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# SENATE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR TO CONDUCT AN AUDIT RELATING TO  
GEOHERMAL RESOURCES.

1           WHEREAS, section 182-18, Hawaii Revised Statutes, relating  
2 to geothermal royalties, requires the Board of Land and Natural  
3 Resources to fix the payment of royalties to the State for the  
4 utilization of geothermal resources at a rate that will  
5 encourage the initial and continued production of such  
6 resources; and  
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8           WHEREAS, the Board of Land and Natural Resources has  
9 granted a public land lease to Puna Geothermal Venture to mine  
10 geothermal resources on the island of Hawaii, and Puna  
11 Geothermal Venture in turn sells the electricity it produces to  
12 Hawaii Electric Light Company, Inc.; and  
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14           WHEREAS, the Board of Land and Natural Resources reports  
15 that it received \$642,599 in geothermal royalties from Puna  
16 Geothermal Venture in fiscal year 2009-10, of which thirty  
17 percent was distributed to the County of Hawaii and twenty  
18 percent was distributed to the Office of Hawaiian Affairs; and  
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20           WHEREAS, the Board of Land and Natural Resources is charged  
21 with various responsibilities with respect to geothermal mining  
22 leases, including the adoption of rules to establish or waive  
23 the royalty payments to the State; and  
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25           WHEREAS, Puna Geothermal Venture asserts that it could  
26 produce more renewable energy on a continuous basis, an  
27 assertion the Board of Land and Natural Resources would be  
28 expected to consider in any further evaluation of the royalty  
29 structure; and  
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31           WHEREAS, the performance of the Board of Land and Natural  
32 Resources with respect to its geothermal royalty  
33 responsibilities is subject to audit by the Auditor; and



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2 WHEREAS, inasmuch as the State's responsibilities and  
3 interest in renewable energy are also the concern of the  
4 Department of Business, Economic Development, and Tourism even  
5 though the Department does not have regulatory authority over  
6 rate structures or land leases, the Department's performance may  
7 be integral to an audit regarding geothermal leasing and royalty  
8 payments and therefore should be subject to such an audit; now,  
9 therefore,

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11 BE IT RESOLVED by the Senate of the Twenty-sixth  
12 Legislature of the State of Hawaii, Regular Session of 2011, the  
13 House of Representatives concurring, that the Auditor is  
14 requested to conduct an audit of the State's program of  
15 geothermal leasing and royalty payments, including any  
16 consideration of the role of the Board of Land and Natural  
17 Resources and the Department of Business, Economic Development,  
18 and Tourism, and any other matters the Auditor deems relevant to  
19 the audit to ensure that the development of geothermal resources  
20 is continued in a fair, legal, and ethical manner; and

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22 BE IT FURTHER RESOLVED that the affected departments and  
23 Puna Geothermal Venture are requested to cooperate in any way  
24 with the Auditor; and

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26 BE IT FURTHER RESOLVED that the Auditor report findings and  
27 recommendations, including any recommendations for legislation,  
28 to the Legislature no later than twenty days before the  
29 convening of the Regular Session of 2012; and

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31 BE IT FURTHER RESOLVED that certified copies of this  
32 Concurrent Resolution be transmitted to the Attorney General;  
33 Director of Finance; Chairperson of the Board of Land and  
34 Natural Resources; Director of Business, Economic Development,  
35 and Tourism; Chairperson of the Board of Trustees of the Office  
36 of Hawaiian Affairs; Hawaii Electric Light Company, Inc.; and  
37 Puna Geothermal Venture.

