



Staff Report - Item 04

To: Sonoma Clean Power Authority Community Advisory Committee

From: Ryan Tracey, Director of Planning & Analytics
Geof Syphers, Chief Executive Officer

Issue: Recommend the Board Authorize the CEO or his Designee to Execute Memorandum of Understanding Agreements with GeoZone Private Partners and Initiate Negotiations of Public-Private Cooperation Agreements

Date: September 15, 2022

Recommended Action

Review and recommend that the Board delegate authority to the Chief Executive Officer or his designee to execute Memorandum of Understanding (MOU) agreements (substantially like the attached documents but subject to revisions approved by the CEO and reviewed by SCP's Special Counsel) and initiate negotiations of cooperation agreements with three private partners having a goal to develop new geothermal capacity in the Geothermal Opportunity Zone (GeoZone). Staff is recommending SCP pursue engaging with three private entities selected through a comprehensive solicitation and evaluation process:

- Eavor Inc.
- Chevron New Energies (CNE)
- Cyrq Energy

The MOUs establish a mutual intent between SCP and private partners to negotiate contractual agreements for developing new local geothermal resources or expanding capacity of existing geothermal resources while also collaborating on opportunities to seek grant funding, resolve technical and commercial uncertainties, and engage local stakeholders. Once negotiated, staff expects the cooperation agreements to commit private partners to develop geothermal resources that are aligned with GeoZone objectives and community needs, and in full compliance with all permitting obligations. In exchange, SCP will provide proactive stakeholder engagement, local political advocacy, serve as an intended customer and support the marketing of any excess

capacity beyond SCP's own needs. Staff will return to the Committee and Board with proposed cooperation agreements for approval as the next step.

Executing MOUs and starting negotiation of commercial agreements is within the authority delegated to the Chief Executive Officer. However, pursuing the proposed GeoZone partnerships is a major strategic decision for the agency. Accordingly, staff is asking the Board to explicitly vote to approve its recommended action.

Background

The Geothermal Opportunity Zone (GeoZone) was established by the SCP Board of Directors and the Boards of Supervisors in Sonoma and Mendocino Counties to explore expanding local geothermal power capacity. The purpose of the GeoZone is to develop the resources necessary to allow SCP to stop relying on natural gas power plants altogether. To that end, the GeoZone is seeking to sustain existing local geothermal production and add 500 MW of new geothermal capacity.

In early 2021, SCP engaged with active private developers and technology companies in the geothermal industry to identify opportunities to reinvigorate local geothermal development. Through this engagement, SCP confirmed its expectation that new technology offers the promise of delivering low-water, low-emission and affordable geothermal at-scale. Feedback from developers flagged common barriers to new development including commercial risk, stakeholder support, transmission, and permitting risks. The GeoZone public-private partnership is designed to proactively address these challenges: SCP offers on-the-ground stakeholder engagement, a commitment to negotiate for the purchase of power, and advocacy on state and local policy in exchange for a developer's commitment to utilize its technology and capital to develop new local geothermal resources that are compatible with GeoZone objectives and community values, and to offer new resources first to SCP.

The GeoZone initiative is inspired by a similar initiative undertaken by the Redwood Coast Energy Authority (RCEA) to mobilize local offshore wind development. RCEA selected private partners in 2018 to move offshore wind development forward. The partnership RCEA developed has been important in building the momentum that offshore wind currently enjoys in California electricity resource planning. Earlier this year, SCP and RCEA executed a Memorandum of Understanding (MOU) to collaborate on enabling development of transformative renewable energy projects along the Northern California. As part of that MOU, SCP and RCEA are sharing best practices in working with private entities on early strategic renewable energy project development, which will inform the development of GeoZone cooperation agreements.

Additional detail on the GeoZone initiative, including links to relevant agreements, the

solicitation protocol, and meetings notes can be found at <https://sonomacleanpower.org/geozone>.

Stakeholder Engagement

SCP understands that building early local support and responding to stakeholder feedback will be essential to accomplishing the objectives of the GeoZone. SCP endeavors to build resources in the GeoZone that support the community and surrounding environment while also creating new economic opportunity and skilled jobs.

SCP's interest in promoting stakeholder engagement motivated its decision to first ask the County of Sonoma and County of Mendocino to pass resolutions joining the GeoZone before soliciting interest from private industry. After both counties joined the GeoZone, SCP also assembled a group of impacted local agencies to discuss the initiative and respond to their concerns and capture opportunities.

SCP also hosted an in-person stakeholder engagement event on June 28, 2022 at the Advanced Energy Center where finalists from the private partner solicitation presented to representatives of local government, permitting authorities, unions and environmental organizations. SCP staff used feedback from the event to inform its recommendation on partnerships to pursue and published detailed notes from the event at: https://sonomacleanpower.org/uploads/documents/GeoZone_PreProject_Stakeholder_Input_2022_Jun_28_Summary.pdf

GeoZone projects will be subject to statutory permitting requirements, including compliance with the California Environmental Quality Act (CEQA). Approval of these MOUs is exempt from CEQA, and SCP will be filing a notice of exemption for each MOU if approved by the Board. If any GeoZone project moves forward, appropriate environmental review and public outreach will be conducted.

Private Partner Solicitation

SCP released a Request for Information (RFI) for prospective partners in the GeoZone on March 14, 2022. Responses to the RFI were due on April 29, 2022. A multi-discipline team including staff and experts in geology, air quality, water, geothermal development, business, and engineering completed a detailed review of proposals. A subsequent round of interviews offered the evaluation team the opportunity to ask detailed questions to ascertain technical and financial viability. Ultimately, the evaluation team recommends three finalists to proceed to a final stakeholder engagement round.

The stakeholder engagement round served two important purposes: it provided key stakeholders with an early opportunity to provide feedback on the direction of the GeoZone initiative and allowed SCP staff to gauge the compatibility of proposals with the community and the responsiveness of potential private partners to public feedback. Following the engagement round, staff reconvened the evaluation team to discuss trade-offs between selecting one or more of the finalist proposals.

The three finalist proposals considered by staff for partnership are summarized below:

- **Eavor:** A Canadian geothermal technology company proposed use of its Advanced Closed Loop (ACL) Eavor-Loop technology in the GeoZone. Eavor-Loop involves drilling and connecting two deep multilateral wellbores to circulate fluid through deep granitic base rock. The fluid flows through a heat exchanger at surface connected to a binary power cycle that is also closed-loop with no operational emissions. Eavor's technology can target areas without permeability or water as long as heat and rock conductivity are present.
- **Chevron New Energies (CNE):** A subsidiary of Chevron proposed developing 500-700 MW of new geothermal capacity through a staged development plan including exploration wells, pilots, conventional geothermal projects, and Enhanced Geothermal Systems (EGS) and Advanced Closed Loop (ACL) development. Chevron New Energies plans to deploy its subsurface modeling expertise, well factory approach to cost reductions, financing capability, and California operating experience to achieve GeoZone objectives.
- **Cyrq Energy:** An established geothermal operator and development company in the Western US proposed deployment of thermal storage technology at existing or new geothermal resources at the Geysers. Thermal storage is heated from electric power during hours when the grid has significant solar production, and then the storage is dispatched to superheat the steam of geothermal plants to run the turbines more efficiently and reshape power supply to better match hourly market demand—improving the financial viability and flexibility of geothermal power.

SCP staff and the evaluation team found strong merit and potential risks in all three finalist proposals. Each proposal presented a different approach to meeting GeoZone objectives. Eavor's proposal was specific to a technology that carries less exploration risk and minimizes water use but is still under development. CNE's approach was to adapt the technology and development approach after investing in exploration and pilots, which carries more long-term permitting risk. Cyrq uses proven technology on existing surface equipment but will need to navigate a commercial arrangement with an existing operator at the Geysers.

Given both the strong potential and varying risks between the proposals, SCP staff and the evaluation team believe the best path forward is pursuing partnerships with all three finalists. Proceeding with three parallel approaches to enhancing local geothermal resources offers the best chance at achieving or exceeding the GeoZone objectives. Meanwhile, the need for renewable baseload power in California continues to grow and should all three proposals succeed, SCP is confident there will be a strong market for all of the developed geothermal power.

Next Steps

If the Board approves staff's recommendation to execute MOUs and begin negotiations with the three finalists, SCP will begin negotiating cooperation agreements to establish the roles and responsibilities for each signatory in seeking out opportunities for local geothermal development. Staff will benefit from the agreement RCEA signed with their partners for offshore wind as a guide. As each of these agreements are finalized, staff will return to the Committee for recommendation and the Board for approval. Staff is hopeful that all three agreements can be executed in the next several months.

Meanwhile, SCP will collaborate with each private partner in identifying potential grants, completing early consideration of potential sites, and begin discussions with state regulators and CAISO on transmission considerations for the GeoZone. Staff will continue providing updates to the Committee and Board as these activities progress.

One early target for GeoZone projects is CAISO's next interconnection application queue, which should open in April 2023. Staff is asking private partners to consider completing sufficient technical work to enable interconnection applications for at least demonstration-scale projects within this timeframe.

Attachments

- Memorandum of Understanding Between Sonoma Clean Power Authority and Eavor Inc., available at [this link](#) or by request to the Clerk of the Board
- Memorandum of Understanding Between Sonoma Clean Power Authority and Chevron New Energies, available at [this link](#) or by request to the Clerk of the Board
- Memorandum of Understanding Between Sonoma Clean Power Authority and Cyrq Energy, available at [this link](#) or by request to the Clerk of the Board

**MEMORANDUM OF UNDERSTANDING BETWEEN
SONOMA CLEAN POWER AUTHORITY
AND
EAVOR INC.
ESTABLISHING INTENT TO PARTNER IN DEVELOPMENT OF GEOTHERMAL
RESOURCES IN THE GEOTHERMAL OPPORTUNITY ZONE**

This Memorandum of Understanding (“MOU”) is entered into on the date of the last party signing below by Sonoma Clean Power Authority (“SCPA”) and Eavor Inc. (“Partner”), each individually a “Party” and collectively the “Parties”.

1. The Parties:

- a. SCPA is a California Joint Powers Authority and Community Choice Aggregator serving Sonoma and Mendocino Counties, whose members include the Counties of Sonoma and Mendocino, the Cities of Cloverdale, Petaluma, Rohnert Park, Sonoma, Cotati, Fort Bragg, Point Arena, Willits, Santa Rosa and Sebastopol, and the Town of Windsor.
- b. Partner is a geothermal technology company incorporated in the State of Delaware.

2. Background:

- a. SCPA established a Geothermal Opportunity Zone (“GeoZone”) on October 7, 2021 to explore the opportunity to develop local geothermal resources. Mendocino County passed a resolution establishing their membership in the GeoZone on December 7, 2021. Sonoma County passed a resolution to join the GeoZone on February 8, 2022.
- b. SCPA released a Request for Information (“RFI”) on March 14, 2022 soliciting private partners to enter into a public-private partnership seeking to enable 500 MW of incremental local geothermal resources in the GeoZone.
- c. Partner submitted a proposal in response to the SCPA’s RFI to develop new geothermal resources in the GeoZone. SCPA’s technical evaluation team selected Partner’s proposal as a finalist and recommended the SCPA Board approve an intent to negotiate a public-private partnership with Partner.
- d. Partner participated in a stakeholder workshop on June 28, 2022 and participants from organized labor, environmental advocacy organizations, local and state permitting agencies, and geothermal experts had an opportunity to ask questions and provide feedback.
- e. The Parties recognize that negotiation of a public-private partnership agreement may take time. During negotiation, several opportunities may arise such as grant applications, interconnection studies, environmental review and policy consideration where cooperation between Parties would be beneficial to the GeoZone.

3. Purpose:

The purpose of this MOU is to formally recognize the intent of the Parties to negotiate a public-private partnership agreement and work together in good faith for the purpose of developing new geothermal resources by Partner in the GeoZone.

4. Agreement:

As part of this Agreement, the Parties agree to work together:

- a. To negotiate without commitment or obligation to consummate the main elements of a public-private partnership agreement considering the terms that meet the needs of the Parties, their customers, members, owners and investors;
- b. To seek out and cooperate on mutually beneficial grant, tax credit or public funding opportunities that are consistent with the objectives of this MOU;
- c. To characterize surface ownership and thermal (aka 'mineral') resource ownership in the GeoZone and identify potential locations for new geothermal resources that are generally compatible with community objectives;
- d. To evaluate strategies for resource interconnection including possible application in the interconnection queue;
- e. To engage community stakeholders in identifying preferable locations and technologies for new resources in the GeoZone;
- f. To coordinate and cooperate with state and other relevant officials in ways that advance local geothermal resource development;
- g. To inform the other Party in a timely fashion of relevant developments that could affect or impact the objectives of this MOU, and;
- h. To identify and reasonably address the additional needs of either Party that may arise.

5. Termination:

This MOU will terminate for any or no reason upon notice from one Party to the other of its desire to so terminate the MOU. The date of such termination shall be as stated in said notice.

6. Amendment:

Parties may amend this agreement through a written amendment to this document executed by both Parties.

7. No Joint-Venture:

This MOU does not establish a joint venture, partnership, or business unit of any kind between the Parties, nor does it necessarily create a financial obligation on behalf of any Party. The Parties will pay their own costs and expenses (whether internal or out-of-pocket, and whether for legal, financial, technical or other consultants, or other purposes) in connection with the MOU. IN NO EVENT SHALL THE PARTIES OR ANY OF THEIR AFFILIATES AND/OR REPRESENTATIVES BE LIABLE FOR ANY LOST OR PROSPECTIVE PROFITS OR ANY OTHER CONSEQUENTIAL, INCIDENTAL, SPECIAL, PUNITIVE, INDIRECT OR EXEMPLARY DAMAGES UNDER OR IN RESPECT TO THIS MOU.

8. No Commitment:

This MOU does not commit the Parties to the development of any new geothermal resources in the GeoZone or otherwise, or commit the Parties to take any actions in connection with Section 4 of this MOU except such actions as may be agreed to by the Parties in their sole discretion, or commit the Parties to enter into a public-private partnership agreement, or any other agreement, except as may be mutually agreed between the Parties in their sole discretion.

9. Governing Law; Joint Powers Authority

This MOU is governed by, and construed in accordance with, the laws of the State of California.

Partner acknowledges and agrees that SCPA is organized as a Joint Powers Authority in accordance with the Joint Powers Act of the State of California (Government Code Section 6500 *et seq.*) and is a public entity separate from its members. SCPA shall solely be responsible for all commitments accruing and arising out of this MOU. Partner agrees that it shall have no rights and shall not make any claim, take any actions, or assert any remedies against any of SCPA's members in connection with this MOU.

IN WITNESS WHEREOF, each Party has caused this MOU to be duly signed and delivered, effective as of the date of the last Party signing.

SONOMA CLEAN POWER AUTHORITY:

Geof Syphers, Chief Executive Officer

Date: _____

EAVOR INC.:

John Redfern, President/Chief Executive Officer

Date: _____

**MEMORANDUM OF UNDERSTANDING BETWEEN
SONOMA CLEAN POWER AUTHORITY
AND
CHEVRON NEW ENERGIES, A DIVISION OF CHEVRON U.S.A. INC.
ESTABLISHING INTENT TO PARTNER IN DEVELOPMENT OF GEOTHERMAL
RESOURCES IN THE GEOTHERMAL OPPORTUNITY ZONE**

This Memorandum of Understanding (“MOU”) is entered into on the date of the last party signing below by Sonoma Clean Power Authority (“SCPA”) and Chevron New Energies, a division of Chevron U.S.A. Inc., a Pennsylvania corporation (“Partner”), each individually a “Party” and collectively the “Parties”.

1. The Parties:

- a. SCPA is a California Joint Powers Authority and Community Choice Aggregator serving Sonoma and Mendocino Counties, whose members include the Counties of Sonoma and Mendocino, the Cities of Cloverdale, Petaluma, Rohnert Park, Sonoma, Cotati, Fort Bragg, Point Arena, Willits, Santa Rosa and Sebastopol, and the Town of Windsor.
- b. Partner is an integrated energy company incorporated in the Commonwealth of Pennsylvania with headquarters in San Ramon, California.

2. Background:

- a. SCPA established a Geothermal Opportunity Zone (“GeoZone”) on October 7, 2021 to explore the opportunity to develop local geothermal resources. Mendocino County passed a resolution establishing their membership in the GeoZone on December 7, 2021. Sonoma County passed a resolution to join the GeoZone on February 8, 2022.
- b. SCPA released a Request for Information (“RFI”) on March 14, 2022 soliciting private partners to enter into a public-private partnership seeking to enable 500 MW of incremental local geothermal resources in the GeoZone.
- c. Partner submitted a proposal in response to the SCPA’s RFI to develop new geothermal resources in the GeoZone. SCPA’s technical evaluation team selected Partner’s proposal as a finalist and recommended the SCPA Board approve an intent to negotiate a public-private partnership with Partner.
- d. Partner participated in a stakeholder workshop on June 28, 2022 and participants from organized labor, environmental advocacy organizations, local and state permitting agencies, geothermal experts and other stakeholders had an opportunity to ask questions and provide feedback.
- e. The Parties recognize that negotiation of a definitive public-private partnership agreement and any related agreements may take time. During negotiation, several

opportunities may arise such as grant applications, interconnection studies, environmental review and policy consideration where cooperation between Parties would be beneficial to the GeoZone.

3. Purpose:

The purpose of this MOU is to formally recognize the intent of the Parties to negotiate a public-private partnership agreement and work together in good faith for the purpose of developing new geothermal resources by Partner in the GeoZone.

4. Agreement:

As part of this MOU, the Parties agree to work together:

- a. To negotiate without commitment or obligation to consummate a public-private partnership agreement considering the terms that meet the needs of the Parties, their customers, members, owners and investors;
- b. To seek out and cooperate on obtaining mutually beneficial grant, tax credit or public funding opportunities that are consistent with the objectives of this MOU;
- c. To characterize surface ownership and thermal (aka 'mineral') resource ownership in the GeoZone and identify potential locations for new geothermal resources that are conducive to successful geothermal heat and power production and generally compatible with community objectives;
- d. To evaluate strategies for resource interconnection including possible application in the California Independent System Operator interconnection queue;
- e. To engage community stakeholders in identifying preferable locations and technologies for new resources in the GeoZone;
- f. To coordinate and cooperate with state and other relevant officials in ways that advance local geothermal resource development;
- g. To inform the other Party in a timely fashion of relevant developments that could affect or impact the objectives of this MOU, and;
- h. To identify and reasonably address the additional needs of either Party that may arise.

5. No Commitment:

This MOU does not commit the Parties to the development of any new geothermal resources in the GeoZone or otherwise, or commit the Parties to take any actions in connection with Section 4 of this MOU except such actions as may be agreed to by the Parties in their sole discretion, or

commit the Parties to enter into a public-private partnership agreement, or any other agreement, except as may be mutually agreed between the Parties in their sole discretion.

6. Miscellaneous:

a. Termination:

This MOU will terminate for any or no reason upon thirty (30) days written notice from one Party to the other of its desire to so terminate the MOU. The date of such termination shall be as stated in said notice.

b. Amendment:

Parties may amend this agreement through a written amendment to this document executed by both Parties.

c. No Joint-Venture:

This MOU does not establish a joint venture, partnership, or business unit of any kind between the Parties, nor does it create a financial obligation or any liability on behalf of any Party. The Parties will pay their own costs and expenses (whether internal or out-of-pocket, and whether for legal, financial, technical or other consultants, or other purposes) in connection with the MOU. IN NO EVENT SHALL THE PARTIES OR ANY OF THEIR AFFILIATES AND/OR REPRESENTATIVES BE LIABLE FOR ANY INDIRECT DAMAGES, LOST OR PROSPECTIVE PROFITS OR ANY OTHER CONSEQUENTIAL, INCIDENTAL, SPECIAL, PUNITIVE, OR EXEMPLARY DAMAGES UNDER OR IN RESPECT TO THIS MOU.

d. Governing Law; Waiver of Jury Trial; Joint Powers Authority

This MOU is governed by, and construed in accordance with, the laws of the State of California. Each Party irrevocably waives all right to trial by jury in any action or proceeding arising out of or relating to the provisions of this MOU or the enforcement of any rights hereunder. Partner acknowledges and agrees that SCPA is organized as a Joint Powers Authority in accordance with the Joint Powers Act of the State of California (Government Code Section 6500 *et seq.*) and is a public entity separate from its members. SCPA shall solely be responsible for all commitments accruing and arising out of this MOU. Partner agrees that it shall have no rights and shall not make any claim, take any actions, or assert any remedies against any of SCPA's members in connection with this MOU.

e. Public Announcements

Each Party must submit proposed public notices, announcements or press releases regarding the execution of this MOU or its purpose to the other Party for prior review and approval. If a Party is required to make any mandatory notice or announcement required under applicable law, then prior approval by the other Party is not required,

but such Party will use its reasonable efforts to allow the other Party reasonable time to comment on such notice or announcement in advance of its issuance. Public notices, announcements or press releases subject to this section shall not include SCPA's public agendas, agenda packets, and similar supporting documents.

IN WITNESS WHEREOF, each Party has caused this MOU to be duly signed and delivered, effective as of the date of the last Party signing.

SONOMA CLEAN POWER AUTHORITY:

Geof Syphers, Chief Executive Officer

Date: _____

**CHEVRON NEW ENERGIES, A DIVISION OF
CHEVRON U.S.A. INC.:**

Srimonto Ghosh, General Manager, Emerging

Date: _____

**MEMORANDUM OF UNDERSTANDING BETWEEN
SONOMA CLEAN POWER AUTHORITY
AND
CYRQ ENERGY INC.
ESTABLISHING INTENT TO PARTNER IN DEVELOPMENT OF GEOTHERMAL
RESOURCES IN THE GEOTHERMAL OPPORTUNITY ZONE**

This Memorandum of Understanding (“MOU”) is entered into on the date of the last party signing below by Sonoma Clean Power Authority (“SCPA”) and Cyrq Energy Inc. (“Partner”), each individually a “Party” and collectively the “Parties”.

1. The Parties:

- a. SCPA is a California Joint Powers Authority and Community Choice Aggregator serving Sonoma and Mendocino Counties, whose members include the Counties of Sonoma and Mendocino, the Cities of Cloverdale, Petaluma, Rohnert Park, Sonoma, Cotati, Fort Bragg, Point Arena, Willits, Santa Rosa and Sebastopol, and the Town of Windsor.
- b. Partner is a geothermal developer, operator, and technology company headquartered in Salt Lake City, Utah.

2. Background:

- a. SCPA established a Geothermal Opportunity Zone (“GeoZone”) on October 7, 2021 to explore the opportunity to develop local geothermal resources. Mendocino County passed a resolution establishing their membership in the GeoZone on December 7, 2021. Sonoma County passed a resolution to join the GeoZone on February 8, 2022.
- b. SCPA released a Request for Information (“RFI”) on March 14, 2022 soliciting private partners to enter into a public-private partnership seeking to enable 500 MW of incremental local geothermal resources in the GeoZone.
- c. Partner submitted a proposal in response to the SCPA’s RFI to develop new geothermal resources in the GeoZone. SCPA’s technical evaluation team selected Partner’s proposal as a finalist and recommended the SCPA Board approve an intent to negotiate a public-private partnership with Partner.
- d. Partner participated in a stakeholder workshop on June 28, 2022 and participants from organized labor, environmental advocacy organizations, local and state permitting agencies, and geothermal experts had an opportunity to ask questions and provide feedback.
- e. The Parties recognize that negotiation of a public-private partnership agreement may take time. During negotiation, several opportunities may arise such as grant applications, interconnection studies, environmental review and policy consideration where cooperation between Parties would be beneficial to the GeoZone.

3. Purpose:

The purpose of this MOU is to formally recognize the intent of the Parties to negotiate a public-private partnership agreement and work together in good faith for the purpose of developing new geothermal resources by Partner in the GeoZone.

4. Agreement:

As part of this Agreement, the Parties agree to work together:

- a. To negotiate without commitment or obligation to consummate the main elements of a public-private partnership agreement considering the terms that meet the needs of the Parties, their customers, members, owners and investors;
- b. To seek out and cooperate on mutually beneficial grant, tax credit or public funding opportunities that are consistent with the objectives of this MOU;
- c. To characterize surface ownership and thermal (aka 'mineral') resource ownership in the GeoZone and identify potential locations for new geothermal resources that are generally compatible with community objectives;
- d. To evaluate strategies for resource interconnection including possible application in the interconnection queue;
- e. To engage community stakeholders in identifying preferable locations and technologies for new resources in the GeoZone;
- f. To coordinate and cooperate with state and other relevant officials in ways that advance local geothermal resource development;
- g. To inform the other Party in a timely fashion of relevant developments that could affect or impact the objectives of this MOU, and;
- h. To identify and reasonably address the additional needs of either Party that may arise.
- i. The Parties will negotiate and execute a mutually agreeable non-disclosure or similar agreement that will govern any confidential information disclosed as a result of this MOU.

5. Termination:

This MOU will terminate for any or no reason upon notice from one Party to the other of its desire to so terminate the MOU. The date of such termination shall be as stated in said notice.

6. Amendment:

Parties may amend this agreement through a written amendment to this document executed by both Parties.

7. No Joint-Venture:

This MOU does not establish a joint venture, partnership, or business unit of any kind between the Parties, nor does it necessarily create a financial obligation on behalf of any Party. The Parties will pay their own costs and expenses (whether internal or out-of-pocket, and whether for legal, financial, technical or other consultants, or other purposes) in connection with the MOU. IN NO EVENT SHALL THE PARTIES OR ANY OF THEIR AFFILIATES AND/OR REPRESENTATIVES BE LIABLE FOR ANY LOST OR PROSPECTIVE PROFITS OR ANY OTHER CONSEQUENTIAL, INCIDENTAL, SPECIAL, PUNITIVE, INDIRECT OR EXEMPLARY DAMAGES UNDER OR IN RESPECT TO THIS MOU.

8. No Commitment:

This MOU does not commit the Parties to the development of any new geothermal resources in the GeoZone or otherwise, or commit the Parties to take any actions in connection with Section 4 of this MOU except such actions as may be agreed to by the Parties in their sole discretion, or commit the Parties to enter into a public-private partnership agreement, or any other agreement, except as may be mutually agreed between the Parties in their sole discretion.

9. Governing Law; Joint Powers Authority

This MOU is governed by, and construed in accordance with, the laws of the State of California.

Partner acknowledges and agrees that SCPA is organized as a Joint Powers Authority in accordance with the Joint Powers Act of the State of California (Government Code Section 6500 *et seq.*) and is a public entity separate from its members. SCPA shall solely be responsible for all commitments accruing and arising out of this MOU. Partner agrees that it shall have no rights and shall not make any claim, take any actions, or assert any remedies against any of SCPA’s members in connection with this MOU.

IN WITNESS WHEREOF, each Party has caused this MOU to be duly signed and delivered, effective as of the date of the last Party signing.

SONOMA CLEAN POWER AUTHORITY:

Geof Syphers, Chief Executive Officer

Date: _____

CYRQ ENERGY INC.:

Nick Goodman, Chief Executive Officer

Date: _____