Geothermal SPRITE Project Reimbursement Resolution

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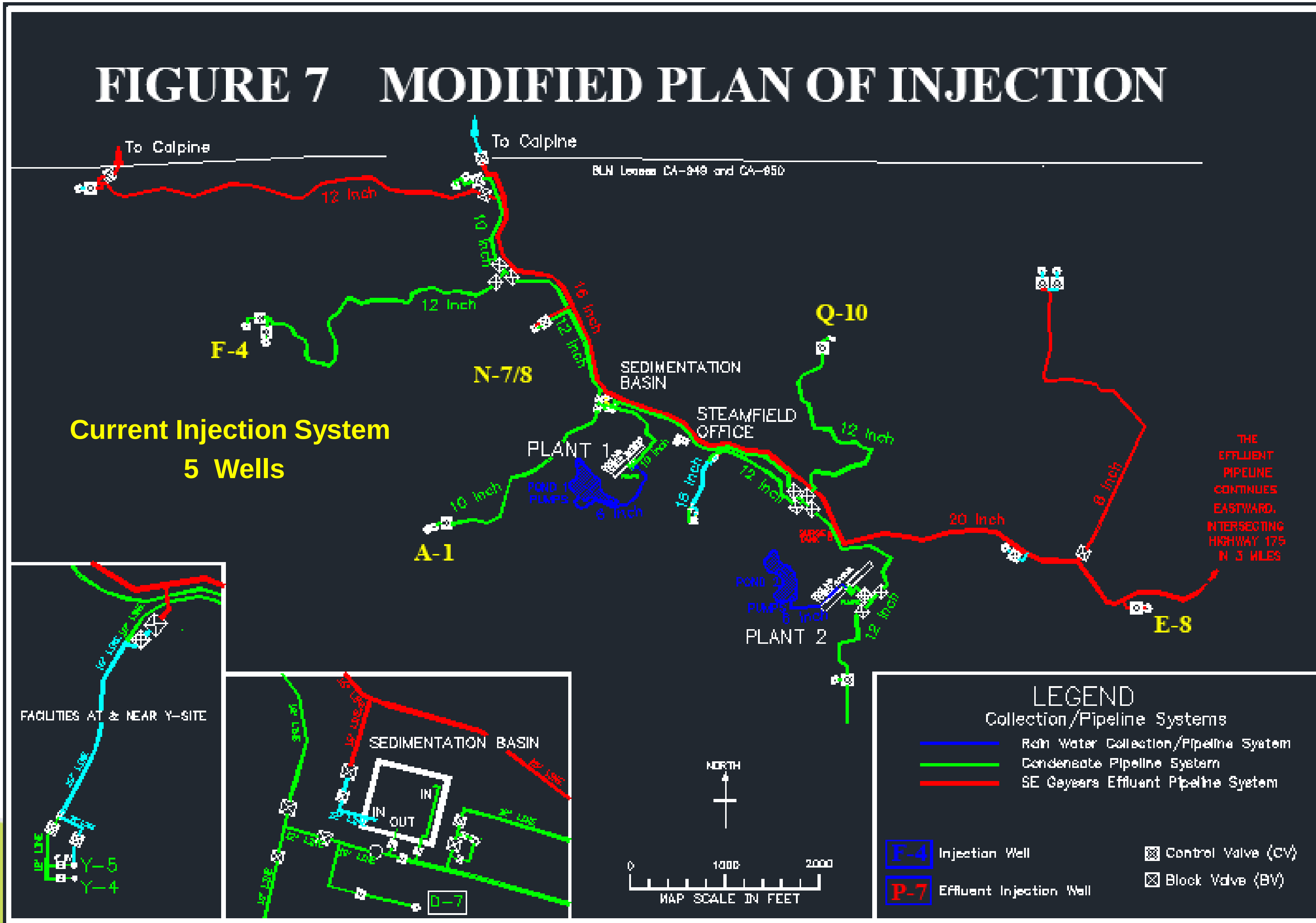
GEO – SPRITE Well Program

- **L-T efficiency drilling program for Geothermal energy**
- 10 to 15 MW of additional future generation
  - If proven, the life extension of Geo
- Added in the FY27 budget
- Funding sources
  - Cash
  - ***Public Benefit (PGC) funds due to the project being R&D***
  - Bonds (future)
- Approx. cost of ~$77M

Shallow **P**ercolation for **R**eservoir **I**njection and **T**hermal **E**nhancement

FIGURE 7 MODIFIED PLAN OF INJECTION



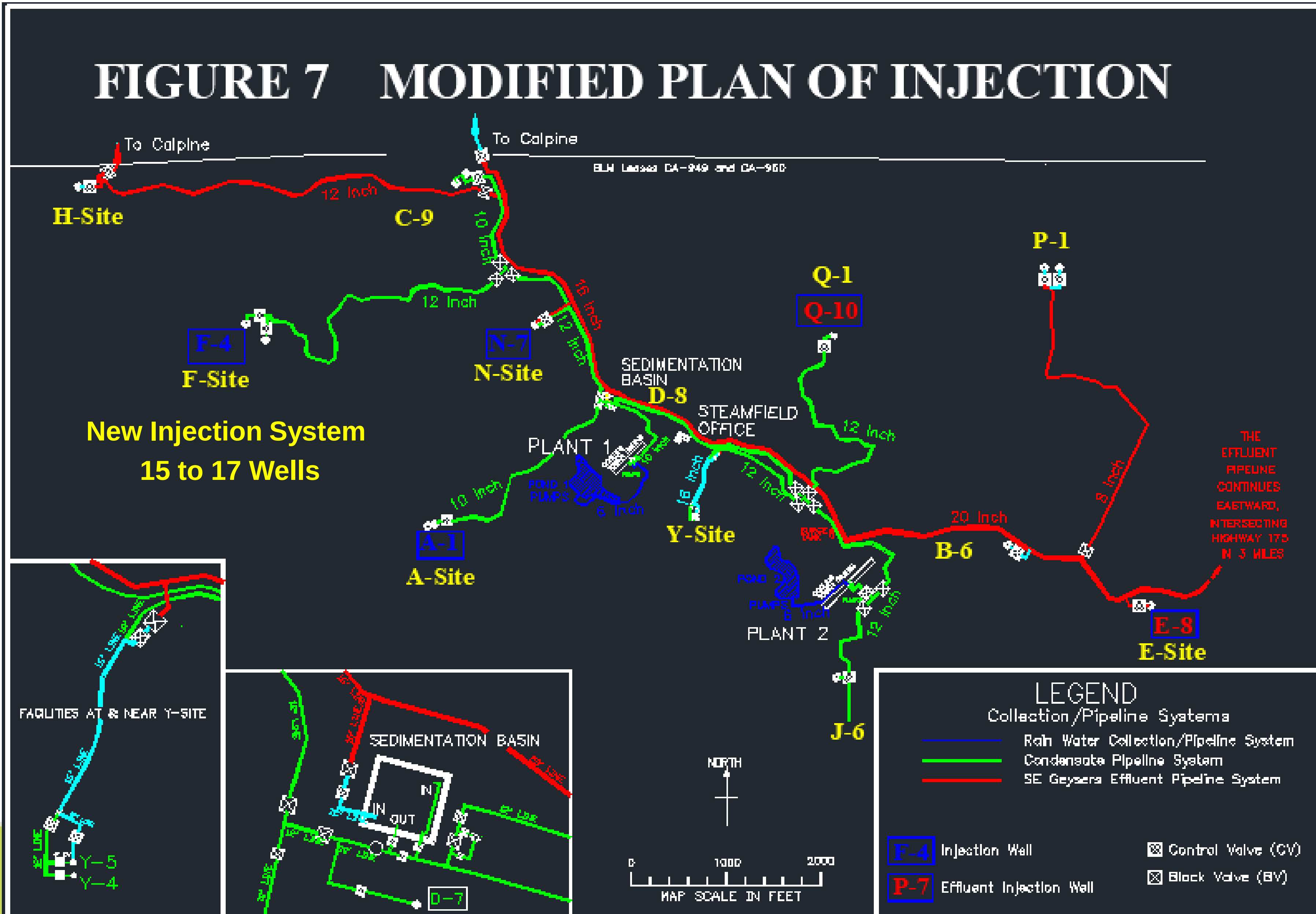


FIGURE 7 MODIFIED PLAN OF INJECTION
To Calpine
To Calpine
BLM Leases CA-949 and CA-950
H-Site
C-9
12 Inch
10 Inch
12 Inch
16 Inch
12 Inch
F-4
F-Site
N-7
N-Site
P-1
Q-1
Q-10
SEDIMENTATION BASIN
D-8
STEAMFIELD OFFICE
12 Inch
New Injection System
15 to 17 Wells
PLANT 1
10 Inch
6 Inch
16 Inch
12 Inch
8 Inch
A-1
A-Site
Y-Site
20 Inch
B-6
THE EFFLUENT PIPELINE CONTINUES EASTWARD, INTERSECTING HIGHWAY 175 IN 3 MILES
PLANT 2
12 Inch
E-8
E-Site
J-6
FACILITIES AT & NEAR Y-SITE
Y-5
Y-4
SEDIMENTATION BASIN
IN
OUT
D-7
NORTH
0
1000
2000
MAP SCALE IN FEET
LEGEND
Collection/Pipeline Systems
Rain Water Collection/Pipeline System
Condensate Pipeline System
SE Geysers Effluent Pipeline System
F-4 Injection Well
P-7 Effluent Injection Well
Control Valve (CV)
Block Valve (BV)

Injection Well – High Level Scope

1. 2027 - C-9 (Bridged off) 6,000 Depth - Conversion to Injector (CTI) - Well Workover **(5M).** Improve Condensate Injection Capability to the East Side of the Field from Plant #2. **(200K)**
2. 2028 – C-9 Tracer Study. Review recovery
3. 2029 Q-1 (Stuck Drill Pipe) Conversion to Injector (CTI) - Well Workover **(5.5M).** Injection Line from Plant #2 to B-Site **(1.5M).** Extension of Injection Line from B-Site to E-Site **(200K)** – Flip F4 to Production +0.5MW
4. 2030 - B-6 (Stuck Drill Pipe) Conversion to Injector (CTI) - Well Workover
5. 2031 - P-1 (Open Hole / Need to Run Liner) Conversion to Injector (CTI) - Well Workover
6. 2032 - D-8 (Open Hole / Need to Run Liner) Conversion to Injector (CTI) - Well Workover
7. 2033 - J-6 (Parted Casing) Conversion to Injector (CTI) - Well Workover
8. 2034 - Y-3,4 or 5 Site (Low Flow Injector) Conversion to Injector (CTI)
9. 2035 - A-Site Conversion to Injector (CTI)
10. 2036 - F-Site New Injector
11. 2037 - E-Site New Injector

GEO – SPRITE Well Program – Funding Plan

Capital Cost	Sum of Cash Flows	Fiscal Year Funding Estimate FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036	FY 2037
Capital Cost	(76,999,786)	(5,200,000)	0	(7,192,500)	(6,891,738)	(6,097,948)	(6,311,377)	(6,532,275)	(6,532,275)	(6,532,275)	(12,854,700)	(12,854,700)
P&I Repayment	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0
Total Cost	**(76,999,786)**	**(5,200,000)**	**0**	**(7,192,500)**	**(6,891,738)**	**(6,097,948)**	**(6,311,377)**	**(6,532,275)**	**(6,532,275)**	**(6,532,275)**	**(12,854,700)**	**(12,854,700)**

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	Sum of Cash Flows	Fiscal Year Funding Estimate										
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Capital Cost	(76,999,786)	(5,200,000)	0	(7,192,500)	(6,891,738)	(6,097,948)	(6,311,377)	(6,532,275)	(6,532,275)	(6,532,275)	(12,854,700)	(12,854,700)
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Other	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0
Total Cost	**(76,999,786)**	**(5,200,000)**	**0**	**(7,192,500)**	**(6,891,738)**	**(6,097,948)**	**(6,311,377)**	**(6,532,275)**	**(6,532,275)**	**(6,532,275)**	**(12,854,700)**	**(12,854,700)**

Go / No Go
Timeframe

1. Continue with yearly funding

or

2. Issue bonds

Will the participants want to recover funds spent in FY29-FY31?

Reimbursement Resolution

- Required by federal tax regulations
- Provides NCPA's "official intent" to reimburse Participants from future bond proceeds
  - If NCPA and Participants continue to advance the SPRITE project and use a bond sale for (previous) and future expenses
  - **Preserves the right** to reimburse Participants from [any] spent funds regarding the Project
  - Action doesn't obligate a bond sale
- Reasonably expected maximum principal amount of the "Obligations" is $77,000,000
- Exhibit A describes the general character, type, purpose, and function of the Geo SPRITE Project

Reimbursement Resolution – Core Rules & Timing

- **60-day Rule**: The resolution must generally be passed no later than 60 days after paying the original expense
  - We are not concerned about this rule since we would be looking at expenses incurred in FY2029. Most participants are using their Public Benefit Funds for the initial expenses. Soft costs have no time limit rule
- **18-month Rule**: Bonds must typically be issued within 18 months of the original payment or when the project is finished
  - A bond sale would be targeted between FY2030 and FY2031, but when the well was placed "into service" will need to be determined
- **3-Year Maximum**: Reimbursements cannot exceed 3 years from the original expenditure date in most standard cases
  - We anticipate recovering funds spent between FY2029 and FY2031 via bond proceeds, including the balance of estimated expenditures

GEO – SPRITE Well Program – Funding Plan

	Sum of Cash Flows	Fiscal Year Funding Estimate										
Capital Cost		FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036	FY 2037
Capital Cost	(76,999,786)	(5,200,000)	0	(7,192,500)	(6,891,738)	(6,097,948)	(6,311,377)	(6,532,275)	(6,532,275)	(6,532,275)	(12,854,700)	(12,854,700)
P&I Repayment	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0
Total Cost	**(76,999,786)**	**(5,200,000)**	**0**	**(7,192,500)**	**(6,891,738)**	**(6,097,948)**	**(6,311,377)**	**(6,532,275)**	**(6,532,275)**	**(6,532,275)**	**(12,854,700)**	**(12,854,700)**

Capital Cost		Beginning Year 2027	Ending Year 2028	Ending Year 2029	Ending Year 2030	Ending Year 2031	Ending Year 2032	Ending Year 2033	Ending Year 2034	Ending Year 2035	Ending Year 2036	Ending Year 2037
Capital Cost	(76,999,786)	(5,200,000)	0	(7,192,500)	(6,891,738)	(6,097,948)	(51,617,600)	0	0	0	0	0
P&I Repayment	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0
Total Cost	**(76,999,786)**	**(5,200,000)**	**0**	**(7,192,500)**	**(6,891,738)**	**(6,097,948)**	**(51,617,600)**	**0**	**0**	**0**	**0**	**0**

Issue ~$77+ million in bonds (project costs and COI) while recovering an estimated $14-20 million of spent funds

Questions?

Reimbursement Resolution – Next Steps

- Legal Committee
  - Jane will review the Reimbursement Resolutions to address any concerns, comments, and edits prior to November 10
- Finance Committee – November 10
  - Target date for Commission recommendation
- Pending Commission approval, Geo participants will need to take the Reimbursement Resolution to their governing body for approval