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# SENATE CONCURRENT RESOLUTION

REQUESTING THE DEPARTMENT OF LAND AND NATURAL RESOURCES TO PROVIDE GREATER TRANSPARENCY IN THE ALLOCATION OF GEOTHERMAL ROYALTIES SO THAT BENEFITS ACCRUE TO THE COMMUNITY IN WHICH THE GEOTHERMAL RESOURCES ARE LOCATED, AND TO TAKE VARIOUS ACTIONS TO FURTHER THE DEVELOPMENT OF GEOTHERMAL RESOURCES WITH THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM.

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, in 2010, the Legislature passed Senate Concurrent  
9 Resolution No. 99, requesting the establishment of a geothermal  
10 working group to analyze the potential development of geothermal  
11 energy as the primary energy source to meet the base-load demand  
12 for electricity on the Big Island; and  
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14           WHEREAS, the members of this working group represented  
15 various sectors of the Big Island community, including  
16 agriculture, electric utility, union, business, the Office of  
17 Hawaiian Affairs, state government, environment, culture, and  
18 West Hawaii; and  
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20           WHEREAS, the working group submitted its final report to  
21 the Legislature in January 2012; its principal findings include  
22 the following:  
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24           (1) Geothermal is a renewable resource indigenous to the  
25 island of Hawaii that is dissociated from the price  
26 volatility of petroleum fuels;  
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- 1 (2) Geothermal can be a key component in a diversified  
2 energy portfolio for Hawaii County that would benefit  
3 the electrical grid and transportation;  
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- 5 (3) In Hawaii, geothermal is a firm energy resource at  
6 lower cost than fossil fuel;  
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- 8 (4) Developing multiple geothermal plants is the most  
9 prudent approach;  
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- 11 (5) Geothermal has the potential to supply base-load  
12 electricity with long-term reliability; however, the  
13 ability to supply grid management services currently  
14 supplied by conventional fossil fueled power plants  
15 must be demonstrated in order to consider geothermal  
16 as the primary energy resource for Hawaii County; and  
17
- 18 (6) With geothermal power plants, agricultural  
19 fertilizers, hydrogen, oxygen, and business-enterprise  
20 power can be produced for off-peak rates during the  
21 hours of curtailed electrical demand; and  
22

23 WHEREAS, the working group recommended actions by the  
24 Legislature, including the following:  
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- 26 (1) Make the allocation of geothermal royalties more  
27 transparent to show how benefits come back to the  
28 community and designate the records of allocations to  
29 be public domain;  
30
- 31 (2) Establish a community advisory board to offer  
32 suggestions to the Department of Land and Natural  
33 Resources about how royalties generated by geothermal  
34 power plants are spent. The advisory board should  
35 include members of the communities that host or will  
36 host geothermal power plants and those who are most  
37 impacted by the development of geothermal energy;  
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- 39 (3) Encourage the Department of Land and Natural Resources  
40 to use geothermal royalties to identify promising  
41 geothermal sites and to further develop the resource;  
42



1 (4) In light of the probability that oil will reach \$200  
2 per barrel, commission a study to show the economic  
3 impact of various prices of oil; and  
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5 (5) Facilitate development of geothermal by commissioning  
6 a critical review of the geothermal permitting  
7 process, regulatory capabilities, and possible  
8 investment incentives; and  
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10 WHEREAS, the Board of Land and Natural Resources has  
11 granted a public land lease to Puna Geothermal Venture to mine  
12 geothermal resources on the island of Hawaii, and allow Puna  
13 Geothermal Venture to sell the electricity it produces to Hawaii  
14 Electric Light Company, Inc.; and  
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16 WHEREAS, the Board of Land and Natural Resources reports  
17 that it received \$642,599 in geothermal royalties from Puna  
18 Geothermal Venture in fiscal year 2009-10, of which thirty  
19 percent was distributed to the County of Hawaii and twenty  
20 percent was distributed to the Office of Hawaiian Affairs; and  
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22 WHEREAS, the Board of Land and Natural Resources is charged  
23 with various responsibilities with respect to geothermal mining  
24 leases, including the adoption of rules to establish or waive  
25 the royalty payments to the State; and  
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27 WHEREAS, Puna Geothermal Venture asserts that it could  
28 produce more renewable energy on a continuous basis, an  
29 assertion the Board of Land and Natural Resources would be  
30 expected to consider in any further evaluation of the royalty  
31 structure; now, therefore,  
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33 BE IT RESOLVED by the Senate of the Twenty-sixth  
34 Legislature of the State of Hawaii, Regular Session of 2012, the  
35 House of Representatives concurring, that the Department of Land  
36 and Natural Resources is requested to provide greater  
37 transparency in allocating geothermal royalties to show how  
38 benefits shall accrue to the community in which the geothermal  
39 resources are located; and  
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41 BE IT FURTHER RESOLVED that the Department of Land and  
42 Natural Resources is requested to:  
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- 1 (1) Administratively establish a temporary advisory board  
2 to offer recommendations for expending royalties  
3 generated by geothermal power plants; and  
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- 5 (2) Use geothermal royalties to identify promising  
6 geothermal sites and to further develop the resource;  
7 and  
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9 BE IT FURTHER RESOLVED that the Department of Business,  
10 Economic Development, and Tourism is requested to:  
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- 12 (1) Commission a study to show the economic impact of  
13 various prices of oil; and  
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- 15 (2) In collaboration with the Department of Land and  
16 Natural Resources, commission a critical review of the  
17 geothermal permitting process, regulatory  
18 capabilities, and possible investment incentives; and  
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20 BE IT FURTHER RESOLVED that the Department of Land and  
21 Natural Resources and Department of Business, Economic  
22 Development, and Tourism are requested to report to the  
23 Legislature no later than twenty days prior to the convening of  
24 the Regular Session of 2013 on actions to implement the  
25 recommendations of the task force convened pursuant to Senate  
26 Concurrent Resolution No. 99, Regular Session of 2010; and  
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28 BE IT FURTHER RESOLVED that certified copies of this  
29 Concurrent Resolution be transmitted to the Chairperson of the  
30 Board of Land and Natural Resources; Director of Business,  
31 Economic Development, and Tourism; Chairperson of the Board of  
32 Trustees of the Office of Hawaiian Affairs; Mayor of Hawaii  
33 County; Hawaii Electric Light Company, Inc.; and Puna Geothermal  
34 Venture.

