

HOUSE BILL REPORT

ESSB 5470

As Reported by House Committee On: Environment

Title: An act relating to advancing the development of renewable energy by improving the permitting process for geothermal resources exploration.

Brief Description: Advancing the development of renewable energy by improving the permitting process for geothermal resources exploration.

Sponsors: Senate Committee on Energy, Environment & Telecommunications (originally sponsored by Senators Brown, Hobbs, Rivers, Becker, Takko, Ericksen, Honeyford and Schoesler).

Brief History:

Committee Activity:

Environment: 3/16/17, 3/27/17 [DPA].

Brief Summary of Engrossed Substitute Bill (As Amended by Committee)

- Eliminates public notice requirements associated with drilling geothermal wells.
- Requires a person drilling multiple core holes for purposes of gathering geothermal test data to pay a single permit fee of \$200 to the Department of Natural Resources.
- Eliminates public hearing and notice requirements associated with geothermal core holes that penetrate at least 750 feet into bedrock or that result in the discovery of geothermal energy.

HOUSE COMMITTEE ON ENVIRONMENT

Majority Report: Do pass as amended. Signed by 9 members: Representatives Fitzgibbon, Chair; Peterson, Vice Chair; Taylor, Ranking Minority Member; Maycumber, Assistant Ranking Minority Member; Buys, Dye, Fey, Kagi and McBride.

Staff: Jacob Lipson (786-7196).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background:

Geothermal Wells.

The Department of Natural Resources (DNR) is responsible for administering and enforcing state laws related to the drilling, operation, maintenance, abandonment, and restoration of geothermal resources.

A permit must be issued by the DNR before any person may drill a new well, or redrill an abandoned well, that is to be used for geothermal resource extraction. Permits are only approved by the DNR if the well is found to be in the best interest of the state and if the well will not unreasonably decrease groundwater available to senior water right holders.

When the DNR receives an application to drill or redrill a well for geothermal resource extraction, the DNR must hold a public hearing on the application in the county of the well. Public hearing notices must be published twice in a newspaper of general circulation within the county.

The fee for a permit to drill, redrill, or deepen a geothermal resources well is \$200. This fee revenue is deposited into the general fund. Under DNR rules, permit fees are not required for the drilling of core holes used for the purposes of gathering geothermal data.

Geothermal Core Holes.

Core holes are holes or excavations made expressly to acquire geological or geophysical data to find and delineate a favorable geothermal area prior to drilling a geothermal well.

Drilling a core hole for the purposes of gathering geothermal data requires the same DNR permit as geothermal well drilling or redrilling, and is generally subject to the same DNR rules as drilling a geothermal well. However, core holes do not require a public hearing or the issuance of public notice. Statute provides that the drilling of core holes are subject to a permit fee for each core hole, but the DNR's adopted rules do not require the payment of a permit fee for drilling core holes.

Core holes that penetrate at least 750 feet into bedrock are deemed geothermal test wells and are consequently subject to the \$200 per-hole permit fee and public hearing and notice requirements. In addition, if a core hole results in the discovery of geothermal energy, the core hole is deemed to be a well and is likewise made subject to permit fee, public hearing, and public notice requirements.

State Environmental Policy Act Treatment of Geothermal Wells.

The State Environmental Policy Act (SEPA) establishes a review process for state and local governments to identify environmental impacts that may result from governmental decisions, such as the issuance of permits or the adoption of land use plans. Except for projects that are exempt from SEPA requirements, the SEPA generally requires a project applicant to submit an environmental checklist that includes answers to questions about the potential impacts of the project on the built and natural environments. Under SEPA, a government agency is designated as the lead agency, and in that role is assigned responsibility for complying with SEPA's procedural requirements, including making a threshold determination and preparing the environmental impact statement (EIS) when one is required. The information collected

through the SEPA review process may be used to condition a proposal to mitigate environmental impacts or to deny a proposal when significant adverse environmental impacts are identified.

The SEPA statute and rules contain exemptions for certain actions that do not require the submission of a checklist or the development of an EIS. The SEPA rules are adopted and updated by the Department of Ecology. In addition to broad exemptions that apply to categories of projects regardless of the identify of the project proponent, the SEPA rules also categorically exempts specified types of activities that are conducted by certain state agencies. The DNR activities that are categorically exempt from the SEPA include the issuance of permits for geothermal test drilling for which a public hearing is not required.

Summary of Amended Bill:

Applications to drill geothermal wells must receive a public hearing, but notice of the public hearing is required to no longer be published twice in a newsletter of general circulation in the county of the application.

A single permit fee of \$200 covers all core holes drilled by a person to gather geothermal data. Separate public hearing and notice requirements are eliminated for core holes that penetrate more than 750 feet into bedrock, and core holes that result in the discovery of geothermal energy.

Amended Bill Compared to Engrossed Substitute Bill:

The requirement that a public hearing be held on geothermal drilling applications is reinstated, while preserving the current exception from public hearing requirements for geothermal core hole drilling applications. It eliminates the statement that the DNR must review geothermal drilling applications as the lead agency under the SEPA, where applicable.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Geothermal energy is a clean, renewable, environmentally-friendly resource that has been used since ancient times. New technology is being researched to make geothermal energy more viable.

(Opposed) None.

Persons Testifying: Senator Brown, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.