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**ENGROSSED SUBSTITUTE SENATE BILL 6039**

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**State of Washington 68th Legislature 2024 Regular Session**

**By** Senate Environment, Energy & Technology (originally sponsored by Senators Lovelett, Shewmake, Dhingra, Frame, Hasegawa, Keiser, Liias, Nguyen, Nobles, and Saldaña)

AN ACT Relating to promoting the development of geothermal energy resources; amending RCW 79.13.530; adding a new section to chapter 43.92 RCW; adding a new section to chapter 43.31 RCW; and creating a new section.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  A new section is added to chapter 43.92 RCW to read as follows:

(1) The geological survey shall compile and maintain a comprehensive database of publicly available subsurface geologic information relating to Washington state. The geological survey must make the database available to the public in a searchable format via the geological survey's website.

(2) The subsurface geologic information contained on the website should include, but is not limited to, the following:

(a) Temperature gradient logs;

(b) Geothermal well records;

(c) High resolution magnetotelluric surveys;

(d) High resolution gravity surveys;

(e) Geothermal play fairway studies;

(f) Three-dimensional reflection seismic surveys; and

(g) Rock properties databases.

(3) The geological survey must:

(a) Coordinate with federal, state, and local agencies to compile existing subsurface geologic information;

(b) Acquire, process, and analyze new subsurface geologic data and update deficient data using the best practicable technology;

(c) Using available data, characterize the hazard of induced seismicity for high-potential geothermal play areas. Results of induced seismicity hazard studies must be made publicly available and updated as new information is available; and

(d) Provide technical assistance on the proper interpretation and application of subsurface geologic data and hazard assessments.

**Sec.**  RCW 79.13.530 and 2003 c 334 s 465 are each amended to read as follows:

(1) In an effort to increase potential revenue to the geothermal account, the department shall, by December 1, 1991, adopt rules providing guidelines and procedures for leasing state-owned land for the development of geothermal resources.

(2)(a) By September 30, 2024, the department must commence rule making to update its geothermal resources lease rates. The updated geothermal resources lease rates must comply with the terms established in this section.

(b) Geothermal resources lease rates must be competitive with geothermal resources lease rates adopted by the federal government and by other states in the western portion of the United States.

(c) The goal of the updated geothermal resources lease rates must be to optimize the state's competitiveness at attracting geothermal exploration and development projects while balancing the state's obligation to trust beneficiaries.

NEW SECTION. **Sec.**  A new section is added to chapter 43.31 RCW to read as follows:

(1) Subject to the availability of amounts appropriated for this specific purpose, a competitive geothermal exploration cost-share grant program is established in order to incentivize deep exploratory drilling to identify locations suitable for the development of geothermal energy.

(2) Grants may be awarded to offset the direct costs associated with the expense of conducting deep exploratory drilling for the purpose of identifying locations in Washington suitable for the development of geothermal energy.

(3) The department of commerce must consult with the Washington geological survey to develop a method and criteria for the allocation of grants, subject to the following:

(a) Proposed exploratory drilling projects should be located in areas of high geothermal potential;

(b) Grant applicants should possess, or should demonstrate a partnership or other form of relationship with entities who possess, demonstrated expertise in successful geothermal exploration;

(c) Grant applicants should meet high labor standards, including family sustaining wages, providing benefits including health care and employer-contributed retirement plans, career development opportunities, and must maximize access to economic benefits from exploratory projects for local workers;

(d) Selection and implementation of exploratory drilling projects should align with equity and environmental justice principles as established in chapter 70A.02 RCW;

(e) Grant awards must be available to private, public, and federally recognized tribal applicants. Grant awards to private grant applicants should be for no more than one-half of the overall cost of the project and grant awards to public grant applicants should be for no more than two-thirds of the overall cost of the project;

(f) Grant applicants must demonstrate that they have, or that they will have by the time of the execution of a grant agreement, site control of the site that is the subject of the exploration effort, either through an ownership interest or through a lease agreement that provides access to the site and the right to drill to the proposed depth;

(g) The grant application must demonstrate the applicant's engagement efforts with the local community to provide information about the potential project;

(h) If any fluid is proposed to be injected as part of the exploratory drilling, the grant applicant must:

(i) Include an analysis of any potential for induced seismicity as a result of the injection, as well as a plan for the management of the risk of induced seismicity; and

(ii) Consult with the department of ecology and, if applicable, comply with underground injection control standards and groundwater antidegradation standards as directed in chapter 90.48 RCW;

(i) The award of grants will seek to broaden the state's knowledge of geothermal resources, with a preference given to high impact projects in favorable geologic settings that have been comparatively underexplored; and

(j) All results of any exploratory drilling performed with grant funds must be made publicly available and must be submitted to the Washington geological survey for inclusion in the database created pursuant to section 1 of this act.

(4) In the course of administering the geothermal exploration cost-share grant program, the department of commerce shall make a reasonable effort to utilize the United States department of energy recommendations and guidelines concerning enhanced geothermal demonstration projects in the western states.

NEW SECTION. **Sec.**  (1) The department of ecology, in consultation with the department of commerce, the department of natural resources, the department of fish and wildlife, and the department of archaeology and historic preservation, shall engage in a collaborative process to identify opportunities and risks associated with the development of geothermal resources in three locations with the highest geothermal potential in Washington. The department of natural resources must identify these three locations.

(2)(a) As part of the geothermal resources collaborative process, the department of ecology must engage in meaningful government-to-government consultation with potentially affected federally recognized Indian tribes by learning from each participating tribe about their communication protocols for consultation and must seek participation from the department of archaeology and historic preservation, other state agencies as appropriate, local governments, state research institutions, participants in Washington's electrical generation, transmission, and distribution sector, and environmental organizations. At the request of potentially affected federally recognized Indian tribes, the department of ecology may include additional participation with independent subject matter expertise.

(b) Subject to the availability of amounts appropriated for this specific purpose, the department of ecology shall provide grants to potentially affected federally recognized Indian tribes to support their evaluation of the cultural, natural resource, and other impacts of geothermal electricity development and to support their participation in the collaborative process established in this section.

(3) The geothermal resources collaborative process must address, at a minimum, the following topics:

(a) The potential impacts of geothermal resources development, including impacts to:

(i) Rights, interests, and resources, including tribal cultural resources, of potentially affected federally recognized Indian tribes;

(ii) State or federal endangered species act listed species in Washington; and

(iii) Overburdened communities;

(b) The development of factors to guide the identification of preferable sites for the development of geothermal resources including, but not limited to, geologic suitability, proximity to electrical transmission and distribution infrastructure, and continuity between groundwater and surface water resources; and

(c) The capacity for geothermal resources in Washington to help the state meet its clean energy generation requirements and greenhouse gas emissions limits.

(4) The department of ecology must commence the geothermal resources collaborative process by November 30, 2024. The department of ecology must provide the appropriate committees of the legislature an update on the status of the collaborative process by June 30, 2026. The department of ecology must provide the appropriate committees of the legislature with a final report on the collaborative process by June 30, 2027.

(5) The interagency clean energy siting coordinating council must support the department of ecology during the collaborative process. The interagency clean energy siting coordinating council must consider the findings of the interim update and final report and make recommendations to the legislature and governor on potential actions regarding the development of geothermal energy, as appropriate. Based on the findings of the collaborative process, the interagency clean energy siting coordinating council must identify key factors for consideration in planning and siting of geothermal facilities. These key factors include, but are not limited to, geologic suitability, water resource impacts, and proximity to electrical transmission and distribution infrastructure.

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