





# Geothermal Regulation

- } By-product

- } TEX. NAT. REC. CODE § 141.003

- } (4) “Geothermal energy and associated resources” means:

- } (A) products of geothermal processes, embracing indigenous steam, hot water and hot brines, and geopressured water;
    - }





# Geothermal Regulation

- } Tax Code – “incidentally produced”
  - } TEX. TAX CODE §§ 201.060 & 201.063
  - } Oil and gas “incidentally produced” through production of geothermal energy resources are exempt from their Production Taxes
  - } But, see Comptroller’s Rules













# Geothermal Regulation

} General Land Office

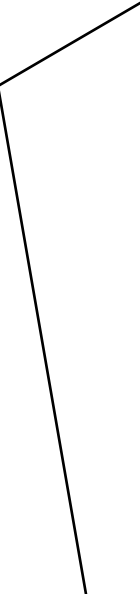
}













# Legal Issues

- } The Rule of Capture
  - } Texas recognizes ownership in place of resources, but Texas also recognizes absolute ownership at the surface of a rightful well
  - } If a rightful well drains a neighboring tracts resources, the neighbor has no cause of action. The neighbor's recourse is to drill and produce
  - } What about heat?







# Legislative Update

- } HB 3583 (Strama)
  - } Would restructure our RPS to give incentives to renewables capable of serving peak demand
    - } 10,880 by 2022
      - } 5,000 from sources capable of serving peak demand
      - } 5,880 from other renewable sources
- } HB 3701 (Lucio III)
  - } Would require cooperatives to allow interconnection of distributed renewable generation





# ERCOT Interactions

- } Electric Reliability Council of Texas, Inc.
  - } Operates the transmission (>60kv) grid representing 85% of Texas load
  - }





# ERCOT Interactions

- } Likely interactions

- } Interconnection

- } <10MW = PUCT substantive rule 25.211- 212

- } >10MW = ERCOT Planning Guide Section 5

- } Membership

- } Representation on TAC and Board

- } Locational Marginal Price



# ERCOT Interactions

- } ERCOT does not have a preference for any particular type of generation
  - } Our concern is reliability
- } ERCOT is available to help developers understand any of our requirements or processes answer questions about options to market output
- } Joel Mickey
  - } Director, Market Design and Development
  - } [jmickey@ercot.com](mailto:jmickey@ercot.com)
  - } (512) 248-3925



Questions?