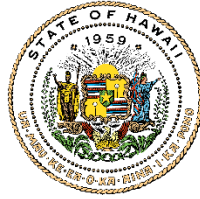


JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA

P.O. BOX 621
HONOLULU, HAWAII 96809

DAWN N.S. CHANG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE
MANAGEMENT
LAURA H.E. KAAKUA
FIRST DEPUTY
M. KALEO MANUEL
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

Testimony of
DAWN N. S. CHANG
Chairperson

Before the House Committees on
ENERGY & ENVIRONMENTAL PROTECTION
and
WATER & LAND

Thursday, March 16, 2023
9:00 AM
State Capitol, Conference Room 325

In consideration of
SENATE BILL 458, SENATE DRAFT 2
RELATING TO GEOTHERMAL ROYALTIES

Senate Bill 458, Senate Draft 2 proposes to: (1) establish the renewable energy resources development special fund; (2) require annual reports to the Legislature; and (3) require that, for royalties from geothermal resources, ten per cent be paid to the county where the geothermal mining operations are situated, fifty per cent be paid to the Department of Land and Natural Resources (Department), twenty per cent be paid to the Office of Hawaiian Affairs (OHA), and twenty per cent be deposited into the renewable energy resources development special fund. **The Department supports this measure.**

The Department appreciates the prior Senate Committees' recommendation to maintain the Department's 50% share of the royalties received and removing the cap on the total annual royalties it would receive. However, the Department requests a technical amendment to ensure consistency with existing law regarding payment of ceded land revenues to OHA¹. The Department requests that page 4, lines 7 through 8 be amended as follows **in bold**:

twenty per cent shall be paid to the office of Hawaiian affairs
subject to Act 178, Session Laws of Hawaii 2006, as amended;

The Department, pursuant to Hawai'i Revised Statutes, Chapter 182, has a statutory obligation to regulate the use of minerals, including geothermal resources, as it is held in public trust. As such, the

¹ The Legislature has the authority to determine the amount paid to OHA from ceded land revenues, which was established by Act 178, Session Laws of Hawaii 2006, and amended further by Act 226, Session Laws of Hawaii 2022.

Department bears all costs for processing, regulating and managing geothermal leases, including oversight and monitoring of well drilling operations for exploration and safe development of the resource. To assist and carry out these responsibilities, the Department receives 50% of the geothermal royalties with the remaining proceeds currently allocated as follows: 30% to the County of Hawai'i, and 20% to OHA, which represents OHA's pro rata share of ceded land revenues. Since Fiscal Year 2008, the Department's Geothermal Mineral Resources Program costs (not including lease and lease management costs) has roughly equaled the Department's 50% share of the royalties received during the same period.

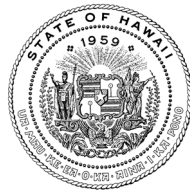
Maintaining the current 50% allocation of royalties to the Department is essential in carrying out its public trust duties. The geothermal royalties received by the Department are deposited into its Special Land and Development Fund (SLDF)² that funds the Geothermal Mineral Resources Program, along with the entire annual operating budget for the Department's Land Division, the Office of Conservation and Coastal Lands, the Dam Safety Program and other critical programs that play important roles in protecting Hawai'i's natural and cultural resources. Such Departmental programs address critical resource and environmental issues such as climate change, watershed protection, invasive species, water resources, coastal erosion and protection of the State's historic and cultural sites. The cumulative impact upon the Department's SLDF caused by any potential reduction in geothermal royalties will have a cascading negative impact on the Department's ability to effectively administer many of these critical programs.

Any reduction in revenue that the Department currently receives would be counter-productive to the goal of achieving greater self-sufficiency and seeking less reliance on general funds to carry out the goals and mandates of the Department.

Mahalo for the opportunity to provide testimony in support of this measure.

² The primary source of revenue for the SLDF are lease rents collected by the Department's Land Division from its 1,000 or so leases and 300 or so permits, including the geothermal mining lease.

JOSH GREEN, M.D.
GOVERNOR



LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Mālama Mo'ohelu a Kālā
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY

TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEES ON ENERGY & ENVIRONMENTAL PROTECTION
AND WATER & LAND
ON
SENATE BILL NO. 458, S.D. 2

March 16, 2023
9:00 a.m.
Room 325 and Videoconference

RELATING TO GEOTHERMAL ROYALTIES

The Department of Budget and Finance (B&F) offers comments on this bill.

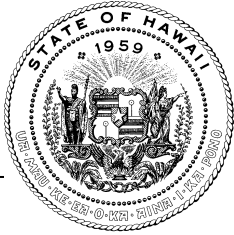
Senate Bill (S.B.) No. 458, S.D. 2, adds a new section to Chapter 201, HRS, to:

1) establish the Renewable Energy Resources Development Special Fund (RERDSF) within the Department of Business, Economic Development and Tourism (DBEDT); 2) set the allowable sources of revenues and uses of funds for the RERDSF; and 3) set reporting requirements for the RERDSF. The bill also amends Section 182-7, HRS, to amend the distribution of geothermal resources royalties received by the State to be 10% to the county in which the mining operations are situated, 20% to the RERDSF, 50% to the Department of Land and Natural Resources, and 20% to the Office of Hawaiian Affairs.

As a matter of general policy, B&F does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS. Special funds should: 1) serve a need as demonstrated by the purpose, scope of work and an

explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. Regarding S.B. No. 458, S.D. 2, it is difficult to determine whether the proposed RERDSF will be self-sustaining.

Thank you for your consideration of our comments.



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

JOSH GREEN, M.D.
GOVERNOR

MARK B. GLICK
CHIEF ENERGY OFFICER

235 South Beretania Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

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(808) 587-3807
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Testimony of
MARK B. GLICK, Chief Energy Officer

before the
**HOUSE COMMITTEES ON
ENERGY & ENVIRONMENTAL PROTECTION
AND
WATER & LAND**

Thursday, March 16, 2023
9:00 AM
State Capitol, Conference Room 325 and Videoconference

In SUPPORT of
SB 458, SD2

RELATING TO GEOTHERMAL ROYALTIES.

Chairs Lowen and Ichiyama, Vice Chairs Cochran and Poepoe, and Members of the Committees, the Hawai'i State Energy Office (HSEO) support SB 458, SD2. SB 458, SD2, deletes the establishment of new funding sources for, and authorized uses of moneys in, the University Innovation and Commercialization Initiative Special Fund; deletes the requirements that the Board of Land and Natural Resources, certain counties, and the Hawai'i Groundwater and Geothermal Resources Center (HGGRC) at the University of Hawai'i to submit annual reports to the Legislature; establishes a Renewable Energy Resources Development Special Fund (RERDSF) and the funding sources for, and authorized uses of moneys in, the RERDSF; requires the Department of Business, Economic Development, and Tourism to submit an annual report to the Legislature on the revenue and expenditures of the RERDSF; and, makes other amendments.

Geothermal exploration, performed in a responsible manner, is an essential part of Hawai'i's strategy for a diversified renewable energy portfolio and is necessary to fully understand the developable resource potential of geothermal energy on each Hawaiian island, including more non-invasive surface explorations and the need for new exploratory wells. Without a full understanding of the geothermal potential on each island, Hawai'i's energy stakeholders and affected communities will lack fundamental information on potential renewable energy resources to make fully informed decisions on how each island can best achieve 100% renewable energy generation by 2045.

HSEO has collaborated with HGGRC in the past and values HGGRC's experience and expertise in the field of geothermal exploration in Hawai'i. Should SB 458, SD2, pass, HSEO intends to direct any geothermal royalties deposited into the RERDSF per H.R.S. 182-7 to HGGRC to further the discovery and development of geothermal resources including exploratory wells. HSEO would support amendments to SB 458, SD2, to require all geothermal royalties deposited into the RERDSF per H.R.S. 182-7 to go to HGGRC for geothermal exploration and development.

HSEO also believes it is appropriate to use state funds to better understand Hawai'i's geothermal resource potential as geothermal resources are public trust resources with potential for community benefits, provided other state priorities are not impacted. Greater understanding of Hawai'i's geothermal resource potential reduces geothermal development risk which would be reflected in lower project financing costs that are passed on to ratepayers in the form of lower electricity rates.

HSEO supports efforts by HGGRC and other entities to seek federal and other funding for geothermal research and to engage with affected communities on the results

of such research and support associated geothermal development that is widely recognized to be in the public interest.

HSEO is not intimately familiar with how Hawai'i County uses the current revenues it receives from geothermal royalties and defers to the counties on the impacts of reducing the counties' share from 30% to 10%.

Thank you for the opportunity to testify.



SB458 SD2
RELATING TO GEOTHERMAL ROYALTIES
House Committee on Energy & Environmental Protection
House Committee on Water & Land

March 16, 2023

9:00 AM

Room 325

The Administration of the Office of Hawaiian Affairs (OHA) will recommend to the Board of Trustees the position of **SUPPORT** for SB458 SD2, which would establish the University Innovation and Commercialization Initiative Special Fund for geothermal royalties. **OHA is appreciative of the Legislature’s recognition of the State’s and OHA’s obligation to the betterment of conditions of Native Hawaiians and further recognition that Native Hawaiians maintain significant socio-political-economic-environmental interests related to tūtū Pele and her connection to the geothermal systems of the Hawaiian Islands.**

As the principal public agency in the State responsible for the betterment of conditions of Native Hawaiians,¹ OHA continues to advocate the interests of the Native Hawaiian people, as expressed in prior testimony, by emphasizing that Native Hawaiian land claims, which include claims to the natural and cultural resources therein, are still outstanding and have yet to be resolved.² The Legislature, in recognizing the historical special political relationship between the Native Hawaiian people and the United States, as well as understanding the historical injustices that have and continue to create systems of inequity and disparities faced by Native Hawaiians, enshrined, within the Constitution³ and statutes of the State, a series of legal frameworks and instruments to identify the State’s trust obligations to the Native Hawaiian people.⁴ These trust obligations extend to compensatory mechanisms for Native Hawaiians, which include legal mandates to a share of the income and proceeds from the public land trust⁵ and proceeds from natural resources, minerals and income derived from whatever other sources for Native Hawaiians.⁶

The majority of Native Hawaiian families, in Hawai‘i, are unable to makes ends meet,⁷ with 63% of Native Hawaiians reporting that they are finding it difficult to get by.⁸

¹ Haw. Rev. Stat. §10.

² “Whereas, the indigenous Hawaiian people never directly relinquished their claims to their inherent sovereignty as a people or over their national lands to the United States, either through their monarchy or through a plebiscite or referendum[.]” Pub. Law 103-150 (1993).

³ Haw. Stat. Con. Article XII (1978).

⁴ Haw. Rev. Stat. §10H.

⁵ Pub. L. 86-3, 73 Stat. 4; Hawai‘i Admissions Act of 1959; Haw. Stat. Con. Article XII, Sec. 4-6 (1978).

⁶ Haw. Stat. Con. Article XII, Sec. 6 (1978).

⁷ Aloha United Way / United for ALICE, *ALICE in Hawai‘i: 2022 Facts and Figures*, Nob. 2022, p.6.

⁸ Id. at 9.



SB458 SD2
RELATING TO GEOTHERMAL ROYALTIES
House Committee on Energy & Environmental Protection
House Committee on Water & Land

Native Hawaiians have the lowest household income.⁹ Native Hawaiians have the highest poverty rates for individuals and families.¹⁰ Native Hawaiians make less money,¹¹ with lower average earnings for both men and women.¹² Native Hawaiians have the highest rate of using public assistance and homeless services.¹³ Native Hawaiians are overrepresented among the homeless in Hawai‘i.¹⁴ OHA is deeply concerned with Native Hawaiians being driven out of Hawai‘i by economic instability stemming from socio-political-economic upheaval, which has largely disconnected Native Hawaiians from their ‘āina for more than a century. Today, more Native Hawaiians live outside of the Hawaiian Islands, far beyond the boundaries of their own homeland.¹⁵

OHA acknowledges and appreciates the Legislature’s set-aside of 20% of the geothermal royalties and continues to assert that OHA, on behalf of Native Hawaiians, has a claim to at least 20% of the proceeds from natural energy resources.¹⁶ OHA also continues to express its advocacy for a fair portion of the proceeds and income from the exploitation of geothermal resources to the Native Hawaiian people. Accordingly, the calculation of this fair portion should be representative of the comparative percentage of the Native Hawaiian population to the total resident population (approximately 38%);¹⁷ the Native Hawaiian population should be calculated in its totality, as the “only indigenous, aboriginal, maoli people

⁹ Dept. of Business, Economic Development and Tourism, *Demographic, Social, Economic, and Housing Characteristics for Selected Race Groups in Hawaii*, Mar. 2018, p.3.

¹⁰ *Id.* at 13.

¹¹ OHA Report, *Affordable Housing for Hawai‘i and Native Hawaiians: Exploring Ideas and Innovation*, Aug. 2020, p.10.

¹² Dept. of Native Hawaiian Health, John A. Burns School of Medicine, *Assessment and Priorities for the Health and Well-Being in Native Hawaiians and Pacific Islanders*, 2020, p.12.

¹³ *Id.*

¹⁴ Partners In Care, *2022 Point In Time Count*, p.7.

¹⁵ “Estimates from the American Community Survey showed that in 2011, there were about 296,400 Native Hawaiians in Hawai‘i and about 221,600 on the continental U.S. Just a decade later, those numbers flipped. In 2021, there were about 309,800 Native Hawaiians in Hawai‘i and about 370,000 in other states,” Hawaii Public Radio, *More Native Hawaiians Flock to mainland cities and leave Hawai‘i*, Jan. 23, 2023, *citing high costs*, citing the US Census Bureau’s American Community Survey 2021.

¹⁶ Haw. Stat. Con. Article XII, Sec. 6 (1978).

¹⁷ There are approximately 309,807 Native Hawaiians living in the State of Hawai‘i. The total estimated Native Hawaiian population is 680,353. The U.S. Census Bureau 2022 Population Estimates of the State of Hawai‘i is 1,440,196. Based on these numbers, the State population would be 1,810,742 if Native Hawaiians lived in their own homeland. Accordingly, the Native Hawaiian population percentage would be approximately 38%.



SB458 SD2
RELATING TO GEOTHERMAL ROYALTIES
House Committee on Energy & Environmental Protection
House Committee on Water & Land

of Hawai‘i, who should not be counted out for being driven out of these Islands.”¹⁸ Finally, the respective percentages of the income and proceeds from geothermal resource exploitation from public lands should be managed and administered by OHA in accordance with the State Constitution.¹⁹

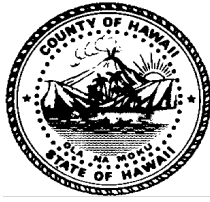
OHA appreciates this opportunity to support this measure and asks the Legislature to **PASS** SB458 SD2 with the hope that the State will continue to uphold its trust obligations to the Native Hawaiian people. Mahalo nui loa.

¹⁸ Haw. Rev. Stat. §10H-1.

¹⁹ Haw. Stat. Con. Art. Sec. 4-6 (1978).

Ashley L. Kierkiewicz
County Council District IV

*Policy Committee on Planning,
Land Use and Development – Chair*



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ashley.kierkiewicz@hawaiiicounty.gov

*Policy Committee on Infrastructure
and Assets – Vice-Chair*

HAWAI‘I COUNTY COUNCIL

25 Aupuni Street • Hilo, Hawai‘i 96720

March 14, 2023

Committee on Energy & Environmental Protection

Rep. Nicole Lowen, Chair
Rep. Elle Cochran, Vice-Chair

Committee on Water & Land

Rep. Linda Ichiyama, Chair
Rep. Mahina Poepoe, Vice-Chair

RE: Opposition to SB 458 SD2, Relating to Geothermal Royalties

Aloha, Chair Lowen, Chair Ichiyama, and Members of House Committees on EEP and WAL:

While I recognize the importance and absolutely support investing in a suite of energy sources to create an energy secure Hawai‘i, I write in **strong opposition** to SB 458 SD2. This proposed measure would significantly decrease the royalties paid to the County of Hawai‘i for geothermal operations that occur in the district of Puna, which I represent, in order to finance geothermal resource exploration and development.

At 30%, the County currently receives approximately \$464,000 a year in royalties. These monies support our County’s Geothermal Relocation Fund and Community Benefits Fund, which has and is being used to actively support public safety, security, and recreational projects in the community directly impacted by geothermal activities. Every dollar is maximized in Puna and for Puna.

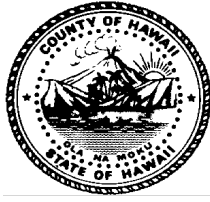
Reducing the County’s share to 10% is unacceptable. It is disheartening that the Legislature would even consider decreasing funds for one of the most socio-economically distressed communities in the State. We are still recovering from the 2018 Kīlauea eruption, and the impacts of the COVID-19 pandemic. We have plans to leverage these funds to support community-driven projects that increase resilience, opportunities, and improve quality of life.

I humbly ask your Committees to look to other sources to fund geothermal exploration, research, and development. Please do not take from a community that has historically not received its fair share.

Cheers,

Ashley Lehualani Kierkiewicz
COUNCIL MEMBER, DISTRICT IV

Matt Kāneali‘i-Kleinfelder
Hawai‘i County Council
District 5
Phone No.: (808) 961-8263
matt.kanealii-kleinfelder@hawaiicounty.gov



Finance Committee
Chair

Policy Committee Health, Safety, Well-Being
Vice Chair

Hawai‘i County Council
County of Hawai‘i
Hawai‘i County Building
25 Aupuni Street, Suite 2405 • Hilo, Hawai‘i 96720

Date: March 14, 2023

To: Chair Nicole Lowen and Chair Ichiyama
Members of the Committee on Energy & Environmental Protection
Members of the Committee on Water & Land

From: Matt Kāneali‘i-Kleinfelder, Council Member

Re: SB458 SD2 RELATING TO GEOTHERMAL ROYALTIES.

I am submitting testimony in opposition of SB458 SD2. If passed, this measure would establish the renewable energy resources development special fund.

I am one of the two council members of the Puna district. My office has been inundated with concerns from constituents regarding this measure as it is amended.

The funding provided through the State to the County from the geothermal royalties fund provides much needed funding to the community directly impacted by geothermal activities. This funding source is a county lifeline for many projects that will provide relief from the devastating effects of the 2018 Kīlauea lava flow. This funding source should remain as it is previously written. I strongly urge the committee members to confer with the community and legislators from the greater Puna area to understand the adversity we have overcome in the past five decades before advancing this measure further.

Mahalo for the opportunity to provide testimony in opposition of SB458 SD2.

MKK:ac

Mitchell D. Roth
Mayor

Lee E. Lord
Managing Director

West Hawai'i Office
74-5044 Ane Keohokālole Hwy
Kailua-Kona, Hawai'i 96740
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County of Hawai'i
PLANNING DEPARTMENT

Zendo Kern
Director

Jeffrey W. Darrow
Deputy Director

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TESTIMONY IN SUPPORT OF SENATE BILL 458
A BILL FOR AN ACT RELATING TO GEOTHERMAL ROYALTIES

HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

Chair, Rep. Nicole Lowen
Vice-Chair, Rep. Elle Cochran

HOUSE COMMITTEE ON WATER AND LAND

Chair, Rep. Linda Ichiyama
Vice-Chair, Rep. Mahina Poepoe

Hearing Date: Thursday, March 16, 2023, at 9:00 a.m.
Time/Place of Hearing: Via Video Conference / Conference Room 325

The County of Hawai'i Planning Department ("Department") is grateful for the opportunity to testify on SB458, a bill relating to geothermal royalties. The Department **OPPOSES SB 458** based on the provision that reduces the portion of royalties paid to the county in which mining operations covered under a state geothermal resource mining lease are situated to 10% from the current 30% established by statute.

Funding the County receives in royalties from geothermal energy production in the district of Puna provides dedicated resources for the Geothermal Relocation and Community Benefits Fund. This Fund serves the communities in Puna directly impacted by the production of geothermal energy in ways that protect public safety and enhance quality of life. Without protected and sustainable funding for this Fund the County does not have resources available to replace these vital investments in public services and infrastructure. As the need to expand and site renewable energy infrastructure across the state grows, dedicated funding to mitigate the environmental and social impacts of this infrastructure and to benefit the communities that host these facilities is a necessity.

The Department recognizes the importance of achieving the State's 100% renewable energy mandate by 2045 to rise to the challenge of climate change. Significant investments need to be made in the science of renewable energy and the infrastructure needed to achieve this mandate. The Department does not support the funding of a Renewal Energy Resource Development Fund with royalties from geothermal energy production when it takes resources away from the host communities where production occurs.

House Committee on Energy and Environmental Protection
House Committee on Water and Land
March 16, 2023
Page 2

We appreciate the time and consideration of the Committees on Energy and Environmental Protection and Water and Land for taking up this measure.

Mahalo,

Zendo Kern

[Zendo Kern \(Mar 15, 2023 08:33 HST\)](#)

ZENDO KERN
Planning Director
County of Hawai'i



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Representative Nicole Lowen, Chair
Representative Elle Cochran, Vice Chair
Committee on Energy & Environmental Protection

Representative Linda Ichiyama, Chair
Representative Mahina Poepoe, Vice Chair
Committee on Water & Land

**RE: SB 458 SD2 - Relating to Geothermal Royalties – In Support
March 16, 2023; 9:00 A.M.; Conference room 325 & Videoconference**

Aloha Chairs Lowen and Ichiyama, Vice Chairs Cochran and Poepoe, and Members of the Committees:

Servco is in support of SB 458 SD2, which establishes the renewable energy resources development special fund; requires annual reports to the Legislature and requires that, for royalties from geothermal resources, ten per cent be paid to the county where the geothermal mining operations are situated, fifty per cent be paid to the Department of Land and Natural Resources, twenty per cent be paid to the Office of Hawaiian Affairs, and twenty per cent be deposited into the renewable energy resources development special fund.

Servco supports cost effective geothermal exploration. This measure will help the State move forward with a diversified renewable energy portfolio and help achieve its 100% renewable policy goal by 2045.

Thank you for the opportunity to offer comments in support.

Peter Dames
Executive Vice President



PO. Box 1058
Pepeekeo, HI 96783-1058
www.sustainableenergyhawaii.org

COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Rep. Nicole Lowen, Chair
Rep. Elle Cochran, Vice Chair

COMMITTEE ON WATER & LAND
Rep. Linda Ichiyama, Chair
Rep. Mahina Poepoe, Vice Chair

COMMENTS ON SB458 SD2 - Relating to Geothermal Royalties

Dear Chairs Lowen and Ichiyama, Vice Chairs Cochran and Poepoe, and Committee members,

I'm testifying on behalf of **Sustainable Energy Hawai'i**, a 501(c)3 non-profit dedicated to improving the quality of life for Hawaii Island residents. Our mission is to enable an economic, social, and environmental revival in Hawaii through a just transition to sustainable, 100% locally sourced renewable energy and the creation of a thriving clean hydrogen economy.

We strongly support the expansion of geothermal energy generation, given its promise to provide Hawaii with limitless affordable, and sustainable energy. Expanded geothermal energy production is critical to our decarbonization journey and our ability to contribute meaningfully to the global hydrogen economy.

We support the intent of SB458, a measure that would enable the much-needed exploration and development of Hawaii's geothermal resources while optimizing the distribution of geothermal production royalties across critical stakeholders. The measure

would provide sustained funding for the Hawai'i Ground Water and Geothermal Resource Center (HGGRC), a group with knowledge of our groundwater and geothermal resources and the research expertise needed to identify additional locations for geothermal energy production.

Sustained funding of the HGGRC would allow us to uncover potential geothermal development sites in Hawaii and lay a path for much-needed commercial development. Importantly, it would also allow for workforce development in a specialized research area for local students, building critical capacity that will be increasingly valuable here and globally.

RECOMMENDED AMENDMENT

SD2 does not explicitly call out how HGGRC would avail of geothermal royalties:

"§201- Renewable energy resources development special fund. (a) There is established in the state treasury a renewable energy resources development special fund, into which shall be deposited:

- (1) Any geothermal royalties distributed pursuant to section 182-7;
- (2) Moneys appropriated by the legislature;
- (3) All interest attributable to the investment of moneys deposited into the special fund; and
- (4) Moneys allotted to the special fund from other sources.

(b) Subject to legislative appropriation, moneys in the special fund may be expended by the Hawaii state energy office to support projects that promote and advance renewable energy resources development, including projects that contribute to offsetting developmental risk associated with Hawaii's indigenous resources.

We respectfully request that SB458 SD2 be amended to prescribe how geothermal royalties will be allocated to the HGGRC.

Lastly, we offer our appreciation to the drafters of SB458 for giving recognition to the importance of geothermal power generation to our State and our people.

Mahalo for the opportunity to testify,



Peter Sternlicht
Member, Board of Directors
Sustainable Energy Hawaii
peter@sustainableenergyhawaii.org



Email: communications@ulupono.com

HOUSE COMMITTEES ON ENERGY & ENVIRONMENTAL PROTECTION AND WATER & LAND
Thursday, March 16, 2023 — 9:00 a.m.

Ulupono Initiative supports the intent of SB 458 SD2, Relating to Geothermal Royalties.

Dear Chair Lowen, Chair Ichiyama, and Members of the Committees:

My name is Micah Munekata, and I am the Director of Government Affairs at Ulupono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve the quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food, renewable energy and clean transportation choices, and better management of freshwater resources.

Ulupono supports the intent of SB 458 SD2, which establishes the Renewable Energy Resources Development Special Fund; requires annual reports to the Legislature; and requires that, for royalties from geothermal resources, ten per cent be paid to the county where the geothermal mining operations are situated, fifty per cent be paid to the Department of Land and Natural Resources, twenty per cent be paid to the Office of Hawaiian Affairs, and twenty per cent be deposited into the renewable energy resources development special fund.

Ulupono supports this bill's original intent to fund geothermal resource development research. We support the cap language in the SB 458 draft and ask this committee to consider amending the measure to revert back to the original draft's contents to fund geothermal research at the Hawai'i Groundwater and Geothermal Resource Center (HGGRC). We believe that funding HGGRC is prudent as that organization currently possess much of the physical equipment and professional/academic expertise to conduct such research and therefore would be more efficient than bringing in equipment and expertise from outside our state. Hawai'i needs all viable forms of renewable energy to meet the 100% renewable portfolio standard by 2045. Wind and solar alone are not enough. Firm sources, such as geothermal, will also be necessary. Hawai'i also faces many competing demands for available land, and geothermal projects use the least amount of land per megawatt of renewable power produced.

Most residents seem to believe the Big Island is the only place in which geothermal energy can be commercially produced, and yet that assumption has never been thoroughly researched and confirmed. With the changes requested above, this bill will dedicate resources to the staffing and field work necessary for geothermal research into its potential. It makes good sense to use a modest amount of geothermal royalties to see if there is an opportunity to expand this firm, minimal land-impact form of renewable energy.

Thank you for the opportunity to testify.

Respectfully,
Micah Munekata
Director of Government Affairs

Investing in a Sustainable Hawai'i

SB-458-SD-2

Submitted on: 3/15/2023 6:03:02 AM

Testimony for EEP on 3/16/2023 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Richard Ha	DaRubbahSlippahGroup	Comments	Written Testimony Only

Comments:

Aloha Chairs Lowen and Ichiyama, Vice Chairs Cochran and Poepoe and Committee members.

I am the great, great, great grandson of Kamahale Nui of Lower Puna. He signed the Ku'e petition, which protested the annexation of Hawai'i.

I am. Vietnam Veteran Army Officer. I believe in our form of government.

I was founding president of Hui Oihana, Hawai'i Island Native Hawaiian Chamber of commerce, I was founding president of Sustainable Energy Hawai'i.

I am founding president of DaRubbahSlippahGroup.Com. We strongly support the expansion of geothermal because we will be over the "hot spot" for 1-2 million years. The heat and steam are free and will be free forever. Unlike intermittent sources of electricity, this will stabilize our electricity cost forever. This is very important to future generations who will call Hawai'i home.

Hawaii geothermal is very unique. The world wide experts are the folks at the Hawai'i Groundwater and Geothermal Resource Center. (HGGRC) they should specifically control the funding.

DaRubbahSlippahGroup advocates for Keoki and Malia, who are toddlers today. What can we do for I, 10 a hundred generations to come? They have no voice. It's our responsibility. We are their ancestors.

Aloha

Richard Ha

President

DaRubbahSlippahGroup.

COMMENTS on SB458 SD2 - RELATING TO GEOTHERMAL ROYALTIES.

Dear Chairs Lowen and Ichiyama, Vice Chairs Cochran and Poepoe, and Committee members,

My name is Erin Wallin. I have previously worked as a Crown Research Institute geophysicist in New Zealand, exploring and monitoring New Zealand's geothermal resources. I have worked with indigenous populations, energy companies, and government to ensure sustainability. In addition to my role as a research scientist, I was previously Chief of the Geosciences Branch at the US Army Corps of Engineers Engineering and Support Center supporting environmental and munitions remediation globally.

For the past several years I have worked as geophysical research scientist for the Hawai'i Ground Water and Geothermal Resource Center (HGGRC), a research group dedicated to understanding and characterizing our statewide resources to create sustainable usage. Our center owns the geophysical survey equipment and houses five research scientists with the knowledge and expertise needed to create innovative solutions to that end. This makes HGGRC well poised to undertake geothermal exploration in Hawai'i.

We strongly support the expansion of geothermal energy generation, given its promise to provide Hawai'i with limitless affordable, and sustainable energy. Expanded geothermal energy production is critical to our decarbonization journey and our ability to contribute meaningfully to the global hydrogen economy.

We support the intent of SB458, a measure that would enable the much-needed exploration and development of Hawaii's geothermal resources while optimizing the distribution of geothermal production royalties across critical stakeholders. The measure would provide sustained funding for the Hawai'i Ground Water and Geothermal Resource Center (HGGRC), a group with knowledge of our groundwater and geothermal resources and the research expertise needed to identify additional locations for geothermal energy production.

Sustained funding of the HGGRC would allow us to uncover potential geothermal development sites in Hawaii and lay a path for much-needed commercial development. Importantly, it would also allow for workforce development in a specialized research area for local students, building critical capacity that will be increasingly valuable here and globally.

Recommended Amendment

SD2 does not explicitly call out how HGGRC would avail of geothermal royalties:

"§201- Renewable energy resources development special fund. (a) There is established in the state treasury a renewable energy resources development special fund, into which shall be deposited:

- (1) [Any geothermal royalties distributed pursuant to section 182-7;](#)
- (2) [Moneys appropriated by the legislature;](#)
- (3) [All interest attributable to the investment of moneys deposited into the special fund; and](#)
- (4) [Moneys allotted to the special fund from other sources.](#)

(b) Subject to legislative appropriation, moneys in the special fund may be expended by the Hawaii state energy office to support projects that promote and advance renewable energy resources development, including projects that contribute to offsetting developmental risk associated with Hawaii's indigenous resources.

We respectfully request that SB458 SD2 be amended to prescribe how geothermal royalties will be allocated to the HGGRC.

Lastly, we offer our appreciation to the drafters of SB458 for giving recognition to the importance of geothermal power generation to our State and our people.

Thank you for this opportunity to provide comments.

Respectfully,

Erin L. Wallin, PhD.

SB-458-SD-2

Submitted on: 3/13/2023 1:13:23 PM

Testimony for EEP on 3/16/2023 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Dana Keawe	Individual	Oppose	Written Testimony Only

Comments:

STRONG OPPOSITION.

Please defer SB458 SD2.

Patti Pinto
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Senate Committee on Ways and Means
Senator Donovan Dela Cruz, Chair
Senator Gilbert Keith-Agaran, Vice-Chair

RE: Opposition to SB 458 SD1, Relating to Geothermal Royalties

I strongly oppose this measure to reduce the Geothermal Royalties that are due to the County of Hawaii. These funds are intended to offset the impacts of geothermal energy production and drilling on the people of Puna.

Puna's population is more than 50% low to moderate income, Geothermal funds are reserved to meet OUR recovery needs. Puna is still recovering from the 2018 Kilauea eruption. Puna Geothermal is in the middle of the inundation area. This is the population that will have to co-exist with the plant, this is the population that is relying on these royalties to match our recovery efforts, and this is a population that is chronically underserved.

Please leave the Geothermal Royalty payments in Hawaii County where the income is derived and where it is so greatly needed.

Sincerely,

Patti Pinto

SB-458-SD-2

Submitted on: 3/14/2023 5:12:49 PM

Testimony for EEP on 3/16/2023 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Mark Hinshaw	Individual	Oppose	Written Testimony Only

Comments:

Aloha, Senators,

I stand in complete opposition to SB458 which would decrease by over 66% of the Royalties currently received by the County of Hawai'i.

I do not find it fair that this substantial decrease comes to the detriment of the highly underserved community nearest the current geothermal sites. In my opinion, the monies being taken from Puna royalties should be at the expense of any future well exploration by the developer, not the community.

I understand this is your final vote and I ask the you rise in opposition to SB 458.

Mahalo for your consideration.

Mark Hinshaw

Former President of Mainstreet Pahoia

Former Chair, Pahoia Town Center Planning

Former Member Puna Community Development Plan

Steering Committee; Planning Department

SB-458-SD-2

Submitted on: 3/15/2023 5:19:42 AM

Testimony for EEP on 3/16/2023 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Alice Kim	Individual	Comments	Written Testimony Only

Comments:

As the State of Hawaii should encourage further discovery and development of geothermal resources, I support the intent of SB458 and its earlier versions. However, SD2 is not aligned with the bill's original intent and does not explicitly state how the Hawaii Groundwater and Geothermal Resources Center (HGGRC) would receive geothermal royalties.

Please amend SB458 SD2 to specify how HGGRC will receive geothermal royalties.

SB-458-SD-2

Submitted on: 3/15/2023 8:00:21 AM

Testimony for EEP on 3/16/2023 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Robert Golden	Individual	Oppose	Written Testimony Only

Comments:

ALOHA-

As a resident of Hawaii since 2013 and living in Pahoia, 1/3rd mile from Fissure 8 and 1 mile from the PGV, I write in strong opposition to this bill. I live in one of the poorest districts of Hawaii and at times I see the relationship from Puna and the State of Hawaii bares some resemblanace to the relationship between the colonized to colonizer. The results of this bill would reduce the amount of royalties that the Island of Hawaii could draw from. Considering the impact of the lava eruption of 2018 and the overall economic depressed conditions of this area, the Puna district is entitled to a greater share of revenue to help redress this imbalance. Yet we now find ourselves in a situation where we are contributing to the building of mass transit on Oahu and potentially decreasing our financial resources here in Puna.

Please put yourselves in our position. Let us work at creating a more equitable distribution of the State's resources and equitably honor the contribution that Puna is making to Hawaii through the providing an increased proportion of revenue from PGV royalties, not less.

Ashley Kierkiewicz, our Council representative accurately and pointedly explained why this current bill is a threat to the future of Puna.

Please listen.

Mahalo.

SB-458-SD-2

Submitted on: 3/15/2023 8:59:32 AM

Testimony for EEP on 3/16/2023 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Leah Gouker	Individual	Oppose	Remotely Via Zoom

Comments:

Aloha kākou,

It is critical to the current and future well-being of the Puna community that SB458 DIES.

This bill is amoral. It takes what is, in essence, the blood money our citizens receive for the public safety threat that is geothermal energy production away from our County and invests into geothermal exploration.

The problem is that the Geothermal Royalty monies, ESPECIALLY the County Royalties, are for the Community Benefit. I have made it my life mission to get these funds invested in our community. We have a multi-million dollar consistent revenue source that is for the preservation and protection of cultural and environmental resources that is earmarked for PUNA citizens, the host community of PGV. After years of working in conjunction with **Puna Maka‘ala**, a coalition of nine non-profits made up of Kanaka Maoli lineal descendants of Puna Makai and the County of Hawaii Mayor, Planning Director, County Council, and the Kilauea Eruption Recovery Team, we have FINALLY gotten a commitment to utilize this revenue source for our Community Benefit. **We have gotten a County Grant to develop the operations manual for a community-based monitoring and cultural education program for our coastal areas!!! THE ENTIRE PROGRAM WILL BE FUNDED THROUGH THE COUNTY OF HAWAII GEOTHERMAL ROYALTIES.** Our County government is currently using this fund for 24-hour security guard at Pohoiki Beach Park, and plans to use this fund to create another much-needed County park facility in the Kikala-Keokea ahupua‘a, near Kalapana.

It is frustrating beyond measure to achieve our goal of getting the government to use this fund as it is intended, only to have Honolulu politicians come out of left field with SB458 to snake it away from us. This bill is HEWA.

Please consider the precedence set by this Bill. Is it ok to take away the only reparations a community gets for hosting a public safety threat posed by mining of our natural resources? We don't get cheaper electricity and it is our community that suffers the brunt of PGV's poisonous blow outs or potential Pentane explosions.

Our community is one of the most socio-economically deprived areas in all of Hawaii. Yet we have this multi-million dollar consistent source of revenue in our back yard. Please do not steal our blood money for your green energy initiatives. It is NOT a pono way to go green- it only puts more pressure and social injustice to the communities that deserve compensation the most.

Please do the right thing. Do not support SB458. Allow us to continue our work of protecting our community health, environmental resources, and cultural identity with this source of revenue that our community deserves and desperately needs.

SB-458-SD-2

Submitted on: 3/15/2023 5:03:50 PM

Testimony for EEP on 3/16/2023 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Noel Morin	Individual	Comments	Written Testimony Only

Comments:

Dear Chairs Lowen and Ichiyama, Vice Chairs Cochran and Poepoe, and Committee members,

I appreciate the intention of SB458. It will help to provide sustained funding for the Hawai'i Ground Water and Geothermal Resource Center (HGGRC), a team with the expertise and resources required to conduct much-needed research into our geothermal resources.

Geothermal energy is vital for our long-term energy independence. While existing renewable energy solutions are invaluable, they depend on periodic replenishment. In a future where global competition for minerals puts into question our ability to meet global renewable energy needs in a timely manner, we must find ways to maximize our indigenous energy resources.

Access to our gift of sustainable renewable geothermal energy will allow Hawaii to accelerate the decarbonization of its energy systems (power and transportation) and enable a scalable green hydrogen economy. HGGRC's research efforts will allow us to speed up our geothermal discovery and development efforts. It will also enable Hawaii to continue to build critical knowledge and expertise in our geothermal resources.

Since SD2 does not clearly define how HGGRC would avail of royalties, I ask that it be amended so that the funding pathway is explicitly specified.

Respectfully,

Noel Morin

Climate, Sustainability, and Resilience Advocate

Hilo, Hawaii