

SENATE BILL REPORT

ESSB 5470

As Amended by House, April 10, 2017

Title: An act relating to advancing the development of renewable energy by improving the permitting process for geothermal resources exploration.

Brief Description: Advancing the development of renewable energy by improving the permitting process for geothermal resources exploration.

Sponsors: Senate Committee on Energy, Environment & Telecommunications (originally sponsored by Senators Brown, Hobbs, Rivers, Becker, Takko, Ericksen, Honeyford and Schoesler).

Brief History:

Committee Activity: Energy, Environment & Telecommunications: 2/09/17, 2/09/17 [DPS, w/oRec].

Floor Activity:

Passed Senate: 3/01/17, 49-0.

Passed House: 4/10/17, 98-0.

Brief Summary of Engrossed First Substitute Bill

- Allows a single permit and permit fee to cover all core holes for a project gathering geothermal data.
- Removes the geothermal permit fee, hearing, and notice requirements for core holes that are drilled more than 750 feet into the bedrock or the discovery of geothermal energy.
- Removes the public notice and hearing requirements to drill or redrill a well, and instead requires the Department of Natural Resources to review an application for drilling a well as the lead agency under the State Environmental Policy Act.

SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

Majority Report: That Substitute Senate Bill No. 5470 be substituted therefor, and the substitute bill do pass.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Signed by Senators Ericksen, Chair; Sheldon, Vice Chair; Brown, Hobbs, Honeyford, Short and Wellman.

Minority Report: That it be referred without recommendation.

Signed by Senator Carlyle, Ranking Minority Member.

Staff: Kimberly Cushing (786-7421)

Background: Defining Well and Core Holes. A well means any excavation made to discover or produce geothermal resources. Core holes are drilled or excavated to acquire geological or geophysical data to find and delineate a favorable geothermal area prior to drilling a well.

Drilling a Geothermal Well. Under the Geothermal Resources Act, the Department of Natural Resources (DNR) has the authority to regulate the drilling and operation of wells for geothermal resources. Any person proposing to drill a well or re-drill an abandoned well for geothermal resources must: (1) file a written application with the DNR for a permit; (2) pay a \$200 permit fee; (3) provide public notice; and (4) participate in a public hearing. Public notice must include publishing notice of the application and hearing twice in a newspaper of general county circulation.

Drilling Core Holes. Any person proposing to drill a core hole for the purpose of gathering geothermal data must obtain a permit and pay a permit fee for each geothermal area.

If the core hole is drilled more than 750 feet into the bedrock, the core hole is deemed a geothermal test well. If geothermal energy is discovered in a core hole, the core hole is deemed a geothermal well. In both of these instances, the applicant must then pay a geothermal well permit fee, provide public notice, and participate in a public hearing.

State Environmental Policy Act (SEPA). SEPA establishes a review process for state and local governments to identify environmental impacts that may result from governmental decisions, such as the issuance of permits. Except for exempt projects, SEPA generally requires a project applicant to submit an environmental checklist that includes answers to questions about the potential impacts of the project on the built and natural environments. This checklist is then reviewed by the lead agency to determine whether the proposal is likely to have a significant adverse environmental impact. For most proposals, one agency is designated as the lead agency. An environmental threshold determination is made by the lead agency and is documented in either a determination of nonsignificance or a determination of significance.

Summary of Engrossed First Substitute Bill: Requiring a Single Permit for Drilling Core Holes. Any person proposing to drill a core hole must obtain a single permit and permit fee for all core holes. The depth of the core hole and whether or not geothermal energy is discovered no longer triggers additional fees and public notice and hearing requirements.

Reviewing Under SEPA but Removing Notice and Hearing Requirements for Drilling Wells. When DNR receives an application for drilling a well or re-drilling an abandoned well, it is

clarified that DNR must review the application as the lead agency under SEPA, if applicable, rather than set a public hearing and require the applicant to provide notice of the hearing.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on First Substitute: PRO: This bill streamlines the process. One permit will be sufficient for more than one core hole. Language redundancy is removed from the act. A \$200 fee does not impact the decision if someone is going to spend thousands of dollars to drill a well. The requirement for SEPA and a public hearing is duplicative. We are trying to encourage geothermal energy.

Persons Testifying: PRO: Senator Brown, Prime Sponsor; Dave Norman, DNR/State Geologist.

Persons Signed In To Testify But Not Testifying: No one.

EFFECT OF HOUSE AMENDMENT(S):

- Reinstates the requirement that a public hearing be held on geothermal well drilling applications.
- Removes the statement that DNR must review geothermal drilling applications as the lead agency under SEPA.