, said association Executive Director Karl Gawell.

The group has produced annual reports for the past six years, and this year, there seems to be a lot of uncertainty with ending tax credits.

Federal tax credits are set to expire at the end of next year, but officials Tuesday said that economic incentives that only last a couple of years mean many new geothermal power plants cannot count on federal help, Gawell said.

"Most plants need between four and eight years of lead time before the geothermal resource is on tap," he said. "As Washington debates whether or not to extend renewable energy tax incentives, the industry struggles to continue steady growth. Stable tax credit policies would further enhance this development."

Geothermal production, though, has still seen growth in the last year, he added.

In 2011 and the first quarter of 2012 five geothermal projects have come online nationwide, producing about 91 megawatts of power, said Dan Jennejohn, research associate with the association. It brings the current U.S. installed generation to 3,187 megawatts.

The report looks not only at the new projects, but those in development as well, he said. About 150 projects are in the pipeline.

More than 2,000 megawatts are planned for development, Gawell said. Of that, 950 megawatts of power are in the advanced stages of development, drilling and construction.

California leads in geothermal development, having about 2,615 megawatts already on line, with another 2,000 megawatts in development, according to the report. A major development within the past year in the Imperial Valley was the completion of Energy Source's 49.9-megawatt facility, Hudson Ranch 1.

It's the first new geothermal plant to be built in the Salton Sea geothermal reservoir in the past 20 years, said Derek Benson, director of power development for Energy Source. The plant is anticipated to produce enough energy to power 40,000 to 50,000 homes.

Construction began in May 2010, creating about 200 jobs, he said. Now the site employs about 55 people. Both those numbers are important considering this area has the highest unemployment rate.

Energy Source is hoping to continue the momentum from Hudson Ranch 1 into its next project, another 49.9-megawatt facility, Benson said. The company will begin drilling wells in the middle of this year, with construction beginning on the plant in 2013 and energy production starting in 2015.

The biggest challenges in the Imperial Valley are the permitting process, he said. It's such a long process in the state, but the Valley itself offers one of the better locations to do permitting.

There's a long history of geothermal in the Valley, and the community seems to appreciate the contributions geothermal gives, he said.

Beyond permitting, added Paul Thomsen with Ormat Technologies, one of the issues renewable energy developers are facing is a lack of transmission. Though the development Ormat has put into place in the past year hasn't been in the Valley, it has advanced two projects, an expansion of a facility in Hawaii and a new 18-megawatt project in Nevada.

Overall the relationship between the company and local agencies like the Imperial Irrigation District and the county have been good, he said. But as the company looks to bring other large projects on line and sell them onto the California Independent System Operators, they have to make sure the transmission is in place.