

## Methods to Improve Geothermal Project Development

SMU Geothermal Energy Utilization Associated with Oil and Gas Development

Elias Hinckley

Venable LLP

© 2009 Venable LLP

## VENABLE<sup>®</sup>ILP

### Challenges to the Geothermal Industry

- Knowledge of the industry
- Perceived cost
- Time to in service
- Limited pool of experienced professionals
- Project scale
- Remote resource location

#### **Opportunities for Improvement**

- Industry outreach
- Complementary experience pools
- Larger project portfolios
- Distributed applications
- Less policy support dependence

## VENABLE<sup>\*</sup>LLP

# Challenges to Resource Identification and Development

- Available resource information
- Pre-drilling resource assessment tools
- Dry holes
- Cost to prove resource
- Exploration permitting

#### **Opportunities for Improvement**

- DOE initiatives national resource database and co-funded drilling program
- Larger project portfolios
- Technical innovation
- Leverage complementary technologies

## VENABLE

# Challenges with Drilling and Facility Construction

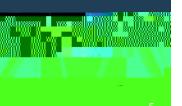
- Lack of pricing premium in power purchase agreement negotiations
- Weakness in tax equity and project finance markets
- IDC vs. traditional tax equity positions
- Lack of stability/certainty in incentive and regulatory support policies

#### **Opportunities for Improvement**

- Define a premium for baseload/shapable nonemitting output
- New lending and tax equity participants
- Positioning in energy policy reform

VENABLE<sup>\*</sup>

## Questions?



© 2009 Venable LLP

## VENABLE<sup>\*</sup>

