

## CASE STUDY

# Cape Station Geothermal Development

**\$146MM TOTAL FINANCING**

**BEAVER COUNTY, UTAH**



*This case study examines the financing provided to support the Cape Station project in Beaver County Utah, the world's largest Next Gen Geothermal Project.*

*Cape Station subsurface is part one of a multi-phased development that will create 100 MW of installed capacity and is part of a total project that will supply around-the-clock power to the grid by 2026 and 400 MW of installed capacity by 2028.*

## THE PROJECT

The project involves the construction of multiple power plant facilities, field gathering, and generator tie lines, as well as geothermal wells for the purpose of providing firm, renewable energy to utilities in California. This is the sponsor's first utility-scale, greenfield energy project.

## THE SPONSOR



Fervo Energy Company is the sponsor and the leader in next-generation geothermal energy. The company was founded in 2017 with support from the Stanford TomKat Center.

## THE SOLUTION

Fervo Energy was seeking \$100MM in bridge financing during the pre-development and construction phase of the project. XRA, LLC, an affiliate of X-Caliber Rural Capital, provided a \$65MM loan to fund development costs associated with the sub-surface development (geothermal wells, pads, roads and associated infrastructure) as well as a \$35MM loan to fund development costs associated with the surface development (power plants and associated energy collection and distribution infrastructure). Later in the project, XRA LLC funded an

additional \$46MM to help close out funding for Cape Station PHASE I, bringing the total financing to \$146MM.

The Cape Station project is considered an industry benchmark initiative and was recently one of three enhanced geothermal systems (EGS) projects selected for up to \$60 million in funding from the Department of Energy's EGS Pilot Demonstrations program.

The project is already contracted to deliver up to 400 MW of renewable energy to utilities in California that will supply hundreds of thousands of local homes with power. In addition, multiple phases of development at Cape Station are expected to produce 6,600 construction jobs and 160 full-time positions.

## COMMUNITY BENEFITS

Cape Station is located approximately 7.5 miles northeast of the City of Milford - midway between Las Vegas and Salt Lake City and around 30 miles west of Interstate 15.

Cape Station is poised to invest \$1.1 billion into supply chains and local businesses, driving critical growth in the county. Cape Station will become a major asset to the Milford Valley, revitalizing the local economy and providing employment opportunities for its diligent residents.

## FOR THE ENVIRONMENT

The Cape Station geothermal project will provide significant environmental benefits to the local area. As a renewable energy source, once it is fully operational, it will generate 400 MW of clean, carbon-free baseload electricity, providing a major source of emissions-free power to the grid.

Geothermal energy has a very small environmental footprint compared to fossil fuel power plants. The project has undergone an Environmental Assessment and received a Finding of No Significant Impact from the Bureau of Land Management, ensuring minimal environmental impact across operations.

Researchers estimate the southwest Utah region contains over 10 GW of high-quality geothermal reserves, and Cape Station will benefit from the Department of Energy's Frontier Observatory for Research in Geothermal Energy which has advanced geothermal development in the area over the past six years. By tapping into this clean, renewable geothermal energy, the Cape Station project will displace electricity generation from polluting fossil fuels, reducing greenhouse gas emissions and air pollution that harm the environment.

California has a mandate to add 1,000 MW of non-weather dependent, 80%+ capacity factor renewable power by 2026, the federal government has set a target of only sourcing power from non-carbon emitting sources by 2030, and 13 states have goals to achieve 100% renewable power by 2050.

## AT A GLANCE

**\$100MM**  
Bridge Loan for  
Phase 1

**\$46MM**  
Close Out Funding  
for Phase 1

**6,600**  
Construction Jobs\*

**160 FTE\***

Will Produce  
**\$437MM in Wages\***

Carbon-Free, Baseload  
Electricity Production



*"Fervo's rapid drilling advancements, 15-year fully contracted offtake from investment grade buyers, firm transmission rights, approval of nearly all required permits, and procurement of all major electrical equipment demonstrates why Fervo is an ideal candidate for project-level debt financing," says Tim Latimer, CEO and co-founder of Fervo Energy. "This financing confirms that commercial scale EGS is a today resource, with continued and significant growth potential in the coming years."*

## BORROWER BENEFITS

The funding provided by XRA, LLC provides several key benefits:

- The \$100MM will enable Fervo to accelerate the deployment and construction of the Cape Station project.
- It will support Fervo's continued drilling operations and bringing the project's first phase online to start delivering 90 MW of clean electricity to the grid by 2026. The total project is designed to deliver 400 MW of capacity by 2028.
- The funding unlocks Fervo's ability to scale up deployment of their next-generation enhanced geothermal system (EGS).
- The funding validates Fervo's EGS approach and the commercial viability of their geothermal business model and allows them to rapidly scale their breakthrough geothermal technology, leverage expertise from oil and gas, and establish their flagship Cape Station project as a model for next-generation geothermal deployment.