

DAVID Y. IGE  
GOVERNOR OF  
HAWAII



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STATE PARKS

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

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

December 5, 2018

The Honorable Ronald D. Kouchi,  
President  
and Members of the Senate  
Thirtieth State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

The Honorable Scott K. Saiki, Speaker  
and Members of the House of  
Representatives  
Thirtieth State Legislature  
State Capitol, Room 431  
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

For your information and consideration, I am transmitting a copy of the Geothermal Royalty Dispositions and Status of Geothermal and Cable System Development Fiscal Year 2018 report, as required by Sections 182-18 and 196D-11, Hawaii Revised Statutes (HRS). In accordance with Section 93-16, HRS, a copy of this report has been transmitted to the Legislative Reference Bureau and the report may be viewed electronically at <http://dlnr.hawaii.gov/reports/>.

Sincerely,

A handwritten signature in blue ink, appearing to read "Suzanne D. Case".

SUZANNE D. CASE  
Chairperson

Enclosure

Report to the Thirtieth Legislature  
2019 Regular Session

**GEOHERMAL ROYALTIES DISPOSITIONS  
AND  
STATUS OF GEOHERMAL AND CABLE SYSTEM DEVELOPMENT  
FISCAL YEAR 2018**



Prepared by the

Department of Land and Natural Resources  
State of Hawaii

In response to  
Sections 182-18 and 196D-11, Hawaii Revised Statutes

December 2018

**GEOTHERMAL ROYALTIES DISPOSITIONS  
AND  
STATUS OF GEOTHERMAL AND CABLE SYSTEM DEVELOPMENT  
FISCAL YEAR 2018**

This report is prepared pursuant to Sections 182-18 and 196D-11, Hawaii Revised Statutes (HRS), and covers the period from July 1, 2017 through June 30, 2018.

Section 182-18, HRS – Geothermal Royalties

During Fiscal Year (FY) 2018 a total of \$1,987,457.41 in geothermal royalties was received from Puna Geothermal Venture (PGV). In accordance with statutory provisions, \$596,237.22 (30%) was distributed to the County of Hawaii. Additionally, \$397,491.48 (20%) was distributed to the Office of Hawaiian Affairs. Geothermal royalties for FY 2018 were based on power production and sale of 250,207,408 kWh<sub>e</sub> to Hawaii Electric Light Company (HELCO) at an average production of 38.2 MW<sub>e</sub>.

Issued Permit(s)

During FY 2018, PGV requested and received a modification permit to quench and install bridge plugs on six geothermal wells and shut down all production at the Plant on May 3, 2018 due to lava threat from eruption of the Kilauea East Rift Zone. The Plant remained shut down at the end of the FY.

Section 196D-11, HRS - Geothermal and Cable System Development

The Department of Land and Natural Resources is responsible for the effective management of geothermal resources and its development, to protect the health and safety of the public and to ensure the continued viability of the resource for the future. Currently, the Island of Hawaii is the only island benefiting from geothermal development. Power generation from geothermal energy began in May 1993 and, on average, annually provides more than 25% of the Island's power demands.

No program work was performed during the FY to effectuate the intent of this statute regarding an interisland deep water electrical transmission cable system.