

SCR158

PROPOSED SD1: 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

NEIL ABERCROMBIE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
WILLIAM J. AILA, JR.
Chairperson**

**Before the Senate Committees on
WATER, LAND AND HOUSING
and
ECONOMIC DEVELOPMENT AND TECHNOLOGY
and
ENERGY AND ENVIRONMENT
and
WAYS AND MEANS**

**Thursday, April 12, 2012
9:30 A.M.
State Capitol, Conference Room 211**

In consideration of

**SENATE CONCURRENT RESOLUTION 158, PROPOSED SENATE DRAFT 1
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**

Senate Concurrent Resolution 158, Proposed Senate Draft 1 requests the Department of Land and Natural Resources (Department) to provide greater transparency in the allocation and use of geothermal royalties in the community in which they are located and to take various actions to further the development of geothermal resources with the Department of Business, Economic Development and Tourism (DBEDT). The Department supports the intent of this resolution and will implement a procedure that will ensure that 100% of geothermal royalties it receives will be expended by its Engineering Division (Division) in support of geothermal resource management activities to facilitate exploration and development. Further, the Department will account for geothermal royalties received and expended by the Division in its annual report to the Legislature. The Department defers to DBEDT regarding actions requested of them.

WILLIAM J. AILA, JR.
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

GUY H. KAULUKUKUI
FIRST DEPUTY

WILLIAM M. TAM
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

Currently, thirty percent (30%) and twenty percent (20%) of the geothermal royalties received from Puna Geothermal Venture are distributed to the County of Hawaii and the Office of Hawaiian Affairs, respectively. The Department defers to those agencies as to how they expend their share of the royalties.

The remaining fifty percent (50%) of the royalties must be used to support geothermal resource management activities to facilitate exploration and development statewide and should not be reserved for the exclusive benefit of the community from which the resources are drawn. Geothermal potential exists in other communities of the Big Island and on other islands, and the Department needs to provide statewide management of the resource to ensure its continued viability for future generations.

Thank you for the opportunity to comment.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

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Statement of
RICHARD C. LIM
Director
Department of Business, Economic Development, and Tourism
before the
**SENATE COMMITTEES ON
WATER, LAND & HOUSING,
ECONOMIC DEVELOPMENT & TECHNOLOGY,
ENERGY & ENVIRONMENT,
AND
WAYS AND MEANS**

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SCR158 SD1

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

Chairs Dela Cruz, Fukunaga, Gabbard and Ige; Vice Chairs Solomon, Wakai, English and Kidani; and Members of the Committees.

We defer to the Department of Land and Natural Resources (DLNR) on the specifics of the resolution directly affecting that agency.

SCR158 SD1 requests DBEDT to (1) commission a study to show the economic impact of various prices of oil, and (2) in collaboration with DLNR, commission a critical review of the geothermal permitting process, regulatory capabilities, and possible investment incentives.

Regarding the first point, the Hawaii-specific data on oil product prices no longer exist since the passage of Act 156 in 2010. The petroleum companies have not been required to report this data since the passage of that law. Were that data made available, additional specific funding would be required to conduct the proposed study.

Regarding the second point, DBEDT, DLNR, and other stakeholders are collaborating on a review of the permitting process, analyses of barriers to geothermal exploration and development, and related topics. We look forward to continued cooperative work to clarify the permitting and regulatory processes to facilitate geothermal development to meet our energy goals.

Thank you for the opportunity to offer these comments.

~~CONFIDENTIAL~~

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 09, 2012 6:30 PM
To: WLH Testimony
Cc: apohi21@gmail.com
Subject: Testimony for SCR158 on 4/12/2012 9:30:00 AM

Testimony for WLH/EDT/ENE/WAM 4/12/2012 9:30:00 AM SCR158

Conference room: 211
Testifier position: Comments Only
Testifier will be present: No
Submitted by: SAMSON BROWN
Organization: Individual
E-mail: apohi21@gmail.com
Submitted on: 4/9/2012

Comments:

~~Dane Wicke~~

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 10, 2012 10:32 AM
To: WLH Testimony
Cc: mendezj@hawaii.edu
Subject: Testimony for SCR158 on 4/12/2012 9:30:00 AM

Testimony for WLH/EDT/ENE/WAM 4/12/2012 9:30:00 AM SCR158

Conference room: 211
Testifier position: Support
Testifier will be present: No
Submitted by: Javier Mendez-Alvarez
Organization: Individual
E-mail: mendezj@hawaii.edu
Submitted on: 4/10/2012

Comments: