

HOUSE BILL REPORT

EHB 1277

As Amended by the Senate

Title: An act relating to the geothermal account.

Brief Description: Continuing the geothermal account ten additional years.

Sponsor(s): Representatives Grant, May, H. Myers, Hochstatter, Paris and Jacobsen; by request of Washington State Energy Office.

Brief History:

Reported by House Committee on:
Energy & Utilities, January 29, 1991, DP;
Capital Facilities & Financing, February 15, 1991, DPA;
Passed House, March 11, 1991, 85-1;
Amended by Senate.

**HOUSE COMMITTEE ON
ENERGY & UTILITIES**

Majority Report: *Do pass.* Signed by 11 members: Representatives Grant, Chair; H. Myers, Vice Chair; May, Ranking Minority Member; Hochstatter, Assistant Ranking Minority Member; Bray; Casada; Cooper; R. Fisher; Jacobsen; Miller; and Rayburn.

Staff: Fred Adair (786-7113).

**HOUSE COMMITTEE ON
CAPITAL FACILITIES & FINANCING**

Majority Report: *Do pass as amended.* Signed by 10 members: Representatives H. Sommers, Chair; Rasmussen, Vice Chair; Schmidt, Ranking Minority Member; Neher, Assistant Ranking Minority Member; Beck; Casada; Fraser; Jacobsen; Ogden; and Wang.

Staff: Susan Kavanaugh (786-7130).

Background: For many years the state has received a portion of federal lease and royalty receipts for use of federal lands in the state. Many of these receipts were placed in the common schools fund. Among these receipts were funds

received pursuant to the federal Geothermal Steam Act of 1970.

In 1981, finding geothermal energy development to be in the public interest, the legislature diverted the Geothermal Steam Act receipts into a specially created geothermal account until June 30, 1991.

Geothermal energy is still largely undeveloped in the state but is a potentially large and possibly benign indigenous energy resource. Hence, this diversion might beneficially be continued until a future date or when a substantial geothermal energy facility is built, whichever occurs first.

Summary of Bill: Geothermal Steam Act receipts shall continue to be placed in the geothermal account in the treasury until June 30, 1997 or there is placed into operation geothermal electric power generation amounting to at least thirty megawatts capacity, whichever occurs first. At the same time, the geothermal account will be closed.

EFFECT OF SENATE AMENDMENT(S): The Department of Natural Resources shall adopt state land geothermal leasing rules by December 1, 1991.

The Geothermal Account in the state treasury is closed June 30, 2001.

There is ambiguity as to when the diversion of geothermal lease receipts from the common school fund to the geothermal account should terminate.

One interpretation is that the diversion will continue until both June 30, 2001 is reached and the level of geothermally-produced energy commercially available reaches 30 megawatts.

Senate staff indicates that the intent is that the diversion terminates June 30, 2001 in any case, but if 30 megawatts geothermal production is reached beforehand, the diversion is reduced to 80 percent of receipts, and continues as such to June 30, 2001.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: (Energy & Utilities) The bill was coordinated with the Superintendent of Public Instruction and with the development qualifier, they favor the bill, as do we. The bill is intended to promote geothermal development.

Testimony For: (Capital Facilities & Finance) There appear to be significant geothermal reserves in the state. The work of the Energy Office and Department of Natural Resources helps increase the chances their being developed.

Testimony Against: (Energy & Utilities) None.

Testimony Against: (Capital Facilities & Finance) None.

Witnesses: (Energy & Utilities) Amy Bell, State Energy Office.

Witnesses: (Capital Facilities & Finance) In favor: Gordon Bloomquist, Washington State Energy Office.

VOTE ON FINAL PASSAGE:

Yeas 85; Nays 1; Excused 2; Absent 10

Nays: Representative Van Luven

Excused: Representatives Holland, Padden

Absent: Representatives Appelwick, Basich, Belcher, Inslee, Myers H, Phillips, Rayburn, Sommers H, Sprenkle, Wang