

SENATE BILL REPORT

SB 5681

AS REPORTED BY COMMITTEE ON ENERGY & UTILITIES, MARCH 5, 1991

Brief Description: Requiring rules for geothermal resource leasing.

SPONSORS: Senators Thorsness, Sutherland, Williams and Saling.

SENATE COMMITTEE ON ENERGY & UTILITIES

Majority Report: Do pass.

Signed by Senators Thorsness, Chairman; Saling, Vice Chairman; Jesernig, Nelson, Patterson, Roach, Sutherland, and Williams.

Staff: Dave Monthie (786-7198)

Hearing Dates: February 26, 1991; February 28, 1991; March 5, 1991

BACKGROUND:

In its draft 1991 Power Plan, the Northwest Power Planning Council states that the geothermal resources of the region may offer the potential for producing several thousand megawatts of cost-effective energy. Much of this would be from geothermal fields in the Cascades, where the state is an extensive landowner. The draft plan recommends pursuing this resource through several strategies, including identifying and preparing plans for resolving constraints on development in promising areas, and development of pilot projects.

The Bonneville Power Administration, in its 1990 Resource Program, proposes to undertake a geothermal research and development pilot project in a joint venture with other utilities, with a goal of acquiring 30 megawatts of energy.

In 1981, the Legislature established the geothermal account to provide for the allocation of revenue made available to the state from geothermal leasing and development on federal lands. The average annual revenue paid into this account during the past nine years has been \$17,500.

The Department of Natural Resources is the state agency responsible for managing lands owned or held in trust by the state. There are extensive statutory provisions governing the use of such lands, including the authorization for oil and gas leases and the requirement that rules and regulations be promulgated as are necessary for carrying out the statutory mandate. There are no such provisions in statute or rule for leases of state land for geothermal development.

SUMMARY:

The Legislature finds that there is substantial interest among private utilities, the Bonneville Power Administration, and the Northwest Power Planning Council to investigate the potential for geothermal resources in the state. The Legislature further finds that such resources are on state land, and that developers need guidance as to the policy for leasing state land for the use of this energy resource. The Department of Natural Resources is directed to adopt rules by December 1, 1991, that will provide guidelines and procedures for leasing state-owned land for the development of geothermal resources.

Appropriation: none

Revenue: none

Fiscal Note: requested February 20, 1991

TESTIMONY FOR:

It is important that encouragement be given to those interested in developing geothermal energy on state lands. It will be easier for developers to proceed if rules are in place. DNR developed draft rules in 1982 that were not adopted but which could be revised now and adopted. WSEO has been trying to get DNR to adopt rules since 1980.

TESTIMONY AGAINST:

DNR has the authority to enter into geothermal leases under its general commercial lease authority. There has been no interest expressed in such leases, and DNR would act quickly if such interest were shown.

TESTIFIED: R. Bruce Mackey, DNR (con); Gordon Bloomquist, WSEO (pro)