
SENATE RESOLUTION

REQUESTING THE AUDITOR TO CONDUCT AN AUDIT RELATING TO
GEOTHERMAL 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 which 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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35 WHEREAS, inasmuch as the State's responsibilities and
36 interest in renewable energy are also the concern of the



1 Department of Business, Economic Development, and Tourism even
2 though the Department does not have regulatory authority over
3 rate structures or land leases, the Department's performance may
4 be integral to an audit regarding geothermal leasing and royalty
5 payments and therefore should be subject to such an audit; now,
6 therefore,
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8 BE IT RESOLVED by the Senate of the Twenty-sixth
9 Legislature of the State of Hawaii, Regular Session of 2011,
10 that the Auditor is requested to conduct an audit of the State's
11 program of geothermal leasing and royalty payments, including
12 any consideration of the role of the Board of Land and Natural
13 Resources and the Department of Business, Economic Development,
14 and Tourism, and any other matters the Auditor deems relevant to
15 the audit to ensure that the development of geothermal resources
16 is continued in a fair, legal, and ethical manner; and
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18 BE IT FURTHER RESOLVED that the affected departments and
19 Puna Geothermal Venture are requested to cooperate in any way
20 with the Auditor; and
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22 BE IT FURTHER RESOLVED that the Auditor report findings and
23 recommendations, including any recommendations for legislation,
24 to the Legislature no later than twenty days prior to the
25 convening of the Regular Session of 2012; and
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27 BE IT FURTHER RESOLVED that certified copies of this
28 Concurrent Resolution be transmitted to the Attorney General;
29 Director of Finance; Chairperson of the Board of Land and
30 Natural Resources; Director of Business, Economic Development,
31 and Tourism; Chairperson of the Board of Trustees of the Office
32 of Hawaiian Affairs; Hawaii Electric Light Company, Inc.; and
33 Puna Geothermal Venture.

