

NewNet News - US Geothermal contracts TAS Energy to construct first phase of San Emidio project under \$30m project loan

21 July 2010



US Geothermal, an NYSE-listed company that produces and sells geothermal energy from the projects it develops, has contracted Texan engineering, procurement and construction company TAS Energy to manufacture the first phase of its San Emidio geothermal project under a \$30m loan.

Scheduled to become commercially operational in the last segment of 2011, the first phase of the project includes the construction of a new 8.6MW water-cooled modular binary cycle plant at the Nevada-based project.

The parties established an exclusivity period to negotiate the final terms of the deal and the loan is expected to be repaid with long term-financing from available sources such as the Department of Energy's (DOE) loan guarantee programme, said US Geothermal.

'This is a fully financed, turnkey engineering, procurement and construction arrangement,' said Daniel Kunz, president and CEO of US Geothermal.

He said starting construction of the net 35MW San Emidio project this year will ensure it qualifies for the 30 per cent investment tax credit cash grant.

The first phase does not require well drilling as production and injection wells, which are currently in use by the existing San Emidio power plant, will be replaced with the new plant, the company said

US Geothermal has planned to complete the \$200m San Emidio project in two phases of development. The first \$30m phase is planned to have a net capacity of 8.6MW and the second \$170m phase, which the company said it expects to complete in late 2013, is planned to have a 26.4MW net capacity.

The second phase of the reservoir resource expansion efforts are already underway using funding assistance from a \$3.77m DOE Innovative Exploration Grant awarded to US Geothermal in 2009, the company revealed.

Approximately 3MW of the first phase's output until 2017 is already sold under the terms of an existing power purchase agreement with Sierra Pacific, a subsidiary of NV Energy.

US Geothermal said it is negotiating with a number of interested parties for a new 35MW power purchase agreement for the project.

Copyright © 2010 NewNet

Tags: [geothermal](#)

Leave a Reply