

SENATE BILL REPORT

SB 5423

AS REPORTED BY COMMITTEE ON WAYS & MEANS, MARCH 11, 1991

Brief Description: Continuing the geothermal account ten additional years.

SPONSORS: Senators Thorsness, Sutherland and Saling; by request of WA State Energy Office.

SENATE COMMITTEE ON ENERGY & UTILITIES

Majority Report: That Substitute Senate Bill No. 5423 be substituted therefor, and the substitute bill do pass.

Signed by Senators Thorsness, Chairman; Saling, Vice Chairman; Jesernig, Nelson, Patterson, Roach, Stratton, Sutherland, and Williams.

Staff: Phil Moeller (786-7445)

Hearing Dates: February 8, 1991; February 14, 1991

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5423 as recommended by Committee on Energy & Utilities be substituted therefor, and the substitute bill do pass.

Signed by Senators McDonald, Chairman; Craswell, Vice Chairman; Bailey, Bauer, Bluechel, Cantu, Gaspard, Hayner, Johnson, L. Kreidler, Metcalf, Murray, Newhouse, Niemi, Owen, Saling, L. Smith, Talmadge, West, Williams, and Wojahn.

Staff: Michael Groesch (786-7715)

Hearing Dates: March 8, 1991; March 11, 1991

BACKGROUND:

In certain applications, geothermal energy from the earth's inner heat can be captured and used to generate electricity. Use of geothermal energy has been limited in Washington; however, some energy analysts believe a large potential of this energy source exists near the Cascade range.

In 1981 the Legislature established the geothermal account to provide for the allocation of revenue made available to the state of Washington from geothermal leasing and development on federal lands. Due to a lack of increased energy demand over the past decade, geothermal development has been limited. The revenue to the geothermal account over the last nine years has ranged from no revenue in three of the years to \$48,800 in fiscal year 1985. The average annual revenue has been approximately \$17,500. In the absence of this account,

revenue from the leasing would be placed in the common school construction fund.

The account revenue is allocated as follows: 40 percent to the county where the lease exists (for mitigation of the social and economic impacts associated with the geothermal exploration); 30 percent to the Department of Natural Resources (for geothermal exploration); and 30 percent to the Washington State Energy Office for geothermal development.

The account is scheduled to be terminated June 30, 1991.

SUMMARY:

The termination date of the geothermal account is extended for ten years, to June 30, 2001, or when thirty megawatts of geothermal power is certified as commercially available by the receiving utilities and the State Energy Office. The account will terminate when either of these conditions occur.

EFFECT OF PROPOSED SUBSTITUTE:

The geothermal account is extended until June 30, 2001. When 30 megawatts of geothermal power is certified as available, revenue from geothermal leases will be divided with 20 percent allocated to the geothermal account and the remaining 80 percent allocated to the common school construction account.

Appropriation: none

Revenue: yes

Fiscal Note: available

TESTIMONY FOR:

Geothermal power has yet to be significantly developed in this state. Extending the account ten additional years will aid in the development of this potential resource.

TESTIMONY AGAINST: None

TESTIFIED: R. Gordon Bloomquist, WSEO (pro)